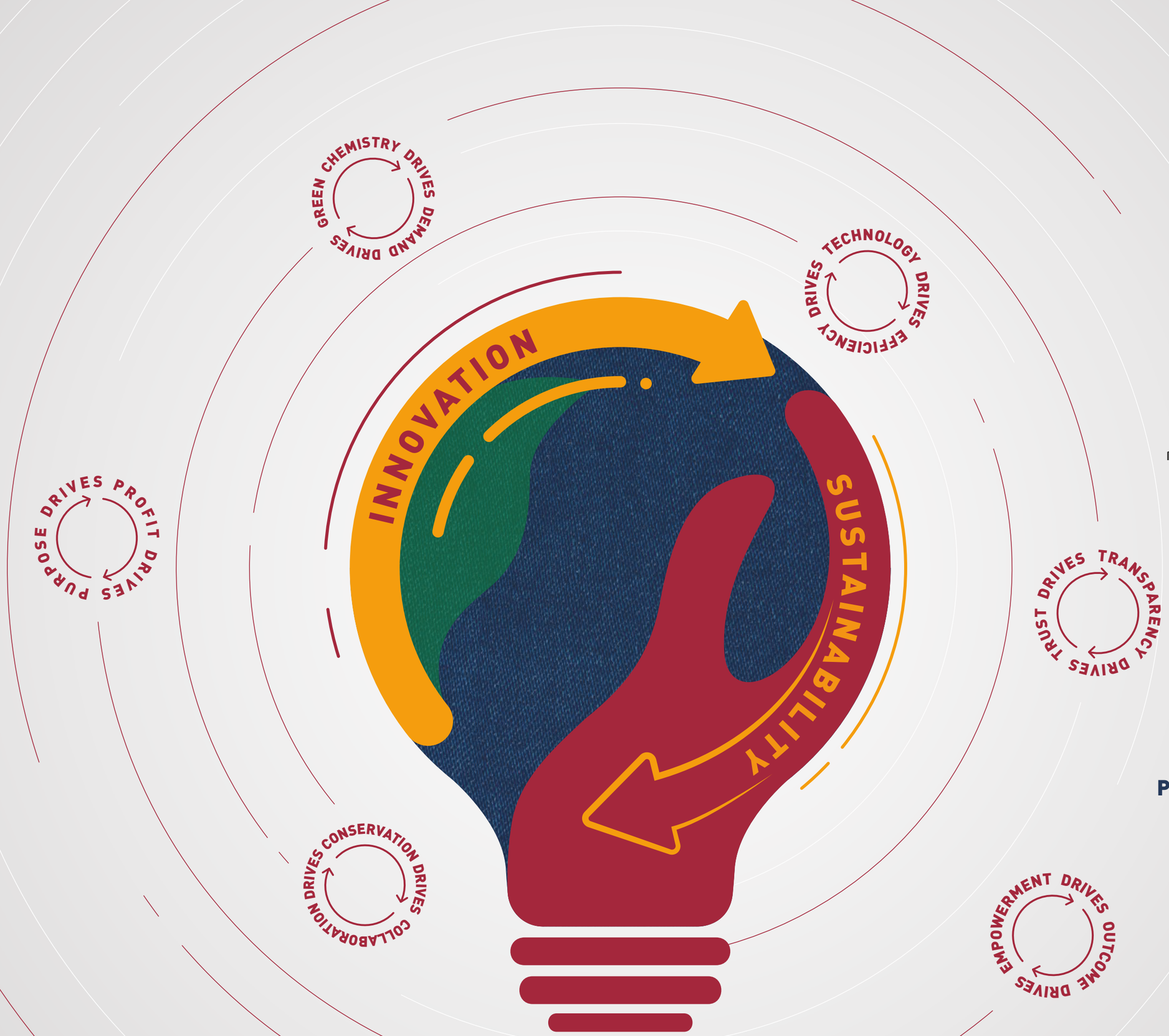
Arvind

FASHIONING POSSIBILITIES

SUSTAINABILITY REPORT | 2022



At Arvind, we believe that fulfilling our responsiblity towards the planet and society is the key to sustainable business growth, which is fuelled by innovation.

Since our inception, the symbiotic relationship between sustainability and innovation has been an integral part of our growth journey. We continuously leverage this relationship through six virtuous cycles to create opportunities where none seem to exist.

TOGETHER THEY POWER SUSTAINABILITY THROUGHOUT EVERY ASPECT OF OUR ORGANISATION. THIS IMPROVES OUR PERFORMANCE IN TERMS OF THE ENVIRONMENT AND SOCIETY ALONG WITH BOOSTING OUR TOP AND BOTTOM-LINE RETURNS.

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MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholder,

With humanity at an important crossroads of sustainability, the fashion industry continues to be in the crosshairs of sustainability, and with good reason. Despite increased awareness and concerted efforts on a global scale in recent years, fashion continues to account for 8 to 10% of global carbon emissions and is a major contributor to biodiversity loss. While the diagnosis of the current situation may appear unflattering, my prognosis is that we, as an industry, now have the momentum to effect positive change on a global scale.

Arvind is well-placed to not only be an active participant, but also lead the change in a few places.

For over a decade now, through our 'Fundamentally Right' philosophy, we have systematically embedded the core tenets of sustainability across key focus areas of our business such as – fibre, water, energy, chemical, waste, money and people.

This philosophy, based on the 'Sustainable-In-Sustainable-Out' principle, has become a driving force for innovation at Arvind. **Be it energy efficiency, water conservation, product portfolio or people processes, we see innovation as the prime mover for sustainable change.**

A few of our notable sustainability-driven innovations and innovation-driven sustainability outcomes include:

INNOVATION IN TRACEABILITY

In partnership with Textile Genesis, we created fibre-to-retail traceability for our denim using path-breaking digital Fibrecoins™ technology. The platform enables digitisation and traceability of all textile assets such as fibre, yarn, fabric or garment through Fibrecoins-blockchain-based digital tokens.

INNOVATION IN COTTON FARMING

We have collaborated with fellow Fashion for Good partners, Materra, Kering and PVH Corp, on a consortium project to grow climate-resilient cotton in a sustainable way wherein water and fertiliser usage is reduced by 80%, and it is completely free of insecticides.

Our structured efforts on promoting sustainable cotton farming, which includes regenerative, organic, in-conversion organic and better cotton initiatives, have resulted in a three-fold growth in the number of farmers as well as the area under sustainable agriculture during the reporting period.

INNOVATION IN FIBRE MIX

We are enhancing the sustainability quotient of our fibre mix by innovatively incorporating alternate natural fibres and fibres derived from recycled pre-consumer waste.

PRODUCT INNOVATION

Khadi Denim is arguably the most sustainable Denim fabric with superior performance on all three parameters - Environmental, Social & Economic Sustainability. This product was adopted by Patagonia during the year 2021-22.

INNOVATION IN WATER

We are collaborating with GAP Inc. to set up an 18,000-square-feet Centre of Excellence for Water in India. The Centre will showcase water-management best practices and recycling technologies.

INNOVATION IN CSR

Along with the environment, our teams also leverage innovations to enhance the outcome of our CSR programmes. Gyanda, our flagship education programme, that mentors children studying in municipal schools, transitioned during the pandemic to a digital model and extended its reach from just the urban poor to include even the rural poor.

ALL OUR INNOVATIONS ARE CHANNELLED TO CREATE A SUSTAINABLE ECOSYSTEM FROM FARM TO FABRIC.

Just like our focus on innovation, our efforts towards becoming net-zero continue unabated. **In February 2022, we signed the SBTi (Science Based Targets initiative) commitments and are in the process of determining our science-based targets.** We have also initiated the process of formulating a relevant internal price of carbon for Arvind. This will help drive carbon considerations deeper in our business operations.

To know more about Arvind's ESG ambitions and performance, do read the report. I look forward to your feedback and innovative ideas on how we can collaborate to fashion more possibilities and turn them into sustainable realities.

Regards,

Sanjay Lalbhai

Sanjay S. Lalbhai
Chairman & Managing Director

COMPANY PROFILE

Arvind Limited is a globally renowned integrated solutions provider in textiles, with strong fibre to fashion capabilities. Flagship of the Arvind Group - a textile to retail conglomerate with focus on textiles, apparels, advanced materials, environmental solutions, telecom and omni-channel commerce; **we rank amongst the top suppliers of fabric globally.**

Headquartered in Ahmedabad, Gujarat, we have interests in denims, wovens & knits, garmenting, and advanced materials, amongst others.

WITH AN ANNUAL PRODUCTION CAPACITY OF MORE THAN 100 MILLION METRES IN

DENIM

AND 150 MILLION METRES IN WOVEN FABRIC,

we supply fabrics to many leading brands, both in India and across the world. **We are the garment maker of choice with a manufacturing capacity of more than**

50 million pieces annually.

We are also a design powerhouse implementing innovative concepts and generating intellectual property. Innovation is the key to our product differentiation as well as sustainable operation. Completing the virtuous circle, sustainability spurs new ideas and novel methods.

The company strives every day to create opportunities beyond conventional boundaries and believes that the possibilities are endless.

Advanced Materials Division (AMD) focuses on new fibres, new technologies, and new products to solve the problems of infrastructure, health & safety, energy, and industrial applications.

A pioneer in denim, we have forayed into Advanced Material Business which includes Human Protection, Industrials and Advanced Composites. We are creating differentiated products that continue to see strong demand. Our other businesses include Environmental Solutions, Telecom and Omni-channel Commerce.

Started in 1931, we are surging ahead with a young team of

22,000+

employees

who are fashioning new possibilities across various verticals.

They are working together, innovating, experimenting, empowering and touching lives of thousands of people by creating unique solutions.

Our purpose is not only aligned with profit, but also with our ability to impact the planet and the people. We have a well-defined sustainability approach - Fundamentally Right, which has helped us to continuously enhance our sustainability performance through consistent initiatives. The sustainability performance is accelerated through innovation, which further drives sustainability.

We partnered with Textile Genesis to offer Blockchain-based end-to-end traceability in our denims. We also incorporated fibre to retail traceability using path breaking digital Fibrecoins™ technology.

GUIDING PRINCIPLES

VISION

We will enable people to a better quality of life by providing, enriching and inspiring lifestyle solutions.

PHILOSOPHY

WE BELIEVE

in people and their unlimited potential; in content and in focus on problem solving; in teams for effective performance and in the power of intellect.

WE ENDEAVOUR

to select, train and coach people to obtain higher responsibilities; to nurture talent and to build leaders for the corporations of tomorrow; to reward, celebrate and activate all intellectual business contributions.

WE DREAM

of excellence in all endeavours; of mutual benefit and prosperity; of making the world a better place to live in.

STRATEGIC GROWTH VISION

To be the largest integrated textiles and apparel player in India with leadership position in several global markets.

FOCUS ON ESG

Being a leading textile company, we are not just focused on the financial bottom line, but are determined to positively impact environmental and social bottom lines, along with upholding highest standards of governance. We consistently take up initiatives that are positively influencing people's lives and making a difference to planet's health.

BUSINESS HIGHLIGHTS AND AWARDS

FINANCIAL

REVENUE

INR 8,034 Crore

>58% YoY

65% growth in Textiles revenues

PAT

INR 238 Crore

EBITDA (excluding other income)

INR 788 Crore

9.8% margin

WORKING CAPITAL

INR 1,194 Crore

17% lower than last year

Second consecutive year
where working capital saw a reduction

NET DEBT

INR 1,682 Crore

Debt reduction
of INR 268 Crore compared to March 2021

CSR SPEND

INR 3.8 Crore

RATING (CARE)

AA- Rating

NON-FINANCIAL

1st Integrated Annual Report published for FY 2021-22

Including the maiden Business Responsibility and Sustainability Report (BRSR)

https://www.arvind.com/sites/default/files/field_annual_reports_file/Arvind%20Limited%20Annual%20Report%202021-22_0.pdf

Formed an

ESG (Environmental, Social and Governance)

Committee at the Board Level

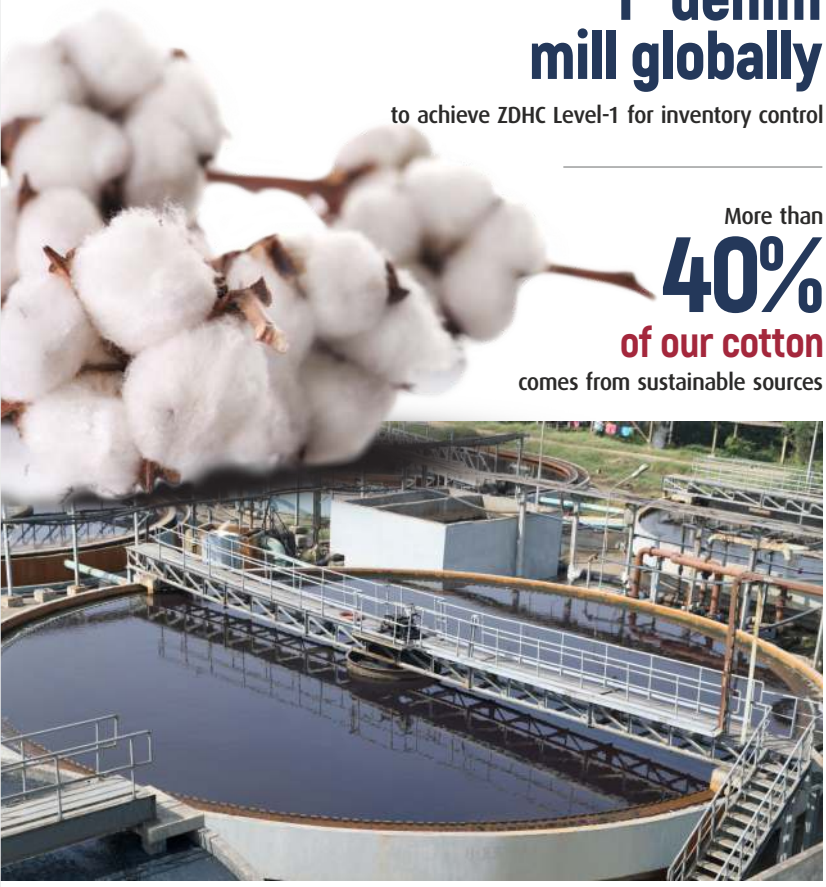
Adopted ZDHC at all our sites

for safe and sustainable chemical management

Naroda facility becomes

1st denim mill globally

to achieve ZDHC Level-1 for inventory control



More than

40%

of our cotton

comes from sustainable sources

Recycled 1.8 billion

litres of water

in FY 2021-22 through Sewage Treatment Plant (established in partnership with GAP in 2019)

CDP

Our 2022 CDP score of 'B' in Climate Change is above the regional and global average of 'C', whereas the 'B' in Water Security is in line with the regional and global average.

Ranked 2nd in India and 11th globally in the S&P Global CSA (Corporate Sustainability Assessment) 2021 for the Textiles, Apparel & Luxury Goods category

TextileGenesis™

Blockchain-based end-to-end traceability in denims (in collaboration with Textile Genesis)

BUSINESS PROFILE

As the retail and engineering businesses have been demerged into separate entities namely Arvind Fashions Ltd. and Anup Engineering Ltd. respectively, Arvind Limited is now focused on denims, wovens & knits, garmenting, water treatment and advanced materials, amongst others.

DENIMS

Denim is one of our heritage offerings. We have been the pioneers of the denim revolution in India since the early 1980s. Our love affair with denim is built upon four key pillars - design, innovation, sustainability, and customer centricity.

Today, we power the most iconic denim brands across Europe, US, and Asia. Taking denim's flair for expression and adding multiple dimensions to it, we are fashioning the fabrics of the future.

Denim revenues stood at INR 2,105 Crore, which were 72% higher than last year, because of the base effect and inflation.

WOVENS & KNITS

WOVENS

Arvind Wovens is built upon the foundation of heritage, innovation, and sustainability. 'From idea to product' is the ethos that is woven into everything we do, and has made us the world's leading multi-fibre fashion solutions provider.

Our expertise lies in handling versatility, complexity, and a vast spectrum of colours. At Arvind, cutting-edge technology meets excellence in craftsmanship and innovative concepts resulting in the best finishes in the world.

KNITS

Our Knits division redefines comfort and performance in clothing. We are one of the largest knit fabric manufacturers in India. Our core expertise is ready-to-wear, ethnic wear, and essentials, across fabric and garments for men, women and kids. Athleisure and performance sportswear fuel our growth.

With three key garment units located in various geographies, and an in-house state-of-the-art technology, we meet all possibilities in fashion. A dedicated division for knit essentials that covers a wide range of undergarments is also actively in place with all ethical practices.

The woven segment saw a revenue increase of 87%, from 1,259 Crore last year to 2,352 Crore in FY 2021-22, due to a combination of low base and higher realisation. The revenue was 2,164 Crore in FY 2019-20.

ADVANCED MATERIALS

Textile is a versatile structure and can be applied to more than just apparel. Arvind Advanced Materials is our endeavour to branch out into other areas of material science which use textiles as a backbone.

At Advanced Materials, we believe that material science is going to be an important catalyst in solving our country's growth and development ambitions. As a company, we focus on new fibres, new technology, and new products to solve the problems of infrastructure, health & safety, energy, and industrial applications.

FY 2021-22 was a milestone year for the Advanced Materials Division (AMD) which crossed the INR 1,000 Crore mark.

OTHER BUSINESSES

GARMENTS

We, at Arvind Garments division, take maximum care to ensure responsible utilisation of resources while manufacturing fashionable end products / garments. As a case in point for sustainability, our denims are made and laundered with recycled water, thereby reducing freshwater consumption and safeguarding fresh drinking water for the community.

ENVISOL

At Arvind Envisol, we are driven by care for the environment; beginning with preserving our planet's most valuable resource - water. Our water treatment, industrial wastewater treatment, and sewage treatment solutions help industries reduce their impact on the environment. Our zero liquid discharge plants that use our patented polymeric film-based evaporator have amongst the lowest operating costs in the world.

Envisol
POWERED BY Arvind

VOILES

The voile fabrics produced by our Ankur division are another offering rooted in Arvind's heritage. This fabric defines our origins in 1930s. Voiles are close to our hearts and have retained a touch of tradition while evolving with time.

This fabric has established business relationships for us that transcend generations, with some of our customers being in their 4th generation.

Ankur
A Division of Arvind Ltd.

We aren't just driven by bottom lines and profits, but able and willing to positively drive environmental and social impact. Our sustainability and CSR initiatives are changing lives and making a difference.

CORPORATE GOVERNANCE

Governance, in the context of ESG, is about how a company is managed. It includes the rules as well as the intent, letter as well as the spirit, and policies as well as the principles.

At Arvind, we are committed to uphold the highest standards of integrity, accountability, and transparency.

Our governance framework involves an experienced Board of Directors, financial and accounting transparency, robust risk management and compliance processes taking care of all stakeholders especially the minority ones, and best practices developed over the years.

AS PART OF OUR TRANSPARENT PRACTICES, WE PARTICIPATED IN THE S&P GLOBAL CORPORATE SUSTAINABILITY ASSESSMENT DISCLOSURES – WE RANKED 2ND IN INDIA AND 11TH GLOBALLY IN 2021 FOR THE TEXTILES, APPAREL & LUXURY GOODS CATEGORY.

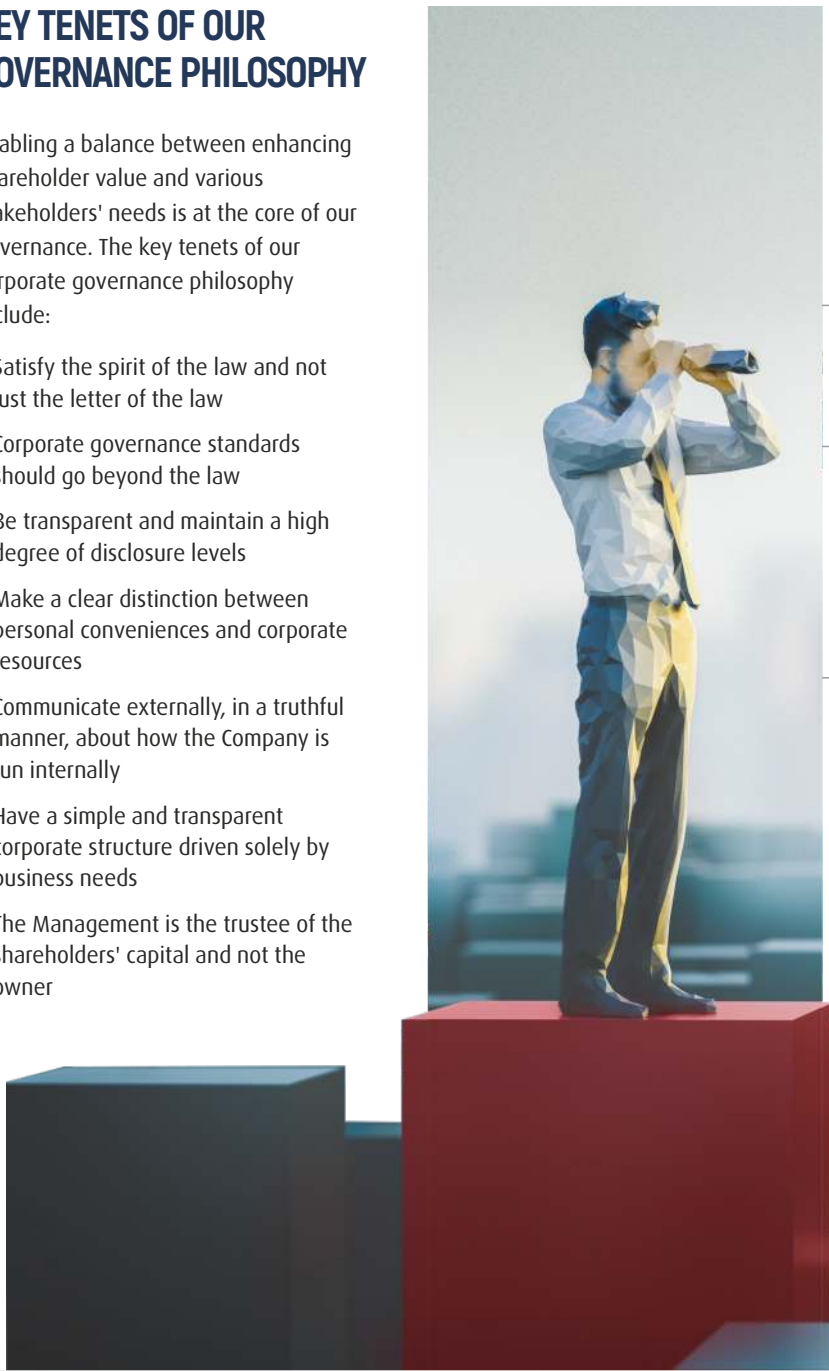
BOARD OF DIRECTORS

The Board of Directors is at the helm of our corporate governance framework and steers the ship with diligence and experience. The key responsibilities include watching over the management to serve the long-term interests of all stakeholders, and providing effective leadership in vital areas like business strategy, M&A, innovation, risk management, and other such matters. To ascertain the Board's performance, the Board is evaluated on how effectively it fulfils its responsibilities.

KEY TENETS OF OUR GOVERNANCE PHILOSOPHY

Enabling a balance between enhancing shareholder value and various stakeholders' needs is at the core of our governance. The key tenets of our corporate governance philosophy include:

- Satisfy the spirit of the law and not just the letter of the law
- Corporate governance standards should go beyond the law
- Be transparent and maintain a high degree of disclosure levels
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally, in a truthful manner, about how the Company is run internally
- Have a simple and transparent corporate structure driven solely by business needs
- The Management is the trustee of the shareholders' capital and not the owner



In FY 2021-22, the Board Performance Review was done by Independent Directors to evaluate the performance of:

Non-Independent Directors (Executive Directors)

The Board of the Company as a whole

Chairman of the Company, taking into account the views of Executive Directors on the same

Quality, quantity and timeliness of flow of information between the Company management and the Board

The Non-Executive Directors are Independent Directors who are leading experts in varied fields bringing independence and diversity to the Board. Their compensation is based on the Nomination and Remuneration Policy. We also have a Board Diversity Policy in place.

Following the Board performance review, the independent directors expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express views on the business transacted at the Meetings and the openness with which the Management discussed various subject matters on the agenda of meetings.

The Board has 9 Directors, comprising Chairman and Managing Director, Director and Group Chief Financial Officer, 2 Executive Directors and 5 Non-Executive Directors.

The composition of the Board and tenure from last reappointment as on 31st March 2022:

Name	Designation	Tenure
Mr. Sanjay S. Lalbhai	Chairman & Managing Director	5 Years
Mr. Punit S. Lalbhai	Executive Director	4 Years and 8 months
Mr. Kulin S. Lalbhai	Executive Director	4 Years and 8 months
Mr. Jayesh K. Shah	Whole-time Director & Group Chief Financial Officer	2 Years and 6 months
Dr. Bakul Dholakia	Independent Director	2 years and 8 months
Ms. Renuka Ramnath	Independent Director	2 years and 8 months
Mr. Dileep C. Choksi	Independent Director	2 years 10 months and 19 days
Mr. Nilesh Shah	Independent Director	1 year 10 months and 25 days
Mr. Arpit Patel	Independent Director	2 years 10 months and 14 days

BOARD DIVERSITY POLICY

The Board Diversity Policy sets out an approach to enhance diversity in terms of thought, experience, knowledge, perspective, gender, race, ethnicity, country of origin, nationality or cultural background in the Board. This is in compliance with the applicable laws, rules and regulations applicable to the Company.

The Company believes that a diverse Board will amongst others –

Enhance the quality of decision-making and ensure better business performance

Encourage diversity of perspectives thereby fuelling creativity and innovation

Complement and expand the skills, knowledge and experience of the Board as a whole

Provide for better Corporate Governance

For more information on policies, please refer to https://www.arvind.com/corporate-governance

COMMITTEES OF THE BOARD

Board committees assist the Board in critical areas. The directors at Arvind have constituted 7 Committees of the Board and determine the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman or the Company Secretary. At each Board Meeting, minutes from these committee meetings are placed before the Directors for their perusal and noting.

In the reporting period, Arvind also established a Board-level Environmental, Social and Governance (ESG) Committee to manage ESG risks and opportunities. The ESG Committee is responsible for decision-making on sustainability related issues. The Executive Director, Whole-time Director, and Independent Director are members of the ESG Committee.

AUDIT COMMITTEE

The committee comprises 5 members and is headed by Mr. Dileep C. Choksi. The Committee members are professionals having the requisite experience in the fields of Finance and Accounts, Banking and Management. The Audit Committee met five times during the year FY 2021-22. The representatives of Internal and Statutory Auditors are invitees to Audit Committee meetings and the Company Secretary acts as the Secretary of the Audit Committee.

Mr. Arpit Patel	Chairman
Mr. Dileep C. Choksi	Member
Dr. Bakul Dholakia	Member
Mr. Jayesh Shah	Member
Mr. Nilesh Shah	Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The committee is established in accordance with the Company's constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It met two times during the year FY 2021-22.

Dr. Bakul Dholakia	Chairman
Mr. Sanjay Lalbhai	Member
Mr. Jayesh Shah	Member

NOMINATION AND REMUNERATION COMMITTEE

The committee, among other things, is tasked with formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees. The committee comprises four directors and met four times during the year FY 2021-22.

Dr. Bakul Dholakia	Chairman
Ms. Renuka Ramnath	Member
Mr. Dileep C. Choksi	Member
Mr. Nilesh Shah	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The committee promotes a culture which emphasises on and setting high standards for CSR and reviews corporate performance against those standards. The committee met two times during the year FY 2021-22.

Dr. Bakul Dholakia	Chairman
Mr. Sanjay Lalbhai	Member
Mr. Punit Lalbhai	Member
Mr. Jayesh Shah	Member

RISK MANAGEMENT COMMITTEE

The responsibilities of the committee include review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof.

Mr. Dileep C. Choksi	Member
Dr. Bakul Dholakia	Member
Mr. Jayesh Shah	Member
Mr. Nilesh Shah	Member

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

The Committee has overall responsibility for endorsing the ESG vision and goals set out on an on-going basis, monitoring the progress against the stated vision and goals, and reviewing any statutory performance obligations on Sustainability/ESG. The representatives of Corporate Sustainability team are invitees to ESG meetings. During the year FY 2021-22, the committee met two times.

Mr. Punit Lalbhai	Member
Mr. Jayesh Shah	Member
Mr. Arpit Patel	Member

MANAGEMENT COMMITTEE

The Management Committee consists of four Directors, all of whom are Executive Directors. The primary role of the committee is to look after the day-to-day business activities of the Company within Board approved direction/framework. In FY 2021-2022, 15 Management Committee Meetings were held.

Mr. Sanjay Lalbhai	Member
Mr. Punit Lalbhai	Member
Mr. Kulin Lalbhai	Member
Mr. Jayesh K. Shah	Member

For more information on responsibilities of each committee, please refer to the Corporate Governance Report in IAR 2022.

THE CODE OF CONDUCT

Arvind has in place three Code of Conducts: For the Board, for employees, and for suppliers. Each Code of Conduct (CoC) serves two significant purposes at Arvind. Internally, it acts as a central guide for our employees to take the day-to-day decisions and externally, it promotes our statement of values and commitments. We actively promote the CoCs to enable users take decisions in conjunction with the company's ethics, vision, and mission.

The Code of Conduct is applicable to members of the Board and Senior Management Personnel of Arvind Limited and is prepared in accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has adopted the following codes in accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992:

Code of Conduct for Directors and Senior Management Personnel

Arvind Code for Prevention of Insider Trading

Arvind Code of Corporate Disclosures

For more information on each of three Code of Conducts, please visit our corporate website.

POLICIES

Better work environment for women
Arvind has a zero tolerance for sexual harassment at workplace and have adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

Arvind Internal Complaints Committee (AICC)
has been formed and its details are declared across the organisations. All AICC members are trained by subject experts on handling the investigations and proceedings as defined in the policy. We received no sexual harassment complaints during the reporting period.

Arvind's Whistleblower Policy
provides a secured avenue to directors, employees, business associates and all other allies of the company for raising their concerns against the unethical practices, if any. A dedicated **"Arvind Ethics Helpline"** has been set up which is managed by an independent professional organisation, where the whistleblower can report any suspected or confirmed incident of fraud/misconduct through:

Website for Complaints:
www.in.kpmg.com/ethicshelpline/Arvind

Dedicated Email ID:
arvind@ethicshelpline.in

Toll Free No.:
1800 200 8301

Our Whistle Blower Policy is available on our corporate website at https://www.arvind.com/sites/default/files/field_policy_file/Whistle%20Blower%20Policy_n.pdf

The Whistle Blower Committee looks into the complaints raised. The Committee reports to the Audit Committee and the Board. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

RISK MANAGEMENT

At Arvind, we remain watchful and prepared for emerging risks. We try to see every challenge as an opportunity to create value. We also consistently scan the business environment to prospect for opportunities and leverage them for growth.

Our businesses are exposed to numerous risks and consequently, we have a robust Enterprise Risk Management (ERM) framework which enables us to take certain risks to remain competitive and achieve better growth. At the same time, it helps us mitigate other emerging risks to maintain sustainable results.

RISK MANAGEMENT FRAMEWORK

We have institutionalised robust systems and processes, along with appropriate review mechanisms to actively identify, monitor, manage, and mitigate these risks. Our Risk Management Policy defines the process for risk identification, its assessment, mitigation measures, monitoring and reporting. While we continuously assess the identified risks through our employees and Executive Management, the Risk Management Committee reviews the identified risks and its mitigation measures annually. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and our day to day activities.

CLIMATE-RELATED RISKS

One of the key universal risks, climate-related risk refers to the potential negative impacts of climate change on an organisation. It includes the potential for adverse effects on lives, livelihoods, health status, economic, social and cultural assets, services (including environmental), and infrastructure due to climate change.

Climate-related risks can be further classified into two categories:

Physical Risk:

Which arise from the changes in weather and climate that impact the economy. Climate changes may lead to increase in frequency and severity of natural disasters

Transition Risk:

Which arise from the transition to a low-carbon economy. These include changes in policy and new technologies, such as the growth of renewable energy

Climate-related risks, water scarcity and the failure to adapt and mitigate climate change can lead to food scarcity, unavailability of raw materials, and many more traditional risks.

The table below shows how the traditional risks and climate risks are interconnected.

Risk Category	Risk	Physical Risk	Transitional Risk
Operational	Volatility in price and availability of input raw materials	Yes	Yes
Strategic	Demand destruction and changing customer preference	Yes	Yes
Strategic	Geo-political issues disrupting supplychanin management	Yes	No
Operational	Inability to attract/retain talent in the organisation	No	Yes
Strategic	Abesence of business continuity plan negatively impacting the earnings	Not applicable	Not applicable
Operational	Customer concentration risk	No	Yes
Operational	Customer credit risk	Not applicable	Not applicable
Operational	Increased stakeholder concern on ESG issues	No	Yes
Operational	Substitution of existing product and services with lower emission options	No	Yes
Operational	Enhanced regulation and mandates on environmental & social sustainability issues	No	Yes
Strategic	Negative stakeholder feedback	No	Yes
Operational	Fluctuation in the forex rates negatively impacting the earnings	Not applicable	Not applicable

PUBLIC POLICY ADVOCACY

The impact of the climate-related risks can be observed through traditional risk categories as it has the ability to amplify traditional risks or create new risks.

At Arvind, the climate-related risk management is integrated into the multi-disciplinary company-wide risk management process.

Risks if not dealt with in a timely manner can have major consequences on business.
It may hamper functioning of the organisation, impact margins or ability to generate revenue, can lead to loss of business due to negative publicity or loss of credibility,
and may end in financial penalty.

We are taking following actions to mitigate such emerging risks.

- Closely monitoring the economic and political situation in the supplying nation/region and take risk averse steps
- Reviewing and assessing market situation and impact on our products, services offerings
- De-risking key raw material supply chain by maintaining multi-supplier base from different geographies
- Benchmarking employee benefits with industry standards and taking different initiatives to retain talent
- Work towards making the relationship with stakeholders as strategic rather than tactical or transactional
- Monitoring of all compliances being handled at the highest levels
- Formed an ESG committee at Board level to monitor and provide guidance towards the ESG initiatives by the Company
- Focussing on implementing green technologies, developing sustainable / low carbon products and building supply chain resilience
- Set up Forex Risk Management team

For more information on climate-related risk management, please refer to Climate Risk section.

Arvind is one of the largest players in the textile industry and acts as a crucial link between the government and the industry. We define the problems industry faces, and then engage with the government to devise appropriate solutions through policy changes and upgrades. Consistent efforts in public policy advocacy have made Arvind a trusted ally -- of the government and the industry.

While we continue to engage with the industry and the government on several issues, no contribution was made for political campaigns, political organisations, lobbyists or lobbying organisations, trade associations and other tax-exempt groups in the reporting period.

Following are some of the key industry associations we are actively involved in:

- The Cotton Textiles Export Promotion Council
- Apparel Export Promotion Council
- Agriculture & Processed Food Products Export Development Authority
- Federation of Indian Export Organisations
- Confederation of Indian Industry
- Gujarat Chamber of Commerce & Industry
- Confederation of Indian Textile Industry
- Denim Manufacturers Association
- Textiles Committee
- Ahmedabad Textile Mills Association
- Sustainable Apparel Coalition

SUSTAINABILITY AND US

'FUNDAMENTALLY RIGHT' IS ARVIND'S UNIQUE SUSTAINABILITY PROPOSITION (USP).

The USP makes our products and services more competitive and creates more value for customers and stakeholders. This differentiation is the outcome of the virtuous circle of sustainability driving innovations.

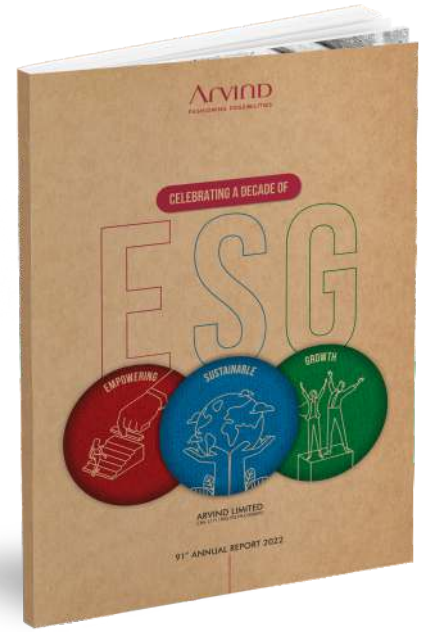
Our sustainability approach 'Fundamentally Right' focuses on input management rather than tailpipe interventions on issues material to us and our stakeholders.

Our policies, processes and practices are designed in a way to nurture key input elements at the source and optimise their utilisation, making our products and business sustainably sound.

While we ensure that our business remains fundamentally right and true to the expectations of our varied stakeholders, we also contribute towards innovations in achieving our client's sustainability goals.

Arvind Ltd. has consistently invested in resource-efficient and sustainable technologies, developed and manufactured sustainable products, and nurtured relationships with stakeholders. Together, these factors reduce the ecological impact, uplift the community and provide good governance, thereby strengthening our resilience towards future risks and empowering sustainable growth.

A decade back, we compiled all our ESG-related efforts into a framework and published our first sustainability report in FY 2013-14, formally initiating our ESG journey. A decade later, in FY 2021-22, we broadened the scope of disclosures by reporting financial and non-financial information to our stakeholders through an Integrated Annual Report.



STAKEHOLDER ENGAGEMENT

We have a diverse set of stakeholders who bring unique perspectives and insights to help us drive long-term sustainability and shareholder value. We continually engage with our stakeholders to ensure that our actions continue to positively impact the socioeconomic and environmental dimensions closely associated to and have direct impact on their lives.

STAKEHOLDER IDENTIFICATION

To manage stakeholder expectations efficiently, the first step is to identify them. In FY 2013-14, we collaborated with Ernst & Young LLP for a structured identification of stakeholder groups as a way forward to our sustainability journey. These findings were based on various parameters that impact the sustainability of business, such as dependency, responsibility, tension and influence.

Acting on these findings, we zeroed in on the following key stakeholder groups.

STAKEHOLDER GROUPS

CUSTOMERS

INVESTORS

MEDIA

EMPLOYEES & WORKERS

LOCAL COMMUNITY

GOVERNMENT AGENCIES

SUPPLIERS

DISTRIBUTORS

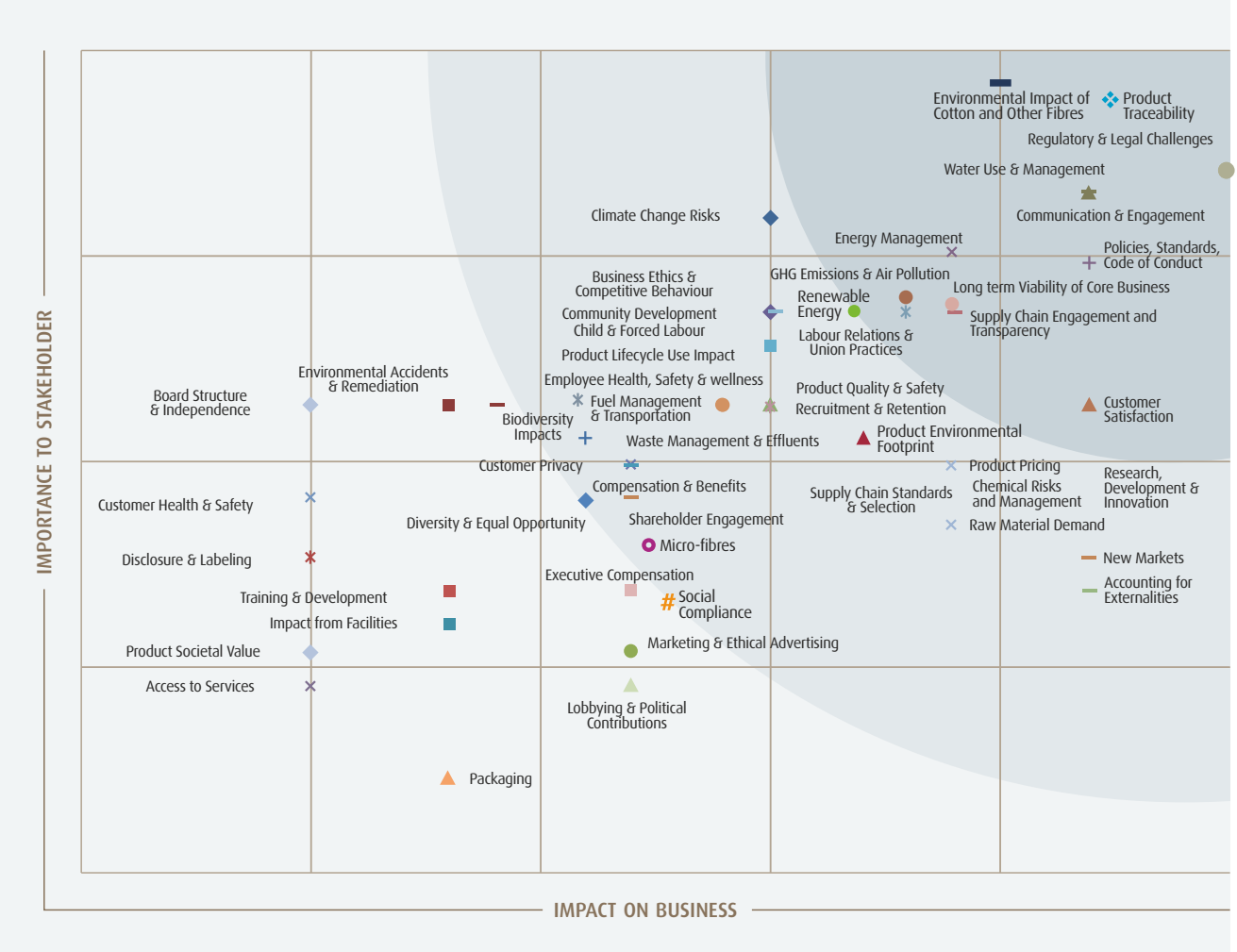
For information on engagement mechanism for each stakeholder, please refer to the Money section of this report.

MATERIALITY

In addition to the strong economic performance, stakeholders now demand the organisations to be environmentally and socially more sustainable. At Arvind, sustainable growth has always been our credo and we listen to our stakeholders and act on their feedback regarding our material issues. Through our continuous engagements with stakeholder groups, we reanalysed and validated our materiality to identify emerging issues and incorporate them in our materiality matrix in the reporting period.

Our materiality matrix (presented on the next page) comprises a universe of sustainability issues raised by our stakeholders as well as our leadership team. These material issues have been plotted against an x-axis (representing impact on business) and a y-axis (representing issues important to stakeholders). Those on the top right corner of the materiality map represent the highest significance to Arvind.

MATERIALITY MAP OF ARVIND LIMITED



Based on factors such as risks, returns and relevance, we further distilled this materiality matrix and identified six key material issues and five allied material issues which are grouped under 'others'.

KEY MATERIAL ISSUES

- FIBRE
- CHEMICALS
- WATER
- PEOPLE
- ENERGY
- MONEY

ALLIED MATERIAL ISSUES

- COMMUNICATION AND ENGAGEMENT
- POLICIES, STANDARDS AND CODE OF CONDUCT
- CUSTOMER SATISFACTION
- REGULATORY AND LEGAL CHALLENGES
- WASTE MANAGEMENT

PRODUCT RESPONSIBILITY

DESIGNING RIGHT PRODUCTS THE RIGHT WAY

Designing right products in a 'Fundamentally Right' manner is integral to Arvind's way of doing business. Our focus on material issues and efforts to integrate sustainability cover the entire life-cycle of the product – from raw materials used, product development, and manufacturing, to product use and subsequent recycling.

We have also widened the scope of sustainability through joint development and collaborations with our customers leading to growth, innovation and delivering more value to stakeholders. These partnerships and collaborations ensure that we stay ahead of the curve, positively impact socio-economic and environmental aspects, and create mutual value for sustainable growth. Following are the material issues we focus on to make our products more sustainable as our collective responsibility towards people and the planet.

FIBRE

For making fabrics, the key raw material we use is cotton which accounts for 80% of our products. Around 40% of our sourced cotton is sustainable. Further, Arvind is developing a sustainable ecosystem spanning from farm to fabric by investing in farming initiatives and sourcing alternate natural fibres and recycled fibres. As part of our Sustainable Sourcing strategy, we continue to implement following initiatives:

Regenerative – Agricultural practices that promote soil health and supports in restoring organic carbon in the soil. In the reporting period, we graduated from pilot to commercial scale.

Organic and In-Conversion Organic – Organic cotton is farmed using non-GM seeds, zero chemical pesticides and fertilisers, resulting in a huge positive impact on the environment. In-conversion organic is a way to become organic as the land needs time to leech itself of previously used substances.

Better Cotton - Promotes efficient use of water, approved fertilisers and pesticides.

We have also collaborated with our partners to make raw material more sustainable and circular:

1 SUSTAINABLE FIBRES

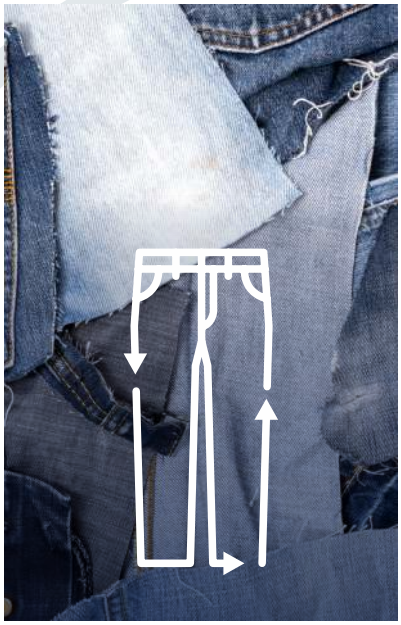
- Collaborated with Lenzing to use the pioneering **Tencel™ Modal fibre** with Indigo dyeing that enables elevating sustainability in Denim Products, and **ECOVERO,** a fibre derived from certified renewable wood sources that uses an eco-responsible production process. These fibres are tailored to a sustainable lifestyle, contributing to a cleaner environment.
- **Hemp** – We use Hemp fibres to make cotton-hemp and other blended fabrics. Hemp is a bast fibre extracted from the stalk of hemp plants. The plant helps retain soil moisture, return nutrients back to the soil, and remove heavy metals from the soil leading to soil purification. It also requires less water for cultivation.
- **Flax** – We use flax fibres to make Linen fabric. These fibres are extracted from the Flax plant. The cultivation of flax requires less water, fertiliser and pesticides in comparison to cotton. The flax plants are also grown as cover crops to support biodiversity in soil microbes.
- **Bamboo** – We use bamboo fibres for making bamboo fabric, which is a natural fibre made from the pulp of bamboo grass. The Bamboo used to produce fabrics is easily replenished due to its high biomass growth rate compared to trees, plants and agricultural crops. It is also a self-sufficient crop and generally needs no irrigation and use of chemical pesticides.

2

CIRCULARITY

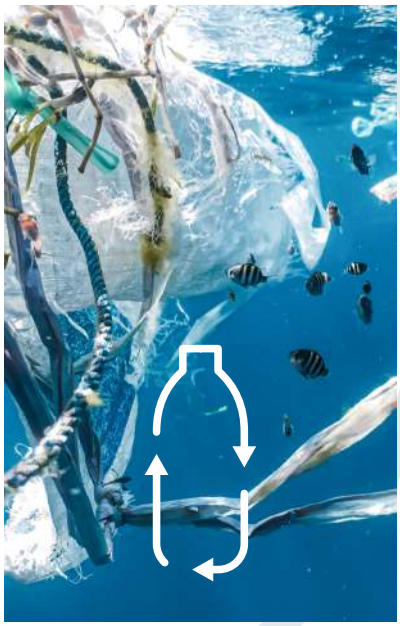
- **PurFI RECYCLED COTTON** - A patented technology for mechanical recycling of yarn or fabric, wherein fibre can be rejuvenated to a level similar to virgin fibre. It enhances the ability to increase recycled content in yarn, without compromising the quality and performance of the fabric. A pilot trial has been successfully concluded in collaboration with PurFi and H&M.

PURFI



- **CIRCULOSE®** - We have collaborated with H&M and Renewcell to jointly develop products, as part of the prestigious Jeans Redesign initiative. CIRCULOSE® is a dissolving pulp product that Renewcell makes from 100% textile waste, such as worn-out jeans and production scraps instead of using wood used for traditional viscose.

CIRCULOSE



- **SEAQUAL FIBRES** - Arvind is partnering with SEAQUAL to use the most certified earth-friendly fibres in the world. We use high-quality recycled polyester yarn made from recycled materials including post-consumer plastic bottles and plastic captured from the seas, contributing to the preservation of natural resources and waste reduction.

SEAQUAL™

3

OTHER INITIATIVES

Cotton Garnetting

Discarded clothes that end up in a landfill impact the environment in two ways. The natural resources used in making them go to waste, and secondly, the waste emits greenhouse gases which lead to environmental pollution. To bring a unique solution to these problems, we decided to replace between 5%-40% of virgin cotton with recycled cotton from disposed-off garments, depending on product and customer needs.

This serves two purposes. The use of recycled cotton fibres ease the demand of the raw materials that go into making a new garment, and the waste from supply chain can be put to good use providing traceability to our customers in all the stages of production: shredding, spinning, dyeing, weaving and processing in our facilities.

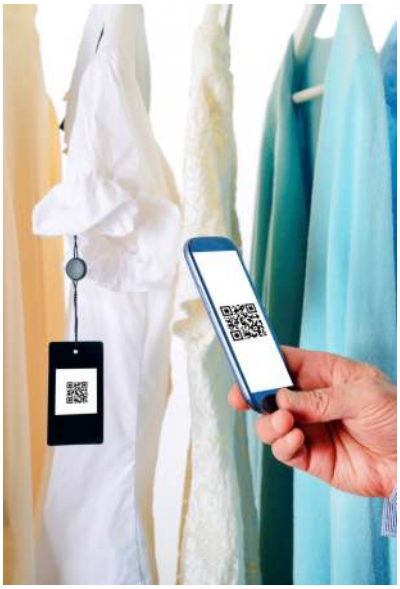
Recycling at Arvind Ltd. is undertaken as per the Global Recycling Standards (GRS) guidelines. We added a cotton recycling machine in the reporting period which recycles both post-industrial waste (sourced primarily from our units) as well as post-consumer waste. Cotton fibres extracted from these wastes are used in spinning to make recycled denim. Our production facilities are compliant and certified with GRS ensuring the quality of garments made using recycled fibre.

Global Recycled Standard

Innovation That Makes Fashion Traceability Possible

There is a clear and consistent feedback from customers that they are looking for transparency in supply chains. They are wary of buying products made from raw materials that originate from conflict zones. Bearing these observations in mind, we partnered with Textile Genesis to offer Blockhain-based end-to-end traceability in our denims.

The platform of Textile Genesis requires stakeholders at each stage of the supply chain to input production data which establishes control over proceedings. We also incorporated fibre-to-retail traceability using path-breaking digital Fibrecoins™ technology.



For more information, please refer to the Fibre section of this report.

WATER

Water is the driving force of all nature. Our products need water in all phases – from farm to the use phase, therefore, making our products more sustainable is a business imperative. The two key approaches we take for water conservation at Arvind include using less water by investing in advanced technologies that increase process efficiency, and initiatives for water management through efficient treatment + recycling mechanisms.

Some of our water-related initiatives to make our products sustainable include:

- Increased efforts to install ZLD systems at our manufacturing sites to effectively use recycled water. We remain committed to eliminate use of blue water in our manufacturing operations and many of our sites are already operating on 100% recycled water
- Partnered with GAP to set up an innovation centre, to drive water stewardship for textile industry
- Invested in advanced technologies like Emerising machine by Matchpoint that saves water and chemicals by converting a wet process into a dry process
- Adopted Stone-free and water-free enzymatic process for washing/abrasion effects

Through various initiatives, we were able to drive significant reduction in the specific freshwater consumption for fabric manufacturing. However, for garment, it went slightly up as a new plant became operational in 2020, which ran intermittently during the reporting period.

Specific Water Consumption	FY 19-20	FY 20-21	FY 21-22
Fabric (litre/metre)	43.20	40.53	26.21
Garment (litre/piece)	11.70	12.27	12.88

For more information, please refer to the Water section of this report.

ENERGY

Energy conservation is the foundation of energy independence. Optimising the energy productivity and adding renewables to the energy mix enables us to reduce our dependence on fossil fuels, thus reducing our greenhouse gas emissions.

Some of the initiatives we undertook during the reporting period include:

ENERGY SAVING

- Retrofitted the existing machines to make them more efficient
- Replaced thermic fluid-fired Stenter with direct gas-fired Stenter
- Installed air gun in place of hose pipes for cleaning air application
- Installed high-efficiency pump in shirting pump house
- Optimised the run time of energy intensive equipment based on weather conditions
- Stopped the cooling tower water circulation pump (C-90 air compressor) in winters
- Deactivated humidification plants in dyeing and sizing machine - 50 rope dyeing and Sucker Muller
- Installed energy-efficient washing machine that reduces water and chemical use
- Substituted old bleaching technology to reduce water usage

RENEWABLE ENERGY

- Continued growth in RE sourcing - signed up for 47 MW wind and solar hybrid plant at group level. It will be operational in FY 2023
- Switch from coal by creating a backward supply chain of biomass briquettes.

Together, these steps make us a more responsible energy user and support us to move on the decarbonisation path. Despite the challenges faced by the business in the pandemic and post pandemic period, there was no significant change in our GHG intensity for fabrics and garment as shown below:

GHG Intensity

Type of Cotton	FY 19-20	FY 20-21	FY 21-22
Fabric ($KgCO_2e$/mtr)	1.14	1.15	1.16
Garment ($KgCO_2e$/piece)	0.47	0.47	0.48

For more information, please refer to the Energy section of this report.

CHEMICALS

Chemicals are an important ally in providing and differentiating the look and feel of fabrics. This role comes with a potential side effect on the environment. At Arvind, we try to mitigate this impact by adopting green chemistry principles.

Some of our initiatives include:

- Adopted ZDHC (Zero Discharge of Hazardous Chemicals) at all our sites for safe and sustainable chemical management
- Adhered to safer chemistry frameworks to eliminate hazardous chemicals
- PFC-free repellent finish
- Natural plant-based softener for the dyeing process
- Concealed resin-baths that control VOC and air emissions
- Finishing processes that retain the hand feel properties of the flame retardant fabric
- Denim With Minimum Synthetic Chemical - A new approach of replacing synthetic Indigo dye stuff, pre-wetting chemicals, and auxiliaries used in sizing and finishing, with bio-based material. Initial trials have been successful.
- Bio Black - It is a black pigment extracted from sustainably sourced wood waste for printing/coating. Successful trials in collaboration with Levi's have led to new product adoptions for their Premium label – "Well Thread". Printing & Coating applications have been made on white and natural indigo bases for Levi's.

Our manufacturing facility at Naroda became the first denim plant to adopt achieve ZDHC Level 1 for inventory control.

For more information, please refer to the Chemicals section of this report.

PROMOTING INDIA'S TEXTILE HERITAGE

Khadi symbolises Indian textile heritage. We combined this traditional textile with the modernity and timelessness of Denim, resulting in Khadi denim fabric that is a hand spun, hand hank dyed in natural indigo and woven on a handloom. It sports all the properties of natural denim like comfort, softness, and ageing. Additionally, the natural indigo injects anti-inflammatory, antifungal and antibacterial properties into the fabric. Using Khadi helps revive and support Khadi artisans to conserve the traditional knowledge that has been passed on through generations in the artisans' family and provides them a source of livelihood.

INITIATIVE - ASSESSING OVERALL IMPACT WITH JEANOLOGIA

Jeanologia
THE SCIENCE OF FINISHING

Although we focus on each material issue independently, these issues are interconnected. When we reduce water consumption, it inadvertently reduces the energy required for heating/cooling. We consider these interdependencies and connections between issues to create value for stakeholders.

One such initiative, where we map multiple factors to understand the overall impact of the process/product, is EIM (Environmental Impact Measurement) by Jeanologia.

EIM is based on assessing the impact on 4 pillars, namely;

WATER CONSUMPTION | **ENERGY CONSUMPTION** | **CHEMICAL PRODUCT USED** | **WORKER HEALTH**

It measures the impact and the AI in the background works the various combinations on the input data to generate a score. A score of 0 to 33 signifies lowest impact and more sustainable choice. A higher score means that the overall process can be improved. Through EIM, the brands and even manufacturers can collectively assess and address the impact of the products that they are placing in the market. The technology will further attract consumers who prefer low impact/intensity products.

PEOPLE

Empowerment enhances and enriches lives. Whether it is our employees or society, a common thread that connects both is the need for empowerment. As a strong ally to the society and our people, we are committed to addressing this need.

EMPLOYEES

We participate in strengthening our people, and our people participate in strengthening the business. Through this approach, we achieve meaningful outcomes that generate exponential growth for all our stakeholders. These outcomes in turn drive empowerment among our people and the communities by creating a continuous cycle of empowerment.

Our key focus areas to create an empowering employee-first culture include:

- **Recruitment and Leadership Pipeline**
- **Diversity and Inclusion**
- **Learning and Development**
- **Employee Engagement**

Apart from the four core focus areas, we also support our employees by empowering them with regards to Safety, Industrial Relations and Human Rights.

Providing a safe working environment for employees is a non-negotiable aspect of our workplaces.

Safety

Safety has been our focus area and various measures were put in place to tackle unsafe conditions, behaviour and practices for FLMs (workers) and employees. We have inculcated a culture of safety by adopting various SOP and conducting regular trainings for our FLMs and employees.

Industrial Relations

We have clearly spelt out guidelines to ensure that we engage in fair labour practices. This includes payment of minimum wages, protection of human rights, prevention of child/forced labour and encouragement of health and safety best practices.

Human Rights

We recognise our responsibility to respect and protect human rights in all aspects of doing business. We have a well-defined policy to uphold the rights of our employees and FLMs. We also employ national and international policies and standards for better and safe work practices. This includes Whistle Blower Policy, SA 8000, SEDEX, WRAP (Worldwide Responsible Apparel Production) and the Prevention of Sexual Harassment (POSH) Act. etc.

SOCIETY

The key to building a great business is to generate value for communities. Only in a healthy society can healthy businesses flourish, and to ensure this, business leaders must leave a positive impact on society. We achieve this by creating a positive impact in four broad areas of Corporate Social Responsibility:

Educational Advancement

GYANDA is our flagship programme that focuses on improving academic performance and overall development of the students. It is primarily designed for primary, secondary and higher secondary school going children.

Rural Advancement

The Arvind Rural Transformation Initiative (ARTI) is a combination of long-term integrated programmes focused on developing individual expertise and uplift lives in the rural areas. Besides this, we also focus on wellness programmes for the rural community.

Environmental Advancement

We implement programmes that are aimed at creating awareness on climate change and its effects and what we can do to protect the environment. We also organise various tree plantation drives under this area of work.

Cultural Advancement

We contribute towards the preservation of art and culture, and support ecosystems that sustain cultural activities. We are collaborating with Lalbhai Dalpatbhai Bhartiya Sanskriti Vidyamandir (LDBSV) in preservation of the paper/palm-leaf manuscripts housed there by digitising them. Around 33 Lakh digitalised manuscripts are available at LDBSV.

COVID-19 RESPONSE

The second wave of COVID-19 was overwhelming. We immediately ensured safety of employees by enabling remote work.

For more information, please refer to the People section of this report.

MONEY

Our businesses are aligned with the purpose of adding value - not only for the shareholders, but also for all our stakeholders i.e. providers of capital, the government, nature, customer, suppliers, the community, and others. Our decade-long sustainability journey too has had an all-encompassing theme of empowering sustainable growth – where financial bottom line (Profit) is not the only driving factor, but also our ability to impact environmental (Planet) and social (People) bottom lines.

Other strategic and financial strengths include:

A Strong Balance Sheet with AA- Rating

Arvind had a healthy AA- (CARE) rating and maintained a robust balance sheet with an EBITDA of INR 788 Crore in FY 2021-22.

Professional Management

Our rich experience in the textiles business helps us to identify opportunities early, mitigate challenges faster and leverage resources effectively.

Optimal Capital Structure

We maintain an optimal mix of equity and debt financing that maximises our market value, while minimising the cost of capital. We also monitor capital using a gearing ratio.

Strong and Valuable Relationships

The way we have nurtured our relationships has helped our suppliers and dealers grow with us. This has resulted in a mature product portfolio that generates ~10% EBITDA with a good degree of predictability.

Prudent Cash Flow Management

We plan to reduce borrowing by keeping tighter financial as well as operating discipline, fixed cost reduction, and limiting the capital expenditure to necessary minimum. We achieved a sharp reduction in our overall borrowing in FY 2021-22.

For more information, please refer to the Money section of this report.

ALLIED MATERIAL ISSUES

COMMUNICATION AND ENGAGEMENT

Continuous communication and engagement take place with our key stakeholders like customers, investors, and employees.

Details of this engagement are elaborated in the Money section of this report.

POLICIES, STANDARDS AND CODE OF CONDUCT

We have policies, standards and code of conduct for our business processes, engagements with customers & stakeholders as well as product manufacturing and services.

Please refer to the Corporate Governance section in this report for more details.

CUSTOMER SATISFACTION

We try to anticipate short and long-term expectations of our customers. Our design and technology teams meet the customer groups at regular interval throughout the year.

REGULATORY AND LEGAL CHALLENGES

All our operations and business processes are as per the legal and regulatory processes approved by the Government under the Companies Act 2013 in India.

WASTE MANAGEMENT

We at Arvind understand that all our operations result in waste generation of various type and quantity. All the initiatives that we take for our material issues have a direct or indirect impact on waste generation thus in turn on our approach to waste management.

For more details, refer to Waste Management section in this report.

ALIGNMENT TO SDGs

As we continue to tread the path of sustainability, new avenues open up. Some of these avenues give us an opportunity to measure our performance – across financial and social bottom lines, and help us understand the magnitude of the impact our big and small acts have on varied stakeholders. The Sustainable Development Goals (SDGs) are one such avenue. Presented to the world during the 2015 Paris COP by the United Nations, SDGs comprise 17 Goals and 169 targets. They have been, by far, the biggest breakthroughs in aligning the actors across the globe to a common language of sustainability. We, at Arvind, are glad to align our ESG performance to this global language.

SDG No.	Sustainable Development Goal	Arvind's Impact
1 NO POVERTY	End poverty in all its forms everywhere	• Local community hiring for social inclusion by the means of employment and sustained income • Respect and abide to minimum wages
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable farming	• Sourcing of sustainable cotton exceeds 40% of our total volumes – Better Cotton, Organic Cotton and Regenerative Cotton
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	• Efficient and organisation-wide implementation of POSH Act • 11.1% Women Directors on the Company board
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	• Zero blue water for industrial purpose by effectively using ZLDs • Constant efforts to use less water per meter of fabric and per garment • Setting up Centre of Excellence in partnership with GAP Inc. for water stewardship • Rainwater harvesting at different production units
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	• Energy efficiency initiatives including investments in newer and better capital goods • Increased use of renewable energy (solar, wind and hybrid plants) • Increased adoption of biomass to replace coal and fossil-based fuel
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all	• Respect and promote safe workplaces to consistently reduce injuries and incidents • Uphold labour rights • Gender equality in terms of pay/wages for men and women • Being equal opportunity employer by eliminating biases of gender, race, disabilities, etc.

SDG No.	Sustainable Development Goal	Arvind's Impact
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	• Retrofit existing machinery and modify operations to have incremental savings / reduction in CO_2 per meter of fabric or per garment
10 REDUCED INEQUALITIES	Reduce inequalities within and among countries	• Extensive work to increase/boost income of small and marginalised farmers to bring them to mainstream
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient, and sustainable	• Reviving the Indigo history through an ambitious project that is forward looking for exploring continued and new ways of uses of Indigo as well as appreciating the invigorating past of Indigo through the Indigo Museum • Digital repository of ancient paper and palm leaf manuscripts – 33 lakh manuscripts digitised till now
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	• Reduce virgin materials and increase recycled materials to positively impact material footprints • Aspirational level etiquettes for chemical use and management, waste handling and waste disposal and continually strive to reduce absolute and normalised quantities of chemicals consumed and waste generated. • Completed a decade of sustainability reporting and released maiden Integrated Annual Report for 2021-22 • Significant strides in incorporating renewable energy sources in the total energy mix • Tribal home stay project helping tribal communities with alternate source of income and promoting tourism at a major tourist destination in the state of Gujarat, India
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	• GHG accounting for Scope 1, 2 and 3 • Third party assurance for GHG inventory and slew of measures to reduce GHG emissions as Arvind has signed the commitment letter for SBTi
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• Operations completely free from child, bonded or trafficked labour. This includes upstream and downstream supply chain • Efficient implementation of POSH Act and effective grievance redressal systems to ensure harassment and abuse-free workplaces • Strict corporate governance and code of conduct for ethical practices and behaviour integrated in all aspects of working for people at all levels in the organisation for dealings with all stakeholders

SUSTAINABLE APPAREL COALITION - HIGG INDEX

SAC, ideated in 2009, has been steering and leading the monitoring and measuring of sustainability performance of the organisations in textiles and apparel sector. Arvind Limited is the founding member of SAC and we have been reporting our environmental and social performance of our production sites using Higg FEM and Higg FSLM-SLCP. We have consistently improved our Higg FEM and Higg FSLM-SLCP scores across all sites. For environmental performance using Higg FEM, the units are scored across materials areas like:

ENVIRONMENTAL MANAGEMENT SYSTEM	ENERGY & GHG	WATER USE	WASTE WATER
AIR EMISSION	WASTE MANAGEMENT	CHEMICAL USE & MANAGEMENT	

Below are the scores for Higg FEM for 2021

DENIM

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
81 Points
ARVIND LIMITED - NARODA

MYSORE ROAD

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
91 Points
ARVIND LIMITED

WOVENS

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
89 Points
ARVIND LIMITED - SANTEJ

ECITY

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
83 Points
ARVIND LIMITED - SHIRTING - ELECTRONIC CITY

YESHWANTPUR

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
86 Points
YESHWANTHPUR BANGALORE ARVIND LIMITED

BOMMASANDRA

Higg Index
2021 VERIFIED
HIGG FACILITY ENVIRONMENTAL MODULE
89 Points
ARVIND LIMITED - BENGALURU BOMMASANDRA

AWARDS AND RECOGNITIONS

Every award, accolade and recognition we receive, gives a boost to our company culture, values, morale of the employees, team strength, and helps attract and retain the top talent. The awards and recognition reinforce that we are on the right path, inspiring others to follow.

2019
National Energy Conservation Award (NECA)

2019
Green Gujarat Award for Environmental Stewardship

2019
FICCI Water Award

2019
National Water Award in Large Scale Industry

2020
First Prize in CII Performance Excellence Awards In Rooftop Solar (Category Energy)

2021
First Prize in CII National Award For Excellence In Water Management

2022
Water Sustainability Award by TERI for Excellence in Water Use Efficiency in Industrial sector

At Arvind, our responsible supply chain mechanism sources sustainable cotton from the farms to manufacture fabric. We have also enhanced our sustainable fibres initiatives by strengthening accountability and transparency, through ethical business practices, digital traceability tool, supplier code of conduct, and clear consistent communication. This transparency engenders trust among our customers, making us a partner of choice. This in turn drives us towards more transparency.

FIBRE

The pandemic acted as a massive restraint on the textile manufacturing market in 2020-21 and 2021-22 as supply chains were disrupted due to trade restrictions and consumption declined due to lockdowns imposed by governments globally. The global textile market is expected to grow by 8.3% from $530.97 billion in 2021 to about $575.06 billion in 2022.
It is projected to rise to $760.21 billion in 2026, at a compound annual growth rate (CAGR) of 7.2%.

Consumers are increasingly becoming more environmentally conscious and socially aware, and want to know the source of their purchases. In addition to authenticity, they also want to ensure that their products are ethically manufactured and safe for the environment. This discussion on transparency is expected to rise and become critical for the industry to attract and retain customers.

Another reason transparency is getting more importance is, it makes it easier for brands to police the practices of their supply chain partners. This is hopefully to put an end to unethical practices in the production process. It also reduces company risk, and is good for business. People being educated on who is making their cloth allows them to make more informed decisions when deciding to purchase an article.

OUR INITIATIVES HAVE RESULTED IN MORE THAN 40% OF OUR SOURCED COTTON BEING SUSTAINABLE

HIGHLIGHTS

Sustainable Agriculture Initiatives

2.95 times
increase in area from 40,142 ha to 118,494 ha between FY 2019-20 and FY 2021-22

2.71 times
increase in number of farmers involved from 27,441 to 74,278 between FY 2019-20 and FY 2021-22

Better Cotton

2.61 times
increase in area under cultivation from 37,500 ha to 97,925 ha between FY 2019-20 and FY 2021-22

2.35 times
increase in number of farmers from 25,000 to 58,803 between FY 2019-20 and FY 2021-22

Organic Cotton

6.26 times
increase in area under cultivation from 2,584 ha to 16,171 ha between FY 2019-20 and FY 2021-22

4.36 times
increase in number of farmers from 2,400 to 10,475 between FY 2019-20 and FY 2021-22

Regenerative Agriculture

77.16 times
increase in area under cultivation from 57 ha to 4,398 ha between FY 2019-20 and FY 2021-22

121.95 times
increase in number of farmers from 41 to 5,000 between FY 2019-20 and FY 2021-22

We have been working with farmers to promote sustainable cotton since over a decade. Deeper engagement with farmers has resulted in a three-fold growth in number of farmers and area in the last three years.

OUR APPROACH TO SUSTAINABLE FIBRES

As a major player in the textile and apparel sector, we are poised to grow with a pace similar to the Indian textile and apparel industry. An uninterrupted, transparent and traceable supply of fibres is thus mandatory.

We ensure there is smooth supply of high quality and it doesn't come at the cost of the society or environment. At Arvind, our sustainable fibre initiatives include creating a sustainable cotton supply chain from the farms to produce fabric, reducing our dependence on virgin material by sourcing recycled fibres and recycling post-industrial waste, and exploring alternate natural fibres. We have invested heavily in sustainable cotton as it is our key raw material. In the last three years, we have increased the area under cultivation as well as the farmers engaged in sustainable farming to create a more robust sustainable cotton supply chain.

Overall, we aim to accelerate the area under cultivation of our sustainable farm operations to cover

400,000

acres of farmland and engage over

100,000

farmers by FY 2024-25.

Area Under Cultivation

in Ha

Type of Cotton	FY 19-20	FY 20-21	FY 21-22
Better Cotton	37,500	111,229	97,925
Organic	2,584	3,085	16,171
Regenerative	57	302	4,398
Total	**40,142**	**114,616**	**118,494**

Farmers Engaged

in Nos.

Type of Cotton	FY 19-20	FY 20-21	FY 21-22
Better Cotton	25,000	72,031	58,803
Organic	2,400	5,196	10,475
Regenerative	41	201	3,000
Total	**27,441**	**77,428**	**74,278**

SUSTAINABLE COTTON INITIATIVES

As one of the largest producers and exporters of textiles in India, it is important for us to factor in the environmental and social concerns related to our key raw material. Cotton dominates the total fibre consumption in the world. It is a vital raw material for us too, as we holistically nurture it from farm to fabric. It accounts for 80% of our products; thus accounting for a major share of our revenue. In order to make cotton farming sustainable and responsible, we need to understand and address the challenges across all three bottom lines.

ECONOMIC CHALLENGE

In India, most farms are rainfed and monsoons are unpredictable. Crop failures and under-realisation of investment lead to financial impoverishment, and sometimes, farmer suicides. Farmer's interests, therefore, must be safeguarded.

SOCIAL CHALLENGE

Automation is limited to only a few big farmers. Hence, the high unskilled labour quotient opens the possibilities for social evils like forced labour, inhumane work conditions, gender and caste-based discrimination, and child labour.

ENVIRONMENTAL CHALLENGE

Traditional cotton farming, with its genetically modified seeds, chemical fertilisers and pesticides takes a toll on the environment. The task on hand is to find environmental-friendly processes, to meet the continuously increasing demand. We believe that a sustainable supply of cotton should invigorate the earth, benefit the community and help the farmer.

Sustainability in cotton farming is crucial for us and we have assumed a leading role in India, establishing the largest sustainable cotton farming operations for a textile company.

We have a mechanism in place to ensure continual supply of cotton in the short as well as the long term. We have created an ecosystem which reduces environmental impact and enhances farm yield, thereby protecting farmer's interest and securing our input. We focus on sustainable practices like better cotton, organic cotton and regenerative farming, which are more holistic ways of farming, encompassing environment-friendly practices, soil rejuvenation, animal welfare and social fairness.

Our sustainable cotton includes:

Regenerative - Practices that promote soil health and supports in restoring organic carbon in the soil

Organic and In-conversion Organic - Organic cotton is farmed using non-GM seeds and zero chemical pesticides as well as fertilisers, resulting in a huge positive impact on the environment. Whereas in-conversion organic is a way to become organic because the land needs time to leech itself of previously used substances

Better Cotton - Promotes efficient use of water, globally approved fertilisers and pesticides

We partner with several local NGOs to implement these activities in various cotton producing states of India. For sustainable farm operations, our support programmes for farmers include organising training sessions for farmers; making demonstration plots; and helping the farmers maintain agronomic data regularly; apart from many such activities.

Our sustainable farm operations help us to fulfil the rising demand for products made with sustainable cotton across Europe, North America and Asia. We closely monitor the reduction in environmental impact through these initiatives.

Our sustainable farm operations now extend to about 118,494 hectares and we are working with around 75,000 farmers in promoting sustainable agriculture practices.

BETTER COTTON

Better Cotton (BC) promotes more responsible practices in cotton farming which includes efficient use of water, care for the health of the soil and natural habitats, minimise the impact of harmful crop protection practices, preserve fibre quality and apply decent work principles.

Better Cotton practices appreciably reduce the environmental footprint of cotton farming.

Arvind was the first textile major to partner with Better Cotton. We engage with farmers to produce and procure Better Cotton in Maharashtra and Gujarat. We safeguard our uninterrupted supply chain, while ensuring that the farmers, the community and the mother earth reap the benefits as well. Better Cotton farming has multiple advantages on a social and environmental front.

FUTURE PLAN

Arvind is one of the largest implementation partners of Better Cotton in India as it propagates responsible farming. Our plan is to train and build farmers capacity; enhance yield and fibre quality; ensure safe handling of pesticides; improve water availability and sustainable irrigation practices; work on child labour and forced labour; and implement Better Cotton principles more robustly.

ORGANIC COTTON

Organic cotton farming is the process of growing cotton without the use of any synthetic agricultural chemicals such as fertilisers or pesticides or transgenic technology. In this naturally cultivated cotton, the seeds used are non-GM, and the synthetic pesticides and chemical fertilisers are replaced by farm-made organic inputs like compost, dashparni, neem seed extract, amrutpani, etc. Although organic farming is appreciated for the benefit to environment, it also requires a lot of effort to deal with the many challenges of organic farming. Some of these issues are:

- Lack of availability of Non-GM seeds
- Good quality bio-inputs are not readily accessible to farmers
- Low awareness about organic practices
- No price differentiation of organic product in market

However, we encourage farmers who are interested in organic farming to not be deterred by these challenges. Instead, we make them aware of the issues in order to enable them to make an informed choice and be better prepared to deal with them. We also help them address the challenges by:

- Engaging with non-GM seed suppliers for procurement of seeds
- Providing the seeds to farmers on a pre-finance basis
- Exploring solutions like multiplication of non-GM seeds
- Providing training and establishing demonstration plots for preparation of bio-inputs
- Providing training about organic practices
- Procuring the organic cotton at a premium price from the farmers

BENEFITS OF ORGANIC FARMING

- Grown using methods and materials that have a low impact on the environment
- Organic production systems replenish and maintain soil fertility, and build biologically diverse agriculture
- Grown without the use of toxic and persistent pesticides and synthetic fertilisers
- Reduced cost of production improves social conditions
- No use of genetically engineered seed
- Benefitting all dimensions of environment - water, soil, air, emissions
- Serve markets that have demand for organic products
- Genuine, traceable and transparent delivery of organic certified products to customers

We are driving the shift from conventional to organic agriculture to meet the growing demand for organic cotton.

FUTURE PLAN

Our plan is to increase training, capacity building and implementation of organic farming practices; ensure research, commercial development and availability of genuine organic seeds; and enhance farmers' income and social development.

OTHER SUSTAINABLE FIBRE INITIATIVES

REGENERATIVE

Regenerative agriculture is a conservation and rehabilitation approach to food and farming systems. It focusses on topsoil regeneration, increasing biodiversity, improving the water cycle, enhancing ecosystem services, supporting bio-sequestration, increasing resilience to climate change, and strengthening the health and vitality of farm soil.

It is not a specific practice itself. Rather, proponents of regenerative agriculture use a variety of sustainable agriculture techniques in combination. Practices include minimal tillage to reduce soil disturbance, rotation of crops to maintain soil health, integrating crops and livestock, establishing wind breaks, recycling as much farm waste as possible, etc. As soil health improves, input requirements may decrease, and crop yields may increase as soils are more resilient against extreme weather and harbour fewer pests & pathogens.

In FY 2021-22, we graduated from pilot to commercial scale in regenerative farming.

We take other sustainable fibre initiatives to explore and encourage the adoption of alternate natural fibres and recycled fibres. Fibres obtained from natural resources and using safer processes helps to minimise environmental impact.

ALTERNATE FIBRES

Natural fibre like cotton is an ideal fabric to make clothes, but has environmental challenges in the cultivation phase such as high use of pesticides, etc. The increasing availability of alternative plant-based fibres offers sustainable options for textile products. Fibres from plants can be considered renewable and biodegradable as they grow and can be returned to the soil without harm and sometimes even with beneficial effects. We are using some alternate fibres like, Bamboo, Flax, and Hemp.

Our experience shows that the use of alternate fibres also has challenges starting from the cultivation phase to textile processing stages. This needs a huge investment in terms of R&D. Additionally, alternate fibres have their own set of environmental, social and economic challenges that need to be navigated in order to build a reliable supply chain.

Bamboo fabric is made from fibres that have been harvested from bamboo plants. The resulting fabric is usually soft, cosy, and absorbent, and can be used to make shirts, bed sheets, socks, towels, and reusable diapers. Because bamboo is such a fast-growing crop; when managed well and responsibly, it can be considered as sustainable and eco-friendly.

Linen is made from flax plants, a plant which grows without the need for fertilizers or pesticides. This means it is an eco-safe resource, one that is fast growing and can be produced without damaging the environment.

Hemp production uses significantly less chemicals than cotton which makes it more sustainable and naturally more suitable for people with chemical sensitivities. The fibre is completely biodegradable, holds its shape as good as polyester but also has breathability. The fibres, which are naturally light in colour, require little or no bleach.

CASE STUDY

PLANTING NON-GM COTTON SEEDS

CHALLENGE

Certified organic cotton production sits at just under 1% of global cotton cultivation.

Some of the key reasons for its low production include:

Unavailability of non-GM seeds

Contamination of organic cotton seed with genetically modified (GM) seed in the field

INITIATIVE

Seed multiplication programmes are important to ensure the availability of organic cotton seed. Next to seed multiplication, breeding programmes to better adapt varieties to organic and low-input growing conditions are a priority. In order to understand the challenges associated with seed multiplication we undertook a project of seed multiplication in 5 acres of land. Some of our learnings from the project:

- **It is a labour-intensive and tedious process**
- **Multiple precautionary measures are needed to be taken to maintain integrity of seed**
- **There are multiple variables like pest infestation, climatic variations, ginning outturn and quality of ginned seed that impact the final production of seed**

RECYCLED FIBRES

The most sustainable way to wear cotton and other fibres is in their recycled form. These fabrics are made with post-industrial and post-consumer waste, and uses far less water and energy to produce in comparison with conventional and organic cotton. Some of the examples are Recycled Cotton, Recycled Polyester and Recycled Nylon.

Post-industrial

Post-industrial waste is generated during the textile and apparel manufacturing process, which may include scraps, damaged or defective material samples, fabric selvages and leftover fabric from the cutting process, paper, and packaging.

Post-consumer

These are household articles or garments that the owner does not require any more and discards. The out of fashion, damaged clothes with fitting issues come under this category. A disheartening fact is that the majority of the population has lost the art of mending or repairing of clothing and accessories.

It also includes post-consumer recycled polyester which comes from plastic waste collected in the environment, mainly in seas and landfills. We are talking about the tons of plastic waste found in the oceans, including bottles and fishing nets, as well as waste found in landfills and in the environment.

We added a cotton recycling machine in this reporting period which recycles both post-industrial waste (sourced primarily from our units) as well as post-consumer waste.

TRACEABILITY

Due to the labour intensive production processes of garments, most apparel companies have outsourced their non-core competencies such as manufacturing to developing countries in order to make use of low labour costs. Unearthing of the facts about poor working conditions, various disasters and environmental impacts have put the focus on supply chains.

Stakeholders such as civil society, trade unions, customers, and media are increasingly putting pressure on companies to take up the responsibility of their sourcing and manufacturing activities in order to ensure better social and environmental standards along their supply chain. Transparent, responsible and traceable supply chain in the textile industry has become a key issue.

TextileGenesis™

Arvind has partnered with a digital traceability tool Textile Genesis™ for blockchain based track & traceability initiative. This platform will provide complete traceability of upstream (cotton and other inputs) being used by Arvind to the customers. This technology works closely with a network of key sustainable fibre suppliers and textile chain partners helping create a sustainable ecosystem for major brands and retailers.

The collaboration will address the emerging need for transparency across the complete denim supply chain, backed by a credible traceability mechanism.

PEOPLE

Nothing enables like empowerment. It renders confidence, powers passion, helps channelise potential and most importantly, empowerment delivers outcomes. Whether it is our employees or society, a common need that connects both is the need for empowerment. As a strong ally to the society and our people, we are committed to addressing this need.

PEOPLE

Employees are an organisation's strength. That's why, at Arvind, we believe in putting people first to create a workplace where people come to reimagine the future - personal as well as organisational. Through this approach, we achieve meaningful outcomes that generate exponential growth for all our stakeholders. These outcomes in turn drive empowerment among our people and the communities by creating a continuous cycle of empowerment.

Empowering employees, therefore, has been an integral part of our value system. Apart from our employees, we focus on generating meaningful and long-term employment opportunities for the underprivileged sections of our society, hence, our People strategy includes both internal engagements with employees, Front Line Managers as well as external community engagement.

HIGHLIGHTS

PEOPLE – THE KEY STRENGTH

We strengthen our people, and our people strengthen the business. We initiated a special 'Ideas' Programme wherein employees came up with new thoughts for process optimisation, operational excellence and more. In FY 2021-22, we had a clear focus on HR digitalisation at the shop floor, business and corporate level, which led to enhanced performance in achieving the desired HR outcomes.

22,000+
Employees

15.88
Average training hours
per employee during the reporting period

12.61%
Reduction
in lost time injuries occurring in a workplace per 1 million hours worked

P
PROFICIENT
A pool of excellent domain experts in finance, R&D, design, product development, sales & marketing, patents & trademarks, sustainability, wastewater and solid waste, technical textiles, CSR and IT.

E
EMPOWERED
Employees have the autonomy of decision-making, and a larger sense of purpose. We refer to workers as Front Line Managers (FLMs).

O
OPEN TO POSSIBILITIES
At Arvind, people are open to exploring opportunities for innovation, experimenting, and even empowering and touching the lives of people.

P
PROMOTERS
People believe in not just creating ripples, but waves of impact, and for that they promote new ideas, support them and even allow them to fail.

L
LIMITLESS
Not held back by limits and fuelled by creativity, people breathe a start-up culture challenging convention and living up to it every day.

E
ENCOMPASSING
Diversity of every kind is celebrated - cultural, racial, religious, age, gender, ability, and even sectoral diversity (e.g. people from the travel industry working in the textiles industry).

To achieve our people goals, we have developed talent management strategies in alignment with a strong business strategy. It involves acquiring, training, managing, and retaining employees through a collaborative approach to ensure a tighter fit among talent, job profile, expectations and delivery. Integral to this is

ensuring a culture that respects individual needs and ambitions, fosters a high standard of living and encourages work-life balance.

Our key focus areas to create an empowering employee-first culture include:

RECRUITMENT AND LEADERSHIP PIPELINE

Getting the right people for the right role at the right time is the core of recruitment. To develop a robust leadership pipeline at Arvind, we proactively map the requirements with internal and external talent and accelerate the execution.

Our modes of recruitment involve:

- Internal Job Postings (IJPs) - Provides an opportunity to the internal talent first, in case of a vacancy
- Referrals - Proof of a positive experience, so employees refer their known people
- Focussed Internships - Gives a fair idea of the knowledge and skills
- Campus Connect Programmes - Fresh talent infuses much-needed new ideas
- Social Media - Captive target audience of young professionals

The mechanism to create our leadership pipeline entails:

- Identifying next-generation leaders
- Succession planning for critical positions based on the 9-Box Grid
- Developing leaders centred on 70:20:10 model of 3Es - Experience, Exposure and Education
- Creating leaders by identifying learning areas based on function, role and career stage, and
- Providing relevant coaching to unlock potential and maximise performance

Succession Planning the 9-Box Grid

A well-known tool for talent management and succession planning, the 9-Box Grid evaluates an employee's current performance and future potential. The assessment of an employee's current performance ensures that individual team members receive appropriate recognition and reward. However, the focus on assessing future potential helps us spot high performers within the organisation and strategize, engage and develop them into future leaders.

The 3Es or 70:20:10 Model of Development

Focusing on Experience, Exposure, and Education this development philosophy takes a flexible and effective approach to learning. 70% of development takes place from real-life and on-the-job experiences, 20% of development occurs through exposure-based learning such as feedback and mentoring and 10% of development occurs through formal education and training.

We provide our employees with a range of choices when it comes to opportunities, depending on their strengths and priorities, employees get the opportunity to choose a subject expertise path or a general management path, opt for vertical and/or horizontal growth and for young employees we provide an opportunity to move into leadership roles depending on their skillset.

Being a leader in the textiles industry with a presence across the entire value chain provides us the platform to attract the best talent available. During the reporting period, we onboarded 116 fresh graduates from a wide spectrum of specialisations - ranging from technology, finance, management to fashion and more.

DIVERSITY AND INCLUSION

Great things are seldom achieved by one person; usually it is an outcome of a team with multiplicity of thoughts and skills coming from varied backgrounds bringing in their rich experiences and exposures.

DIVERSITY AND INCLUSION THEREFORE NOT ONLY CREATE A POSITIVE WORK ENVIRONMENT, BUT ALSO MAKE SMART BUSINESS SENSE.

Our Code of Conduct clearly mentions policies that enable Diversity & Inclusion (D&I). We are also taking further steps to increase diversity and nurture young women leaders.

Some of the initiatives include:

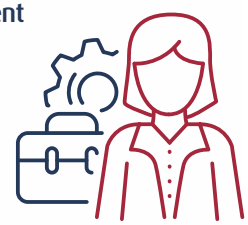
- Identifying diversity positions
- Rewarding referral for diverse candidates
- Setting diversity targets for specific functions/businesses
- Launching women-centric policies
- Planning back-to-work programmes for women
- Introducing women leadership programme to nurture women leaders

Women in Top Management

11.1%

Women Directors

on the Board



We have designed four new schemes to be implemented in FY 2022-23, which will formalise some of the initiatives we are already doing.

LEARNING AND DEVELOPMENT

Our employees are key members of the organisation, and we are committed to their growth, development and well-being. In order to keep our 22,000+ workforce updated, we design and implement comprehensive employee engagement and development programmes. We consistently provide professional and personal development opportunities, boosting employee satisfaction leading to increased retention rates.

LEARNING AND DEVELOPMENT PROGRAMMES

Through a wide array of development programmes across the organisational hierarchy, we identify untapped potential and sharpen existing expertise.

We drive transformation through our 'Connect, Communicate and Cascade' approach.

Based on this, we have also developed a programme called Parivartan, with a EEE framework - Engage, Excel and Evolve. We have also launched e-learning programmes to facilitate the development needs of our employees.

Some of the other training programmes include:

- Udaan - Supervisory developmental initiative for garmenting business with a focus on capability building of 230 shop floor supervisors
- Continuing Education Programme - Tie-ups with the Harvard management and senior leadership; Tie-ups for course curriculum with agencies like SkillSoft
- Women Leadership Development Programme - Harappa Academy
- Water Stewardship Training - Alliance for Water Stewardship
- Functional training for employees
- Safety training for employees

i-Learn: Pathway to E-Learning

We are piloting our collaboration with the Harappa Academy to bring the world's best content in areas of Leadership, Business Skills and Management, on an e-learning platform. The advantage of this model is that **it enables our employees to learn from anywhere, at any given time.** Since we are a 24*7 organisation, we find it necessary to cater to the learning needs of those who work in shifts. The e-learning modules are designed such that we are able to target numerous grades and roles, across the organisation. We piloted two courses for our employees - 'Speaking Effectively' and 'Leading Self'.

Training Snapshot

	FY 19-20	FY 20-21	FY 21-22
Total Participants	27,338.00	63,954.00	73,674.00
Total Hours	17,558.50	4,90,140.50	5,36,876.00
Hours per Employee	0.61	23.39	23.63

EMPLOYEE ENGAGEMENT

To win in the marketplace, you must first win the workplace.

At Arvind, we keep employees engaged and motivated, so they continue improving what is and transform dreams into realties through relentless actions.

Our comprehensive employee engagement initiatives play a vital role in retaining key employees, as well as in reducing turnover and its related costs. All of these contribute to an organisation's productivity and overall business performance.

Some of our initiatives include:

Rewards & Recognitions

- Moved from an annual variable pay structure to a quarterly variable pay structure which allowed employees to get rewarded four times in a year and motivated them to perform consistently
- Instituted a very clear retention scheme at various levels of the organisation to attract and retain various talents
- Clear organograms, structures, KPIs and growth path

Engagement Programmes

- A Leadership Connect Programme - Urja, is our fireside chat with Company CXOs
- Health and well-being programmes and benefits that include Health Insurance, Accident Insurance, Maternity and Paternity Benefits

Grievance Mechanisms

- Whistle-blower policy
- Ethics helpline

In FY 2021-22, we undertook a four-month compensation benchmarking exercise for all textiles and corporate functions on what kind of job roles should exist. The compensation pay ranges and market pay ranges were also mapped for the roles. This exercise helped in evaluating the new hires and benchmarking the fresh talent pool.

Apart from the four core focus areas, we also support our employees by empowering them with regards to

Safety

Industrial Relations

Human Rights

Providing a safe working environment for employees is a non-negotiable aspect of any healthy working environment.

It not only improves employee morale but also builds ownership which in turn contributes to the growth of the organisation. Additionally, good industrial relations play a key role in reducing disputes and ensuring the continuity of production, which is vital for an uninterrupted and stable flow of income for all employees. The right to decent work, freedom of association, equal opportunity, protection against discrimination and a safe work environment are basic human rights that we respect and protect at all times.

OUR HR POLICIES ARE CALLED 'PRINCIPLES OF ENGAGEMENT'

SAFETY

At Arvind, we believe that people are our biggest assets. To ensure their well-being we continuously invest in the safety and health of our FLMs.

The textile industry in general is particularly susceptible to fire hazards due to the inflammable nature of the input materials. To mitigate this risk, a comprehensive fire protection system has been implemented at all our facilities with prevention of fire being its primary focus, while also being capable of early and efficient detection, mitigating its spread and extinguishing it at the earliest. Apart from concentrating on safety related to fire and firefighting, we also ensure safety awareness and training in:

Chemical Handling and Management
(Storage and handling+usage of PPE)

Machine Operations

Material Movement

Furthermore, we have inculcated a culture of safety by adopting various SOPs. These include work permit systems, use of industry-grade and relevant Personal Protection Equipment like safety shoes, helmets, harnesses, masks, etc. while doing hazardous tasks. A series of safety trainings are also in place to enunciate the importance of safety among everyone on the production line, to take stock of on-ground situations and address them in a timely manner.

Safety Performance

	FY 19-20	FY 20-21	FY 21-22
Major Injuries	87.00	48 .00	69 .00
Minor Injuries	19.00	9.00	11.00
Man-days lost	2,023.00	1,112.00	2,150.00
Frequency Rate (LTIFR)	1.00	0.62	0.87
Severity Rate (SR)	23.16	14.43	27.12

INDUSTRIAL RELATIONS

To strike a harmonious balance between personal and organisational goals is the core objective of the industrial relations function.

Well-meaning intent, fairness and transparency are the key enablers in this journey.

We have always recognised worker unions at our textile mills at Naroda and Santej and our Industrial Relations (IR) department organises a variety of events and activities across locations to engage with the FLMs.

We have structured policies and processes under the various management standards pertaining to prohibition of employment of child & forced labour; freedom of association and right to collective bargaining; grievances redressal mechanism; working hours; remuneration; health & safety; non-discrimination; engagement & welfare initiatives; disciplinary proceedings, etc.

Our policies and processes have been actively communicated to all stakeholders, both internal and external. We also review the same at regular intervals and communicate the changes, if any, to all concerned stakeholders well in advance.

HUMAN RIGHTS

We recognise our responsibility to respect and protect human rights in all aspects of doing business. We have a well-defined policy to uphold the rights of our employees and FLMs. We don't discriminate against our employees and they are free to join unions or associations, for the protection of their interests.

Our Human Rights Policy also extends to communities and supply chains.

In strict adherence to our policy, we do not employ children nor do we use forced labour in any form. During the reporting period, there have been no instances of reported human rights violations or gender discrimination.

Furthermore, we also employ national and international policies and standards for better and safe work practices that include the Whistle Blower Policy, SA 8000, SEDEX, WRAP (Worldwide Responsible Apparel Production) and the Prevention of Sexual Harassment (POSH) Act.

EMPLOYEE SNAPSHOT

	FY 19-20	FY 20-21	FY 21-22
Total Workforce			
Workforce by Type of Employment			
Employees	4,808	3,680	3,174
Workers	24,127	17,274	19,548
Workforce by Type of Contract			
Permanent Employees	23,176	11,683	15,499
Other than Permanent	5,759	9,271	7,223
Workforce by Gender (Employee + Worker)			
Male	16,918	16,899	16,423
Female	12,017	4,055	6,299
Workforce by Gender (Employee)			
Male	4,323	3,376	2,900
Female	485	304	274
Workforce by Gender (Worker)			
Male	12,595	13,523	13,523
Female	11,532	3,751	6,025

We are creating an empowering and enabling environment for employees,
so they perform to their best potential. Following is the investment made over last three years:

Employee Cost	FY 19-20	FY 20-21	FY 21-22
Amount (in INR crore)	942	697	809
% of Sales	13%	14%	10%

SOCIETY

SUSTAINABLE CSR

CORPORATE SOCIAL RESPONSIBILITY (CSR) ARVIND'S APPROACH

Only in a healthy society can healthy businesses flourish, and to ensure this, business leaders must leave a positive impact on society.

Care for the society has been an intrinsic value for the promoters of the Lalbhai Group and is reflected in our CSR vision and initiatives.

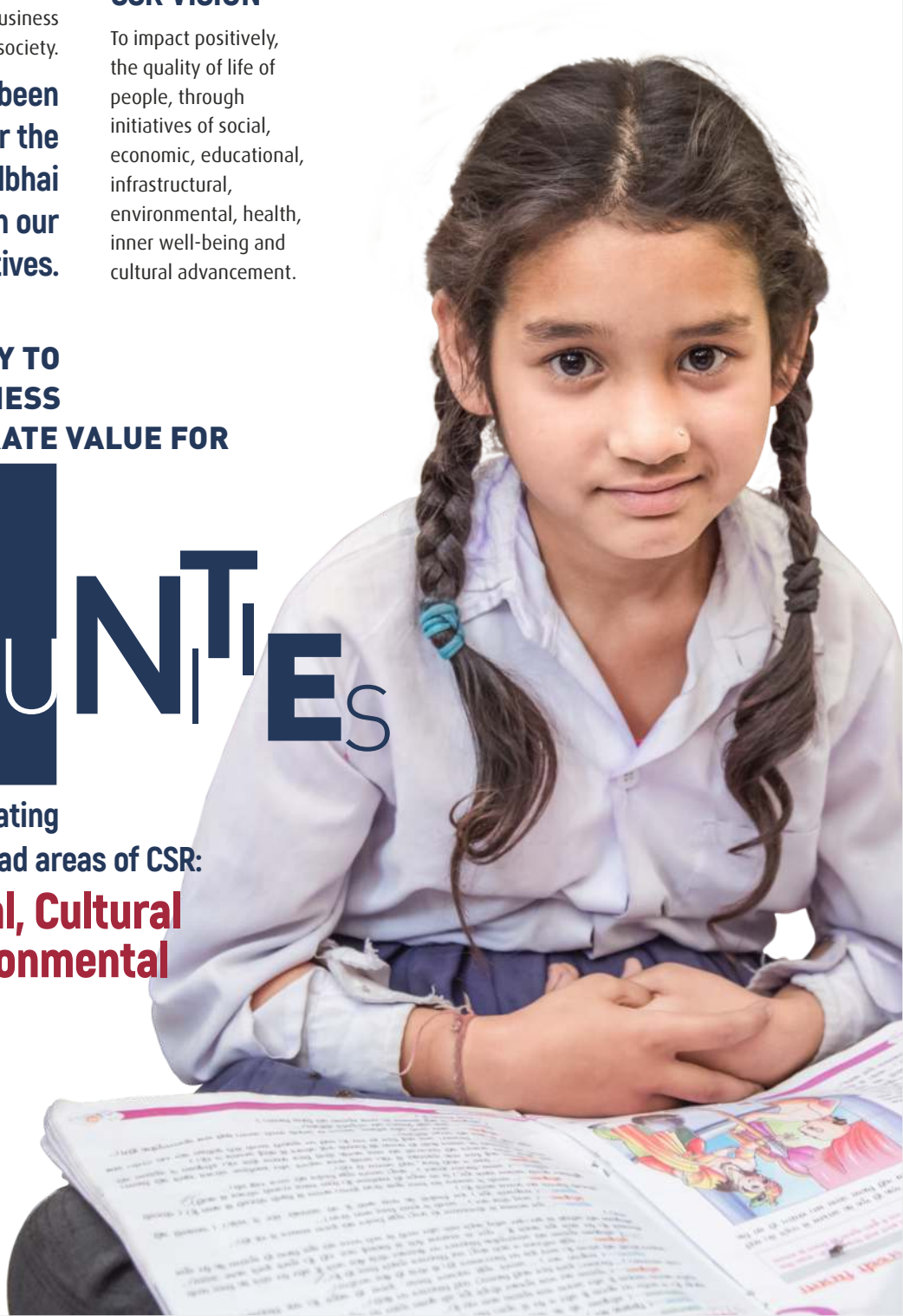
CSR VISION

To impact positively, the quality of life of people, through initiatives of social, economic, educational, infrastructural, environmental, health, inner well-being and cultural advancement.

THE KEY TO BUILDING A GREAT BUSINESS IS TO GENERATE VALUE FOR COMMUNITIES

We achieve this by creating a positive impact in four broad areas of CSR:

Educational, Rural, Cultural and Environmental Advancement.



CSR INVESTMENT

FY 2019-20
586 INR Lakh

FY 2020-21
506 INR Lakh

FY 2021-22
380 INR Lakh

CSR POLICY AND IMPLEMENTATION

Arvind Ltd. has a CSR policy in place that defines the core focus areas which include, but are not restricted to **education, rural transformation, livelihood promotion, art and heritage, women empowerment, health and inner well-being.** Arvind's CSR Committee, which comprises members from the top management team, meets periodically to monitor the progress, review ongoing projects and allocate funds to meet the CSR goals.

To ensure continuous growth and development, we partner with individuals driven by purpose to bring social change, the government, corporate bodies, academic institutions, training bodies and NGOs, which bring in specific expertise. The CSR Team also utilises the skills of its vast number of employees who bring their talents to the table to accomplish the Company's CSR vision.

CSR initiatives in these areas are undertaken through institutions promoted by us or in partnership with:

- Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust
- Narottam Lalbhai Rural Development Fund (NLRDF)
- Arvind Foundation (AF)
- Other Civil Society Organisations

SHARDA Trust and NLRDF are public charitable trusts with a credible history of three and four decades of working in urban and rural centres respectively. In addition, we have created the Arvind Foundation as an umbrella organisation to ensure continuity of ongoing programmes, implementation of new programmes and to strengthen as well as expand our CSR initiatives.

ENSURING SUSTAINABILITY OF INITIATIVES

The needs of the community drive all our CSR interventions. To ensure the outcomes that best serve the community, we undertake systematic need assessment studies through quantitative and qualitative surveys, focus group discussions, village level PRAs (Participatory Rural Appraisal) and more. This is instrumental in designing a need-based programme that is inclusive of all the stakeholders impacted by the programme. Our CSR processes are well defined in terms of activities to be undertaken, roles of various stakeholders, monitoring & evaluation, and impact measurement.

For any community programme to be success, credibility and trust are essential. Hence, all our CSR processes are transparent with the active involvement of the community at every stage of the programme - from identifying issues and designing programmes to delivery, implementation and management of assets created. This also enhances the feeling of ownership in the community, making the programmes more sustainable in the long run. To ensure that the CSR team is ahead of the curve, we focus on continuous growth and development through capacity building training programmes on a regular basis. A majority of our CSR resources are hired from the local communities, increasing local employment and driving inclusive growth in the region.

A majority of our CSR resources are hired from the local communities, increasing local employment and driving inclusive growth in the region.

IMPACT MEASUREMENT

To make sure we are on the right track, we measure the impact of our interventions both quantitatively and qualitatively.

An internal team does an annual impact assessment. We also engage third parties during assessments to leverage an external perspective to help improve our programmes. Benchmarks have been set for monitoring the progress of the programmes throughout the year. Any deviation from the set benchmark is brought to the notice of the team immediately and corrective actions are initiated. A management information system for the CSR unit ensures we take data-driven decisions, thereby enhancing the effectiveness of the programmes.

CSR PROGRAMMES

EDUCATIONAL ADVANCEMENT

Education was one of the sectors which was badly affected during the pandemic. Everyone associated with the sector has been addressing the issues in their own unique way as they deem fit, and our education programmes were no different.

To tackle the adversities caused by the pandemic, we undertook several innovative measures in our flagship programme GYANDA and reached out to students digitally wherever access was possible. Apart from this, we also increased the reach of our digital education programme extensively in rural areas. We did this by utilising the available time of teachers during the WFH.

WE UNDERTOOK SEVERAL INNOVATIVE MEASURES IN OUR FLAGSHIP PROGRAMME

GYANDA

GYANDA EDUCATION PROGRAMME

Under the broad theme of Educational Advancement, our ongoing supplementary education programme, GYANDA, is designed for primary, secondary and higher secondary school children from urban poor families.

Carried out by SHARDA Trust, GYANDA prevents dropout and helps students improve their academic performance and complete their basic education upto standard XII and ahead.

This is done through

a long-term handholding process that aspires to help students become the last generation in poverty. GYANDA is operational since 2006-07.

More than 5,000 students from lower socio-economic strata have benefitted so far. GYANDA had an enrolment of over 1,100 students before the pandemic but during the last two years the numbers have remained exceptionally low.

Recently, there's been a positive trend of students returning and we are seeing new student enrolments too. By FY 2022-23, we aim to have over 2,000 students enrolled with us for this programme.

DIGITAL EDUCATION PROGRAMME IN PARTNERSHIP WITH HP

Though the pandemic created difficult situations, it also presented us with the opportunities to innovate.

First, we used the available online meeting platforms to teach students virtually.

Second, we started a digital literacy programme in rural areas through a partnership with a technology and computer services major, Hewlett-Packard (HP). The digital literacy programme is implemented through the HP CLAP (Continued Learning Access Program) which has a mobile van with 120 HP Laptops. This van brings digital literacy to rural masses. Also, another van is training 60 women in different villages. This is due for further expansion.

The HP CLAP Vans visits 14 village schools in Gadhda, Botad and Kalol, and over

2,000

Government Primary School

students are benefitting from the initiative.

Third, our teachers designed and developed over 2,200 teaching resources. We are exploring to put these resources on another tech platform to enable our teachers to use these resources from anywhere while teaching virtually or physically.

We started a digital literacy programme in rural areas through a partnership with a technology and computer services major, Hewlett-Packard (HP).

LEADERSHIP FOR TRANSFORMATION PROGRAMME

In FY 2019-20, we launched the Leadership for Transformation Programme.

The main aim was to enhance the effectiveness of the GYANDA initiative and support its planned expansion. We initiated a two-year long learning and development programme for the GYANDA team (both educators and administrators). This programme has been designed and delivered by the Riverside Learning Centre, Ahmedabad.

The six pillars of the programme are

Curriculum

Parent Partnership

Leadership

Personal and Professional Development

Administration

Community

About 30 participants are undergoing this programme at present.

In addition to these programmes, our students also participated in Art Workshops and Essay Competitions. The students of Grades 9th - 12th participated in Heartfulness Essay Writing Competition FY 2021-22. The event was conducted by Shri Ramchandra Mission, United Nations Information Centre for India and Bhutan, and Heartfulness Education Trust. The topic - Kindness for self, for each other and the environment.

YOUNG PEOPLE'S EMPOWERMENT PROGRAMME (YPEP)

The programme is designed to empower and equip women with knowledge, skills and abilities.

As part of its commitment towards Educational Advancement, we initiated the Young People's Empowerment Programme (YPEP) with the Collective Good Foundation (CGF) - this project was undertaken from funds over and above the mandatory CSR of 2%. The programme is designed to empower and equip women with knowledge, skills and abilities to enable their entry in white collar jobs and create self-employment opportunities.

The project envisaged designing the programme, developing a holistic model based on learnings and outcomes from the pilot, standardising the programme, and developing a toolkit so that it can be implemented across various locations in India through civil society partners.

It also aims to encourage like-minded organisations to champion and institutionalise the programme, and amplify the model to showcase impact. Like other programmes, even though the YPEP also suffered due to COVID, we were able to complete the pilot phase. We have requested CGF to prepare a blended approach to implement the learning through online and offline interventions.

CSR PROGRAMMES

RURAL ADVANCEMENT

To ensure effective development, we focus on two aspects for Rural Advancement - Expertise and Geography. Determining the expertise needed in a specific area and acknowledging the limit of geography helps us measure the impact of the programme.

All our rural advancement initiatives are designed with a long-term focus. The aim is to develop individual expertise and uplift lives.

Going ahead, we plan to focus on reaching the interior rural areas.

ARVIND RURAL TRANSFORMATION INITIATIVE

Under the broad theme of Rural Advancement, the Arvind Rural Transformation Initiative (ARTI) is a combination of long-term integrated programmes focussed on defined geographies in Ahmedabad, Gandhinagar, and Narmada districts of Gujarat at present.

To be expanded in other geographies such as Karnataka and Jharkhand in the future, the programme aims to improve education in rural areas by infrastructure upgradation and increased enrolment through multiple learning and development programmes for the students. In Gujarat, the initiatives included strengthening dairy practices, farming practices, and organising health camps for the communities.

STRENGTHENING THE DAIRY PRACTICES

FY 2020-21: A group of women received training for advanced animal husbandry and best dairy practices. 140 women from Hazipur and Jetlej villages were assessed through a need-assessment process for non-farm livelihood and 30 women have shown their readiness for enterprise setup.

FY 2021-22: Focussing on awareness, exposure and action, training programmes on Profitable Dairy Farming and Livestock Management, Capacity Building, Animal Husbandry, Micro Enterprise and Finance was undertaken for villagers of Kalol Taluka. Over 150 dairy farmers from seven villages attended the training programmes. Linkages with SEWA Bank has been established to assist the farmers in getting a loan for buying buffaloes. The team also facilitated a loan disbursement process with SEWA Bank for 25 dairy farmers. We aspire to reach out to a much higher number of farmers in the coming years.

STRENGTHENING THE FARMING PRACTICES

FY 2019-20: A programme to improve farm productivity was initiated, and multiple training and exposure visits for capacity building of farmers were organised at four different villages.

FY 2020-21: Farmers' training on sustainable agricultural farming and an orientation on the concept of Farmer Producer Organisation (FPO) was organised in spite of the pandemic.

FY 2021-22: Training programmes and exposure visits were organised on Modern Agriculture and Animal Husbandry at Anand Agriculture University for farmers of Kalol Taluka. It also included awareness, exposure and action about modern agriculture activities, high quality seeds, modern agriculture equipment, drip irrigation, etc. Farmers were also made aware about the working of a Farmers Producer Organsiation (FPO) through a residential capacity-building training programme. Altogether, around 300 farmers participated in the training programmes from nine villages.

HEALTH CAMPS

In FY 2019-20, more than 20 health camps were organised across 9 villages which helped us to screen more than 1,400 people for various health conditions.

These programmes are the result of a rapid rural appraisal that was conducted by the team. During the pandemic, regular health camps could not be organised due to strict protocols. However, we focussed on providing support during the pandemic with several COVID relief measures.

RURAL INNER WELL-BEING PROGRAMME

The main focus of the initiative is to promote being content and happy from within. In partnership with the Heartfulness Foundation, we set up a Rural Meditation Programme operational only in villages. The Inner Well-being Programme is being conducted in rural Gujarat and Rajasthan for the last five years. Heartfulness Meditation programmes are being conducted in a planned and structured manner, and based on the Sahaj Marg system of Raja Yoga meditation.

In FY 2019-20, we conducted sessions at 200 locations and reached out to around 15,000 beneficiaries. The partner organisation SHARDA continued supporting this initiative, though at much lower scale during the pandemic. In FY 2021-22, due to COVID, this programme was not able to achieve its desired outcomes. However, we conducted sessions online and have started doing the offline meditation sessions and determined to scale it up as we go forward.

In FY 2019-20, we conducted sessions at 200 locations and reached out to around

15,000 beneficiaries.

CSR PROGRAMMES

ENVIRONMENTAL ADVANCEMENT

Earlier Environmental Advancement was one of the focus areas under Rural Advancement. However, from FY 2021-22, it has been designated as a separate focus area to enhance awareness on climate change and its effects, and what we can do to protect the environment.

LIVELIHOOD PROMOTION THROUGH TRIBAL HOME STAY PROJECT

As a part of our Rural Transformation programme, we carried out a Home Stay Project in villages of Garudeshwar Taluka in Narmada District. With the aim of increasing the income of tribal families, quality home stay facilities were created for tourists at rural homes. Hosting the World's tallest statue – The Statue of Unity, makes the taluka a major tourist destination with a huge potential of generating additional alternative income for the native tribal families.

The Arvind Smart Spaces Limited (ASSL) managed the project pro bono on behalf of the Company. With technical expertise, ASSL created a team and undertook site survey, feasibility study, house level mapping, vendor management and supervised the overall execution. The project was completed successfully and a total of 37 rooms in 26 houses were constructed for tourists' occupation.

Arvind Foundation linked the 26 tribal families with dignified livelihood in record time. The project was completed during FY 2020-21 but continues to create a lasting impact in the lives of people.

With the aim of increasing the income of tribal families, quality home stay facilities were created for tourists at rural homes.

AWARENESS PROGRAMME

An awareness programme about the importance of trees and soil protection with an objective to increase the plantation was undertaken. 170 farmers participated in the programme and with the help of these farmers, we planted over 5,500 trees along with 1,000 Banyan trees.

TREE PLANTATION DRIVE

As a part of the initiative that focusses on Environmental Advancement, we have initiated a Tree Plantation Drive in Kalol area, which is near our Santej Plant. During the reporting period, we planted 12,000 trees mainly in schools and crematoriums. Going ahead, our goal is to plant 50,000 trees every year for the next 3 years.

mainly in schools and crematoriums, during the tree plantation drive

CSR PROGRAMMES

CULTURAL ADVANCEMENT

Art and culture make a significant contribution in building community cohesion,

reducing social exclusion, and having a positive impact on our emotional health and mental well-being. The traditional knowledge which is a part of many cultures can provide significant insights to inspire future innovations. At Arvind, we contribute towards the preservation of art and culture, and support ecosystems that sustain cultural activities and the livelihoods it generates.

PROMOTION OF INDOLOGY

Through this ongoing programme, Arvind Ltd. has been supporting Lalbhai Dalpatbhai Bhartiya Sanskriti Vidyamandir (LDBSV) towards its efforts to preserve India's rich heritage.

The project named Promotion of Indology is creating a comprehensive, research-oriented digital repository of paper/palm-leaf manuscripts.

These digital grabs will initially be accessible on low resolution digital media (hard disks, compact disks), leaving open the possibility of uploading the material onto a website. High resolution versions of the material will be made available as and when appropriate. Around 33 lakh pages of such manuscripts are available at LDBSV.

INDIGO MUSEUM

At Arvind, we are working on setting up an Indigo Museum to capture the story of Indigo, the ancient Indian dye, and associated materials to showcase the narratives around the story of colour, clothes, trade, revolutionary struggles, design thinking and artistic collaborations. An on-going initiative, this helps us trace the history of Indigo and build it for future contemporary use by understanding the application of Indigo on different mediums such as denim, shirts, t-shirts, glass, and more.

CSR PROGRAMMES

COVID-19 RESPONSE

The second wave of COVID-19 was overwhelming. We immediately ensured safety of employees by enabling remote work. Setting up the infrastructure required for WFH was accompanied by putting in place COVID-19 relief activities. These included - family care programmes, ambulances on call, oxygen-on-call service, hospital arrangements, upfront medical support - medical insurance, daily medicine support, quarantine assistance to employees and their families, vaccination support and death benefits.

We ensured that employees and their family members felt secure. Our people also rose to the occasion and worked with a higher sense of purpose. We salute their spirit.

The relief operations for COVID-19 extended to our communities in the areas where we operate and also extended to the front line workers in the health and security sector elsewhere, through the Arvind Foundation and SHARDA Trust.

These operations continued during FY 2021-22 on a much larger scale.

The COVID support initiatives during FY 2020-21 included COVID testing, PPE kit and bio-suit distribution to frontline workers, distribution of masks and disinfectants, etc.

Additionally, while SHARDA Trust distributed food packets to various communities and supported community kitchens, Arvind Foundation supported out-of-work blue collar workers by conducting a training programme with placement linkage and providing a returnable grant for financial sustenance in the intervening period.

The Collective Good Foundation (CGF) implemented this project as a part of our COVID relief programme and we placed more than 450 candidates. CGF also gave returnable grants to 125 candidates who needed it during their placement period.

Money in itself is not the end; it is the means to the end. It is an instrument to help achieve goals. We remain focussed on our vision of enabling people to a better quality of life by providing, enriching and inspiring lifestyle solutions. These solutions translate into business profits, which in turn, power our purpose - prosperity of the people and the planet. So, we aren't just driven by the financial bottom line, but also by our ability to drive social and environmental impacts.

MONEY

SOUND FINANCIAL MANAGEMENT

Our pursuit of profit aligned with stakeholders' prosperity has helped us in our journey since 1931, when we started with an initial capital of INR 2.5 million. Today, we are a USD 1.7 billion conglomerate thanks to our focus on fiscal prudence from the very beginning.

Sound financial management has ensured robust cash flow for our daily operations as well as strategic investments for our future that have led us to a position of strength. We hold 22 global patents for environmental solutions, and are the largest producers of fire protection fabric in the country.

TODAY, WE ARE A USD 1.7 BILLION CONGLOMERATE THANKS TO OUR FOCUS ON FISCAL PRUDENCE FROM THE VERY BEGINNING.

With

22,000+

employees

across verticals, our initiatives are slowly but surely changing lives and making a difference.

Other strategic and financial strengths include:

- A STRONG BALANCE SHEET WITH AA- RATING
- PROFESSIONAL MANAGEMENT
- OPTIMAL CAPITAL STRUCTURE
- STRONG & VALUABLE RELATIONSHIPS
- PRUDENT CASH FLOW MANAGEMENT

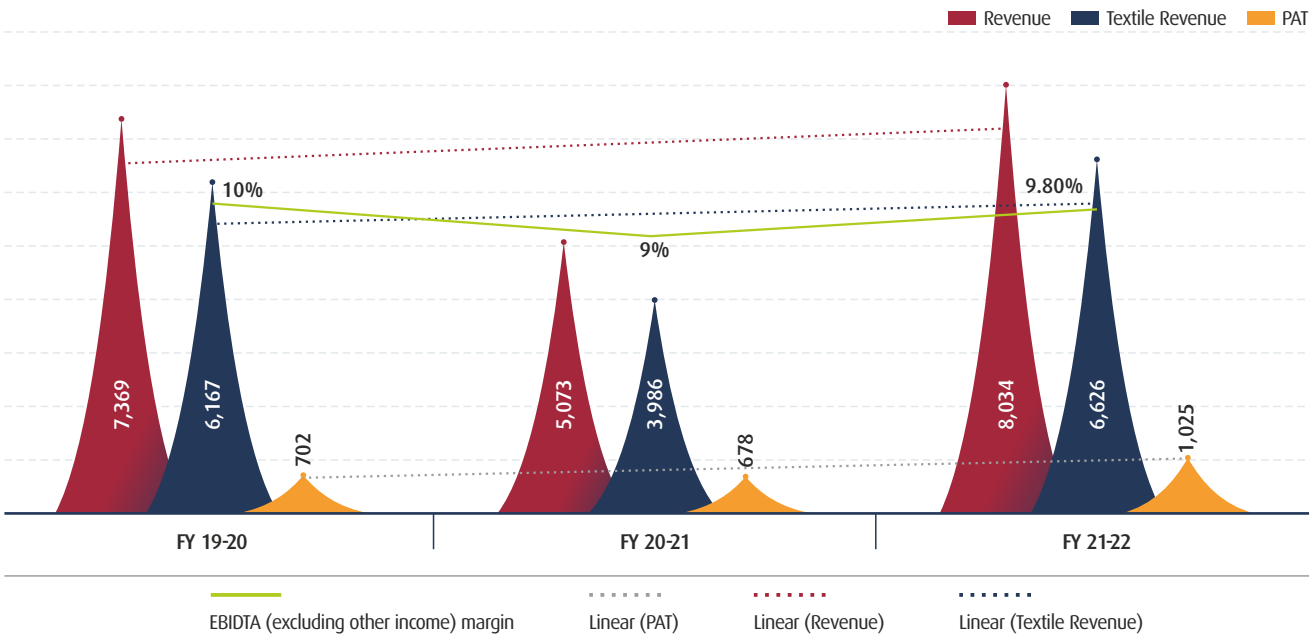
Our strategic and financial strength provides us with the ability and flexibility to deploy financial capital for upgrading equipment, expanding capacities, setting up R&D centres, procuring and hiring locally, nurturing talent, fuelling growth, and thus creating value to distribute it equitably.

ECONOMIC VALUE

During the reporting period, despite the multiple COVID waves and their after-effects, we continued to maintain our conservative stance on tight management of operations and capital expenditures. This enabled us to reduce our long-term debt as planned and led to a healthier balance sheet.

The net debt of the Company was reduced by INR 268 Crore and stood at INR 1,682 Crore as of 31st March 2022. It was INR 1,950 Crore in the previous financial year.

OUR PERFORMANCE



The true value of money lies in it's power to positively influence the lives of many. The more we generate, the more we can distribute. A strong financial performance enables us to deliver more to different stakeholders, be it shareholders, employees, the environment, or the community. Since the economic value generated (revenue) increased by 58% in FY 2021-22 as compared to FY 2020-21, we could distribute more value to stakeholders. Here is a summary of our economic value generated, distributed and retained in the reporting period.

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED

in INR Crore

	FY 19-20	FY 20-21	FY 21-22
Economic Value Generated (A)	**7,424**	**5,125**	**8,084**
Operating Costs	3,300	2,089	4,334
Other Expenses	1,925	1,352	2,106
Employee Benefits and Wages	942	697	809
Payment to Providers of Capital	237	225	176
Payment Direct to Government of India	65	11	26
Community Investments	5.86	5.06	3.8
Economic Value Distributed (B)	**6,475**	**4,379**	**7,455**
Economic Value Retained (A-B)	**949**	**746**	**629**

OUR CSR INVESTMENTS

FY 2019-20 586 INR Lakh

FY 2020-21 506 INR Lakh

FY 2021-22 380 INR Lakh

R&D EXPENDITURE

R&D holds the key to building competitive advantages. It provides powerful knowledge and insights, and leads to improvements in existing processes so that efficiencies can be increased and costs reduced.

Our R&D centres play a critical role in leveraging new materials and technology to develop new products. We have separate in-house R&D Centres at Naroda, Santej, Khatraj and Pune locations. The facilities are duly recognised and approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

R&D AND CAPITAL EXPENDITURE (CAPEX) INCURRED

in INR Crore

Expenditure	FY 19-20	FY 20-21	FY 21-22
R&D	29.28	17.97	14.70
CapEx	3.99	0.00	1.02
Total Expenditure	33.27	17.97	15.72

Arvind's R&D practice contributes to increased efficiency of operations and product sustainability, which creates a trickle-down effect along the value chain in terms of creating environmental and social impacts.

BUSINESS-WISE PERFORMANCE

The outlook for global economic growth started on weak note in 2019 and continued to be weak through the year. We delivered a good overall performance, quite in line with our stated business plan until February 2020. In March 2020, due to COVID there was stoppage of production and dispatch leading to significant loss of revenue and earnings. Our revenues were up by 8% on an 11-month basis, however due to impact caused by COVID the total revenue grew only by 3% in FY 2019-20.

The Indian economy contracted by 7% during the financial year ending March 2021. While the full FY 2020-21 performance, especially the H1, was impacted given the onset of the first wave, both demand and supply improved subsequently. Each month showed a sequential improvement in capacity utilisation and we saw the EBITDA margins improving to 12.6% for Q4. Through the various measures put in by the leadership and revival of most businesses by the end of FY 2020-21, we were able to close the full year EBIDTA at 9.1% which was marginally lower than 9.4% for FY 2019-20.

FY 2021-22 started off on a concerning note as the Delta variant crippled large parts of India, and resulted in weak Q1 numbers for most parts of the economy and corporate India. Gradually the situation improved and the momentum continued through the rest of the financial year. The overall revenues for FY 2021-22 increased by 58% and the EBITDA margins increased to 9.8% as compared to 9.1% for FY 2020-21.

58%
Overall Increase in Revenues
for FY 2021-22

DENIMS

The denim fabrics business clocked 92 million metres in FY 2021-22. In comparison, the FY 2020-21 and FY 2019-20 volumes stood at 62 million metres and 80 million metres respectively due to the pandemic effect.

In FY 2019-20 for the full year Denim realisations remained healthy, however in FY 2020-21 we faced challenges in the first three quarters due to COVID. It was only in Q4 of FY 2020-21 that we saw a recovery and were able to surpass FY 2019-20's realisation.

During FY 2021-22, the cost of production kept going up, primarily given the continuing rise of cotton prices beyond all expectations. Towards the later part of the year, rise in energy costs further impacted the cost structures. Our key customers supported us during this time by agreeing to absorb the input cost increase. Over the year, the average realisation of denim increased from INR 202 per metre to INR 248 per metre.

BUSINESS-WISE REVENUE (DENIM)

in INR Crore

FY 19-20	FY 20-21	FY 21-22
1,634	1,225	2,105

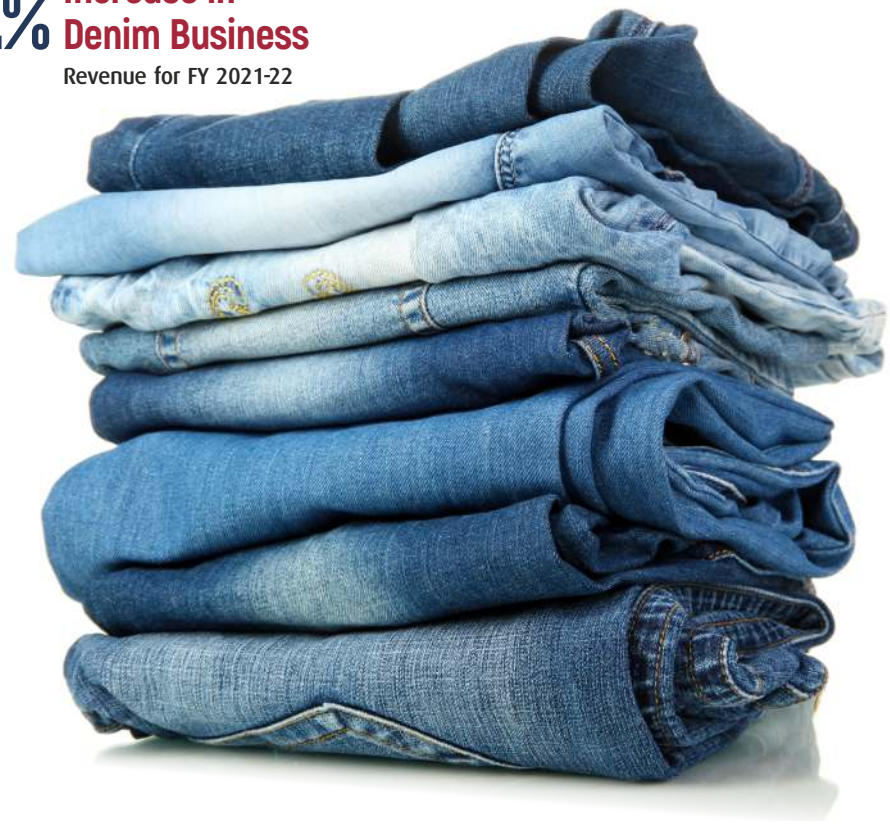
PRODUCTION VOLUME (DENIM)

in million metres

FY 19-20	FY 20-21	FY 21-22
80	62	92

Denim revenue stood at INR 2,105 Crore in FY 2021-22, which was 72% higher than the last year (1,225 Crore), because of the base effect and inflation. The FY 2020-21 revenue had reduced 20% as compared to FY 2019-20 (1,634 Crore).

72%
Increase in Denim Business
Revenue for FY 2021-22



WOVENS

Similar to denim, woven volumes also recovered from 81 million metres in FY 2020-21, to 120 million metres in FY 2021-22. 61% of this volume went to export customers, including the volumes sent to domestic garmenting companies which eventually exported the finished apparel. Woven volumes stood at 125 million meters in FY 2019-20.

87% Increase in Woven Business
Revenue for FY 2021-22

Prior to COVID in FY 2019-20, the business continued its planned performance by consolidating position in key export and domestic brand accounts. However, the pandemic significantly reduced volume in domestic and export business. In FY 2020-21, especially during the second half, the export business to key brands recovered nicely in tandem with reopening of global brands and retailers.

In FY 2021-22, exports continued to dominate our recovery, 61% of the volume went to export customers, including the volumes sent to domestic garmenting which eventually exported the finished apparel.

Domestic segment continued to be powered by recovery of consumer demand, and commensurate re-stocking of distribution network by key brands. Volumes more than doubled in the company's retail segment which distributes fabrics to the end customer through a network of wholesalers, directly serviced large counters and The Arvind Stores. Average price realised for woven products also improved during FY 2021-22 from INR 159 per metre in first quarter to INR 200 per metre in the fourth quarter.

For the year, the revenue from woven segment increased from INR 1,259 Crore to INR 2,352 Crore - an increase of 87% given a combination of low FY 2020-21 base and higher realisation. In comparison, in FY 2019-20, we had clocked a revenue of INR 2,164 Crore for wovens.

BUSINESS-WISE REVENUE (WOVENS)

in INR Crore

FY 19-20	FY 20-21	FY 21-22
2,164	1,259	2,352

PRODUCTION VOLUME (WOVENS)

in million metres

FY 19-20	FY 20-21	FY 21-22
125.3	81	120

GARMENTS

Overall, in FY 2021-22, the volumes for full garments (excluding the small SMV essential products) stood at 36 million pieces in comparison to 32 million pieces in FY 2020-21. Garment volumes stood at 42 million pieces in FY 2019-20.

During FY 2019-20, we completed the modernisation and expansion of our garmenting capabilities as well as customer shipment momentum. In FY 2020-21, all the garment manufacturing capacities were brought under a unified organisation structure to leverage senior expertise across all units. The new facilities implemented in the previous year were stabilised, and some of the lesser utilised assets were consolidated. These initiatives led to a portfolio of robust supply base with a competitive and sustainable cost structure, helping us weather the disruptions caused by COVID.

In 2021-22, Q1 saw production of 6.8 million pieces, which gradually increased to ~11 million pieces by Q4 as factories in India stabilised post pandemic and got into good rhythm helping us cross the previous year's volume by around 4 million pieces.

Garments revenue (1,588 Crore) increased 28% in FY 2021-22 as compared to the previous year (1,242 Crore). FY 2020-21 revenue had reduced 25% in comparison to FY 2019-20 (1,648 Crore).

BUSINESS-WISE REVENUE (GARMENTS)

in INR Crore

FY 19-20	FY 20-21	FY 21-22
1,648	1,242	1,588

PRODUCTION VOLUME (DENIM)

in million metres

FY 19-20	FY 20-21	FY 21-22
42	32	36

STAKEHOLDER ENGAGEMENT

At Arvind, creating value for each stakeholder is at the heart of our business philosophy.

All our business and sustainability goals are aligned towards adding value for all our stakeholders i.e. shareholders, providers of capital, the government, nature, customers, suppliers, the community, and others.

One of the core approaches to fulfill this is to make every stakeholder an ally. Our major stakeholders, key objectives and engagement mechanisms include:

	Key objectives	Engagement mechanisms
CUSTOMERS 	• Develop a sustained relationship • Anticipate short-term and long-term expectations • Fulfil their requirement of sustainable products • Understand their sustainability goals	• Periodic one-to-one interactions with key customers • Customer satisfaction survey • Personal meetings by our design and technology teams with customer groups at regular intervals throughout the year • B2B customer portal launched during the reporting period to facilitate a continuous dialogue • Feedback gathered during customer visits and audits of the manufacturing locations
INVESTORS 	• Understand concerns and expectations, create higher shared value • Recognise the sustainability risk perception of the investors	• Regular dissemination of financial performance through newspapers and published accounts • In-depth interactions via analyst meets and investor presentations • Address specific queries on sustainability from investors
MEDIA 	• Communicate key developments, milestone events, growth plans, etc. • Build larger outreach and better narrative for various key initiatives	• Media interaction events, press conferences, media announcements of quarterly reports and major tie-ups • Media visits to facilities to demonstrate business growth and new technologies
EMPLOYEES 	• Understand their career ambitions, job satisfaction parameters, and support their career growth, training and development • Share organisation's vision, short-term and long-term goals, workplace needs and expectations	• Structured interactive appraisals, career path guidance, training programmes, employee rewards and recognitions, development programmes • Feedback mechanism for Front Line Managers (FLMs) using various channels
COMMUNITY 	• Positively impact the quality of life of the people in the community • Maintain cordial relations with local communities	• Activities by institutions promoted or partnered by us, like NLRDF, SHARDA Trust, etc. • Interactions by the Industrial Relations department
GOVERNMENT 	• Understand compliance and applicable regulations. Brief them on steps taken and discuss opportunities to collaborate on pressing issues	• Personal meetings • Submission of relevant compliance documents • Presence in industry forums, etc.
SUPPLIERS 	• Sharing of mutual expectation and needs - especially about quality, cost and timely delivery, growth plans and best practices	• Periodic interactions with suppliers by Arvind's buying and sourcing teams • Training programmes, quality workshops, etc.

OUTLOOK

Outlook determines outcomes. At Arvind, we are optimistic about fashioning a better tomorrow. While remaining cautious in the prevailing circumstances, we are geared for sustainable growth by creating value for all stakeholders.

Going ahead, Arvind's value creation agenda will be driven by continuity, where we will continue to:

- Scale-up and solidify our core textiles business on four large engines of growth- Verticalisation, Innovation, Branding and Advanced Materials
- Grow our asset-light business model
- Work on new product lines so they gain market traction and volumes during the year
- Expand the Advanced Materials' product portfolio and generate robust double-digit growth in top line, while maintaining the margin model

We are optimistic in the medium to long-term and the intention is to diligently pursue our medium-term strategy of reducing the long-term debt.

We leverage technology to enhance the energy efficiency of our processes - both in the form of how energy is generated and also how it can be used better. As the efficiency of our processes increase, it gives a push to our efforts to further adopt newer and cleaner technologies. It is a virtuous circle where efficiency and technology keep feeding each other.

ENERGY

Energy efficiency not only reduces GHG emissions, it also helps us meet the growing demand for power. Textile is an energy intensive industry - whether it is fibre production, spinning, weaving, dyeing, finishing, washing or garment manufacturing, each step in each process consumes copious amounts of energy. Thus it is imperative that we exercise prudence while consuming it.

The source and quantum of energy we consume and conserve directly correlate with our carbon footprint and also significantly determine the long-term sustainability of our organisation.

Globally, a use of energy is the major contributor of GHG emissions from human activities. It is critical to limit the global warming to well below 2°C above pre-industrial levels, and preferably below 1.5°C, by reducing our GHG emissions. As one of the largest textile manufacturers, we understand our responsibility and are committed to contribute towards this ambitious, yet crucial goal aligned with India's Nationally Determined Contributions (NDCs).

Our efforts towards becoming net-zero continues unabated. In February 2022, we signed the SBTi (Science-based Targets Initiative) committments and are in the process of identifying our tagets. We are also investing in low-carbon technologies and setting up the Internal Carbon Price (ICP). We have consistently increased our uptake of clean energy by focussing on renewable power. We already operate one of India's largest rooftop solar installations at Santej.

IN FY 2021-22, WE FURTHER STRENGTHENED OUR CLEAN ENERGY CAPABILITIES BY SIGNING A MOU FOR A 47MW HYBRID solar-wind project to be operational by FY 2022-23.

We are also actively using biomass to power our processes and have undertaken a major backward integration project to safeguard its supply.

HIGHLIGHTS

65.23
MW
total renewable energy generation capacity once the hybrid project becomes operational

24%
reduction
in GHG emissions from the baseline of 2015

Committed ourselves to set
net-zero
targets,
including long-term Science-Based Targets (SBTs)

In continuation with our keen focus on emission reduction, we have deployed energy-efficient technologies and have adopted better means to evaluate our performance. Case in point,

this year, we conducted our first ever Scope 3 (Value chain) GHG accounting for the FY 2020-21 & 2021-22.

ENERGY USE AND EMISSION

Energy use is the major contributor to GHG emissions in the textile and garment sector. In our endeavour to achieve the Science-based Targets aligned to short and long-term emission reduction targets, we are engaged in wide-ranging GHG reduction activities. These include:

- Scaling up the use of Biomass as alternative fuel
- Increasing the uptake of renewable electricity in the energy mix
- Establishing a backward supply chain of biomass to reduce the use of fossil-fuel based energy sources.

We are monitoring our energy use and GHG emissions to devise strategies to reduce our carbon footprint. We have been doing this successfully through a two-pronged approach:

Persistently pursuing and relentlessly working on our internal mantra of
'Less Watt Per Meter'
to flatten our energy demand curve and reduce our environmental footprint

Investing in or adopting
low-carbon renewal energy
technologies and alternatives like biomass, solar, etc. that reduce direct and/or indirect coal or other fossil based fuels consumption

Our two-pronged approach has led to process improvements, adoption of technology solutions, and increased adoption of renewable energy sources.

Direct	FY 19-20	FY 20-21	FY 21-22
Energy (TJ)	4,345	3,434	4,885
GHG (TCO_2e)	372,689	287,658	363,942
Indirect			
Energy (MWh)	344,062	241,185	353,836
GHG (TCO_2e)	275,818	193,347	283,654

A DECADE OF GREEN ENERGY

In line with the nation's focus on energy security and increasing the use of alternative energy sources, we adopted biogas and started using Briquettes in our garment operations in 2012-13. This was gradually scaled up to other units by 2017-18. That same year, we further diversified our green energy mix by introducing solar power of 1.83 MW installed capacity in 2017. In 2019, we scaled up our renewable power operations exponentially by installing a 16.4 MW solar rooftop plant.

This capacity is now being further extended with a

solar + wind hybrid plant of 47 MW

DIRECT EMISSIONS (SCOPE 1)

Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by us. It includes emissions associated with fuel combustion in boilers, furnaces, turbines, etc.

Understanding the energy consumption is the first step towards reducing emissions. To ascertain our carbon footprint, we record and analyse emission across three categories:

- Direct energy emission (Scope 1)
- Indirect energy emission from purchased energy (electricity) (Scope 2)
- Indirect energy emission from value chain (Scope 3)

Total Direct Energy Consumption

(in MWh)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	280,225	237,657	329,921
Wovens	833,493	640,745	960,306
Garments	14,727	15,186	13,818
Others	79,029	65,965	78,271

Direct Energy Consumption: Renewable

(in MWh)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	23,054	30,947	158,542
Wovens	27,684	33,673	128,082
Garments	12,895	13,155	11,804
Others	2,388	5,226	17,565

GHG Emissions (Direct)

(in TCO_2e)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	88,742	71,538	60,560
Wovens	256,399	193,979	281,176
Garments	491	544	540
Others	27,057	21,597	21,666

Note: The use of renewable energy in our direct energy consumption has increased from 5% in FY 2019-20 to 23% in FY 2021-22. This is further going to increase due to our increased focus on sourcing biomass. The dip in emissions and energy consumption recorded in FY 2020-21 can be attributed to pandemic effects on the production.

INDIRECT EMISSIONS (SCOPE 2)

Scope 2 emissions are indirect in nature and associated with the purchase of electricity, steam, heat, or cooling. Although Scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organisation's GHG inventory because they are a result of the organisation's energy use.

Total Indirect Energy Consumption

(in MWh)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	85,006	62,570	86,343
Wovens	232,365	188,631	274,786
Garments	7,794	7,236	7,960
Others	43,062	24,962	29,715

Indirect Energy Consumption: Renewable

(in MWh)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	389	839	3,203
Wovens	23,110	40,122	40,515
Garments	665	630	683
Others	-	623	567

GHG Emissions (Indirect)

(in $TCO2_e$)

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim	67,833	49,487	66,649
Wovens	167,750	119,053	187,805
Garments	5,715	5,296	5,833
Others	34,521	19,511	23,367

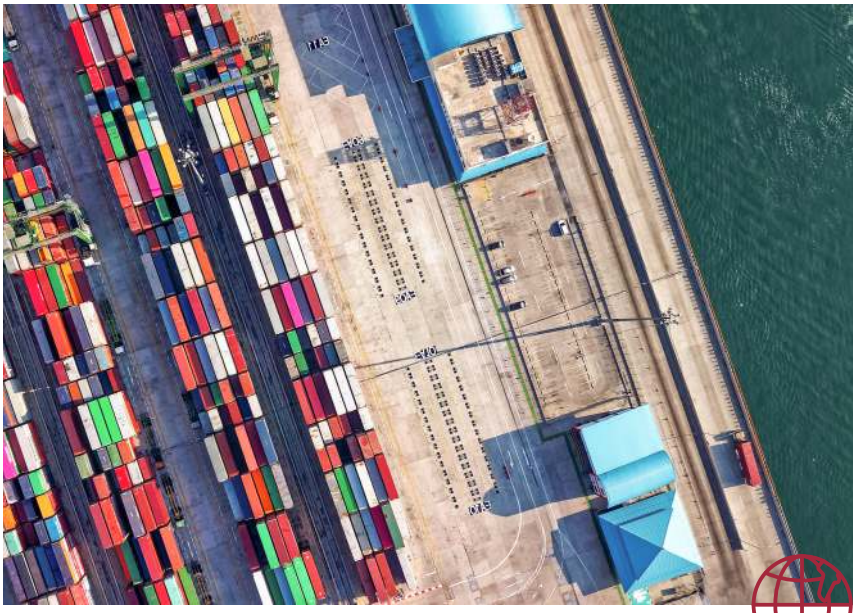
Note: The use of renewable energy for our indirect energy consumption has increased from 7% in FY 2019-20 to 11% in FY 2021-22. This is further going to increase due to our increased focus on expanding our solar and wind energy capacities. The dip in emissions and energy consumption recorded in FY 2020-21 can be attributed to pandemic effects on the production.

INDIRECT EMISSIONS FROM VALUE CHAIN (SCOPE 3)

Scope 3 emissions are the result of activities from assets not owned or controlled by us, but they indirectly impact our value chain. Scope 3 emissions include all sources not within an organisation's scope 1 and 2 boundary.

This year, we carried out the first ever Scope 3 (Value chain) GHG accounting for the FY 2020-21 & 2021-22. Our Scope 3 inventory consists of seven material categories, which are prepared as per the GHG Protocol's Corporate Value Chain (Scope 3) standard. This Standard follows the principles of: **relevance, completeness, consistency, transparency, and accuracy.**

Along with Scope 1 & Scope 2, Scope 3 inventory has been verified and assured by Intertek India Private Limited based on the AA1000AS v3 with moderate level assurance.



INDIRECT EMISSIONS (SCOPE 3)

(in $TCO2_e$)

Category	Category	FY 20-21	FY 21-22
1	Purchased Goods and Services[2]	141,195	267,151
2	Capital Goods[3]	1,559	4,965
3	Fuel and energy-related emissions not included in Scope 1 or 2[4]	63,522	83,937
4	Upstream Transportation[5]	3,859	4,557
6	Business Travel[6]	89	443
7	Employee Commuting[7]	19,254	28,185
9	Downstream Transportation[8]	16,689	29,331
	Total	246,067	418,565

Note: Category 5 (Waste generated in operations) is not being reported due to lack of suitable life cycle emission factors and methodology for quantification of emissions for different waste types. Whereas, Emissions figure in Category 8 (Upstream leased assets) is not calculated as Arvind does not lease upstream assets in its operations. The methodology used for calculation of Category 2 is Spend-based method whereas for all other categories average data method is used.

[2] *Extraction, production, and transportation of goods and services purchased or acquired by the Arvind during the year. The inclusions are cotton, yarns, chemicals, dyes and packaging materials.*

[3] *Extraction, production, and transportation of capital goods purchased or acquired by Arvind during the year.*

[4] *Extraction, production, and transportation of fuels and energy purchased or acquired by Arvind in the year, not already accounted for in Scope 1 or Scope 2. The inclusions are Upstream emissions of purchased fuels, upstream emissions of purchased electricity, and T&D losses.*

[5] *Transportation and distribution of products purchased by Arvind in the year between our Tier 1 suppliers and own operations (in vehicles and facilities not owned or controlled by Arvind). The inclusions are Cotton purchase (by road) and cotton purchase (by sea).*

[6] *Transportation of Arvind's employees for business-related activities during the year (in vehicles not owned or operated by the Arvind). The inclusion is air travel.*

[7] *Transportation of employees between their homes and their worksites during the year (in vehicles not owned or operated by Arvind). The inclusions are staff commuting and worker commuting.*

[8] *Transportation and distribution of products sold by Arvind in the year between the Arvind's operations and customer (in vehicles and facilities not owned or controlled by us). The inclusions are transport using road, sea, air and rail.*

EMISSION REDUCTION

A total of **5,433 MWh** was saved as a result of these **energy-saving initiatives**

ENERGY SAVING INITIATIVES - HIGHLIGHTS

Deactivation of humidification plants in dyeing and sizing during winters, **resulted in savings of**

848,880 kWh of electricity in 2021-22

Conversion of thermic fluid operated stenter machines to direct gas fired, **resulted in savings of**

450,000 SCM of gas in 2020-21

Optimisation of air compression pressure from 102 PSI to 95 PSI, **resulted in savings of**

268,800 kWh in 2019-20

Technology upgradation (replacement of Batliboi waste collector with draft air waste collector on RS1 Card and Blowroom) **resulted in savings of**

903,120 kWh in 2021-22

Removal of Orifice-type flow meter from compressor line helped eliminate main line compressed air pressure drop and ultimately **resulted in savings of**

3,412,160 kWh

Increased adoption of ME reactive dyes in place of HE reactive dyes - **from 45% in 2019-20 to**

77% in 2021-22.

This helps us dye yarns and fabrics at lower temperatures (~45 degrees Celsius) instead of standard requirement of high (~80 degrees Celsius) for HE dyes

Continued expansion and capacity building for

electricity from Solar & Wind

(renewable sources)

Engagement with brands for promoting low carbon products. Increased adoption of

Innovative Technologies

that have lower energy requirement

CASE STUDY

BACKWARD SUPPLY CHAIN INTEGRATION - SECURING THE BIOMASS SUPPLY

CHALLENGE

Biomass briquettes have gained tremendous traction in India in the last decade. They are cost effective and a decent substitute to coal. But being dependent on farm economy and infrastructure, the supply is at risk of hitting a bottleneck. It is imperative for any biomass-based system to have a reliable fuel supply for efficient operation.

INITIATIVE

In FY 2020-21, to reduce coal consumption and safeguard the supply of briquettes for year-round use, we initiated a pilot project of procuring agro waste (cotton stalk) from the farmers and processing it to create briquettes. In FY 2021-22, we scaled up this project.

IMPACT

This backward supply chain integration has had several benefits for the farmers:

- By procuring cotton stalks from farmers, we have minimised their risk of exposure to cotton farm pests like the pink bollworm
- Mitigated the eventual stubble burning and associated air pollution
- Easing the disposal of agro waste for the farmers and eventually creating a possibility of monetising the waste for them.

For Arvind, this project not only secures the briquette supply but also ensures better traceability and quality assurance of the biomass used.

Till 31st March 2022, we sourced 7,200 metric ton of cotton stalk for converting into briquettes.

ENERGY AND EMISSION INTENSITY

Our continued focus on adoption of various energy-efficiency mechanisms, cleaner technologies and renewable energy over the years have yielded rich dividends. This is evident from the intensity trends given here:

Energy Intensity

At Arvind, we consider Energy Intensity as a key indicator to evaluate the performance of our energy efficiency. EI portrays how much energy is used for producing a unit of product.

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim (kWh/m)	4.88	5.07	4.41
Wovens (kWh/m)	6.78	7.60	7.78
Garments (kWh/piece)	1.71	1.79	1.63

Renewable Energy Contribution in Energy Intensity

We also keep a check on our contribution of renewable energy to our energy intensity ratio. This helps us gain insights and plan the way forward to increase renewable energy in our energy mix and in turn reduce our GHG emission intensity.

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim (kWh/m)	0.31	0.54	1.71
Wovens (kWh/m)	0.32	0.68	1.06
Garments (kWh/piece)	1.03	1.10	0.93

GHG Emissions Intensity

Business Unit	FY 19-20	FY 20-21	FY 21-22
Denim ($KgCO_2e$/m)	2.09	2.04	1.35
Wovens ($KgCO_2e$/m)	2.70	2.87	2.95
Garments ($KgCO_2e$/piece)	0.47	0.47	0.48

The Denim business saw a decrease of 36% in the GHG emission intensity, whereas the Wovens business saw an increase in the GHG emissions intensity. This increase was majorly due to the post-pandemic effects on the business operations. We are planning and undertaking numerous initiatives based on the key areas of potential improvement which will help reduce our energy intensity and GHG emission intensity. These initiatives will also help set and meet our net-zero targets, including long-term Science-Based Targets (SBTs) which provide us with a clearly defined pathway to future-proof growth. The duration to set the targets is two years and work is in progress to finalise the targets.

The contribution of renewable energy in our Energy Intensity ratio for Denim has seen an increase from 6% in FY 2019-20 to

↑39% in FY 2021-22

For Wovens business it has increased from 5% in FY 2019-20 to

↑14% in FY 2021-22

Right from the cultivation of cotton, to transforming into a garment – water plays a key role at every stage in our industry. At Arvind we treat it as a natural ally and ensure that our operations put as little stress on fresh water as possible. In pursuance of this objective, we have formed alliances with Municipal Corporations to use treated domestic sewage for manufacturing. Another close ally is Arvind Envisol, who specialises in water and wastewater solutions.

WATER

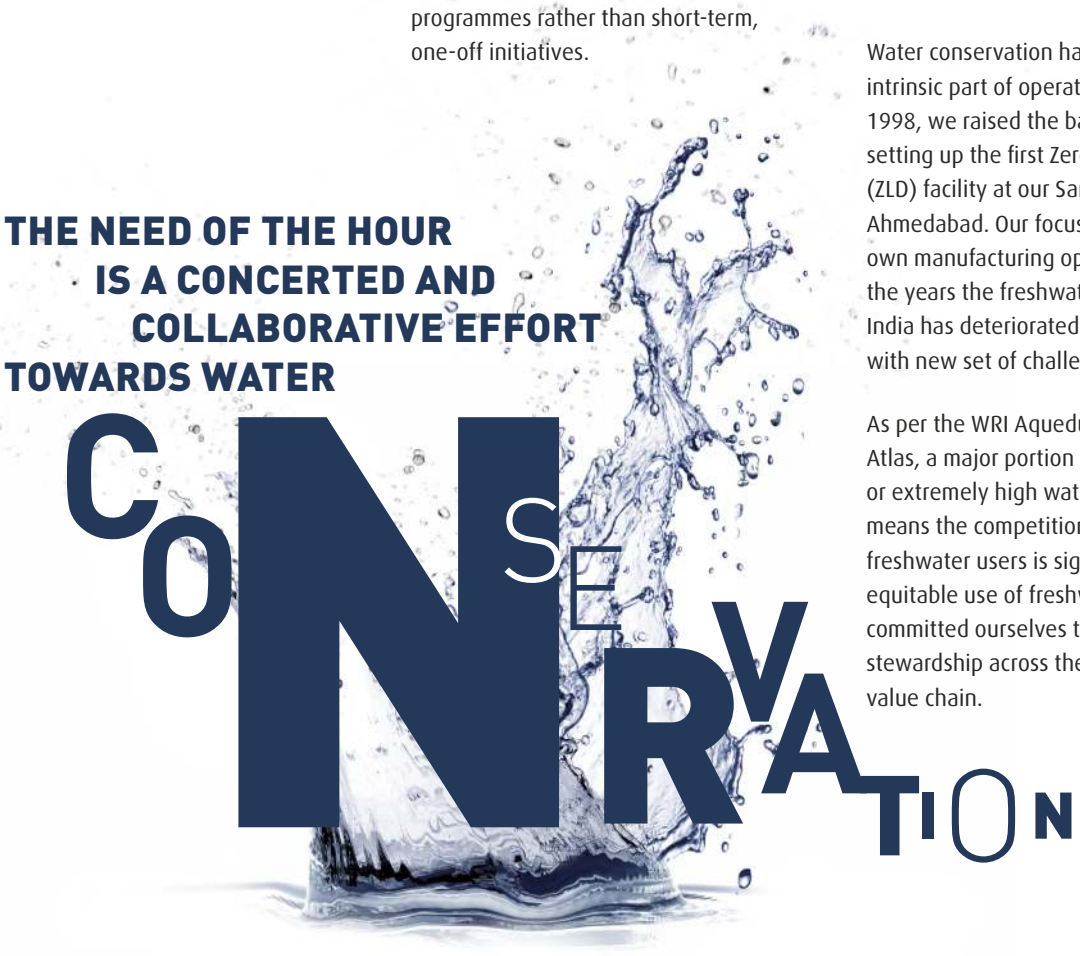
Water is a key resource for everyone - individuals, communities and industries like the textile and apparel sector. About 600 million people in India are at a higher risk of surface-water supply disruptions as 54% of India's total area faces 'high to extremely high' stress. The situation is quite alarming and too complicated to be addressed by an individual entity.

An effort that includes players across the textile and apparel value chain, central and state governments, research organisations, and others, making consistent, large-scale, long-term programmes rather than short-term, one-off initiatives.

Pursuing this objective, we are following a value chain approach to water management and taking initiative at different phases. At the farmer level, we have been promoting the adoption of sustainable irrigation of cotton since over a decade. At the operational level, we are continuously calibrating our processes to reduce consumption, and encourage reuse & recycling of water. And at the stakeholders' level, whether it be with other companies, customers, municipal corporations, etc., we are forging partnerships and collaborating to share best practices as well as know-how to drive water conservation.

Water conservation has always been an intrinsic part of operations at Arvind. In 1998, we raised the bar considerably by setting up the first Zero Liquid Discharge (ZLD) facility at our Santej plant in Ahmedabad. Our focus started with our own manufacturing operations, but over the years the freshwater situation in India has deteriorated and presented us with new set of challenges.

As per the WRI Aqueduct Water Risk Atlas, a major portion of India is in high or extremely high water stress which means the competition between freshwater users is significant. To ensure equitable use of freshwater, we have committed ourselves to facilitate water stewardship across the farm-to-fashion value chain.



We have taken various steps to reduce freshwater withdrawal. One of them is collaborating with Gandhinagar Municipal Corporation to recycle domestic sewage, by treating it internally and making it fit for manufacturing processes.

We have also advanced our efforts by setting up ZLD facilities in all our major manufacturing units. Other initiatives include consistently taking up process-efficiency initiatives for water management through well-thought-out conservation projects, smarter monitoring, and water harvesting. We also closely collaborate with Arvind Envisol - a subsidiary business, which specialises in water and wastewater solutions. It was incorporated to provide solutions for us as well as for other industries across sectors and geographies.

Partners and global brands look up to us for sustainable solutions, and we enable them to achieve their sustainability goals. For instance, in 2019, we collaborated with GAP Inc. to set up a Sewage Treatment Plant (STP) at the Naroda unit. This STP treats the domestic sewage supplied by Ahmedabad Municipal Corporation for use in our denim manufacturing operations and helps us save as much as 8 million litres of freshwater per day or around 2 billion litres a year.

As part of our collaboration with GAP, we are also setting up a Centre of Excellence for water stewardship. It will provide a platform to apparel industry stakeholders for advancing and scaling innovations for water stewardship.

Through our various initiatives and collaborations, we are staying relentless in our efforts to promote efficient use of water in the supply chain as well as reduce and practically eliminate fresh / groundwater for manufacturing.

This will contribute towards providing the community with increased access to safe water and enabling our global allies to achieve their sustainability goals associated with water.

HIGHLIGHTS

Decrease in freshwater consumption in FY 2021-22 compared to FY 2019-20 (base year)

Naroda
73.28%

Santej
14.45%

35.97%
reduction
in specific water use at Naroda in FY 2021-22 compared to FY 2019-20

Partnership with municipal corporations to treat and use

13.75
million litres of sewage water
on a daily basis

FRESHWATER CONSUMPTION

We remain committed to reduce and practically eliminate freshwater and groundwater usage for processing and production.

Our overall freshwater use has been trending downward year over year.

FY 19-20
16%

FY 20-21
41%

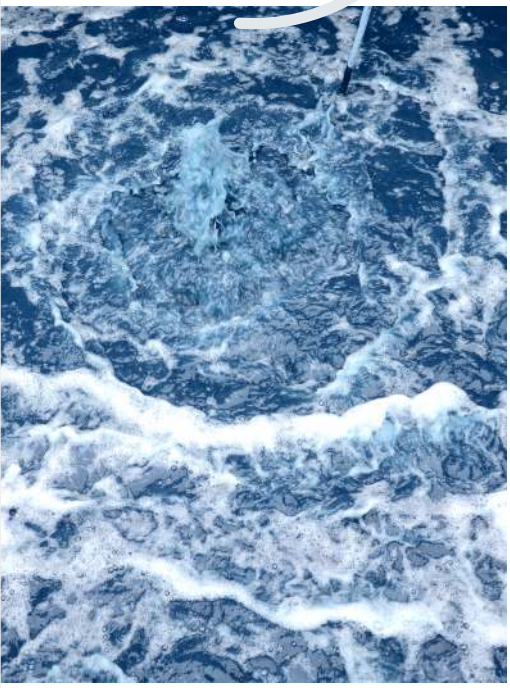
FY 21-22
24%

Despite each unit facing their own sets of challenges during the pandemic, we were able to reduce our overall freshwater consumption by almost 55% in the three-year period.

This was achieved by following our water management approach as described later in this section.

Total freshwater consumption *in '000 m³*

Business Segment	FY 19-20	FY 20-21	FY 21-22
Denim	2,318	1,185	619
Woven	617	426	528
Garments	28	48	55
Others	707	515.92	455
Total	**3,670**	**2,175**	**1,657**



EFFLUENT MANAGEMENT

Effective management of effluent addresses environmental sustainability and economic viability of Arvind. During the three-year reporting period, the total water treated and discharged reduced due to decrease in the overall water use. However, we were able to increase the share of recycled water consumption from 66% to 77% of our total water consumption during this period. So essentially, we used less freshwater, recycled a higher percentage, and hence lowered the percentage of discharge.

Total water treated and reused in process *in '000 m³*

Business Segment	FY 19-20	FY 20-21	FY 21-22
Denim	2,291	1,728	1,850
Woven	4,801	3,486	3,643
Garments	112	93	90
Others	38	35	50
Total	**7,242**	**5,342**	**5,633**

Note: Water withdrawal is the sum of freshwater consumption (Ground Water) and Water Treated and Reused (Third Party Water)

By operating ZLD plants in our manufacturing operations, we were able to minimise wastewater discharge, maximise water recovery, and reduced our dependence on freshwater. There was a 15% reduction in water treated and discharged during the three-year reporting period. This reduction was led by our Denim unit at Naroda.

Total water treated and discharged

in '000 m^3

Business Segment	FY 19-20	FY 20-21	FY 21-22
Denim	1,912	1,411	1,662
Woven	0	0	0
Garments	208	173	254
Others	684	432	455
Total	**2,804**	**2,016**	**2,372**

WATER MANAGEMENT AND CONSERVATION INITIATIVES

In FY 2021-22, we recovered and reused 373 million litre of water in wet processing. This was the result of our consistent water management and conservation initiatives. We have a two-pronged approach towards water management for our operations:

- **Harness technology and management practices to reduce, recover and reuse water in our manufacturing operations especially wet processing**
- **Focus on eliminating freshwater use by shifting to recycled water sources either internally by setting up ZLD plants, or externally through other water sources like community sewage**

Here are some of the initiatives that helped us reduce, recover and reuse water to positively drive our specific consumption of water

WATER RECOVERY FROM HYDRO-EXTRACTION OPERATION

The water extracted via the hydro-extraction operation at the knitting stage is conventionally drained off because it is significantly contaminated with fluff accommodation. By installing a gyro screen, we are able to mechanically filter out the fluff and recover more water. This resulted in water savings of 100 m^3 per day.

ROTARY SPRAY DYEING WITH SULPHUR COLOUR

In conventional dyeing, 1,500 litres of colour bath is drained after dyeing – this is almost completely avoided with the introduction of Rotary Spray Dyeing. Using this method, which is especially suitable for lighter shades of Sulphur colour, only about 80 litres of colour bath is drained.

WATERLESS ENZYME PROCESS

Enzyme washing is a process involving the use of enzyme to produce various effects on the denim fabric. Water consumption in the conventional Enzyme process takes 5 times the weight of the garment and even the low liquor ratio washing machine's water consumption is 3 times the weight of the garment.

In order to reduce the water used in washing, we adopted a waterless enzymatic process in November 2021 to get abrasion on the garments. In this process, the Enzyme is just sprinkled on the garments and the wash cycle is completed by running without water.

USE OF OZONE PROCESS AND SYNTHETIC STONES

Stone washing presents a number of benefits. It enables worn-out appearance on newly manufactured garments and also helps to increase the softness and flexibility of denim. But on the downside, the pumice stones traditionally used for stonewashing lose 40% of their mass in every cycle, add to the landfill waste and create significant effluent loads.

We are relentlessly trying to replace stones from garment washing. One such push is with Wiser Wash that uses Ozone (O_3) for bleaching / fading / wash effects. Ozone process does not involve any stones and the ozone used for the process is converted back to oxygen gas and water. This has helped us achieve significant savings in water consumption, reduced effluent loads and has eliminated chemicals like potassium permanganate and sodium hypochlorite which were earlier used during acid stone wash.

Where Ozone process is not possible due to technical or economic feasibility, we have replaced the natural pumice stones with synthetic stones. These synthetic stones remain intact cycle-after-cycle and thus fewer stones are required to be sourced.

Reduced stone sourcing helps in reducing carbon footprint of stone transportation, sludge disposal and solid waste to landfill.

SPECIFIC WATER CONSUMPTION

Specific Water Consumption

	FY 19-20	FY 20-21	FY 21-22
Fabric (litre/metre)	43.20	40.53	26.21
Garment (litre/piece)*	11.70	12.27	12.88

**Note: Our specific freshwater consumption for garment manufacturing went up slightly as a new plant became operational in 2020 and it ran intermittently.*

However, at the unit level our specific consumption saw a fair share of upward and downward trend during the reporting period, as it was majorly influenced by the challenges posed by the pandemic.

Specific Water Consumption (Unit-wise)

litre/metre

Business Segment	FY 19-20	FY 20-21	FY 21-22
Denims	30.59	29.19	19.58
Wovens	34.47	35.83	26.26
Garments	12.88	13.87	13.07

Note: Specific water consumption for other business segment is not included as there is lack of consistency in the measurement unit of production.

Denims and Wovens & Knits are our major manufacturing units.

At Denims unit, the production increased by 36% between FY 2019-20 and FY 2021-22, whereas the specific water consumption saw a reduction of 24%.

On similar lines, at the Woven & Knits unit, the production increased by 1%, whereas the specific water consumption decreased by 24%. This is testimony of the impact of global best practices and standards we implement to achieve reduction.

COLLABORATIVE CONSERVATION

Known by different names, collaborative conservation is manifested in the increasing numbers of partnerships, consensus groups, community-based collectives, watershed councils, and similar groups that are involved in natural resources management. It is also part of our two-pronged approach towards water management where we harness technology and management practices in collaboration with our value chain players.

One such instance is where we collaborated with global apparel retailer Gap Inc. for setting up an ambitious new water treatment facility at our Naroda unit. The STP became operational during this reporting period, in November 2019, and has helped us recycle around 2 billion litres of water. While this project marked a first-of-its-kind, 'collaborative conservation' partnership between the two companies, Gap Inc. and Arvind have had a business relationship for more than 20 years.

Through a shared vision, both the companies want to see a world in which apparel manufacturing builds the resilience of people, businesses, and the planet, by eliminating the use of freshwater. To that end, establishment of a Centre of Excellence (COE) is also underway. The COE will help build capacities of textile manufacturers and other value chain players on water resource management. It will also help provide a platform to apparel industry stakeholders for advancing and scaling innovations for water stewardship.

The collaboration with GAP Inc. will not only help both of us achieve our water goals collectively, but will also prove beneficial for the textile industry stakeholders.

Arvind FASHIONING POSSIBILITIES | Gap Inc.

Centre of Excellence will help build capacities of textile manufacturers and other value chain players on water resource management.

CHEMICALS

The look, the feel, the hues, much of what defines a fabric comes from chemicals. But this power to change the fabric can also result in unwanted impact to the environment and thus, chemicals are a crucial ally in our sustainability journey. We have adopted green chemistry and became the first textile mill globally to join Zero Discharge of Hazardous Chemicals (ZDHC) programme. We have also collaborated with Levi's and adhere to their Screened Chemistry Framework to eliminate hazardous chemicals from the value chain.

Modern consumers are both discerning and demanding. While they want never-seen-before designs and finishes on the fabric, they also stress on their clothes to be more environment-friendly than ever before. People are becoming more mindful of the impacts of where and how they shop for clothes, and it's helping reshape the industry. For one, this consistent increase in demand for eco-friendly fashion has provided a new impetus for material science and chemistry innovations in the textile and apparel industry.

Chemicals are an important element in textile manufacturing and also an inflection point where a lot of innovation and technology can be embedded to make the final outcome more palatable to modern sensibilities. We proactively adopted green chemistry more than a decade back and have been getting better at it ever since. To eliminate the usage of hazardous and toxic chemicals in our products, we are using GOTS (Global Organic Textile Standards) and ZDHC (Zero Discharge of Hazardous Chemicals) MRSL (Manufacturing Restricted Substances List) compliant chemicals in our operations. Additionally, we have done internal benchmarking in the form of Arvind Restricted Substance List (ARSL) and require our suppliers to adhere to it.

Our continued practice of manufacturing safe and sustainable products while respecting and meeting all regulatory compliances, has helped us become the customer's preferred brand. At the same time, this has also resulted in reputational benefit through sustained demand for our products and services, despite shifting consumer preferences.

A wide array of chemicals in the form of dyes and finishes lend the fabric and apparel their characteristic look, feel, colour or durability. But while they have their utility, the industry needs to be conscious of its adverse effect on the ecology that eventually trickles into our lives as well. This is where Green Chemistry comes in. It is a holistic concept that strives to minimise negative impacts of a chemical product. Green Chemistry also seeks to enhance its positive impacts on the environment, economy and the society.

TO ELIMINATE THE USAGE OF HAZARDOUS AND TOXIC CHEMICALS IN OUR PRODUCTS, WE ARE USING

(GLOBAL ORGANIC TEXTILE STANDARDS) **GOTS**

ZDHC (ZERO DISCHARGE OF HAZARDOUS CHEMICALS)

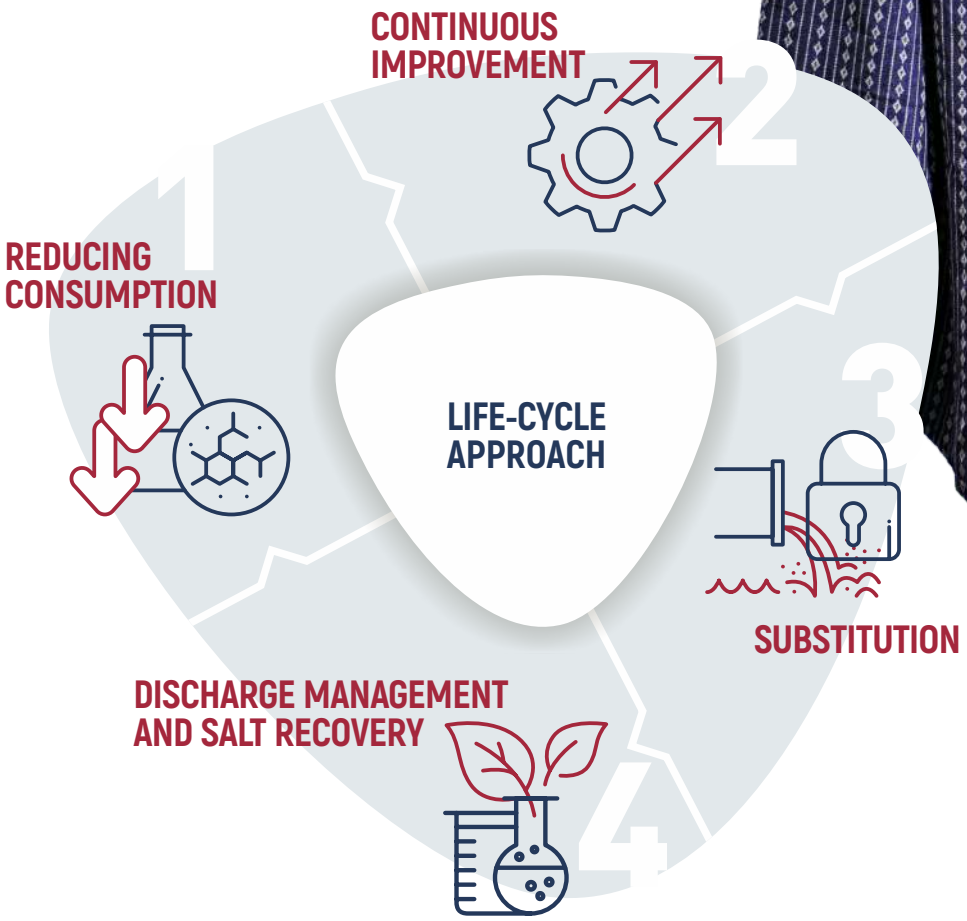
MRSL (MANUFACTURING RESTRICTED SUBSTANCES LIST)

COMPLIANT CHEMICALS IN OUR OPERATIONS.

LIFE-CYCLE APPROACH

The farm-to-fashion value chain is extremely long, intricate and complicated. One of the biggest challenges facing the fashion industry in its sustainability journey is bringing the entire value chain up to speed.

We have adopted a life-cycle approach in chemical management. A typical product life-cycle begins with the product concept and lasts until its eventual withdrawal from the market. It comprises the progression of a product through 5 distinct stages - development, introduction, growth, maturity, and decline. As a fabric and apparel manufacturer, our focus remains on the first three stages where we ensure that our customers receive the best quality products in required quantities and are able to introduce first-to-market innovations. Our life-cycle approach addresses and actively engages with all stakeholders to ensure that our fabrics and garments are safe for end consumers. It covers the following aspects:



Our life-cycle approach addresses and actively engages with all stakeholders to ensure that our fabrics and garments are safe for end consumers.

REDUCING CONSUMPTION

Reduction, as a practice, is more effective when it is imbibed at the very first stage in value chain. We encourage the farmers to cut down or eliminate harmful chemical fertilisers and pesticides in cotton cultivation by

PROMOTING BETTER COTTON, ORGANIC COTTON, REGENERATIVE ORGANIC CERTIFIED (ROC) COTTON AND REGEN-AGRI COTTON.

For more information about our farm-level interventions, please refer to the 'Fibre' section of this report.

CONTINUOUS IMPROVEMENT

We continue to improve our production process to reduce consumption of chemicals. The chemical management principles and the comprehensive policies we have in place, play an important role in this journey of continued incremental improvements.

CHEMICAL MANAGEMENT

At Arvind, a robust system of policies and practices is in place to ensure better chemical management by adopting the most effective means to control hazards and mitigate risks.

Chemical Management Policy

We update our Chemical Management Policy (CMP) annually in line with product Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL) requirements. The CMP, updated in March 2021, propagates good practices in the following areas:

- **Processes and guidelines on chemical purchase, usage, storage and disposal**
- **Assessment of chemical hazard to environment and human health**
- **Chemical Safety Management**
- **Transparency on chemical use - from purchase to disposal**
- **Practice of best available technologies**

The Policy is shaped by three factors:

- **External - Requirements of customer organisations**
- **Internal - Management focus on EHS. We have set a target of becoming 100% compliant with ZDHC MRSL by 2025.**
- **Regulatory - Certifications like GOTS, OEKO-TEX and REACH**

Chemical Purchase Policy

We are committed to eliminating the 11 chemical groups of priority substances from our processes.

To ensure this, in addition to restricting the use of these substances at our operations, we have also instituted a Chemical Purchase Policy to screen our supply chain. All our suppliers are required to provide the necessary documentation for their products to analyse environment safety, fabric safety, DCH (dyes and chemicals) product toxicology and compatibility.

If the product does not meet environment safety/toxicology requirements or is unsuitable based on the product's chemistry, the team is equipped to reject the product. The following table gives the stage-wise documentation process that we follow for chemical management:

Product Name		
Documents		**Status**
TDS/Shade		Required
MSDS		Required
CIL	CMP March 2021	Required
PSD		Required
PIL		Required
TOE		Required
ZDHC	CMP March 2021	Required
REACH		Required
OEKO-TEX		Required
COA		Required
PVA		Required
Test report Third Party/Own NABL Accredited Lab		As per Test Protocol Section 4.1.0
GOTS		As Applicable

MSDS - Safety data sheet to understand the 16 points | **TDS** - Technicality of the product | **PIL** - Products' Environment suitability along with compatibility with other chemicals | **CIL** - Influence of DCH products on finished fabrics toxicology as per RSL limit values of various brands and certifications guidelines | **PSD** - DCH product compliance with MRSL standards of various brands and NGOs | **REACH** - Compliance for European Union law | **ZDHC** - Suitability of chemistry with listed priority substance standards in ZDHC guidelines | **GOTS** - Level 1 ZDHC compliance

Spill Management Policy

Any industry that deals with chemicals needs to prevent unplanned and uncontrolled release of hazardous chemicals. Often the result of accidents, such spillage and the extent of damage can be minimised through robust SOPs. Through our Spill Management Policy, we aim to ensure cautious management of hazardous material spills. The Policy is applicable to all departments, employees, contractors, and visitors.

In addition to giving a comprehensive SOP to deal with major and minor spills, the Policy also elucidates the DOs and DON'Ts of handling spills for special chemicals like organic material, alkali and acids.

CASE STUDY

PRECISION TECHNOLOGY FOR CLEAN CHEMISTRY

CHALLENGE

To ensure strict adherence to MRSL and RSL requirements of destination zones for export oriented goods, brands, local requirements, and also to self-develop and regularly update the Arvind RSL.

INITIATIVE

At Arvind, we have an R&D centre with capabilities to not only support development activities, but also to continually play a pivotal role in day-to-day activities that make us thorough and self-reliant to ensure clean and safe chemistry. This includes setting up an in-house FTIR (Fourier Transform Infra-Red) spectrometer and HPLC (High Performance Liquid Chromatographer).

The FTIR Spectrometer helps identify trace presence of compounds in a composition through absorption and emission at different frequencies - considered to be signatures of specific compounds or substances.

The HPLC works by separating different components of a composition aiding in tracing and identifying presence of all such substances. This helps in two ways - one, to ensure qualitative consistency against claim by chemical manufacturers for active content, and second, it helps in confirming absence of any unwanted or restricted substances like para-chloroaniline.

IMPACT

We have a database (signatures) of 1,800 chemical substances and compounds, and vigilantly keep out the restricted substances from the value chain.

Access to such precision technologies significantly de-risks our operations by ensuring that our people are never exposed to chemical hazards and ultimately make us confident about zero MRSL failures.

SUBSTITUTION

We substitute the hazardous chemicals from the chemical recipe with minimal discrepancy in the final output. During the reporting period, our focus was on substituting the hazardous dyes with eco-friendlier options wherever possible and available, and to continue and expand our projects implemented earlier like bio-softeners and recycled silicones.

Note: All claims of resource saving in this section are in line with those made by our suppliers in public domain for their product or process.

REDUCING TEMPERATURE, ENHANCING SUSTAINABILITY

The amount of water and energy consumed as well as the salt released into the ecological systems during conventional dyeing is a global challenge. By reducing the number of rinsing baths and the temperature required, one can save on water, energy as well as quantum of salts produced. During the reporting period, we started using a number of dyes and processes in order to make our baths eco-friendlier.

Avitera Sustainable Dyes

These para-chloroaniline (PCA) free reactive dyes provide an exceptional low-temperature, low resources consumption processing system for cellulosic fibres and their blends. As the temperature never exceeds 60°C and the number of rinsing baths are reduced,

AVITERA® SE dyes save more than 50% of water, 70% of energy, 50% CO_2 emissions and reduce salt creation considerably compared to conventional dyes.

AVITERA® SE

BEZAKTIV GO Sustainable Dye

The BEZAKTIV GO dyes enable lower temperatures during dyeing and rinsing – just 40°C rinsing baths are sufficient for most dyeing applications. This leads to up to 30% water savings and up to 50% reduction of carbon dioxide emission.

HIGHLY SUSTAINABLE!
BEZAKTIV GO | ZERO GO
Climate-conscious and efficient dyeing result

CleanKore for Denim

This novel approach almost eliminates the need for PP Spray and neutralisation –

thereby saving over 12 litres of water and reducing use of Sodium Hydrosulphite by 90% for every pair of jeans made.

CleanKORE
The Dyeing Process...Redefined

FULLY TRACEABLE BIOSYNTHETIC DYES

EarthColors® by Archroma is a patented new method of synthesizing dyes to produce warm shades from nature.

Its technology creates fully traceable biosynthetic dyes derived from natural waste products of the agriculture and herbal industries; leaving the edible part still available for food consumption.

BIO SOFTENERS

It is said that Mother Nature has all the answers; all we need is a searching eye and a curious brain. Sourced from renewable, natural raw materials, the miDori range of products is a good example. Using algae and plant seeds as base input materials, this range of finishing products delivers a handsome 72-96% bio-carbon content.

By using these bio softeners, there is a 60-70% reduction in CO_2 emissions as compared to the conventional fossil-based chemistry.

Products in the miDori range have top-notch certifications and approvals in safe chemistry like:

USDA BIO PREFERRED	**GOTS** 5.0	**ZDHC** LISTED
COMPLY TO GREENSCREEN SILVER		**CRADLE TO CRADLE** PLATINUM

TUBINGAL RISE
(RECYCLED INNOVATIVE SILICONE EMULSION)

We are incrementally imbibing circular economy in all the activities we do. One such initiative in textile production is the usage of silicones for varied finishes / applications.

Made from 60% end-of-life silicones, these recycled silicones reduce the energy consumed in their manufacturing and lower the waste generation and the chemical load in effluents.

This waste-to-value product gives remarkable effects on textile fabrics, and improved performance in terms of sew-ability and tear-resistance when compared with unfinished products or at-par performance when compared with conventional products - hence eliminating any scope of concern of using recycled product versus a virgin product.

Microbial Pigment

Till the 19th century, natural dyes were widely used in the textile industry. But with the advent of large-scale production and development in the field of chemistry, the synthetic dyes began to replace the natural dyes. Though these synthetic pigments offer certain advantages like economies of scale, unlike natural colour, they are inherently harmful to our environment. The source for natural colours is plants, animals and microorganisms. Naturally occurring coloured microbes sourced from the soil, water and air, can be used to extract different natural colours that can then be applied in textiles. We are probing means to use these microbial pigments on a larger scale in order to fully realise their sustainability potential.

DISCHARGE MANAGEMENT AND SALT RECOVERY

We limit the discharge of hazardous chemicals and recover salts from the wastewater. We are also adopting various means to cut the ETP load and the corresponding ETP chemical dosage to ensure better efficiency of the process and reduced energy consumption in treating water.

Note: All claims of resource saving in this section are in line with those made by our suppliers in public domain for their product or process.

Resource Saving

The Cadira Denim dyeing process saves up to

3.25 billion litres of water.

The amount which can be used to provide drinking water for 3.5 million people per year.

Substantial Waste Reduction

The Cadira Denim dyeing process reduces up to

30,000 tons of salt in a year

which is equal to saving 1,200 truckloads of waste**

CADIRA DENIM DYEING

The Cadira Denim, introduced during the reporting period, is a clean, sustainable and sulphate-free solution for denim production. It completely eliminates hydrosulphite by combining DyStar Indigo Vat 40% Solution - an award-winning ready-to-use indigo, and Sera® Con C-RDA - a unique reducing agent that almost completely eliminates hydrosulphite. The CadiRa Denim has multiple positives:

Strong Effluent Load Reduction

95% reduction in **sulphate**

85% reduction in **chemical oxygen demand (COD)**

95% reduction in **total suspended solids**

Sustainable PAD-OX Dyeing

In general, for dyeing with sulphur dyes, a reducing agent is used to transform the dye molecule to a water-soluble form that can diffuse into the fibre. The most used reducing agent in industrial scale has been the sodium sulphide and sodium hydrogen sulphide due to their general efficiency and low cost. But these reducing agents also pose a threat to the environment due to the toxicity of the hydrogen sulphide and the corrosion effect on effluent drainage system.

At Santej, we replaced the sodium sulphide with an environment-friendly, glucose-based reducing agent in the Reductor DI Powder. This agent minimises natural harm by producing less COD and BOD in the Reductor DI. This reduces the ETP load and the corresponding ETP chemical dosage.

COLLABORATION FOR GREEN CHEMISTRY

Long-term collaborations are an essential aspect in our endeavour for chemical management. To this extent, we have undertaken following steps:

SCREENING FOR HAZARD

We continue to screen chemicals using the 'GreenScreen for Safer Chemicals' which was adopted by the 'Denim Laundry Operations' in FY 2015-16. Our aim is to evaluate chemicals from a hazard perspective through a structured approach. A comprehensive set of 18 human and environmental health and safety end points, as related to chemical substances are evaluated using this approach.

ONLINE REPOSITORY FOR EFFECTIVE CHEMICAL MANAGEMENT

When it comes to the meticulous documentation required in chemical management we have an online repository that can be accessed when needed. Through a special drive we store all related documents in a soft copy format and run the entire system on paperless process. Owing to the critical nature of the documents, the access to the online repository is limited to our Chemical Management Representative, R&D Head, Application In-charge, and CEO.

Further, to ensure that all our brand partners get the information relevant to them, we disclose our chemical inventory on various platforms like Cleanchain, Bhive, ZDHC and provide details about the chemical management policies and practices using Higg Factory Environmental Module with specified requirements up to Level 3.

BRAND PARTNERS

Keeping in mind the evolving taste and needs to consumers across different geographies, various brands have their own MRSL and RSL compliance to prevent use of hazardous chemicals during manufacturing and ultimately on their products. This also helps them ensure their product adhere to the local environmental norms of their country of business. Some of the brands have published their own list of preferred chemicals – for example, H&M Positive List Chemicals, Levi's Preferred Chemical List, and The List by Inditex. We work closely with our brand partners to recalibrate our processes and create bespoke solutions for most of their demands.

ZERO DISCHARGE OF HAZARDOUS CHEMICALS

With a strong commitment to eliminate hazardous chemicals from the value-chain, Arvind Ltd. joined the Zero Discharge of Hazardous Chemicals (ZDHC) programme in 2016. The ZDHC programme is a collaboration of leading textile and footwear manufacturers, and brands, working to implement safer chemistry practices. We have adopted ZDHC at all our sites for safe and sustainable chemical management.

Our manufacturing facility in Naroda became the first denim plant globally to achieve 100% of chemicals at a minimum ZDHC level-1.

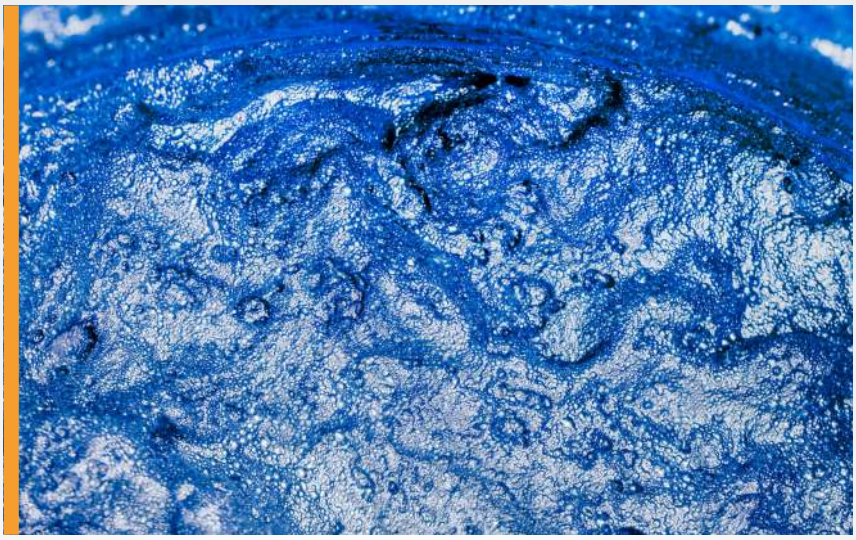
Currently, an average 78.19% of the used chemicals in our manufacturing facility are ZDHC MRSL complaint. We are committed to making this 100% by 2025.

CASE STUDY

REVIVING INDIGO

The colour Indigo has had a long and rich association with India. The dye is culturally and spiritually rooted in this country and is considered to be lucky and auspicious. Even its name is derived from the Latin word 'Indicum' meaning 'Indian', as the dye was originally exported to Europe from India. Since centuries the indigo dye was traditionally extracted from the Indigofera tincotria plant which is native to India.

Yet, in recent years, what was once cultivated in a large scale across the country became relegated to a small number of farmers. Reviving this age-old practice of cultivation and extraction was identified as a focus area for Arvind to embed sustainability in its production and value chain. For this, Arvind has partnered with Grambharti to set-up a project on cultivation and extraction of Indigo.



CULTIVATION STAGE

Right from land preparation and sowing to irrigation and harvesting - every step is using traditional methods. Farmyard manure is used as the fertiliser.

EXTRACTION STAGE

The three-step extraction process:

Step 1: Fermentation

Harvested plant is placed in a tank, and left to ferment till the water turns yellow.

Step 2: Oxidation and Settling

The yellow liquor obtained from Step 1 is aerated to start pigment formation and are left to settle.

Step 3: Boiling and Filtration

The concentrated extract from Step 2 is boiled to accelerate precipitation, filtered to gain the semi-solid indigo dye which is pressed to obtain indigo cakes.

This pilot project has increased our understanding, and brought about a number of noteworthy impacts:

LEARNINGS

- The plant leaves start turning blue as soon as they come in contact with air, and this reduces the overall dye yield. So, the time gap between harvesting and fermentation should be minimal.
- In the fermentation process, it is important to keep the plants pressed with a load to prevent the biomass to rise to the tank's level to ensure proper fermentation.

IMPACTS

Based on the soil testing done before and after the harvest, following was observed:

- **No change in Nitrogen levels**
  Generally, due to growing crops the nitrogen level decreases. So, Indigo can be grown in-between the major crop cycles.
- **Increase in Phosphorous & Potassium levels**
  This reduces the need for fertilizer for the next crop.
- **Improvement in soil pH**
  from alkaline to more neutral.

WASTE MANAGEMENT

'Waste not, want not', the old saying rings so true even today as the take-make-waste system generates a broader challenge of waste that affects human health and the environment alike.

By-products in the form of waste are inevitable in the textile industry. Every single input (raw materials, dyes and chemicals, capital goods, ancillary services, etc.) results in waste that is classified as either hazardous or non-hazardous. At Arvind, we take several proactive measures to lessen or mitigate the impact.

As a responsible corporate, we believe that whatever be the nature of the waste, it is imperative to measure, minimise and manage it - be it at the site of generation, during the retention period, or ultimately while disposing it responsibly.

Our efforts for waste management can broadly be divided into three categories.

QUANTITATIVE REDUCTION

We are working to reduce the absolute quantities of waste being generated through multiple efforts like:

Replacing pumice stones in our washing operations with waterless enzymes or synthetic stones

Substituting smaller packaging for dyes and chemicals with bulk packaging

Considering bulk transport through tankers

Storing chemicals that are used in enormous quantities in huge tanks, thereby significantly reducing or eliminating smaller drums and carboys from our supply chain

Partnering with PurFi to recover virgin-like recycled fibres (cotton, polyester, etc.) from post-industrial-waste and divert fabrics going for landfill/ incineration from post-consumer-waste

We added a cotton recycling machine in this reporting period which recycles both post-industrial waste (sourced primarily from our units) as well as post-consumer waste. An added advantage of recycled cotton is it uses far less water and energy to produce in comparison with conventional and organic cotton.

QUALITATIVE SHIFT

We push and strive to achieve a qualitative shift in hazardous waste by shifting to green input chemistry and thereby achieving desired output in the waste generated (sludge).

For more details, please refer to page 92, the Chemical section of this report.

RESPONSIBLE DISPOSAL

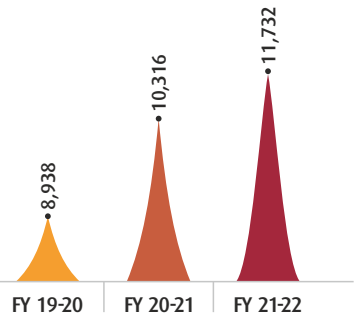
We understand our responsibility to store the waste and ultimately dispose-off efficiently. We respect the basic guidelines of segregation, storage and transportation and disposal.

Here are the absolute quantities of waste generated and disposed by our different business units:

NON-HAZARDOUS WASTE

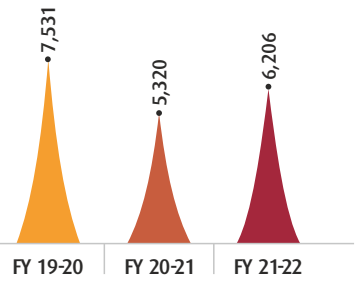
Solid Waste - Soft *in ton*

Units	FY 19-20	FY 20-21	FY 21-22
Denim	1,020	1,264	1,400
Wovens	6,477	6,802	7,509
Garments	73	118	139
Others	1,368	2,132	2,684
Total	**8,938**	**10,316**	**11,732**



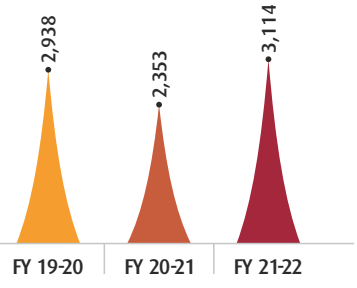
Solid Waste - Hard *in ton*

Units	FY 19-20	FY 20-21	FY 21-22
Denim	2,175	1,706	2,655
Wovens	2,809	2,348	3,104
Garments	78	93	106
Others	2,469	1,173	340
Total	**7,531**	**5,320**	**6,206**



Solid Waste - Chindi *in ton*

Units	FY 19-20	FY 20-21	FY 21-22
Denim	540	417	647
Wovens	981	1,041	1,108
Garments	1,340	815	1,117
Others	77	80	242
Total	**2,938**	**2,353**	**3,114**

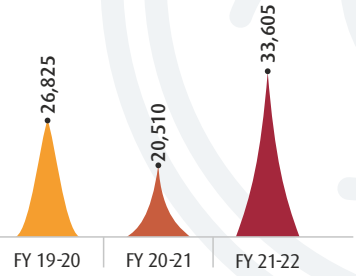


HAZARDOUS WASTE

Used Oil

in litre

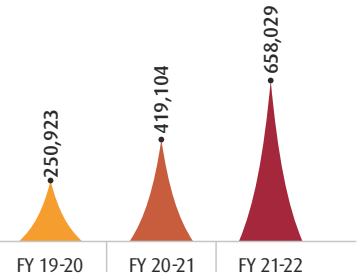
Units	FY 19-20	FY 20-21	FY 21-22
Denim	10,290	3,990	25,830
Wovens	16,170	11,760	7,140
Garments	365	2,370	635
Others	0	2,390	0
Total	**26,825**	**20,510**	**33,605**



Non-refillable Empty Containers Disposed

in kgs.

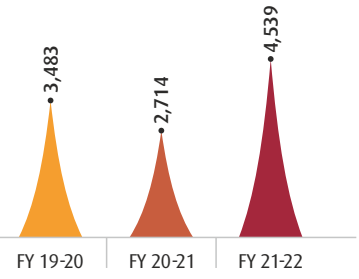
Units	FY 19-20	FY 20-21	FY 21-22
Denim	46,311	17,230	231,660
Wovens	137,796	287,590	403,918
Garments	54,581	102,728	8,780
Others	12,235	11,556	13,671
Total	**250,923**	**419,104**	**658,029**



ETP Sludge

in ton

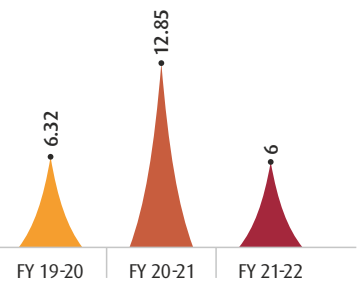
Units	FY 19-20	FY 20-21	FY 21-22
Denim	640	329	1,010
Wovens	1,324	1,057	1,064
Garments	1,105	1,160	1,656
Others	414	168	809
Total	**3,483**	**2,714**	**4,539**



e-Waste

in ton

Units	FY 19-20	FY 20-21	FY 21-22
Denim	0	1.97	0
Wovens	4.0	10.0	6
Garments	2.32	0.88	0
Others	0	0	0
Total	**6.32**	**12.85**	**6**



CLIMATE RISK MANAGEMENT

It is now clear that climate change poses a credible risk to human and ecological systems. It is impacting lives and livelihoods, and is gaining centre stage in investment decisions and government regulations. Climate risk management is, thus, imperative. It includes the strategies involved in mitigating climate risk through efforts in climate change adaptation, disaster management and sustainable development. It requires a collaborative approach to accelerate innovation, and develop tools and models that create a comprehensive view.

A core tenet of our Fundamentally Right sustainability approach is to proactively seek and cultivate allies to achieve larger sustainability goals faster.

Since transparency is key to building any relationship, we started disclosing the impact of our business on the environment as well as communities, and vice versa, to our stakeholders through various frameworks like GRI, CDP, etc. Almost a decade back, in FY 2013-14, we published our first sustainability report aligned with GRI to communicate our impact on issues like climate change, occupational health & safety, waste, etc.

The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 to understand, and disclose to stakeholders, the risk and opportunities arising as a result of climate change. In 2017, TCFD came up with a framework having four recommendations for climate-related financial disclosures. These recommendations were adopted by CDP in 2018. As we have been reporting in CDP since 2015, we gradually started integrating the TCFD recommendations tied to Governance, Strategy, Risk Management, and Metrics & Targets in our organisation. The details are mentioned in the next page:

GOVERNANCE

Initially, the Executive Director was the Board's champion for sustainability and oversaw the convergence between sustainability and business policy. During the reporting period, we strengthened this structure by creating a Board-level Environmental, Social and Governance (ESG) Committee. This Committee considers ESG risks & opportunities, while setting up the ESG vision and ambition, and reviewing and guiding the strategy for the Company.

The role of management is crucial in assessing and managing climate-related risks & opportunities. The Head of Sustainability is tasked with the management, execution and communication of the strategy formed by the Board-level ESG Committee, both internally and externally.

STRATEGY

Climate-related risks are sensitive to time horizon - some risks are long-term in nature while others may be experienced in a very short period of time. We have started seeing the physical risks such as increased frequency and intensity of extreme weather events like storms, floods, etc. Thus it is vital that we define our timeframes according to the climate-related risks we face, and the sectors and geographies we operate in. At Arvind, we have defined the time horizon of short-term as 1 to 2 years, medium-term as 3 to 5 years, and long-term as 5 to 15 years.

POTENTIAL CLIMATE RISK & OPPORTUNITIES

Climate change is a key universal risk, and has the ability to amplify traditional risks or create new risks. In alignment with TCFD recommendations, we have identified potential risks as follows:

Physical Risks	Transitional Risks
• **Acute** - Increased frequency of extreme weather events like drought, flood, heat wave, heavy precipitation, etc. • **Chronic** - Changing precipitation patterns and types (rain, hail, snow/ice)	• **Current and emerging regulations** - Enhanced emission reporting obligations, carbon tax, phasing out of coal, regulation of existing products and services leading to higher compliance cost • **Legal** - Exposure to litigation for sustainability claims • **Technology** - Unsuccessful investment in new technologies, cost of transitioning to lower emissions technology and early retirement of existing assets • **Market** - Increased cost of sustainable raw materials, changing customer behaviour, shift in demand and supply for sustainable raw materials • **Reputation** - Stigmatisation of sector, increased stakeholder concern

On one hand, climate change poses potential risks as described above, while on the other it also brings about a varied set of potential opportunities for organisations willing to innovate and adapt. As we keep evolving to a more sustainable organisation, some of our potential opportunities include:

Resource Efficiency - Use of more efficient production and distribution processes, recycling, reduced water usage and consumption

Energy Source - Use of lower-emitting sources of energy, new technologies, participation in carbon market, shift towards decentralised energy generation

Products & Services - Development of new products & services through R&D and innovation, development and/or expansion of goods & services with lower emission, better competitive position to reflect shifting consumer preferences

Markets - Access to new markets

Resilience - Resource substitution/diversification, participation in renewable energy programmes and adoption of energy efficiency measures

POTENTIAL IMPACT OF CLIMATE RISKS & OPPORTUNITIES

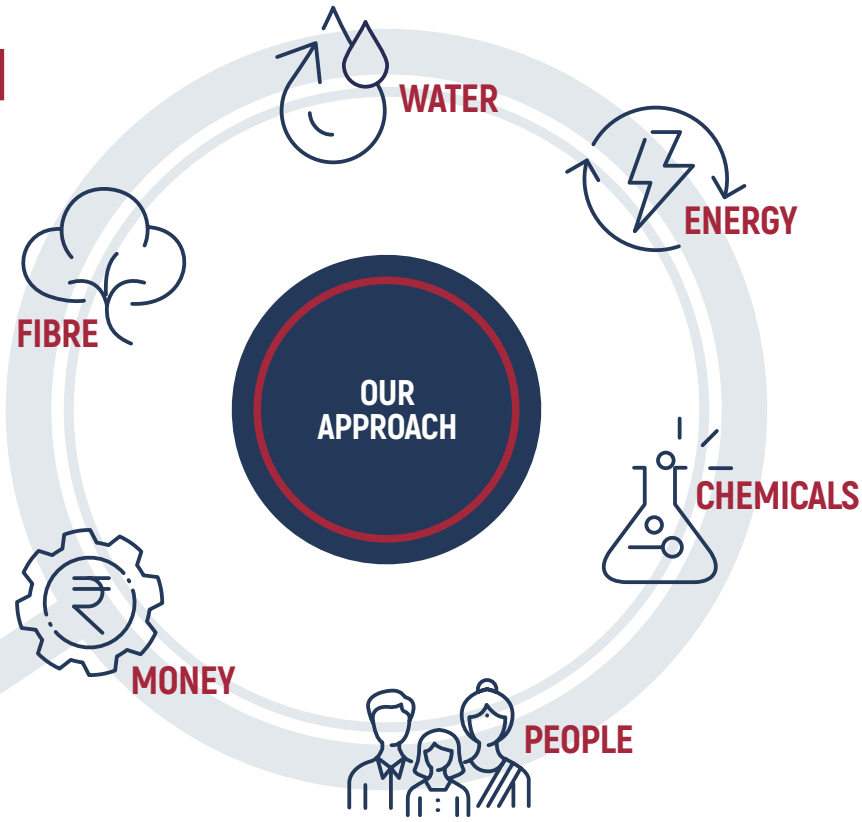
The impact of climate change may reshape the operating environment of our businesses. Some of the potential impacts include:

Impact of Risks	Impact of Opportunities
• Reduced revenues from decreased production capacity, e.g. supply chain disruptions • Reduced revenues and higher costs from impacts on operations, and supply chain • Increased capital expenditures and costs to adopt and deploy new practices/processes • Increased direct costs due to changing input prices, e.g. energy, water, sustainable raw material, etc., and output requirements, e.g. wastewater, waste, etc. • Increased operating costs, e.g. caused by higher compliance cost	• Reduced operating costs (through efficiency gains and cost reductions) • Reduced exposure to future fossil fuel price increases • Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon • Increased capital availability (as more investors are favouring lower emission producers or ESG-compliant companies) • Increased revenues through demand for lower emission products and services • Better competitive position to reflect shifting consumer preferences resulting in increased revenues through access to new and emerging markets • Increased reliability of supply chain and ability to operate under various conditions

OUR APPROACH

Based on the climate risks & opportunities and their associated factors such as time horizon, impact etc. we have adopted the approach of being 'Fundamentally Right'. This approach focuses on input management rather than tailpipe interventions.

We continue to push our boundaries to adopt mitigation and adaptation solutions across our six key inputs – Fibre, Water, Energy, Chemicals, Money and People, to be proactive in managing climate change.



Some of the actions that we have adopted based on our understanding of climate risks & opportunities are:

Promoting sustainable agriculture practices amongst farmers to build an uninterrupted supply of sustainable fibres and reduce agriculture related emissions

Investing in renewable energy and reducing our dependence on fossil fuels

Installing Zero Liquid Discharge systems in manufacturing operations to reduce our dependence on freshwater

Adopting green chemistry to reduce potential impacts on ecology as result of inevitable use of chemicals

Investing in resource efficient and low emission technologies

For more details, please refer to the designated sections i.e. Fibre, Energy etc. of this report.

SCENARIO ANALYSIS & RESILIENCE OF OUR APPROACH

Climate change will impact the economy and environment via either physical risk or transitional risk. Thus, we undertook a qualitative analysis of two physical scenarios (RCP 2.6, RCP 8.5) and two transition scenarios (IEA 2DS, IEA STEPS) to understand the resilience of our approach to climate change.

PHYSICAL CLIMATE SCENARIOS

We have selected RCP 2.6 as it requires very stringent mitigation actions so that CO_2 emissions start declining by 2020 and go to zero by 2100. This will likely keep the global temperature rise below 2°C by 2100. On the other hand, we selected RCP 8.5, which is a worst-case scenario i.e. emissions continue to rise throughout the 21st century.

TRANSITION SCENARIOS

For the transitional scenarios, we selected the IEA 2DS and IEA STEPS scenarios. The IEA 2DS scenario was selected as it is built on projected warming limit of 2°C and sets the target of cutting CO_2 emissions by almost 60% by 2050 (compared with 2013), followed by continued decline after 2050 until carbon neutrality is reached. The IEA STEPS, on the other hand, does not take for granted that governments will meet all their announced goals. It looks at a scenario where the energy system will go without any additional policy implementation.

INSIGHTS GAINED FROM CLIMATE SCENARIOS

According to the various scenarios selected above, some of the key physical and transitional changes that may occur are:

- The global mean surface temperature change for the period 2016–2035 relative to 1986–2005 is similar for the four RCPs (RCP2.6, RCP4.5, RCP6.0 and RCP8.5) will likely be in the range 0.3°C to 0.7°C (medium confidence)
- Changes in precipitation will not be uniform. In many mid-latitude and subtropical dry regions, mean precipitation will likely decrease, while in many mid-latitude wet regions, mean precipitation will likely increase under the RCP8.5 scenario
- By 2100, for RCP8.5, the combination of high temperature and humidity in some areas for parts of the year is expected to compromise common human activities, including growing food and working outdoors (high confidence)

- Climate change is projected to reduce renewable surface water and groundwater resources in most dry subtropical regions (robust evidence, high agreement), intensifying competition for water among sectors (limited evidence, medium agreement)
- In urban areas, climate change is projected to increase risks for people, assets, economies and ecosystems, including risks from heat stress, storms and extreme precipitation, inland and coastal flooding, landslides, air pollution, drought, water scarcity, sea level rise and storm surges (very high confidence)
- In the IEA 2DS scenario, efficiency and renewable energies will be the main contributors, with a 40% and 35% of the share, respectively. Fuel switching will contribute 5% and nuclear energy will add 6%. Furthermore, other technologies still in development e.g. Carbon Capture and Storage will account for 14% of the decrease
- Comparing 2025 and 2050 for the 2DS scenario there is a considerable decrease in the total primary demand of fossil fuels, 57%, 31% and 27% for coal, oil and natural gas, respectively
- Coal use rebounds more rapidly in the near term and stays above the previous year's projections until around 2030, but its subsequent decline is faster than projected in 2020 (and much faster than projected five years ago) as per IEA STEPS
- In the IEA STEPS, around 2050, there would be a 100% increase in the frequency of extreme heat events compared to today and these would be around 120% more intense; there would also be a 40% increase in ecological droughts that would be around 100% more intense
- As per the IEA STEPS, the global average surface temperature rise would exceed 1.5°C around 2030. Emissions in 2050 are around 32 Gt CO2: if emissions continue their trend after 2050, and if there are similar changes in non-energy-related GHG emissions, the rise in temperature in 2100 would be around 2.6°C
- In the STEPS, oil demand in developing economies is 12 million barrels per day (mb/d) higher in 2030 than in 2020 (an increase of nearly 30%), gas demand by 520 bcm (a near-25% increase), and coal demand by 160 million tonnes of coal equivalent (Mtce) (a 4% rise)
- Global unabated coal use in the energy system falls by around 5% to 2030 in the STEPS
- In the STEPS, rising oil and gas demand leads to price levels that incentivise investment in new supply
- Renewables account for almost two-thirds of all new power capacity additions in emerging market and developing economies (excluding China) in the STEPS by 2030, up from about half in 2022

Source: (International Energy Agency, 2022), (International Energy Agency, 2017), (IPCC, 2014)

RESILIENCE OF OUR APPROACH

At Arvind, we have consistently focussed and invested in strengthening our resilience to future risks. Our investments in sustainable technologies go back a long way. In 1997 we recognised the importance of water and installed our first Zero Liquid Discharge plant which was then the largest in Asia.

Understanding the potential physical and transition changes provides us a way to safeguard and strengthen our business from future risks and is important to us.

To summarise, the uncertainties in the future climate states are related to water scarcity, increase in ecological droughts, changes in precipitation pattern, increase in frequency of extreme weather events, phasing out of fossil fuels etc.

The initiatives we are taking as part of our approach of being 'Fundamentally Right' are aligned with the uncertainties faced in future climate states. For example, to tackle water scarcity we are reducing our dependence on freshwater and recycling our water; to reduce our dependence on coal and decreasing emissions we are increasing the use of biomass; and to reduce the agricultural GHG emissions we are promoting sustainable farming practices. We have also defined climate-related metrics and have set targets for each metric. These metrics are tracked continually to ensure that we are on the right path to climate change management. Thus, we believe that our approach is resilient to various future climate states.

Our financial plans are also aligned with this approach. We are slowly and steadily investing in promoting sustainable agriculture, installing new resource efficient manufacturing machinery, increasing our renewable energy capacity, developing products with low carbon emissions etc. Additionally, we continue to scout for innovators and conduct in-house R&D to optimise and reduce our resource use.

RISK MANAGEMENT

Every adversity contains within it, seeds of advantages. While we remain watchful and prepared for risks, we try to see every challenge as an opportunity to create value. We have a robust Enterprise Risk Management (ERM) framework that enables us to mitigate risk and achieve better growth.

Each business or functional head periodically identifies and reviews the risks faced by their business or function. The identified business risks are classified as – Strategic | Operational | Regulatory as per the ERM framework. They also implement an effective system of internal controls to manage those risks. The risk identification and management is a continuous process supported by formal reviews.

As per recommendations of the TCFD, we have integrated our Climate-related Risk management into our existing ERM framework.

The key principles that we have followed while integrating climate-related risk are -

INTERCONNECTIONS

TEMPORAL ORIENTATION

PROPORTIONALITY

CONSISTENCY

In alignment with risk identification and assessment process of the ERM approach, the Corporate Sustainability department consults with the business or functional head. This participatory consultation involves identification and assessment of climate risks along with its factors like time horizon, likelihood of occurrence, and interconnectedness of climate risk with traditional business risks[1].

After the climate risk identification and assessment process, as per the ERM framework, treatment of risks is carried out. This involves identifying, assessing and implementing the mitigation measures. The last step in the risk management process is Review, Control and Communicate. It involves re-examination of all the identified risks to ensure that the current assessment remains valid. Another aspect of this process is focussing on the appraisal of the existing initiatives implemented to mitigate the risks and learn from them.

METRICS & TARGETS

In today's fast-paced and rapidly changing environment, the adage "You can't manage what you don't measure" remains true. Metrics and targets are crucial for risk management, progress tracking, impact measurement and communication of climate-related information. We have defined the following key metrics according to the identified climate risk and opportunities:

Energy – Percentage of low carbon or renewable energy consumption for business operations

GHG Emissions – Percentage reduction of greenhouse gas emissions (Scope 1 and Scope 2) compared to baseline of 2019

Water – Percentage of water use for business operations met by recycling/reuse

Chemicals – Percentage of chemicals compliant as per ZDHC MRSL[2]

Cotton – Percentage of sustainable cotton[3] sourced for business operations

We have committed ourselves to various targets for the key metrics and are constantly monitoring and reviewing performance against these targets. Our performance for FY 2021-22 is shown below:

Category	Target	Performance
Energy	40% low carbon or renewable energy consumption for business operations by 2025	20%
GHG Emissions[4]	40% reduction of greenhouse gas emissions by 2025 compared to baseline of 2015	24%
Water	85% of water use for business operations is met by recycling / reuse.	77%
Chemicals	100% of chemicals are compliant as per ZDHC MRSL by 2025.	78.2%
Cotton	50% of sustainable cotton is sourced for business operations by 2025	40%

Note: For details about our Scope 1, Scope 2 and Scope 3 GHG emissions, please refer to the Energy section of this report.

[1]The interconnectedness between physical & transitional climate risk and traditional business risk is described in table at Page 17 of this report.

[2]Compliance with Zero Discharge of Hazardous Chemicals (ZDHC) MRSL means that banned chemicals are not used intentionally in the production processes.

[3]Sustainable cotton means cotton grown using agricultural practices which lead to lower greenhouse gas emissions as compared to conventional cotton cultivation.

[4]The GHG emission target will be revised as we have committed to Science Based Target (SBTI) in the reporting period.

REPORTING SCOPE

Arvind's sustainability reports are a testimony to the commitment of our sustainable development focus. We voluntarily communicate our performance and impact in Environmental, Social, Governance (ESG) and other material issues with transparency. It is one of our ways to be accountable to our stakeholders (investors, employees, market regulators, suppliers, government, civil society, customers, etc.)

This is our fourth sustainability report. It extends our core Fundamentally Right philosophy to how innovation in our six key inputs is driving sustainability; and in turn, sustainability is further shaping our innovations.

We have adopted the reporting parameters suggested by the Global Reporting Initiative (GRI) and thus, **this report is in accordance with GRI Standards guidelines.** The GRI content index table at the end of this report shows the definition of each reported disclosure element as well as its location within the report.

The performance disclosures contained in this report pertain to the period between April 01, 2019 and March 31, 2022. We are resolute in reporting our triple bottom line performance on a consistent basis.

REPORTING BOUNDARY

The performance data, approach and initiatives covered in the report are limited to manufacturing operations at Naroda (Denim), Santej (Wovens), garmenting units at Bommasandra, Electronic City, Yeshwantpur and Mysore Road (Garments) and Others (spinning at Arvind Cotspin Kolhapur, voiles at Ankur Textiles and Arvind Intex).

The community section of the report describes the corporate social responsibility (CSR) activities carried by the Strategic Help Alliance for Relief to Distressed Areas (SHARDA) Trust and Narottam Lalbhai Rural Development Fund (NLRDF) under the aegis of Arvind Foundation.

Financial reporting pertains to Arvinds consolidated operations whereas the non-financial reporting accounts for 95% of the consolidated turnover.

- No other entities, such as subsidiaries, associates, joint ventures, vendors, etc., are within the reporting boundary, unless specified.
- This report as well as earlier ones are available at our website https://www.arvind.com/sustainability
- Your valuable feedback will help us measure the effectiveness of our sustainability communication and make future reports more engaging and informative. Please share your response to: sustainability@arvind.in

ACRONYMS

AF	Arvind Foundation
AICC	Arvind Internal Complaints Committee
AMD	Advanced Material Division
ARTI	Arvind Rural Transformation Initiative
ASSL	Arvind Smart Spaces Limited
B2B	Business to Business
BC	Better Cotton
BOD	Biochemical Oxygen Demand
BRSR	Business Responsibility and Sustainability Reporting
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CGF	Collective Good Foundation
CII	Confederation of Indian Industry
CLAP	Continued Learning Access Program
CMD	Chairman & Managing Director
CMP	Chemical Management Policy
COA	Certificate of Analysis
COC	Code of Conduct
COD	Chemical Oxygen Demand
COP	Conference of Parties
CSA	Corporate Sustainability Assessment
CSR	Corporate Social Responsibility
EBITDA	Earnings before Interest Tax Depreciation and Amortisation
EHS	Environment, Health and Safety
EIM	Environmental Impact Measuring
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ETP	Effluent Treatment Plant
E.G.	Example
FLMs	Front Line Managers
FEM	Factory Environmental Module
FSLM	Facility Social & Labour Module
FPO	Farmer Producer Organisation
FICCI	Federation of Indian Chambers of Commerce and Industry
FY	Financial Year
FTIR	Fourier Transform Infra-Red
GHG	Greenhouse Gas
GM	Genetically Modified / Genetic Modification
GOTS	Global Organic Textile Standards
GRI	Global Reporting Initiative
GRS	Global Recycling Standard
Ha	Hectares
HP	Hewlett-Packard
HPLC	High Performance Liquid Chromatography
Hx	Half Year (6 months period for financial year)
IR	Industrial Relations
INR	Indian Rupees
IEA	International Energy Agency
IT	Information Technology
KPI	Key Performance Indicator
$kgCO_2e$	kilogram carbon dioxide equivalent
kWh	kilo Watt hour
LDII	Lalbhai Dalpatbhai Institute of Indology
LLP	Limited Liability Partnership
LTIFR	Lost Time Injury Frequency Rate
MRSL	Manufacturing Restricted Substances List
MW	Mega Watt
MWh	Mega Watt hour
NDCs	Nationally Determined Contributions
NLRDF	Narottam Lalbhai Rural Development Fund
PAT	Profit after Tax
PCA	Para-Chloroaniline
PIL	Product Information Log
PPE	Personal Protective Equipment
POSH	Prevention of Sexual Harassment
PRAs	Participatory Rural Appraisal
Qx	Quarter (3 months period for financial year)
®	Registered
RE	Renewable Energy
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
RCP	Representative Concentration Pathway
R&D	Research and Development
RSL	Restricted Substances List
SA	Sustainability Assessment
SBT	Science Based Targets
SCM	Standard Cubic Meter
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SEWA Bank	The Shri Mahila SEWA (Self-Employed Women's Association) Sahakari Bank

SLCP	Social & Labor Convergence Program
SOP	Standard Operating Procedures
SMV	Standard Minute Value
S&P	Standard and Poor's
SAC	Sustainable Apparel Coalition
SHARDA	Strategic Help Alliance for Relief to Distressed Areas Trust
STP	Sewage Treatment Plant
TDS	Technical Data Sheets
TCFD	Task Force on Climate-Related Financial Disclosures
TJ	Tera Joule
TERI	The Energy and Resources Institute
TCO_2e	Tons carbon dioxide equivalent
TM	Trade Mark
USD	United States Dollars
USDA	United States Department of Agriculture
VOC	Volatile Organic Compounds
WFH	Work from Home
WRAP	Worldwide Responsible Accredited Production
WRI	Water Resource Institute
YOY	Year on Year
ZDHC	Zero Discharge of Hazardous Chemicals
ZLD	Zero Liquid Discharge

GRI CONTENT INDEX

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

GRI Standard	Disclosure	Response and Disclosure Tracing in Sustainability Report (page no.)
GENERAL DISCLOSURES		
102-1	Name of the organization	05
102-2	Activities, brands, products, and services	05-10
102-3	Location of headquarters	Back Cover
102-4	Location of operations	112
102-5	Ownership and legal form	05
102-6	Markets served	09-10
102-7	Scale of organization	07-10, 44
102-8	Information on employees and other workers	52
102-9	Supply chain	32-40, 67, 92-101
102-10	Significant changes to the organization and its supply chain	None
102-11	Precautionary Principle or approach	03-04, 16-18, 22-28, 94-100, 103-105
102-12	External initiatives	04, 75-76
102-13	Membership of associations	18
102-14	Statement from senior decision-maker	03-04
102-15	Key impacts, risks, and opportunities	16-18, 106-111
102-16	Values, principles, standards, and norms of behavior	15-16
102-17	Mechanism for advice and concerns about ethics	15-16
102-18	Governance structure	11-15
102-19	Delegating authority	11-15
102-20	Executive-level responsibility for economic, environmental, and social topics	11-15
102-21	Consulting stakeholders on economic, environmental, and social topics	19, 71-72
102-22	Composition of the highest governance body and its committees	11-15, 47
102-23	Chair of the highest governance body	14-15
102-24	Nominating and selecting the highest governance body	11-15
102-25	Conflicts of interest	12-13, 15
102-26	Role of highest governance body in setting purpose, values, and strategies	11-15
102-27	Collective knowledge of highest governance body	12-13
102-28	Evaluating the highest governance body's performance	13, 14-15
102-29	Identifying and managing economic, environmental, and social topics	106-111
102-30	Effectiveness of risk management process	106-111
102-31	Review of economic, environmental, and social topics	106-111, 14-15
102-32	Highest government body's role in sustainability reporting	15
102-33	Communicating critical concerns	11-15
102-34	Nature and total number of critical concerns	16
102-35	Remuneration policies	13, 49
102-36	Process for determining remuneration	13, 14
102-37	Stakeholders' involvement in remuneration	Not reported
102-38	Annual total compensation ratio	Not reported
102-39	Percentage increase in annual total compensation ratio	Not reported
102-40	List of stakeholder groups	20-21
102-41	Collective bargaining agreements	51-52
102-42	Identifying and selecting stakeholders	19-21

GRI Standard	Disclosure	Response and Disclosure Tracing in Sustainability Report (page no.)
102-43	Approach to stakeholder engagement	19, 71-72
102-44	Key topics and concerns raised	19-28
102-45	Entities included in the consolidated financial statements	112
102-46	Defining report content and topic Boundaries	112, 19-20
102-47	List of material topics	21
102-48	Restatements of information	None
102-49	Changes in reporting	09
102-50	Reporting period	112
102-51	Date of most recent report	April 2021
102-52	Reporting cycle	Yet to be standardised
102-53	Contact point for questions regarding the report	112
102-54	Claims of reporting in accordance with the GRI standards	112
102-55	GRI content index	113
102-56	External assurance	119
103-1	Explanation of the material topic and its Boundary	19-28
103-2	The management approach and its components	03-04, 06-08, 11-16, 111, 112
103-3	Evaluation of the management approach	19-28, 106-111

ECONOMIC PERFORMANCE

201-1	Direct economic value generated and distributed	67
201-2	Financial implications and other risks and opportunities due to climate change	108
201-3	Defined benefit plan obligations and other retirement plans	Not reported
201-4	Financial assistance received from the government	Not reported
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	52, 51, 29-30
202-2	Proportion of senior management hired from the local community	46-47
203-1	Infrastructure investments and services supported	61, 62
203-2	Significant indirect economic impacts	29-30
204-1	Proportion of spending on local suppliers	Not reported
205-1	Operations assessed for risk related to corruption	16
205-2	Communication and training about anti-corruption policies and procedures	Not Reported
205-3	Confirmed incidents of corruption and actions taken	16
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	18
207-1	Approach to tax	14-15
207-2	Tax governance, control, and risk management	14-15
207-3	Stakeholder engagement and management of concerns related to tax	14-15, 18, 19-21
207-4	Country-by-country reporting	Not reported

ENVIRONMENTAL PERFORMANCE

301-1	Materials used by weight or volume	33, 77, 79, 82, 87
301-2	Recycled input materials used	Not reported
301-3	Reclaimed products and their packaging material	Not reported
302-1	Energy consumption within the organization	77-79
302-2	Energy consumption outside of the organization	80
302-3	Energy intensity	83
302-4	Reduction of energy consumption	81

GRI Standard	Disclosure	Response and Disclosure Tracing in Sustainability Report (page no.)
302-5	Reductions in energy requirements of products and services	81, 83
303-1	Interactions with water as a shared resource	85-86
303-2	Management of water discharge-related impacts	87-88
303-3	Water withdrawal	86-87 Ground Water = 1,656,615 m^3 3rd Party Water (Other Water) = 3,245,384 m^3 Total Water Withdrawal (TWW) = 4,901,999 m^3 Total Water Discharge (TWD)=2,371,659 m^3 Total Water Consumption (TWW-TWD) = 2,530,340 m^3
303-4	Water discharge	88 Total Water Discharged (TWD) = 2,371,659 m^3
303-5	Water consumption	87, 90 Total Water Consumption (TWW - TWD) = 2,530,340 m^3
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Reported
304-2	Significant impacts of activities, products, and services on biodiversity	Not Reported
304-3	Habitats protected or restored	Not Reported
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Reported
305-1	Direct (Scope 1) GHG Emissions	78
305-2	Energy indirect (Scope 2) GHG emissions	79
305-3	Other indirect (Scope 3) GHG emissions	80
305-4	GHG emissions intensity	83
305-5	Reduction of GHG emissions	76, 77, 78, 82, 83
305-6	Emissions of ozone-depleting substances (ODS)	Not reported
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Not reported
306-1	Waste-generation and significant waste-related impacts	103
306-2	Management of significant waste-related impacts	103-104
306-3	Waste generated	104-105 There were additional hazadous waste types like chemical cartons & bag (454.12 ton), packaging material (435.95 tons) and Textile residue (64.91 tons) for Wovens.
306-4	Waste diverted from disposal	Not reported
306-5	Waste directed to disposal	104-105
307-1	Non-compliance with environmental laws and regulations	None
308-1	New suppliers that were screened using environmental criteria	Not reported
308-2	Negative environmental impacts in the supply chain and actions taken	Not reported

GRI Standard	Disclosure	Response and Disclosure Tracing in Sustainability Report (page no.)
SOCIAL PERFORMANCE		
401-1	New employee hires and employee turnover	Not reported
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not reported
401-3	Parental leave	Not reported
402-1	Minimum notice periods regarding operational changes	Not reported
403-1	Occupational health and safety management system	50
403-2	Hazard identification, risk assessment, and incident investigation	50
403-3	Occupational health services	50
403-4	Worker participation, consultation, and communication on occupational health and safety	50, Yes, safety committees in place
403-5	Worker training on occupational health and safety	50
403-6	Promotion of worker health	50, Safety Policy and Management System in place
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50
403-8	Workers covered by an occupational health and safety management system	100% company and contractual employees
403-9	Work-related injuries	50
403-10	Work-related ill health	Not reported
404-1	Average hours of training per year per employee	48
404-2	Programs for upgrading employee skills and transition assistance programs	46, 48, 58
404-3	Percentage of employees receiving regular performance and career development reviews	Not reported
405-1	Diversity of governance bodies and employees	Not reported
405-2	Ratio of basic salary and remuneration of women to men	Not reported
406-1	Incidents of discrimination and corrective actions taken	16
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	27, 51
408-1	Operations and suppliers at significant risk for incidents of child labor	51
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	51
410-1	Security personnel trained in human rights policies or procedures	100% including 3rd party service providers
411-1	Incidents of violations involving rights of indigenous people	None
412-1	Operations that have been subject to human rights reviews or impact assessments	27, 51
412-2	Employee training on human rights policies and procedures	48, 51
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None
413-1	Operations with local community engagement, impact assessments, and development programs	53-63, 19, 20-28, 29-30
413-2	Operations with significant actual and potential negative impacts on local communities	Not reported
414-1	New suppliers that were screened using social criteria	Not reported
414-2	Negative social impacts in the supply chain and actions taken	Not reported
415-1	Political contributions	18
416-1	Assessment of health and safety impacts of product and service categories	100%, 26, 94-100
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
417-1	Requirements for product and service information and labeling	23, 24, 35-38, 40, 93
417-2	Incidents of non-compliance concerning product and service information and labeling	None
417-3	Incidents of non-compliance concerning marketing communications	None
418-1	Substantiated complains concerning breaches of customer privacy and losses of customer data	None
419-1	Non-compliance with laws and regulations in the social and economic area	None

ASSURANCE STATEMENT

Independent Limited Assurance Statement

Arvind Limited on Sustainability Report 2022

To the Management of Arvind Limited, India

Introduction

Intertek India Private Limited ("Intertek") was engaged by Arvind Limited ("Arvind") to provide an independent limited assurance on its Sustainability Report for 2022 ('the Report'). The Report is prepared by Arvind based on Global Reporting Initiative (GRI) Standards 'in-accordance – core' option for sustainability reporting. This assurance is based on the AA1000AS v3 with Type 1 moderate-level assurance.

Intended Users

The intended users of this assurance statement are the management and stakeholders of Arvind. Our responsibility in performing this task was limited to the verification of the selected environmental and social disclosures as provided in the Report, in accordance with the agreed scope of work. This assurance engagement is based on the assumption that the data and information provided to us is authentic and complete. Our assurance task was planned and carried out during Dec 2022 and Jan 2023.

Responsibilities of Arvind and Assurance Provider

The management of Arvind is solely responsible for development of the Report and its presentation. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether intentional or otherwise.

Intertek's responsibility, as agreed with the management of Arvind, is to provide assurance and express an opinion on the Assurance Statement based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within the GHG inventory based on the AA1000AS v3 assurance process.

Assurance Scope

The Assurance has been provided for selected sustainability performance disclosures presented by Arvind in the Report. The reporting boundary included data and information for the period 1st April 2021 to 31st March 2022 for the operations at:

- Naroda
- Santej
- Ankur
- Kolhapur
- Mysore
- Bommasandra
- Ecity
- Intex
- Yeshwanthpur
- Matoda

Our scope of assurance included verification of data and information on selected disclosures reported as summarized in the table below:

Sustainability Disclosures

- General Disclosure 2016: 102-8
- Energy 2016: 302-1, 302-2
- Water and Effluents 2018: 303-3, 303-4, 303-5
- Emissions 2016: 305-1, 305-2, 305-3
- Waste 2020: 306-3, 306-4, 306-5
- Occupational Health and Safety 2018: 403-5, 403-9
- Training and Education 2016: 404-1

Assurance Criteria

Intertek undertook the assurance in accordance with AA1000AS v3 Type 1 moderate-level assurance, covering:

- Evaluation of adherence to the AA1000APS (2018) Principles of inclusivity, materiality, responsiveness and impact (the principles).
- The reliability of specified environmental performance information (greenhouse gas emissions)- Intertek used WRI's GHG Protocol Corporate Accounting and Reporting Standard, v3.51 (2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, v5.89 (2011) to evaluate Arvind's performance information and adherence to the principles.

Methodology

Intertek performed assurance work using risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a type 1 moderate level of assurance. The assurance was conducted by desk review with regard to the reporting and supporting records for the FY2021-22. Data and information supporting the Statement were historical in nature and proven by evidence. Our assurance task was planned and carried out during Dec 2022-Jan 2023. The assessment included the following:

- The Report that it was prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative.
- Review of processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data and other information made available digitally.
- Conducted virtual interviews with managers responsible for data management.
- Assessment of appropriateness of various assumptions, estimations, emission factors and thresholds used by Arvind for data analysis.
- Review of sustainability disclosures on sample basis for the duration from 1st April 2021 to 31st March 2022 was carried out remotely through virtual interactions and screen sharing tools.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed.

Limitations

The verification was based on the procedures, documents, records and data provided by client, and not verified physically at the site due to virtual nature of the assessment. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as part of this assurance engagement. This statement relates specifically to the information disclosed in the Report for FY2021-22 and may not be interpreted as validating environmental data reporting in other sources.

ASSURANCE STATEMENT

Adherence to AA1000AS Principles

Based on the work conducted, nothing has come to our attention demonstrating that Arvind did not adhere to the Accountability Principles, as mentioned below.

- **Inclusivity:** Arvind prioritized stakeholder groups including the group management, investors, employees, suppliers, customers, distributors, local communities, media and government agencies. Arvind has a diverse set of stakeholders, who champion divergent interests. Hence, in order to manage and maintain stakeholders a 'Stakeholder Relationship Committee' has been formed which has three Members comprising of one Non-Executive Director and two Executive Directors. Comprehensive stakeholder dialogues are performed once every three years, or otherwise per group management's request.
- **Materiality:** Arvind carries out its materiality analysis and prioritizes sustainability issues through dialogue with its stakeholders. Most important issues identified through stakeholder dialogue were Energy Management, Sustainable Sourcing, Water Management, GHG Emissions, Supply Chain Engagement, Chemical Management, Safety Management, Labour Relation & Union Practice, Code of Conducts etc. For all aforesaid issues, Arvind has data collection, progress monitoring, and in some cases relevant targets as well.
- **Responsiveness:** Arvind has formed various working groups and committees for monitoring and reporting tasks that have been further developed and spread throughout key functions such as logistics, supply chain, product development, and human resource. To reduce its environmental impact, Arvind has been investing in ways to improve energy efficiency and use of low-emission materials and overall activities.
- **Impact:** Arvind performs an internal review on a quarterly basis of its progress in the key focus areas. The yearly results are communicated to the stakeholders in Arvind Annual Reports, containing a sustainability section along with reporting of progression towards key targets.

Conclusions

Based on the boundaries of the assurance and the methods used, Intertek comes to the following conclusions:

- Arvind has calculated and reported its FY2021-22 sustainability disclosures in the Report in line with the identified material topics and is in accordance with the sustainability reporting standards of the GRI Standards to the best of our knowledge.
- Arvind has implemented processes and procedures that follow the guidelines of GHG Protocol and the AA1000 Accountability Principles Standard.
- Based on the completed review, nothing has come to our attention that gave us any reason to deem that Arvind's Report did not meet the current standard's requirements and criteria.

All relevant data and information sources within the chosen system boundary were accounted for. Where estimates were deemed necessary to calculate the values, Arvind provided satisfactory comments on the mode of estimation. The emission factors, units and calculation formulas were found correct. The information was collected and presented in a consistent manner. Further, a few corrections in the data have been carried out by Arvind based on findings, provided in the observation sheets by the verification team. However, these findings lie within the recommended materiality threshold of 10%.

Recommendations

Without affecting our assurance opinion, we would also provide the following recommendations:

- Arvind should develop a consolidated dashboard which may include all the material sustainability disclosures for the sake of enhanced transparency and completeness.
- Arvind has made efforts to establish a more streamlined monitoring & reporting system and improved structuring of the data. However, the monthly reporting needs to be strengthened further by collecting backup documents from each individual sites on monthly or quarterly basis.
- Arvind should make efforts to use the most recent emission factor database for the calculation of its Scope 1, 2 and 3 emissions.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 44,000 people. The Intertek assurance team included Certified Sustainability Assurance Professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek India Pvt. Ltd.

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SANDEEP VIG
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Date: 2023.02.13 16:26:20 +05'30'

Lead Verifier	First Reviewer	Final Reviewer
Name: Gayathri Ramanna	Name: Shilpa Naryal	Name: Sandeep Vig
Date: 07.02.2023	Date 10.02.2023	Date 13.02.2023

No member of the verification team (stated above) has a business relationship with Arvind Limited, its Directors or Managers beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

Fashioning Possibilities

Scan the QR code to download the report

www.arvind.com

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For feedback related to the report or any queries, please contact us at: **sustainability@arvind.in**

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