

ABG-Textile Business Supplier Code:

Guidance for achieving responsible business standards

ABG's reputation and success in the marketplace is built on responsible behavior and good corporate citizenship. These values underpin the way we do business and we aim to partner organizations which hold similar ethos. One of the ways in which we aim to deliver sustainability and responsible behavior in our own business is to ensure that high environmental and social standards are upheld by the companies and organizations within our supply chain.

We want to help our suppliers in meeting the expectations set out in ABG-Textile Business Supplier Code. The Code is based on international standards or, in the absence of such standards, accepted good practice.

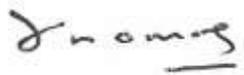
It is divided into four sections:

1. Labor practices
2. Environmental management
3. Responsible sourcing of materials and products
4. Business conduct

We also expect all suppliers to meet the obligations of relevant national laws. If local legal requirements is higher than the standards set out in the ABG-Textile Code, suppliers must meet the local standards. This means that suppliers should meet the higher of the two requirements.

Please take the time to read and understand the Code and its requirements. If your organization does not immediately meet the standards as set out, ABG-Textile business unit will work with you to ensure that these are achieved within an agreed timeframe.

ABG-Textile business is proud to be a responsible business. This Code is our commitment to building and maintaining a fair and sustainable business for the future.



Thomas Varghese
Business Head
ABG-Textile Business

Contents

Guidance for achieving responsible business standards	1
Vision	3
Intent and Definition	4
Scope	5
Section	
1 - Labor practices	5
2 - Environmental management	11
3 - Responsible sourcing of material and products	13
4 - Business conduct	13
Guidance for Sustainable Supply Chain	16
Documentation and review policy	16
Acknowledgement	17

Values and Vision

ABG has always been values-driven. The core value of ABG are: Integrity, Commitment, Passion, Seamlessness, Speed.



The ABG Code of Conduct serves as the ethical roadmap and provides guideline by which the group conducts its businesses.

The ABG corporate philosophy is deeply rooted in the principles of sustainability which implies a commitment to environmental stewardship while adding economic value, promoting human rights and building social capital.

The Guidance to Suppliers for Sustainable Supply Chain envisions a sustainable business model, within the ethical road map and guidelines given in the ABG – Textile Supplier Code, through united, responsible and understanding efforts with our valued business partners.

ABG Sustainability Vision

The Aditya Birla Group endeavors to become the leading Indian conglomerate for sustainable business practices across its global operations.

ABG – Textile Business Sustainability Vision

The Textile Business endeavors to become the Industry Benchmark by 2020 in sustainability Process & Performance, through qualitative engagement with all Stakeholders.

Intent

The Supply Chain Partner of ABG-Textile are valued business associates of the company. The Company strives to achieve success for all stakeholders by an Enterprise Wide Risk Management initiative to ensure smooth operations. The document intends to establish sustainability expectation in the supply chain. The document highlights the means of achieving a perfect balance in business economics with environmental and social responsibility in transparent ethical manner, in the value chain. This shall help minimize business continuity risks; regulatory, reputational, market business acceptance and consumer requirement risks for all stakeholders in the business.

The Guidance for Sustainable Supply Chain outline the safeguards to be adopted in labor engagement, occupation safety and health, environment and ethical conduct by our partner as a united effort towards lowering risks.

The document further elucidates the process for continual improvement through documentation, evaluation and monitoring which shall ensure a sustainable effort in risk management.

Definition

1. Supplier

A supplier, in a supply chain is an enterprise that contributes goods or service in a supply chain.

2. Supply Chain

A supply chain is a system of organizations, people, technology, activities, information and resources involved in moving a product or service from supplier to customer.

Scope

1. Supplier Relationship

The provision of this Code of Conduct set forth the expectations of all suppliers with whom the ABG-Textile does business. Supplier must ensure that this Code of Conduct is communicated to the employees and subcontractors of all suppliers, and that is done in the local language and in a manner this is understood by all.

2. Promoting the Principle

ABG-Textile expects that its suppliers will establish and maintain appropriate management systems whose scope is related to the content of this Code of Conduct, and that they actively review, monitor and modify their management processes and business operations to ensure they align with the principles set forth in this Code of Conduct.

3. Subcontracting

ABG-Textile expects that its suppliers encourage and work with their own suppliers and subcontractors to ensure that they also strive to meet the principles of this Code of Conduct or equivalent set of principles.

Section 1 – Labor practices

1.1 Child Labor

Standard:

- Suppliers must not use child labor, directly or indirectly, in their business.
- Suppliers must not recruit child labor and should develop policies and programs that support any child found working in their business to make the transition to attend quality education until they reach legal working age.
- Young workers must not be employed at night or in hazardous conditions.

Guidance:

- Suppliers must have systems in place to validate the age of employees at recruitment; they should keep copies of age records in the workplace for all employees and contract workers, and there must be no new recruitment of child labor.
- Policies and programs to deal with any existing child labor should include financial support to ensure the child's welfare during the transition period, and a robust monitoring system to ensure this is implemented.
- ABG-Textile support suppliers who are committed to improving wages for adult employees; this should help them earn sufficient money to support themselves and their families leading to a reduction in the need for child labor.

Definitions:

- A 'child' is defined as anyone below 15 years of age, unless the legal minimum age for employment or leaving age for compulsory education is higher. In line with the International Labor Organization's (ILO) Minimum Age Convention, in the countries with insufficiently developed education systems where the minimum age is set at 14, we may consider allowing employees of that age for non-hazardous work. These would be reviewed on a case by case basis.
- A 'young worker' is defined as anyone above the age at which they are considered a child (based on the above definition) but below the age of 18.
- 'Hazardous' work is any task that may negatively impact on the health and safety of a young person or that may harm their physical, mental or social development.
- 'Night work' is defined as any time after 22.00 hours

Relevant International Labor Organization Conventions: 138, 182, 090

1.2 Freely Chosen employment

Standard:

- Suppliers must not use slavery, forced or bonded labor or involuntary prison labor in their business.
- Suppliers must not directly or indirectly engage in or support human trafficking, by recruiting, transferring, harboring or receiving worker using threat, force or deception.
- Suppliers must have a system in place to check that employees have a legal right to work.

Guidance:

- In some instances suppliers may outsource work to prison. ABG-Textile accepts that work can be important part of the rehabilitation process for prisoner: however, any work should be on a voluntary basis only, and should first be communicated to ABG-Textile business.
- Suppliers should not require employees to lodge financial deposits or any form identity papers with them.
- Employees, contractors and visitors should be free to come and go from the site and accommodation unrestricted, within reason, unless this will compromise their own safety, site security, or the safety of other people on site.
- Employees should be able to leave supplier after a reasonable notice period and should be paid promptly for the work they have done and benefits they have accrued.
- Overtime should be on a voluntary basis.

Definitions:

Bonded labor means any form of labor that is demanded as a means of repayment for a loan, debt or bond.

Relevant International Labor Organization Conventions: 029, 105

1.3 Freedom of association

Standard:

Suppliers should respect the right of employees to associate freely, to join or form labor unions if they so wish.

Guidance:

- Suppliers should adopt an open attitude towards labor unions and their organizational activities.
- Suppliers should not discriminate against elected representatives and allow them reasonable time to access employees and carry out their representative functions.
- If labor unions are restricted under local law then suppliers should support a parallel means of worker representation that facilitates open and constructive dialogue between employees and management.
- Relevant International Labor Organization Conventions: 087, 098

1.4 Occupational Health and Safety

Standard:

- Suppliers must provide a safe and healthy environment for all employees, contractor and visitors on the site. This should include all work spaces, any transport to or from the supplier's site if provided by the supplier, and any accommodation and other amenities provided by the supplier.
- Suppliers must carry out a health and safety risk assessment for all buildings and activities under their control.
- Suppliers must ensure emergency preparedness provisioning for occupational injury and illness.
- Supplier must ensure preventive and protective measures to prevent accident, illness and injury.

Guidance:

- Suppliers must comply with all occupation health and safety, building and environment regulations.
- Suppliers should assign responsibility for health and safety to a senior management representative onsite.
- Suppliers should have a process in place to identify any hazards and to then actively manage-and where possible remove- those hazards in a way that is proportionate to the risk they present. Suppliers must provide any necessary personal protective equipment, and ensure that employees understand why it is being provided and how it should be used.
- Suppliers should have an emergency response plan to deal with emergencies and accidents covering all areas of the site, including employee accommodation if provided.

- Suppliers should communicate emergency and evacuation procedure to all individuals on the site, in a language that they understand.
- Suppliers should carry out regular health and safety training for all employees.
- Suppliers must provide access to clean toilet facilities, and provide safe drinking water.
- If accommodation is provided, suppliers should ensure that it is clean, meets the basic needs of employees, and it must be safe
- Suppliers must have system to record, investigate and respond to health and safety incidents.
- Any health and safety concerns raised by the supplier's employees must be thoroughly investigated and, if valid, appropriate and timely action should be taken.
- Worker exposure to physically demanding tasks is to be identified, evaluated and controlled
- Supplier should follow OHSAS-18001 Certification standard or equivalent.

1.5 Fire prevention and fire fighting

Standard:

- Suppliers must protect the safety of their employees, contractors and visitors while on their premises, including dormitory areas where provided, and must ensure all necessary precautions are taken to minimize the risk of fire.
- Every practical provision must also be made to reduce the impact of any fire, and emergency procedures must be communicated and understood by all who come on site.

Guidance:

- Suppliers must carry out a regular fire risk assessment for all buildings and activities under their control and act on its findings. Below are some fire prevention measures. It is not an exhaustive list and should not be taken as such.
- The supplier's premises should have a valid Fire Certificate in place, issues by the appropriate local authority.
- Electrical wiring and circuit boxes must be maintained in a good and safe condition.
- Emergency exits and access routes must be kept clear and unblocked all the times.
- Every floor should have more than one exit route, as far apart from each other as possible. Emergency exits must be clearly marked with illuminated signs in a language which is understood by everyone on site. Exit doors must be unlocked from the inside at all the time, open outwards, in the direction of the evacuation and easy to operate.

- Evacuation routes should be clearly marked on the floor and posted in each work area. These routes should lead to a safe assembly (muster) point. The Assembly points should be a safe distance from buildings and roadways and should be clearly marked.
- Suppliers must conduct regular fire drills, at least once per year or as mandated by local law, whichever is more frequent. These should be documented.
- Fire and smoke alarms must be provided and audible in every part of the building. They should be tested regularly, at least once every 3 months, to ensure the functionality of the system.
- Suppliers should have functional, sufficient and accessible firefighting equipment, which should be inspected at least annually.
- Provision should be made for the free access of fire brigade vehicles and other firefighting equipment throughout the site.
- Induction/on-board training should extend to all employees and should include Health and Safety training and basic fire safety training. This training should be refreshed and delivered to all employees at least annually. Approximately trained employees with evacuation responsibilities should be located in each department and on each floor.
- Hazardous and flammable materials should be securely stored in an appropriate location, away from all possible sources of ignition.
- Child care facilities, if provided, should be on the ground floor of a non-production building.
- Emergency lighting along the exit routes should be provided on each floor/department and should be inspected every six months to ensure functionality.

1.6 Non-discrimination

Standard:

Suppliers should operate a respectful working environment and should not discriminate in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national or ethnic origin, religion, age, disability, gender, marital status, sexual orientation, gender reassignment, union membership, personal circumstance, or political affiliation.

Guidance:

- Suppliers should treat employees, in all circumstances, on the ability to perform their jobs, and not on the basis of personal characteristics or beliefs of any kind. Suppliers should not carry out non-consensual medical checks, unless requires to ensure the individual's safety or the safety of other employees.

Relevant International Labor Organization Conventions: 111, 100

1.7 Fair treatment

Standard:

Suppliers must not engage in or support the use of corporal punishment, mental, physical, sexual or verbal abuse or the threat of such abuse, or any form of harassment or intimidation.

Guidance:

- Suppliers should have a grievance policy and reporting mechanism that is clearly communicated and understood by all employees.
- Suppliers should establish a fair disciplinary procedure and all disciplinary measures taken should be documented and auditable.

1.8 Wages and benefits

Standard:

Suppliers must pay employees all wages and benefits at least in accordance with the local laws, including any minimum wage and mandated overtime pay premium.

Guidance:

- Where there is no local or national minimum wage, suppliers should pay the industry benchmark which should be at least enough to meet basic needs and to provide some discretionary income.
- Employees should be paid on a known, regular basis- at least monthly- and in full for the work carried out and any benefits due.
- Before starting employment, the suppliers should provide all employees with written and/or clearly understandable information about their employment conditions, including wages and agreed deductions.
- Suppliers should provide written and/or clearly understandable information to employees each time they are paid. This should detail the hours worked (including any overtime), rates of pay, benefit, any deductions made, and the net pay due. Deductions from wages are only allowed where it is legally permitted to do so and with the direct permission of the worker concerned. Any deduction should be fair and reasonable.
- Deductions from wages as a disciplinary measure are not be permitted.

Definitions:

- 'Fair and reasonable' means that the deduction is proportionate to the goods or services being provided. It must not compromise the employee's ability to ensure a decent living income for themselves and their family, or bring their total remuneration below the minimum wage level.

Relevant International Labor Organization Conventions: 095

1.9 Working hours.

Standard:

Working hours should not be excessive and should be defined by contract. Working hours must comply with the local and national laws, collective agreements, and be no more than 48 hours per week (excluding overtime), whichever affords employees greater protection. Employees should be provided with at least one day off in every seven day period, unless local laws stipulate otherwise, in which case the supplier must meet the higher requirement. In addition, employees should be granted special leave, e.g. sick leave, careers and maternity leave, according to local law.

Guidance:

- We recognize that from time to time employees may be asked if they are available for overtime in order to meet peak periods of demand. Such overtime should ensure that the total hours work by any individual in any seven day period does not exceed 60 hours, and that employees have at least one day of rest in every seven days worked.
- All overtime should be voluntary and should be paid.
- Suppliers should accurately record hours worked.

Relevant International Labor Organization Conventions: 001

Section 2 – Environmental management

2.1 compliance with applicable environmental legislation

Standards:

Suppliers must comply with all applicable environmental legislation.

Guidance:

Suppliers should maintain all necessary registrations, including any relevant discharge and waste permits etc. as required by environmental legislation.

2.2 managing environmental performance to minimize negative impacts

Standard:

Suppliers should have an environmental management system in place (ISO-14001 and equivalent), with defined management responsibilities and environmental management controls.

Guidance:

- Suppliers should assign responsibility for the environmental performance of the site to a senior manager.
- Suppliers should identify, measure, monitor and seek to minimize any negative environmental aspects of their operations.
- Suppliers should provide information and training for employees on environmental, health issues and hazards.
- Suppliers should have written procedures in place for responding to accidents and emergencies and for preventing and mitigating any resulting environmental impacts.

2.3 compliance with the ABG-Textile policy on Restricted Substances

Standard:

Suppliers must meet the requirements of the current ABG-Textile Restricted Substances list at the time of supply.

2.4 Efficient use of resources

Standard:

Suppliers should have systems in place to optimize the use of all relevant resources, such as energy, water and materials.

Guidance:

- Suppliers should actively manage energy, water and material usage and, where practical, set targets to reduce usage.
- Suppliers should actively seek innovative solutions and offer sustainable alternatives to fossil fuel based and non-renewable materials and processes, where current commercial terms permit.
- Suppliers should strive to reduce or eliminate waste of all kinds by implementing conservation measures, production efficiencies, and re-using, recycling or substituting materials.

Section 3 – Responsible sourcing of materials and products

3.1 traceability and standards

Standard:

Suppliers should be transparent about the origins of any materials and products supplied to ABG-Textile and must cooperate with ABG-Textile to ensure responsible sourcing. They should also ensure that equivalent standards are upheld throughout their own supply chain.

Guidance:

- All stages of product manufacture must comply with both the letter and the spirit of national and international laws and regulations relating to responsible sourcing.
- Suppliers should, as far as possible, trace their products throughout the supply chain and provide evidence, on request, that the standards in this Supplier Code are being met.

3.2 Compliance with ABG-Textile policies

Standard:

Suppliers must comply with any materials-specific and product-specific policies in force at the time of supply, including the ABG-Textile policy on animal welfare.

Guidance:

All stages of product manufacture must comply with ABG-Textile responsible sourcing policies- including the ABG-Textile policy on animal welfare.

Suppliers must cooperate with any request for information from ABG-Textile, and where required, carry out due diligence.

Section 4 – Business conduct

4.1 business ethics

Standard:

- Suppliers must uphold the highest business ethics when dealing with ABG-Textile and their own suppliers.
- Suppliers must comply with both the letter and the spirit of the laws and regulations (national and international) that govern their businesses

Guidance:

- Suppliers must be honest, open and cooperative with all regulators.
- Suppliers must properly record, report and review financial and tax information.
- The process for choosing suppliers must be made transparent, and choices based on merit, free from discrimination and must respect cultural differences.
- Suppliers must ensure that all confidential or proprietary information they receive from ABG-Textile is handled with due care and proper consideration of ethical and legal ramifications and government regulations.

All conflicts of interest must be disclosed.

4.2 Anti – trust laws

Standard:

Suppliers must compete in an independent, open and fair manner and not knowingly enter into business arrangements that eliminate or discourage competition, or that provide them an improper competitive advantage.

Guidance:

- Suppliers should familiarize themselves with and adhere to all anti-trust and competition laws that apply to their areas of the business.
- Suppliers should not price fix, offer bribes or kickbacks
- They should not enter into agreements with competitors to divide the markets in which we compete by allocating territories or markets and/or limiting the production or sale of products or product lines, or condition the sale of one product on the sale of another unwanted product or service.

Definitions:

- 'Price fixing' is an agreement between participants on the same side of market (e.g. competitors) to buy or sell a product, service, or commodity only at a fixed price, or to control supply and demand to such an extent that it effectively fixes the price at a given level.
- A 'kickback' is the return of part of contract transaction price for the purpose of inducing a purchase or improperly influencing future purchases.

4.3 Anti – bribery and corruption legislation

Standard:

Suppliers must not voluntarily give or receive (either directly or through a third party) any financial payment or other advantage, with the intention to induce or reward any person to improperly perform a function or activity that he or she is otherwise expected to perform in good faith, impartially or from a position of trust.

Guidance:

- Suppliers should prohibit bribery and facilitation payments in any form whatsoever, whether to public officials or business contracts or made by other companies or on their behalf.
- Suppliers should compete on the merit of their products and services and not use the exchange of business courtesies to gain an unfair competitive advantage, nor to offer or accept gifts of substance or inducements, particularly those that encourage or reward decisions in the course of business.
- Suppliers must act honestly and with integrity to safeguard the resources for which they are responsible.

Definitions:

A facilitation payment, sometimes called a 'grease' payment, 'backhander' or 'kick-back', is a bribe designed to give you access to, or speed up receipt of, something you are entitled to anyway, e.g. payments made to speed up getting people or goods through ports/customs

4.4 responsible financial behavior

Standard:

- Supplier must be knowledgeable of, and follow, applicable financial laws and standards.
- Suppliers must apply robust financial practices and ensure transparency in financial dealings.

4.5 business licenses

Standard:

Suppliers must ensure that all local business licenses are up to date. These should be readily available in order to prove that the company is in full compliance with local business legislation.

Guidance for Sustainable Supply Chain

Suppliers are expected to develop adequate documentation to demonstrate that they share the principles and values expressed in this Guidance document. This documentation may be reviewed by ABG-Textile upon mutual agreement.

Suppliers should also apply these or similar principles to the subcontractors and suppliers they work with in providing goods and services to ABG-Textile.

ABG-Textile reserves the right to assess and monitor suppliers' compliance with this guidance. Suppliers who are not in compliance with this guidance are expected to implement corrective actions or they may not be considered for future business.

Documentation and Review Policy

ABG-Textile business expects suppliers to implement system and control to promote compliance

Acknowledgement

I Acknowledged that I have received the Guidance to Suppliers for Sustainable Supply Chain.

I have read the principle and guidelines and agree to adhere to them.

Signature:

Date:

Name:

Address:

Our Business Units
ABG -Textile Business

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