Sustainability Report

FY 2021

SHAHI

EXPORTS PVT. LTD.

Contents

ABOUT THIS REPORT

Welcome to the first sustainability report of Shahi Exports Private Limited. As India's largest apparel manufacturer and exporter of ready-made garments, we are dedicated to our sustainable development agenda. Through this report, we share the company's sustainability performance.

Our evaluation is based on our vision, mission, goals, interventions, and programs across environmental, social, and governance (ESG) aspects, with our valuable stakeholders. This report highlights and reflects on our sustainability policies, initiatives, programs, and results against the identified material topics. With robust goals, we aim to fulfill our responsibility towards our planet and the lives of our 115,000+ employees.

This report has been developed in adherence to reporting principles as per Global Reporting Initiative (GRI) Standards– Core- 2020, as well as other reporting frameworks, including the:

- ◦ United Nations Sustainable Development Goals (UN SDGs)
- ◦ National Guideline for Responsible Business Conduct (NGRBC), Government of India

The report covers all our operations under direct operational control in India for the Financial Year 2021-2022 (1st April 2021 to 31st March 2022)., henceforth referred to as FY 2021.

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WORDS FROM OUR CHAIRPERSON

Dear Stakeholder,

I am proud to present to you Shahi's first Sustainability Report. For nearly five decades, right from when my mother started the company as a small home workshop, Shahi has put people and the planet at the forefront of business strategy in various ways. Sustainability has remained a key pillar of our success over the years. In a fast-changing global environment, our "Responsible For" framework guides our actions in line with our values. Our key stakeholders, including our customers, employees, business partners, suppliers, and civil society organizations, support us in achieving our goals.

Chairperson and
Managing Director,
Shahi Exports

At a time when natural resources are fast depleting, and climate changes are intensifying, Shahi recognizes that to future-proof our business and continue providing high-quality employment to over 115,000 people— revitalizing our planet is absolutely necessary and urgent. That's why we have set ambitious goals to achieve 100% renewable electricity by 2026 and use 85% recycled water in garment washing by 2024. However, we cannot achieve our goals alone; the global industry must rise together to elevate towards sustainability. In 2021, we collaborated with one of our customers to achieve the highest standard for circularity by becoming India's first woven apparel and textiles manufacturer to create Cradle to Cradle Certified® Gold products. Our focus on innovation continues as we partner with academia, innovators, and NGOs to research and identify novel solutions to the immense challenges of this industry.

The past year remained challenging. As we recovered from the COVID-19 disruptions of 2020, India faced a destructive second wave of the pandemic in the middle of 2021. With a strained healthcare system, we knew we had to play a proactive role in supporting our employees through this unprecedented time. We set up vaccination camps in factories and offices to vaccinate nearly 100% of our workforce across the country in partnership with local health services, NGOs, and private and public hospitals. Moreover, we ensured our medical dispensaries were stocked with essential medicines and oxygen cylinders. Our Migration Support Center was open to migrants across industries for medical, residential, and vaccination support.

Despite these hurdles, we continued to support our employees' development. In fact, we surpassed our target of training 58,000 women by 2024 in Gap Inc. P.A.C.E., a soft skills training for female workers, and delivered the training to over 70,000 women in FY 2021. Our focus on creating a safe and respectful work environment remains undeterred as we continue to expand frameworks like the Social and Labor Convergence Program (SLCP) and access to digital grievance redressal mechanisms to 100% of our factories by 2024.
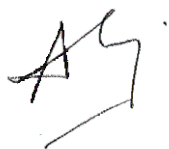
Our influence and responsibility extend beyond our factory walls, reaching out to the communities in which we operate and other vulnerable groups. We have trained 44,000 women from rural and disadvantaged backgrounds in sewing skills, and our efforts in skill development will continue to be accelerated.

In 2021, our Corporate Social Responsibility (CSR) projects focused on enhancing education, improving public health, and promoting environmental and community management. We aim to reach thousands of women with menstrual, sexual and reproductive, and maternal health awareness and services. Similarly, our efforts in expanding green cover, migration support, and STEM education continue in full swing.

I hope you enjoy reading this report containing case studies, data, and insights about our sustainability efforts. With all humility, while we have made much progress, we have higher ambitions for the future. We call on all our stakeholders to join hands with us to create a thriving and sustainable industry for the future.

Harish Ahuja

ABOUT SHAHI

Shahi was founded by the visionary Mrs. Sarla Ahuja in 1974 to create a source of income and sustenance for women through a small home-grown business. Beginning her journey as a sewing machine operator in a garment factory, she honed her entrepreneurial skills to turn her dream into a reality. Over 48 years, Shahi has now grown to employ a 115,000+ diverse and strong workforce across 50+ factories in eight states in India, working with the world's biggest brands.

Today Shahi is India's largest apparel manufacturer and exporter of ready-made garments.

Our Vision

We aspire to be the global textile and apparel industry's benchmark, with social and environmental sustainability at the core.

Our Mission

Our mission is to remain true to our origin – holistically empowering lives with access to skills and a safe and respectful workplace. We commit to being India's preferred supplier in the industry by fostering employee well-being, empowering our people and their livelihoods, and encouraging environmental innovation.

Our Operations

Shahi is a vertically integrated textile-to-garment manufacturer that employs the latest technologies and a committed workforce driven by the motivation to grow. Our firm commitment to ethical business conduct, environmental sustainability, and premium quality output has enabled us to remain one of the world's most sought-after garments and textile manufacturers.

Customer Base

Shahi has been identified as the supplier of choice for leading brands across the globe for nearly five decades. Our commitment to the highest quality and ethical standards allows us to proudly supply to major markets located in:

- ◦ North America
- ◦ Europe
- ◦ South America
- ◦ Asia
- ◦ Africa

Operations in India

No .of Mills	3
No. of Garment Units	51

HARYANA

DELHI

UTTAR PRADESH

ODISHA

TELANGANA

KARNATAKA

ANDHRA PRADESH

TAMIL NADU
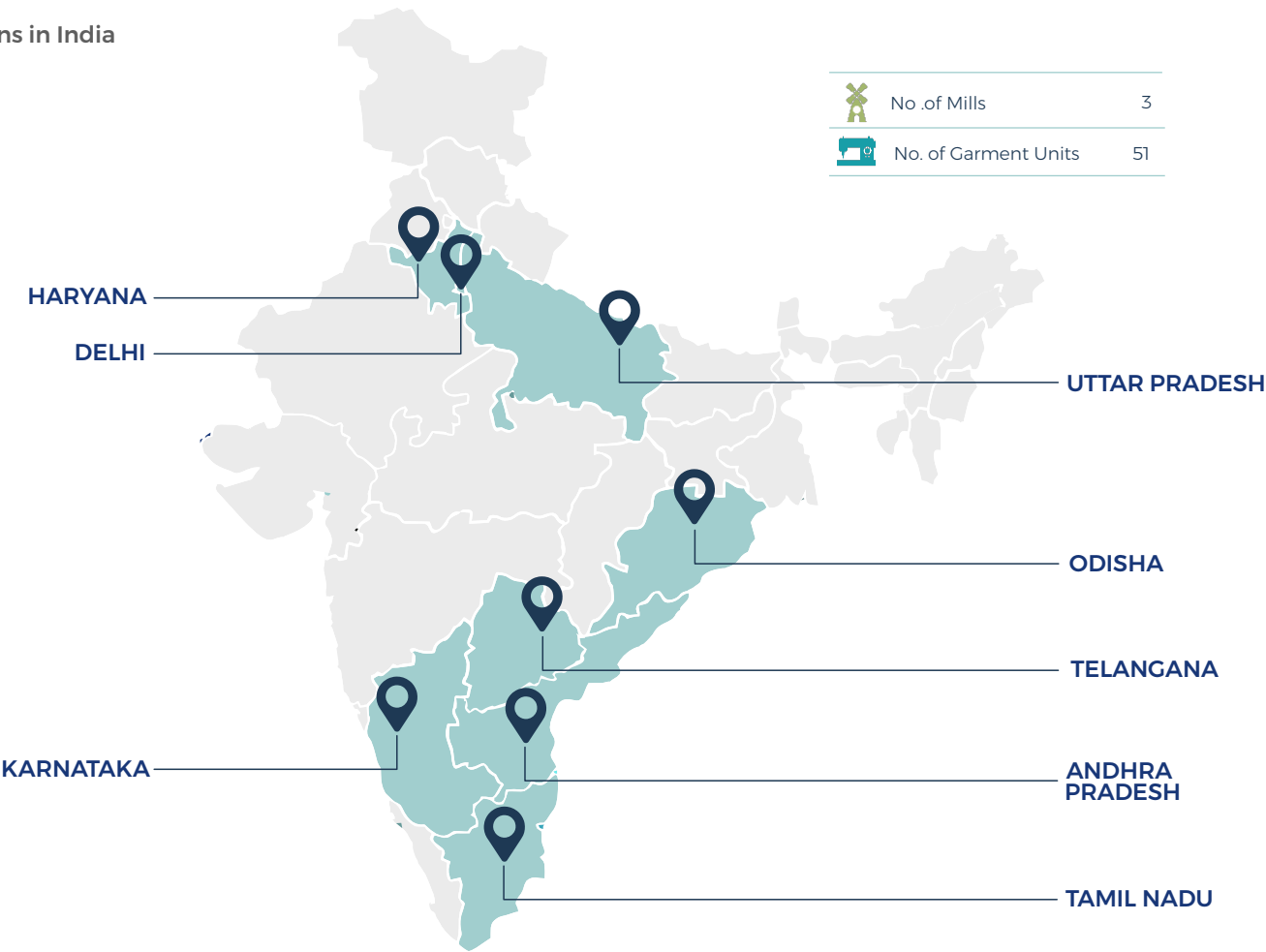
Our Capabilities

Shahi's cutting-edge vertically integrated textile operations manufacture a variety of products. Our mills produce woven and knitted fabrics using high-quality cotton and yarn from our spinning mill and responsible suppliers. Approximately 80% of our textile mills' capacity feeds into our garment factories to create apparel delivered worldwide. Together, our in-house design and laboratory teams seamlessly deliver a design-to-product service that, coupled with our vertical integration, creates visibility and enhances quality from fiber to fashion.

With evolving capacity, capability, and expertise over the years, Shahi presently delivers world-class products to the global consumer base.

Spinning

- 1 Mill
- **11,005** tonnes
- **2,840** tonnes Open-end spinning
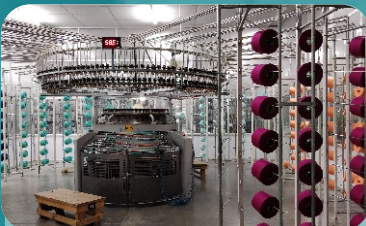
Knitting & Processing

- 1 Mill
- Knitting **12,070** tonnes
- Fabric Processing **11,005** tonnes

Weaving & Processing

- 2 Mills
- Weaving **75 million** meters
- Fabric Processing **85 million** meters

Garmenting

Ladies Specialty Divison
- 14 Factories
- **52 million** pieces

Knits Division
- 18 Factories
- **72 million** pieces

Men, Bottoms & Denim Division
- 19 Factories
- **55 million** pieces

Designing

Our design and product development infrastructure comprise over 90 designers with expertise in **CAD (Computer Aided Design), 3D Draping, 3D sampling, textile innovation, and apparel design**. Dedicated teams serve our clients through one-stop-shop servicing at each step, from concept development to production.

OVER
90
DESIGNERS

EXPERTISE IN
CAD

3D
DRAPING

3D
SAMPLING
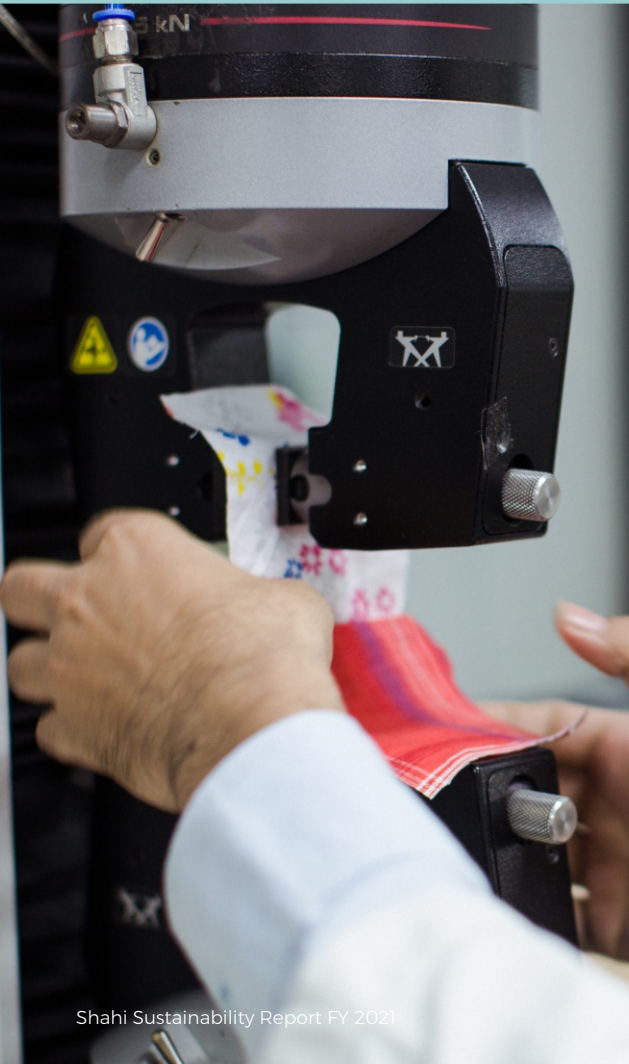
Laboratory

Internal laboratories at Shahi test product performance and color on raw materials, fabrics, garments, and trims under international testing standards at multiple stages. These standards followed include the American Association of Textile Chemists **(AATCC)**, American Society for Testing and Materials **(ASTM)** International, the International Organization for Standardization **(ISO)**, and British Standard **(BS)**, along with client in-house testing methods.

DRIVING SUSTAINABILITY AT SHAHI

Environmental, Social, and Governance (ESG) aspects of business are central to the apparel and textile industry. While India and the world are still battling climate change, natural and human-made disasters, resource constraints, and labor challenges, manufacturers like Shahi are the key to strategically rethinking and redesigning business as usual. At Shahi, we drive ESG solutions by integrating them into our long-term business strategy, turning risks into opportunities.

Our Sustainability Strategy

Sustainability is an exercise in both social and environmental well-being. At Shahi, we are dedicated to doing more good for people, the environment, and the economy through our business and supply chain. Our 'Responsible For' framework outlines the principles we uphold while committing to our value chain.

Responsible For Planet

Safeguard the environment by investing in resource conservation, efficiency, and innovation.

Energy & Emissions Management
Improve energy efficiency and adopt renewable energy to mitigate emissions.

Water Efficiency
Reduce dependence on freshwater through recycling and reducing water consumption.

Chemical & Materials Stewardship
Aligning with global standards for zero discharge of hazardous chemicals.

Waste Towards Circularity
Managing our waste to reduce, reuse, recycle, and ultimately close the loop.

Empowered Workforce
Enhance technical and soft skills of employees.

Employee Health and Well-being
Ensure safety, creating awareness on and tackling health issues.

Fair and Respectful Workplace
Uphold human rights through enabling policies and strong grievance management systems.

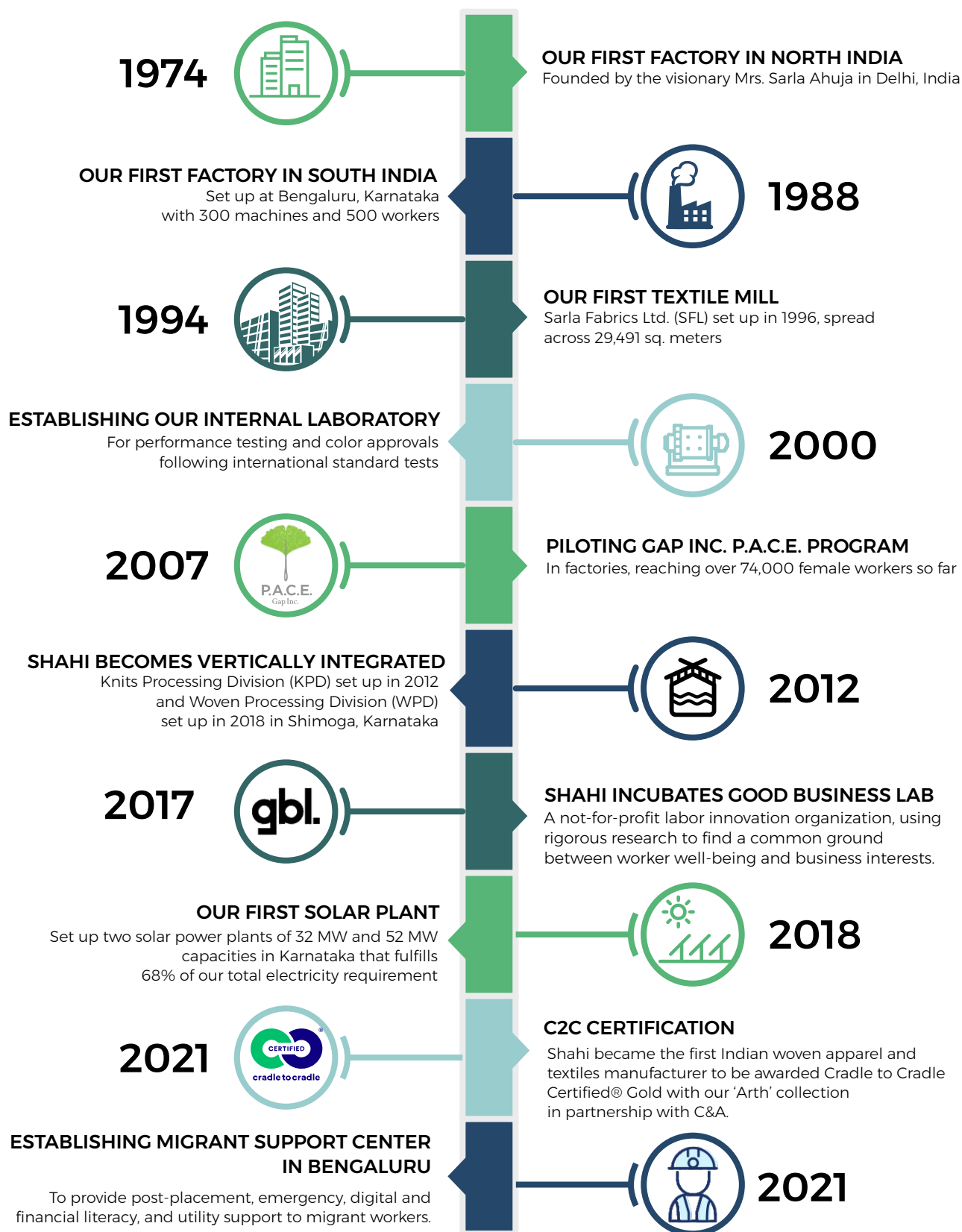### Corporate Social Responsibility (CSR)
Drive impact in health, education, community, and environmental management.

Responsible For People

Cultivate a holistic growth-oriented environment for all employees and the communities we operate in.

Our Journey So Far

1974 — **OUR FIRST FACTORY IN NORTH INDIA**
Founded by the visionary Mrs. Sarla Ahuja in Delhi, India

OUR FIRST FACTORY IN SOUTH INDIA
Set up at Bengaluru, Karnataka
with 300 machines and 500 workers — **1988**

1994 — **OUR FIRST TEXTILE MILL**
Sarla Fabrics Ltd. (SFL) set up in 1996, spread
across 29,491 sq. meters

ESTABLISHING OUR INTERNAL LABORATORY
For performance testing and color approvals
following international standard tests — **2000**

2007 — **PILOTING GAP INC. P.A.C.E. PROGRAM**
In factories, reaching over 74,000 female workers so far

SHAHI BECOMES VERTICALLY INTEGRATED
Knits Processing Division (KPD) set up in 2012
and Woven Processing Division (WPD)
set up in 2018 in Shimoga, Karnataka — **2012**

2017 — **SHAHI INCUBATES GOOD BUSINESS LAB**
A not-for-profit labor innovation organization, using
rigorous research to find a common ground
between worker well-being and business interests.

OUR FIRST SOLAR PLANT
Set up two solar power plants of 32 MW and 52 MW
capacities in Karnataka that fulfills
68% of our total electricity requirement — **2018**

2021 — **C2C CERTIFICATION**
Shahi became the first Indian woven apparel and
textiles manufacturer to be awarded Cradle to Cradle
Certified® Gold with our 'Arth' collection
in partnership with C&A.

**ESTABLISHING MIGRANT SUPPORT CENTER
IN BENGALURU**
To provide post-placement, emergency, digital and
financial literacy, and utility support to migrant workers. — **2021**

Certifications and Standards

Aligning our raw materials, processes, and testing with global benchmarks translates into premium products and ease of business for our customers. Shahi's wide range of certifications and standards demonstrates our commitment to maintaining a level of quality that exceeds expectations and is comprehensive.

MATERIALS

ENVIRONMENTAL MANAGEMENT

COMPLIANCE

Awards and Recognitions

Our efforts have been recognized and results have been awarded for their impact on the sphere of sustainability. Since 2008, Shahi has been the running title holder for the 'Highest Global Exports Award (Gold Trophy)' by Apparel Export Promotion Council (AEPC) every year. Our key achievements include the following:

ENVIRONMENTAL

Giga-Guru Supplier for setting SMART goals
Walmart | 2021, 2020, 2019, 2018

First Runner-up Forbes Marshall EnCon Award | Shahi Woven Mill at Shimoga
Forbes Marshal | 2020

Sustainability Award
Puma | 2019

Resource Conservation
Sweden Textile Water Initiative | 2015

Top-Factory-award
Carbon Performance Improvement Initiative, Germany | 2014

Excellence in Sustainability Award
H&M | 2014

Eco Factory Standard Achievement Award
Marks & Spencer | 2014

Development Fair Product Innovation Award
Kohl's | 2013

SOCIAL

Gap Inc. P.A.C.E. Advocacy Award
Gap Inc. | 2014

Best Project Implementing Agency
Jharkhand State Livelihood Promotion Society (JSLPS) | 2019

Best Employer
Odisha Rural Development and Marketing Society (ORMAS) | 2019

Best Performing Employer
Ministry of Rural Development, Government of India (MoRD, GoI) | 2019, 2018

Best Performing Training Partner under DDUGKY
MoRD, GoI | 2017

Community Impact Award
Gap Inc. | 2015

Best Supplier (Flexibility Provided and Growth Achieved)
Decathlon | 2014

Largest Exporters of Garments Honor Award
Ministry of Textiles, GoI | 2013

Certificate of Recognition for Gap Inc. P.A.C.E. Program
Gap Inc. | 2013

Empowerment of Persons with Disabilities
Red Cross Society | 2012

Safety Award for Zero Accidents
Government of Delhi | 2012

GOVERNANCE

We at Shahi uphold the highest industry standards for ethical business practices and social and environmental compliances. Our policies cement the foundation upon which our leadership governs and propels our vision and mission into reality. ESG principles are embedded in the core of our governance models, consistently shared and made accessible across levels and departments.

Board of Directors

Our Board of Directors follows an extensive stakeholder engagement process to align our vision and mission with the best interests of our stakeholders. With streamlined engagement with the Board members, we effectively and efficiently ensure Shahi's best interest. Our Board comprises eight esteemed Directors, supported by the Company Secretary.

Executive Committee

The Executive Committee (EC) works as a subset of the Board of Directors, strategizing and providing oversight. It has the authority to make key decisions for Shahi and consists of the following Directors and top management:

- ◦ Mr. Harish Ahuja, Chairperson and Managing Director
- ◦ Mr Girish Ahuja, Chief Financial Officer
- ◦ Mr. Ramanujam Venkat Raghavan, Chief Executive Officer, Men, Bottoms and Denim Division
- ◦ Mr Ramalingam T., Chief Executive Officer, Knits Division
- ◦ Mr Sanjay Tandon, Chief Executive Officer, Lades Specialty Division
- ◦ Mr. Anant Ahuja, Head of Organizational Development; Advisor
- ◦ Mr. Ananda Padmanabhan P.B, President of Corporate Affairs; Advisor

" We hold Shahi's 'Responsible For' framework close to our hearts— to become the most preferred global supplier of textiles and apparel. Our dedicated focus on supporting the workforce, testing innovations, and optimizing operations has placed us in a leading position in the industry. We aspire to carry this legacy forward, not as an individual company, but rather by collaborating with all our stakeholders to elevate the entire industry.

Raghavan Venkat Ramanujam
CEO, Men, Bottoms and Denims

ESG Management

A governance system with robust roles, responsibilities, and a communication protocol enables Shahi to deliver on stakeholder expectations, achieve our goals, and honor commitments in a timely, effective, and transparent manner.

At the primary level, the EC drives ESG systems at Shahi with guidance from the Board of Directors. The EC shares its oversight to initiate the right projects and strategies based on determined goals. A cross-departmental ESG Management team works closely with the EC to bring its vision to reality. The team includes the Head of Organizational Development, the Head of Environmental Sustainability, the Chief Compliance Officer, and the Chief Human Resources Officer, among others. Implementation teams across business divisions and factories extend support in the execution of these strategies.

Other departments ensuring sustainability projects meet Shahi's desired goals include Waste Management, Information Technology, Marketing, Sourcing and Procurement, and Finance.

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

CSR COMMITTEE

ESG MANAGEMENT TEAM

WORKER WELLBEING

ENVIRONMENTAL SUSTAINABILITY

CORPORATE SOCIAL RESPONSIBILITY

HUMAN RESOURCES

SOCIAL COMPLIANCE

SKILL DEVELOPMENT

TRAINING AND DEVELOPEMENT

COMMUNICATIONS AND SUSTAINABILITY INNOVATION

MEDICAL

ESG DIVISIONAL AND UNIT TEAMS

Corporate Social Responsibility (CSR) Committee

In line with the Companies Act 2013, we established a four-member CSR Committee. As elaborated in our CSR policy, the committee develops and implements the CSR policy, programs, initiatives, and budget while evaluating their impact and creating a long-term strategy to scale up.

ESG Policies

Shahi has developed a comprehensive set of Sustainability Policies. These are continually implemented within the company and across the value chain to drive social inclusivity, environmental conservation, natural resource management, and compliance with regulatory, statutory, and human rights obligations.

GOVERNANCE

- Code of Conduct
- Anti-Bribery & Anti-Corruption Policy
- Risk Analysis Policy
- Corporate Social Responsibility (CSR) Policy
- POSH Policy
- Quality Policy
- Outsourcing Policy
- Vendor Code of Conduct Policy
- Communication Policy
- Freedom of Association & Right to Collective Bargaining

SOCIAL

- Health Policy
- Recruitment & Selection Policy
- Employee Induction Policy
- Compensation Management Policy
- Performance Management Policy
- Training & Development Policy
- Policy on Shifts
- Policy on Human Rights
- Creche Policy
- Policy on Women Rights

ENVIRONMENTAL

- Sustainability Policy
- Environmental Health & Safety Policy
- Climate Change & Energy Policy
- Water Policy
- Air Policy
- Chemical Management Policy
- Chemical Purchase Policy
- Waste Management Policy
- Conflict Mineral Policy

STAKEHOLDER ENGAGEMENT

Long-term sustainability, profitability, and social value in a business are rooted in inclusive and participatory stakeholder engagement processes. We customized our engagement platform to cater to the needs and aspirations of our internal and external stakeholders. We consistently build robust, value-based, diverse, and accountable business relationships with our stakeholders to gauge and meet their expectations for their future.

Our Stakeholders

Shahi operates at a scale that has granted us the pleasure of collaborating and partnering with key industry members. The outcome of these ongoing engagements informs our internal business decisions to work in coherence with all our stakeholders.

Key areas of interest and channels of communication of key stakeholders

Stakeholder group	Communication Channels	Key Areas of Interest
Employees	◦ E-mail ◦ Trainings and Workshops ◦ Employee surveys ◦ Intranet web-portal	◦ Professional growth and development ◦ Performance appraisal and recognition ◦ Empowerment, health, and safety
Supply Chain Partners	◦ Vendor Meets or Suppliers Sessions ◦ Periodic interactions: phone calls, mails, & messages ◦ New or Renewal Contract period	◦ Capacity building on ESG compliance requirements ◦ Management and execution negotiations like pricing, quality, and ordering routines ◦ Update on internal management system changes and digital interventions
Customers (B2B)	◦ Code of Conduct ◦ Audits ◦ Vendor summits ◦ Meetings ◦ Social media platforms ◦ E-mails & messages ◦ Media & Public reports	◦ Fulfilling customer code of conduct ◦ Alignment with their ESG strategies and goals ◦ Robust quality management and pricing strategy to drive best experience for end consumers

Government	◦ Emails ◦ Industry or trade chambers/ associations/forums representation	◦ Compliance with regulatory and statutory requirements ◦ Strong corporate governance with effective grievance redressal mechanism ◦ Tax commitment, mechanism, and transparency in payment and disclosure ◦ Tailor programs and initiatives in line with government/regulator's mandates and commitments
NGOs	◦ In-person meetings ◦ Virtual modes: e-mail, telephones, messages, and online meeting platforms ◦ Field visits ◦ Joint programs ◦ Industry and NGO reports	◦ Implementation of social welfare and community development programs in a streamlined and responsive manner ◦ Programs to be designed and implemented in line with the need of the community, addressing their most urgent area of intervention ◦ Robust monitoring and evaluation (M&E) system to track progress and identify areas of improvement
Communities	◦ Focus Group Discussions and KPIs ◦ Community-led initiatives through NGO partners	◦ Need Assessment undertaken to identify focal areas of interventions and ensure targeted programs for positive development outcomes ◦ Social welfare and community development programs for enhancing livelihood opportunities ◦ Scale the programs to under-served communities

Our Approach to Engagement

In the FY 2021, we engaged with our stakeholders' perspectives through a group of internal stakeholders who were interviewed and asked for in-depth insights on sustainable topics. They represented the external stakeholder perspective; moving forward, we will adopt larger stakeholder groups for engagement.

Representatives include the following from across Shahi:

- ◦ Factory Workers
- ◦ Marketing and Customer Service
- ◦ Finance
- ◦ Training
- ◦ Human Resources
- ◦ Communications and Sustainability Innovation
- ◦ Environmental Sustainability
- ◦ Compliance
- ◦ Worker Well-being
- ◦ Corporate Social Responsibility
- ◦ Skill Development
- ◦ Information Technology
- ◦ Sourcing
- ◦ Management

Stakeholder Engagement Strategy

01
Identification of Key Stakeholders
Identify both internal and external groups for ESG Strategy discussion

02
Stakeholder Prioritization
Prioritize the sample group for engagement based on selection criteria

03
Stakeholder Questionnaire
Develop questions to gauge responses on ESG parameters

04
Stakeholder Engagement
Conduct interactions with a sample group of stakeholders and material assessment to identify key ESG Topics

Materiality Assessment Strategy

1 IDENTIFY
Bucket-list sector specific ESG material topics

2 PRIORITIZE
Conduct stakeholder engagement & analyze response based on relevance

3 VALIDATE
Align material topics with business strategy & validate it by Senior Management

Materiality Matrix

Guided by GRI standards, we conducted a materiality assessment exercise. This helped us deeply understand our stakeholders and their impact on business to identify emerging risks and opportunities. The materiality assessment aided our ESG roadmap by prioritizing key ESG areas. The outcomes showed that our internal stakeholders identified all sustainability matters as key to Shahi's business processes. Water, Energy, Waste Management, Human Rights, Occupational Health, and Safety gained the highest scores. The exercise reinforced that Ethics, Transparency, Compliance, and Oversight stood out as critical pillars and were non-negotiables in Shahi's corporate governance.

Environmental Impact
1. Water Management
2. Energy and Emissions
3. Waste Management
4. Responsible Supply Chain
5. Chemical Use and Management
6. Product Stewardship
7. R&D and Innovation
8. Packaging

Social Impact
1. Human Rights
2. Human Resource Development
3. Occupational Health and Safety
4. Social Development
5. Diversity, Equity, and Inclusion
6. Customer Health and Safety

Governance & Business
1. Ethics and Transparency
2. Stakeholder Engagement
3. Statutory Compliance
4. Governance and Oversight
5. Revenue and Market Share
6. Risk Management

Alignment with UN SDGs

Responsible
for Planet

Fashion manufacturing is a resource-intensive industry, with a 10% share in global carbon emissions and a 20% share in global water pollution. Recognizing the urgent need for action, Shahi has placed itself at the forefront of adopting environment-friendly technologies and interventions in four key areas. These include Energy and Emission Management; Water Efficiency; Chemical and Material Stewardship; and Waste towards Circularity. Some of the principles we have adopted and maintained to elevate our sustainability actions to global standards include:

- Adopting the Higg Index FEM module since its inception and achieving year-on-year score growth.
- Reporting to Carbon Disclosure Project.
- Aligning with global bodies such as Zero Discharge of Hazardous Chemicals (ZDHC), Zero Liquid Discharge (ZLD), Better Cotton Initiative (BCI), OEKO-TEX Standard, GOTS (Global Organic Textile Standard), and many more.

ENVIRONMENTAL GOALS AND PROGRESS

Environmental Area	Goal	Target Year	FY 2021 Performance	Baseline Year Performance
Energy **Baseline year (FY 2018)**	To have 100% renewable electricity	FY 2026	68%	47%
	To have 50% energy consumption from carbon-neutral sources	FY 2026	35%	31%
Water & Wastewater **Baseline year (FY 2021)**	To have 85% recycled water used for industrial purposes in garment units	FY 2024	80%	FY 2021 is the baseline year
	To have 75% recycled water used for industrial purposes in textile mills	FY 2024	68%	FY 2021 is the baseline year

❝ On the path to manufacturing premium quality products, we have built a resilient business with vertical integration and are ambitious to expand this integration. With this, we can unlock more opportunities for sustainability innovation and traceability of fashion products in the global supply chain."

Ramalingam T
CEO, Knits Division

Higg FEM

The Higg Facility Environmental Module by Sustainable Apparel Coalition is a globally recognized and accepted environmental assessment of facilities. It serves as a tool for monitoring and determining action in the fashion industry. As an early adopter, Shahi has been participating in Higg assessments since their inception in 2012. In 2021, Shahi's Higg FEM verified assessment score was 75.8, 4% higher than our 2020 average and 32% higher than the global average.

Higg FEM Scores

Disclosure	FEM Year	Self-Assessment Score (%)	Shahi's average verified score (%)	Difference between self and verified	No. of facilities undergone verification	Global apparel average
	2021	80.62	75.8	6%	41	55.86*
	2020	77.53	73.48	5%	36	51.02
Higg	2019	73.98	72.79	2%	15	48.45

* As of November 21, 2022

Climate Disclosure Project (CDP)

CDP is a not-for-profit global disclosure system for investors, companies, cities, states, and regions to manage their environmental impacts. It helps to measure, manage, disclose, and ultimately reduce their greenhouse gas emissions.

CDP Scores

	Year	Shahi	Global Average	Asia average	Global Textile and Fabric Industry average
CDP Score (Climate Change)	2021	B-	B-	B-	C
	2020	C	C	D	D

ENERGY MANAGEMENT

At COP-26, the Government of India presented India's climate action plan, reiterating its target of expanding renewable energy and reaching 500GW of non-fossil energy capacities by 2030. To contribute to the national target, our Climate Change and Energy policies focus on transitioning from thermal and conventional energy sources to renewable ones. Resource conservation and pollution prevention remain at the center of our sustainability strategy; our vision is to power our entire operation with renewable electricity.

Energy is the backbone of any manufacturing setup's operations. Garment factories and textile mills have varying energy requirements; textile manufacturing is typically more energy intensive than garment manufacturing. In FY 2021, our total energy demand was 911,070 MWh, of which 28% was in garmenting units. The remaining 72% was consumed in our textile mills.

Further, renewable electricity and biomass contribute to 35% of our energy demand, being met through carbon-neutral sources.

Energy is derived from direct (onsite) and indirect (offsite) sources. While direct energy majorly constitutes thermal energy, indirect energy sources are largely electrical in nature.

We aim to achieve 50% carbon neutral energy by FY 2026

Mills	72%
Garmenting	28%

Energy Demand by Operation Type

Conventional Electricity	7%
Offsite Renewable Electricity	15%
Biomass	20%
HSD/ Diesel	1%
Gas (PNG + LPG)	4%
Coal	54%

Energy Demand by Source
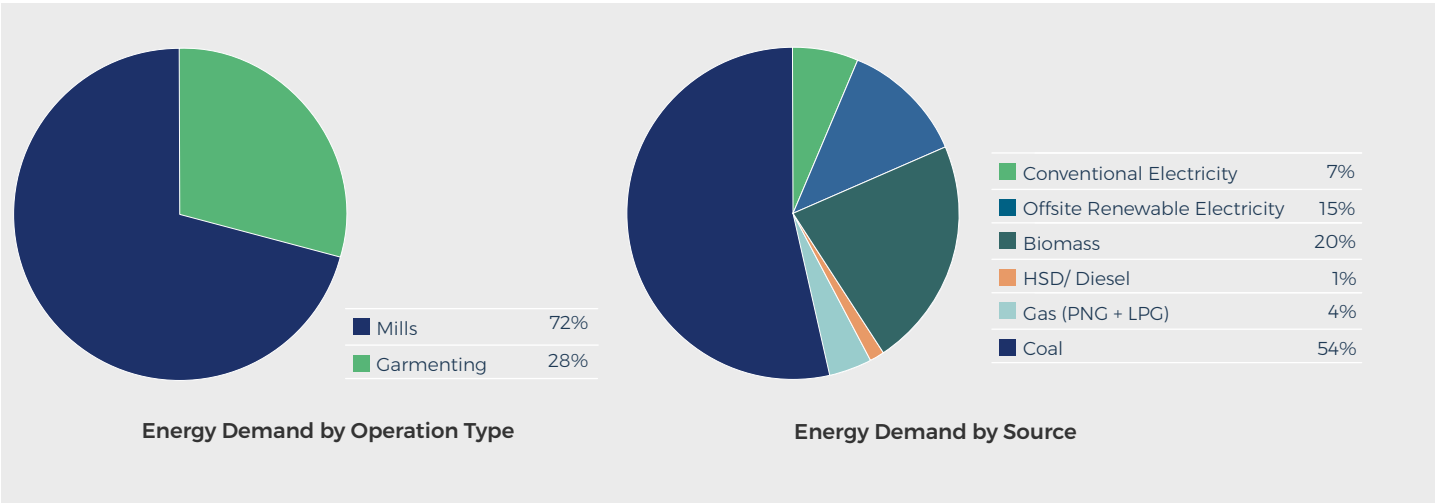
Direct Energy

At our operating units, energy generated from boiler steam is a large part of our direct energy demands. The sources of fuel for direct energy include:

- ◦ Biomass
- ◦ PNG
- ◦ Coal
- ◦ HSD
- ◦ LPG

Our reliance on coal and diesel in garment factories has reduced over the years. Instead, we have increased our usage of PNG, which has lower GHG emission potential, and biomass, a carbon-neutral fuel.

In our mills, while coal consumption increased due to a rise in energy demand, we simultaneously introduced biomass to the

energy mix in FY 2021. Efforts are ongoing to switch out all coal-fired boilers with biomass.

Shahi aspires to phase out coal entirely in the near future, but there are certain industry-wide challenges in achieving this, such as a lack of stable and good-quality biomass supply. However, we are committed to collaborating closely with governments and innovators to overcome these barriers for a greener future.

Overall carbon-neutral energy share has jumped from 31% to 35% between FY 2018 and FY 2021

Direct Energy Demand by Source (in Mwh)

	Mills			Garmenting		
	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021
Diesel	467	993	944	10,958	9,844	8,536
Biomass	0	0	21,434	4,337	8,978	10,818
Natural Gas	18,059	19,719	21,195	17,648	20,517	14,570
Coal	433,668	401,241	475,185	151,978	126,479	156,831

Legend: Diesal, Biomass, Natural Gas, Coal
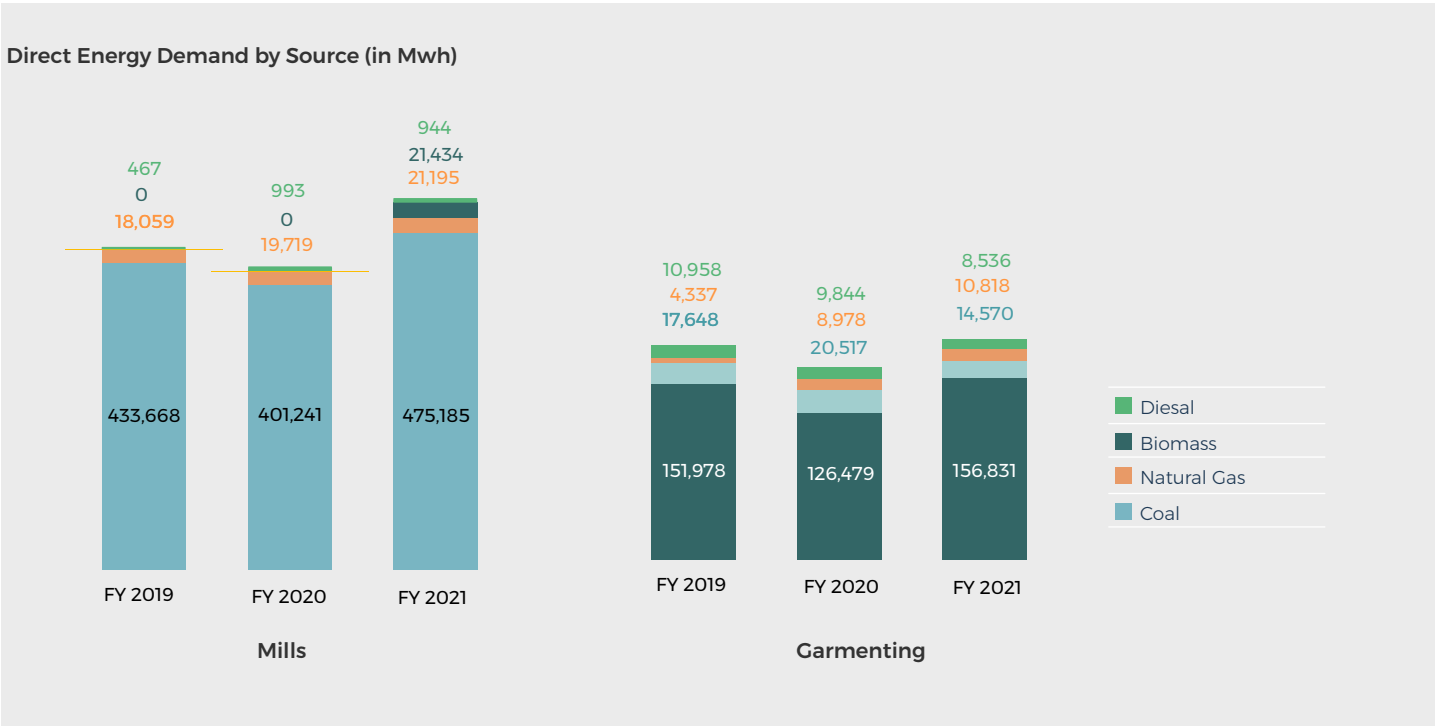
Indirect Energy

Our indirect energy needs are met through electricity from the grid. Due to pandemic-induced operational halts, our electricity consumption in mills and factories decreased in FY 2020. In FY 2021, our electricity consumption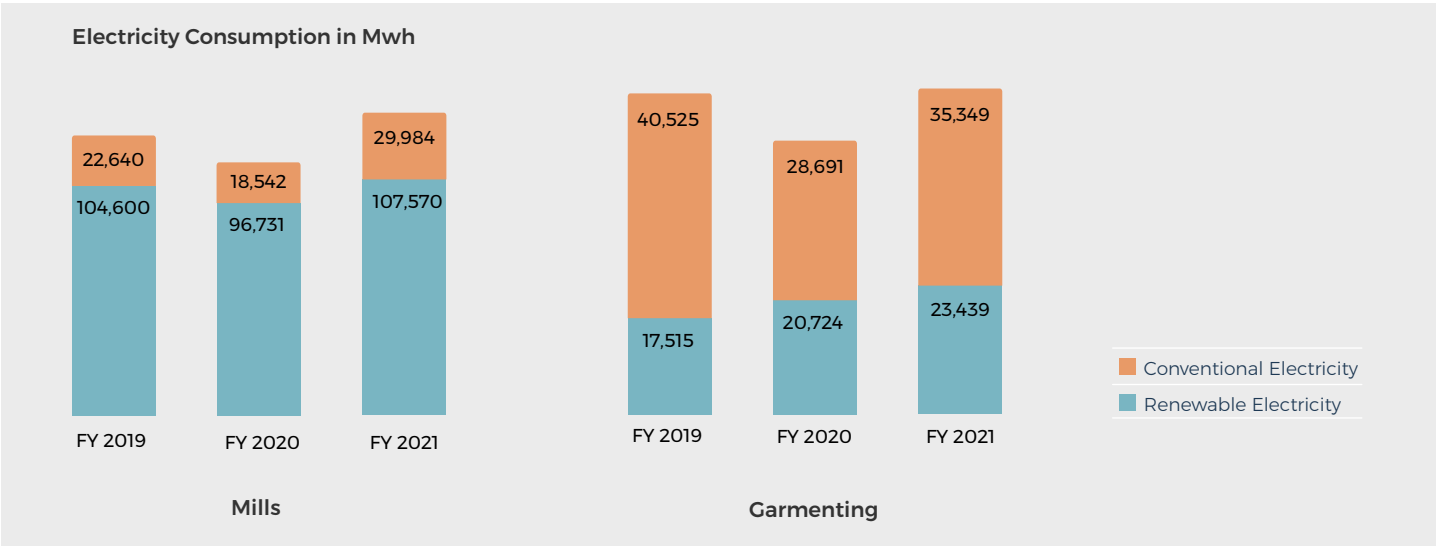 increased by 6% due to a rise in production compared to FY 2019. 68% of this energy demand was met through renewable electricity.

68% of our electricity consumption was met through renewable electricity in FY 2021

Our goal is to achieve 100% renewable electricity by FY 2026

Electricity Consumption in Mwh

Mills

	FY 2019	FY 2020	FY 2021
Conventional Electricity	22,640	18,542	29,984
Renewable Electricity	104,600	96,731	107,570

Garmenting

	FY 2019	FY 2020	FY 2021
Conventional Electricity	40,525	28,691	35,349
Renewable Electricity	17,515	20,724	23,439

Legend: Conventional Electricity / Renewable Electricity

POWERING OUR OPERATIONS WITH RENEWABLE ELECTRICITY

In March 2018, we installed 32 MW and 52 MW solar power plants in the Bellary and Bidar districts of Karnataka. These plants cater to 70% of our electricity requirements. The solar plant covers 300 acres with over 250,000 solar photovoltaic panels capable of generating over 130 million kWh of electricity per year under ideal weather conditions. Shahi aims to achieve 100% renewable electricity by FY 2026 by adding solar and wind power plants to our roster. While a robust renewable energy policy framework in Karnataka enabled us to invest heavily in solar energy, similar supportive policies are currently lacking for our factories in Northern and Eastern India. Favorable regulatory frameworks will be vital to achieving our renewable energy ambitions.

EMISSIONS MANAGEMENT

To reduce carbon emissions, we adopt new technologies that help us transition to cleaner energy and bring efficiency by:

- Generating renewable electricity
- Converting most of our high-speed diesel-fired (HSD) boilers into agro-waste (biomass) or replacing them with PNG-fired boilers
- Improving energy efficiency
- Planting trees
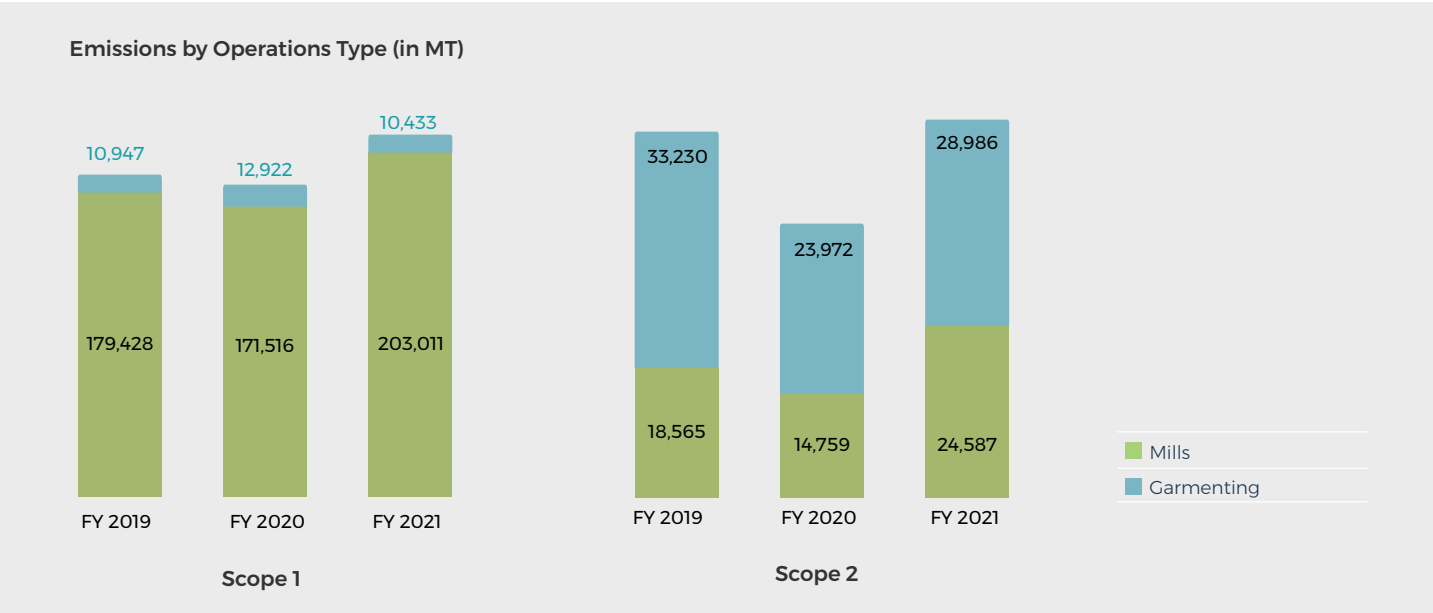- Incorporating green building design principles with sunlight illumination and ventilation on production floors

In FY 2021, Scope 1 and Scope 2 emissions generated by Shahi's mills increased by 13% and 32% respectively compared to FY 2019. However, Scope 1 and Scope 2 emissions generated by our factories decreased by 4% and 12%, respectively, during the same period.

Since setting up our solar power plants, we have mitigated approximately 400,000 MT of carbon emissions between 2018-2022

We have planted 25,500 trees and shrubs, which helped in sequestering approximately 554MT C02 eq.

Emissions by Operations Type (in MT)

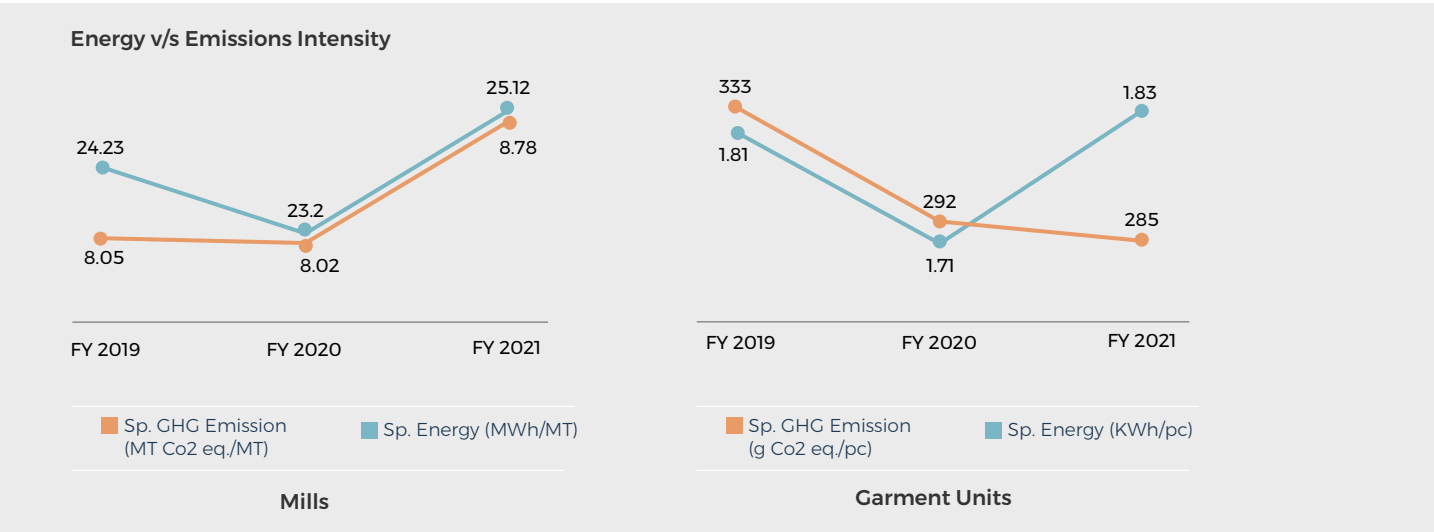|	Scope 1			Scope 2		
	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021
Garmenting	10,947	12,922	10,433	33,230	23,972	28,986
Mills	179,428	171,516	203,011	18,565	14,759	24,587

ENERGY AND EMISSIONS INTENSITY

In our garment factories, energy intensity, i.e., energy consumed per piece, remained the same between FY 2019 and FY 2021. However, emission intensity, i.e., emissions produced per piece, decreased by 14% during that time. This is a direct result of raising the share of carbon-neutral energy in garment factories and adopting energy efficiency measures such as:

- Replacing T8 and T5 fluorescent lamps with LED
- Replacing sewing machine clutch motors with servo motors
- Fitting VFDs in equipment
- Installing energy efficient machinery for sewing, washing, and other utilities
- Installing occupancy sensors in lesser used areas
- Installing skylights, rooftop ventilators, and aluminum insulated rooftops

In our textile mills, energy intensity increased marginally by 3.7% while emission intensity increased by 9% between FY 2019 and FY 2021. In the future, we aim to replace the primary energy source in our mills, coal, with biomass from all our boilers to reduce our energy and emission demand and intensity, given favorable policies and infrastructure.

Emission intensity, i.e., emissions produced per piece, decreased by 14% between FY 2019 and FY 2021 in garment factories

Energy v/s Emissions Intensity

Mills

Sp. GHG Emission (MT Co2 eq./MT) — 8.05, 8.02, 8.78
Sp. Energy (MWh/MT) — 24.23, 23.2, 25.12
FY 2019, FY 2020, FY 2021

Garment Units

Sp. GHG Emission (g Co2 eq./pc) — 333, 292, 285
Sp. Energy (KWh/pc) — 1.81, 1.71, 1.83
FY 2019, FY 2020, FY 2021
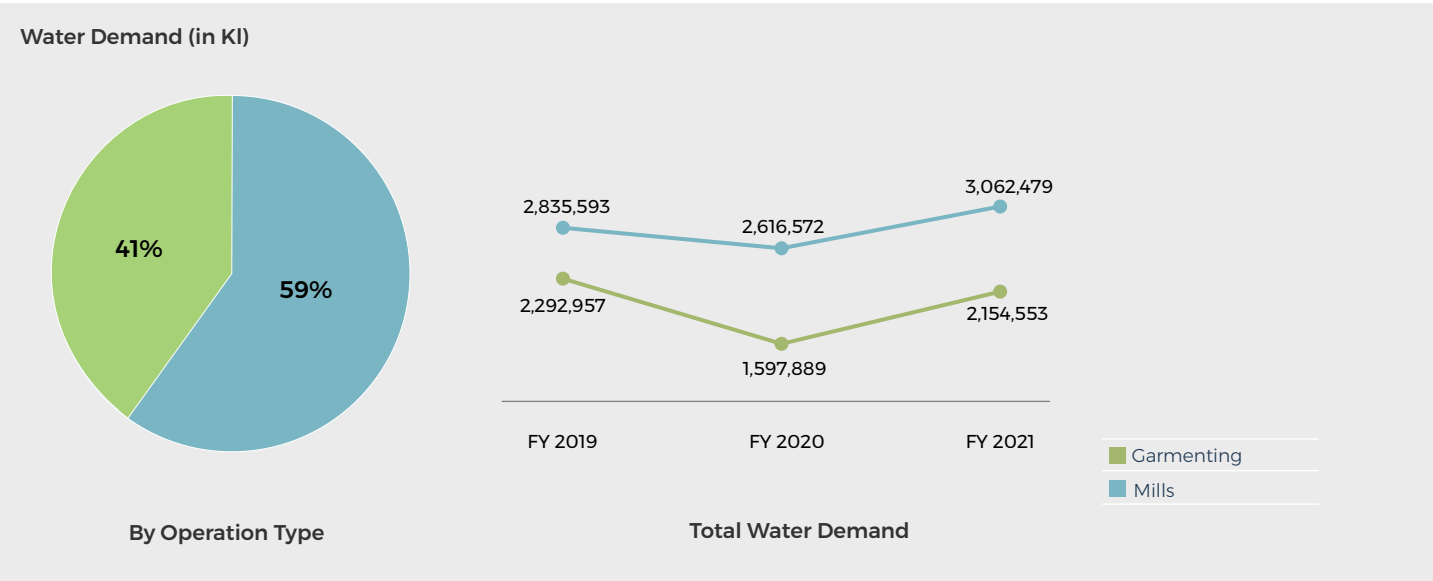
#See Glossary for Air Emissions

WATER CONSERVATION

Water is a necessary raw material for the fashion industry, with an annual global consumption of 93 billion cubic meters. As water resources worldwide become increasingly stressed, water management and conservation are crucial for us. Guided by our water policy, we at Shahi undertake interventions to lower our water footprint at every stage of production. The following section highlights our attempt to move away from conventional water utilization and focus on ensuring conscious sourcing, consumption reduction, efficient usage, recycling, and reuse of water sources.

During FY 2021, our total water demand was estimated to be 5,217,032 KL, of which 59% was for mills and 41% for garmenting units. Most of our water demand comes from processing, dyeing, and washing garments/textiles.

In FY 2020, Shahi's water demand declined due to reduced production orders and pandemic-induced factory closures. Although production rose in FY 2021, our water demand remained closer to that in FY 2019. This is primarily due to our consistent efforts to adopt water-efficient technologies for washing and dyeing.

Water Demand (in Kl)

41%	59%	

Mills: 2,835,593 (FY 2019), 2,616,572 (FY 2020), 3,062,479 (FY 2021)

Garmenting: 2,292,957 (FY 2019), 1,597,889 (FY 2020), 2,154,553 (FY 2021)

By Operation Type **Total Water Demand**

- Garmenting
- Mills

Our water demands are met through two primary sources:
- ◦ *Freshwater*
  - ▪ Groundwater
  - ▪ Surface water
  - ▪ Third-party water like municipal supply and tankers
- ◦ *Recycled water*

Our goal has always been to consistently reduce dependency on freshwater by adopting state-of-the-art effluent and sewage treatment technologies. As a result, 56% of our total water demand in FY 2021 was met through recycled water, a 6.4% increase from FY 2019.
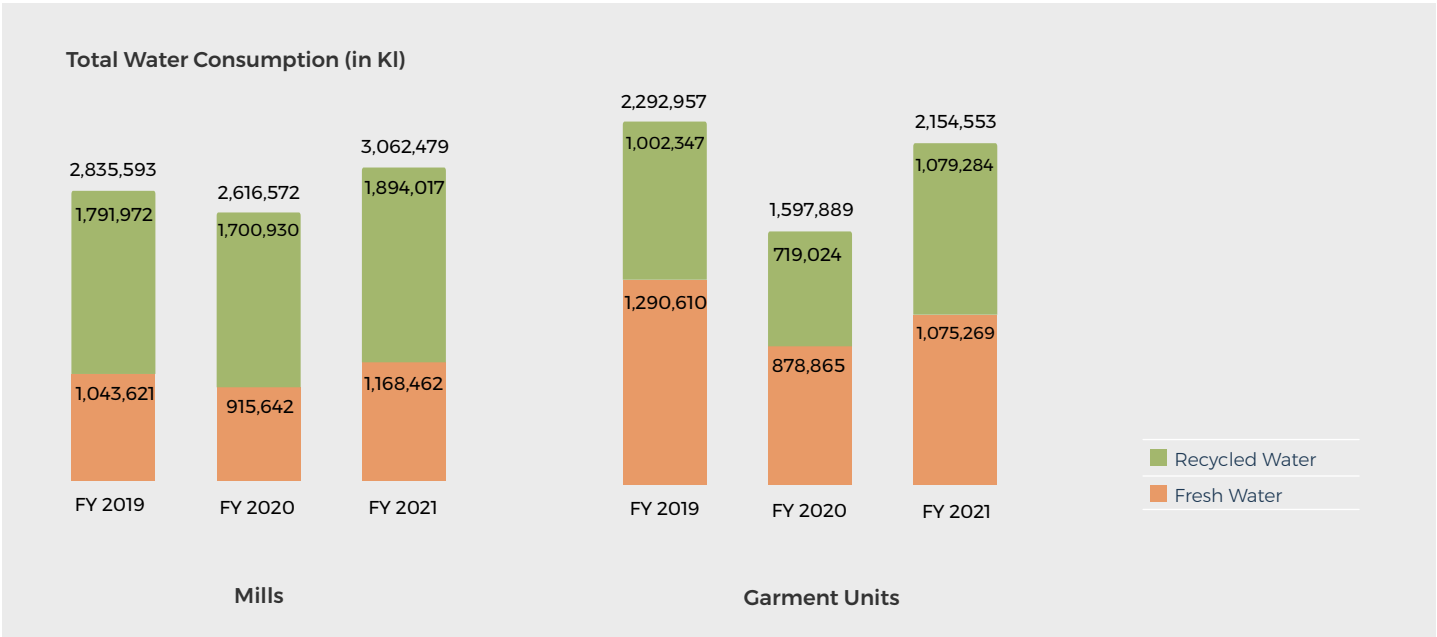
The proportion of recycled water is even higher for industrial processing, at 68% for mills and 80% for garmenting. Shahi has targets to increase recycled water in industrial processing to 75% and 85% for mills and garment factories, respectively, by FY 2024.

Garment Units: 80% of water demand for industrial processing was met through recycled water in FY2021, and the target is to increase this to 85% by FY 2024

Mills: 68% of the water demand for industrial processing was met through recycled water in FY 2021, and the target is to increase this to 75% by FY 2024
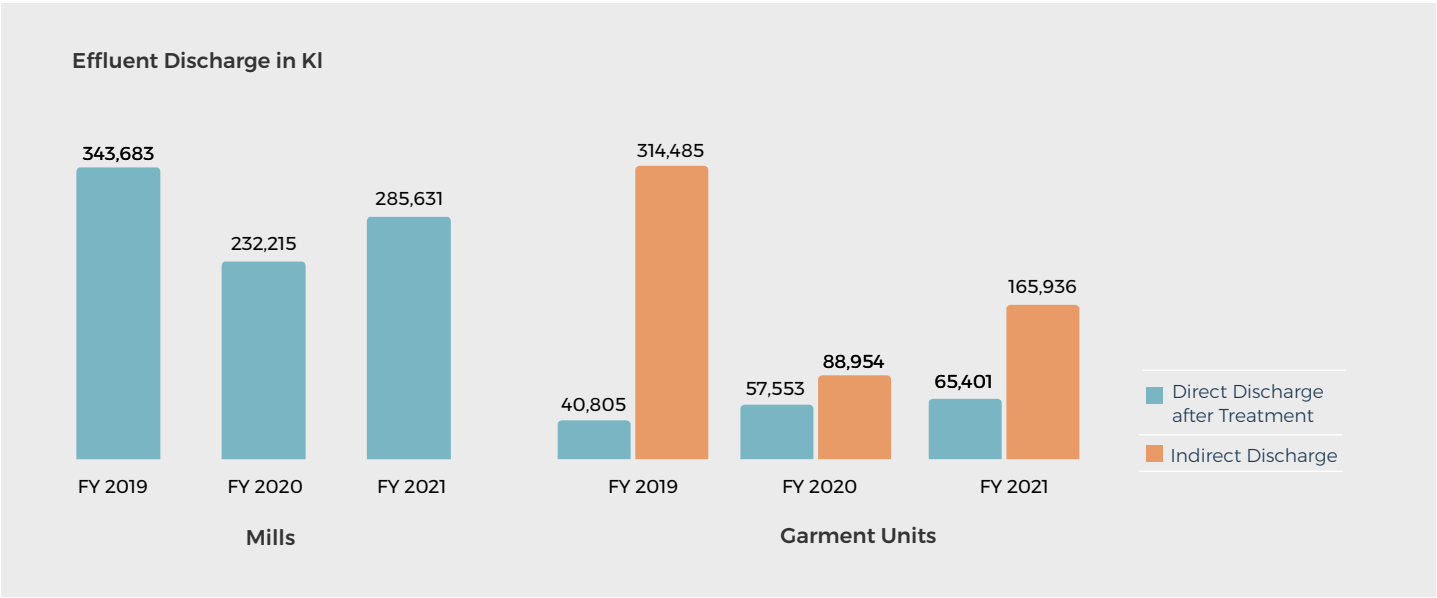
Total Water Consumption (in Kl)

Mills
- FY 2019: 2,835,593 (Recycled Water 1,791,972; Fresh Water 1,043,621)
- FY 2020: 2,616,572 (Recycled Water 1,700,930; Fresh Water 915,642)
- FY 2021: 3,062,479 (Recycled Water 1,894,017; Fresh Water 1,168,462)

Garment Units
- FY 2019: 2,292,957 (Recycled Water 1,002,347; Fresh Water 1,290,610)
- FY 2020: 1,597,889 (Recycled Water 719,024; Fresh Water 878,865)
- FY 2021: 2,154,553 (Recycled Water 1,079,284; Fresh Water 1,075,269)

Legend: Recycled Water, Fresh Water

PRODUCING DENIM JEANS WITH MINIMAL WATER CONSUMPTION

Shahi's Bengaluru-based denim garments units with laundry have a production capacity of 12 million pieces per year. These units have adopted measures to reform how denim is made. Some of these denim units are already Zero Liquid Discharge units. By deploying best-in-class technologies such as e-Flow and G2 Ozone, the material-liquid ratio (MLR) has reduced from 1:6 to 1:1. Through these measures, Shahi uses 30 liters of water on average per pair of jeans, compared to the industry average of 60-80 liters per pair. We have maximized the use of recycled water in denim production, reducing our dependence on freshwater for this proccess.

Effluent Management

We follow Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater guidelines to monitor and control effluent management. To become self-sufficient, we have installed water treatment capacities of 14,620 KLD for Effluent Treatment Plants and 3,255 KLD for Sewage Treatment Plants. The discharged water is well within the State Pollution Control Board (SPCB) limits.

Effluent Discharge in Kl

	Direct Discharge after Treatment	Indirect Discharge
Mills FY 2019	343,683	
Mills FY 2020	232,215	
Mills FY 2021	285,631	
Garment Units FY 2019	40,805	314,485
Garment Units FY 2020	57,553	88,954
Garment Units FY 2021	65,401	165,936

WASTE MANAGEMENT AND CIRCULARITY

Shahi's Waste Management Policy outlines our efforts to minimize waste at the source, right from conceptualization and design, to how we use raw materials. We are mapping waste streams, creating traceability, and exploring circular practices and business models with industry partners. The two types of waste generated in garment manufacturing are called hazardous and non-hazardous.*

All our hazardous waste is disposed of by vendors authorized by the Pollution Control Board, and non-hazardous waste is sold to vendors who recycle, downcycle or upcycle it

Waste Generated in Mills		
Hazardous Waste	FY 2021	Units
ETP Sludge/MEE salt	8,555	MT
Waste Oil	5,920	Liters
Empty Chemical Drums	47,868	Nos
Non-Hazardous Waste	FY 2021	Units
Paper/Carton waste	777	MT
Plastic Waste	171	MT

Waste Generated in Garmenting Units		
Hazardous Waste	FY 2021	Units
ETP Sludge/MEE salt	2,357	MT
Waste Oil	9,547	Liters
Empty Chemical Drums	48,121	Nos
Non-Hazardous Waste	FY 2021	Units
Paper/Carton waste	3,331	MT
Plastic Waste	147	MT
Fabric Cutting Waste	10,619	MT

*Boiler ash generated (in FY 2021) in the Shahi's mills and garmenting units were 6,716 and 3,395 MT, respectively. The hazardous impact of this waste varies between these two operations because of the different fuels used for the boiler. In mills, it is hazardous and is sent to the Pollution Control Board authorized vendors, while the non-hazardous garmenting boiler ash waste is sent to authorized waste handlers.

Fabric Waste Management

Fabric waste generation is contingent on the patterns and styles of the garments being produced. We are undertaking measures to reduce, manage, and recycle pre-consumer fabric waste. A key challenge is the lack of recycling technologies for blended and synthetic textiles. Shahi is committed to working with innovators to develop new methods of recycling.

Reducing waste:
- Enhancing the efficiency of the cutting marker and patterns.
- Upcycling end bits generated during the cutting process to extract the most value out of every meter of fabric.

Managing waste:
- Segregating fabric waste based on the size of cloth pieces.
- Testing segregation based on fabric composition in several units and ensuring all the waste is downcycled, upcycled, or recycled.
- We started our journey in managing waste and have been building traceability since FY 2021. A dedicated waste management team helps regulate these projects centrally and at the units.

Partnerships:
- We send our fabric waste to several innovators working on recycling fabric waste to produce new materials such as viscose and recycled cotton. These innovators include Muddle Art, Birla Cellulose, and Usha Yarns. Piloting these solutions brings us closer to our goal of limiting fabric waste; several pilots have grown into regular orders with our brand partners.

CLOSING THE LOOP ON FABRIC WASTE

Shahi segregated its cotton waste (100% in composition) and shared it with Usha Yarns for mechanical recycling. The recycled cotton fiber was then combined with recycled polyester blended yarns and delivered back to Shahi for knitting, finishing, and garment production. The project proved economically viable for manufacturers and recyclers as it enabled higher-quality recycled products. Shahi recycled 38,447 kg, or 84,761 pounds, of cotton-cutting waste through this partnership. Other benefits of this partnership are:

- ◦ Diverting waste from lower-value supply chains
- ◦ Reducing demand for virgin materials and, consequently, reducing resource wastage
- ◦ Supporting formal job creation in the recycling sector

USING TEXTILE WASTE TO ENHANCE COTTON PRODUCTION IN PARTNERSHIP WITH HKRITA

Shahi is collaborating with the Hong Kong Research Institute of Textiles and Apparel (HKRITA) to advance our shared goals: moving towards a circular economy to ensure the long-term sustainability of the apparel supply chain. HKRITA's technologies successfully transform cellulose powder recovered from separating cotton-polyester blends into a Cellulosic Superabsorbent Polymer (CSAP). Shahi and the University of Agricultural Sciences (UAS), Dharwad, tested CSAP in cotton farming. The initial trials revealed that CSAP supports the cotton plants to retain moisture, especially in rain-fed farming conditions. As a result, CSAP can potentially increase farmers' yields by up to 15%. There are also early indications that CSAP could improve fiber quality.

These results need further validation, and we are continuing our research with UAS and HKRITA. These results could be revolutionary for the Indian cotton industry, considering the low productivity of Indian cotton farming and the extreme dependence on rainfall. CSAP can help farmers in water-stressed areas by providing higher water retention capacity, leading to higher yields and income.

CHEMICAL MANAGEMENT

Chemical usage is integral to, and unavoidable in, garment and textile manufacturing. Shahi is committed to creating a pollution-free and safe environment for our employees and communities by minimizing hazardous chemical use and preventing restricted or banned chemicals from entering our manufacturing process.

Our Chemical Purchase Policy aligns with the best global standards. We have a single window clearance for procuring textile auxiliaries, dyes, pigments, and other chemicals to comply 100% with the ZDHC's Manufacturing Restricted Substance List (MRSL) and different international standards. They include Apparel and Footwear International RSL Management (AFIRM) and the American Apparel & Footwear Association's (AAFA) RSL.

We use digital platforms such as BVE3, BHive, and Clean Chain to generate ZDHC Performance In-check reports to demonstrate the ZDHC MRSL conformance of our wet processing facilities' chemical inventory.

Additionally, we conduct wastewater testing in our wet processing facilities as per the latest ZDHC wastewater guidelines. These results are publicly accessible on the ZDHC gateway.

Going above and beyond industry standards, our mills and several washing facilities are certified by OEKO-TEX® STANDARD 100, a globally standardized and independent testing and certification system. The certificate and label are only issued if all components of an article successfully comply with the stipulated criteria, including the outer fabric, all sewing threads, linings, coatings and prints, and accessories such as buttons or zippers. STANDARD 100 checks for harmful substances based on the product's intended purpose. The more intensive the skin contact and higher the skin sensitivity, the stricter the human-ecological requirements.

Innovation and experimentation are crucial in reducing the industry's dependence on synthetic dyes. We work closely with our customers and innovators to test alternatives, such as bio-based dyes made using microbes and dyes extracted from used clothing and pre-consumer waste.

SUSTAINABLE MATERIALS

Our material sourcing strategy focuses on procuring raw materials from sustainable supply chain partners. These are partners with strong environmental and social credentials. Shahi is a preferred supplier to global customers due to our wide-ranging sustainable fibers, yarns, and fabrics. Moreover, we collaborate with startups and supply chain partners to create new materials. In FY 2021, we piloted the yarn and fabric manufacturing of an agro-based fiber currently under development.

→

26% fabric used in garment manufacturing at Shahi is sustainably sourced

Sustainably sourced materials at Shahi

Natural Fibers

- BCI cotton
- Global Organic Textile Standard (GOTS)
- Organic Cotton Standards (OCS)
- Hemp

Human-made Sustainable Fibers

- Canopy Viscose
- Certified Sustainable Viscose
- Ecovera (Viscose)
- Liva Eco (Viscose)
- Recycled Polyester
- Tencel

→

46% of yarns used in fabric manufacturing at our mills is sustainably sourced

→

1,500 kg of virgin polybags were replaced with recycled polybags in FY 2021, and we are expanding this initiative further

CREATING INDIA'S FIRST WOVEN CRADLE TO CRADLE CERTIFIED® GOLD PRODUCTS

Shahi became the first woven apparel and textiles manufacturer in India to be awarded Cradle to Cradle Certified® Gold under Version 3.1, a globally recognized measure of safer, more sustainable products made for the circular economy. The collection of products that received this certification, 'Arth' ('Meaning' in Hindi), comprises women's dresses for C&A.

Products are assessed for environmental and social performance across five critical sustainability categories: Material Health, Product Circularity, Clean Air, and Climate Protection, Water and Soil Stewardship, and Social Fairness. The product is assigned an achievement level of Bronze, Silver, Gold, or Platinum for each category. Shahi has achieved a Platinum performance level for Material Health and Gold in the other four categories. The lead assessment was conducted by Eco Intelligent Growth (EIG), and Material Health was assessed by MBDC.

The fabric for the 'Arth' collection was made at Shahi's weaving mill, and the garments were stitched at our apparel factory. The entire collection was created using Global Organic Textile Standard (GOTS) certified organic cotton, more than 96% of which is rapidly renewable cotton.

Furthermore, 86% of the water used in fabric processing for 'Arth' was recycled at our mill, with Zero Liquid Discharge. The finished products are 100% carbon-neutral, 100% recyclable, and are made with the principles of circularity in mind.

PARTICIPATING IN A PILOT TO ENABLE COTTON TRACEABILITY TO FARMS

Responsible Sourcing Network's initiative, Yarn Ethically & Sustainably Sourced (YESS), aims to drive modern slavery out of cotton production at the farm level. The YESS approach builds capacity and checks the conformance of spinning, weaving, and knitting mills to identify and eliminate forced labor from cotton production in supply chains. The approach is being undertaken by utilizing the OECD risk-based due diligence framework.

Shahi contributed to YESS by participating in a pilot, taking the opportunity to understand better how we can contribute to the industry's efforts in identifying and addressing risks of forced labor on farms in our supply chain.

The expectations and guidance under YESS helped bolster our transparency and traceability efforts, which are now increasingly being expected by our customers.

Yarn
Ethically &
Sustainably
Sourced
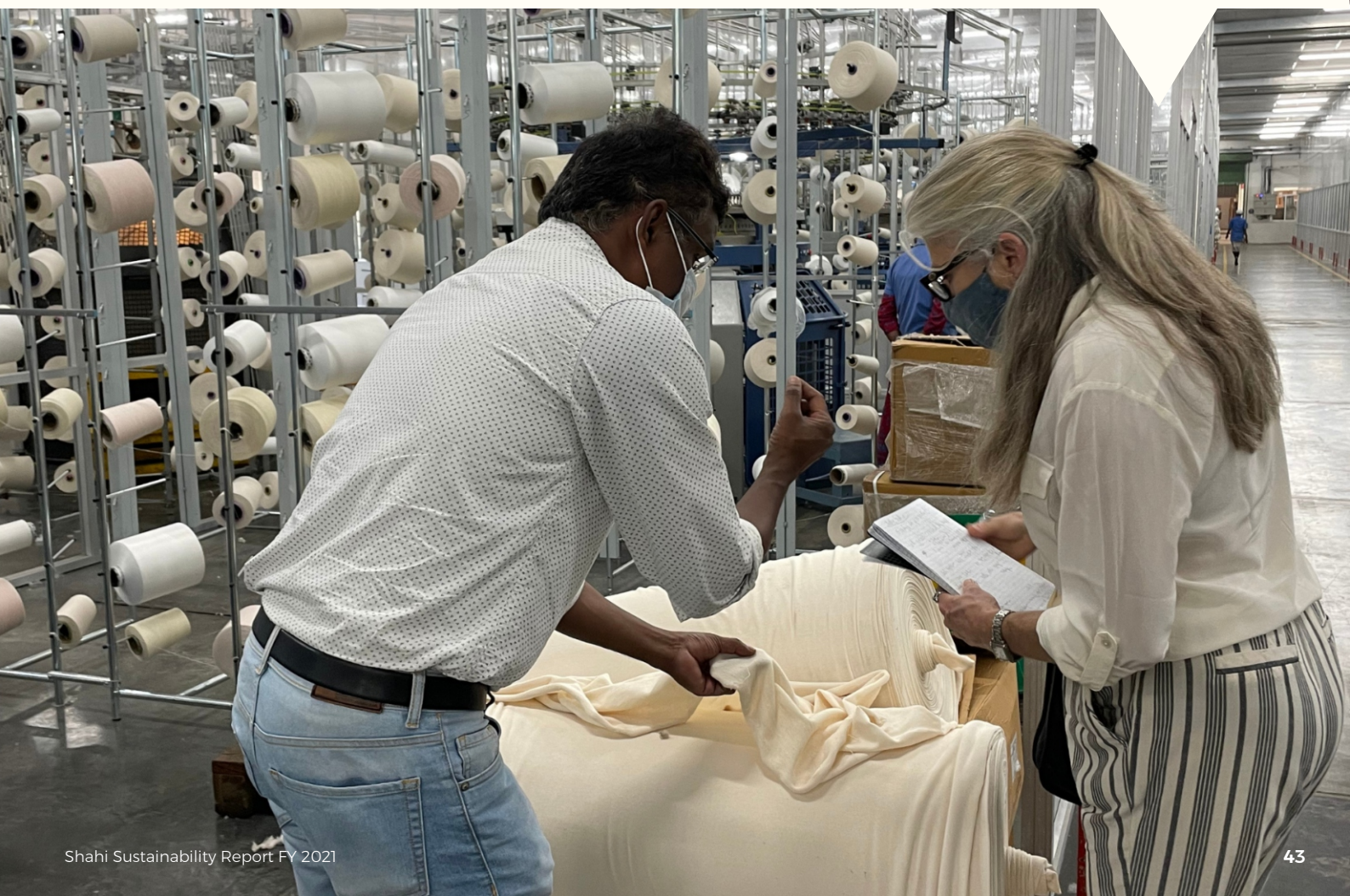
PARTNERSHIPS FOR SUSTAINABILITY

With support from The DOEN Foundation, Shahi has been working with Circular Apparel Innovation Factory (CAIF) on Project Accelerating Circular Economy (ACE). Under Project ACE, CAIF enables corporate brands and manufacturers to collaboratively pilot circular solutions to prove that a circular business has a strong case. We have been testing and scaling innovators in five primary focus areas: Energy, Water, Alternative Materials, Chemicals, and Waste.

Shahi became an industry partner on the Business for Social Responsibility-led project, Keeping Workers in the Loop (KWIL). By exploring the impact of macro forces shaping the future of fashion on employment, KWIL brought foresight to critical decisions regarding the circular fashion transition. Industry participants, including Shahi, H&M Group, VF Corp, and many others, co-created industry and policy recommendations supporting and advancing circular business models that offer dignified, inclusive, and resilient employment opportunities.

Responsible
for People

Whether directly through employees and business or through the communities we operate in, Shahi believes in touching lives for a lasting impact. People have been, and continue to be, an essential asset to our success. To serve our employees and community effectively, we have devised comprehensive frameworks to stimulate development in four focus areas. These areas are employee health and well-being, an empowered workforce, a fair and respectful workplace, and corporate social responsibility.

We approach our people and community development management through comprehensive policies and standards.

Responsible for People Policies and Practices

Labour Standards	Human Resource Management	Health and Safety
● Anti-bribery and Anti-corruption policy	● Recruitment and Selection policy	● Health policy
● Prohibition of Child Labor policy	● Compensation Management policy	● Safety Management System
● Anti-discrimination policy	● Performance Management policy	● Policy on Personal Protective Equipment
● Freedom of Association and Right to Collective Bargaining	● Corporate Social Responsibility policy	● Emergency Action Plan
● Policy on Women Rights	● Training and Development Policy	● Health and Safety Process
● Policy on Human Rights	● Prevention of Sexual Harassment policy	● Injury and Illness Management
	● Grievance Redressal Procedure	● Policy on Medical Services

At Shahi, we believe it is crucial to recruit, train, support, and fulfill the career aspirations of our employees and build teams that collectively drive company goals. We employ a diverse workforce of 115,690 permanent employees comprising management employees, non-management employees, and workers. At 94%, the majority of Shahi's employees are factory workers. Moreover, 69% of our permanent employees are female, driving our motivation to ensure the safety and development of our female workforce.

" Enhancing sustainability and catering to our customers' needs while running ethical and efficient business operations is at the core of our focus. Shahi, uniquely positioned as an industry leader, contributes to elevating worker well-being, CSR, and environmental sustainability as a part of fulfilling our duty towards nature and the community.

Sanjay Tandon
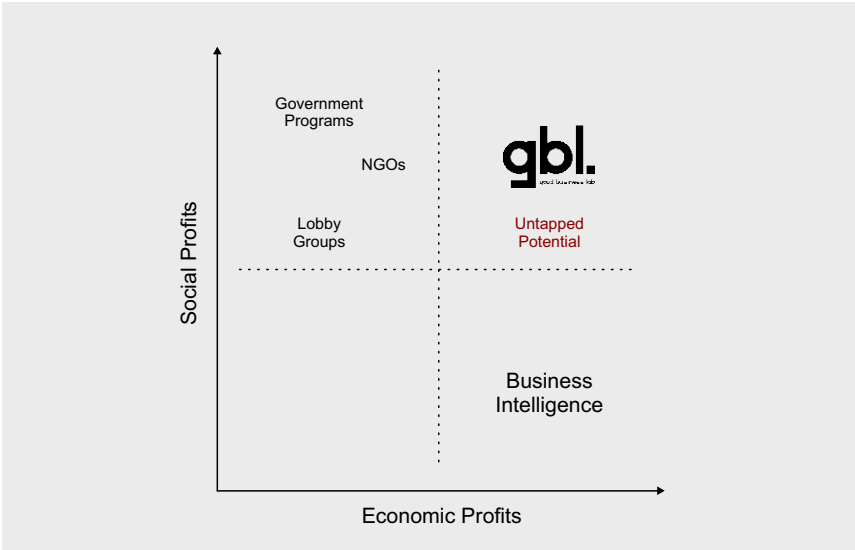CEO, Ladies Specialty Division

PEOPLE GOALS AND PROGRESS

Focus Area	Goals by FY 2024	Progress in FY 2021
GOVERNANCE	100% factories covered under SLCP[1] by FY 2024	80% factories using SLCP
	100% factories with Inache[2] Grievance Redressal Tool	57% factories functioning with the tool
TRAINING AND DEVELOPEMENT	Train 300 leadership against unconscious bias	Will be initiated in FY 2023
	Train 90,000 female workers in Gap Inc. P.A.C.E. [3]	74,000 female workers trained
	Train 100% supervisors in STITCH[4]	41% supervisors trained
	Train 500 leaders in PULSE[5]	320 leaders trained
	Train 3,850 employees in behavioral and soft skills	1,850 employees trained
SKILL TRAINING FOR COMMUNITY WOMEN	Train 65,000 community women in soft skills and technical skills by FY 2024	Trained 44,000 community women

AN INNOVATIVE APPROACH TO WORKER WELL-BEING

A research-based approach to addressing social challenges and tapping on the right developmental strategies, in partnership with Good Business Lab.

The not-for-profit labor research organization Good Business Lab (GBL) was incubated at Shahi in 2017. GBL is on a mission to convince businesses to invest in worker well-being and has grown tremendously to solve global social challenges. They aim to transform labor markets and workers' lives through rigorous data-informed research showing how worker well-being investments generate profitable business returns.

GBL works across the journey of employment—from freeing up rural women to take up paid work and maximizing vocational skills, improving the quality of available jobs for low-income workers, to improving physical and mental health outcomes for workers through workplace health interventions.

Unlocking Female Labor

Closing the Skill Gap

Improving Work Environment

Building Holistic Health

GBL and Shahi have worked on various topics, including women's health, supervisory training, and worker-management communication projects. Throughout this section, we spotlight programs co-created with GBL, along with impact assessment evidence.

As an independent non-profit entity, GBL also works with organizations in the food and automobile industries. Currently, GBL has offices in India (Delhi and Bengaluru), the USA (Michigan), and Colombia (Medellín).

FAIR AND RESPECTFUL WORKPLACE

Cultivating Employee Talent and Performance

Our Performance Management Policy provides employees with opportunities to develop their careers while contributing to Shahi's mission. A transparent performance review system makes the environment growth-friendly. Following up by rewarding high-performing employees, identifying non-performers, and building tailored counseling and training support helps ensure we leave no employee behind. In FY 2021, all our applicable employees underwent performance appraisals guided by open and helpful feedback.

Our Recruitment and Selection Policy focuses on hiring for the correct positions and those competent to catalyze a strategic growth path for the company. We employ the best talent across departments such as Operations, Marketing, Designing, Industrial Engineering, Organizational Development, Business Intelligence, Sustainability, Human Resources, Finance, and IT, amongst others. We continue to work towards ensuring equal pay for all with our Compensation Management Policy that governs the pay scales in alignment with our internal equity and industry standards. It reflects the company's culture of equal remuneration for equal work.

The Employee Induction Policy ensures that recruits are inducted smoothly. To cultivate a long-term and healthy relationship with our employees, we ensure their roles and responsibilities align with the individual's professional aspirations.

Diversity in the Workforce

69% of our permanent employees are female. The majority of our female workforce is at the factory worker level, a trend noted across the global garment industry. However, we have consistently increased the representation of females in supervisory roles at the factory level, a position conventionally held by males, by initiating several training sessions and career development programs to build support systems for females to accept leadership roles.
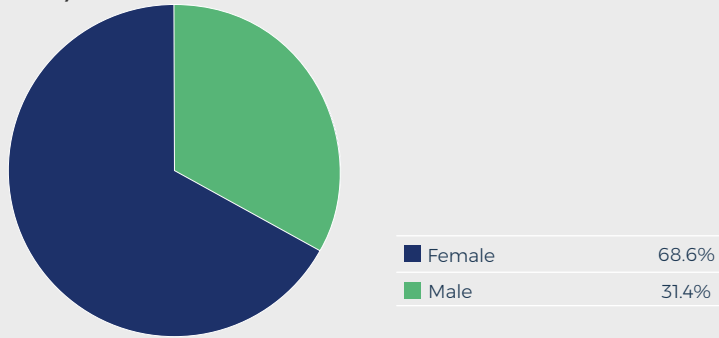
46% of our factory supervisors are females

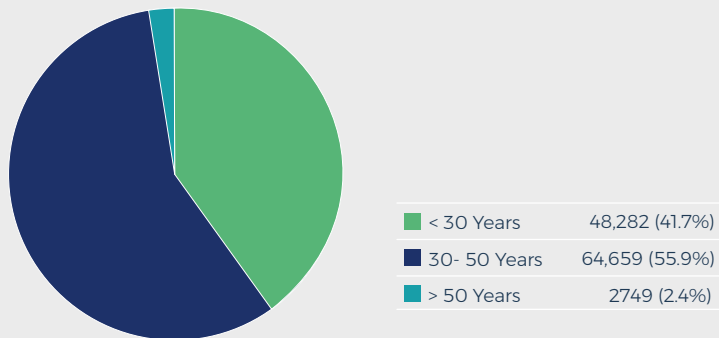**Train 300 management representatives and associates against unconscious bias by FY 2024**

Employees By Gender (Male/Female)

■ Female	68.6%
■ Male	31.4%

Shahi believes in hiring, mentoring, and preparing young talent. 41% of our employees under the age of 30 reflects our commitment to this.

Employees Age-wise

■ < 30 Years	48,282 (41.7%)
■ 30- 50 Years	64,659 (55.9%)
■ > 50 Years	2749 (2.4%)

Upholding Human Rights

Our business is dedicated to protecting the human rights of all our employees, communities, and supply chain. We strive to enforce labor standards and promote equality of opportunity within our spaces.

We uphold our 'Responsibility for People' principles through our Human Rights Policy, Business Principles, and Values. These conform strictly with globally recognized norms in the United Nations Universal Declaration of Human Rights and Global Compact. While collaborating with diverse teams and obtaining value-addition from brands and retailers, our compliance team drives adherence to these standards for employees and their well-being. It ensures that the operations focus on social sustainability. We build a culture of accountability for enhanced levels of due diligence in alignment with the Buyers' Code of Conduct, the Law of the Land, and International Labor Standards.

Every year, each factory undergoes multiple audits based on their customers' codes of conduct or relevant certifications, ensuring our factories' highest standards of operations. In 2021, we underwent 116 Audits. Since 2019, we have been undertaking assessments under Social & Labor Convergence projects (SLCP) to reduce audit fatigue and have a standardized framework for assessing factories.

We adopt due diligence to identify and prevent human rights risks to our people. In situations where we identify human rights violations resulting from or caused by our business actions, we provide cooperation and transparent communication for fair and equitable remediation. We promote access to remediation for our employees through various channels available in our factories and offices or involve third parties in compliance with the laws to alleviate adverse impacts.

We regularly conduct awareness and training sessions to promote and build capacity on Human Rights principles across all operations, equipping our employees with accurate information.

Additionally, we have developed various policies that comprehensively cater to the specifics of Human Rights within Shahi and across our value chain. Namely, these include the POSH Policy which is in alignment with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; Creche Policy; Policy on Women Rights; Anti-harassment and Abuse Policy; policy on Non-Retaliation against associates/all stakeholders; Prohibition of Child Labor and Forced Labor; and Freedom of Association and Collective Bargaining. Together, these form a robust framework for us to benchmark our operations with and set high ethical standards for our employees and workers to adhere to. During the current financial year, there have been zero cases of non-compliance with human rights violations.

Supply Chain Due Diligence

Shahi has robust policies in place to ensure enhanced due diligence during procurement processes. This ensures that materials potentially derived from forced labor or sanctioned entities are eliminated from our supply chain. Our firm policies include:

1.

Shahi's Code of Conduct states that "Forced Labor, Prison Labor, Indentured Labor or Bonded Labor, in any aspects of production or procurement process, are not employed."

2.

The Prohibition of Bonded and Forced Labor Policy extends to suppliers and sub-contractors. It outlines an absolute commitment: "Shahi Exports does not use forced labor, prison labor, indentured labor or bonded labor and prohibition of human trafficking in any

3.

Our Modern Slavery and Human Trafficking Policy applies to all suppliers and subcontractors. The objective of this policy is to exercise due diligence in our entire supply chain in compliance with the 2015 Modern Slavery Act.

4.

Shahi's Vendor Code of Conduct which ensures all business partners must comply with all legal requirements relevant to the conduct of their businesses.

REDUCING AUDIT FATIGUE THROUGH SLCP

In FY 2019, Shahi became one of the first signatories of the Social & Labor Convergence Program (SLCP). The non-profit multi-stakeholder initiative aims to eliminate audit fatigue in global supply chains. Instead of conducting an audit for each brand, facilities can do one audit, which is then verified by a Verifying Body. This increases transparency in supply chains, reduces the need for multiple social audits, and ultimately allows users to redeploy resources to improve working conditions and swift remediation.

Shahi believes in SLCP because:

◦ Wide acceptance of the program can bring down turnaround times for onboarding new factories
◦ A leaner auditing system and reduced dependence on multiple third parties make it the perfect and ready tool for post-pandemic compliance
◦ The program's robust and standardized framework is vetted by multi-stakeholder technical committees and makes it was to customize data sets to varying needs
◦ It streamlines and standardizes training for all HR, compliance, and sustainability teams, allowing saved resources to be diverted toward worker well-being

Brands can access these data sets from a host platform and rate facilities according to their standards. 35% of our customers have replaced traditional audits with SLCP. and we are moving towards aligning 100% of our sites by 2024.

35% of our customers have replaced traditional audits with SLCP

80% of our factories have adopted SLCP

We are moving towards aligning 100% of our sites by 2024

Supporting SLCP

In 2019, Shahi Exports adopted a new approach to social compliance by becoming an SLCP

Hosted the SLCP India launch in 2019 to bring different stakeholders together

Member of two SLCP Technical Advisory Committee Stakeholder Engagement & Communications and Converged Assessment Framework.

SOCIAL & LABOR CONVERGENCE

Grievance Redressal Mechanisms (GRM)

Our goal is to remain true to our origin of sustainably, upskilling, and the holistic empowerment of workers by providing a safe and respectful working environment. Opening channels of free communication and addressing all of our workers' concerns is primary to the smooth management of a large workforce. We have developed the following systems within the workplace to address worker grievances effectively:

HR/ Welfare Officers	OD Representative	Committees	Suggestion boxes	Hotline	INACHE
Workers can approach welfare & HR officers, or even the factory head to voice their concerns	Workers can seek support from Organizational Development (OD) members in factories who monitor grievances and conduct training sessions for workers	Five worker-management committees, as mandated by law, are operating in all factories	Worker can drop their suggestions and complaints in boxes across the factory, which are reviewed and actioned by HR and OD teams	Each business division has a hotline number that workers can call. It is independently managed by OD	An anonymous digital tool that enables workers to send voice or text messages directly to HR. It is monitored by OD

GRM at all units is facilitated through standard operating procedures. To monitor and evaluate the effectiveness of factory systems and promote continuous improvement, we introduced Organizational Development Enabling Officers (EO) who visit the factories twice each month. Building capacity toward the importance and application of GRM, we conduct specialized grievance redressal training for workers and staff with a focus on HR, compliance, and production teams. These hold responsibility for ensuring smooth GRM across our entire workforce.

SCALING INACHE: SHAHI'S DIGITAL GRIEVANCE REDRESSAL TOOL

Enabling workers to voice their suggestions, complaints, grievances, and questions can directly impact their productivity, attrition, and absenteeism. Partnering with Good Business Lab and Humanity United, we implemented and tested a digital communication tool where workers can call or SMS their complaints, grievances, suggestions, or questions to a central dashboard. Following which, it is forwarded to the designated factory staff for response and resolution.

Currently running in 30+ factories, we intend to scale the tool to all our factories by FY 2024.

> " I gave a call to the Inache number and explained my requirement for the extra trolley in the dispatch department. The next day, someone from HR came to my section, took feedback regarding our needs, and immediately addressed my needs. I wholeheartedly thank Shahi and Inache for addressing my concerns quickly, always.
>
> **- Line worker**

inache

Inache Case Resolution Process

POSH and Escalated Cases

Workers register the complain on Inache via SMS or a voice call

Central OD Team

Case Manager allocates the case to the case troubleshooter (CT)

Case reporter prepares case report and transfers to case manager on Inache dashboard

CT resolves the issue and informs the worker
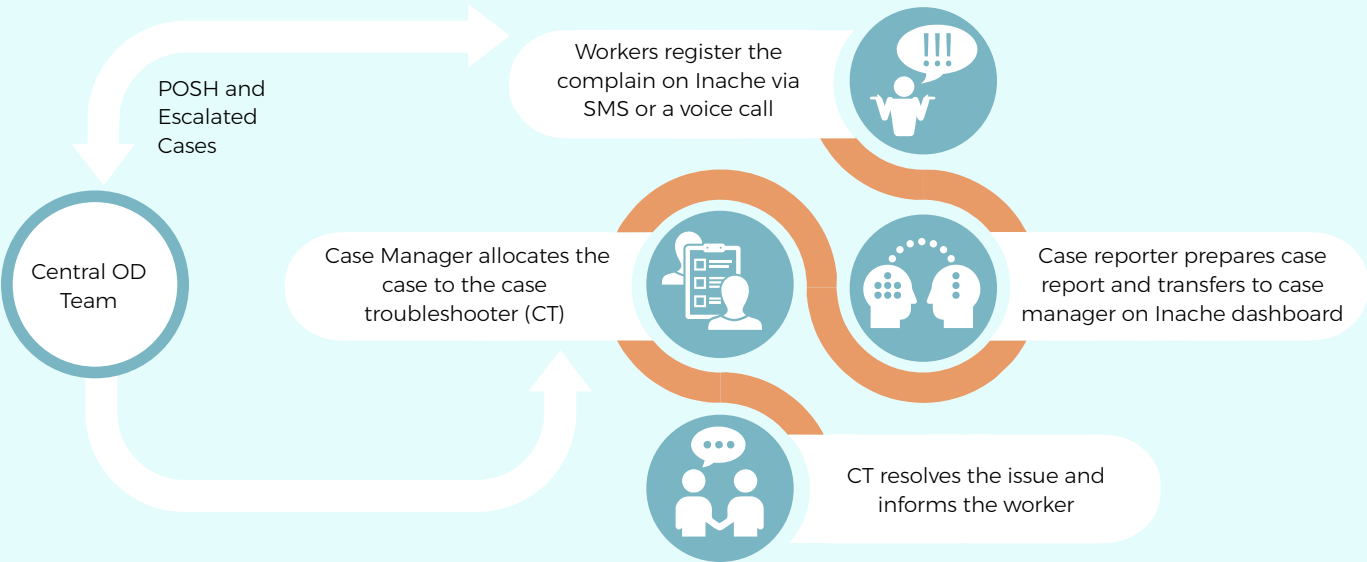
EMPLOYEE HEALTH AND WELL-BEING

We prioritize the health and safety of our employees in our operations. At Shahi, strict adherence to safety regulations, rigorous on-the-ground execution, and good safety communication are critical facilitators of a safe working environment. These responsible tasks are assigned to Safety Officers at every unit, who ensure all compliance and safety measure adherence. We have set our objectives and are committed to:

· Complying with all the applicable safety legislations, statutory, regulatory, and other requirements
· Practicing process safety and management techniques such as safety committees, audits, risk analysis, and documentation of safety-related information
· Providing an injury-free workplace through high employee involvement and a robust health and safety program

Our safety governance is established upon the fundamentals of our policies surrounding Risk Analysis and Environmental Health and Safety. This enables effective communication and risk management in regard to human health while addressing natural and built environmental risks. The policy identifies potential hazards, the nature of risks, existing control measures, the severity of risks, and possible preventive measures while assigning appropriate responsibilities to individuals.

All our facilities host a medical center with fully equipped medical teams of nurses and doctors to treat preliminary injuries and provide primary care. In addition to this, all our employees and workers are covered under the Employees' State Insurance (ESI) facility.

Health & Safety Governance

Occupational Health & Safety

Environmental Health & Safety
- Compliance with EHS laws and regulations
- Promote workplace safety
- Conduct trainings and workshops on H&S

Risk Analysis Policy
- Risk Identification and Prevention
  - Ergonomic, Physical, Chemical, Biological and other hazards
- Communication and Management
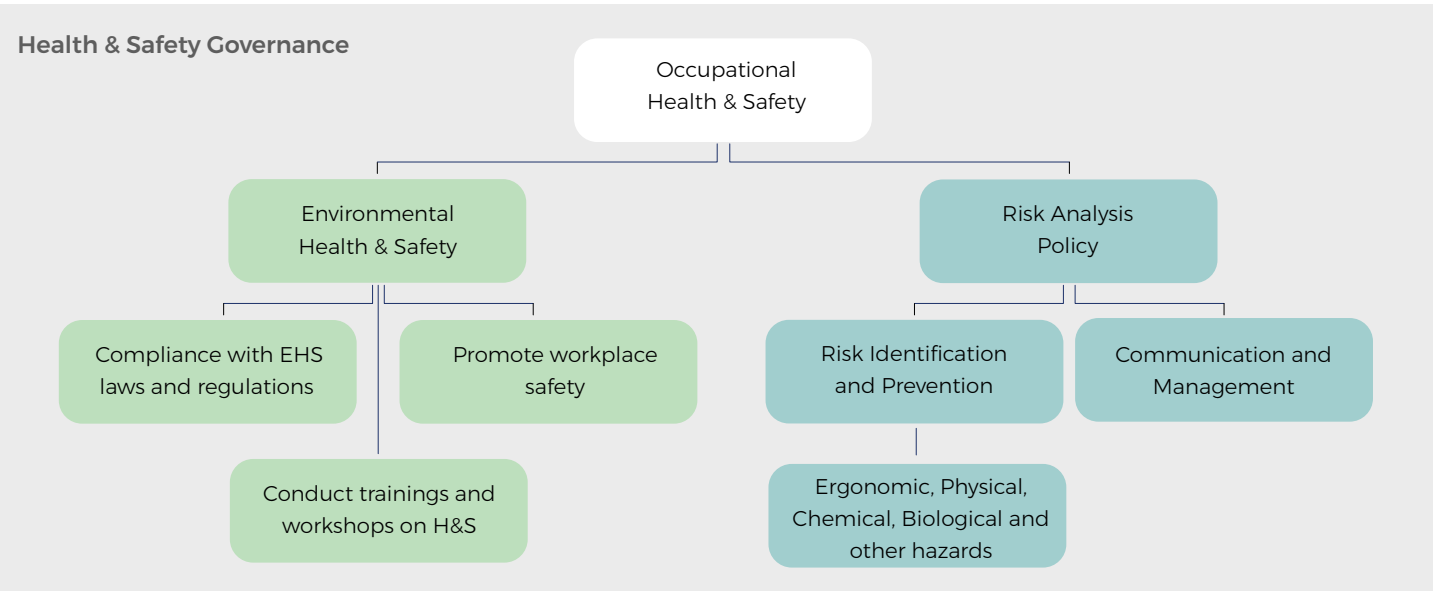
With member representation from various departments, our EHS Committee regularly reviews all functions across units for health and safety performance and risk identification. We channel our efforts to constantly ensure compliance with safety standards and improve our competencies for timely hazard identification and management. In this regard, we have developed safety procedures for any potential risk on the factory floor.

Training and capacity building of employees and workers on safety measures is critical to ensuring the elimination of minor injuries and adherence to high safety standards. We regularly conduct safety training, health camps, and awareness sessions with our employees. Our continuous efforts to propagate safety standards and set up the best protocols have resulted in ZERO fatalities across our operations during the current reporting year.

PROVIDING ACCESS TO VACCINES FOR OUR WORKFORCE

In the summer of 2021, India faced its deadliest wave of the COVID-19 pandemic. The numbers reached a global record of over 400,000 reported cases in a day.

Shahi took a proactive approach toward these challenges. In May 2021, the first camps were set up in proximity to our units, and additional vaccination drives were conducted in collaboration with local health services, NGOs, and private and public hospitals.

Shahi's HR team employed a continuous notification system over intercoms and made in-person announcements on shop floors. Our supervisors conveyed the particulars down their lines and counseled workers to dispel fears. Before the vaccination day, we guided employees on safety protocols during the vaccination process, such as distancing and wearing masks. On the day of vaccinations, we reminded employees to carry the necessary documents. They were led to sequestered areas in the factory where the camps had been set up following our covid protocols.

Our goal was to ensure that workers did not feel burdened at the prospect of developing symptoms in response to the vaccine. Supervisors kept a close eye on any changes in the health of the workers, and they could take leave from work in case of any side effects. We also provided medication for side effects such as fever.

" Our vaccination drive is the result of effective collaboration between various departments working towards a common goal – vaccination for all.

- **Dr. Leena Thakkar,**
Chief Medical Officer, Shahi

Nearly 100% of our employees were vaccinated with both doses by February 2022

EMPOWERED WORKFORCE

Skilling and Employment Creation

The apparel industry can provide gainful employment to women; on average, it takes up to 60 days to learn sewing and start working at a factory. With no other prerequisites, barriers to entry are minimal.

Since 2013, Shahi has established over 80 training centers with valuable public-private partnerships. This training leads to job opportunities that are often the first formal and stable employment for the participants and serve as a stepping stone for their economic advancement. Financial independence builds participant confidence and helps them amplify their voice during familial decision-making and house management. We offer women free sewing skills training and provide employment opportunities at our or other garment factories.

Shahi's skill training team mobilizes, counsels, trains, places, and provides post-placement support. Beyond this program, we also offer our workforce substantial on-the-job training for a month. We track retention rates for 6-12 months after hiring and frame policies and programs to retain trained candidates.

In FY 2021, we trained 11,404 females, of which 74% got hired.

Number of Candidates Trained and Placed

	FY 2019	FY 2020	FY 2021
Trained	4,572	3,616	11,404
Placed	3,781	2,374	8,407
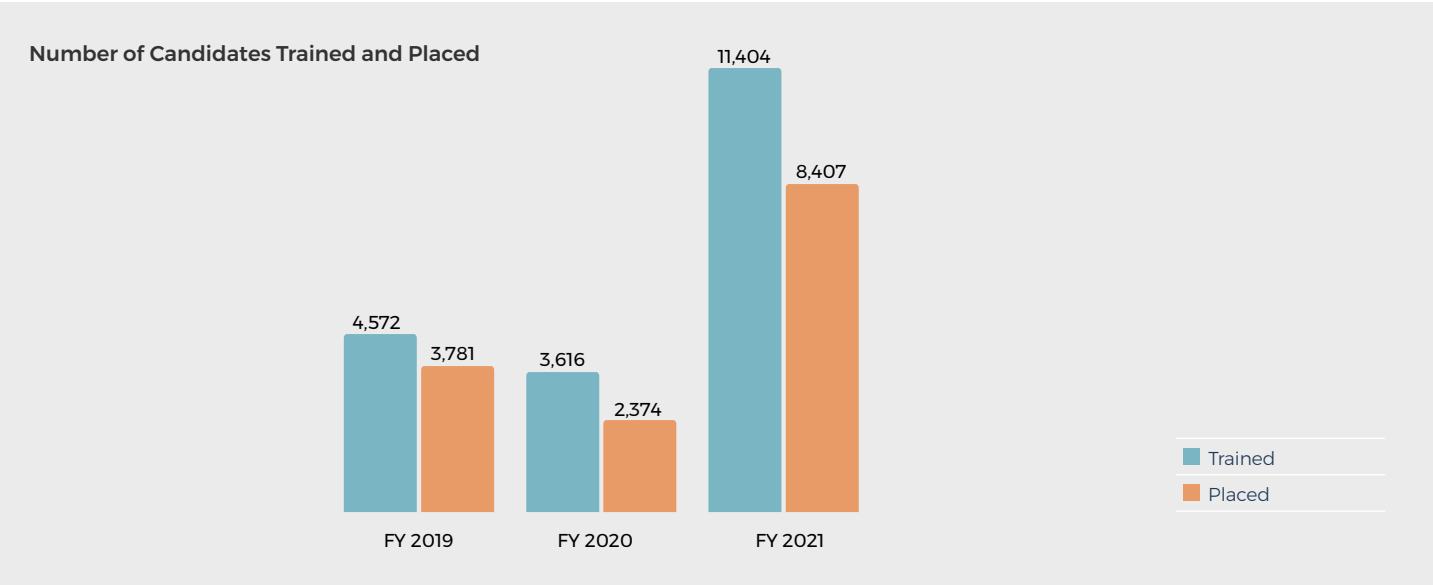
Training and Development

We invest in our people by developing their skills, knowledge, and competencies to help them reach their professional and personal goals. This principle is rooted in our Training and Development Policy. It aims to benchmark a conducive environment for employee self-progression and career advancement by imparting relevant and advanced skills. Shahi's dedicated training team uniquely modifies modules based on employee job functions and the social context from which they emerge, helping them understand and align with Shahi's organizational goals. Our training programs include leadership training, soft skills, technical training, and human rights awareness, among others.

Managerial and Leadership Training

Management Development Program (MDP)	MDP is a robust training program for fresh managers and upcoming leaders who are going to the next level of hierarchies, wherein they will lead a team for the first time.
STITCH: Supervisors' Transformation into Change Holders	STITCH is a Comprehensive Leadership Program for supervisors to build their leadership capabilities while improving their effectiveness in people management and operational aspects.
PULSE: Promoting Upcoming Leadership at Shahi Exports	PULSE is an intensive and robust leadership development 8 month program for personal and interpersonal growth. Various leadership attributes are explained to upcoming leaders to build their capacities for delivering on Shahi's vision and building a good work environment.
SDC: Supervisor Development Cell	Under SDC, supervisors are provided specialized training to enhance their ability to manage a large workforce, handle unforeseen operational challenges, and adopt the latest operational processes and tools.

Staff Training

Business and Soft Skills	Training such as email etiquette and business protocols, communication skills, conflict management, relationship building, interpersonal skills, employee engagement, talent management, planning and organizing, and delegation.
Samriddhi	Training staff on in-house digital systems for monitoring and efficiency improvement. The training also includes production planning and decision-making.
Reinforcing Policies	Group medical insurance, IT training, cyber security, environmental sustainability, and induction training.

Worker Trainings	
Gap Inc. P.A.C.E.: Personal Advancement & Career Enhancement	A holistic life-skills training program designed for female garment workers with modules covering communication, time and stress management, legal literacy, execution excellence, and more.
Grievance Redressal Mechanisms	Training on all grievance channels made available for workers, including suggestion boxes, worker-management committees, hotlines, welfare, and HR officers. Dedicated training is also provided to workers on Inache, a voice and SMS-based tool for workers to send their suggestions, questions, and grievances directly to factory management.
Committee Members Capacity Building	All members of the five worker-management committees in each factory undergo training on their roles and responsibilities to run effective meetings and facilitate dialogue.

Human Rights Training	
Organizational Health and Safety (OH&S)	Training on the importance of using Personal Protective Equipment (PPE) at the workplace, along with fire safety training and drills.
Prevention of Sexual Harassment (POSH)	Awareness sessions on Shahi's POSH policy, redressal mechanisms, and process.

Managerial and Staff Training

Over 100 training sessions were conducted during FY 2021. The table below shows the training coverage with an average of 50,000 training hours. The average training per employee was seven hours. The training team also engages in succession planning to nurture leadership skills and minimize lateral hiring.

Employees Trained and Total Training Hours

	FY 2021	FY 2020	FY 2019	FY 2018
Total Staff Trained	7,971	5,848	9,184	9,564
Total Training Hours	46,508	42,145	55,607	56,309

Worker Training

In FY 2021, we covered 207,422 delivered training over 933,695 hours for workers. The average worker received approximately eight hours of training. These training programs included in-house and brand-driven training such as HER Respect, HER Finance, HER Health, Workplace Cooperation Program (WCP), and many more.

Workers Trained and Total Training Hours

	FY 2021	FY 2020	FY 2019
Total Workers Trained	207,422	244,155	245,883
Total Training Hours	933,695	715,297	835,476

TRAINING 70,000+ WOMEN IN SOFT SKILLS

Gap Inc. P.A.C.E., a holistic life-skills training program, was piloted in FY 2007 at Shahi for female garment workers. It trained them in effective communication, time management, problem-solving, and decision-making over eight months. Since then, Shahi has trained over 70,000 women in Gap Inc. g. and intends to train 90,000 women by 2024.

The garment industry employs a majority female workforce. These women often lack access to formal training and education, preventing them from progressing both personally and professionally GAP Inc. P.A.C.E. allows them to unlock their true potential and fulfill their dreams. Shahi was the first organization to run this program in its factories. We have extended capsule versions of this program to crucial influencers in program participants' lives, including their male co-workers, supervisors, and family members.

Awarded Gap Inc. P.A.C.E. Advocacy Champion Award in 2021 for amplifying our voice through media and news coverage and creating visibility and advocacy for Gap Inc. P.A.C.E.

Social Impact:
- Increased confidence and self-esteem
- Stronger communication skills
- Greater financial awareness and goal setting
- Likeliness to get promoted up to three times quicker
- More likely to save for their children's education
- More likely to take advantage of state-sponsored pension and health schemes
- More likely to enroll in skill development courses

Business Impact:
With Good Business Lab, we studied Gap Inc. P.A.C.E. program's business impact and found a positive return on investment. This creates a powerful business case for extending the program to every worker.

- Gap Inc. P.A.C.E. beneficiaries are 20% more productive than those who have not participated in the program.
- Gap Inc. P.A.C.E. creates a 258% net rate of return for Shahi eight months after the program through improved attendance, retention, and efficiency.

A WOMAN WITH A VISION

Kalyani Pandey, Needle Keeper, Unit F-1
Gap Inc. P.A.C.E. Batch 2010-11

Kalyani recalls 2010, the year she joined the Gap Inc. P.A.C.E. training program: "Gap Inc. P.A.C.E. taught me the importance of saving. In the Financial Literacy sessions, I learned about various saving options and financial goal setting. I sent money from my savings for my mother-in-law's operation. I was able to buy a new house and pay monthly loan installments."

Kalyani joined Shahi in 2010 as a feeder and went on to become a needle-keeper. With her learnings from the program, she turned entrepreneur and supported her husband in setting up their independent garment finishing business. Their small business employs over 30 people.

Kalyani used assertive communication from the Communication Module to improve utilities in her neighborhood. She gained the confidence of her neighbors and, with their support, got drains and roads constructed near her home in a locality with limited amenities.

Kalyani's experience brought her the confidence to elevate herself, her family, and her community.

TRANSFORMING SUPERVISORS' SOFT SKILLS THROUGH TRAINING

Apparel factories typically operate through assembly-line production. Large teams of up to 70 workers stitch and assemble all the garment components under a line supervisor's leadership. In a fast-paced environment where success is measured by the ability to meet production targets, supervisors are often selected solely based on their technical skills. While it is common practice for managers in corporate or white-collar jobs to receive management training, factory supervisors are rarely trained on the soft skills they need to harness the potential of large teams.

Recognizing this gap, Shahi partnered with Good Business Lab (GBL) in FY 2016 to design an extensive soft-skills program called STITCH. This stands for Supervisors' Transformation into Change Holders. It encompasses sessions on topics ranging from problem-solving and coaching to gender sensitivity and improving workplace culture. GBL's research shows that STITCH enhances supervisors' stock of soft skills, reduces turnover, and increases the workers' productivity in their lines, thus raising incomes and the probability of receiving incentive bonuses. Shahi has already enrolled 41% of its supervisors in STITCH, and our goal is to train 100% of supervisors by FY 2024.

Byresh KM, a housekeeping supervisor in Unit 11, shares his experience attending STITCH:

" I was a demotivated employee that would neglect my responsibilities and constantly feel stressed. This would manifest in anger and shouting, resulting in high levels of attrition in my team. After attending STITCH in 2021, my attitude toward life and work has completely shifted. I learned skills like patience and problem-solving, which I now use to motivate my team, listen to their issues, and coach them on how to do better. My self-worth has increased – I feel like my work matters to the company, and I want to contribute further by getting promoted from supervisor to housekeeping in charge.

CORPORATE SOCIAL RESPONSIBILITY

Shahi bears the tag of India`s largest apparel manufacturer and exporter, with vertical integration from fiber to fabric. It continues to lead the design space through innovation and remains committed to ethical operations, developing people and communities, and environmental sustainability. We adhere to our dedicated and holistic Corporate Social Responsibility (CSR) Policy, which attempts to reach the marginalized and underprivileged sections of society. These include, but are not limited to, migrant workers in labor-intensive industries and school children from low-income backgrounds. We strongly believe in trusteeship, i.e., looking beyond commercial interests and making a significant difference in our communities.

Goals

GOALS
By FY 2025

- Extend sexual and reproductive health services to **20,000** beneficiaries
- Plant **21,000** trees in Delhi NCR
- Reach **15,000** beneficiaries under the maternal health project
- Support **10,000** migrant workers through expanding our migration support center
- Impact **7,000** women under the menstrual hygiene project
- Provide access to STEM lab to **2,000** children

Our CSR initiatives are guided by our following core commitments:

- To contribute to social, economic, and environmental development initiatives in the communities we operate in and the society at large.
- To ensure all CSR initiatives undertaken by the company have a long-term, sustainable, and positive impact on marginalized populations.

All our CSR interventions are based on Need Assessment which is carried out by us that is based on existing knowledge, experience, research, and reports available in the public domain; development studies and discussions may be held with District Authorities as per requirements. We either conduct participatory research exercises and interviews with the beneficiaries, an expert organization, or a third party for all our CSR programs.

For FY 2021, our CSR expenditure was INR 10.93 crores (approx. US$ 1.3 million) in various community development initiatives. The CSR program included more than 20 result-oriented projects that aimed to benefit marginalized communities. Shahi follows the guidelines issued by the Ministry of Corporate Affairs, Government of India, under the Companies Act 2013, defined in Schedule VII, which describes CSR subjects wherein corporates can spend their monies. For Shahi, the primary focus remains on the following:

Corporate Social Responsibility Focus Areas

Enhancing Education	Public Health	Environmental Management	Community Management
Efforts to improve Access, Delivery, and Quality	Investments in Infrastructure development, Preventive care, and Capacity building	Resource conservation, Management, and Enhancement	Support to communities in need such as migrant workers

Enhancing Education

Shahi believes that creating an enabling environment for education makes a healthy and robust societal base for future generations. Education has capacities to build a sustainable future. We have been engaging in direct infrastructural support projects, vocational skilling, scholarship support, learning outcome development initiatives, supplementary coaching support, and providing access to education services.

Project Details	Location	Background	Impact for FY 2021
STEM Learning Mini Science Centre	Karnataka	Mini Science Centre (MSC) is an educative, innovative, and systemic instrument designed to revolutionize science and math education by making learning simpler and accessible.	• Shared 80 tabletop working models and 33 backdrops and manuals with five rural government primary schools
Supplementary Free coaching	Bengaluru	Providing free coaching classes for 100 days to the 10th standard students every year for the poor and marginalized children program which runs as a part of a three-month 'Gnana Yagna Program'	• 800 students mobilized • Over 450 students enrolled
Vocational Training Programme	Multiple Locations	A soft skills and technical tailoring training program created for incarcerated females.	• 20 female prisoners enrolled, with 17 having completed the course so far

Public Health

Our focus is on building a healthy and resilient community through health awareness, capacity building, behavior change, infrastructure support, and health camps. It is the right of every human being to live with dignity and respect. We develop and implement health-oriented CSR initiatives customized to local needs, some of which are mentioned below.

Project Details	Location	Background	Impact for FY 2021
Swasth Parivar Satellite Clinic	Bengaluru	Addressing reproductive and sexual health needs of vulnerable men and women, including adolescent people.	• Awareness initiative completed for family planning, maternal and child healthcare • Awareness initiative completed for prevention and management of sexually transmitted diseases
Menstrual Health Project	Karnataka	Breaking barriers and spreading awareness on menstrual hygiene among women from low-income communities.	• 635 women reached through awareness sessions • 433 women accepted menstrual cups
Antranga: Peer Counseling	Karnataka	Strengthening psychosocial health of senior staff and supporting new members to handle personal and professional pressures through counseling.	• 3,185 migrants positively impacted
Maternal Newborn Child Health and Nutrition	Karnataka	Collaborating with the ICDS department to set up a primary health care model, improve availability, and use quality maternal and child nutrition services.	• Health care services were set up in five rural and four urban communities in Karnataka

Environmental Management

Safeguarding natural resources is of utmost priority for any economy. Preserving and conserving natural resources is one of Shahi's key pillars of CSR intervention. We have implemented programs to ensure biodiversity conservation and community-led-waste management to ensure natural resource regeneration and restoration.

Project Details	Location	Background	Impact for FY 2021
Tree Plantation	New Delhi	Partnering with Give Me Trees to turn barren land in Delhi into a dense forest, increase green cover, enhance bird diversity, and improve local air quality. Our employees also volunteered during the drive.	• 1,000+ saplings planted • 1 acre of land covered under tree plantation • 38 Shahi employees volunteered in the tree plantation drive
Solid Waste Management- Arekere Lake	Areakere Lake, Bengaluru	Identifying the source of solid waste and connecting with BBMP for waste collection and management around Arekere Lake.	• Conducted a baseline survey of localities and wards for effective implementation of the program.
Biomass: Environmental Sustainability	Karnataka	In collaboration with Shahi, Tanga Charitable Trust is working on converting waste to biomass and creating livelihood opportunities for local farmers.	• 200 people engaged through awareness generation • 75 acres covered and 180 tonnes of stubbles collected from farms • Employment opportunities created for 30 local communities • Additional income generated for farmers

Community Management

Empowering marginalized and vulnerable communities and providing them with sustainable livelihood solutions through integrated support packages and initiatives is paramount to Shahi. Migrant labor support is an issue close to our hearts, and we collaborated with several stakeholders across our supply chain to build a center to support migrant laborers.

Project Details	Location	Background	Impact for FY 2021
Migrant Support Center	Bengaluru	Providing support to migrants by offering transport, accommodation, training in health, finance, and legal skills, counseling, grievance redressal, administrative support, and upskilling.	• Supported 1,600 migrants • Creating blueprints for scaling up
COVID-19 Relief Package	Bengaluru	Provided ration and medical kits for migrants and locals during COVID-19 and provided medical equipment to public hospitals and primary health centers during the pandemic	• 3,000 beneficiaries received COVID-19 relief packages and support

SETTING UP A SUPPORT CENTER FOR MIGRANT WORKERS

In 2021, Shahi opened a Migrant Support Center in collaboration with Odisha Rural Development and Marketing Society (ORMAS). The center was designed by Good Business Lab (GBL) and H&M. The center supports the migrant community in Bengaluru, India, with access to services such as:

- ◦ Transportation and Accommodation
- ◦ Orientation support to urban life
- ◦ Training in health, finance, and legal topics
- ◦ Community Alumni Network and counseling
- ◦ Facilitating family visits and shelters
- ◦ Grievance redressal through toll-free numbers
- ◦ Administrative and identification Support
- ◦ Upskilling

Migrants make up a significant portion of the workforce at Shahi. Hence, new migrants are trained at our skill development centers and receive placement offers from Shahi and other manufacturing companies under our Migrant Worker's Livelihood Projects (MWLP). This effort aided our research by bringing different perspectives together, including those of a brand, labor rights organizations, and state government initiatives.

" We are a family of four back in Cuttak, Odisha. My brother takes care of our finances, but it was increasingly difficult to bear the responsibility alone. Farming was our only other source of income, though even that was seasonal. I was never very good at school, so after my grade 12 boards, I joined the Dinbandhu Foundation DDU-GKY training center. I was not able to land a placement because of some personal issues. I was desperately looking for avenues to help support my family when MSC Bengaluru gave me a ray of hope to lift and fulfill my dreams. I now work at Flipkart, Bengaluru. Thanks to MSC Bengaluru for the much-needed guidance and support on my career path."

Sarmistha Rout

Flipkart, Bengaluru

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Glossary

[1] Social & Labor Convergence Program (SLCP) aims to reduce audit fatigue by adopting a standardized framework for assessing factories on social compliance topics.

[2] Inache is a two-way communication platform where workers can anonymously call or send an SMS about their complaints, grievances, suggestions, or questions to factory staff for response and resolution within a stipulated time.

[3] GAP Inc. P.A.C.E. is a soft skills training program for female workers to enhance their skills and support career advancement.

[4] STITCH is a Leadership Program for supervisors to build their capacities as a person, supervisor, team member, and leader by improving their people management and operational skills.

[5] PULSE is an intensive and robust leadership development program for personal and interpersonal growth for all levels above supervisors.

[#] Air Emissions

Since Shahi has numerous boilers, diesel generators, and thermopacks installed at its units, it releases other air emissions into the atmosphere. Third-party organizations regularly inspect the stack of these utilities as part of regulatory compliances, and our emissions fall below the prescribed regulatory limits. We are upgrading existing APCDs (Air Pollution control devices) at mills to achieve air emission at strategic and aspirational levels.

Air Emissions to Atmosphere for Mills and Garment Units (in MT)

	Mills FY 2021	Garmenting FY 2021
Nox	57	25
Sox	122	22
Particulate matter (PM)	60	48

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