



SHAHI

MOVING THE NEEDLE

Sustainability Report FY 2022-23



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ABOUT THE REPORT

Moving the Needle

The past year has marked significant shifts in the narrative, perspective, and business of sustainability in fashion. Companies around the world have been focused on re-imagining supply chains, raw materials, and products while looking closely at processes, people, and governance. Awareness, transition to circularity, innovation, conscious sourcing practices, and stronger legislation have emerged as areas for concrete action. While the movement is encouraging to witness, with each step we realize an even greater responsibility to move the needle in favor of climate and people.

This year, with 'Moving the Needle,' Shahi Exports Private Limited (subsequently referred to as 'Shahi' or 'our company' or 'We') is thrilled to present its second sustainability report. We use this report to reflect on our work in FY 2022 and shed light on our goals, accountability, and responsibility in reshaping the global discourse on sustainability. Furthermore, we highlight the pivotal role manufacturers can play in fostering sustainable transformations within the textile industry.

We aim to position ourselves to implement positive changes collaboratively in the realm of sustainability by adopting best practices supported by industry metrics, goals, and progress.

This comprehensive Environmental, Social, and Governance (ESG) report has been curated to offer extensive insight into our company's practices and commitments, and reflects on the progress we have made. Our report is designed to effectively encompass our key non-financial performance, governance framework, material issues assessment, stakeholders' involvement, social initiatives, organizational culture, and environmental responsibility. Shahi's primary goal with this report is to elucidate our company's efforts to generate sustainable and enduring practices while upholding transparency and fostering confidence and community among all stakeholders.

The report is made in adherence to the reporting principles of the Global Reporting Initiative (GRI) Standards 2021. It focuses on its principles and approach regarding clarity, completeness, context, and accuracy. It also showcases our ESG efforts in alignment with the United Nations Sustainable Development Goals (UNSDGs).





Reporting Scope and Boundary

The scope and boundaries of the disclosures in this ESG report predominantly pertain to our company's activities within India. The present report is for the reporting period of the financial year 2022-23 (FY 2022) — April 1, 2022 to March 31, 2023.



External Assurance

During the reporting year, we have sought external assurance of the Sustainability Report. This report is verified under limited assurance by TUV SÜD South Asia Pvt Ltd. The report was prepared by M/s Incorp Advisory and competent team members of Shahi Exports Private Limited as per the internal procedure of sustainability reporting.

We encourage feedback on our report as part of our commitment to providing relevant and valuable information for stakeholder's decision-making.

For further information, please write to us at communications@shahi.co.in

For media queries, please write to us at media@shahi.co.in

Anant Ahuja

Head, ESG

MESSAGE FROM OUR CHAIRPERSON



Dear Valued Stakeholders,

As I present this year's sustainability report, I am filled with immense pride in our remarkable progress in integrating sustainability into the fabric of our business operations. At Shahi, sustainability is not an afterthought but a key pillar of our success.

The fashion industry is at a critical crossroads

in a world grappling with the economic slowdown, social inequality, and the looming threat of climate change. These threats pose a challenge and present opportunities for innovation to better our planet and communities. Shahi recognizes the pivotal role manufacturers play in the value chain and seeks to actively engage with our stakeholders, including brands, retailers, and employees, to co-create solutions to these challenges.

Our sustainability journey is guided by our 'Responsible for People and Planet' framework. Last year, we released our first Sustainability Report and set ambitious targets for the future. This year's report titled 'Moving the Needle' demonstrates our unwavering commitment to achieving and exceeding our goals.

We have moved the needle on our Planet targets, increasing our water recycling capacities and renewable energy capacity to 92.5MW, bringing us

closer to our goal of 100% renewable electricity by 2026. This year, we phased out coal from garment factories and continue to work on coal elimination in mills. Our efforts have not gone unnoticed, as we have received several international and national awards for our commitment to environmental stewardship. These endeavors are also reflected in our Higg FEM verified average score of 78.05%, compared to the global average of 59.67%.

Shahi joined Fashion for Good and Organic Cotton Accelerator to drive innovative and scalable solutions. We have always had a strong focus on research and development. Our mills, laboratories, and factories serve as testing grounds for groundbreaking innovations in materials, chemicals, and even new business models. As an early investor in DXM, an on-demand manufacturing platform, we were thrilled to see a successful pilot with Carhartt, shipping custom clothing directly to the end consumer from our factories.

On the People front, we continued to invest in soft skills training for women through the Gap Inc. P.A.C.E. program, reaching 86,492 women since 2007 and completing 96% of our 2024 training target. Similarly, the number of supervisors enrolled in the supervisor development program, STITCH, doubled in FY 2022. The rollout of Inache, an anonymous and digital grievance redressal mechanism, reached 74% of our factories, ensuring our workers have a voice and a platform to address their concerns. We actively sought to identify new areas of work through need assessments. This resulted in the vision screenings of 13,400 employees and the launch of another flagship program, Bsafe, which fosters an understanding

of different forms of harassment and remediation methods among employees.

We made progress toward the FY 2025 targets for our communities in all five focus areas: migrant support, health, education, skill development, and environmental sustainability. We also set new ambitious goals to improve infrastructure, access, delivery, and quality of education for 10,000 children and to improve solid waste management practices in communities for 150,000 beneficiaries by 2025. Our commitment to empowering communities is guided by our founder's values and strengthened through partnerships with expert regional non-profit organizations.

We also actively collaborated with international experts and organizations to further our People objectives. We have partnered with the International Organization for Migration (IOM) to support migrant workers and launched the YESS: Yarn Ethically and Sustainably Sourced program to mitigate the risk of forced labor in our supply chain.

As Shahi turns 50 next year, we believe sustainability efforts will increasingly underpin our success and drive industry-wide transformation. We will continue this spirit of collaboration, sharing our best practices, and advocating for collective action.

Thank you for joining us on this journey. Together, let's move the needle.

Harish Ahuja,

**Managing Director and Chairperson,
Shahi Exports**

ABOUT SHAHI

Shahi is one of India's leading apparel manufacturers and exporters. Our vertically integrated operations, diversified product portfolio, and ethical and sustainable practices make us one of the most trusted garment manufacturers in the world. We are resolutely committed to providing a seamless service experience.

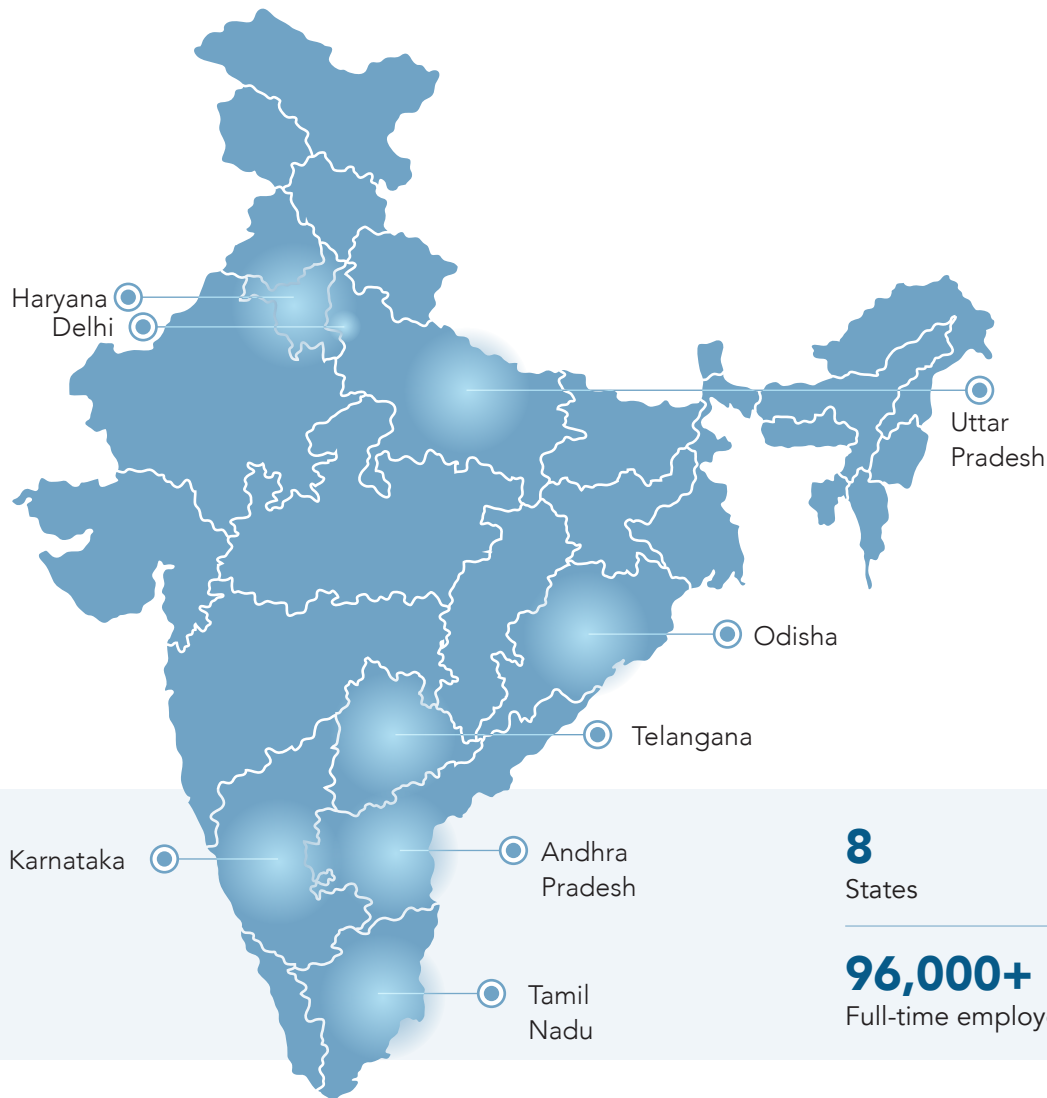
In 1974, Sarla Ahuja laid the foundation for Shahi with a powerful mission to empower women by offering them income and sustenance through a modest home-based business. The story of Shahi is not just about business growth but also about the triumph of one woman's vision and how it has transformed the lives of countless individuals.

Our focus remains on creativity, unparalleled quality, and efficiency in our services while harboring a conscious responsibility towards people and our planet.

Shahi has established its presence as a key player globally, collaborating with some of the world's most renowned brands as a reliable and influential partner.



OUR PRESENCE



Supplier of Choice for leading global brands for nearly **five decades**:



Quality Customer Service



Robust Design and Innovation Capability



Vertical Integration



Responsibility for People and Planet

8
States

96,000+
Full-time employees

50+
Factories

3
Processing Mills

143+ million
garments produced annually

OUR CAPABILITIES

Shahi stands at the forefront of cutting-edge, vertically integrated textile operations. Our world-class state-of-the-art mills are dedicated to crafting woven and knitted fabrics, using premium-grade cotton and yarn sourced from our in-house spinning mill and reputable suppliers.

Approximately 80% of our textile mills' production capacity is channeled into our state-of-the-art garment factories. Here, we produce apparel that reaches customers worldwide. The synergy between our in-house design, innovation, and laboratory teams allows for a seamless design-to-product process.

These aspects ensure unmatched visibility and an elevated quality standard throughout the production journey, from yarn to fashion.

Spinning



1

Mill

10,134 tonnes
Spinning

2,704 tonnes
Open-end spinning

Knitting and Processing



Our Knits Processing Division (KPD) delivers a wide range of knitted fabrics, including jersey, interlock, pique, lacoste, rib, fleece, French terry, jacquards, and auto stripes. These are offered in cotton and cotton blends, including lycra, using coarse to fine yarn counts and from 100 GSM to 450 GSM.

1

Mill

10,228 tonnes
Knitting

9,205 tonnes
Fabric Processing Capacity

Weaving and Processing



Our weaving facilities process cotton, rayon, linen fabric, polyester, and blends—ranging from lightweight tops fabric to heavy bottoms fabric in different weaves, dobbies, double cloth, and high twist fabrics. These facilities can produce a variety of finishes. These include standard finishes like mercerization, brushing, and peaching, as well as highly specialized proprietary finishes such as easy-care, wrinkle-free, PFC-free DWR, and silky finish.

1

Mill

63 million meters
Weaving

91 million meters
Fabric Processing Capacity

Garmenting



Ladies Specialty Division

16

Factories

45 million pieces

Knits Division

16

Factories

53 million pieces

Men, Bottoms & Denim Division

19

Factories

45 million pieces

OUR CAPABILITIES

Designing



Our design and product development infrastructure comprises a dynamic team of over 90 skilled designers. Each of them specializes in various domains such as CAD (Computer-Aided Design), 3D draping, 3D sampling, textile innovation, and apparel design. Creating a digital twin of the same garment using 3D and VR technology speeds up the approval process. Augmented reality solutions eliminate the need to travel without compromising quality parameters, ensuring we remain ahead of the curve. Thus, conservation of resources and time is embedded into our design process.

Impact

Faster Turnround:

Digital sampling has reduced the time required for design approvals and production kick-offs by up to 50%. This has allowed us to take on more projects and meet tight deadlines with ease.

Environmental Responsibility:

Our commitment to sustainability has been reinforced, and we are proud to contribute to a greener, more eco-friendly industry.

Enhanced Collaboration:

Designers, production teams, and clients now collaborate seamlessly, fostering a culture of innovation and creativity within the organization.

Software

SHIMA SEIKI



OPTITEX

Laboratory



Shahi's in-house lab is well-equipped with calibrated instruments, machinery, and proficient staff. It plays a crucial role in our production cycle and drives quality, consistency, and customer experience improvements. Our lab also conducts rigorous product performance and color testing across raw materials, fabrics, garments, and trims. These tests adhere to international standards set by organizations such as the American Association of Textile Chemists (AATCC), the American Society for Testing and Materials (ASTM) International, the International Organization for Standardization (ISO), and the British Standard (BS). Additionally, we integrate client-specific in-house testing methods to ensure a comprehensive evaluation.

MEMBERSHIPS

Shahi is a proud member of several key Indian-industry bodies that define excellence. By actively participating in discussions, forums, and initiatives led by the following organizations, we seek to drive trends while playing a pivotal role in moving the needle in the textile industry:



The Cotton Textiles Export
Promotion Council



Apparel Export
Promotion Council



Confederation of Indian Industry



Federation of Indian Chambers
of Commerce and Industry

FICCI



ASSOCHAM



GEMA



Textiles
Committee



THE CLOTHING MANUFACTURERS ASSOCIATION OF INDIA

CMAI

Our collaborative efforts extend further as we work closely with the:



Federation of Indian Export
Organisations



Confederation of Indian Textile
Industry

Together, we are shaping the textile industry and driving progress.

OUR 'RESPONSIBLE FOR' FRAMEWORK

Our 'Responsible for' Framework

Sustainability isn't just about doing good – it's about making a real difference for people, the planet, and our prosperity. Our 'Responsible For' framework is more than just a plan; it's our promise. Shahi is driven by actions that benefit everyone in our value chain, from the environment to the economy.

Responsible for Planet



Aim: To protect the environment by conserving resources, improving efficiency, and enhancing innovation.

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

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

Chemical & Materials Stewardship: Align with global standards for zero discharge of hazardous chemicals and source sustainable alternatives.

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

Responsible for People



Aim: To nurture a growth-oriented environment for our employees and the communities we operate in.

Empowered Workforce: Enhance employees' technical and soft skills.











Employee Health & Well-being: Ensure safety, create awareness, and tackle health issues our people face.

Fair & Respectful Workplace: Uphold human rights through executed policies and robust grievance management systems.

Corporate Social Responsibility (CSR): Drive impact in health, education, skill development, and environmental management.




FY 2022 PROGRESS

Responsible For Planet






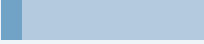


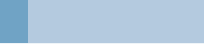

| Area | Base Year | Objective | Target Year | 2021 Performance (Cumulative) | 2022 Performance (Cumulative) |
|---|----------------------|--|-------------|---|---|
|  Energy | FY 2018 ¹ | To achieve 100% renewable electricity | FY 2026 | 68%  | 70%  |
| | FY 2021 | To achieve 50% energy consumption from carbon-neutral sources | FY 2026 | 31%  | 36%  |
|  Water and Wastewater | FY 2021 | To achieve 85% recycled water usage for industrial purposes in garment units | FY 2024 | 80%  | 81%  |
| | FY 2021 | To achieve 75% recycled water usage for industrial purposes in textile mills | FY 2024 | 68%  | 71%  |

¹ In 2018, 47% of our electricity was from renewable resources

Responsible for People

| Area | Base Year | Objective | Target Year | 2021 Performance (Cumulative) | | 2022 Performance (Cumulative) | |
|--|-----------|--|----------------|-------------------------------|------------------------|-------------------------------|------------------------|
|  Governance | FY 2018 | To have all factories under SLCP | FY 2024 | 79% | <div><div></div></div> | 84% | <div><div></div></div> |
| | FY 2021 | To have Inache tool in all factories | FY 2024 | 57% | <div><div></div></div> | 74% | <div><div></div></div> |
|  Training and Development | FY 2007 | To train 90,000 females in Gap Inc. P.A.C.E. | FY 2024 | 74,000 (82%) | <div><div></div></div> | 86,492 (96%) | <div><div></div></div> |
| | FY 2019 | To train 100% supervisors in STITCH | FY 2024 | 41% | <div><div></div></div> | 78% | <div><div></div></div> |
| | FY 2020 | To enrol 500 leaders in eight-months of leadership course training under PULSE | FY 2025 | 320 (64%) | <div><div></div></div> | 455 (91%) | <div><div></div></div> |
| | FY 2017 | To train 2,000 people for various behaviors and soft skills | FY 2024 | 846 (42.3%) | <div><div></div></div> | 2,495 (124%) | <div><div></div></div> |
|  Skill Training for Community Women | FY 2018 | To train 65,000 women in soft and technical skills | FY 2024 | 44,000 (68%) | <div><div></div></div> | 53,542 (82%) | <div><div></div></div> |

Responsible for People

| Area | Base Year | Objective | Target Year | 2021 Performance (Cumulative) | 2022 Performance (Cumulative) |
|--|-----------|--|-------------|--|--|
|  Corporate Social Responsibility | FY 2021 | To extend sexual and reproductive health services to 20,000 beneficiaries | FY 2025 | NA | 5,123 (25%)  |
| | FY 2021 | To support 10,000 migrant workers through the expansion of our Migration Support Center | FY 2025 | 1,600 (16%)  | 3,447 (50%)  |
| | FY 2021 | To reach 15,000 beneficiaries (pregnant women, children below 5 years of age, ASHA workers, anganwadi workers, Government Women and Health Departments, and community) under the Maternal and Child Health Project | FY 2025 | Health care services were set up in five rural and four urban communities in Karnataka | 9,348 (62%)  |
| | FY 2021 | To impact 7,000 women under the Menstrual Hygiene Project | FY 2025 | 635 (9%)  | 4,227 (60%)  |
| | FY 2021 | To provide 2,000 children the access to STEM labs | FY 2023 | 5 Mini Science Centers established in schools 180 modules made for teacher training in Science, Engineering, Technology, and Math | 2,050 (102%)  |
| | FY 2022 | To plant 21,000 trees in the communities across NCR under Ankuram Project | FY 2025 | 3,000 trees planted (14%)  | 10,000 trees planted (47%)  |
| | | | | | |

Our Diversity, Equity and Inclusion goal to deliver unconscious bias training for 300 leaders will be baselined against our progress in FY 2023.

STANDARDS AND CERTIFICATIONS

Aligning our raw materials, processes, and testing to match global benchmarks is not simply a routine practice but the driving force behind our top-tier quality and mindful customer interactions. Our certifications are our promises in action.



Materials



Environmental Management



Compliance



Our Awards and Accolades: FY 2022

Environment

1

Highest Global Exports Award (Gold Trophy) by the Apparel Export Promotion Council (AEPCC).

2

International Green Apple Environment Award by The Green Organization, received for carbon reduction.

3

International Green Apple Environment Award by The Green Organization, received for water efficiency.

4

Giga-Guru Supplier Award by Walmart, received for the fourth consecutive year for setting SMART goals.

Business and Social

1

Business Transformation Awards-2022 by Mint and Techcircle in the category of 'Competitive Edge' for the cost optimization of our Bots RRP project.

2

Excellence in Performance Award by The Confederation of Indian Industry under the ground-mounted solar category.


3

Best Performance Award by ORMAS for completing five Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) projects in Odisha.



REPRESENTING SUPPLIER VOICE: NEW PARTNERSHIPS

We simultaneously engage with domestic bodies and actively participate in global narratives through collaborations with organizations that align with our sustainability agenda. This effectively contributes to the vast body of knowledge, experience, innovation, and action that suppliers like us resonate with the advancement of the industry at large. In FY 2022, we joined several industry-leading forums to scale our impact.

| In Partnership With | Our Role |
|---|---|
|  | <p>Fashion for Good (FFG)</p> <p>Shahi became an Affiliate Partner to FFG, a global platform that connects sustainable innovations to brands, retailers, manufacturers, and funders to bring new ideas and technologies from niche to norm.</p> |
|  | <p>Organic Cotton Accelerator (OCA)</p> <p>Shahi became a Contributor to OCA, a multi-stakeholder organization dedicated to convening the supply chain towards improving the profitability, integrity, and environmental impact of organic cotton.</p> |
|  | <p>Better Buying Institute (BBI)</p> <p>Anant Ahuja, Head of ESG, joined the Board of Directors of BBI which has a mission to enable collaborations between buyers and suppliers with responsible purchasing practices. This helps them achieve shared goals of profitability and social and environmental sustainability.</p> |
|  | <p>Transformers Foundation (TF)</p> <p>Shahi and a group of suppliers formed a committee with TF to dive into the most significant legislative developments affecting the fashion supply chain.</p> |
|  | <p>Asia Garment Hub (AGH)</p> <p>Shahi joined and takes part in regular exclusive conversations with suppliers organized by AGH to discuss and brainstorm critical sustainability challenges.</p> |
|  | <p>Apparel Impact Institute (All)</p> <p>Shahi participated in All's Carbon Leadership Project, which focuses on setting carbon reduction targets for our textile mills.</p> |



GOVERNANCE

At Shahi, sound Corporate Governance is the foundation of our long-term value creation for our diverse stakeholders. It is based on the fundamental principles of transparency, accountability, and integrity at all levels. We place a strong emphasis on adhering to regulatory compliances, upholding fair business practices, and ethical conduct.

As the highest decision-making body, the Board of Directors ensures that our business processes align with the highest standards of ethics and integrity. The Board is responsible for establishing policies, strategies, and goals while also evaluating ethical performance.



BOARD OF DIRECTORS

Our Board comprises individuals with varying skill sets and experience. Their collective expertise and dedication towards Shahi's business operations have sown seeds of sustainable performance, facilitated growth, and created a positive impact over the years. The Board's composition is in accordance with the Companies Act 2013.


The Board plays a significant role in enhancing Shahi's ESG practices. It also collaborates with ESG-related committees and teams to steer our sustainability initiatives, ensuring a positive impact on the environment and all shareholders. Some of our Board members are also on the Executive Committee that monitors

ESG initiatives within our company and our designated departments for various ESG projects. The Board defines tasks in collaboration with these departments, which then present their performance against the objectives defined. The policies, targets, and main sustainability objectives are reviewed and approved by the Board. Additionally, the Board thoroughly reviews and grants approvals for the sustainability report before its public release. The Board convenes annually with various teams to enhance ESG strategies while sharing progress updates on sustainability.



ESG Governance

Our ESG Governance structure involves various teams and committees working together to ensure responsible and sustainable business practices. The committees convene regularly to fulfill the responsibilities assigned by the Board. Each committee upholds the highest standards of governance and possesses the necessary expertise to address matters within their respective domains effectively.



CSR Committee

The Board has established a CSR Committee in compliance with The Companies Act 2013. The roles and responsibilities of the CSR Committee include:

- 1 Formulating and recommending to the Board a CSR policy that indicates the initiatives to be undertaken by the Company as specified in Schedule VII of The Act.
- 2 Recommending the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company.
- 3 Reviewing the CSR Policy of the Company annually.
- 4 Formulating and recommending an Annual Action Plan (AAP) to the Board annually.
- 5 Instituting a transparent implementation and monitoring mechanism for the CSR initiatives.

The CSR Committee and the CSR team meet on a monthly basis to discuss CSR project updates, challenges, reviews of new projects, and CSR expenditures.



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 critical decisions for Shahi and consists of the following Directors and top management:

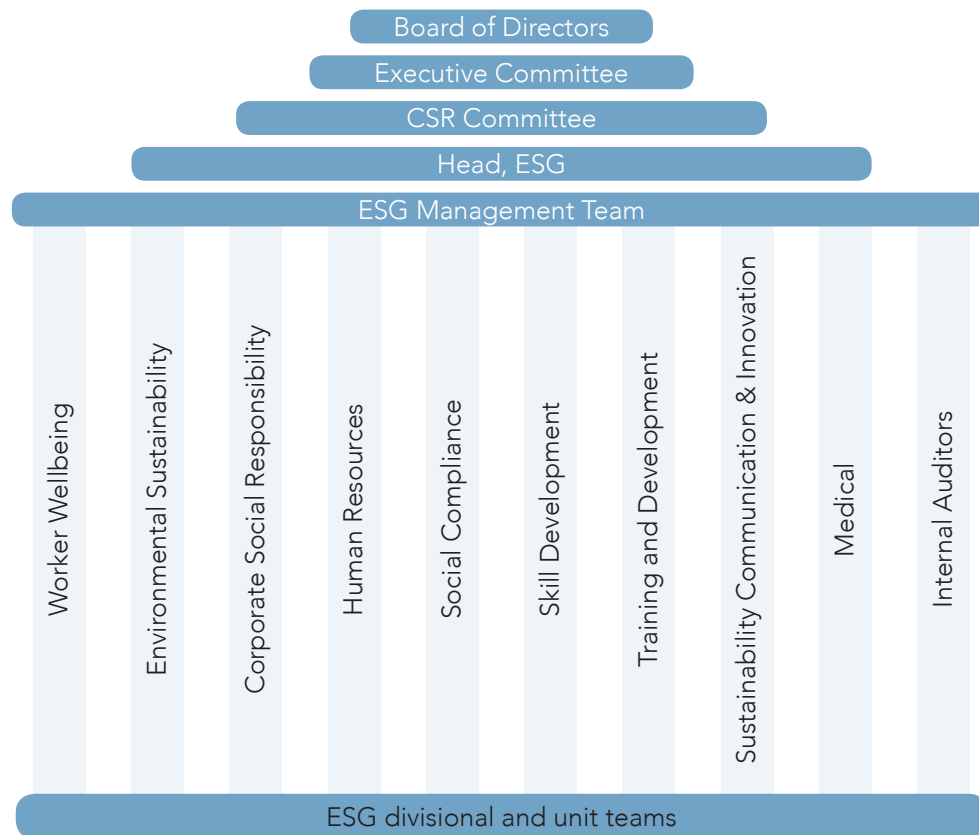
- 1 Harish Ahuja, Managing Director & Chairperson
- 2 Girish Ahuja, Chief Financial Officer
- 3 Ramanujam Venkat Raghavan, CEO Men, Bottoms, and Denim Division
- 4 Ramalingam T., CEO Knits Division
- 5 Sanjay Tandon, CEO Ladies Specialty Division
- 6 Anant Ahuja, Head ESG; Advisor
- 7 Ananda Padmanabhan P.B, President-Corporate Affairs; Advisor

The EC makes key decisions on ESG performance and includes Board members in the process. The cross-departmental ESG Management Team works closely with the EC to transform its vision into reality.

ESG Management Team

This team comprises of key members such as the Head of Organizational Development, Head of Environmental Sustainability, Chief Compliance Officer, Chief Human Resources Officer, and the Chief Internal auditor, among others. The EC works in coherence with ESG team leaders to update Shahi's strategies, policies, and goals.

There are designated departments for the various ESG projects and focuses. The Board and departments define the tasks. These departments include the Environment, CSR, Worker Well-being, Organizational Development, Sustainability and Innovation, Training, Skill Development, and Communications. They have levels of management that help them maintain accountability.



Additional departments, including Waste Management, Information Technology, Marketing, Sourcing and Procurement, and Finance are actively involved in ensuring that sustainability projects align with Shahi's envisioned goals.



Our Policies

Shahi has developed and incorporated a range of employee-focused policies within the Corporate Governance framework. These policies are crucial in cultivating an organizational culture characterized by transparency, ethics, and responsibility. To ensure that their concerns are addressed, we have established grievance mechanisms for employees, customers, and suppliers.

Some of the policies and codes adopted by our company are mentioned below.



ENVIRONMENT

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



SOCIAL

- Health Policy
- Injury and Illness System Management – Policy and Procedures
- Policy and Procedures on Occupational Health Management
- Prohibition of Child Labour Policy
- Anti-Harassment and Anti-Abuse Policy
- Modern Slavery and Human Trafficking Policy
- Policy on Women Rights
- Policy on Non-retaliation Against Associates/All Stakeholders
- Policy on Handling of Complaints and Confidential Appeals
- Creche Policy
- Policy on Human Rights
- Corporate Social Responsibility Policy



GOVERNANCE

- Code of Conduct
- Anti-Bribery and Anti-Corruption Policy
- Risk Analysis Policy
- POSH Policy
- Outsourcing Policy
- Vendor Code of Conduct Policy
- Communication Policy
- Freedom of Association and Right to Collective Bargaining
- Anti-discrimination Policy
- Quality Policy

At the heart of our business lies a commitment to ethical business practices. This commitment is ingrained in Shahi's policies and Code of Conduct. We ensure its implementation through robust systems and processes throughout our business operations. We have two Codes of Conduct in place: one for the Board and employees and the other for suppliers.

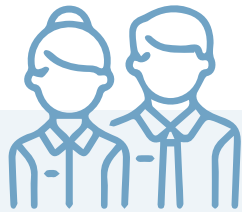
The Code of Conduct delineates the operational standards upheld, guiding ethical governance and corporate responsibility. Each year, all Board members and senior management personnel affirm their commitment to complying with the requirements outlined in the Code of Conduct.

STAKEHOLDER ENGAGEMENT APPROACH TO MATERIALITY ASSESSMENT

In FY 2021, we conducted a comprehensive materiality assessment in alignment with the approach defined by the Global Reporting Initiative (GRI) Standards 2016. It helped us identify and prioritize the critical sustainability issues at Shahi and helped incorporate stakeholders' perspectives through a group of internal stakeholder interviews where they were asked for in-depth insights on various aspects of sustainability topics. They also represented the external stakeholders' perspectives. Moving forward, we will adopt larger stakeholder group meetings for engagement. GRI Standards 2021 (revised) came into effect for reporting in January 2023.

With the advent of the GRI 2021 Standards, our materiality assessment was modified to a systematic materiality approach. This enabled us to determine positive and negative impacts created across all business activities, operations, and external environment on the economy, environment, and our stakeholders through insights received from investor surveys, peer-reviewed scientific research, industry reports, consumer insights data, and internal stakeholders representing larger stakeholder groups. The Board reviewed and approved the topics in October 2022, which have been used to formulate material topics.

Our Key Stakeholder Groups



Employees



Supply Chain Partners



Customers (B2B)



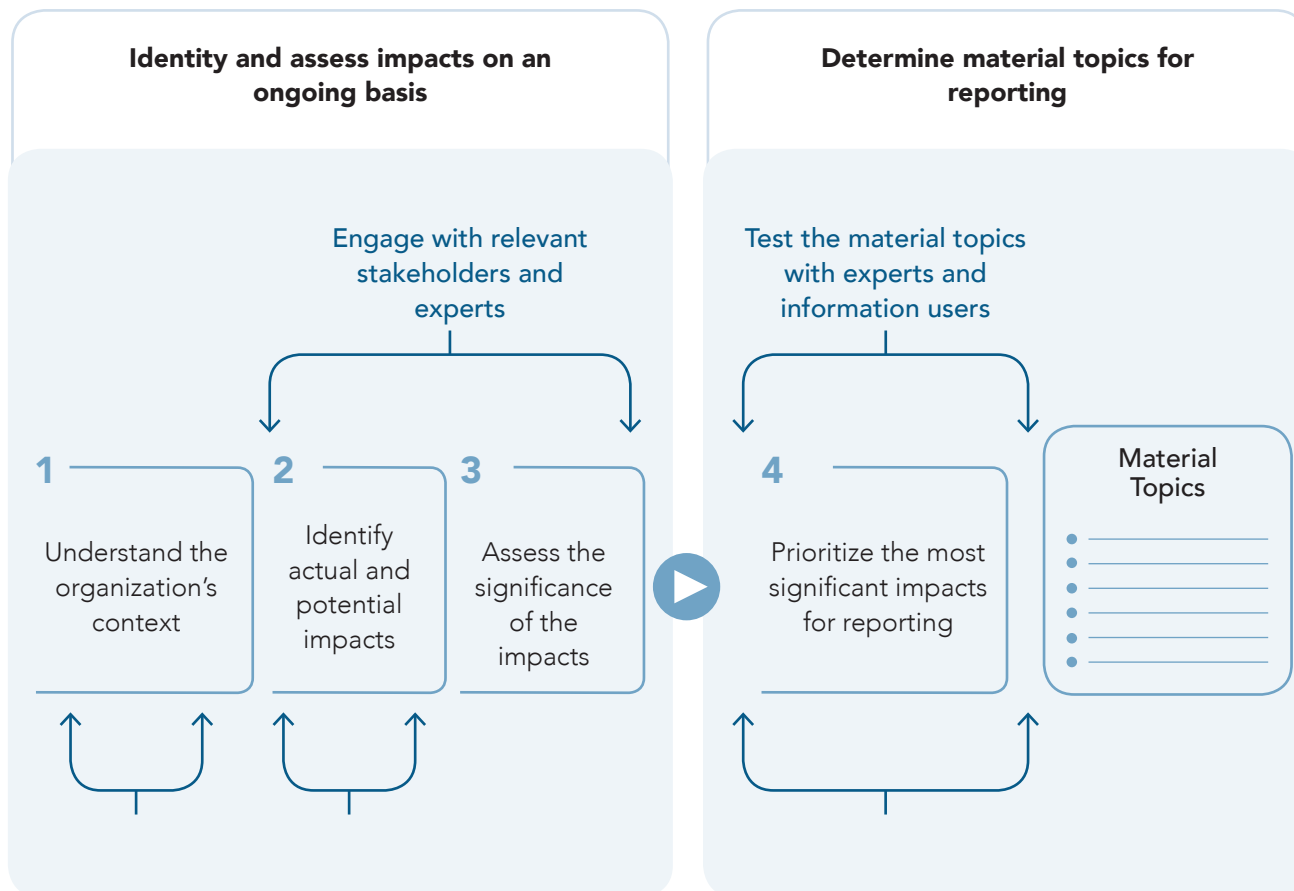
Government



NGOs



Communities



Our broad range of stakeholders brings distinct knowledge and viewpoints that contribute to our efforts in fostering and enhancing long-term sustainability and value creation, respectively. We maintain ongoing engagements with our stakeholders to ensure that our initiatives consistently reap positive impacts on the socioeconomic and environmental aspects closely linked to and directly impacting their well-being.

MATERIALITY ASSESSMENT



Local
Communities



Government



Customers



NGOs



Employees



State and National
Government



Supply Chain
Partners

| Material Topics | Shahi's 'Responsible for' Pillars | Stakeholders | Management Approach | UN SDGs with Significant Impact | GRI |
|--|---|---|---|---|-------------------|
|  Water Management | Water Efficiency |   | Our company reduces its reliance on freshwater by using up to 85% recycled water in the processing of textiles. |     | GRI 303, 3-3 |
|  Energy and Emissions | Energy & Emissions |     | Our company is adopting renewable energy sources and using low-GHG emission fuels, like PNG and biomass. |      | GRI 302, 305, 3-3 |
|  Waste and Circularity | Waste for Circularity |    | Our company is actively tackling its waste by employing strategies to reduce, manage, and recycle it. Entering collaborations with partners helps minimize waste and create new materials through recycling. |    | GRI 306, 3-3 |
|  Chemical Management | Chemical & Material Stewardship |    | Our company ensures safety by reducing usage of hazardous chemicals and preventing restricted or banned substances from entering our manufacturing process. In line with the latest Zero Discharge of Hazardous Chemicals (ZDHC) wastewater guidelines, we conduct regular wastewater testing at our wet processing facilities. |    | - |

MATERIALITY ASSESSMENT



Local
Communities



Government



Customers



NGOs



Employees



State and National
Government



Supply Chain
Partners

| Material Topics | Shahi's 'Responsible for' Pillars | Stakeholders | Management Approach | UN SDGs with Significant Impact | GRI |
|---------------------------------------|---|--------------|---|---------------------------------|--------------|
| Human Rights | Fair & Respectful Workplace | | Our company prioritizes human rights for employees, supply chain, and communities by following and enforcing global standards through audits, assessments, policies, and training. | | - |
| Human Resource Development | Empowered Workforce | | Our company empowers human capital with varied resources aimed at their growth. Our training initiatives encompass a range of areas, such as leadership, soft skills, technical skills, and fostering awareness about human rights. | | GRI 404, 3-3 |
| Occupational Health and Safety | Employee Health & Well-being | | Our company prioritizes safety through thorough Risk Analysis and Environmental Health and Safety policies. The facilities are equipped with medical centers. | | GRI 403, 3-3 |
| Community Development | CSR | | Our company creates meaningful and positive transformations by driving impact in the areas of health, education, community, and environmental management, which benefits society at large. | | GRI 413, 3-3 |

MATERIALITY ASSESSMENT



| Material Topics | Shahi's 'Responsible for' Pillars | Stakeholders | Management Approach | UN SDGs with Significant Impact | GRI |
|--------------------------------|-----------------------------------|--------------|---|---------------------------------|------------------------|
| Governance Oversight | Fair & Respectful Workplace | | Our company establishes robust governance systems and guidelines that improve the effectiveness of leadership and oversight. | | GRI 2 |
| Statutory Compliance | Fair & Respectful Workplace | | Our company ensures adherence to all the legal compliance and regulators' norms. | | GRI 2 |
| Supply Chain Management | Fair & Respectful Workplace | | Our company actively engages with supply chain partners to promote ethical conduct and promoting long term relationships partnerships. | | GRI 3-3 |
| Ethics and Transparency | Fair & Respectful Workplace | | Our company implements policies and practices that ensure ethical conduct and monitoring of operations for unethical practices within the organization. | | GRI 406, 408, 409, 3-3 |

Aligning our 'Responsible For' Framework with SDGs





MOVING THE NEEDLE: FOR PLANET



ACCELERATING SUSTAINABILITY

At Shahi, we believe in responsible business growth by integrating environmental sustainability into the heart of our operations at all stages of production. We improve our environmental performance through resource conservation and pollution prevention to consistently achieve higher resource efficiency.

We steadfastly aim to operate sustainably across our entire supply chain and understand its pivotal role in generating a positive impact. By moving the needle to sustainable sourcing, circular production methods, ethical supply chains, and investing in innovation, we reduce our environmental footprint and enhance the well-being of the communities we engage with.

Key Highlights

8.75 MW

of wind energy installed, resulting in a total of 92.5 MW renewable capacity

B-

CDP score against global average of C

0 Coal

used in generating on-site energy in garmenting

78.05% Verified

Higg FEM score, against the Global average 59.67%

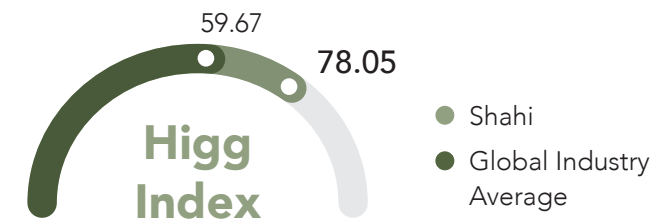
Joined **Fashion for Good and Organic Cotton Accelerator**

56%

Sustainable fiber used in garmenting

Higg Index FEM Module

Developed by the Sustainable Apparel Coalition, the Higg Facility Environmental Module is recognized as a trusted environmental assessment tool for facilities. It plays a vital role in monitoring and guiding actions within the fashion industry. This year, Shahi's average verified score is 78.05, while the global average score is 59.67.



HIGG FEM SCORES

| FEM Year | Self-assessment score (%) | Shahi's average verified score (%) | Difference between self and verified (%) | No. of facilities verified | Global apparel median (verified) |
|----------|---------------------------|------------------------------------|--|----------------------------|----------------------------------|
| 2022 | 81.1% | 78.05% | 4% | 44 | 59.67* |
| 2021 | 80.62% | 75.8% | 6% | 41 | 53.64 |
| 2020 | 77.53% | 73.48% | 5% | 36 | 51.08 |
| 2019 | 73.98% | 72.79% | 2% | 15 | 48.5 |

*As of September 5, 2023

Higg FEM Training for Enhanced Environmental Awareness

To enhance the environmental awareness of our employees, we organized an exclusive training session for 100 employees from various factories. These sessions were held with certified trainers from the Sustainable Apparel Coalition. These primarily aimed to develop and strengthen our workforce's comprehension of the Higg Facility Environmental Module (Higg FEM).

Carbon Disclosure Project (CDP)

CDP is a non-profit disclosure system that empowers investors, corporations, cities, and regions to manage their environmental footprints effectively. The system aids in quantifying, measuring, transparently sharing, and ultimately reducing greenhouse gas emissions.

| Year | Shahi | Global Average | Asia Average | Global Textile and Fabric Industry Average |
|---------------------|-------|----------------|--------------|--|
| Climate Change 2022 | B- | C | C | B |
| Climate Change 2021 | B- | B- | B- | C |

ENERGY AND EMISSIONS

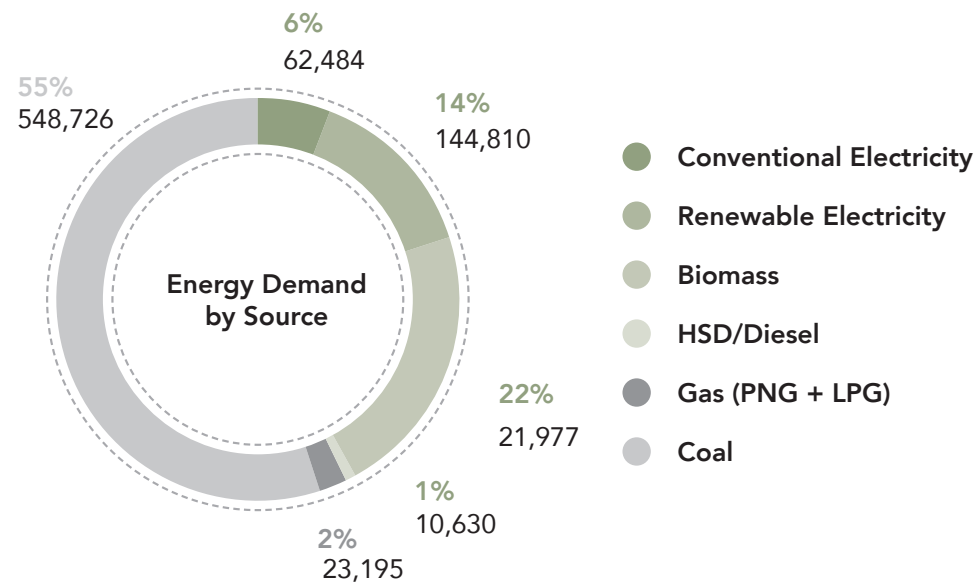
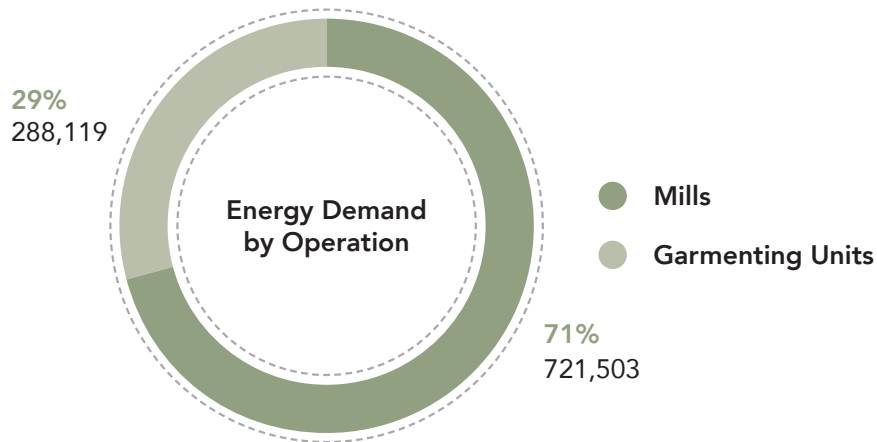
At Shahi, we are working on expanding our renewable energy share while simultaneously replacing coal used in our operations with carbon-neutral sources such as biomass.

Two of our mills participated in the Carbon Leadership Program (CLP) in collaboration with two of our customers seeking to reduce their carbon emissions in the supply chain in association with the Apparel Impact Institute (AII).

Energy Consumption in Our Operations

Our vertically integrated manufacturing facilities primarily comprise garment factories and textile mills. It is worth noting that textile manufacturing tends to be more energy-intensive than the garment production processes within our operations.

We obtain our energy from direct (onsite) and indirect (offsite) sources. Direct energy primarily consists of thermal energy, while indirect energy sources are predominantly electrical. This year, our total energy consumption was 1,009,616 MWh. Of this, 71% was consumed by our mills, and 29% by our garmenting units. Biomass and renewable electricity contributed to 36% of the total energy demand.



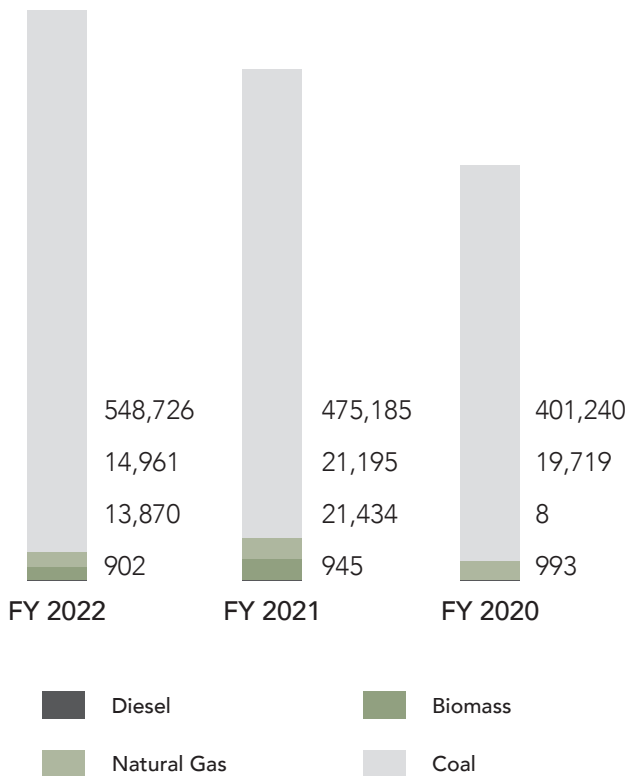
Note: We have expanded to a new mill amid the reporting period. The data regarding the same will be mentioned in our ESG Report for FY 2023.

Direct Energy Sources

As the table above shows, coal is our organization’s major energy source. It is used at mills for steam generation. This conventional fuel source has been used in Indian industries for decades, given its easy availability. Currently, we are reducing coal usage in the boilers at our mills and replacing coal with biofuels and natural gas.

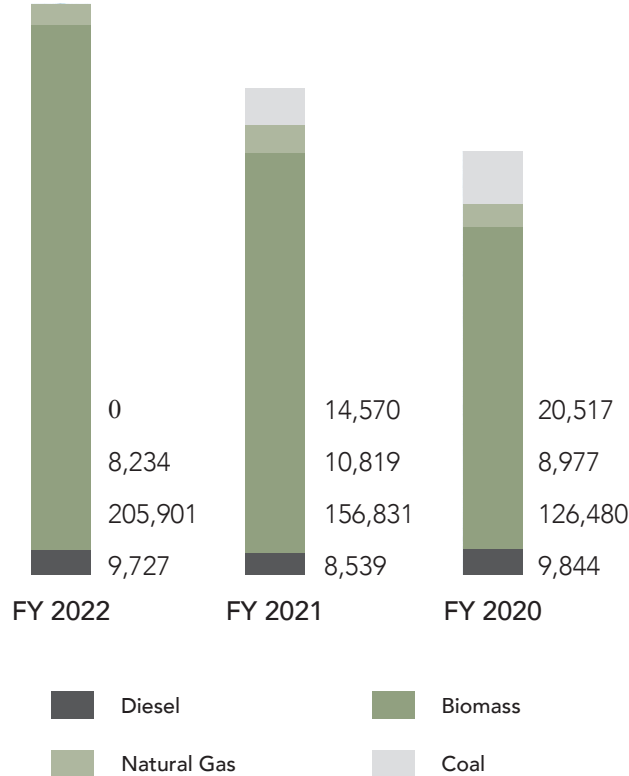
Mills

Direct Energy Demand by Source (MWh)



Garmenting Units

Direct Energy Demand by Source (MWh)



In the Garmenting units, energy consumption has risen due to increased production. However, during FY 2022, we successfully reduced energy consumption from non-renewable sources and increased our utilization of renewable energy sources, particularly biomass.

In Shahi’s efforts to reduce its carbon footprint, it has taken a bold step toward a greener and cleaner future by completely phasing coal out from its garmenting units.



Indirect Energy Sources

In our commitment to using renewable electricity, we have established two solar plants with capacities of 32MW and 52MW in the Bellary and Bidar districts of Karnataka, respectively. These solar plants span over a total of 300 acres of land and are equipped with over 250,000 solar photovoltaic panels, capable of generating over 130 million KWh of electricity annually under ideal weather conditions. The robust renewable energy policy framework in Karnataka supported our substantial investments in solar energy. We also moved our 8.75 MW windmills from Maharashtra to Karnataka to enhance efficiency for energy generation.

With a solid commitment to harnessing the power of renewable energy, we power our operations and facilities using grid electricity. Shahi has set an ambitious but achievable target to completely transition to 100% renewable electricity to meet all our energy needs by 2026.

In FY 2022

70%

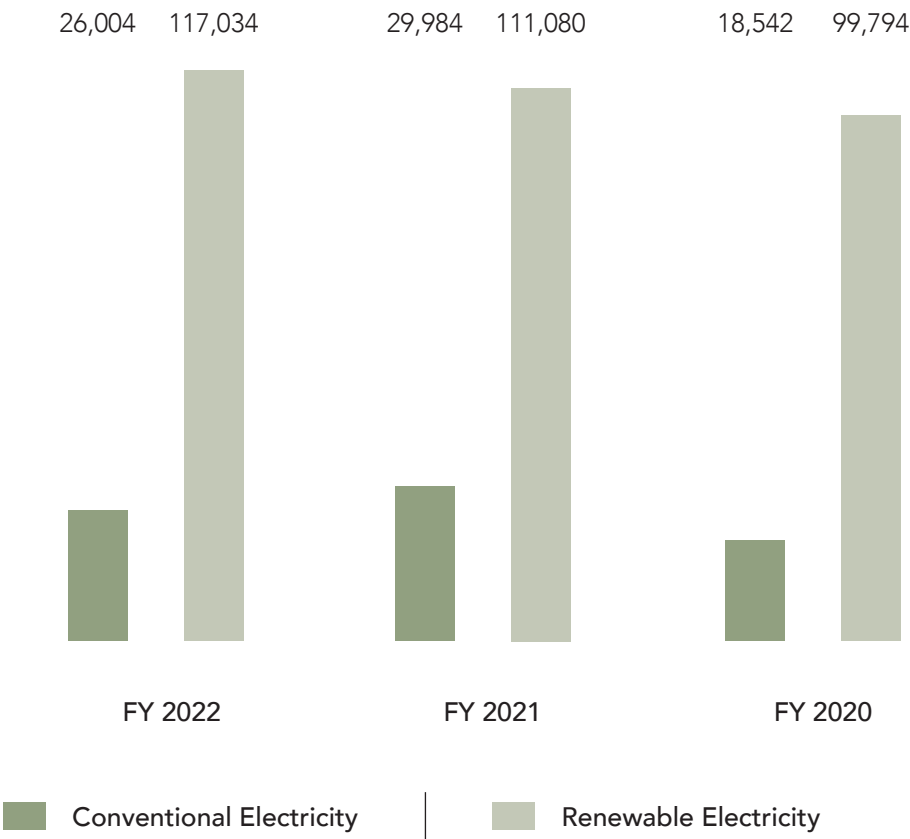
of our electricity requirements were met through renewable sources.

FY 2022 Recognitions



Mills

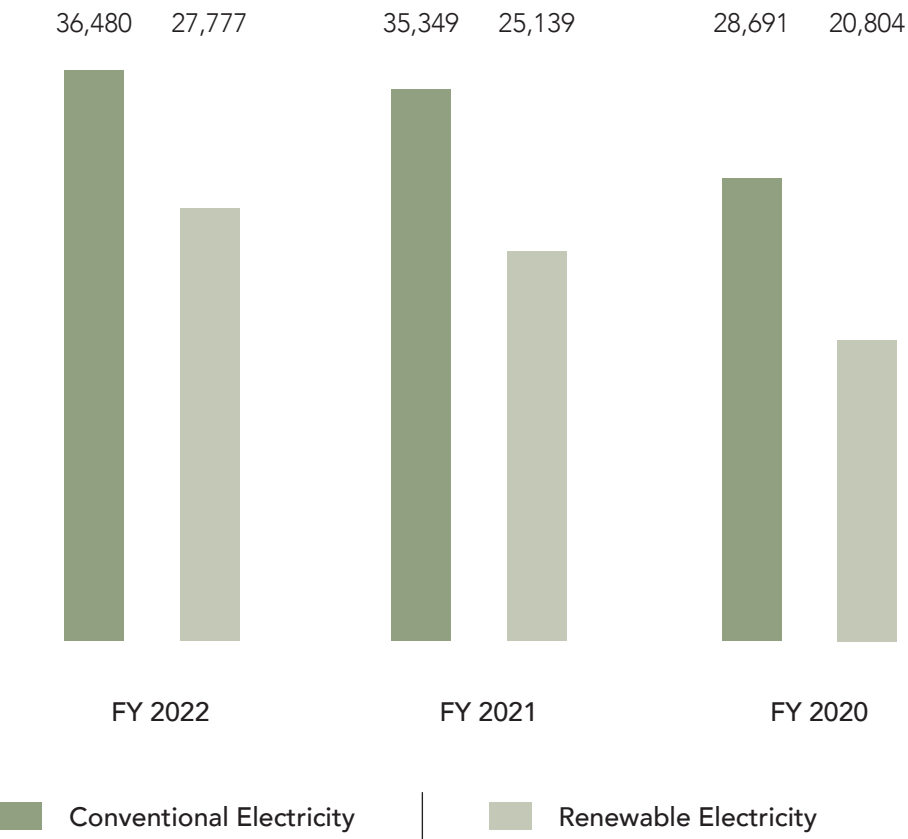
Electricity Consumption (MWh)



In FY 2022, our total electricity consumption increased due to increased production demands. Nevertheless, we have effectively decreased energy consumption from conventional sources, and the heightened electricity demand for the year has been met through renewable sources.

Garmenting Units

Electricity Consumption (MWh)



The overall electricity consumption has risen, but this demand has been met by combining both conventional and renewable energy sources.

Managing Our Emissions

The impact of unchecked emissions is becoming increasingly evident across the globe. Rising temperatures are leading to more climate change impacts on built and natural environments.

Due to these challenges, emission management is crucial to helping mitigate climate change. India has also pledged to decrease emissions resulting from economic activities by 45% by the year 2030, measured against the levels observed in 2005 in its new targets. Through our renewable energy transition, we have mitigated 500,000 MT of carbon dioxide equivalent emissions.



Shahi is reducing carbon emissions by:



Using carbon-neutral fuels



Implementing energy-efficient processes



Using renewable electricity



Incorporating green design for natural light and ventilation in production areas



Switching from HSD to agro-waste or PNG boilers



Recovering heat from our operations



Planting trees

The consolidation approach for emissions in our organization is based on operational control. This means we consider and report emissions based on our direct influence and control over the operations that generate these emissions. Gases included in the calculation for our emissions are CO₂ (Carbon Dioxide), CH₄ (Methane), and N₂O (Nitrous Oxide). We adhere to the GHG Protocol, a widely recognized and accepted greenhouse gas emissions accounting standard.

In FY 2022, 36% of our energy needs were met through carbon-neutral sources. We are on track for our goal of 50% carbon-neutral energy by FY 2026.

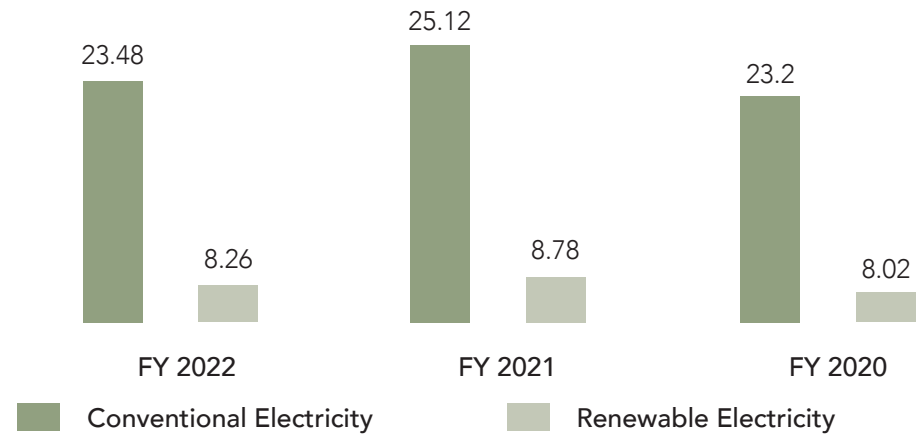
| Scope 1 | | | | |
|-----------|----------------|-------------------------------------|------------------|-------------------------------------|
| Unit (MT) | Mills | | Garmenting Units | |
| Year | Fuel Emissions | Biogenic Emissions (carbon-neutral) | Fuel Emissions | Biogenic Emissions (carbon neutral) |
| FY 2022 | 232,752 | 3,517 | 4,264 | 78,294 |
| FY 2021 | 203,013 | 6,135 | 10,433 | 63,974 |
| FY 2020 | 171,516 | 0 | 12,922 | 51,850 |

| Scope 2 | | |
|-----------|--------|------------------|
| Unit (MT) | Mills | Garmenting Units |
| FY 2022 | 21,323 | 29,913 |
| FY 2021 | 24,587 | 28,986 |
| FY 2020 | 14,759 | 23,972 |

Note: 31% reduction in Scope 2 emission as compared to the baseline from 2018-19

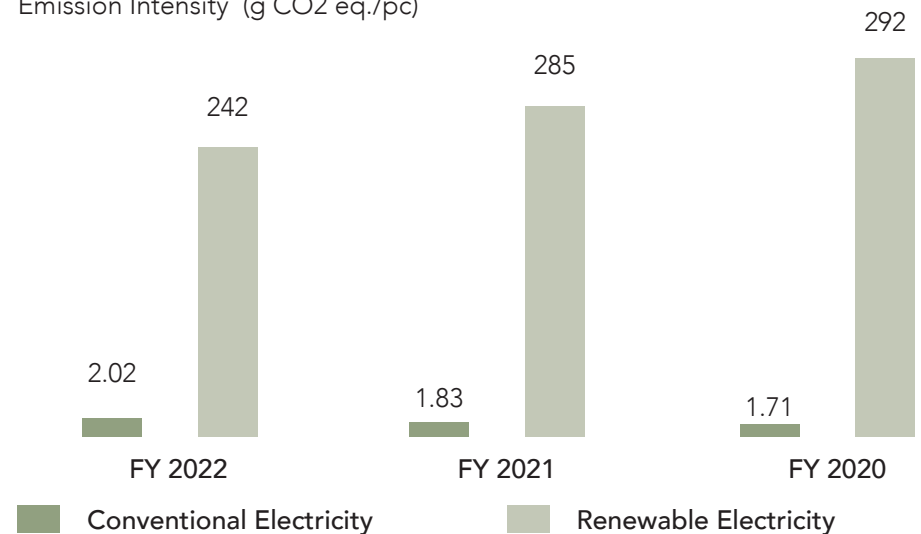
Mills

Energy intensity (MWh/MT) and Emission Intensity (MT CO₂ eq./MT)



Garmenting Units

Energy intensity (MWh/pc) and Emission Intensity (g CO₂ eq./pc)



In our mills division, Scope 1 emissions witnessed an increase during FY 2022 but faced a noticeable reduction in emission intensity. This increase in emissions is clearly linked to our rise in production. We continue to work on coal phase-out in our mills to reduce Scope 1 emissions. Concurrently, Scope 2 emissions for FY 2022 decreased significantly. We primarily attribute this to our increased utilization of renewable energy sources.

In our garmenting division, Scope 1 emissions have been reduced. This reduction is primarily a result of our adoption of renewable energy sources, such as Biomass, for energy generation. Likewise, the emission intensity has decreased, reflecting an overall reduction in emissions.

Both energy and emission intensity are vital metrics for evaluating and enhancing Shahi's sustainability and environmental performance.

Our measures taken for reducing energy intensity include:



**Upgrading to LED lighting from
T8 and T5 fluorescent lamps**



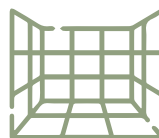
**Replacing sewing machine clutch
motors with servo motors**



**Implementing Variable Frequency
Drives (VFDs) in equipments**



**Installing energy-efficient machinery
for sewing, washing, and utilities**



**Incorporating occupancy sensors in
less frequently used spaces**



**Adding skylights, rooftop ventilators,
and aluminium insulated roofs**



CHEMICAL STEWARDSHIP

At Shahi, we are committed to responsible chemical management practices. We strive to contribute to cleaner ecosystems and ensure the safety of our workforce by implementing well-defined chemical management procedures. We are aligned with the global requirements of ZDHC MRSL and follow the regularly updated AFIRM/AAFA RSL. Our procedures for handling chemicals ensure minimizing the use of hazardous chemicals and preventing them from entering our manufacturing process.

Our Chemical Management Policy and Chemical Purchase Policy governs our effective chemical management. Shahi's well-defined SOPs manage chemical usage and their storage in alignment with ZDHC TIG (Technical Industry Guidelines).

Our processes have a single-window approach for purchasing textile auxiliaries and dyes/pigments. Almost all of them hold ZDHC Chemcheck certifications (Levels 1-3).

This requirement also extends to our supply chain. We also utilize digital platforms like BVE3, BHive, and Clean Chain to produce monthly ZDHC in-check reports. These help showcase our wet processing facilities' conformance to ZDHC MRSL alongside annual

wastewater testing as per applicable ZDHC WW guidelines.

Furthermore, we hold the OEKO-TEX® STANDARD 100 certificate, a globally recognized and independent testing and certification system, for 14 facilities, including all three mills. STANDARD 100 evaluates the presence of harmful substances based on the product's intended purpose. They also state stricter human-ecological requirements for products with more intensive skin contact and higher skin sensitivity.

Additionally, chemical storage forms a critical component of our safety protocols. Only authorized personnel are granted access to the storage area, which a designated individual supervises. This area is well-ventilated, sheltered, and equipped with essential safety measures, including fire extinguishers, eye wash showers, and spill kits. Our chemical and leak management procedure serves as a comprehensive guideline to ensure the safe and effective management of chemical leaks and spills. The procedure emphasizes safety, environmental protection, and compliance. The responsibility for implementing this procedure falls on the chemical storage area in-charge or the in-charge of the location where the chemicals are being utilized.



INNOVATION IN CHEMICALS: SUSTAINABLE ALTERNATIVES

TENCEL™ MODAL INDIGO DOPE DYED



Adding indigo during the pulp stage of fiber saves*

80%
Chemicals

99%
Water

99%
Energy

*compared to traditional indigo dyeing.

PLANT-BASED MOISTURE MANAGEMENT



ProTecht® PMM is a moisture management technology derived from the castor seed. PMM's raw material has a natural tendency to provide wicking, drying, and antistatic performance. When a product is treated with PMM, a chemical bond is formed that allows for reliable and long-lasting performance.

RECYCROM™



Recycrom™ creates a full range of pigment powders using textile fibers from used clothing and manufacturing waste.

Through a sophisticated production process, fabric textile waste fibers are transformed into an incredibly fine powder that can be used as a pigment dye for fabrics and garments made of cotton, wool, nylon, or any natural fiber and blend.



NATURAL DYES



Palash



Onion

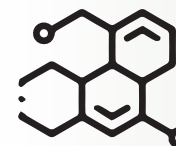


Marigold



Haritaki

NOVANTIC DYE



This process utilises green chemistry

Has a low EIM score of less than
33

Results in



Even dyeing



Good-wash down



Shorter enzyme cycle

Eco-friendly Weaving Process

At our Shimoga woven mill, we have adopted an eco-friendly dyeing process that eliminates the use of salt. This has resulted in a valuable 70% reduction in water consumption during the washing process and a 50% decrease in water use during the dyeing stages. Additionally, we have achieved a 20% reduction in both power and steam consumption, contributing to a more sustainable and efficient approach to production.



Testing Microbial Dyes

In FY 2022, we tested an eco-friendly and natural dye made from microbes by KBCols Sciences Private Limited. This India-based technology-driven start-up uses microbes as an inexhaustible and autocatalytic feedstock to produce non-GMO, sustainable natural colors. The dyes claim to reduce water usage by upto 60% and COD and BOD of effluents by 50%. We piloted the dyes in continuous and exhaustive methods and provided the industrial capacity to the innovator to present and prove their novel product to our brands.



SOURCING RAW MATERIALS SUSTAINABLY

Our material sourcing strategy prioritizes acquiring raw materials from partners within sustainable supply chains, specifically considering environmental and social factors. The material is decided based on customers' requirements. However, we continuously work on testing newer sustainable alternatives to conventional materials and actively market them to our customers.



56%

of the total fiber content in the fabric utilized in Shahi's garment manufacturing originates from sustainable sources.



Joining Organic Cotton Accelerator

Shahi has joined forces with the Organic Cotton Accelerator (OCA) as a contributor. OCA is a multi-stakeholder organization committed to uplifting farmer well-being. It fosters a transparent, adaptable, and ethical organic cotton supply network. By partnering with OCA, Shahi continues to contribute towards enhancing the lives of farmers, ensuring the quality of products, and ensuring a sustainable organic cotton resource to meet the needs of global consumers.



Making Fabric from Agricultural Waste

In FY 2022, in collaboration with AltMat, Shahi embarked on a transformative journey to make fabrics out of agricultural waste and make significant strides toward sustainability. AltMat, an Alternative Materials Science company, specializes in converting agricultural residues into Altag, a natural cellulosic material. Collaborating with them offered Shahi a two-fold solution: addressing the industry's requirement for alternative materials and providing an additional livelihood to farmers struggling with crop residue disposal.

The partnership between Shahi and AltMat started with a series of pilots exploring the potential of Altag in woven and knitted fabrics. As the pilots progressed, it became evident that yarn processing had significantly improved owing to advancements in yarn quality and innovative processing techniques developed at Shahi.

Altag by AltMat



Altag is a rich natural material made by upcycling agricultural residue of food, medicinal, and other industrial crops. Backed by circular technology and a regenerative supply chain, Altag neatly solves the dual problem of agri-waste and materials pollution.

50%

Carbon Footprint
Reduced

99%

Water Footprint
Reduced

70%

Chemical Footprint
Reduced

WATER EFFICIENCY

Our planet has a limited supply of freshwater. It needs to be conserved as it is a finite resource. With growing populations and increasing water demands, it is essential to use water wisely to ensure enough for future generations.

As Shahi, we understand our responsibility towards water consumption. We are a part of the textile industry, one of the largest water consumers globally, involving significant water usage for dyeing, finishing, and washing fabrics. Our water policy guides us to minimize our water footprint at every stage of our production processes.



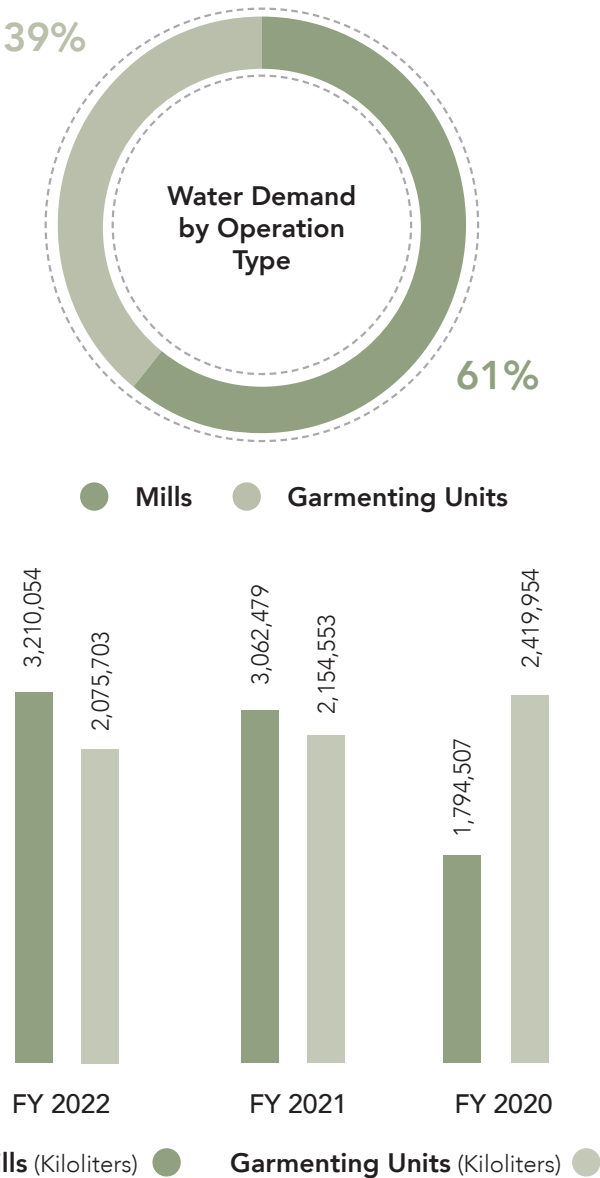
We strive to manage our water demand by:

- Reducing our water consumption
- Efficiently utilizing water resources
- Optimizing water sources through recycling

Our water management policy ensures effective usage of water for our operations. The scope of the policy encompasses:

- Ensuring compliance with water management laws
- Treating unfit raw water for potable use
- Installing effluent treatment plants where necessary
- Continually monitoring and preventing leakages from operations
- Maximizing the use of treated effluent water for operations
- Benchmarking the best global practices in water management
- Creating employee awareness about water management

This year, our overall water consumption amounted to 5,287,257 kiloliters, with our mills accounting for 61% of the total consumption and our garmenting units using 39%.



Water Consumption in Our Operations

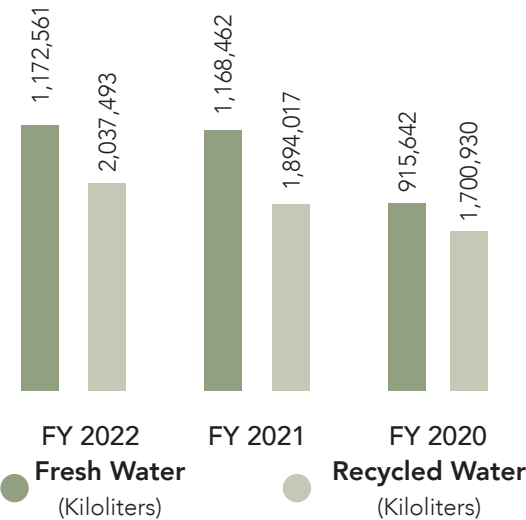
Our operations rely on water from two primary sources: freshwater, which includes groundwater and surface water, and third-party sources, such as municipal supply, tankers, and recycled water.

Our ongoing commitment has been to consistently decrease our reliance on freshwater by implementing state-of-the-art effluent and sewage treatment technologies.

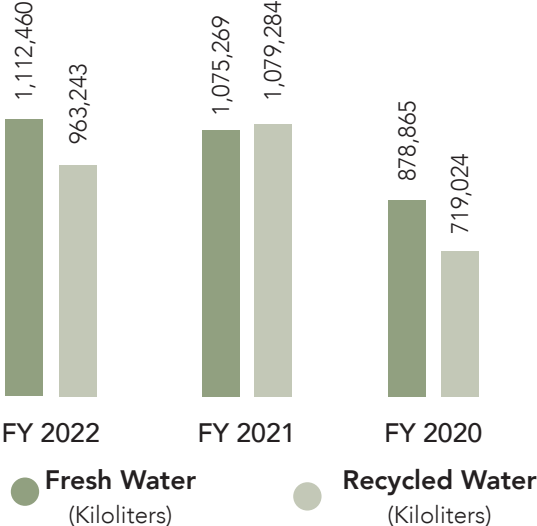
We aim to achieve recycled water usage of 75% for mills and 85% for garment factories in industrial processing by FY 2024.



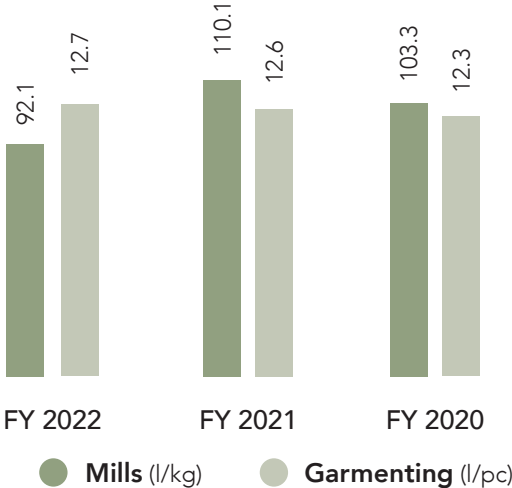
Total Water Consumption of Mills



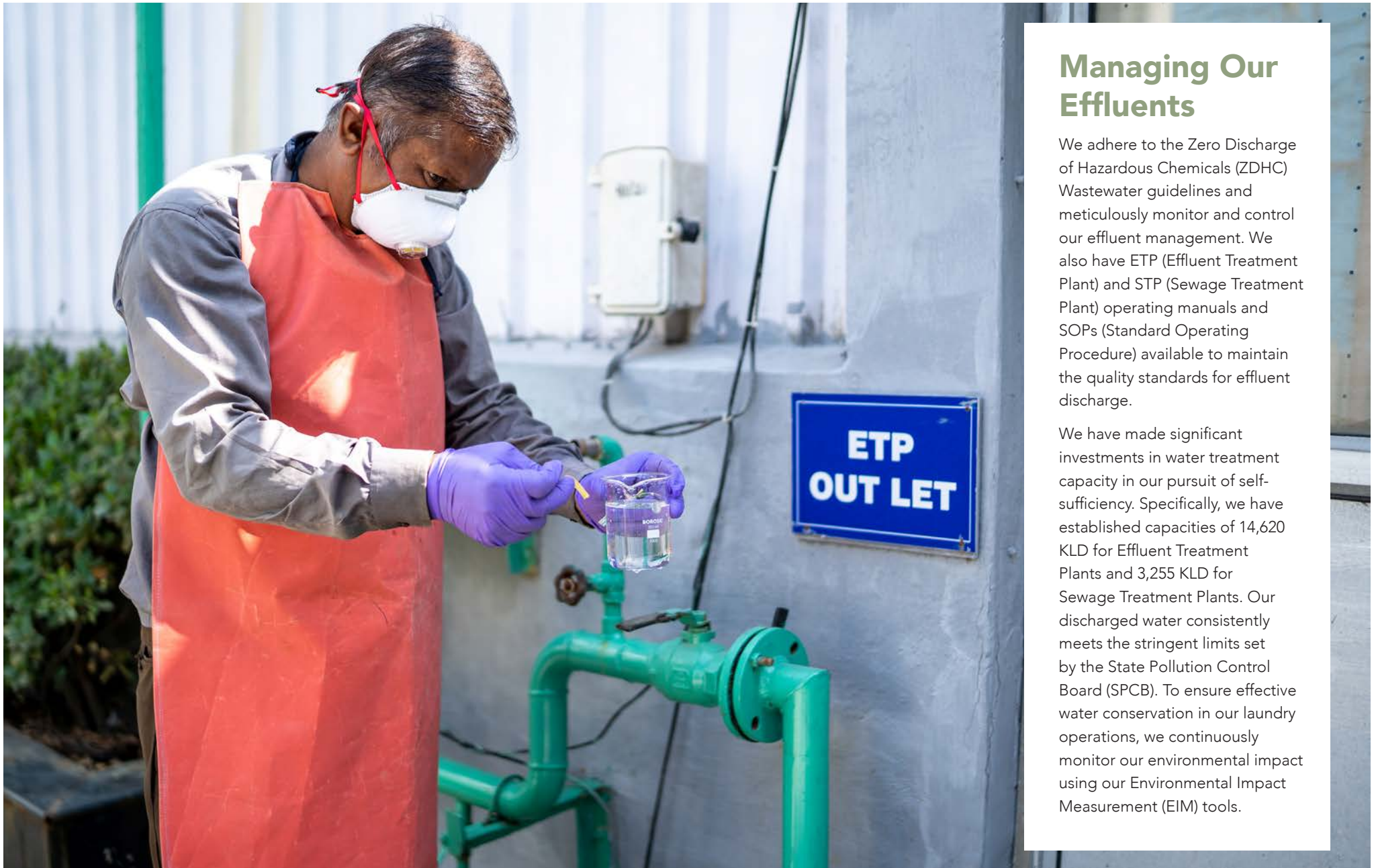
Total Water Consumption of Garmenting Units



Water Intensity



Note: The baseline for monitoring our water consumption is FY 2021.



Managing Our Effluents

We adhere to the Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater guidelines and meticulously monitor and control our effluent management. We also have ETP (Effluent Treatment Plant) and STP (Sewage Treatment Plant) operating manuals and SOPs (Standard Operating Procedure) available to maintain the quality standards for effluent discharge.

We have made significant investments in water treatment capacity in our pursuit of self-sufficiency. Specifically, we have established capacities of 14,620 KLD for Effluent Treatment Plants and 3,255 KLD for Sewage Treatment Plants. Our discharged water consistently meets the stringent limits set by the State Pollution Control Board (SPCB). To ensure effective water conservation in our laundry operations, we continuously monitor our environmental impact using our Environmental Impact Measurement (EIM) tools.

WASTE FOR CIRCULARITY

We strive to reduce waste generation through careful planning and innovation by optimizing our production processes, promoting recycling, and fostering circularity. We relentlessly engage in waste stream analysis, establish traceability, and explore circular practices and business models through collaborations with industry partners.

Our waste management policy ensures our legal compliance with respect to waste generation, storage, and disposal. It helps us improve our waste management processes, avoid unnecessary use of raw materials to minimize waste generation, and reduce hazardous waste within our premises. The scope also encompasses training employees in effective waste management practices.

In our mills and garmenting units, two distinct categories of waste are generated. These waste streams are classified as hazardous and non-hazardous.

|  Hazardous Waste |
|---|
| ETP Sludge |
| Waste Oil |
| Empty Chemical Drums |

|  Non-Hazardous Waste |
|---|
| Waste Fabric |
| Plastic and Paper Waste |

Hazardous waste is the type of waste that cannot be safely disposed of directly into the land, air, or water. It requires specialized and scientifically approved disposal methods due to potential threats to human health and the environment.

To address the environmental challenges associated with the disposal and

treatment of hazardous wastes, we have established a "Procedure for Hazardous Waste Minimization."

All hazardous waste is directed to an SPCB-authorized recycler or disposer. Non-hazardous waste is also sent to approved vendors.

| Waste Generated in Mills | | | |
|--------------------------|---------|---------|---------|
| Hazardous Waste | FY 2022 | FY 2021 | Units |
| ETP Sludge/MEE salt | 10,335 | 8,555 | MT |
| Waste Oil | 10,458 | 5,920 | Liters |
| Empty Chemical Drums | 56,541 | 47,868 | Numbers |
| Non-Hazardous Waste | FY 2022 | FY 2021 | Units |
| Paper/Carton waste | 872 | 777 | MT |
| Plastic Waste | 170 | 171 | MT |

| Waste Generated in Garmenting Units | | | |
|-------------------------------------|---------|---------|---------|
| Hazardous Waste | FY 2022 | FY 2021 | Units |
| ETP Sludge/MEE salt | 3,044 | 2,357 | MT |
| Waste Oil | 17,736 | 9,547 | Liters |
| Empty Chemical Drums | 54,219 | 48,121 | Numbers |
| Non-Hazardous Waste | FY 2022 | FY 2021 | Units |
| Paper/Carton waste | 3,088 | 3,331 | MT |
| Plastic Waste | 234 | 147 | MT |
| Fabric Cutting Waste | 10,173 | 10,619 | MT |

We have been steadily phasing out the use of virgin plastics in favor of recycled materials. In FY 2022, we successfully reduced virgin plastic usage by 11.5 MT at our Northern facilities, contributing to the global effort to combat plastic pollution.

On the occasion of **World Earth Day 2023**, the Shahi CSR and SAAHAS teams organized a robust waste management awareness program at the Shahi campus for the employees of two corporate offices. The event's primary purpose was to educate them about waste segregation, management, and the consequences of poor waste management. Additionally, we sensitized our employees by sending mailers to promote responsible environmental practices, including reducing their ecological footprint through carpooling, preferring digital documents over paper, and minimizing plastic usage by adopting alternatives such as cloth bags.



Managing Fabric Waste for a Sustainable Future

We are on a mission to weave sustainability into the very fabric of our industry. With a passionate commitment to a greener future, we are taking fresh and creative approaches to tackle the challenge of fabric waste. Our strategy is simple yet powerful: reduce waste, manage it efficiently, and give it a new life through recycling. This is our way of shaping a brighter future for the textile industry and the world we all share.

Reduction Initiatives

- ▶ **Digital Sampling:** We've adopted digital sampling, eliminating the need for most physical samples and thus minimizing waste.
- ▶ **Precision Cutting:** We continually enhance the efficiency of our cutting markers and patterns, minimizing fabric wastage at the source.
- ▶ **Upcycling End Bits:** Every end bit generated during the cutting process is upcycled, ensuring value maximization from each meter of fabric.

Effective Waste Management

- ▶ **Mindful Segregation:** Our fabric waste undergoes meticulous segregation based on the size of cloth pieces.
- ▶ **Rigorous Testing:** Across multiple units, we rigorously test segregation based on fabric composition, guaranteeing responsible downcycling, upcycling, or recycling.
- ▶ **Building Traceability:** Our waste management journey commenced in FY 2022. Since then, we have diligently been building traceability with a dedicated waste management team overseeing these projects centrally and at our units.

COLLABORATION PARTNERSHIPS FOR CIRCULARITY

To tackle the fabric waste challenge, we partner with innovators dedicated to recycling fabric waste into new materials, such as viscose and recycled cotton. Notable recyclers include Birla Cellulose and Usha Yarns. Many of these partners now receive regular orders from Shahi, bringing us a step closer to our goal of minimizing fabric waste.

Digitization of waste inventory for traceability

We have partnered with a waste digitization platform, Reverse Resources, to share quantities and characteristics of fabric waste generated transparently. Such digital libraries help create visibility between waste-generating and recycling bodies. We are able to avoid added logistics involved in recyclers visiting the site to see the waste generated. Through Reverse Resources, we have sold 8,528 kgs of waste.

Transforming surplus cotton waste into superior recycled products

We have delivered 100% knitted cotton waste to Birla Cellulose, enabling the creation of Liva Reviva—a fiber composed of 80% wood pulp and 20% pre-consumer fabric. Our efforts have yielded two significant orders, including one bulk order and one from a sample.



A range of fabrics developed by Shahi Exports from sustainable viscose fiber developed by Birla Cellulose, made using 70% of wood pulp and 30% of industrial fabric.

Low Water Consumption

Recycled Blended Claims Standard







Low Green House Gas Emissions



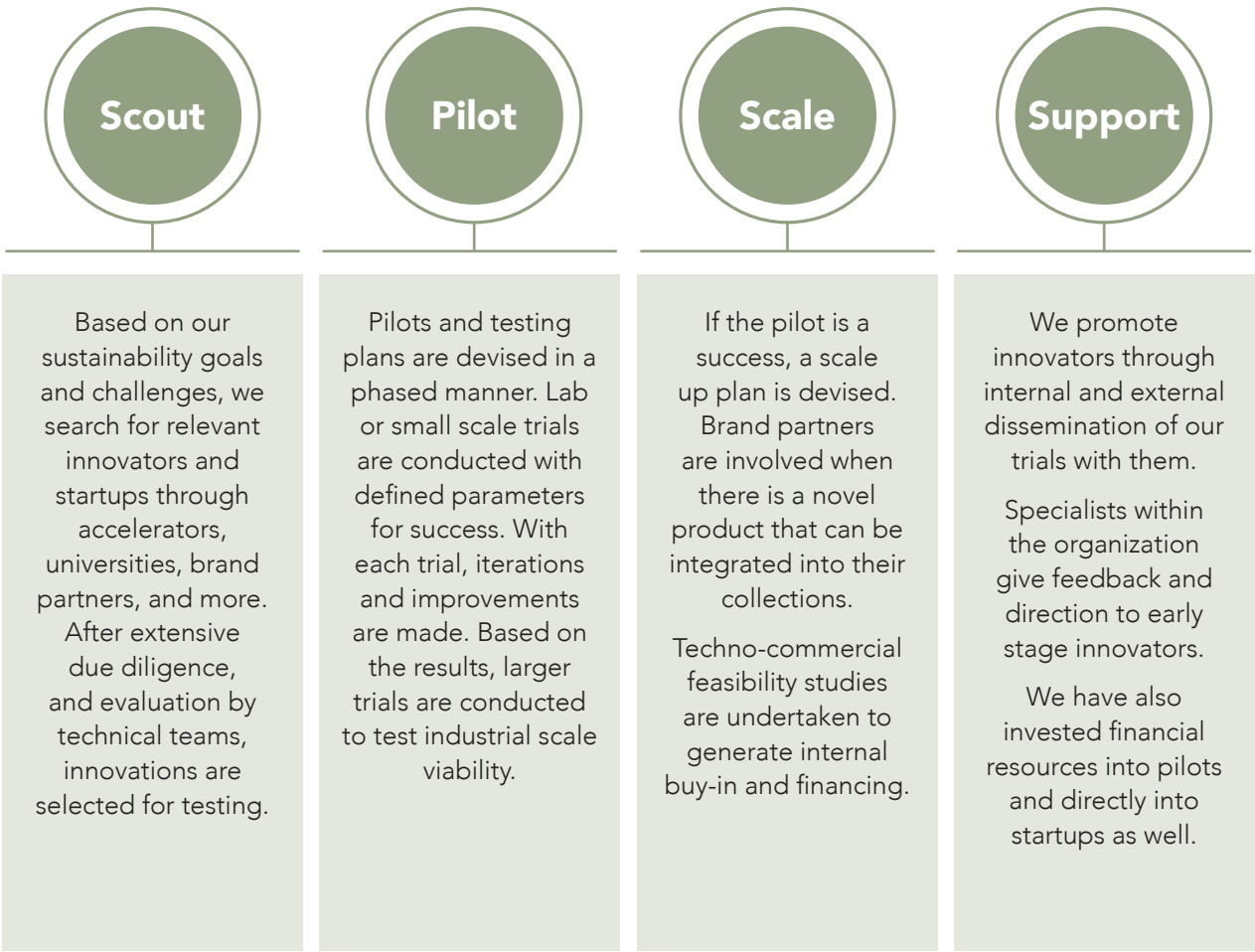
Innovation for the Planet

As a large, vertically integrated manufacturer, we recognize our role in supporting early-stage innovators in making them industry-ready to scale effectively. Since supply chains are where the majority of the fashion industry’s climate impact lies, a large chunk of the opportunities to innovate exist. Innovators benefit immensely by working directly with suppliers and getting real-time insights. At Shahi, we have a four-step innovation strategy cutting across six focus areas.

Focus Areas

| | | |
|---|---|---|
|  |  |  |
| Water | Energy | Materials |
|  |  |  |
| Traceability | Digitization | Processing and Chemicals |

Innovation Process



On-demand Manufacturing with DXM



In 2019, Shahi invested in DXM, a platform that enables on-demand manufacturing, optimized inventory management, lower lead time, and highly individualized garments at scale. This customization and on-demand approach enhances inventory management, reduces returns, and cultivates strong customer loyalty, all while minimizing waste and conserving resources.

The fashion industry rarely sees supply chain partners and brands coming together to work on long-term solutions. In the case of DXM, four of the world's top manufacturers, namely Brandix, Busana Apparel Group, MAS Holdings, Shahi Exports, and a leading brand, Carhartt, came together in a pre-competitive, collaborative spirit to co-invest with the vision of disrupting business as usual.

Between July and August 2022, Shahi, in collaboration with DXM and Carhartt, conducted a pilot project introducing an on-demand production model. This resulted in:

- 295 pairs of workwear denim and non-denim pants manufactured
- Delivery within 3-8 days directly to end-consumers compared to the average of 6-8 months in mass manufacturing

Accelerating Innovation through Fashion for Good



In January 2023, Shahi became an Affiliate Member of Fashion for Good (FFG), a global platform to inspire change and make fashion a force for good by working directly with the fashion industry to innovate better solutions for the people and the planet.



“We are so excited to welcome Shahi as an affiliate partner and work collaboratively as we support new technologies on their journey to scale. With their wealth of expertise and influence in the industry, we can continue moving the needle towards a more sustainable and circular future.

- Katrin Ley, Managing Director, Fashion for Good.



MOVING THE NEEDLE: FOR PEOPLE



INVESTING IN THE LIVES WE TOUCH

The nature of our business is unique in the way that it impacts lives. The apparel and textile sector in India employs approximately 14-15 million people and even more in allied services. For many, it marks a stepping stone towards better lives. While the industry indicates a stable and fulfilling source of income for some, for others, it is an influence that stands the test of time. This past year, we have triumphed toward becoming an empowered workforce, committing to employee health and well-being, and operating with fair and respectful workplace policies and Corporate Social Responsibility (CSR).

At Shahi, we firmly believe that our people are invaluable assets that drive our successes. Our approach to human resources cultivates a secure and thriving atmosphere for our employees. While strongly emphasizing equitable employment practices, we also launched numerous initiatives designed to empower our employees. These include comprehensive training and impactful development programs.

Key Highlights for 2022

| | | | |
|--|--|---|---|
| <div>96%</div> <div>of GAP Inc. P.A.C.E. 2024 training goals completed</div> | <div>1.2 Million</div> <div>training hours conducted</div> | <div>Achieved 82% of</div> <div>our 2024 goal to train women in communities in sewing skills</div> | <div>4,772</div> <div>Supervisors trained under STITCH</div> |
| <div>Screened more than 13,000</div> <div>workers and 480 corporate staff under Eye health project</div> | <div>Achieved 124%</div> <div>of our behavioral and soft skills training goal set for 2024</div> | <div>Partnered with the International Organization for Migration (IOM) to aid migrant workers</div> | <div>84%</div> <div>of Candidates trained in skill development were placed in FY 2022</div> |

New Goals

| | |
|---|--|
| <div>Train 100% of our workforce in the first round of BSafe– a training on Grievance Redressal Mechanisms by 2025</div> | <div>Implement the Captain Program in all three sections, namely cutting, sewing, and finishing, and in all units of the Knits Division and Men, Bottoms, and Denim Division by 2025.</div> |
|---|--|

Partnerships for People

Scaling Evidence-based Programs for Worker Well-being: Good Business Lab



Good Business Lab (GBL) is a not-for-profit labor research organization that was incubated at Shahi Exports in 2017. GBL leads the private sector by building evidence-based worker wellbeing interventions that also contribute to business growth. GBL believes that improving opportunities and wellbeing for workers is not only good corporate citizenship, but also good for the bottom line.

We want to leverage our expertise and knowledge of the apparel industry to support GBL's mission to scale learnings from their projects.

Over 5 Years, GBL has created an impact and reach of:

57 Partners including **26 Funders** through **34 Research Projects** in **50+ Factories**.

At Shahi, we believe in Good Business Lab's mission to lead businesses in improving the lives of all workers by supporting their research, piloting solutions, and scaling them up.

Partnering with the International Organization for Migration



Strengthening Our Framework for Migrant Well-being

In September 2022, the International Organization for Migration (IOM) signed an MoU with Shahi to support and assist migrant workers through the institutional framework of Migrant Support Centers (MSC). Shahi has run the MSC since 2021. We aim to support migrants working in various industries across Bengaluru. Currently, the MSC serves nearly 4,000 migrants. IOM provides technical and advisory support to strengthen and operationalize the Shahi-run MSC.

Good Business Lab (GBL) came on board as the project's design partner, conducting visits to existing MSCs to understand the provisions of specific services and identify disconnects between migrant experiences and the support offered. IOM, a critical Knowledge Partner for the intervention, will support in unraveling the complex issues experienced by inter- and intra-state migrant workers in urban settings.

The goal is to empower migrant workers and improve their welfare, including working conditions, access to legal entitlements, social security, health, education, and vocational skills.

Collaborating with Our Customers



Shahi has collaborated with customers to drive impact for our people for decades. While the Gap Inc. P.A.C.E. program has been the longest-running program at Shahi, we have partnered with many of our customers to build a fair, respectful, safe, healthy, and empowering workplace over the years.

BSR's HERproject®

Business for Social Responsibility's HERproject® is a collaborative initiative empowering low-income women in global supply chains. Their model brings together global brands, manufacturers, and local partners to create and implement workplace-based interventions on health, financial inclusion, and gender equality. Women workers participate in training, become peer educators, and share information with colleagues, friends, family, and community members.

With BSR's insights and a keen interest from other brands, we have run modules of the HERProject with five of our customers in seven factories.



1,151

Total peer educators trained

13,375

Total workers trained

7

Number of factories

Implementation partners:



Swasti NGO



St John's National Academy of Health Sciences



HERproject

³BSR's HERproject® is now RISE: Reimagining Industry to Support Equality, an initiative that brings together the four largest women's empowerment programs in the apparel industry—BSR's HERproject, Gap Inc. P.A.C.E, CARE International, and Better Work—to build upwards from proven approaches, scale impact, and improve efficiency.

Work Place Cooperation Program Powered by Better Work

The program is run in partnership with Better Work, a joint initiative of the International Labour Organization and the International Finance Corporation. It is designed to amplify workers' voices and bring factory managers and workers together in elected bipartite committees, i.e., worker committees, to identify and solve shared problems.

11

Number of factories

Number of committee representatives trained

272

Workers

101

Management staff

FOSTERING A FAIR & RESPECTFUL WORKPLACE

Recruitment and Talent Management

Our company's recruitment and talent management approach strategically places individuals in roles that match their skills to drive growth.

We are dedicated to assembling a team of top-tier professionals across various domains, including Operations, Marketing, Design, Industrial Engineering, Organizational Development, Business Intelligence, Sustainability, Human Resources, Finance, and IT. Recognizing that long-term relationships with our employees are essential, we align their responsibilities with their career aspirations. This approach lays the foundation for nurturing beneficial partnerships, employee satisfaction, and organizational success.



Our commitment to equality is embedded in our **Compensation Management Policy**, which governs our pay structure. This policy is meticulously designed to ensure that compensation scales are aligned with internal equity and industry benchmarks. This approach reflects our ethos of upholding the principle of equal pay, and fostering a culture of fairness and inclusion.



Our **Employee Induction Policy** is a cornerstone in seamlessly integrating recruits into our company. We assess employee performance through our performance management policy. It establishes a transparent performance review system that aids employees in generating continuous feedback while achieving tangible results.



We also have a **Training and Development Wing** for our employees. Employee Training is vital as it enhances skills, improves performance, and keeps employees adaptable in dynamic work environments.

A training calendar is created and shared with respective plants annually, and training sessions are conducted at the worker training center within each unit. Skilled training faculty facilitate these sessions. The training encompasses various categories, including awareness programs conducted by internal and external resources on health and safety, company policies, committee engagement, grievance redressal, workplace harassment prevention, chemical handling, employee well-being, and more.



All employees have the **right to collective bargaining**.



We also actively listen to our employees' concerns through our **grievance redressal** channels. This mechanism resolves conflicts, fosters a balanced work environment, supports employee well-being, and fuels organizational progress.

Our Diverse Workforce

Our workforce comprises 96,090 dedicated employees, spanning management, non-management, and worker roles, ensuring a dynamic blend of skills and perspectives. In FY 2022, due to a volatile retail environment, we experienced a contraction in orders; thus, recruitment did not keep the same pace.

Remarkably, 92% of Shahi's workforce consists of factory workers. Furthermore, 70% of our employees are women, underscoring our dedication to the well-being and progression of our female workforce.

At Shahi, 40%⁴ of our factory supervisors are women.

⁴In FY 2021, the percentage of women in supervisory roles was 46%. The reduction caused is due to attrition.

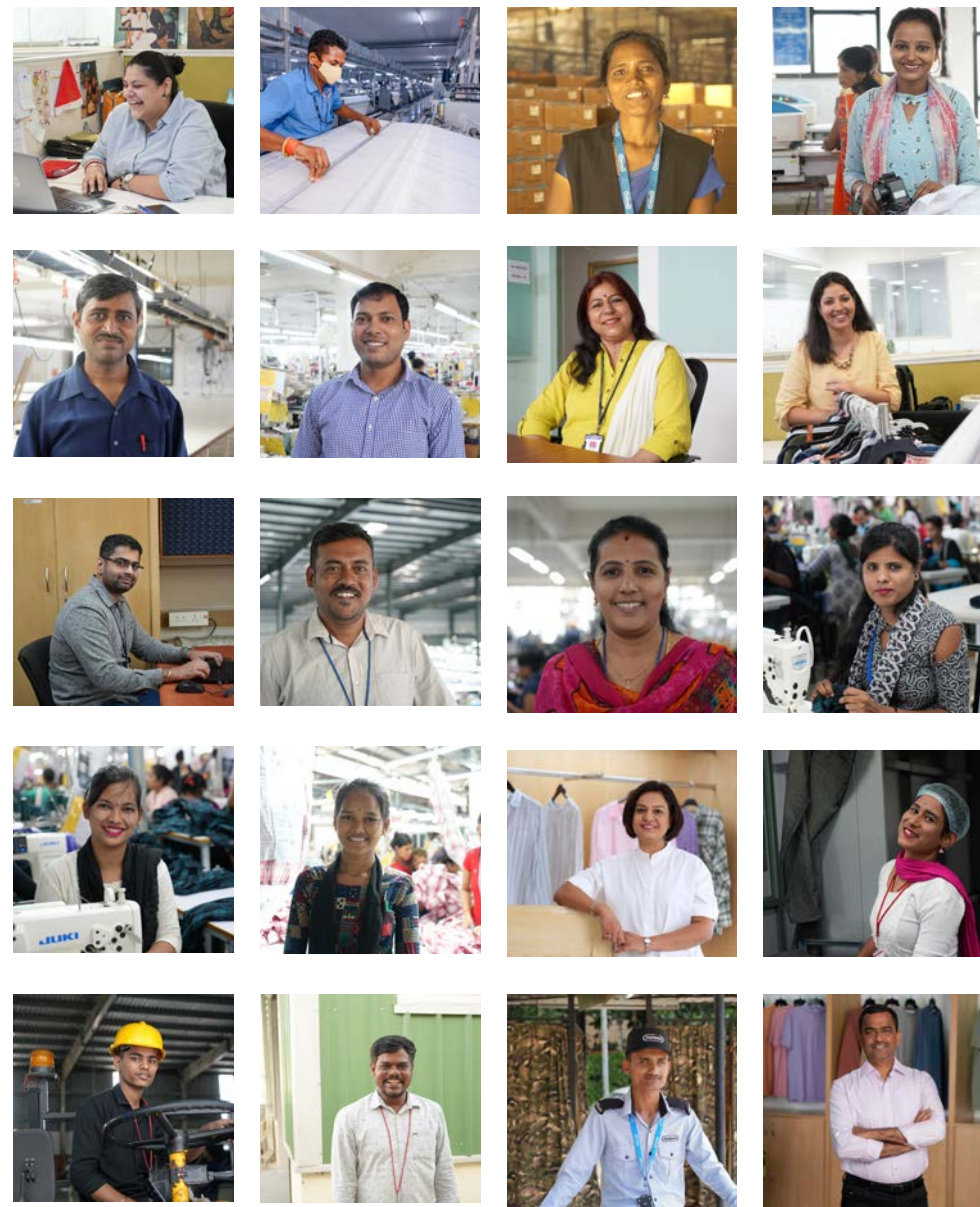
Employee Profile

96,090

Number of Employees

| Employee Bifurcation by Gender (Position-wise) | | | |
|--|--------|--------|--------|
| Category | Male | Female | Total |
| Board of Directors | 8 | - | 8 |
| Senior Management | 164 | 17 | 181 |
| Manager | 1,858 | 236 | 2,094 |
| Non-manager ⁵ | 4,103 | 1,001 | 5,104 |
| Worker | 22,700 | 66,011 | 88,711 |

⁵These include 53 male and 15 female temporary staff



Celebrating Women

This International Women's Day, we launched the #EmbracingEquity campaign at Shahi to celebrate a fair and equal workplace. We shared tips for supporting fairness and highlighted inspiring stories of women leaders at Shahi.

The day was filled with exciting activities, including talks by guest speakers on various subjects beneficial to women. Women received gifts, played games, and enjoyed refreshments. Our Founder also conveyed a powerful message to Indian women, garnering substantial media coverage.



Work. It's your right. You're free. Don't be afraid to voice your opinion. Even the might of all the reasons not to do so should never douse your spirit. Have faith.

- Sarla Ahuja, Founder & Promoter, Shahi Exports

| Employee Bifurcation by Age (Position-wise) | | | | |
|---|--------|----------|-------|--------|
| | <30 | 30 to 50 | >50 | Total |
| Board of Directors | | | 8 | 8 |
| Senior Management | 0 | 122 | 59 | 181 |
| Manager | 42 | 1,810 | 242 | 2,094 |
| Non-manager ⁶ | 1,420 | 3,425 | 259 | 5,104 |
| Worker | 35,147 | 50,775 | 2,789 | 88,711 |

⁶In the age groups of <30, 30-50 and >50 from the age group include 7, 7 and 50 temporary staff members, respectively.

Developing Talent Pipeline through Community Training

Skill development is a potent instrument for personal and societal advancement, equipping individuals with the skills needed to excel in diverse industries while fostering self-reliance and economic independence. As a project implementation partner for the Government of India, we offer training programs to underprivileged youth and women.



MOBILIZATION:

Through door-to-door visits, we connect with potential candidates and families, informing them about the skill development schemes and the benefits of training and employment in the garment sector.



COUNSELING:

Candidates and their parents are counseled to understand the training process, job opportunities, and benefits.



TRAINING:

After the candidates enroll at the nearest center, they are trained for skills in demand, increasing their potential for employment.



PLACEMENT LIFE-CYCLE SUPPORT:

Candidates are placed in factories based on opportunity. Many are placed at Shahi. We have dedicated post-placement teams in Bangalore, Odisha, Hyderabad, and Noida to support the candidates as they transition into their work lives and help alleviate their grievances.

After completing the course, individuals receive certifications from the Sector Skill Council and NSDC, followed by job opportunities at Shahi.

| Program | Description | Locations | Candidates Trained in FY 2022 |
|--|--|--|-------------------------------|
| Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) | DDU-GKY is a skilling and placement initiative by the Ministry of Rural Development (MoRD), Government of India. The scheme focuses on catering to the occupational aspirations of rural youth and enhancing their skills for wage employment. | Odisha, Jharkhand, Chhattisgarh, Punjab, and Karnataka | 2,273 |
| SAMARTH (Scheme For Capacity Building In Textile Sector) | SAMARTH is a flagship skill development scheme by the Cabinet Committee of Economic Affairs. The objectives of the scheme are to provide demand-driven, placement-oriented skilling programs to incentivize the efforts of the industry in creating jobs in organized textile and promote livelihood in India. | Karnataka, Jharkhand, Haryana, Uttar Pradesh, Odisha, Jharkhand, Chhattisgarh, Bihar, Madhya Pradesh, West Bengal, and Assam | 7,269 |

Goal:

Train **65,000** women
in soft and technical skills by 2024

80+

Total training centers

18

Total states covered

9,542

Total candidates trained in FY 2022:

53,542

Total candidates trained in FY 2019:
(82% goal achieved)



FY 2022 Recognitions

1

Best Performance Award by
ORMAS for the successful,
time-bound completion of five
DDU-GKY projects in Odisha.



2

Best Employer Award by the
Jharkhand State Livelihood
Promotion Society, Rural
Development Department
award for providing job
opportunities under DDU-GKY.



| | Trained | Placed | Placement Percentage |
|----------------------------|---------|--------|----------------------|
| Target By 2024 | 65,000 | 50,000 | 75.0% |
| Cumulative Progress | 53,542 | 40,577 | 75.8% |
| FY 2022 | 9,542 | 8,017 | 84.0% |
| FY 2021 (since 2014) | 44,000 | 32,560 | 74.0% |
| Goal Achieved | 82.4% | 81.1% | |



“

I come from a family of four siblings, and after completing my 12th grade, I had to embrace the responsibility of supporting my husband and mother. But finding the right job was challenging until I was introduced to the SAMARTH Scheme by a Shahi mobilizer. The training was not just a learning experience; it was truly transformational, equipping me with valuable skills and boosting my confidence. I've been working at Shahi Unit-F1, Faridabad, for about 1.5 years. I couldn't be more grateful for the opportunities this scheme has brought. I believe in the transformative power of this program, and I recommend it to all my friends. Their success stories, too, inspire and empower more individuals to achieve financial independence and pursue their dreams.

- Kavita, SAMARTH (Entry-Level)

Upholding Human Rights

Dignity, equality, and justice for every individual is a primary responsibility at Shahi. We are committed to safeguarding the human rights of our employees, communities, and supply chain.

Our Human Rights Policy is crucial in reducing the adverse impact on the people we touch throughout our value chain. The policy closely aligns with:



Local and National legal mandates

- The Bonded Labour System (Abolition) Act, 1976
- Child Labour (Prohibition and Regulation) Act, 1986
- Minimum Wages Act, 1948
- Immoral Traffic (Prevention) Act, 1956
- The Factories Act, 1948, and other laws.



International Labor and Human Rights Standards

- Universal Declaration of Human Rights
- Global Compact
- Modern Slavery Act 2015



Buyers' Code of Conduct



Our Human Rights policy extends to all our affiliates and fully-owned subsidiaries and individuals across all levels, from Directors and Senior Executives to temporary staff, trainees, and contractors. We encourage our suppliers and subcontractors to adopt these principles and policies.



Driving Due Diligence

Our dedication to human rights is exemplified through our rigorous due diligence, designed to identify and prevent human rights risks within our operations.

Each of our factories undergo numerous audits in alignment with our customers' Codes of Conduct and relevant certifications. Since 2019, we have proactively participated in the Social and Labor Convergence Projects (SLCP). This has mitigated audit fatigue while establishing a uniform assessment framework for our factories. In FY 2022, 84% of our factories were covered under SLCP.

Progress on Yarn Ethically and Sustainably Sourced

The Yarn Ethically and Sustainably Sourced (YESS) initiative, led by the Responsible Sourcing Network, strives to eradicate modern slavery from cotton production at the farm-level. The project aims to track cotton along supply chains from cotton farms to the finished fabric to identify modern slavery risks. YESS focuses on enhancing the capabilities of spinning, weaving, and knitting mills while adhering to the OECD risk-based due diligence framework. Shahi actively engaged in the YESS pilot program, gaining valuable insights into combatting forced labor risks within our supply chain. At the end of FY 2022, we moved towards the first official assessment under YESS, which will be shared in the FY 2023 report. YESS empowered us to:

- Strengthen sourcing practices to curb the entry of forced labor cotton in our supply chain
- Identify, mitigate, and respond to identified red flags



Promoting access to Recourse

In cases where human rights violations stemming from our business activities are uncovered, we take immediate action by cooperating and maintaining transparency. Our approach to remediation is centered around fairness and equity; we ensure individuals can access remediation through various channels within our factories and offices. We consistently organize awareness sessions to foster a deep understanding of human rights principles.

Our human resources personnel undergo training throughout induction and employee life cycles. These help prevent bonded labor, forced labor, human trafficking, indentured labor, and prison labor.

In instances where child labor violations arise, these cases shall be investigated, and appropriate remedial and preventive actions will be undertaken per the appropriate laws.

Listening To Our Employees

Grievance resolution is indispensable at Shahi. It assures employee well-being, job satisfaction, and mental health. Effective resolution aids in retaining valued employees and ensures legal compliance. Furthermore, it upholds the organization's reputation and provides feedback for improvement.

At Shahi, standard operating procedures facilitate the implementation of the Grievance Resolution Mechanism (GRM) across all our units. To assess the efficacy of our factory systems and drive ongoing enhancements, we introduced Organizational Development Enabling Officers (EOs), who conduct monthly visits to our factories. To strengthen GRM understanding, we conduct specialized training sessions for workers and staff, particularly in HR, compliance, and production teams. These teams are crucial in ensuring seamless GRM across our entire workforce.



WE HAVE ESTABLISHED VARIOUS CHANNELS FOR HEARING FROM OUR EMPLOYEES.



Open Channels with Welfare and HR Personnel: Workers can approach welfare and HR officers and the factory head to voice concerns and feedback.



Suggestion Boxes Across Factories: Workers can share suggestions and complaints by dropping them into designated boxes throughout the factory. HR and OD teams thoroughly review these submissions and take appropriate action.



Engaging with Organizational Development (OD) Professionals: Within the factories, Organizational Development (OD) members provide support. They actively monitor grievances and facilitate training sessions for workers.



Dedicated Hotline for Each Business Division: Each business division maintains its dedicated hotline number. Workers can use these hotlines to discuss their issues. These hotlines are managed independently by the OD team.



Mandatory Worker-Management Committees: As required by law, five elected worker-management committees are operational in all factories. These committees serve as formal avenues for addressing worker concerns. Training equips members to conduct productive meetings and facilitate meaningful dialogue.



Utilizing the Inache Digital Tool: Our digital platform, Inache, provides an innovative solution for workers to communicate directly with HR. Through Inache, workers can send voice and text messages. This tool is monitored by the OD team to ensure efficient handling of worker communications.



TYPES OF VIOLENCE



PHYSICAL VIOLENCE



VERBAL VIOLENCE



MENTAL VIOLENCE



SEXUAL VIOLENCE

WHOM TO APPROACH: SIX CHANNELS



SUGGESTION BOX



HELPLINE NUMBER



HR/WELFARE OFFICER



OD OFFICER



INACHE



COMMITTEES

WHAT IS SEXUAL HARASSMENT?

ANY UNWELCOME ACT SUCH AS



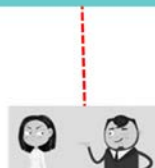
Making unwelcome advance and physical contact



Demanding or requesting sexual favours



Showing Pornography against the will



Passing Sexually colored remarks



Inappropriate call or message



Impact of Digital & Anonymous Grievance Redressal

Realizing that digital mechanisms facilitate quick and transparent interaction, we collaborated with Good Business Lab (GBL) to study the impact of a worker communication tool. GBL developed Inache, a two way, multilingual and anonymous communications tool. This is currently running in 74% of our factories with 80,000 workers. Shahi is on track to achieve 100% accessibility by FY 2024. To measure its impacts, they conducted a randomized control trial where the treatment group received dedicated training, and the grievance management team was incentivized to resolve cases with due quality. While all workers had access to the tool, only the treatment group was given training on how to use the tool.

As part of the evaluation that concluded in July 2021, GBL also assessed the impact of incentivizing timely and accurate resolutions for the management.

95% of the cases received during the pilot were resolved, and 90% received a satisfactory rating.

12.65%

Reduction in Absenteeism

4%

Increase in Productivity

The benefit of this tool is that uneducated people can record their voice and share their concerns. Also, it has the option to record in your mother tongue. Some people can't speak Hindi, English, or Kannada well, but there is an option to choose the Oriya language. So they can share their problems comfortably using that option.

- Line Worker

“

Inache is a tool that integrates into existing channels of grievance management communication while creating more transparency. The data is recorded digitally, and the management can see the issues and take steps to resolve them timely.

- HR Manager





Encouraging Communication: Launching BSafe

The second crucial component of workers' voice is building their ability to understand their voice's journey in a mammoth-like organization like ours.

A typical factory floor at Shahi has multiple communication channels for workers to air concerns and build a healthy culture. Supervisors, Floor Managers, and HR managers play a vital role here.

In FY 2022, we launched BSafe, a two-hour per-worker per-month participatory awareness program developed in collaboration with A&F as a knowledge partner, and training partner Kshitij, an NGO. These modules were vetted by the Garment Labor Union.

This initiative empowers employees by fostering a deeper understanding of different forms of harassment and remediation methods. This subsequently:

- Improved their understanding of violence
- Enhanced their capacity to understand various grievance redressal mechanisms
- Encouraged them to use the grievance redressal mechanism effectively
- Increased their awareness about gender and gender-based violence in the workplace
- Enhanced their awareness about mental health, suicide prevention and awareness, and cybercrime and its prevention

37

Factories covered
(68% of our factories)

54,726

Hours of training given

27,363

Workers trained

Goal

Train **100%** of our workforce in the first round of BSafe by 2025



I was aware of the company's commitment to addressing workplace issues. Through BSafe, I learned how the "Works Committee" played a crucial role. Being able to directly approach HR or the relevant committee members extensively trained to assist promptly is reassuring.

- Shiva Linga, Unit 31.



EMPOWERED WORKFORCE

At Shahi, workforce empowerment involves a strategic approach emphasizing soft and technical skills. It also concentrates on enhancing employees’ skills, knowledge, and capabilities. We create a more competent and adaptable workforce, contributing to Shahi’s overall competitiveness.



| Training Data (FY 2022) | | | Training data (FY 2021) | |
|-------------------------|----------------------|----------------------|-------------------------|----------------------|
| Category of Employees | Total Attendees | Total Training Hours | Total Attendees | Total Training Hours |
| Workers | 188,567 ⁷ | 1,247,218.75 | 207,422 | 933,695 |
| Employees | 9,595 | 82,924.75 | 7,971 | 46,508 |

Our training programs encompass leadership training, soft skills development, technical training, and education on human rights awareness, to name a few.

⁷The number of attendees is higher than Shahi's total workforce because each employee undergoes multiple trainings.

NURTURING EFFECTIVE MANAGERS AND INSPIRING LEADERSHIP

Management Development Program (MDP)

A program designed for new managers and emerging leaders who are ascending to higher tiers of the organizational structure.

15,309

hours of training conducted

STITCH: Supervisors’ Transformation Into Change Holders

Leadership Program tailored for supervisors to enhance their soft skills and proficiency in both people management and operational excellence.

78%

supervisors trained in STITCH

PULSE: Promoting Upcoming Leadership at Shahi Exports

An 8-month immersive curriculum in leadership through personal and interpersonal growth. This program equips participants to embody Shahi's vision and cultivate a positive and productive work environment.

91%

of our goal to train senior management was achieved

13,637

hours of training delivered

Captain Program

An upskilling program designed to elevate the work environment by promoting holistic skills in candidates chosen from those in line to become Captains. Candidates undergo comprehensive training to manage sewing lines.

837 Captains

appointed and leading the lines across two divisions

PULSE testimonial



Since the training in PULSE, I have been able to implement numerous strategies and techniques, which have positively impacted my team's collaboration, productivity, and morale. One of my key takeaways from the program was "CARRY YOUR OWN WEATHER," which has proven to be an incredibly powerful statement. It has allowed me to be self-reliant and maintain a positive attitude regardless of external factors. By staying optimistic and focused on solutions, even during challenging times, I can inspire my team to do the same and work towards our goals together.

- Garima Sharma, AGM - Marketing,
Ladies Specialty Division



Cultivating Leaders on the Shopfloor: Captain Program

Under the Captain Program, factory lines are led by two high-performing individuals known as the 'Captain,' unanimously selected by the team. Captains largely tend to be women, given that most workers are women.

Captains are upskilled with soft and technical skills. The system was first introduced at Unit 37 in Mysore, Karnataka. After successful implementation, it was scaled to the Men, Bottoms, and Denim Division and Knits Division.

Captain Selection Procedures: Captains are selected by assessing educational qualifications, language proficiency, tailor experience, and specific performance achievements.

Observations as Batch Monitors: Before promoting an individual to the role of Captain, they undergo a monitoring period to assess their behavioral and technical competencies.

Captain Empowerment: Once promoted, Captains are upskilled in achieving targets and quality, workforce handling, WIP control, technical knowledge of machines, work SOPs, leadership, and more.

Support and Sustenance: A support team comprising senior executives prepares Captains to take responsibility for the team.



Impact:

- 837 Captains appointed and leading the lines across two divisions



Goal:

- To implement the "Captain System" in all cutting, sewing, and finishing departments of the Knits and Men, Bottoms & Denim Division by 2025.

Upskilling Our Employees

Reinforcing Policies

The training strengthens policy commitments regarding group medical insurance, IT training, cybersecurity, environmental sustainability, and orientation training.

Gap Inc. P.A.C.E.

A comprehensive life skills training crafted for female garment workers, encompassing modules on communication, time and stress management, legal awareness, execution excellence, and more.

513,357 hours of training conducted

96% of 2024 goal achieved

Business and Soft Skills

The training encompasses a range of areas, including email etiquette, business protocols, effective communication, conflict resolution, relationship building, interpersonal skill enhancement, employee engagement, talent oversight, adept planning, organization, and delegation techniques.

Personal Development Trainings

We also offer stand-alone modules tailored to the needs of individuals as well as teams:

- Conflict management
- Effective communication
- Effective leadership habits
- Emotional bank account
- Emotional intelligence
- Giving and receiving feedback
- Team building
- Team engagement



Essential Workplace Trainings

Organizational Health and Safety (OH&S)

Providing education about the significance of Personal Protective Equipment (PPE) within the workplace, alongside comprehensive fire safety training and drills.

Prevention of Sexual Harassment (POSH)

Conducting informative sessions about Shahi's Prevention of Sexual Harassment (POSH) policy, grievance redressal mechanisms, and associated procedures.

66,611 hours of training conducted

From Stitching Threads to Weaving Success

Rathnamma's incredible story of training under almost all of Shahi's programs to leading a line of her own and striving for a better workplace.

"There was a school in my village, Chiknallie, opposite my house. For almost seven years, I served as a teacher there," Rathnamma said; her eyes sparkled, and a wide smile embraced her face.

Rathnamma, a resilient and determined individual hailing from Pandavapura, Mysore, has a story that embodies perseverance and adaptability within the backdrop of a close-knit, rural community. She has remained a valued member at Shahi in Mysore for four years.

The sparkle turned into a determined fire when asked why she moved to Srirangapatna. She has a singular goal, "So that my children can have a good education. I am passionate about ensuring my kids receive a good education."

She joined Shahi as a tailor and was enrolled in the Gap Inc. P.A.C.E. Program.

"When I was first introduced to the Gap Inc. P.A.C.E. program, a group of us humorously mistook it as the FACE program. I was puzzled, wondering what they would teach us about faces and related topics," she chuckled. However, designed to support career and personal life development, the program unveiled new perspectives and insights. "It helped me see things from a different perspective and highlighted areas where improvements could be made. I also learned how to approach my responsibilities at work and within my family." Rathnamma's growth, adaptability, and pride are evident.

In 2021, Rathnamma became Captain in the cutting department. She proudly says, "It was recognized that I possessed leadership qualities and the ability to manage and lead a group of people effectively."

But, her desire to learn led her to sign up for STITCH. A takeaway for Rathnamma was how to motivate her colleagues on a fast-paced factory floor. Her approach is "grounded and empathetic."

"Before they begin working on the machine, I make it a point to call them in advance," she explains. Her proactive guidance ensures smooth transitions for her team from one style to another.

Her dedication to her work and community is evident in her election as a committee member. Currently, she serves as an EHS committee member, focusing on the well-being and safety of her fellow workers.

"If I could speak to my younger self, I would convey a message of resilience and pride. I would tell my younger self that she once may have felt confined like a frog in a well but broke free of those limitations." Rathnamma pursued her dreams, acquired new skills through hard work, and emerged as a leader, all while remaining deeply committed to her family and community.



EMPLOYEE HEALTH & WELLBEING

We strongly emphasize the well-being of our employees. Shahi continuously implements various measures to ensure the holistic welfare of its workforce.

Prioritizing Employee Safety at the Workplace

The first element of employee well-being is safety. Our organization has a well-defined occupational health and safety management (OHSM) system per the Factories Act, 1948. The OHSMS is based on the standards prescribed by the International Labour Organization. It covers all our employees, activities, and workplaces.

We have dedicated Safety and Well-being Officers at each unit ensuring everyone's safety. They are the guardians of compliance, ensuring all safety measures are followed without compromise.



WE HAVE ESTABLISHED OUR GOALS AND ARE DEDICATED TO:

- ▶ Complying with all relevant safety laws, regulations, and requirements
- ▶ Implementing process safety and management strategies, including safety committees, audits, risk assessments, and documenting safety-related data
- ▶ Creating a workplace free from injuries by fostering strong employee engagement

Risk Assessment and Safety Preparedness

We have established a comprehensive range of policies, from Risk Analysis to Environment Health and Safety (EHS).

An EHS Committee diligently assesses all functions in each factory, ensures health and safety performance, and undertakes risk identification. We prioritize adherence to safety standards and enhance our capabilities in swiftly identifying and managing potential hazards.



Employee Healthcare

Within all our facilities, we have established fully equipped medical centers with skilled medical teams comprising nurses and doctors to address primary injuries and provide direct medical care. Furthermore, our employees and workers benefit from coverage under the Employees' State Insurance (ESI).

We conduct extensive safety training, health camps, and awareness sessions to empower our workforce with the knowledge necessary to minimize risks. We reduce the likelihood of workplace fatalities by raising consciousness among our employees.



Health Camps at Shahi

This year, we organized diverse health camps for our employees to provide convenient access to healthcare services. This initiative helped them undergo vital check-ups and screenings without taking time off work.



Anemia Detection Camps

Anemia is a common condition that can impact an individual's vitality, efficiency, and overall well-being. To proactively address this issue, we organized Anemia detection camps across 13 units. Through this initiative, in addition to raising awareness about Anemia, we distributed iron capsules to enhance their health and vitality.



Audiometry Camps

Our commitment to health led us to host Audiometry camps, where our employees could undergo comprehensive hearing assessments. These camps helped detect potential hearing issues and raise awareness about maintaining healthy auditory functions.



ESIC Camps

To ensure employee security, we organized an Employee State Insurance Corporation (ESIC) Camp. This initiative educated our workforce about the benefits and provisions available under the ESIC scheme. By addressing queries and assisting registrations, we empowered our employees with the knowledge on how to access their entitled benefits.

Eye Health Program

In India, 55 million people suffer from presbyopia, the degeneration of sight related to age. Apart from the enormous negative impact on life quality, untreated visual impairments are estimated to cost the Indian economy \$37 billion in productivity losses annually. The high cost of vision tests, purchase of glasses, follow-up visits, and social costs are all factors that deter low-income groups—especially women—from undertaking quality eye care.

A 2018 study by VisionSpring on Indian tea pickers showed that the provision of spectacles improved their productivity by 21.7%—and for those aged over 50, the increase was 31.6%.

The predominantly female workforce of the Indian garment manufacturing industry provides solid testing grounds for addressing this. Since 2020, Shahi has become a site for a similar study led by Good Business Lab, powered by VisionSpring. The Eye Health Program was born. This is a low-cost scalable program delivered in garment factories to address presbyopia and study the impact of providing free spectacles on women workers' well-being and firm productivity.

13,369

workers screened

480

management staff screened

11

factories screened

592

spectacles distributed

An onsite vision screening camp where skilled optometrists conducted diagnosis of vision errors. Following the vision camp, workers in the treatment group of the study were given glasses. Our factory supervisors were trained to carry out activities to encourage glasses among the workers and provide simple solutions to glasses-related problems. The preliminary assessment shows 45% adherence to wearing glasses.



Supporting Postnatal Care and Crèche Facility

At Shahi, women constitute 70% of our workforce. To establish a work environment that promotes their well-being and work-life balance, we established a crèche facility across all our units. Our crèche care has been crafted to offer a secure and nurturing environment for the children of our employees aged below six years. We understand the challenges associated with balancing professional responsibilities and parenting duties. Significant attention has been given to ensuring that the crèche meets the highest hygiene and child development standards. Our staff members are trained to deliver optimal care for the children.

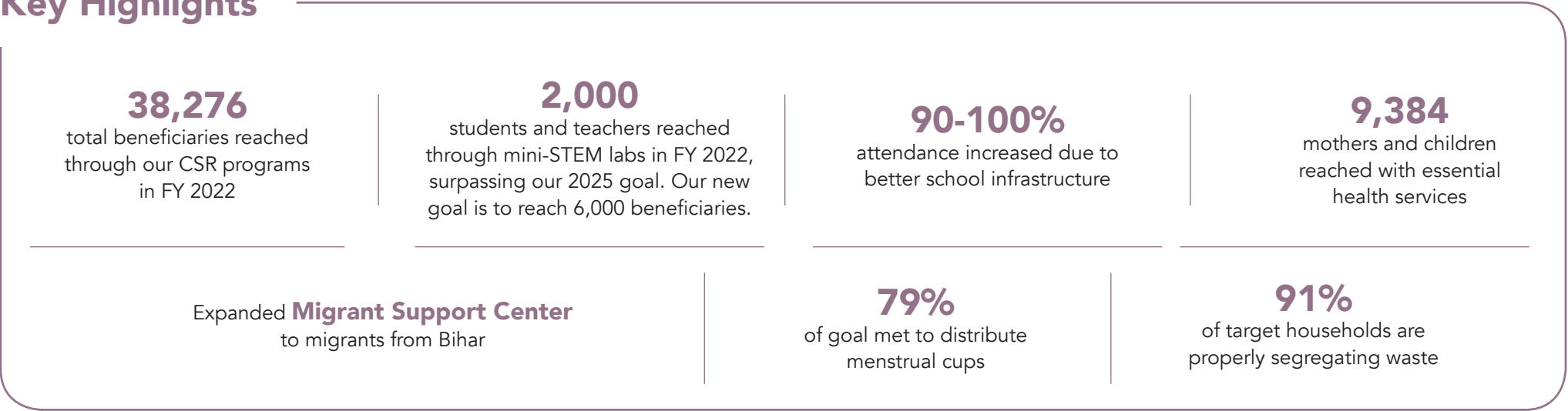


CORPORATE SOCIAL RESPONSIBILITY

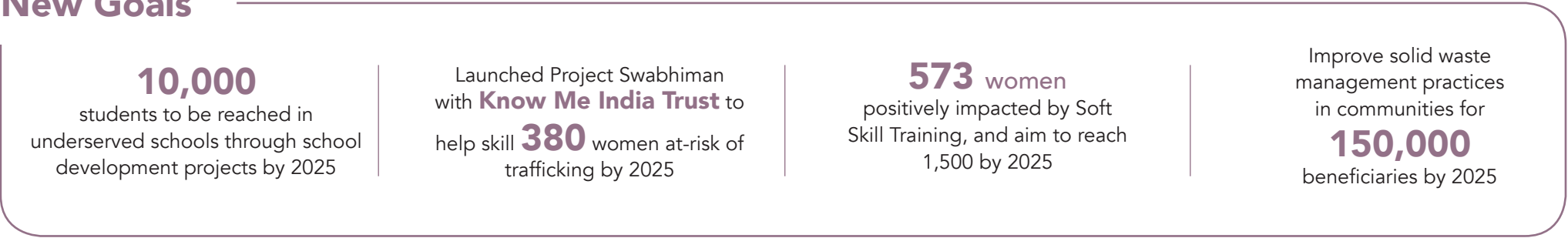
Serve, uplift, and transform communities for a sustainable future.

Corporate Social Responsibility (CSR) is an arm of our Responsible for People mission that extends our learnings from worker well-being initiatives to our communities. Our purpose to uplift people emerges from our founder’s understanding of the ripple effect triggered by meaningful employment. The transformation of people’s lives through our employees is a motivation to dedicate our energies toward our focus areas.

Key Highlights










New Goals



Our Corporate Social Responsibility Focus Areas

To carry this spirit, our programs address the geographic needs of our communities. Our mission is to:

|  |  |  |
|---|--|--|
| Focus Area | Target Beneficiaries | Programs |
| Migrant welfare | Women, youth, and low-income, underprivileged communities | Migrant Support Center |
| Samarthanam <i>Promote and provide access to soft and technical skills and sustained employment</i> |  Women, youth, and low-income, underprivileged communities | Swabhiman Project* Soft Skill Training for Women* |
| Soukyam <i>Drive better health and life expectancy for women, children, and low-income and marginalized communities</i> |  Women, children, migrants, and blue-collar worker | Swasth Parivar: Satellite Clinic Maternal Child Health and Nutrition Menstrual Cup Awareness |
| Shikshanam <i>Elevate access to foundational literacy for school-going learners</i> |  Learners (3-16 years), underdeveloped and underfunded schools, universities, and anganwadi centers | Mini Science Lab: STEM Learning School Development Projects* |
| Swacchatam <i>Facilitate a better living environment</i> |  All age groups from at-risk communities and ecosystems | Solid Waste Management* Ankuram: Tree Plantation |

*New Projects in FY 2022

We have a holistic CSR policy in place that guides our CSR committee in implementing and overseeing our CSR projects. We carefully select, implement, and monitor our social engagement. We engage with communities directly and through implementation agencies.

Migrant Support Center

Beneficiaries Reached in FY 2022: 4,347

Target Segment: Youths and adults, parents from Odisha and Bihar

Partners: Odisha Rural Development and Marketing Society (ORMAS), Bihar Rural Livelihood Promotion Society (BRLPS)–JEEViKA

Location: Bengaluru, Odisha, and Bihar


Internal migration in India comes with many challenges. Moving from their hometowns to a new place is really tough for migrants. Since 2021, we have operated the Migration Support Center (MSC) for migrants employed in various industries across Bengaluru. Through this initiative, we assist rural youth from Odisha and Bihar who have been trained under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) and are subsequently placed in Bengaluru.



Expanding Access to MSC Services

In September 2022, we partnered with Bihar Rural Livelihood Promotion Society (BRLPS)–JEEViKA to support migrants from Bihar. The center was set up in Bengaluru and registered nearly 900 migrants from Bihar in FY 2022.

We conduct awareness sessions for youth on various topics such as financial and legal literacy. Additionally, we organize workshops to address health-related issues and arrange regular health camps. Furthermore, we offer placement opportunities and maintain a 24-hour helpline for support.

**Impact:**

- Placed Odisha youths in Bengaluru companies successfully
- Implemented MSC training and awareness sessions for empowered youth to secure workplace promotions

978
Youth were promoted at higher positions through MSC support

3
Alumni meets

4
Parents meets



SAMARTHANAM | SKILL DEVELOPMENT

Swabhiman Project

Beneficiaries Reached in FY 2022: 78

Program Partner: Know Me India Trust (KMIT)

Target Segment: At-risk women and victims of trafficking

Location: Jharsuguda and Odisha

Victims of trafficking often suffer physical, emotional, and psychological trauma. They can heal and rehabilitate with proper support. Our initiative extends help to women victims of trafficking. Through our outreach program, we provide a safe space for these women to rebuild their lives. Our efforts provide comprehensive technical and soft skills training and equip them with tools to regain independence. Beyond training, we remain dedicated to creating meaningful job opportunities, facilitating placements, and extending support for self-employment. We empower these women to overcome challenges towards a brighter future.



Impact:

- Fostering financial independence within the security of their families
- Elevating their quality of life as they inspire other survivors

Threads of Change

Sangita Mahato is a determined 19-year-old girl from Ganganagar, Odisha. She completed her education till 10th grade, but her family's sole income comes from vending panipuri, which is insufficient to manage their expenses and her siblings' education. Sangita's life took a turn when she learned about our project through her friends at the Know Me India Trust. After 45 days of training, she secured a placement opportunity. Today, she proudly contributes to her family's sustenance. Sangita personifies the transformative impact of skill development initiatives.





Soft Skill Training for Women

Program Partner: Kshitij NGO

Target Segment: Women aged between 18 to 50

Location: Rural locations in Karnataka, Tamil Nadu, and Andhra Pradesh

With the right skills and knowledge, women can effectively navigate challenges, thrive professionally, and positively contribute to their communities. Our initiative improves knowledge, skills, attitudes, and behaviors through soft skill training. We actively encourage micro-enterprise activities among women, supporting their economic empowerment. Furthermore, we hold interactive sessions in collaboration with the Indian Postal Department to promote awareness about social security and insurance schemes. Additionally, we organized a session with the Karnataka State Police to provide insights into taking appropriate actions.



Impact:

- **573** women utilized their training to enhance their financial condition and health



Swasth Parivar: Satellite Clinic

Program Partner: Family Planning Association of India (FPAI)

Beneficiaries Reached in FY 2022: 5,123

Target Segment: Daily wage earners, women around our factories, hospitality staff

Location: Peenya and Bengaluru

To cater to the reproductive and sexual health of individuals seeking non-surgical healthcare, we have established a satellite clinic to extend preventive services. Through this initiative, we offer comprehensive services that promote reproductive well-being and provide accessible care to those who might face barriers to healthcare. Additionally, we collaborated with government health departments to expand our outreach efforts to nurture their overall well-being.



Impact:

- Improved community health, especially among anemic women with SRH issues
- Fulfilled basic healthcare needs for most patients through satellite clinic



Impact:

16

Outreach Sessions

For SRH Services

For Non-SRH Services

Community Outreach

1,848

1,125

In-Clinic

1,503

647

Threads of Change

Anusha, a 23-year-old resident of Peenya, worked as a tailor in a garment factory. Over three years, she experienced fatigue, irregular heartbeats, dizziness, chest pain, and more. Her household responsibilities led her to neglect her well-being.

However, her path to improved health began when she became aware of our community awareness program organized by the Satellite Clinic. During her visit, she discovered that she was suffering from anemia. With the guidance of medical professionals, she received necessary medication and underwent follow-up care for three months. Her health improved to positively change her life.





Maternal Child Health and Nutrition

Beneficiaries Reached in FY 2022: 9,348

Program Partner: Bal Raksha Bharat (Save the Children, India)

Target Segment: Pregnant women, children, ASHA workers, anganwadi workers, and CDPO health workers

Location: Mandya, Tumkur, and Bengaluru Rural

Recognizing the significance of maternal and child health and nutrition care, we undertook the initiative to enhance these services. Our goal was to effectively diminish the rates of maternal, prenatal, infant, and childhood mortality and morbidity, making a substantial impact on the well-being of both mothers and children. Through this initiative, we assessed the MCHN needs of the communities by conducting health screening sessions, check-ups, and counseling. We conducted capacity-building programs in collaboration with ICDS and health departments to strengthen expertise in these domains.



Impact:

- Detected cases of Severe Acute Malnutrition (SAM) and Moderate Acute Malnutrition (MAM) among children and ensured proper referral and subsequent monitoring of their treatment
- Supplied teaching learning materials to anganwadi centers and promoted an engaging learning environment
- **24** Anganwadis beautified in BLES activities

Threads of Change

Kruthi is a three-month-old baby from the Mandya district. Her mom stopped working in the garment factory when she got pregnant. The pregnancy went well. However, when the baby was two months old, her mom noticed she wasn't developing like other babies. The baby often got sick, had problems with her skin and hair, and seemed upset and dizzy.

The anganwadi workers, ASHA workers, and the health department did not notice these issues. Then, our team visited their home and saw the baby's health problems. We intimated anganwadi workers, ASHA workers, and health officers about the child's condition. They took action immediately and informed the mother about how to care for the baby's health and nutrition for the first 1,000 days. Now, her baby is growing and developing like she should be.





Menstrual Cup Awareness

Beneficiaries Reached in FY 2022: 3,592

Program Partner: Shakthi NGO

Target Segment: Women aged between 25 to 45

Location: Karnataka (Bengaluru, Mysuru, Haveri, Mandya, Kolar) and Tamil Nadu (Hosur, Krishnagiri)

Menstrual health is a fundamental aspect of women's overall well-being. However, women from low-income communities often face barriers to accessing proper menstrual hygiene products, which can lead to health issues and discomfort. To bridge this gap, we raised awareness about sustainable menstrual management practices, such as using menstrual cups. The women were informed about menstrual hygiene best practices and provided with menstrual cups. Two follow-up sessions were also conducted to ensure usage and collect feedback.



Impact:

- Taught **3,592** participants about proper menstrual hygiene practices
- Gave **2,854** women menstrual cups, witnessing with a 79% utilization rate



Threads of Change

Usha, a 32-year-old homemaker residing in Nandini Layout, Bengaluru, had distressing periods. Dealing with heavy bleeding meant she had to use 8-10 pads each cycle, a costly affair given her financial situation. As a Self-Help Group (SHG) member in her community, she joined a session organized by Shakthi at the anganwadi center. This session highlighted effective practices for managing menstrual hygiene.

Discovering the menstrual cup during the training, Usha gave it a shot. To her delight, she adapted to it effortlessly. She is convinced she won't resort to any other method. She finds it so comfortable that she often forgets that she is on her period. It has transformed her menstrual experience. She is now on a mission to spread awareness about the cup's advantages.





Mini Science Lab

Beneficiaries Reached in FY 2022: 2,050

Program Partner: STEM Learning

Target Segment: Children, Teachers, and SDMC members

Location: Kolar, Kuppam, Krishnagiri, Maddur, Hiriya, T Narasipura, Arakere, and Hassan

To encourage students' interest in science, math, and technology through hands-on learning, we delivered 80 models based on 150 science and mathematics concepts to each school. We also trained teachers to effectively utilize these models. The interests of children were raised using DIY activities. The project's progress is evaluated on a half-yearly basis.



Impact:

- Established Eight Mini Centers, reached **13** schools so far
- Enhanced engagement in school practical sessions
- Elevated science and math performance through STEM Lab integration
- Stimulated innovation, creativity, and experimentation
- Showcased learning through state-level competition participation
- Surpassed our target of reaching **2,000** students by 2025

Threads of Change

Shashank O.S. is a student at J.G. High School in Javanagondanahalli-Hiriyur. He won the first prize in the National STEM Program Cluster-Level Competition. His project was a cable car that demonstrated how STEM concepts solve problems. His creation was chosen amongst 10 students from five different schools. The mini-science center at his school, made by Shahi in partnership with STEM Learning, helped him implement his knowledge.



Cable Cars offer a way to travel long distances and ease traffic congestion quickly. The STEM lab, sponsored by Shahi at my school, greatly aided my exploration of this concept.

Shashank O.S.





School Development Projects

Beneficiaries Reached in FY 2022: 1,004

Target Segment: Government schools, Students, and Teachers

Location: Bengaluru, Mysuru, and Hassan

Realizing the importance of proper learning infrastructure for boosting the learning competencies of students, we extended support for improving facilities at government institutes. We built libraries, and set up benches and Nali Kali tables for comfortable seating. Classrooms were digitized through smart TVs, printers, computers, and projectors. We also renovated toilets to ensure hygienic conditions and provided sports materials for physical education and uniforms to children.



Impact:

- Enhanced aspirations through **90-100%** school attendance
- Fostered innovation via increased state-level competition involvement
- Improved annual exam results
- Witnessed a surge in applications for the 2023-2024 academic year



Coaching Classes for SSLC Students

Beneficiaries Reached in FY 2022: 549

Program Partner: Kabir Trust

Target Segment: Secondary School Leaving Certificate (SSLC) students from public and private schools and supplementary students

Location: RT Nagar, Bengaluru

To enhance accessibility to higher education at the college-level and help students build solid foundations to clear the SSLC examination, we arranged free-of-charge early morning classes where well-versed and experienced teachers imparted their knowledge. The classes included Kannada, Mathematics, Science, and Social Science. Students were rewarded for exemplary performance. A valediction ceremony was organized to praise students and teachers for their efforts.



Impact:

- Enrolled and supported **999** students since the inception of this program in 2021
- Enhanced self-assurance among students in tackling and attaining favorable scores in the SSLC examination
- Granted access to improved avenues for future educational opportunities





SWACCHATAM | ENVIRONMENTAL SUSTAINABILITY

Solid Waste Management

Beneficiaries Reached in FY 2022: 13,025

Program Partner: Saahas

Target Segment: Community, schools, markets, households, commercial shops, vegetable vendors, public

Location: Arekere, Bengaluru

Waste management is crucial for maintaining a healthy environment and safeguarding public health. We established a robust waste management model near Arekere Lake and reduced waste dumping into the lake.

Our volunteers went door-to-door to raise awareness about household waste disposal and conducted campaigns for shops. We ensured their participation

in the project by consistently monitoring Bruhat Bengaluru Mahanagara Palike (BBMP) waste collection vehicles. Additionally, we improved the aesthetics of waste dumping points and distributed dustbins and bags to households and nearby shops. We utilized Information, Education, and Communication (IEC) materials to enhance communication effectiveness and encourage behavioral changes.



Impact:

- Promoted waste segregation to **3,623** households
- Influenced **91%** of households to properly segregate and give waste to BBMP vehicles
- Diverted **370** tons of wet and **230** tons of dry waste from landfills for recycling and reuse





Ankuram: Tree Plantation

Target Segment: Local Community and Schools

Location: Faridabad, Ghaziabad

The significance of trees within our ecosystem and daily existence is immeasurable. To address critical issues, such as deforestation and soil erosion, we launched a tree plantation initiative. To reduce carbon footprint effectively, we planted 7,000 trees in communities, schools, temples, and forests. We have fostered a sense of responsibility towards nature by conducting campaigns in schools and communities. The initiative was further strengthened by active community participation during the planting process. A gardener monitored all the planted trees to ensure their safety.



Impact:

- A total of **10,000** saplings were planted in 2 years
- Transformed open areas into lush green spaces, enhancing local air quality
- Increased awareness among school students, parents, stakeholders, and the community regarding the significance of planting trees and their responsibilities in this regard



GRI CONTENT INDEX

| | |
|------------------|--|
| Statement of Use | Shahi Exports Private Limited has reported the information cited in this GRI Content Index for the period between 1st April 2022 to 31st March 2023 with reference to the GRI Standards. |
| GRI Used | GRI 1: Foundation 2021 |

| GRI Standard and Disclosure | Reference/In Accordance | Section |
|---------------------------------|---|---|
| GRI 2: General Disclosures 2021 | | |
| 2-1 | Organizational details | See locations on the website https://www.shahi.co.in/contact/ |
| 2-2 | Entities included in the organization's sustainability reporting | About the Report |
| 2-3 | Reporting period, frequency, and contact point | About the Report |
| 2-4 | Restatements of information | Available throughout where relevant |
| 2-5 | External assurance | About the Report, External Assurance |
| 2-6 | Activities, value chain, and other business relationships | About Shahi |
| 2-7 | Employees | Our Diverse Workforce |
| 2-8 | Workers who are not employees | Our Diverse Workforce |
| 2-9 | Governance structure and composition | Governance |
| 2-10 | Nomination and selection of the highest governance body | Governance |
| 2-11 | Chair of the highest governance body | Governance |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Governance |
| 2-13 | Delegation of responsibility for managing impact | ESG Governance |

| GRI Standard and Disclosure | Reference/In Accordance | Section |
|-----------------------------|---|--|
| 2-14 | Role of the highest governance body in sustainability reporting | Governance |
| 2-15 | Conflicts of interest | Information unavailable |
| 2-16 | Communication of critical concerns | ESG Governance |
| 2-17 | Collective knowledge of the highest governance body | Information unavailable |
| 2-18 | Evaluation of the performance of the highest governance body | Information unavailable |
| 2-19 | Remuneration policies | Information unavailable |
| 2-20 | Process to determine remuneration | Information unavailable |
| 2-21 | Annual total compensation ratio | Information unavailable |
| 2-22 | Statement on sustainable development strategy | Message from our Chairperson |
| 2-23 | Policy commitments | <p>Our Policies</p> <ul style="list-style-type: none"> ● The Policy commitments have been defined in the Sustainability Policy. |
| 2-24 | Embedding policy commitments | <ul style="list-style-type: none"> ● FY 2022 Progress, ● Our 'Responsible for' Framework, ● Energy and Emissions, Chemical Stewardship, ● Water Efficiency, ● Waste for Circularity, ● Innovation for the Planet, ● Fostering a fair and respectful workplace, ● Upholding Human Rights, ● Empowered Workforce, ● Corporate Social Responsibility. |

| GRI Standard and Disclosure | Reference/In Accordance | Section |
|-----------------------------|--|---|
| 2-25 | Processes to remediate negative impacts | <ul style="list-style-type: none"> ● Materiality Assessment, ● Managing Our Emissions, ● Managing Our Effluents, ● Investing in the lives we touch, ● Partnerships for People, ● Upholding Human Rights, ● Employee well being and benefits. |
| 2-26 | Mechanisms for seeking advice and raising concerns | <ul style="list-style-type: none"> ● FY 2022 Progress, ● Fostering a fair and respectful workplace, ● Empowered Workforce, ● Encouraging Communication: Launching BSafe. |
| 2-27 | Compliance with laws and regulations | Governance |
| 2-28 | Membership associations | Memberships |
| 2-29 | Approach to stakeholder engagement | Stakeholder Engagement Approach to Materiality Assessment |
| 2-30 | Collective bargaining agreements | Fostering a Fair and Respectful Workplace |
| GRI 3: Material Topics 2021 | | |
| 3-1 | Process to determine material topics | Stakeholder Engagement Approach to Materiality Assessment |
| 3-2 | List of material topics | Materiality Assessment |
| 3-3 | Management of material topics | Materiality Assessment |
| Energy | | |
| 302-1 | Energy consumption within the organization | Energy Consumptions in Our Operations |

| GRI Standard and Disclosure | Reference/In Accordance | Section |
|-------------------------------------|--|--|
| 302-3 | Energy intensity | Managing Our Emissions |
| Water and Effluents 2018 | | |
| 303-1 | Interactions with water as a shared resource | Water Efficiency |
| 303-2 | Management of water discharge-related impacts | Managing Our Effluents |
| 303-5 | Water consumption | Water Consumption in Our Operations |
| Emissions | | |
| 305-1 | Direct (Scope 1) GHG emissions | Managing Our Emissions |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Managing Our Emissions |
| 305- 4 | GHG emissions intensity | Managing Our Emissions |
| Waste | | |
| 306-1 | Waste generation and significant waste-related impact | Waste for Circularity |
| 306-2 | Management of significant waste-related impact | Managing Fabric Waste for a Sustainable Future |
| 306-3 | Waste generated | Waste for Circularity |
| Occupational Health and Safety 2018 | | |
| 403-1 | Occupational health and safety management system | Prioritizing employee safety at the workplace |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Risk Assessment and Safety Preparedness |
| 403-3 | Occupational health services | Employee Health |
| 403-5 | Worker training on occupational health and safety | Essential Workplace Training |
| 403-8 | Workers covered by an occupational health and safety management system | Prioritizing employee safety at the workplace |

| GRI Standard and Disclosure | Reference/In Accordance | Section |
|--|---|--|
| Training and Education 2016 | | |
| 404-1 | Average hours of training per year per employee | <ul style="list-style-type: none"> FY 2022 Progress Moving the Needle: For Planet Moving the Needle: For People |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | <ul style="list-style-type: none"> FY 2022 Progress Responsible for People: recruitment and talent management |
| Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Upholding human rights |
| Freedom of Association and Collective Bargaining | | |
| 407-1 | Operations in which, and suppliers for whom, the right to freedom of association and collective bargaining may be at risk | <ul style="list-style-type: none"> Fostering a fair and respectful workplace Upholding human rights |
| Child Labour 2016 | | |
| 408-1 | Operations and suppliers at significant risk of incidents of child labour | Upholding human rights |
| Forced or Compulsory Labour 2016 | | |
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labour | Upholding human rights |
| Local Communities | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Corporate Social Responsibility |
| 413-2 | Operations with significant actual and potential negative impacts on local communities | Corporate Social Responsibility |

SHAHI
EXPORTS PVT. LTD.

<https://www.shahi.co.in/sustainability/>

<https://www.linkedin.com/company/shahi-exports-pvt-ltd/>