

shahi

Exports Pvt. Ltd.



MOVING THE NEEDLE

Adapt. Impact. Inspire.

Sustainability Report FY 2023-24

About the Executive Summary

Moving the Needle: Adapt, Impact, and Inspire

The executive summary of our FY 2023-24 sustainability report highlights our overall progress across Environmental, Social, and Governance (ESG) areas. Our overarching theme for sustainability, 'Moving the Needle,' reflects our commitment to driving measurable positive impact. This year, our focus is encapsulated in the theme 'Adapt, Impact, Inspire,' symbolizing our mission to advance sustainability across the fashion value chain and lead the industry toward a more sustainable future.

Reporting Scope and Boundary

This report's reporting period is FY 2023-24, from April 1, 2023, to March 31, 2024. The report's sustainability disclosure primarily pertains to our operations within India.

We have acquired a new mill, SKPL (Shahi Knits Private Limited), which enhances our dyeing capabilities for knitted fabrics. With its addition, we have updated our data and revised our progress toward our goals accordingly.

This report is relevant to all our stakeholders, including employees, value chain partners, customers (B2B), the government, NGOs, and communities. Throughout the report, Shahi Exports Pvt. Ltd. is referred to as 'We,' 'Shahi,' and 'Our Company.'

Message from our Managing Director and Chairperson



The fashion industry continues to evolve. We have continued to embrace change to create meaningful impact and inspire progress in the industry. At Shahi, we have embraced these changes by adapting to new realities, creating meaningful impact, and inspiring progress.

This year has been a learning curve in adapting to industry shifts and environmental challenges. Our roadmap focuses on diversifying our product portfolio, prioritizing sustainability, and investing in our people. We look toward a more circular future and remain steadfast in our role as catalysts for change.



Harish Ahuja

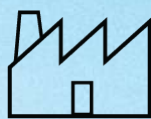
Managing Director and Chairperson,
Shahi Exports

About Shahi Exports

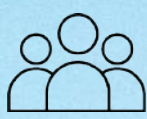
Shahi is the largest apparel manufacturing and exporting company in India, recognized for its commitment to quality, innovation, and sustainability. Starting in 1974, we have come a long way from being a small family-owned business to becoming a global enterprise with a presence across the entire value chain of textile manufacturing, from yarn to finished products. Our vertically integrated manufacturing facilities, diversified product portfolio, and ethical business practices make us one of the most trusted suppliers for several prominent brands.



8
States



48
Factories



100,000+
Full-time
employees



73%
Female
workforce



4
Processing
mills



144+ Million
Garments
produced
annually



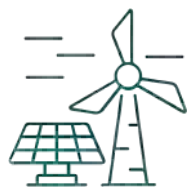
Our Global Footprint



Our Presence



Our 'Responsible For' Framework



**Energy and
Emission
Management**



**Water
Efficiency**



**Chemical and
Materials
Stewardship**



**Waste
Towards
Circularity**



**Empowered
Workforce**



**Employee
Health and Well-
Being**



**Fair and
Respectful
Workplace**



**Corporate Social
Responsibility
(CSR)**

Responsible For Planet

Our Sustainability Progress

Area	Base Year	Objective	Target Year	FY 2022-23 Performance (Cumulative)	FY 2023-24 Performance (Cumulative)
Energy	FY 2018-19	Achieve 100% renewable electricity	FY 2026-27	67%	65%
	FY 2021-22	Achieve 50% energy consumption from carbon-neutral ¹ sources	FY 2026-27	34%	36%
Water and Wastewater	FY 2021-22	Achieve 85% recycled water for industrial purposes in garment units	FY 2024-25	81%	78%
	FY 2021-22	Achieve 75% recycled water usage for industrial purposes in textile mills	FY 2024-25	72%	78%

Updates and Beyond

- We are adding about 55 MW of solar capacity in the coming year to boost our renewable electricity share
- Our wovens mill, Sarla Fabric Limited (SFL), has fully phased out coal, and two Shimoga mills are planning their coal phase-out, which will inform our updated carbon-neutral goal next year
- We are investing in water efficiency and recycling to reduce reliance on fresh water

Responsible For Planet

Highlights FY 2023-24

100%

of the dyes and auxiliaries used in our production processes are ZDHC MRSL compliant

100%

Coal phase-out achieved in one mill

78%

Recycled Water used in our textile mills, exceeding our goal

7.4% and 23.5%

Reduction in emissions intensity for Mills and Garments, respectively, compared to FY 2020-21

CDP Score B

An improvement compared to last year's score of B- and the global average of C

68.92%

Verified Higg FEM Index Version 4.0 score against a global average of 48.08%²



Responsible For People

Our Sustainability Progress

Area	Base Year	Objective	Target Year	FY 2022-23 Performance (Cumulative)	FY 2023-24 Performance (Cumulative)
Fair and Respectful Workplace	FY 2018-19	Cover 100% factories under SLCP ³	FY 2024-25	84%	90%
	FY 2021-22	Cover 100% factories with Inache Grievance Redressal Tool ⁴	FY 2024-25	72%	100%
	FY 2022-23	Train 100% workforce on grievance Redressal Mechanisms (BSafe) ⁵	FY 2025-26	27,363 (28%)	106,821 (110%)
	FY 2023-24	Train 300 leadership against Unconscious Bias	FY 2025-26	Started in 2023	159 (53%)
Skill Training for Community Women	FY 2018-19	Train 65,000 community women in soft and technical skills	FY 2024-25	53,542 (82.3%)	64,309 (99%)

New Goals

- New goals for Inache will be established to drive quality and timely resolution.
- To train 100% of our workforce in the first round of BSafe V2 training by FY 2027-28

Responsible For People

Our Sustainability Progress

Area	Base Year	Objective	Target Year	FY 2022-23 Performance (Cumulative)	FY 2023-24 Performance (Cumulative)
Empowered Workforce	FY 2007-08	Train 90,000 female workers in Gap Inc. P.A.C.E. ⁶	FY 2024-25	86,492 (96%)	95,698 (106%)
	FY 2019-20	Train 100% supervisors in STITCH ⁷	FY 2024-25	3,750 (78%)	5,044 (106%)
	FY 2020-21	Train 500 leaders in PULSE ⁸	FY 2025-26	455 (91%)	623 (125%)
	FY 2017-18	Train 2,000 people for various behaviors and soft skills	FY 2024-25	2,495 (124%)	3,087 (154%)
	FY 2023-24	Implement the Captain Program in two divisions ⁹	FY 2025-26	Started in 2023	65%

New Goals

- To train 100% of the Supervisors and In-charges in STITCH 2.0 by FY 2027-28
- To enroll 650 leaders in eight months of leadership course training under PULSE by FY 2025-26
- To train 4,200 individuals in Behavioral and Soft Skills Training by FY 2025-26

Responsible For People

Highlights FY 2023-24

1.3 million

Hours of training conducted for employees

110%

of our goal to train all workers in BSafe— GRM awareness training achieved ahead of FY 2024-25*

106%

of our goal to train supervisors in STITCH, achieved ahead of FY 2024-25*

100%

Inache V2 Scaled up to all factories, achieved ahead of FY 2024-25

106%

of our target to train 90,000 women in Gap Inc. P.A.C.E., achieved ahead of FY 2024-25

90%

of our factories are now covered under the Social & Labor Convergence Program

* Goals exceeded workforce strength because of attrition and onboarding of new employees.



Our CSR Efforts

Focus Areas

 Samarthanam Skill Development	 Soukyam Health
 Shikshanam Education	 Swacchatam Environmental Sustainability

Highlights FY 2023-24

162,644 Beneficiaries reached in FY 2023-24	20,590 Mothers and Children reached under MCHN Services, achieving 42% above our goal
30,787 Beneficiaries accessed SRH services through Satellite Clinic, achieving 31% above our goal	35,885 Trees planted through Ankuram, achieving 52% above our goal
11,139 Students receive access to better school infrastructure and STEM Labs	7,836 Migrants from 3 states registered for services through MSC, achieving 78% of our goal

Corporate Social Responsibility

Our Sustainability Progress

Area	Base Year	Objective	Target Year	FY 2022-23 Performance (Cumulative)	FY 2023-24 Performance (Cumulative)
Corporate Social Responsibility	FY 2021-22	Extend sexual & reproductive health services to 20,000 beneficiaries	FY 2024-25	5,123 (25%)	30,787 (153%)
	FY 2021-22	Support 10,000 migrant workers through the expansion of our Migration Support Center	FY 2024-25	5,947 (59.4%)	7,836 (78%)
	FY 2021-22	Reach 15,000 beneficiaries under the Maternal and Child Health Project	FY 2024-25	9,348 (62%)	20,590 (137%)
	FY 2023-24	Improve access to medical infrastructure for 200,000 beneficiaries through PHCs	FY 2024-25	Started in 2023	25,000 (12.5%)
	FY 2021-22	Provide access to menstrual cups to 7,000 women	FY 2024-25	2,854 (40%)	5,596 (80%)
	FY 2021-22	Provide 6,000 students access to STEM Lab	FY 2024-25	2,050 (34%)	5,945 (99%)

Corporate Social Responsibility

Our Sustainability Progress

Area	Base Year	Objective	Target Year	FY 2022-23 Performance (Cumulative)	FY 2023-24 Performance (Cumulative)
Corporate Social Responsibility ¹¹	FY 2021-22	Improve infrastructure for 10,000 rural school children	FY 2024-25	1,004 (10%)	5,194 (52%)
	FY 2022-23	Plant 21,000 trees in the communities across NCR under Ankuram Project	FY 2024-25	10,000 (47%)	35,885 (170%)
	FY 2022-23	Improve solid waste management practices in communities for 150,000 beneficiaries	FY 2024-25	13,025 (8.6%)	75,101 (50%)
	FY 2022-23	Skill 380 women at risk of trafficking in sewing machine operation	FY 2024-25	78 (20%)	251 (66%)
	FY 2022-23	Provide Soft Skill Training to 1,500 women in communities ¹⁰	FY 2024-25	573 (38%)	2,150 (143%)

New Goals

- To extend sexual and reproductive health services to 45,000 beneficiaries by FY 2024-25
- To Improve access to 200,000, medical infrastructure through PHCs by FY 2024-25
- To plant 50,000 trees by FY 2024-25

The Partnerships That Kept Us Moving

New Partnerships



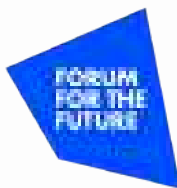
Shahi serves on the Steering Committee of The Fashion Pact, represented by our MD Harish Ahuja, and on the Operations Committee by our Director, ESG & Sustainability, Anant Ahuja. Through this collaboration, we engage with industry leaders to address sustainability challenges and enhance our practices.



Shahi is a founding member of FPC and represents the organization on its Producer Committee. Shahi supports amplifying producer voices and advancing sustainable fashion through collaboration and knowledge sharing.



Shahi joined the IAF, a global platform uniting apparel manufacturers, brands, and industry partners, to drive sustainable supply chains, encourage industry standardization, and develop inclusive solutions.



Shahi partnered with 'Forum for the Future' to explore innovations and scale solutions using design thinking principles. The report is scheduled for release in FY 2024-25.

Ongoing Partnerships



Our Standards and Certifications

Materials

50% of our materials fall under the sustainable materials category, and we are committed to increasing this share through strong partnerships.



Environmental Management



Compliance



Recognitions FY 2023-24



'Highest Global Exports' award for FY 2021-22 and FY 2022-23 conferred by the **Apparel Export Promotion Council (AEPC)**.



Walmart's 'Giga-Guru Supplier' award for implementing SMART goals for the fifth consecutive year.



Awarded by the Jharkhand State Livelihood Promotion Society at the **CXO Conclave** for providing employment and fostering career growth for DDU-GKY candidates.



Harish Ahuja, Managing Director and Chairperson at Shahi, received the prestigious **Platinum Excellence Award from the Brands & Sourcing Leaders Association** at the 'Glocal Maneuver Series Powerplay-2'.

Additionally, Shahi was honored with the **'Good' Earth Award for Exemplar Social Impact and Community Engagement**.

Glossary

1. Carbon-neutral sources of energy include biomass and renewable electricity
2. The slight impact on our scores and the global apparel median score from AY 2022 is due to the Higg Index update to Version 4.0, a more comprehensive framework with added modules, aligning our verified and self-assessment scores and showcasing accurate self-evaluation, supported by training and follow-up from the Central Environment Team.
3. Social & Labor Convergence Program (SLCP) aims to reduce audit fatigue by adopting a standardized framework for assessing factories on social compliance topics.
4. Inache is a two-way, multilingual, and anonymous communication tool where workers can call or send an SMS about their complaints, grievances, suggestions, or questions to factory staff for response and resolution within a stipulated time.
5. BSafe: A comprehensive training program at Shahi that focuses on educating employees and workers about grievance redressal mechanisms and workplace safety.
6. Gap Inc. P.A.C.E. (now RISE: Reimagining Industry to Support Equality) is a soft skills training program for female workers to enhance their skills and support career advancement.
7. STITCH is a Leadership Program for supervisors to build their capacities as persons, supervisors, team members, and leaders by improving their people management and operational skills.
8. PULSE is an intensive and robust leadership development program for personal and interpersonal growth for all levels above supervisors.
9. The Captain program runs in three sections of the mentioned divisions: cutting, sewing, and finishing.
10. This project is now complete.
11. Our previous reports indicated FY 2025 as the target year for CSR goals. In India, the financial year runs from April 1, 2024 to March 31, 2025.