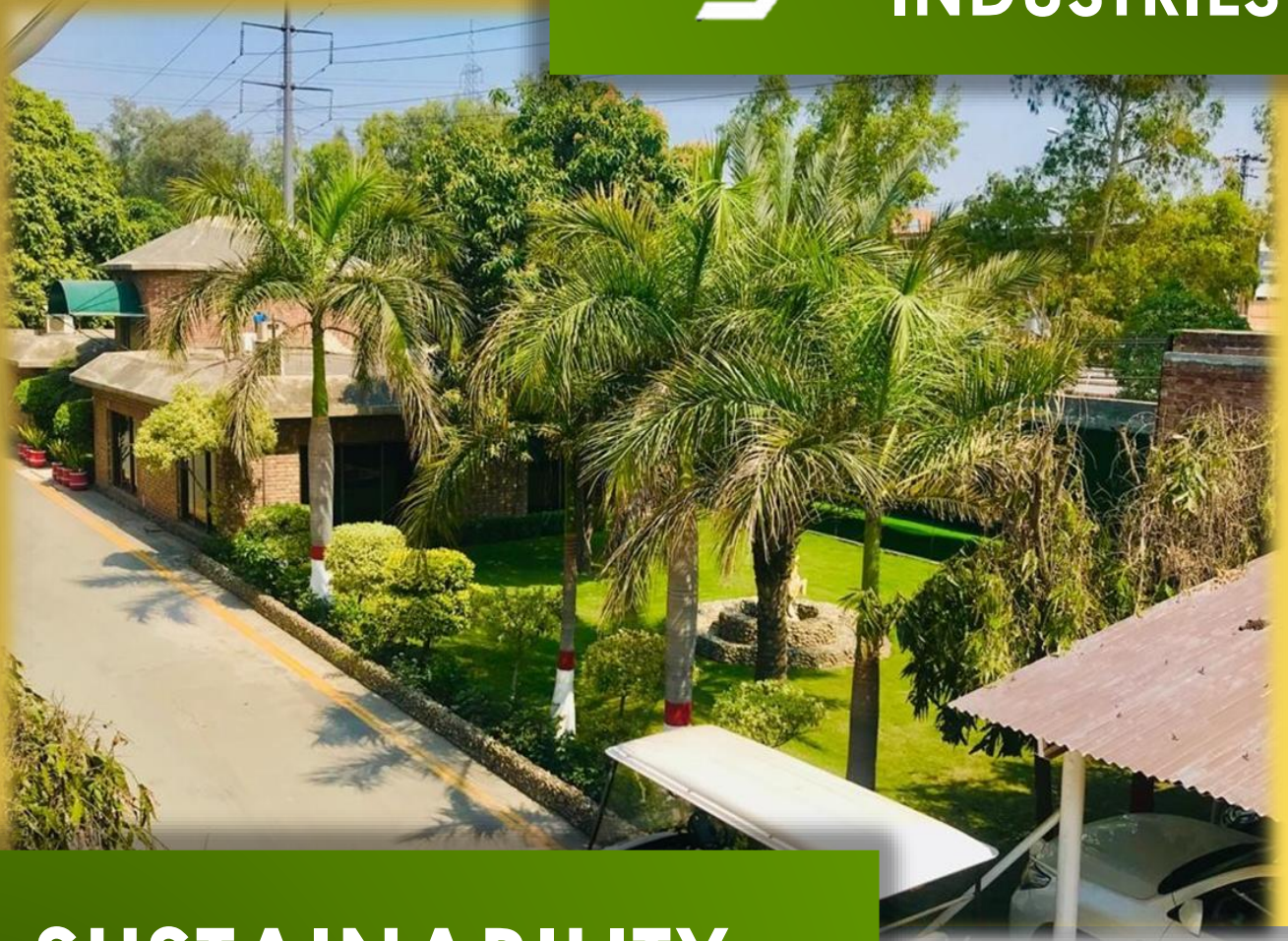




**SHAHKAM
INDUSTRIES**



SUSTAINABILITY REPORT - 2024



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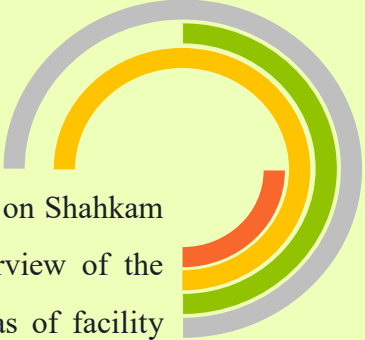

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... ABOUT THE REPORT



This report provides a comprehensive perspective on Shahkam Industries Pvt. Ltd. It encompasses a clear overview of the environmental performances across different areas of facility and how it is promoting sustainable practices in economy, environment and its workforce. It also presents future challenges and targets to ensure Shahkam's absolute commitment towards sustainability and its valued stakeholders. The data included is sourced from official documents and records of Shahkam industries.

COMPANY INTRODUCTION ...

Shahkam Industries is one of the leading garment manufacturers in Asia, producing diverse range of clothing and apparel for leading fashion brands of world. It was established in 1992 and is now recognized as an expert custom clothing company. Through its 32 year long journey, Shahkam has mastered the art of crafting supreme quality garments by focusing on every detail required by our clients.

Moreover, the company has achieved a strong global impact due its commitment to sustainable development, innovative approach and excellent ideas. It produces exceptional products by utilizing advance production techniques along with maintaining international standards to transform the vision of clients into real-time success for their brands.



... MESSAGE FROM CEO



“We consider employees as a valuable asset of the company and provide them an equal opportunity environment and share our success with them in the form of promotions, incentives and bonuses. We are equally committed to sustainability, striving to minimize our environmental footprint through responsible sourcing, eco-friendly production practices, and continuous innovation. Our aim is to remain leaders in our field and contribute to the development and progress of Pakistan’s image as a garment manufacturing country.”

Mr. Shahid Kamil Butt

SHAHKAM PHILOSOPHY ...



We are a vertically integrated market leader in an Asian textile sector with a global presence due to our innovative products, lean processes and professional human capital.



By 2027, Shahkam Industries Pvt. Ltd. will become a financially sustainable textile organization with 100 million USD revenue export earning 10% profit through management excellence.



We are Professionals.
We are Customer Oriented.
We deliver our Commitments.
We believe in Continuous Improvement.
We believe in Fairness



Integrity
Respect
Team Work
Company First

... COC OF SHAHKAM

- Legal Compliance 
-  No Child Labor
- No Forced Labor 
-  Freedom of Association
- Action on harassment and abuse 
-  Fair and legal compensation
- No excessive overtime or working hours 
-  Safe work environment



OUR JOURNEY ...



1992 – Founded by Mr. Kamil Butt as a vertically integrated garment manufacturing industry.

1993 – Exported first shipment of GAP, with an order sale of volume 439,033.



1995 – Installation of in-house yarn dyeing machines for efficient processing.

2002 – Installation of ETP to prevent environmental pollution.



2012 – Installation of biofuel steam generation system to get sustainable backup energy supply.

2018 – Enhanced our operations by installing FID inspection machines, auto-dosing system and automated cutting equipment to increase productivity.

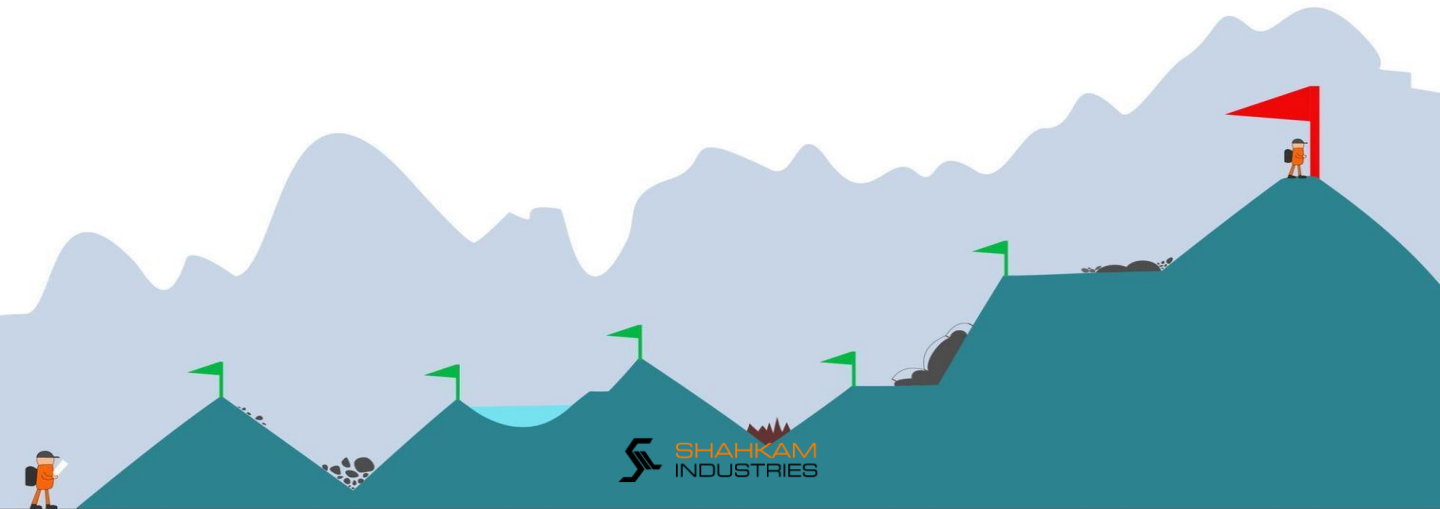
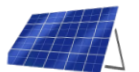


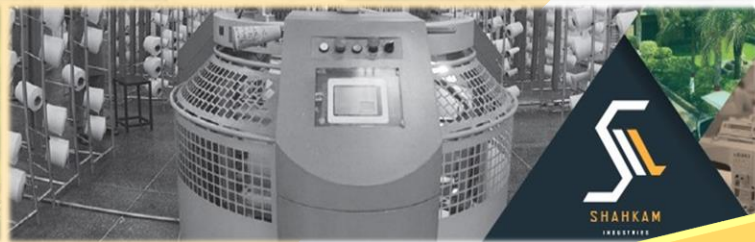
2022 – Expanded knitting capacity and modernized with new ETP lab, updated safety protocols and also launched summer internship program.



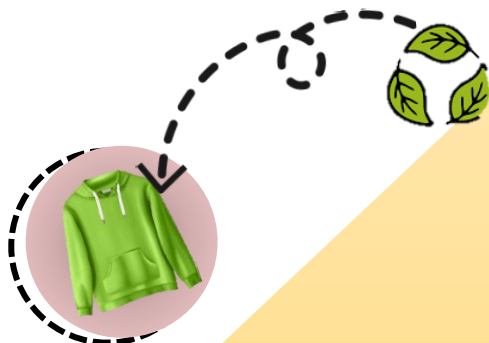
2024 – Upgraded production with the installation of advanced raising machine, dyeing machine, singeing machine and embroidery machines.

Moreover, installed solar power project to conserve energy.



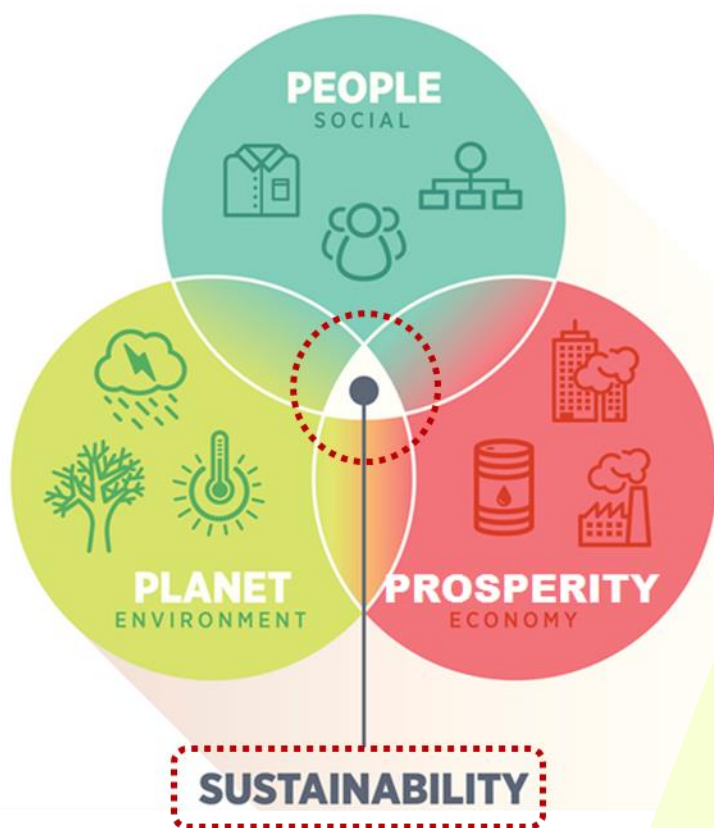


SUSTAINABILITY



... SUSTAINABILITY REPORTING

At Shahkam, we consider sustainability a key factor in company's performance and long-term success. For this, our industry aims to work on the betterment of three significant elements of sustainable development which encompass planet (environment), people (social aspect) and prosperity (economy). By focusing on these factors, we establish a strategy to minimize our environmental impacts, to ensure equity and to grow financially by adopting efficient business practices.



Planet (Environment)

In our concept of sustainability, planet refers to the environment that provides certain resources and is being affected by our operations and activities. It also involves all resources (such as water, fuel, chemicals etc.) that we utilize in different processes at the facility and the hazardous impacts or footprint of these activities on our planet. We believe that reducing the environmental impacts of our activities is crucial as our planet is facing various challenges like water scarcity, climate change and pollution.

By working on green strategies, sustainable alternatives and reducing the use of non-renewables can help in minimizing the negative effects and ultimately promoting sustainable business.



People (Social aspect)

Our workforce is an integral part for continuous success and innovation and in providing excellence in the quality of products. As a garment manufacturing industry, Shahkam has always prioritize the importance labor and communities associated it. It focuses on training, health and safety and well-being of its workforce to provide them an excellent and safe environment. We believe in the fact that healthy workspace environment creates production efficiency and in turn provides business and career growth for its employees.

Employee engagement initiatives have also improved workplace satisfaction which directly contributes to quality production. Moreover, Shahkam also prioritize equality among its workers and try to uplift communities by allowing equal opportunities. It supports local communities via different partnerships, programs and campaigns to play its vital role in their education and employment.



Prosperity (Economy)

Prosperity refers to the economic growth and increasing business of any organization or company which is not only achieved through higher production by the facility but also on above mentioned crucial elements of sustainability. Implementation of certain strategies that fulfill the demand of sustainable culture is often over looked by many companies. Shahkam has adopted this triple aspect strategy (Planet, people, prosperity) to ensure its complete commitment towards sustainability.



We highly encourage the use of compliant raw material, green techniques and environment friendly practices to improve our processes and products. Such mindset and target-oriented approach helps us to attain positive feedback from our customers and increase the confidence of stakeholders. Therefore, by eradicating negative impacts and continuously improving our business strategy, Shahkam has paved the path towards prosperity.



OUR CSR STRATEGY ...

Our CSR strategy is underpinned by our company's vision and mission, which helps us to improve our business across the world. By following these vital guiding principles, Shahkam Industries is achieving milestones that are not only highlighted here but across the entire garment business within the country.



Stakeholder engagement

Throughout this journey, Shahkam has created strategic partnerships through the participation of stakeholders in every matter. By doing this, the company improved its reputation and ensured its commitment to addressing environmental and social issues. To address various challenges, the stakeholders are engaged throughout the year through relevant departments for discussing issues related to the stakeholders and company's working. We gather their feedbacks for determining the concerns and ultimately develop strategies to improve our working. Involving stakeholders has also helped us in generating innovative ideas and meeting the expectations of clients. In this way, we become mutual beneficiaries and assume certain responsibilities that we can account for through commitments within the general boundaries of our business. Moreover, different awareness sessions are also conducted with business partners on social and environmental compliance, ethics, sustainability and chemical management.

Commitment to Stakeholders

Shahkam is strongly committed to address the concerns of its stakeholders through ethical, responsible and trust-worthy business practices. Our commitment to compliance and integrity is a competitive benefit for us in the export-oriented garment manufacturing industries. Additionally, Shahkam also adheres to the values of our customers as well, which helps us to deal with a wide range of critical issues. We ensure that all our employees understand the compliance commitments in order to overcome the hurdles in achieving sustainable development.



We work on risk assessment, employee education and awareness, transparency, digitizing chemical management to ensure compliance towards all activities.

We make continuous efforts to ensure that all our products, processes and operational impacts meet the international certification standards. Shahkam allows its valuable customers to be a part of its sustainability performance and witness the relevant improvements on various platforms including Higg index (FEM), CleanChain and ZDHC portals.

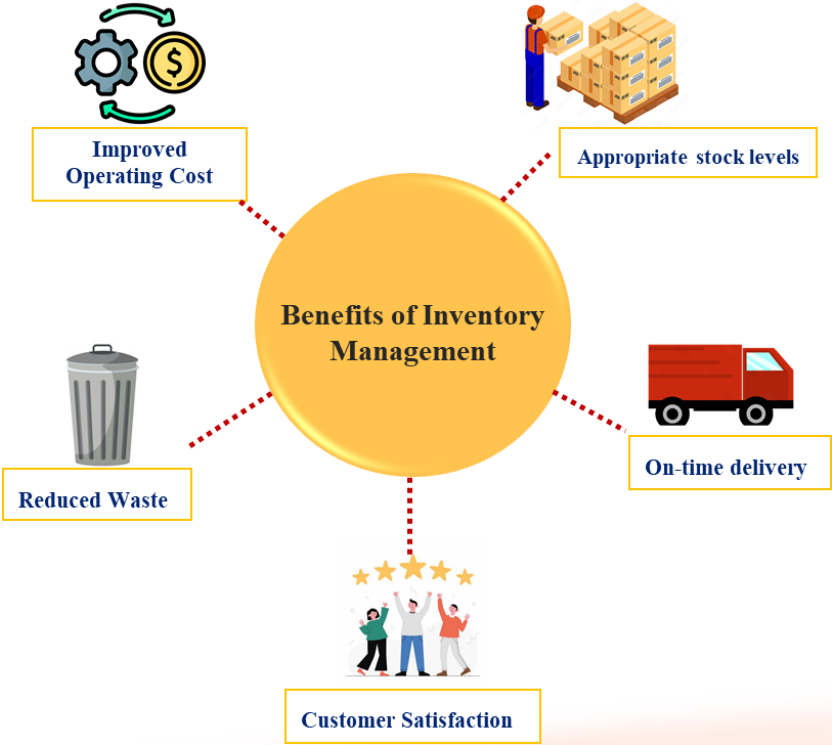
Higg (FEM)

Higg FEM i-e Facility Environmental Module is a part of Higg Index, a useful tool that enables companies to measure and report their environmental performance. It evaluates areas including energy, greenhouse gas emissions, water, waste, air emissions and chemical management procedures of the facility. Shahkam industry is using this self-assessment tool to monitor its environmental impacts since 2017. The scoring provides a clear benchmark for where the industry stands in its sustainability reporting.

It also highlights company’s achievements and areas that require improvements. This commitment to sustainability enables Shahkam to achieve long term environmental goals and targets.

CleanChain

To enhance the sustainability efforts, Shahkam is also using CleanChain for effective chemical management. As a garment manufacturing facility, chemical management is a fundamental practice for Shahkam as majority of the procedures involve the use of chemicals and dyes.



Therefore, we are committed to develop hazardous free production techniques to minimize the negative impacts of our procedures. Therefore, CleanChain allows us to track, monitor and report the use of chemicals throughout the supply chain. It enables us to ensure compliance with all environmental regulations as it primarily complies with Zero Discharge of Hazardous Chemicals (ZDHC) program. It tracks full lifecycle assessment of chemical i- e from sourcing to its final disposal.

ZDHC

Shahkam industries comply with ZDHC (zero discharge of hazardous chemicals) standards for its chemical inventory. It provides complete details of its chemical usage in various steps involved in production. Major focus is given to sustainable chemical management starting from the incorporation of certified chemical raw materials, following the best practices that we have set forth in our chemical management system that complies with the industry standards. We have eliminated hazardous chemicals with non-toxic chemicals as per our customer requirements



In this way, Shahkam has shifted to safer alternatives while minimizing toxicity. This platform also enables us to communicate our sustainable practices more effectively to our stakeholders. All the chemical inputs are compliant with the ZDHC (level 3) standards.

... OUR MANAGEMENT APPROACH

According to our management approaches, our primary goal is to make sure that company's vision is embedded in our daily operations. We ensure employee well-being and offer equal employment opportunities to both genders while providing a safe work environment. We believe that our people are our greatest assets that play several crucial roles in the success of our business.

Supply chain management

It is a significant part of our management approach. Shahkam strives to operate according to its best ethical, social and environmental standards. We are also aware of our responsibility towards our suppliers, workforce and the society. We engage our efforts in ensure sustainability in products along with the focus on fair treatment of our employees and workers. Furthermore, we have started working on creating strong partnerships with selected suppliers as this is crucial for building a stronger and stable relationship that will help us to grow our business. We have also formulated some important code of conduct and principles that are shared with the suppliers so that all the participants in our supply chain respect company's values. And to ensure this, we also conduct audits of our suppliers.

Employment creation

Shahkam's hiring policy presents diversity within the workforce in terms of gender, religious background or any other demographic factors. We establish positive attitude toward such procedures and hire people as per relevant skills, experience, education and suitability. We firmly consider the fact that workforce is the significant aspect for an organizations smooth



Processing. Our management always prioritizes talented employees that work on innovative ideas and strategies for taking the company towards sustainability initiatives. Furthermore, we create employment opportunities for local communities for ensuring betterment of the society.

We are strongly committed to ethical labor practices and maintain a zero-tolerance policy on any kind of child labor or forced labor. Every employee should have the right to make their own decisions and have complete decisive authority over their association with the company.

Training and development

Industry provides regular training, education and development of employees for the purpose of career succession. Our management considers the training of its employees an essential responsibility on its part. Such trainings are important for the better understanding of employees according to their specific tasks and job roles.



Different learning sessions are organized by our management on chemical handling, safety precautions, emergency situation handling, machine operations, waste disposal methods and on different social issues. On-floor training sessions are also conducted on a regular basis.

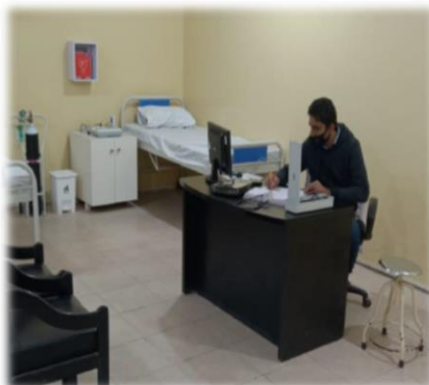
Hazard identification and risk assessment

To ensure safety of employees and workers risk assessment procedures are significant. Our HSE staff is responsible for job safety analysis, hazard identification and safety audits. This help in addressing concerns and mitigating the risk of accidents. Hazards associated with workplace that might cause injury include moving machine parts, electrical hazard, working at height, dealing with chemicals, wet/slippery floor etc. At our facility, the possible hazards related to any kind of activity are identified and its preventive and emergency measures are formulated to avoid certain incidents.



On-site first-aid and ambulance

At Shahkam, we prioritize health and well-being of our employees and workers. We possess on-site medical aid and swift ambulance services to ensure safety. This is a crucial step in our CSR strategy that focuses on importance of healthcare and ensures timely actions when required.



Blood Donation Program

Recently, Shahkam has conducted a blood donation program with healthcare providers to ensure commitment towards social responsibility. This program encouraged the employees to take positive part in such critical cause. By initiating this public service program, Shahkam has strengthened its community trust and has shown responsible attitude towards the importance of health care among its employees.



Breast Cancer Awareness Session

In order to work for employee well-being and awareness of risks, Shahkam has also conducted a session on breast cancer awareness. This valuable session was aimed at educating the employees on potential risks, early symptoms and preventive measure to be taken for the disease. A group of healthcare professionals delivered an engaging session emphasizing the importance of health care followed by a discussion on myths associated with it.



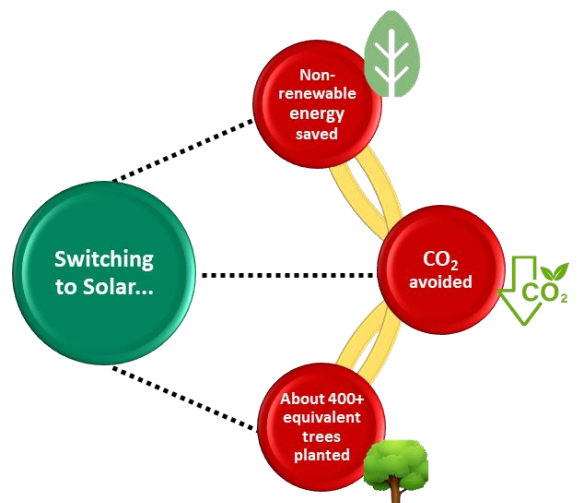
SUSTAINABILITY INITIATIVES ...

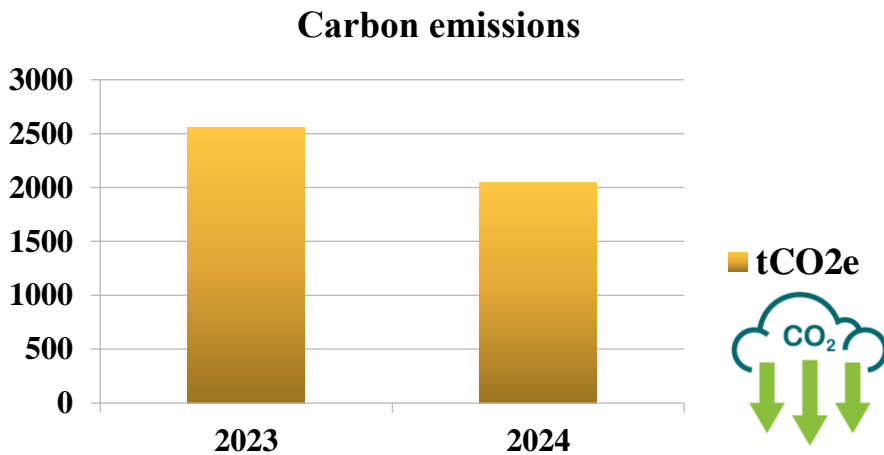
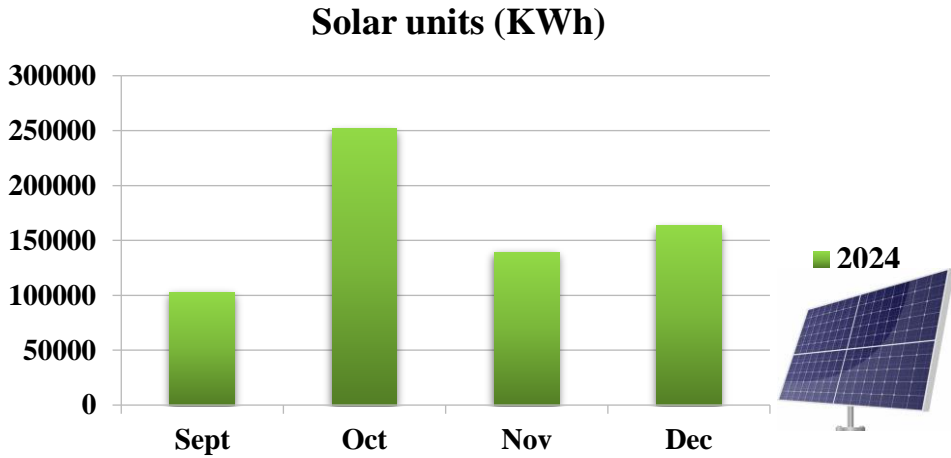
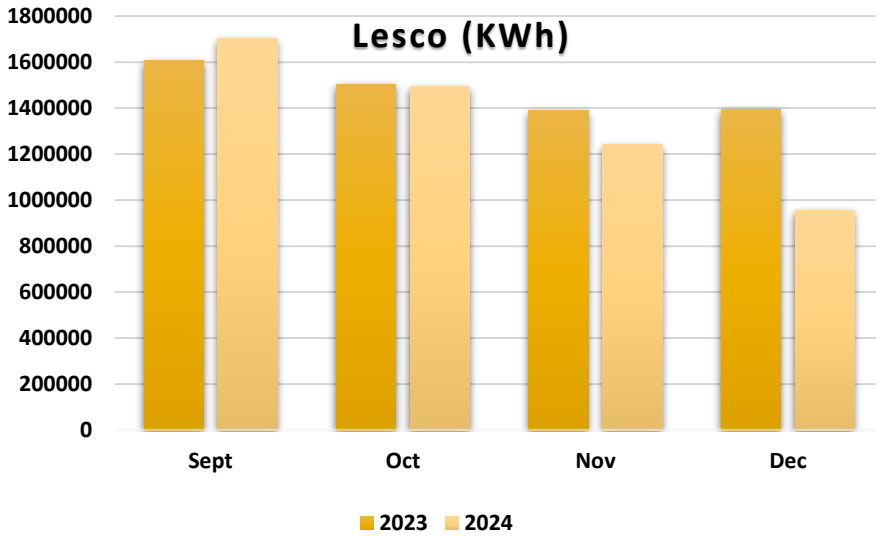
This year i-e 2024, Shahkam has taken several sustainability initiatives in different areas and processes of our industry. This covers using compliant chemicals as per ZDHC level 3, reduction in electricity units (Lesco), installation of solar project, less water consumption in dyeing of fabric due to addition of new dyeing machine, use of concentrated chemicals in dyeing, replacement of conventional lights into LED lights, increasing ETP capacity, planning to combine more wastewater treatment techniques at ETP and measuring GHG emissions.

Solar Project:

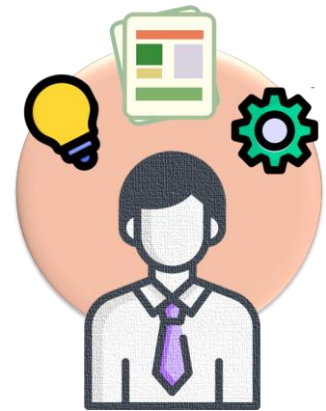
In our continued commitment to sustainability, we are proud to announce the successful installation of a 2.2 MW solar power project. This initiative from the second half of 2024 is a significant step towards reducing our carbon footprint and enhancing energy efficiency.

The project is designed to meet a substantial portion of our electricity needs, cutting down reliance on non-renewable energy sources and reducing greenhouse gas emissions. Solar units were utilized from the second half of year 2024. On a rough estimate, this project will cover 22-25% of total energy requirement of factory and aligns with our commitment to **SDG 13**: focusing on taking an action to combat climate change and its impacts.





An upcoming 2.1 MW project will also strengthen our aim of utilizing renewable energy. Moreover, this investment reflects our vision of integrating clean energy solutions into our operations, reinforcing our dedication to sustainable growth and environmental stewardship. We estimate that this solar installation will save huge energy annually, aligning with our long-term sustainability goals and contributing positively to the communities we serve.



Transition to LED lighting:

In order to conserve energy, Shahkam has replaced conventional lighting systems with energy-efficient LED lights across multiple units in our factory. This transition not only aligns with our green objectives but also delivers measurable benefits as LED lights consume less energy as compared to traditional lighting systems, contributing to reduced electricity consumption (annual energy savings of 418,378 KWh) and lower carbon emissions. This initiative presents cost savings on utility bills, enabling us to reinvest in other sustainable practices. Moreover, with a longer lifespan, LEDs reduce waste generation due to frequent replacements which in-turn supports our waste-reduction strategies. Furthermore, the adoption of LEDs has enhanced lighting quality which ultimately creates a brighter and safer work environment for our employees. This initiative shows our efforts to innovate and promote sustainable practices in our facility.

Selection of Sustainable fuel for boiler:

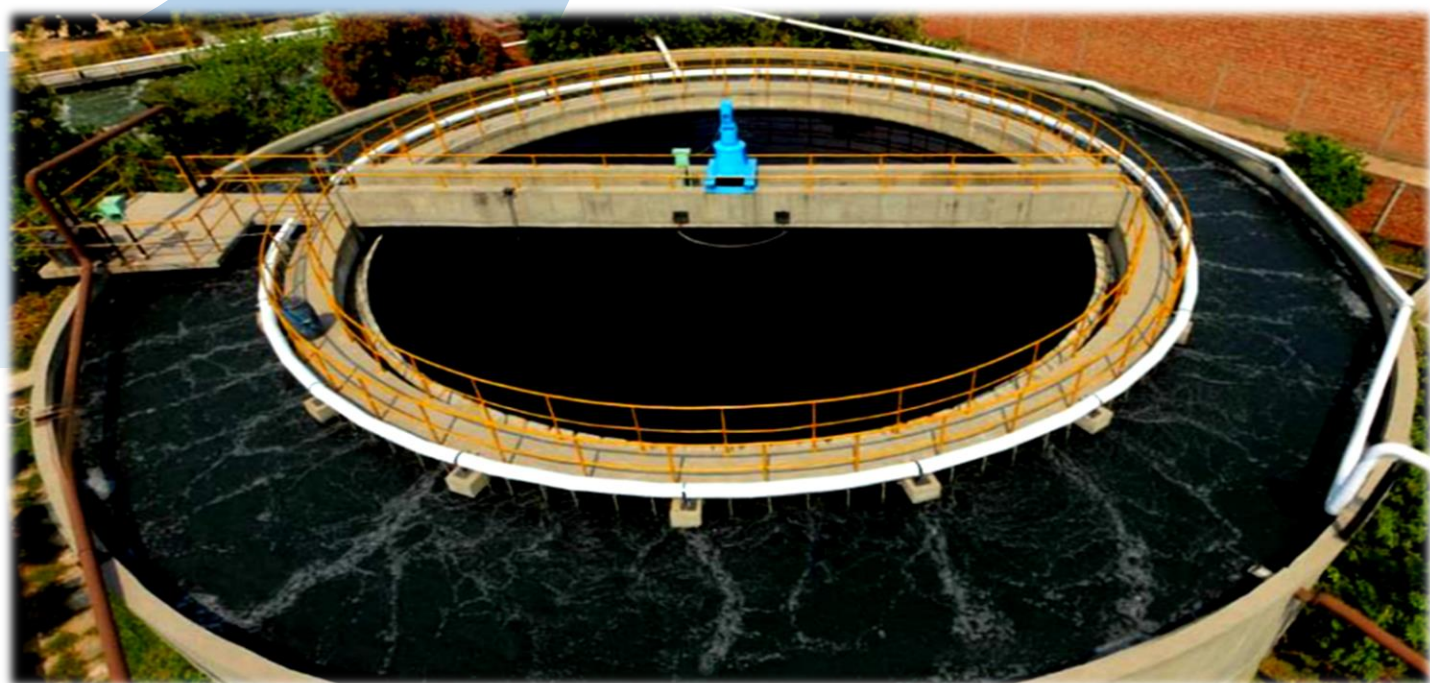
Our strong commitment to sustainable practices has led us to choose innovative resources in our operations. Another significant step in this direction is the utilization of agricultural waste i-e rice husk, as a sustainable fuel source for our boiler. Rice husk, a by-product of rice production, offers an abundant and renewable energy source. By repurposing this waste, we reduce our dependence on conventional fossil fuels, therefore reducing

greenhouse gas emissions and ultimately contributing to a circular economy. This practice not only minimizes environmental impact of our industry but also supports waste management for relevant sector and we successfully comply with **SDG 12**: that relates to sustainable consumption and production patterns. Previously, such kind of approach has allowed Shahkam to achieve remarkable reductions in carbon footprint while enhancing the efficiency of our energy systems. Moving forward, we aim to further optimize this process and explore additional opportunities to integrate sustainable practices across our value chain.



Improvements in ETP:

Wastewater treatment plants not only serve to reduce the harmful impacts of toxins on environment but also provide an opportunity to manage wastewater in an eco-friendlier manner. Therefore, this year we are planning several improvements and process optimizations to enhance the efficiency of ETP. These improvements include increasing the capacity of plant, introducing membrane technologies such as MBR for better filtration, using air diffusers, utilizing carbon filters for degrading organic matter, eliminating foul odors and coloring issues for efficient treatment.

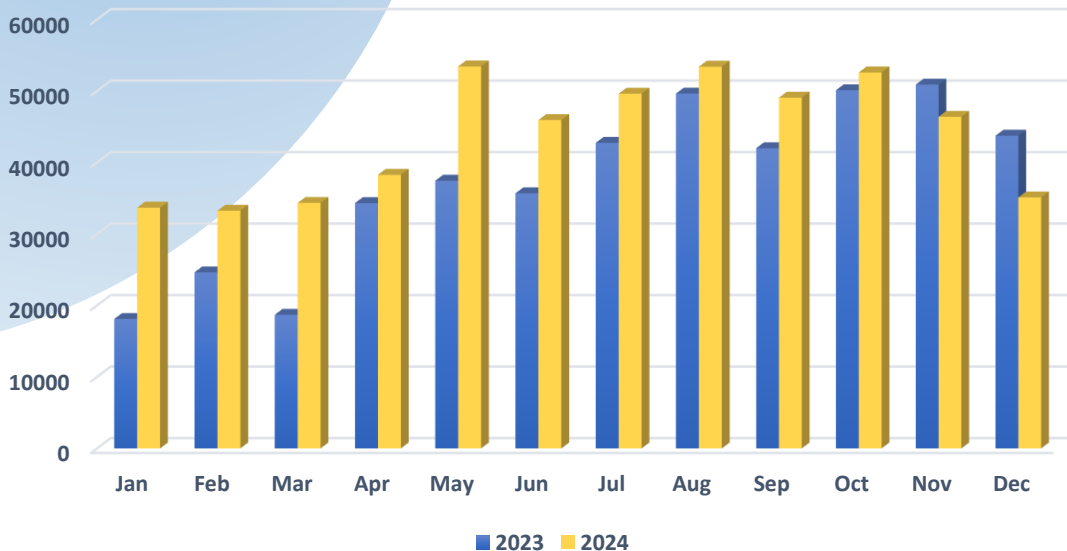


These improvements ensure that the treated water surpasses regulatory standards, minimizing our environmental footprint. Such upgrades will reduce energy consumption, improve sludge management and facilitate in water recycling, aligning with our goal of a circular production process. These efforts, fulfilling **SDG 9**: which emphasizes on promoting sustainable industrialization and innovation, underline our dedication to safeguarding natural resources and fostering a sustainable future for the textile industry.

Moreover, the In-house ETP Lab provides daily readings of all crucial wastewater parameters to make sure that plant is operating efficiently. It provides a record of environmental condition of ETP which helps operators to manage the plant in a better way.



Water consumption (2023-2024)



Total Water Extraction (m³)	
Groundwater	
In Year 2023	710711
In Year 2024	820563



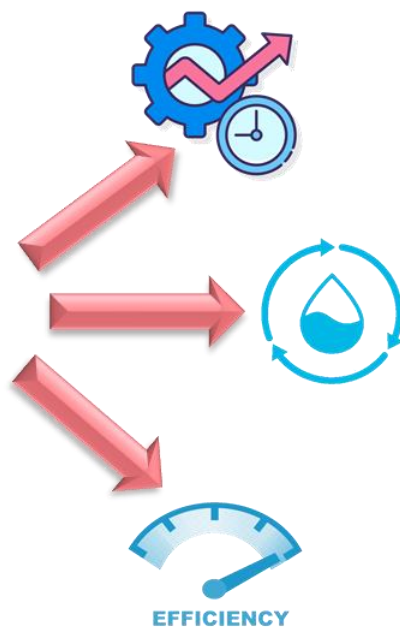
Total Water Consumption (m³)	
Processes and RO	
In Year 2023	499962
In Year 2024	590835

Total Water Discharged (m³)	
Outlet	
In Year 2023	484538
In Year 2024	569156



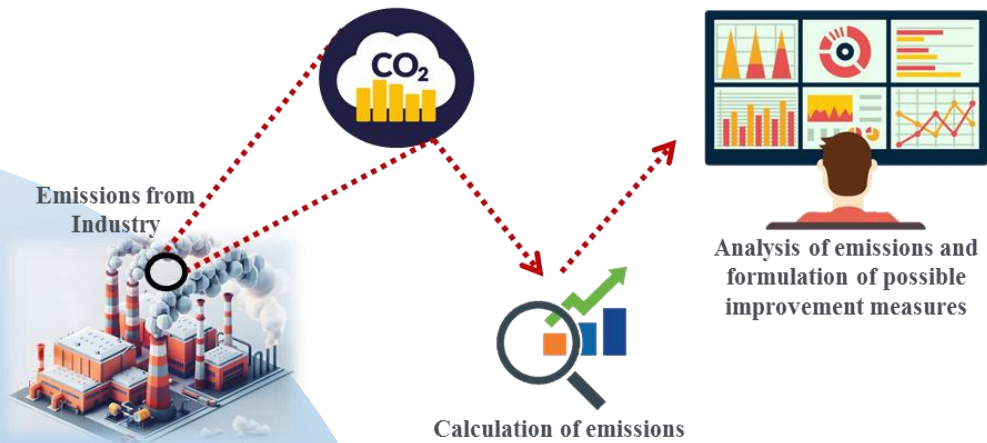
Enhancements in Dyeing area:

In our working towards sustainable future, Shahkam has introduced efficient dyeing machine that significantly enhance resource efficiency. This machine reduces water consumption as compared to the consumption of previous dyeing machines and utilizes concentrated dyes, minimizing chemical waste and environmental impact. By streamlining the dyeing process, we achieve superior quality while cutting energy usage and emissions. This initiative aligns with our vision to create eco-friendly textiles, setting a benchmark for greener manufacturing practices in the industry. Additionally, factory also plans to introduce more advance machines and dyeing methodologies in future.



Calculation and monitoring of Emissions:

Shahkam believes in complete tracking of its environmental impacts and therefore we are calculating and monitoring our air emissions. We monitor scope 1 and scope 2 emissions and keep a record in order to minimize the harmful impacts. Fortunately, the facility is successful in maintaining an acceptable level of emissions with its continuous efforts of improvement.



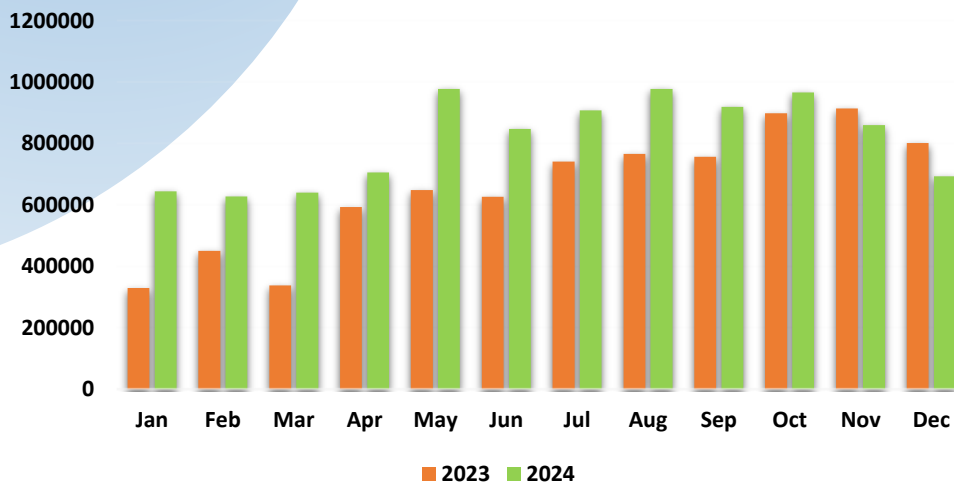
Sustainable chemical practices:

Shahkam has adopted a robust chemical management system in compliance with the ZDHC (Zero Discharge of Hazardous Chemicals) level 3. This milestone ensures that all chemicals used in our textile production processes meet strict environmental and safety standards.



Through the incorporation of ZDHC-compliant practices, we are decreasing the environmental footprint of our operations, conserving water resources and hence promoting a better products. This approach reflects our dedication towards sustainable planning and implementation as we implement **SDG 12**: that focuses on ensuring sustainable consumption and production patterns.

Production



... FUTURE OUTLOOK/ TARGETS 2025

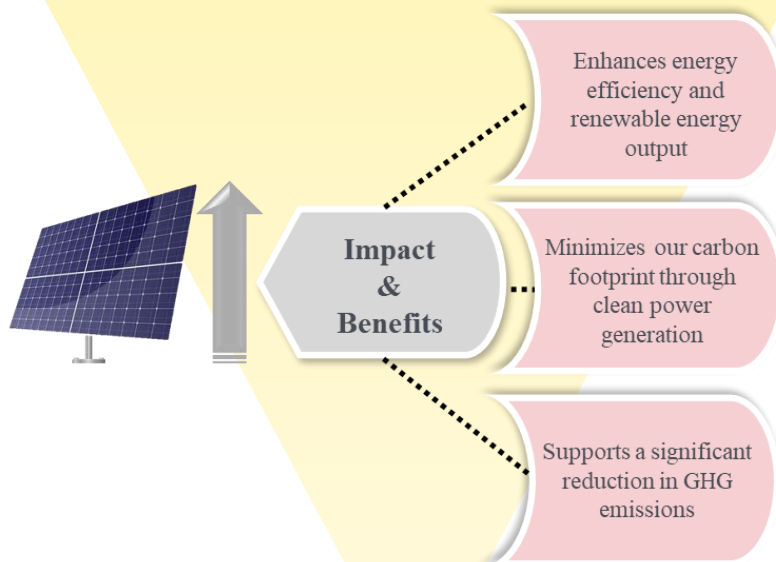
☀️ Expanding Renewable Energy for a Greener Future

Project Highlight:

A 2.1 MW solar power project is currently underway, designed to reduce our dependency on LESCO by supplying an additional 22–25% of our energy needs.

Sustainability Commitment:

This initiative aligns with our goal to create a cleaner, healthier environment, contributing to long-term sustainability within the industry.

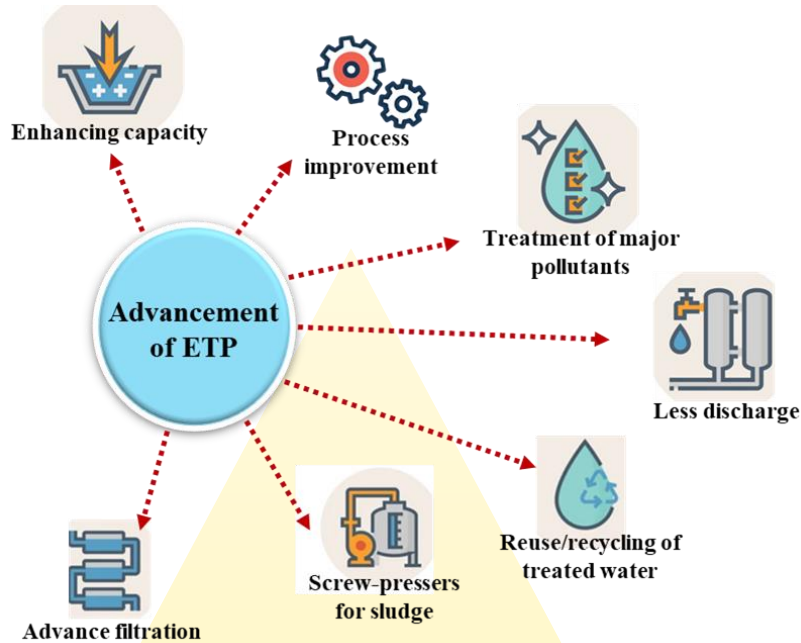


💧 Enhancing Wastewater Treatment Efficiency

To support our commitment to sustainability, we are upgrading our Effluent Treatment Plant (ETP) with key enhancements:

- Increased Capacity for handling higher effluent volumes.
- Advanced Membrane Technology (MBR) for superior filtration.
- High-Efficiency Air Diffusers to optimize biological treatment.
- Carbon Filtration to degrade organic pollutants.
- Screw Press for Sludge Handling to reduce environmental impact.
- Odor and Color Control for cleaner, odor-free effluent.

These upgrades align with **SDG 6: Clean Water and Sanitation**, contributing to a safer, healthier ecosystem.



Water reuse/recycling strategy

After undergoing effective treatment, it is possible to reuse this treated water in processes, washing or cooling purposes. This may lead to zero-liquid discharge as the water is being recycled.



Addition of New Dyeing Machines

The introduction of new, efficient dyeing machines will significantly improve our production process by reducing water consumption and providing precise color consistency. These machines will also minimize energy usage and reduce dye waste, ensuring high-quality finished fabrics while optimizing resource efficiency. This upgrade aligns with our commitment to **SDG 12: Responsible Consumption and Production**, supporting our goal of more sustainable manufacturing. Through these advancements, we continue to prioritize both quality and environmental responsibility in every step of production.

Reducing overall GHG emissions

By adopting above mentioned energy-efficient initiatives, the overall GHG emissions will reduce. This will contribute to a cleaner and healthier environment in order to attain sustainability in industry.

100% Chemical Compliance by 2025

Our facility will utilize 100% compliant chemicals in all dyeing processes, aligning with leading environmental and safety standards. This shift will reduce ecological impact and enhance workplace safety, supporting a healthier environment for employees.

Using certified chemicals ensures product quality and strengthens consumer trust in our company. We will conduct regular audits and partner with approved chemical suppliers to maintain compliance. This initiative reflects our commitment to sustainable, responsible manufacturing.



Fostering a Gender-Balanced Workforce

As part of our ongoing commitment to sustainability and inclusivity, we aim to increase the recruitment of female employees across both our staff and production units. This initiative seeks to empower women, ensuring equal opportunities and contributing to a more diverse and dynamic workforce. By promoting gender balance, we will encourage the exchange of diverse perspectives, fostering greater creativity, innovation, and problem-solving within our teams.



We will enhance our recruitment strategies and provide mentorship opportunities, supporting women's growth and leadership potential across all levels. Creating a positive, inclusive work environment is essential for collaboration and respect, enabling us to achieve our business goals and furthering our commitment to **SDG 5: Gender Equality**.

Our progress will be closely monitored through gender diversity metrics and employee feedback, ensuring we remain on track to meet our target and make a lasting, positive impact on our organization and the wider community.

Centralized Training Module of Shahkam

Shahkam will launch a Centralized Training Module to elevate workforce development and learning culture. This digital platform will offer structured training in compliance, workplace safety, leadership, and soft skills. Designed to promote inclusive growth, the initiative supports **SDG 8**: advancing decent work and lifelong learning. Special focus will be given to onboarding new employees and empowering women across all departments.



The module will ensure consistent, high-quality learning experiences throughout the organization. By reducing dependency on in-person sessions, it will also enhance accessibility and operational efficiency. This initiative marks a key step in nurturing a capable, confident, and future-ready workforce. It reflects Shahkam's continued commitment to human capital investment and sustainable growth.

AWARDS AND CERTIFICATIONS ...

