



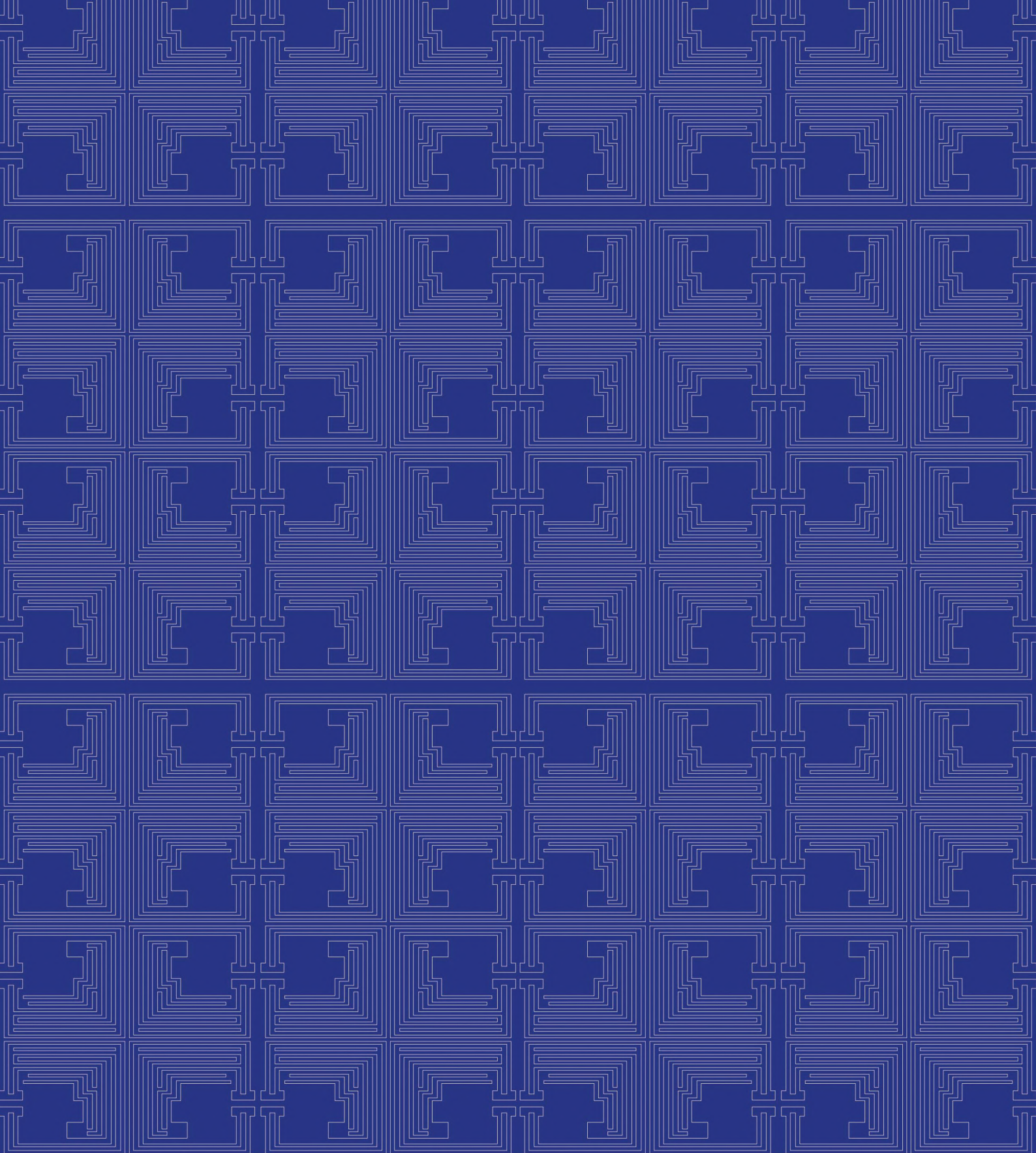
COMMUNICATION ON PROGRESS



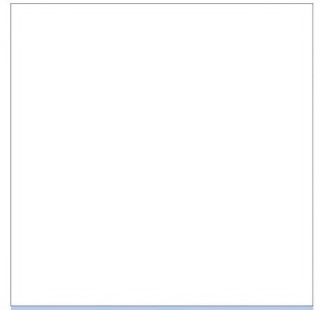
UNGC
SUSTAINABILITY
REPORT

2020-2021

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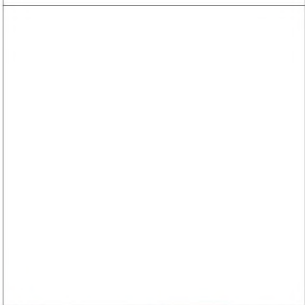
Authenticity | Inclusivity | Force for Good | Planet Positive



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About

Artistic Milliners, headquartered in Pakistan is a global leader in denim fabric and garment manufacturing, with a strong focus on digitalization, authenticity, people and the environment.

The company has an annual production capacity of **88 million pounds of yarn, 108 million meters of fabric and 30 million garments.** Artistic Milliners has diversified its portfolio to include renewable energy with a current capacity of 100 MW of Wind Energy, and has a growing interest in Solar and Hydro-power plants.

With a vision to transform lives and change the world for the better, AM has undertaken various sustainability initiatives, both locally and globally, redefining how a denim mill and garment factory can be so much more than just a manufacturing facility.

AM has been working consistently working to meet the UN Sustainable Development Goals. Through our strategic programs undertaken over the past two years since the last Communication on Progress was published,

Artistic Milliners

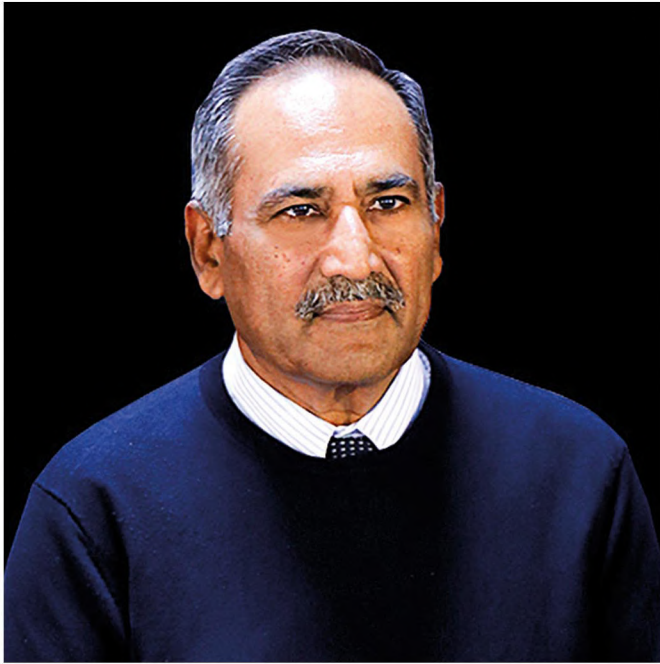
Denim Company Of The Future



AM has partnered with relevant stakeholders to ensure that our sustainability initiatives are not only implemented successfully but are also making good progress. Our passion for innovation and creativity cultivates curiosity and inspire new ways of thinking when collaborating with clients and thought leaders worldwide.

Our various sustainability commitments ensure we deliver value for our supplychain partners, brand partners and wider society,

As we integrate our long-standing commitment to contribute to sustainable development with our business strategy. We aim to conduct business operations in a responsible manner, achieving a balance between short- and long-term interests while accounting for economic, environmental and social considerations. We will also continue to work in close partnership with, and consider the views of others, including non-governmental organizations, industry bodies, end consumers and the community.



Letter from **The Chairman**

Artistic Milliners is the leading global manufacturer of denim fabric and apparel that believes in making a sizeable contribution to people and the planet. In this pursuit, we have been working closely with our brand partners, global think tanks and change leaders to make a bigger impact while achieving the UN Sustainable Development Goals.

As we move towards green recovery from the COVID-19 pandemic and build back better, we remain committed to the sustainability actions that have now become our priority areas. During the pandemic crisis, there was a drastic change in the way businesses operated affecting the people, communities and systems associated with it. It was time to pause and reflect on the new reality and adapt quickly to the changing economic dynamics. In response, we not only managed to maintain our business value but also remained socially responsible by initiating targeted collaborations to support frontline workers, our associates, our ecosystem, our communities and the planet. While the climate crisis was globally overshadowed during this time, we decided to pursue climate positive commitments at an even bigger scale.

We have been resilient in the face of the crisis by taking preemptive measures to ensure that our workplace remained safe as we delivered on our business commitments with excellence.

Artistic Milliners' Mission Statement "Strive for excellence in each function of our business" presets that we value and reward merit over any personal identity that our people bring to work. Despite the economic challenges, we realigned our strategic direction paving a way for our business to expand into new markets and at the same time step up our social and climate action endeavors enabling a positive change. Now we are stepping up our environmental ambitions and social responsibility programs to make a marked progress in UN Sustainable Development Goals.

Our purpose is driven by a futuristic focus that is equitable and inclusive for all and has a long-term approach towards sustainability. We aim to turn our commitments into innovative solutions for the new world where the shared resources are optimized. We hope that our vision combined with action will help transform the denim industry to create more value at each step of the supply chain with fair reward, traceability and transparency.

In this annual second edition of the Communication on Progress, we are sharing our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and operations.

As a global conglomerate of the future, we believe in acting in good faith to maintain the trust of our stakeholders. We are stepping into the future with the values and lessons of the past to transition into an equal, fair and green economy.

Yaqoob Ahmed
Chief Executive Officer



Message from the **Chief Executive Officer**

As we bounce back from the pandemic with a focus on green and fair recovery, the need to be transparent and accountable could not be emphasized more. Artistic Milliners remains committed to the Ten Principles of United Nations Global Compact on Human Rights, Labor, Environment and Anti-Corruption. The various corporate sustainability initiatives at Artistic Milliners support the UN's efforts to end poverty, fight inequality and address climate change. I am pleased that we are integrating the UN Global Compact principles into our strategy, culture, and daily operations, while working on projects that advance resilience and the UN's Sustainable Development Goals.

Pakistan stands at a very promising position in terms of sustainability initiatives. However, if we are able to translate private sector's efforts to drive national level commitments, this can truly amplify the impact at the grassroots level. As Artistic Milliners consolidates its sustainability priorities, we are excited to lead the business sector with thought leadership as a responsible business.

Sustainability, including environmental, social and corporate governance (ESG), has been the top priority at Artistic Milliners, being a responsible manufacturer and giving back to the community is just as important to us as improving our topline.

I would like to thank our brand partners, suppliers, farmers and especially our associates for bringing our sustainability centric core values to life.

Omar Ahmed
Chief Executive Officer



Message from the **Managing Director**

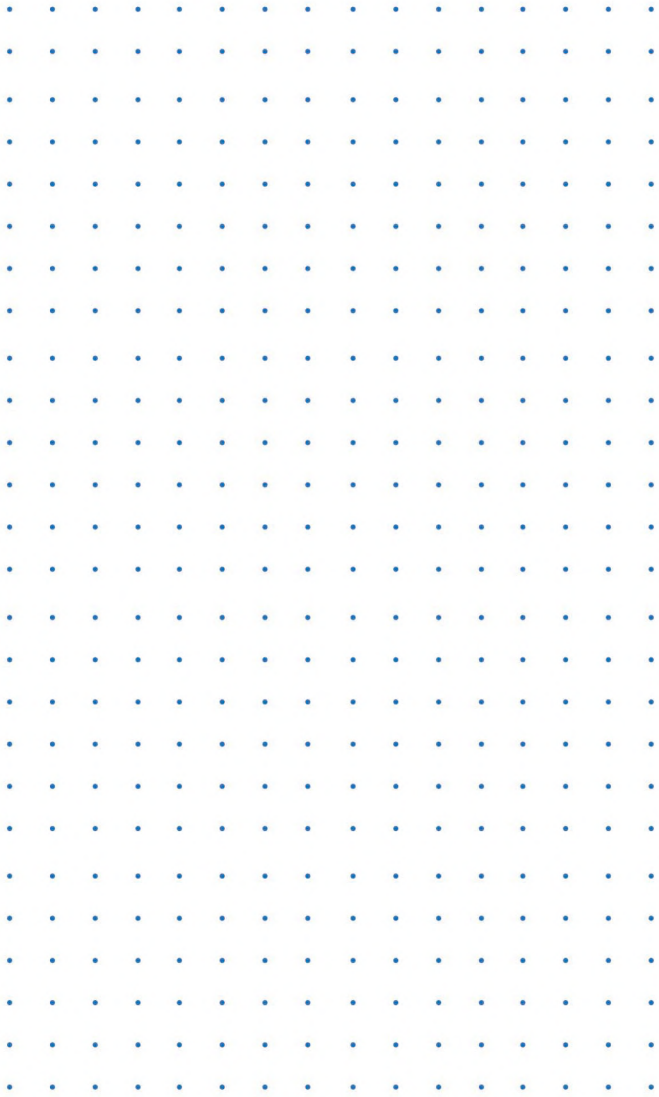
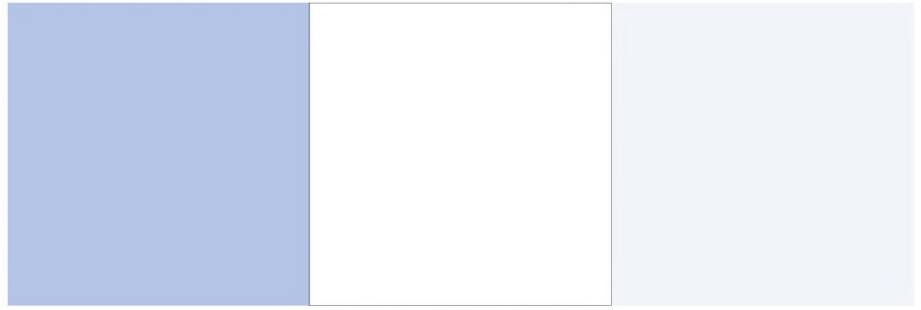
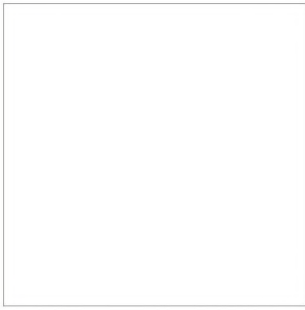
Sustainability and transparency have become the most common buzzwords of the business community today. At the same time, green washing is wildly rampant making it difficult for the masses to discern the authentic sustainability practices from exaggerated claims. It is the biggest sustainability dilemma of our times.

At Artistic Milliners, we have a laser sharp focus on sustainability as it takes the center stage in all our business operations. All our sustainability programs are designed to meet the UN Sustainable Development Goals. Our sustainability impact is evaluated by the leading global third-party assessors for real credibility. We also place a great emphasis on monitoring our progress and challenge ourselves to achieve more ambitious social and environmental responsibility targets.

Artistic Milliners remains the most trusted global denim and apparel manufacturing partner globally, we believe in delivering nothing short of excellence to our brand partners. To this end, we have set our most ambitious sustainability targets yet to be achieved by 2025. Our 2025 sustainability direction focuses on creating a safe, inclusive and respectful workplace that values the diverse backgrounds, perspectives and talents of our people, who are at the heart of our operations. Going forward, we will continue to champion women empowerment, equality, worker wellbeing and climate action.

I am excited about the next chapter of our sustainability journey.

Murtaza Ahmed
Managing Director



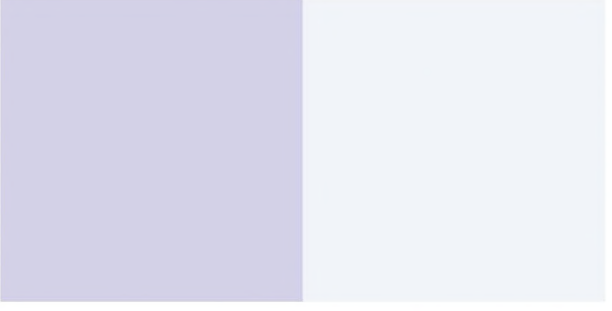
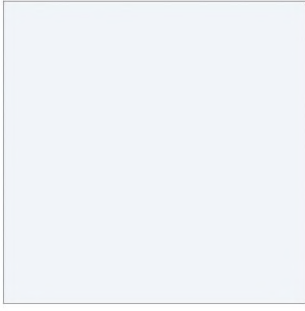
Inside this Issue

The 2021 Communication on Progress report serves as a summary of our key activities, performance and results from January 1, 2020 to August 31, 2021, unless otherwise noted.

This is the second issue of the Artistic Milliners Communication on Progress Report highlighting our contribution to UN's Ten Principles and the progress we have made in our responsible business programs during the last two years.

In the post pandemic world, the business operations across the globe face a completely new set of challenges. Many of our interventions shared in this report highlight the actions we have taken to keep our workers safe from the negative implications of the pandemic and to build back better. We have covered in detail our initiatives and ongoing programs that created positive impact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

Our full disclosure aligns with external frameworks, including the UN Sustainable Development Goals (UN SDGs), and the UN Global Compact (UNGC). This report has been documented by following the UNGC Standards.





2020 Sustainability Highlights

Our sustainability strategy is based on these five uncompromising pillars: people, community, environment, innovation and integrity to propel progress and create shared value within and outside our business, as well as the communities. Spanning across our supply chain, these cornerstones are aligned with principles set forth in the United Nations Global Compact (UNGC) and United Nations Sustainable Development Goals (UN SDGs). Our strategy continues to be guided by the commitments we've made publicly, our goals, key performance indicators (KPIs) and robust environmental and social management systems. Our 2020 activities and results aligned with each cornerstone to ensure that our sustainability strategy remained comprehensive and balanced the needs of all stakeholders in tandem.

We believe in continuous improvement and that's why we are consistently working to enhance our sustainability programs with new initiatives as we measure, report and celebrate our progress along the way.

Artistic Milliners Commitments

We at Artistic Milliners, are committed to the success and well-being of all our stakeholders and communicate with them regularly to improve, share best practices and innovate further.

As an organization, we are dedicated to enabling the sustainability goals of our customers and partners along the value chain. Throughout our organization, we have developed systems and processes to collect, measure and report data and metrics related to our sustainability programs. We believe transparency is critical to improvement and we disclose our sustainability performance to keep our stakeholders informed about our activities and progress.

We are also committed to supporting external frameworks and initiatives that promote sustainability best practices. We work closely with our supply chain partners to ensure compliance with sustainability requirements from external parties, laws, and AM standards regarding labor, ethics, health and safety and environmental protection.

As part of our pledge to the UNGC, we strive to follow the ten principles of human rights, labor, the environment and anti-corruption. We also contribute to the UN SDGs, focusing our efforts in ways that can make the most positive impact to our workforce, communities, and the planet.

Corporate Culture

The corporate culture at Artistic Milliners revolves around collaboration, growth, innovation, transparency and accountability, critical to our business's sustainable growth and compliance to the global standards, while instilling a sense of responsibility in our employees, customers, suppliers and contractors. We rely on a strong sustainability management system, to ensure our business operates ethically and safely. This system is put into practice through our policies, procedures and regular training of our associates. Our company management systems incorporate the most stringent environmental, health and safety requirements following the industry best practices. Our sustainability performance is made available for all our stakeholders including but not limited to our brand partners, vendors, customers and the public.

Diversity, Equality & Inclusion at Artistic Milliners

Established in 1949, Artistic Milliners (AM) is a vertical denim fabric and garment manufacturing and exporting company with a strong focus on women empowerment, innovation and sustainability. Artistic Milliners workforce is a melting pot of people of diverse ethnicities and abilities. Ranking third on the top 10 list of Pakistani textile exporters in the year 2020-21, **AM employs 17,000+ people in 14 factories and mills** in Karachi's Korangi and other industrial areas, with a total annual turnover of **USD 329 million**.

Artistic Milliners differentiates itself from its competitors by building a strong reputation as the only textile company in Pakistan's manufacturing sector with the most women in senior management positions. Currently, the ratio of women and men in senior management is 50:50. Over the years, women at AM have been recruited in various non-traditional senior leadership roles such as the Heads of the Planning, Supply Chain, Merchandising,

CSR, and Communications Departments, which has further cemented AM's position as a market leader when it comes to gender diversity in business.

For Artistic Milliners, its gender diversity efforts are critical to realizing its goals of business diversification, innovation, sustainability, and growth as well as geographical expansion within and outside of Pakistan. This in turn, will help the company build and sustain long-term relationships with high-value buyers that place a significant premium on equal opportunity and sustainable business practices and urge their suppliers, including AM, to do the same. AM's gender diversity efforts have gained international recognition and the company aims to continue building on this momentum to strengthen its female talent cohort that will play a key role in achieving its long-term goals.

AM's Employee Profile (Garment Division):

Management

Males: 748

Females: 613



AM' advances women in leadership through:

- A strong tone at the top
- Female role models
- Strengthening the female talent pipeline, from the factory floor to the board room
- Engaging men

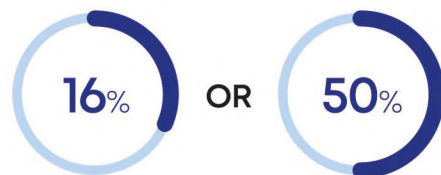
Non - Managerial

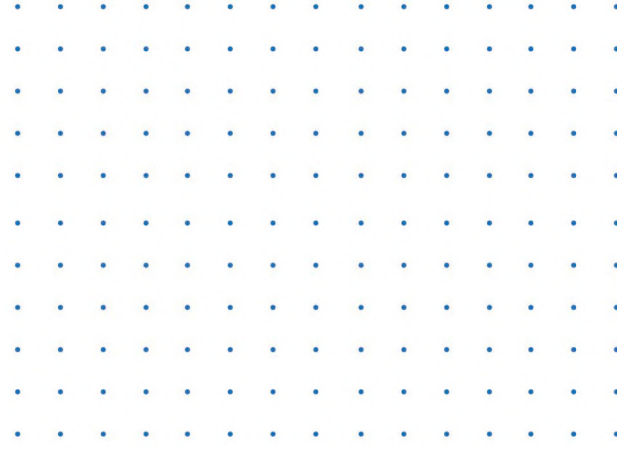
Males: 9,019

Females: 3,780



Women on board and in senior management





- Strategic Direction – 2025

During our journey of over 70 years, our faith in giving back to our ecosystem is stronger than ever before. We want to create value for our stakeholders such as employees, customers, vendors, and communities in a way that uplifts disadvantaged communities and nurtures the environment at the same time. As we step into the future, we want to prioritize the interest of our value chain partners to pave the way for sustainable and integrated positive impact in the most neglected areas of our supply chain. We aim to collaborate with our stakeholders for a more sustainable impact, ensuring that inclusivity and planet positivity remains our foremost priority.

As a forward-thinking denim company, we remain mindful of our environmental footprint and strive to evaluate our performance as a responsible business. Our key commitment remains protecting the environment, keeping our planet safe, clean, and in equilibrium.

At Artistic Milliners, we are deeply conscious of our combined business impact on nature, our environment and community. That's why, we are bringing a greater awareness to ourselves by considering the ways we can minimize our climate impact at every stage of our business activity.



Our planet is currently under an existential threat unlike any other. At AM, we remained cognizant of our impact on the community and the planet. That's why, we have zeroed in on the top 4 areas while continuing our efforts towards UN SDGs.

- Climate Action - Gender Equality - Transparency & Digitalization – Water Stewardship

Environmental stewardship is one of the key focus areas in our sustainability strategy. Across our operations, we drive programs to help manage and consistently improve our CO2 emissions, including Scope 1, 2 and 3, renewable energy usage and waste management, among other areas, helping to combat climate change and build a better, healthier future. Due to the ongoing Global Climate Crisis, Pakistan is currently one of the most vulnerable countries which in turn puts the businesses that operate within the country at an even bigger risk. Our company's leadership understands and supports the management systems we have implemented to establish and accomplish our goals on climate action.

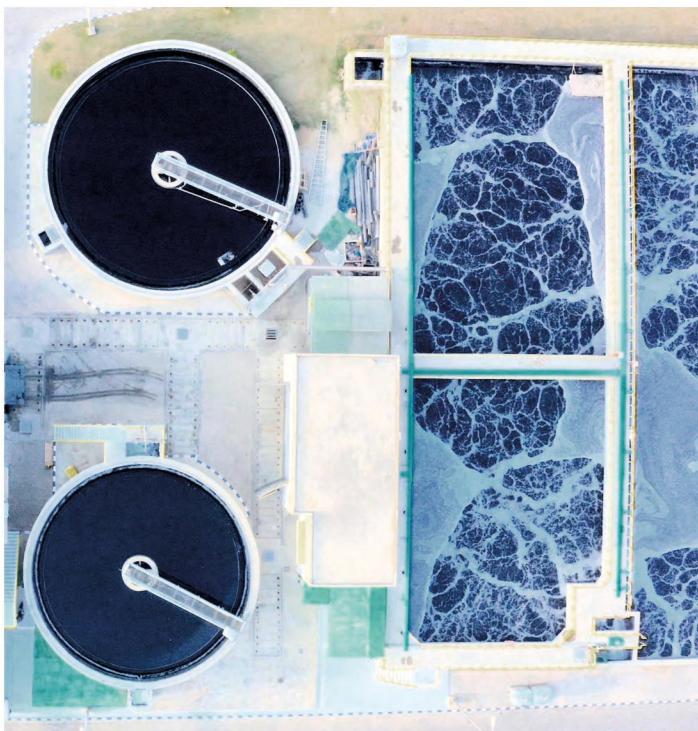
Pakistan ranks the 3rd lowest country in the world for gender inequality especially in the workplace. At Artistic Milliners, we have undertaken various initiatives for women empowerment as we strive to create an inclusive workplace culture and diverse workforce that reflects the communities in which we operate. We recognize that our strength comes from the dedication, talent, experience and perspective of every employee in our operations.



Similarly Artistic Milliners recognizes that the scarcity of water is of growing concern in many parts of the world and our water stewardship approach evaluates the significance of water-related impact so that we can focus our attention on the highest-priority operations. Our water strategy gives priority to reducing our water consumption where possible, leveraging recycling where use is more intensive, and installing collection systems for rainwater to save and reuse water. We mitigate the potential impacts of consumption through water recycling and work to reduce the potential impacts of discharge by following appropriate regulations.

At Artistic Milliners, we are creating an ecosystem that's interconnected, intuitive, responsive and adaptive. Focusing on design rethinking, our aim is to digitalize most aspects of our workflow to implement innovative solutions and achieve circularity while minimizing the use of resources.

Read on to know the initiatives undertaken by AM and the strides accomplished so far.



The 10 Principles of the UN Global Compact & Artistic Milliner's contribution to each principle

Artistic Milliners ensures that through this report, it provides clear outcomes of all the initiatives taken against each UNGC Principle. Our commitments span the entirety of the value chain and align with the UN Global Compact and Sustainable development Goals. An unwavering commitment to our goals fosters a sense of urgency, dedication and pride in our sustainability values throughout the entire organization.

With our sustainability strategy, we continue to drive social impact and climate action efforts that are in line with the concerted sustainability goals of our brand partners, contributing to broader scope and a strong call to action for the high priority areas and collective progress towards a healthier future.

Human Rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.



■ HUMAN RIGHTS





- Diversity & Inclusion Strategy Launch

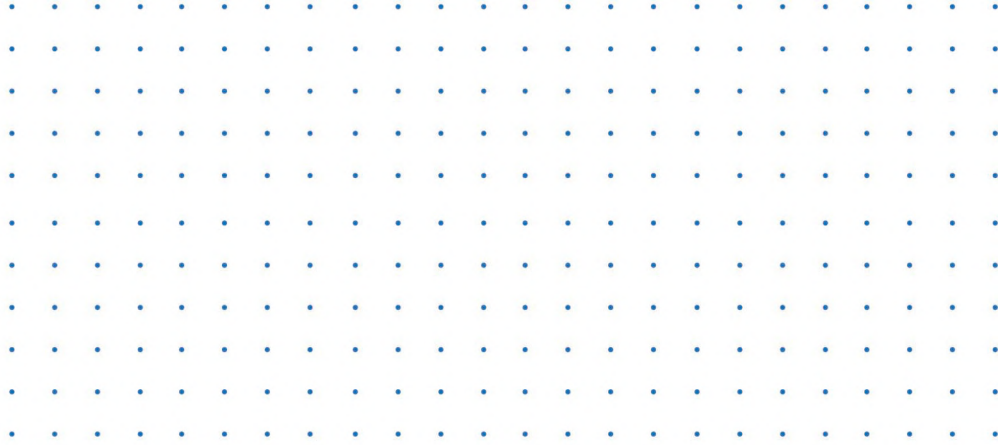
Our Diversity & Inclusion Strategy Launch 2020 Meri Pehchan (My Identity) is our philosophy to make everyone feel welcome in the Artistic Milliners family and be a valuable part of our workforce regardless of their age, color, gender, social background, personality type or disability.

Artistic Milliners workforce is a melting pot of people of diverse ethnicities and abilities. Our D&I strategy, the first of its kind from a denim manufacturer, rolls out a three year plan to make our company culture more inclusive.

In the launch event, we have invited the following organizations and our top management across the group to understand the need of the hour by joining hands in hiring of people with disabilities and to build inclusive workplace through awareness sessions and employee engagement programs:

Collaborators

- International Finance Corporation (IFC)
- BSR HERessentials
- UNDP Pakistan
- CERB, Centre of Excellence in Responsible Business
- NOWPDP
- DEPILEX SMILE AGAIN FOUNDATION INC
- Family Educational Services Foundation FESF



- Phoenix Project

GOAL:

The project aims to shift society's attitude towards burn victims from pity to empathy and meaningful inclusion.

Project Details

Acid attacks and burn attempts is one of the grim aspects of gender-based violence. Burn victims not only suffer physical pain, but also mental issues as well as social ostracization. As part of reaching out and helping the most marginalized people in our communities, Artistic Milliners has collaborated with Depilex Smileagain Foundation to provide income support and socio-economic inclusion to burn survivors.

In addition to facilitating socio-economic inclusion, Artistic Milliners conducts various programs for indirect counseling and therapy sessions of survivors. These include support group sessions, picnics and other recreational activities. Currently, 15 burn victims are part of Project Phoenix for the year 2020-2021.

Project Phoenix is our attempt to recognize people beyond their physical appearance.

Project Phoenix has 2 components:

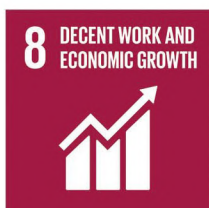
Phoenix Livelihood Program:

Survivors based outside Karachi, or with physical or other limitation that hinders employability are provided with livelihood support in term of setting up of stalls and carts.

Phoenix Employability Program:

Survivors are trained on employability skills and recruited in the company based on their competencies and educational level. For their effective inclusion we provide them with:

- Job profiles that fit their medical condition
- Dedicated transport
- Extra medical leaves
- Additional compensation (Phoenix allowance)
- Inclusion in CSR & Extracurricular activities for confidence building.





1. Sensitization Session (Jan 2020)

According to WHO, there are at least 30 million disabled people in Pakistan. At Artistic Milliners, Diversity & Inclusion is a natural fit into our social responsibility goals that we aim to pursue more aggressively going forward.

“Being handicapped is merely a state of mind. All you need to do is provide the right resources to the people with disabilities, there is nothing that we cannot achieve, said Mr. Asim Zafar, A motivational speaker and founder of Saaya – association persons with disabilities. He is disabled from legs due to polio but vows to lead completely normal life.

The session was attended by 42+ employee in Garment division. Where they got experiential learning that disability is nothing but lack of accessibilities.

Further Mr. Asim was joined by Mr. Javaid Rais, President, Disabled Welfare Association (DWA) and a sign language interpreter who visited Artistic Milliners factory to speak with the differently-abled factory workers and their line managers motivating them and encouraging everyone to be more sensitive to their needs.



2. Upcycling Project (July 2020)

Every second a truck load of garments are either incinerated or end up in a landfill. We don't want our jeans to go to waste. We repurposed out of season shorts to create something beautiful. In collaboration with The Citizens Foundation, Skilled women from disadvantaged background upcycled the jeans to make hand bags, cushions, iPad covers and other accessories. All proceeds from the sales will help these women earn an extra income and improve their livelihood.





3. Down syndrome Sensitization Online Session (Dec 2020)

Becoming an inclusive workplace starts from awareness and a better understanding of different kinds of disabilities that people face.

Artistic Milliners arranged a virtual awareness session on Down Syndrome in collaboration with Karachi Down Syndrome Program. The interactive session helped our employees gain a better understanding of people with Down Syndrome, the challenges they face and the part we can play to create a more inclusive world for people with Down Syndrome.

At Artistic Milliners, we are leading diversity initiative through our multi-tiered approach to ensure that we address and enable a work culture that fosters inclusively across genders, disabilities, ethnicities and personalities.

In the session, 30 people participated including executives and middle management from our Spinning, Denim and Garments divisions.



4. Transgender Awareness Session (Feb 2021)

Our commitment to diversity, equality and inclusion goes beyond our workplace. We decided to create awareness about a community that most people tend to ignore.

Transgender people are one of the most marginalized factions of Pakistani society. They not only face the worst form of discrimination but in many cases are disowned by their biological families.

Artistic Milliners took the initiative to talk about this much neglected topic. A renowned trainer and psychologist Dr. Fozia Khan - Chief Advisor, Curriculum Wing School Education & Literacy Department, conducted the Transgender Awareness Training for our managers, highlighting the challenges and biases transgender people have to face in their daily lives. She talked about our responsibility to treat them as 'equal' citizens and give them the respect that is a basic right of every human being.



Zehrish Khan, a trans woman also shared how she has faced discrimination many times in her life. She said all we want is to be treated equally and have the same opportunities in life as everyone else.

In the session, 35+ people participated including executives and middle management from our Denim and Garments divisions.

5. International Women's Day (March 2021)

This year theme for Womens Day was "Choose to Challenge". Artistic Milliners celebrated women's day in which female executives, middle and top management from our Denim and Garments divisions joined us in the event.

We celebrated the success, courage and commitment of women at Artistic Milliners. They lift each other up. They choose to challenge stereotypes and rise above and beyond to prove their abilities.

At the event, 70+ women associates participated, where they enjoyed different interactive activities and games followed by cake cutting and lunch.



6. Sensitization Session by NOWPDP (March 2021)

The sensitization Session was conducted by NOWPDP. Mr. Zawwar Toufiq Program Manager at NOWPDP facilitated the interactive session. In the session, 30+ people participated including executive and management from Denim, Spinning and Garment division to create a sense of empathy and to increase job opportunities for persons with disabilities in future. The session was interactive and full of experiential learning for our employees. The session was followed by Sign Language Certificate Distribution to 22 employees who attended the Sign Language Training.



7. Ration Drive during Ramadan (April 2021)

Sharing the blessings of the holy month of Ramadan, Artistic Milliners distributed 15,000+ grocery bags among its garment factory and denim mill workers.

The workers expressed that the support will help them manage the additional expenses for the month. It was a group activity across all units. Everybody participated in the drive with dedication.





8. Vaccination Drive (May 2021)

Following our core values of inclusivity and being a force for good, we practice goodwill and well-being in all our actions towards our stakeholders including brand partners, vendors and especially our associates.

An extension of these values is providing free, high-quality and accessible healthcare to our workforce. Committing a budget of PKR 15 million, we have offered COVID-19 vaccines to our 17,000+ associates at Artistic Milliners. Our top management is taking the lead to encourage their teams to get vaccinated and follow all required SOPs to safe from the deadly spread.

The drive took place in all units including Spinning, Denim and Garments division where all employees at Artistic Milliners were vaccinated. We appreciate the efforts of our dedicated vaccination team that ensured that all are associates got vaccinated in a short time.



9. World Environment Day 2021 (June 2021)

According to climate scientists, we have 10 more years to restore the planet.

There has never been a more urgent need to revive damaged ecosystems than now. That's why, this world environment day we invited environment experts (Dr. Quratulain Mohtashim, Associate Professor at NED and Mr. Jibrán Kidwai, Consultant World Bank and SEPA) to share with our employees what it could mean if they all played their part in protecting nature. The session was followed by an act of care for our planet - we planted 100 trees today with a pledge that by 2025, we will plant 5,000 trees. Many of our employees also pledged today to plant at least one tree in their surroundings. Together, this could lead up to the plantation of more than 15,000 trees.

Artistic Milliners and our associates are paying their part to save our planet one tree at a time.

44+ employees attended the session that took place at AM 5.





10. Self Defense Training (June 2021)

Artistic Milliners is a pioneer in gender equity and women empowerment. We have not only introduced female centric initiatives on our factory floors but are also championing change throughout the denim supply chain.

doctHERs conducted a session for corporate employees at Artistic Milliners on Self Defense & Personal Safety. The session was interactive and covered situational awareness, validating women and their experiences and participants learned basic but effective escape and defense skills from our Trainer, Dr. Haiqa who specializes in Gender Safety.

The session was conducted in Denim and covered 20+ females from denim and garment division.



- Milliner Cotton Initiative (MCI)



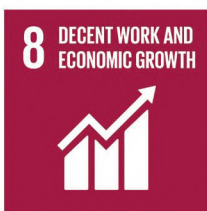
KAPAS KAHANI (Cotton Story)

During 2020, Artistic Milliners launched an initiative to promote Pakistan's organic cotton mainly grown and cultivated in Balochistan, with an aim to address scalability and traceability issues in organic cotton supply chain. Milliner Cotton Initiative, based out of in Rahim Yar Khan district of Punjab, Pakistan, and addresses visibility and women empowerment throughout the cotton supply chain. It also encompasses capacity building for ginners and promotes practices for mitigating extortion.

Milliner Cotton is unique in its scope in terms of covering the entire journey of cotton from farm to the mill. The Standard covers all stages of preharvest, harvest and postharvest quality parameters. The need for these parameters has been identified after studying various standards in the market and analyzing the gaps therein.

Milliner Cotton builds on and corroborates on the existing standards of cotton to raise the bar on cotton quality and sustainability.

The project implementation began in January 2020 with hiring a field team consisting of one Project Officer, one Field Facilitator and one woman Field Facilitator as per HR policy and guidelines. The team has been positioned in Rahim Yar Khan and oriented on the project's aims and objective as well as the tangible targets. A complete understanding on the proposed field level activities and their timeline was discussed to keep the team aligned with the planned activities.





The standard procedures and protocols for quality cotton picking were listed and women cotton pickers were trained and motivated to adopt these practices at field level while picking cotton. Around 1487 women cotton pickers were trained on quality cotton picking through a series of 67 training sessions conducted in different villages. Training sessions were repeated for each women picker group to ensure maximum adoptability at field level.

To minimize the threat of trash and contamination at picking stage, 500 picking sheets and 500 collection bags made of cotton fabric were prepared to distribute among the selected women cotton pickers. 55 sets (55 picking sheets and 55 collection bags) were distributed among the women cotton pickers whereas rest

of sets are stored to distribute during the cotton season 2021.

In the same way, in order to promote improved techniques towards quality picking, 04 hand picking machines were purchased as a pilot testing.

The existing national level cotton quality standards developed by Pakistan Cotton Standard Institute were referred and studied to understand their level of adoptability.

Considering all stages; picking, transportation and ginning which contribute significantly in lint quality, few quality related standards were agreed and accordingly a document "MCI standards/protocols" was developed to help keep on track the quality related practices at each level.

Under the component of livelihood improvement of poor families, 04 training sessions were organized in different villages through which 47 poor women were trained on home/kitchen gardening. Winter vegetable seed packets were also

distributed among the beneficiary women to establish their kitchen garden at their home level. In this way, 47 small scale kitchen gardens were successfully established by these trained women. The intervention turned very fruitful and provided sufficient fresh and healthy vegetables to meet the daily kitchen needs of beneficiary women households. Thus, they saved a considerable expense on purchasing vegetables from the market in addition to healthy food intake.

Similarly, these women were also trained on skills of raising plant nurseries that turned in establishment of 5 successful plant nurseries managed by women and having plant stock total around 4500. Considering the economic value of medicinal plants, 05 women were trained on cultivation of Fennel that ended with successful establishment of small plots of fennel nearby their homes. On the other hand, 60 women were provided with tomato and chili nursery plants to establish vegetable garden at their homes.

A comprehensive training session was conducted on honey bee rearing in which 24 village women were trained to develop their skills on honey bee keeping. One unit for pilot testing was awarded to one of the beneficiary women who set the box near her home and started its care and management on her own.

Considering the vulnerabilities of village families with respect to emergency hazards, 03 training session/workshops were organized at village level by engaging Rescue 1122 local team of experts. In the sessions, a complete demonstration of some necessary

responses against common emergencies were given and women were encouraged to treat the matter confidently and save lives of their beloved ones. Through these sessions, 122 village women were trained to deal and provide first aid against emergency cases.

4 farmer gatherings and the World Cotton Day were organized at different time and sites to encourage farmers and promote quality cotton cultivation and its handling. 3 events were dedicated to better crop management practices in which 208 farmers were educated on the subject topic.

Cotton season 2020 faced number of issues primarily poor quality of cotton seed, outbreak of white fly attack and uneven spells of rainfall. These factors damaged the crop quality and yield that created very uncertain situation and ginners were reluctant to purchase such a poor quality cotton. Due to this, the supply chain contract regarding MCI could not be matured. However, some good quality cotton from some of the project farmers reached to the respective ginners and around 5000 bales of better quality were produced.





Alternative Livelihood Opportunities (For Cotton Pickers)



Sr. #	Activities	No. of Beneficiaries
1	Apiculture	7
2	Kitchen Gardening	97
3	Micro-Nursery	19
4	Cuniculture	5
5	Sewing Centre	20
6	Embroidery Kits	10
	Target	133
	Total	200

- Milliners League Community School Support

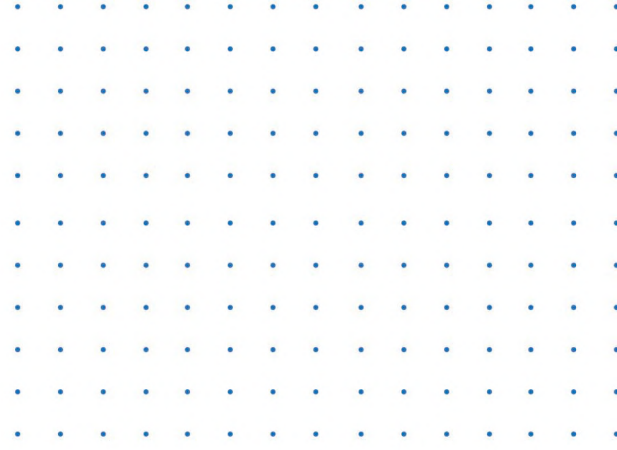
During the years of 2020-21 despite the ongoing pandemic, AM has invested in hiring more teachers, increasing the teacher-to-student ratio at their adopted school. Additionally, the AM team has developed the school's basic facilities such as hand pump for water, clean washrooms facility, electricity at school and decent working school furniture.

We have also provided computers for the IT syllabus, internet connection, notice boards and other paraphernalia. A book bus by Oxford University Press visits the school every month so the children can enjoy reading.

Furthermore, with a change in the curriculum, the school has now initiated in field trips to places like the museum for a more experiential learning of the students.

LABOUR





- Women Empowerment

Artistic Milliners was founded on the principles of women empowerment and was led by a strong and resilient woman - Mrs. Hajra Ahmed. Back in 1949, Artistic Milliners started as a small retail shop which later initiated garment exports in 1968 and eventually established its own denim and jeans manufacturing facility. Throughout this time, Mrs. Ahmed guided the company during its growth and success, encouraging the employees, especially female associates to work with dedication and loyalty. Some of her ethos became the enduring values of Artistic Milliners while Women Empowerment remained a major priority of the company through all these years. Currently, the company is being chaired by her son, Mr. Yaqoob Ahmed and led by her grandchildren Mr. Omer Ahmed and Mr. Murtaza Ahmed. They have religiously upheld the values she had instilled in Artistic Milliners.

Over the years, Artistic Milliners has created a women-friendly workplace and has successfully launched multiple women empowerment programs to upskill its women at all tiers to become confident, productive and self-reliant members of the society.

As of 2021, 30% of our total workforce is represented by women as opposed to the industry average of 10 to 20%.



Global Wash Innovation Tech, Maria Georgiana Ciubotaru, AKA Gigi.

Women in Leadership

In Pakistan's Textile sector, less than 5% of women are in leadership role. Artistic Milliners is taking a lead by changing the status quo and ensuring that at least 50% of the top management is represented by women.

Our subsidiary company in LA, USA, Star Fades International has more than 60% of women in leadership roles.

Here are some of the steps we have been taking to attract and retain female employees:



Family friendly workspaces Leadership opportunities

We factor in that our female employees need greater flexibility and support to be able to continue their jobs while many of them are also primary caregivers of their family.

More women are being hired in the managerial roles especially in the area of STEM. They are given a level playing field to get promoted solely on the basis of their performance. Many women who joined as an MT are now leading the department.

Focusing on the female factory workers, we provide them with free transport, lunch and a health clinic. The HR/ Compliance team at Artistic Milliners regularly organizes awareness sessions on healthy diet and nutrition for women to take better care of themselves and their families.



Life-skills training

Equal Pay

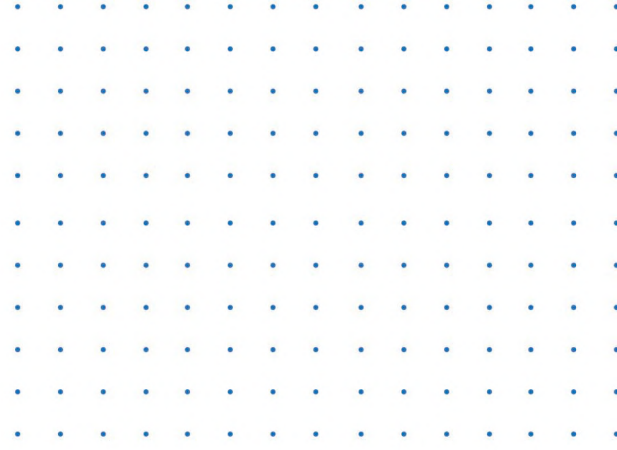
Safety and security

Regular life skills trainings are offered to female workers in the area of health & wellbeing, stress management, financial literacy, self-defense and personal advancement and career enhancement.

There's a strict HR policy to ensure equal pay for both male and female employees for the same role.

We have strong protocols in place for workplace safety. Especially for women, we have an open door and zero tolerance for harassment and abused. Any female or male employee who feels harassed or threatened can reach out to the grievance mechanism in place. An inquiry is initiated and evidence is collected before reaching the final verdict. Additionally, we have a trained and equipped in-house team to manage any fire incidents or other occupational incidents.





- PACE Program

PACE (Personal Advancement and Career Enhancement) is being run in collaboration with Gap Inc. Artistic Milliners was the first company in Pakistan to embark on this project in 2015. GAP Inc. P.A.C.E. is a life skills training program that educates women on the topics such as Communication, Problem Solving, Legal and Financial Literacy.

The centerpiece of the program is 65-80 hours of module-based instruction focused on women's life and professional skills. Once the workers complete the life skills modules, they are given the opportunity to participate in enhanced technical skills training.

Future Leadership & Development programme was initiated in 2018. The programme is designed to bring in the promising new talent and train them for leadership roles and better alignment with Artistic Milliners vision.

In 2020, 300+ fresh graduates were hired under this program and are under a yearlong management training to take up a management role after a year.



P.A.C.E.
Gap Inc.



- Satellite Training Unit

Our Satellite Training Unit is a flagship training program for women who are the first generational worker in their families. To give a head start to their career in garment factory, they are taught sewing, finishing and checking and on successful completion of 3 months training are given relevant roles as per their skillset. Many women have progressed through their roles in AM factories. So far, 3,000+ women have been trained under the STU program.



- Sign Language Training

Artistic Milliners in collaboration with NOWPDP organized online sign language training classes for its garment division and trained 22 employees who learnt basic sign language and helped them better communicate with their co-employees who have hearing and speech disabilities. This training was one of a kind inclusive step towards more hiring of people with hearing and speech disabilities through NOWPDP platform.

Artistic Milliners has a number of hearing-impaired people in its workforce, but the gap in communication with them could potentially make them feel alienated.

“I wanted my employees to be heard. I was there to listen yet there were times when I couldn’t understand what they had to say,” said Ataulah, Supervisor in Finishing Department (persons with disabilities work under him).

“When my company introduced sign language classes for employees who have direct interaction with hearing impaired people, I was happy and relieved at the same time. Starting with a simple alphabet to making complete sentences in sign language, I am now able to converse with my colleagues. Artistic Milliners has given me a new language that has opened a new door for me. And this has boosted the sense of belonging of the differently-abled in our factory. The happiness speaks from their eyes and shows in their eagerness to work

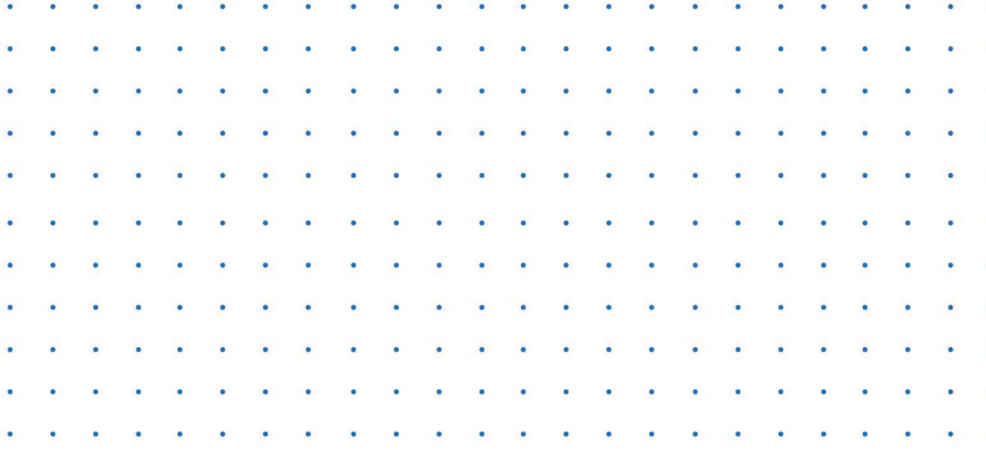


- Adult Literacy Program

Under Levi’s flagship worker wellbeing program, the Literacy program was launched in 2019 with TCF as implementation partners. The program was rolled out in unit 4, unit 2, unit 5, unit 14 and unit 15. The program has helped change lives of many factory workers who couldn’t read or write before. They now live in a world that makes more sense to them. They’re able to read factory instruction manuals, bus signs and even count the change in day-to-day transactions.

In March 2021, more than 300 skilled workers successfully completed the Adult Literacy program in our denim and garment factories.





- Adult Literacy Program Graduation Ceremony (April 2021)

In 2019, we initiated the Adult Literacy Program for our factory workers in collaboration with Levi Strauss Co. Fast forward 2 years, our learners have now graduated taking pride in the fact that they can now read and write. The program has been life changing for them, many of these workers only dreamt of going to school. They have now taken a first step towards dream of a better future for themselves their children.

In March 2021, more than 300 skilled workers successfully completed the Adult Literacy Program implemented by The Citizen Foundation in our denim and garment factories.

The graduation ceremony took place in Auditorium at AM5 for only 35 workers, following Covid -19 SOPs and maintaining social distancing. Top management of Artistic Milliners and TCF also joined the event and highlighted the importance of education and appreciated the achievement of our workers.



- World Day for Safety and Health at work (April 2021)

To commemorate World day for Safety and Health at Work, we arranged an awareness session on occupational health and safety hazards at work and how to provide basic first aid to colleagues in case of a burn accident.

The session was conducted by Dr. Mehwish Khalid from Sehat Kahani and our long term partners DEPILEX SMILE AGAIN FOUNDATION INC for providing free of cost support to burn survivors.

Regular safety trainings are provided at Artistic Milliners and in house health clinics provide basic check up and health facilities.

In the session, 25+ people participated including executives and middle management from our Denim and Garments divisions.

- Ponam's Success Story:



A scarper by profession, Ponam takes us through her journey of the Adult Literacy Program by Artistic Milliners in partnership with Levi's Foundation and The Citizens Foundation.

"As a person who has always been interested in getting education, I unfortunately grew up in a village where women weren't allowed to study. It was the norm. All the boys went to a far-off school while the girls stayed back to help out at home. I did not know how to even write my own name. I remember going through my brother's textbooks trying to make sense of what was written in it. Just pretending I knew the meaning of those words made me feel empowered."

"Who knew that little girl from an old town village will be getting quality education one day. The Adult Literacy Program at Artistic Milliners has given me the opportunity to rewrite my fate. Though daunting at first, I gained the confidence to speak,

read and write. The program has helped me excel in my career; now I can plan my daily target and manage it with ease by writing everything down. The fact I am getting a chance to finally study while working makes me feel really special. It has made me realize how important it is for women to get educated so they could further impart that knowledge to their children. My son wants to be a doctor and my daughter wants to be a police officer. Knowing that I can now play my small part in assisting them with their dreams gives me immense pride."

3 GOOD HEALTH AND WELL-BEING



- Health & Safety at Work

Creating a safe workspace is one of our top priorities

All our factory units are equipped with the fire extinguishers at key areas. Instructions are also placed at accessible positions for use by anyone in case of an emergency. Our Emergency Response Team is ready to help everyone evacuate in the shortest possible time to a safe area.

Industrial Fire is one of the most common and hazardous incidents affecting the textile industry. Our Fire Engines are equipped with the most advanced technology with the capacity to fight fire for up to 12-15 minutes with the capacity to discharge 3,000 litres of water/ foam per minute. These Fire Engines are compliant with National Fire Protection Association (NFPA) standards 1901 and 1911. We are also committing to extend our Fire Engines to the surrounding community in case of a fire incident. We are also collaborating with the local Government's Fire Department to offer our Fire Trucks to them whenever they need an extra help. By taking a collaborative approach, we stand stronger to fight the incidents and protect more lives as well as stock.

Basic Compliance and Company's Policies

Artistic Milliners work with well-established global denim brands and as such complies with basic Code of Conducts covering matters such as minimum wage, working hours and freedom of association etc. We have following policy documents covering all angles of decent work and human rights:



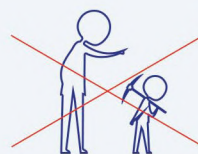
Compensation and Benefits Policy



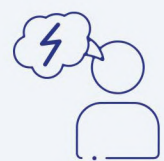
Human Rights for Business Policy



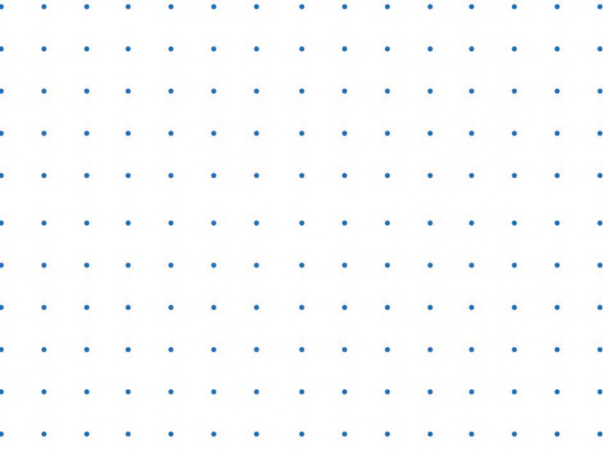
Prohibition of Forced Labour



Abolition of Child Labour Policy



Grievance Management System



Equal Opportunity Employers

Artistic Milliners Mission Statement “Strive for excellence in each function of our business” presets that we value and reward merit over any personal identity that our people bring to work. In the past, we made remarkable progress in the area of gender equity filling up 50% of our top management positions with women in the garment division. This exercise also set the pedestal to work more systematically and include other minority groups in our workforce.

Based on our D&I Strategy, we have prioritized the following segments in our policy to ensure inclusion at the workplace:

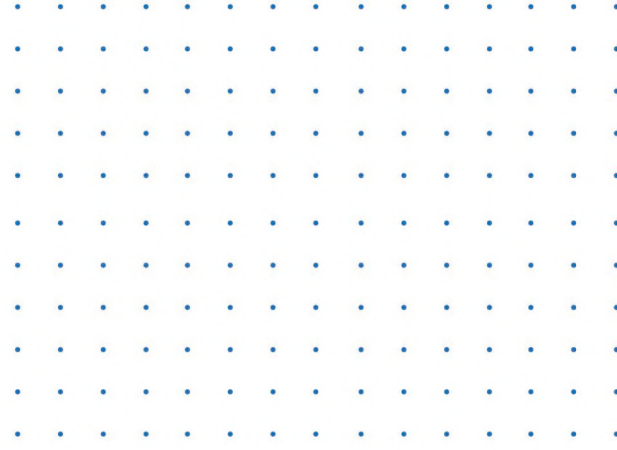
- Women
- Transgenders
- Persons with disabilities (speech & hearing disability, wheelchair users and persons with leg braces, people with Down Syndrome)
- Acid Burn survivors

Artistic Milliners understands that as an organization, we are at the beginning of systemizing our diversity and inclusion efforts. Building on the success of our gender diversity program, we want to apply the same principle of inclusion and support to all our minority groups. A lot of work is already in progress- but our effort to systemize this work will help map out our current situation and give us a benchmark to progress.



Employee Relation & Welfare Team To Address Labour Rights Issues

The Care Network at AM is also run by women groups: Elected Representative Officers, Welfare Officers and Paramedic staff to cater to the needs and issues of our workers and thereby promoting a more inclusive culture at the company. The women leaders and care network have also worked together for climate adaption by creating on-ground awareness about the climate crisis and how to combat it in everyday life by saving resources.



Fair Wages And Competitive Benefits

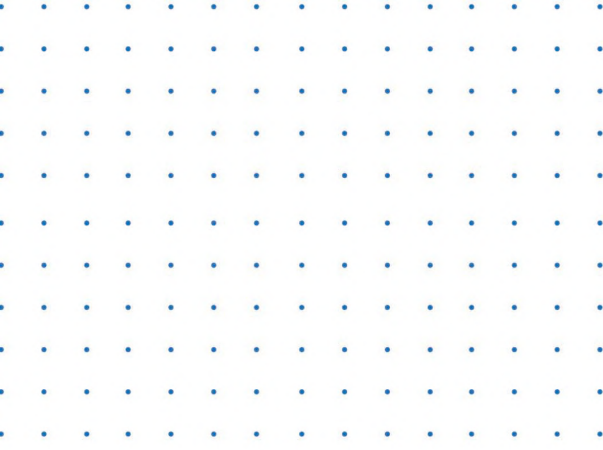
At Artistic Milliners, our total rewards packages are informed by both company results and employee performance, as well as employee grade-level, job function and location. Compensation is evaluated annually to ensure our salary offerings are competitive with industry peers. We strive to provide the tools to support our employees in optimizing all key dimensions of their lives - financial security, good health and work-life balance.

Part of the benefits offered to the employees at various levels are:

- Free transportation for Labor
- Lunch
- Pension and health facilities
- Commuting Assistance
- Daycare
- Maternity Leaves
- Annual Leaves
- Annual Bonus/ Gratuity
- Performance Incentive and increment
- On-site medical assistance

Our policies prohibit employees from working excessive hours. We provide adequate breaks at work and freedom of speech to communicate at ease. We have several policies with respect to a variety of human rights risks including underage labor, forced labor, discrimination, working hours, freedom of association and harassment.

We are dedicated to upholding and respecting the human rights of all people through our operations and in our value chain, in alignment with the United Nations Guiding Principles on Business and Human Rights. We have established internal controls and regularly communicate these expectations with our suppliers and business partners.



Opportunities For Career Progression

Our people are at the center of everything we do at Artistic Milliners, and we believe our employees do their best work when they are provided with a safe environment and growth opportunities to thrive and prosper. As a part of our continuous effort to be an inclusive and equitable company, we have made improvements to our talent attraction and onboarding efforts. Within the recent years, we took additional measures to ensure that our hiring efforts and materials fully support our inclusion and diversity strategy.

We invest in the ongoing engagement and professional development of all of our employees, which is critical to our success and future as a leader in innovation. We help foster this growth through educational opportunities, dynamic and meaningful work assignments and targeted development. At Artistic Milliners, 14% of the workforce is under development under our career progression pipeline with an annual target of 10% management conversion.



We help employees manage their career progression through annual goal setting and performance appraisals. Managers are empowered to facilitate this growth through ongoing check-ins and feedback sessions with their direct reports. Our employees are encouraged to engage with leadership and collaborate closely with their managers to provide feedback on how we are doing as a company and how we can better meet their needs. We engage with our employees through activities such as engagement activities and meetings, and we conduct an annual survey of all employees to evaluate employee engagement and identify areas for improvement across the cross functional teams.



- HERessentials: Building Women Workers’ Resilience in Response To COVID-19

Artistic Milliners is committed to enhancing gender equality and balance, both within the organization and in the communities in which AM operates. Post-COVID 19 phase in Pakistan, the job market has changed and unprecedented situations like these can put women at risk. Faced with limitations on physical interaction conventional in-person women are excluded from training and development owing to their limited accessibility to ICT tools.

To address this problem, the HERProject team has developed a new model “HERessentials” which is composed of the key elements from HERhealth, HERfinance, HERrespect, and the HER Management; as well as the worker training toolkit for women’s

empowerment developed by Empower@Work (a collaboration between BSR’s HERproject, CARE International, Gap Inc’s P.A.C.E. program, and ILO-IFC Better Work).

The goal of HERessentials is to support women in the baseline worker category build their adaptive capacity and resilience in the face of crisis.

We are the first to implement HERessentials program in Pakistan, targeting our managers and factory workers in our factories. The pilot will be initiated in a few Units of the organization including: Artistic Milliners Unit 2, 4, and 15. The implementing partner is ECI (Empowerment through Creative Integration)



HERessentials

HERhealth

HERfinance

HERrespect

EMPOWER @WORK COLLABORATIVE

BetterWork



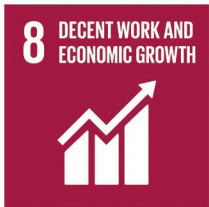
P.A.C.E. Gap Inc.

CARE

IFC



BSR



Creating Markets, Creating Opportunities

- Family Friendly Workplace



Part of the company wide policy to develop and maintain a family friendly workplace, Artistic Milliners organized a formal inaugural of Little Milliners Daycare Centre to acknowledge the efforts of all the corporate partners working to support family friendly policies at the workplace. This includes Catco Kids- daycare service providers, IFC Tackling Childcare wing- the knowledge partners, Centre for Business and Excellence, CERB- a networking support group and most significantly, mothers of Little Milliners who are working in tandem with AM.

As the next step to developing Family Friendly Policies, Artistic Milliners has now partnered with IFC to pilot the Global Guide for Employer Supported Childcare. Speaking on the event organized by the IFC. Faiza Jamil, GM Communications & CSR said, "Our interest in providing daycare services and creating family friendly workplaces for our employees has grown organically from our agenda of empowering women on the factory floors."

- Fair Trade Program And Benefits

In April 2019, Artistic Milliners became the first denim company in Pakistan to get Fair Trade™ certification. Fair Trade™ USA is a third-party certification process which ensures that in return of the factory commitment to social and environmental sustainability through the Fair Trade™ standards, workers receive a premium that can be used to fund the project that they feel is most needed.

For a factory to be Fairtrade certified, it has to go through a 300 point audit covering areas such as fair wages, working hours, health and safety and the environment. Currently, there are only 50 Fair Trade™ Certified apparel and home good factories in the world.

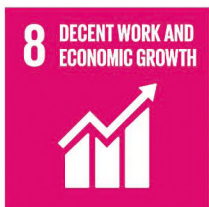
In Fair Trade™, a percentage of the product cost is given to the Worker Fund called the Fair Trade™ Premium. The workers manage the funds directly without the involvement of management and also get to vote where they would like to spend the fund. In a way it's the most direct access of a consumer at the end of supply chain to the garment workers.

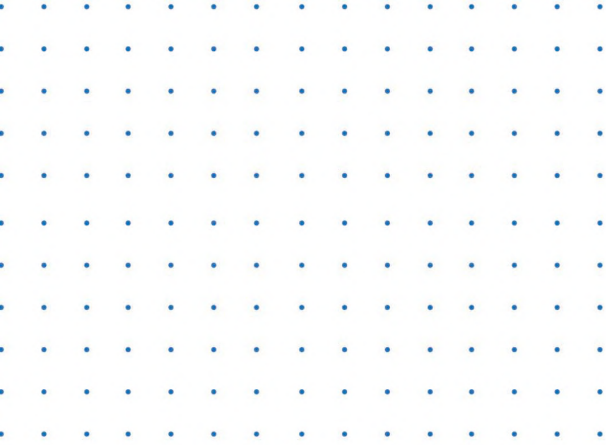
Fairtrade funds are managed directly by the Fairtrade Committee that has equal representation of male and female workers elected democratically via factory-wide poll.

26-year-old Osama, who is working in the textile industry in Pakistan for six years, said "Recently, we were asked to conduct a need analysis survey which we did by filling forms. In those forms, the respondents were given five options from medical assistance, day care service, grocery facilities, quality education and electronic appliances, to choose from."



Extra income support is very much needed to access quality services in health and education sectors.





The FTUSA project has made a direct impact to a total of 8,500 workers directly.

One of the audacious angles of Fairtrade certification process was women running for elections. Sidra Shehzadi has been associated with Artistic Milliners for 5 years and it is her first experience to take on a public role of responsibility.

“ I think it's my years of association with the finishing floor that women here have come to trust me with their issues. It is a very humbling experience for me to win my place in the Fair Trade committee and I am looking forward to make the best use of this platform. **”**



Furthermore, we are BSCI. The Business Social Compliance Initiative is a leading business-driven initiative for companies committed to improving working conditions in the global supply chain.



- Trainings & Compliance

Artistic College of Training and Development (ACTD) is a state-of-the-art facility to hone the personal and professional skills of our workers.

ACTD is purely an educational initiative which will ensure the smooth availability of trained professionals according to the demands of the organization in the years to come. Covering an area of 20,000 square feet, the facility has a machine training area, lecture rooms, a library and study area, a computer room for CAD training, an innovation area, and office cubicles.

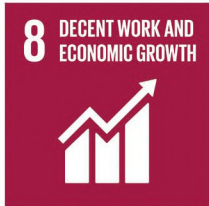
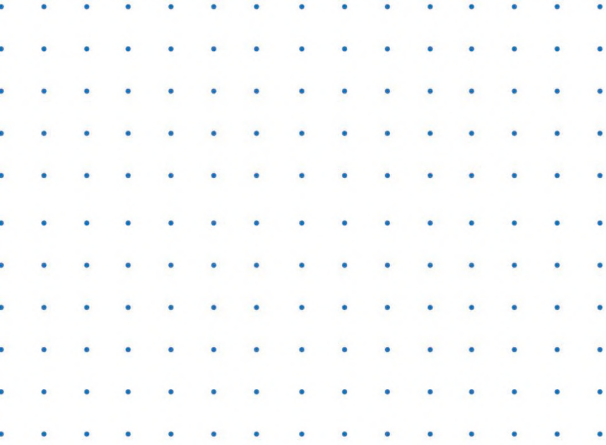
As per Artistic Milliners' vision regarding ACTD, the organization provides training to upskill workers, middle managers and management trainees.

We provided several training initiatives on KAIZEN 5-S implementation under Lean Program for workplace improvement, and on various topics including data privacy and protection and anti-harassment.



Compliance policies

At our deepest roots, we at Artistic Milliners are committed to doing the right thing always. We strictly adhere to the highest ethical standards and expect the same from all of our business partners through the value chain. It is our commitment to ensure our decisions and behaviors reflect our vision and values and are compliant with laws and regulations. Through the use of training, education, communication, assessments and audits, we embed our values and continuous improvement by employing KPIs with targets. Our ongoing commitment to ethics and compliance helps us earn and maintain the trust and business of our customers and partners, while creating a positive, inclusive and transparent culture that reflects our core values.



- Human Right Policies

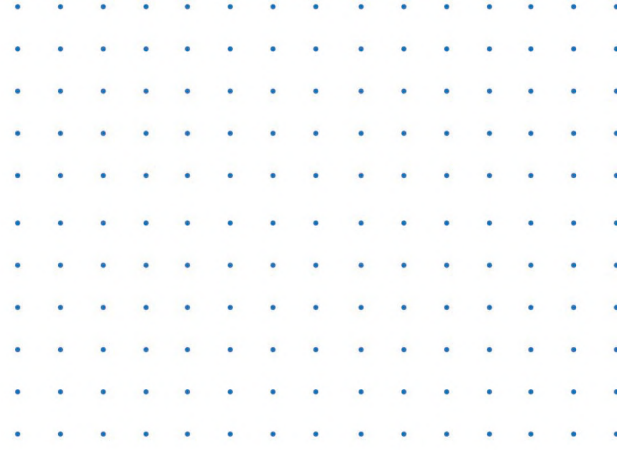
We have a responsibility to uphold human rights and ensure the dignity of all workers throughout our value chain. We demonstrate our commitment through our robust social management system, which is aligned to the Artistic Milliners code of conduct. AM actively participates in external initiatives to protect human rights, including the UN Guiding Principles on Business and Human Rights. We work to mitigate the risk of human rights violations through employee relations training programs at

sites that pose the greatest risk of forced and compulsory labor. We do not tolerate forced or compulsory labor in our factories and apply this policy through risk assessments and due diligence activities, including audits. These audits ensure we are compliant with the organizational policies with respect to a variety of human rights risks including underage labor, forced labor, discrimination, working hours, freedom of association and harassment.

Our robust policies, training and auditing allowed us to rapidly assess the situation and convey to our customers that we were not aware of such practices in our own operations, nor in those of the suppliers we regularly assess.

ENVIRONMENT





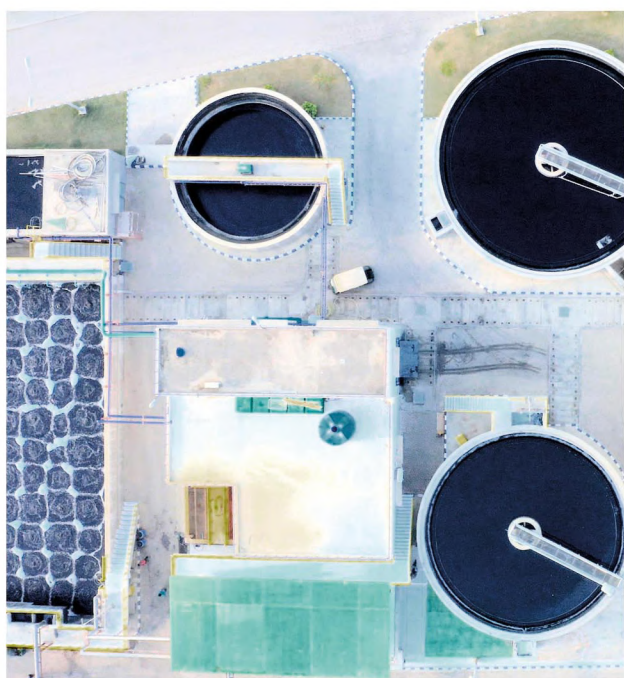
- Innovation For Sustainability - Circularity

In 2013, Artistic Milliners became the first denim manufacturer in Pakistan to embark on the ambitious journey of complete Circularity i.e., retaining the value of materials used in perpetual cycles. In other words, “closing the loop” and ensuring what was once considered waste can be used a new.

During the intervening years, our circular philosophy has gone beyond the talk; It is now the bedrock principle guiding our actions to meet the environmental impact SDG’s we have committed to. We use it not just to incorporate Post Consumer Waste into our products, but to design our products to utilize production waste even before they ever reach the consumer. It means not just cleaning the water we use, but sharing it with our community. It means not just staging environmental interventions but taking conscious and concerted steps to cut down or in some cases eliminate problematic processes and sources from our supply and production chains.

We have also signed up for 3rd party Energy Optimization programs such as IFC PaCT (Partnership for Cleaner Textiles) and ILO ILES (International Labour and Environmental Standards). These programs have resulted in significant energy savings at our facilities, allowing us to offset GHG emissions by 22.6%. We also currently run 3.7 MW of solar panels across different mills and factories, with new investment aiming to provide for more than 50% of the total energy requirement of our green factories.

It also means leading by example in an industry not especially known for doing so, and demonstrating economic viability in the process so that others may believe and follow.



1. Water Recycling & Saving

We continue our journey towards Zero Discharge of Harmful Chemicals by 2025.

85% of our water used in manufacturing process is being recycled, it is filtered through our Effluent Treatment Plant (ETP), to filter for particles up to 0.01 micron, making it safe to discharge in the environment, as certified by external auditors. In the next step, our combined Reverse Osmosis systems output nearly a million gallons each day, which are cycled back into our plant processes.

Usage Reduction Technologies

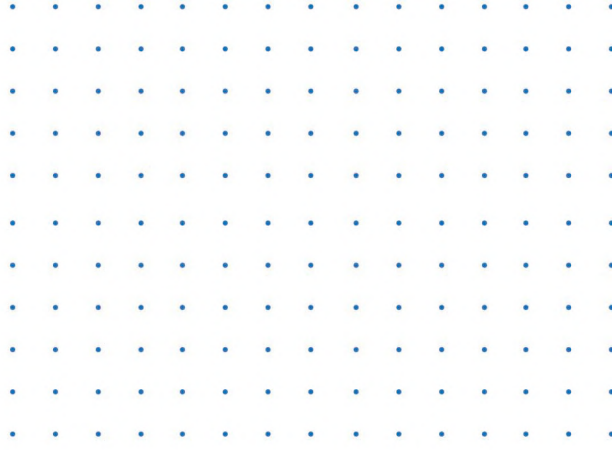
In addition to previously deployed measures such as push taps for hand washing, storm and rainwater harvesting, as well as a condensate hot water recovery system, further improvements include greater utilization of smart washing facilities at our LEED Platinum certified unit, which help us save as much as 95% of water in the wash process.

Our water use at the production stage has also reduced dramatically thanks to an accelerated shift towards techniques as our proprietary Crystal Clear 3.0 dyeing, which reduces water usage by 33% vs. traditional dyeing, while also reducing chemical discharge.

Furthermore, replacing conventional finishing techniques with G2Dynamic Ozone finishing cuts water utilization in half during that stage of production.

Going forward, we are taking stock of our entire water consumption in all our major mills and laundries and chalking a path towards Zero Liquid Discharge by 2025. With this, all our facilities will qualify for Aspirational level- the highest level there is on ZDHC wastewater guideline. With ZLD, we will be recycling and reusing 2 million gallons of water per day.

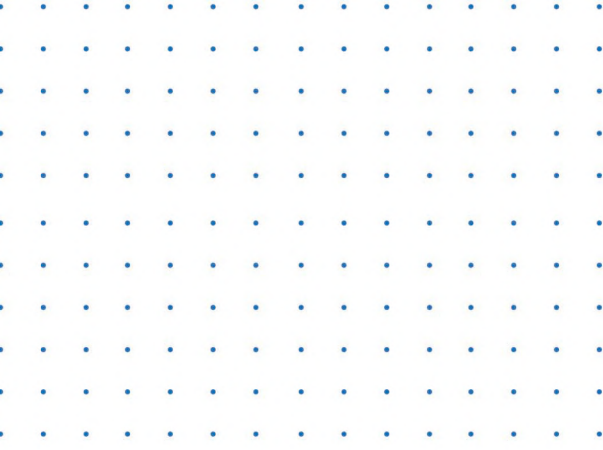




2. Reducing Chemical Impact

We aim to eliminate harmful chemicals listed under MSRL and RSL, and to only use safe raw chemical materials under GHS standard, and ZDHC (Zero Discharge of Hazardous Chemicals Programme) by 2025.





Caustic Recovery Plant (CRP)

Mercerization is a finishing process in the textile industry where the textile fibers are treated under tensile stress with caustic soda. Large quantities of diluted caustic soda (weak lye) are a waste product of this process. Our CRP turn large proportion of this weak lye into reusable concentrated caustic soda/strong lye which can be reused at the mercerising machine. The vapour condensate generated is slightly alkaline soft water without any hardness and is utilized in pretreatment processes in the mercerising or bleaching machine.

The CRP is also very energy efficient, especially when hot water generation is integrated in the central hot water system. There is no direct contact between the heating steam and the lye, therefore the heating steam condensate can be reused as boiler feed water without additional treatment.

This cuts our use of caustic chemicals by half, recycling over 16 tons of caustics every day, while also cutting runoff generation by 50%, making it easier for us to treat and reuse water resources.

CRP has allowed us to make sustainability a corner stone of our mercerization processes instead of disposing of the weak lye.

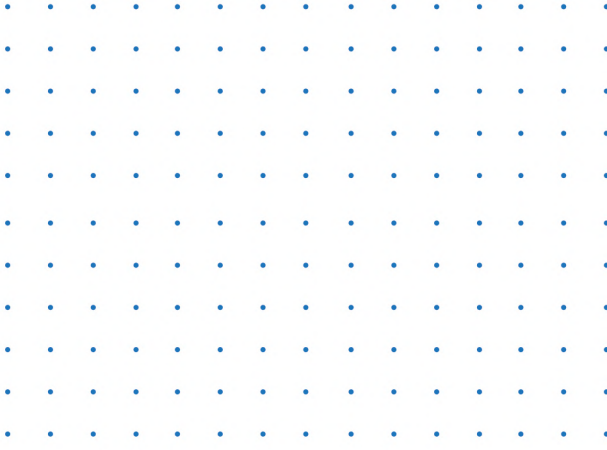
G2 Dynamic Ozone Finishing:

Ozone technology harnesses the natural bleaching capabilities of ozone gas to give a range of overall and specialty bleach effects with substantially reduced environmental impact. Ozone can be used to clean pocket backstaining from normal washing processes, or to bleach denim to a lighter shade. It substantially reduces consumption of water as well as energy, chemicals, enzymes and stones by up to 50%. In fact, Ozone finishing offers important advantages over traditional wet finishing.

to three. Oxygen (O₂) is converted to ozone gas (O₃), jeans are dampened, exposed to the ozone, and rinsed; the ozone is reconverted to ordinary oxygen before release into the environment. Ozone finishing reduces energy consumption by reducing the amount of water that must be heated for wet finishing, and the temperature required. Furthermore, replacing some traditional finishing with ozone reduces effluent, including the sludge pumice stones create.

While chemical bleaching or stonewashing uses six to seven washes and rinses, ozone finishing requires two

Ozone technology reduces environmental impact, processing costs and processing times while achieving desirable fashion looks.

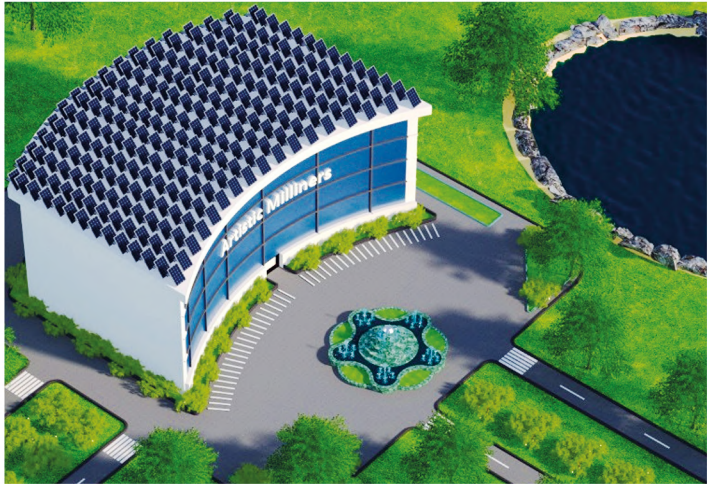


3. Fabric Recovery + Waste Utilization

Post-Consumer Waste:

Artistic Milliners has made progress on its utilization of Post-Consumer Waste fabrics through the deployment of technologies such as Renewcell. This uses Circulose which recovers cotton from post-consumer waste hence cutting down fashion waste and reducing water, climate, micro plastic and deforestation footprint to almost zero.

This is similar to Tencel Lyocell, technology which utilizes post-consumer sources which would otherwise be sent to landfills or incinerated – by upcycling it into brand new cellulosic fiber materials for clothing and home products.



Post Industrial Waste: Circular Park

90 million tonnes of textile waste is created every year. That's an Average of 15% of fabric used in garment production. Circular Park, will be a purpose-built fabric recovery facility, powered by clean energy, capable of recovering up to half a million tonnes of textile waste every month

Circular Park, will help us realize one of our key ambitions on the road to Total Circularity: Reducing its wastage and virgin fiber use. A 100% Solar powered recycling facility currently under construction that will use zero water and harmful chemicals while having minimal carbon impact. The quality of clean fiber produced lets us make products of unparalleled quality while further pushing the boundaries of our circular ambitions

That means instead of ending up in landfill, or in our atmosphere as harmful emissions, a massive amount of waste goes right back into the loop generating up to 500,000 KG of Recycled Fiber/Month, allowing us to produce the durable, high-quality fabrics, all while having a minimal planetary impact



Precision controlled - content sorting allows for better traceability for different post-industrial fibers thanks to our process.

Reduced transport emissions

Our input waste comes from units > 1 KM away, drastically reducing transport costs and emissions

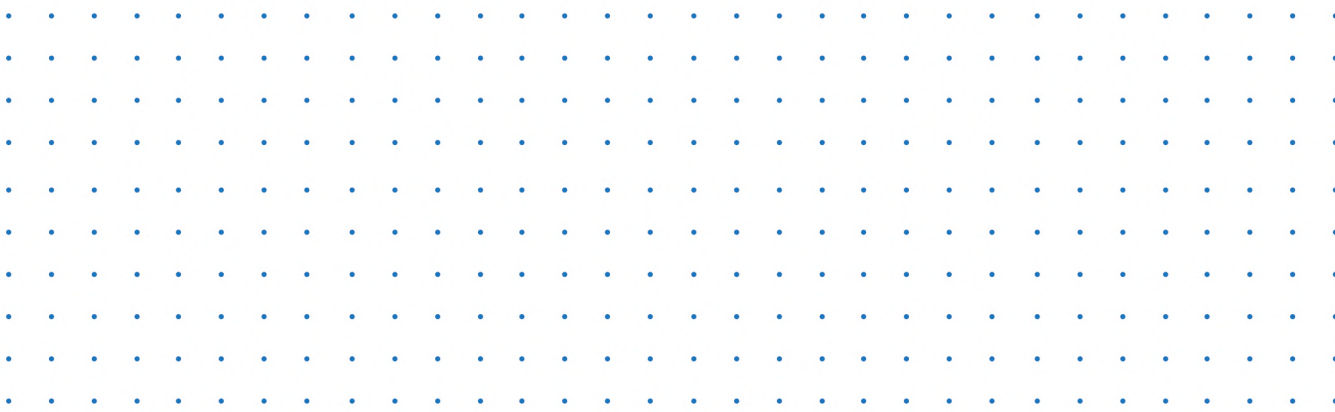
Better utilization of hard waste

The remarkable precision of LR's equipment means far more precise hard waste use > 92%



From collection to output, our process is entirely chemicals free from toxic chemicals and dry, lowering its resource impact considerably while resulting in clean ready to spin fiber.





4. Dyeing Technology: Purecolor, Crystal Clear 3.0 and Ice Breaker

Our work on developing clean, efficient and sustainable dyeing processes and technology have led to significant milestones in terms of what can be one of the most environmentally disruptive aspects of production. From water saving to chemical reducing to organic dyeing, we continue to make major strides in this area.



CRYSTAL CLEAR

Crystal Clear 3.0 is our cleanest and salt-free indigo dyeing process. The hallmark of this C2C Gold certified dyeing is the 'less water dyeing technique' leading to 70% water saving and zero liquid discharge of hazardous chemicals. This also simplifies the water recovery process, and has a positive impact on related energy usage.

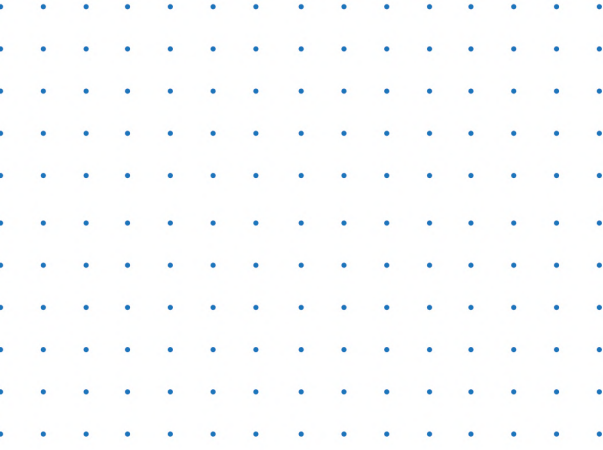


Purecolor Dyeing:



Purecolor is our proprietary 100 percent natural and sustainable dyestuff made using dye derived from colorful soils. The technology has high reproducibility, good lightfastness in production and can withstand a minimum of five home laundering.

All 7 colors in the collection are achieved without the addition of any synthetic chemicals and are fully certified by GOTS and meet the ZDHC MRSL Level 1 certification requirements. With no traces of heavy metals, according to toxicity tests, rendering the solution is safe for babies, children and adult clothing categories.



icebreaker

Move to natural

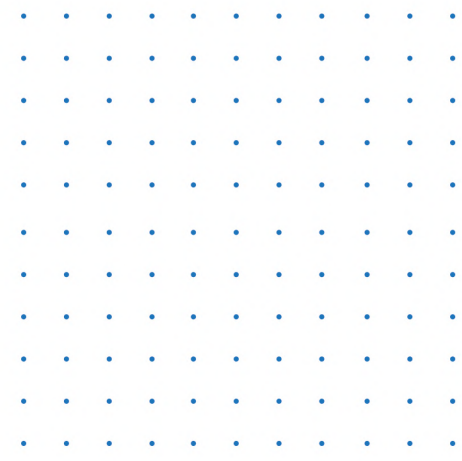
Ice Breaker:

Our latest proprietary dyeing technology was 2 years in the making, and enables 20% greater energy efficient versus other similar techniques, also allowing for 25% better laserability, and therefore reducing our reliance on chemical finishing.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

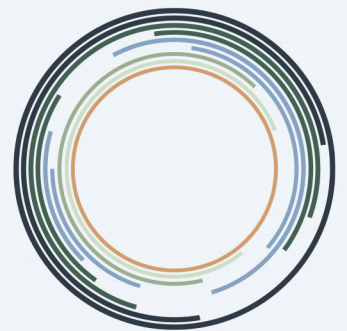
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





- Signatories of UN Business Ambition, UNFCCC, SBTn

At Artistic Milliners, we are deeply conscious of our combined business impact on nature, our environment and community. That's why, we are bringing a greater awareness to ourselves by considering the ways we can minimize our climate impact at every stage of our business activity.



By committing to UN Business Ambition for 1.5C in 2020, we have set a target to achieve net zero emissions by 2050 at most. Through this commitment, we have joined the league of visionary business leaders from around the world for a net zero future. Artistic Milliners became the first company from Pakistan to join Business Ambition for 1.5C. In December 2020, our CEO Mr. Omer Ahmed was invited to speak at the UN High-level Meeting of Caring for Climate to talk about our climate positive ambitions, particularly our focus and investments in renewable energy. He was honored as the only industry leader from Pakistan to speak at the high-level panel.

In the same year, we also joined UNFCCC and the more industry specific Fashion Industry Charter for Climate Action. The Fashion Industry Charter for Climate Action goes beyond previous industry-wide commitments. Work under Fashion Charter for Climate Action is guided by its mission to drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050 in line with keeping global warming below 1.5 degrees. It also includes a target of 30% GHG emission reductions by 2030 and a commitment to analyze and set a decarbonization pathway for the fashion industry drawing on methodologies from the Science-Based Targets Initiative.

A few years ago, we had joined Science Based Targets initiative (SBTi). In order to take our climate action strategy to the next level, we also joined Science Based Targets for Nature (SBTn) in 2020. These networks have allowed us to take a better stock of the situation and set more ambitious climate action targets grounded in science-based solutions.

- Members of Aii, OCA, Textile Exchange, PaCT



In February 2021, Artistic Milliners joined Apparel Impact Roundtable (AIR) – an advisory group of Apparel Impact Institute (Aii) represented by the top brands, retailers and manufacturers, who help drive and engage Aii’s strategic programming.

The collaboration has allowed Aii and Artistic Milliners to work together on strategic initiatives setting the industry’s direction to adapt clean supply chain practices.

“Artistic Milliners has been a long-time leader in producing sustainable products,” said Lewis Perkins, president, Aii. “I have known this team for many years and have worked with them on sustainability initiatives in the past. Joining the Roundtable demonstrates Artistic Milliners’ ongoing commitment to excellence by furthering their dedication to positive impact through scaling proven solutions.”

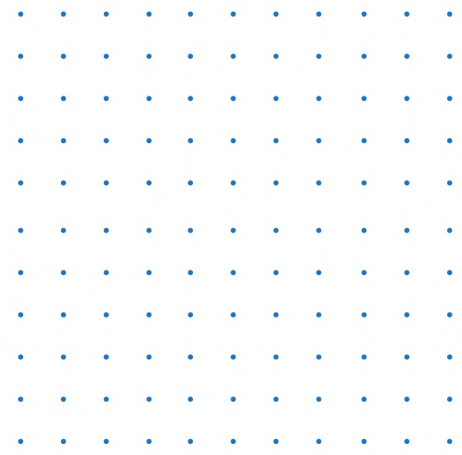
Aii has become the key driver in the fashion industry to help the players adapt proven environmental programs that will eventually lead to a cleaner value chain and a more sustainable ecosystem.



In 2020, Artistic Milliners became one of the pioneer Pakistani Contributors to the Organic Cotton Accelerator (OCA). OCA is multi-stakeholder organization fully dedicated to organic cotton and committed to bringing integrity, supply security and measurable social and environmental impact to organic cotton. Artistic Milliners aims to transition Milliner Organic to the OCA FED Programme in the year 2022.

We are a member of Textile Exchange. Being associated with this reputable platform in responsible fashion allows us to learn from the global best practices and implement more sustainable practices across our manufacturing processes.





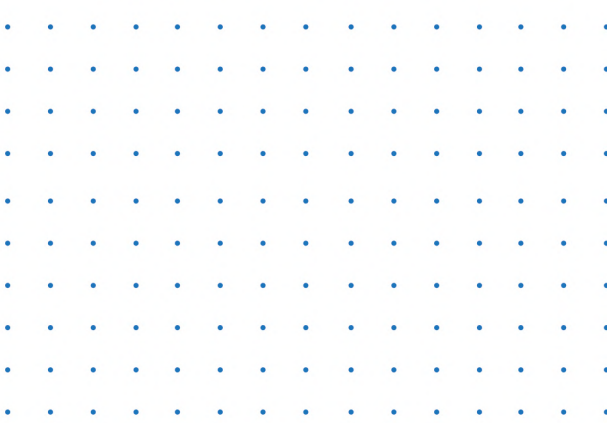
- GOTS certified, C2C certified and LEED certified



From cotton seed to weave and garment production, our entire process of organic cotton is GOTS certified. The Global Organic Textile Standard (GOTS) was developed by leading standard setters to define world-wide recognised requirements for organic textiles. From the harvesting of the raw materials, environmentally and socially responsible manufacturing to labelling, textiles certified to GOTS provide a credible assurance to the consumer.

Artistic Milliners is the first denim mill to develop Cradle-to-Cradle (C2C) Gold Certified Denim Fabric in partnership with G-Star RAW and developer of Crystal Clear clean indigo technology together with DyStar® and G-Star RAW.

Artistic Milliners has now developed C2C Bronze and Gold certified jeans for its brand partner Lee. These sustainable jeans are made from organic cotton and meet the highest standards of sustainability.



LEED certified

2- Investing in sustainable buildings Two of our largest garment production units are LEED Certified. Their scores in 'Energy and Atmosphere' are 84.8% (for LEED Platinum facility) and 34% (for LEED Gold facility)



Artistic Milliners Eco Tech units AM4 and AM15 received LEED Platinum certification by the US Green Building Council. LEED Platinum is a step forward from Pakistan's first LEED Gold building established by Artistic Milliners in 2014. The latest version of USGBC LEED certification—LEED v4 BD+C—is more stringent and transparent compared to previous versions. Artistic Milliners is now 1 of 5 companies in the South Asia region to be certified using this standard. USGBC LEED Platinum scores companies on 58 different checkpoints regarding energy, water, innovation, and environmental quality.

 **62%**

Reduction in Energy Use from solar panels, efficient chiller, waste heat recovery boilers, efficient lighting & machinery.

 **50%**

Reduction in Water Use from water recycling, efficient water fixtures, water saving machinery and Waste Water treatment.

 **83%**

On site generated construction waste is diverted to landfill.



40% Renewable Energy (1 MW Solar Panels)



100% Carbon Offset of GHG emissions during construction



100% energy efficient LED lights



Advance Energy and Water Metering



98% Rain Water harvesting



CFC Free/ Environmental Friendly refrigerant use.

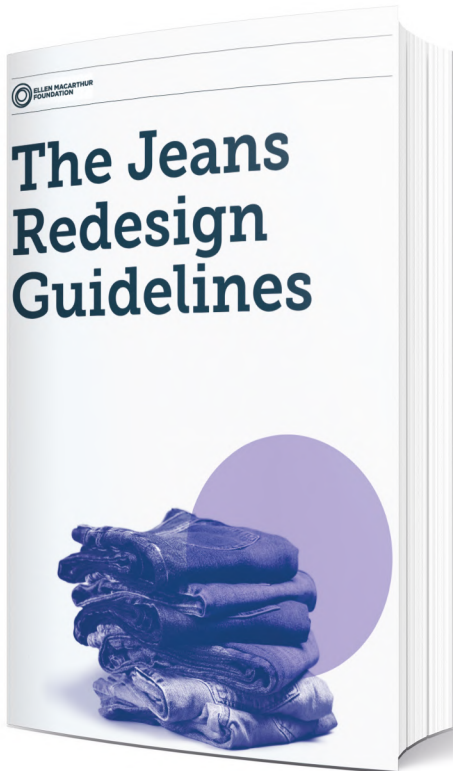


Seismic resistant building structure.



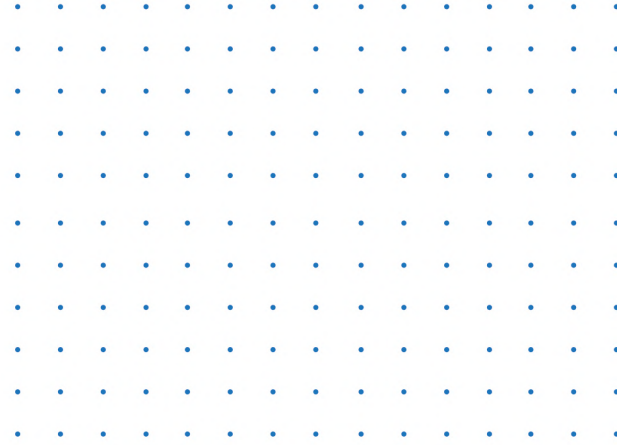
82% increase in Solar Reflective Index (SRI) to reduce heat gains through roof

- Participants of Jeans Redesign Project



We joined Ellen MacArthur Foundation's Jeans Redesign Project in 2019. Following their guidelines, we successfully developed samples of circular jeans. We are now developing more specific samples of jeans made following the latest Jeans Redesign guidelines for our brand partner.





- Green rehabilitations restoring our planet with regenerative organic cotton farming

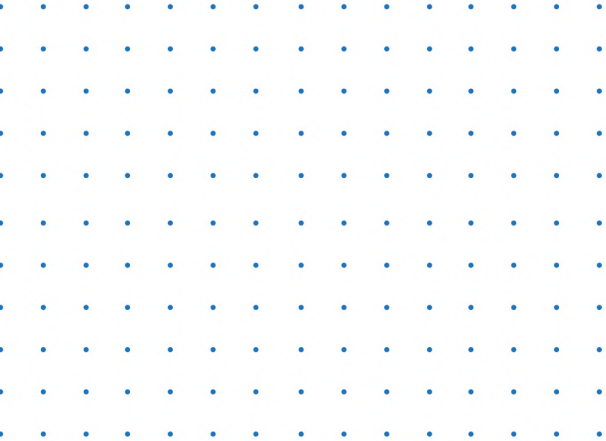
The upstream value chain of our industry often gets overshadowed. We wanted to trace back our steps to where our denim originates from the cotton farms. Ethically sourced cotton has been a huge problem for our industry for a long time. We wanted to take a closer look at the challenge at hand and find a sustainable solution.

When our team visited the popular cotton farming lands of Pakistan, we realized that conventional farming is a norm and most farmers are unaware of the adverse effects of the pesticides and deep tilling, not just on the soil but also the planet.

Conventional farming is based on harmful practices that actually disrupts the natural function of the ecosystem. This, in turn, results in a soil that's unable to absorb carbon from the air and therefore contributes to hotter atmosphere, eventually causing global warming. With this farming method, the soil loses all its nutrients over time and turns to useless dust. As a result, we are seeing a growing pattern of barren lands across the world.

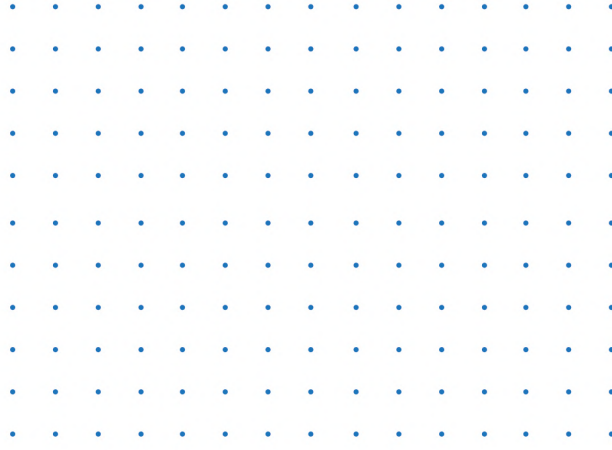
Regenerative farming, on the other hand, takes a more balanced approach. It is restorative in nature, and thereby maintains a good soil health and ecosystem biodiversity, draws down carbon from the atmosphere and helping reverse climate change while ensuring fair and equitable livelihood for the farmers.





During our visit to cotton farms, we also learnt that the virgin, fertile lands of Baluchistan have a huge potential for organic cotton farming. That's where our fascinating journey of regenerative organic cotton farming began.

Our investment in these lands, covering the area of 10,000 acres, for the next four years will not only revive regenerative farming but also help uplift more than 2,000 farmers, women cotton pickers and their communities. It's a win from both planet and social standpoint. It is time for farmers and their hard work to get recognized and rewarded.



- Traceability With Digitalization

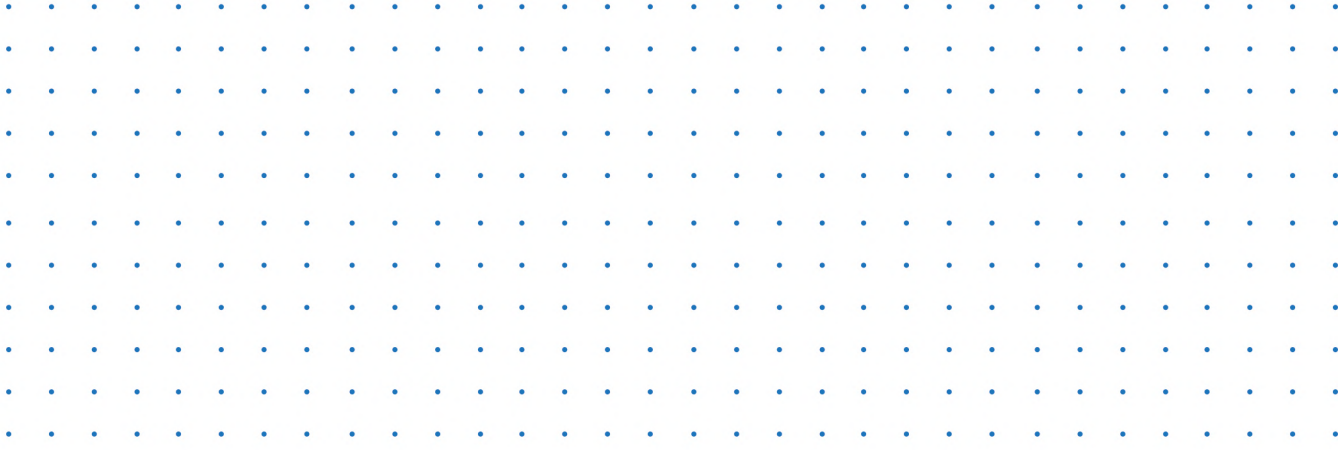


After training of the farmers and discussions with the cotton ginners, we realized that one issue remains largely unresolved – traceability of Pakistan’s rare organic cotton.



That's when we started exploring innovative solutions in digital transformation. With growing awareness, more people want to know what happens between farm to fashion. While many brands and suppliers have tried to address this and bring more visibility, most of the value-chain remains invisible. We realized that our Milliner Cotton Initiative has a huge potential to change the status quo. We are taking a deep dive into traceability based on block chain solutions. The program is designed to ensure that organic cotton data is immutable so there's no chance of counterfeiting. Block chain is going to be a game changer, offering greater visibility to up ream supply chain players. Majority of the top 100 brands have announced 100% sustainable fibers target by 2022 to 2025. But there is a fundamental disconnect - less than 5% of these brands can fully track their products back to the fiber origin. That's why block chain based traceability is the way forward.





- Clean Energy For A Sustainable Future

In 2017, Artistic Milliners launched Artistic Energy, a fully owned subsidiary of Artistic Milliners, as a dedicated renewable energy setup. In the first phase, the company operationalized a 50MW wind farm project with zero occupational incidents, supplying clean energy to the national grid. Establishing Artistic Energy was a huge diversion for Artistic Milliners as one of the largest vertical denim makers in the world. However, Artistic Energy is a manifestation of the clean future that the parent company believes in.



Currently Artistic Milliners continues to expand the existing clean energy portfolio with the addition of another 50MW wind farm as well as solar and hydro power plants. The wind farm project remains the top performer in Pakistan with annual operational availability of almost 100%. Our total clean energy production from wind farms alone is 100MW, providing power supply to more than 50,000 households.

A solar energy plant of 50MW has been setup in Sukkur over the land area of 250 acres. We aim to operationalize the project by 2022.

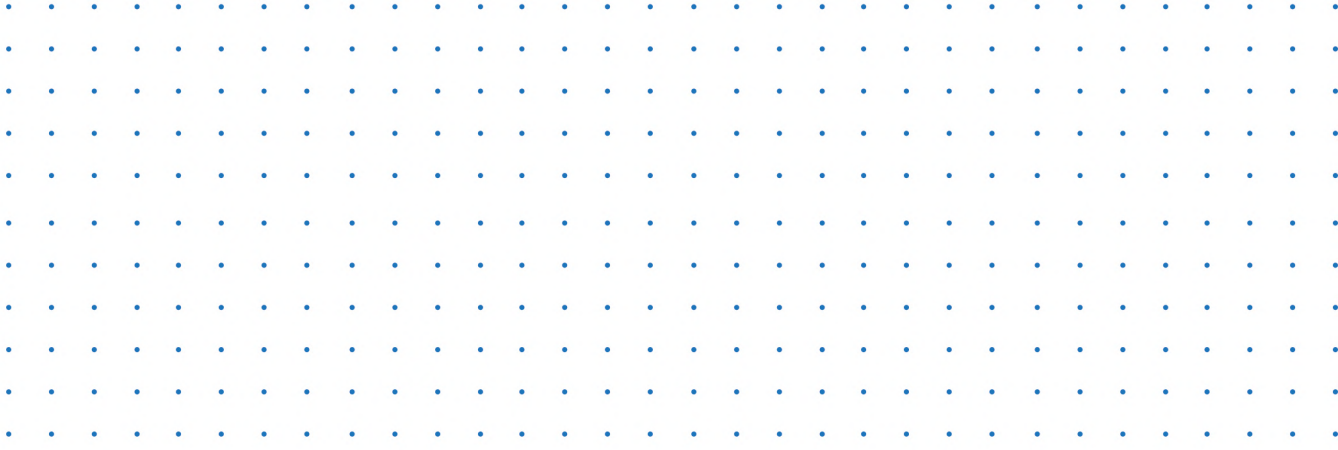




Side tip:

- Energy is by far the main contributor of climate change. It accounts for 73% of human-caused greenhouse gases.
- 48% more greenhouse gas offsets than total emissions from Artistic Milliners Group.

We have also invested in two 50MW hydro power plants in the northern province of Pakistan. Both the projects have made remarkable progress having entered the next phase of approval from the government bodies.



- Climate Strategy

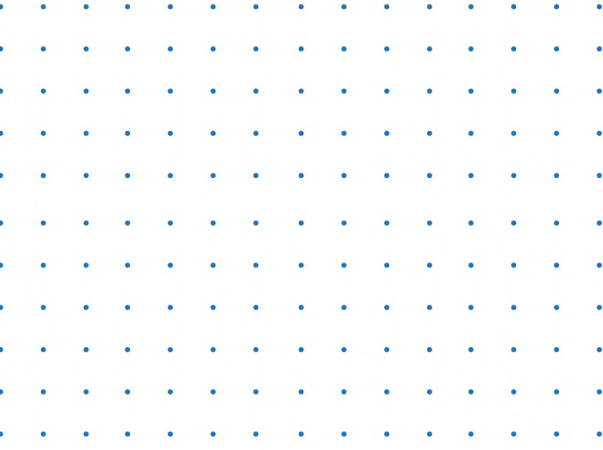
Business Ambition: Race to ZERO BY 2050

At Artistic Milliners, we are aware of the level of ambition this demands and this Climate Strategy maps out the path we'll take to cut down emissions by 50% by 2030 and net zero emissions by 2050.



Under the 2015 Paris Agreement, nearly 200 nations committed to limit global temperature increase to well below 2 °C and strive to limit the increase to 1.5°C above pre-industrial levels. In 2018, the Intergovernmental Panel on Climate Change (IPCC) released a report that provides strong evidence that limiting warming below 1.5°C will significantly reduce climate impacts including drought, sea level rise, flooding, and extreme heat. This level of ambition will require significant reductions in greenhouse gas (GHG) emissions across the economy: 45% by 2030 from 2010 levels and net zero by 2050 to be exact.





Even though Pakistan's total GHG emissions is only 0.8% of the global emissions, it is among the top ten most climate-affected countries of the world, as indicated by the Global Climate Risk Index. These adverse impacts of climate change are not in the distant future but are imminent. The Ministry of Climate Change is a Cabinet-level ministry of the Government concerned with climate change in Pakistan. The country has launched campaigns including Clean Green Pakistan and Billion Tree Tsunami to combat climate crisis.

The global apparel and footwear industry had sales of €1.5 trillion in 2016, and this is projected to increase to €2 trillion by 2030 (BCG and GFA 2017) Yet another report by World Bank estimates fashion industry contribution to 10% of the global emissions. In 2018, in response to the Climate Crisis the fashion industry launched The Charter for Climate Action to align on a holistic set of climate commitments.



Carbon Disclosure

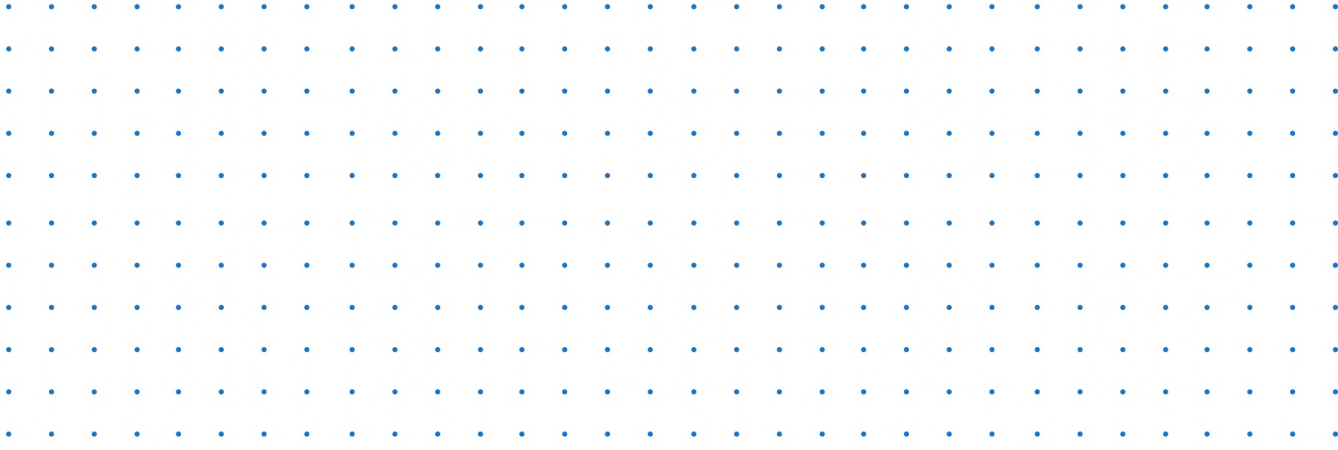
Currently, we employ two industry-recognized platforms to report our GHG emissions.



CDP: Formerly known as the Carbon Disclosure Project, CDP is a global, investor-led coalition on greenhouse gas and other types of environmental disclosure.



Higg FEM: AM reports its environmental performance on Higg FEM module since 2016; and has reported verified scores since 2017

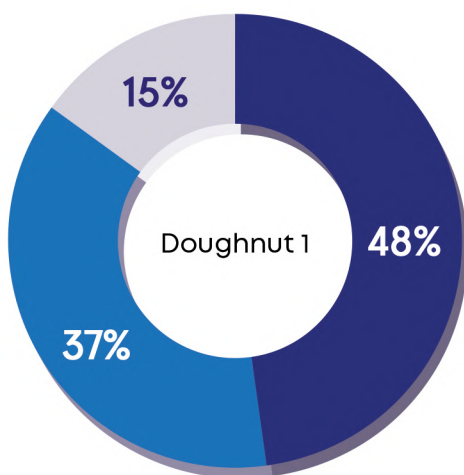


GHG Inventory

For the year 2019, our total GHG emission is 122,736 tons of CO₂-eq

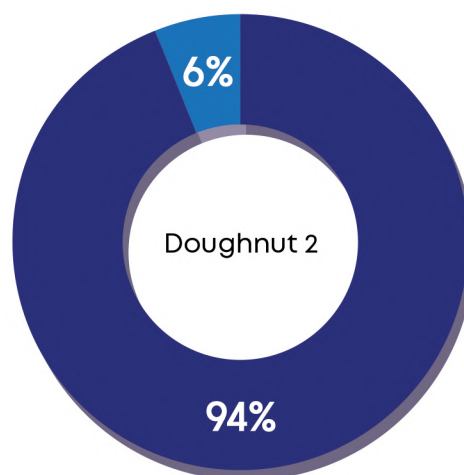
For garment division, this is equivalent to 1.355 kg of CO₂-eq/piece; for Fabric division, it is 1.476 kg of CO₂-eq/metre of fabric and for spinning department it comes up to 0.695 kg of CO₂-eq/lb of yarn.

The pie chart depicting our total GHG emissions Tier wise is given in doughnut 1



■ Spinning ■ Denim ■ Garments

Artistic Milliners GHG Inventory Tier wise



■ Scope 1 ■ Scope 2

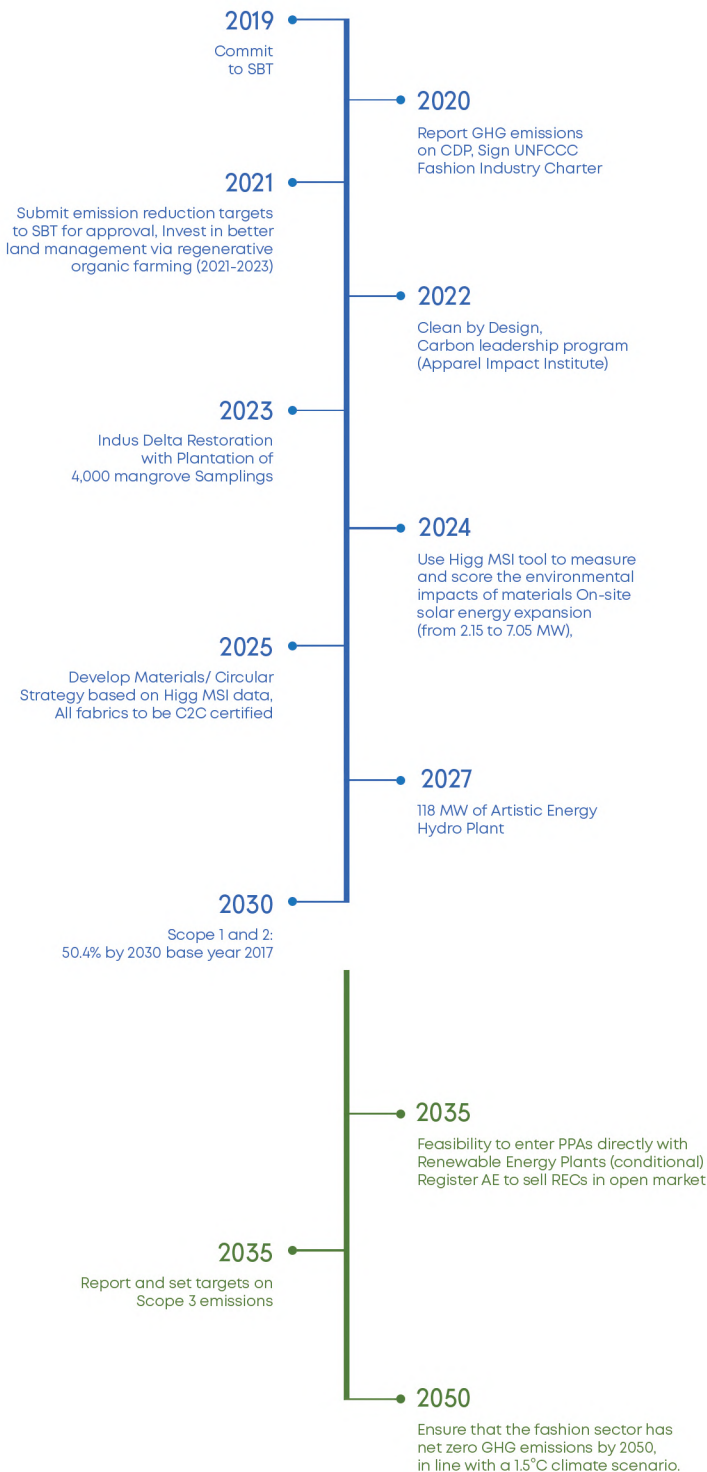
Artistic Milliners GHG Inventory Scope wise

Our emissions Scope wise are depicted in Doughnut 2. The chart includes Scope 1 and Scope 2 only. We plan to report on our Scope 3 emissions using the GHG Protocol Scope 3 Standard and Higg MSI tool by 2024.

Energy Management Software

We are also in the process of upgrading our energy monitoring software. The new technology will give us access to real-time data, provide modular measurements, recognize cost drivers and help control energy losses and inefficiencies. The software will be integrated across all units by end of 2021.

Race to zero by 2050 milestones & goals



Public commitments

- Artistic Milliners is the first Pakistani company to join the Business Ambition for 1.5 degrees under the Race to Zero Global Campaign led by the Science Based Targets initiative.
- Artistic Milliners is a signatory to the Fashion Industry Charter for Climate Action. As part of this commitment, we are required to annually report our group level GHG emissions via CDP. We are also part of 2 Working Groups 'Manufacturing/ Energy' and 'Raw Materials' of the charter.





Strategy towards carbon neutral GHG reduction framework

As a vertically integrated denim company, Artistic Milliners scope 1 and scope 2 emissions are much more significant compared to scope 3 emissions. The framework below details how we plan to curb our emissions across all the 3 scopes.

Reducing Scope 1 emissions

Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by a company, for example, emissions from combustion in owned or controlled boilers, furnaces, and vehicles. There are four ways we have identified we can improve energy efficiency.

1- Energy Efficiency Processes and Machinery

Table 1 is the list borrowed from Environmental Good Practice Guide & Toolkit developed by Adidas and recommended by The Charter Playbook. We are going to use this toolkit to identify areas of energy optimization in our processes and machinery.

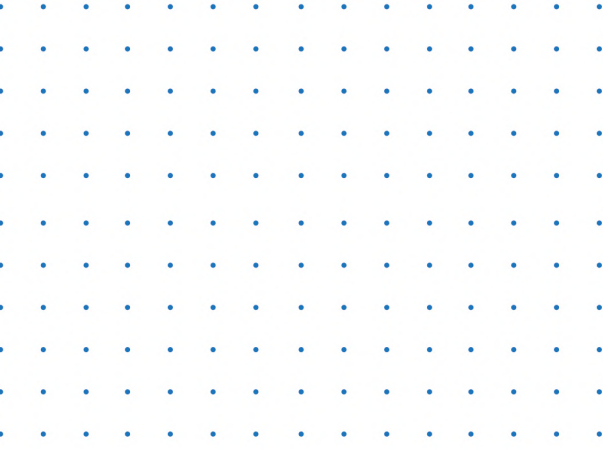
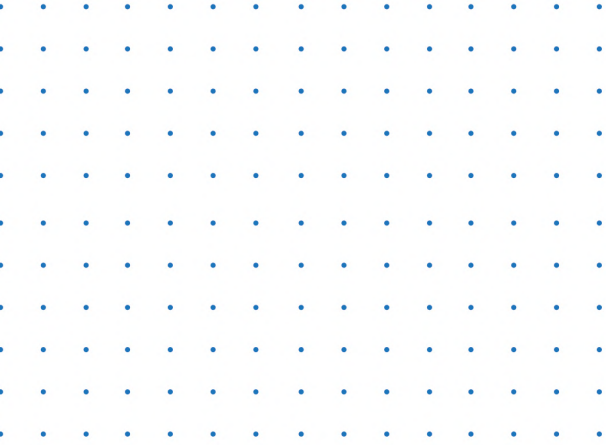


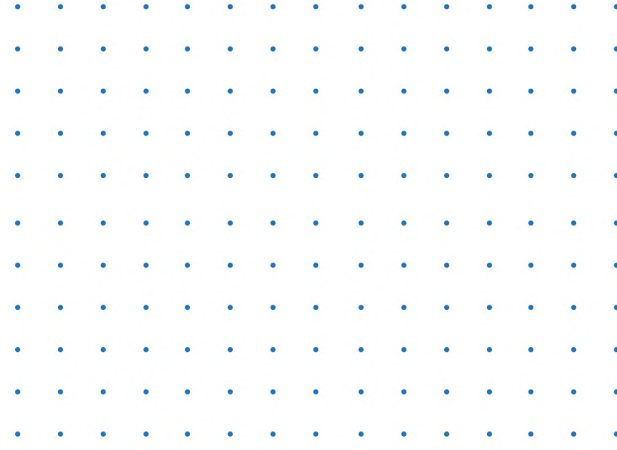
Table 1

Opportunities for tier 1 and 2 facilities to reduce energy consumption and GHG emissions

General operations	<ul style="list-style-type: none"> • Turning off machines at the end of the day and when not in use • Setting up automatic turn-off systems for optimizing HVAC systems • Adjusting shifts to maximize utilization of the production line
Lighting efficiency	<ul style="list-style-type: none"> • Replacing compact fluorescent lamps with LED lamps • Optimizing on / off time for lights (including turning off when not in use) • Installing additional light switches for better zonal control • Eliminating double layer lights • Lower the lighting fixture height level • Use of daylight (installation of skylights)
Maintenance	<ul style="list-style-type: none"> • Introduce regular steam trap and leakage check and repair program • Introduce total productive maintenance program (link) • Introduce regular Thermal Imaging Checks Program
Air compressor	<ul style="list-style-type: none"> • Lower inlet air temperature into air compressors by diverting hot exhaust air outside • Optimize the compressed air distribution piping system • Introduce regular compressed air leakage check program
Boiler / thermal	<ul style="list-style-type: none"> • Install steam trap on condensate pipe to limit flow of steam for ironing process • Proper insulation for thermal systems (piping, valves and flanges) • Install economizer for heat recovery of exhaust air • Optimization of air-fuel ratio for boiler or oil heater • Reuse condensate and cooling water • Heat recovery from hot wastewater
HVAC	<ul style="list-style-type: none"> • Install temperature/humidity control for optimizing HVAC system
Motors and drives	<ul style="list-style-type: none"> • Install Variable Speed Drive (VSD) for cooling tower fan to lower fan speed • Install VSD and modulating valve for air handling unit (AHU) • Install VSD for chiller water pumps • Install VSD for condenser water pumps • Install VSD for air compressors • Replace induction motor with servo motor for sewing machines • Replace hydraulic motor with servo motor for cutting machines
Power quality	<ul style="list-style-type: none"> • Install capacitor bank for power factor correction
Process equipment	<ul style="list-style-type: none"> • Stenter exhaust heat recovery for air preheating • Dryer control enhancement
Additional common opportunities	<ul style="list-style-type: none"> • Replace manual cutting machines with automatic cutting machines • Low liquor ratio dyeing machines • Replace manual compression molding machines with by automatic injection molding for single color soles. • Replace manual buffing machines with automatic machines for flat soles.



3-Third Party Energy Optimization Programs Artistic Milliners has leveraged third party energy audit and optimization programs to reduce its carbon foot print. Two of these programs; IFC PaCT (Partnership for Cleaner Textiles) and EU funded ILO ILES (International Labour and Environmental Standards) have resulted insignificant energy savings at our facilities, helping us offset GHG emissions by a sizeable 22.6%. Going forward, we are implementing mill improvement programs such as Clean by Design by the Apparel Impact Institute.



Reducing Scope 2 emissions



Scope 2 emissions are those from purchased energy, which is primarily electricity, but may include steam or hot water for central heating systems.

In 2019 reporting period, AM's total energy consumption was 121,394 MW. About 99% of that was obtained in-house through our turbines and generators. This is our attempt to reduce burden on national grid since Pakistan is an energy-deficient country.

About 1,051 MW of energy was purchased from the national grid. This lies in our Scope 2 emissions. Based on the location based approach, our Scope 2 GHG emissions are 609.5 tons of CO₂-eq.

In addition to this, in 2019, we purchased 41,069 tonnes of steam from neighboring dyeing company and the emissions from it amounts to 8,743 tons CO₂-eq

1- Increase energy efficiency to cut down purchase the grids in Karachi, Pakistan are currently only fed by fossil-fuel based power plants. There are no options for purchasing electricity generated from renewable sources. Therefore, the only way we can reduce our Scope 2 emissions is to reduce consumption and hence dependency on the grid.

See list of energy efficiency measures we have taken in Table 1.

Reducing Scope 2 emissions

2- On-site renewable energy installation
On-site renewable energy forms a very important element to the total energy mix of Artistic Milliners. Even though the total percentage contribution of on-site renewable energy is minimal due to space availability and other factors, Artistic Milliners aims to ensure that we maximize renewable energy installation.

Our current status and future expansion plan is tabulated below

Facility ID	Running Solar	Current Installation phase	Future expansion (2023)	Share in total energy (2023)
AM 4	380	280	244	
AM 15	70	285	710	15%
AM 17	1,700	-	-	
Other units	-	-	3,379	



Current Solar - 2.15 MW
Projection by 2023 - 3.64 MW

48%

More Greenhouse Gas offsets than total emissions from Artistic Milliners group

The total energy consumption of Artistic Milliners is 25.54 MW against which 14.813 tons of GHG emissions are recorded hourly. With a 49.3 MW Artistic Energy Wind Power Plant in operation, we are offsetting 28.594 tons GHG emissions.

Reducing Scope 3 emissions

Scope 3 emissions are indirect emissions from a company's value chain activities.

1-Circular Economy

According to The Ellen MacArthur Foundation (EMF), "The circular economy is restorative and regenerative by design. Currently, less than 1% of material used to produce clothes across the industry is recycled into new products. (A new textiles economy: redesigning fashion's future)



ELLEN
MACARTHUR
FOUNDATION



cradleto

Circular Blue

In 2019, Artistic Milliners launched “Circular Blue” platform where we constantly seek new approaches to engineer fabrics that employ recycled/degradable materials and circular technologies. Some of our breakthroughs via Circular Blue platform include:

RESPECT collection which uses post-consumer, pre-consumer and industrial waste fibers and dyed with Clean Indigo Dyeing Process; Crystal Clear.

CC 3.0 which saves up to 80% water as a combined wet process that is also powered by Jeanologia G2 Dynamic.

In 2017, Artistic Milliners created the World’s First Cradle to Cradle Gold Certified Fabric. Going forward, we aim to bring all our fabrics under C2C certification.

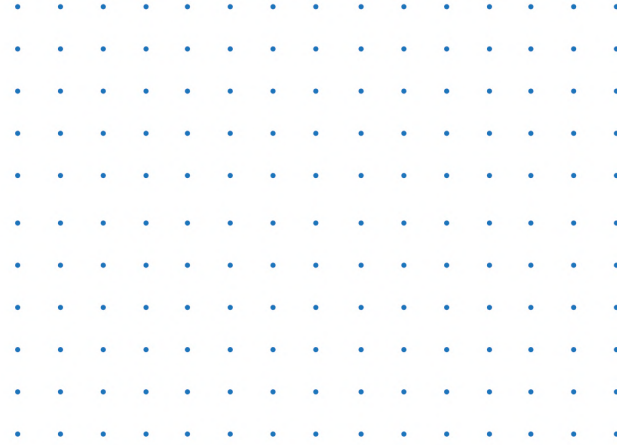


Circular Textiles 2050

As signatory of World Circular Textiles Day, Artistic Milliners has committed to making the fashion and textiles world fully circular by 2050.

■ ANTICORRUPTION





At every level of AM, responsibility, sustainability and good judgment are core business values that underpin decision-making for each and every employee, member of management and our directors on the board. We believe that these core values, articulated in our internal operating procedures sets a strong base for an anti-corruption culture.

These SOPs include:

- Anti-bribery/corruption policy
- Code of Business Conduct and Ethics
- Security Policy
- Anti-Fraud Policy
- Human Rights Policy



For effective implementation of anti-corruption policy, Artistic Milliners has adopted following practices:

- 1- Regular internal and third-party audits to ensure anti-corruption laws are not breached at any level.
- 2- All donations to charitable organizations are transparent and properly documented.
- 3- All company management is trained on anti-corruption laws and practices.



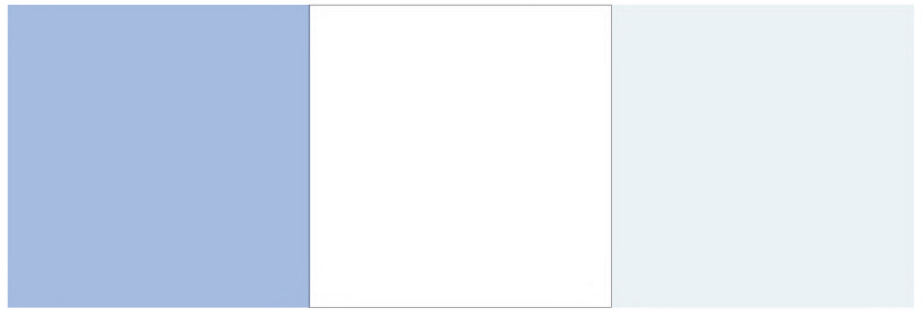
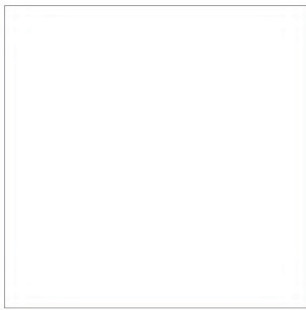
Ethics And Compliance

We are committed to doing the right thing. We strictly adhere to the highest ethical standards and expect the same from all of our business partners through the value chain. It is our commitment to ensure our decisions and behaviors reflect our vision and values and are compliant with laws and regulations.

Raising Concerns

It is critical that employees feel safe, confident and comfortable in raising issues and concerns, and through the investigation and remediation process. Our policies are designed to protect employees and workers, their anonymity, and encourage their confidence in doing the right thing. Our whistleblower policy, applies to all employees and suppliers in the value chain.

We encourage employees, partners and other third parties to report concerns or suspected compliance or ethical violations through our many reporting channels: phone calls, email, direct communication to management, or our human resources team. Our reporting system is accessible at all times, in local languages and can be accessed anonymously if the user wishes.



Global Mandate Alignment

Artistic Milliners supports global mandates that reflect the view that development needs to be economically, socially, and environmentally sustainable and aligns to the following:

Economic Action

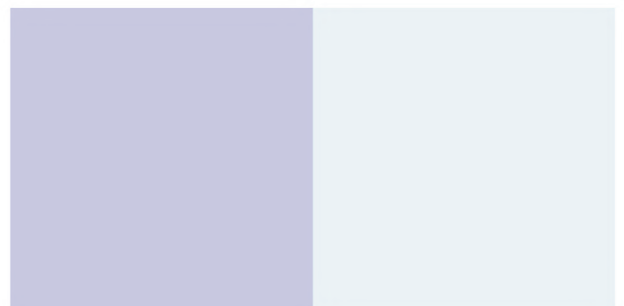
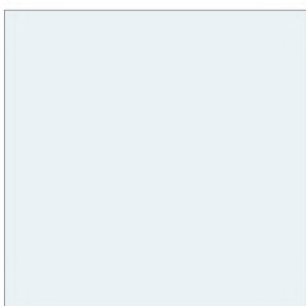
- United Nations Global Compact (UNGC) 10 Principles
- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- International Labour Organization (ILO) Fundamental Conventions

Environmental Action

- CEO Water Mandate Signatory
- Ellen MacArthur Foundation/New Circular Economy Global Commitment
- Paris Agreement/Target (commitment) alignment to limit global warming to well below 2°C above pre-industrial levels
- UN Business Ambition to 1.5C
- UNFCCC

Social Action

- Women's Empowerment Principles
- UN Global Compact/Target Gender Equality





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