



COMMUNICATION ON PROGRESS

2021-2022



This is our **Communication on Progress**
in implementing the Ten Principles of
United Nations Global Compact.

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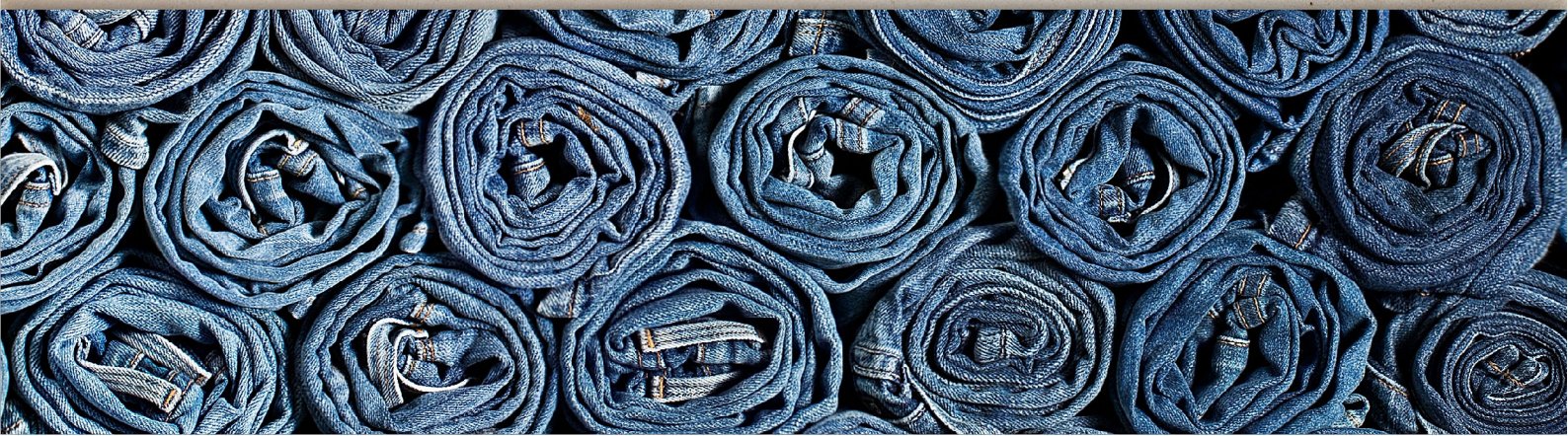


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ABOUT US

Nishat Apparel is a business segment of Nishat Mills Limited, which is the flagship company of Nishat Group. It was established in 1951. It is one of the most modern and largest vertically integrated textile companies in Pakistan.

For over more than a decade, Nishat Apparel has been adding value to the entire garment industry. We manufacture a diverse range of garments (denim and non-denim) targeting men, women and kids. We offer cut to pack facility under one roof with the Production Capacity of **1.2 million garments/month**.

We have state-of-the-art garment stitching facility, laundry with SMART sustainable solutions, and Industry 4.0 to implement automation at every step of our processes.

Our core strength and focus has always been on strategic business partnership with brands that we work with, and we always strive to offer uniqueness in every product to all of our customers.

Nishat Apparel has embedded its core values in all of its processes, and is committed to minimize environmental impacts, priorities workers' well-being and maintain global standards.





Vision

To be and remain industry lead by safeguarding stakeholders' interest, serving community and playing a meaningful role in the economy of Pakistan.



Mission

To increase financial returns by pursuing sustainable business, producing the best quality products and providing excellent customer services while adopting best practices.



INSIDE THIS REPORT

This report covers a comprehensive detail of how we are incorporating United Nations Global Compact's (UNGC) ten principles into our business and processes in order to contribute towards shaping up a sustainable future. This is the first issue of Nishat Apparel on Progress Report highlighting the actions we have taken, changes we have made, new measures that we have introduced, and ongoing initiatives and programs in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

“Nishat Apparel’s functioning and processes are aligned with Sustainable Development Goals (SDGs).”

We have actively transformed ourselves to place SDGs at the heart of our operational activities, using SDGs as a lens to address challenges, build a strong growth strategy, and have positive impacts on people and planet.

MESSAGE FROM BUSINESS HEAD

Greetings Everyone,

Nishat Apparel reaffirms its support to the ten principles of United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-Corruption. We are pleased to present our First Communication on Progress (CoP) report for the year 2022 since becoming a signatory to the UNGC's ten principles on **October 05, 2021**. This report illuminates how we have implemented those principles in our business strategy, culture, and day-to-day operations, while prioritizing transparency and accountability.

Nishat Apparel has always been an advocate of **Sustainability**, and it is also one of the core values of Nishat represented by the letter '**S**' in its name. We believe in sharing this value with all our stakeholders, especially our workers, who are our greatest asset. All of us united together, working towards the similar goal, can help us make a sizable contribution to people and planet.

The world is gradually being engulfed by climate crisis, which has ultimately led us to revamp our processes, incorporate technological advancements, and partner with various organizations, so that we pursue carbon neutral commitments. We are cautious in gauging our impacts, and recording our evaluations; we are setting up science-based emissions reduction targets; we are continuously improving and adapting to water stewardship actions and plans; we are updating means of research and development; we are increasing our reliance on



WAJEEHA KHALID
Business Head

renewable sources of energy; and we are ardently transforming the company's dynamics to align them with United Nations Sustainable Development Goals, thus contributing to the world's transition towards a greener economy and a sustainable future.

While being responsible producers in textile industry and performing on the spectrum of SDGs, we also remain socially responsible. We continue to take myriad measures to increase employability, and provide a comfortable, inclusive yet diverse workplace for all our employees. Our collaboration with UN Women is helping us create a positive impact on society while our commitment to Women Empowerment Principles is guiding us to create a gender-inclusive workplace where there are equal opportunities for everyone, and equality means business.



HUMAN RIGHTS

HUMAN RIGHTS

► Principle 1:

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

► Principle 2:

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



International human rights law directs firms to act in certain ways which promote and protect human rights, irrespective of race, sex, nationality, ethnicity, language, religion, or any other status. Nishat Apparel strictly abides by all the human rights, and ensures everyone is entitled to these rights without any discrimination. We base our human rights policy commitment on the International Bill of

Human, and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles, and Rights at Work. Nishat Apparel has taken following measures to ensure internationally proclaimed human rights are protected and promoted.

DIVERSITY & INCLUSION

Nishat Apparel always promotes diversity and inclusion. It houses a whole workforce from all cultures as well as from different backgrounds and experiences. Women are encouraged to work, and excel in their career, as well as 3% quota has been kept for hiring differently-abled people. Moreover, Nishat Apparel has also further diversified its working culture by taking onboard Management Trainee Officers (MTOs) from various universities, thus broadening the mindset and horizon of the organization in order to maximize its functioning.

All the employees are given **fair chances** and **wages, equal opportunities** to excel, **safe working hours, freedom of speech and association**, and **respect**. The management ensures that the code of ethics is strictly enforced on the factory premises for the workers. Nishat Apparel also acknowledges the contributions of its stars by honoring them with promotions, rewards, and other benefits to boost their morale.



WOMEN EMPOWERMENT

Women at Nishat Apparel are a formidable force for business progression, thus generating empowerment and gender equality. Nishat Apparel makes women learn, lead, serve, take decisions, and promote self-worth. The founder of Nishat Mills Limited religiously believes that change comes when women are given roles not only in the lower level, but on the top management level too, and took the sole initiative to prove it by giving the business headship of the entire apparel plant to a woman, **Ms. Wajeeha Khalid**. She alone is leading the two state-of-the-art facilities with a production capacity of 1.2 million garments per month, and around 7000 employees. From booming the production, and profits for Nishat Apparel to expanding the business internationally, she has also incorporated **gender parity**, and **women empowerment at all levels**. She has modified the working culture, and ethics of all the employees, and has instilled the core values of Nishat in the workforce. She practices **open door policy** for everyone; be it a management official or a non-management, all are welcomed to voice their opinions. She has set up different committees, dividing roles amongst both the genders to drive the well-being of the staff. Moreover, she keeps introducing **extracurricular events** in order to remove the barrier of interaction between top management, and other staff members. The employees enjoy tokens of appreciation in terms of lunch, dinner, festivity moments, bar-b-q evenings, and certain incentives. Initiatives are taken to embed corporate culture, diversity, and inclusion where not only experienced officials are hired, but young talent, and fresh graduates are also given guided opportunities to excel. **Trainings** are given to the underprivileged people, so that ways of earning livelihood can be generated for the members of the society too. Thus, such a **professional development** is taking place under the guidance of a female head.

Nishat Apparel targets to continue working to change the economic outlook for women along its entire supply chain. These initiatives also show commitment towards United Nations Sustainable Development Goals particularly **SDG 5 - Gender Equality**. Following initiatives promoted women inclusion, and empowerment:



- Career ko karo Restart, Nishat key Sath:

This project of Nishat Apparel provided a platform to all those women, who had to take a break in their career due to some personal reasons, and couldn't continue it. It provided tremendous opportunities to all those enthusiastic and passionate women, who wanted to **rejoin corporate sector**. There were multiple opportunities in all departments.



- CupShup with Mian Mansha:

Female employees at Nishat Apparel had an interactive and insightful **"CupShup" session** with Mian Muhammad Mansha, Chairman - Nishat Group. In addition to **enlightening the young minds** with his wisdom and boosting their confidence, he shared his vision on how progressive he wanted to see the growth of women in textile industry. He extended his support for women employees, and vowed to take his vision further by lifting each other to achieve greater heights.



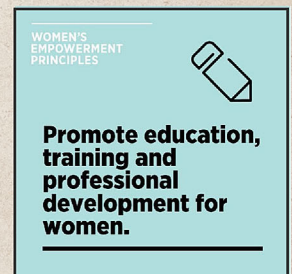
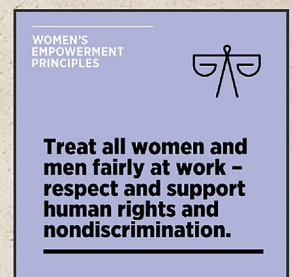
- Breast Cancer Awareness Campaign:

Nishat Apparel conducted a “Breast Cancer Awareness Session” in collaboration with **Shaukat Khanum Memorial Hospital** to increase awareness, and **reduce the stigma** linked to the symptoms, and treatment of breast cancer.



- Women Empowerment Principles:

Nishat Apparel has signed the United Nations Women's Empowerment Principles (WEPs). By signing the WEPs, we are committed to take bold steps to advance gender equality at our workplace, marketplace and community by focusing our efforts on developing a **gender equality action plan**. Our management is completely aligned with the **seven principles** of WEPs, and is focused on treating men and women equally, providing them key leadership positions, involving them in decision making, and developing them professionally.



- International Women's Day:

Women's Day was celebrated with the theme **'Break the Bias'**, and every woman of the organization was encouraged for who they are, and what potential they behold. Women came to office adorned in purple clothes, celebrated their day with a special lunch, cake-cutting ceremony and goodie bags. Nishat Apparel is thankful to all its women for the everyday effort, devotion, hard work, and magic they put in.

Not just on this Women's Day, but on every single day, each and every employee of Nishat Apparel is an advocate of gender equality, business prosperity, and gender unbiasedness. Be it a member of management or non-management; be it a security or a floor worker; be it a young or an old employee: everyone is aligned on gender parity, equal contribution from both men and women, and believing that success is unstoppable when both-gender-resources are tapped. Nishatians do not just believe, but also have the courage to show it to the whole world that they, for sure, break the bias!



- Joining Forces with UN Women:

UN Women Pakistan and Nishat Mills Limited (Apparel Division) has joined forces to promote gender equality and safer workplaces for women through capacity building initiatives on harassment and redressal mechanisms and gender responsive policies and procurement, among others on **9th June, 2022**. The agreement was signed during a signing ceremony by **Sharmeela Rassool - Country Representative, UN Women Pakistan** and **Wajeeha Khalid - Business Head, Nishat Mills Limited (Apparel Division)**.



We work together, across all Departments and Divisions, to ensure that we foster a truly inclusive, safe and productive workplace for all our fellow employees. We uphold the shared values of gender equality and women's empowerment. This is not only good for us individually, but also for the sustainability, innovation and productivity of our company.

PREVENTION OF GENDER-BASED VIOLENCE & WORKPLACE HARASSMENT

Nishat Apparel has taken various measures to ensure safe working environment for both men and women. Discrimination, violence, and harassment issues have been kept in mind while devising proper procedures to prevent gender-based violence and sexual harassment, and to bring justice to those who face such issues. Most of the people of society are unaware of such situations or fear severe consequences or dread being mistrusted; thus, Nishat Apparel has designed **strong policy** to implement zero tolerance towards gender-based violence under Protection Against Harassment of Women at Workplace Act 2010. The procedures of its implementation include compliance to local laws, detailed policy covering all required areas, setting up a committee to carry out investigation and follow-up, reporting, implementing decision-making process to decide on disciplinary measures to be taken depending on the severity of the issue occurred, and taking victim in loop while monitoring the repercussions. An **Inquiry Committee** comprising three members (at least one female member, one member from senior management, and one senior employee from worker side), and headed by senior management has been established to look into complaints under the code. **Team Human Resource & Compliance** is responsible to conduct periodically awareness sessions about the Code and the consequences of

such harassment at workplace for its employees.

All the employees are made aware of the policy and procedures through posters, training, and team meetings. The management of Nishat Apparel remains impartial in the process, and facilitates a just and fair inquiry without retaliation. It does not victimize the complainant or the witnesses in the case. The policy is placed at conspicuous places in the workplace.

Moreover, Nishat Apparel, with technical support from UN Women and customer, organized **training and awareness sessions** on GBV for the members of the management, production, and Complaint Committee Members. The sessions were based on raising awareness on what Gender Based Violence (GBV) is, why it happens, and what can be done when such issues are encountered. The week-long interactive training program was designed keeping in mind the local dynamics, and sessions provided hands-on scenarios to eighty participants along with role-play activities, and case studies for an in-depth learning experience.

The more we know, the easier it is to stand up against harassment of any form. Hence it's important to promote awareness on gender-based violence and sexual harassment to reduce the stigma of victimization, and to take collective action against harmful gender and social norms.



NISHAT CARE SCHOOL

Established in 2011, Nishat Care School is providing education to the students from local communities till secondary level. Every year more than 1000 students are being provided with education at a nominal fee by 50 teachers. Nishat Group has taken the responsibility of providing building, furniture, IT facilities, and other required resources for the school. Moreover, Nishat looks after the repair and maintenance of the school building, and also provides an annual support of 5 million rupees so that these students are provided quality under one roof.



CERTIFICATIONS

Nishat Apparel prefers human rights above all, and has acquired **numerous** certifications including GOTS, Better Cotton Initiative (BCI), OEKO-TEX, Worldwide Responsible Accredited Production (WRAP), BSCI, SA 8000, GOTS, CRS, RCS, OCS and Sedex Members Ethical Trade Audit (SMETA) for the development, and maintenance of socially acceptable practices at workplace. Moreover, we have been independently assessed and registered as conforming to the requirements of ISO 9001, ISO 14001, and ISO 45001.



HEALTH

Nishat Apparel is highly concerned about the health of its work force. To ensure safety, our top management encouraged all the teams to get vaccinated against COVID-19, and follow the SOPs. We worked relentlessly to increase awareness, and prevent the spread of COVID-19 within our workplace. At the beginning of the pandemic, we held several virtual information sessions for employees to help raise awareness of actions that help to prevent the spread of the virus. We also instituted a paid-leave policy for employees required to quarantine due to illness or exposure. Later, on-site COVID **vaccination drives** were held periodically for one whole year to facilitate our employees in getting vaccinated with the provision of walk-through spray booths, face masks, gloves, and sanitizers.

Moreover, workers are provided with **free** vaccination, eye vision test, spirometry test, audiometry test, and hygiene assessment bi-annually so that they remain fit to work, and their health issues can be addressed on time. Health screenings against hepatitis, tuberculosis, and AIDS/HIV were also conducted last year.

Nishat Apparel knows that health and wellness of the employees is very important for a prosperous future of the organization itself, and that's why their wellness is a priority. Thus, fumigation and dengue sprays are done in entire factory area regularly to keep everyone safe and secure.



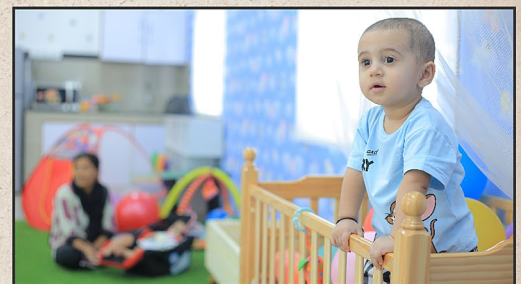
— MANAGEMENT TRAINEE PROGRAM —

Nishat Apparel also provides opportunities to young graduates so that they are able to apply theoretical knowledge to real-time situations. This, in turn, helps them develop skills, techniques and in-depth knowledge that are directly applicable to their careers. Last year, almost **150 youngsters** were provided with promising opportunities.



— CHILDCARE —

Childcare centre is available to **facilitate employees** especially females. It is of sufficient quality so that employees are assured that their child is well looked after. A daycare representative in childcare centre teaches basic manners to kids, ensures healthy nutrition, and takes proper care of the kids of the employees.



ON-SITE HEALTH FACILITY AND INSURANCE

Nishat Apparel houses an on-site health unit for its employees. The health unit consists of a highly qualified doctor and nurses, and is equipped with basic health care equipment, and medicines. In addition to this, all employees at Nishat Apparel, be it management or non-management, are provided with insurance to cater to their outside **medical treatments**.



GRIEVANCE MECHANISM

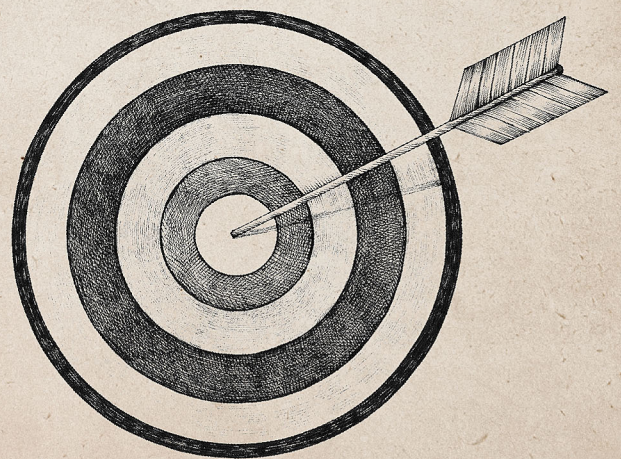


Nishat Apparel has established grievance policy and procedures in place. All employees have access to a centralized **grievance box** as well as a dedicated **grievance hotline** to bring issues and concerns into notice, which are resolved bimonthly. Moreover, we are soon going to **digitalize** our grievance mechanism which is going to provide more ease to the employees and workers.

MEASUREMENT OF OUTCOMES

All the grievances received during the period **Jan 2021 - Dec 2021** through grievance channels were **resolved promptly** so that the workforce feels included and safe.

Nishat Apparel is quite **transparent** when it comes to publicizing its performance and reports, revealing its ethical data, and sharing its parameters of functioning on public forums such as ZDHC, Clean Chain, SLCP, Higg (FEM & FSLM), EIM, GOTS, SA-8000, WRAP, SEDEX, Amfori BSCI, etc.



WORKER MANAGEMENT COUNCIL

Nishat Apparel has established Worker Management Council as per Punjab Industrial Relations Act 2010, Section 29, and its members get elected every two years. It comprises both male and female representatives who are elected through secret ballot election. Monthly meetings of the council include members from both management, and non-management, and meeting agenda is decided as per Section 29 such as bridging the gap between workers and management; discussion of worker issues; awareness on worker benefits, social security, EOBI, etc.; training on anti-harassment; and discussion of issues related to canteen, overtime etc.



TRAININGS & AWARENESS SESSIONS

Nishat Apparel has devised a proper plan for training and awareness sessions of all its employees which are held on **regular basis**. It is made sure that the employees stay updated on all areas of social, compliance, health and safety, and civil defence. Awareness sessions were also conducted on Water Conservation, Global Handwashing, Dengue, COVID-19, Breast Cancer, and HIV/AIDS in order to educate the employees so that they understand their roles, responsibilities and individual actions to be taken.



FOOD COMMITTEE

Nishat Apparel offers **subsidized meals** for all the employees and workforce at the executive club and canteen.

Food is the basic necessity of life, and fuel for the soul. Its quality, safety and hygiene are of great importance. If these are not maintained, people can get exposed to foodborne illnesses. Therefore, in order to add quality and colors to Nishat's kitchen, we have launched "Nishat's Food Committee."

Its functioning is based on the following agenda:

- Review the menu periodically
- Evaluate the quality of food
- Maintain a complaint register to incorporate all the suggestions and queries
- Conduct monthly meetings, and maintain the records
- Devise a regime for conducting surprise audits of food, kitchen and storage area for quality assurance

The meeting of "Food Committee" is held on 15th of every month, and all changes with regards to menu are done after approval of committee members. Also, the performance of committee members is reviewed quarterly.



EMPLOYEES' WELLBEING

Nishat Apparel's employees are its family, and we are incorporating their wellbeing at the core of our business strategy. This is because we believe that our employees are our formidable force, and their health, satisfaction and commitment is vital to our business success. Thus, Nishat Apparel has formed the **"Employees' Wellbeing Committee"**. The committee works with Integrity and Humbleness with Nishat Family to welcome and incorporate Novelty, and ensure a Sustainable future for everyone.

The committee aims to provide a **positive culture** and **inclusive environment** to the employees, boost their morale, and bring in a **professionally cordial atmosphere**. The committee is accountable for the overall comfort of the staff.

"Employees' Wellbeing Committee" is the prime committee, and its members take over the working and progression of sub-committees that have been formed for various purposes.

Company's innovative initiatives, policies and positive activities towards human rights align with United Nations **SDG-03 "Good Health and Wellbeing"**, **SDG-05 "Gender Equality,"** and **SDG-10 "Reduced Inequalities."** Thus, Nishat Apparel's Employees' Wellbeing Committee keeps taking initiatives to promote a healthy working environment for the employees. Some of our initiatives are Long Service Awards, Best Idea Initiator Drive, Physical and Mental Wellness Program, 2021 Highlights, Uplifting of Workers' Canteen and Executive Club, Interdepartmental Coordination, and Sports Gala.



ANNUAL DINNER

Nishat Apparel knows no discrimination, and loves to spread mutual understanding and comfort amongst its employees. Thus, all the employees were invited to Annual Dinner by higher management. Everyone sat together to eat, and have fun while sharing moments of laughter. This is how Nishat Family shares a bond of **strength and happiness**.



BAR-B-Q NIGHT



Music, Barbecue, Fairy Lights, Moonlight, Cool Breeze and Fun. These ingredients created a joyful night where the HODs enjoyed sizzling barbecue with other members of the management. The evening moved on with everyone preparing skewers, doing barbecue, and being chatty. Everyone also sang and danced to the melodious tunes of the live violin-fiddling. Nishat Apparel, no doubt, keeps taking initiatives **to bridge the communication gap** amongst all the members of the management, and to strengthen Nishat team.



BIRTHDAY CELEBRATIONS

Nishat Apparel never lets a single special day go uncelebrated especially birthdays of the workforce. Despite work and challenges, we live out loud with **great jubilation** to seek every moment's joy, to **boost everyone's morale**, and to develop a **stronger sense of belonging**.



HEALTH & FITNESS SESSIONS



There are no shortcuts to building a strong team; it takes motivation, inclusion and **work-style changes**. Nishat Apparel cares for the **physical and mental wellbeing** of its employees, and has dedicated a time slot for that. This will eventually lead to a healthy Nishat's team, a sense of family, perpetual fitness, enhanced work performance and improved concentration.



LONG SERVICE AWARDS

Our employees are our biggest asset, and the ones who have been associated with us for a long period deserve appreciation. We strongly believe in **celebrating their 5, 10, and 15 years** of employment with us, where they have put in untiring efforts. Thus, Nishat Apparel gave recognition to its employees for their strong commitment to the company at the Long Service Award Ceremony.



IFTAR DINNER



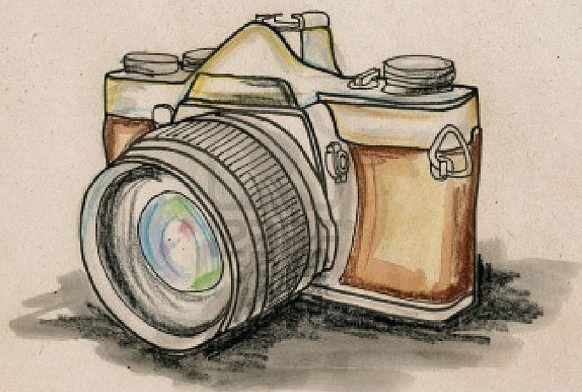
Nishat Apparel invited its **second-in-command** to an iftar cum dinner in the absence of their bosses. We completely acknowledge that these team members, belonging to second tier, are actually the real heroes of production department, who add music to the overall show, but themselves remain behind the screen. These **unsung heroes** enjoyed eating with the CEO and the Business Head, and receiving Eid gifts further added to their delight.

PHOTOWALK

The dawn of a Sunday began when the photography enthusiasts of Nishat Apparel set their feet on the streets of the Walled City of Lahore for 'Photowalk'. Their camera lenses captured iconic shots of the oldest monuments, thus adding largely to the reservoir of our cultural heritage.

The moments were epic when members from the management and production floor walked through guzargahs and streets of old city, gossiping with the Business Head, and passing by world-class monuments. Few of us also relished the time by narrating the historical events of the old gates of Lahore while majority of us were awestruck for witnessing the enormous entrance of Delhi Gate, the Towering Minaret, and magnificent artwork at the Masjid Wazir Khan. The jolly expedition was also charmed by Mughal architecture at Sunehri Masjid, heritage at Usman ki Baithak, glory of Shahi Hamam, and Akbar-era's Gali Surjan Singh. The photographs taken during PHOTOWALK unfold exciting information about the history and architecture of early civilizations.

After a memorable 'Photowalk,' everyone had a sumptuous breakfast at Androon Lahore which added **an ancient touch** to the overall excitement.



SPORTS GALA



Nishat Apparel arranged Annual Sports Gala to give a boost to the team building and decision making capabilities of Nishatians. Undoubtedly, it was a great refresher for everyone which eventually sprouted unbeatable teams. The whole series of games, played for the whole month, sowed in us the seeds of teamwork, competitiveness, reliability and conviction. It had various game segments including **Chess, Ludo, Carom, Table Tennis, Badminton, Snooker and Cricket.**





LABOUR

LABOUR

► Principle 3:

Business 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.

► Principle 6:

The elimination of discrimination in respect of employment and occupation.

Nishat Apparel values the hard work of labour, and has implemented various programs to provide reliable and comfortable workplace for everyone. It is ensured that labour is recruited ethically while being provided fair and equal treatment in hiring, promotions, training, compensation, termination and disciplinary actions. We exercise fair labour practices as per International Labour Organization Pakistan, and the National Labour Laws of Pakistan.



P.A.C.E. PROGRAM

In 2007, Gap Inc. launched the Personal Advancement & Career Enhancement (P.A.C.E.) program, designed to support women working in the apparel industry globally. Nishat Apparel started P.A.C.E. with the collaboration of its customer GAP in 2018. Currently, we are running P.A.C.E. and Supervisory Skill Training (SST program). P.A.C.E. has eight modules including essential opening and closing sessions, with a total 90 training hours. The modules are based on execution excellence; communication; problem solving, and decision making; time and stress management; water, sanitation and hygiene; and financial literacy. **More than 200 employees** have been P.A.C.E. **graduated** till yet, and are given opportunities to cascade their knowledge further to other employees.



TRAINING UNIT

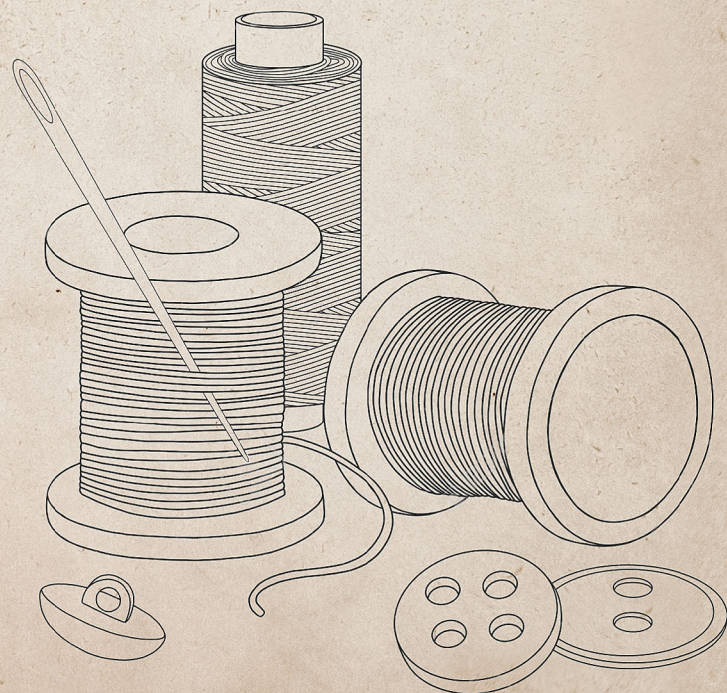
Nishat Apparel has designed and implemented a training program for its employees, especially women, who have no other source of income, possess no skill, or are left behind due to lack of education. Here they are trained in a systematic way so that they are able to earn livelihood, and are equipped with a lifelong skill of stitching and sewing too.

Initially, labour is hired as apprentice. It is the responsibility of HR department to take initial interview, and is the responsibility of training instructor to conduct the following tests for evaluation: Peg Board, Pin Board, Ball & Tube, Threading, Visual Accuracy, and Color Blindness. Proper marks are allocated for each test, and the ones getting less than 50% marks are sent back for further training and development.

When hired, the operators are trained on the following modules:

- Module 1 : Sitting discipline; health & safety policy; needle & sharp tools policy; and using machine
- Module 2 : Pedal control; control on machine without, and with thread and needle; machine cleaning, and machine parts
- Module 3 : Paper sewing exercises
- Module 4 : Fabric sewing exercises, and related knowledge
- Module 5 : Assigning operation on the basis of performance
- Module 6-8 : Troubleshooting, preparation of complete garment in a sequence, and working on maximizing the speed, stamina, and quality of the operators

After an extensive training, a final exam is taken of the apprentices to test their efficiency, productivity, and quality. On clearing the final exam, they are transferred to sewing lines as per requirement, and the training instructor follows up the transferred personnel in coordination with the I.E Manager regarding their daily target, efficiency, and performance in lines. Meanwhile, the transferred apprentices receive an increment in their salary, and are also given an incentive as per law. This way, Nishat Apparel plays a pivotal role in transforming the lives of such individuals **from being unskilled to semi-skilled workers.**



SAFETY MEASURES

All the required and essential safety measures are properly taken to ensure smooth induction and performance of the workforce. Proper engineering controls are installed; effective administrative actions are taken; all the safety signs are displayed; regular monitoring and inspection is carried out; training sessions, first-aid, and personal protective equipment is provided; thus maintaining **a safe environment for everyone** at all levels, and floors of the facility.

Moreover, safety is also ensured against fire with the installation of fire hydrant system, fire extinguishers, fire buckets, smoke and heat detectors, sprinkler system, fire alarm, and advanced technology of addressable fire detection system. 2 diesel engines, in case of power failure, and 2 jockey and main pumps maintained at 7-10 bar pressure are available at all times.

Also, there are 26 hydrant points in case of massive fire; 64 hose reels that cover fire within the building; 461 fire extinguishers and 66 fire buckets placed with respect to area risk; emergency evacuation maps, public address system, and 10 fire fighters who are certified by Civil Defence and NEBOSH. An emergency response team that comprises trained fire fighters, and first aiders gets active and plays assigned roles during fire incidents. First Aid boxes are placed on every floor; aisles and evacuation routes are marked and displayed; emergency lights with battery backup are installed in case of power failure as per legal requirements. The civil defence team monitors all the fire safety equipment twice a year, and also conducts annual 3 days' workshop of the fire fighters and first aiders. We are **compliant** to local laws, customer's COC, and international standards.



WORLD DAY FOR SAFETY & HEALTH

World Day for Safety and Health at Work is celebrated worldwide on **28th April** to promote the prevention of occupational accidents and diseases globally. Nishat Apparel acknowledges that every employee has a right to safe and healthy working environment which is attained through a system of defined rights, responsibilities, and duties, and where the highest priority is accorded to the principle of prevention. On this day, we arranged a fire evacuation drill where the employees were briefed on emergency evacuation, and how to operate fire extinguishers, hydrants and hose reels. The employees were also extensively guided on providing first aid treatment, and Cardiopulmonary Resuscitation (CPR).

'The key to safety is in our hands, so Nishat Apparel keeps taking initiatives for the safety of its workforce.'



BASIC COMPLIANCE AND COMPANY'S POLICIES

Respecting international proclaimed human rights are the cornerstone of our corporate values. We have in place a number of internal policies to **safeguard basic human rights** as defined in the legislation and international charters. We **reject any form of child labor, forced labor or slavery** and strictly comply with local regulations concerning legal minimum age requirements for work permits. We **ensure compliance** with laws and regulations, give guidance for decision-making, and streamline internal processes. We have following policy documents:

- Chemical Management Policy
- Forced Labour Policy
- Child Labour Policy
- Child Labour Remediation System
- Hiring Policy
- Grievance Management System
- Working Hours Policy
- Freedom of Association

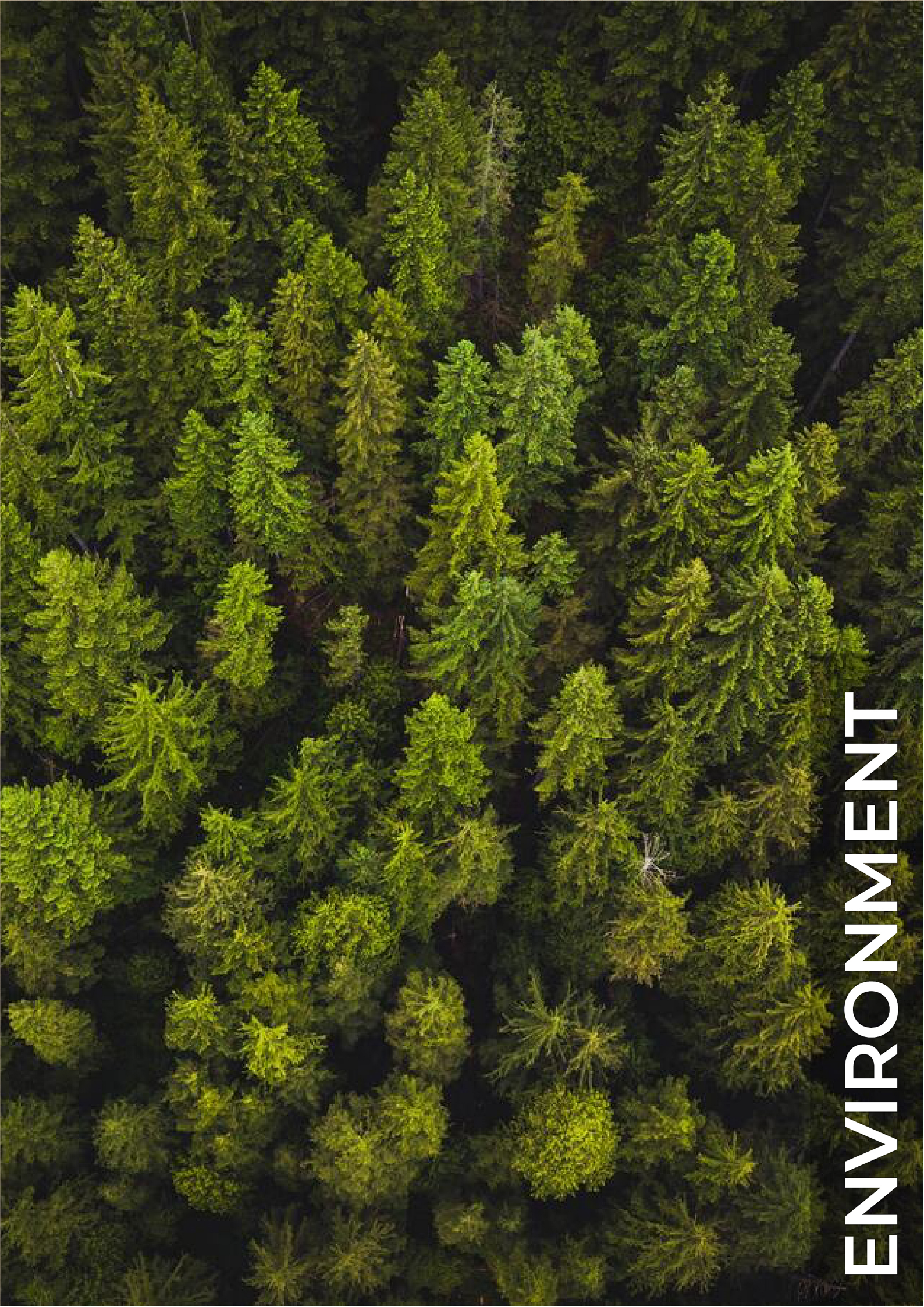


FAIR WAGES AND COMPETITIVE BENEFITS

At Nishat Apparel, we have employees of both management and non-management. Our policies have been rigorously designed to provide benefits and ease to the workers. The employees are given decent working hours, adequate breaks, inclusion, and freedom of speech and association. All of the employees are also given the following benefits:

- EOBI
- Provident Fund
- Free Transportation
- Subsidized Lunch
- Health Facilities
- Social Security
- Daycare
- Leave Encashment
- Annual Leaves
- 10-C Bonus
- Performance Incentive and Increment
- Maternity Leaves
- Medical Insurance
- Medical Dispensary 24/7
- Free Education through Workers' Welfare Board
- Marriage and Death Grants from Workers' Welfare Department
- Pension from EOBI
- Group Life Insurance
- Worker Hygiene Test
- WPPF to workers





ENVIRONMENT

ENVIRONMENT

➤ **Principle 7:**

Business should support a precautionary approach to environmental challenges.

➤ **Principle 8:**

Undertake initiatives to promote greater environmental responsibility.

➤ **Principle 9:**

Encourage the development and diffusion of environmentally friendly technologies.

Nishat Apparel focuses on the highest-priority sustainability, and environmental issues to conserve the environment, and play a significant role in uplifting the society. We are in a continuous process to map out a new course to drive beneficial actions for the planet, people, and circularity. We strive to find science-enabled, sustainable solutions for ourselves and the community, always managing our businesses to protect the environment and preserve the earth's natural resources—for today and for future generations. We also comply with Pakistan Environmental Protection Act and applicable Environmental laws in Pakistan.



ENVIRONMENTAL MANAGEMENT SYSTEM

Nishat Apparel's EMS is based on the standard ISO 14001:2015 that provides a framework for an overall strategic approach to establishing and defining environmental plans, policies and actions; and for conducting business in an environmentally responsible manner. The company's core environmental procedures are the following:

- Aspects Identification & Impacts Assessments
- Compliance with Legal Requirements
- Operational Control
- Emergency Preparedness & Response

The management of Nishat Apparel recognizes the importance of effective Environmental Management System (EMS) control in a modern business environment. In order to demonstrate a firm commitment to EMS, we have adopted a **pro-active approach** to all EMS related matters. The management ensures that its operations are carried out in full compliance with relevant legal and industrial standards including those set out in clients' contractual agreed documentation. Everyone working for,

and on behalf of Nishat Apparel is informed of their responsibilities, and of the requirement to actively participate, and cooperate with management in support of the implementation of this Management System. We further recognize the importance of EMS leadership, and positive demonstration, of commitment by management. Demonstration of **commitment** to EMS matters is shown through the participation, application and involvement in the practical compliance of the Company's EMS Policy and Objectives. Every manager and supervisor accepts their individual responsibility for EMS matters, and treats them with the same level of importance as any other business matters.



14001:2015

WATER STEWARDSHIP

We joined hands with Alliance for Water Stewardship, a Scottish organization working to ignite and nurture global and local leadership, and incredible water stewardship that recognizes and secures the social, cultural, environmental, and economic value of freshwater. Through this organization, we joined forces with the industry as well as the community to raise Water, Sanitation & Hygiene (WASH) standards for our workers and nearby communities, practice water sustainability in local resources, and **shrink our water footprint**.

Nishat Apparel has successfully reduced its water footprint. Rainwater harvesting system has been installed this year to reuse water for gardening purposes, and **technological advancements** including E-Flow, Up-Flow, and Core Machines for both denim and dyeing have been installed to shrink water usage.

Moreover, new **waterless technologies** using Ozone have been introduced to cut down consumption of water; thus, shrinking our water footprint. G2Dynamic Ozone Finishing greatly reduces the consumption of water, chemical, enzymes and stones. Not only that, it has less impact on the environment, increases overall precision of the production, and requires less manpower; thus, being more beneficial over traditional finishing process.

We also ensure a consistent application of **Environmental Impact Measurement (EIM)** Software to score the environmental impact of the garment finishing process in terms of water consumption, energy consumption, chemical product use and worker health.

Multiple **stakeholder engagements** with nearby communities, public sector organizations, and industries have been done in the past year to address shared water challenges, and render efforts to save water.

We have also installed an 80 cubic meters state-of-the-art biological Effluent Treatment Plant, thus ensuring effective treatment of wastewater.



LASER TECHNOLOGY

Our laundry facilities are equipped with the latest Jeanologia laser to achieve consistent and natural fade impressions in less time. Laser helps in eliminating the harmful processes for workers, reducing operational cost, and improving environmental impact, while pioneering completely new ways for creativity.



LESS ENERGY



LESS WATER



LESS CHEMICAL



WORKERS' SAFETY

SAFE CHEMICAL USE

Nishat Apparel is ZDHC (Zero Discharge of Hazardous Chemicals) certified, and ensures that no hazardous chemicals are used throughout the processes of the industry.

We have set up an **effective chemical management system** where personnel are trained on regular basis to ensure minimal wastage of chemicals and reduce damage to the workers, environment and surrounding communities. We purchase only the chemicals and the amounts that are required, strive to increase environmental regulatory compliance and reporting, carefully manage and regulate chemical inventories, work diligently on continuous improvement of inter-facility and intra-facility delivery of chemicals, take measures to increase operational safety for workers and the community, minimize hazardous waste disposal and related costs, and conserve human resources for more value-added tasks.

Ø ZDHC



NET ZERO TRANSITION

Nishat Apparel, being an environmental conscious entity, has paved a **roadmap to carbon neutrality**. One of these steps is our sign up for Science Based Targets initiative (SBTi) which is helping us reduce our emissions in line with Paris Agreement - pursuing efforts to limit global warming to 1.5°C above pre-industrial levels. We aim to halve our emissions by 2030, and become carbon neutral

by 2050.

We have **greatly reduced Greenhouse Gases (GHGs) emissions**, and have also phased out high emission factor fuels last year. We also sequestered carbon emissions by planting 2,000 plants in collaboration with **WWF in 2021**.



UNITED NATIONS GLOBAL COMPACT PARTICIPANT

Nishat Apparel has signed up for United Nations Global Compact (UNGC) initiative since 2021 to strengthen its commitment to sustainable and responsible business practices. We take pride to disclose that our operations and strategies are aligned with the ten principles of UNGC. Thus, we are committed to respecting human and labour rights, safeguarding the environment, and working against corruption in all its forms.



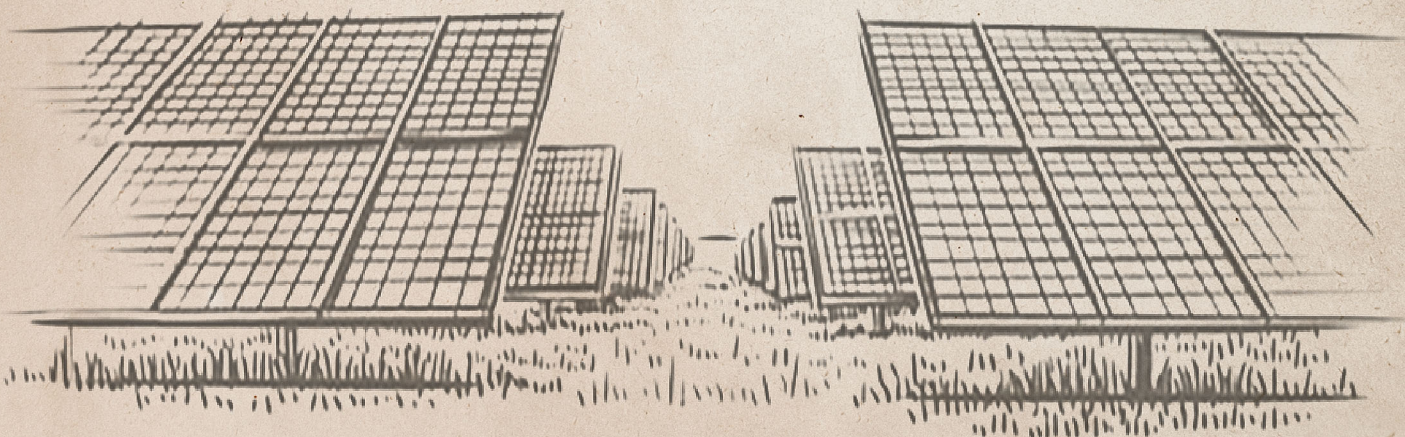
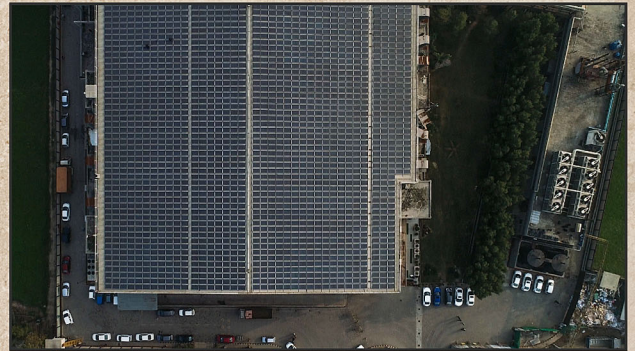
United Nations
Global Compact

RELIANCE ON RENEWABLE ENERGY

Renewable energy is a clear winner when it comes to boosting the economy, and progressing sustainably.

Nishat Apparel has installed a solar PV system of 1.2 MW through which it is meeting 25% of its energy demand. **The extension of 1 MW Solar PV System is in process.** Nishat Apparel has also switched from **non-renewable to renewable fuel** in boiler for steam generation. These initiatives are actively helping us achieve our GHG-reduction targets.

Undoubtedly, Nishat is expanding while helping the world **transition to a zero-carbon economy**, and without compromising its corporate duty towards a sustainable future.



ENERGY CONSERVATION

Energy conservation is direly important because at present, the country's GHG emissions are increasing at an annual rate of 6 % or 18.5 million tons of carbon dioxide (CO₂) equivalent [1]. Our demand for energy is growing every year by 3% [2] whereas we face electricity deficit of 3000 MW which reaches 5000 MW in summers. Thus, Nishat Apparel has taken following initiatives to successfully reduce its energy demand in order to conserve energy, reduce demand, protect and replenish supplies, develop and use alternative energy sources, and to clean up the damage from the prior energy processes:

- Reliance on renewable energy
- Replacement of conventional lights with energy-efficient LED lights
- Installation of 1 TPH Waste Heat Recovery Boiler
- Installation of Boiler Condensate Recovery & Economizers
- Replacement of Clutch Motors with Servo Motors



[1] Khan, W. M., & Siddiqui, S. (2017). Estimation of greenhouse gas emissions by household energy consumption: A case study of Lahore, Pakistan. *Pakistan Journal of Meteorology*, 14(7).

[2] Survery, P. E. (2018). Ministry of Finance. Government of Pakistan.

SUSTAINABLE MATERIALS PROCUREMENT

Nishat Apparel runs sustainable business: resource efficient, respect for environment, and protection for the people.

One of our sustainable approaches is using **vegetable dyes, and sustainable fabric.**

Vegetable dyes are natural dyes that respect and follow the rules of nature. They are not only biodegradable, but also non-toxic, and non-carcinogenic. They help avoid toxic run-off, preserve the environment, and lower our dependence on harmful products.

Sustainable fabric is the one that is made from environment-friendly raw materials and methods. We have launched various collections which utilize fabric that has PCW (Post-Consumer Waste), Recycled Polyester, and/or BCI (Better Cotton Initiative) in it. Procurement of green and sustainable accessories (rivets, buttons, trims, etc) have also been maximized.



WORLD ENVIRONMENT DAY

‘World Environment Day’ is not just a day to celebrate, but it is the day that reminds us every year to take care of the Earth, and act together to prevent it from reaching its maximum capacity. We have ‘Only One Earth,’ and it needs to be nurtured, and to be kept clean. The employees of Nishat Apparel, who are always dedicated towards ‘**Heal, Not Harm the Earth,**’ carried out a clean-up activity at a nearby community area. The aim of the activity was to stand concerned for the Mother Earth being harmed, and to deliver a silent message to the local community that such collective actions will create transformative environmental changes that we need. This is how we can advance to a more sustainable and just Earth, where everyone can flourish.



COMMUNICATION

Nishat Apparel strongly believes that taking care of this planet is the sole responsibility of everyone. Resources have been made available to our employees to enable them to contribute to sustainable development. A number of awareness sessions, internal & external communications, and activities are organized **to educate our employees** on the fragility of our environment, and the importance of its protection.



WORKSHOP ON SUSTAINABLE CHEMICAL MANAGEMENT

Due to emerging requirements of chemical management, all textile businesses must take the responsibility of implementing proper chemical management, and employee trainings can contribute to the cause immensely. Thus, CSR and Sustainability Department of Nishat Apparel conducted a workshop on “Sustainable Chemical Management” with major focus on **Eco-mapping, Chemical Material Flow and Digital Inventorying of Chemicals**. The participants included managers from the departments of laundry, production, product development, compliance, chemical issuance, and sustainability. Everyone participated and contributed actively to maximise learning output.

We thank The Textile Cluster of GIZ Pakistan for its contribution in cascading the required knowledge through its project ‘FABRIC - Fostering and Advancing Sustainable Business and Responsible Industrial Practices in the Clothing Industry in Asia.’ FABRIC aims to improve the capacity of factories on chemical management through Factory Trainer Development Program.



AWARENESS SESSION ON SUSTAINABLE DEVELOPMENT GOALS

Our CSR and Sustainability Department strives to raise awareness, train individuals, and make every possible effort to **shrink Nishat's environmental footprint**. This time the focus remained on The United Nations' 17 Sustainable Development Goals, set in 2015 to achieve them by 2030, to provide a better and more sustainable future for every individual on the planet. Therefore, an awareness session was conducted for the employees to know that we urgently and radically have to change the course. They were explained the importance of Sustainable Development Goals (SDGs), and how Nishat Apparel is aligning its activities and production with SDGs to fight global challenges. All the participants were curious to know more, and showed great concern while playing the SDGs game, and answering questions.



ACHIEVEMENTS

Nishat Apparel is proud to receive the **“Environment Excellence Award”** at the 18th Annual Environmental Excellence Conference - 2021, organized by The National Forum of Environment and Health (NFEH). This award underlines our company's commitment to environment conservation & outstanding contributions towards sustainable development whilst protecting the country's overall environment.

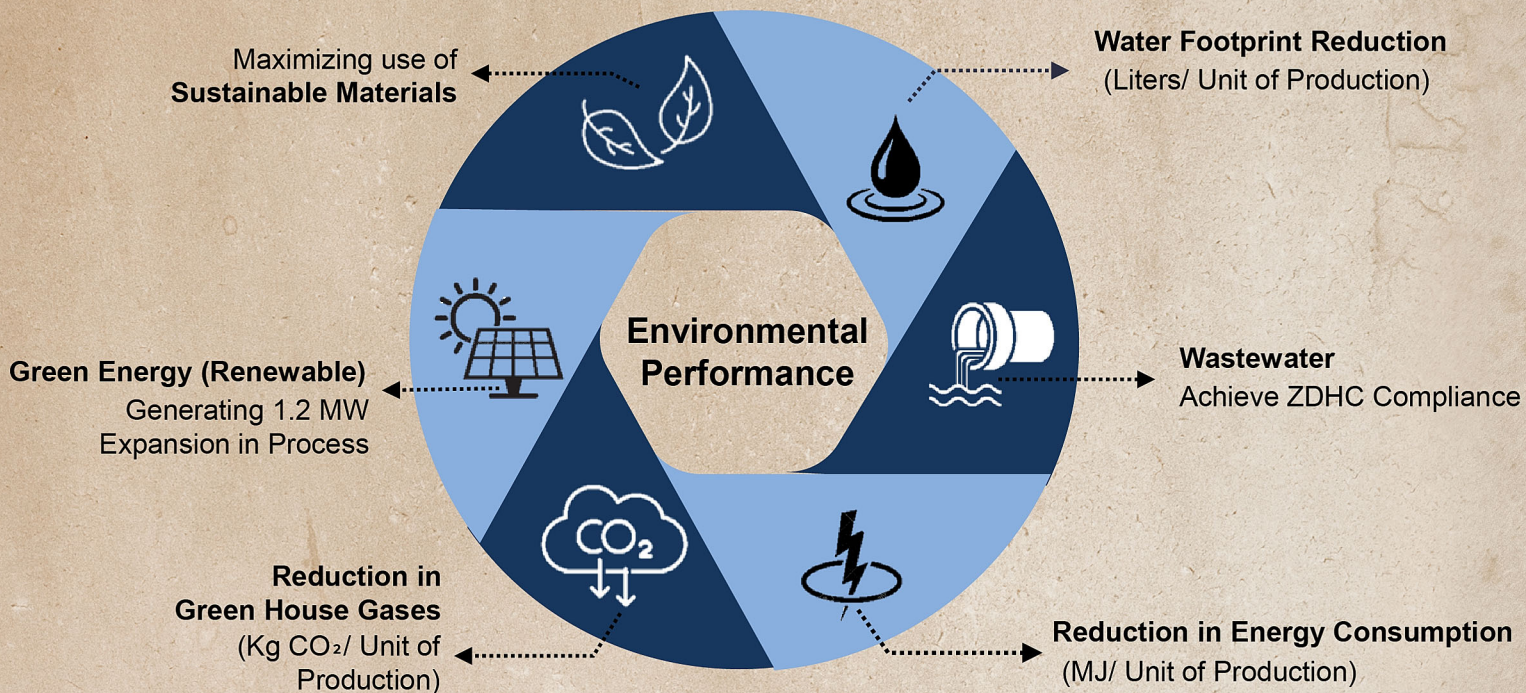


We also won the **CSR Award (Social Impact and Sustainability)** at “CSR Summit 2021” by National Forum for Environment and Health. We were appreciated for our remarkable efforts and initiatives in CSR by the Government of Pakistan.

Nishat Apparel was **recognized at The SDGs Summit 2022**, convened by the UN Global Compact Network Pakistan, for taking initiatives to accelerate its role in driving progress on Global Goals, achieving the 2030 Agenda.



SUSTAINABILITY WAY FORWARD





ANTI-CORRUPTION

ANTI-CORRUPTION

Principle 10:

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

BUSINESS INTEGRITY

Nishat Apparel is dedicated in providing continuous improvement through a culture of excellence and an environment where employees are proud to work. To continue to foster these goals, we have developed and implemented policies and procedures so that we carry out business in an honest and ethical manner at all times. We prefer doing business with reputable and honest partners, and maintain appropriate procedures for conducting due diligence on any joint venture partner with whom the company anticipates. We have set up high level of priorities to achieve company's vision of **"Zero Tolerance"** for fraud and corruption. It is the policy of the company that all employees/workers and third parties are to comply with all of the anti-corruption laws of the country.



CONDUCT OF EMPLOYEES

All the employees are guided on fulfilling their roles and responsibilities with the **highest standards of moral and ethical standards** through meetings, seminar and special trainings. They never allow their private interests, whether personal, financial, or of any other sort, to conflict or appear to conflict with their duties and responsibilities; neither exploit relationships for personal advantage or benefit. They act in full compliance with all applicable local laws/regulations, international law requirements and customer code of conduct when fulfilling their employment obligations to the company. Measures are taken to promote a sense of expectation across the factory, and to guide employees in identifying and resolving issues of ethical conduct and conflict of interest that may arise during the course of their employment. The employees are bound not to accept or offer bribe, gifts, kickback, illicit payment or benefit of any kind from any customer, supplier or any other entity that has been in a business relationship with Nishat Apparel, otherwise legal action is taken against them.

CONFIDENTIALITY

Nishat Apparel and its employees are committed to keep all sensitive information related to brands, suppliers and clients confidential. We **do not quote** any price decided, trends-information, sales data or production for one brand to another.

SAFE WORKING ENVIRONMENT

Nishat Apparel ensures that a safe, comfortable, and harassment-free working environment is provided to all the employees, business partners and visitors. We also plan activities and ventures to provide comfort to the people of our community.



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