

DEPARTMENT OF SUSTAINABILITY & COMPLIANCE

OBJECTIVES

- To produce research articles/reports/position papers on sustainability practices of the member textile mills and issues concerning their advancement in regards to the international sustainability and compliance requirements such as decarbonization, labor rights and water and waste efficiency
- To arrange awareness sessions/webinars/trainings



and circulate sustainability-related knowledge material to equip the members with the most updated global social and environmental sustainability and compliance requirements such as Net-Zero, traceability, EU's Green Deal and EU Strategy for Sustainable and Circular Textiles

- To safeguard the business interests of the members through liaising with the government on policy and legislative measures related to textile industry's sustainability and compliance requirements
- To showcase the sustainability progress of the members on media platforms, during events and meetings with stakeholders from the government and non-government organizations, diplomatic partners and development actors

ACHIEVEMENTS AND COLLABORATIONS

ACHIEVEMENTS

- ***The National Compliance Centre (NCC)***

APTMA collaborated with the Ministry of Commerce as a key stakeholder for the establishment of the National Compliance Centre.



NCC is the first of its kind in Pakistan, which demonstrates a strong commitment of the government as well as the industry stakeholders towards compliance to the mandatory UN conventions on labor and human rights and environment and good governance. NCC aims to help businesses in the country become more sustainable and competitive by promoting and improving environmental, social, and labor standards. The facility's objective is to provide a one-window solution to ensure international compliance requirements but also to facilitate Pakistan's exporters and national and international certification bodies through capacity building and dialogue.

NCC will be using a cluster approach to address the concerns of the Pakistani industries, plan their addressal

and enhance compliance. These clusters are Human Rights, Climate Change, Governance and Corporate Due Diligence, Quality Assurance Standards, Sanitary and Phytosanitary Standards, Sustainability, Labor Rights, and Traceability.\

COLLABORATIONS

- Ministry of Commerce
- Ministry of Planning, Development and Special Initiative
- National Textile University (NTU)
- ILO'S Better Work Pakistan Program
- Consulting firms such as SGS and Bureau Veritas for information dissemination

EVENTS/WORKSHOPS/CONFERENCES

- WWF's 'Celebration on 50 Years of Saving Nature in Pakistan'

The event took place on 30th May 2023 and aimed to reflect on WWF's journey in Pakistan, key achievements and future conservation and environment-related projects to be explored.

- 'Textile and Ready-Made Garment Industry Forum' organized by ILO and IFC

The forum took place on 25th May 2023 in Karachi and it aimed to bring together the stakeholders from the government, international brands, donor agencies, subject experts, industry and international missions to explore issues pertinent to Pakistan's textile and ready-made garment industries, exports, sustainability and the economy.

The forum provided an opportunity to discuss some of the major challenges Pakistan's textile and ready-made garment industry is currently experiencing, which include:

- Compliance and its importance for Pakistan's trade agreements
- Product and market diversification opportunities
- Barriers to gender participation in the workforce

NTU's '2nd International Conference on Knowledge-Based Textiles'

The National Textile University arranged the conference on 14th-15th February 2023. The conference aimed to assess the status of value addition in textiles and to develop a

scientific plan for product diversification in order to achieve long-term growth in textile exports. It brought together leading academic scientists, research scholars, and industry specialists to debate and exchange their knowledge, experiences, and research achievements in all fields of textiles.

- 'Pathways to Development: Equitable and Sustainable Growth in Pakistan' conference organized by LUMS

The conference took place on 19th Dec 2022 and included panel discussions and paper presentations on issues of macroeconomic stability, export and innovation challenges, climate change, energy for development, governance and accountability, the political economy of service delivery, and law and social justice.

- Inception workshop on the project 'Reducing Uses and Release of Chemicals of Concern, Including POPs in the Textile Sector' organized by the Ministry of Climate Change in collaboration with the Basel and Stockholm Conventions Regional Centre for South East Asia UNEP on 12th Oct 2022. The participating countries were Bangladesh, Vietnam, Indonesia and Pakistan.
- World Bank's National Dissemination Event organized to launch the Country Climate and Development Report on 17th March 2023.
- The 'Roll-Out of the National Compliance Centre (NCC)' organized by the Ministry of Commerce on 18th April 2023.
- GIZ's 'Strategic Dialogue on Promotion of Sustainable Textiles' on March 1st

THE EUROPEAN UNION's GENERALIZED SCHEME OF PREFERENCES (GSP+)

Pakistan was granted the GSP+ status in 2014 and is the largest beneficiary of this status among all the awardee countries which include Bolivia, Cape Verde, Kyrgyzstan, Mongolia, Philippines, Sri Lanka, and Uzbekistan (European Commission 2022). The focal point of eligibility criteria for the GSP+ continuation is heavily reliant on whether Pakistan complies stringently with the 27 core international conventions on human and labor rights and environment and good governance, along with the conventions to be newly imposed by the European Union.

The following are the 27 conventions, 8 are related to environmental protection, 4 relate to good governance, 7 are linked to human rights and 8 are associated to labour rights:

Environmental Protection

- Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)
- Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989)
- Convention on Biological Diversity (1992)
- United Nations Framework Convention on Climate Change (1992)
- Cartagena Protocol on Biosafety (2000)
- Stockholm Convention on persistent Organic Pollutants (2001)

- Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)

Governance

- United Nations Single Convention on Narcotic Drugs (1961)
- United Nations Convention on Psychotropic Substances (1971)
- United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
- United Nations Convention against Corruption

Human Rights

- Convention on the Prevention and Punishment of the Crime of Genocide (1951)
- International Convention on the Elimination of All Forms of Racial Discrimination (1969)
- International Covenant on Civil and Political Rights (1976)
- International Covenant on Economic, Social and Cultural Rights (1976)
- Convention on the Elimination of All Forms of Discrimination against Women (1981)
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1987)
- Convention on the Rights of the Child (1990)

Labour Rights

- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
- Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Minimum Age Convention, 1973 (No. 138)

GSP+ is a rights-based economic package for Pakistan. Its continuation is crucial for the country to achieve steadily growing exports as in the absence of this status, “the country would have to face an MFN Tariff of a maximum of 12% for most traded commodities under GSP+ and would also be paying an anti-dumping duty of 13% to the EU on cotton bed linen” (Javaid 2022). The status has advanced Pakistan’s efforts in improving compliance with the all-encompassing international treaties on human and labor rights and environment and good governance and has expanded its capabilities to grow in a sustainable manner, diversify its economy and create employment opportunities.

Pakistan’s textile industry is the key player benefitting from the GSP+ autonomous concession as it contributes to more than 75% of the total country exports to the EU. Therefore, the status’s renewal is crucial for the industry to expand its export market to the EU but also to be abreast with the export growth of other regional competitors. The industry has rightly pursued the GSP+ requirements and has taken excellent initiatives to promote

social and environmental sustainability. Measures related to clean energy and decarbonization to tackle climate change, water efficiency, employee skill development and wellbeing and CSR (Corporate Social Development) can be seen to be propagated through the industry. However, challenges related to gender discrimination, health and safety and poor labor inspection system need maximum consideration.

Regarding the GSP+ renewal, Regulation (EU) No 978/2012, which applies the scheme of generalized tariff preferences, is set to expire on December 31, 2023, and a new Regulation is being proposed to replace it.

Due to uncertainties in the legislative process, there was a risk of discontinuity in the GSP status. However, to ensure continuity, the current regulation is proposed to be extended until December 31, 2027, as it will provide sufficient time for the adoption of the new regulations. If the new regulations become applicable before that date, the extension will be adjusted accordingly. The regulation will enter into force upon publication, and if published after December 31, 2023, it will apply retroactively from January 1, 2024. The regulation is binding and directly applicable in all EU Member States.

The GSP consists of three arrangements:

Standard GSP: For low and lower-middle income countries, providing for a reduction or full removal of customs duties on two thirds of EU tariff lines.

GSP+: The special incentive arrangement for sustainable development and good governance, which reduces tariffs to 0% for broadly the same tariff lines as Standard GSP. It is granted to vulnerable low and lower-middle income countries that implement 27 international conventions related to human rights, labour rights, protection of the environment and good governance.

EBA (Everything but Arms): The special arrangement for least developed countries (LDCs), providing them with duty-free, quota-free access to the EU market for all products except arms and ammunition.

The EU Commission has built a strong reputation and credibility over the years, and their recommendations generally receive careful consideration during legislative interventions. In the context of the current proposal, which aligns closely with the interests of Pakistan and other beneficiaries, APTMA is confident that the concerns raised by the commission will be thoroughly reviewed and appropriately addressed.

BEST PRACTICES– INDUSTRY EXAMPLES

- **Sarena Textile Industries**

Sarena has shown a profound commitment to ensure sustainability in operations and compliance with the most rigorous sustainability standards. Focusing on the triple bottom line; people, prosperity and the planet has helped Sarena to work thoroughly



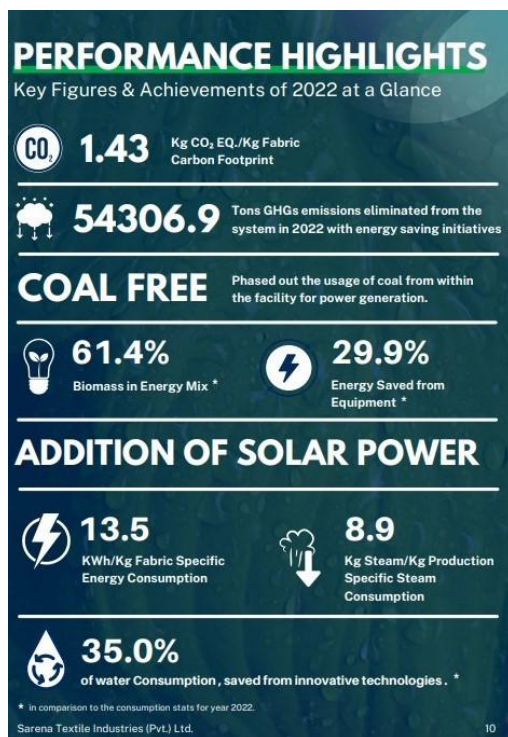
towards creating more value in terms of sustainability. The company has introduced integrated and sustainable technologies and techniques to remain competitive in the global export market.

Sarena aligns its work with the general purpose of the SDGs to create a more sustainable and prosperous world. Its efforts in responsible sourcing, water stewardship, energy conservation, carbon footprint reduction, employee welfare & CSR initiatives and certifications & transparency contribute to several SDGs. The company realizes the importance to adopt the ambitious global goals because the challenges facing the world, including climate change, inequality, and poverty, are urgent and require immediate actions to address.

Sarena's key performance highlights of 2022:

- *PRODUCT STEWARDSHIP*

Through its R&D labs, Sarena assesses innovations and evaluates new and more sustainable materials and technologies.



It promotes eco-friendly textile products made with both organic and synthetic raw materials, sourced responsibly to minimize harm to nature, animals, and human health along the supply chains. Sarena also uses cotton that is certified to the Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), FairTrade and Better Cotton Initiative (BCI). The cotton grown under these programs is made in ecologically and socially responsible ways, while using natural fertilizers and pest control methods.

Sarena promotes sustainable chemical management through compliance with the ZDHC's Manufacturing Restricted Substance List (MRSL) and REACH standards. Products are also tested at regular intervals for Restricted Substance List (RSL) and Oeko-tex Standard 100.

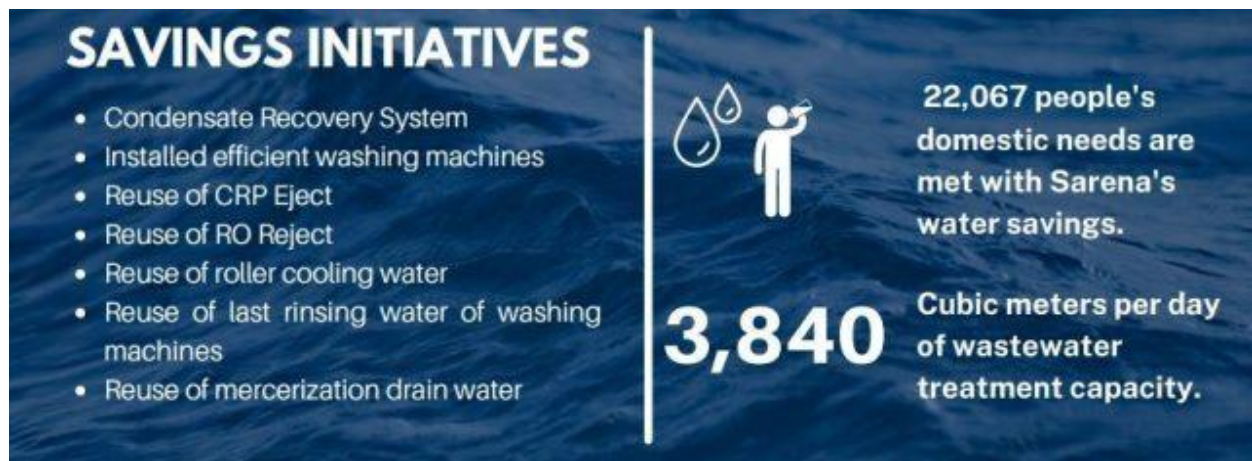
- **WATER STEWARDSHIP**

Water conservation so far has been among the key aspects of Sarena's sustainability journey.

Owing to its exemplary water stewardship, Sarena was also the only South-Asian company to be invited to the prestigious World Water Week 2019, organized by Stockholm International Water Institute.

- **ENERGY EFFICIENCY**

- Sarena has committed to achieve Business Ambition for 1.5°C through Science Based Target Initiatives (SBTi) and is on road to ambitious climate actions. Sarena has made the conscious decision to not use ODSs (Ozone Depleting Substances) in its facility.



SAVINGS INITIATIVES

- Installation of Shark Washing
- Mahlo Systems
- Heat Exchangers on Machines
- Economizers on Boilers
- Waste Heat Recovery Boilers
- Programmable Logic Controls (PLCs) and Variable Frequency Drives (VFDs) on machines
- 300 kW Solar Power System

CARBON FOOTPRINT



1.43

Kg CO₂e/Kg Fabric
Carbon Footprint

vs

5.5-8.8

Kg CO₂e/Kg Fabric
Industrial Benchmark Range

Sarena's Roadmap to Zero Emissions



3,000

Plants and trees
were planted in our
facility in 2022



107.3

Tons CO₂ sequestered
on average by plants
in Sarena in 2022



300 kW

Solar Power System installed in 2022.



11,557

Passenger cars' annual emissions were
avoided as a result of energy saving
initiatives taken by Sarena.

- WASTE AND CIRCULARITY

Sarena is actively moving from a linear model – take, use, waste – to a more circular model where it is maximizing resource use and

reuse, and where nothing is wasted. This circular strategy applies to the company's products, as well as to our noncommercial goods such as packaging and items used in our facility. The company has adopted lean manufacturing practices and uses techniques such as just-in-time production to reduce excess inventory. However, the waste (hazardous and non-hazardous) that is generated is segregated at the source.



- **Sooty Enterprises**

Sooty is using its comprehensive vertically integrated infrastructure spanning Pakistan, Turkey and Bangladesh to manufacture sustainable denim. Sooty offers LEED certified production in cost-leading countries – Pakistan and Bangladesh – and provides denim innovation lab in New York. Moreover, Sooty is the only LEED Platinum and Cradle2Cradle Gold certified company across both its denim fabric mill and garment factory – a testament to its commitment to the circular economy and sustainable production.

ENVIRONMENTAL POLICIES

- **Water Pollution**

Sooty is committed to minimize depletion of waterbodies by controlling, minimizing and managing disposal of polluted water and chemicals from its manufacturing.

Management and control of polluted water and chemical spill to the water bodies is Sooty's top commitment to fight depletion of water bodies. It has pledged to ensure that no untreated wastewater and chemical effluent is disposed to the environment.

- **Waste Management**

Sooty has developed a standard method to monitor waste sector progress, performance, improving reporting and identifying priority actions. Best waste management practices are ensured in all the exterior and interior areas of the factory and manufacturing sites.

Other major environmental policies of Soorty are related to biosolids management and chemical management. Soorty has designed biosolids management program which outlines liquids and solids processes at the facility and how biosolids are managed to meet the legal requirements. Soorty's chemical management system aims to prevent environmental risks associated with hazardous chemicals, improve human health and preserve environmental resources.

Environmental trainings are a crucial part of Soorty's health and safety, environmental conservation and energy management policies. Through these trainings, employees are equipped with skills and methodologies to handle new technologies, chemicals and waste, conserve water/harvest rainwater and strategic energy management.

- GHG Mitigation

The need of making more environmentally conscious business decisions is well understood by Soorty. At its highest level of commitment, Soorty was enlisted as a signatory at the Science Based Targets Initiative (SBTI) to develop 1.5°C aligned science-based emissions reduction targets to fight against climate change. Soorty also signed the REPowerEU Plan to support European Commission's Green Deal. Soorty became one of the top 5 founding members of the NetZero Coalition launched by the Pakistan Environment Trust (PET). This coalition shows the textile industry's high commitment towards producing clean energy and delivering net zero GHG emissions.

- *CSR (CORPORATE SOCIAL RESPONSIBILITY) POLICIES*

Soorty Enhancing Women's Services (SEWS) program aims to facilitate capacity building of female employees and sensitization to ensure female empowerment and create safe working environment.



Furthermore, Soorty PRISM is designed to increase inclusion of people from diverse communities and people with disabilities to enhance their potential for work. Soorty also partnered with NOWPDP (Network of organizations Working with People with Disabilities)

and trained 44 persons with hearing and speech disability in the art of denim grinding and distortion in the laundries. The company has also worked with Gender Interactive Alliance (GIA) and Blue Ribbon to support vocational training, food security, health and inclusion of transgender and non-binary persons in the workforce.

Soorty Enterprises complies with all the relevant international and national laws and conventions on labor rights. It strongly condemns child and forced labour. Also, it ensures effective monitoring of employee work hours, respects and practices lawful rights of freedom of association and collective bargaining of the employees and prohibits gender discrimination. Further, the quality standards of workplace health and safety are ensured employee benefits are awarded without any discrimination.

