

US APPAREL & TEXTILES



SUSTAINABILITY REPORT

2020

MAKING FASHION SUSTAINABLE

Annual Report

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An aerial photograph of a dense forest. A central rectangular area is highlighted in a vibrant green color, contrasting with the grayscale tones of the surrounding forest. The trees are densely packed, and their canopy is visible from above. A narrow, light-colored path or stream runs vertically through the center of the image, passing through the green highlighted area.

01

Overview

Making Fashion Sustainable



At US Apparel & Textiles, we believe in 'humanizing fashion and making it sustainable'. We do so by focusing on our People, Planet, and Prosperity while doing business with integrity and a customer-driven approach. We are a socially and environmentally responsible business entity.

CEO's Message



“Sustainability is mere mindfulness. It is the only way to preserve our legacy and future proof our generations.”

Asif Malik, CEO (US Apparel & Textiles)

CEO's Message

Nature is here to stay till the end of the world, we humans are worldly. As responsible inhabitants of this beautiful world, we should do everything in our power to protect our delicate ecosystems.

Sustainability is no longer a priority but has become essential in today's times. When we hear the word "sustainability" we tend to think of renewable fuel sources, reducing carbon emissions, protecting environments, and a way of keeping the ecosystems of our planet in balance. I believe, it is now time to start acting along while talking about it. One of the reasons, sustainability is so close to my heart is that I have been in the system for so many years that I have witnessed the enormous benefits of mindful sustainability and learned from the best practices around the world where companies have adopted sustainable processes and added great value not only to their businesses but the world at large.

"It is interesting that before joining the textile industry, I used to think that the Chemical industry would be the major contributor in playing havoc with our natural resources, but I was surprised to find out that the Fashion industry is not lagging in polluting the world."

Most of the products in fashion are not bio-degradable and are going to the landfill. In today's race of fast fashion, we are mercilessly consuming the world's precious and now scarce resources without being mindful. There is a lot that we can do to make this industry a minimum to zero contributors to environmental degradation.

So how do we do it tout de suite? The best way to do it is by setting precedence and taking measurable actions for future growth. Let me take you down memory lane, when I joined the US Apparel & Textiles in 2017, sustainability was still a work in progress. Realizing the grave need of bringing the efforts to speed, we constituted a smaller team of like minded experts and worked extensively in identifying the problem areas. One of the main challenges for us was to come up with a solution on how to measure our efforts and obtain accurate quantifiable data. We spent a reasonable amount of time on setting our baseline data and defining trackable objectives, we started collaborating with field experts and consultants to help us set some aggressive top-down targets. As Henry Ford says and I quote; "If you think you can do a thing, or you think you can't

do a thing, you're right". Rightly so, it is all about perspective and the will to do something.

Fast forward to 2019, we announced our Sustainability Challenge 2022. It is a need-based curated program focusing on 9 target areas that needs the most attention according to our vigorous research and analysis data. We have set some very aggressive targets and I am aware of the fact that we might not be able to achieve 100% success, but I can assure you that in some areas we will be exceeding the expectations.

"Sustainability is a continuous long-term plan. When we will be ending 2022 and rejoicing in our achievements, that will be the time that we will be setting our next target(s) for another 3 years. This time our objectives will be far more knowledgeable, smarter, and committed to the cause. I am already thinking about the Sustainability Challenge 2025"

Sustainability is a global challenge; our individual and collective efforts together can bring a huge difference to the cause. It is about time that the movers and

shakers of the business world realize that it is not just a social responsibility but it should be an investment approach that considers environmental, social, and governance (ESG) factors, alongside financial ones, in the pursuit of competitive returns and positive impact for people and planet. It involves a 360-degree mindset change to evolve and adopt sustainability.

"When our businesses are not disposable, how can we treat nature the same way?"

Nature is the only way to keep us going, if we don't invest in a sustainable future today, our next generations will never forgive us. When we started working on the renewable energy project, we were told many times that it is not a commercially viable project or is not lucrative enough. We took up this challenge of changing the minds and winning the hearts of all key stakeholders, from employees and customers to business partners—for a more holistic impact.

Today I take immense pride in sharing with you all that majority of our roofs are being utilized to generate reusable



energy, covered with 9,096 solar panels, and are expected to produce 6,223 MWh of electricity per annum substituting 9% of electricity generated from conventional fuels with renewable, in addition to reducing our carbon footprint. We are making remarkable progress on our targets. It is not my success alone, I'm thankful to my 'Projects and Sustainability Team' along with the entire US Apparel & Textiles for their dedication to convert this dream into a reality.

Awareness is primary for any change big or small. Having said that, awareness alone is not enough to bring and

maintain the change. Responsibility and Accountability are crucial for any change to be implemented and stays productive for a long time. This is what we are practicing across US Apparel & Textiles. Sustainability is now at the heart of our business and daily life. One of the major KPO's we have set for our people is their contribution efforts towards sustainability, we have ensured that it becomes a part of our performance and eventually our second nature.

Asif Malik

CEO (US Apparel & Textiles)



**9,096
Solar Panels**



**6,223 MWh
per annum**



**9% of electricity
substituted**

Highlights of 2020

All figures are in comparison with Baseline Year 2019.

9.77



Training Man-hours per Employee



19.1



Greenhouse Gas (GHG) Emissions



12.09



Total Energy Consumption



13.02



Total Electricity Consumption



10.77



Total Steam Consumption



9.48



Total Compressed Air
Consumption



9.53



Total Natural Gas and
LPG for Heating



Highlights of 2020

All figures are in comparison with Baseline Year 2019.

78.91



Chemical Compliance with
MRSL



73.16



Sustainably Grown Textile
Materials Used



3.35



Recycled Textile Materials Used



528



Female Population in the
Workforce



1,028,393



Renewable Energy from
4MW Solar Power



850,698



Water Consumption



4,046,673

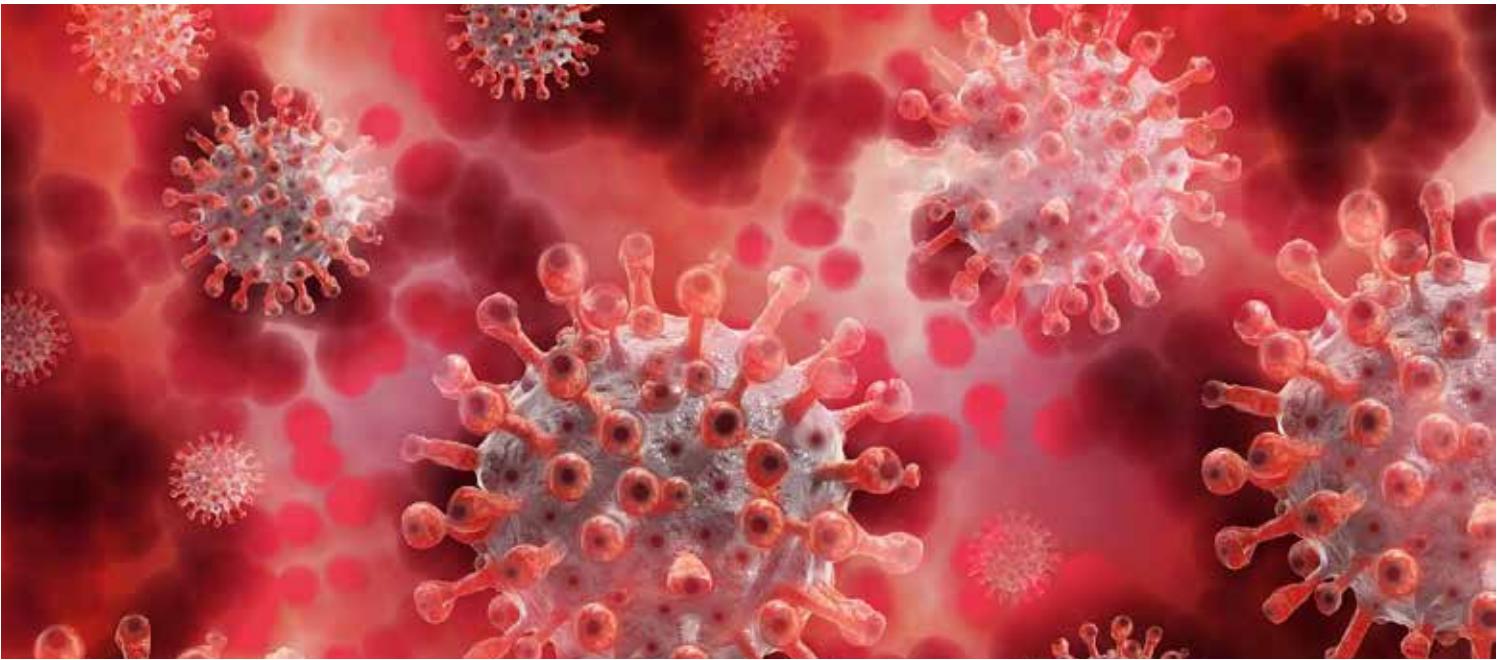


Process Chemical
Consumption



Our Response to Covid-19

Flattening the Curve



The world witnessed the most unprecedented times starting at the end of 2019 that originated from Wuhan, China, and spreading like wildfire across the world. No country remained safe from this deadly virus and it was declared a global pandemic by WHO on March 11, 2020. (<https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>).

By the early months of 2021, the Covid-19 has claimed over 3.6 million deaths all around the world. In Pakistan alone, the number of the total cases is staggering at 778k out of which 677k cases were recovered and over 16,698 deaths were reported in April 2021.

With a population of 224,391,602 (<https://worldpopulationreview.com/countries/pakistan-population>) the current growth rate in Pakistan is close to 2%, but this is expected to halve to less than 1% by the year 2050—at which point it is predicted to cross the 300 million thresholds. The population is predicted to near 210 million by 2020 and get to 245 million by 2030. In the year 1984, the life expectancy of a Pakistani citizen was only 56.9 years. As of the year 2020, the life expectancy has jumped up to 67.17 years of age. The improvement was a direct result of improved medical facilities and better-educated health professionals available in the country. The downside, unfortunately, is that doctors and nurses are still in short numbers

for the citizens that need them. There is only 1 nurse for every 3,700 people in the country. There are approximately 6 beds per 1,000 individuals residing in Pakistan as well. If the country is looking to improve health among its citizens and continue to grow their life expectancy rate, then the number of available doctors and nurses needs to continue to grow. If these numbers do not improve, then the people of Pakistan will see their life expectancy rate dip back down to the numbers of the mid-1990s (59 years of age).

Given all of this, In an op-ed in the British online newspaper The Independent, Tedros (WHO Chief) noted that Pakistan

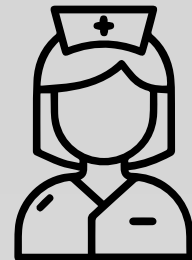
had deployed the infrastructure built over many years for polio to combat Covid-19. Pakistan's response reinforces "the lesson that the choice is not between controlling the virus or saving the economy; the two go hand-in-hand", the WHO chief added. **The World Health Organization (WHO) said Pakistan was among countries from whom the international community should learn how to deal with the Covid-19 pandemic.** The virus was first detected in China in December 2019 and then it started spreading in other countries. Pakistan had closed its borders and took several steps to stop the transmission due to which the first case of Covid-19 was reported in the last week of February.



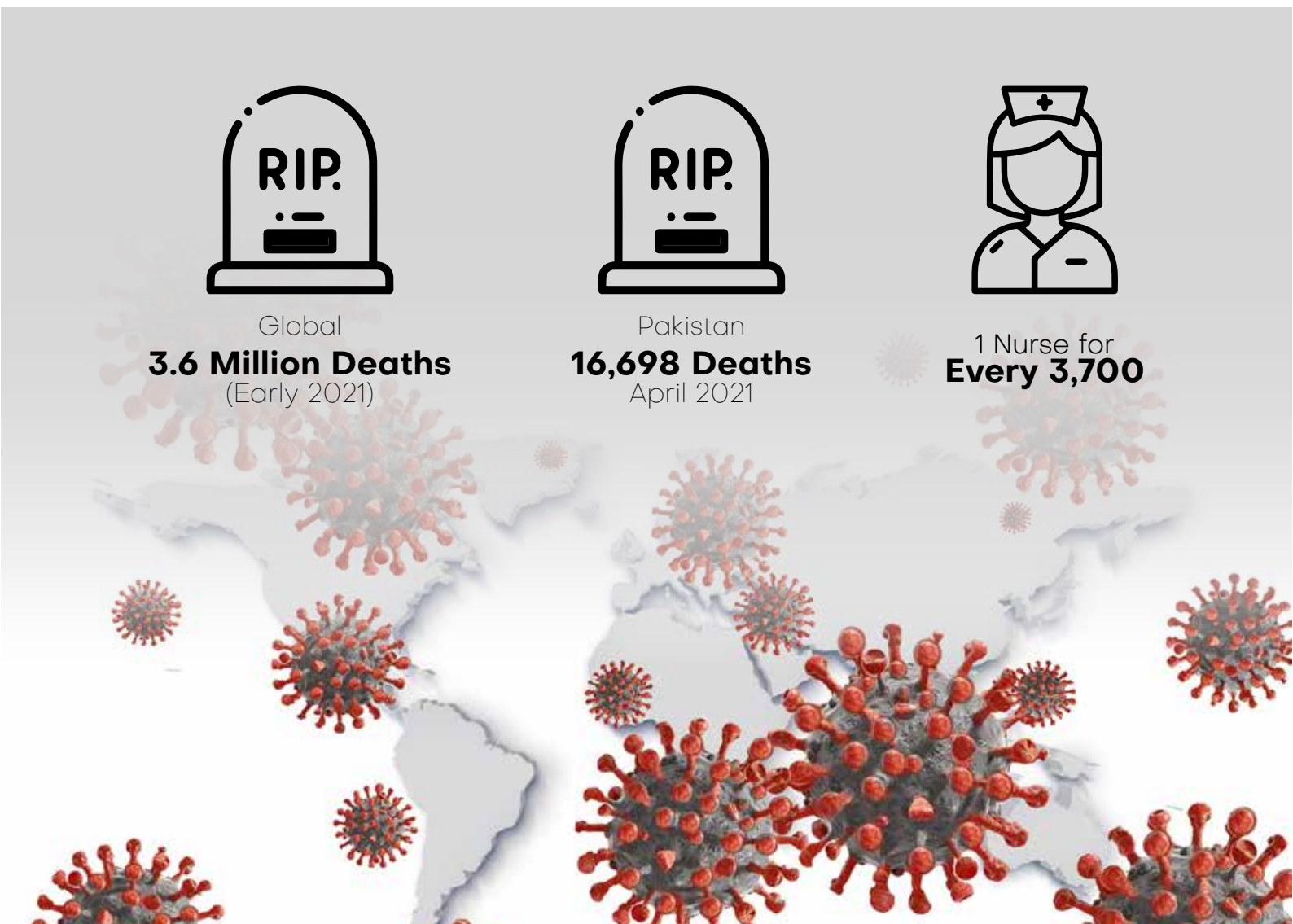
Global
3.6 Million Deaths
(Early 2021)



Pakistan
16,698 Deaths
April 2021

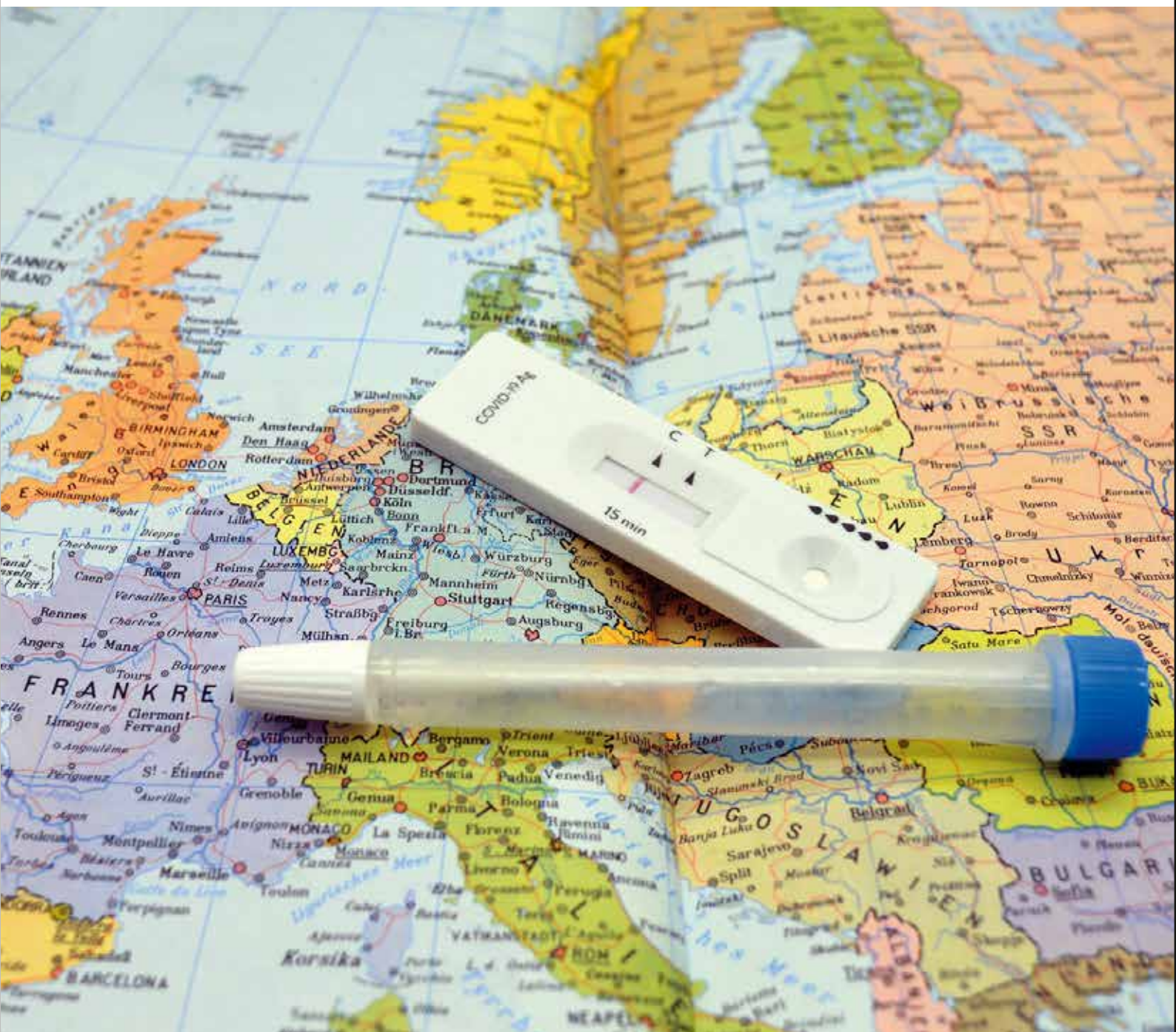


1 Nurse for
Every 3,700



Given the socio-economic and political instability of Pakistan, its already fragile economy had only just been moving towards stability when the health crisis struck. The pandemic has taken a devastating blow on the Pakistani economy. Pakistan's exports primarily comprise textile products. These exports are down since the Covid-19 crisis started, with some orders even being canceled at the start of the pandemic as a result of world-wide lockdowns. Various businesses

faced different issues with a certain degree of losses. Particularly, enterprises are still facing a variety of problems such as a decrease in demand, supply chain disruptions, cancellation of export orders, raw material shortage, and transportation disruptions, among others. Nevertheless, it is quite clear that enterprises around the globe are experiencing the significant impact of the Covid-19 outbreak on their businesses.

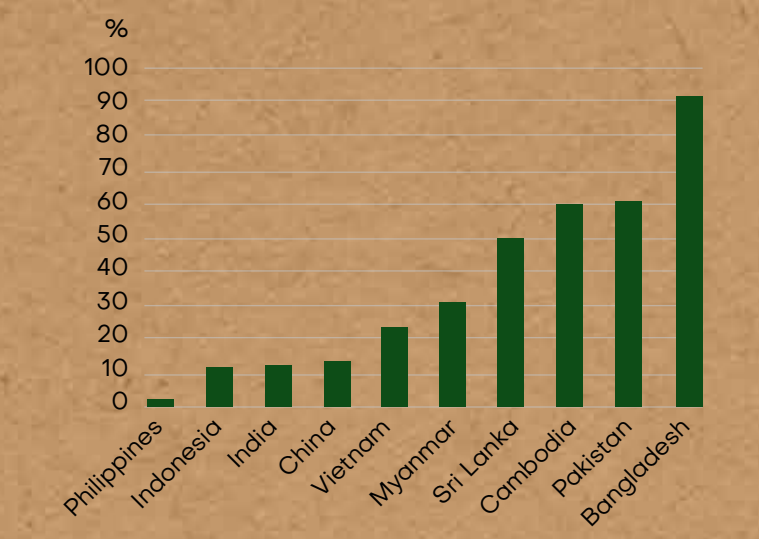


Researchers from the International Labor Organization (ILO) have studied the impact of the pandemic on 10 major textile-producing nations in Asia: Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Pakistan, Philippines, Sri Lanka, and Vietnam.

According to the ILO, around 65 million people work in the textile industry in these countries, or 75% of all textile workers worldwide.

The garment sector’s share of exports

2019

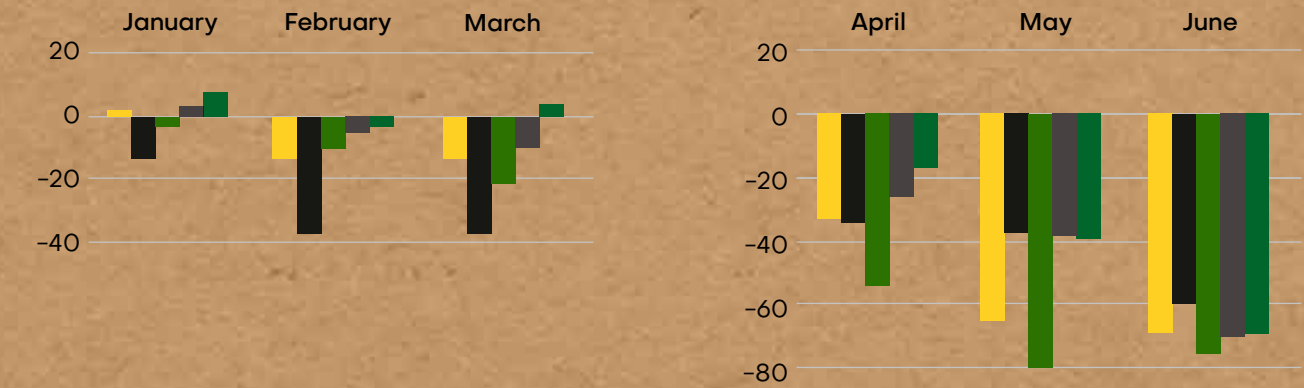


Source: ILO, UNCTAD, World Bank

Less Textile exports to EU, USA & Japan

2020, changes year on year percent

Bangladesh China India Indonesia Vietnam



Source: ILO, UN Comtrade

The garment industry is the largest industrial employer for women in the Asia-Pacific region. In countries like Cambodia, Pakistan, and Sri Lanka, between 15–20% of women work in the industry.

Fast forward to 2021, Pakistan's Textile exports seem to have largely recovered from the Covid-19 pandemic and are still growing. The recent monthly data published by the Pakistan Bureau of Statistics for the first four months of the current financial year confirms that the textile and clothing export shipments are back on a growth trajectory both in terms of their quantity and dollar value.

The data shows that the textile shipments have surged by 3.8% to \$4.8 billion between July and October 2020 from \$4.6 billion a year ago. The rise in the textile and clothing sector has been a wee faster than the 0.6 pc growth in the overall export.

There is also a significant decline in certain cases—in the shipments of the basic textile commodities such as yarn and grey cloth, indicating that the country is exporting more value-added products than ever before. It also reflects a shortage of raw materials for the value-added industry owing to an extremely poor cotton harvest this year. Besides, the local cotton prices have peaked to a 10-year high on account of a sharp drop of 37.6 pc in the cotton arrivals for ginning to 4.6 million bales by December 2020 compared with 7.4 bales last year.

The government has recently announced a lucrative energy package for the industry to help the exporters recuperate from the Covid-19 shock. The package does away with peak electricity rates, offers reduced tariffs on additional power consumption, and fixes power price at \$0.07 a unit and gas tariff at \$0.065 mmbtu for the export industries.



Pakistan's Textile Sector Back at Full Capacity



The share of textile in annual export earnings stands at 60%. The textile industry has revived to pre-Covid-19 level, as precautionary measures to safeguard people from the virus and industry-specific economic measures by the Government of Pakistan have helped at length to resume production to full capacity. Overall, Pakistan's textile industry is operating exceptionally, in a much better position compared to regional competitors as well. There are world buyers who have diverted their orders to Pakistan from China, India, and Bangladesh for different reasons including the US-China trade war and halt in production in India with worsening of Covid-19 crisis there. Pakistan performed better than India in apparel exports to the United States in February 2021.

Pakistan had an outstanding performance among apparel export destinations globally during February, according to Sourcing Journal, a credible source for textile sector information.

Pakistan was in top position in the list of countries that export textile, according to a report released by Apparel Resources, another international platform that gives insights into apparel industry exports.

Normally, India and Bangladesh perform better than Pakistan but this time Pakistan has fared better than its neighboring countries despite all the challenges Covid-19 faced worldwide.

Although the apparel import value of the US, a prominent destination for textile exports, decreased 8.7% year-on-year to \$5.39 billion in February 2021, its volume increased 3.2% and Pakistan was on top of the list of countries that witnessed a

hike in their apparel exports. Other countries that recorded growth in exports included China, Bangladesh, and Egypt. Pakistan and China managed to increase their apparel shipments to the US both in terms of value and volumes.



How did US Apparel & Textiles respond?



US Apparel & Textiles is the preferred choice of fashion connoisseurs around the globe as a reliable vertically integrated, purpose-built denim and jeans manufacturer with a workforce of more than 20,000 employees, and an annual capacity to produce 29 million garments and 36 million meters of fabric. Headquartered in Lahore, Pakistan, with 7 garment manufacturing facilities and a full-fledged modern fabric mill, we have a global footprint in the world's major fashion centers like London, New York, and Istanbul.

When the global pandemic hit, we were no exception and went into a lockdown

in the early days. We started the year 2020 on a positive note and met our financial and non-financial targets for the first two months. We were continuously investing and making good progress in our sustainability initiatives, automation & modernization, and debottlenecking for capacity expansions as part of our THREE YEARS STRATEGY developed in November 2019, and then in March, a major disruption started across the globe.

The world has felt the inconceivable impact of Covid-19 throughout the pandemic, on people as well as businesses. Many businesses navigated through this

new reality unprepared. The retail industry, specifically apparel, had been hit hard and we were no exception. Like everyone else we didn't know when it will be safe and possible for us and our customers to operate at pre-covid levels. Our revenue streams were significantly affected and we took countless measures to ensure the survival of our business in such uncertain and difficult times and to come out of this crisis even stronger. This included temporary pay cuts on a sliding scale of 10% to 50% for management employees minimizing its impact on the lowest salaried management employees and our workers. We were focused on the fact that we need to safeguard lives and livelihoods. This temporary pay cut proposal was a part

of our overall plan for business continuity. We were able to operate our units at significantly reduced rates. All possible protective measures were taken for the safety of our employees.

Our sustainability initiative "Challenge 2022" kept progressing and we are committed to achieving the first milestone of our corporate objective to convert our reporting of emissions on global standards, make them auditable, and decide and declare our three years improvement plans to reduce our GHGs (Green House Gases) in 2020. Our 4 MW solar power project progressed with some understandable difficulties resulting in delays. However, we can complete and commission it within Q3 2020.



In every crisis, there is an opportunity. We challenged our way of doing things, and accelerated our efforts to be leaner, smarter and ahead of the curve in the region. We prepared ourselves for the opportunities in textiles and especially for the value-added exports of made-ups when the current situation improves and the apparel industry hits the V shape recovery.

This was not all, there were enormous steps taken internally for the smooth operations and keeping the health and safety of our employees as a priority. Following are some of the highlights but not limited to:

- Spray tunnel at entry points.
- Body temperature checking.
- Isolation ward for suspected cases and special leave for positive cases.
- Provision of sanitizer in all departments and accordingly sanitizer dispensers installed.
- Availability of additional hand wash

facilities with soap.

- Disinfection of production floors, offices, furniture, tools, and human & machine interfaces which are being touched frequently.
- Provision and use of masks.
- Marking on floor and furniture to keep social distancing.
- The attendance system was converted to card scanning from thumb scanning.
- Ensured social distancing in transport.
- Continuous contact with local Government and customers updating on the current situation, suspected and positive cases. Customers have conducted several virtual tours to know the situation. Also, local Government teams visited many times to see the arrangements in actuality. Positive case investigation forms are submitted to the LS&Co compliance team.
- Public address systems, posters, and displays were effectively used to create awareness among workers.



From CEO's Desk During Covid-19



Dear US Apparel & Textiles Family,
As the Covid-infected world enters into 2021 with a mix of hope and concern, first and foremost, I would like to thank all of you for your resilience that helped us weather this crisis and to get US Apparel & Textiles prepared to cope with this global pandemic. Your commitment made all the difference and steered the company in the right direction during this most unprecedented year in the history of mankind. I am writing this message with great optimism for the future. The worst is over as the long-awaited vaccine is now available in the west, this is a good sign that will help in opening the markets and business will be as usual very soon.

We had a difficult first half of 2020, but with the untiring and unwavering efforts of the US Apparel & Textiles team, we managed to bounce back in the second half. US Denim Mills did a wonderful turnaround and surpassed their net profit and working capital targets. The Managing Director and the team of sBU-USA did well in protecting the interests of the business in a market where customers were declaring bankruptcies, they not only serviced the existing customers well but also managed their capital utilization to an optimum level. sBU-UK/EU did an exceptional job of obtaining export orders of face masks, not only to keep their units running but in addition, sBU-UK/EU implemented the

strategically important Project Rainforest, smoothly meeting all legal obligations.

As we were pushed out of our comfort zones in a countrywide lockdown in the early months of 2020, we continued to operate our plants by positively engaging with the Government authorities, supporting our customers—understanding their challenges, and prioritizing their needs. Similarly, we worked closely with our suppliers to revise the payment terms allowing us to maintain a positive cash flow.

All our key projects progressed with minor delays, e.g. our Sustainability Challenge 2022 continued towards completion and we were able to achieve a milestone by reaching our target of 4 MW renewable solar energy out of 7 MW in total by 2022.

I take great pride in the sense of responsibility and engagement displayed by all employees of US Apparel & Textiles during the difficult time by accepting Management's decision to apply pay cuts

in April, May, and June.

It gives me immense pride to acknowledge all our key stakeholders including customers, suppliers, employees, government, and their unflinching support during this crisis and makes me more optimistic to believe that the worst is over, and together we are gearing up for accelerated growth in 2021 and the years to come.

We have passed a distressing time, but the danger is not completely over yet. There is always light after darkness, the Covid-19 vaccine is a ray of hope for a corona-free world. Let's continue being responsible citizens and follow all mandatory SOPs to curb the faintest chances of spreading the virus. I am optimistic that we are only going onwards and upwards. Stay safe and look after yourself and your families.

Thanks,

Asif Malik

CEO (US Apparel & Textiles)





02

US Apparel & Textiles at a Glance

Fashioning a Future for more Sustainable Denim

The US Apparel & Textiles creates denim and jeans for clothing brand leaders who require reliable quality and delivery. By specializing in denim, we provide state-of-the-art fashion jeans solutions. We are a family-owned producer of fashion denim based in Lahore, Pakistan. Starting our operations in 1975, we began manufacturing and built our first plant in 1985. With sheer dedication and producing high-quality products, US Apparel & Textiles grew into Pakistan's top exporter of denim and twill since the '90s. Starting in 2008, the company has grown focused on jeans. That meant building and continuing to build the most state-of-the-art denim production facilities. These now comprise more than 130,000 square meters of production floor space on some 40 hectares.



EST.

1975

Begin selling fashion

**1985**

Integrated success

**2008**

Denim focused

**GO
GREEN**

eco-friendly, socially responsible

Our Global Presence



Almes Siddique
APPAREL & TEXTILE

Facts



EST.
1975

Established in 1975. First plant built in 1985. Pakistan's leading denim and twill exporter since the '90s.



US \$ **340** MILLION SALES



2.4 MILLION SQ. FT.

The best denim production facilities – 2.4 million square feet over 98 acres.



37 MILLION METERS FABRIC



20,000 EMPLOYEES

More than 20,000 employees



30 MILLION GARMENTS



Vision

To become a top performing, professionally managed company in textiles and apparel sector, with regional foot print, operating responsibly and serving the interests of all stakeholders.



Mission

Doing well by giving back.



Core Values

Integrity, Care, Excellence, Collaboration, Innovation.

Our Business Strategy



Not all businesses get it right straight away. There are natural weaknesses within all organizations for various reasons. Here at US Apparel & Textiles, we believe in constantly evolving and being adaptive. We carefully look and evaluate the future risks and develop solutions accordingly. Our thoughtful and well-defined business strategy not only offers an overview of how our business is performing internally, how we are performing against our competition, and what we need to do to stay relevant into the future. Our plan and efforts are focused on identifying trends and opportunities globally. We carefully examine the broader changes in the market such as political, social, or technological changes, as well as consumer changes, and develop tactics to suit these future changes.

We believe in doing well by giving back to nature and the community. Making fashion sustainable and minimizing the drastic impact of the textile industry on nature has been significantly important for us, and it remains a top priority under our business strategy as well.

The Executive Members of each sBU and Corporate Team led by the CEO, convene regularly to formalize and review the Business Strategy on quarterly (3 years) basis which is adjusted on the move. Focus areas and highlights from the last few sessions include:

- Develop Sustainability KPIs with authenticated data of baseline, aggressive plan to mitigate environmental impacts with transparent and verifiable records.

- Market and Customer Analysis with top-line growth and bottom-line improvement plans.
- Inculcate a culture of a high-performance organization including systems and processes aligned with pay for performance addressing issues of succession aimed at retention of quality human resources.
- Production planning and capacity expansions through debottlenecking and add-ons.
- Continued reinforcement of a culture of workplace ethics.
- Continued addition of Community Welfare Projects.
- Efficient and Eco Sourcing.
- Innovations in R&D.
- Business Continuity Planning.
- Improve ERP Utilization.
- Improve Gender Diversity aggressively with a clear slope up plan.
- Business Diversification.

SWOT Analysis, Risks and Opportunities Analysis is carried out in detail considering the implications for all stakeholders.



Leadership Statement



US Apparel & Textiles is going through an exciting time in which a profitable business is being transformed into a sustainable institution through close collaboration between the entrepreneurial abilities of the shareholders and managerial skills of the accomplished professionals. This is being achieved through change management involving renewed approach to performance management and focus on systems rather than individuals.

Corporate Objectives 2021

Our Sustainability Challenge 2022 is not an option!

Demonstrate our commitment in meeting our targets for three pillars of sustainability – economics, environment & social, and demonstrate our belief that “fashion shouldn’t cost the earth.”



Managers accept the status quo; Leaders challenge it

Make a visible change in automating & modernizing our manual work and reducing paper by effective and responsible use of technology in every area of our influence.



Sweat the assets fully & effectively utilize capacities

Improve productivity by 10% in 2021.





Fair & Transparent performance management system “pay for performance”

Reward & Recognition to be linked to accountability in its true spirit. Improve quality of people through the concept of hire, train & retain promotable talent, with higher focus on people development effectively utilizing e learning concept.



Deliver our financial & non financial commitments to all stake holders including our customers & shareholders

Make a visible change in automating & modernizing our manual work and reducing paper by effective and responsible use of technology in every area of our influence.

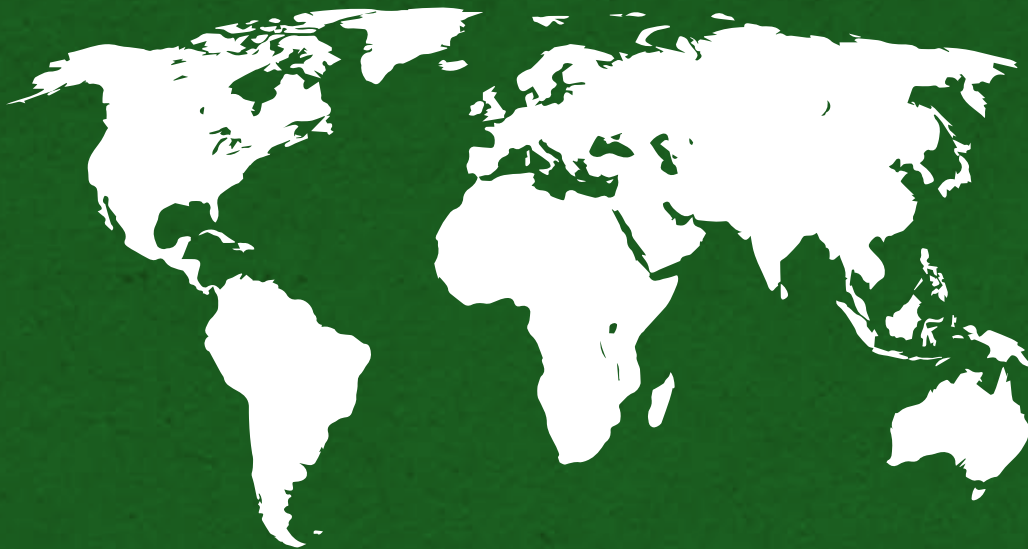


Mining the accurate data

System based data to be made precise & accurate, and converted to information, and used for decision making, full utilization of ERP without any parallel reports or reporting systems.

Our Customers and Regional Footprint

We serve our customers across UK, Europe, North America, Australia and Asia



Our Supply Chain

Customers have become more demanding and smarter at the same time. Today’s modern-day customers expect manufacturers and retailers to have stock ready to be purchased ensuring variety. Meeting our Customers’ requirements and exceeding their expectations has always been primary for us. The Sourcing and Procurement functions at the different US Apparel & Textiles units are responsible for ensuring reliable supply of quality input materials that include the following key item categories:

Category	Items	Sources
Denim Fabric	Indigo dyed and other shades of washed or unwashed fabrics	Local/Import
Stitching Thread and Accessories	Spun polyester thread, zippers, buttons, rivets, tags	Local/Import
Spun yarns specially designed for denim manufacturing	Yarns made with cotton, other natural fibers, man-made cellulosic fibers and synthetic fibers	Local/Import
Dyes and Chemicals that meet the most stringent quality and compliance standards	Indigo, sulphur and natural dyes. Wetting and softening agents. Washing and finishing chemicals	Local/Import
Packaging	Paper tubes, PE sheets, PE bags, corrugated boxes etc	Local
Machinery, equipment, parts and services for the manufacturing facilities	For warping, dyeing, re-beaming, weaving and finishing machines	Local/Import
Fuels and other auxiliaries	For utilities, recovery and ETP plants etc.	Local

Our products include denim fabric and denim bottom-wear garments that are supplied to a global market with most of the top-known brands in our portfolio of customers. We manage all our finished product logistics in-house through dedicated teams that manage our efficient warehousing facilities, contracted inland logistics fleets, and strategic partnerships with the top global freight companies.

Traditionally, cotton has been the staple fiber for denim manufacturing, however with time the burden on our planet's resources has increased significantly

which has led responsible companies to look at alternate materials that are more sustainable with less burden on our planet.

US Apparel & Textiles has been a leader in this area in Pakistan. All our cotton is BCI certified. We have been using GRS-certified recycled polyester-based yarns for over half a decade. All of our regenerated cellulosic yarns are sourced from Canopy's green-shirt-rated companies. We were one of the first in Pakistan to manufacture hemp-based fabrics in bulk, following which we started a project for developing indigenous



hemp fiber. Some of the key sustainable materials in use by the US Apparel & Textiles are as follows:

- GOTS certified Organic Cotton.
- Hemp—natural as well as sustainable semi-bleached.
- GRS certified recycled cotton—cradle to cradle concept (made from both post and pre-consumer waste).
- GRS certified recycled polyester that helps clean up our landfills as well as our oceans.
- Regenerated cellulosic yarns made by Canopy's green shirt certified companies like Lensing that use sustainable processes and fibers sourced from FSC certified sustainable forests.
- Other sustainable materials such as recycled elastane, recycled cellulosic fibers, pre-dyed modal, natural fibers from banana, corn, and soya bean, etc.

Even though we treat our wastewater to NEQS compliance levels, we understand that the dyes and chemicals that we source may carry harmful impacts to our environment in their lifecycle before our purchase. That is why we focus on sourcing materials that are compliant with ZDHC (MRSL), Inditex (The List), GOTS,

Screen Chemistry, and customer-specific RSLs and certifications. This ensures that our final products are compliant with Oeko-Tex and other certifications that our customers may require.

We have recently started recycling our paper tubes used for denim fabric packaging. The used tubes are collected from the garment units and re-used at the Denim manufacturing plant. While the current volumes are small, with improved collection and storage mechanisms, we expect to get greater gains in the years ahead.

Covid-19 has impacted everyone and our organization is no exception. Supply disruptions, inflated freight costs, and demand-supply imbalance has caused us to re-think our strategies. We have had to do longer-term, but more flexible planning worked on developing local sources and alternate materials. Our teams have had to adapt to agile working and the use of the latest technological aids, to cope with the changing work environment. This has been a blessing in disguise as it has also helped reduce the use of paper and fuel, which is a small but meaningful contribution to the US Apparel & Textiles Sustainability Challenge 2022.





03

Sustainability Management

Heart-Centered Sustainability Vision at the US Apparel & Textiles



We envision the future bright and sunny—shining for our jeans. A green future, where we wisely choose to protect our natural resources and future proof our generations from adversity. US Apparel & Textiles is a known name Internationally and a key player on the textile industry landscape for the past many decades. Our heart-centered business acumen has always led us to do more for the world. We have been providing livelihood to a large number of families, contributing towards boosting the economy, and enhancing the positive image of Pakistan in the global marketplace through our innovative and premium quality products.

We are aware of the impact of our business operations on the environment and we constantly strive to monitor our carbon footprint and adopt necessary measures to curb the damage adding towards the global climate change.

According to the Global Climate Risk Index 2020, Pakistan is ranked fifth in the list of countries most vulnerable to climate change. While the government leads and regulates the environmental sustainability agenda of the country, the responsibility for the conservation of the environment and its resources rests with all stakeholders, including the public and private sector, as well as individuals.

Deep Sustainability

Our Ambition

WINNERS OF POSTER COMPETITION

1st Prize



HIRA RASHID
Assistant Manager PD

2nd Prize

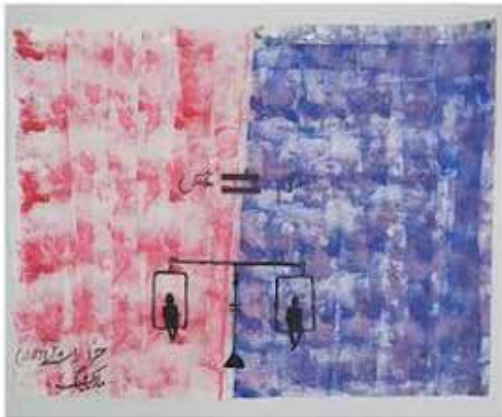


AMEER SAEED
GM HR & Administration

3rd Prize



UMER USMAN TOOR
Sr. Manager QC & Inspection



We are committed to be a responsible business entity and embed Sustainability into our business strategies and practices. It is not just a 'feel good' term for us, but we are focused on more responsible business conduct. For us, Sustainability is Change Work; and change relies on collaboration and urgency as a prompt. We have done our ground work – a thorough need assessment to identify the required changes and enablers to facilitate this change, ultimately meeting our

goals set against specific targets. We believe in continuous learning, knowledge sharing, and improving our processes as sustainability is not a one-time goal, it is a lifetime goal for us. We are committed to actively engage with our stakeholders and continue strengthening our sustainability agenda in the future while staying true to our commitments by carefully planning, curating, implementing, and monitoring Sustainability across the US Apparel & Textiles.

Way Forward

The US Apparel & Textiles will aspire for global sustainability leadership in all the sectors in which it operates. Being Sustainable for us implies that our actions are in balance with the environment that we live in. We make conscious efforts to ensure that we are meeting the needs of today without compromising the future. At US Apparel & Textiles, we firmly believe

that sustainability comprises not only the environment but also embraces social and economic factors. It is not a choice but an obligation, and we are in constant pursuit to better our sustainability practices and improve our circularity so that our business activities create a net positive impact on the planet, society, and future generations.

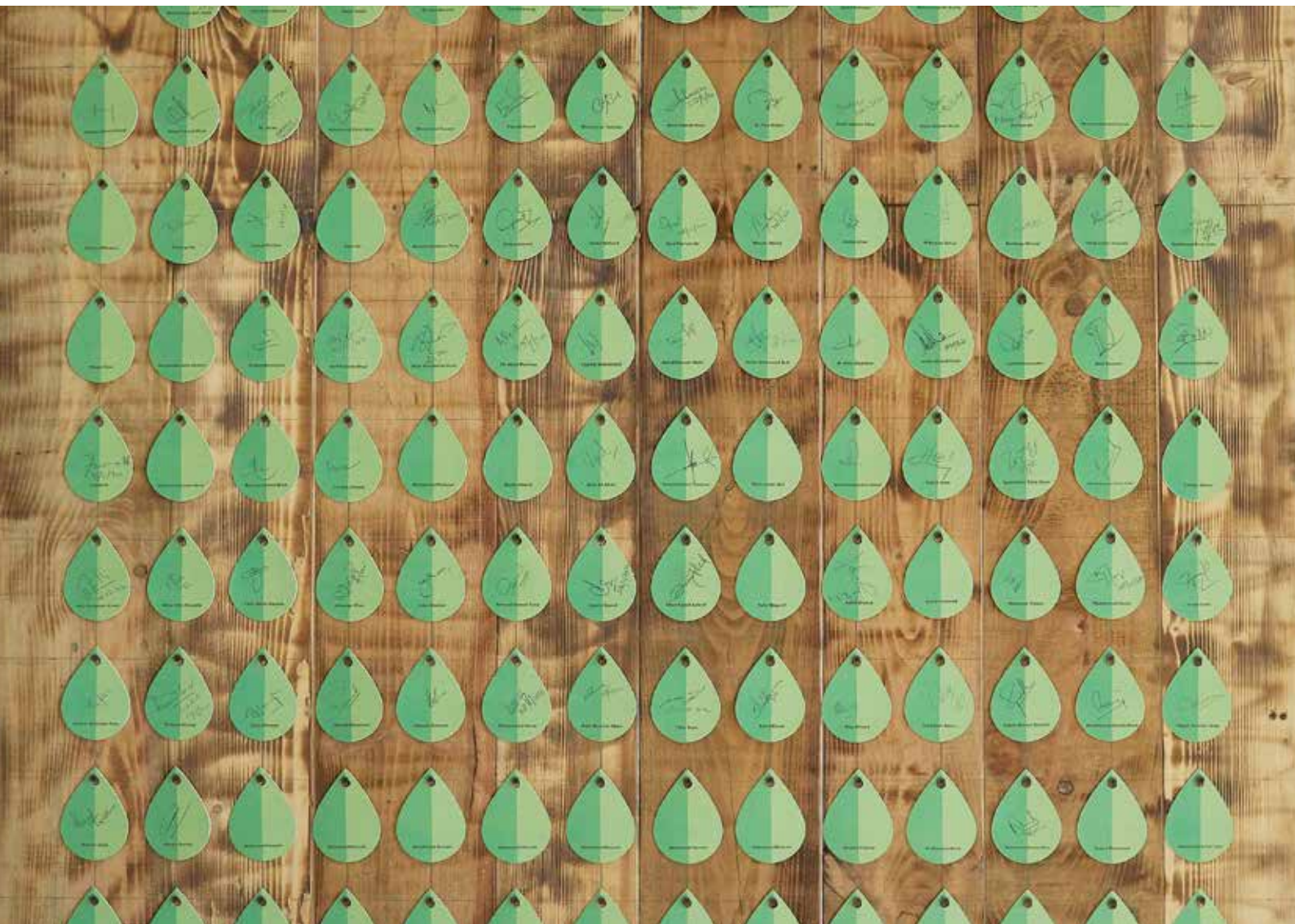


How are we going to be Sustainable?

In January 2020, we launched our Sustainability Challenge 2022, to reduce the negative impact of denim and jeans manufacturing on the planet, ensure health, safety & well-being of our employees, provide an enabling environment that supports Gender Diversity at all levels of the organization, and development of employees to ensure capability and capacity enhancement. The Sustainability Challenge 2022 comprises nine target areas which were curated after a comprehensive need-based analysis of

our key problem areas and in consideration of the aspirations of our global denim partners aligned with the United Nations Sustainable Development Goals (UN SDGs) and other international organizations.

Each target area of the Sustainability Challenge 2022 has (one or more) Key Performance Indicators (KPI) for which targets have been set to align our sustainability initiatives with UN SDGs and to conform with International Standards. We





are increasing efforts to procure sustainable as well as recycled materials for our denim and jeans manufacturing, which includes Organic cotton, BCI cotton, Recycled Polyester, Post-Consumer Waste, and Post-Industrial Waste. One of the most ambitious targets for us is the reduction of GHG emissions that result from burning fossil fuels to generate electricity, steam, and compressed air. This is being carried out by following the guidelines of global standards to better manage our energy, and by improving the fuel mix that would result in a smaller carbon footprint. We have recently installed a 4 MW Solar Power Project at our facilities that exhibits our dedication towards shifting to Renewable Energy. Our response to water scarcity is reflected by our recent membership with Alliance for Water Stewardship (AWS)

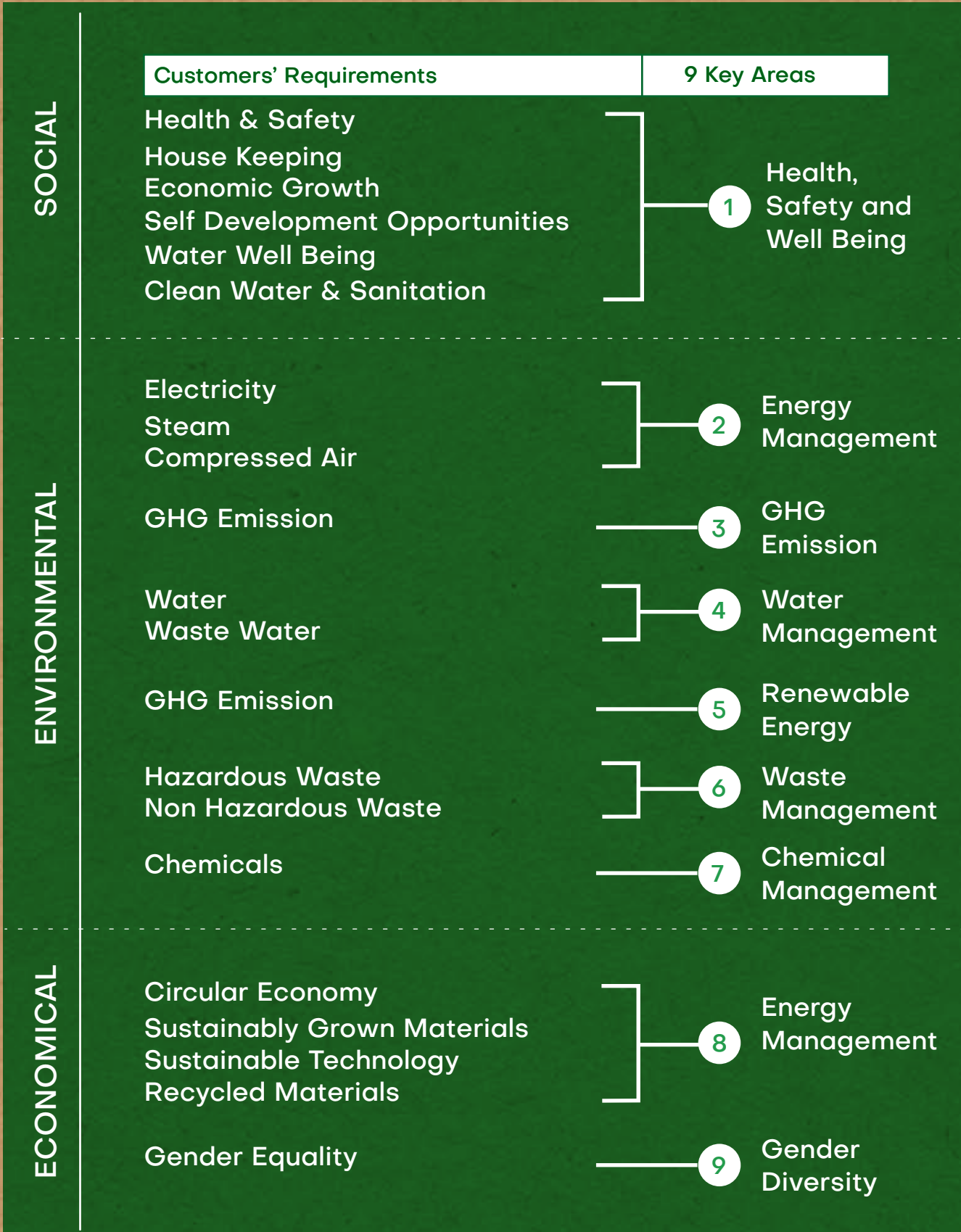
and we target to replace the need for freshwater by reusing and recycling water at our facilities. Our goal to increase the number of sustainable machines will help us in using energy, water, and other resources more effectively. We are also working towards ensuring the use of chemicals that are 100% compliant with ZDHC's Manufacturing Restricted Substances List (MRSL). We understand that sustainability cannot be achieved in true spirit without ensuring circularity in product development endeavors. US Apparel & Textiles is operating in line with all local and national laws and regulations about environmental, social, and economic requirements and there has been no non-compliance with the environmental laws, regulations, and customers' requirements during the year.

Our journey of Sustainability Challenge 2022

STEP 1	Data Collection FTY 2018 and 2019
STEP 2	GHG Emissions Calculation – GHG Protocol Conversion Tool
STEP 3	GHG Emissions Calculation – Verification and Validation
STEP 4	Compilation of Customers' Requirements
STEP 5	Customers' Requirements Analysis–Sustainability Reports & Code of Conducts
STEP 6	Identification of Stringent Requirements
STEP 7	Review of Sector Specific Sustainability Goals & Initiatives
STEP 8	Grouping of Customers' Parameters vs Sustainability Pillars
STEP 9	Development of Master Goal Sheet
STEP 10	Development of Process Mapping Document
STEP 11	Mapping of Sustainability Challenge 2022 with Customers' Goal
STEP 12	Review & Approval by sBU Heads & Teams
STEP 13	Formal Launch of Sustainability Challenge 2022
STEP 14	Launch of Sustainability Challenge on Website & Social Media

Sustainability Challenge 2022

Mapping with Sustainability Pillars & Customers Requirements

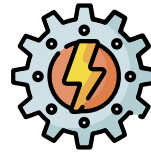


OUR Sustainability Challenge 2022



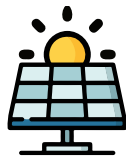
Health, Safety and Well Being

- Total Recordable Injury Rate (TRIR)
Continuous Improvement
- Lost Time Injury Rate (LTIR)
Continuous Improvement
- Training Man-hours per Employee
Continuous Improvement
- Capacity Building/Multi-Skilling
Continuous Improvement
- Drinking Water for All
Per WHO Standard from same source



Energy Management

- Reduce Energy (KWHe) Consumption by 45%
- Reduce Electricity by 10% (Year-on-Year)
- Reduce Compressed Air by 10% (Year-on-Year)
- Reduce Steam by 10% (Year-on-Year)
- Reduce Natural Gas/LPG by 10% (Year-on-Year)



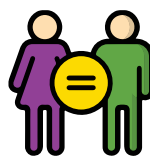
Renewable Energy

- 20% of Electricity from 7 MW Solar Power



Greenhouse Gas (GHG) Emissions

- Reduce GHG Emissions by 40%



Gender Diversity

- 20% Female Population



Water Management

Reduce Water by 50% through

- Conservation & Process Improvement by 25%
- Reuse In-Use Water by 10%
- Recycle WWTP Treated Water by 15%



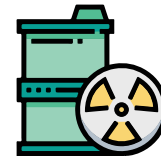
Waste Management

- Reduce Waste by 25%
- Reuse – Continuous Improvement
- Recycle – Continuous Improvement
- Hazardous Waste to Landfill – ZERO



Material & Technology

- Use Sustainably Grown Materials 10% Improvement
- Use Recycled Materials – 5%
- Reduce Environmental Impact through Technology – Continuous Improvement



Chemical Management

- Comply with MRSL & RSL – 100%
- Reduce use of Chemicals by 20%

PLEDGE WALL

SUSTAINABLE
DENIM
FASHION

CHALLENGE 2022

Sustainability Challenge 2022

Mapping with UNSDGs

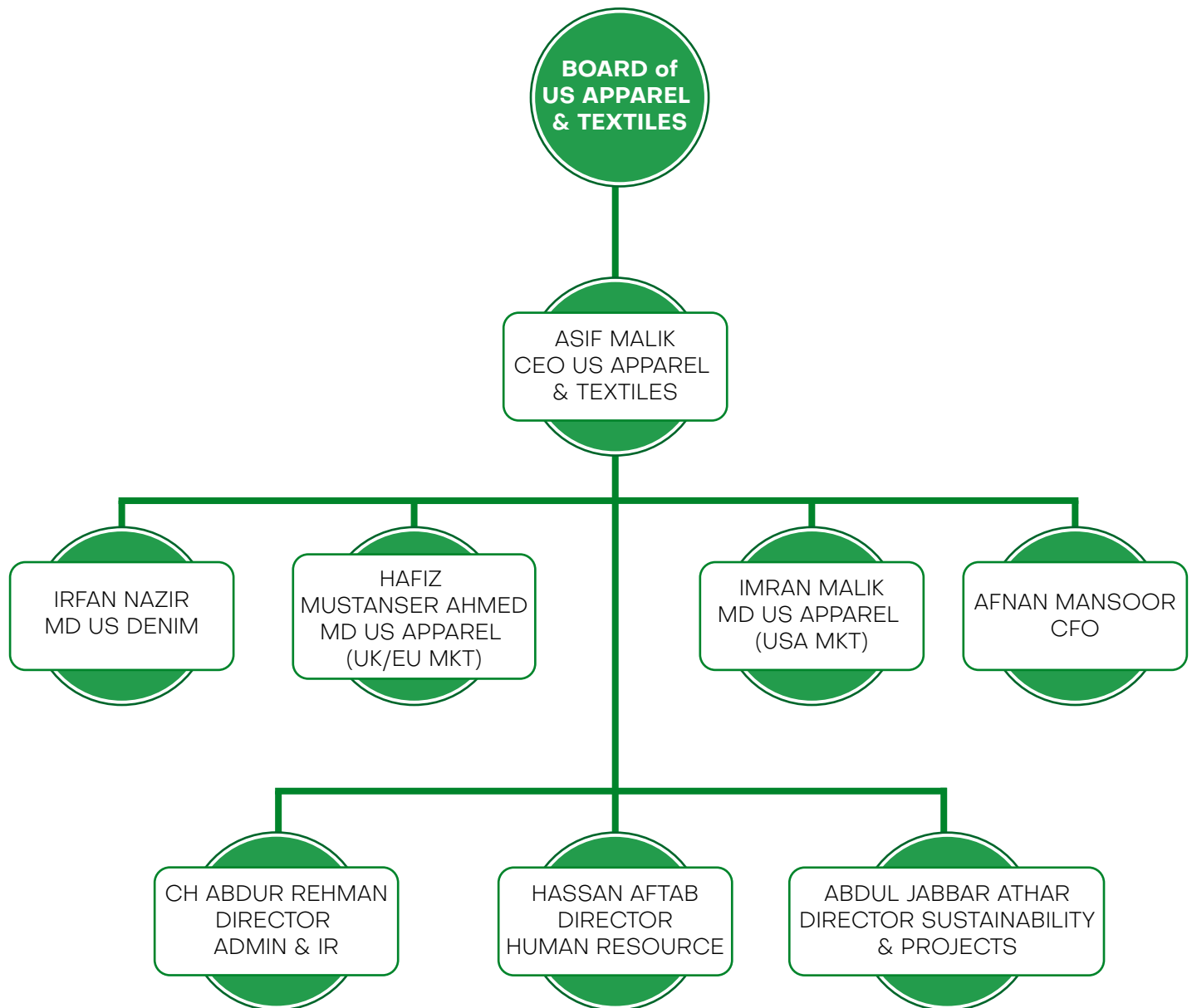


Sustainability Challenge 2022

Mapping with UN Global Compact

	Principles	Addressed through relevant certifications
HUMAN RIGHTS	<div>1</div> Businesses should support and respect the protection of internationally proclaimed human rights; and	USAT Guiding Principles, WRAP, SA8000, SEDEX
	<div>2</div> Make sure that they are not complicit in human rights abuses.	
LABOR	<div>3</div> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	USAT Guiding Principles, WRAP, SA8000, SEDEX
	<div>4</div> The elimination of all forms of forced and compulsory labor.	
	<div>5</div> The effective abolition of child labor.	
	<div>6</div> The elimination of discrimination in respect of employment and occupation.	
ENVIRONMENT	<div>7</div> Businesses should support a precautionary approach to environmental challenges.	ISO14001:2015, Higg FEM 3.0
	<div>8</div> Undertake initiatives to promote greater environmental responsibility.	
	<div>9</div> Encourage the development and diffusion of environmentally friendly technologies.	
ANTI-CORRUPTION	<div>10</div> Businesses should work against corruption in all its forms, including extortion and bribery.	USAT Guiding Principles

Our Organizational Structure



- All areas including Operations, Sales, Marketing, R&D, Quality, HR, Admin, IR, Finance, report to respective MD(s) who are responsible to deliver the bottom line and agreed goals & targets. However, people in the functions with central presence in the corporate center will have a dotted line reporting to functional heads, e.g. Finance, HR etc.
- Central functions will be responsible for Policies, Compliance, Governance, Monitoring, Reporting, Guidance & Support.

Sustainability Governance to Steward the Challenge 2022

STEERING COMMITTEE



ASIF MALIK
CEO US APPAREL & TEXTILES



IRFAN NAZIR
MD US DENIM



HAFIZ MUSTANSER AHMED
MD US APPAREL
(UK/EU MKT)



IMRAN MALIK
MD US APPAREL
(USA MKT)



AFNAN MANSOOR
CFO



ABDUL JABBAR ATHAR
DIRECTOR SUSTAINABILITY
& PROJECTS



HASSAN AFTAB
DIRECTOR
HUMAN RESOURCE



CH ABDUR REHMAN
DIRECTOR
ADMIN & IR



MEHWISH TARIQ
SENIOR MANAGER
CORPORATE
COMMUNICATIONS

SUSTAINABILITY GOVERNANCE STRUCTURE

ADVISORY COUNCIL

Abdul Jabbar Athar
Director Corporate Projects
& Sustainability

Riaz Ahmad
Vice President Compliance

Najam Us Saqlain
Senior Manager Projects
& Civil Engineering

Salar Sikander
Sr. Manager Corporate
Projects & Sustainability

Rameez Khan
Manager EHS & Sustainability

AUDIT COMMITTEE

Afnan Mansoor
Chief Financial Officer

Adnan Tahir
General Manager
Internal Audit

SUSTAINABILITY COUNCIL sBU UK/EU

Hafiz Mustanser
Managing Director

Saad Noor
Director Marketing

Zahid Zafar
Director Operations

Sajjad Shah
Sr. Vice President Operations

Ahmed Waqas
DGM HR

Farhan Rafique
Sr. Manager Engineering

Badar Ul Islam
Manager Engineering

Danish Farooq
Sr. Manager IE

M. Imran
Vice President Wash

Khawaja Saeed
DGM Procurement

Majid Hayee
GM Marketing

Fariha Yamin
Manager Procurement

Zahid Farooq
Sr. Vice President Operations

Waseem Abbas
Sr. Deputy Manager Engineering

SUSTAINABILITY COUNCIL sBU USA

Imran Malik
Managing Director

Fawad Saeed
Vice President Marketing

Ihsaan Qadeer
Director Operations

Mian Munib
Sr. Vice President Operations

Munir Khan
GM Marketing & Supply Chain

Rizwan Rana
GM HR

Ajmal Misar
DGM Admin & Security

Fahad Ashraf
Sr. Manager Operations
Sustainability & Projects

Sohail Amir
DGM Engineering

Adeel Shahid
GM R&D

Salman Manzoor
Assistant Vice President
PD Washing

SUSTAINABILITY COUNCIL sBU US DENIM

Irfan Nazir
Managing Director

Moeen Akram
Director Marketing

Sajjad Qureshi
Director Operations & Projects

Ameer Saeed
GM HR & Admin

Haroon Malik
GM Procurement

Adeel Akram
GM Operations

Shahid Younas
GM Utility

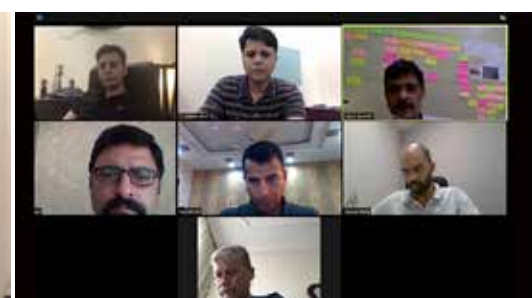
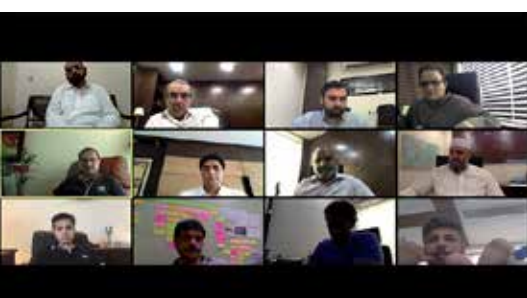
Usman Zahid
DGM Engineering

Stakeholder Engagement



Collaboration is one of our core values and is deeply engraved in our business practices. We believe in teamwork and consulting all our stakeholders and valuing their opinions is primary for us. This is how we create shared values and maintain a conducive work environment at US Apparel & Textiles. Our key stakeholders include individuals, entities, and groups that have or can have an impact on our business, targets, and vice versa. We have identified our key stakeholders, mapped and prioritized them after a thorough collaborative assessment based on the nature of their relationship with us and their impact on our business

operations. We conduct and try to always do stakeholder engagement effectively, it improves our communication channels, creates a collaborative environment, and maintains the collective progress towards common goals. We use it as a very effective tool that gathers information for us which is not just quantitative but we are capable to convert this data into qualitative for risk assessment and necessary action to be taken for its mitigation. Last but not least, our engaging practices reduce the potential for conflict or other business crippling issues and enhance our teamwork and reputation.





Stakeholders	Engagement Methods	Engagement Frequency	Key Topics
Shareholders	Board Meetings	On Going	Business Management, Strategy Development, Growth Opportunities, Expansion and New Projects
Employees	Townhall Meetings and Trainings, Sab-Keh-Do (Speak-up Policy)	On Going	Training and Development, Grievance Handling, Performance Appraisals
Community	Welfare Programs and Visits	On Going	Manufacturing Sites Impacts, Employment Prospects
Customers	Exhibitions, Visits, Meetings, Emails	On Going	Business Development, Product Development, Sustainability Alliances, Terms of Engagement, Cost & Quality
Suppliers	Visits, Meetings, Order Placements, Supplier Evaluation Surveys, Annual Supplier Conferences	On Going	Product Development, Sustainability Alliances, Code of Conduct, Cost and Quality
Government Institutions	NOCs, Permits, Renewals, Interaction at Professional Forums, Law Updates, Legal Advisors	On Going	Compliance with Regulations & Laws
NGO's Civil Society	Funding, Donations, Conferences, Forums	Occasional	Program Funding
Media	News, Events	Occasional	Reporting of News and Events
Acedemia	Visits, Job Fairs, Internships	Occasional	Job Openings, Research and Development
Trade Unions	HSE Reviews, Employee Consultation	Occasional	Worker Well-being and Productivity

LIST OF MATERIAL TOPICS

S.No	Material Topic	Boundary
201	Economic Performance	US Apparel & Textiles
202	Market Presence	US Apparel & Textiles
205	Anti-corruption	US Apparel & Textiles, Suppliers, Community
301	Materials	US Apparel & Textiles
302	Energy	US Apparel & Textiles
303	Water & Effluents	US Apparel & Textiles
305	Emissions	US Apparel & Textiles
306	Waste	US Apparel & Textiles
307	Environmental Compliance	US Apparel & Textiles, Suppliers
401	Employment	US Apparel & Textiles
402	Labor Management Relations	US Apparel & Textiles
403	Occupational Health and Safety	US Apparel & Textiles
404	Training and Education	US Apparel & Textiles
405	Diversity and Equal Opportunity	US Apparel & Textiles
407	Freedom of Association and Collective Bargaining	US Apparel & Textiles
408	Child Labor	US Apparel & Textiles
410	Security Practices	US Apparel & Textiles
412	Human Rights Assessment	US Apparel & Textiles
413	Local Communities	US Apparel & Textiles



04

**About
the Report**

About the Report



This is US Apparel & Textile's first-ever Annual Sustainability Report. The report has been prepared following the Global Reporting Initiative (GRI) Sustainability Reporting Standards at Core Level, to provide stakeholders a complete overview of US Apparel & Textiles sustainability impacts and its contribution towards the goal of Making Denim Fashion Sustainable. The report covers how US Apparel & Textiles is contributing to the United Nations' Sustainable Development Goals through its operational activities and community development initiatives.

Reporting Period and Reporting Cycle



The sustainability report contains information about US Apparel & Textiles operations from Jan 01, 2020, to Dec 31, 2020. The information included in this report encompasses US Apparel & Textiles operating divisions of Apparel Manufacturing and Denim Manufacturing and does not cover any other group company. We intend to issue future sustainability reports on an annual basis.
Date of publication May 12, 2021.

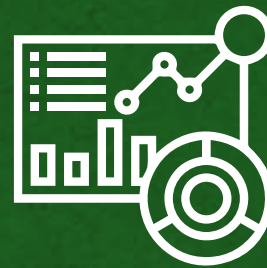
Organizational Boundary for this Report

US Apparel & Textiles is a family-owned business and is divided into two main divisions: US Apparel & Textiles Pvt. Ltd. includes our stitching plants and produces finished jeans; US Denim Mills Pvt. Ltd. is our fabric division.

Facility	Address	Contact
Pakistan		
Head Office, Lahore	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
sBU USA	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
Manufacturing Unit 2	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
Manufacturing Unit 5	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35341061-65
sBU Denim	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340345-59
sBU UK/EU	20 KM Ferozepur Road, Lahore, Pakistan	+92 42 35950591
Manufacturing Unit 3	20 KM Ferozepur Road, Lahore, Pakistan	+92 42 35950591
Manufacturing Unit 4	20 KM Ferozepur Road, Lahore, Pakistan	+92 42 35950591
Manufacturing Unit 1 (Closed)	26-M Gulberg, Lahore, Pakistan	
Manufacturing Unit 1R (Relocated)	253-A Sundar industrial Estate, Lahore, Pakistan	+92 42 35297353-56
Global Offices		
Istanbul	Yenibosna Merkez Meh. Vizyonpark B2 apt. No. 9/20 Istanbul Turkey	
London	25 North Row, London WK 6DJ Regus Building UK	
New York		thomasfilipkowski@usdenim Mills.com sohaibkhan@usaparel.com

The Apparel division is further divided into sub-business units sBU USA and sBU UK/EU with 5 garment manufacturing units with the ability to produce 30 million units annually. The Manufacturing Unit 2 & Unit 5 falls in sBU USA and Unit 3, Unit 4 & Unit 1R fall in sBU UK/EU. The Manufacturing Unit US Denim Mills, third sBU is Lahore based fabric mill that produces 40 million meters of fabric annually.

Report Content



The contents of the report, including material topics, have been derived as per the requirements of GRI Sustainability Reporting Standards, impacts of our operations as well as our engagement with important stakeholder groups.

Methodology and Data Quality



The data included in the report has been documented on an actual basis. However, where data is not available, estimation has been used. All such estimations have been mentioned at respective places. The data relating to environmental impacts has been obtained from the Corporate Projects and Sustainability Department which is responsible for measuring and monitoring environmental impact and progress against the targets. This annual sustainability report is a standalone report.

Contact

The Sustainability Steering Committee and Sustainability Councils of each Business Unit have reviewed this report. This report has also been reviewed independently by a third-party assurer.

The GRI Content is indexed on page 138 of this report. Aligned with our plans of going paperless, this report is not available in print but only in PDF (e-copy) form. The PDF form is the most updated version which can be accessed at www.usgroup.org. Stakeholders' input on the report helps to keep our reporting relevant for our stakeholders' decision-making needs. The Director of Projects & Sustainability can be reached at the following address:



Abdul Jabbar Athar
Director Projects & Sustainability

Phone: +92-42- 35340034-40

Email: USGsustainability@usaparel.com

In this report we have mentioned progress on all areas of Challenge 2022 at 4 levels; overall for US Apparel & Textiles and three sBUs separately. The basis of reporting is the GRI Standard; Core.

Precautionary Principle



Our Guiding Principles of working and doing business along with our Corporate Objectives direct us in daily operations and the introduction and development of new products, in line with the principles we have implemented internal monitoring system through Audits and Third-Party Certifications, for products and management systems.

The background of the slide features a close-up, black and white photograph of several stacks of coins. The coins are stacked vertically, and the image is partially covered by a semi-transparent green rectangular overlay. The text '05' is positioned in the upper right corner of this green area, and the title 'Economic Performance' is in the lower right corner.

05

Economic Performance

Economic Performance



Situation

The Covid-19 outbreak made it one of the most challenging periods in recent history. This crisis wreaked havoc not only on Pakistan's economy but also on the global economy. Challenging situations created in the third and fourth quarter of the year led to a sharp drop in the growth rate of the economy by -6.01% amid affecting the lives and livelihood of people. This decline was consistent with an overall decline in the total exports of Pakistan which shrunk by 6.83%. To counter the impacts of the pandemic, the Government took several initiatives including the timely release of Drawback of local taxes and levies, customs rebate and sales tax refunds, availability of borrowing at reduced rates, and deferment of loans, which

saved the industry from immediate disastrous consequences in the short run.

However, the global volatility created by the pandemic, especially in high spending societies, has altered the buying habits of the general population. People appear more inclined towards saving and spending on necessities, which negatively affected the demand and export of the textile sector and led to a delay in orders across the board. In line with other emerging markets, Covid-19 has hurt Pakistan's economy. However, despite once-in-a-lifetime challenging circumstances, our management remained steadfast and faced all hurdles with unity as a combined team and managed to successfully sustain the crisis. We continued our social and ethical responsibility regarding the Covid-19

crisis without any compromise in work quality by employing the latest communication technologies. Like many other businesses, we also shifted to virtual meetings and work from home. This not only protected our workforce from the fatal virus, but also contributed towards the overall objective of prevention of the pandemic.

Impact

Our Economic Performance is driven by the overall Business Strategy developed by the management and approved by the Board under its vision and mission of Doing well by giving back. The management team under the leadership of the CEO and guidance of BOD has set targets/goals and deploy requisite resources at the right place and the right time to achieve the desired objectives. An independent internal audit function is in place to support the governance function of the Board. We work with customers/brands who are financially healthy and remain committed to keeping their supply chain afloat. We closed the financial year 2019-20 with sales of Rs. 29.66 billion down 2% as compared to last year however, the profitability went down significantly by nearly 54%.

The management team is putting together a plan to minimize the effects of the pandemic and emerge as winners in this challenging situation. The prospective order position in FY21 is promising and supportive to the aim of operating at improved capacity levels as compared to 2020. Keeping in view the measures taken by the management, and the Government's positive action towards the manufacturing industry, we are confident in maintaining our market share in FY21 despite the impact of 2nd & 3rd wave(s) still hovering around.

• Risk management

We recognize the importance of disclosing climate-related risks and opportunities.

- In the Annual Report and Accounts, climate-related disclosures are integrated wherever applicable.
- The Board takes overall accountability for the management of all risks and opportunities, including climate change.
- KPIs of Senior Management is linked to the achievement of sustainability and climate change targets.
- Review of climate-related risk assessments are a part of our overall risk assessments.

-6.01



Sharp drop in the growth



6.83



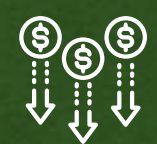
Decline in the total exports of Pakistan



54



Profitability went down significantly



- We have devised policies on Business Continuity Management & Business Continuity Plans. Business Continuity Management prevents halts in the supply of products or provision of services when contingencies or other incidents occur.
- Our Corporate Social Responsibility & Climate Change report offers key information about social impact progress.
- We have formulated Sustainability Challenge 2022 to determine our initiatives in responding to the expectations and requests from our stakeholders. This includes a focus on the Sustainable Development Goals (SDGs) set by the United Nations and the Paris Agreement.

We have implemented a Performance Management system for all management employees as we believe in deploying services of professionals that possess requisite skill, knowledge, and experience and to attract talent offers market-based remuneration packages. We also offer our employees a Defined Benefit Gratuity

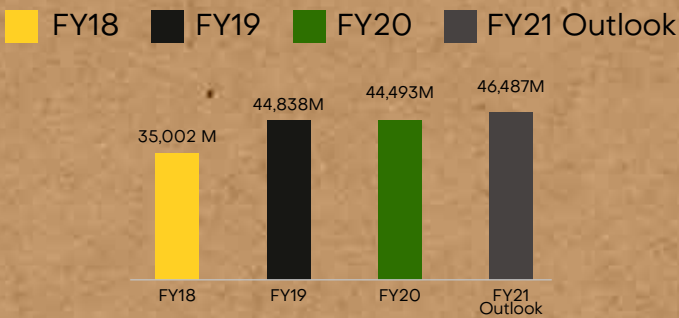
plan under a duly registered and recognized separate Gratuity Fund.

Contributions to the fund are made by the Company throughout the year based on the actuarial valuation carried out at year-end. The contribution is calculated based on the number of completed years of service of employee times the latest gross salary. The fund has normally sufficient plan assets available during the year to cover 200% of defined benefit liability. Any excess or short balance is calculated at year-end at the time of actuarial valuation and contributions are revised accordingly.

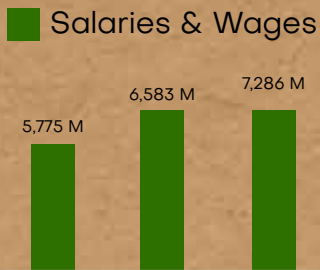
The competitiveness of the Export industry is largely dependent on the Government policies applicable to export units. To enable the exporters to be competitive against regional players the Government offers special incentives, subsidies, tariff reductions to export units. Currently, the active incentives being offered by the Government to exporters include subsidized Export refinance facility, Export rebate, DLT, Subsidized Electricity & Gas rates.



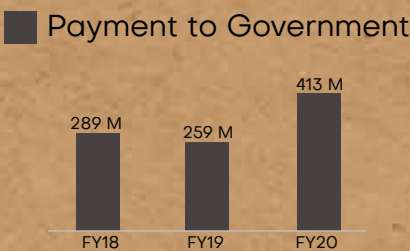
Revenue (PKR)



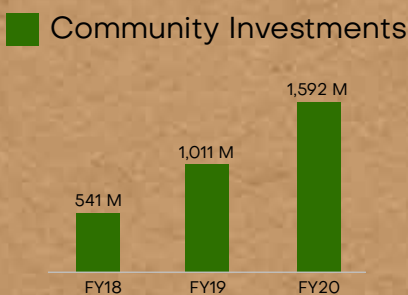
Salaries & Wages (PKR)



Payment to Government (PKR)



Community Investments (PKR)



Market Presence



The employees of US Apparel & Textiles business fall under the following three categories:

- Management
- Workmen
- Piece Rated

Employees falling in categories 2 and 3 are governed by Labor Laws enacted by the Government of Pakistan. The minimum wage for unskilled, semi-skilled, and skilled workmen is announced by the Government from time to time under the Minimum Wage Act 2019. The law does not differentiate between genders hence US Apparel & Textiles ensures equal pay for all its employees ensuring minimum wage requirements are met.

Our Salaries are audited by internal and external auditors.

US Apparel & Textiles business is divided into 3 sub-business units. Two garment manufacturing sub-business units are identified based on the markets they service. One garment manufacturing sub-business unit having 2 manufacturing facilities producing approximately 36,000 garments per day are assigned to service UK & EU and the other garment manufacturing sub-business unit having 2 manufacturing facilities producing approximately 38,300 garments per day is assigned to service the USA market. The third sub-business unit is a denim fabric manufacturing facility producing approximately

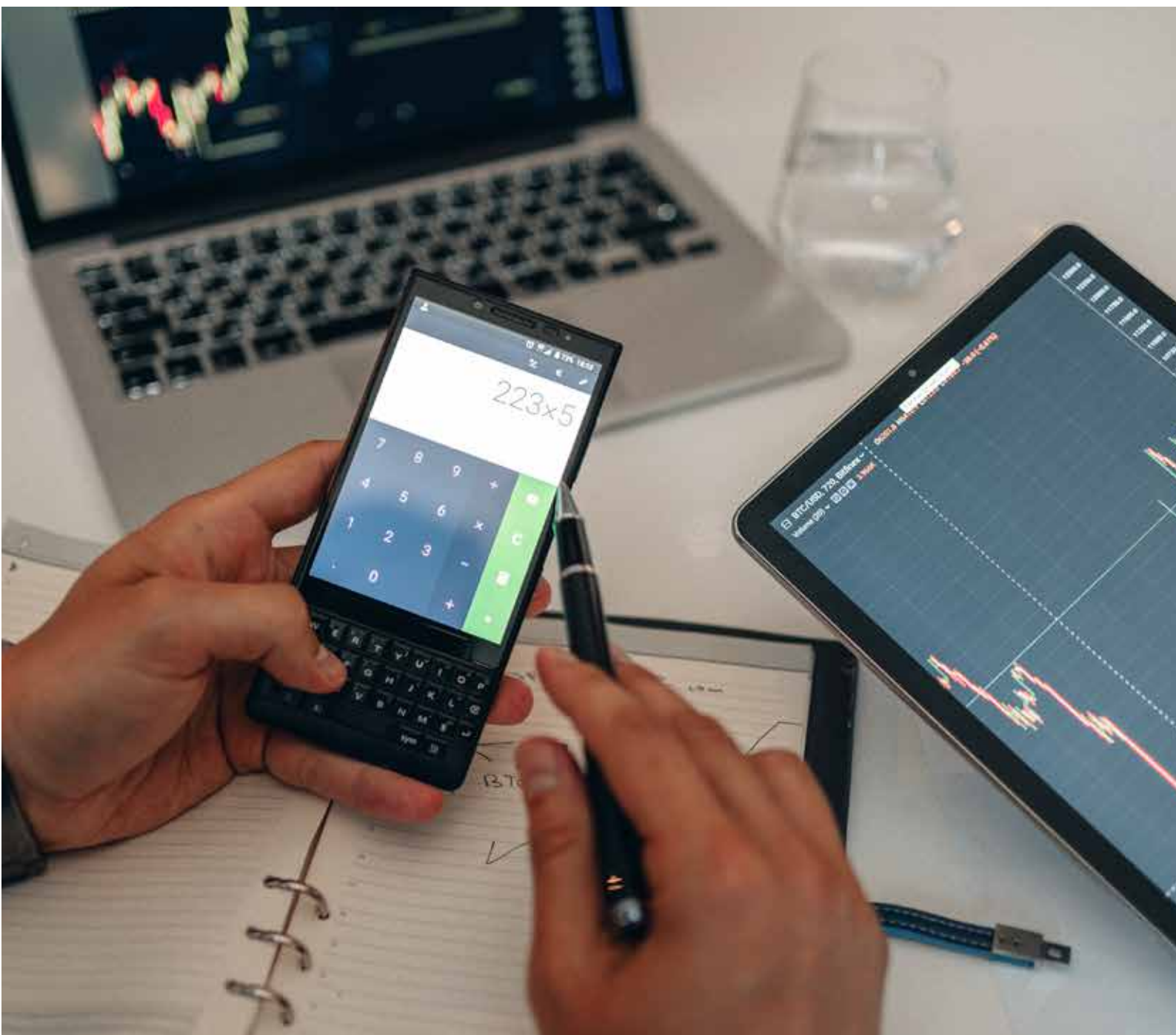
100,000 meters per day and supplies fabric to the other 2 sub-business units and exports worldwide.

Each sub-business unit is headed by a Managing Director who is responsible for all aspects of his sub-business unit including the bottom line and is supported by 5 to 6 direct reports who form the leadership team.

All three sub-business units and their

manufacturing plants are located in and around Lahore.

Managing Directors and corporate functions such as Finance, Human Resource, Corporate Communications, Sustainability & Projects report to the CEO. The leadership teams on the sub-business units and those reporting to the CEO form the senior management. They all belong to Lahore which is the significant location of operations.



Anti-Corruption



- Approach to training employees was based on a combination of external and internal risks which resulted in tailored learning curriculums.
- We conduct risk assessments focused on corruption or inclusion of corruption as a risk factor in overall risk assessments and designs policies & procedures to counter any corruption risks identified.
- We conduct compliance training for new hires. 100% of our employees have completed their assigned ethics and compliance training. We follow a trickledown effect philosophy and the same is communicated to all senior management in every Town Hall meeting.
- We have a robust Anti-Corruption program which includes regular and impactful trainings and awareness

programs, a thorough and comprehensive investigation process and controls.

- Compliance-related items are embedded in our Code of Conduct. 100% of our employees agree and adhere to our Code of Conduct.
- We also comply with all Anti-bribery & Anti-Corruption laws.
- 100% employees demonstrate their commitment to our Value criteria.

We also have a transparent whistleblowing policy in place to report breaches of Code of Conduct & other policies. Timely investigations are conducted by an established committee for alleged or suspected breaches. The platform allows secure two-way communication even when the reporter chooses full anonymity and detail of which is maintained by the committee.

Anti-Competitive Behavior



There have been no legal actions initiated or pending against the company during the reporting period.

Tax

Our Tax matters are responsibly managed. We maintain transparent financial records, consistently ensure compliance with applicable Tax laws and best practices. We have opted for Group Taxation, and our 100% owned subsidiaries are taxed as one fiscal unit.

By Law, exports fall under the final Tax regime where 1% tax is deducted by banks at the time of realization of export proceeds. Tax strategy is formally approved by the CEO and progress on tax matters is periodically reviewed by the CFO. Moreover:

- On-Job training and guidance is provided to relevant employees on the link between Tax strategy, business strategy, and sustainable development through our Tax Consultants.
- Succession planning is done for positions within the organization that are responsible for the tax.
- Participation in tax transparency initiatives or representative associations that seek to develop best practices around disclosures on tax or educate stakeholders on tax-related issues.

- Internal audit department undertakes reviews of the Tax department's compliance with the Tax governance and control framework on a risk & need basis.

Board of Directors and other stakeholders are periodically appraised on Tax amendments, with material effects on stakeholders.

We have an established and functional in-house Tax department to professionally manage and implement the taxation strategy along with incorporating and implementing the dynamic pronouncements/changes to tax laws. Tax consultants are engaged as and when required to manage queries/responded to tax departments. In addition, we have appointed one of the renowned firms; Ernst & Young Ford Rhodes as our Tax advisor for engagement with tax authorities where ever required.

US Apparel & Textiles primarily falls in Pakistan Jurisdiction about taxation matters. However, We have a legal presence in Turkey in form of a 100% subsidiary of US Denim. Accordingly, all taxation payment & filing formalities of Turkey are 100% complied. The Turkish entity is primarily engaged in fabric trading.



Production Data

Unit of Production Measurement

For standardization of units, we have converted the production units of meters for denim and pieces for garments to KGs of production and report the progress both in Absolute and Normalized figures. This is to align with global standards of measurement and we believe this is an important conversion to know the sustainability impact of changes in material composition and product mix related to our business. Stable manufacturing is what soothes the supply chain and optimizes the resource burden. Covid-19 has hit our production plan badly, as for others, but thanks to our customers whom we remained engaged within difficult times and adjusted our production facilities per need though at inefficient regimes.

US Apparel & Textiles

	UOM	Baseline 2019	FTY2020	% Change
Production in KG	KG	35,520,673	30,280,005	-14.75%
Production in Pieces	PCS	22,269,302	17,625,636	-20.85%
Production in Meters	MTR	39,522,271	35,001,006	-11.44%

UOM		sBU Denim			sBU USA			sBU UK/EU		
		Baseline 2019	FTY 2020	% Change	Baseline 2019	FTY 2020	% Change	Baseline 2019	FTY 2020	% Change
Production in KG	KG	22,912,415	19,810,569	-13.54%	5,804,469	5,223,811	-10.00%	6,803,788	5,245,625	-22.90%
Production in Pieces	PCS	-	-	-	10,248,475	8,764,783	-14.48%	12,020,827	8,860,853	-26.29%
Production in Meters	MTR	39,522,271	35,001,006	-11.44%	-	-	-	-	-	-





06

**Sustainability
Challenge 2022
& Progress**

Health, Safety & Well Being



Our people are the most fundamental aspect of our business. Employees' contribution has been paramount in our success and growth since inception. We are committed to make US Apparel & Textiles a healthy and safe workplace for all our employees by continuously improving every aspect of our organization that affects them i.e. from conformance to International Labor Organization (ILO) Conventions and Recommendations, compliance to local national EHS, and employee welfare related legislation, provision of clean drinking water to every one, capacity building, and safety training, etc. Under our sustainability pledge, we will ensure to garner continuous improvement i.e. reduction in recordable injury rate and lost time by taking progressive measures. We will also be increasing the man-hours dedicated to skill-building and training because we have pledged to be "Together for a Better Tomorrow."

We have taken the following measures to ensure Health, Safety & Well Being of our employees and stakeholders, including the public and private sector, as well as individuals:

- Encouraging reporting by putting in place a monthly monitoring mechanism.
- We are training our workers with multiple skills to ensure that he/she is fully utilized and is prepared for the future with job security in the event of a crisis.
- HR and IE Departments in coordination with each other develop training schedule and accordingly deliver on the job training on different topics including; technical and soft-skills.
- In addition, Compliance Department conducts training on the use of PPEs, First Aid, Fire Fighting, Chemical Handling, and appropriate use of Machine Guards.

TARGETS



Continuous improvement in
Total Recordable Injury Rate (TRIR)
Lost Time Injury Rate (LTIR)



Training man-hours per employee
Capacity Building/Multi-Skilling



Drinking water for All per WHO
standard from same source

KPIs



Total Recordable Injury Rate (TRIR)
Lost Time Injury Rate (LTIR)

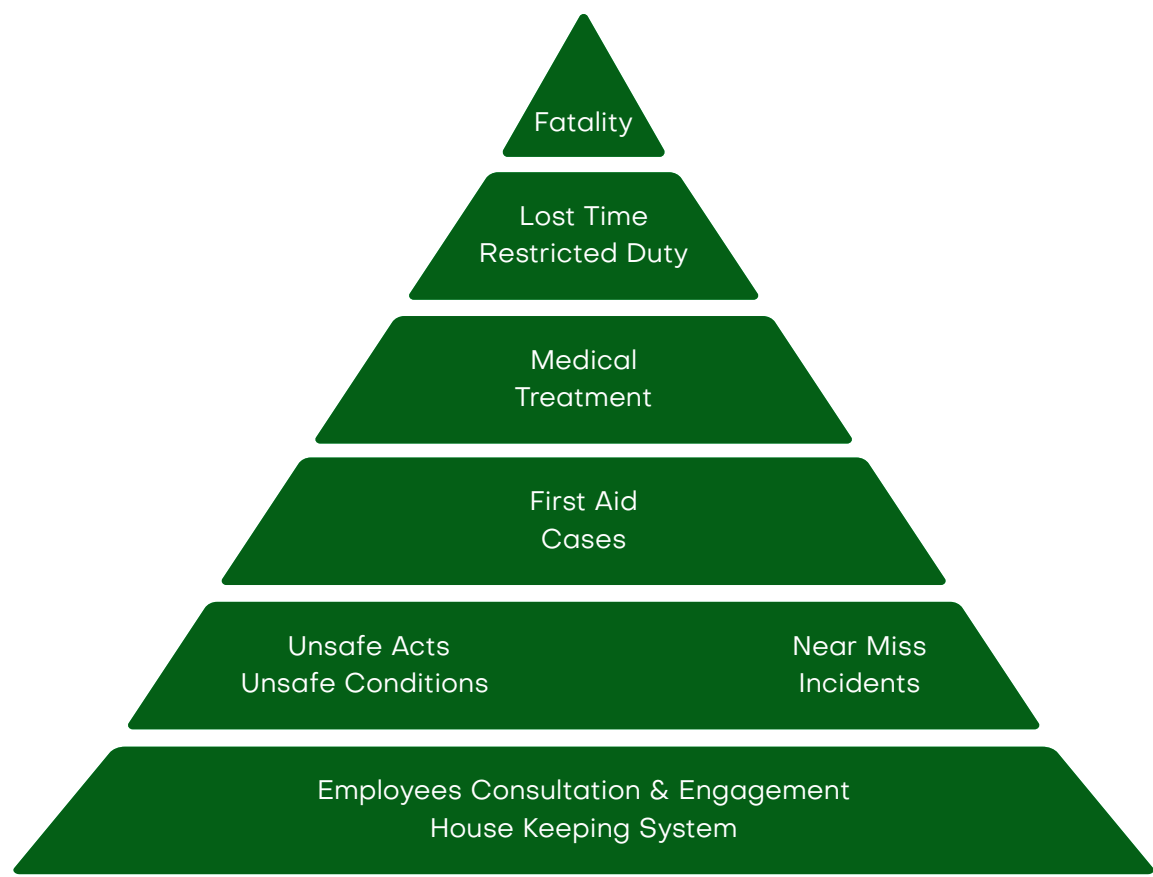


Training Man-hours per employee
Percentage multi-skilled employees



Percentage of employees with access
to clean drinking water

Our Approach to Safety



Our Progress

Considering the opportunity of sustainability drive, reporting of number of near-miss incidents, first-aid cases, medical cases, restricted-work cases, lost time Injuries (LTI), on-site fatal injury incidents, and recordable injuries was initiated. Monitoring of reported data enabled us to correlate our performance versus the baseline year 2019. This has given the direction to ensure continuous improvement in this area.

This initiative has resulted in increased reported events which are intended to enhance the awareness of Environment, Health and Safety (EHS) coupled with root cause analysis, resulting in identification and implementation of corrective

and preventive actions, we aim to make our work place safer.

We firmly believe that regular capacity building training and multi-skilling of employees will ensure sustained employability which contributes to achieving SDG 1 (Poverty) & SDG 2 (Zero Hunger).

We have already ensured the availability of clean drinking water, as per WHO standards, for all people at work. Additionally, we are working on providing clean drinking water to nearby communities. Our sBU UK/EU is already working very closely with the community around and providing clean drinking water to the community as well as the families of our employees.



	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Number of Employees	NOS	16,155	14,538	-10.01%
Total Recordable Injury Rate	NO/2MMHW	0.74	2.83	285.19%
Lost Time of Injury (LTI) Rate	NO/2MMHW	0.74	0.78	6.54%
Training Manhours per Employee	MHRS/NO	0.75	0.83	9.77%
Employability (Capacity Building)	%	1.00%	12.21%	1,126.66%
Clean Drinking Water for All	%	100%	100%	

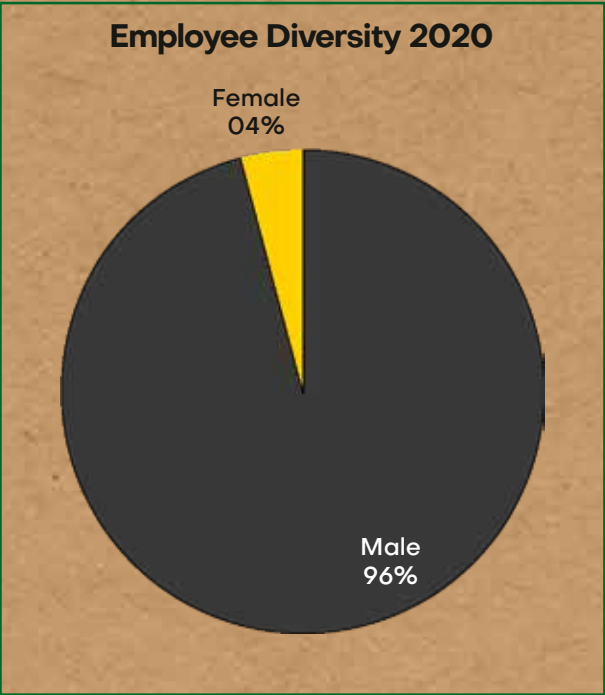
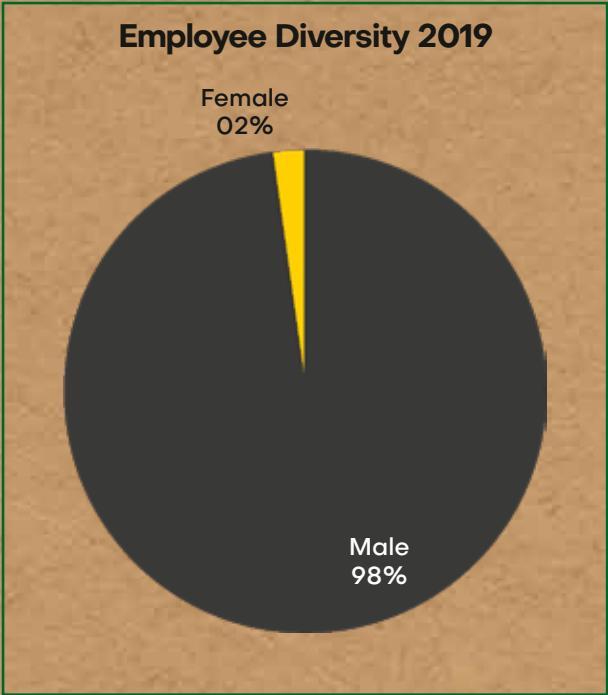
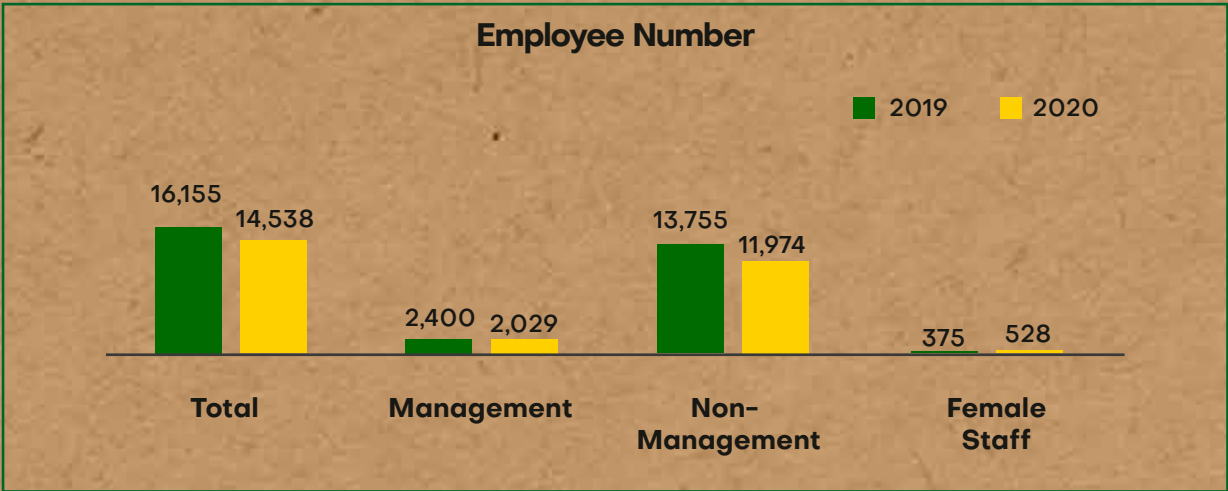
	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Number of Employees	NOS	1,665	1,613	-3.12%	6,932	6,694	-3.44%	8,121	6,574	-19.05%
Total Recordable Injury Rate	NO/2MMHW	6.13	9.11	48.60%	0.44	1.49	240.69%	0.42	2.69	539.01%
Lost Time of Injury (LTI) Rate	NO/2MMHW	3.58	3.42	-4.47%	0.44	0.54	23.889%	0.42	0.40	-4.15%
Training Manhours per Employee	MHRS/NO	0.64	0.80	25.42%	0.93	1.21	31.05%	0.26	0.45	73.15%
Employability (Capacity Building)	%	1.08%	1.12%	3.22%	0.89%	0.25%	-71.61%	1.37%	23.67%	1631.76%
Clean Drinking Water for All	%	100%	100%	0.00%	100%	100%	00%	100%	100%	00%

Employment and Labor Management Relations

Our robust HR processes are in place to ensure the welfare and wellbeing of employees at all levels in the organization. The garment industry is labor-intensive and also requires skillful labor. A total of 14,538 employees are engaged vs 16,155 in 2019 (base year), a decrease of 10% is due to low demand and the lockdown implemented by the Government of Pakistan, when operations ceased at Unit 1 and employees were formally relieved from employment. Later on, upon resumption of normal operations in August 2020,

ex-employees of Unit 1 were re-employed on priority. Some employees had to go to native villages, and afterward, some of the employees did not turn up.

US Apparel & Textiles under its Gender Diversity initiative, has set a target of including 20% female employees by 2022. Our efforts in this regard have resulted in an increase from 2% to 4% female employees during 2020.



DESCRIPTION	UOM	2019	2020
Total Number of Employees	Number	16,155	14,538
Number of Permanent Male Employees	Number	15,766	14,003
Management Staff	Number	2,400	2,029
Non-Management Staff	Number	13,755	11,974
Number of Permanent Female Employees	Number	375	528

2.7% of female employees are eligible for parental leave. During the year, only 4 female staff availed parental leave, all resumed work after the maternity leave period. All 4 female employees are still employed with the company after 12 months.

Regular benefits offered to employees include Life Insurance, Health Care, Disability & Invalidity Coverage, Retirement benefits, and Maternity Leave (female employees only). All employees are registered with the Employees Old-Age Benefits Institution (EOBI), and those eligible are also registered with Pakistan Social Security Institution (PSSI) by the company and regular contributions are made on behalf of the employees.

In 2020, a total of 10518 new employees (including 456 female employees i.e. 4.3%) joined US Apparel & Textiles, while 9916 employees (including 2700 ex-employees of Unit 1) left the organization, those who have left included 272 female employees.

Unit-1 of US Apparel & Textiles was located in a residential cum commercial area. We had plans for its relocation to an industrial area. Upon significant reduction in new orders by customers, and Covid-19 pandemic, Unit-1 operations were ceased and employees were given an advance intimation of 90 days. Unit-1 was subsequently relocated to Sundar Industrial Area Raiwind, Lahore.





To ensure the safety and health of our staff and conform to the requirements specified by our customers/brands through Codes & Conduct documents and to meet the local legislative requirements, a unified ISO-45001:2018 and ISO-14001:2015 Standards compliant EHS Management System (EHSMS) is put in place across all of our sBU(s), and its scope includes all employees in management and non-management cadres (own plus supervised contractors) at manufacturing facilities, warehousing & storages, and offices. US Apparel & Textiles EHSMS is proactive and has a strong focus on hazards identification, risk assessment, and risk management through the implementation of engineering control measures (whenever practicable), administrative measures (if engineering measures are not practical). The process of hazards identification & risk assessment is implemented with active consultation and participation of relevant employee groups. Control measures are decided as per the assessed risk levels.

To ensure the sustained performance of EHSMS, vigorous processes like job safety analysis, workplace observations,

fire risk assessments, housekeeping inspections, preventive maintenance plans for equipment and machinery, visitor's control, employee orientation, and EHS induction process, EHS performance reviews along with internal auditing & third-party audits by certification bodies are in place. A forum of EHS Committee with representation from employees and management is functional at US Apparel & Textiles, which meets every quarter to discuss EHS performance and any prevailing issues related to EHS. All other employees are engaged in improvement processes and are encouraged to promptly report any shortcoming, hazardous situation, and injuries including near misses to the supervisors or Safety department directly. The management has assured all staff that any reprisal action will never be taken for reporting of any incident by the employees.

We have Emergency Management system and a Fire Emergency Response mechanism in place to assure the life safety of all staff, only designated and formally trained staff members are engaged in the actual handling of the emergency, rest of the staff is advised to leave the work



place immediately through alternate emergency exits and assemble at assembly points and wait for the next instructions. A system of investigation of reportable injury incidents, fires, chemical spillage, etc. is also in place, during the reporting period such incidents were investigated by independent teams of the work activity or work area involved.

For continued employability and upward mobility of staff, US Apparel & Textiles trains its employees to become multi-skilled for excellence in current job and continued employability in the future

especially during crisis time. An ongoing system of EHS training/refresher EHS training is in place. During the reporting period, EHS training was imparted to our own and supervised contractors.

Our CSR wing, Naimat Saleem Trust, leads the community welfare and takes care of employee-related matters e.g. consultation by an employee for any health-related matters. Confidentiality of patient information is maintained by professional teams in place at the Naimat Saleem Trust clinic.

Freedom of Association & Collective Bargaining



US Apparel & Textiles ensures that every worker has the right to choose or associate/affiliate with any association committee or union concerning the resolution of workplace issues/problems.

We have established, documented, maintained, and effectively communicated the policies and procedures for Freedom of Association & Collective Bargaining to our employees. Worker Management Council is established in the company and members of the council are elected from workers and are nominated by the management. An election is conducted in which workers elect their representatives

through balloting. Female workers also participate in the election and choose a female representative to put forward their issues and suggestions. We ensure that workers' representatives are not subject to discrimination and the nominations are not based on race, color, caste, religion, political affiliation or gender, etc.

All employees receive training on their rights related to this policy on regular basis. The Members of WMC are free to raise issues to management about employees' welfare concerns. The Workers Management Council meets quarterly, as prescribed in law/standards.

Child Labor



US Apparel & Textiles strictly prohibits the employment of children (under the age of fourteen and according to ILO under the age of fifteen) in all occupations and processes. We are committed to avoid engaging in or supporting the use of child labor and to provide the child with appropriate resources to attend

compulsory education if found working at our premises. We also ensure through our monitoring process that our Suppliers will not use and/or hire child labor in their operations. During the reporting period, there was no such incident reported in the audits of our operations as well as those of our Suppliers.

Security Practices

We train 100% of our security staff on the company's human rights policies on regular basis and also on external threat

awareness, protection, and safety of assets and human life in our premises.

Human Rights Assessment

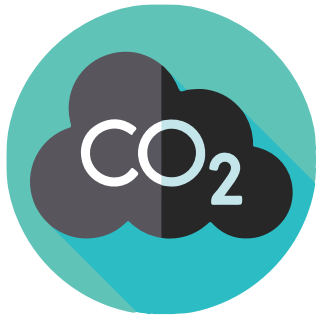
US Apparel & Textiles defines, documents and implements policy and procedures to protect human rights of its workforce while operating in its facilities. Monitoring of policies such as child labor, forced labor, harassment and abuse, freedom of association, discrimination, is ensured through internal audits and external audits by third-parties. In this context all manufacturing facilities go through extensive customers evaluation certification audits, like; WRAP, SA8000, SEDEX and

customers Terms of Engagement (TOE) audits.

During the reporting period all of our operations have been subject to assessments and no non-conformance on these policies have been raised in any of the above-mentioned assessments. All of our employees go through mandatory induction training which covers policies on human rights and wages and benefits.



Greenhouse Gas (GHG) Emissions



Climate change for the worse has been destabilizing the earth’s temperature equilibrium and has far-reaching effects on human beings and the environment. We are incessantly witnessing environmental catastrophes on the rise in intensity, multiplicity, and frequency. The main culprit behind this is the excessive emission of Green House Gases, and it becomes a collective responsibility of all the producers to reduce these emissions and not just in words but actions. Our commitment to the Sustainability Challenge 2022 is not greenwashed it is a transparent project that helps us attain our targets without any glitches.

It is an old paradigm, that being conscious of environmental aspects is detrimental for the bottom line of the busi-

ness. We believe that this consciousness is a business imperative. We don’t want our products to be called “Green” as it is static. Rather we aspire our products to be “Greener.”

We are dedicated to slashing our carbon footprint to a minimum threshold with our first step being our commitment to reducing GHG emissions by 40% by the end of the year 2022. We intend not to leave behind a legacy that is unfavorable for the planet and future generations. We believe that success is working towards our triple bottom line, People, Planet, and Profit. We believe a Cleaner GDP and Cleaner Product approach i.e. do more with less is to continuously aspire for a greater good towards this objective.

TARGET



Reduce GHG Emissions by 40%

KPI



Total KG of GHG Emissions
KGs of GHG per KG of Production

Our Progress

We calculate emission by using GHG Protocol Calculator for Stationary Combustion of World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). GHG emissions calculation using GHG Protocol Calculator automatically includes GHG contribution from CO₂, CH₄, N₂O emissions and does not include the emissions of SO_x, HFCs, PFCs, SF₆, and NF₃.

With vigorous monitoring and adjustment of fuel mix, deployment of efficient machines, focused process controls, and continuous struggle to reduce energy wastages even during the tough lockdown times, we were able to reduce the GHG Emissions by ~19%. While on a normalized basis it is ~5%. The lower reduction on a normalized basis is due to reduced production volumes, frequent

startups, and shutdowns during the global pandemic Covid-19.

The fuel mix changes include replacement of Bio-mass to Coal and Wood to Natural Gas. Additionally, the inclusion of Solar Energy in our mix from a 4 MW Power Plant installed at 5 of our 7 manufacturing facilities positively impacted by avoiding 576,687 KGs of CO₂eq emission.

While we are continuously looking for a cleaner and cleaner fuel mix, we are aiming to address this challenge on all strategic fronts of emission reduction through efficiency improvement, emission avoidance through technological adoptions, emission off-setting projects, and having an eye on carbon removal technologies.

Emission Productivity for a Greener GDP

Human beings do need products and services for their basic livelihood, living standards maintenance, and improved lifestyles, but such provisions should not be at the expense of the devastation of our planet. On our supply side, we feel a

responsibility towards providing our products in cleaner ways and we measure our earnings concerning the impact on the environment. Despite tough economic circumstances we have been able to greener our earnings by 1.4%.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Revenue	US\$	295,139,004	242,575,301	-17.81%
US\$ per KG of Emissions	US\$/KG	2.93	2.97	1.36%

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Revenue	US\$	99,927,652	86,572,754	-13.36%	97,725,649	83,305,955	-14.76%	97,485,743	72,696,592	-25.43%
US\$ per KG of Emissions	US\$/KG	2.56	2.38	-6.77%	2.74	3.883	39.76%	3.72	3.06	-17.86%

Emission Productivity for Greener Products

Moving forward with the above analogy, we believe in producing Greener products, we were able to make our products

Greener by 5% despite enormous pressure and disruption of our manufacturing during Covid-19.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total GHG Emissions	KG	101,001,906	81,803,855	-19.01%
Scope 1 Emissions	KG	93,292,012	74,884,199	-19.78%
Scope 2 Emissions	KG	7,709,894	6,960,656	-9.72%
GHG per KG-Product	KG/KG	2.840	2.702	-4.88%
GHG per Piece (For Apparel)	KG/PC	2.78	2.58	-7.00%
GHG per Meter (For Denim)	KG/MTR	0.99	1.04	4.93%

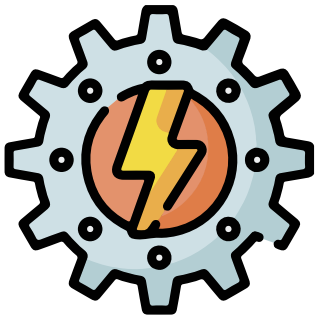
US Apparel & Textiles

	UOM	sBU Denim		
		BASELINE 2019	FTY 2020	% Change
Total GHG Emissions	KG	39,064,303	36,302,505	-7.07%
Scope 1 Emissions	KG	38,955,183	35,776,417	-8.16%
Scope 2 Emissions	KG	109,120	526,088	382.12%
GHG per KG	KG/KG	1.705	1.832	7.48%
GHG per Meter (For Denim)	KG/MTR	0.988	1.037	4.93%

	UOM	sBU USA		
		BASELINE 2019	FTY 2020	% Change
Total GHG Emissions	KG	35,766,295	21,742,881	-39.21%
Scope 1 Emissions	KG	31,838,492	18,886,074	-40.68%
Scope 2 Emissions	KG	3,927,803	2,856,807	-27.27%
GHG per KG	KG/KG	6.142	4.162	-32.23%
GHG per Piece (For Apparel)	KG/PC	3.478	2.481	-28.68%

	UOM	sBU UK/EU		
		BASELINE 2019	FTY 2020	% Change
Total GHG Emissions	KG	26,171,307	23,758,469	-9.22%
Scope 1 Emissions	KG	22,498,336	20,180,708	-10.30%
Scope 2 Emissions	KG	3,672,971	3,577,761	-2.59%
GHG per KG	KG/KG	3.847	4.529	17.75%
GHG per Piece (For Apparel)	KG/PC	2.177	2.681	23.15%

Energy Management



This earth is the only home we have ever known, there is no other place for mankind to go and sustain life. It is imperative that we humans, realize the significance of mending our ways to protect this planet and do everything in our power to go green. We need to be considerate of the limited resources we have and how we are consuming them. Sustainability has always been a heart-centered vision at US Apparel & Textiles, we are constantly improving our processes and have already set a course to reduce our

energy consumption by 45% by the end of the year 2022.

To achieve this goal, we aim to slash our consumption of electricity, compressed air, steam, and natural gas, each by 10% by rigorously analyzing our consumption patterns, educating employees for smart economical energy usage, investing in the latest technology, and process re-engineering for better energy management, and sustainable approach to life. We all need to gear up today for a better, safe, and healthy tomorrow.

TARGETS



Reduce energy (KWH) consumption by 45%



10% (Year-on-Year) reduction in consumption of electricity

KPIs



KWHe per KG of production



KWH of electricity per KG of production



Compressed Air



M3 of air per KG of production



Steam



KG of steam per KG of production



Natural Gas/LPG



KWHe of Nat. Gas & LPG per KG of production

Our Progress

We witnessed an absolute reduction in our energy consumption by ~12% vs the base year 2019 figures. This is primarily due to reduced production volume in 2020 and through the implementation of an energy conservation plan. However, on a normalized basis, we see a rise in energy consumption per unit of product produced by ~3%. This was due to operations at low capacities which are at a less efficient regime.

While we are committed to reverse this slope, our investments made in energy-efficient equipment and more importantly

the mindset change drives will pay off in bending the slope opposite. UOM i.e., KWHe used in this report includes energy consumption at US A&T Units from electricity, natural gas, LPG, coal, wood, diesel, HFO, biomass, and solar system. Any energy used outside the manufacturing facilities is not included while calculating energy efficiency ratios.

We calculate emission by using GHG Protocol Calculator for Stationary Combustion of World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Energy Consumption	KWHe	393,127,104	346,110,819	-11.96%
KWHe per KG of Production	KWHe/KG	11.07	11.43	3.28%
KWHe per Piece (For Apparel)	KWHe/PC	8.260	8.672	4.99%
KWHe per Meter (For Denim)	KWHe/MTR	5.293	5.522	4.32%

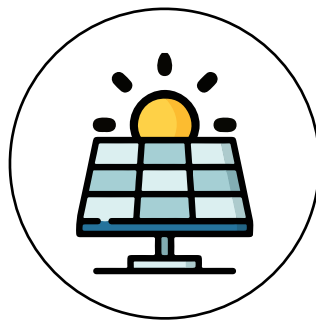
	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Energy Consumption	KWHe	209,191,593	193,206,421	-7.62%	101,830,400	82,054,288	-19.42%	82,105,111	70,796,111	-13.77%
KWHe per KG of Production	KWHe/KG	9.13	9.76	6.85%	17.54	15.71	-10.46%	12.07	13.50	11.84%
KWHe per Piece (For Apparel)	KWHe/PC				9.94	9.36	-5.78%	6.83	7.99	16.98%
KWHe per Meter (For Denim)	KWHe/MTR	5.29	5.52	4.32%						

Fuel Mix 2020

TITLE	QUALITY CONSUMED	RENEWABLE/ NON-RENEWABLE	KWHe PRODUCED *
Electricity	13,893,525 KWH	Non-renewable	13,893,525
Natural Gas (NG)	810,565 MMBTU	Non-renewable	237,743,465
Liquid Petroleum Gas (LPG)	189,450 KG	Non-renewable	2,489,167
Heavy Furnace Oil (HFO)	1,969,089 KG	Non-renewable	22,097,566
Diesel Oil	146,066 LITERS	Non-renewable	1,430,637
Coal	6,266,230 KG	Non-renewable	44,908,017
Wood	5,196,860 KG	Non-renewable	22,519,745
Bio Mass	0 KG	Renewable	0
Solar	1,028,394 KWH	Renewable	1,028,394

*: Using IPCC Calculator,
There is no export or sale of electricity, or steam to any user out-of-the-site.

Renewable Energy



According to the study “Natural Capital at Risk 2013” primary production and processing industries (agriculture, forestry, fisheries, mining, oil and gas exploration, utilities; primary processing industries: cement, steel, pulp and paper, and petrochemicals) cost the economy around 7.3\$ trillion a year in terms of the economic costs of environmental impacts, things such as greenhouse gas

emissions, loss of natural resources, loss of nature-based services such as carbon storage by forests, or air pollution-related health costs. Learning from the best practices around the world, we at the US Apparel & Textiles are aware of such challenges and are charting the trajectory of sustainable development with the induction of energy sources from renewables.

TARGET



20% of electricity from
7MW Solar Power

KPI



KWH of electricity from Solar Power

Our Progress

We achieved our target of installation of a 4MW solar project in 2020. Highest solar capacity in the sector in Pakistan and 114 times greater than that of 35.33 KW in 2019. Owing to the negative impact of the outburst of Covid-19 in China resulting in supply chain disruption and further delayed installation of plant in Pakistan due to lockdowns and restricted works, the generation just started in the later part of 3rd quarter of 2020 as opposed to the original plan of 2nd quarter.

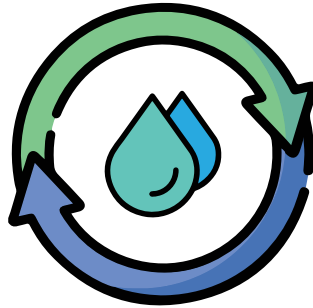
With the production of 1,028,393 kWh units of electricity from solar in 2020 as opposed to 44,591 units in 2019, this has enabled 1.7% of total electricity with clean energy for the year 2020.

To better utilize our redundant solar assets and avoid wastage to landfill, we relocated a 32 KW to a non-manufacturing location, which has resulted in offsetting 5,789 KGs of GHG from a generation of 3,899 kWh units of electricity.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Electricity Consumption	KWH	68,234,379	59,373,891	-12.99%
Solar Electricity Generation	KWH	44,591	1,028,393	2206.28%
Contribution of Electricity from Solar	%	0.065%	1.732%	2550.45%

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Electricity Consumption	KWH	42,467,444	37,357,834	-12.03%	12,863,701	11,319,608	-12.00%	12,903,234	10,696,449	-17.10%
Solar Electricity Generation	KWH	2,328	330,188	14083.33%	42,263	441,408	944.43%	0	256,797	
Contribution of Electricity from Solar	%	0.005%	0.884%	16023.26%	0.329%	3.899%	1086.90%	0.000%	2.400%	

Water Management



The Chair of UN-Water, and President of the International Fund for Agricultural Development (IFAD), Gilbert F. Hounbo, says: "If we are serious about limiting global temperature increases to below °2C and achieving the Sustainable Devel

opment Goals by 2030, we must act immediately. There are solutions for managing water and climate in a more coordinated manner and every sector of society has a role to play. We simply cannot afford to wait." **According to the UN**



World Water Development Report 2020, 2.2 billion people currently do not have access to safely managed drinking water, and 4.2 billion, or 55% of the world’s population, are without safely managed sanitation, making Water a crucial and scarce resource.

Pakistan is included in nations with serious threats pledge, we will be conserving 50% water via 25% Reduction, 10% Reuse, and 15% Recycle. Our R&D and Engineering functions are strenuously working to come up with ways to reduce 25% of water by improving our processes and introducing new technologies. We are aiming to reutilize 10% of water at various steps to avoid wastage. We will be also employing treatment plants to recycle 15% of the chemicals-riddled water and bring it back to a usable state making an overall reduction of water consumption by 50%.

All units have installed water turbines to extract subsoil water. A flow totalizer is provided on each water turbine to have

an exact measurement of water extracted. Good quality water is available but under stress because of rapid urbanization in and around Lahore.

Our strategy to reduce freshwater consumption and increase recycle/reuse of once used water is a step in the right direction to ensure water conservation. Rainwater Harvesting project is completed at unit-2, soon will be replicated on other units too. Subsoil injection of rainwater will offset some of the impact caused by US Apparel & Textiles activities.

All of the US Apparel & Textiles units have on-site fully operational Effluent Treatment Plants (ETP), Treated water leaving our sites not only conforms to applicable NEQS parameters as set by local EPA but also meets the targets set under the ZDHC program. Treated effluent after leaving site enters big sized naturally occurring drains running close to the site(s) with good buffering capacity.

TARGETS



Reduce water consumption by 50% through conservation & process improvement



Reuse in-use Water by 10%



Recycle WWTP treated water by 15%

KPIs



Water extracted from ground



Percentage of water reused out of the total water extracted



Percentage of water recycled out of the total water treated in WWTP

Our Progress

We were able to reduce the amount of absolute water extracted by 23% and normalized by >9% in 2020. This was partially due to reduced production but more importantly due to our extraordinary efforts of process improvements, deployment of water-efficient technologies, re-use of in-use water, and conservative mindset. This will go on with more contributions from the following.

Novelty should not be left out, for compensation for water extraction, we have started water bed recharging project(s) for rainwater harvesting. This has been

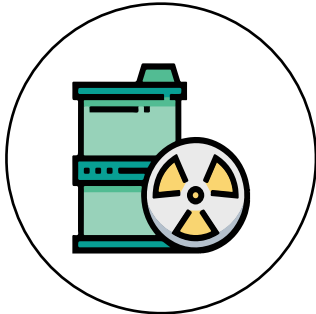
successfully executed at one of our locations (Unit 2) in sBU USA. The same will follow for our other locations. Based upon the average rain fall during previous years and the harvesting potential of roof tops, we have calculated that potentially over ~7% of extracted water will be compensated to mother earth on an annualized basis.

Coupled with full sweating the efforts of conservation and reuse, a trial of recycling of treated effluent water has been carried out. Technology evaluation is in the process to have a balanced and optimized solution.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Water Extraction	M³	3,647,622	2,821,922	-22.64%
M³ per KG of Production	M³/Kg	0.103	0.093	-9.25%
M³ Per Piece (For Apparel)	M³/Pc	0.104	0.096	-8.40%
M³ Per Meter (For Denim)	M³/Mtr	0.034	0.33	-3.01%
Total Water Re-used	M³	80,300	201,241	150.61%
Percentage of Water Re-used	%	2.20%	7.13%	4.93%
Total Water Recycled	M³		76	

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Water Extraction	M³	1,325,108	1,138,169	-14.11%	1,035,415	955,783	-7.69%	1,287,099	727,970	-43.44%
M³ per KG of Production	M³/KG	0.058	0.057	-0.66%	0.178	0.183	2.57%	0.189	0.139	-26.64%
M³ Per Piece (For Apparel)	M³/Pc				0.101	0.109	7.94%	0.107	0.082	-23.27%
M³ Per Meter (For Denim)	M³/Mtr	0.034	0.033	-3.01%						
Total Water Re-used	M³	80,300	190,905	137.74%		1,895			8,441	
Percentage of Water Re-used	M³	6.06%	16.77%	10.71%		0.20%	0.20%		1.16%	1.16%
Total Water Recycled	M³		76							

Chemical Management



The impact of toxic chemicals on the environment and human health is a cause of increasing concern and a major hindrance towards achieving sustainability goals. Denim is subjected to several chemical-intensive washes during manufacturing and achieves the aesthetics, and other decorative touches that we all love to wear. However, the use of chemicals entails many risks including safety in the manufacturing process, hazardous effluents for the environment, and deterrence to the recycling of products. Elimination of these risks has been a major concern for the Denim industry. Being a responsible manufacturer, US Apparel &

Textiles has always strived to use safer & greener chemicals through a proper Chemical Management System to ensure 100% compliance with global regulations including MRSL and RSL. By 2022, we also aim to reduce the use of chemicals by 20% and follow the trajectory from green to greener chemistry.

Chemicals play an essential role in our product lifecycle but, unfortunately, a lot of risks are involved in the process. We desire is to develop better and safer processes for our products without compromising on consumer preferences.

TARGETS



100% compliance with MRSL & RSL



Reduce use of chemicals by 20%

KPIs



Percentage compliance with MRSL & RSL



KG of chemicals per KG of production

Our Progress

Our chemical management system accounts for 3 types of chemicals used in manufacturing; process chemicals, power/steam generation equipment, and effluent treatment.

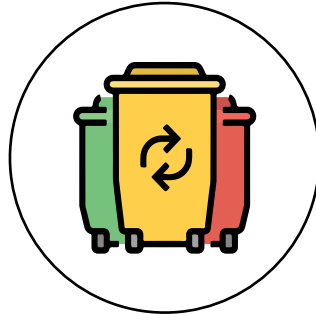
The total chemical consumption reduced from 12.4 million Kgs to 10 million kgs in the year 2022 due to an overall decrease

in production volumes. However better management of chemicals including environment-friendly recipes developed by the R&D department of our denim mills played a significant role in the reduction. The usage intensity was poor due to frequent setups and unoptimized bulk loads and stable manufacturing should bring the benefits in 2021.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Chemicals Consumed	KG	25,367,466	22,598,373	-10.92%
ZDHC MRSL Compliance	%	7.83%	78.91%	
Total Chemicals per KG of Production	KG/KG	0.71	0.75	4.50%
Total Chemicals per Piece (For Apparel)	KG/PC	0.582	0.709	21.97%
Total Chemicals per Meter (For Denim)	KG/MTR	0.314	0.288	-8.19%

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Chemicals Consumed	KG	12,415,220	10,094,290	-18.69%	6,286,512	6,725,996	6.99%	6,665,798	5,778,088	-13.32%
ZDHC MRSL Compliance	%	15.71%	67.35%		1.54%	51.54%		6.25%	52.50%	740.00%
Total Chemicals per KG of Production	KG/KG	0.54	0.51	-5.96%	1.08	1.29	18.88%	0.98	1.10	12.43%
Total Chemicals per Piece (For Apparel)	KG/PC				0.61	0.77	25.10%	0.55	0.65	17.60%
Total Chemicals per Meter (For Denim)	KG/MTR	0.31	0.29	-8.19%						

Waste Management



Waste collection and management play an extremely important role in the global cleanliness and sustainability drive, with people's health and the conservation of critical resources. **In Pakistan alone, roughly 20 million tons of solid waste is generated annually, with an annual growth rate of about 2.4 percent.** We believe in giving something valuable back to the world at large, As per our Sustainability Challenge 2022, we aim to produce 25% less waste by the year 2022 by continuously reusing and recycling instead of merely discarding the waste. We will also ensure responsible disposal of unavoidable waste and eliminate any chance of hazardous material ending up in the landfills. We don't want to be part of a "WASTEFUL ECONOMY" rather intend to pursue the course "LINEAR TO CIRCULAR" with the end objective of NO RESOURCE IS WASTED IN OUR PRODUCT.

Our Input materials mainly include fabric, chemicals, liquid fuels i.e. diesel and HFO, and certain accessories (which become a part of the product e.g. zippers/but

tons/labels/tags, etc.). Key impacts from waste generated at our fabric supplier side include GHG emissions from fuels burnt, high COD demand of wastewater produced, and any impact of chemicals e.g. Indigo used at Denim mills. Impacts of waste generated from our activities at our sites are similar to our fabric suppliers with the additional impact of fabric waste and packaging waste generated from our activities. Current arrangements at all of US Apparel and Textiles units include a segregated collection of hazardous and non-hazardous waste materials. Segregated storage at waste yards and disposal of hazardous waste through local EPA-approved vendors only.

With improved fabric use utilization (through programmed automatic cutting devices) we are targeting minimization of fabric waste generation, water availability in offices through water dispensers with 19-liter bottles are helping us minimizing the plastic waste generation from water bottles, plus rewinding leftover threads minimizes thread waste genera

tion. Inventory management, careful storage & handling, and optimized use of chemicals generates less chemical waste.

For reuse of waste materials, chemical drums are sent back to suppliers for reuse in next supplies, similarly cones are

reused at our supplier end. Post-Industrial Waste and Post-Consumer Waste recycling in making denim fabric is also in place.

A Process Flow Chart mentioned below highlights the various types of waste generated at various stages of jeans production.



TARGETS



Reduce waste by 25 %



Continuous improvement in reuse of waste



Recycling waste



ZERO hazardous waste to landfill

KPIs



KG of waste generated per KG of production



Percentage of waste reused out of the total waste generated



Percentage of waste recycled out of the total waste generated



KG of waste sent to landfill

Our Progress

Our waste management lacked capturing of the right data as identified during 2019 benchmarking. With better awareness and an improved management system, the overall waste is increased despite reduced production. We intend to deploy

an even more improved systematic approach to categorize and eliminate with an end objective of zero waste.

Waste data figures mentioned below are based on the actual weight of waste materials:

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Waste Generated	KG	6,374,128	6,684,495	4.87%
Total Waste per KG of Production	KG/KG	0.18	0.22	23.02%
Total Waste per Piece (For Apparel)	KG/PC	0.187	0.262	39.54%
Total Waste per Meter (For Denim)	KG/MTR	0.056	0.059	6.46%

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Waste Generated	KG	2,198,934	2,073,184	5.72%	2,633,811	2,617,450	-0.62%	1,541,384	1,993,861	29.36%
Total Waste per KG of Production	KG/KG	0.096	0.105	9.04%	0.45	0.50	10.43%	0.23	0.38	67.78%
Total Waste per Piece (For Apparel)	KG/PC				0.26	0.30	16.20%	0.13	0.23	75.49%
Total Waste per Meter (For Denim)	KG/MTR	0.056	0.059	6.46%						

Waste Disposal Method	Waste Material Type	Category	Quantity (KG)
Reuse	Chemical Drums	Hazardous	31,089
Recycle	Plastic cones, cardboard tubes,	Non-Hazardous	114,145
	Cardboard, paper, fabric	Non-Hazardous	2,548,34
Incinerate	Oil filters, electrical waste, printer cartridges, tube rods, glass, used cooking oil, used PPEs, paint spray bottles, chemical canisters, used batteries, biomedical waste, sludge, contaminated needles, used polybags for chemicals.	Hazardous	155,999

Overall apparel consumption will rise by 63%, from 62 million tons today to 102 million tons in 2030. 73 % of materials used for clothing end up in landfills or get incinerated with less than just 1% of the fibers recycled. **Fashion is responsible for 92 million tons of trash, representing 4% of the world’s waste.** Each year over 80 billion pieces of clothing are produced worldwide, and after its short lifespan,

three out of four garments will end up in landfills or be incinerated. Reasons to go circular include;

- a) Growing population
- b) Emerging markets
- c) Shortage of resources
- d) Increasing environmental pollution

We collaborated with GIZ for a project and here are some salient points of that project.

The key consideration of Circularity includes:

- Prevention from waste
- Preparing for re-use
- Recycling of Materials
- Recovery of Resources
- Disposal

Actions for Circularity:

Zero-waste action

- Gerber Software for pattern marking
- Achieved +95% efficiency
- Working on zero-waste action
- Segregation of cutting waste
- Recycling of segregated waste
- Planning to Re-use in future

Garment Eco-Finishing

- No PP
- Laser Finishing
- Organic Chemicals
- Organic Stones
- EIM Score Measurement
- Nano-bubbles technology
- Water Less washing technology

Textile waste generated is sold to third-party contractors and they use this waste for upcycling and recycling purposes. General and food waste is being dumped in municipally provided drums and collected by municipality trucks to dispose-off in the city landfill sites. Waste is collected in segregated waste bins and transferred to the waste yard for quantification, record keeping, and storage.



Materials & Technology



A lot of resources are consumed from the growth of the cotton crop to producing a pair of jeans. The increased demands of fast fashion puts more stress on these resources. At US Apparel & Textiles, we are committed towards “Responsible Production” and we approach our product development in a manner that makes use of sustainable materials progressively, whether natural alternatives or recycled, as a mandatory part of the process. In our Sustainability Challenge 2022, we

have vowed to improve the use of sustainably grown materials by 10%, use at least 5% recycled material to progress towards a 100% circular economy. We believe that technological disruption encompassing digital, physical, and biological, is the most important enabler towards greener products. We are making sure that we constantly invest and deploy more efficient technology that enables smarter use of resources to reduce environmental impact.

TARGETS



10% improvement in use of sustainably grown materials



Use of at least 5% recycled materials



Reduce environmental impact through technology

KPIs



Percentage of sustainability grown material used



Percentage of recycled materials used



Percentage of sustainable technology/machines

Our Progress-Materials

We continuously strive to improve our mix in textile materials from conventional to more sustainably grown and include recycled with greater proportion. While remaining fully compliant with our customers' specifications, we intend to surpass the expectation while developing more sustainable denim by our R&D. We have improved our data management system to capture the right composition of materials. We record the volumes and weight of induced proportion of organic cotton, BCI, Hemp, PSCP, regenerated fibers,

PCW, PIW, Recycled Polyester, and Recycled Elastane and continuously strive to induct more and more sustainable materials.

Overall, the material composition has gone down by about 2% primarily due to customer-driven orders for our Denim unit. Regarding recycled material, we are at 2.33% against a target of 5%. We will be able to make better-informed judgments during 2021 based on this data of 2020.

	UOM	US Apparel & Textiles		
		BASELINE 2019	FTY 2020	% Change
Total Textile Materials by Weight	KG	46,434,313	35,929,162	-22.62%
Total Fabric Rolls Procured (For Apparel)	KG	23,143,382	14,481,955	37.43%
Total Yarn Procured (For Denim)	KG	23,290,932	21,447,207	-7.92%
Use Sustainably Grown Materials (10% á)		83.96%	77.76%	-6.20%
Use of Recycled Materials (5%)		1.39%	3.08%	1.69%
Quantity of Organic Cotton Induced	KG	1,488,702	3,610,159	142.50%
Quantity of BCI Induced	KG	34,621,012	22,578,146	-34.78%
Quantity of Hemp Induced	KG	1,399,702	711,810	-49.15%
Quantity of PSCP Induced	KG	1,462,507	654,748	-55.23%
Quantity of Regenerated Fibers Induced	KG	15,562	384,282	2369.40%
Quantity of PCW Induced	KG	264,829	605,705	128.72%
Quantity of PIW Induced	KG	28,052	211,279	653.16%
Quantity of Recycled Polyester Induced	KG	352,000	286,476	-18.61%
Quantity of Recycled Elastane Induced	KG	0	3,237	

	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Fabric Rolls Procured	KG				5,807,231	6,289,319	8.30%	17,336,151	8,192,637	-52.74%
Total Yarn Procured	KG	23,290,932	21,447,207	-7.92%						
Sustainably Grown Materials	%	80.15%	73.16%	-6.99%	82.29%	81.62%		91.79%	93.96%	
Quantity of Organic Cotton	KG	834,094	1,987,737	138.31%	0	87,829		654,609	1,534,592	134.43%
Quantity of BCI	KG	16,433,107	12,957,955	-21.15%	4,763,383	4,655,546	-2.26%	13,424,522	4,964,645	-63.02%
Quantity of Hemp	KG	1,399,702	706,304	-49.54%	0	5,506		0	0	
Quantity of PSCP	KG	94 8	38,494	3960.51%	0	0		1,461,559	616,254	-57.84%
Quantity of Regenerated Fibers	KG		0	0		15,562	384,282	2369.40%	0	0
Recycled Materials	%	1.36%	3.35%	1.98%	1.64%	1.18%		2.59%	0.47%	
Quantity of PCW	KG	43,207	323,444	648.59%	0	0		221,622	282,262	27.36%
Quantity of PIW	KG	28,052	179,763	540.81%	0	0		0	31,516	
Quantity of Recycled Polyester	KG	245,846	211,775	-13.86%	95,003	74,438	-21.65%	11,151	263	-97.64%
Quantity of Recycled Elastane	KG	0	2,663		0	0		0	574	

Our Progress-Technology



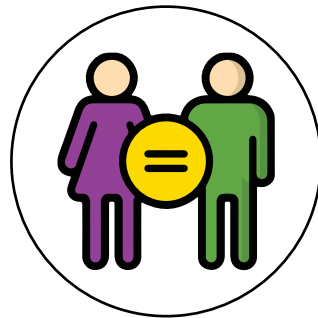
We continuously strive for Sustainable Technology and are investing progressively, both in replacement and up-gradation, to make our operations more and more resource-efficient and our people savvy

of tech adoption. We intend to carry out a holistic assessment of technological improvements for sustainability impact as aggregated and devise an innovation roadmap to be shared in the next report.

Total Production	UOM	US Apparel & Textiles		
		Baseline 2019	FTY 2020	% Change
Percentage of Sustainable vs. Unsustainable	%	50.50%	54.99%	4.49%
Total number of Equipment	NOs	5,824	5,947	2.11%
Number of Conventional Machines	NOs	2,883	2,677	-7.15%
Number of Efficient Machines	NOs	2,941	3,270	11.19%

Total Production	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
% Sustainable vs. Unsustainable	%	79.59%	86.65%	7.05%	62.59%	66.67%		38.50%	42.32%	
Total number of Equipment	NOs	343	322	-6.12%	2,315	2,508	8.34%	3,166	3,117	-1.55%
Number of Conventional Machines	NOs	70	43	-38.57%	866	836	-3.46%	1,947	1,798	-7.65%
Number of Efficient Machines	NOs	273	279	2.20%	1,449	1,672	15.39%	1,219	1,319	8.20%

Gender Diversity



A sustainable development pathway that has an explicit commitment to gender equality and seeks to enhance women's capabilities, respect, and protects their rights, is a fundamental aspect of our Sustainability Challenge 2022. To navigate the uncertainties and new opportunities of the Fourth Industrial Revolution, the textile sector and others need to increase diversity within their talent pools and their leadership. To make the most of this moment for improving business performance in high-growth sectors and supporting progress towards gender parity at all levels of employment. Traditionally, Denim Industry has always been a male-dominated one, we at US Apparel & Textiles realize the critical importance

of understanding the barriers hindering parity across distinct sectors. **To harmonize strategies for effectively overcoming these hurdles, we are devoting time and attention to creating a culture of diversity & inclusion with a balanced workforce, and promoting fair representation of both genders in the workforce.** Being a progressive employer, we have started working on fit to role talent acquisition without any prejudices of historically gender-defined roles. By 2022, we aim to achieve a minimum of 20% female inclusion in our huge workforce while addressing the infrastructural and logistics irritants. We believe only a culture of promoting equal opportunity can lead to a better tomorrow.

TARGET



20% Female Population

KPIs



Percentage of female employees in management



Percentage of female employees in non-management



Our Progress

With the removal of many hurdles and adjustment of infrastructures, we have started induction of female employees. The strength improvement from 375 of

base year to 528 might seem low, but it has paved the way and solidify the foundation to achieve the target.

Total Production	UOM	US Apparel & Textiles		
		Baseline 2019	FTY 2020	% Change
Total Number of Employees	NOs	16,155	14,538	-10.01%
Total Number of Male Employees	NOs	15,780	14010	-11.22%
Total Number of Female Employees	NOs	375	528	40.80%
Gender Diversity	%	2.32%	3.63%	56.46%

Total Production	UOM	sBU-US DENIM			sBU- USA			sBU-UK/EUROPE		
		BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change	BASELINE 2019	FTY 2020	% Change
Total Number of Employees	NOs	1,665	1,613	-3.12%	6,932	6,694	-3.44%	8,121	6,574	19.05%
Total Number of Male Employees	NOs	1,662	1,604	-3.49%	6,836	6,573	-3.85%	7,845	6,304	19.64%
Total Number of Female Employees	NOs	03	09	200.00%	96	121	26.04%	276	269	-2.39%
Gender Diversity	%	0.18%	0.56%	209.67%	1.38%	1.81%	30.53%	3.40%	4.10%	20.59%

Success Stories

sBU-US Denim

1. Caustic Recovery Plant

In the textile industry, one of the most commonly used chemicals is caustic soda (NaOH) which increases the strength and luster of cellulosic material. With a capital investment of PKR 75 Million, we took an initiative to reduce the fresh caustic and water consumption at mercerizing machines by recovering concentrated caustic of 22 Baume and alkaline water for process re-use. By doing this our fresh caustic consumption at finishing has reduced by 2,372 Tons in 2020. Stepping up, we also installed a

CRU Plant by which we were able to recover alkaline water of 28,478 M3 in 2020 from an effluent stream which in turn reduce the groundwater extraction. Due to high pH effluent water diversion to CRU plant, less sulfuric acid is consumed for neutralization of wastewater at ETP plant amounting to 750 Ton saving in 2020. Our offsite GHG reduction of up to 2,600 tons of carbon is observed in 2020 in terms of less chemical consumption and logistics.



2. Installation of Solar Power Plant

Our fabric manufacturing unit, US Denim has installed a climate-friendly solar power plant with a capacity of 1.206 MW to increase the share of renewable energy in the total energy mix. This Solar plant became operational in October

2020 generating a total of 330,160 kWh. Our total reduction in GHG due to solar power generation in 2020 was 173 tons of CO₂eq. Keeping in view our Sustainability Challenge 2022, we are in the planning phase to further increase the solar power plant capacity as per space availability.

3. Effluent Treatment plant

As a responsible part of the community, US Denim invested PKR 280 million to install state of an art biological effluent treatment plant to efficiently meet the wastewater national environmental quality

standards. By continuously improving the water quality, we are planning to install a water recycling project soon which will eventually reduce the groundwater extraction.



4. Variable Frequency Drive (Inverters)

Incorporating sustainability in the organization, US denim has installed a Variable frequency drive on weaving shed fans which are used for controlling the speed of an AC motor. Total 32 numbers of

inverters installed at weaving shed fans which reduce electrical load up to 200 kW. Our electricity reduction in 2020 was 1,752 MWH which eventually reduced GHG emissions by 925 tons of carbon.

5. Replacement of Aluminum fans with light weight FRP fans

One of the ways to reduce fans electrical load is by reducing its weight. By adopting this idea, we have replaced all the cooling tower aluminum fans with lighter weight FRP fans. Total 19 number of cool

ing tower fans are replaced which reduce electricity consumption upto 9,524 kWh/Month. Electricity reduction will eventually help in reducing GHG emissions by 4.95 tons of carbon per month.

6. Replacement of Conventional lights with LED Lights

Our conventional lights are replaced by LED lights which consume less electricity up to 50%. Electricity reduction in 2020

was 492 MWH which eventually reduced GHG emission by 260 tons of CO2 eq.

7. Green Steps

We are on a quest to change the mind-sets of people regarding sustainability. Together we can educate the masses and promote sustainable fashion made out of fibers from alternate sources,

processed with lesser water consumption, energy, and reduce your and our carbon footprint. Introducing more sustainable dyes and washes with the latest techniques and best equipment.

Reborn:

After rigorous experimentation and numerous trials, we were able to curate a 100% recycled product without disturbing its physical parameters. Our Reborn product is 100% sustainable denim with

authentic denim character made with both natural and synthetic green fibers, sustainable dyeing, and finishing processes. There is no virgin material used in its making.



Vintage but Green:

The US Denim Mills is amongst the only few textile companies that still have vintage shuttle looms in working condi

tion. Vintage is timeless and so is our Vintage but Green product line combining heritage shuttle loom with hemp fibers.

Success Stories

sBU-USA

1. Solar Power

Two units of sBU USA, Unit-2 and Unit-5, are equipped with a total of 1600KW (800KW each) capacity of solar power, capable of producing 2.3 Million kWh of green energy annually. 3,640 panels are

installed on the rooftops covering approximately 7,330 sq meters of area. The system produced 441,408 units of electricity in 2020 offsetting 237, 035 Kgs CO₂eq of GHG Emissions.

2. Installation of water efficient nozzles

Total 106 standard water taps were installed with water-efficient nozzles saving 23,678 m³ of water annually. These nozzles are 85% more efficient as

compared to standard taps. In the next stage, all the remaining 356 taps will be installed with these nozzles.

3. Ground water re-charging

We installed our first-ever Rainwater Harvesting System in Unit-2. This system will recharge the water table with approximately 7500 m³ of rainwater annually.

This water will be collected from a catchment area of 96,740 sq. ft. It will result in a saving of 2500 kWh of electricity per year which eventually would reduce GHG emissions.

4. Tree Plantation

To make a net positive impact on the environment by offsetting carbon dioxide from the atmosphere, we organized 3 tree plantation campaigns from

2018-2020 in which we planted 17,000 plants in collaboration with the Punjab Horticulture Authority (PHA) in their designated places in the city of Lahore.

5. Replacement of Machinery

To reduce the negative impact of our manufacturing operations we are constantly investing in the latest and more resource efficient machine technologies. A holistic purchase protocol is in place to keep in check all machines bought according to this SOP- no machine can be purchased without passing through the sustainability test i.e. how much will it contribute to reducing resource consump

tion—electricity, water, chemical, steam, or air, etc. and how will it contribute towards worker wellbeing in addition to production efficiency. In this context, we partially upgraded our laundry machines which resulted in a significant reduction in water consumption. The company recently installed two Core Systems by Jeanologia and four UP Systems by Tonello which will help save 23,478 m³ of water annually.

6. Cooling Pads

Installation of cooling pads on stitching floors has improved the working condi

tion by lowering the temperature of the floor by up to 10 degrees C.

7. Skill Development Centre

Our Skill Development Centre was established in March 2018 for the training of the stitchers and quality control checkers.

In 2020, many operators and quality staff were trained and inducted into the production process.

8. Cultural Change Training

We have arranged a series of lectures by a renowned motivational speaker to train middle management and junior manage-

ment to improve their work behavior and attitudes perusing a better working environment.

9. LED Lights

Over the years we have converted 5,000 of our lighting fixtures to more energy

efficient LEDs lights to save 318,240 KWH per year.

10. Servo Motor

The focus is not only on buying new efficient machinery. Concerted efforts are being made by our engineering and operations team to upgrade the current machine technology by making small

changes with a big impact. In the past two years, the sBU replaced clutch motors with Servo Motors in 617 sewing machines which consume 50% less electricity. This helps us save 365,938 kWh of electricity every year.

11. Waste Heat Recovery Boiler

In our effort to save energy wasted through flue gases from gas generators we have installed a Waste Heat Boiler

that produces 1.1 tons of steam per hour i.e. 36,859 tons of steam is produced annually. This results in a saving of 8,848 MMBTU per year.

12. Laser Machines

With one of the largest capacities of laser machines installed we are among the pioneers of adopting laser technology in our operations in Pakistan. We have

13 state-of-the-art latest laser machines from Jeanologia with a capacity of processing almost 2.5 million pairs of jeans in a year.

13. Auto Spreader and Auto Cutters

Installation of Auto spreaders and Auto Cutters resulting in minimization of

cutting waste, improved cutting efficiency and enhanced operator safety.

14. Busted Seam Press & Topper Press Machines

We have installed 10 out seam busted press and 06 topper press machines which improved production capacity

at our sBU USA. It also resulted in a reduction in steam consumption and enhanced operator safety.

15. Automatic Back Pocket Setters

40% of the total production capacity has been shifted onto automatic back

pocket setters for enhanced quality and productivity.

Success Stories

sBU UK/EU

1. Water Saving and Reuse

During 2020 we were able to reduce our water consumption by 31% and a further 37% improvement will be achieved by 2021. This commendable achievement was made possible through redesigning wash recipes, utilizing reject water of the drink-

ing water plant, and steam condensation. We have also been successful in initiating a wastewater recycling pilot project that is currently operating at 250ltr/hr capacity and we are keenly observing the results for future improvements and expansions.

2. 4000 LED Lights Installation

With the replacement of conventional fluorescent tube rods with LED tube rods, we are aiming to yearly conserve

332,530 KWH electricity as well as a yearly reduction of 172,916 KGe emissions of CO₂ eq.

3. Awareness and Monitoring of day-to-day Activities

We strongly believe that sustainability should fully ingrain in our lifestyle choices and consciousness in day-to-day activities will go long way. Therefore, to promote this, champions are nominated for every hall to ensure extra lights and fans are always switched off to avoid electricity wastages. Air conditioners are automatically operated for scheduled durations at 25-26C which will lead to

67,399 KWH yearly conservation along with a yearly reduction of 33,700 KG emissions of CO₂ eq. Flow meters of electricity, steam, air and water have been installed, for both main units and for respective departments, to ensure that accountability for utility conservation is passed on to department heads by monitoring monthly bills.

4. Gender Diversity

Slowly but determinedly, we are progressing towards achieving our gender diversity goals. From a 4.9% increase in 2019, 6.4% in 2020 to 7.5% in 2021, strategic steps are being taken to ensure long-term results.



5. Clean Drinking Water

Our RO clean drinking water plant has been operational since December 2019 and the processed water is being supplied across the plant via HDPE piping network.



6. Material and Technology

The below grid shows our positive progress towards achievement of our material and technology goals of sustainability challenge 2022.

	2019	2020
Sustainable material used	92.00%	94.49%
Recycled material used	2.30%	3.39%
Sustainable machines	0.71%	55.00%

7. Solar

We have currently achieved 14.80% of our electricity requirement through the 1204KW installed solar system and are working towards further optimization.





07

CSR

CSR

Naimat Saleem Trust (NST), CSR wing of US Apparel & Textiles, was formally registered in 1998. NST is funded by US Apparel & Textiles and NST Trustees.

Sponsors



Misson

Naimat Saleem Trust embodies an optimistic mission of its role in the improvement of all aspects of life for the people of Pakistan by providing diversified social services to the community, aiming at a better life with better healthcare and improved education for those in need.

Naimat Saleem Trust (NST) Project Sectors



Healthcare



QF & NST Campus

The trust has a motto to deliver integrated, sustainable, and accessible health care services that are high quality and related to our communities' needs.

In 2016 Naimat Saleem Trust and Qarshi Foundation under a collaborative agreement with the Indus Hospital Karachi donated their land and cash (Project worth more than PKR 14 billion) to set up a 600 beds hospital in Jubilee Town, Lahore. This project is one of its kind and will provide state-of-the-art tertiary healthcare facilities, free of cost, indiscriminately to the people of Pakistan. Approximately 1 million patients will be treated here annually. 1st phase of the project comprising 100 beds is expected to be operational by September 2021.

Projects:	PKR
Pakistan Children Heart Foundation	1 Million
Indus Hospital Jubilee Town	392.5 Million
Recep Tayyip Erdogan Hospital Trust	50 Million
AAS Rehabilitation Center	9.68 Million
Gulab Devi Hospital	1.49 Million
TG – Dialysis Center	1.64 Million
Dispensaries	1.4 Million

Phase 1



Beds
200 Beds



Departments
OPD
Emergency
Operation Theatres
Radiology
All other Tertiary Care Facilities

Phase 2



Beds
600 Beds



Centre of Excellence
Oncology Cetre
Diagnostic Centre
Dialysis Centre
Pediatric Congenital
Heart Disease Centre

Socio-Economic Impact

- Approximately 1 million patients will be treated each year free of cost.
- Direct employment to more than 2,500 professionals from healthcare and other sectors.
- Expected to generate direct economic activity of more than PKR 5 billion a year.
- Capacity building of trained, specialized healthcare professionals.

RTEHT

Recep Tayyip Erdogan Hospital Trust



The Trust management not only provided excellent services to the underprivileged people of Southern Punjab but also set new standards in healthcare services. Naimat Saleem Trust is the founding member of the Recep Tayyip Erdogan Hospital Trust (RTEHT), a Public-Private Partnership between the Government of Punjab and leading industrialist groups of Pakistan, providing leadership and financial support to the Trust. RTEHT provides state-of-the-art, completely free, healthcare facilities indiscriminately to the people of Pakistan through 7 hospitals and 2 regional blood centers in Punjab. Indus Health Network is the operating partner with the Trust. RTEHT is now managing and operating 1,015 beds in Punjab (increased from 765 in 2019).

Socio-Economic Impact

- 2 million patients were treated completely free of cost in 2020.
- Direct employment to more than 4,000 healthcare professionals, management and other experts.

AAS Rehabilitation Centre



In June 2018 Naimat Saleem Trust and Qarshi Foundation collaborated with AAS Trust Karachi to establish the first AAS Substance Abuse Rehabilitation Centre in Lahore. This first pilot project for Punjab is located in Jubilee Town, Lahore, and can treat 30 patients suffering from heroin, hash, alcohol, white crystal any other forms of intoxicating addictions. 5 more centers are being planned to operate across Punjab within the next 5 years.

Socio-Economic Impact

Adult patients’ treatment leads towards resuming the economic existence of the bread earners for their families.

- Enabling recovered individuals for positive and healthy contribution towards society.
- Preventive healthcare model.

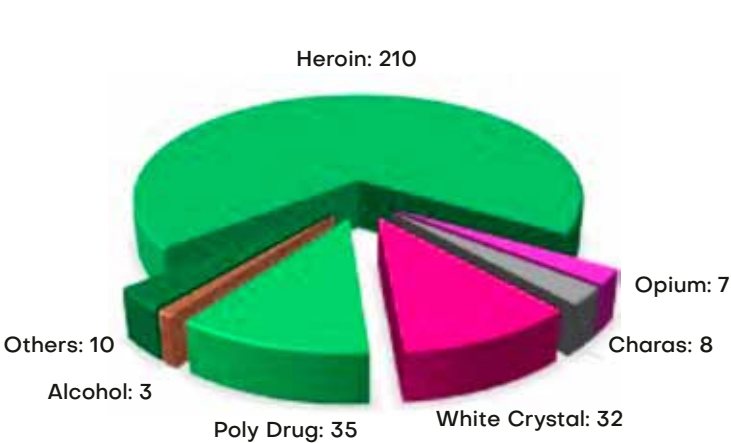
Socio-Economic Impact

Adult patients’ treatment leads towards resuming the economic existence of the bread earners for their families.

- Enabling recovered individuals for positive and healthy contribution towards society.
- Preventive healthcare model.

AAS-Treated Patients Statistics

AAS – Drug wise patients treated since July 2018



305
Total
Admissions

219
Successfully
Recovered

59
Discharge During
Treatment

Preventive & Community HEALTHCARE



In Pakistan, nearly 50 million individuals lack the availability of safe drinking water. Poor quality of drinking water has become a major cause of spreading water-borne diseases including dysentery, cholera, giardiasis, and hepatitis A and E, etc.

Considering the importance of clean drinking water, NST has taken initiative to install RO Plants in the most needed areas of Punjab. RO Plants have been installed at Izmir in Lahore, Mianwali and Burhan.

The Plant with its latest technology and

equipment is providing good quality mineralized safe clean drinking water, free of cost, to the community.

NST in collaboration with Lahore University Hospital (UOL) has also set up a state-of-the-art OPD in Izmir society Lahore, PAKISTAN to provide free primary health care facilities to the residents of Izmir.

Socio-Economic Impact

- More than 1,500 patients are treated free of cost on monthly basis.
- 17,853 Patients treated since Jan 2020.
- Direct employment to more than 10 professionals from healthcare and other sectors.
- More than 600 families are benefited with the clean mineralized drinking water.



Education

Naimat Saleem Trust (NST)
Education Projects



PKR
56.54
Million

Jamiat Taleem
ul Quran

PKR
5.73
Million

Message
Foundation

PKR
0.60
Million

Care
Foundation

PKR
54.66
Million

Education
City

Message Grammar School

Izmir Town, Lahore, Pakistan



NST is one of the founding sponsors of the Message Foundation.

Message Grammar School, Izmir Town, Lahore is the 1st flagship project of the Foundation. The school is established in a beautiful purpose-built campus over an area of more than 35 kanals, with spacious air-conditioned classrooms and multiple lush green playgrounds. More than 2,000 students are currently studying in the school.

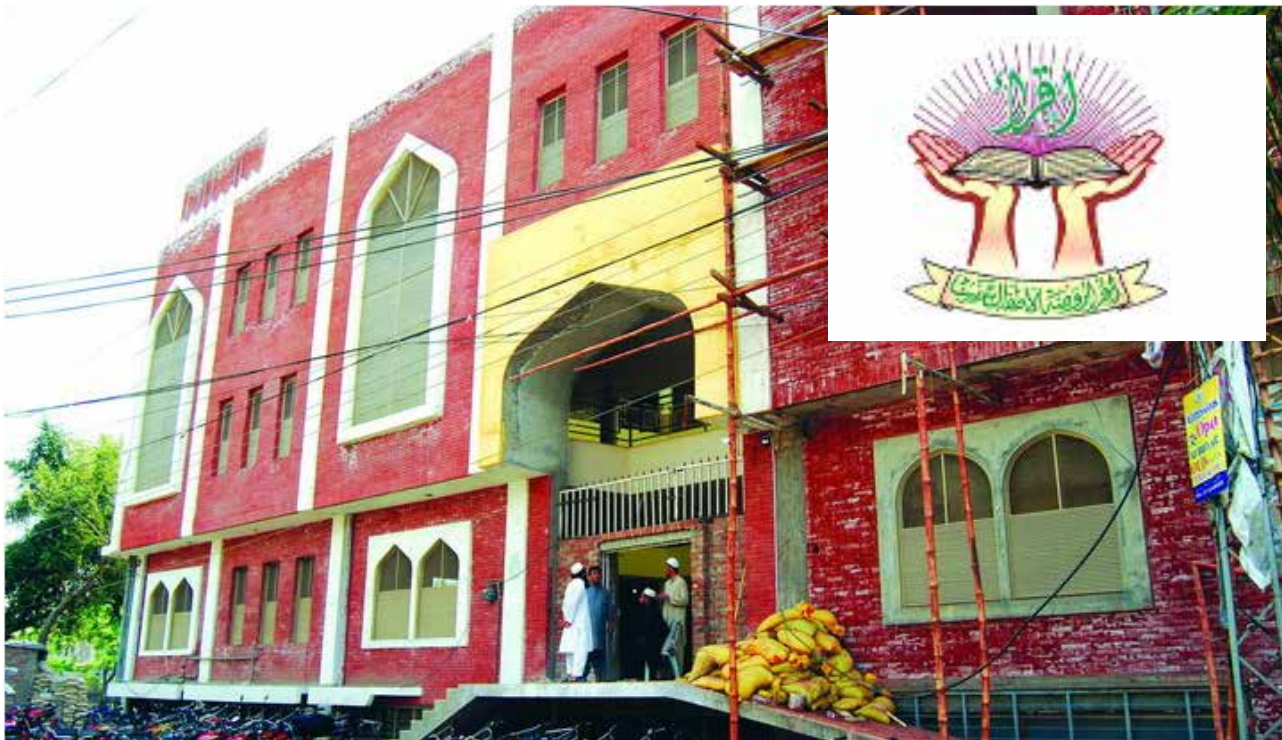
Message Grammar School has been envisioned to transform the prevalent culture of academics and learning in Pakistan. It is imparting modern education in a world-class environment to instill true Islamic values within the students and groom learned practicing

Muslims who are well-equipped to compete at any level not only in Pakistan but anywhere in the world. MGS is successfully providing quality education from Playgroup to Matric/O-levels to both girls and boys in an environment conducive to learning.

Socio-Economic Impact

- Contributing towards building a better society by producing educated individuals who are managers of change based on Islamic values.
- Giving direct employment to more than 240 individuals.
- More than 1,500 families are directly benefited from better values and etiquettes.

Iqra Roza Tul Atfaal Trust



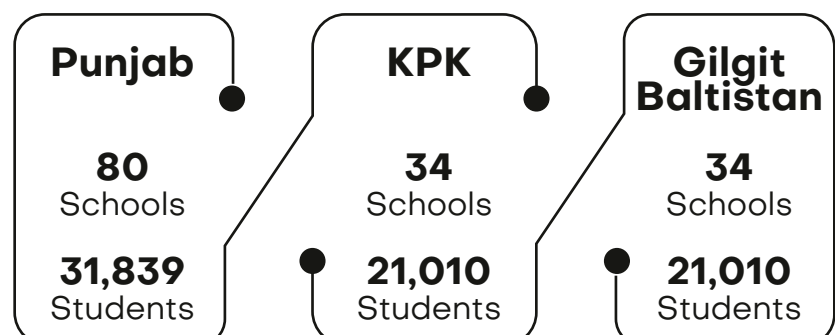
Iqra Roza Tul Atfaal Trust was established to provide the facility of Hifz e Quran along with quality contemporary education. Naimat Saleem Trust started supporting Iqra Roza Tul Atfaal Trust in 1995 to setup the Punjab Regional Chapter which now is operating these schools across Punjab, KPK, and Gilgit-Baltistan.

By 2019, the network has expanded to 149 branches. The Trust operates as a fully self-sustainable model providing central curriculum, teacher training, management support and human resource development to all its campuses.

Socio-Economic Impact

- Quality education to more than 54,000 students.
- Direct employment to 4,173 teachers and other professionals.

2019-2020



Knowledge City

NST is well aligned to this vision and is in the process of establishing a self-sustainable Knowledge City in Lahore. This is envisioned as a cluster of institutions that shall contribute towards the knowledge-driven economy in Pakistan.



PHASE 1

- Boarding School
- University
- Jamia tur-Rasheed
- Faculty Residences & Student Hostels
- Jamia Masjid Auditorium & Commercial Bay
- Swimmig Pool & Outdoor Activity Area

PHASE 2

- Secondary Healthcare Hospital
- College of Health Sciences
- Nursing School & Trainig Institute
- Schools of Paramedics & Dental College
- Vocational & Skill Training Institutes
- Teacher Training School

Food Program

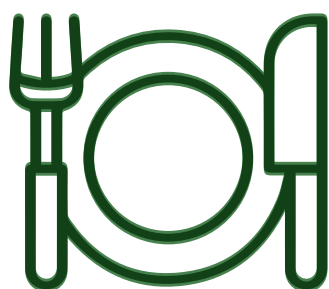


NST Food Program

Naimat Saleem Trust provides hygienic and healthy meals, three times a day, to the employees of US Apparel & Textiles residing in hostels, US staff and staff at Directors' residences. The food is prepared at NST Mess located at Defence Raiwind Road, Lahore.

Socio-Economic Impact

- Economic support to more than 1,700 families.
- Hygienic and healthy food contributes toward reduction of healthcare problems.
- Direct employment to more than 37 professionals.
- Contributed PKR 49.2 Million contributed to NST Food Program.



4,323
Average Meals
Per Day

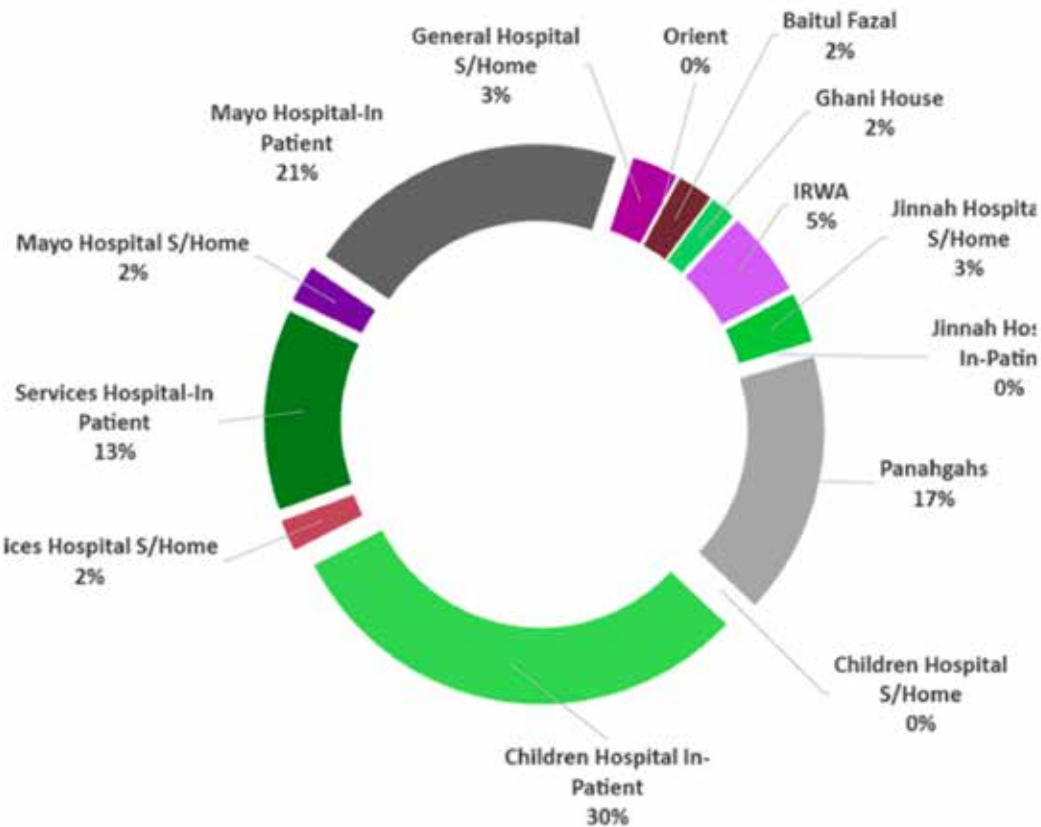
Welfare

Prime Minister’s Panahgahs/Shelter Homes

Food Program–Lahore Chapter

Naimat Saleem Trust, Ghani Foundation, Orient Group, and Sheikh Ejaz Ahmed Trust (Lake City Holdings) collaborated through the Lahore Institute of Health Sciences Trust to provide free quality meals.

Naimat Saleem Trust, in collaboration with other foundations of famous Industrial groups, joined hands with the Lahore Institute of Health Sciences Trust to provide free quality meals across 11 Panahgahs and Shelter Homes in Lahore under the Prime Minister’s Panahgahs/Shelter Home Project. On average 12,672 meals are being served daily.



Socio-Economic Impact

- Direct employment to more than 250 people.
- Support to more than 16,000 people on daily basis.
- Contributed PKR 65 Million contributed to Lahore Institute of Health Sciences.

7

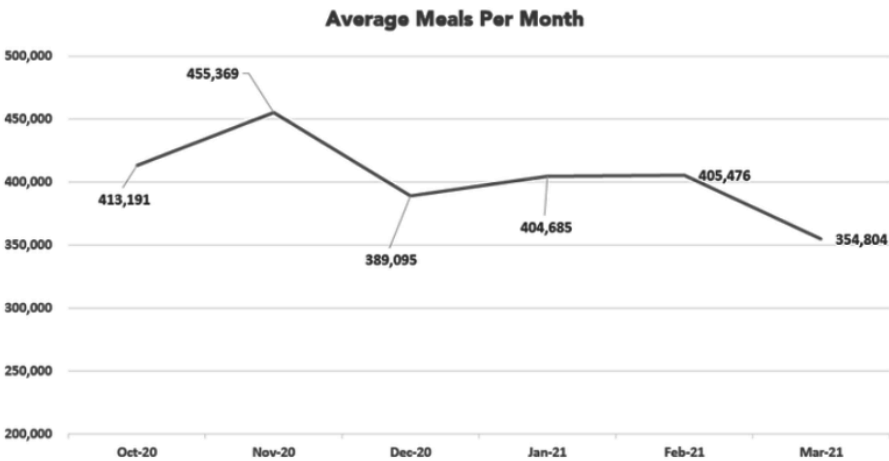
Panahgahs

Data Darbar
Lari Adda
Sabzi Mandi
Railway Station
Thoker Niaz Baig
Gajju Mata
Gulberg

5

Shelter Homes

Jinnah Hospital
General Hospital
Mayo Hospital
Services Hospital
(Gynae and Surgical wards Shelter Homes)
Children Hospital
Punjab Institute of Cardiology



Average
Meals
Monthly



Shelter & Housing

Housing Project



Naimat Saleem Trust has the vision to provide a clean, healthy, and sustainable living to the long-serving and deserving employees of the US Apparel & Textiles community through the provision of standard free housing facilities, on a permanent basis.

Socio-Economic Impact

- More than 66 families benefiting from free housing facilities.
- Free Bachelor Housing for 3,000 individuals.

AKHUWAT

NST Housing Project

Interest-free Shariah Compliant Micro Finance Housing Loans.



Naimat Saleem Trust joined Akhuwat in its mission and initiated a Joint Venture in July 2020 to provide interest-free Sharia Compliant Micro Finance Housing Loans. Akhuwat is the world's largest Islamic micro-finance organization. Since 2001, Akhuwat has been working for poverty alleviation by empowering socially and economically marginalized segments of society through its various projects. Naimat Saleem Trust joined Akhuwat in its mission and initiated a Joint Venture in July 2020 to provide interest-free Sharia Compliant.

Socio-Economic Impact

- 20 million contributed in Akhuwat Ibaadat Housing Project.
- 100 million pledged for Akhuwat - Naimat Saleem Trust Housing Project.

Financial Assistance

Financial Assistance to Families



NST
Contribution
2020

PKR
202
Million

Financial Assistance to Deserving Families

Naimat Saleem Trust provides financial assistance to deserving families under these categories:



Welfare

**Monthly &
Regular Wazaif**

**Construction
of Houses**

**Donation of land
to build a house**

Disaster Relief



- 1- Distributed 1.3 million reusable PPE masks & 4,500 PPE body suits.
- 2- Donated 3 ventilators.



- 1- Distributed 4,000 family ration packs.



- 1- Distributed family ration packs worth PKR 50 million.



- 1- Contributed PKR 50 million for reconstruction of houses.

Karachi Floods Flood Relief Effort 2020 NST Initiatives

After heavy spells of rainfall and urban flooding impacted Sindh province and its capital Karachi, the Provincial Government declared 20 districts as 'calamity hit areas' (with an approximate population of 34.55 million been affected).

Naimat Saleem Trust responded and collaborated with Baitussalam Welfare Trust to provide Family Ration Packs worth PKR 62 million to affected families.

NST also collaborated with Akhuwat and donated PKR 50 million for reconstruction of houses devastated in Karachi floods.

Covid-19

NST initiatives

Naimat Saleem Trust has taken steps to assist our Federal and Provincial Governments and their institutions. Covid-19 is a pandemic that has gripped not only Pakistan but the entire world. It is a human tragedy that has already imposed unprecedented sufferings on tens of thousands of people worldwide while hundreds of millions have endured lockdowns. To support fellow Pakistanis during these testing times, Naimat Saleem Trust has taken steps to assist our Federal and Provincial Governments and their institutions along with private organizations in their Covid-19 relief efforts.



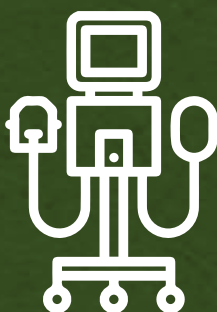
Donated
1.3 Million
PPE Masks



Contributed
14,500 PPE Body Suit
RTE Muzzafergarh &
UoL Teaching Hospital



Distributed
14,000 Family Ration Packs
(A Month's supply of House hold essentials)
Through Honorable Governor Punjab's
COVID-19 Relief Initiatives



Contributed
2 Ventilator Machines
UoL Teaching Hospital

The background of the slide features a grayscale image of a globe, showing the curved lines of the continents and oceans. Overlaid on the globe is a laurel wreath, a symbol often associated with victory or achievement. The wreath is composed of two branches of laurel leaves, one on the left and one on the right, meeting at the top and bottom. The leaves are detailed and appear to be in sharp focus.

08

Affiliations & Accreditations

Affiliations & Accreditations

Memberships



PAKISTAN TEXTILE
COUNCIL

aptma

ALL PAKISTAN
TEXTILE MILLS ASSOCIATION



The Institute of
Chartered Accountants
of Pakistan

PRGMEA



BCI Better
Cotton
Initiative

Certifications

Materials:



Systems:



Portals:



Certifications & Portals Mapping with 9 Areas of Challenge 2022

S.	Area	Certification	Portals
1	Health & Safety & Worker Well-being	WRAP, Sedex, SA8000	Sedex, WRAP, SLCP light, STEP, CR 360
2	GHG Emissions	ISO 14001, WRAP	Higg FEM 3.0,
3	Energy Management	-	Higg FEM 3.0,
4	Renewable Energy	-	Higg FEM 3.0,
5	Water Management	AWS	Higg FEM 3.0,
6	Chemical Management	WRAP, ISO14001, OekoTex	Higg FEM 3.0, Clean chain
7	Waste Management	WRAP & ISO14001	Higg FEM 3.0,
8	Material & Technology	GRS, RCS, OCS, GOTS, OekoTex	-
9	Gender Diversity	WRAP, Sedex, SA8000	Sedex, WRAP, CR 360, SLCP light

Glossary of Terms

Type of Injury	Key	Definition
Near Miss	A	Unforeseen occurred but Injury avoided e.g., person slipped or tripped, did not lose balance so no injury took place
First Aid	B	Injury requiring first aid treatment only e.g., minor cut treated with band-aid
Medical Case	C	Injury requiring any treatment which was beyond First Aid. e.g., stitches
Restricted Work Case	D	Injury requiring restricted work, upon resuming duty person was unable to carry out all of assigned tasks. e.g., plaster on arm not allowing manual handling of cartons.
Lost Time Injury (LTI)	E	Injury requiring absence from work for more than 24 hours or next scheduled working day. e.g., amputation of anybody limb.
Fatal Injury	F	Injury resulting in loss of life e.g., electrocution or fall from height
Recordable Injuries	G=C+D+E+F	Include Medical Cases, Restricted Work Cases, Lost Time Injuries and Fatal Injuries
Total Recordable Injury Rate	TRIR	Total No. of Total Recordable Injuries per 2,000,000 man-hours worked. Total No. of Hours Worked
Lost Time Injury Rate	LTIR	Total No. of Lost Time Injuries per 2,000,000 man-hours worked. Total No. of Hours Worked
WBCSD		World Business Council for Sustainable Development
WRI		World Resources Institute
Absolute		Quantity measured in totality
Normalized		Quantity measured in per unit terms
FD		Fully Disclosed
PD		Partially Disclosed
UD		Undisclosed
CO2 eq		Carbon dioxide equivalent

GRI Content Index

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Using the GRI Standards for Sustainability Reporting	FD	54–58
Making claims related to the use of the GRI Standards	FD	54
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Disclosure 102-22 Composition of the highest governance body and its committees		

GRI Content Index

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Disclosure 102-24 Nominating and selecting the highest governance body		
Disclosure 102-25 Conflicts of interest		
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Disclosure 102-27 Collective knowledge of highest governance body		
Disclosure 102-28 Evaluating the highest governance body's performance		
Disclosure 102-29 Identifying and managing economic, environmental, and social impacts		
Disclosure 102-30 Effectiveness of risk management processes		
Disclosure 102-31 Review of economic, environmental, and social topics		
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Sustainability Assurance

Sustainability Assurance

Independent Assurance Statement for US Apparel and Textiles' Sustainability Report 2020

Sustainability Australia' approach to the independent assurance of sustainability reports is to ensure that the published information is suitable, accurate and correct. This is done in the context of stakeholder needs and expectations and the standards utilised by the organisation. As such, the focus is strongly on the data sets and the processes to ensure consistently achieving results. The intent is to provide the reader with confidence in the information. Sustainability Australia utilises highly competent assessors with suitable qualifications and global operational experience.

Consistent with the "*Consolidated Set of GRI Sustainability Reporting Standards 2020*" The review had essentially two focuses: report content and report quality. With respect to content, the stakeholder inclusiveness, sustainability context, materiality and completeness were considered. With respect to quality, accuracy, balance, clarity, comparability, reliability, and timeliness were considered.

It is our view, based on the information assessed and the sample assessed, that the report is accurate and reflective of the current position at US Apparel & Textiles. The reader can have confidence in the report.

The following was identified during the assurance assessment:

Leadership / Top Management commitment was clearly evident. The CEO Asif Malik, has clearly identified that he wants a step change. This step change was initiated in 2019. This has been driven through the corporate and individual objectives.

Sustainability and social responsibility have been incorporated into the vision and is being made a reality via the business strategy, driven by the Sustainability Steering Committee. All of the executive are in the Sustainability Steering committee and there is executive representation in all Sustainability Councils.

In January 2020, US Apparel & Textiles launched Sustainability Challenge 2022, a proactive improvement plan. The Sustainability Challenge 2022 was found to be aligned with United Nations SDGs, GRI, and The United Nations Global Compact and includes measurable targets. This has been a key driver within the business and as such informs a significant part of the report. Its key focus is to reduce the negative impact of denim and jeans manufacturing on the planet, and employees.

US Apparel & Textiles utilise management systems as their mechanism for ensuring control. There is clear evidence of these systems being audited and certified externally. Examples of this include ISO 14001, 45001 and 9001 certifications. This both provides assurance as well as drives continual improvement.

Sustainability Assurance

Independent Assurance Statement for US Apparel and Textiles' Sustainability Report 2020

US Apparel & Textiles has also attained SA8000 and WRAP certification. These programs focus on lawful, humane, and ethical production through the application of socially acceptable practices in the workplace.

US Apparel & Textiles is a vertically integrated company providing denim products. Its customers are largely major retailers from across the globe including UK, Europe, North America, Australia, and Asia. Key stated suppliers include those providing fabric, thread, spun yarns, dyes, chemicals, packaging, plant and equipment and fuels. This is clearly specified in the report and reflected throughout the report. In light of the responsibility for logistics, and mill, those suppliers should also be considered, for example, cotton, freight companies.

Stakeholders have been identified and this is included within the report. It is suggested that future reports also clearly include the associated needs and expectations and a description of how these have been met.

As suggested, US Apparel & Textiles has been on this journey since 2019. As such there are some aspects that are more mature than others and this is reflected in the content within this report. Future reports could benefit from having a more balanced approach. For example, there is a greater emphasis on the environment operational detail.

US Apparel & Textiles is dependent on suppliers for a number of materials. This is articulated within the report. To ensure that their high standards are met, they place a requirement on their suppliers for external certifications, examples being Cotton BCI certified, GRS certified recycled polyester, regenerated cellulosic yarns are sourced from Canopy's green-shirt rated companies. Greater comment in the report on supply chain assessment and control would be beneficial in the future.

In summary, it is our view that the report is reflective of the status at US Apparel & Textiles. Suggestions made in our assurance assessment should be considered in future reports.



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