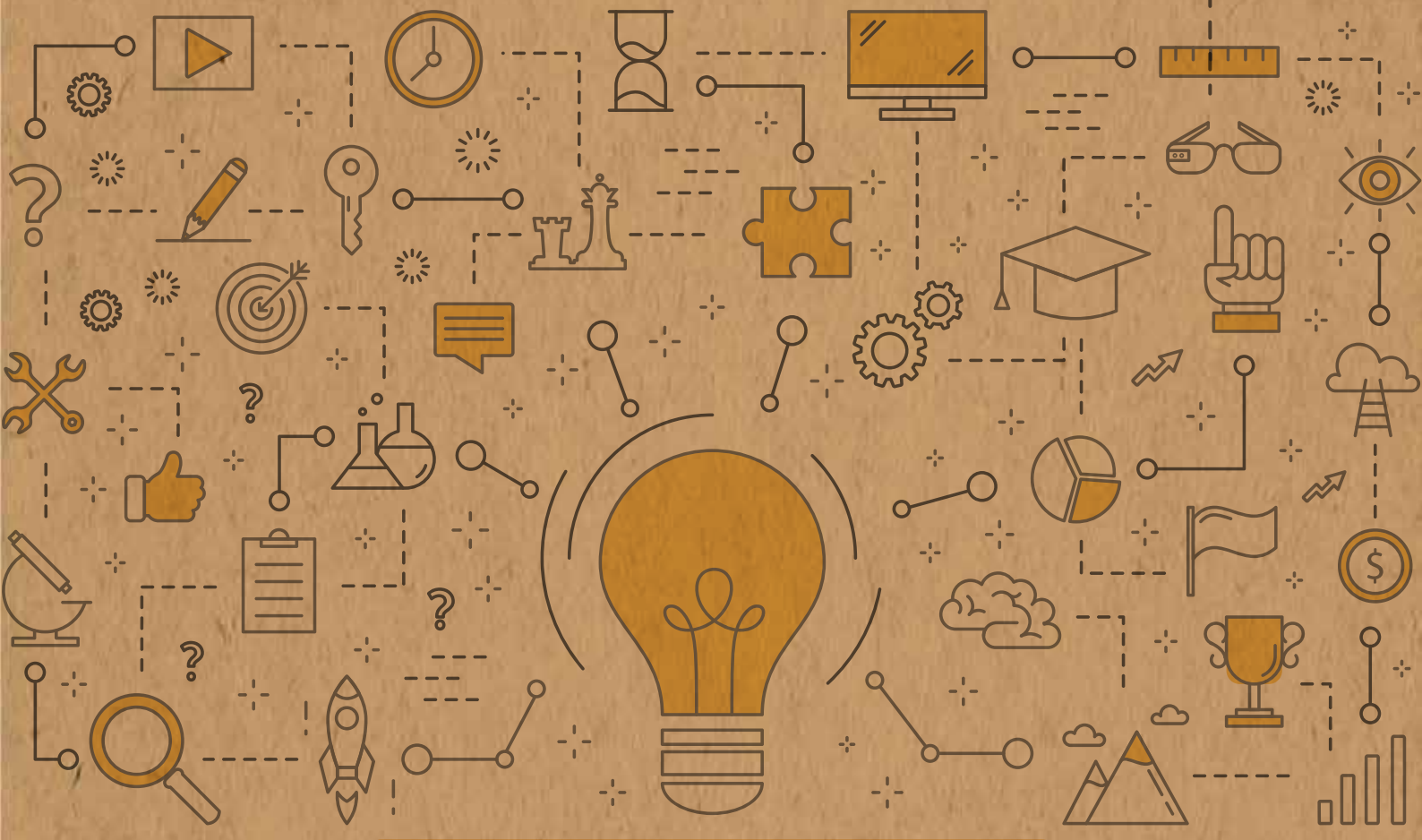
US APPAREL & TEXTILES

USGROUP

SUSTAINABILITY REPORT 2021

CHANGING MINDSETS



“MAKING FASHION
SUSTAINABLE
BY
CHANGING MINDSETS
FOR
FUTURE PROOFING
GENERATIONS TO COME”

TABLE OF CONTENTS

TABLE OF CONTENTS

01

In this Report

Preamble

This report encompasses a detailed account of progress, new initiatives, and actual performance of US Apparel & Textiles' Sustainability Challenge 2022, which is aligned with the United Nations Sustainability Goals. The **Sustainable Development Goals (SDGs),** were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

For this year's report we have selected the theme **"Changing Mindsets",** as it will be reflected in this content how we have been dedicatedly working towards changing outlooks of our people and beyond our workforce, as we believe **holistic sustainability** can not be achieved with a handful of people adopting sustainability.

It will take all of us together, saving this planet and its precious resources for our future generations. For the same, we have tried to make this report and our progress as easy to understand as possible. For the Sustainability Report 2021 – Changing Mindsets, we have taken inspiration from the **traffic light system** to reflect our performance.
As it is a universal standard with colour-associated-identification for better understanding with the help of visual description to check the progress and identify low performing areas. The purpose of sharing our **success stories** (Gender Diversity, Solar Power, Tree Plantation, and Clean Drinking Water) is to share our gained knowledge on how we converted adversities into opportunities with the industry and the world at large.

In 2021, we extended our horizons and collaborated with our peers from the industrial sector and top-notch environment-friendly coalitions to speed up the work towards achieving **Net-Zero by 2050.** Towards the end of this report, our disclosures are documented and audited by a third party auditor for validation.

CEO's Message

Change starts from the Top!

2021 has been an amazing year. Looking back, I realize that these unprecedented times have brought out the best in most of us, both professionally and personally. Closing the year with our sales at $342 million, producing 40 million meters of denim fabric, and 30 million garments, diversifying our business, retaining our long-term customer partnerships, and adding new names to our portfolio – is the perfect definition of success. Yet, it is incomplete without mentioning our sustainability endeavors and triumphs. If you ask me, 'changing mindsets' is the greatest accomplishment we can ever achieve. It's important to remember that our actions make a big impact on the planet, and we should never downplay them by thinking that our efforts are too small or insignificant.

We humans can no longer afford to keep damaging the environment in the name of development, which means we all have to unite to save our only home. It doesn't matter if you're a Pakistani student, a Bangladeshi farmer, or an American scientist; our collective mindset towards wanting to futureproof our generations, can save the world. There's no point in education and status if we're not willing to give back to the world that raised us. No contribution is too big or too small. If our planet cannot sustain life anymore, making a profit will be of no use to anyone.

As one of Pakistan's biggest textile companies, that is collaborating with the top, global fashion brands for over 45 years, we feel the conscious responsibility to perpetuate ethical and sustainable business operations. We have to set a standard for not only ourselves but also the global markets, to make sustainability - a business target. I know how market competition is usually seen with a negative perception, but I believe that businesses competing to incorporate sustainable practices, can bring a positive change in society. We should inspire each other to do better, and accept inspiration with humility.

It is our goal towards achieving the greater good, that set our mission as "Doing well by giving back". We accomplish this through staying true to our core values of Integrity, Care, Excellence, Collaboration, and Innovation. We must incorporate these values in our day-to-day activities, and they are reflected in our actions, in and outside of work. These guiding principles helped us become better versions of ourselves during the pandemic. All through the disruption of financial markets, supply chain, and socioeconomic instability, we stayed true to our values.

Back in 2019, when we analyzed our in-depth data to set our Sustainability Challenge 2022, we were daunted by the undertakings. Our targets looked farfetched and impossible to achieve. Although we have not accomplished every target to this day, we have made integral steps toward the right cause. The shift in sustainable mindsets is one of the most pivotal changes I've witnessed across the organization. I can hardly accept the responsibility for our success, all our stakeholders, including vendors, customers, board members, and employees deserve a huge round of applause for their resilient efforts in these trying times.

Our Sustainability Challenge 2022 will end next year, but our struggle is far from over. Sustainability is a work-in-progress for everyone at US Apparel &Textiles. It's time we reimagine, refocus and realign our development practices, to achieve far greater things ahead and take on a new goal – Sustainability Challenge 2025.

Regards,
Asif Malik
CEO, US Apparel & Textiles

The Theme - Changing Mindsets

Aligned with our heart-centered sustainability vision, this year's Sustainability Report's theme is **"Changing Mindsets".** It has been our priority to adopt sustainability as a lifestyle and not just something temporary and occasional. We are on a mission to make humankind realize that a sustainable lifestyle is not an option anymore, but an **obligation** for all of us living on this planet.

Sustainability Week Celebration 2021

Sustainability Report 2021

GRI 1, 2-1, 2-3, 2-6

This is US Apparel & Textiles' second Annual Sustainability Report and captures the period from **January 1st, 2021, to December 31st, 2021.** It has been developed per Global Reporting Initiative (GRI) Universal Standards 2021. The previous Sustainability Report 2020 – **Making Fashion Sustainable,** was issued on May 12, 2021, and was based on GRI Standard 2016 at core option. To remain abreast of cutting-edge trends on sustainability and track the current needed actions by humanity, we have adopted this up-to-date standard. This report provides stakeholders a complete overview of US Apparel & Textiles' sustainability impact and its contribution towards the goal of **'Making Fashion Sustainable'** by **'Changing Mindsets'** for **'Futureproofing Generations to Come'.** To ensure consistency, we intend to issue future sustainability reports every year. The saliency of this report is the two years (i.e. 2020 & 2021) performance of our Sustainability Challenge 2022 for **Baseline Year 2019.** 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 presented in this report has been collected, verified, and analyzed by pre-identified data owners e.g data related 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, and from the representatives of HR & Finance Department. This report bounds the two main business divisions collectively i.e Apparel and Denim Mills. The Apparel division, with its legal name of US Apparel & Textiles Pvt. Ltd comprises 05 garment manufacturing facilities with complete cut-to-pack operations. The Denim division, with its legal name of US Denim Mills Pvt. Ltd., comprises 01 fabric manufacturing facility. To serve the customers better, the collective business is organized into three sub-business units sBUs; sBU USA, sBU UK/EU, and sBU Denim Mills.

- The manufacturing Unit 2 & Unit 5 fall in sBU USA.
- The manufacturing Unit 3, Unit 4 & Unit 1R fall in sBU UK/EU.
- The manufacturing Unit Denim falls in sBU Denim Mills.

Here are the manufacturing and office(s) location(s);

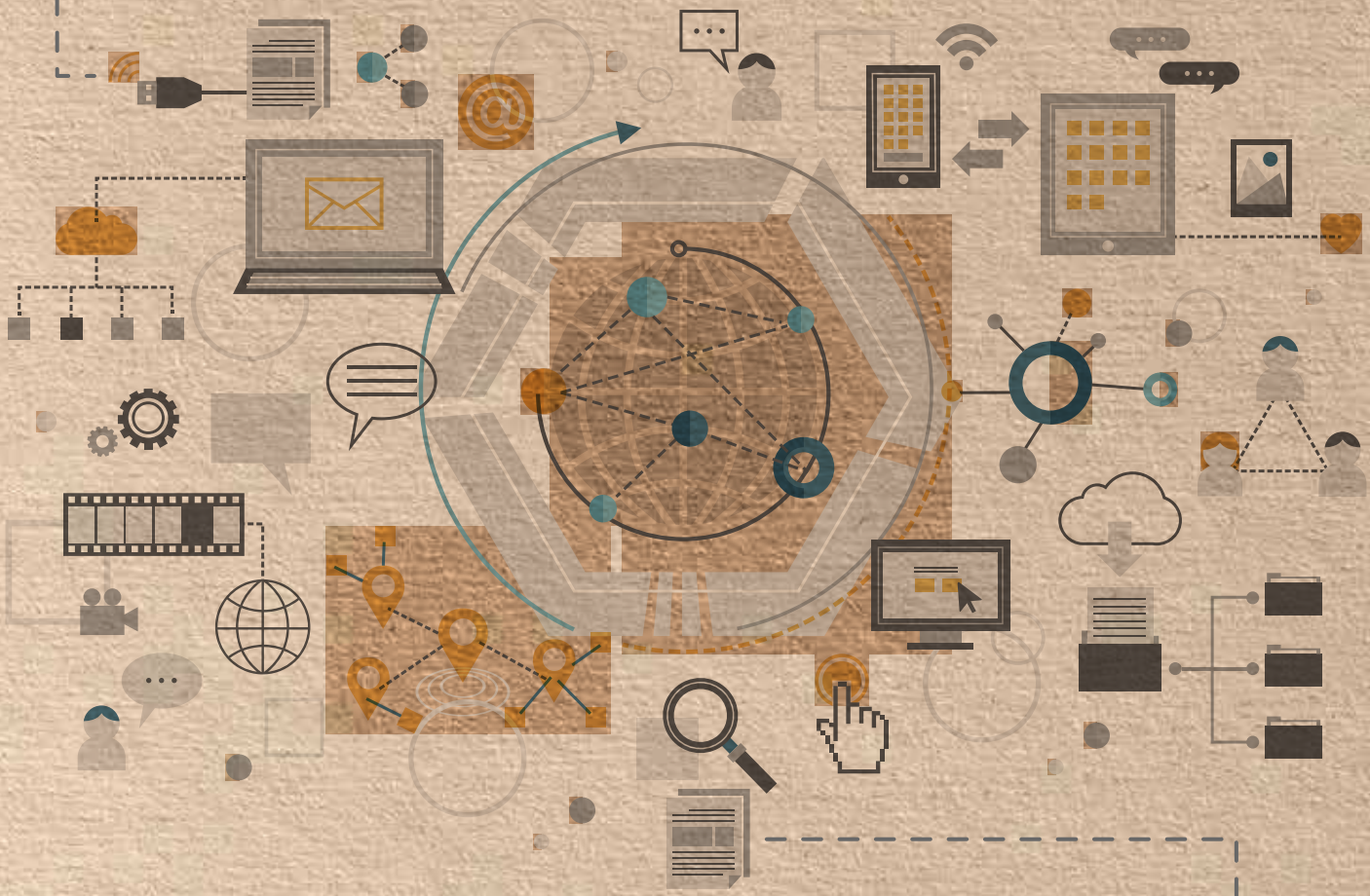
Facility	Address	Contact
Pakistan		
Head Office, Lahore	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
sBU USA	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
Manufacturing Unit 2	3 KM Defence-Raiwind Road Lahore 53700, Pakistan	+92 42 35340034-40
Manufacturing 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. 29 EKIM CAD.VIZYONPARK.SIT BLOCK OFIS-B2 APT. NO. 9/201 BAHCELIEVLER / Istanbul Turkey	
London	25 North Row, London WK 6DJ Regus Building UK	rizwanasim@usaparel.co.uk
New York	Working from Home (as part of the Pandemic Response Plan)	thomasfilipkowski@usdenimmills.com

Restatements

GRI 2-4

As we are evolving in our sustainability journey and heading towards the closure of Challenge 2022, we have become more experienced in reporting facts and forecasting future needs with accuracy and consistency. In this report, we have restated information in three areas of our Sustainability Challenge 2022 i.e. Production, Chemical Management & Waste Management. Associated impacts have been considered for management traction.

The restated information with details is reflected in the relevant areas of the report.



External Assurance

GRI 2-5

The Sustainability Steering Committee and Sustainability Councils of each Business Unit have reviewed this report along with the Internal Audit Committee. This report has also been reviewed independently by a **third-party assurer – Sustainability Pty Ltd, Australia.**

The GRI Content is indexed on page XXXX of this report. Aligned with our plans of going paperless, this report is not available in print but only in digital format. This is the most updated version which can be accessed at https://usgroup.org/home.html

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 the Sustainability Challenge 2022 at 4 levels; overall for US Apparel & Textiles and three sBUs separately. The basis of reporting is the GRI Universal Standard.

Precautionary Principle

GRI 2-23

Our approach to Sustainability Management

US Apparel & Textiles' Guiding Principles of working and doing business and our Corporate Objectives direct us in our daily business operations. The development of new products is in line with the principles we have implemented through internal monitoring systems, Audits, and Third-Party Certifications, for products and management systems.

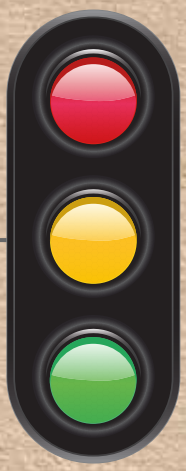
- Business – Guiding principles, policies, corporate objectives & conflict of interest provide us with the framework to steward our daily activities to mitigate the possible unaccounted breaches for impacts.
- Environment – Development of Sustainability Challenge, governance structure, steering committee, councils, compliance to local laws/regulations is the safe path towards a sustainable and greener planet. Though we have committed to the **1.5°C pledge** coupled with Net-Zero 2050, we are putting our best efforts to achieve this. However, the collective effort of whether this is enough for 1.5°C is uncertain, however we will continue to explore this.
- Social - Customer COCs, Occupational Health & Safety Certifications Audits, HSE Committee Meetings, HSE Policy and Procedures, and Process Risk Assessments guide us to focus on workers' health & safety and mitigate the risk of any accident or emergency at the workplace.

Performance Visualization

Traffic Light System

In order to make our performance review visually appealing, easy to understand, quick to act and making better sense to the readers, we have adopted the traffic light system to display our progress. The three colors RED, YELLOW, and GREEN act as a cue to infer the direction in which the performance of the particular parameter is headed; towards the target, lagging the target and even behind the baseline.

The graphic below illustrates through example of real performance data, how this system is used to interpret the progress for the year 2021 in comparison to baseline year 2019:



Below baseline 2019

Better than baseline 2019 but behind target

On or above target

Disclaimer: For all Areas with Continuous Improvement (CI) Targets showing performance of 2021 better than Baseline 2019 have been shown as Green.

Example:
Training Hours per Employee FTY2021 has increased 28 times from baseline, hence Green.

	UOM	Baseline 2019	FTY 2021	Change	
Training Hours per Employee	HRS/NO	0.75	21.89	28 times	

GHG Emissions FTY 2021 reduced by 11% better than baseline but behind the target, hence Yellow.

Total GHG Emissions	Kg	100,990,088	89,780,256	-11%	

Chemical Consumption FTY 2021 has increased by 9% which is below baseline, hence Red.

Total Chemicals Consumed	Kg	26,790,953	29,219,896	9%	

Performance

2021 Performance of all KPIs against the 9 Targets at a Glance

All figures are in comparison with Baseline Year 2019.

39.44% Increase	Total Recordable Injury Rate (TRIR)	
36.79% Decrease	Lost Time Injury Rate (LTIR)	
24.85% Increase	Employability/Capacity Building	
100%	Clean Drinking Water for All	
28 Times Increase	Training Hours per Employee	
(21.54%↓) 785639 M3 Reduced	Water Extraction	
13.09% Improved	Water Conservation & Process Improvement	
0.14% Recycled	Recycle ETP Treated Water	
8.39% Increase	Total Water Reused	
11.10% Decrease	Greenhouse Gas (GHG) Emissions	
1.64% Decrease	Total Energy Consumption	
0.53% Decrease	Total Electricity Consumption (-12.38% Intensity)	

Performance

2021 Performance of all KPIs against the 9 Targets at a Glance

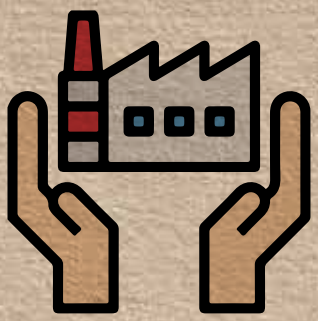
All figures are in comparison with Baseline Year 2019.

4.72% Decrease	Total Steam Consumption (-7.76% Intensity)	
4.05% Decrease	Total Compressed Air Consumption (-15.48% Intensity)	
0 Kg Discharged	Total Hazardous Waste to Landfill	
16.94% Improved	Environmental Impact through technology	
5,566,783 KWH	Renewable Energy from 4MW Solar Power	
2,428,944 Kg	Chemical Consumption (-3.93% Intensity)	
94.92%	Chemical Compliance with MRSL	
75.45%	Sustainably Grown Textile Materials Used	
5.42%	Recycled Textile Materials Used	
1,833 No.	Female Population in the Workforce	
8.04% Increase	Total Waste Generated	
3.80% Increased	Total Waste Reused	
11.17% Increased	Total Waste Recycled	

02

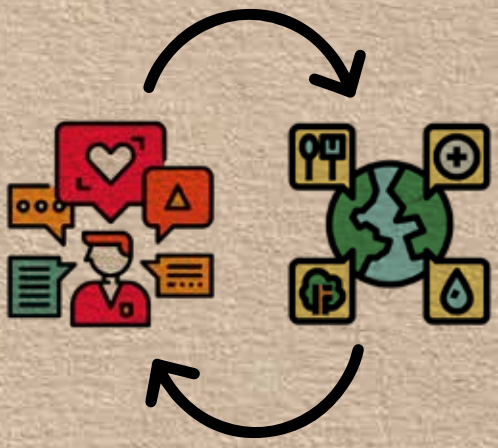
About the Company

Established in 1975



US Apparel & Textiles is a family-owned, professionally-managed, denim fabric and garment manufacturer, hailing from the heart of Pakistan, Lahore city. We are going through an evolution of being transformed from a profitable business to a sustainable institution. Our denim is the pinnacle of exquisite craftsmanship making us a preferred choice of the world's top denim connoisseurs. Our unparalleled customer-driven approach, premium & diverse product line, global footprint, sustainable practices, and adaptive business acumen are our competitive edge.

Integrate all the way from sturdy cotton to sustainable denim fashion.



Curate what our customers and end consumers want, and our environment needs.

Nurture community and environment with sustainable practices and disrupting innovations.

Our Competitive Edge

Constantly among the top 13 exporters of Pakistan for over a decade

100% Equity

Old fashioned unique selvedge shuttle looms

Transparent sustainability reporting on GRI standard

A diverse blend of team experts

Industry leaders in transparent & merit-based reward and recognition processes

Top notch services enduring high customer retention

A professionally managed company transitioning into a sustainable institution

Data based decision making and automated processes

1975
Established

1985
Integrated success

2008
Denim focused

EST.
2017
Handed over to Professional Management

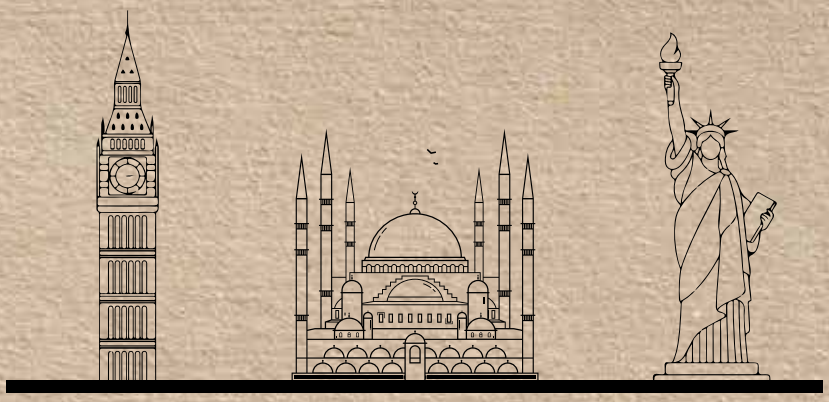
2020
Launched Sustainability Challenge 2022

2021
Business Diversification

2022
Gender Diversity increased from 2% in 2019 to 11%

Our Global Presence

US APPAREL & TEXTILES
USGROUP



US APPAREL
London
Sales & Design
for Apparel

US FASHION
Istanbul
Sales & Design for
Denim Fabric

AJ APPAREL INC.
New York
Sales & Design
for Denim & Apparel

Facts

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

$342M
Sales

More than
20,000
Employees

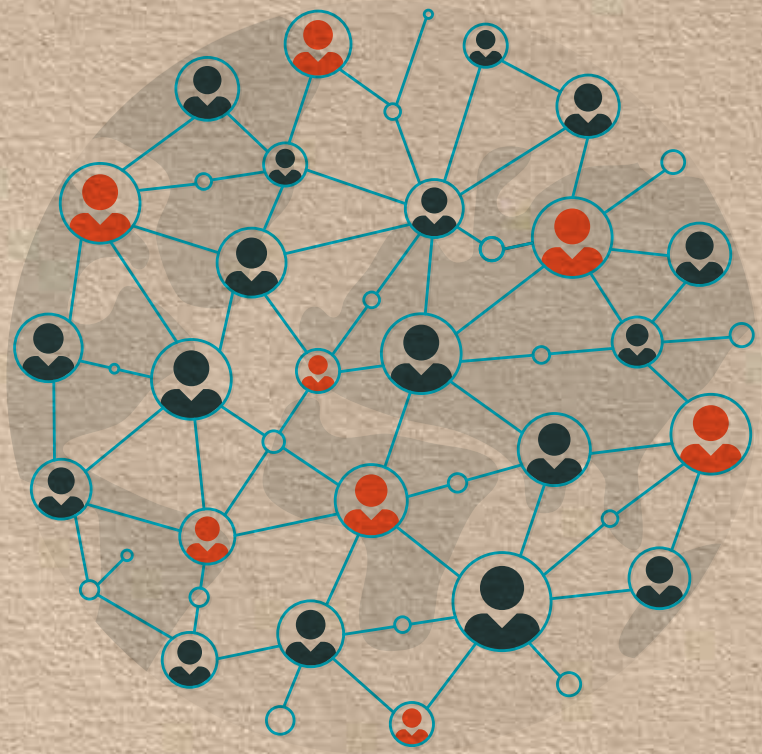
40
Million Meters
Denim Fabric by
US DENIM MILLS

30 Million Garments
At US Apparel & Textiles

2.4 MILLION SQ. FT.
The best denim production facilities 2.4 million square feet over 98 acres.

Our Organizational Structure

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17



The Governance structure at US Apparel & Textiles is overall directed by the industry best practices in Corporate Governance. In 2017 the family board decided to give the organization a corporate structure to drive all its operations and onboarded the now CEO, Asif Malik, and his team. This transformation resulted in helping US Apparel & Textiles ensure continued delivery of exceptional performance and meeting the expectations of our stakeholders. The Code of Conduct, is an important component of corporate governance at US Apparel & Textiles, guides on ethical business practices, relations with our business partners, and the conduct required from our people.

The **Board** (comprising of the owners' families) is the highest governing body. The Chief Executive Officer along with his team identified as the **Executive Committee,** is responsible for the day-to-day activities of the company, in line with the mandate vested in him by the Board. The Executive Committee consists of some of the most seasoned professionals across diverse industries like engineering, finance, Human Resources, Sustainability Governance, and other related fields.

At US Apparel & Textiles, several committees have been constituted at different levels, with proper delegation. The committees include the Executive Committee (Corporate) and sBU level Executive Committee. The committees have clear objectives and responsibilities to assist the hierarchy in effective decision-making.

The Board has delegated the responsibility of planning, execution, and monitoring of sustainability initiatives to the Chief Executive Officer. The CEO's team includes a Sustainability team for R&D, identifying areas of improvement and innovation while the sBU(s) sustainability councils headed by the MD(s) have been entrusted with the responsibility of completing the **Sustainability Challenge 2022.** The Sustainability team is responsible for reviewing customers' requirements on the sustainability front, developing new policies and actions, recommending the best course of action, defining targets, and monitoring the performance of sustainability that is reviewed by the CEO monthly.

Our Organizational Structure

Asif Malik
CEO
US Appare| & Textiles

Irfan Nazir
MD (sBU Denim Mills)

Hafiz Mustanser Ahmed
MD (sBU UK/EU)

Imran alik
MD (sBU USA)

Afnan Mansoor
CFO

Abdul Jabbar Athar
Director Projects & Sustainability

Hassan Aftab
Director Human Resource

Ch. Abdul Rehman
Director IR, Admin & Legal Affairs

Haroon A. Malik
GM Sourcing & Contracts

- All area including Operations, Sales, Marketing, R&D, Quality, HR, Admin, IR and Finance report to respective MDs who are responsible to deliver the bottom line and agreed goals & targets. However, people in the functions with central presence in the corporate functions will have a dotted line reporting to functional heads, e.g. Finanace, HR etc.
- Central functions will be responsible for policies, compliance, governance, monitoring, reporting, guidance & support.

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 - economic, 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 2022.

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

Deliver quality & innovative products according to customers specs & needs with improved service level at competitive prices. Meet or exceed agreed targets for sales revenues, variable costs of manufacturing, fixed & overhead costs, margins & profits, and working capital.

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 Business Strategy

GRI 2-22

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, but also how we are performing against our competition, and what we need to do to stay relevant in 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, as well as consumer changes, and develop tactics to suit these future needs.

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.

Our Customers and Regional Footprint

We proudly serve 37 customers across Asia, Australia, UK/Europe, and North America. We are continuously expanding our outreach to new markets.

03

Sustainability Management

Our Sustainability Vision

GRI 2-22, GRI 3-3

Here at US Apparel & Textiles, we believe in fostering **"sustainable mindsets".** We are transforming from a profitable business to a sustainable fashion institution. Aligned with our corporate objectives, "sustainability" for us is not a choice but an obligation. We recognize that circularity is not just a feel-good term, rather it has a big socio-economic impact on the modern world and businesses. As a top denim manufacturer, we are striving to 'make fashion sustainable' by 'changing mindsets' thus, giving back to nature and "future-proofing our generations" to come.

Realization:

We know that the fashion industry is among the biggest polluters in the world. Being a responsible global business, we are constantly working to reduce the damage and mitigate it with more sustainable business practices.

Quantifiable Actions:

Being aware of the systematic interconnection of things, we will be addressing the negative effects of nature & development dynamics through a holistic approach of PEOPLE-ENVIRONMENT-ENERGY -WATER-LAND-NATURAL RESOURCES NEXUS. **Sustainability quantification** will be at the heart of multiple programs in this direction. Learning from the best practices around the world, we will align our efforts with UNSDGs for better visibility, a cohesive and collaborative approach.

Transparency, Accuracy, and Responsibility:

Transparency is the founding principle of our business and the same will be reflected in our sustainability data. Once compiled, the report(s) will be made available in the public domain so that our industry peers and the general public can access the data and take references on how we are on a mission to convert adversity into opportunity. Adhering to our mission of being a responsible business, our reports will not be printed on paper but only launched digitally.

Making Fashion Sustainable:

We will divert our focus toward creating sustainable products, operations, and services. With due diligence, data-supported identification of target areas that need improvement specific to our business and needs, we will curate specific goals and assign KPIs for effective monitoring and evaluation. Our Sustainability Challenge 2022 with the baseline year 2019, is the first strategic step and will be followed through with **the next challenge of 2025 with progressively much more in the future.**

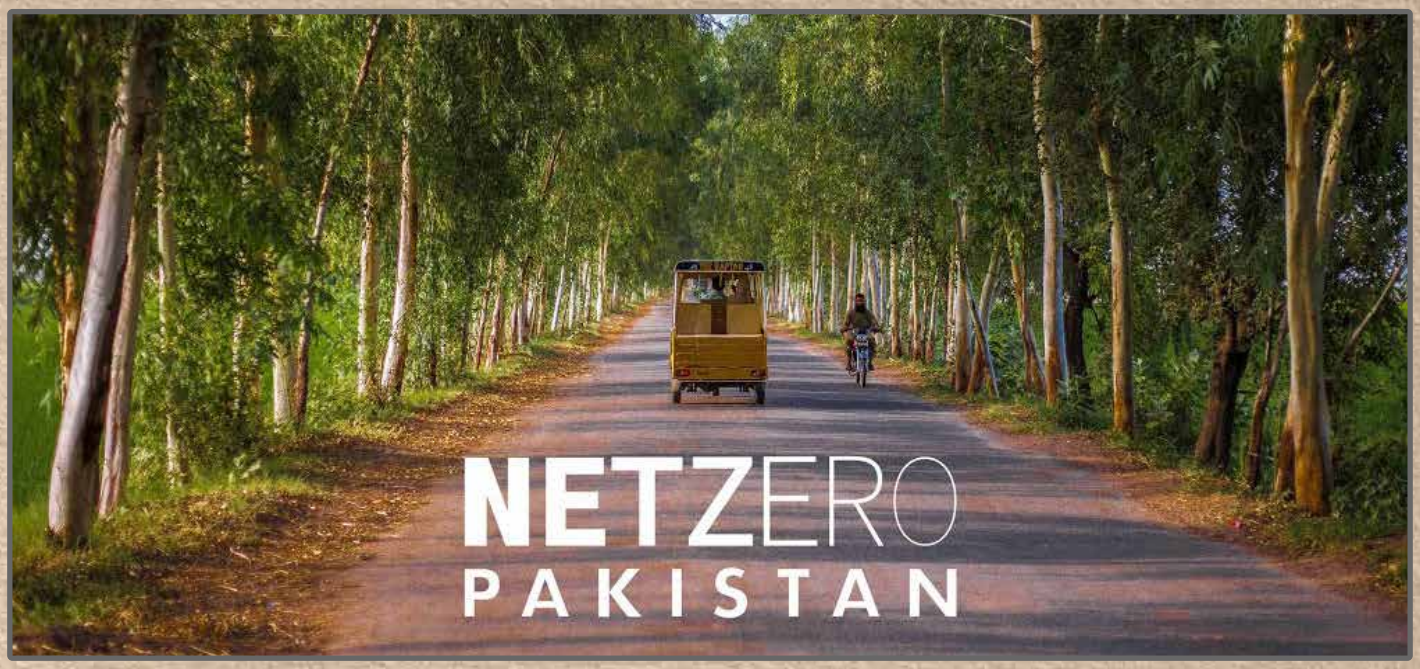
Changing Mindsets:

We recognize that circularity is not just a feel-good term anymore, rather it has a big **socio-economic impact** on the modern world. As a top denim manufacturer, we are striving to **'make fashion sustainable'.** Thus, giving back to nature all the good and not choked landfills, and **future-proofing our generations to come.** Our business planning philosophy will embed the considerations of Reduce by Design, Refuse, Re-use, Remanufacture and Repurpose.

Future-Proofing our Generations:

We need to realize that this world that we live in is the only **habitat** that we share with the entire **human race** and **wildlife**. We have to share this world and co-exist with uncountable living beings. Our time in this world is limited but our children and following generations will be living in the same world. It is on us to question ourselves today, what **legacy** are we leaving behind for our generations to come? We work hard throughout our lifecycle to make material things that are necessary for a basic lifestyle like a house, car, money, etc. We must also think about how much clean air, fresh water, and natural habitat are we leaving behind. We all must act **NOW** for the future of our children and this planet.

Net-Zero Coalition



The year 2021 saw greater prominence in global initiatives to achieve the United Nations Sustainable Development Goals. The duty to recharge and revitalize its sustainability obligations, falls heavily on the textile sector, as it contributes to 10% of the global GHG emissions.

Pakistan is ranked the 8th most vulnerable country to climate change and it faces a disproportionate brunt of the adverse impact. Thus, in September 2021, US Apparel and Textiles joined the Net-Zero Coalition launched by the Pakistan Environment Trust, to fulfill its responsibility as a sustainable institution. The Coalition's goal is for participating organizations to achieve Net-Zero emissions by 2050, and it was introduced through a CEO Roundtable, which was facilitated by the British High Commission and Pakistan Textile Council (PTC).

The alliance revolves around themes of enhancing sustainability through technical expertise and science-based target-setting, as well as investing in partnerships to achieve Net-Zero by 2050. It also aims to promote a positive outlook for Pakistan, by proudly showcasing the sustainability achievements made by local companies. Through this initiative, access to decarbonization tools and technology in Pakistan will rise along with the popularity of business sustainability trends. Thus, US Apparel and Textiles is a proud participant in the Coalition – accompanying other industrial giants and leaders – to inspire a path for businesses to ensure a viable future for all.
As Asif Malik said it best: **"Net-Zero is not an option, it's an obligation."**

As part of the Coalition, US Apparel and Textiles set a target for a 40% reduction in GHG emissions by 2022, to progressively reach Net-Zero by 2050. This target is in line with the 26for26 Campaign – which US Apparel and Textiles (along with 29 other esteemed Pakistani corporations), has also signed onto. The UK-based campaign is a pledge to halve carbon emissions by 2030, and ultimately achieve Net-Zero by 2050.

Along with the global initiatives and partnerships, being a member of the PTC itself – is a leadership role that US Apparel and Textiles upholds with immense honor and responsibility. The council's mission to strategically pave a new path for the textile industry with innovative growth and practices, protect labor dignity and gender inclusivity, ensuring social and human development – as well as environmental sustainability – are all integral steps we must take, to futureproof our world. US Apparel and Textiles is steadfast in its policy support in the mission to achieve them.

Yet, for Pakistan to accomplish and meet every UNSDG, every business – big or small, policymaker and civilian, must join hands to promote environmental justice and socio-economic development for all. Sustainability is not simply a corporate goal, but the only hope for a bright future on this planet. By 2022, US Apparel and Textiles is optimistic to commit to, and accomplishing higher targets of sustainable development.

Net-Zero Coalition

Talha Khan

Executive Director
Pakistan Environment Trust

"I am feeling quite energized and inspired to read this sustainability report by US Apparel & Textiles. This report clearly shows that they have embraced sustainability and stakeholder capitalism as part of their DNA and it comes across in every word written here. There are 3 salient points from the report that stand out for me:

1- The sheer transparency of the initiatives and highlighting of the areas where they need to do more, creates a sense of trust in the brand and what they stand for. This transparency is the cornerstone for honest and credible action required to tackle the existential climate change crisis.
2- Being able to achieve an emissions reduction of 11% in 2021 is a major feat. In parallel, US Apparel & Textiles has set the target to reduce emissions by 40% in 2022, which is a highly ambitious target and sets the bar for the global textile supply chain.
3- A holistic approach towards sustainability by using the GRI reporting standard ensures that the initiatives are not just limited to one aspect but cover the labor balance as well as other aspects of the business.

A recent McKinsey report estimates that the world needs a $250 trillion-dollar investment in our land and energy-use systems to meet the Net-Zero ambition. This investment will be mobilized towards markets and institutions that can truly make a difference and set the bar high. I believe US Apparel and Textiles' approach towards climate change and sustainability defines the standards required to mobilize at scale capital and lead the change in developing countries that are at the front lines of facing the repercussions of climate change.

Pakistan Environment Trust will stand shoulder-to-shoulder with companies like US Apparel & Textiles in their mission to decarbonize Pakistan for our future generations. Looking forward to all that US Apparel & Textiles will InshAllah achieve in 2022."

Best,

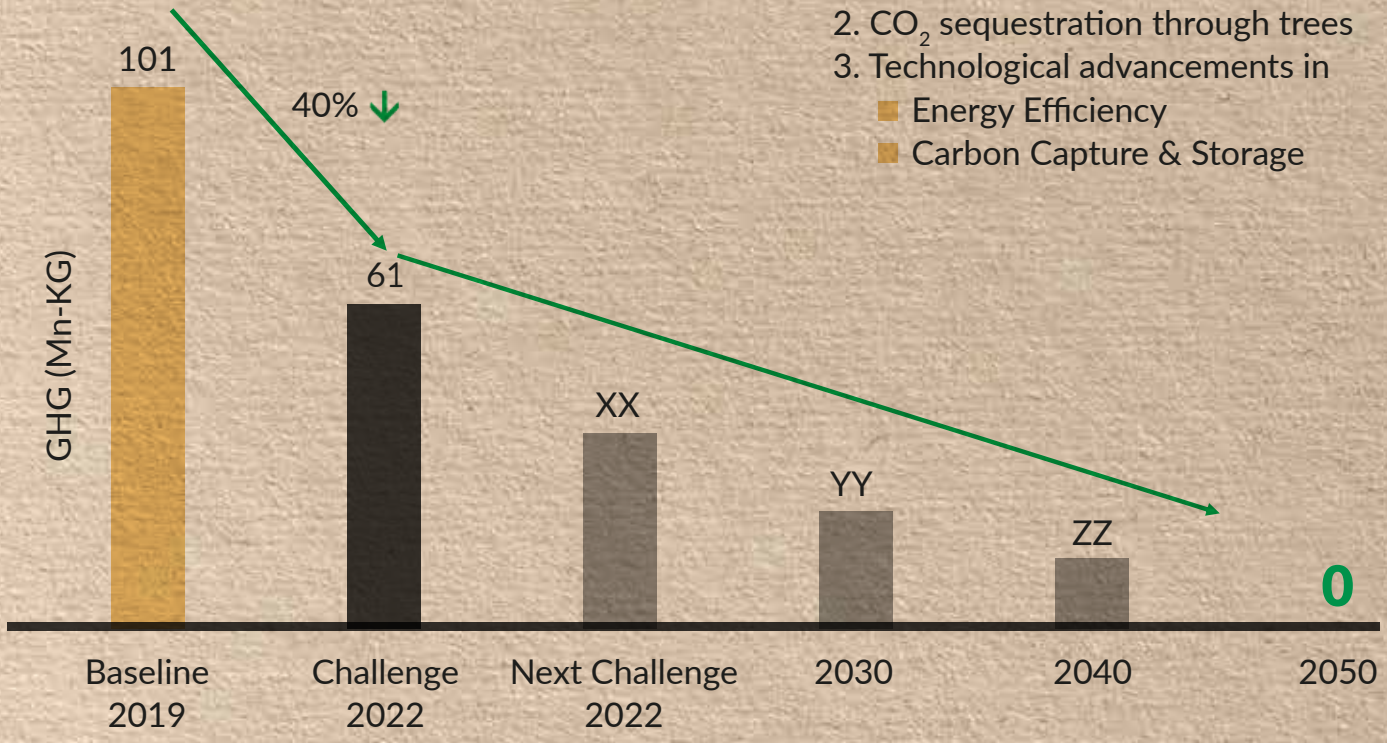
Talha Khan
Executive Director, PET

Net-Zero Coalition

Our Roadmap to Net-Zero

Targets to be set in light of:

1. Operational improvements,
2. CO_2 sequestration through trees
3. Technological advancements in
   - Energy Efficiency
   - Carbon Capture & Storage



How it all started

Our Journey of the Challenge

1


Data Collection
FTY
2018 and 2019

2


GHG Emissions
Calculation GHG Protocol
Conversion Tool

3


GHG Emissions
Calculation Verification
and Validation

4


Compilation
of Customers'
Requirements

5


Customers' Requirements
Analysis – Sustainability
Reports & Code of Conducts

6


Identification
of Stringent
Requirements

7


Review of Sector
Specific Sustainability
Goals and Initiatives

8


Grouping of Customers'
Parameters vs.
Sustainability Pillars

9


Development of
Master Goal Sheet

10


Development of
Process Mapping
Document

11

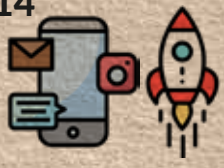

Mapping of Sustainability
Challenge 2022 with
Customers' Goals

12


Review and
Approval by sBU
Heads and Teams

13


Formal Launch of
Sustainable Challenge
2022

14


Launch of Sustainability
Challenge on Website
and Social Media

Our Sustainability Challenge 2022

Health, Safety and Wellbeing

- 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

Our Sustainability Challenge 2022

Water Management

Reduce Water by 50% through:

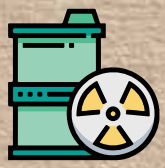
- Conservation & Process Improvement by **25%**
- Reuse In-Use Water by **10%**
- Recycle WWTP Treated Water by **15%**

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%**

Our Progress

Progress of 2020

	Challenge Area	Target 2022	Status	Progress 2020
	1. Health, Safety & Well-being	C.I.		
	2. Greenhouse Gas Emissions	↓40%		
	3. Energy Management	↓45%		
	4. Renewable Energy	20%		
	5. Water Management	↓50%		
	6. Chemical Management	↓20%		
	7. Waste Management	↓25%		
	8. Materials & Technology	C.I.		
	9. Gender Diversity	20%		

TRAFFIC LIGHT SYSTEM
- Below Baseline2019
- Better than Baseline2019 but behind Target
- On-or-above Target

C.I. stands for Continuous Improvement

Progress of 2021

	Challenge Area	Target 2022	Status	Progress 2021
	1. Health, Safety & Well-being	C.I.		
	2. Greenhouse Gas Emissions	↓40%		
	3. Energy Management	↓45%		
	4. Renewable Energy	20%		
	5. Water Management	↓50%		
	6. Chemical Management	↓20%		
	7. Waste Management	↓25%		
	8. Materials & Technology	C.I.		
	9. Gender Diversity	20%		

TRAFFIC LIGHT SYSTEM
- Below Baseline2019
- Better than Baseline2019 but behind Target
- On-or-above Target

C.I. stands for Continuous Improvement

Our Progress

1: Social: Provide safe & healthy working environment, invest in training, upskilling, and access to clean drinking water for all employees.

PRODUCTION VOLUME
increased by

↑4.5% Apparel
↑11.5% Denim

16,155 NOS (2019)
17,081 NOS (2021)
↑6% INCREASE

↑5% INCREASE
38,064,997HRS (2019)
40,146,021HRS (2021)

1,486,479 HRS (2019)
1,431,215 HRS (2021)
↓4% DECREASE

TOTAL RECORDABLE INJURY RATE

TRIR
↑39%

	2019	2021	%
Medical Treatment	5	16	↑
Restricted Work	0	0	↑
Lost Time Injury	12	8	↓
Fatality	0	1	↑

LOST TIME INJURY RATE

LTIR ↓37%

100% Employees with access to **CLEAN & SAFE DRINKING WATER** from same Source

TRAINING HOURS PER EMPLOYEE
increased from less than an Hour to about

22 HOURS

4,415 employees declared as **MULTI-SKILLED**, which in comparison to Baseline figure of less than 1%, accounts for

25%

of the total population on 31 Dec 2021. Increasing worker **EMPLOYABILITY** and **CAPACITY BUILDING**

2: Environmental: Improve energy management & include renewables to reduce GHG emissions. Reduce water, chemicals & waste through conservation, process improvement, reuse & recycling.

GHG EMISSIONS decreased by

↓11%
11,210 TONS

through conservative mindset and carefulness towards cleaner fuels.

8% of Electricity consumed is being generated by 4MW Solar **"RENEWABLE ENERGY"** Project

ENERGY CONSUMPTION decreased by ↓2%

ELECTRICITY
decreased by
↓0.5%

STEAM
increased by
↑5%

COMPRESSED AIR
decreased by
↓4%

NAT. GAS & LPG
increased by
↑0.5%

WATER EXTRACTION
reduced by ↓22%

Conservation and Process Improvement		
13%	8%	0%

CHEMICAL CONSUMPTION
increased by
↑9%

95% **CHEMICALS** comply with ZDHC MRSL Baseline 7.83%

↑8% increase in **WASTE**

28x	44%	Hazardous Waste to Landfill
		0%

Our Progress

3: Economic: Use of sustainable textile materials & technology to reduce negative impact on natural resources & environment. Promote gender equality & inclusion.

SUSTAINABLY GROWN MATERIALS
decreased by

Sustainable Materials

↓9%

RECYCLED MATERIALS
surpassed the target of 5%

Recycled Materials

5.4%

858 machines
are now
MORE SUSTAINABLE
compared to Baseline

68%

	2021
Upgraded / Modified	279
Replaced	96
Newly Added	483

Focus on adoption of technology should be to compliment 9 Areas of our Sustainability Challenge

Total Number of Female Employees increased from 375 in 2019 to

1,833
on 31 Dec 2021

11%
of the Total Population

Increase in the Female Population in two (2) years time is commendable and puts us on the right track to achieve the target of 20% by 31 Dec 2022.

3 times

Sustainability Challenge 2022

Sustainability Challenge 2022 Mapping with Sustainability Pillars & Customers' Requiremets

Sustainability Components - 3	Customer Requirements – 21	Key Areas - 9
1. Social	1. Health & Safety	1. Health, Safety & Wellbeing
	2. Housekeeping	
	3. Economic Growth	
	4. Self-Development Opportunities	4. Self-Development Opportunities
	5. Worker Wellbeing	
	6. Clean Water & Sanitation	
2. Environment	7. GHG Emissions	2. GHG Emissions
	8. Electricity	3. Energy Management
	9. Steam	
	10. Compressed Air	
	11. Renewable Energy	4. Renewable Energy
	12. Water	5. Water Management
	13. Waste Water	
	14. Chemical Management	6. Chemical Management
	15. Hazardous Waste	7. Waste Management
	16. Non-Hazardous Waste	
3. Economic	17. Circular Economy	8. Materials & Technology
	18. Sustainably Grown Materials	
	19. Sustainable Technology	
	20. Recycled Materials	
	21 Gender Equality	9. Gender Diversity

Sustainability Challenge 2022

Sustainability Challenge 2022 Mapping with UNSDGs & GRI Universal Standards

401- Employment
403- Occupational Health & Safety
203- Indirect Economic impacts
305- Emissions
306- Waste
303- Water & Effluents

303- Water & Effluents
404- Training & Education
204- Procurements & Practices
301- Materials
302- Energy
GRI 2 –General Disclosure

201- Economic performance
203- Indirect economic impacts
402- Labor management relation
406- Non-discrimination
407- Freedom of association
202- Market presence
405- Diversity and equal opportunity
408- Child labor
409- Forced labor

GRI 102-General Disclosures
GRI 202-Market Presence
GRI 203-Indirect Economic Impacts
GRI 401-Employment
GRI 404-Training and Education
GRI 405-Diversity and Equal Opportunity
GRI 406-Non-discrimination
GRI 408-Child Labor
GRI 409-Forced or Compulsory Labor
GRI 414-Supplier Social Assessment

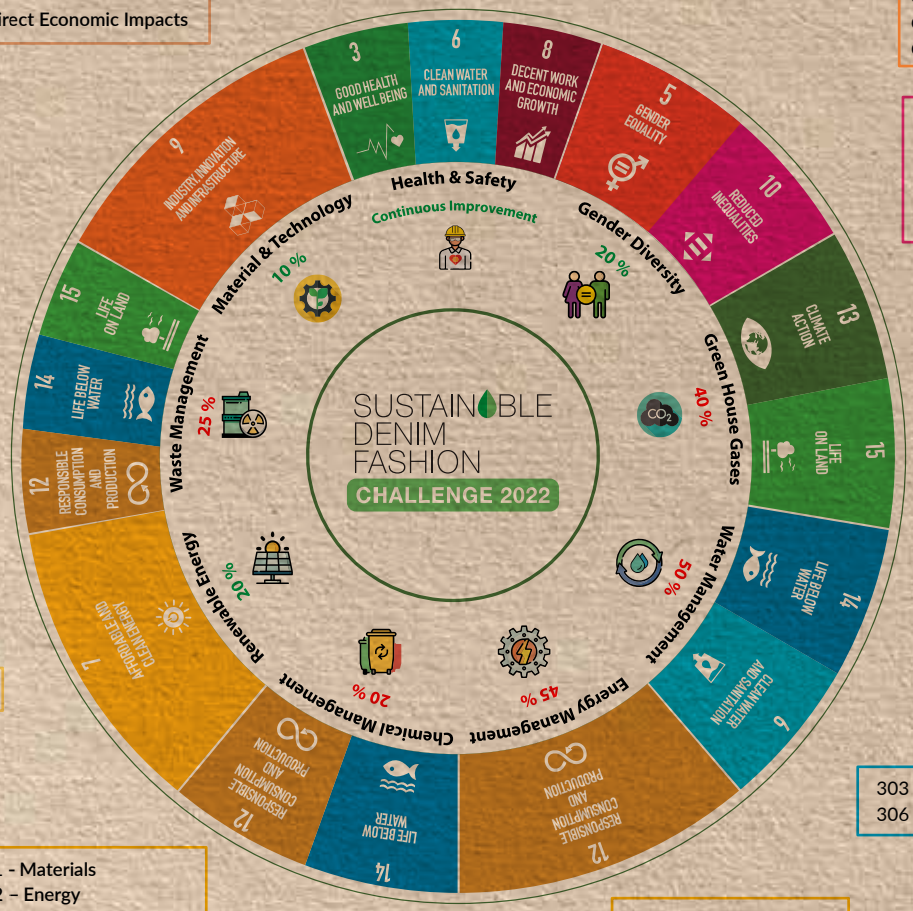
201- Economic Performance
203- Indirect Economic Impacts

301 - Materials
302- Energy
303- Water & Effluents
305- Emissions
306- Waste

GRI2 – General disclosure
401- Employment
404- Training & Education
405- Diversity & Equal opportunity
207- Tax

306 – Waste
304 - Biodiversity

201- Economic Performance
302 – Energy
305 - Emissions



306 - Waste

305 - Emissions

303 – Water & Effluents
306 - Waste

301 - Materials
302 – Energy
303 – Water & Effluents
305 - Emissions
306 - Waste

302 – Energy

301 - Materials
302 – Energy
303 – Water & Effluents
305 - Emissions
306 - Waste

305 – Emissions
304 - Biodiversity

301 - Materials
302 – Energy
303 – Water & Effluents
305 - Emissions
306 – Waste
304 - Biodiversity

Sustainability Challenge 2022

Sustainability Challenge 2022 Mapping with UN Global Compact

Sr. No.	Principles	Addressed through Relevant Certifications
1. Human Rights	Principle 1: Businesses should support and respect the	USAT Guiding Principles, WRAP,
	protection of internationally proclaimed human rights; and	SA8000, SEDEX
	Principle 2: make sure that they are not complicit in human	USAT Guiding Principles, WRAP,
	rights abuses.	SA8000, SEDEX
2. Labor	Principle 3: Businesses should uphold the freedom of	USAT Guiding Principles, WRAP,
	association and the effective recognition of the right to	SA8000, SEDEX
	collective bargaining;	USAT Guiding Principles, WRAP,
	Principle 4: The elimination of all forms of forced and	SA8000, SEDEX
	compulsory labor;	USAT Guiding Principles, WRAP,
	Principle 5: The effective abolition of child labor; and	SA8000, SEDEX
	Principle 6: The elimination of discrimination in respect of	USAT Guiding Principles, WRAP,
	employment and occupation.	SA8000, SEDEX
3. Environment	Principle 7: Businesses should support a precautionary	ISO14001:2015, Higg FEM 3.0,
	approach to environmental challenges;	C2C, Ocotex, STeP by Oeko-Tex
	Principle 8: Undertake initiatives to promote greater	ISO14001:2015, Higg FEM 3.0
	environmental responsibility; and	
	Principle 9: Encourage the development and diffusion of	ISO14001:2015, Higg FEM 3.0
	environmentally friendly technologies.	
4. Anti-Corruption	Principle 10: Businesses should work against corruption in	USAT Guiding Principles
	all its forms, including extortion and bribery.	

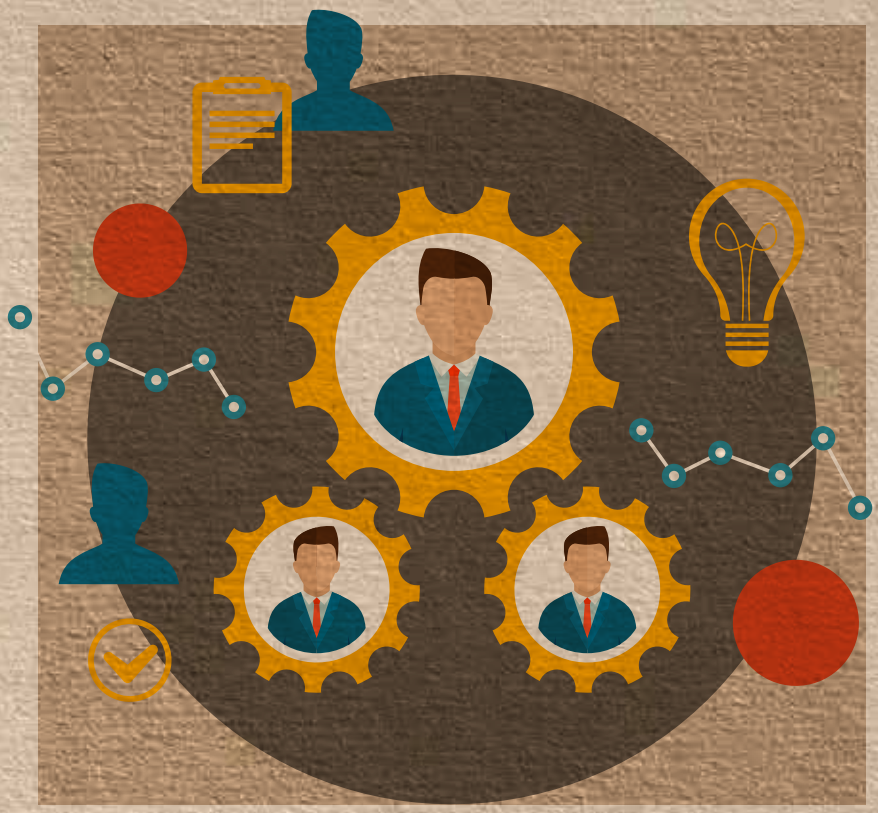
Salient Achievements from 2021

Sustainability Challenge 2022 Mapping with UN Global Compact

29% Improved	Emissions Productivity (Cleaner GDP - US$ per Kg of GHG)
22% Improved	Emissions Productivity (Cleaner Product - Kg of Production per Kg of GHG)
31% Improved	Water Intensity (m3 per Kg of Production) 786 Million Litres Saved
3,376 m^3	Ground Water Recharged
22% Improved	Greenhouse Gas Intensity (GHG per Kg of Production) 11,210 Tonnes of GHG Avoided
343 Tons of CO_2	CO_2 Sequestration from 31,777 Trees Plantation 20,606 Tonnes of CO2 will be offsetted by 2050
13% Improved	Energy Intensity (KWHe per Kg of Production) 6.5 Million KWHe Reduced
40,512 m^3 Water Reduction per year	Rain Water Storage Ponds (Capacity 1,266 m3)
100%	Clean Drinking Water for All

Sustainability Governance to Steward the Challenge 2022

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17



The two-tier sustainability governance structure is devised to steward the Challenge right from the top, with inclusion of cross functional representation at all levels.

Steering Committee

The Sustainability Steering Committee is the custodian of Board's Vision to make US Apparel & Textiles, an inspirationally responsible and transparent Denim supplier. With the CEO being the Chairperson encapsulating the membership of highest ranks of the organization, it will ensure that Sustainability remains a key consideration while company performs its activities to achieve economic goals.

Sustainability Councils

Sustainability Council, formed for each sBU, is a multi-disciplinary team aimed to create positive impact through stewardship of the Sustainability Challenge within each sBU. The council works closely with the on-ground teams to streamline the implementation of various sustainability initiatives with following salient responsibilities:

1. Spread awareness on Sustainability across the sBUs.
2. Responsible for communication of company's Sustainability narrative and act as single source of data/information to ensure accuracy, consistency and transparency in internal and external communication.
3. Initiate, monitor and report progress on Sustainability Initiatives to Steering Committee and other Stakeholders.
4. Suggest new Sustainable Initiatives with feasibilities, in collaboration with all Stakeholders with a bottom-up approach and ensure that any investment made in the company is an optimal trade-off between economic or efficiency gains and sustainability aspirations of the company.
5. Manage and Publish Annual Sustainability Report for the sBUs separately and accumulative as a whole for US Apparel & Textiles.

Sustainability Governance to Steward the Challenge 2022

Sustainability Steering Committee	Advisory Council	Audit Committee
Asif Malik Chief Executive Officer	Abdul Jabbar Athar Director Corporate Projects & Sustainability	Afnan Mansoor Chief Financial Officer
Hassan Aftab Director Human Resources	Riaz Ahmad GM Compliance	Mian Tariq Noor Head Internal Audit
Hafiz Mustanser Managing Director (sBU UK/EU)	Najam Us Saqlain DGM Projects & Civil Engineering	
Irfan Nazir Ahmad Managing Director (sBU UK/EU)	Salar Sikander DGM Corporate Projects & Sustainability	
Imran Malik Managing Director (sBU USA)	Rameez Khan Manager EHS & Sustainability	
Abdul Jabbar Athar Director Corporate Projects & Sustainability		
Ch. Abdul Rehman Director IR, Administration & Legal Affairs		
Afnan Mansoor Chief Financial Officer		
Mehwish Tariq DGM Corporate Communications		
Haroon Malik GM Sourcing & Contracts		

Sustainability Governance to Steward the Challenge 2022

Sustainability Council sBU Denim	Sustainability Council sBU USA	Sustainability Council sBU UK/EU
Irfan Nazir Ahmed Managing Director	Imran Malik Managing Director	Hafiz Mustanser Managing Director
Moeen Akram Director Marketing	Fawad Saeed Director Marketing	Saad Noor Director Marketing
Sajjad Qureshi Director Operations	Ihsaan Qadeer Director Operations	Zahid Zafar Director Operations
Ameer Saeed GM HR & Administration	Mian Munib Director Operations	Sajjad Shah Director Operations
M. Ejaz Rehman GM Procurement	Munir Khan GM Supply Chain	Ahmed Waqas DGM HR
Adeel Akram GM Operations	Aurangzeb Jadoon GM HR & Administration	Farhan Rafique Sr. Manager Engineering
Shahid Younus GM Utility	Rehman Munir Senior Manager Administration	Badar Ul Islam Manager Engineering
Usman Zahid DGM Engineering	Sohail Amir GM Engineering	Danish Farooq Sr. Manager IE
Syed Ali Raza Shah Sr. Manager Marketing	Adeel Shahid GM Marketing	M. Imran Plant Head
Aleem Ahmed Sr. Manager BD/R&D	Salman Manzoor GM Product Development	Khawaja Saeed DGM Procurement
	Fahad Mehmood GM Finance	Majid Hayee GM Marketing
	Mian Fahad Ashraf Sr. Manager Operational Sustainability & Projects	Fariha Yameen Manager Procurement
		Zahid Farooq GM Operations
		Waseem Abbas Sr. DM Engineering

04

Material Topics

Material Topics

Materiality Assesment

Material Topics

GRI 3-1

To determine and categorize relevant topics for our business activities and reporting, we engage in a continuous process of recording and evaluating the challenges and opportunities of sustainable development using various tools. We assess the importance of the topics for the company, environment, and society, and also for our stakeholders through internal analysis and industry-specific sustainability topics.

As part of the process of determining key action areas and material topics, we have defined where our key aspects have an effect within and outside the organization. This way, we have set the boundaries for the aspects that we consider to be **Material**. The effects occur where our business activities and products have a material impact on the environment and society, and where external challenges influence our business.

Considering the futuristic needs, we have addressed all Topic Standards as per GRI as mentioned in GRI, we will continue to explore the depth and breadth of its impacts to declare as material.

Material Topics

GRI 3-2

S.DA1:D18	Material Topic	Impacts Making it Material	Boundary
201	Economic Performance	Critical for Business Continuity and Growth, and has a direct effect on our sustainable growth by securing adequate supplies of material and improving competitiveness. Improved environmental burden from energy, renewable energy & conservation projects.	US Apparel & Textiles
202	Market Presence	Job creation for local communities resulting in economic development around the factories. Improved jobs creation with equal opportunities for females thus improving the quality of life and socio-economic status of their families. Management of all business activities through teams of local origin (Board, Senior Management, Executive teams)	US Apparel & Textiles
205	Anti-corruption	Foreseeable incidents of discrimination /favoritism and corruption in financial and non-financial matters are addressed through formal communication of Company's 'Code of Conduct' and consistent good practices-implementation in HR, Procurement, Marketing & Sales processes. Eliminating abuse of power.	US Apparel & Textiles, Suppliers, Community
301	Materials	Optimum consumption of environment friendly & organic materials. Cut fabric disposal through reuse & recycle options.	US Apparel & Textiles
302	Energy	Impact on climate change due to the consumption of fossil fuels and opportunities for energy production from renewable sources.	US Apparel & Textiles

Material Topics

S.DA1:D18	Material Topic	Impacts Making it Material	Boundary
303	Water & Effluents	Affects the availability of fresh water which may lead to water scarcity, disposal of waste water has a potential to contaminate water receiving bodies.	US Apparel & Textiles
305	Emissions	Leads to increased global warming thus causing climate change which can result in severe weather patterns and disturbs global raw material supply chain.	US Apparel & Textiles
306	Waste	Generation of hazardous & non-hazardous waste affects climate and business process efficiencies.	US Apparel & Textiles
401	Employment	Poverty alleviation, economic prosperity, and improved living standards.	US Apparel & Textiles
402	Labor Management Relations	Compliance with relevant applicable laws, customer's TOE's & COC's and International conventions.	US Apparel & Textiles
403	Occupational Health & Safety	Employee injuries and illnesses impact productivity, compliance with applicable laws, customers' requirements as well as family sufferings.	US Apparel & Textiles
404	Training & Education	Enhances the productive potential of the workforce, cost savings, and improvement of product & service quality. Increases employability and promotability.	US Apparel & Textiles
405	Diversity & Equal Opportunity	Creates a positive, balanced, and good quality of life & status alleviation in the community. Develops a workplace encouraging equality, diversity and inclusion to prevent serious harassment, discrimination or legal issues.	US Apparel & Textiles

Material Topics

S.DA1:D18	Material Topic	Impacts Making it Material	Boundary
407	Freedom of Association and Collective Bargaining	Every worker has the right to choose or associate/affiliate with any Association Committee.	US Apparel & Textiles
408	Child Labor	Affects the health, wellbeing & prosperity of child labors with them being trapped in a cycle of poverty.	US Apparel & Textiles
410	Security Practices	Compliance with human rights, international charters, customers' requirements & relevant applicable laws.	US Apparel & Textiles
413	Local Communities	Effects on local communities due to operations, CSR related activities for supporting education and creating health facilities for improved livelihood and economic prosperity (private business opportunities).	US Apparel & Textiles

Stakeholders Engagement Testimonials

GRI 2-29

Understanding the evolving demands that Stakeholders of all kinds place on our company is a key component of our Sustainability Management. To better understand the expectations and perspectives of our Stakeholders and to engage in dialogue that is more targeted and solution-oriented, we make use of customized communication platforms tailored to the specific needs of our various stakeholders and continuously monitor the opinions at several levels. Our current Stakeholder Management is fundamental to our success. Open and effective communication has been our primary focus with Collaboration as one of our Core Values and deeply engraved in our business practices. We believe in teamwork and consulting all our Stakeholders. We value their opinions as primary for our business, this is how we create shared values and maintain a conducive work environment at and beyond 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 and have also assisted in identifying material topics. 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 that 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 possibility of conflict or other business crippling issues and enhance our teamwork and reputation.

Mujtaba Rahim
CEO & President
Archroma Pakistan Limited

Archroma is one of our trusted Stakeholder and they believe:

Sustainability practices of US Apparel & Textiles are overwhelming!

The first report published in 2020 elaborated on a number of proactive measures taken in nine action areas. We, in Archroma, have read them with great interest and would like to take a cue for ourselves to collaborate on them as well. It is heartening to note that they are on their way to achieve highly ambitious targets to make the fashion industry more sustainable.

We wish US Apparel & Textiles great success in future.

Irshad Hussain
General Manager Marketing
Sapphire Textile Mills Limited

"One of the biggest challenges today is controlling the wastage of our industrial productions and daily consumptions. It has always been difficult to understand the impact of our present activities on the future. Since we can't see it ourselves, we leave it to the next generations who pay the price for our complacency. Fashion has continuously been one of the most relevant industries in terms of sustainability. We are very encouraged to find that US Apparel and Textiles has been at the forefront of making our industries sustainable. By making sustainability one of their prime targets, they have set a very good, achievable, and optimistic challenge for themselves. We would also like to mention the circularity concept that US Apparel and Textiles is currently working on with Sapphire Textile Mills Limited. We take their cutting wastes and recycle them into fiber and then back to clothing again. We are very thankful to them for giving us a chance to work with them in such partnerships, also encouraging us to be better at what we do.
Sustainability is more than a word. It is a style of living. It's our pleasure to see US Apparel and Textiles do wonders in their style of living. We wish them the best of luck."

Stakeholders Engagement Testimonials

"We're super excited to see an industry leader like US Apparel and Textiles take an initiative to set ambitious goals, and then make genuine efforts towards achieving them. We would like to wish US Apparel and Textiles best of luck and we look forward to see some great results coming out of this activity. Good luck!"

Farhan Waseem,
Country Manager Production,
Head of H&M Pakistan Office

One of our valued customers C&A (European Buyer), has also graced us with a heartfelt testimonial:

"US Apparel and Textiles is a perfect match and an ideal partnership for C&A. In fact, C&A has set a very clear target to become the leading, worldwide, sustainability retailer. We already have a big team of experts working on this ambitious goal. For many years, C&A has played a major role in the European market and is known by all, as a trusted sustainability retailer.

However, our ambitious goal can only be achieved, if we work hand in hand with partners, who think, and most importantly – act in the same direction.

That's why, we are very happy and grateful to have built up such a strong alliance with US Apparel and Textiles, in the last couple of years. We look forward to proceeding together as partners, on our challenging-yet-rewarding, sustainability journey."

C&A Buyer

"Keep the good work going and all the best"

Pankaj Kapoor,
Director Of Sustainability,
Levi Str

"Ariat is looking forward in partnering with US Apparel and Textiles in creating a range of fashionable, high quality, durable products using the latest in sustainable technology. From fabrics to finishes, we love the transparency of the environmental scores, how we can improve up on them as well the holistic approach that US Apparel and Textiles is working towards, in becoming the leader in the sustainable practices. We look forward to charting our progress with US Apparel and Textiles and continuously learning and improving in bringing great products to the market place, using the best environmentally-friendly options as possible."

Chelsey Gazeley,
Director of Sourcing – Denim/Bottoms,
Ariat

Stakeholders Engagement Testimonials

Tesco is one of our valuable customers, who were happy to share their thoughts on our Sustainability Report 2020:

"US Apparel and Textiles' Sustainability Report 2020, was engaging and enlightening. When the CEO, Asif Malik, made use of the phrase "mindfulness" in his message, we were reminded of our own symbol "Made Mindfully". Thus, to see their sustainable governance structure and how integrated sustainability is to their business model, gives us the assurance and confidence, that we share the same values. We are very impressed by the reduction in energy, chemical and water use, that US Apparel and Textiles has achieved. It has aligned its targets responsibly with the UNSDGs. Its goal to shift to 20% renewable energy and accomplish 20% female workforce, is truly inspiring and puts the organization on the right track. Their poster competition during their Sustainability Week 2020, was also a fantastically creative idea, showcasing the talent of US Apparel and Textiles."

Joe Little,
Head of Technical and Sustainability,
Tesco

"It's great to see that US Apparel and Textiles is at the forefront of the sustainability initiative and are continuing to review and adapt, to drive this change in the industry."

Jessica Norbury
Product Manager
Next Sourcing

"US Apparel and Textiles' commitment and actions to build a sustainable and regenerative future is highly commendable and industry-leading, way to go!
We too, celebrate and honor the contributions of women all around the world. At Target, these contributions fuel our success. Our female leaders, team members, partners and suppliers, drive notable influential ideas and experiences – from the products on our shelves, to the work behind the scenes – that make the Bullseye go 'round. We're inspired by the women who support our purpose of helping all families discover the joy of everyday life – today and all year long."

Zia Mohyuddin,
Managing Director Sourcing & PSQA
Target

"From Tally Weijl's side, in the last couple of years, we are improving our sustainable product line, thanks to US Apparel and Textiles. We grew a lot in terms of our offerings to our customers and US Apparel and Textiles will remain our key supplier for this strategy."

Claudio Gargano,
Tally Weijl Trading AG

Stakeholders Engagement

GRI 415-1

S.	Stakeholders	Engagement Method	Engagement Frequency	Key Topics
01	Owners / Shareholders	Board Meetings	Ongoing	Business Management, Strategy Development, Growth Opportunities, Expansions, and New Projects.
02	Employees	Townhall Meetings, Trainings, Periodic Review Meetings, Sab-Keh-Do (Speak-up Policy),	Ongoing	Training & Development, Grievance Handling, Performance Appraisals, and, Business Performance.
03	Community	Welfare Programs, Visits	Ongoing	Manufacturing Sites Impacts, Recruitment drives
04	Customers	Exhibitions, Visits, Meetings, Electronic Media	Ongoing	Business Development, Product Development, Sustainability Alliances, Terms of Engagement, Cost & Quality
05	Suppliers	Visits, Meetings, Transactions, Supplier Evaluation, Surveys, Annual Supplier Conferences, Electronic Media	Ongoing	Product Development, Sustainability Alliances, Code of Conduct, Cost & Quality
06	Government Institutions	NOCs, Permits, Renewals, Interaction at Professional Forums, Law Updates, Legal Advisors	Ongoing	Compliance with Regulations & Laws
07	NGOs/ Civil Society*	Funding, Donations, Conferences, Forums	Occasional	Program Funding
08	Media	News, Events	Occasional	Reporting of News and Events
09	Academia	Visits, Job Fairs, Internships	Occasional	Job Openings, Research & Development
10	Trade Unions	Employee Consultation, Legislations	Occasional	Worker Wellbeing, Productivity

*US Apparel & Textiles is not contributing to politics, not donating any funds to political parties, and doesn't have any affiliation with any political party.

Our Supply Chain

Fostering Sustainable Alliances

GRI 2-6

Responsible sourcing reinforces holistic growth and our **responsible sourcing** approach focuses on sustainability aspects along our supply chains for the benefit of people and our planet, thus **doing well by giving back.** Intensive dialogue and close coordination with our Suppliers have always been essential for achieving sustainable business, process, and production practices. We have a total number of 1494 of suppliers across the country.

The Sourcing and Procurement functions at the different US Apparel & Textiles units are responsible for ensuring a 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
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 Supply Chain

Fostering Sustainable Alliances

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 among the leaders 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 on 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 recycle our paper tubes used in denim fabric packaging. Empty packaging cartons are sent for recycling to a GRS Certified packaging manufacturer. Empty drums are sent for recycling to an **EPA-certified facility**. Efforts are underway to reduce the use of plastic packaging in the materials we procure as well as for the recycling of other packaging materials.

Note: For this report local means Pakistan. The proportion of local suppliers vs imports is 1200:305

a) Supplier Evaluation

GRI 414-1, 414-2, 308-1, 308-2

We have introduced a thorough Supplier Evaluation System with ESG criteria as the key component to evaluating the capacity, capability, quality, social structure, and performance of the Suppliers below is the year-wise data which is showing that we are increasing the Supplier base to pass through this criterion. To go further deeper into the supply chain we are enhancing our criteria for the evaluation process. We continuously make efforts to guide and create awareness amongst our Suppliers on our Sustainability agenda and motivate them to implement and disclose their progress and performance which will be better reflected in our next report. During the reported year, there was no negative impact observed and recorded.

Supplier Assessment - US Apparel & Textiles

Supplier	Initial/Re-Evaluation in 2019	Initial/Re-Evaluation in 2020	Initial Audit/Re-Evaluation in 2021
MMC	33	42	114
Fabric	34	31	50
Chemical	48	51	82
Total	**115**	**124**	**259**

b) Marketing & Labelling

GRI 417-1, 417-2, 417-3

US Apparel & Textiles declares all relevant information on product labelling transparently and accurately. During the reporting period of all the marketing/promotions and product labeling, there has been no incident of misdeclaration or wrong declaration reported.

GRI 418-1

c) Customer Privacy

US Apparel & Textiles always complies with laws and regulations of intellectual property and in this context, the Company protects all information and samples with compliance and responsibility.

d) Biodiversity

GRI 304-1, 304-2, 304-3, 304-4

US Apparel & Textiles' premises doesn't harbor any red list species on our site to ensure biodiversity we have maintained aquamarine, lush gardens & forestations and house some animals and bird's species to improve biodiversity on our plant premises. None of our sites is located in such a geographical location where IUCN Red List declared species are under threat.

e) Economic Performance

GRI 201-2

Economic Performance, an important material topic for us, is a key driver for doing well and being a top performer under our **Mission** and **Vision**. We firmly believe sustainability and economic performance are co-related, sustainability has a business case and sustainability-minded organizations outperform on economic parameters. Our experience and financial performance have testified the same ever since the launch of our Sustainability Challenge 2022. It is pertinent now that both **economic** & **sustainability performance** go hand-in-hand.

Risk Management

US Apparel & Textiles recognizes the importance of **disclosing climate-related risks** and opportunities. The **Board of Directors** takes overall accountability for the management of all risks and opportunities, including climate change. Keeping in view the significance of climate change impact each management employee is required to have at least one **Performance Objective** of their Annual KPI list linked to contributing towards sustainability and climate change targets. A review of **climate-related risk assessments** is a part of our overall risk matrix developed by the Management and approved by the Board. US Apparel & Textiles has devised policies on Business Continuity Management & Business Continuity Plans. **Business Continuity Management** prevents any potential halts in the supply of products or provision of services when contingencies or other incidents occur. We (at each business unit level) identify projects, tasks that need to be undertaken to contribute positively toward climate change. It includes setting aside a budget in the annual BMR of each sBU for the addition of eco-friendly machines, equipment, and replacement of old technology that is contributing negatively to the environment. It includes projects to improve fuel mix wherever possible, reduce & recycle water usage, ensuring safety and wellbeing at the workplace for employees. All these initiatives linked with a reduction in GHG emissions are consolidated and reported monthly.

US Apparel & Textiles has formulated its Sustainability Policy 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. The Management periodically evaluates the performance against each KPI and run rate required to meet the challenge. With 2022 in progress the Management is now working on new targets for 2025.

US Apparel & Textiles measures financial implications of the risks involved in terms of potential loss of business from International customers (each one of them has its targets to which we are expected to comply). US Apparel & Textiles is fully aware that if not addressed, the climate risks may result in business continuity/sustainability risks. Accordingly, actions are taken as required for customer compliances and shared periodically to address the customers' concerns. The associated costs are budgeted for both operational and **CAPEX** initiatives and economic opportunities are also evaluated from the sustainability measures being taken. The potential savings and cost reductions of each activity are documented and shared among sustainability councils and management in periodic performance review meetings.

Performance Management System

GRI 201-3

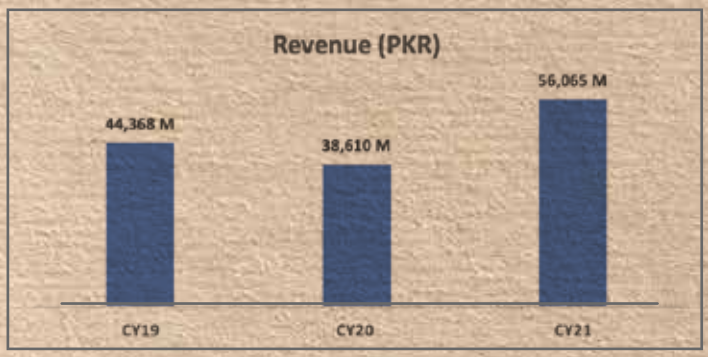
We have implemented a Performance Management system for all Management employees as we believe in deploying services of professionals that possess the requisite skill, knowledge, and experience to attract talent. We offer market competitive remuneration packages and offer our employees

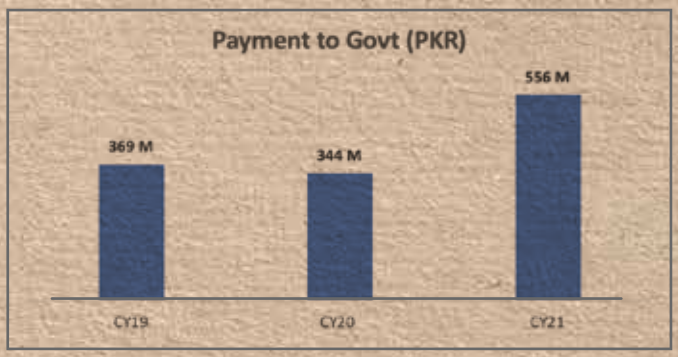
Material Topics

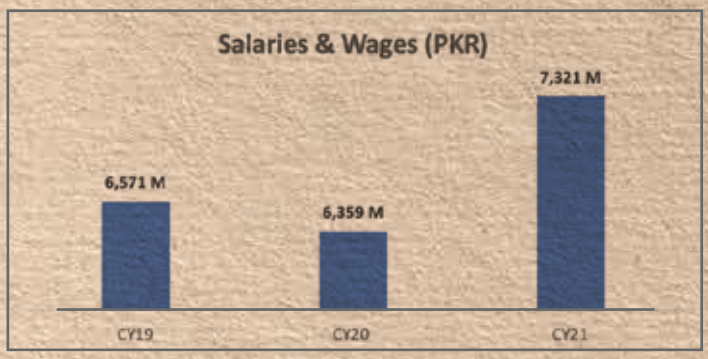
a **Defined Benefit Gratuity** plan under a duly registered and recognized separate Gratuity fund. Contributions to the fund are made by the Company throughout the year based on the actuarial valuation carried out at year-end. The contribution is calculated based on the number of completed years of service of the 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.

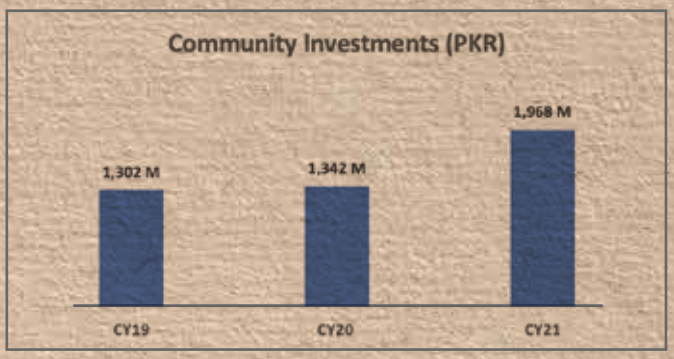
The competitiveness of the export industry is largely dependent on the Government policies applicable to export units. To enable the exporters to be competitive against regional players, the government offers special incentives, subsidies, and tariff reductions to the export units. Currently, the active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

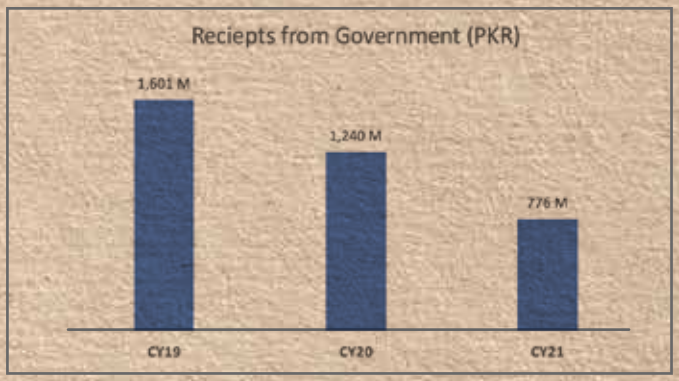
GRI 201-1,201-4











Material Topics

GRI 2-2,2-8,2-27, 202-1,202-2

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

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 worker 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.

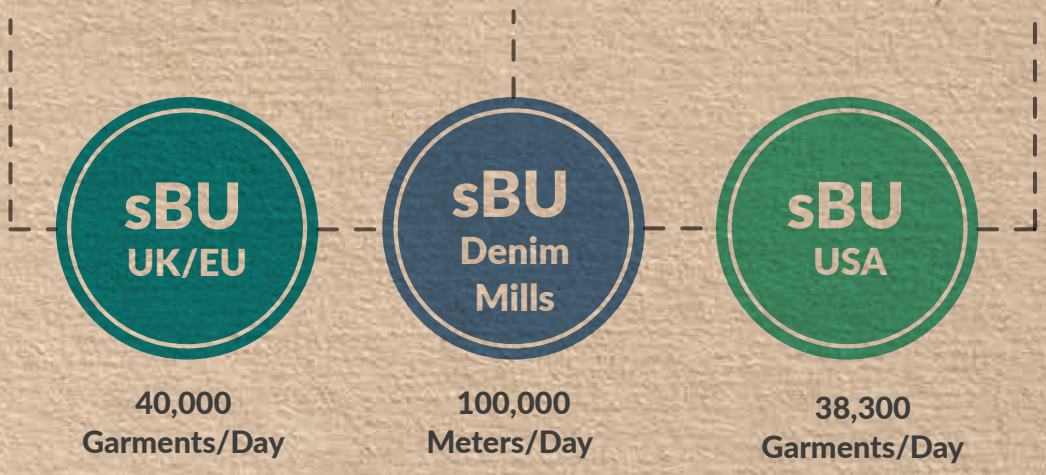
Material Topics

Our Business Model

Hafiz Mustanser Ahmed
Managing Director
sBU UK/EU

Irfan Nazir
Managing Director
sBU Denim Mills

Imran Malik
Managing Director
sBU USA



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 **40,000 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 (33,850) 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 aspects of their sub-business unit including the bottom line and is supported by 5 to 6 direct reports who form the Leadership team.

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.

GRI 205-1, 205-2, 205-3

g) Anti-Corruption

- Compliance-related items are embedded in our Code of Conduct. 100% of our employees agree and adhere to our Code of Conduct.

- We have a robust Anti-Corruption program which includes regular and impactful trainings and awareness programs, a thorough and comprehensive investigation process and controls.

- We conduct risk assessments focused on corruption or inclusion of corruption as a risk factor in overall risk assessments and design 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.

- Our approach to training employees for Code of Conduct is based on a combination of external and internal risks which resulted in tailored learning curriculums.

- We also comply with all Anti-Bribery & Anti-Corruption laws.

- 100% employees demonstrate their commitment to our Value criteria.

GRI 2-15, 2-16, 2-23, , 2-24, 2-25

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

h) Anti-Competitive Behavior

GRI 206-1

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

i) Tax

GRI 2-27, 207-1,207-2,207-3,207-4

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 are 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 tax matters.

- 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 risk & need basis.

The Board of Directors and other stakeholders are periodically appraised on tax amendments, with material effects on stakeholders:

We have a functional in-house Tax department to professionally manage and implement the taxation strategy along with incorporating and implementing the dynamic pronouncements and changes to tax laws. Tax consultants are engaged as and when required to manage queries and respond 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 Mills. Accordingly, all taxation payments & filing formalities of Turkey are 100% complied. The Turkish entity is primarily engaged in fabric trading.

05

Sustainability Challenge 2022

Performance (2019-2021)

Methodology of Performance Management

Every sBU has a sustainability council that collects, records, and analyzes performance against the target set for each KPI on regular basis to track their performance and subsequently identify areas of improvement and make action plans accordingly. The same performance data is reflected (area wise) in the monthly 'Performance Review Meeting' with the steering committee (corporate level) which reviews & provides feedback to sBU management to align with the overall Company's Sustainability Program.

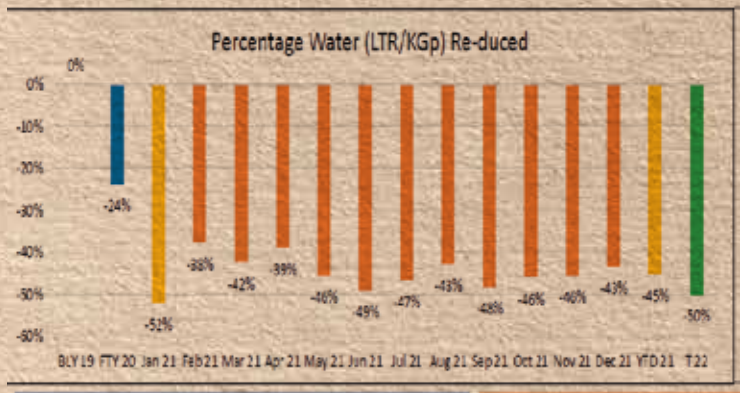
See below: one of the sBU level data presented in the PRMs to steering committees

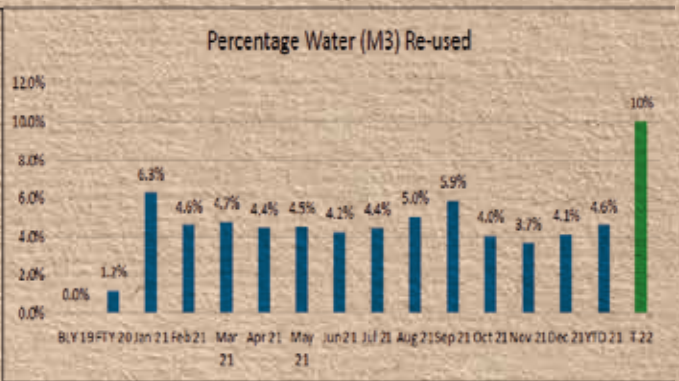
5. Water Management

How We Track Performance 1/2

Behind Baseline
Behind Target
On Target

DESCRIPTION	UOM	BLY 2019	FTY 2020	%	Dec 2021	YTD 2021	Target 2022	%
Total Water Extracted	M3	1,287,099	727,970	-43.4%	77,488	733,732	643,550	↓50%
Cost per M3 of Water Extracted	PKR	6.11	4.38		3.43	4.34		
Total Water Re-used	M3	0	8441		3,169	33,787	128,710	10%
Total Water Re-cycled	M3	0	0		5	60.6	193,065	15%
Water Consumption per KG of Production	LTR/KGp	187	143	-24%	106	103	94	





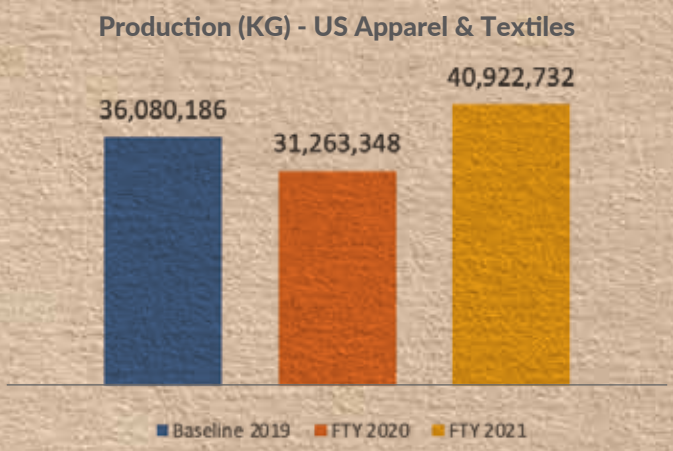
Positive (+) Contributors	Negative (–) Contributors	Action Plan
• By redesigning wash recipes and strict monitoring , there is 45% reduction in water consumption FTY comparing BSL. • By reusing RO plant reject water and Steam return condensate, 4.6% water is being reused FTY comparing BSL. • Installation of Optimizers on all water taps from 12 Liter/Min to 1.8 Liter/Min	• Water Recycling Plants required at both units • Ozone machine not available in US1-R	• US1-R ETP system being designed on 50% water recycling from day one • US 3/4 recycling system in planning phase • Inter-unit collaboration to implement US 3/4 water savings techniques in US1-R

Unit of Production Measurement

GRI-1

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.

US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Production in Kg	**Kg**	**36,080,186**	**31,263,348**	**-15.41%**	**40,922,732**	**13.42%**
Production	Pcs	23,212,898	19,136,506	-21.30%	24,248,603	4.46%
	Mtr	39,557,787	35,671,540	-10.89%	44,107,689	11.50%

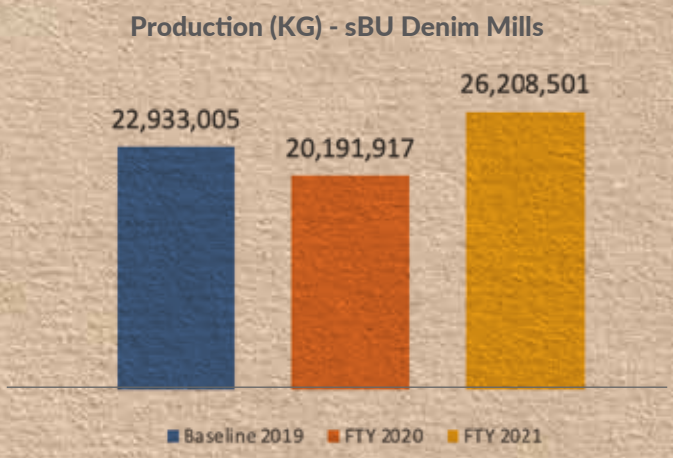


GRI 301-1, 301-2

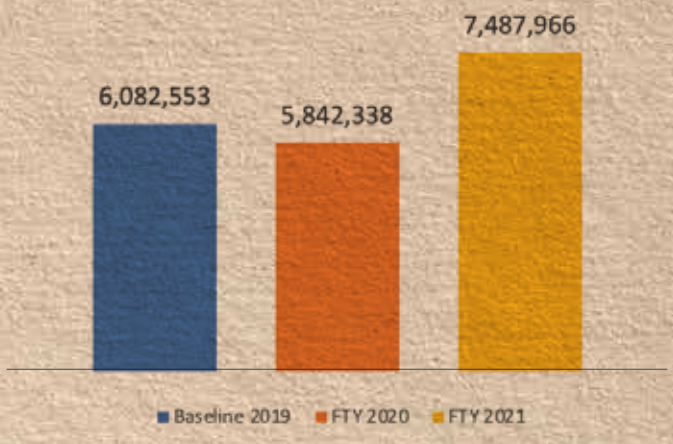
Total Weight of Sustainable Materials Used for Primary Products in 2021						
	Total Material used to produce primary product (KG)	Non-Renewable Materials (KG)	Renewable Materials (Kg)			
			% of Sustainably Grown Materials	Sustainably Grown Materials (KG)	% of Recycled Material	Use of Recycled Materials (KG)
US Apparel & Textiles (Yarn+Fabric)	46,606,160	8,915,758	75.45%	35,164,348	5.42%	2,526,054
sBU Denim Mills (Yarn)	31,975,536	8,224,108	69.19%	22,123,873	5.09%	1,627,555
sBU USA (Fabric)	6,358,264	225,083	92.84%	5,903,012	3.62%	230,169
sBU UK/Europe (Fabric)	8,272,360	789,183	82.04%	6,786,644	8.42%	696,533

Unit of Production Measurement

sBU Denim Mills						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Production in Kg	**Kg**	22,933,005	20,191,917	-11.95%	26,208,501	14.28%
Prodcution	Pcs					
	Mtr	39,557,787	35,671,540	-9.82%	44,107,689	11.50%

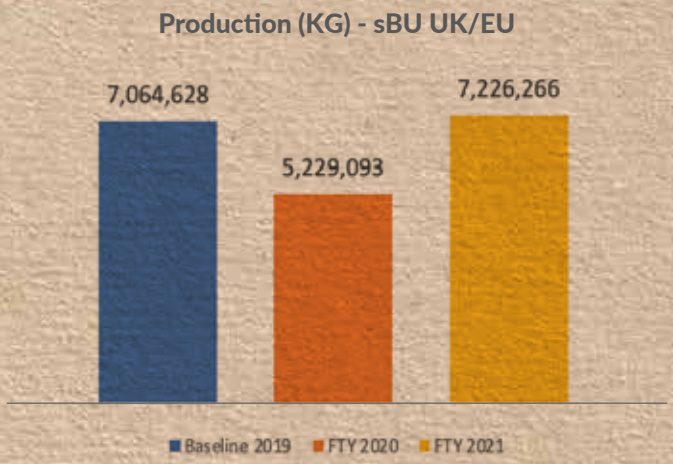


sBU USA						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Production in Kg	Kg	6,082,553	5,842,338	-3.95%	7,487,966	23.11%
Production	Pcs	10,739,464	9,798,325	-8.76%	12,062,310	12.32%
	Mtr			.	.	.



Unit of Production Measurement

		sBU UK/EU				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Production in Kg	Kg	7,064,628	5,229,093	-25.98%	7,226,266	2.29%
Production	Pcs	12,473,434	9,338,181	-25.14%	12,186,293	-2.30%
	Mtr					



Catering to Extra Production

GRI 3-3

After implementation of this challenge, comparing 2021 with our baseline 2019 the cumulative effects of the increased production with simultaneous reduction of resources are:

Water
45% extra production free of water

Green House Gas
28% extra production free of GHG

Compressed Air
18% extra production free of compressed air

Energy
15% extra production free of energy

Electricity
14% extra production free of electricity

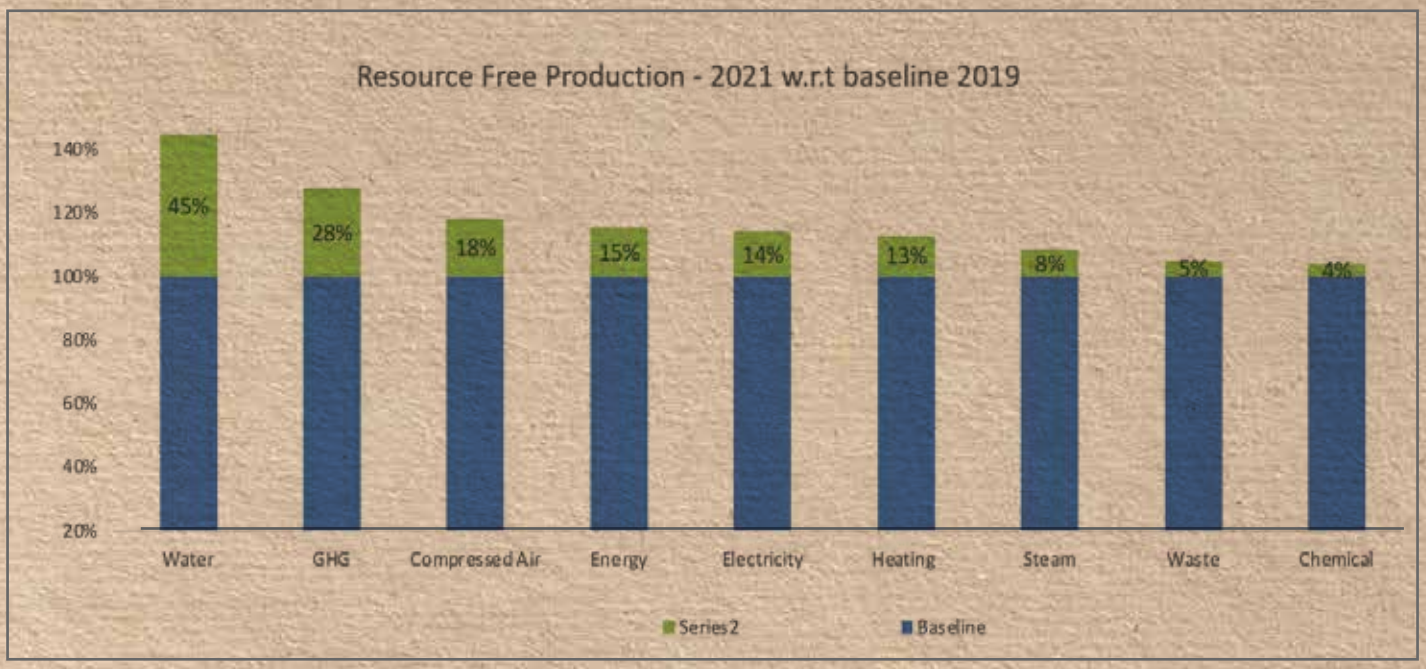
Heat
13% extra production free of heating

Steam
08% extra production free of steam

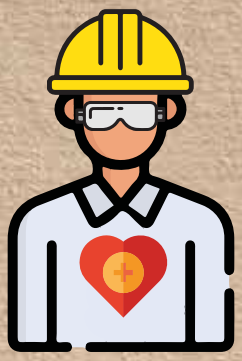
Waste
05% extra production free of waste

Chemical
04% extra production free of chemical

Unit of Production Measurement



Health, Safety and Wellbeing



Health, Safety and Wellbeing

GRI 403-1, 403-8, 404-2

Occupational safety within the company and along the value chain has always been a top priority for us. We have identified Health, Safety & Wellbeing as one the vital target area in our Sustainability Challenge 2022 and continuously focusing on mitigation of work-related hazards, improving the wellbeing of employees by enhancing their capabilities through effective capacity enhancement trainings, providing clean drinking water for all as per WHO standards and continuously reviewing our risk management to create a safer work environment for all.

To achieve our goal, we have invested substantial time and resources in designing and delivering trainings to raise **mindfulness**, change of mindsets, and increase **technical safety standards**. Frequent specialized external & internal trainins are held at all sBU(s) to ensure that our employees can identify and eliminate accident risks. A robust compliance mechanism as per **ISO-45001:2018 and ISO-14001:2015 Standards** compliant EHS Management System (EHSMS) is in place across all of our sBU(s) to ensure conformance to International Labor Organization (ILO) Conventions and Recommendations and compliance to local national legislation related to EHS.

A program for **Third-party audit(s)** systems has been put in place at the Corporate level to assure our approach to achieving the KPIs set within Sustainability Challenge 2022, under which, we 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 training hours dedicated to skill-building because we have pledged to be **"Together for a Better Tomorrow"**. We have taken the following measures to ensure Health, Safety & Wellbeing of our employees:

- Monitor & analyze the monthly reporting mechanism.
- We are training our workers with multiple skills to ensure that they are fully utilized and are prepared for the future with job security in the event of a crisis.
- HR and IE departments in coordination with each other, develop training schedules 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, Personal Hygiene training, and appropriate use of Machine Guards.
- Sab-Keh-Do (Speak up policy).
- Zero Tolerance Towards Harassment.
- Regular awareness sessions for employees across all cadres fostering the importance of regular health checkups and benefits of early detections in case of life-threatening diseases like cancer etc.

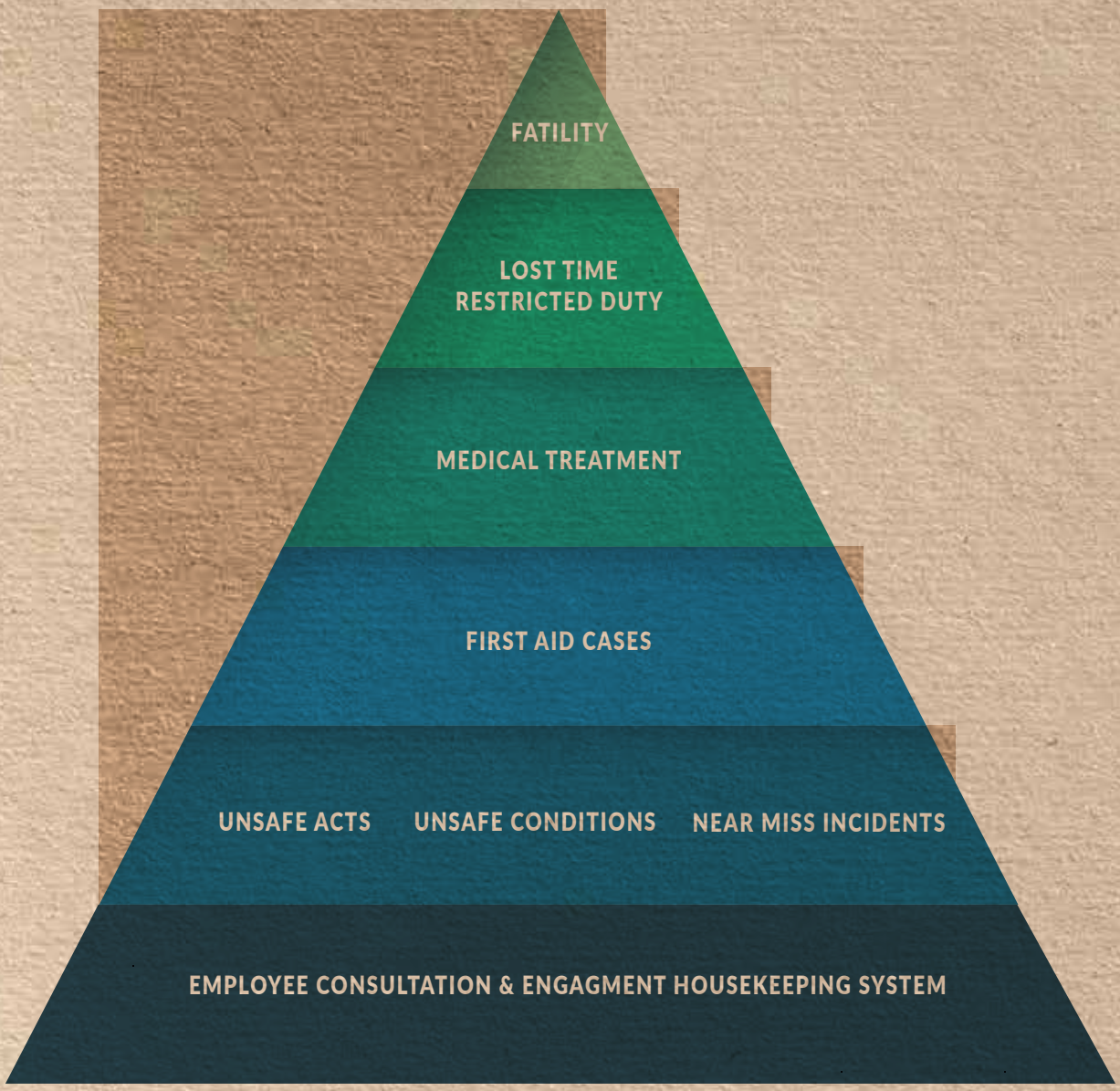
Health, Safety and Wellbeing

Product Safety

To ensure product health & safety, US Apparel & Textiles has implemented product testing certification & process certification. Each product style goes through a rigorous testing cycle to ensure compliance against the product's physical and chemical parameters set by international standards and regulatory bodies. In this context, the Company has attained various relevant certifications. During the reporting period, there has been no negative impact from our supplied products reported.

Target	KPI
Continuous Improvement in Total Recordable Injury Rate (TRIR) Lost Time Injury Rate (LTIR).	Total Recordable Injury Rate (TRIR) Lost Time Injury Rate (LTIR)
Training-hours per Employee Capacity Building / Multi-Skilling.	Training-hours per Employee Percentage Multi-skilled Employees
Drinking Water for All as per WHO Standard from same source.	Percentage of Employees with Access to Clean Drinking Water

Health, Safety and Wellbeing



Our Progress

GRI 403-2, 403-7

Under our Sustainability Challenge 2022, accurate reporting of all 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 back in 2019. 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 meant to enhance the awareness of Environment, Health and Safety (EHS) coupled with root cause analysis due to which the KPI is reflecting a **negative performance** of **TRIR 39.44%**, similarly, the areas that have improved considerably are LTIR which has decreased by **36.79%** and training hours per employee which has **risen** to **2810.61%** due to realization within sBU(s) of the importance of a well-informed employee.

We have already ensured the **availability** of clean drinking water to **100%** of our employees in the year 2021, as per WHO standards. Additionally, we are

Health, Safety and Wellbeing

GRI 403-2, 403-3, 403-4, 403-5

providing clean drinking water to nearby communities also.

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 employees. Control measures are decided as per the assessed risk levels.

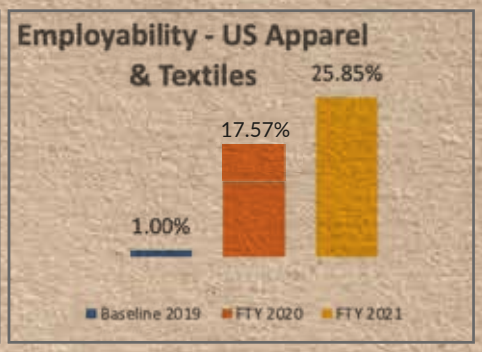
To ensure the sustained performance of EHSMS, vigorous processes like job safety analysis, workplace observations, fire risk assessments, housekeeping inspections, preventive maintenance plans for equipment and machinery, visitors' control, employee orientation, and EHS induction process, EHS performance reviews along with internal auditing & third-party audits by certification bodies are in place. A forum of **Works Council** with representation from Employees and Management is functional at US Apparel & Textiles, they meet 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 shortcomings, hazardous situations, and injuries including near misses to the supervisors or Safety Department directly. The Executive Management has assured all staff that any reprisal action will never be taken for reporting any incident by the employees.

We have a proper 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, the rest of the staff is advised to leave the workplace immediately through alternate emergency exits and assemble at assembly points and wait for the next instructions. A process of investigation of reportable injury incidents, fires, chemicals 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.

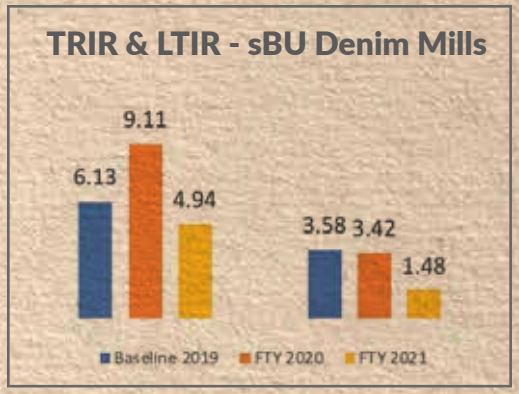
GRI 401-1, 403-9, 403-10,404-1

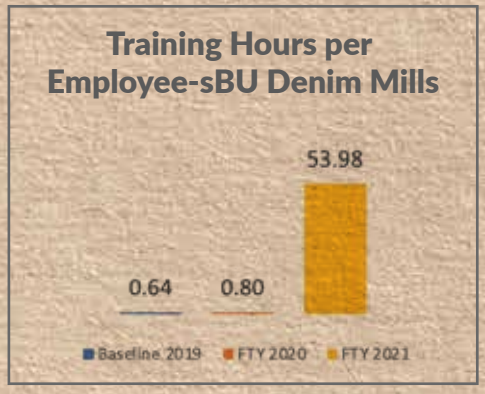
	Status	UOM	US Apparel & Textiles				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees		NOS	16,155	14,538	-10.01%	17,081	5.73%
Total Working Hours		HRS	38,064,997	33,175,627	-12.84%	40,146,021	5.47%
Total Recordable Injury Rate		NO/2MHW	0.89	1.69	88.98%	1.25	39.44%
Lost Time Injury (LTI) Rate		NO/2MHW	0.63	0.60	-4.39%	0.40	-36.79%
Training Hours per Employee		THRS/NO	0.75	0.83	9.77%	21.89	2,810.61%
Employability (Capacity Building)		%	1.00%	17.57%	16.57%	25.85%	24.85%
Clean Drinking Water for All (From Same Source)		%	100%	100%	-	100%	-

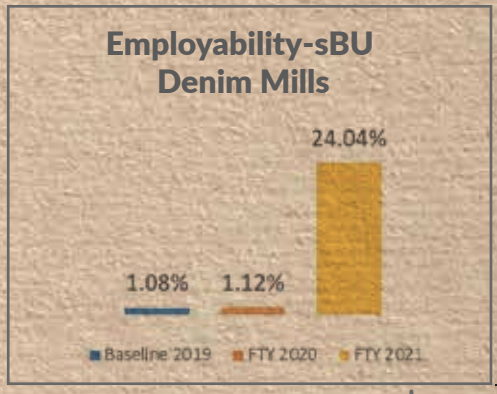
Health, Safety and Wellbeing



	Status	UOM	sBU Denim Mills				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees		NOS	1,665	1,613	-3.12%	1,660	-0.30%
Total Working Hours		HRS	3,913,486	3,511,453	-10.27%	4,049,354	3.47%
Total Recordable Injury Rate		NO/2MHW	6.13	9.11	48.60%	4.94	-19.46%
Lost Time Injury (LTI) Rate		NO/2MHW	3.58	3.42	-4.47%	1.48	-58.58%
Training Hours per Employee		THRS/NO	0.64	0.80	25.42%	53.98	8,338.39%
Employability (Capacity Building)		%	1.08%	1.12%	3.22%	24.04%	22.96%
Clean Drinking Water for All (From Same Source)		%	100%	100%	-	100%	-

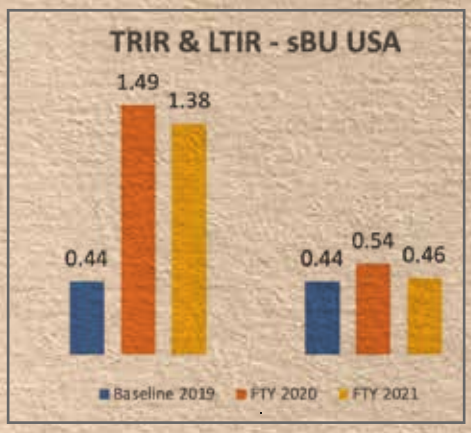


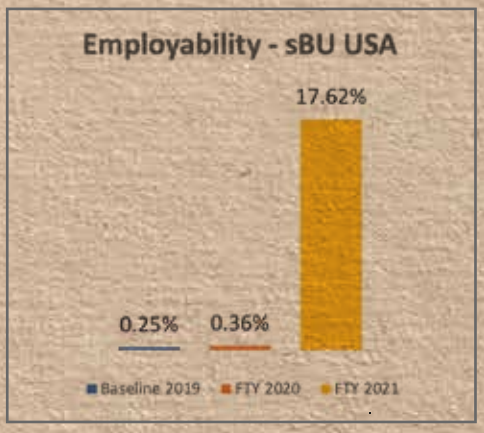




Health, Safety and Wellbeing

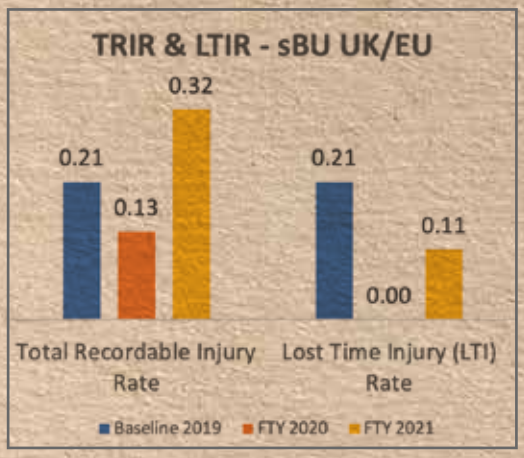
	Status	UOM	sBU USA				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees		NOS	6,932	6,694	-3.44%	7,484	7.96%
Total Working Hours		HRS	13,733,955	14,781,326	7.63%	17,412,086	26.78%
Total Recordable Injury Rate		NO/2MHW	0.44	1.49	240.69%	1.38	215.50%
Lost Time Injury (LTI) Rate		NO/2MHW	0.44	0.54	23.89%	0.46	5.17%
Training Hours per Employee		THRS/NO	0.93	1.21	31.05%	35.96	3,785.44%
Employability (Capacity Building)		%	0.89%	0.25%	-0.64%	17.62%	16.73%
Clean Drinking Water for All (From Same Source)		%	100%	100%	-	100%	-

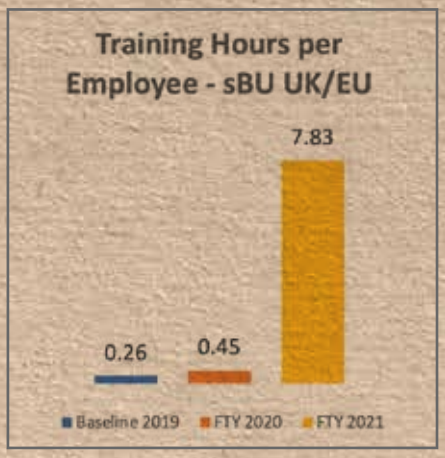


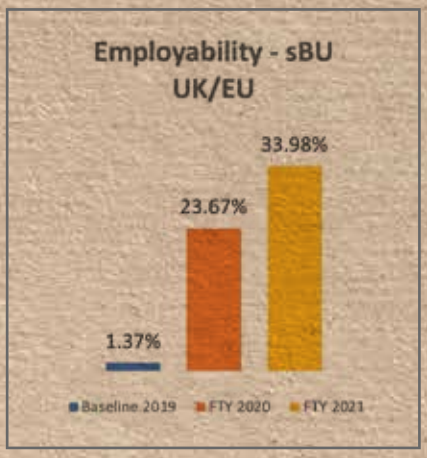


	Status	UOM	sBU UK/EU				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees		NOS	8,121	6,574	-19.05%	7,937	-2.27%
Total Working Hours		HRS	19,020,601	14,882,849	-21.75%	18,684,581	-1.77%
Total Recordable Injury Rate		NO/2MHW	0.21	0.13	-36.10%	0.32	52.70%
Lost Time Injury (LTI) Rate		NO/2MHW	0.21	0.00	-100%	0.11	-49.10%
Training Hours per Employee		THRS/NO	0.26	0.45	73.15%	7.83	2,906.90%
Employability (Capacity Building)		%	1.37%	23.67%	22.30%	33.98%	32.61%
Clean Drinking Water for All (From Same Source)		%	100%	100%	-	100%	-

Health, Safety and Wellbeing







Health, Safety & Wellbeing - How We Are Changing Mindsets

Clean Dring Water For All

Water Filtration/Reverse Osmosis (RO) plant is installed at all sBUs. At sBU USA the RO plant can cater to the drinking water needs of **employees (8000)** of both units (2 & 5) as well as the neighboring community of around **1000 people**. We also distributed 173 re-useable water bottles of 19 liters capacity. The plant can filter water at the rate of **2m³/hr** and the storage capacity of the plant is **31,000L**. The RO filtration plant has significantly improved the drinking water quality as per WHO standards and **Rejected Water** of RO is being utilized at spray booths in the manufacturing process, which will save **8-10m³** water per day.

Watch video here: **https://www.youtube.com/watch?v=1YT2BTTYU20&t=2s**

Health, Safety and Wellbeing

Installation of Evaporative Coolers

The evaporative coolers are installed in various Washing Areas to improve ventilation which has improved ventilation and a significant reduction in temperature on the Washing floor which is normally hot and humid.

Medical Checkups for Employees

1576 Employees were tested for

- Blood Group
- Blood Sugar
- Hepatitis B & C
- Blood Pressure

Health, Safety and Wellbeing

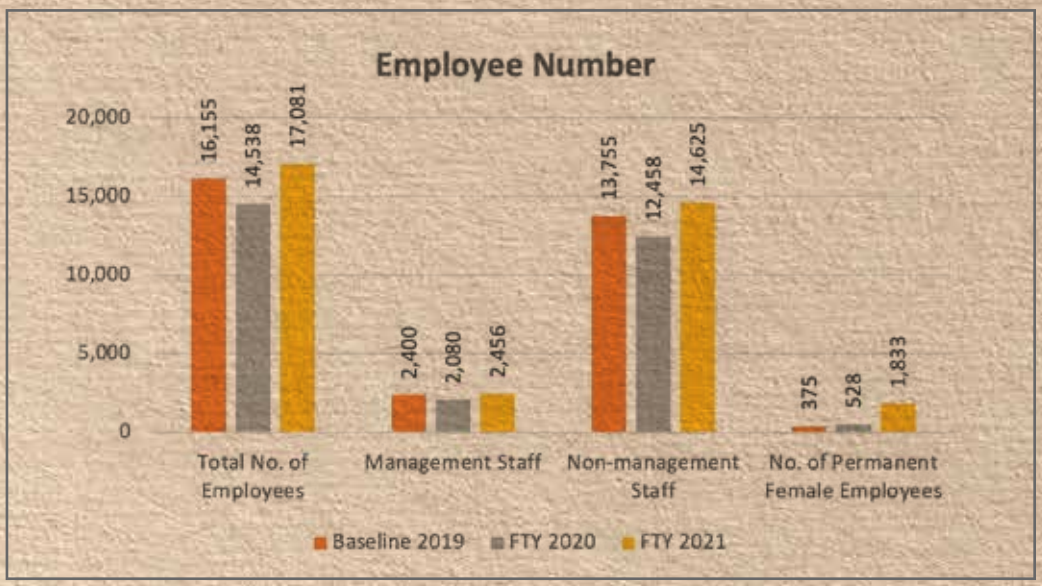
Capacity Building

In 2021, we trained 28,415 employees of sBU USA on various health and safety related topics covering 13,109 training hours. The total number of multiskilled employees at sBU USA are 1280.

Employment and Labor Management Relations

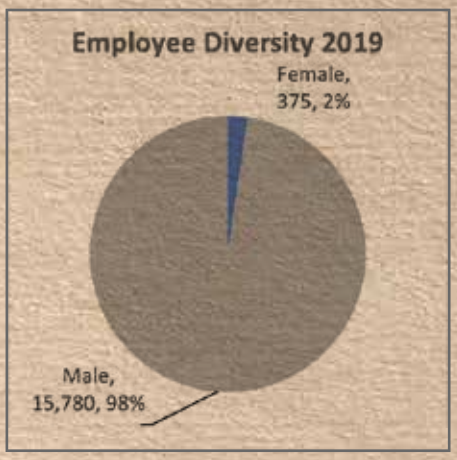
Our robust HR processes are in place to ensure the welfare and wellbeing of employees at all levels of the organization. The garment industry is labor-intensive and also requires skillful labor. A total of 17,081 employees are engaged vs. 16,155 in 2019 (baseline year), an increase of 5.73% due to business operations reviving after the Covid-19 spell and increased business growth.

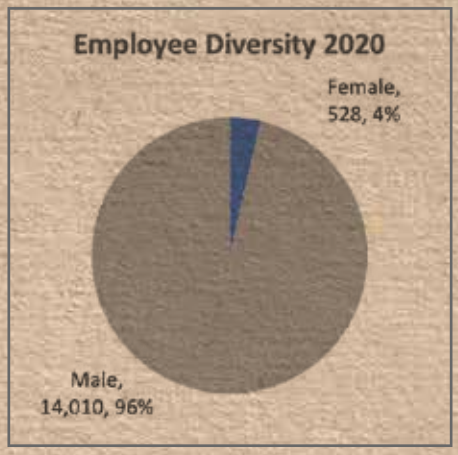
Our Progress

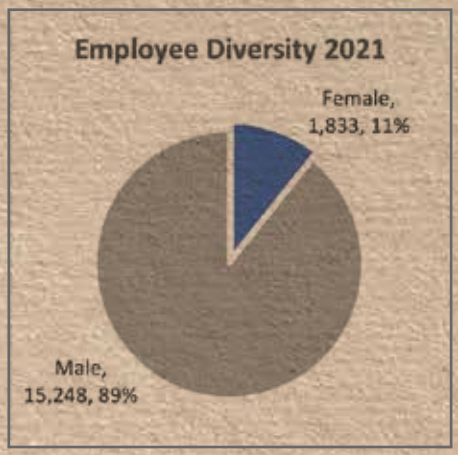


Health, Safety and Wellbeing

GRI 401-2, GRI 403-6







GRI 2-7, 401-2

Regular benefits are offered to employees including 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 (PESSI) by the Company and regular contributions are made on behalf of the employees. Employees can avail medical facilities (available through our CSR wing) for themselves and family, as and when required.

In 2021, a total of 11118 new employees (including 2112 female employees) joined US Apparel & Textiles, while 10312 employees left the organization, those who have left included 948 female employees. This high attrition rate is due to the fact that the majority of the workforce are piece-raters. As the flow of orders in the textile sector increases these piece-raters' turnovers to facilities where they are offered better remunerations. This turnover rate is part of the dynamics of this industry. Whereas in the management section the turnover rate is high in the management trainees who are just exploring industries.

	UOM	Baseline 2019	FTY 2020	FTY 2021
Total No. of Employees	**Nos.**	**16,155**	**14,538**	**17,081**
Management Employees	**Nos.**	**2,400**	**2,080**	**2,456**
Male Employees	Nos.		2,033	2,324
Female Employees	Nos.		47	132
Non-Management Employees	**Nos.**	**13,755**	**12,458**	**14,625**
Male Employees	Nos.		11,977	12,924
Female Employees	Nos.		481	1,701

Health, Safety and Wellbeing

GRI: 405-1,405-2, 406-1

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 11%** female employees during 2021.

In US Apparel & Textiles businesses, wages and benefits to female employees are same as for male employees, we are an equal opportunity employer and there is no discrimination based on color, race or faith.

During 2021, no incident of **discrimination** was reported by any of the employees.

GRI 401-1

	Total Number of New Employees Hired						Total Number of Employees Turnover					
	Under 30		30-50 Years		Over 50		Under 30		30-50 Years		Over 50	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
US Apparel & Textiles	6894	1159	2039	946	73	7	6923	517	2335	424	106	7
sBU USA	3448	703	824	545	37	4	3769	292	1007	200	55	3
sBU UK/Europe	2995	424	1021	396	32	3	2759	216	1100	224	40	4
sBU Denim Mills	451	32	194	5	4	0	395	9	228	0	11	0

	Average hours of training that the organization's employees have undertaken during the reporting period	
	Management	Non-Management
US Apparel & Textiles	123	101
sBU USA	4	41
sBU UK/Europe	54	9
sBU Denim Mills	64	52

Health, Safety and Wellbeing

As per law of the land and internal policy, all married female employees are eligible for maternal leaves. During the year, only 13 female employees availed maternal leave.

	Total number of employees that were entitled for maternal leave	Total number of employees who availed maternal leave	Total number of employees that returned after maternal leave
US Apparel & & Textiles	13	13	12
sBU USA	10	10	10
sBU UK/EU	3	3	2
sBU Denim Mills	N/A	N/A	N/A

1) Freedom of Association and Collective Bargaining

GRI 402-1,407-1, 2-25, 2-26, 2-30

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. A proper **Worker Management Council** is established in the company and members of the council are elected by workers and are nominated by the Senior Management. Regular elections are conducted in which workers elect their representatives through balloting. Female workers also participate in these elections 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.

As per US Apparel & Textiles **policy,** the employees are supposed to give 04 weeks' **notice period** while **leaving** the organization and vice versa.

All employees receive training on their rights related to this policy on regular basis. The Members of the Workers Management Council are free to raise issues to Executive Management about employees' welfare concerns. The Workers Management Council meets quarterly, as prescribed in law. With our Stakeholders, we are striving to ensure their compliance and this is an ongoing process. We have carried out supplier pre-qualifications based on the business as well as ESG aspects.

2) Performance Management

GRI-404-3

Performance of all staff in Management cadre is assessed annually vs. a set of S.M.A.R.T Objectives agreed at start of the year, and all Management staff is rewarded accordingly. Career progression and development is a part of the annual performance assessment process.

3) Child Labor

GRI 408-1, 409-1

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 providing children 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, for which we have certain checks in place e.g. ID Card requirement at the time of hiring. During the reporting period, there was no such incident reported in the audits of our operations as well as those of our Suppliers. They are pre-qualified through suppliers' assessments in which all social aspects are reviewed including a child forced labor requirements. In the sphere of US Apparel & Textiles influence, there is no community of indigenous people.

4) Security Practices

GRI 410-1

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 within our premises.

5) Human Rights Assessment

US Apparel & Textiles has defined, documented, and implemented policies and procedures to protect the 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 and external audits by third parties. In this context, all manufacturing facilities have to go through extensive customer and 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 has 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 Emissions

GRI 408-1, 409-1

We believe that GHG Emissions consciousness has become 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". Opting every possible technique for reducing greenhouse gas emissions to achieve a clean atmosphere; we are now one of the early signatory companies from Pakistan for the Net-Zero Pakistan Coalition.

PAKISTAN ENVIRONMENT TRUST

This coalition is a promise to achieve Net-Zero carbon for Pakistan by 2050 and play a significant role in securing a sustainable environment.
We're adopting renewable energy, driving energy efficiency and implementing other sustainable practices simulatniously. We're also looking to catalyze change across our value chain, inspiring our suppliers to rapidly decarbonize and play their part towards a greener future. 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 2022.**

"Reducing environmental burden has become an obligation for us and it is not possible without trust, commitment, and contribution towards care for the environment."

Asif Malik
(CEO, US Apparel & Textiles)

Greenhouse Gas Emissions

Our Progress

GRI 302-1, 302-5 305-1

We calculate emissions by using **GHG Protocol Calculator for Stationary Combustion** of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). GHG emissions calculation using GHG Protocol Calculator automatically includes GHG contribution from CO_2, CH_4, N_2O emissions and does not include the emissions of SOx, HFCs, PFCs, SF6, and NF3. HFCs, PFCs emissions from HFCs, PFCs are calculated using the data regarding refringent used as a refill in air conditioning system.

"With vigorous monitoring and adjustment of the fuel mix, deployment of efficient machines, focused process controls, and continuous struggle to reduce energy wastages, we were able to reduce the GHG Emissions by ~11.10%. While on a normalized basis the reduction is ~22.83%. The increased reduction on a normalized basis is due to business operations returning to normal i.e. increased production volumes, industry operating at full capacities, increased exports."

The fuel mix changes/optimizations along with the inclusion of Solar Energy production in our energy mix from a 4 MW Power Plant installed at our manufacturing facilities positively impacted by avoiding 89,778,932 Kgs of CO_2 eq emission.

To make a net positive impact on the environment by offsetting CO_2 from the atmosphere, we organized 04 tree plantation campaigns from 2018 to 2021.
While we are continuously looking for a 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 tracking **carbon removal technologies.**

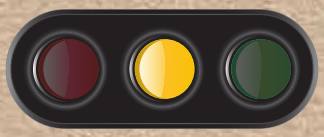
GRI 2-4

In this report 2021 - **Changing Mindsets**, it is to be noted that the data for emissions productivity for both greener GDP and greener products has been revised. The production & revenue data that has been revised for the years 2019 &
2020 has also been considered for 2021 calculations and is explained below:

- **Production:** Not the sales volume (reported in the previous report) but instead what has been considered is Packing + B2 which is the actual representation of what product was produced in our factory across all sBUs.
- **Revenue:** Not the sales revenue of products dispatched to customers (reported in the previous report) but instead revenue in terms of average price based on the financial data reported for the years Production (Packing + B2) which could have been sold (have our product been picked up by our customers in full (whatever was produced).

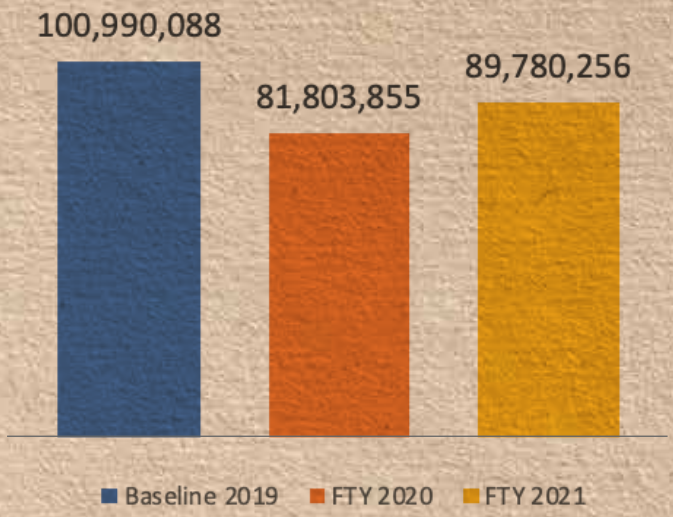
Greenhouse Gas Emissions

GRI 305-1,305-2,305-4,305-5



	US Apparel & Textiles					
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total GHG Emissions	Kg	100,990,088	81,803,855	-19.00%	89,780,256	-11.10%
Scope 1 - Emissions	Kg	93,280,194	74,843,199	-19.77%	81,856,996	-12.25%
Scope 2 - Emissions	Kg	7,709,894	6,960,656	-9.72%	7,923,260	2.75%
GHG per Kg of Product	Kg/Kg_p	2.80	2.62	-6.52%	2.19	-21.62%
GHG per Piece (For Apparel)	Kg/Pc	2.67	2.38	-10.87%	1.98	-25.64%
GHG per Meter (For Denim Mills)	Kg/Mtr	0.99	1.02	3.05%	0.95	-4.32%

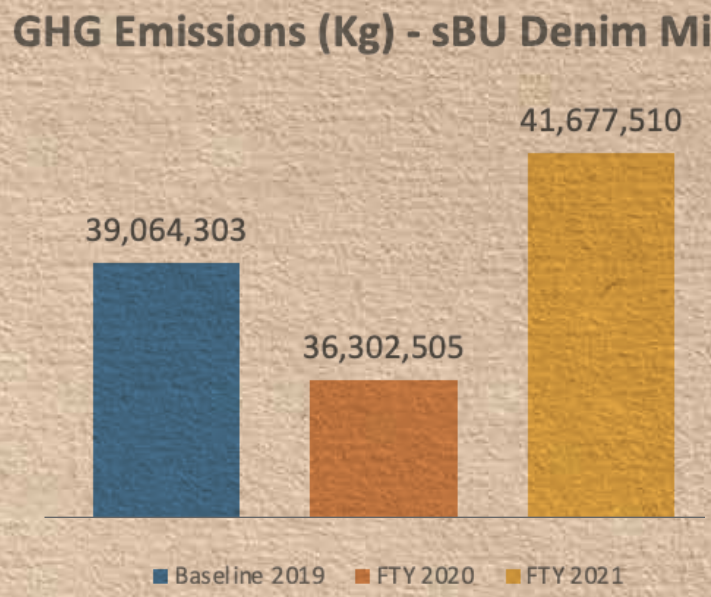
GHG Emissions (Kg) - US Apparel & Textiles



***Note:** Source of Conversion Factor is GHG Protocol Calculation Tool 2015

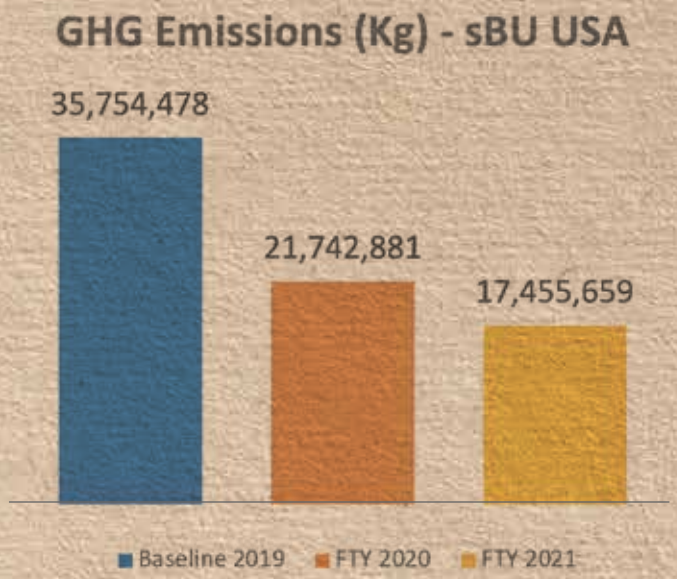
Greenhouse Gas Emissions

		sBU Denim Mills				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total GHG Emissions	Kg	39,064,303	36,302,505	-7.07%	41,677,510	6.69%
Scope 1 - Emissions	Kg	38,955,184	35,776,418	-8.16%	40,508,152	3.99%
Scope 2 - Emissions	Kg	109,120	526,088	382.12%	1,169,359	971.63%
GHG per Kg of Product	Kg/Kg_p	1.70	1.80	5.55%	1.59	-6.64%
GHG per Piece (For Apparel)	Kg/Pc					
GHG per Meter (For Denim Mills)	Kg/Mtr	0.99	1.02	3.05%	0.95	-4.32%



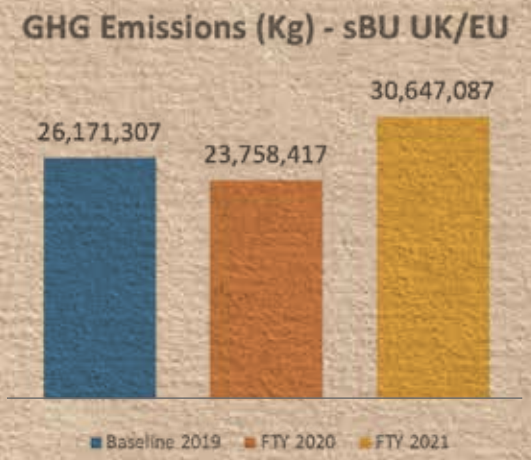
Greenhouse Gas Emissions

		sBU USA				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total GHG Emissions	Kg	35,754,478	21,742,881	-39.19%	17,455,659	-51.18%
Scope 1 - Emissions	Kg	31,826,675	18,886,073	-40.66%	14,952,859	-53.02%
Scope 2 - Emissions	Kg	3,927,803	2,856,807	-27.27%	2,502,800	-36.28%
GHG per Kg of Product	Kg/Kg_p	5.88	3.72	-36.69%	2.33	-60.34%
GHG per Piece (For Apparel)	Kg/Pc	3.33	2.22	-33.35%	1.45	-56.53%
GHG per Meter (For Denim Mills)	Kg/Mtr					



Greenhouse Gas Emissions

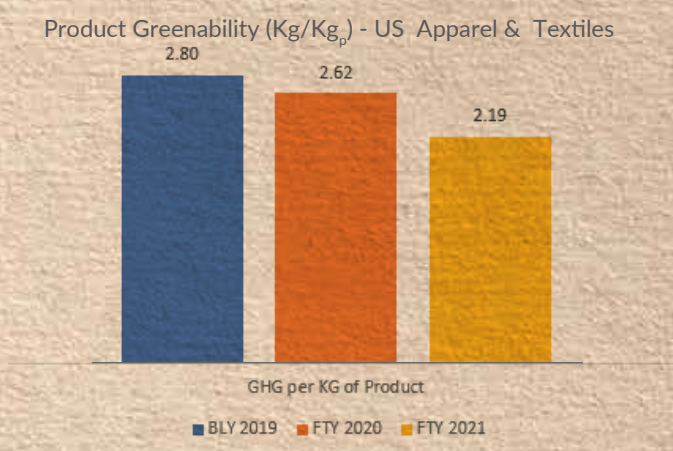
		sBU UK/EU				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total GHG Emissions	Kg	26,171,307	23,758,417	-9.22%	31,647,087	17.10%
Scope 1 - Emissions	Kg	22,498,336	20,180,656	-10.30%	26,395,985	17.32%
Scope 2 - Emissions	Kg	3,672,971	3,577,761	-2.59%	4,251,102	15.74%
GHG per Kg of Product	Kg/Kg_p	3.70	4.54	22.65%	4.24	14.48%
GHG per Piece (For Apparel)	Kg/Pc	2.10	2.54	21.26%	2.52	19.86%
GHG per Meter (For Denim Mills)	Kg/Mtr					

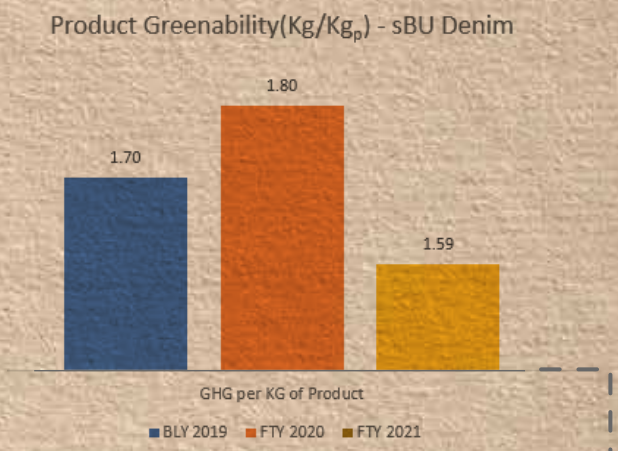


Emission Productivity for a Greener Product

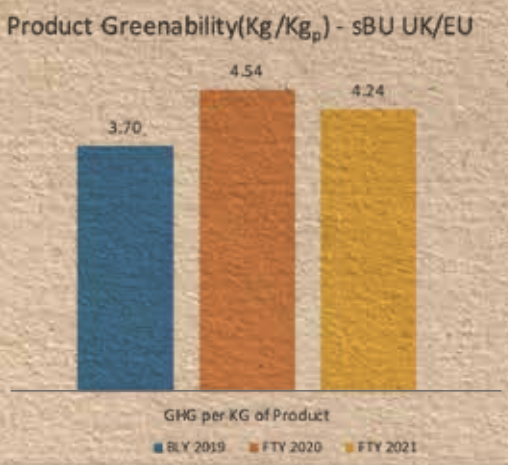
We were able to make our products **Greener** by **21.62%** after returning to normal operations post Covid-19 and its global business impact. We are projecting to achieve a **reduction** of **30-35%** in our total **GHG emissions**, by following a four-pronged strategy; increased use of cleaner fossil fuels i.e. natural gas in place of wood; adoption of resource-efficient machine technology; efficient use of resources through better energy management; and induction of 3MW solar power into the system.

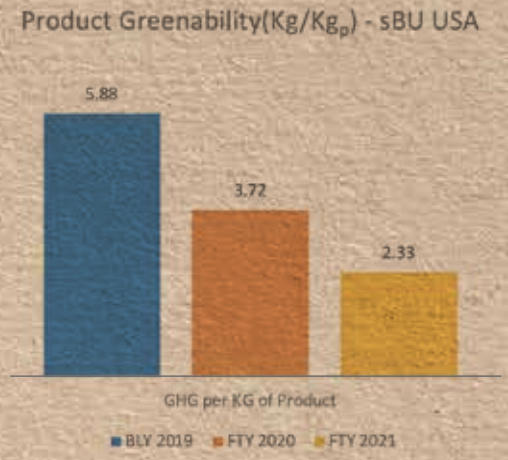
Total GHG emissions (Scope 1 & 2) along with other parameters are given below:





Greenhouse Gas Emissions

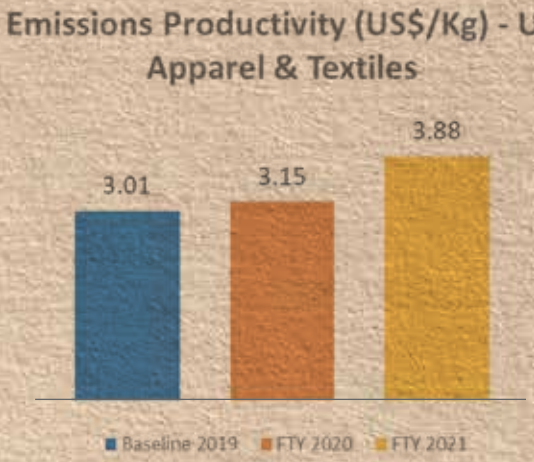




Emission Productivity for a Greener GDP

Human beings 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.

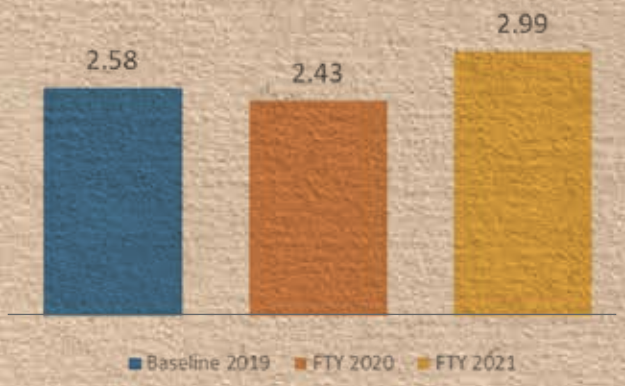
	US Apparel & Textiles					
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Revenue	US$	304,202,208	258,024,463	-15.18%	348,264,157	14.48%
US$ per Kg of Emissions	US$/Kg	3.01	3.15	4.71%	3.88	28.78%
US$ per Piece (For Apparel)	US$/PC	8.77	8.87	1.14%	9.22	5.17%
US$ per Meter (For Denim Mills)	US$/MTR	2.54	2.47	-2.79%	2.83	66.52%



Greenhouse Gas Emissions

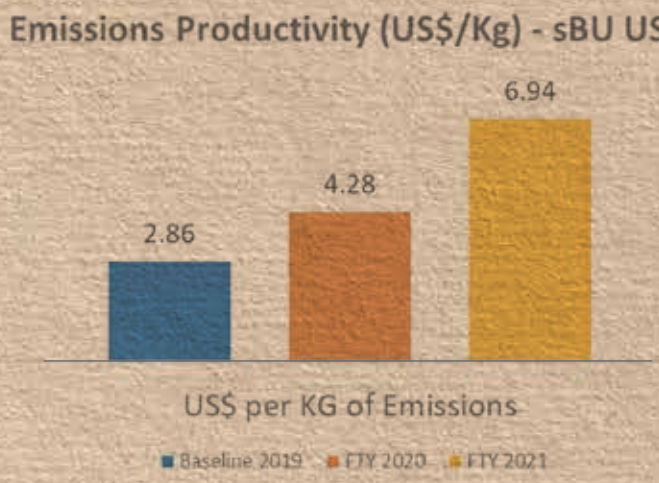
		sBU Denim Mills				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Revenue	US$	100,664,573	88,244,248	-12.34%	124,604,679	23.78%
US$ per Kg of Emissions	US$/Kg	2.58	2.43	-5.78%	2.99	15.88%
US$ per Piece (For Apparel)	US$/PC					
US$ per Meter (For Denim Mills)	US$/MTR	2.54	2.47	-2.79%	2.83	66.52%

Emissions Productivity (US$/Kg) - sBU Denim Mills



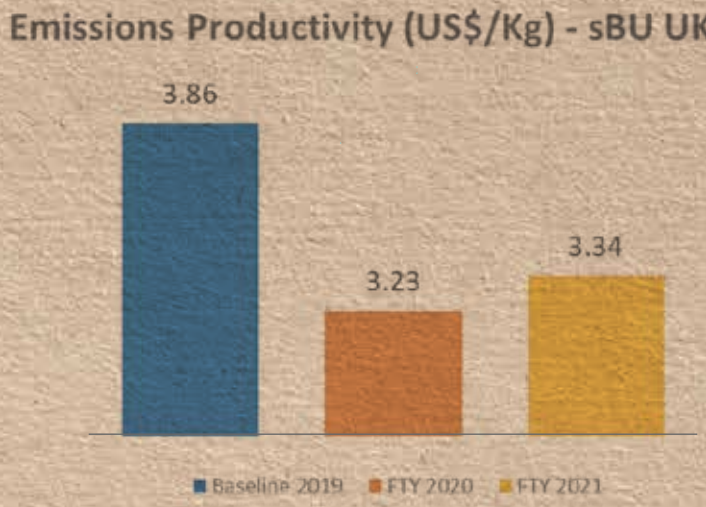
Greenhouse Gas Emissions

		sBU USA				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Revenue	US$	93,140,090	83,305,955	-10.56%	121,201,358	30.13%
US$ per Kg of Emissions	US$/Kg	2.86	4.28	49.65%	6.94	142.78%
US$ per Piece (For Apparel)	US$/PC	9.54	9.51	-0.31%	10.05	5.32%
US$ per Meter (For Denim Mills)	US$/MTR					



		sBU UK/EU				
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Revenue	US$	101,130,532	76,640,124	-24.22%	102,458,120	1.31%
US$ per Kg of Emissions	US$/Kg	3.86	3.23	-16.52%	3.34	-13.48%
US$ per Piece (For Apparel)	US$/PC	8.11	8.21	1.23%	8.41	3.70%
US$ per Meter (For Denim Mills)	US$/MTR			-		

Greenhouse Gas Emissions



GRI 305-3, 305-7

Our ongoing Sustainability Challenge 2022 is capturing Scope 1 & 2 emissions. We intend to expand the monitoring sphere to capture Scope 3 emissions in our next challenge 2025.

Other Significant Air Emissions

Regular stack emissions testing is being carried out across all sBU(s) at a defined frequency. Moreover, we have CCTVs installed at multiple locations to monitor the health of emissions which is reported to the legislative bodies as per EPA requirements.

- Ambient Air Monitoring. We regularly monitor and comply with the PEQS standards.
- Stack Emissions Monitoring

These are tabled below:

sBU Denim Mills Total CO_2 $S0_2$,NO_2,NO NOX						
POWER HOUSE						
Parameters	CO_2	CO	SO_2	NO_2	NO	NO_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm3
Average 2021	6.03	410.69	0	20.44	153.69	173.88

BOILER						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	7.81	169.67	0	9.64	69.71	79.36

Greenhouse Gas Emissions

PROCESS HALL						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	0.90	4.5	0	0.00	5.33	5.33

sBU USA Total CO_2,$S0_2$,NO_2,NO NOX						
POWER HOUSE (Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	NO_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm3
Average 2021	4.77	588.31	36.41	54.51	272.80	320.06

BOILER (Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	7.41	337.59	2.48	9.01	111.69	120.70

OVEN (Fuel: Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	1.37	44.8	0	1.57	7.59	9.16

sBU UK/EU Total CO_2,$S0_2$,NO_2,NO NOX						
POWER HOUSE						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	3.66	426.50	0.00	20.30	335.06	355.36

Greenhouse Gas Emissions

PROCESS HALL						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	0.90	4.5	0	0.00	5.33	5.33

sBU USA Total CO_2,$S0_2$,NO_2,NO NOX						
POWER HOUSE (Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	NO_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm3
Average 2021	4.77	588.31	36.41	54.51	272.80	320.06

BOILER (Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	7.41	337.59	2.48	9.01	111.69	120.70

OVEN (Fuel : Natural Gas)						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	1.37	44.8	0	1.57	7.59	9.16

sBU UK/EU Total CO_2,$S0_2$,NO_2,NO NOX						
POWER HOUSE						
Parameters	CO_2	CO	SO_2	NO_2	NO	No_x
	%	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3	mg/Nm^3
Average 2021	3.66	426.50	0.00	20.30	335.06	355.36

Greenhouse Gas Emissions

GRI 305-6

Target

Reduce GHG Emissions by 40%

KPI

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

In year 2021 US Apparel & Textiles has experienced an overall increase in its production & workforce resulting in construction of new office (Number of ACs 2019, 2021) & operational spaces with Air Conditioners. The overall number of the units for preventive/reactive maintenance has increased significantly resulting in increase in the consumption of ODS gases.
We are aware of the extra ordinary effect of Ozone Depleting impact of gases used for essential need of refrigeration and will follow a phase out plan as per the science-based findings.

US Apparel & Textiles

Ozone Depleting Substances - Consumption & Emissions

Substance	UOM	Conversion Factor (Kg of GHG / Kg)	BLY 2019 Quantity (Kg)	BLY 2019 Emissions (Kg of GHG)	FTY 2020 Quantity (Kg)	FTY 2020 Emissions (Kg of GHG)	FTY2021 Qty (Kg)	FTY2021 Emissions (Kg of GHG)
R22	Kg	1.810	1,413	2,486	1,343	2,430	1,509	2,731
R134a	Kg	1.430	273	354	97	139	138	197
R404a	Kg	3.922	52	204	19	75	49	192
R407c	Kg	1.774	251	445	232	412	369	655
R410a	Kg	2.088	177	370	269	562	386	806
Total			**2,165**	**3,859**	**1,960**	**3,617**	**2,451**	**4,582**

Greenhouse Gas Emissions - How We Are Changing Mindsets

Being a signatory and contributor to the Net-Zero Pakistan Coalition for a sustainable future, US Apparel & Textiles has carried out various tree plantation drives resulting in a total planted tree count of 31,777 so far (this includes both plantation within the facilities and in collaboration with the Punjab Horticulture Authority). This achieved an estimate of 840 tons of CO_2 sequestration.

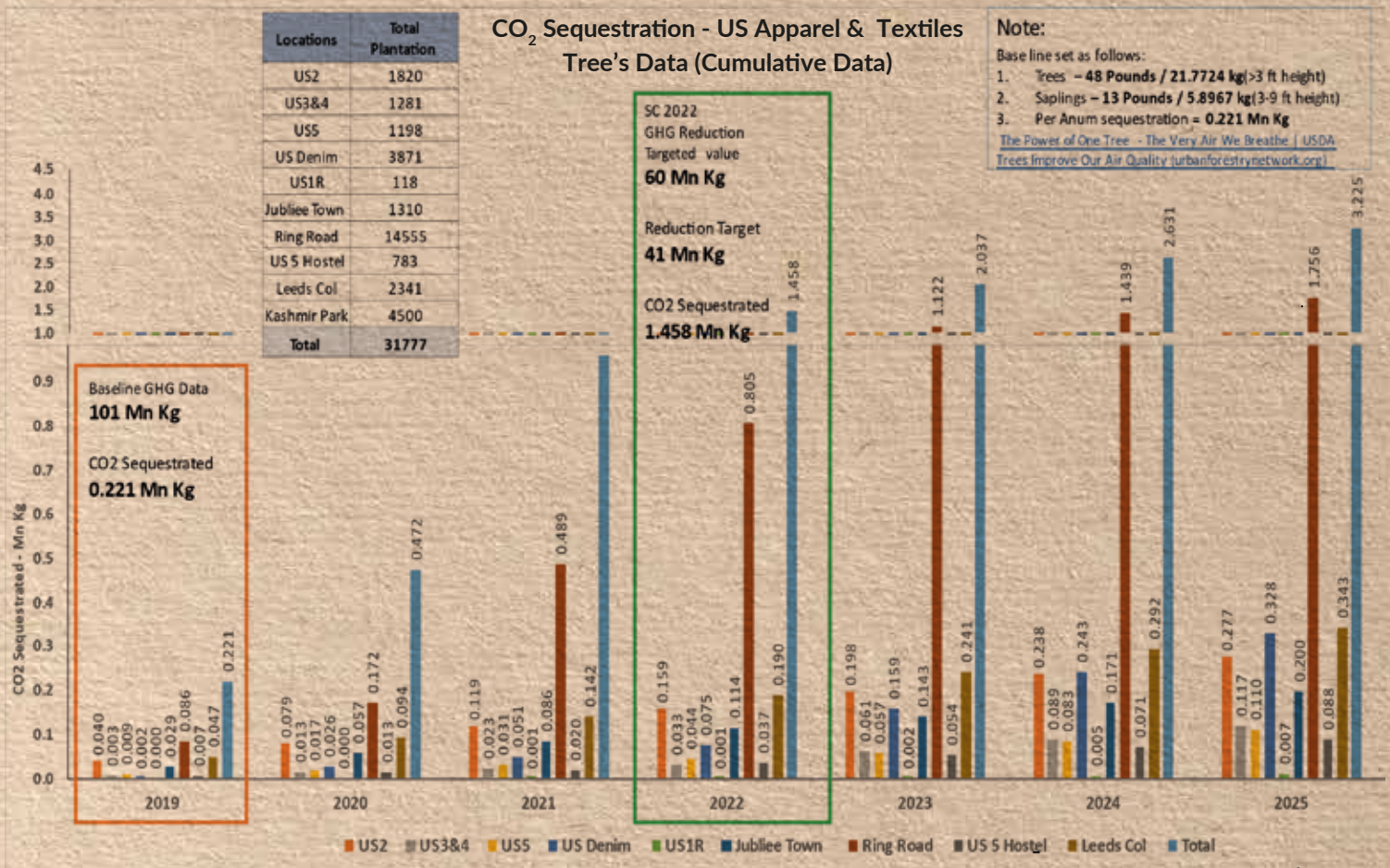
Moreover, we also launched a program to monitor, track & calculate the net positive impact on the environment through these plantations by calculating the CO_2 offset by each tree, as well as the types of trees.

Kindly refer to the table and charts below for further clarification.

Greenhouse Gas Emissions

GRI 305-6

US Apparel & Textiles Total Plantation & CO_2 Sequestration				
Locations	Total Plantation	CO_2 Sequestrated (Kg)		
		2019	2020	2021
US Apparel & Textiles	31,777	255,863	255,863	487,677
sBU Denim Mills	3,871	24,287	24,287	24,287
sBU USA	3,801	59,514	59,514	59,514
sBU UK/Europe	1,399	9,935	9,935	10,678
PHA Collaboration	22,706	162,126	162,126	402,042



Greenhouse Gas Emissions

GRI 305-6

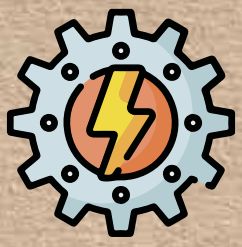
We are proud to have achieved the Gold Level, Cradle-to-Cradle (C2C) Certification. This continuous improvement process ensures that material health and social fairness are guaranteed in the output produced. Moreover, sBU Denim Mills' product output has also been certified as being green.

GHG Reduction Through use of Cleaner Fossil Fuel

This year, sBU USA made a conscious effort to shift towards using natural gas as fuel, instead of wood and HFO, as they emit a higher amount of GHGs, in comparison.

Nevertheless, achieving this was no easy feat. Our team of engineers worked tirelessly with SNGPL, to replace the existing 2-inch gas pipeline, with a 4 inch one, to increase the gas pressure at boilers. This increased our use of natural gas and reduced our dependency on wood as fuel, by 58% in comparison to 2020.

Energy Management



In light of the evolving global business & energy resource dynamics, it is now inevitable for organizations to emphasize improving overall energy efficiency and transitioning to renewable energy sources. Hence at US Apparel & Textiles, we are determined to slash our energy consumption by **45%** by the end of 2022. To achieve this goal, we aim to cut down our consumption of electricity, compressed air, steam, and natural gas, each by 10% (year - on - year till 2022) by rigorously analyzing our consumption patterns, educating employees on smart economical energy usage, investing in the latest technology, and process re-engineering for better **energy management**, and sustainable approach.

Targets	KPIs
Reduce energy (KWHe) consumption by 45%	KWHe per KG of production
10% (Year-on-Year) reduction in consumption of electricity	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 Natural Gas & LPG per Kg of production

Energy Management

Our Progress

Considering the baseline, the absolute value shows a positive sign, although compared to 2020 performance the energy consumption shows an increasing trend. The reason for this was that due to Covid - 19 restrictions, the production/orders were drastically reduced which resulted in an inefficient utilization of equipment, reflecting abnormal trends in absolute and normalized values as compared to the baseline year 2019 figures.

"We witnessed an absolute reduction by ~1.64% vs. the base year 2019 figures in our Energy Consumption."

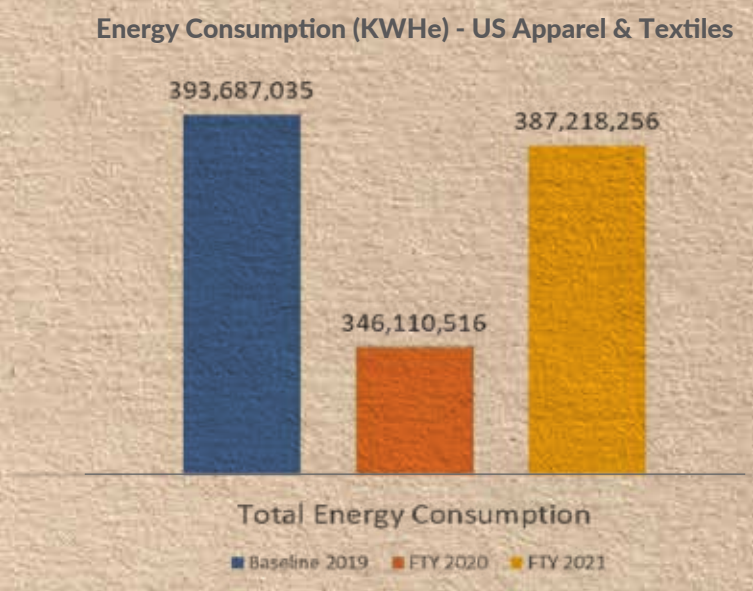
Considering 2021 values, the improvement is primarily due to production volume going back to Pre-Covid levels through effective implementation of the energy conservation plan. However, on a normalized basis, we see improved values of energy consumption per unit of product produced by **13.28%.** This is the result of full utilization of production capacity & effective energy conservation management by bringing in technological & equipment improvements (i.e. Flowmeters, VFD Air Compressors, Servo Motors, Boiler Pre-Heaters, etc.)

GRI 302-1 , 302-3

"While we are committed to reverse this trend, our investments made in energy-efficient equipment and more importantly the mindset change drives will pay off in disrupting the processes for progress."

UOM i.e., KWHe used in this report includes energy consumption at US Apparel & Textiles' Units from Electricity, Natural Gas, LPG, Coal, Wood, Diesel, HFO, Biomass, and Solar Power. Any energy used outside the manufacturing facilities is not included while calculating energy efficiency ratios.

US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Energy Consumption	KWHe	**393,687,035**	**346,110,516**	**-12.08%**	**387,218,256**	**-1.64%**
KWHe per Kg of Production	$KWHe/Kg_p$	10.91	11.07	1.46%	9.46	-13.28%
KWHe per Piece (For Apparel)	KWHe/PC	7.95	7.99	0.50%	6.89	-13.29%
KWHe per Meter (For Denim Mills)	KWHe/MTR	5.29	5.42	2.45%	5.09	-3.72%

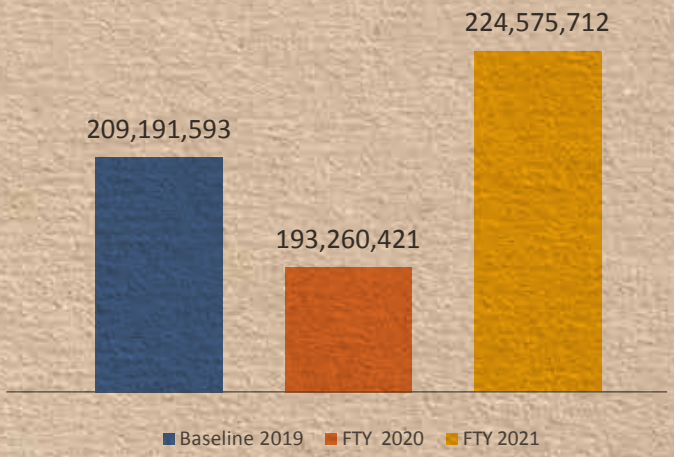


Energy Management

GRI 302-1, 302-1, 302-3, 302-4 ,302-5

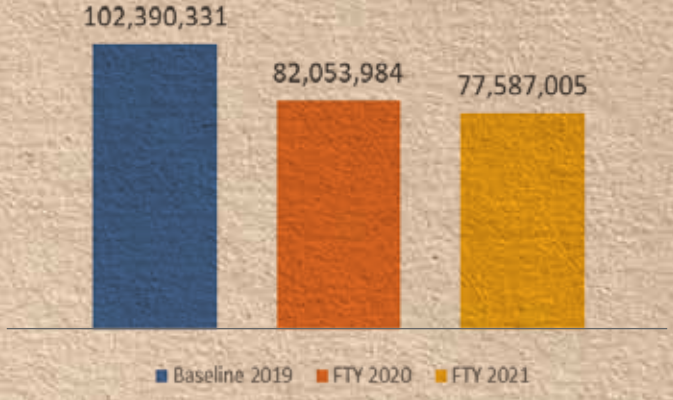
sBU Denim Mills						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Energy Consumption	KWHe	**209,191,593**	**193,260,421**	**-7.62%**	**224,575,712**	**7.35%**
KWHe per Kg of Production	KWHe/Kg_p	9.12	9.57	4.93%	8.57	-6.06%
KWHe per Piece (For Apparel)	KWHe/PC					
KWHe per Meter (For Denim Mills)	KWHe/MTR	5.29	5.42	2.45%	5.09	-3.72%

Energy Consumption (KWHe) - sBU Denim Mills



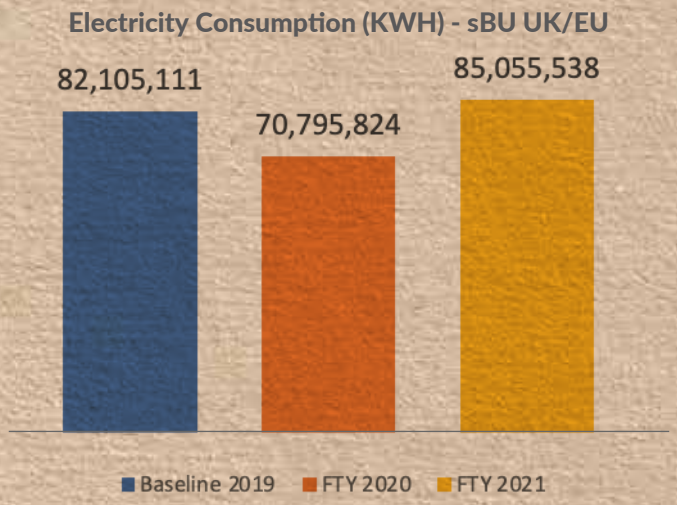
sBU USA						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Energy Consumption	KWHe	**102,390,331**	**82,053,984**	**-19.86%**	**77,587,005**	**-24.22%**
KWHe per Kg of Production	KWHe/Kg_p	16.83	14.04	-16.57%	10.36	-38.44%
KWHe per Piece (For Apparel)	KWHe/PC	9.53	8.37	-12.16%	6.43	-32.53%
KWHe per Meter (For Denim Mills)	KWHe/MTR					

Energy Consumption (KWHe) - sBU USA

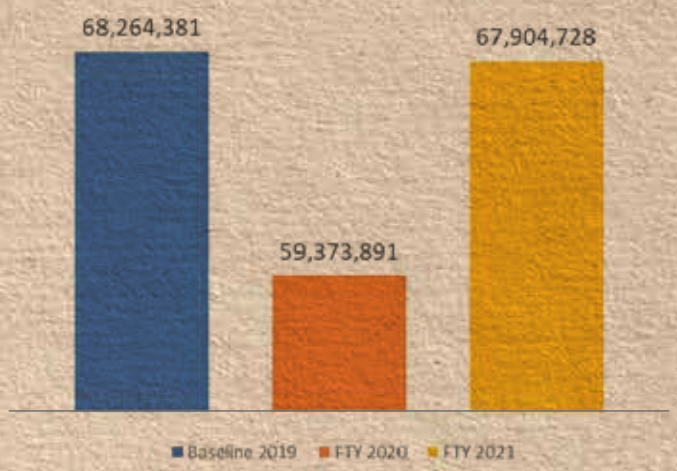


Energy Management

sBU UK/EU						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Energy Consumption	KWHe	**82,105,111**	**70,795,824**	**-13.77%**	**85,055,538**	**3.59%**
KWHe per Kg of Production	KWHe/Kg_p	11.62	13.54	16.49%	11.77	1.28%
KWHe per Piece (For Apparel)	KWHe/PC	6.58	7.58	15.18%	6.98	6.03%
KWHe per Meter (For Denim Mills)	KWHe/MTR					



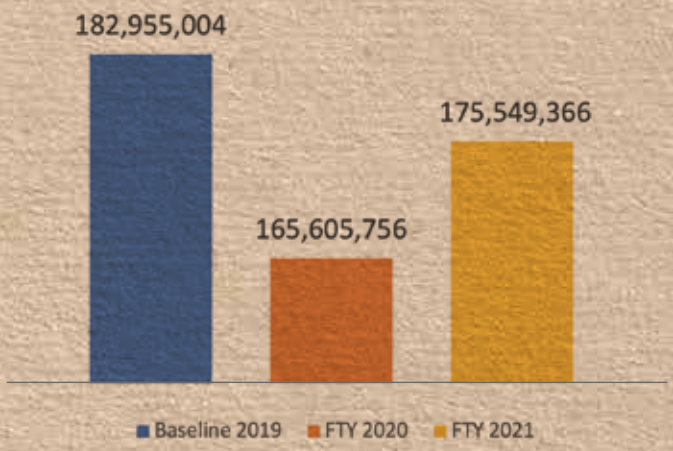
US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Electricity Consumption	KWH	**68,264,381**	**59,373,891**	**-13.02%**	**67,904,728**	**-0.53%**
KWH per Kg of Production	KWH/Kg_p	1.89	1.90	0.38%	1.66	-12.30%
KWH per Piece (For Apparel)	KWH/PC	1.11	1.15	3.52%	1.00	-9.83%
KWH per Meter (For Denim Mills)	KWH/MTR	1.07	1.05	-2.45%	0.99	-7.91%



Energy Management

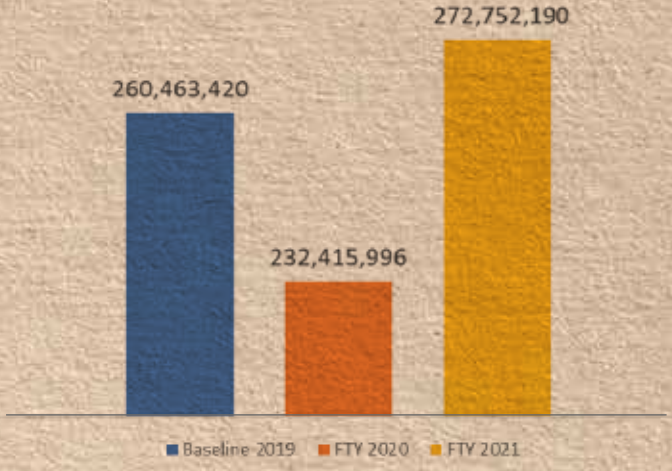
US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Compressed Air Consumption	M^3	**182,955,004**	**165,605,756**	**-9.48%**	**175,549,366**	**-4.05%**
M^3 per Kg of Production	M^3/Kg_p	5.07	5.30	4.46%	4.29	-15.40%
M^3 per Piece (For Apparel)	M^3/PC	2.40	2.63	9.38%	1.91	-20.70%
M^3 per Meter (For Denim Mills)	M^3/MTR	3.22	3.23	0.55%	2.93	-8.79%

Compressed Air Consumption (M^3) US Apparel & Textiles



US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Steam Consumption	Kg	**260,463,420**	**232,415,996**	**-10.77%**	**272,752,190**	**4.72%**
Kg per Kg of Production	Kg/ Kg_p	7.22	7.43	2.98%	6.67	-7.67%
Kg per Piece (For Apparel)	Kg/PC	5.89	6.01	2.04%	5.31	-9.88%
Kg per Meter (For Denim Mills)	Kg/MTR	3.13	3.29	5.21%	3.27	4.38%

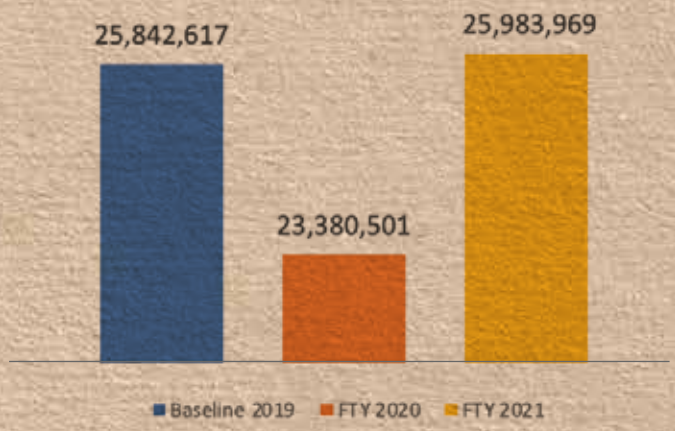
Steam Consumption (Kg) US Apparel & Textiles



Energy Management

US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Nat. Gas/LPG Consumption	KWH	**25,842,617**	**23,380,501**	**-9.53%**	**25,983,969**	**0.55%**
Kg per Kg of Production	KWH/Kg_p	0.72	0.75	4.41%	0.63	-11.35%
Kg per Piece (For Apparel)	KWH/PC	0.30	0.32	7.99%	0.18	-37.70%
Kg per Meter (For Denim Mills)	KWH/MTR	0.48	0.49	0.91%	0.49	1.63%

Nat. Gas/LPG Consumption (KWH) US Apparel & Textiles



Fuel Mix Data in 2020

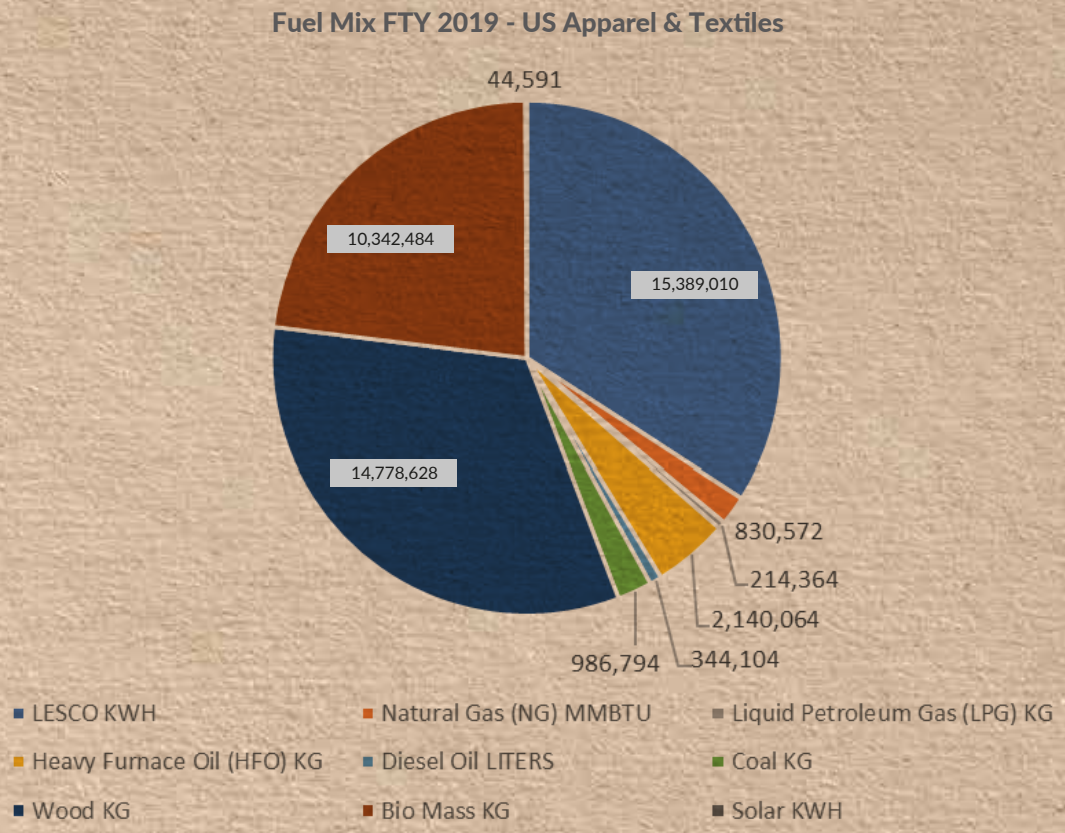
GRI 302-1

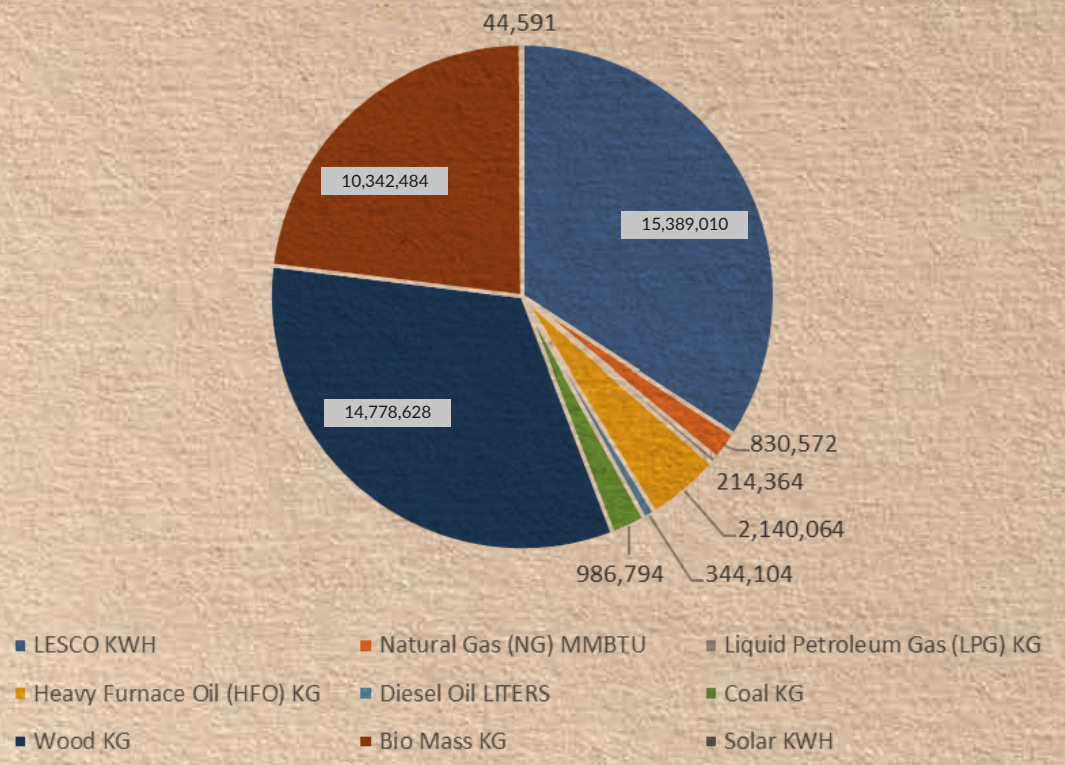
US Apparel & Textiles											
Title	Unit	Quantity Consumed			Renewable/ Non-Renewable	Energy Produced					
		BLY 2019	FTY 2020	FTY 2021		BLY 2019		FTY 2020		FTY 2021	
						KWHe	Prop.	KWHe	Prop.	KWHe	Prop.
LESCO	KWH	15,389,010	13,893,525	15,814,891	*Mix	15,389,010	3.91%	13,893,525	4.01%	15,814,891	4.08%
Natural Gas (NG)	MMBTU	830,572	810,565	942,082	Non-Renewable	243,611,720	61.88%	237,743,465	68.69%	276,318,244	71.36 %
Liquid Petroleum Gas	Kg	214,364	189,450	103,190	Non-Renewable	2,816,507	0.72%	2,489,167	0.72%	1,355,802	0.35%
Heavy Furnace Oil (HFO)	Kg	2,140,064	1,969,089	437,794	Non-Renewable	24,016,287	6.10%	22,097,566	6.38%	4,913,022	1.27%
Diesel Oil	LITERS	344,104	146,066	430,573	Non-Renewable	3,370,310	0.86%	1,430,637	0.41%	4,217,230	1.09%
Coal	Kg	986,794	6,266,230	7,501,607	Non-Renewable	7,072,029	1.80%	44,908,018	12.98%	53,761,557	13.88 %
Wood	Kg	14,778,628	5,196,860	5,831,693	Non-Renewable	64,040,773	16.27%	22,519,745	6.51%	25,270,690	6.53%
Biomass	Kg	10,342,484	0	0	Renewable	33,325,807	8.47%	0	0.00%	0	0.00%
Solar	KWH	44,591	1,028,393	5,566,783	Renewable	44,591	0.01%	1,028,393	0.30%	5,566,783	1.44%
					TOTAL	**393,687,035**	100.00%	**346,110,517**	100.00%	**387,218,219**	100.0 0%

* 31.2% Renewable, as mentioned in the 'State of Industry Report 2021', the renewable share of the total electricity generation capacity from LESCO is 31.2%.

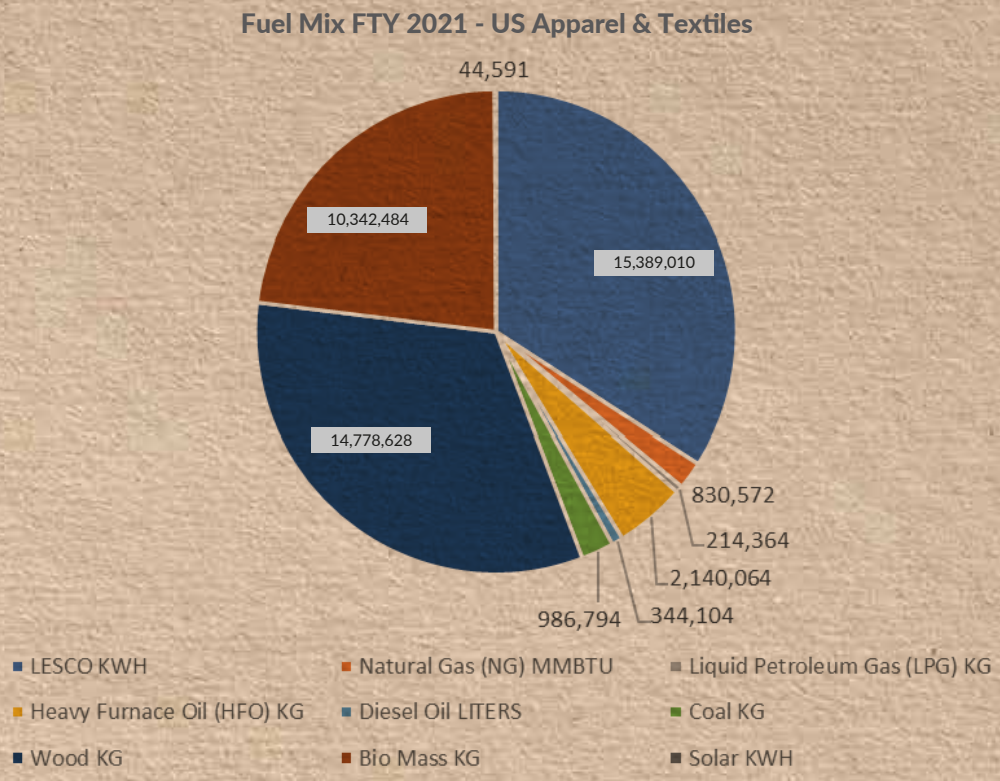
There is no export or sale of electricity, or steam to any user out-of-the-site.

Energy Management





Energy Management



Energy Management - How We Are Changing Mindsets

Flow Meter Usage - sBU UK/EU

Flow meters are essential tools for ensuring that we remain accountable to our goal of conserving energy. This accountability was passed on to the department heads of the sBU UK/EU, to stay true to our goal of changing mindsets across the organization. By **monitoring the monthly bills**, we were able to identify and record the data for the **day-to-day flow of energy.** There is a total of 23 energy analyzers installed for electricity, 10 flow meters for steam, and 7 for air.

Steam Flow Meter

Compressed Air Flow Meter

Water Flow Meter

Energy Management

Air Compressor - sBU UK/EU

A 250 KW VFD Air Compressor has been added to the compressed air network in sBU UK/EU, and an additional redesigning of the air network has led to a reduction in air losses. This saves **175,000KWH of electricity per year,** and reduces **91,000KG of CO_2** per year.

Cooling Pad Technology - sBU UK/EU

sBU UK/EU replaced its conventional desert coolers with **energy-efficient** cooling pad technology, for air conditioning an area of **58,773** square feet, in the stitching department of sBU UK/EU. This provides employees with comfortable working conditions and saves 120,000KWH electricity and **62,400KG of CO_2 per year.**

Servo Motors - sBU UK/EU

In order to save energy, 206 conventional electrical motors of sewing machines, have been replaced with energy-efficient servo motors in sBU UK/EU. These consume significantly less electricity, saving **87,417 KWH** of electricity per year and reducing **45,457KG** of CO_2 per year.

By installing Variable Frequency Driver, FRP fans and LED lights, sBU Denim has saved 5.3% electricity and reduced 1098 TOC GHG emissions.

Boiler Air Pre-Heater - sBU USA

sBU Denim Mills boiler air-preheater has led to a **12% GHG reduction,** as well as reducing acid consumption at ETP. It also allows for energy saving up to 100 mmbtu per month.

Implementation of SCADA System

Supervisory Control and Data Acquisition (SCADA) is a system of software and hardware elements that allows organizations to control industrial processes locally or remotely, as well as monitor, gather, and process real-time data. Unit 2 of sBU USA has successfully installed the SCADA system, which has improved the centralized monitoring and measurement of energy generation within the unit. Thus, now all targets can be set remotely as per monitoring the performance.

Energy Management

Installation of Flow meters - sBU USA

Flow meters allow for the regulation and monitoring of energy consumption. sBU USA has also installed **12 water flow meters,** 11 for compressed air, 4 for steam and 1 for natural gas, to measure and optimize their utility consumption.

Steam Flow Meter | Compressed Air Flow Meter | Water Flow Meter

Installation of Pressure Transmitter System on Boiler - sBU USA

The installation of a pressure transmitter on the boiler has resulted in saving natural gas through pressure maintenance and fluctuation management. From saving 2.9 MMBTU/1 ton of steam last year, sBU USA has saved **2.79 MMBTU/1 ton of steam** this year.

Re-designing of Feed Water Loop System on Boiler sBU USA

Previously, the pump in the water loop system used to shut down when it filled up, but due to redesign, the economizer keeps the water circulating with the load. This results in the reuse of gasses, saving up to **1.5/2 tons of steam** per day.

Installation of Movement & Presence Sensors sBU USA

A total of 40 movement & presence sensors have been installed at different offices around sBU USA, to reduce electricity consumption and increase the lifespan of the devices.

Installation of Heat Exchangers on Dryers

A new heat exchanger has been installed in 5 dryers, which has improved the insulation of all the dryers, resulting in reduced drying time, steam and electricity consumption.

Energy Management

Pre-Heating of Feed Water at Washing Machines sBU USA

In sBU USA, a hot water jacket from the gas generator has been installed for its Tonello machines. This reduces steam consumption by pre-heating the water without using steam.

Installation of Program Logic Circuit (PLC) on Scrapping machines - sBU USA

Previously in sBU USA, all the compressed air that is used to inflate the balloons of scrapping machines, was discharged completely once the scrapping was done. With the installation of this PLC system, 50% of the compressed air remains inside the scrapping machine after each garment process, leading to a reduction in consumption of compressed air.

Installation of Air Guns

Air Guns have been installed in all areas where direct compressed air was used to produce special effects on the garments. Thus, with the use of air guns, controlled volume of air is consumed during the process, leading to a reduction in use of compressed air.

Installation of New Cooling Tower for Gas Generator - sBU USA

In order to optimize the performance of a new gas generator in sBU USA, the cooling efficiency has been increased through cooling towers. The IE 1 motor has been replaced with the IE 3, which has resulted in energy efficiency.

Energy Management

Installation of Skylights in the Main Corridor sBU USA

The installation of skylights in the main corridor is sBU USA's effort to maximize the utilization of sunlight and reduce energy consumption during the daytime.

Replacement of Clutch Motors with Servo Motors sBU USA

Unlike the conventional clutch motors that run even when not in use, servo motors are energy efficient motors, which are only run when the paddle is pressed. Thus, sBU USA is saving up to 1.60 units of electricity per day, by replacing 16 clutch motors with servo motors.

Rerouting of Compressed Air Lines - sBU USA

By rerouting compressed air lines in all their Stitching departments, sBU USA was able to minimize the pressure drop caused by inefficient piping network. This resulted in 1.15% saving in compressed air pressure, as well as PKR 672,000 per annum.

Replacement of Ceiling Fans - sBU USA

SBU USA replaced 815, conventional 75W ceiling fans with 50W energy efficient fans. This reduced monthly consumption of electricity from 36,675 KWH to **24,450 KWH**.

Replacing Exhaust Fans - sBU USA

SBU USA replaced 12 conventional 1.5KW exhaust fans, with energy efficient 0.5KW fans, thus reducing the monthly consumption of electricity from 10,800 KW to 3,960 KW.

Energy Management

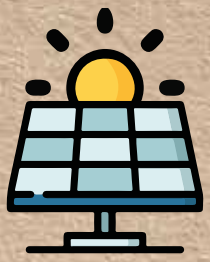
Replacement of Tube Rods with LED Bulbs sBU USA

SBU USA replaced 298 (18W), 40 (40W) and 33(100 W) tube rods with 162 (40W) LED bulbs, thus reducing the overall electricity use from 10,264W to 6,480W. This was due to a reduction in number of light fixtures and it will save 2270 KW of energy per annum.

Better Lighting Controls - sBU USA

Previously, one button was used to control a cluster of lights and fans, which resulted in wastage of electricity from unnecessary electricity consumption. Now, sBU USA has upgraded to separate and accessible switches, to conserve energy.

Renewable Energy



Solar energy presents us with the opportunity to use cleaner fuels to address the increasing demands of energy and increasing trends of emissions. Despite significant progress over the past decade on improving access to electricity, increasing renewable energy use in the electricity sector, and improving energy efficiency, the world is still falling short in providing **affordable, reliable, sustainable,** and modern **energy for everyone.** The share of renewable energy in total final energy consumption increased gradually.

Keeping in view the global trends and learning from the **best practices** around the world, we are **mindful** and charting the trajectory of sustainable development with the induction of energy sources from renewables.

"US Apparel & Textiles has achieved another milestone to upkeep green energy and the environment by enhancing its solar power generation capacity of 4MW to increase it to 7MW by the mid of 2022".

Such installations enhance renewable energy development, making it cost-effective, environmentally friendly along with the reduction in GHG emissions, leaping us closer to our sustainable journey.

Targets

20% of Electricity from 7MW Solar Power out of which 4 MW is operational by Jul 2022 and another 3MW will be by Dec 2022

KPIs

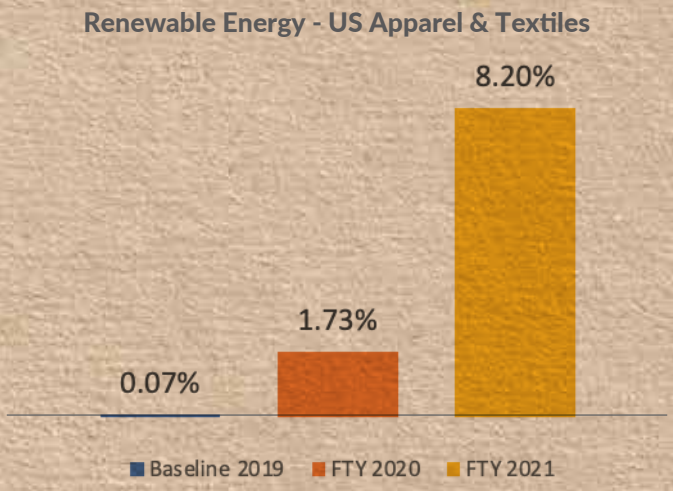
KWH of electricity from Solar Power

Our Progress

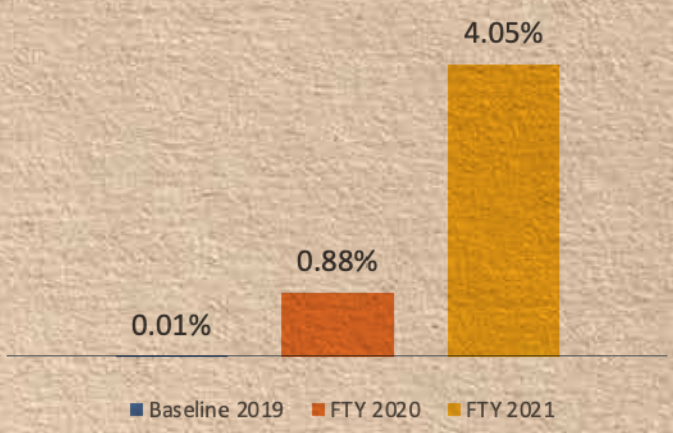
We achieved our target of installation of a **4** MW solar project in 2020. Highest solar capacity in the local sector and 114 times greater than that of 35.33 for US Apparel & Textiles in 2019. With the production of **5,566,784 kWh** units of electricity from solar in 2021 as opposed to 44,591 units in 2019, this has enabled **8%** of total electricity with clean energy for the year 2021.

Renewable Energy

US Apparel & Textiles						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Electricity Consumption	KWH	**68,264,381**	**59,373,891**	**-13.02%**	**67,904,582**	**-0.53%**
Solar Electricity Generation	KWH	44,591	1,028,393	2206.28%	5,566,784	12384.10%
Electricity substituted with Solar	%	0.07%	1.73%	1.67%	8.20%	8.13%



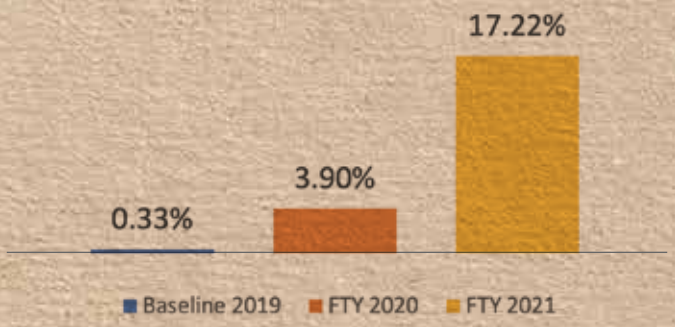
sBU Denim Mills						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Electricity Consumption	KWH	**42,467,444**	**37,357,834**	**-12.03%**	**43,604,360**	**2.68%**
Solar Electricity Generation	KWH	2,328	330,188	14083.33%	1,763,973	75672.04%
Electricity substituted with Solar	%	0.01%	0.88%	0.87%	4.05%	4.04%



Renewable Energy

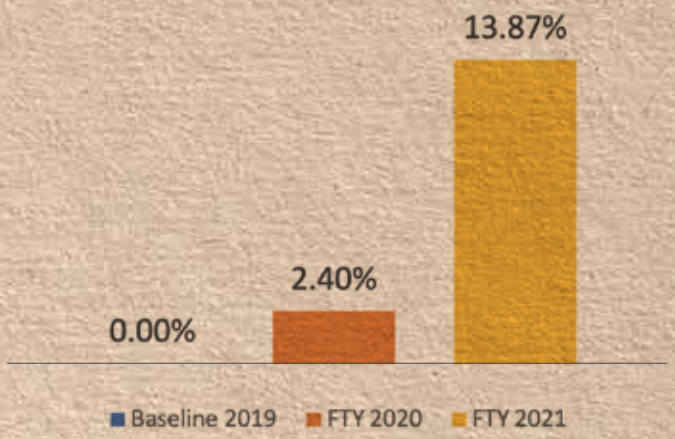
sBU USA						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Electricity Consumption	KWH	**12,893,703**	**11,319,608**	**-12.21%**	**12,878,489**	**-0.12%**
Solar Electricity Generation	KWH	42,263	441,408	944.43%	2,218,104	5148.34%
Electricity substituted with Solar	%	0.33%	3.90%	3.57%	17.22%	16.90%

Renewable Energy - sBU USA



sBU UK/EU						
	UOM	Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Electricity Consumption	KWH	**12,903,234**	**10,696,449**	**-17.10%**	**11,421,879**	**-11.48%**
Solar Electricity Generation	KWH	0	256,797	-	1,584,706	-
Electricity substituted with Solar	%	0.00%	2.40%	2.40%	13.87%	13.87%

Renewable Energy - sBU UK/EU



Renewable Energy

Renewable Energy - How We are Changing Mindsets

In order to reach zero carbon electricity, sBU UK/EU installed a solar panel system of **1204KW.** Now, **14.5%** of the electricity in the units is generated from solar energy, **saving** a massive **851,778KG of CO_2 emissions per year.**

sBU Denim Mills also established a solar power plant, with a capacity of **1.206MW.** The solar energy produced contributes to **4.1%,** and has resulted in a **2.2%** reduction in GHG emissions.

sBU USA has also remained active in monitoring its solar generation efficiency daily. The units empowered their engineering operators to ensure maximum utilization of solar power, over gas engines and other alternatives that emit GHG. This resulted in an increased share of renewable electricity within the total electricity consumption.

SOLAR POWER SUCCESS STORY

Solar energy is the perfect tool that guarantees environmental conservation, along with development. It allows us to meet the growing energy demands, while simultaneously reducing emissions. Thus, making it one of the most efficient green solutions in the modern world.
US Apparel and Textiles has increased its solar energy generation from **44,591 units** in 2019, to **5,566,784kWH** in 2021. Thus, enabling us to meet **8%** of our total electricity use with clean energy. We aim to enhance our solar power project to **7MW** by the first quarter of 2022. This will help us achieve our goal of net zero emissions by 2050 and sustain profitable business operations, while futureproofing the world.

Water Management

Clean, drinkable water and sanitation are basic human rights and essential for maintaining human and environmental health—yet clean freshwater sources are disappearing at an alarming rate. We recognize the tension between protecting freshwater supplies and needing them to operate our business. Pakistan is included in nations with serious threats from global climate changes taking place, water and food scarcity are foreseeable issues. To be on the right side of history, we are dedicated to employing sustainable usage of water.

"Staying honest to our pledge, we will be conserving 50% water via 25% Reduction, 10% Reuse, and 15% Recycling."

GRI 303-1

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 city. Our strategy to reduce freshwater consumption and increase recycling/reuse of once used water is a step in the right direction to ensure water conservation. The 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.

GRI 303-2

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 extraction by 50% through conservation & process improvement

Reuse In-Use water by 10%

Recycle WWTP Treated Water by 15%

KPIs

Liters of ground water extracted per Kg of production

Percentage of Water Reused out of the total water extracted

Percentage of Water Recycled out of the total water treated in WWTP

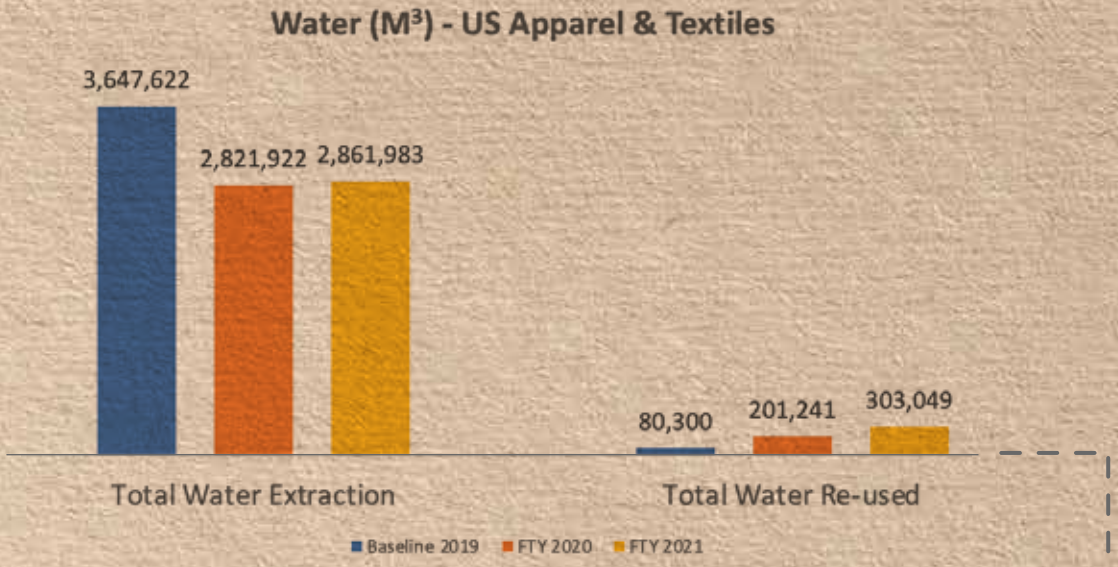
Water Management

We were able to reduce the amount of absolute water extracted by 22% and normalized by >32% in 2021. 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.

	Status	UOM	US Apparel & Textiles				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Water Extraction		M^3	3,647,622	2,821,922	-22.64%	2,861,983	-21.54%
M^3 per Kg of Production		M^3/Kg_p	0.101	0.090	-10.72%	0.070	-30.82%
M^3 per Piece (For Apparel)		M^3/PC	0.100	0.088	-12.06%	0.068	-31.65%
M^3 per Meter (For Denim Mills)		M^3/MTR	0.033	0.032	-4.75%	0.027	-18.54%
Total Water Reused		M^3	80,300	201,241	150.61%	303,049	277.40%
Percentage of Water Re-used		%	2.20%	7.13%	4.93%	10.59%	8.39%
Total Water recycled		M^3	0	76	-	0	-



Water Management

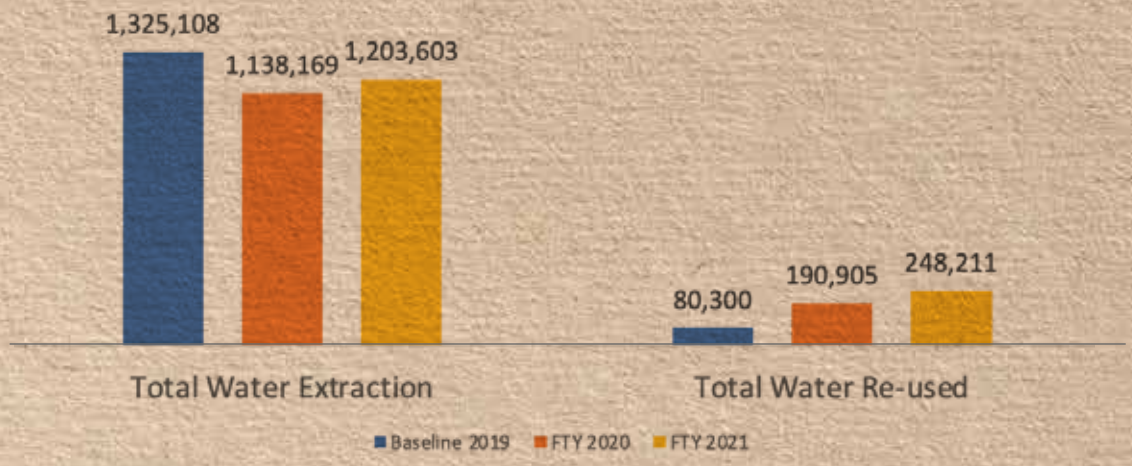
GRI 303-3,303-4

	Total Dissolved Solids-TDS (mg/ltr)	
	Extracted Water	Discharged Water
sBU Denim Mills	<350	<5200
sBU US USA	<450	<2000
sBU UK/EU	<560	<2000

*Quarterly sampling is carried out and the results declared above are the maximum values observed.

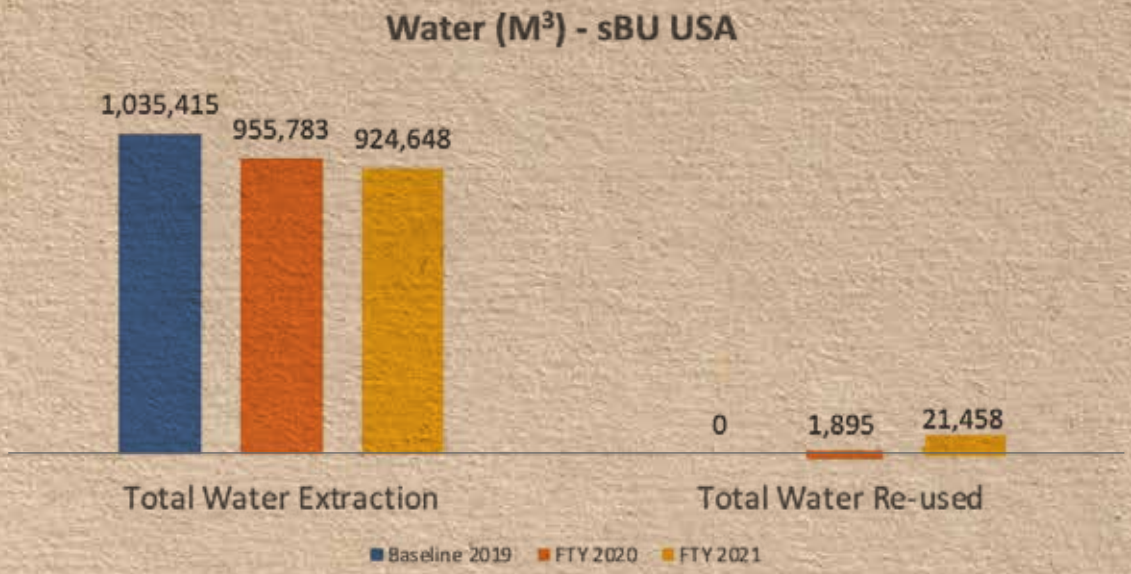
	Status	UOM	sBU Denim Mills				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Water Extraction		M^3	1,325,108	1,138,169	-14.11%	1,203,603	-9.17%
M^3 per Kg of Production		M^3/Kg_p	0.058	0.056	-2.45%	0.046	-20.52%
M^3 per Piece (For Apparel)		M^3/PC					
M^3 per Meter (For Denim Mills)		M^3/MTR	0.033	0.032	-4.75%	0.027	-18.54%
Total Water Reused		M^3	80,300	190,905	137.74%	248,211	209.10%
Percentage of Water Re-used		%	6.06%	16.77%	10.71%	20.62%	14.56%
Total Water Recycled		M^3	0	76	-	0	-

Water (M^3) - sBU Denim Mills

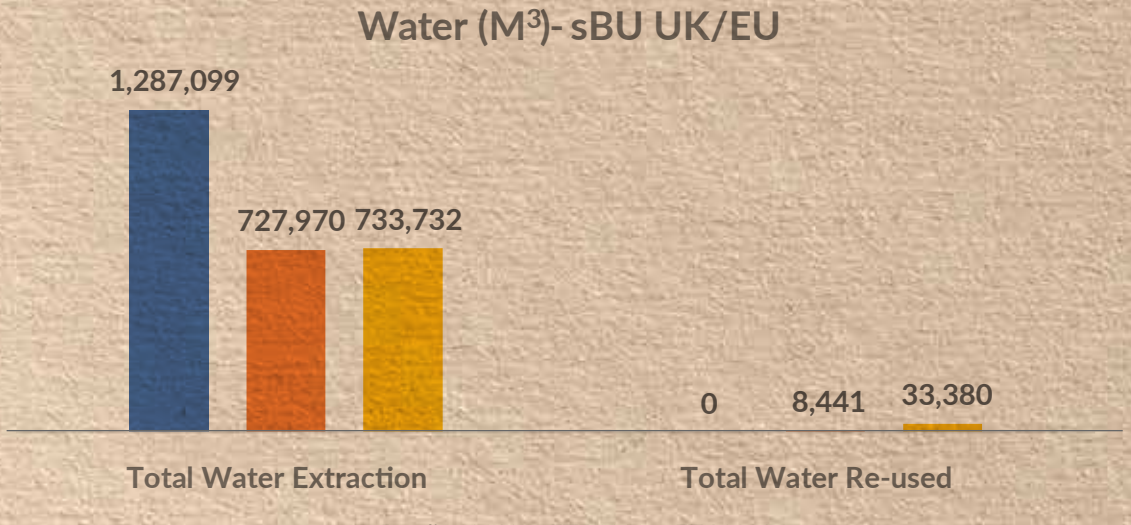


	Status	UOM	sBU USA				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Water Extraction		M^3	1,035,415	955,783	-7.69%	924,648	-10.70%
M^3 per Kg of Production		M^3/Kg_p	0.170	0.164	-3.90%	0.123	-27.46%
M^3 per Piece (For Apparel)		M^3/PC	0.096	0.098	1.18%	0.077	-20.49%
M^3 per Meter (For Denim Mills)		M^3/MTR					
Total Water Reused		M^3	0	1,895	-	21,458	-
Percentage of Water Reused		%	0.00%	0.20%	0.20%	2.32%	2.32%
Total Water Recycled		M^3	0	0	-	0	-

Water Management



	Status	UOM	sBU UK/EU				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Water Extraction		M^3	1,287,099	727,970	-43.44%	733,732	-42.99%
M^3 per Kg of Production		M^3/Kg_p	0.182	0.139	-23.59%	0.102	-44.27%
M^3 per Piece (For Apparel)		M^3/PC	0.103	0.078	-24.45%	0.060	-41.65%
M^3 per Meter (For Denim Mills)		M^3/MTR					
Total Water Reused		M^3	0	8,441	-	33,380	-
Percentage of Water Re-used		%	0.00%	1.16%	1.16%	4.55%	4.55%
Total Water Recycled		M^3	0	0	-	0	-



Water Management

Water Management – How We are Changing Mindsets

Water-Saving and Reuse

In 2020, sBU UK/EU reduced its water consumption by 31%, and in 2021, this further improved to 45%. This achievement was possible due to redesigning of our wash recipes, utilizing the rejected water from the drinking water plant, and steam condensation.

Installation of Water Optimizers

By installing 140 water optimizers in taps across sBU UK/EU, water usage was significantly optimized. The optimizers reduced the water flow in each tap, from 12 liter/min to 1.8 liter/min, which is an almost 85% reduction. This reduces water usage from 53.91 million liters per year to 8.01 million liters per year.

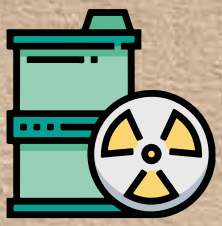
Zero Discharge Dyeing Validation

sBU Denim Mills accomplished a zero-discharge dyeing validation, through revising their recipes to allow for reduction in water consumption by 96%. While also saving 33% steam and 43% electricity.

Rain Water Collection & Harvesting Pit

Rain water from sBU USA driveway, gets collected in the pond situated in the main lawn of the factory premises. This water is used to irrigate the lawns, thus saving the extraction of fresh water from underground. The pond has the capacity of collecting 556 m3 from a catchment area of 25,000 sq ft.

Chemical Management



Toxic chemicals influence on the environment and human health is a growing source of worry and a key roadblock to attaining sustainability goals globally. During the manufacturing process, denim is subjected to multiple chemically rigorous washes in order to achieve the aesthetics and other ornamental touches that we all love to wear. Chemical use, on the other hand, has a number of concerns, including product safety during the production process, toxic effluents for the environment, and a deterrent to product recycling. The denim industry has been concerned about reducing these concerns. US Apparel & Textiles has always sought to employ safer and greener chemicals through a thorough Chemical Management System to ensure 100 % compliance with global requirements such as MRSL and RSL.

"By the year 2022, we also aim to reduce the use of chemicals by 20% and follow the trajectory from green to greener chemistry."

During the course of our Sustainability Challenge (SC2022), Chemical consumption has increased in two areas (RO & ETP) while there is a reduction achieved in the process chemicals through improvising the wash recipes and adoption of efficient machine technology that consumes lesser resources and materials for the same garment finishes. On the other hand, the increase in ETP chemicals is due to our progression on our journey to zero discharge of hazardous chemical (ZDHC) to the environment as we are moving from foundational treatment levels to aspirational levels.

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

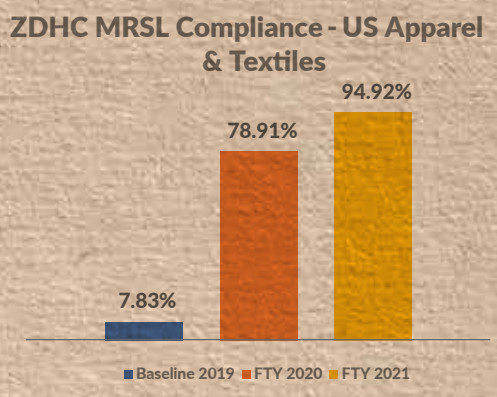
Chemical Management

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 increased from 26.7 million Kgs to 29.2 million Kgs in the year 2021 due to an overall increase in production volumes.

GRI 2-4

It is to be noted that the baseline data for chemicals consumption has been revised from 12.4 mn to 26.7 mn for the reason that as we have been refining our data continuously, we figured out a little later from the baseline year, that there were a few categories that weren't accounted for in 2019 baseline data, and those definitions were incorporated in 2021, i.e. pumice stones which were a part of the chemical list in 2019 were added in the list of chemicals in 2021 thus resulting in more than 100% increase in chemical consumption numbers in all three years. The following table is the updated reflection of the revised chemical consumption numbers:

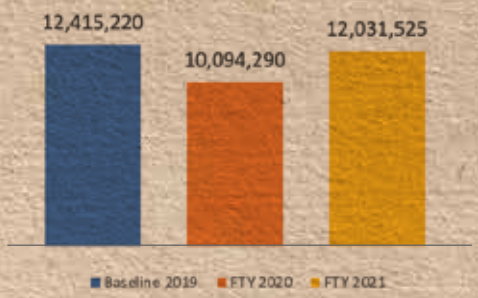
	Status	UOM	US Apparel & Textiles				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Chemicals Consumed		Kg	26,790,953	22,686,036	-15.32%	29,219,896	9.07%
Chemicals Consumed in Process		Kg	26,208,268	20,825,771	-20.54%	23,718,868	-9.50%
Chemicals Consumed in RO Plants		Kg	357,034	338,088	-5.31%	912,940	155.70%
Chemicals Consumed in ETP		Kg	225,651	1,522,178	574.57%	4,588,088	1933.27%
ZDHC MRSL Compliance		%	7.83%	78.91%	71.07%	94.92%	87.09%
Total Chemicals per Kg of Production		Kg/Kg_p	0.74	0.73	-2.28%	0.71	-3.84%
Total Chemicals Per Piece (For Apparel)		Kg/PC	0.619	0.658	6.25%	0.57	-8.04%
Total Chemicals per Meter (For Denim Mills)		Kg/MTR	0.314	0.283	-9.84%	0.27	-13.09%



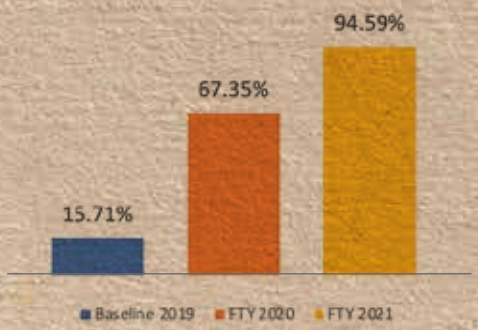
	Status	UOM	sBU Denim Mills				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Chemicals Consumed		Kg	12,415,220	10,094,290	-18.69%	12,031,525	-3.09%
Chemicals Consumed in Process		Kg	11,902,802	8,299,385	-30.27%	9,968,392	-16.25%
Chemicals Consumed in RO Plants		Kg	355,772	335,954	-5.57%	457,406	28.57%
Chemicals Consumed in ETP		Kg	156,646	1,458,951	831.37%	1,605,727	925.07%
ZDHC MRSL Compliance		%	15.71%	67.35%	51.64%	94.59%	78.88%
Total Chemicals per Kg of Production		Kg/Kg_p	0.54	0.50	-7.66%	0.46	-15.20%
Total Chemicals per Piece (For Apparel)		Kg/PC					
Total Chemicals per Meter (For Denim Mills)		Kg/MTR	0.31	0.28	-9.84%	0.27	-13.09%

Chemical Management

Chemical Consumption (kg) - sBU Denim Mills

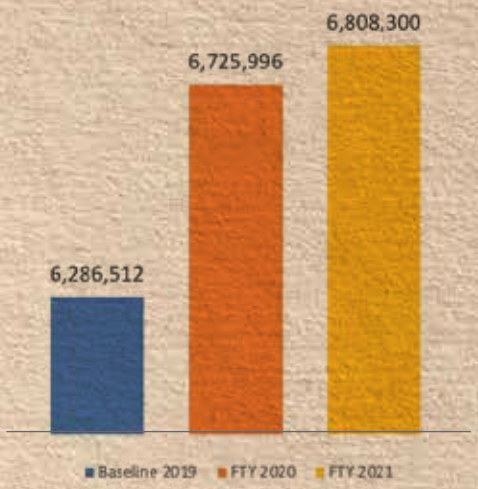


ADHC MRSL Compliance - sBU Denim Mills

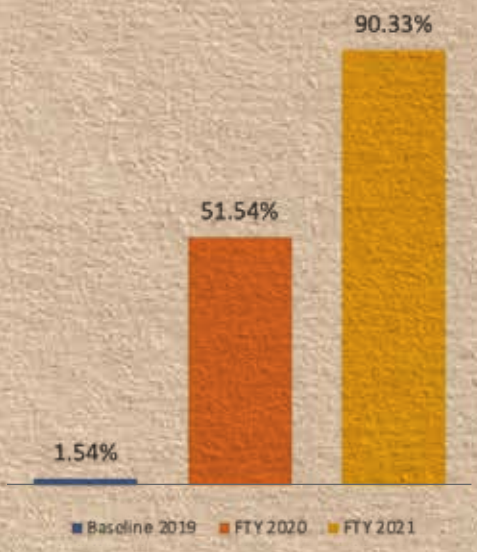


	Status	UOM	sBU USA				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Chemicals Consumed		Kg	6,286,512	6,725,996	6.99%	6,808,300	8.30%
Chemicals Consumed in Process		Kg	6,251,313	6,685,159	6.94%	6,760,784	8.15%
Chemicals Consumed in RO Plants		Kg	1,174	960	-18.20%	1,130	-3.72%
Chemicals Consumed in ETP		Kg	34,025	39,877	17.20%	46,385	36.33%
ZDHC MRSL Compliance		%	1.54%	51.54%	50.00%	90.33%	88.79%
Total Chemicals per Kg of Production		Kg/Kg_p	1.03	1.15	11.39%	0.91	-12.03%
TotalChemicals per Piece (For Apparel)		Kg/PC	0.59	0.69	17.27%	0.56	-3.58%
Total Chemicals per Meter (For Denim Mills)		Kg/MTR					

Chemical Consumption (Kg) - sBU USA



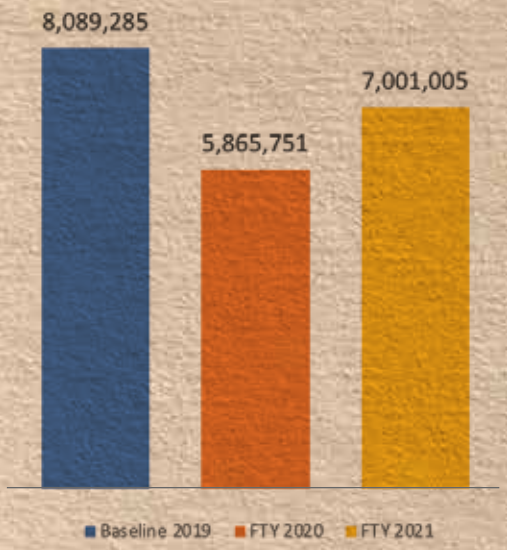
ZDHC MRSL Compliance - sBU USA



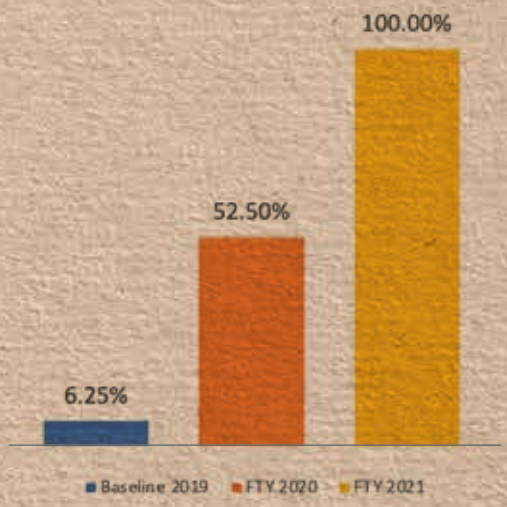
Chemical Management

	Status	UOM	sBU UK/EU				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Chemicals Consumed		Kg	8,089,285	5,865,751	-27.49%	7,001,005	-13.45%
Chemicals Consumed in Process		Kg	8,054,153	5,841,227	-27.48%	6,989,692	-13.22%
Chemicals Consumed in RO Plants		Kg	152	1,174	672.11%	1,841	1111.18%
Chemicals Consumed in ETP		Kg	34,980	23,350	-33.25%	9,472	-72.92%
ZDHC MRSL Compliance		%	6.25%	52.50%	46.25%	100.00%	93.75%
Total Chemicals per Kg of Production		Kg/Kg_p	1.15	1.12	-2.03%	0.97	-15.39%
Total Chemicals per Piece (For Apparel)		Kg/PC	0.65	0.63	-3.14%	0.57	-11.41%
Total Chemicals per Meter (For Denim Mills)		Kg/MTR					

Chemical Consumption (Kg) - sBU UK/EU



ZDHC MRSL Compliance - sBU UK/EU



Chemical Management

Chemical Management – How We are Changing Mindsets

Installation of Caustic Recovery Plant (CRP)

sBU Denim Mills has achieved a capacity of **2,004 tons in caustic reduction,** which has increased the total water reused, out of the total water extracted, by 21%. This has also led to a reduction in freshwater consumption by 2.4% in 2021.

Renovation of the Chemical Store

In order to ensure safe chemical management practices and enhance its capacity for chemical handling, sBU USA renovated its chemical store. This included a new lift installation, for the safe and convenient transport of chemicals. In order to control chemical spillage, special spill pallets were installed and placed under all chemical containers. Furthermore, ceramic tiles were also installed on the floor for improved cleaning.

Installation of 4 new G1 420 LW2 Tonello with UP & CORE System

Tonello Machines with UP & Core systems, are water and chemical efficient machines, installed in the Washing Department in sBU USA, to reduce water consumption and conserve chemicals.

UP System is the latest Tonello innovation, which drastically reduces the amount of water used in garment washing, as well as the liquor ratio. A regular flow of water is continuously injected into the machine, then recovered and recirculated. This system uses approximately, only 50 liters of water, per 100 KG of garment load. It also utilizes 10-20% less stone, because of the no-stone sheet installed at the bottom.

Core System is installed to create a mist effect for washing, from its 5-7 installed nozzles in the machines, which results in chemical and water conservation. This leads to a significant reduction in the liquor ratio. Previously, 8 liters of water was used for 1 Kg of garment load, but with UP system, the ratio has dropped to 4 liters of water used, per 1 Kg of garment load. Moreover, this system also leads to decrease in chemical consumption.

Heat Recovery by Boiler Air Pre-Heater & GHG Emissions prevention to environment

4 counter flow shell and tube Air preheater designed and fabricated in house to preheat boiler air for increasing boiler efficiency by recovering heat from Engine Exhaust. Cooled down engine exhaust then mixed with effluent water to lower pH reducing acid consumption at ETP. By adding engine exhaust flue gases to ETP drain, there is a formation of carbonic acid (H_2CO_3), which helps to prevent GHG emission to environment estimated up to est. 400 TOC/month. Significant reduction in pH (up to 1) by adding exhaust gases into the effluent drain, which eventually decrease the acid consumption at ETP plant. Energy Saving up to 100 MMBTU/month.

Induction of Oil-Free Machines

35 Oil-free machines have been inducted in the Sewing department in sBU USA, and each machine saves 1.75 liter of oil, per month.

Waste Management

A sustainable future necessitates the elimination of waste and the preservation of resources and products for as long as possible. Waste collection and management are crucial components of the worldwide clean-up and sustainability effort, as they affect peoples' health and the conservation of vital 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 are ensuring responsible disposal of unavoidable waste and eliminate any chance of hazardous material ending up in the landfills.

We believe that circular design is an important aspect of achieving our target for the Sustainability Challenge 2022. We are determined to build our business on the concept of circularity, in order to achieve this, we are developing in-house resources and bringing our teams together to ensure that we have good influence on both people and the environment. 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.

306-1

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/buttons/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 our fabric sBU 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.

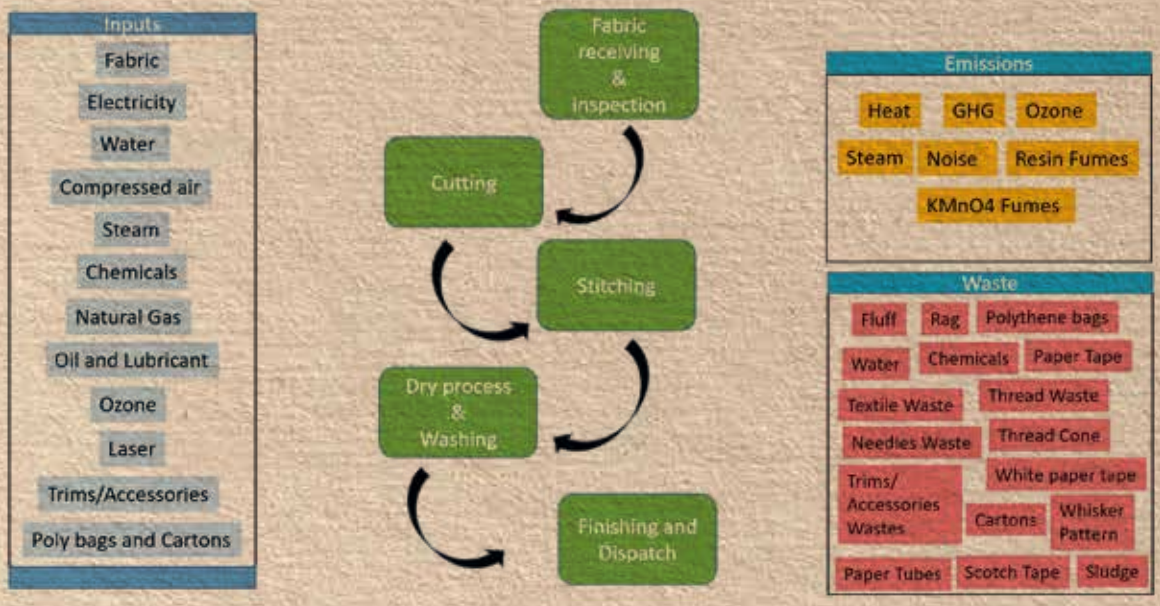
306-2

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 is helping us minimizing the plastic waste generation from water bottles, plus reconning leftover threads minimizes thread waste generation. 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:



Waste Management

Targets	KPIs
 Reduce waste by 25%	 Kg of waste generated per Kg of production
 Continuous improvement in Re-use of Waste	 Percentage of waste Re-used out of the total waste generated
 Recycling Waste	 Percentage of waste Re-cycled out of the total waste generated
 ZERO hazardous waste to landfill	 Kg of waste sent to landfill

Waste Management

GRI 2-4

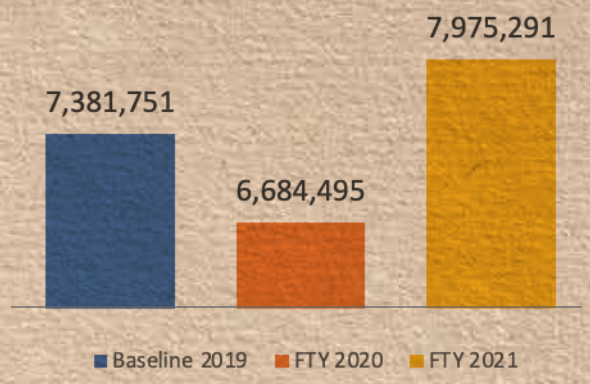
In 2021 while reviewing the accuracy of our Sustainability Challenge 2022 data recordings, it was observed that our waste baseline data for one of the sBU's major chunk of the waste data of that respective unit was missing. Upon investigation and alignment, the data was revised in light of the findings in 2021 and necessary revisions have been made. The baseline has been revised from 6.3 mn to 7.3 mn, simultaneously the impact can be observed in the following years.

As per the table below it can be observed that the overall waste generation has increased. This increment is due to increased production as well as improved data recording methodology in the waste management area.

GRI 306-3

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

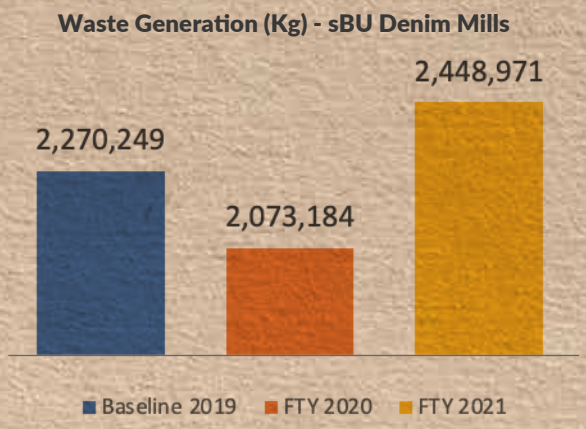
	UOM	US Apparel & Textiles				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Waste Generated	Kg	7,381,751	6,684,495	-9.45%	7,975,291	8.04%
Hazardous Waste Generated	Kg	275,629	324,911	17.88%	516,611	87.43%
Non-Hazardous Waste Generated	Kg	7,106,122	6,359,584	-10.51%	7,458,679	4.96%
Total Waste per Kg of Production	Kg/Kg_p	0.20	0.21	4.51%	0.19	-4.74%
Total Waste per Piece (For Apparel)	Kg/PC	0.22	0.24	9.43%	0.23	3.50%
Total Waste per Meter (For Denim Mills)	Kg/MTR	0.057	0.058	1.27%	0.056	-3.26%



GRI 306-4,306-5

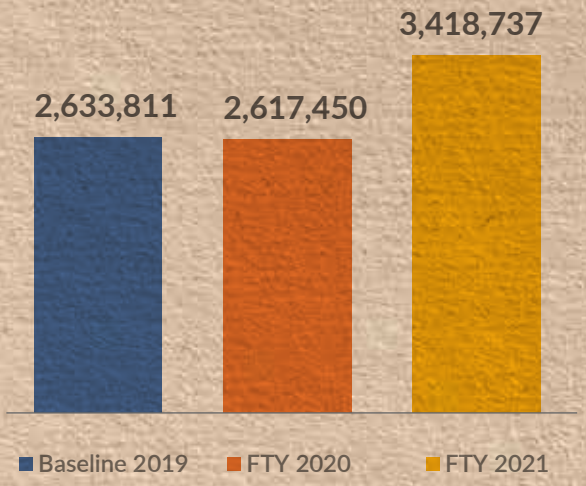
	UOM	sBU Denim Mills				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Waste Generated	Kg	2,270,249	2,073,184	-8.68%	2,448,971	7.87%
Hazardous Waste Generated	Kg	169,880	173,177	1.94%	169,771	-0.06%
Non-Hazardous Waste Generated	Kg	2,100,369	1,900,007	-9.54%	2,279,200	8.51%
Total Waste per Kg of Production	Kg/ Kg_p	0.099	0.103	3.72%	0.093	-5.61%
Total Waste per Meter (For Denim Mills)	Kg/MTR	0.057	0.058	1.27%	0.056	-3.26%

Waste Management



	UOM	sBU USA				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Waste Generated	Kg	2,633,811	2,617,450	-0.62%	3,418,737	29.80%
Hazardous Waste Generated	Kg	73,654	87,709	19.08%	248,895	237.92%
Non-Hazardous Waste Generated	Kg	2,560,157	2,529,741	-1.19%	3,169,842	23.81%
Total Waste per Kg of Production	Kg/ Kg_p	0.43	0.45	3.46%	0.46	5.44%
Total Waste per Piece (For Apparel)	Kg/PC	0.25	0.27	8.92%	0.28	15.57%

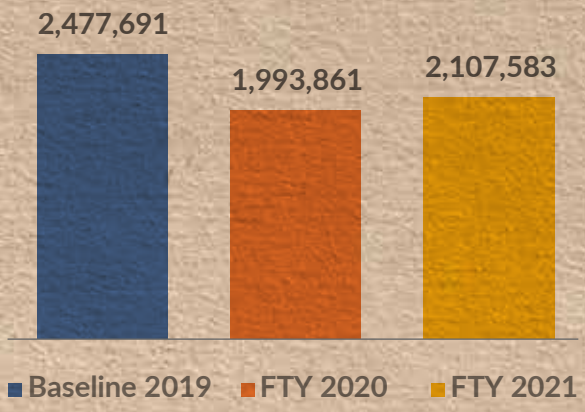
Waste Generation (Kg) - sBU USA



	UOM	sBU UK/EU				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Waste Generated	Kg	2,477,691	1,993,861	-19.53%	2,107,583	-14.94%
Hazardous Waste Generated	Kg	32,095	64,025	99.49%	97,945	205.17%
Non-Hazardous Waste Generated	Kg	2,445,596	1,929,836	-21.09%	2,009,637	-17.83%
Total Waste per Kg of Production	Kg/ Kg_p	0.35	0.38	8.72%	0.29	-16.84%
Total Waste per Piece (For Apparel)	Kg/PC	0.20	0.21	7.49%	0.17	-12.93%

Waste Management

Waste Generation (Kg)-sBU UK/EU



US Apparel & Textiles					
Waste Disposal Method	Waste Material Type	Category	Quantity (Kg)		
			FTY 2019	FTY 2020	FTY 2021
Reuse	Chemical Drums	Hazardous	15,000	31,857	202,704
	Plastic Cones, Cardboard Tubes	Non-Hazardous	94,356	114,145	218,320
Recycle	Cardboard, Paper, Fabric	Non-Hazardous	2,465,801	2,548,34	3,518,520
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	159,354	155,999	84,241

sBU Denim Mills					
Waste Disposal Method	Waste Material Type	Category	Quantity (Kg)		
			FTY 2019	FTY 2020	FTY 2021
Reuse	Chemical Drums	Hazardous	0	0	0
	Plastic Cones, Cardboard Tubes	Non-Hazardous	0	0	3,670
Recycle	Cardboard, Paper, Fabric	Non-Hazardous	0	0	0
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 forchemicals.	Hazardous	93,485	96,501	67,801

Waste Management

sBU USA					
Waste Disposal Method	Waste Material Type	Category	Quantity (Kg)		
			FTY 2019	FTY 2020	FTY 2021
Reuse	Chemical Drums	Hazardous	15,000	31,089	199,190
	Plastic Cones, Cardboard Tubes	Non-Hazardous	94,356	114,145	210,526
Recycle	Cardboard, Paper, Fabric	Non-Hazardous	2,465,801	2,415,596	2,959,317
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	58,654	56,620	13,486

sBU UK/EU					
Waste Disposal Method	Waste Material Type	Category	Quantity (Kg)		
			FTY 2019	FTY 2020	FTY 2021
Reuse	Chemical Drums	Hazardous	0	768	3,514
	Plastic Cones, Cardboard Tubes	Non-Hazardous	0	0	4,124
Recycle	Cardboard, Paper, Fabric	Non-Hazardous	0	132,745	559,203
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	7,215	2,878	2,954

US Apparel & Textiles approach towards circular economy is based on three principles:

- Eliminate waste and pollution by design
- Circular products and materials (at their highest value)
- Regenerate nature

Our Product Development teams are working hard to innovate products that minimize waste during design phase through process reengineering and adoption of new technologies and collaboration with customers designers and technology suppliers.

"We ensure that whatever textile waste is generated is sold to third-party contractors who either upcycle the waste and make new products of value out of it, or bring it back into circulation through recycling into raw material."

In addition to this, we also promote the efficient utilization of of raw materials, resources and adoption of sustainably grown and recycled textile materials. In this regard we made a recent collaboration with academia where we studied the possibility of growing Hemp fibre indigenously.

Waste Management

Waste Management – How We are Changing Mindsets

Waste Reduction

sBU UK/EU has made significant improvements in maximum fabric utilization. The unit also minimized its wastage by improving the performance of the Fabric Inspection department. The CAD department enhanced its efficiency, along with the Cutting department – which reduced its wastage by approximately 20%, in comparison to the baseline 2019. This has resulted in a 21% overall decrease in waste produced in sBU UK/EU.

Decomposition of Food Waste

sBU Denim Mills has achieved 100% food waste composting, which has reduced the total amount of waste that ends up in landfills.

IBC Waste Reduction (plastic reduction)

sBU Denim Mills has reduced IBC waste by 80%, by replacing IBCs with a vessel for bulk chemicals.

Waste Segregation at Source

sBU USA has utilized color-wise segregation of thread cone bobbins, to recycle its waste. Thus, an average of 2000 cones are segregated for recycling per day.

Re-use of Paper Tubes

sBU Denim Mills reused 5160 KG of the fabric tube.

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 put more stress on these resources. At US Apparel & Textiles, we are committed to "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 Sustainably Grown Material used

Percentage of waste Recycled Materials used

Percentage of Sustainable Technology/Machines

Materials & Technology

We continuously strive to improve our mix of 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 through 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.

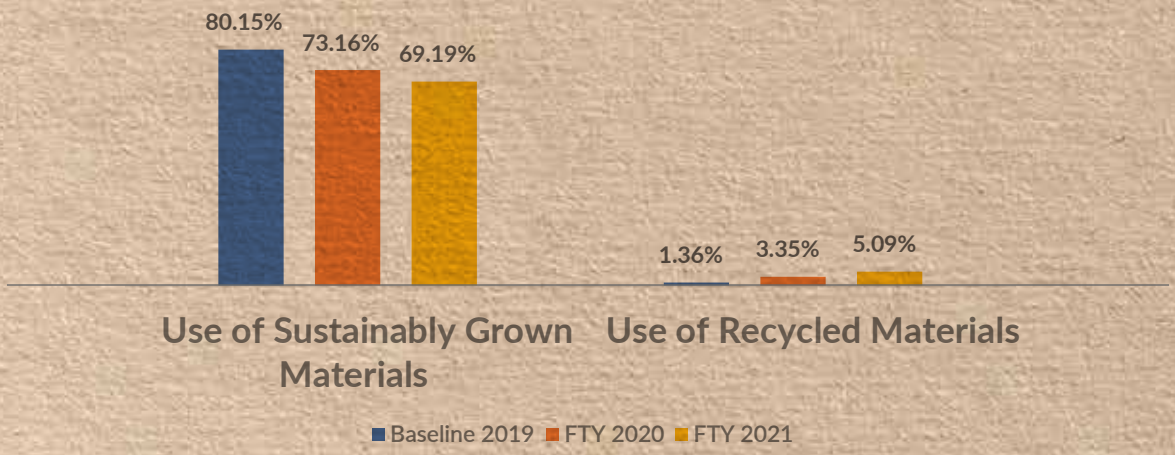
Overall, the material composition has gone down by about 2% primarily due to customer-driven orders for our Denim Mills unit. Regarding recycled material, we are at 2.33% against a target of 5%.

	Status	UOM	US Apparel & Textiles				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Textile Materials by Weight		Kg	46,434,313	35,929,163	-22.62%	48,807,272	5.11%
Total Fabric Rolls Procured (For Apparel)		Kg	23,143,382	14,481,956	-37.43%	16,831,736	-27.27%
Total Yarn Procured (For Denim)		Kg	23,290,932	21,447,207	-7.92%	31,975,536	37.29%
Use of Sustainably Grown Materials			**83.96%**	**77.76%**	**-6.20%**	**75.45%**	**-8.51%**
Quantity of Organic Cotton Induced		Kg	1,488,702	5,843,491	292.52%	2,625,210	76.34%
Quantity of BCI Induced		Kg	34,621,012	18,448,708	-46.71%	30,093,665	-13.08%
Quantity of Hemp Induced		Kg	948	38,494	3960.52%	116,322	12170.12%
Quantity of PSCP Induced		Kg	2,861,261	706,304	-75.31%	2,997,744	4.77%
Quantity of Regenerated Fibers Induced		Kg	15,562	0	-	615,659	3856.24%
Quantity of Ecovero Induced		Kg	0	0	-	378,607	-
Use of Recycled Materials			**1.39%**	**3.08%**	**1.69%**	**5.42%**	**4.03%**
Quantity of PCW Induced		Kg	264,829	323,444	22.13%	878,850	231.86%
Quantity of PIW Induced		Kg	28,052	179,763	540.81%	1,242,986	4330.96%
Quantity of Recycled Polyester Induced		Kg	352,000	228,106	-35.20%	498,060	41.49%
Quantity of Recycled Elastane Induced		Kg	0	2,663	-	27,027	-

Materials & Technology

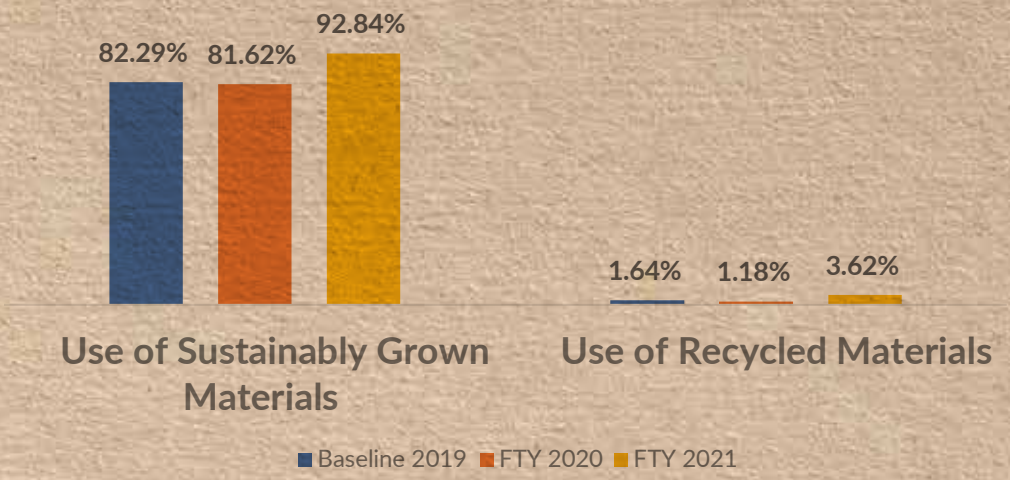
	Status	UOM	sBU Denim Mills				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Textile Materials by Weight		Kg	23,290,932	21,447,207	-7.92%	31,975,536	37.29%
Total Fabric Rolls Procured (For Apparel)		Kg	-	-	-	-	-
Total Yarn Procured (For Denim Mills)		Kg	23,290,932	21,447,207	-7.92%	31,975,536	37.29%
Use of Sustainably Grown Materials			**80.15%**	**73.16%**	**-6.99%**	**69.19%**	**-10.96%**
Quantity of Organic Cotton Induced		Kg	834,094	1,987,737	138.31%	1,184,883	42.06%
Quantity of BCI Induced		Kg	16,433,107	12,957,955	-21.15%	19,212,086	16.91%
Quantity of Hemp Induced		Kg	948	38,494	3960.52%	58,082	6026.71%
Quantity of PSCP Induced		Kg	1,399,702	706,304	-49.54%	1,291,708	-7.72%
Quantity of Regenerated Fibers Induced		Kg	0	0	-	0	-
Quantity of Ecovero Induced		Kg	0	0	-	378,607	-
Use of Recycled Materials			**1.36%**	**3.35%**	**1.98%**	**5.09%**	**3.73%**
Quantity of PCW Induced		Kg	43,207	323,444	648.59%	534,295	1136.60%
Quantity of PIW Induced		Kg	28,052	179,763	540.81%	894,243	3087.77%
Quantity of Recycled Polyester Induced		Kg	245,846	211,775	-13.86%	198,039	-19.45%
Quantity of Recycled Elastane Induced		Kg	0	2,663	-	42	-

Materials - sBU Denim Mills



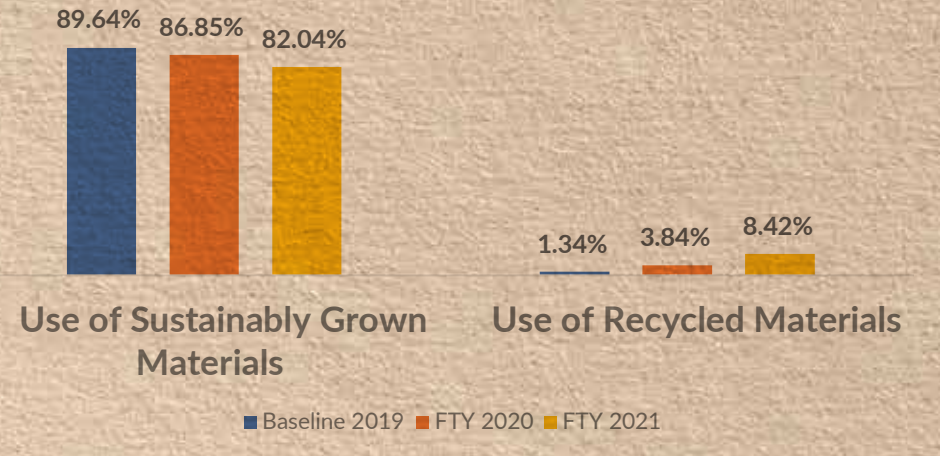
	Status	UOM	sBU USA				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Textile Materials by Weight		Kg	**5,807,231**	**6,289,319**	**8.30%**	**8,272,360**	**42.45%**
Total Fabric Rolls Procured (For Apparel)		Kg	5,807,231	6,289,319	8.30%	8,272,360	42.45%
Total Yarn Procured (For Denim Mills)		Kg	-	-	-	-	-
Use of Sustainably Grown Materials			82.29%	81.62%	-0.67%	92.84%	10.54%
Quantity of Organic Cotton Induced		Kg	0	599,528	-	91,325	-
Quantity of BCI Induced		Kg	4,763,383	5,490,754	15.27%	6,914,753	45.16%
Quantity of Hemp Induced		Kg	0	0	-	57,972	-
Quantity of PSCP Induced		Kg	0	0	-	0	-
Quantity of Regenerated Fibers Induced		Kg	15,562	0	-	615,659	3856.24%
Quantity of Ecovero Induced		Kg	0	0	-	0	-
Use of Recycled Materials			**1.64%**	**1.18%**	**-0.46%**	**3.62%**	**1.99%**
Quantity of PCW Induced		Kg	0	0	-	0	-
Quantity of PIW Induced		Kg	0	0	-	0	-
Quantity of Recycled Polyester Induced		Kg	95,003	0	-100.00%	299,762	215.53%
Quantity of Recycled Elastane Induced		Kg	0	0	-	0	-

Materials - sBU USA



	Status	UOM	sBU UK/EU				
			Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Textile Materials by Weight		Kg	**17,336,151**	**8,192,637**	**-52.74%**	**8,559,376**	**-50.63%**
Total Fabric Rolls Procured (For Apparel)		Kg	17,336,151	8,192,637	-52.74%	8,559,376	-50.63%
Total Yarn Procured (For Denim Mills)		Kg	-	-	-	-	-
Use of Sustainably Grown Materials			**89.64%**	**86.85%**	**-2.79%**	**82.04%**	**-7.60%**
Quantity of Organic Cotton Induced		Kg	654,609	3,256,226	397.43%	1,349,002	106.08%
Quantity of BCI Induced		Kg	13,424,522	4,964,645	-63.02%	3,966,825	-70.45%
Quantity of Hemp Induced		Kg	0	0	-	268	-
Quantity of PSCP Induced		Kg	1,461,559	616,254	-57.84%	1,706,036	16.73%
Quantity of Regenerated Fibers Induced		Kg	0	0	-	0	-
Quantity of Ecovero Induced		Kg	0	0	-	0	-
Use of Recycled Materials			**1.34%**	**3.84%**	**2.50%**	**8.42%**	**7.08%**
Quantity of PCW Induced		Kg	221,622	282,262	27.36%	344,555	55.47%
Quantity of PIW Induced		Kg	0	31,516	-	348,743	-
Quantity of Recycled Polyester Induced		Kg	11,151	263	-97.64%	259	-97.68%
Quantity of Recycled Elastane Induced		Kg	0	574	-	26,985	-

Materials - sBU UK/EU



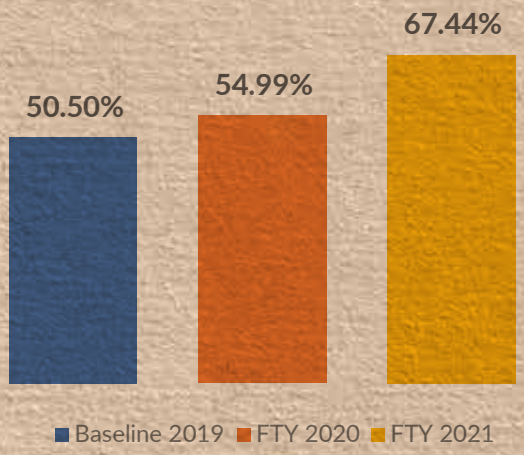
Materials & Technology

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.

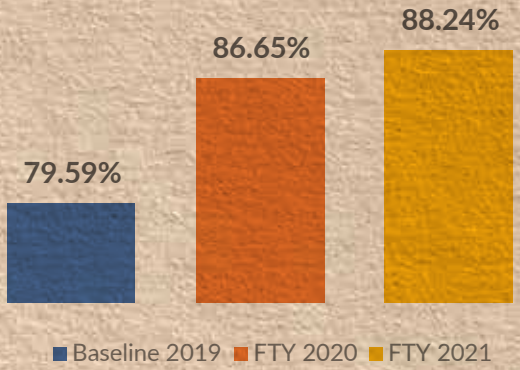
	UOM	US Apparel & Textiles				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Percentage of Sustainable Machines	%	50.50%	54.99%	4.49%	67.44%	16.94%
Total number of Equipment	NOS	5,824	5,947	2.11%	5,633	-3.28%
Number of Conventional Machines	NOS	2,883	2,677	-7.15%	1,834	-36.39%
Number of Sustainable Machines	NOS	2,941	3,270	11.19%	3,799	29.17%

Sustainable Technology - US Apparel & Textile



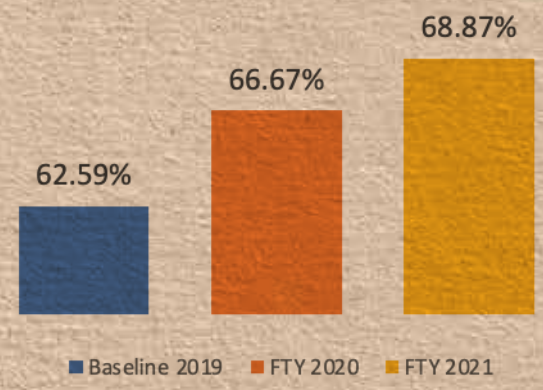
	UOM	sBU DenimMills				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Percentage of Sustainable Machines	%	79.59%	86.65%	7.05%	88.24%	8.65%
Total number of Equipment	NOS	343	322	-6.12%	323	-5.83%
Number of Conventional Machines	NOS	70	43	-38.57%	38	-45.71%
Number of Sustainable Machines	NOS	273	279	2.20%	285	4.40%

Sustainable Technology - sBU Denim Mills



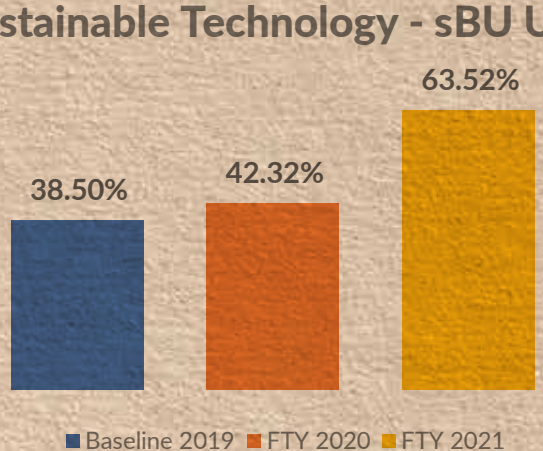
Materials & Technology

	UOM	sBU USA				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Percentage of Sustainable Machines	%	62.59%	66.67%	4.08%	68.87%	6.28%
Total number of Equipment	NOS	2,315	2,508	8.34%	2,637	13.91%
Number of Conventional Machines	NOS	866	836	-3.46%	821	-5.20%
Number of Sustainable Machines	NOS	1,449	1,672	15.39%	1,816	25.33%



Light?

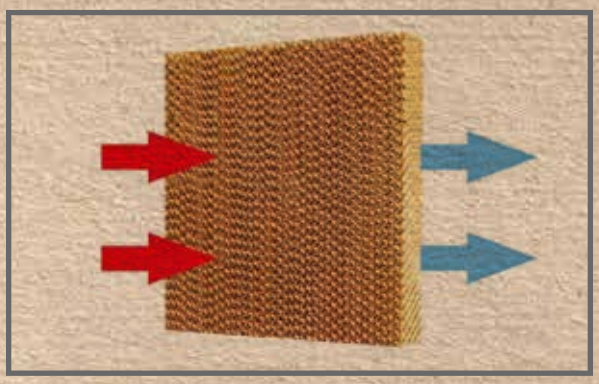
	UOM	sBU UK/EU				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Percentage of Sustainable Machines	%	38.50%	42.32%	3.82%	63.52%	25.02%
Total number of Equipment	NOS	3,166	3,117	0.00%	2,673	-15.57%
Number of Conventional Machines	NOS	1,947	1,798	-7.65%	975	-49.92%
Number of Sustainable Machines	NOS	1,219	1,319	8.20%	1,698	39.29%



Materials & Technology

Installation of Cooling Pads

sBU USA has installed new cooling pads by replacing the conventional, inefficient evaporative coolers, with pads made from aspen and khus fibers. This has resulted in improved ventilation and significant lowering of temperature on the production floor.



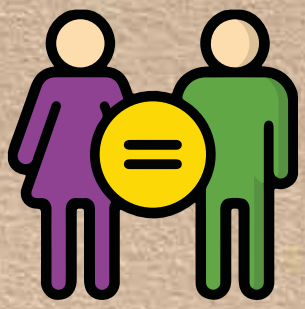
Electric Bike

The administration of sBU USA is using a green-energy, electric bike to purchase its day-to-day groceries. This bike is environment friendly and it has zero noise and smoke emissions, all while saving fuel costs. One bike charge costs PKR 25, per 1.5 unit and it runs 80 KM per charge.

Installation of new laser machines

A new laser hall has been developed at Unit 5 of sBU USA. In its first stage, 3 state-of-the-art laser machines were installed, and the commissioning of 3 more laser machines is underway. This will allow Unit 5 to now process 67,500 garments on laser machines, which is equivalent to 18% of the total garment production. The advantages of using laser machines are that they require less manual labor, have high working speed, as well as high design flexibility, accuracy and precision. Moreover, they also reduce wastage and complete the exhaust and filtering of fluff produced during the process.

Gender Diversity



US Apparel & Textiles has been dedicated to working to improve its Gender Diversity by endorsing equal employment opportunities and ensuring a conducive environment for all our colleagues. A sustainable development path that involves a strong commitment to gender equality and aims to boost womens' skills, ensure respect, and preserving their rights are an important aspect of our Sustainability Challenge 2022. To meet the challenges of the Fourth Industrial Revolution, the textile sector and others must diversify their talent pools and leadership. To seize this opportunity to boost business performance in high-growth areas while also increasing gender equality at all levels of the workforce. The denim industry in Pakistan has traditionally remained male dominant, we at US Apparel & Textiles understand the importance of addressing such barriers that inhibit equity in all industries. We are devoting time and effort to cultivating a diverse and inclusive culture with well-balanced teams across the Company. By 2022, we are aiming to have a minimum of 20% female participation in our workforce based on merit. Only a culture that promotes equal opportunity, we think, can lead to a brighter tomorrow.

Targets

20% Female Population

KPIs

Percentage of Female Employees in Management

Percentage of Female Employees in Non-Management

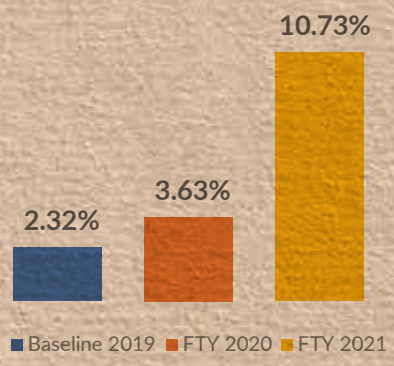
Gender Diversity

"Overall at US Apparel & Textiles, the percentage of Gender Diversity has been increased by 8.41% as compared to baseline 2019."

Each sBU (USA, UK/EU, and Denim Mills) has made it a priority to induct female staff within our operations & Management domains, solely based on merit and not just diversity hires. US Apparel & Textiles has been successful in the onboarding of female staff tackling the cultural limitations by providing a safe and conducive environment to the staff. The percentage ratio of females to males has grown to 8.41% in 2021 from 2.32% in 2019 through dedicated efforts.

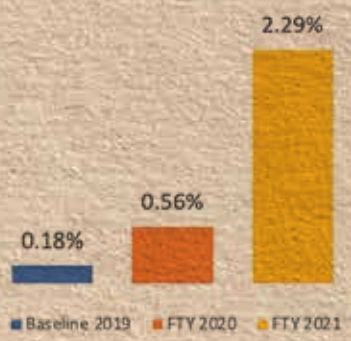
	UOM	US Apparel & Textiles				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees	NOS	16,155	14,538	-10.01%	17,081	5.73%
Total Number of Male Employees	NOS	15,780	14,010	-11.22%	15,248	-3.37%
Total Number of Female Employees	NOS	375	528	40.80%	1,833	388.80%
Gender Diversity	%	2.32%	3.63%	1.31%	10.73%	8.41%

Gender Diversity - US Apparel & Textiles



	UOM	sBU Denim Mills				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees	NOS	1,665	1,613	-3.12%	1,660	-0.30%
TotalNumber of Male Employees	NOS	1,662	1,604	-3.49%	1,622	-2.41%
Total Number of Female Employees	NOS	3	9	200.00%	38	1166.67%
Gender Diversity	%	0.18%	0.56%	0.38%	2.29%	2.11%

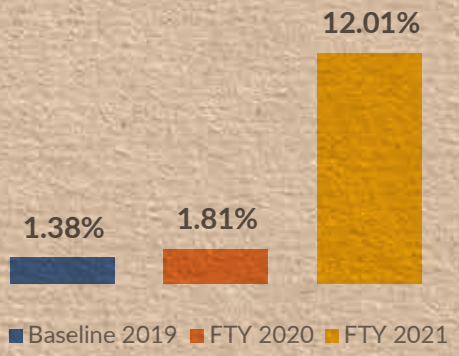
Gender Diversity - sBU Denim Mills



Gender Diversity

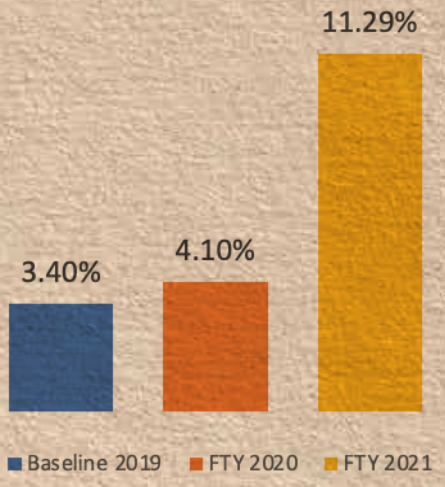
	UOM	sBU USA				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees	NOS	6,932	6,694	-3.44%	7,484	7.96%
Total Number of Male Employees	NOS	6,836	6,573	-3.85%	6,585	-3.67%
Total Number of Female Employees	NOS	96	121	26.04%	899	836.46%
Gender Diversity	%	1.38%	1.81%	0.43%	12.01%	10.63%

Gender Diversity - sBU USA



	UOM	sBU UK/EU				
		Baseline 2019	FTY 2020	% Change	FTY 2021	% Change
Total Number of Employees	NOS	8,121	6,574	-19.05%	7,937	-2.27%
Total Number of Male Employees	NOS	7,845	6,304	-19.64%	7,041	-10.25%
Total Number of Female Employees	NOS	276	269	-2.39%	896	224.64%
Gender Diversity	%	3.40%	4.10%	0.70%	11.29%	7.89%

Gender Diversity - sBU UK/EU



Gender Diversity

Gender Diversity – How We are Changing Mindsets

In 2020 we were able to increase the female ratio up to 4.1% of total employees. In 2021, by hiring more females and improving retention, we have obtained 11.3% gender diversity.

Female Recruitment Drive

sBU USA carried out a recruitment drive in the neighboring community, to increase the number of female employees in every manufacturing department. This was achieved through the distribution of awareness pamphlets, and thus, the female workforce increased to approximately 11.5%.

Ladies' Canteen

A new ladies' canteen was inaugurated in sBU USA, and it has the capacity of serving 130 female employees at a time.

Gender Diversity

A Success Story

Steering Women Empowerment at US Apparel & Textiles

US Apparel & Textiles has been providing dignified employment to thousands of its employees since 1975. We take pride in mentioning here that we have a large number of employees who have served with the company since the start and given 30-40 years of their life and hard work in helping us stand where we are today. Female inclusion on a more aggressive level has been relatively something new for us. Back in 2018 and 2019, when we deep-dived into our performance and business operations to curate a tailor-made action plan based on our internal insights, Gender Diversity appeared to be a weak area that needed attention and a lot of action. In the baseline year, 2019 our female ratio was at a mere 2%, we had to set up an aggressive target for ourselves to improve our diversity, so it was set at 20% female inclusion in the workforce. In the year 2020, we were able to add 11% females all across our sBUs, by the end of 2021 this number reached around 11% and still going up rapidly.

Mehwish Tariq, Deputy General Manager, Corporate Communications – has expressed her views on the subject matter as follows:

"In my humble opinion, the textile industry of Pakistan is somewhat untapped when it comes to career building for females. Pakistan's largest revenue-generating and thriving industry accounts for about 65% of the merchandise exports and almost 40% of the employed labor force. In my 15 years long professional career, as a stroke of luck, I got to work in diverse industries like media, banking, development sector, advertising, and technology. Joining US Apparel & Textiles and exploring the colossal dynamics of this booming industry has been a revitalizing experience for me, and I pledge to add value to my employer's agenda of enhancing diversity & inclusion, promoting sustainable business practices, and adopting a responsible lifestyle. After all, I want to leave a better planet for my daughter and the generations to follow".

Globally and nationally, women are not equal when it comes to workforce participation. Despite increases in recent years, female labor force participation in Pakistan, staggers between 20 to 25%, is well below rates for countries with similar income levels. Even among women with high levels of education, labor force participation lags.

We consider it as our success story as we have come a long way, crossing every barrier and removing all roadblocks in this pursuit. Lack of education and skills, cultural pressure, safety, being stereotyped for household chores, and acceptance are some of the many factors responsible for holding women back. Some of the initiatives that helped us near our target of including 20% females in the workforce by 2022:

Zero Tolerance Against Harassment

Providing a safe, secure, and respectable environment for all our employees is fundamental for us. When encouraging more females to join us, we ensure that the families can trust to send them to work here. For this, we have a strict policy in place which bounds all employees to refrain from any comment or activity that even borders on harassment and workplace bullying.

Gender Diversity

Gender Sensitization

We believe that the best way of converting any wrong into a right thing takes a change of **mindset.** People need to believe in what is being preached to them, rather than just attaching stringent consequences along with it. Men and Women when working together, need to be sensitized in their attitude and behavior in the workplace, for the same, we regularly conduct gender sensitization workshops for our employees. It helps them to examine their attitudes and beliefs and question the 'realities' that they thought they know and believe.

Equal Opportunities

US Apparel & Textiles is an equal opportunity employer, this guiding principle starts with our recruitment process to our work processes and everything that happens around the company. Our dynamic colleague **Ansab Khan** shared her personal experience talking about females getting equal opportunities and taking up unconventional roles in their careers:

In Pakistan, it is quite uncommon for women to work in field-oriented jobs due to multiple issues. I was adamant in my pursuit to commence my career in a technical role which I was quite passionate about. Working in PD Washing rather than VMD, was my goal as it was more challenging and involved technical expertise.

Special thanks to the relentless support and cooperation of Managing Director sBU UK/EU as it was due to him that I was able to pursue my dream when I was offered a role in PD Washing against all the odds. Further my HoD and peers have been extremely supportive to make it a success for me at all avenues in the last 6 months.

Breaking Stereotypes

Many of our female employees are smashing gender typecasts and cultural barriers successfully. From female gardeners, machine operators, engineers to single mothers, each one of them is a powerhouse in herself and an inspiration for us.

Meet our female Gardner at sBU USA

Merit-based gender parity has been a challenge for us but it is encouraging to see that we are now around 11% total female population in the workforce. It was never just the numbers or percentage that we wanted to change, but providing a conducive environment and equal employment opportunities to the females. It took a lot of unlearning and relearning of behaviors and policies to make this progress so far. There are now many females working in the company cross functions and grades but today we are going to introduce you all to Tasleem Bibi who is the epitome of true women empowerment.

A female Gardner, why not? Our very own “Khatoon Baghban” who is busy making the lush lawns of US Apparel & Textiles more picturesque with sheer hard work and aesthetics.

Infrastructural Changes and Perks

Many changes in the infrastructure like separate bathrooms, common rooms, and dedicated canteens helped us a lot if making the female employees more comfortable while at work.

Day Care

Meet Ayra, the first member of the daycare at sBU UK/EU. She spreads smiles and joy all around while her mother dedicatedly works towards achieving organizational goals and check up on her when she can.

We believe that our country cannot progress without the equal participation of females. It is a mission for us to create awareness around the importance and spread positivity about the greater benefits in terms of personal growth and bettering females’ socio-economic status thus uplifting a family’s overall wellbeing.

06

CSR

CSR

Sponsors:

US APPAREL & TEXTILES
USGROUP

GRI 203-1,203-2

Naimat Saleem Trust (NST), the CSR wing of US Apparel & Textiles, was formally registered in 1998. NST is funded by US Apparel & Textiles, and NST Trustees. This trust truly stands together with the people of Pakistan.

MISSION

Naimat Saleem Trust embodies the optimistic mission to improve all aspects of life for the people of Pakistan. It does so by providing diversified social services to the community, aiming to improve lives through **better healthcare and education** for those in need.

Naimat Saleem Trust (NST)
Project Sectors

HEALTHCARE

SR.	Healthcare Projects	PKR
1	Indus Hospital Jubilee Town	184.65 Million
2	Recep Tayyip Erdogan Hospital Trust	50 Million
3	AAS Rehabilitation Center	6.21 Million
4	Pakistan Children Heart Foundation	3 Million
5	Gulab Devi Hospital	1.51Million
6	TG– Dialysis Center	0.66 Million
7	Dispensaries	1.85 Million

Indus Hospital
QF & NST Campus

The trust has a motto to deliver integrated, sustainable, and accessible healthcare services that are high quality and relevant to our community's needs.

In 2016, Naimat Saleem Trust and Qarshi Foundation, under a collaborative agreement with the Indus Hospital Karachi, donated their land and cash (a project worth more than PKR 16 Billion) to set up a 600-bed 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 and indiscriminately, to the people of Pakistan. Approximately 1 million patients will be treated here annually.

The first phase of the project, comprising of 100 beds, was started in December 2021, while second phase – comprising of 300 beds, and third phase – comprising of 600 beds, are expected to be operational by Dec 2023 and Dec 2025 respectively.

Socio-Economic Impact

Approximately
1 million patients
will be treated free of cost, each year.

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.

Recep Tayyip Erdogan Hospital Trust (RTEHT)

The Trust management not only provides excellent services to the underprivileged people of Southern Punjab but also it has set up new standards in healthcare services.

Naimat Saleem Trust is the founding member of the Recep Tayyip Erdogan Hospital Trust (RTEHT), which is a public-private partnership between the Government of Punjab and leading industrialist groups of Pakistan, for the leadership and financial support to the Trust.

RTEHT provides state-of-the-art, healthcare facilities, free of cost and indiscriminately, to the people of Pakistan, through 7 hospitals and 2 regional blood centers in Punjab. RTEHT is now managing and operating 1,015 beds in Punjab (increased from 765 in the baseline year 2019). Indus Health Network is the operating partner with the Trust.






Socio-Economic Impact

- 2.4 million patients were treated free of cost, in 2021.
- 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. Five more centers are planned to become operational across Punjab within the next 5 years.

AAS-Treated patient statistics

Total admission	**398**
Drug Wise Patients Treated Since July 2018 and from Jan to Dec 2021	
Heroin	277
Alcohol	3
Polydrug	40
White crystal	44
Charas	9
Opium	8
others	17
Successfully Recovered	**283**
Discharge during treatment	**85**

Socio-Economic Impact

Treatment of adult patients, allows them to resume their role ofbread earners for their families, and promote economic activity.

Enabling recovered individuals for positive and healthy contribution towards society.

Preventive healthcare model.

CSR

NST PREVENTIVE HEALTH CARE

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, hepatitis A and E, etc.

Considering the importance of clean drinking water, NST has taken the initiative to install RO Plants in the vulnerable areas of Punjab, e.g. Lahore and Chakwal, so far. With its latest technology and equipment, the plant provides free, safe, and clean, mineralized drinking water, to the community.

Socio-Economic Impact

- More than 1,500 patients are treated free of cost monthly.
- More than 30,000 Patients treated since January 2020.
- Direct employment to more than 10 professionals from healthcare and other sectors.
- More than 600 families benefit from clean, mineralized drinking water.

EDUCATION

Education Projects

PKR **40.47 Million**
Jamiat Taleem ul Quran

PKR **5.0 Million**
Qasim Ali Shah Foundation

PKR **0.60 Million**
Care Foundation

Self-Sustained
Message Foundation

Self-Sustained
Iqra Raza Tul Atfal Trust

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 2,100 students are currently enrolled 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, locally and internationally. Message Grammar Schoolis successfully providing quality education to boys and girls from Playgroup to Matric/O-levels, in an environment that is 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 schools across Punjab, KPK, and Gilgit-Baltistan. By 2019, the network 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. environment that is conducive to learning.

Socio-Economic Impact

Quality education to more than **54,000 students**.

Direct employment to **4,173 teachers** and other professionals.

2019-2020

Punjab	KPK	Gilgit Baltistan
80 Schools	34 Schools	34 Schools
31,839 Students	21,010 Students	21,010 Students

Food Program

NST Food Program

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

Contribution - Rs. 60 Million

NST FOOD PROGRAMME

Employees of US Group residing in hostels,
US staff and staff at Directors residences

Average Meals per day	4,523

Socio-Economic Impact

Economic support to more than
1,700 families.

Hygienic and healthy food contributes prevents health problems.

Direct employment to more than
37 professionals.

Shelters & Housing

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 with the Lahore Institute of Health Sciences Trust, to provide free quality meals across **12 Panahgahs** and **7 Shelter Homes** in Lahore, under the Prime Minister's Panahgahs/Shelter Homes Project. On average, **13,586 meals are being served daily.**

NST Contribution for the program= Rs. 60 Million to LIHS

Socio-Economic Impact

Direct employment to more than 250 people

Support to more than 16,000 people on daily basisv

NST HOUSING PROJECT

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 **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

Shelters & Housing

AKHUWAT

Food Program - Lahore Chapter

NST Housing Project
Interest-free Shariah Compliant
Micro Finance Housing Loans.

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

Financial Assistance

Financial Assistance to Families

NST Contribution 2020 | **PKR 202 Million**

NST Contribution 2021 | **PKR 208.77 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**

07

Affiliations & Accreditations

Memberships

GRI 2-28

PAKISTAN TEXTILE COUNCIL

aptma ALL PAKISTAN TEXTILE MILLS ASSOCIATION

PRGMEA

PTEA

The Institute of Chartered Accountants of Pakistan

Sustainable Apparel Coalition

BCI Better Cotton Initiative

Certifications

Materials:

Systems:

Certifications

Portals:

Higg Index

CLEANCHAIN
AN ADEC INNOVATION

SOCIAL & LABOR CONVERGENCE

Certifications

Certifications & Portals Mapping with 9 Areas of Challenge 2022

S.	Area	Certification	Portals
1	Health & Safety & Worker Wellbeing	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


08

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 for 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 -hours worked. Total No. of Hours Worked
Lost Time Injury Rate	LTIR	Total No. of Lost Time Injuries per 2,000,000-hours worked. Total No. of Hours Worked
WBCSD		World Business Council for Sustainability 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 Universal Standards Contents Index

Topic	Owner	D/UD	Location in Document	Remarks
GRI 1: Foundation				
Purpose & Systems of GRI Standards	AJA	✓		
Key Concepts	AJA	✓		
Reporting in accordance with the GRI Standards	AJA	✓		
Reporting Principles	AJA	✓		
Additional Recommendations for Reporting	AJA	✓		
GRI 2: General Disclosures 2021				
1. The organization and its reporting practices				
Disclosure 2-1 Organizational details	Hassan Aftab	✓		
Disclosure 2-2 Entities included in the organization's sustainability reporting	AJA	✓		
Disclosure 2-3 Reporting period, frequency and contact point	AJA	✓		
Disclosure 2-4 Restatements of information	AJA	✓		
Disclosure 2-5 External assurance	AJA	✓		
2. Activities and workers				
Disclosure 2-6 Activities, value chain and other business relationships	Haroon	✓		
Disclosure 2-7 Employees	Hassan Aftab	✓		
Disclosure 2-8 Workers who are not employees	Afnan	✓		
Disclosure 2-9 Governance structure and composition	Hassan Aftab	✓		
3. Governance				
Disclosure 2-10 Nomination and selection of the highest governance body	Hassan Aftab	✓		
Disclosure 2-11 Chair of the highest governance body	Hassan Aftab	✓		
Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	Hassan Aftab	✓		
Disclosure 2-13 Delegation of responsibility for managing impacts	Hassan Aftab	✓		
Disclosure 2-14 Role of the highest governance body in sustainability reporting	Hassan Aftab	✓		
Disclosure 2-15 Conflicts of interest	Hassan Aftab	✓		
Disclosure 2-16 Communication of Critical Concerns	Hassan Aftab	✓		
Disclosure 2-17 Collective knowledge of the highest governance body	Hassan Aftab	✓		
Disclosure 2-18 Evaluation of the performance of the highest governance body	Hassan Aftab	✓		
Disclosure 2-19 Remuneration policies	Hassan Aftab	✓		
Disclosure 2-20 Process to determine remuneration	Hassan Aftab	✓		
Disclosure 2-21 Annual total compensation ratio	Hassan Aftab	✓		

GRI Universal Standards Contents Index

4. Strategy, Policies and Practices				
Disclosure 2-22 Statement on sustainable development strategy	Hassan Aftab	✓		
Disclosure 2-23 Policy commitments	Hassan Aftab	✓		
Disclosure 2-24 Embedding policy commitments	Hassan Aftab	✓		
Disclosure 2-25 Processes to remediate negative impacts	Hassan Aftab	✓		
Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Hassan Aftab	✓		
Disclosure 2-27 Compliance with laws and regulations	Afnan	✓		
Disclosure 2-28 Membership associations	Afnan	✓		
5. Stakeholder engagement				
Disclosure 2-29 Approach to stakeholder engagement	Hassan Aftab	✓		
Disclosure 2-30 Collective bargaining agreements	Hassan Aftab	✓		
GRI 3: Material Topics 2021				
Disclosure 3-1 Process to determine material topics	AJA	✓		
Disclosure 3-2 List of material topics	AJA	✓		
Disclosure 3-3 Management of material topics	AJA	✓		
GRI 200 Series - Economic Performance				
GRI-201 Economic Performance (Material Topic)				
Disclosure 201-1 Direct economic value generated and distributed	Afnan	✓		
Disclosure 201-2 Financial implications and other risks	Afnan	✓		
Disclosure 201-3 Defined benefit plan obligations and other retirement plans	Afnan	✓		
Disclosure 201-4 Financial assistance received from government	Afnan	✓		
GRI-202 Market Presence (Material Topic)				
Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Afnan	✓		
Disclosure 202-2 Proportion of senior management hired from the local community	Hassan Aftab	✓		
GRI-203 Indirect Economic Impacts				
Disclosure 203-1 Infrastructure investments and services supported	Hassan Aftab	✓		CSR
Disclosure 203-2 Significant indirect economic impacts	Hassan Aftab	✓		CSR
GRI-204 Procurement Practices				
Disclosure 204-1 Proportion of spending on local suppliers	Haroon	✓		
GRI-205 Anti-Corruption (Material Topic)				
Disclosure 205-1 Operations assessed for risks related to corruption	Hassan Aftab	✓		
Disclosure 205-2 Communication and training about anti-corruption policies and procedures	Hassan Aftab	✓		
Disclosure 205-3 Confirmed incidents of corruption and actions taken	Hassan Aftab	✓		

GRI Universal Standards Contents Index

GRI-206 Anti-Competitive behavior				
Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Hassan Aftab	✓		
GRI-207 Tax				
Disclosure 207-1 Approach to tax	Afnan	✓		
Disclosure 207-2 Tax governance, control, and risk management	Afnan	✓		
Disclosure 207-3 Stakeholder engagement and management of concerns related to tax	Afnan	✓		
Disclosure 207-4 Country-by-country reporting	Afnan	✓		
GRI 300 : Environment				
GRI 301 Materials (Material Topic)				
Disclosure 301-1 Materials used by weight or volume	Haroon	✓		
Disclosure 301-2 Recycled input materials used	Haroon	✓		
Disclosure 301-3 Reclaimed products and their packaging materials	Haroon	✓		Not Applicable
GRI 302 : Energy (Material Topic)				
Disclosure 302-1 Energy consumption within the organization	MD's	✓		
Disclosure 302-2 Energy consumption outside of the organization	MD's	✓		Not Applicable
Disclosure 302-3 Energy intensity	MD's	✓		
Disclosure 302-4 Reduction of energy consumption	MD's	✓		
Disclosure 302-5 Reductions in energy requirements of products and services	MD's	✓		
GRI 303 : Water and Effluents (Material Topic)				
Disclosure 303-1 Interactions with water as a shared resource	MD's	✓		
Disclosure 303-2 Management of water discharge-related impacts	MD's	✓		
Disclosure 303-3 Water withdrawal	MD's	✓		
Disclosure 303-4 Water discharge	MD's	✓		
Disclosure 303-5 Water consumption	MD's	✓		
GRI 304 : Biodiversity				
Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Hassan Aftab	✓		
Disclosure 304-2 Significant impacts of activities, products, and services on biodiversity	Hassan Aftab	✓		
Disclosure 304-3 Habitats protected or restored	Hassan Aftab	✓		
Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Hassan Aftab	✓		
GRI 305 : Emissions (Material Topic)				
Disclosure 305-1 Direct (Scope 1) GHG emissions	MD's	✓		
Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	MD's	✓		
Disclosure 305-3 Other indirect (Scope 3) GHG emissions	MD's	✓		
Disclosure 305-4 GHG emissions intensity	MD's	✓		
Disclosure 305-5 Reduction of GHG emissions	MD's	✓		
Disclosure 305-6 Emissions of ozone-depleting substances (ODS)	MD's	✓		
Disclosure 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	MD's	✓		

GRI Universal Standards Contents Index

GRI 306 : Waste (Material Topic)				
Disclosure 306-1 Waste generation and significant waste-related impacts	MD's	✓		
Disclosure 306-2 Management of significant waste-related impacts	MD's	✓		
Disclosure 306-3 Waste generated	MD's	✓		
Disclosure 306-4 Waste diverted from disposal	MD's	✓		
Disclosure 306-5 Waste directed to disposal	MD's	✓		
GRI 308 : Supplier Environmental Assessment				
Disclosure 308-1 New suppliers that were screened using environmental criteria	Haroon	✓		Information Not Available
Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken	Haroon	✓		Information Not Available
GRI 400 : Social				
GRI 401: Employment (Material Topic)				
Disclosure 401-1 New employee hires and employee turnover	Hassan Aftab	✓		
Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Hassan Aftab	✓		
Disclosure 401-3 Parental leave	Hassan Aftab	✓		
GRI 402 : Labor-Management Relations (Material Topic)				
Disclosure 402-1 Minimum notice periods regarding operational changes	Hassan Aftab	✓		
GRI 403 : Occupational Health & Safety (Material Topic)				
Disclosure 403-1 Occupational health and safety management system	AJA	✓		
Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	AJA	✓		
Disclosure 403-3 Occupational health services	AJA	✓		
Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	Hassan Aftab	✓		
Disclosure 403-5 Worker training on occupational health and safety	Hassan Aftab	✓		
Disclosure 403-6 Promotion of worker health	Hassan Aftab	✓		
Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	AJA	✓		
Disclosure 403-8 Workers covered by an occupational health and safety management system	Hassan Aftab	✓		
Disclosure 403-9 Work-related injuries	Hassan Aftab	✓		
Disclosure 403-10 Work-related ill health	Hassan Aftab	✓		
GRI 404 : Training and Education (Material Topic)				
Disclosure 404-1 Average hours of training per year per employee	Hassan Aftab	✓		
Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	Hassan Aftab	✓		
Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	Hassan Aftab	✓		

GRI Universal Standards Contents Index

GRI 405 : Diversity and equal opportunity (Material Topic)				
Disclosure 405-1 Diversity of governance bodies and employees	Hassan Aftab	✓		
Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Hassan Aftab	✓		
GRI 406 : Non-discrimination				
Disclosure 406-1 Incidents of discrimination and corrective actions taken	Hassan Aftab	✓		
GRI 407 : Freedom of Association and Collective Bargaining (Material Topic)				
Disclosure 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Hassan Aftab	✓		
GRI 408 : Child Labor (Material Topic)				
Disclosure 408-1 Operations and suppliers at significant risk for incidents of child labor	Hassan Aftab	✓		
GRI 409 : Forced and Compulsory Labor				
Disclosure 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Hassan Aftab	✓		
GRI 410 : Security Practices (Material Topic)				
Disclosure 410-1 Security personnel trained in human rights policies or procedures	Hassan Aftab	✓		
GRI 411 : Rights of indigenous People				
Disclosure 411-1 Incidents of violations involving rights of indigenous peoples	Hassan Aftab	✓		
GRI 413 : Local Communities (Material Topic)				
Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	Hassan Aftab	✓		CSR
Disclosure 413-2 Operations with significant actual and potential negative impacts on local communities	Hassan Aftab	✓		CSR
GRI 414 : Supplier Social Assessment				
Disclosure 414-1 New suppliers that were screened using social criteria	AJA	✓		
Disclosure 414-2 Negative social impacts in the supply chain and actions taken	AJA	✓		
GRI 415 : Public Policy				
Disclosure 415-1 Political contributions	Hassan Aftab	✓		
GRI 416 : Customer Health and Safety				
Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	MD's	✓		
Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	MD's	✓		
GRI 417 : Marketing and Labeling				
Disclosure 417-1 Requirements for product and service information and labeling	MD's	✓		
Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	MD's	✓		
Disclosure 417-3 Incidents of non-compliance concerning marketing communications	MD's	✓		

GRI Universal Standards Contents Index

GRI 418 : Customer Privacy				
Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	MD's	_/		

Sustainability Assurance Letter

GRI 2-5

Independent Assurance Statement for US Apparel and Textiles'

Sustainability Report 2021

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 2021*" 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, sampled from the previous 3 years records, that the report is accurate and reflective of the current position at US Apparel & Textiles. Based on this, 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, clearly identified in 2019 that he wanted a step change. This has since been refined into transforming US Group from a profitable business into a sustainable institution. Key to this is US Group not wanting their products to be called "Green" as it is static. Rather their aspiration is that their products are always "Greener". Whilst not all targets have been met and management of some aspects are more mature than others. It is very clear from this assessment that over the past couple of years that significant headway has been made. The following comments are made on areas sampled to provide a picture as seen during the assurance assessment as well as to provide the basis for action.

Greenhouse gas emission - The data shows that whilst the reduction from 2019 baseline is only 11%, (an improvement but lower that targeted), that there has been a per kg of production reduction in both energy use and greenhouse gas. This has come about as a result of:

- A significant change in the mix of energy sources (Reduction in poor fuel sources such as wood, heavy furnace oil and diesel whilst increasing solar). The efficacy of this being apparent in the 21.7% GHG per kg production reduction.
- Energy efficiency programs. The efficacy of this evident in the Energy consumed per kg production reduction of 13.2%

US Apparel have a target to reduce GHG emissions by 40% by the end of the year 2022. Consideration should be given to continuing with the strategy above as well as reducing the amount of Ozone Depleting Substances - Consumption & Emissions

Social Development - US Apparel & Textiles, delivers a range of social development projects through the Naimat Saleem Trust, a registered organisation that was set up and is funded by US Apparel. Key projects and programs run fall into the following areas, healthcare, education, food provision, shelter and housing, disaster relief and family financial assistance.

SUSTAINABILITY
FUTURE GROWTH

Sustainability Pty Ltd
T +61 8 9246 6666
F +61 8 9246 6660

info@sustainability.net.au
sustainability.net.au
ABN 55 093 725 118

Sustainability Assurance Letter

GRI 2-5

Independent Assurance Statement for US Apparel and Textiles'

Sustainability Report 2021

Gender Diversity - Whilst working on a low base, female participation has increased from 2% in 2019 to 11% with a target of 20% by the end of 2022

Water - There was significant improvements in water extraction 2019 to 2020, however in 2021 there has been a levelling off. The quantity of water reuse has increased significantly and consistently of a low base of 10% of water reused. There appears to be no water recycling. These present opportunities to improve. It is noted that the water per kg of production has improved significantly over the past year (approximately 20%)

Waste management - Over the baseline, there has been an 8% increase in waste, with a significant increase in hazardous waste from 275,000kg to 516,600 kg. It is noted that with hazardous waste that there has been a significant increase in reuse and a reduction in incineration. And with non-hazardous waste a significant increase in both reuse and recycling. 73 % of finished product end up in landfills or get incinerated with less than just 1% of the fibres recycled. This provides a compelling case to "go circular" and should be considered by US Apparel.

Worker safety Performance – The Total Recordable Injury Rate (TRIR) has increased by 39.44% from the baseline. It is noted that one of the key strategies appears to be a focus on increasing the competence of workers. One can see that over the past year training hours per employee has increased from a baseline of 0.75 to 21.89. In addition to this from 2020 to 2021 there has been a reduction in TRIR of 26% and a reduction in LTIR of 33%. As such current strategies appear to be having some impact.

Chemical - The total chemicals used has increased by 9%. However, the consumption per kg production has dropped slightly (4%). There is an opportunity to focus on improvement in this area. US Apparel aim to reduce the use of chemicals by 20% in 2022.

Child Labour, Forced or Compulsory labour – This would be seen as high risk from a product and location perspective. The systems in place were found to be verified by the conduct of various international audits initiated by key stakeholder representatives.

Sustainable materials - The use of sustainably grown materials has reduced since 2019 from 84% to 75%, This should be a focus in the path to a greener product. It is however noted that the percentage of recycled materials has increased from 1.4 to 5.4%

Sustainable equipment -There has been a strategy to increase the percentage of sustainable vs unsustainable equipment with a focus on upgrading and modifying, replacing, and adding, this has resulted in a 30 percent increase.

Code of Conduct - A code of conduct is available. This is used to drive appropriate behaviours in the areas of bribery, corruption, anti-competitive behaviour and human rights.

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 fed into US Apparel's improvement system and considered in future reports.

David Hunt

CEO

Sustainability Pty Ltd

SUSTAINABILITY
FUTURE GROWTH

Sustainability Pty Ltd
T +61 8 9246 6666
F +61 8 9246 6660

info@sustainability.net.au
sustainability.net.au
ABN 55 093 725 118