



FUTURE PROOFING GENERATIONS TO COME

USGROUP

**SUSTAINABILITY
REPORT 2022**

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



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The background is a teal color with a repeating pattern of white line-art icons. These icons include various business and financial symbols such as pie charts, bar graphs, lightbulbs, dollar signs, folders, and arrows.

01

About the Company

Preamble

GRI 1, 2-1, 2-2, 2-3, 2-6, 2-4, 2-5

This report gives an in-depth look at the performance of US Group's Apparel and Fabrics (only sBU Denim Mills) Verticals under its "Sustainability Challenge 2022". The base year for this challenge remains 2019 and the reporting is done according to the GRI Global Standards with correlation to the United Nations Sustainable Development Goals (UNSDGs) and UN Global Compact Pledge.

The main focus of the report shall remain the actual performance, initiatives, and improvements of 2022, however it will also give an introduction to the Sustainability Challenge 2025. The scope of this report remains as follows:

- Manufacturing Units 2 & 5 referred to as sBU USA (part of the Apparel Vertical of US Group)
- Manufacturing Units 3, 4 & 1R referred to as sBU UK/EU (part of the Apparel Vertical of US Group)
- Manufacturing Unit Denim Mills referred to as sBU Denim Mills (part of the Fabrics Vertical of US Group)

This report has been viewed by the Sustainability Steering Committee and Sustainability Councils of each Business Unit, the Internal Audit Committee, and a third-party Assurer – Sustainability Pty Ltd, Australia. Aligned with our plans of going paperless, this is a digital report available online.



Chief Executive's Message



We have closed our Sustainability Challenge 2022, and our performance in 9 different categories aligned with UNSDGs is a proof of our commitment and our belief that nothing is impossible. The 3-year journey to "Making Fashion Sustainable" initially seemed daunting but our approach of "Changing Mindsets" to "Future Proofing the Generation to Come" and mainstreaming sustainability as a lifestyle paved the way.

As we continue to build on the progress achieved in our Sustainability Challenge 2022 and transform the areas for improvement in Challenge 2025, we have restructured our targets under three pillars; Social, Economic, and Environment. Our next Sustainability Challenge 2025 is going to be more rigorous. This is because we have spread the parameter of tracing the impact of our operations to all Verticals of US Group.

Despite being deemed impossible a few years ago, the project is now closing its first course of 3 years, with a number of remarkable accomplishments and lessons learned. For me, the most difficult yet rewarding part remains that of

"Changing Mindsets". We are spending our limited natural resources at a dangerously alarming rate, and only a change of mindset can convert this adversity into opportunity. It is gratifying to see people around me at US Group unlearning life old habits, relearning, and leaning towards a sustainable lifestyle.

To conclude my thoughts, I would like to thank our 23,000-plus employees, our Leadership Teams, our respected Founders, and Board of Directors for their unflinching support and valuable contributions throughout this journey. From here, it is only upwards and onwards.

A handwritten signature in black ink, appearing to read "Asif Malik".

Regards,
Asif Malik
CE, US Group

Abdul Jabbar Athar
Director Corporate Projects
& Sustainability

Phone: +92-42- 35340034-40
Email: usgsustainability@usgroup.com



We are pleased to release our 3rd Sustainability Report and conclude our three-year Sustainability Challenge 2022. This journey has taught us a lot and we are proud to not only celebrate our successes but also learn from our failures. We believe in transparency and knowledge sharing for a collective benefit; hence, we were amongst the few from the industry to publish a GRI Standard Report highlighting our initiatives and learnings. Our greatest strength is our wonderful

team that has led us to this stage and we hope to set further benchmarks with our Sustainability Challenge 2025.

Regards,
Abdul Jabbar Athar
Director Corporate Projects
& Sustainability



SDGs
SUSTAINABLE
DEVELOPMENT
GOALS

About the Company

GRI 2-1



1975
Established



1985
Integrated Success



2008
Denim Focused



2017
Handed over to
Professional
Management



2020
Launched Sustainability
Challenge 2022



2021
Business
Diversification



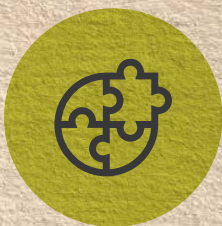
2022
Organizational
Restructuring &
Verticality

MISSION



Doing Well by Giving Back

CORE VALUES



Integrity



Care



Excellence



Collaboration



Innovation

About the Company

GRI 2-1

Our Verticals

Apparel | Fabrics | New Ventures | Logistics



EST.

1975

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



\$450M

Sales



More than

23,000

Employees

Our Business Strategy

GRI 2-22

The Executive Members of each sBU and Corporate Office, led by the Chief Executive and Board Members, convene regularly to formalize and review the Business Strategy on quarterly (3 years) basis which is adjusted (if need be) on the move. Focus areas & highlights include:

- Ensure safe and responsible practices in all US Group related operations.
- Set Sustainability KPIs with authenticated data of baseline, aggressive plan to mitigate environmental impacts with transparent and verifiable records.
- Inculcate a culture of a high-performing organization including systems and processes aligned with pay for performance addressing issues of succession aimed at the retention of quality human resources.
- Effective production planning and capacity expansions through de-bottlenecking and add-ons.
- Develop and operate with Lean Manufacturing Systems resulting in zero waste.
- Continuous reinforcement of a culture accustomed to workplace ethics & dignified livelihood.
- Continuous addition on uplifting community initiatives & capacity building of all stakeholders.
- Market & Customer analysis with top-line growth and bottom-line improvement plans.
- Develop effective, efficient, and responsible value chains with a strong focus on Eco-Sourcing.
- Continuous innovations through R&D and Kaizen systems.
- Improve ERP Utilization and Digitalization.
- Improve Gender Diversity and Inclusivity.
- Business Diversification & SWOT mitigation plans including continuity and growth.



Our Competitive Edge

GRI 2-1



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



Data based decision making and automated processes



Top notch services enduring high customer retention

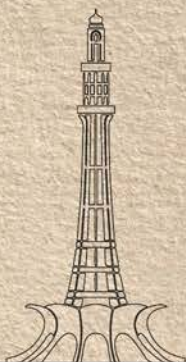


Industry leaders in transparent & merit-based reward and recognition processes

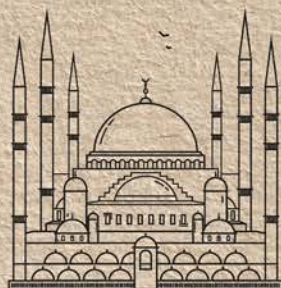


Our lean manufacturing systems are based on the principals of circular economy and TPM. Productivity targets are the center of our sustainability challenge 2025.

Global Presence



Lahore



Istanbul



London



New York

The background of the entire page is a teal color with a repeating pattern of white line-art icons. These icons include stylized trees, clouds, water droplets, leaves, and circular arrows indicating a cycle or process. A large, vertical, light brown rectangular area is positioned on the right side of the page, serving as a backdrop for the page number and title.

02

Sustainability Management

GRI 2-23

We have also committed to the [1.5°C pledge](#) coupled with the [Net-Zero GHGs by 2050](#), efforts for which are already in motion.

USA/ENV/SUS/001
Rev 1.0 Issue Date: 15 June 2017
Rev 2.0 Issue Date: 11 March 2022

USGROUP

US Apparel & Textiles

Sustainability Policy

At US Apparel & Textiles we are committed to being a responsible business entity and embedding Sustainability into our business strategies and practices. We actively engage with our stakeholders and continue strengthening our sustainability agenda for the future while staying true to our commitments by carefully planning, implementing, and monitoring Sustainability across the company. We firmly believe that sustainability comprises not only the environment but also embraces social and economic aspects and a strong governance structure that guides us at every step while we perform our business activities every day. For us Sustainability is not a choice but an obligation and we are in constant pursuit to better our sustainability practices to ensure that we are meeting the needs of today without compromising the future.

It shall be the responsibility of the CEO on behalf of the Board to ensure implementation of these policy guidelines which state that US Apparel & Textiles will:

- Build capacity of its staff to fully understand and quantify the impacts of its business operations and adopt sound environmental work practices
- Ensure Premises of US Apparel & Textiles provide safe and healthy work environment for its employees, visitors and contractor staff and supports Gender Diversity at all levels of the organization
- Maintain an open and honest dialogue with all the stakeholders to monitor the impacts of its operations and products, stay abreast with emerging sustainability trends and incorporate them in its sustainability agenda
- Embed circularity during the product life cycle by reducing waste by design, promoting reuse and recycling of waste, and safe disposal (if required)
- Ensure legislative compliance with all applicable environmental and social laws
- Ensure that suppliers are aware of company's sustainability policy, and encourage them to adopt sound ESG management practices
- Minimize resource utilization especially natural resource including water
- Contribute to the positivity of biodiversity through management of its landholdings and prevention of air, water and land pollution
- Ensure an Environment, Social & Governance (ESG) system is in place.
- Continually improve its sustainability management system through periodic audits and self-assessments to ensure compliance with this policy
- Will ensure, as per its Corporate Objectives, accurate data mining and only publish correct information in the public domain (when required) and be transparent and auditable at all times.

This policy shall be communicated to all our stakeholders and it shall be reviewed periodically to ensure it remains relevant, appropriate and according to current international standards.



Asif Malik
Chief Executive Officer

Sustainability Steering Committee

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



Asif Malik
Chief Executive, US Group



Salman Hafeez
CEO, Apparel Vertical
of US Group



Irfan Nazir
CEO, Fabrics Vertical
of US Group



Hafiz Mustanser Ahmed
CEO, New Ventures Vertical
of US Group



Hassan Aftab
Director Human
Resources



Abdul Jabbar Athar
Director Corporate Projects
& Sustainability



Ch. Abdul Rehman
Director IR, Administration
& Legal Affairs



Afnan Mansoor
Chief Financial Officer



Yasir Hashmi
Director IT



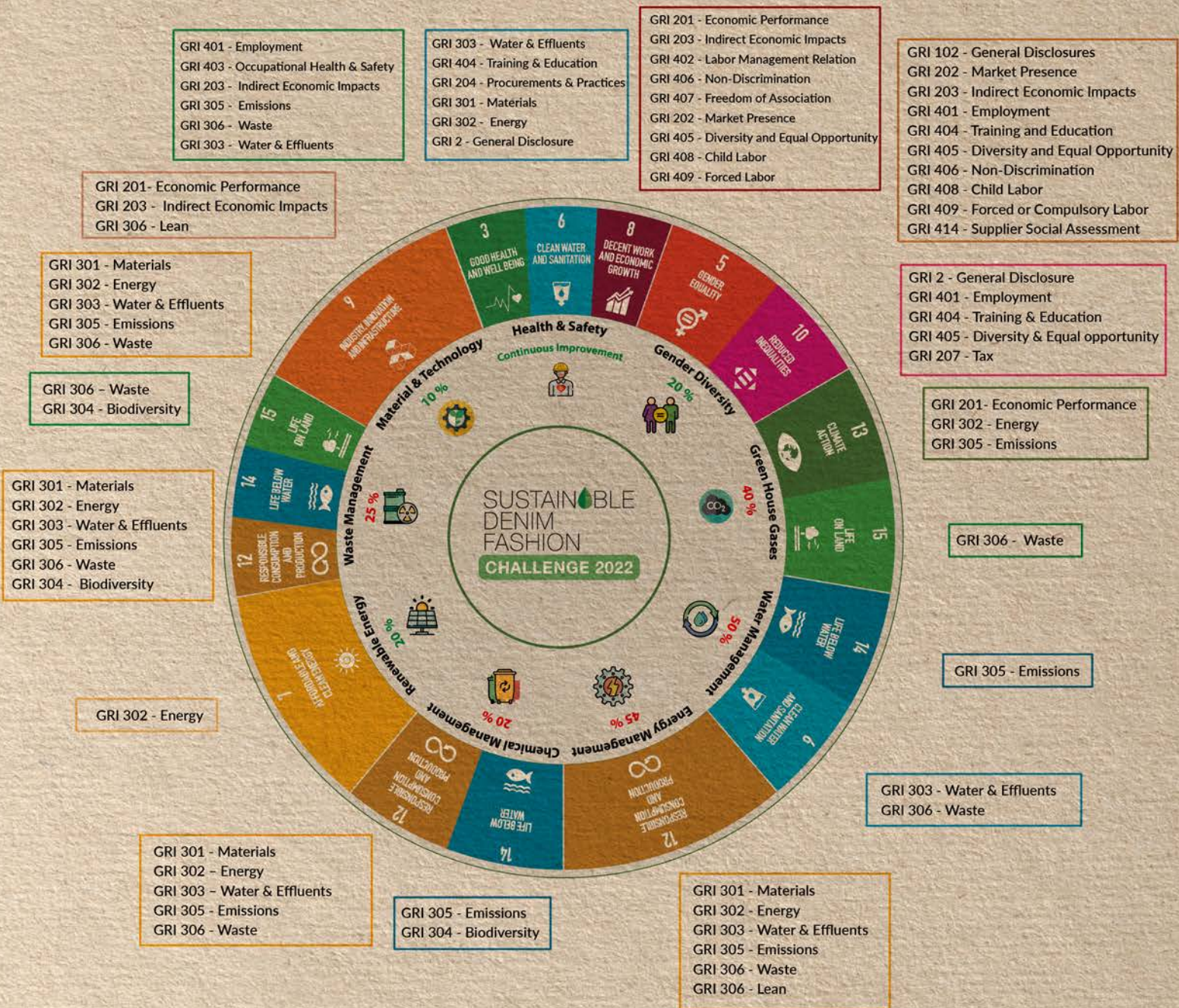
Mustafa Ahmad
GM Sustainability
Corporate



Mehwish Tariq
DGM Corporate
Communications

Alignment with the UNSDGs

Sustainability Challenge 2022 Mapping with UNSDGs & GRI Universal Standards



Performance Visualization

In order to make our performance review visually appealing and easy to understand, 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 behind the target, and even behind the baseline.



Below baseline 2019

**Better than baseline 2019
but behind target**

On or above target

For all Areas with Continuous Improvement (CI) Targets showing performance of 2022 better than Baseline 2019 have been shown as Green.

US Group's Sustainability Vision

GRI 2-22, 3-3

We started with our Sustainability Challenge 2022 by making fashion sustainable as a metric. Of course, this required a paradigm shift and mindset change across our entire value chain. All of this could not have been possible without our closed-loop approach towards implementing our sustainability agenda;

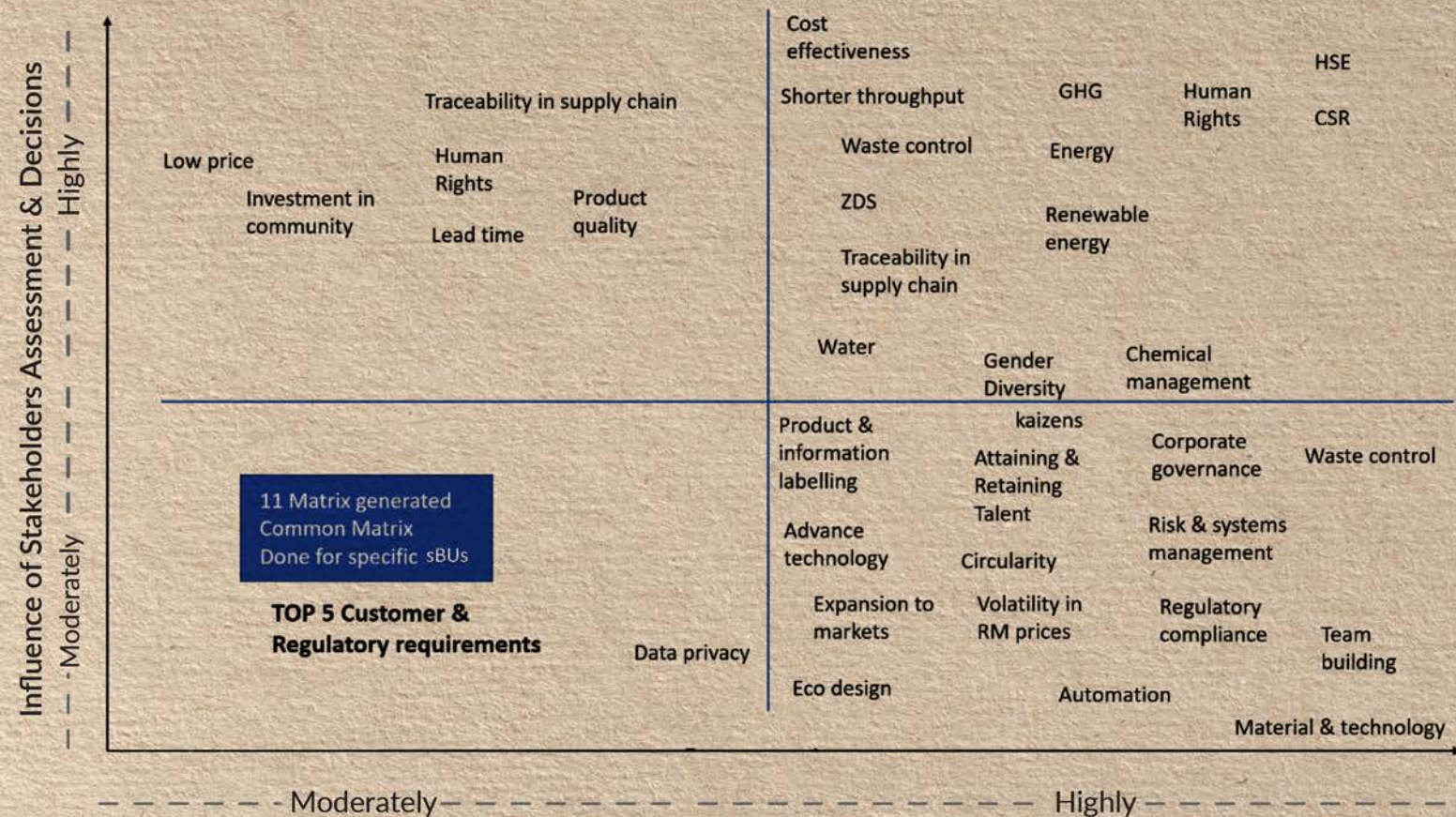
1. Realization of Material Areas
2. SMART Targets
3. Quantifiable Actions
4. Transparency, Accuracy, and Responsibility
5. Review

6. Continually Improve

As we now move on to future-proofing generations to come, we aspire to take our agenda beyond the boundaries of our operations into the value chains and to all our stakeholders. We believe partnerships and collective actions can bring about a bigger and more sustainable change than individual efforts.

Materiality Matrix

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



Significance of Impacts on Business, Environment, and Society

Our materiality matrix was deduced after an extensive activity of identifying our key business aspects and their impacts through a diverse team from each unit. The activity was planned as a series of training and discussion sessions (more than 500 man-hours) that included the councils and compliance reports from the 2019 Challenge.

Impact	Significant	5		• Reputation Risk	• Unity in Shareholders • Succession Planning • Wealth Creation & Preservation	• Govt. Policies • Management Penetration	• Global Disruptions
	High	4		• Information Systems Failure	• Lack of Expertise Outside Textile • Rising Competition	• Liquidity Risk • Portfolio Concentration	• Local Production of Cotton
	Moderate	3			• Country Concentration • Customer Concentration	• Lack of Access to Consumer	• Currency Fluctuations
	Low	2				• Location of Production Facilities	
	Limited	1					
			1	2	3	4	5
			Slight	Not Likely	Likely	Highly Likely	Expected
			Likelihood				

Materiality Matrix

S.DA1:D18	Material Topic	Impacts Making it Material	Boundary
201	Economic Performance	Business Continuity & Growth, Secure Value Chain, Increased Sustainability & CSR Projects	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
202	Market Presence	Business Continuity, Improved Customer Rating, Job Creation and Market Competitiveness	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
205	Anti-corruption	Lessening of Foreseeable Discrimination/Favoritism and Corruption in Financial and Non-financial Matters	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills), Suppliers, Community
301	Materials	Optimum Consumption of Environment Friendly Materials. Disposal through Re-use & Re-cycle Options	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
302	Energy	Impact on Climate Change due to the Consumption of Fossil Fuels and Opportunities from Renewable Sources	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
303	Water & Effluents	Affects the Availability of Freshwater which may lead to Water Scarcity, Disposal of Waste Water has a potential to Contaminate Water Receiving Bodies	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
305	Emissions	May lead to Increased Global Warming resulting in Severe Weather Patterns & Disturb Global Raw Material Supply Chain	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
306	Waste	Generation of Hazardous & Non-hazardous Waste Affects Environment & Health of Receiving Bodies	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
401	Employment	Poverty Alleviation, Economic Prosperity, Improved Living Standards	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
402	Labor Management Relations	Compliance with relevant applicable Laws, Customer's TOE's & COC's and International Conventions	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
403	Occupational Health and Safety	Employee Injuries and Illnesses impact Productivity, Business, Compliance & Social Well-being of Families Related	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
404	Training and Education	Enhances the Productive potential of Workforce, & Improves Quality. Increases Employability and Promotability	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
405	Diversity and Equal Opportunity	Creates a Positive Status Alleviation in the Community. Develop a Workplace to Prevent Harassment, Discrimination or other Legal Issues	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)

Materiality Matrix

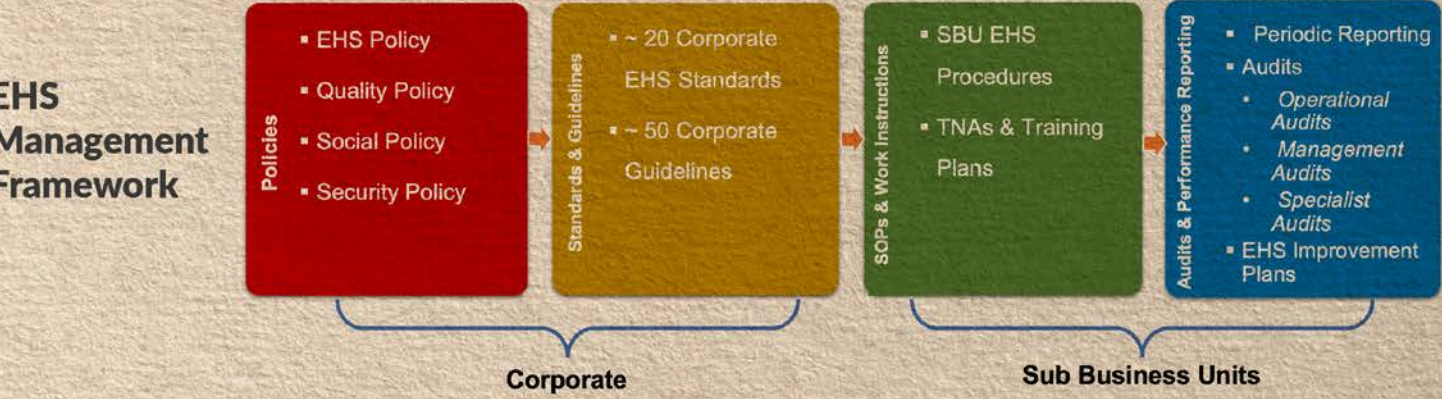
407	Freedom of Association and Collective Bargaining	Every Worker has the Right to Choose or Associate/Affiliate with any Association or Committee to Voice their opinion.	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
408	Child Labor	Reduces Risk of Child Labor, Compliance and Social Issues within Value Chain & ensures Uplifting Community and barring any Exploitation.	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
410	Security Practices	Compliance with Human Rights, International Charters, Customers' Requirements & Relevant Applicable Laws	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)
413	Local Communities	Effects on Local Communities due to Operations, CSR Related Activities for Improved Livelihood and Economic Prosperity	US Group (Apparel Vertical, Fabrics Vertical - only sBU Denim Mills)

Occupational Health & Safety

GRI 401-1, 401-3, 404-1, 405-1, 410, 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-8, 404-2, 406-1

A robust compliance mechanism as per ISO-45001:2018 and ISO-14001:2015 standards compliant OHS&E Management System is in place across all of our sBU(s) to ensure conformance to International Labor Organization (ILO) Conventions & Recommendations and compliance to local national legislation related to EHS. US Group recognizes the importance of disclosing and mitigating all risks including Climate Change. The Board of Directors takes overall accountability for the management of all risks and opportunities, with annual reviews by each unit and at least one employee KPI for sustainability and climate change targets. 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 and regular awareness sessions for employees across all cadres foster the importance of regular health checkups and the benefits of early detection in case of life-threatening diseases like cancer, etc. On the social front, Sab-Keh-Do (Speak-up Policy), Zero Tolerance towards Harassment, and reporting/counseling sessions through internal & external mentors were done in 2022. No incident of discrimination or harassment was reported by any employees during this period.



Occupational Health & Safety



	Average hours of training that the organization's employees have undertaken during the reporting period	
	Management	Non-Management
US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)	218	62
sBU Denim Mills (Fabrics Vertical)	1755	340
sBU UK/EU (Apparel Vertical)	1	38
sBU USA (Apparel Vertical)	1	54

	Total Number of new employees				
	Age Group			Gender	
	Under 30 years	30-50 years	Over 50 years	Male	Female
US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)	7059	882	3935	713	288
sBU Denim Mills (Fabrics Vertical)	255	54	133	18	4
sBU UK/EU (Apparel Vertical)	4375	550	1447	459	52
sBU USA (Apparel Vertical)	2429	278	2355	236	232

	Total number of employees turnover				
	Age Group			Gender	
	Under 30 years	30-50 years	Over 50 years	Male	Female
US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)	7	7969	1357	2653	1000
sBU Denim Mills (Fabrics Vertical)	0	434	35	244	12
sBU UK/EU (Apparel Vertical)	4	3932	419	1246	380
sBU USA (Apparel Vertical)	3	3603	903	1163	608

As per law of the land and internal policy, all married female employees are eligible for maternity leaves. During the year, only 21 female employees availed maternal leave.

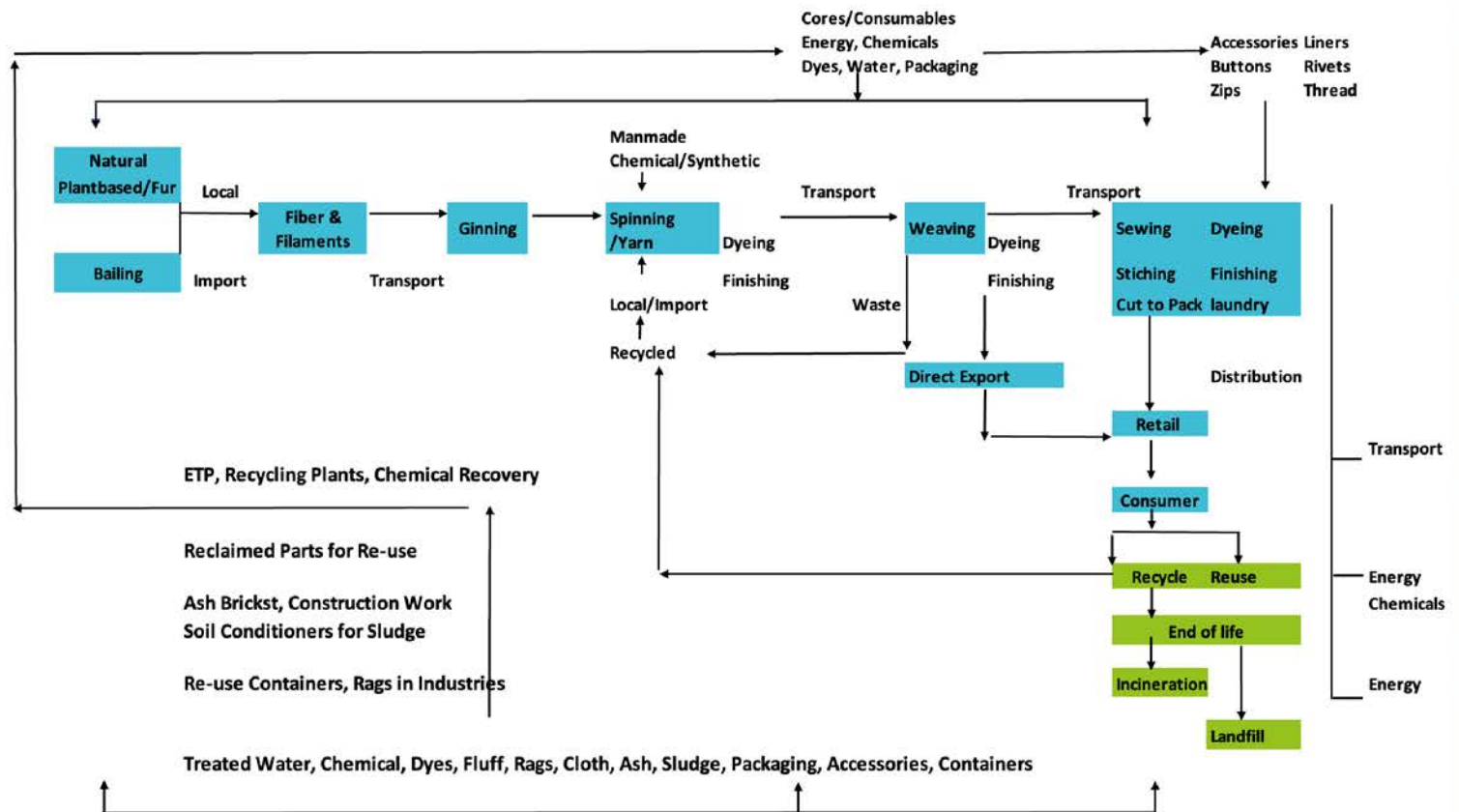
	Total number of employees that were entitled for maternity leave	Total number of employees who availed maternity leave	Total number of employees that returned after maternity leave
US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)	289	21	16
sBU Denim Mills (Fabrics Vertical)	NA	NA	NA
sBU UK/EU (Apparel Vertical)	272	4	4
sBU USA (Apparel Vertical)	17	17	12

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.

Circularity in Value Chains

GRI 2-6, 306-1, 306-2

US Group identifies its value chain as everything from the inception of its product to its final environmental disposal i.e., cradle to cradle. We believe circularity is key to having a sustainable operation that can yield benefits to all its stakeholders.



Suppliers' Evaluation & Inclusion

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

In 2022, we introduced a thorough Supplier Evaluation System with ESG criteria as the key component to evaluating the capacity, capability, quality, social structure and performance of our Suppliers. The prime objective was to foster sustainable supply-chain-alliances by including our Suppliers into the realm of the speak-up platform of US Group “Sab Keh Dou” to ensure transparency, accountability, and long-lasting

relationships.

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 also. During the reported year, there was no negative impact observed or recorded.

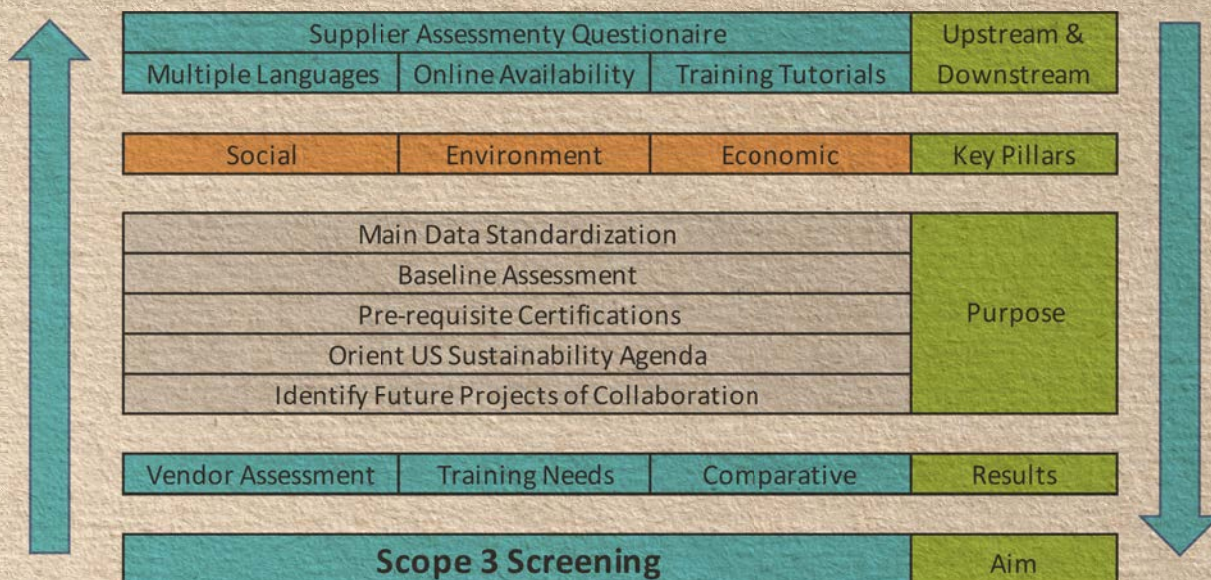
Supplier	Initial/Re-Evaluation In 2019	Initial/Re-Evaluation In 2020	Initial/Re-Evaluation In 2021	Initial/Re-Evaluation In 2022
Accessories	33	42	114	192
Fabric	34	31	50	60
Chemical	48	51	82	40
Total	115	124	259	292

Supplier Assessment Questionnaire

In the last quarter of 2022, US Group introduced a Supplier Assessment Questionnaire. This questionnaire aimed to assess Suppliers in terms of their capability to comply and adopt US Group's Sustainability Challenge 2025 as part of scope 3 GHG emitters. US Group values its suppliers as

partners and this gave an opportunity to work together in areas where we can equip our value chains to be able to not only calculate but also reduce and offset their GHG emissions.

[File Link](#)



Suppliers' Evaluation & Inclusion

Supplier Conference (First Session - March 2022)

The first supplier engagement session was carried out in March 2022. The main purpose of this conference was to bring on board US Group's Suppliers on the sustainability bandwagon in order to ensure a sustainable value chain for the Group. A detailed communication and understanding was developed on US Group's sustainability program and expectations from our suppliers was

communicated to the participants. As well as the methodology for on boarding of suppliers criteria based on sustainable performance.

In this first session of Suppliers' Conference, a total of 65 vendors participated. Our suppliers were made the part of the Sab Keh Doh forum based on our all-inclusive approach and to streamline our transparency.



Supplier Conference (Follow-up Session - Dec 2022)

A second follow up session was arranged with the Suppliers' in December 2022 to discuss the crucial requirement of submission of the SAQ's shared earlier after the first session. Detailed understanding on the set of instructions as to how

to complete the SAQ was communicated to the participants during the conference. The prime objective of this session was to emphasize on sustainable business practices to ensure smooth business continuity.



Scope 3

GRI 305-3

In 2022, US Group decided to take its sustainability agenda beyond the borders of its control onto the business partners that help in forming our Value Chain. US Group hopes to complete and submit its scope 3 screening for its science-based targets in 2023. For this purpose, it was decided to have a series of awareness sessions with its tier-one suppliers who also are

part of the SAQ completion activity. Two specific conferences were held in March and December 2022 aimed at formalizing our tier-one suppliers and giving them in-depth knowledge of the US Group's sustainability agenda and the science-based targets requirements. We hope to continue working with them in years to come, for formalizing their targets.



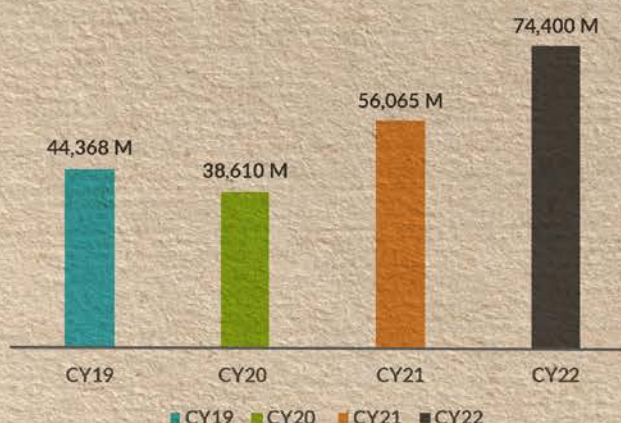
Customer Privacy

US Group always complies with all laws and regulations of intellectual and physical properties of its customers and information pertinent to their privacy.

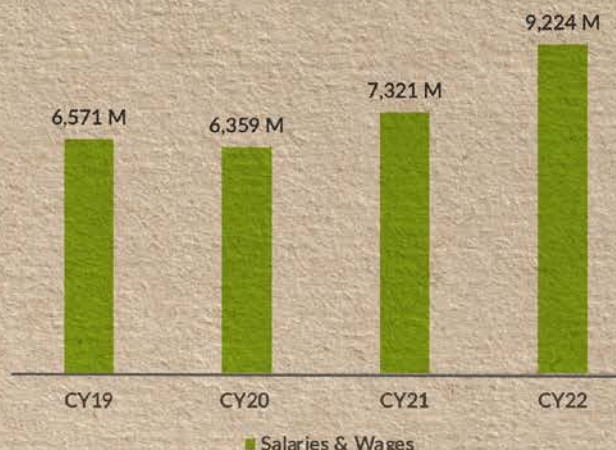


Economic Performance

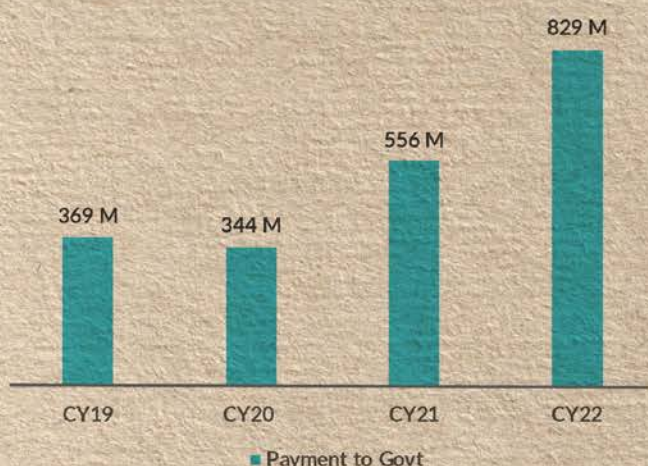
Revenue



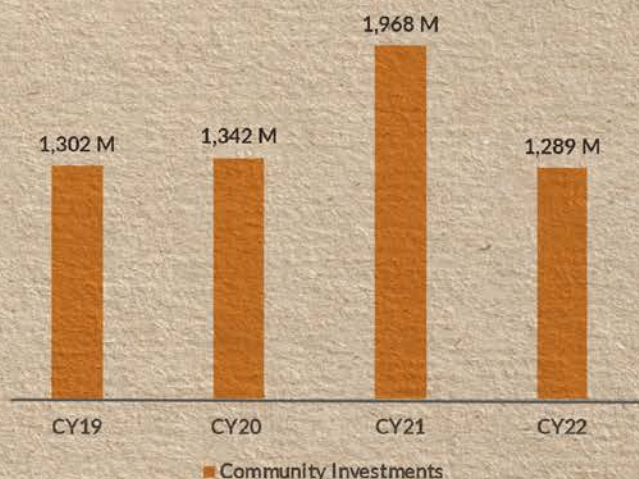
Salaries & Wages



Payment to Govt.



Community Investments



Marketing & Labelling

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

US Group believes in declaring and publicizing all relevant information transparently and accurately. During the reporting period of all the marketing / promotions, there has been no incident of mis-declaration or wrong declaration reported.



Performance Management System

GRI 201-3, 2-8, 2-19, 2-20, 202-1, 401-2, 404-3, 405-2

We have implemented an annual Performance Management System for all management employees, and also a performance review cycle at mid-year along with offering market competitive remunerations. The employees of the US Group business fall under the following three categories:

1. Management
2. Non-Management
3. Piece-Rated

Employees falling in categories 2 and 3 are governed by [Labor Laws](#) enacted by the Government of Pakistan which the US Group fully complies with. US Group ensures equal pay for all its employees ensuring minimum wage requirements are met irrespective of gender, caste, creed, or religion. Our salaries are audited by internal and external auditors.

US Group offers 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.

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.

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, DLT, and subsidized electricity & gas rates.



Freedom of Association and Collective Bargaining

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

US Group ensures through policies & procedures that every worker has the right to choose or associate/affiliate with any association committee or union concerning the resolution of workplace issues/problems in line with applicable laws and free of any bias or discrimination.

A proper Worker Management Council (including female representatives) is established in the company and members of the council are elected by workers who are free to raise issues with Executive Management about employees' welfare concerns.



Anti-Corruption

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

We have a robust Anti-Corruption program, implemented through our code of conduct signed by all employees after proper training and comprehensive investigation process and controls.

We conduct risk assessments focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments and design policies & procedures to counter any corruption risks identified.



Anti-Bribery & Anti-Corruption Laws

GRI 2-27

100% of US Group's employees demonstrate their commitment to our Value criteria. We also have a transparent whistleblowing policy in place to report breaches of the Code of Conduct, Conflict of Interest & other policies. Timely investigations are conducted by an established committee identified/nominated by the CE 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.



Anti-Competitive Behavior

GRI 206-1

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

Tax

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

Our tax matters are responsibly managed. We maintain transparent financial records, and 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.

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.

The internal audit department undertakes reviews of the tax department's compliance with the tax governance and control framework on a risk & need

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

In addition, we have appointed one of the renowned firms; [Ernst & Young Ford Rhodes](#) as our Tax advisor for engagement with tax authorities if required.

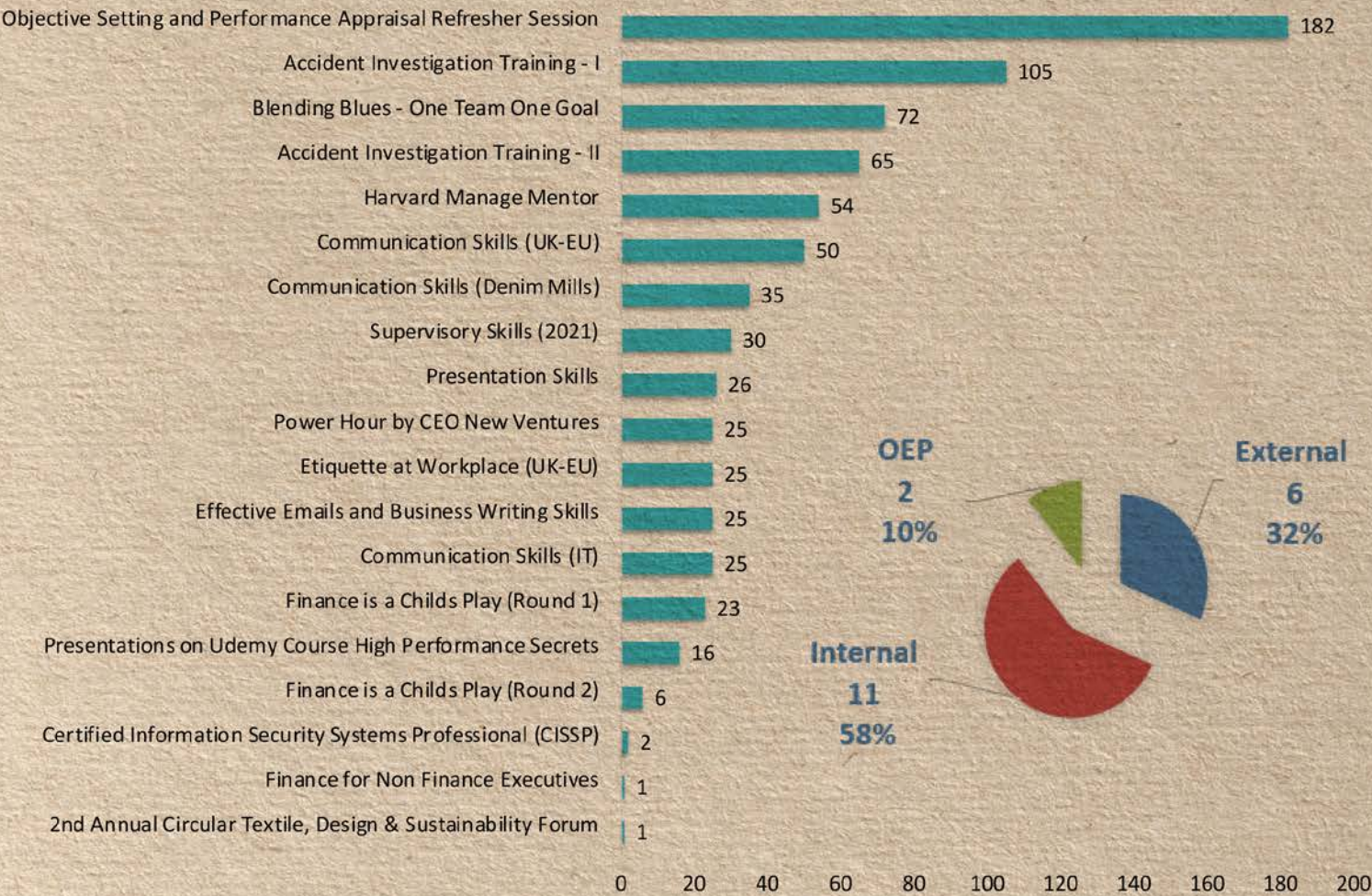
US Group primarily falls in Pakistan's Jurisdiction regarding taxation matters. However, we have a legal presence in Turkey as a 100% subsidiary of sBU Denim Mills of Fabrics Vertical. Accordingly, all taxation payments & filing formalities of Turkey are 100% complied with. The Turkish entity is primarily engaged in fabric trading.

Capacity Building at US Group

US Group takes pride in its workforce and building its capacity to ensure they have the right means and resources, especially in information to excel at the workplace. Other than the Sustainability Challenge 2022, which has each sBU targets on trainings and employability, the Corporate Office

also engages in soft skills and sustainability training throughout the year based on needs derived through feedback, audits, and regulatory changes.

2022 Learning at a Glance



Total Sessions
31



Training Hours
5936



Participants
768



Topics Covered
19

Capacity Building at US Group



US Group – Apparel & Fabrics Vertical (only sBU Denim Mills) participated in GIZ workshop on 23rd September 2022 regarding sustainability initiatives in textile sector.



Phase 2 of Incident Investigation Trainings were held by Ibrahim Arif followed by revision in procedure and trainings at further level.



USAid team met US Group's Sustainability Team as sector leaders to discuss possible collaborations and industrial needs on the subject.



US Group – Apparel & Fabrics Vertical (only sBU Denim Mills) in collaboration with Hima Vertes and LUMS collaborated in carbon insetting project by introducing solar energy panels in cotton farm lands.



A session was held on 28.10.2022 by Sustainability department on Climate Change, permits and compliance focusing on ETP best practices.



An awareness session on Climate Change and Science based targets was held in unit 2 of sBU USA of Apparel Vertical, Change Room for the council members on 30.09.2022.

Capacity Building at US Group



A session on Integrated Waste Management was held for the US Group – Apparel & Fabrics Vertical (only sBU Denim Mills). The session was conducted by Dr. Zillay Marium, Managing Director of IWS and the creator of first integrated waste processing facility in Sheikhpura, Lahore.



Sustainability Department participated in GHG accounting session hosted by CBL and organized by Net-Zero Pakistan.



Director Sustainability represented US Group's – Apparel & Fabrics Vertical (only sBU Denim Mills) solar & renewable energy initiatives on the IFC/LEVI's online seminar.



US Group – Apparel & Fabrics Vertical (only sBU Denim Mills) hosted a session by Dr. Asim on ETP and waste management focusing on effluents and water consumptions in manufacturing.

Tree Plantation

US Group believes that tree plantation is not just an activity but part of conditional circularity that one must give back to the eco-system in order to continue operating in it. Every year we not just

plant trees but also their after care. The year 2022 was no less as we planted more than 8000 trees through our various verticals expecting to offset 173,000 kgs of Co₂ per year.

Sr. No.	sBU	Trees planted 2022
1	sBU Denim Mills (Fabrics Vertical)	5,000 plants donated to PHA 1,010 plants planted in Denim and Jalyiana Colony. Total No. of Trees planted in 2022 = 6,010
2	Unit 2 of sBU USA (Apparel Vertical)	1,100 trees planted
3	Unit 3 & 4 of sBU UK/EU (Apparel Vertical)	900 trees planted

Expansions and Additions to Our Capacity

Constant expansions and additions show the company's commitment to continual improvement and US Group is proud to add the following to its capability as a resolve to provide more and better service and quality.

Sr. No.	sBU	Project
1	Unit 2 of sBU USA (Apparel Vertical)	Renovation of Finance Department Workspace, Extension of Utility Building and Installation of Water Re-cycling Plant with a Capacity of 65 m ³ /hr
2	Unit 3 & 4 of sBU UK/EU (Apparel Vertical)	Addition of New Warehouse, Expansion in PD Sewing and PD Washing, Setup for Workwear Office, and Newly Constructed Road connecting Kalam Kar Road to unit 3&4 for easy access, 1,150 running ft.
3	Sunshine (New Ventures Vertical)	Raiwind Road, Phase 1 (20k pieces per day)
4	LEEDS Logistics (Logistics Vertical)	Newly Constructed Service Center with a Capacity of 6 Trucks at a Time, Tyre Shop and Paint Shop at Khanewal

Certifications

GRI 2-28

Sr. No.	Area	Certification	Portals
1	Health & Safety & Worker Well-being	WRAP, Sedex, SA8000, ISO 45001:2018	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

US Group Certifications/Memberships



Ø ZDHC



GM Sustainability Message

Mustafa Ahmad

GM Sustainability
Corporate



As an organization, we aspire to have Sustainability as the mainstream factor for all business decisions and strategies. We believe it is not just the environment and social aspects that are at play but also the financial and business case that drives any sustainability agendas. This can

only materialize in to action if we are able to convince our stakeholders to implement a systematic transformation of their respective areas both as an organic conversion and one led by example from the top.



03

**Sustainability
Challenge -
Performance**

Sustainability Challenge 2022 Performance

GRI 403-9, 403-10, 302-1, 305-1, 305-2, 305-4, 305-5, 305-6, 305-7, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-5, 304-1, 304-2, 304-3, 304-4, 301-3, 306-3, 306-4, 306-5



Sustainability Challenge 2022

US Group has come a long way, a testament to which is the reduction in [Sustainability KPIs](#) from the baseline year 2019. Although there are areas where we are away from our targets, the general decreasing trends in GHG, Water, and Chemical

Consumption shows the effectiveness of our efforts. The Sustainability Challenge 2025 is now the realization of what we can achieve and the confidence that we know how to get there.



Sustainability Challenge 2022 Performance

Key Performance Indicators (KPIs)	UOM	US Group (Apparel & Fabrics Vertical - only sBU Denim Mills)	sBU Denim Mills (Fabrics Vertical)	sBU USA (Apparel Vertical)	sBU UK/EU (Apparel Vertical)
Total Recordable Injury Rate	NO/MHW				
Lost Time Injury (LTI) Rate	NO/MHW				
Training Hours per Employee	HRS/NO				
Employability	%				
Clean Drinking Water	%				
Total GHG Emissions	KG				
Total Energy Consumed	KWHe				
Total Quantity of Electricity Consumed	KWH				
Total Quantity of Steam Consumed	KG				
Total Quantity of NG/LPG Consumed	KWHe				
Total Quantity of Compressed Air Consumed	M³				
Electricity from Solar	%				
Water Extracted	M³				
Water Reduced through PI & C	M³				
Water Re-used	M³				
Water Re-cycled	M³				
Total Quantity of Chemicals Consumed	KG				
ZDHC MRSI Compliance	%				
Total Quantity of Waste Generated	KG				
Total Waste Re-used	KG				
Total Waste Re-cycled	KG				
Hazardous Waste to Landfill	%				
Use of Sustainably Grown Materials	%				
Use of Re-cycled Materials	%				
Sustainable Technology	%				
Gender Diversity	%				

Sustainability Challenge

2022 Performance

US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)

	UoM	Baseline 2019	2022 (Actual)
Total Production in KG	KG	36,080,106	35,975,025
Production in Pieces	PCS	23,212,898	26,194,113
Production in Meters	MTR	39,557,787	32,615,186

sBU Denim Mills - Fabrics Vertical

	Baseline 2019	2022 (Actual)
Total Production in KG	22,933,005	19,945,346
Production in Pieces		
Production in Meters	39,557,787	32,615,186

sBU USA - Apparel Vertical

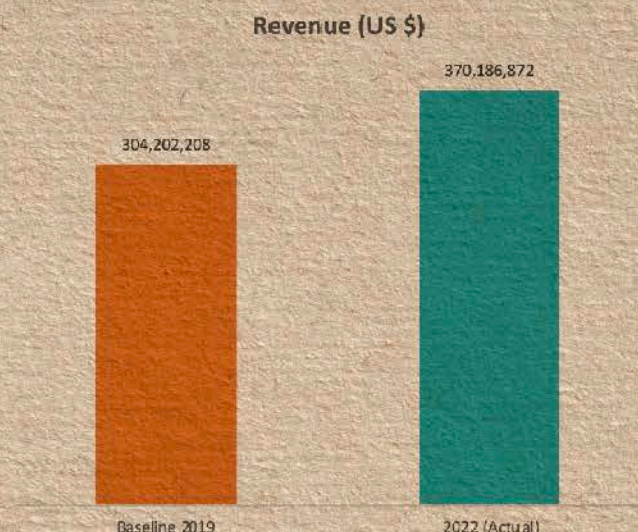
	Baseline 2019	2022 (Actual)
Total Production in KG	6,082,553	7,163,544
Production in Pieces	10,739,464	11,453,257
Production in Meters		

sBU UK/EU- Apparel Vertical

	Baseline 2019	2022 (Actual)
Total Production in KG	7,064,628	8,866,135
Production in Pieces	12,473,434	14,740,856
Production in Meters		

Sustainability Challenge 2022 Performance

US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)



US Group's Budget value corresponds to the projected values previously determined by sBUs' for closing in 2022.

* This report refers to Sustainability Challenge 2022 and includes only Apparel Vertical and sBU Denim Mills of Fabrics Vertical.

Main Highlights

- UOM i.e., KWHe used in this report includes energy consumption at Apparel and Fabrics' Vertical (only sBU Denim Mills) 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.
- A flow totalizer is provided on each water turbine to have an exact measurement of water extracted. The Rainwater Harvesting Project is operational and the Subsoil Injection of Rainwater will offset some of the impact caused by US Groups' Apparel and Fabrics' Vertical (only sBU Denim Mills) activities.
- All of the sBU(s) of Apparel and Fabrics' Vertical (only sBU Denim Mills) 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.
- US Group's 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 birds 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.

Sustainability Challenge

2022 Performance

US Group - Apparel and Fabrics Vertical (only sBU Denim Mills)

Key Performance Indicators (KPIs)	UOM	BLY 2019	2022 (Actual)	Status	2022 (Target)
Total Recordable Injury Rate	NO/MHW	0.89	1.96		CI
Lost Time Injury (LTI) Rate	NO/MHW	0.63	0.72		CI
Training Hours per Employee	HRS/NO	0.75	85.99		CI
Employability	%	1.00%	31.73%		CI
Clean Drinking Water	%	100.00%	100.00%		CI
Total GHG Emissions	KG	100,990,088	78,633,863		60,594,053
Total Energy Consumed	KWHe	393,687,035	319,208,513		216,527,869
Total Quantity of Electricity Consumed	KWH	68,264,381	60,219,707		49,764,734
Total Quantity of Steam Consumed	KG	260,463,420	232,867,960		189,877,833
Total Quantity of NG/LPG Consumed	KWHe	25,842,617	20,140,626		18,839,268
Total Quantity of Compressed Air Consumed	M³	182,955,004	144,754,332		133,374,198
Electricity from Solar	%	0.07%	10.43%		20.00%
Water Extracted	M³	3,647,622	2,507,391		1,823,811
Water Reduced through PI & C	M³	-	902,887		911,906
Water Re-used	M³	80,300	284,926		364,762
Water Re-cycled	M³	0	166		547,143
Total Quantity of Chemicals Consumed	KG	26,790,953	23,863,878		21,432,762
ZDHC MRS� Compliance	%	7.83%	100.00%		100.00%
Total Quantity of Waste Generated	KG	7,381,751	8,746,702		5,536,313
Total Waste Re-used	KG	109,356	1,540,675		CI
Total Waste Re-cycled	KG	2,465,801	6,884,179		CI
Hazardous Waste to Landfill	%	0.00%	0.00%		0.00%
Use of Sustainably Grown Materials	%	83.96%	87.29%		92.36%
Use of Re-cycled Materials	%	1.39%	5.48%		5.00%
Sustainable Technology	%	50.50%	71.85%		CI
Gender Diversity	%	2.32%	10.96%		20.00%

Sustainability Challenge

2022 Performance

US Group - Apparel & Fabrics Vertical (only sBU Denim Mills)

More Productivity

Less Intensity



Baseline 2019 level 2022 (Actual) 2022 (Target)

Sustainability Challenge

2022 Performance

sBU Denim Mills of Fabrics Vertical

Key Performance Indicators (KPIs)	UOM	BLY 2019	2022 (Actual)	Status	2022 (Target)
Total Recordable Injury Rate	NO/MHW	6.13	1.81		CI
Lost Time Injury (LTI) Rate	NO/MHW	3.58	0.00		CI
Training Hours per Employee	HRS/NO	0.64	674.73		CI
Employability	%	1.08%	34.56%		CI
Clean Drinking Water	%	100.00%	100.00%		CI
Total GHG Emissions	KG	39,064,303	34,577,426		23,438,582
Total Energy Consumed	KWHe	209,191,593	167,359,678		115,055,376
Total Quantity of Electricity Consumed	KWH	42,467,444	35,324,305		30,958,767
Total Quantity of Steam Consumed	KG	123,821,000	116,488,000		90,265,509
Total Quantity of NG/LPG Consumed	KWHe	19,002,201	16,006,205		13,852,604
Total Quantity of Compressed Air Consumed	M³	127,195,466	102,672,308		92,725,495
Electricity from Solar	%	0.01%	5.41%		20.00%
Water Extracted	M³	1,325,108	900,399		662,554
Water Reduced through PI & C	M³	-	209,463		331,277
Water Re-used	M³	80,300	215,080		132,511
Water Re-cycled	M³	0	166		198,766
Total Quantity of Chemicals Consumed	KG	12,415,220	9,283,723		9,932,176
ZDHC MRSL Compliance	%	15.71%	100.00%		100.00%
Total Quantity of Waste Generated	KG	2,270,249	1,967,969		1,702,687
Total Waste Re-used	KG	994,237	897,967		CI
Total Waste Re-cycled	KG	1,181,977	1,030,844		CI
Hazardous Waste to Landfill	%	0.00%	0.00%		0.00%
Use of Sustainably Grown Materials	%	80.15%	82.63%		88.17%
Use of Re-cycled Materials	%	1.36%	5.90%		5.00%
Sustainable Technology	%	79.59%	90.72%		CI
Gender Diversity	%	0.18%	4.54%		20.00%

Sustainability Challenge 2022 Performance

sBU Denim Mills of Fabrics Vertical

More Productivity

Less Intensity



Baseline 2019 level 2022 (Actual) 2022 (Target)

Sustainability Challenge

2022 Performance

sBU USA of Apparel Vertical

Key Performance Indicators (KPIs)	UOM	BLY 2019	2022 (Actual)	Status	2022 (Target)
Total Recordable Injury Rate	NO/MHW	0.44	1.38		CI
Lost Time Injury (LTI) Rate	NO/MHW	0.44	0.92		CI
Training Hours per Employee	HRS/NO	0.93	46.14		CI
Employability	%	0.89%	23.31%		CI
Clean Drinking Water	%	100.00%	100.00%		CI
Total GHG Emissions	KG	35,754,478	17,054,017		21,452,687
Total Energy Consumed	KWHe	102,390,331	71,379,986		56,314,682
Total Quantity of Electricity Consumed	KWH	12,893,703	12,417,000		9,399,509
Total Quantity of Steam Consumed	KG	65,047,840	55,687,140		47,419,875
Total Quantity of NG/LPG Consumed	KWHe	5,286,966	3,230,926		3,854,198
Total Quantity of Compressed Air Consumed	M³	30,023,009	20,232,677		21,886,774
Electricity from Solar	%	0.33%	21.61%		20.00%
Water Extracted	M³	1,035,415	808,237		517,708
Water Reduced through PI & C	M³	-	256,871		258,854
Water Re-used	M³	0	18,055		103,542
Water Re-cycled	M³	0	0		155,312
Total Quantity of Chemicals Consumed	KG	6,286,448	6,025,263		5,029,158
ZDHC MRSL Compliance	%	1.54%	100.00%		100.00%
Total Quantity of Waste Generated	KG	2,633,811	3,896,754		1,975,358
Total Waste Re-used	KG	109,356	608,786		CI
Total Waste Re-cycled	KG	2,465,801	3,258,573		CI
Hazardous Waste to Landfill	%	0.00%	0.00%		0.00%
Use of Sustainably Grown Materials	%	82.29%	94.21%		90.52%
Use of Re-cycled Materials	%	1.64%	4.83%		5.00%
Sustainable Technology	%	62.59%	76.20%		CI
Gender Diversity	%	1.81%	9.98%		20.00%

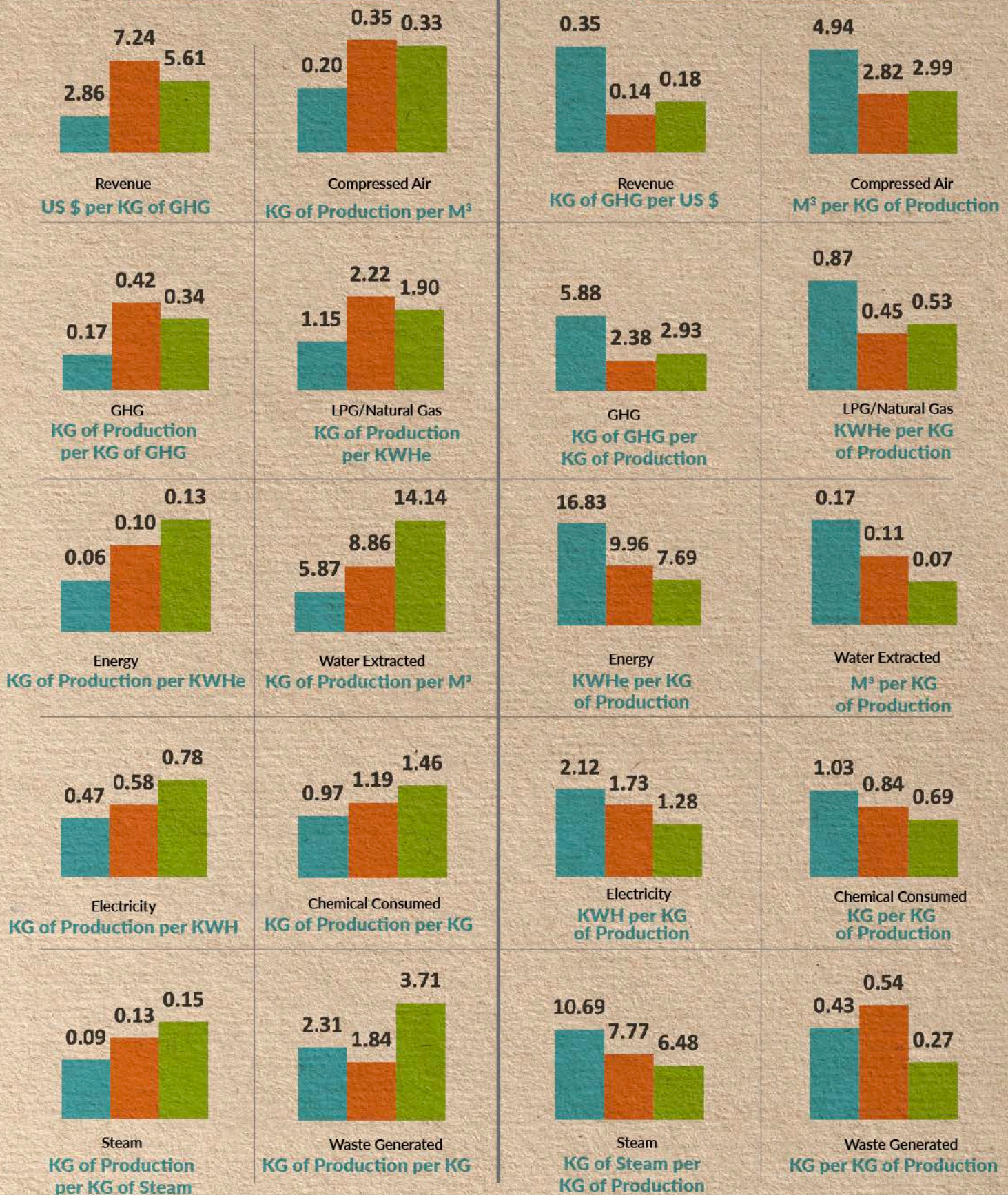
Sustainability Challenge

2022 Performance

sBU USA of Apparel Vertical

More Productivity

Less Intensity



Baseline 2019 level 2022 (Actual) 2022 (Target)

Sustainability Challenge

2022 Performance

sBU UK/EU of Apparel Vertical

Key Performance Indicators (KPIs)	UOM	BLY 2019	2022 (Actual)	Status	2022 (Target)
Total Recordable Injury Rate	NO/MHW	0.21	2.17		CI
Lost Time Injury (LTI) Rate	NO/MHW	0.21	0.66		CI
Training Hours per Employee	HRS/NO	0.26	32.42		CI
Employability	%	1.37%	36.84%		CI
Clean Drinking Water	%	100.00%	100.00%		CI
Total GHG Emissions	KG	26,171,307	27,002,420		15,702,784
Total Energy Consumed	KWHe	82,105,111	80,468,849		45,157,811
Total Quantity of Electricity Consumed	KWH	12,903,234	12,478,402		9,406,458
Total Quantity of Steam Consumed	KG	71,594,580	60,692,820		52,192,449
Total Quantity of NG/LPG Consumed	KWHe	1,553,450	903,495		1,132,465
Total Quantity of Compressed Air Consumed	M³	25,736,529	21,849,347		18,761,930
Electricity from Solar	%	0.00%	13.54%		20.00%
Water Extracted	M³	1,287,099	798,755		643,550
Water Reduced through PI & C	M³	-	436,553		321,775
Water Re-used	M³	0	51,791		128,710
Water Re-cycled	M³	0	0		193,065
Total Quantity of Chemicals Consumed	KG	8,089,285	8,554,892		6,471,428
ZDHC MRSL Compliance	%	6.25%	100.00%		100.00%
Total Quantity of Waste Generated	KG	2,477,691	2,881,979		1,858,268
Total Waste Re-used	KG	0	33,922		CI
Total Waste Re-cycled	KG	0	2,594,762		CI
Hazardous Waste to Landfill	%	0.00%	0.00%		0.00%
Use of Sustainably Grown Materials	%	89.64%	91.77%		98.61%
Use of Re-cycled Materials	%	1.34%	4.64%		5.00%
Sustainable Technology	%	38.50%	65.53%		CI
Gender Diversity	%	3.40%	12.64%		20.00%

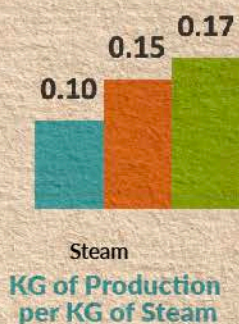
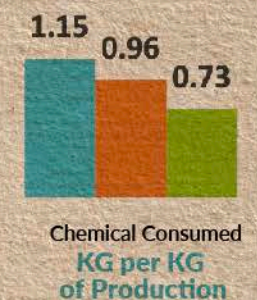
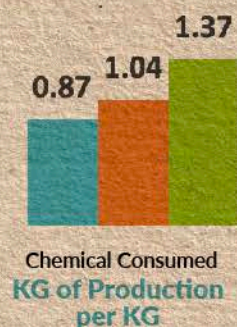
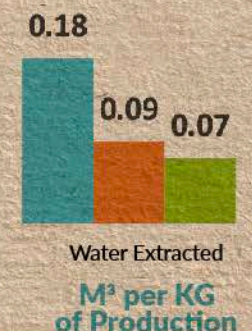
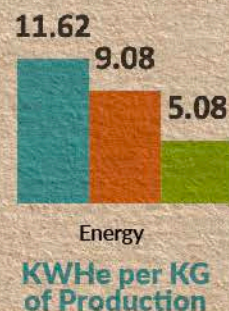
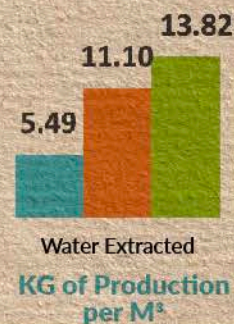
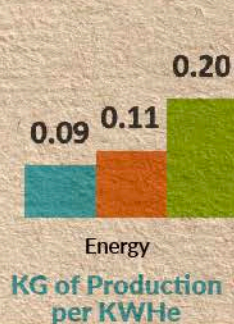
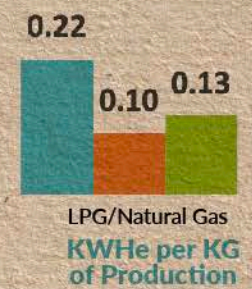
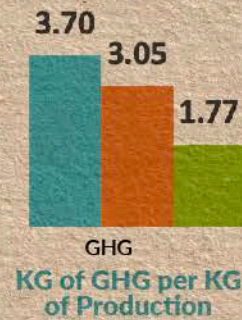
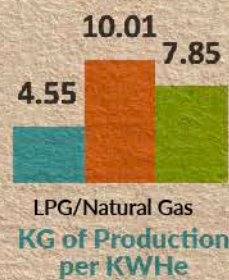
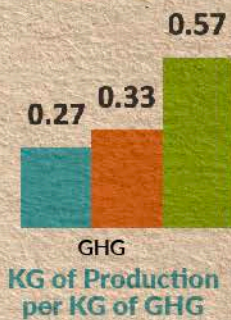
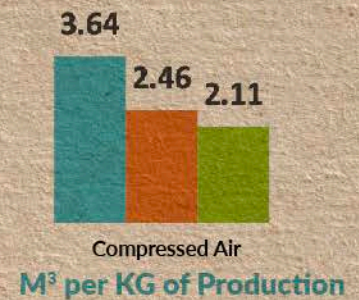
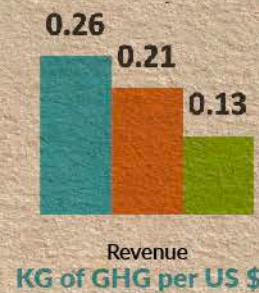
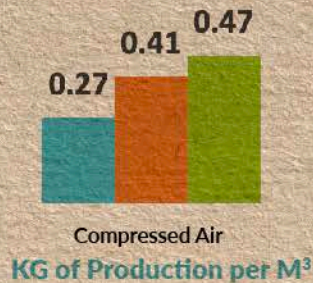
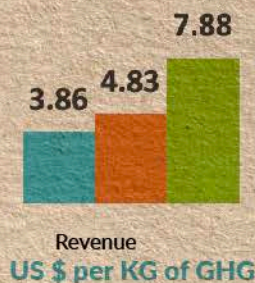
Sustainability Challenge

2022 Performance

sBU UK/EU of Apparel Vertical

More Productivity

Less Intensity



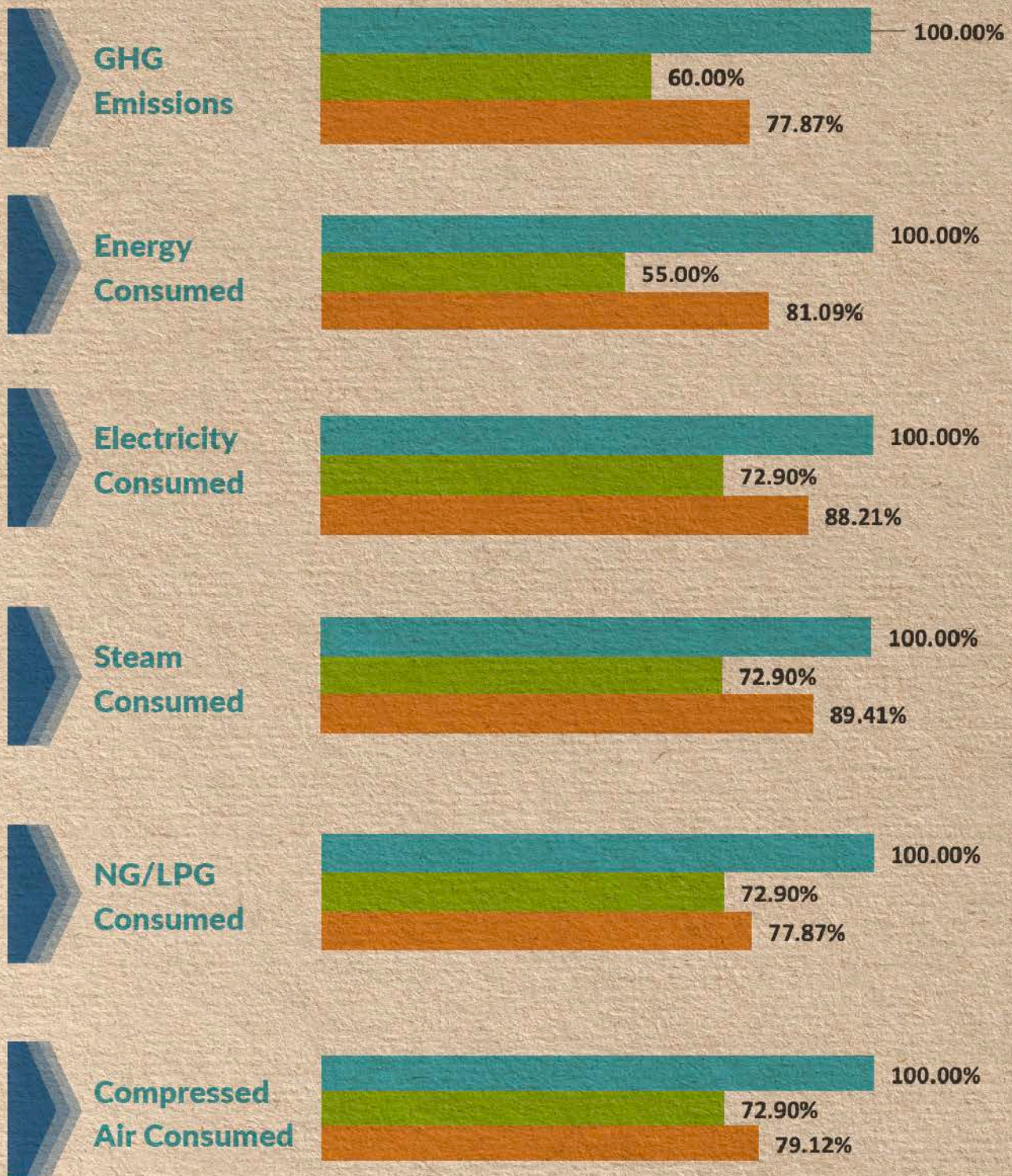
Baseline 2019 level 2022 (Target) 2022 (Actual)

Sustainability Challenge

2022 Performance

US Group - Apparel & Fabrics Vertical (only sBU Denim Mills)

26 KPIs Performance



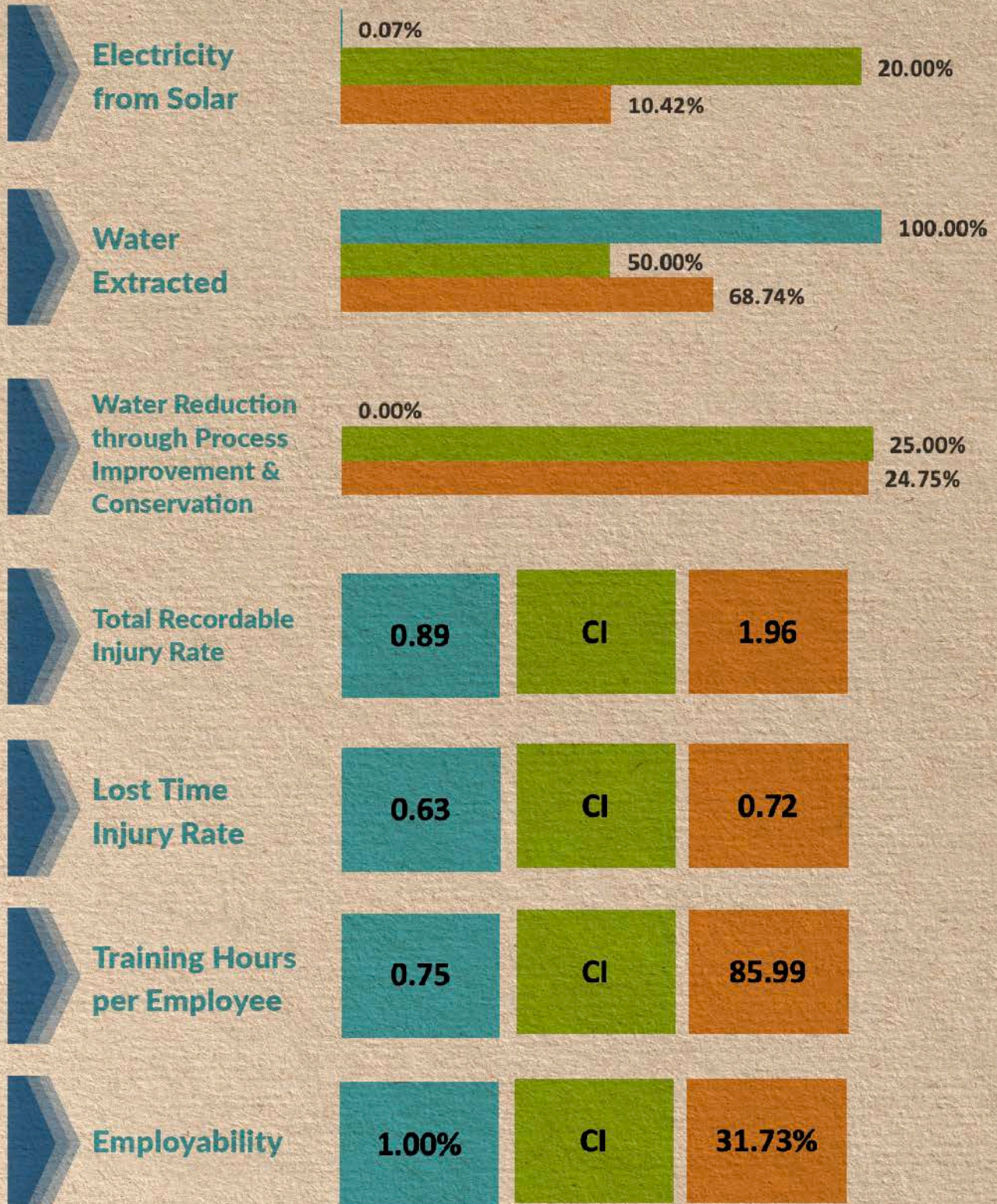
Baseline 2019 level 2022 (Target) 2022 (Actual)

Sustainability Challenge

2022 Performance

US Group – Apparel & Fabrics Vertical (only sBU Denim Mills)

26 KPIs Performance



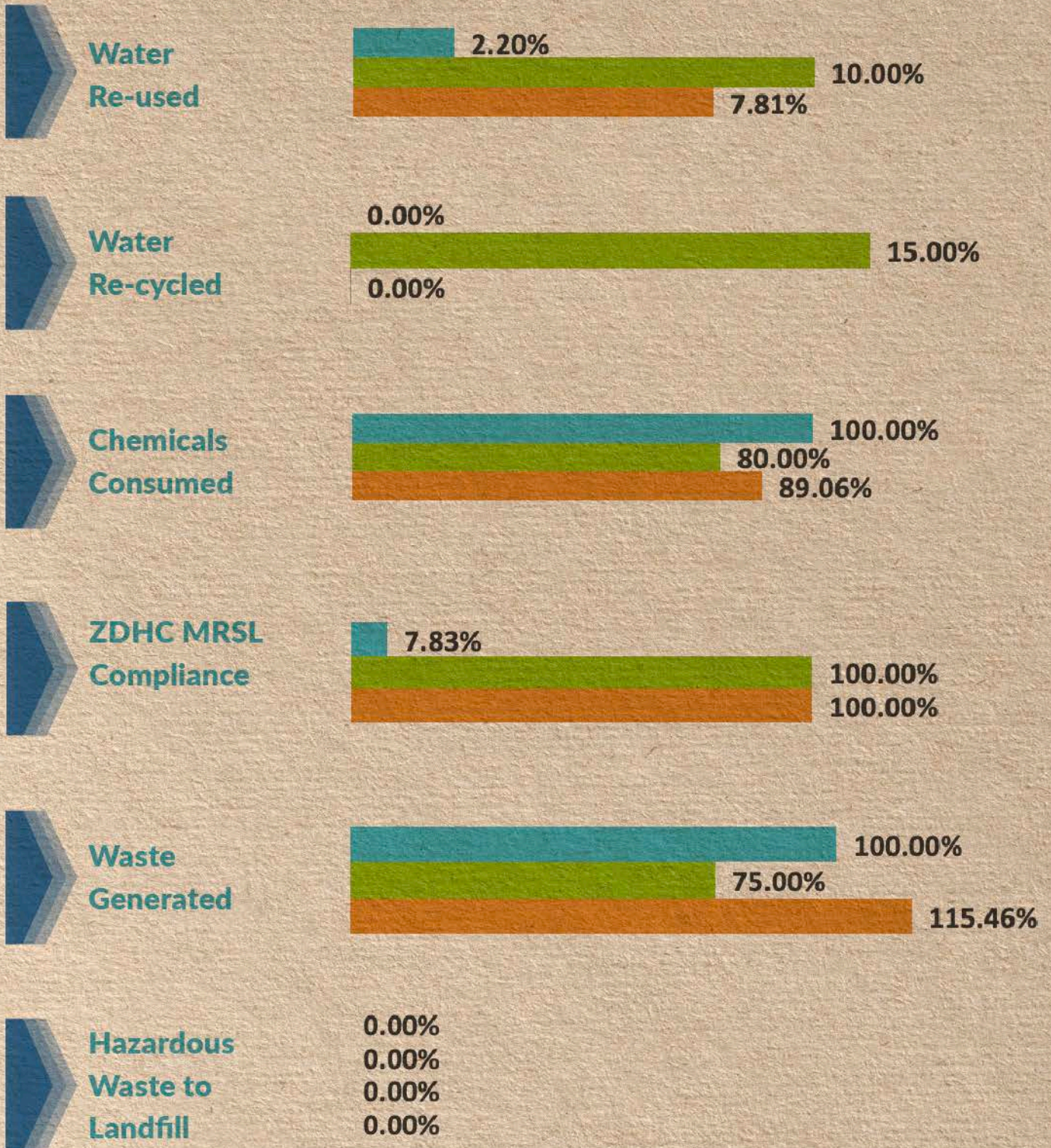
■ Baseline 2019 level
 ■ 2022 (Target)
 ■ 2022 (Actual)

Sustainability Challenge

2022 Performance

US Group – Apparel & Fabrics Vertical
(only sBU Denim Mills)

26 KPIs Performance



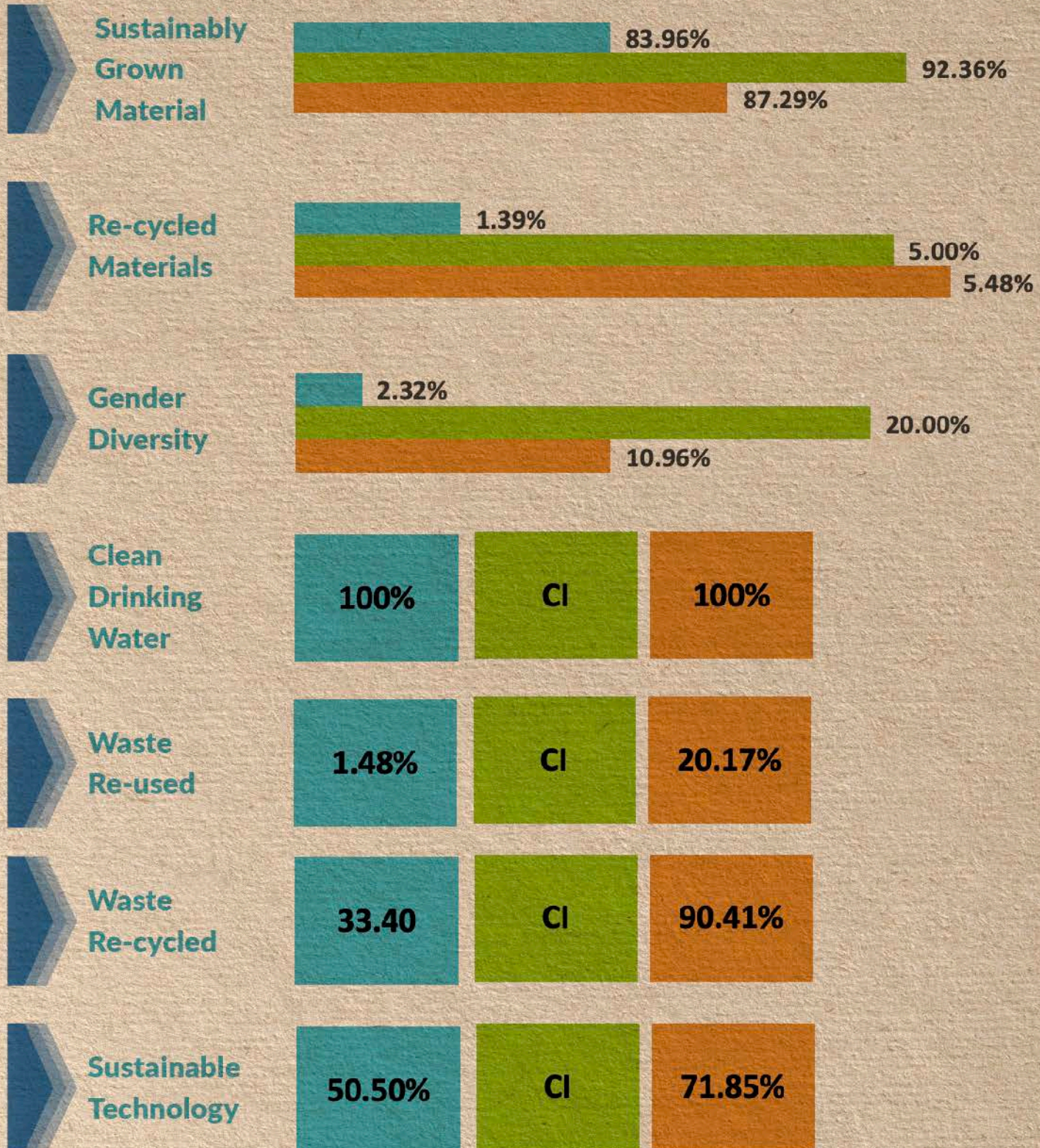
Baseline 2019 level 2022 (Target) 2022 (Actual)

Sustainability Challenge

2022 Performance

US Group – Apparel & Fabrics Vertical (only sBU Denim Mills)

26 KPIs Performance



Baseline 2019 level 2022 (Target) 2022 (Actual)

Sustainability Challenge 2022 Performance

US Group – Apparel and Fabrics Vertical (only sBU Denim Mills)

	UOM	BLY 2019	FTY 2022	% Change	FTY 2021	% Change	FTY 2022	% Change
Total GHG Emissions	Kg	100,990,088	81,803,855	-19.00%	89,780,256	-11.10%	990,518,544	-10.36%
Scope 1 - Emissions	Kg	93,280,194	74,843,199	-19.77%	81,856,996	-12.25%	79,666,140	-14.59%
Scope 2 - Emissions	Kg	7,709,894	6,960,656	-9.72%	7,923,260	2.75%	10,852,404	40.75%
GHG per Kg of Product	Kg/Kg	2.799	2.617	-6.52%	2.194	-21.62%	2.55	-8.89%
GHG per Piece (For Apparel)	Kg/PC	2.668	2.378	-10.87%	1.984	-25.64%	2.136	-19.94%
GHG per Meter (For Denim)	Kg/MTR	0.988	1.018	3.05%	0.945	-4.32%	1.060	7.28%

Ozone Depleting Substances	UOM	Conversion Factor (Kg of GHG / Kg)	BLY 2019	FTY 2020	FTY 2021	FTY 2022
R22	KG	1.810	1,413	1,343	1,509	1,155
R134a	KG	1.430	273	97	138	299
R404a	KG	3.922	52	19	49	95
R407c	KG	1.774	251	232	369	96
R410a	KG	2.088	177	269	386	439
Total Quantity of Refrigerants Used	KG		2,165	1,960	2,451	2,084
KGs of GHG Emissions	KG-CO₂		3,859	3,617	4,582	3,977

Sustainability Challenge

2022 Performance

sBU Denim Mills (Fabrics Vertical)

Total CO₂, SO₂, NO₂, NO, NO_x - FY2022

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
Total Average of 2022	7.15	608.96	59.82	127.18	193.50	320.68

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
Total Average of 2022	7.98	78.11	7.42	22.51	116.54	159.54

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
Total Average of 2022	2.91	138.92	21.13	10.29	20.10	30.39

Unit 2, sBU USA (Apparel Vertical)

US2-Total CO₂, SO₂, NO₂, NO, NO_x

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/Nm ³
Total Average of 2022	4.63	374.18	12.08	52.89	192.97	241.74

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
Total Average of 2022	9.66	315.46	0.75	4.80	114.01	136.31

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
Total Average of 2022	2.68	161.66	0.00	0.00	1.25	1.25

Sustainability Challenge

2022 Performance

Unit 5, sBU USA (Apparel Vertical)

Total CO ₂ , SO ₂ , NO ₂ , NO, NO _x						
Power House (Fuel: Diesel)						
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
Total Average of 2022	3.57	462.01	4.45	39.97	423.93	463.90
Boiler (Fuel: Wood)						
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
Total Average of 2022	7.21	642.31	305.66	72.32	431.29	503.49
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
Total Average of 2022	2.70	16.22	0.00	0.34	8.05	8.39

US3&4, sBU UK/EU (Apparel Vertical)

Total (CO ₂ , SO ₂ , NO ₂ , NO, NO _x , CO)						
POWER HOUSE (Diesel & HFO)						
Parameters	CO ₂	CO	NO	NO ₂	NO _x	SO ₂
	%	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³
Total Average of 2022	2.65	164.79	136.71	27.80	209.50	32.38
Coal Boiler (12 Tons)						
Parameters	CO ₂	CO	NO	NO ₂	NO _x	So _x
	%	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³
Total Average of 2022	4.29	120.43	111.92	33.83	153.47	611.09
OVEN (Fuel: LPG)						
Parameters	CO ₂	CO	NO	NO ₂	NO _x	So _x
	%	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³	mg/Nm ³
Total Average of 2022	5.67	4.11	39.85	5.40	29.74	0.00



04

Top Success Stories

Top Success Stories (at Macro and Micro Level)

Solar Energy

Clean energy is one of our key focus at US Group. We were able to further enhance our solar power capacity in 2022 from 4 MW to 7 MW making it 10% of our existing consumption of electricity. Further areas are being sorted including parking sheds and other areas, which can further support solar loads.



Sr. No	Business Unit	Unit/Factory	4MW Project Capacity (KW)	3MW Project Capacity (KW)	Cumulative Capacity (KW)
1	sBU USA (Apparel Vertical)	Unit 2	800.80	953.20	1754.00
		Unit 5	800.80	632.17	1464.77
2	sBU UK/EU (Apparel Vertical)	Unit 3	770.00	13.00	783.00
		Unit 4	430.32	668.55	1098.87
3	sBU Denim Mills (Fabrics Vertical)	sBU Denim Mills	1200.32	705.66	1905.98
		US Group Apparel & Fabrics Vertical (sBU Denim Mills)	4002.24	2972.58	7006.62

Lean Management Program 5-S

The US Group recently launched its 5-S program as one of the leads in Lean Management Program. We have been outsourcing the housekeeping and safety audits on the floor to a third-party consultant and recognized the need for a basics in-house program. The workers were trained on the five S's namely **Sort, Set in order, Shine, Standardize, and Sustain**. The three-tag system

was introduced on pilot equipment to bring machines back to their original state and introduce an autonomous maintenance pillar on the floor. The teams not only participated enthusiastically but also provided some very insightful kaizens to implement the program more effectively.



Chemical Reduction

The Washing Department at sBU USA of Apparel Vertical has achieved a 7% Chemical Reduction by mindfully replacing stones with enzymes. It has not only reduced our Waste, Chemical, and Water consumption but also reduce the cost of input

material. We were able to achieve this success after conducting several trials of Washing on a small scale and later bulk washing as well at our PD Washing.

Sr. No.	Description	2021	2022
1	Stone Consumption (Kg)	3,259,298	1,684,456
2	Stone Saving (Kg)		1,574,842
3	Stone Cost Per Kg (Pkr)		31
4	Amount Saved (Pkr)		48,820,102
5	Alternate Enzymes Used (Pkr)		10,483,155
	Net Amount Saved		38,336,947

Chemical Reduction

Methods adopted for Chemical Reduction in Unit 3 & 4 of sBU UK/EU (Apparel Vertical)

- In terms of grams per liter, less chemical usage was directly correlated with less water consumption.
- Switching to formulations that perform better and are better for the environment.
- Optimizing the gram per liter in order to limit excessive use.
- Reusing pumice stones in acid washes to reduce their consumption.
- Modification in the recipe by using chemicals that are efficient and suitable for low temperatures.
- Modification in technology and adaptation

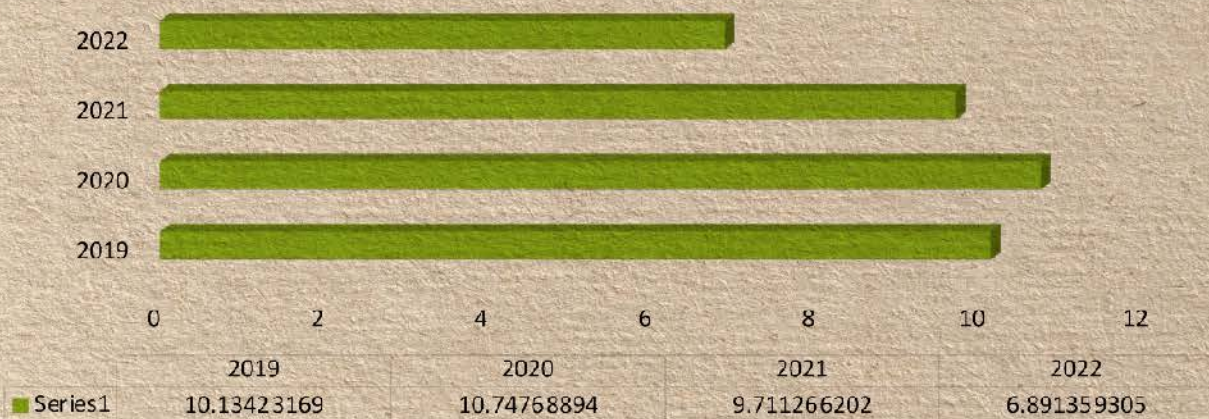
towards efficient dryers with larger capacity and low steam consumption.

- Installation of a hanger system is also part of the process improvement to reduce steam consumption.

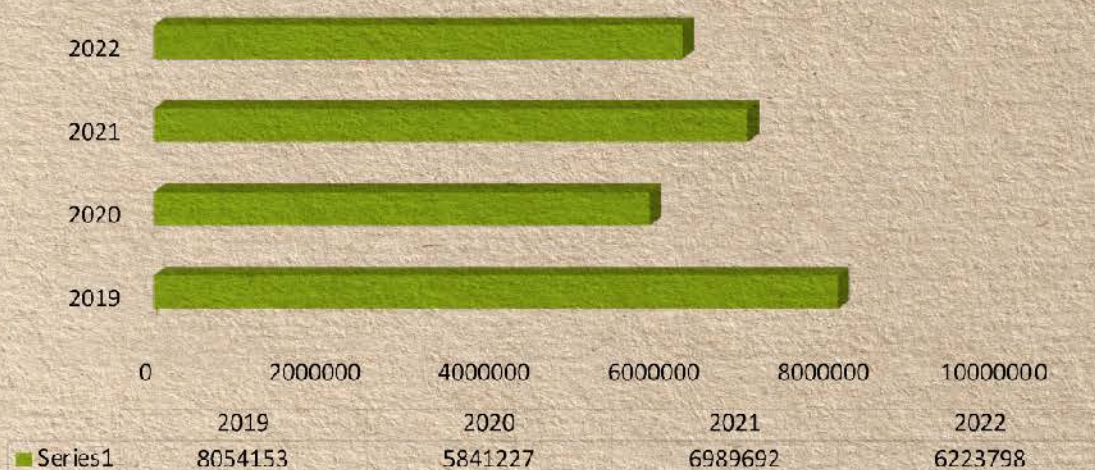
Our sBU Denim Mills of Fabrics Vertical has done remarkably well under sizing the chemical costs and meeting the target under the Sustainability Challenge 2022 for the reduction of chemical usage. This is how:

- Recipe re-design
- Liquor ratio increase trials done and got successful results which help to decrease the consumption

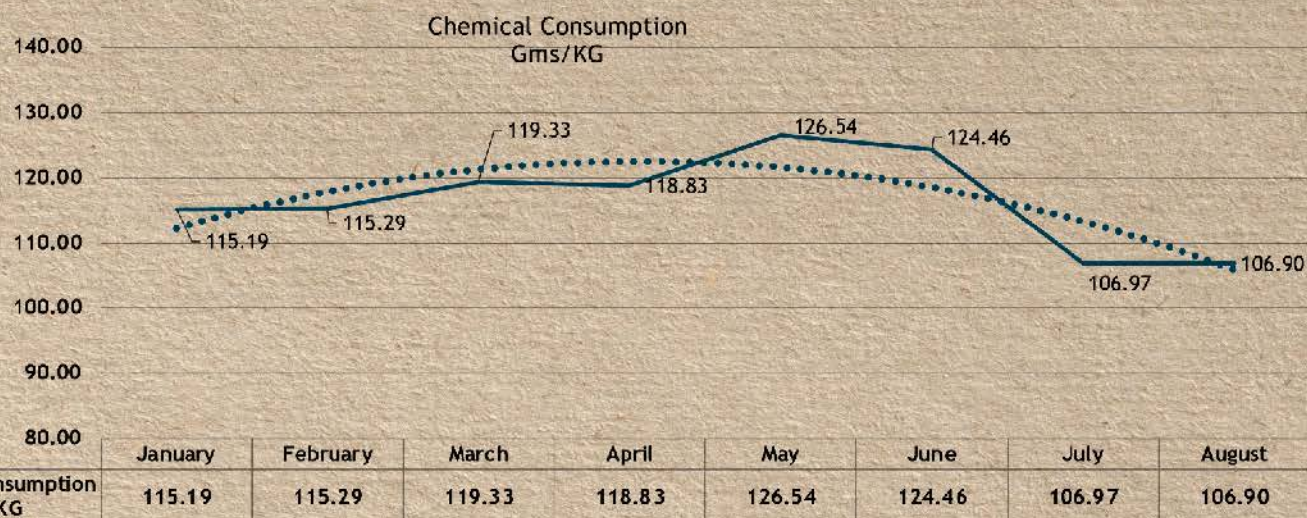
KPI(kg/kg) of Steam



Total Quantity of Chemicals



Chemical Reduction



Areas	Saving Figures	UOM	Percentage	GHG Reduction (TOC)
Water	94.45	M ³	7.7 %	
Steam	37.75	Tons	20.89 %	5
Electricity	1237	KW/H	20.89 %	0.6

Chemical Saving

Chemical Saving: 10,000 kg H₂SO₄ 2022

Engine exhaust gases after the preheater enter to effluent drain result in the reduction of GHG emissions to the environment. The exhaust gases enter into the effluent drain causing a drop in the PH of wastewater by the formation of carbonic

acid H₂CO₃. This eventually decreases the acid consumption at the ETP plant and helps to reduce GHG emissions to the environment.

Innovation: Apart from reducing GHG from the source, this idea also helps in preventing GHG emissions into the environment.

Installation of Fitch Fuel Catalyst

Fitch fuel catalyst does selective oxidation-reduction of higher hydrocarbons in fuel to convert them into methane and other oxygen-rich components thus enhancing the combustion efficiency of natural gas.

This idea is the first of its kind in Pakistan and with simple installation on the fuel line; it helps in the reduction of energy and GHG.

Baseline 2019: 39,064,303 kg

GHG Conservation: 113,000 kg – 2022 till Sep (0.38% of BLY 2019)



Reduction in Electricity Consumption

Replacement of Clutch Motors with Servo Motors in Unit 2 of sBU USA (Apparel Vertical) Sewing & Maintenance Department has contributed to electricity reduction. Till now 144 machines have been upgraded with servo motors. This project was low cost, high impact as each motor has saved 1.6 units per day i.e., 144 Motors saves 68,659 KWH annually.

Installation of Inverters at humidification plants of AC plan

Inverters were installed on humidification plant fans to control their speed at optimum, which results in the reduction of electrical load.

Baseline 2019: 42,467,444 KWH

Electricity Saving: 1,238,400 KWH (2022 till Sep)



1.6 Units Saved Per Day i.e.



68,659 KWH Saved Annually



Reduction in Steam Consumption

Using Boiler Economizer at 100 % efficiency by re-arranging the feed water loop system by the Maintenance Team at Unit 2 of sBU USA (Apparel Vertical) has helped in Steam Reduction and consequent GHGs. Utilizing the heat of boiler 100%, and re-arranging the feed water loop system kept the feed water tank's temperature high.

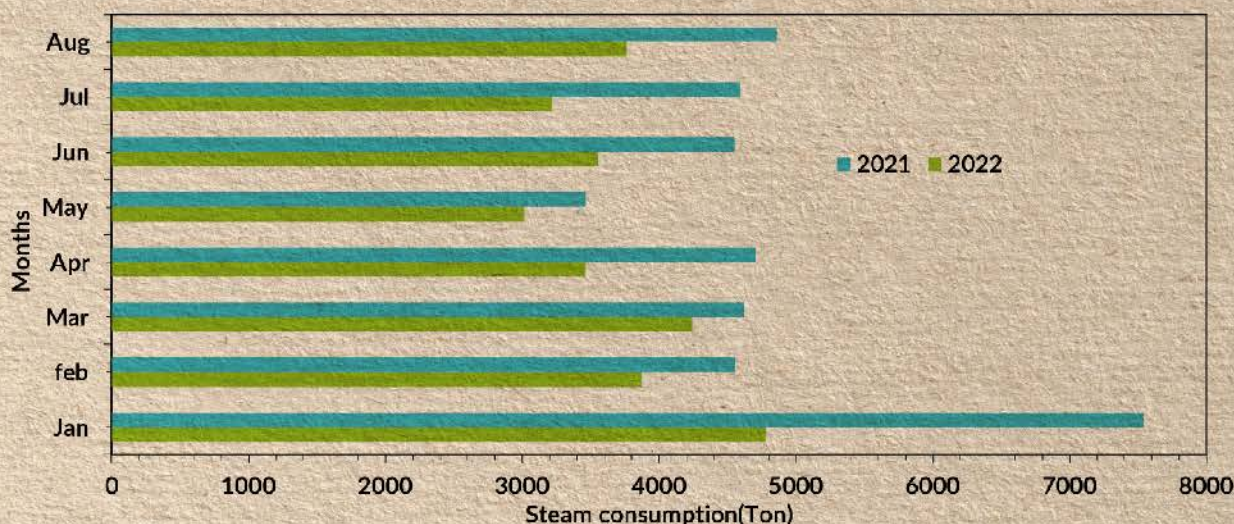
Project Cost (Pkr)	Cost Per Ton (Pkr)	Saving of Steam Per Month (Tons)
285,000	4,132.27	60
Saving per Month (Pkr)	Payback	GHG Saving (KG)
247,936	1.15 Months (Just 1 Month)	109,421

Steam Reduction Initiatives at Unit 3 & 4 of sBU UK/EU (Apparel Vertical)

Average steam consumption during 2021 was 175 tons per day. After some significant interventions, the steam consumption was reduced to 132 tons per day in 2022, resulting in GHG and cost savings also. This included:

- 25% more insulation and cladding done on the steam pipe in the distribution lines.
- Recovery of flash steam.
- On the header the insulation and cladding of all valves was done.
- HFO boiler valve was closed to reduce steam losses in the steam main line.
- The process of showering was introduced at the start of 2022 in which RO water was used in form of sprinklers on the Flash Steam Outlet to heat it up to 40-45°C and then supply it to the Feed Water Tank of the boiler.

Steam Consumption Comparison 2021 vs 2022



Reduction in Compressed Air

Reduction of compressed air in Unit 3 & 4 (Apparel Vertical) is saving electricity and GHGs by the following initiatives;

- Installation of flow meters for monitoring, performing air audits, and removing leakages, especially in the sewing area.
- Re-designing of compressed air network.
- Controlling of compressed air wastage by workers. Introducing air blowers instead of compressed air for sewing machines' cleaning.
- Disconnecting the compressed air to the departments during break time and shift end.
- Installation of PLC base devices at scrapping machines to deflate the balloons 50% rather than 100%. By this 50% of air from scrapping machines is saved.

		2019	2020	2021	Jan to Sep 22	Comparison of 22 w.r.t BL (YTD)
Compressed Air Normalized	M ³ /KgP	4.35	4.25	3.35	2.67	-39%
Compressed Air Absolute	M ³	20,325,599	19,962,821	19,953,355	13,606,615	-11%

Multi Hole Air Nozzles Installation on Air Jet Looms

There are a total of 229 looms out of which 134 are air jet looms. Air jet looms are equipped with Air Nozzles that help the weft for travelling. Two types of Air Nozzles are available which are; Single Hole and Multi Hole Air Nozzles. Multi Hole Air Nozzle is also called Shower Nozzle.

There were approximately 3,800 nozzles required to replace single-hole nozzles on all Air Jet Machines. The execution has been planned in three phases and the operations budget would be

utilized for the execution of this project.

Phase 1: 600 Nozzles were installed on 20 Air Jet looms. Phase 1 was completed on May 16, 2022.

Phase 2: 1,200 were installed on 41 Air Jet looms. Phase 2 was completed on June 21, 2022.

Phase 3: 2,000 Air Nozzles were installed on 65 Air Jet looms. Phase 3 was completed on Sep 22, 2022.

Sr. No	Description	UOM	Phase-1	Phase-2	Phase-3
1	Air Consumption Before	Nm ³ /Hr	90.5	90.8	93.5
2	Air Consumption After	Nm ³ /Hr	72.8	76.9	81.43
Net Savings		Nm ³ /Hr	17.7	13.8	12.1
		%age	19.3%	15.1%	12.36%
Monthly Air Savings		Nm ³ /Month	258,643	413,610	572,298
Monthly Electricity Savings		KW/Month	25,864	41,361	57,230
Monthly Fuel Savings		mmBTU/Month	239	383	530
Monthly GHG Reduction		TOC/Month	12.8	20.4	28.3

Energy Efficiency

10 Extractor Fans in Laser Machines were utilizing 7.5 KWH per fan and were replaced with 5 Energy Efficient fans of 2.2 KWH/fan and with better air circulation capability.

Annual KWH Saved	Unit Cost (2022 Avg) (Pkr)	Annual Cost Saving (Pkr)
343,296	17.88	6,138,133
Payback (Months)	Annual GHG Savings (KG)	
2.38	120,394	

Our sBU Denim Mills of Fabrics Vertical modified some of the existing machines by converting obsolete DC systems to new AC systems in Rope Dyeing 1, Pad Steam, singeing 2 and Sizing Griffin and replacing old inverters with new inverters in Re-beaming and Sizing Machines.

We have also added Ozone Washing Machine which is a sustainable machine that saves 8% Steam, 7.66% Water, 70.8% Caustic, and 2.62% GHG Emissions. The 8 Newly added Omni Plus I Looms reduces 17,280kwh/month Electricity, 0.205 Kg/m reduction in GHG leading to 30.35 TOC reduction in GHG.

Energy Conservation by HPC Coating

There is a heat loss at the sides of the dry cans. In order to save heat loss, Hot Pipe Coating has been done on Mercerizing-1 and Padskev-Sanfo at sBU Denim Mills (Fabrics Vertical). On average, there is a daily steam saving of 70 kg per dry can and in total we have done 36 Dry cans so far.

DESCRIPTION	UOM	BLY 2019	FTY 2020	FTY 2021	FTY 2022 (Proj)	Reduction
Greenhouse Gas Emissions	KG-Co2	39,064,303	36,302,505	41,677,510	35,970,000	0.29%
Energy Management	KWHe	209,191,593	193,260,421	224,575,712	172,627,085	0.29%

Water Conservation

Our main target is to reduce water conservation within available resources using following practices:

- Less liquor ratio is used during washing process between 1:3 to 1:4.
- Flow meters are installed in washing department for the regular check of water usage.
- Water taps are installed on the water tubs used in the Washing Department.
- The size of shading water tubs reduced.

It has reduced the consumption of water in the

process by 44% considering the baseline year 2019. The per garment water consumption has reduced from 80L to 49L. We were able to enhance productivity with the help of this water conservation project.

The Unit 2 of sBU USA (Apparel Vertical) not only harvested the largest amount of Rainwater this year but the project is now carried forward to other units for harvesting and recharging the Rain Water. This would reduce our dependence on groundwater and will also create an environment of conservation around the resource.

Rain Water Recharged & Stored at sBU USA, Unit 2 (Apparel Vertical)							
Calendar Year 2022	Net Rain water recharged, M ³	Net Rain water collected front lawn, M ³	Pakistan Meteorological Department (Lahore City)	Digital Rain gauge		Liters per Garments of sBU USA, Unit 2 & 5	Water saved in terms of Number of Garments
	M ³	M ³	mm	mm	m	lit/pcs	No.s
January	720	402	131.30	92.90	0.0929	61.03	18,381
February	21	41	15.00	9.57	0.0096	59.59	1,039
March	11	52	5.00	11.94	0.0119	63.79	976
April	522	114	0.00	26.25	0.0263	68.81	9,232
May	522	41	6.00	9.57	0.0096	73.95	7,616
June	645	334	88.00	77.21	0.0772	70.03	13,975
July	693	813	201.00	187.88	0.1879	67.05	22,453
August	322	695	138.00	160.66	0.1607	81.96	12,413
September	13	36	0.00	8.38	0.0084	62.09	793
October	14	10	5.00	2.30	0.0023	67.15	360
November	205	2	1.00	0.50	0.0005	59.57	3,471
December	7	5	1.00	1.27	0.0013	59.83	200
Total Rainfall Recharged & Stored In 2022	3693	2545	591.30	588.43	0.59	66.24	90,909

Installation of Water Recycling Plant

sBU USA - Unit 2 (Apparel Vertical)

In line with water conservation, our aspiration is to have a negative water consumption per piece. Along with water harvesting, treatment and re-use in place we have now installed a 260,000m3 recycling plant at our Unit 2 of sBU USA (Apparel Vertical) premises. This is equivalent to 3,600,000 pieces of water free garments. This will commission in first quarter of 2023.

sBU UK/EU - Unit 3 & 4 (Apparel Vertical)

Our Units 3 & 4 of sBU UK/EU (Apparel Vertical) were the exemplary water reducers in 2022. We

worked on both processes and equipment supported by massive R&D in recipes to reduce water consumption in absolute and intensity. This included:

- Modifications in recipes so they can be used in a bath with a low liquor ratio.
- Merging processes so that more procedures can be done in a single bath. Installing high-tech machines that work in low water.
- Up-System was installed on all of the Tonello machines that were already in use, and four Smartex advanced tech machines were added.
- Controlling excessive use and monitoring floor water consumption.



sBU USA Water Recycling Plant



SMARTEX



UP SYSTEM BY TONELLO

Water Reduction W.R.T Baseline(2019)



	1	2	3	4
Series1	2019	2020	2021	2022
Series2	799,521	549,518	558,546	530,028.75

WATER(M³)

Installation of RO Plant

Installation of RO Plant 1.5 M³ for Clean Drinking Water at sBU Denim Mills (Fabrics Vertical)

This project was divided into 3 phases. The first phase was the Procurement as well as installation of the RO plant.

The second and third phases were designed to energize 24 distribution points, 15 on the plant, 8 in hostels, and 1 at the community booth. The second and third phase were completed on 15th Jan 2022. We are doing Mineral Dosing instead of Blending.



Waste Reduction

In a garment manufacturing company, the fabric constitutes more than 60% of the total garment cost and has a significant impact both in terms of cost and the environment. Therefore, the approach of reducing waste by maximizing fabric utilization was taken. A complete analysis of how waste in the Cutting department could be reduced was critically analyzed as it had the biggest share. A multi-pronged approach was taken in the following areas:

- Fabric header size shortened from 0.75 meter to 0.55.
- Utilizing end bits of fabric layers by reducing layer length.

- Best marker planning by mixing various sizes in one layer to achieve maximum marker efficiency.
- Sorting of fabric rolls width-wise and shrinkage-wise.
- Markers with best efficiencies.
- 5 CM yield saved from VMD's provided yield.

Rs. 135.76 million saved in the shape of fabric saving till Sep. 2022, 193,950 meters fabric saved till Sep. 2022 based on pulled off fabric consumption with an average of 5 cm less than VMD.



Fabric Savings
till Sep 2022

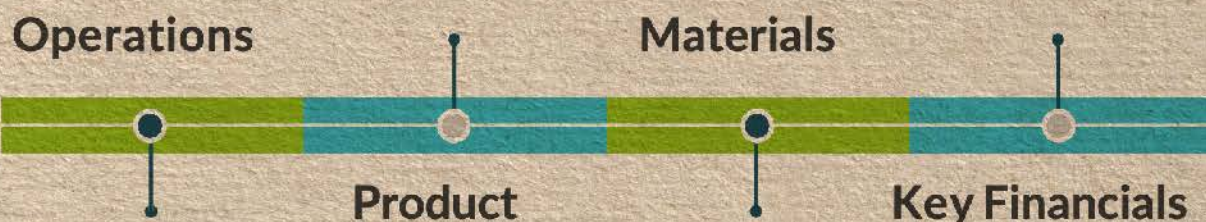
135.76
Million (Pkr)

Waste Reduction

Waste Upcycle Project R&D Unit 3 & 4 sBU UK/EU (Apparel Vertical)

PROJECT FEATURES

- | Re-Useable / Washable Grocery Bag
- | Made with Waste except customer branding
- | Product withstand 40 kg Weight
- | Designed and Managed by R&D
- | Buyer Metro Cash & Carry
- | 34,300 pcs Booked Since August-22
- | 24,300 pcs Dispatched Till Dec - 22
- | Till to Date 12-T Fabric Waste has been Up-cycled
- | Ex - Mill price 100/pc No Loss No Profit Basis



- | 6 Operators
- | Obsolete Machines were Picked
- | Planned Cap 6K Bags - 250 Pcs / Day
- | Operating At 10 K-11 K / M - 400-450 Pcs / Day
- | Independent Facility
- | R&D is the Custodian of Operations/Commercials
- | Fabric Swatch Header Waste 50x50 cm |
- | 35x35 cm | 25x25 Cm
- | 350 gms +/- Fabric Waste Consumption
- | Thread Waste : 150 Mtr Consumption / Bag



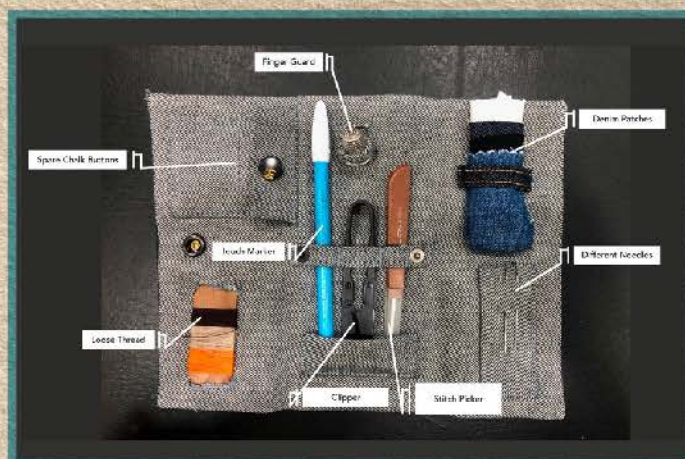
DESCRIPTION	UOM	BLY 2019	FTY 2020	FTY 2021	FTY 2022 (Proj)	Reduction
Total Textile Materials	KG	23,290,932	21,447,207	31,975,536	20,148,914	
Percent Sustainable Textile Materials	%	80.15%	73.16%	69.19	77.30%	
Percent Recycled Textile Materials	%	1.36%	3.35%	5.09%	6.60%	6.60%
Total Textile Machines	NOS.	343	322	322	325	
Percent Sustainable Technology	%	79.59%	86.65%	88.24%	90.77%	11.18%

Waste Up-cycling



In 2022, Unit 3 & 4 of sBU UK/EU (Apparel Vertical) realized the true potential of the fabric waste that was being sold as scrap for reuse as rags in the market. As a cut-to-pack and stitching unit, we have a lot of leftovers, trim, and cutting

waste. To add value to the once scraped material, we developed a pilot line that would convert these into products with very minimum inputs, and that too from further recycled threads and accessories.



Denim Repair Kit



Backpack & Tote Bag



CSR - 400 School Bags

Waste Reduction

Ellen Mc Arthur – The Jeans Redesign Project

Our sub-business units 3 and 4 of sBU UK/EU (Apparel Vertical) have been part of the Ellen Mc Arthur – The Jeans Redesign Project based on circular fashion. A circular economy for fashion creates better products and services for customers, contributes to a resilient and thriving fashion industry, and regenerates the environment. It is underpinned by three principles, all led by design: eliminate waste and pollution, keep products and materials in use, and regenerate natural systems.

By 2022
35,583 pcs
Dispatched

We have dispatched 35,583 pcs by 2022 based on these principles that ensured no harmful

processes or chemicals were used and the sustainable raw material was consumed. The program, enriched us on many other R&D aspects of jeans design and function that can be made circular and have become part of our operational procedures.



Re-cycled Fibers at sBU Denim Mills of Fabrics Vertical

Another achievement by the sBU Denim Mills of Fabrics Vertical is the increase in using re-cycled materials. Recycled cotton fabric is more sustainable than virgin cotton whilst maintaining many of its benefits. Bio-degradable and re-recyclable which means it has a lower environmental impact. Also, using more re-cycled

cotton content as compared to freshly grown cotton will directly impact water reduction. Brands are getting more conscious and sustainable now than ever before so we offered them more re-cycled content to make them more sustainable and that directly adds on value to our sustainability target.

DESCRIPTION	UOM	BLY 2019	FTY 2020	FTY 2021	FTY 2022 (Proj)	Reduction
Percent Re-cycled Textile Materials	%	1.36%	3.35%	5.09%	6.60%	6.60%

Waste Reduction

sBU Denim Mills of Fabrics Vertical also achieved its lowest ever LTI rate in 2022. This was due to some deliberate actions leading reduction in incidents which included;

- By improving Risk Assessments and control plans in all areas, sBU Denim Mills (Fabrics Vertical) achieved an 86.25% reduction in TRIR and a 100% reduction in LTIR w.r.t baseline 2019.
- We have developed and implemented training plans i.e., production floor trainings, TBT-Tool Box Talk, classroom trainings, and external trainings which have improved scores from 0.64 THs (2019) to 660 THs (2022).

DESCRIPTION	UOM	BLY 2019	FTY 2020	FTY 2021	FTY 2022 (Proj)	Reduction
Total Recordable Injury Rate (TRIR)	NOS.	6.11	9.11	4.94	0.84	-86.25%
Lost Time Injury Rate (LTIR)	NOS.	3.60	3.42	1.48	0.00	-100.00%
Training Man-hours per Employee	TMH/NO.	0.64	0.80	53.98	660	103025%
Percent Multi-Skilled Employees	%	1.08%	1.12%	24.04%	40%	38.92%
Percent Access to Clean Drinking Water	%	100.00%	100.00%	100.00%	100.00%	100.00%

Waste Handling & Reduction at sBU Denim Mills of Fabrics Vertical

A yarn rewinding machine was installed in order to re-use the waste of ball warping and has successfully reused 19,000 Kg to date. The set length in the warping has been increased in order to minimize the wastage in all departments.



Waste Reduction

Installation of Cone Rewinding Machine

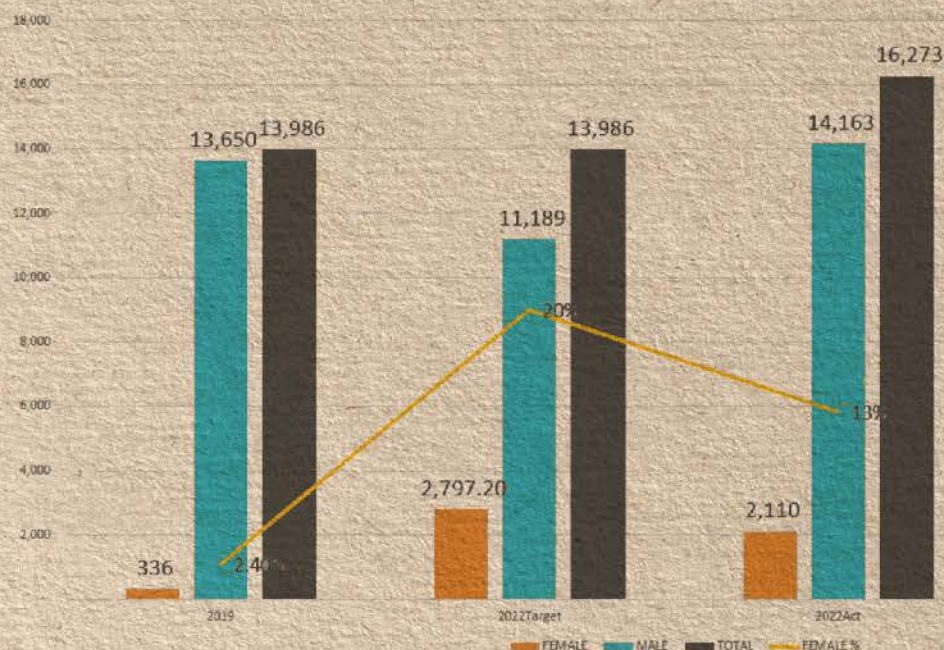
- Set length in the warping has been increased in order to minimize the wastage in all departments.
- Textile waste management by utilizing the warping cones' leftovers. Instead of selling these, warping cones' leftovers, they would be reused and used as A-grade yarn in selvedge of the fabric at the Re-beaming stage. To date, 19,000 Kg has been successfully re-used.
- The installation of the new Cone Winding Machine was completed on May 13, 2022.
- Till September 2022, total 264 bags were made by this machine.

DESCRIPTION	UOM	BLY 2019	FTY 2020	FTY 2021	FTY 2022 (Proj)	Reduction
Total Waste Generated	KG	2,270,249	2,073,586	2,448,971	2,008,019	-11.6%
Total Waste Re-used	KG	994,237	1,245,434	1,149,984	915,754	45.60%
Total Waste Re-cycled	KG	1,181,977	655,069	1,235,633	1,052,736	52.42%
Hazardous Waste to Landfill	KG	0	0	0	0	0%
Waste Generated per KG of Production	KG/KGp	0.096	0.103	0.093	0.0964	

Gender Diversity

GRI 405-1

Gender diversity at US Group has been one of the key elements in social sustainability that the organization has taken as a focused KPI for the Sustainability Challenge 2022 and carrying it forward in 2025.



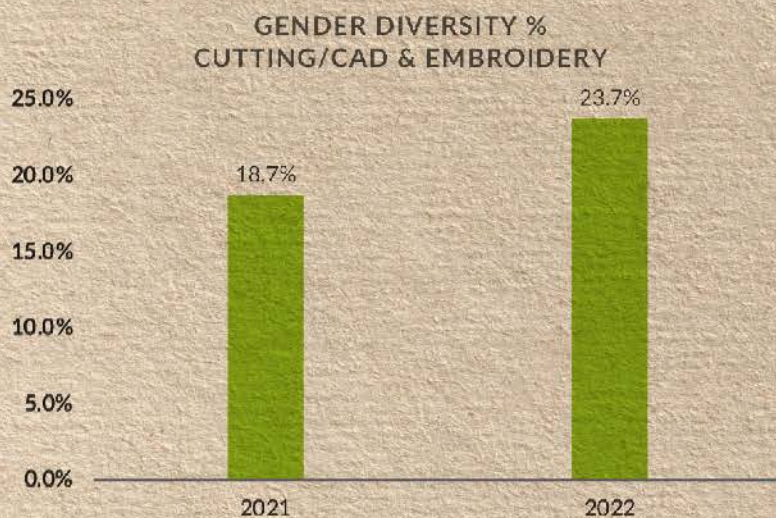
Gender Diversity

Key Learnings included how to pre-emptively deal with female workers & their issues and follow the rules of allocating the right job to the right person. Of course, this came with some challenges too. Hiring & retention of female skilled workers were a challenge however, it was essential to have a proper rationale to determine the effects of productivity on hiring a diverse staff.

- Cutting Department of Unit 5 of sBU USA of Apparel Vertical was the first department across the Group to achieve this target in Feb - 2022.
- Unit 5 of sBU USA of Apparel Vertical is the only facility to have trained female staff operating Manual Cutters & it's a benchmark for other units.

- Highest Percentage (23.7%) of female staff.

The same initiative was replicated in Unit 2 of sBU USA (Apparel Vertical) and the results were even better. We trained our female staff to operate auto spreader & auto-cutter machines. Considering all units of the US Group, Unit 2 of sBU USA is the only facility to have trained female staff operating auto spreaders & auto cutters & it's a benchmark for other units. We achieved the target of 20% female staff inclusion.



Initiatives

- Awareness Session
- Safe working Environment
- Encouraging good workplace Practices
- Others Benefits (Bonus + Incentive + Leaves + Transport Facility)



Opportunities for neglected "Acid Burnt Community"

"Working at US Group has provided me a sense of security to elevate my social standing in society. I can safely assert that US Group encourages diversity, inclusion, and provides a safe working environment for all".

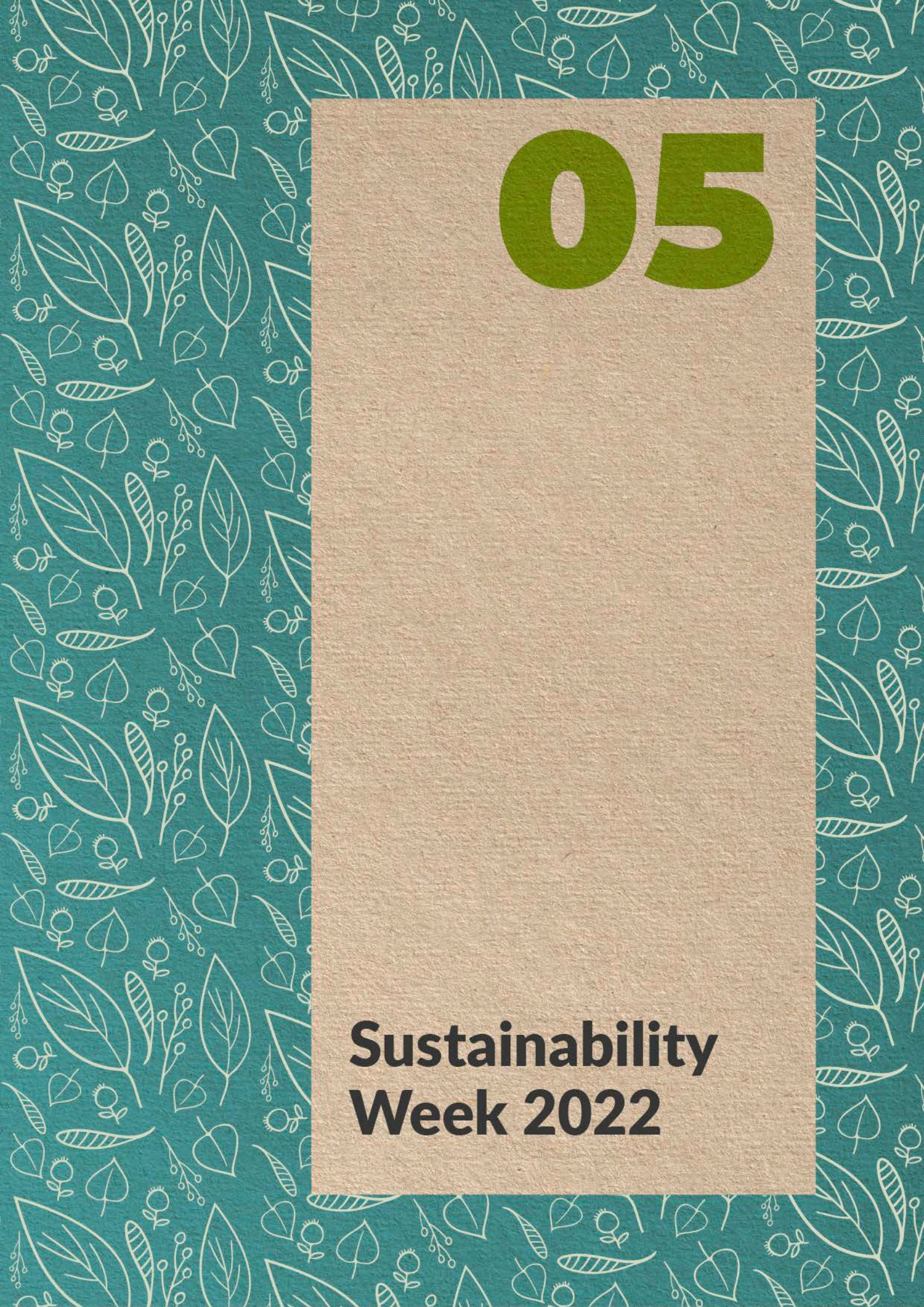
Noreen Azeem
sBU USA of
Apparel Vertical

Gender Diversity

sBU Denim Mills (Fabrics Vertical) on the other hand presented a different challenge and opportunity. Here the teams identified women empowerment and skill uplift task as key to promote and retain female staff. Other challenges included:

- Our HR department reached out to the training and technical institutes for females to tap females working under TEVTA to conduct recruitment drives and counseling sessions to guide and motivate them to pursue a career in the industrial sector.
- A female supervisor was hired in the inspection department to streamline reporting channels without communication barriers.
- The transport fleet was upgraded and new routes were designed to accommodate female colleagues.
- In order to comply with the anti-harassment law, consent of the employee is mandatory along with a door-to-door pick n drop facility. The plant operates 24/7 and we had limitations to hiring females in all shifts. Anti-harassment trainings for all employees in all Tiers to make the environment congenial and conducive for female employees.
- Gender Sensitization and anti-harassment trainings were conducted by Internal and External Trainers on subject matter experts for top and middle tiers of management to help them make required changes to cope with the change and support addressing challenges popping up.





05

**Sustainability
Week 2022**



The celebration of Sustainability Week has become a ritual at US Group. This year also, we celebrated the annual Sustainability Week from 5th to 10th December 2022. The main theme this year was “future proofing generations to come” with the following purpose;

- Conclude Sustainability Challenge 2022
- Celebrate Performances & Initiatives
- Recognize Champions
- Reflect on Learnings and Identify Gaps
- Dive in to Sustainability Challenge 2025
- Taking all Verticals of US Group under its Sustainability Agenda

This year was the first time that all Verticals of US Group joined in celebrating the annual sustainability week. The week was divided into daily themes around which corporate and site activities were planned. We were honored to have our customers like Kiabi, Target, and H&M also participate and give various sessions on sustainability-related topics. A lot of activities were also hosted and included stakeholders from the community, industry, government, and academia.

CORPORATE DRIVEN - PRIMARY ENGAGEMENT EXECUTIVES SECONDARY ENGAGEMENT WORKERS

sBU DRIVEN - PRIMARY ENGAGEMENT WORKERS SECONDARY ENGAGEMENT EXECUTIVES

Sustainability Week 2022

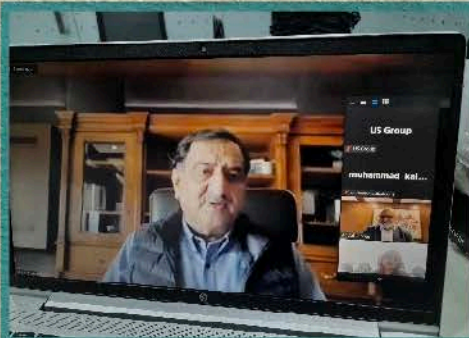


DAY 1 : DEC 05

SOCIAL & OHS

The day was kicked off by a note from the Leadership Team on Zoom regarding the importance and results of our Sustainability Challenge 2022. It also emphasized the importance of Occupational Health and Safety in the company. The day incorporated a panel discussion on inclusivity and diversity. Other events included an

OHS scavenger hunt, medical camps, sports and health activities, formation of floor projects on OHS&E & Sustainability also known as green circles, hazard identifications, corner meetings, awareness trainings on OHS, surprise fire drills, and PPEs.



Sustainability Week 2022



DAY 2 : DEC 06

ENVIRONMENT & ENERGY

The second day was all about environment and energy initiatives & awareness resulting in decreased GHG footprint by US Group. The day also kicked off with a panel discussion on actual working examples of sustainability initiatives that are now successfully running as businesses. The

day also included activities like tree plantation, recycling projects, trainings, sessions on GHG calculation, waste segregation at source, climate poster competitions, best ETP operations competition, water conservation initiatives, rapid fire games on the floor, etc.



Sustainability Week 2022



DAY 3 : DEC 07

CIRCULARITY AND VALUE CHAINS

One thing that stood out in the textile and fashion industry in 2022 was the need of Circularity, i.e., a combination of responsible resource efficiency and zero waste. US Group took that to the core of its business principles and started re-evaluating all its processes in regards to Circularity. Day three

brought focus on the awareness and activities that supported these initiatives. From our customers to stakeholders and internal teams we saw waste handling, reduction, re-use, and resource efficiency drives on display.



Bring your Child to Work Day

On 7th December 2022, US Group organized its first ever 'bring your child to work day' as part of reaching out to employees and taking our sustainability agenda home. We invited the children of our colleagues to showcase what US Group is all about and they could see where their parents work.

The children also went on to get fire safety and sustainability trainings especially on being responsible citizens. They looked at activities regarding circularity and water conservation. In the end they summarized their learnings in the form messages and posters given to US Group's Director Corporate Sustainability & Projects.



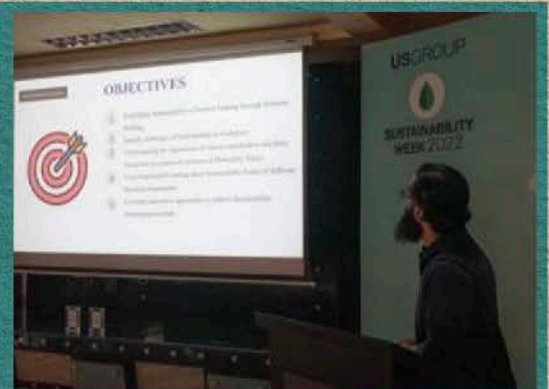


DAY 4 : DEC 08

LEAN PRODUCTIVE SYSTEMS

One of the key aspects of the economic pillar of sustainability is lean management. US Group intends to focus strongly on this aspect with initiatives like digitalization, 5S, OEE, Kaizen, TPM, and waste reductions. Day four comprised many awareness sessions by SGS, GIZ, UET and our customers like Target who gave a comprehensive session on digitalization. The teams also took

walks in identifying all kinds of wastes on the floor and carrying out corner meetings with floor personnel on how to reduce them. Students from academia were also invited to paint informative Murals on our factory's boundary wall regarding various topics of sustainability as a reminder for everyone who passes by.



Sustainability Week 2022



DAY 5 : DEC 09

DIVE IN CHALLENGE 2025

The fifth day for our internal sustainability week was set aside to launch the targets for Sustainability Challenge 2025, recognize the champions who had worked diligently in the year 2022 for sustainability and also award the best initiatives of Sustainability Week. The ceremony

was held in the main learning hub tent at sBU Denim Mills of Fabrics Vertical, where the entire sustainability councils from all Verticals joined in to cheer the winners and look into the Sustainability Challenge 2025.





DAY 6 : DEC 10

SUPPLIER AWARENESS SESSION

To take a step further in line with our sustainability workshop tagline of going beyond borders, the sixth day of our week was dedicated to the supply chain partners who work with us in ensuring responsible sourcing for our products. This session

was purely held not only to disseminate information on science-based targets and the US Group's sustainability agenda but also to include our value chain partners in taking their feedback and work into account on climate action.





06

**Corporate
Social
Responsibility**

Corporate Social Responsibility

GRI 203-1, 203-2, 413-1, 413-2

Naimat Saleem Trust (NST), the CSR wing of US Group, was formally registered in 1998. NST is funded by US Group, and NST Trustees. This trust truly stands together with the people of Pakistan. Naimat Saleem Trust embodies the optimistic mission to improve all aspects of life for the people of Pakistan.

Sr. No.	Healthcare Projects	PKR
1	Indus Hospital Jubilee Town	259.03 Million
2	Recep Tayyip Erdogan Hospital Trust	60.2 Million
3	AAS Rehabilitation Center	4.15 Million
4	Pakistan Children Heart Foundation	5 Million
5	Gulab Devi Hospital	1.53 Million
6	TG- Dialysis Center	0.66 Million
7	Dispensaries	2.25 Million



Indus Hospital QF & NST Campus

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



Indus Hospital QF & NST Campus

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

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.

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



2.6 million Patients
were treated free
of cost in 2022



Direct employment to more
than **4,500** healthcare
professionals, management,
and other experts

Community Healthcare

Preventive & Community Healthcare

In Pakistan, nearly 50 million individuals have no access to 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, initially. With its latest technology and equipment, the plant provides free, safe, and clean, mineralized drinking water, to the community.



Socio-Economic Impact



More than
2,000 Patients
are treated free of cost monthly



More than
35,000 Patients
treated since January 2020



Direct employment to more
than **10 Professionals**
from healthcare and other sectors



More than
700 Families benefit
from clean, mineralized
drinking water

Education



PKR
129.23 Million
Jamiat Taleem
ul Quran

PKR
6.11 Million
Qasim Ali Shah
Foundation

PKR
0.65 Million
Care
Foundation

Self-Sustained
Message
Foundation

Self-Sustained
Iqra Raza Tul Atfal
Trust

Message Grammar School

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 is 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 **320 Individuals**



More than **1,600 Families** are directly benefitted 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.



Socio-Economic Impact

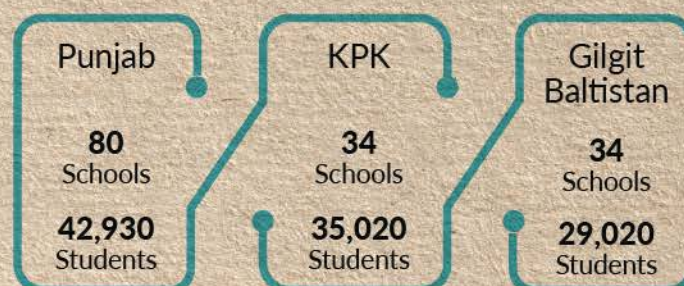


Quality education to more than
64,000 Students



Direct employment to
5,174 Teachers
and other professionals

2019-2022



NST Food Program

Naimat Saleem Trust provides hygienic and healthy meals, three times a day, to the employees of US Group, who 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 76 Million (PKR)

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

Average Meals per Day	4,523
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Socio-Economic Impact



Economic support to more than
2,100 Families



Hygienic and healthy
food contributes prevents
health problems



Direct employment to more than
57 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**.

Contribution
60 Million (PKR)

Socio-Economic Impact



Direct employment to more than 350 people



Support to more than 21,000 people on daily basis

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 Group, through the provision of free housing facilities, on a permanent basis.



NST HOUSING PROJECT

Socio-Economic Impact



More than 66 families benefitting from free housing facilities



Free Bachelor Housing for 3,500 Individuals

Shelters & Housing

NST Housing Project

Interest-free Shariah Compliant
Micro Finance Housing Loans

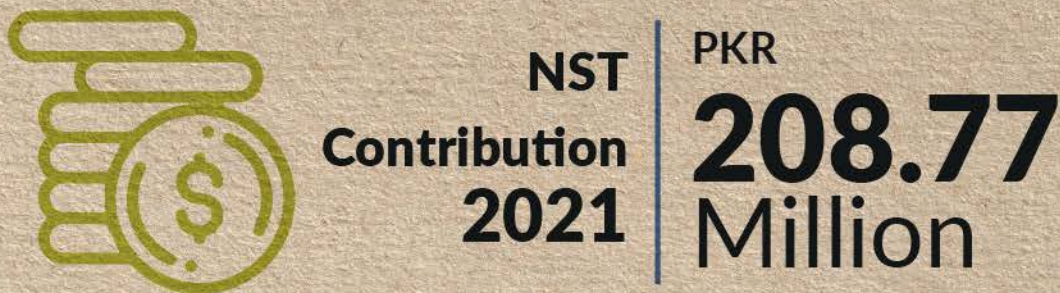


Akhuwat is the world's largest Islamic micro-finance organization, that has been striving for poverty alleviation since 2001, by empowering socially and economically marginalized segments of society through its various projects. Naimat

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 to Families



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

AAS - Rehabilitation Centre

AAS - Treated Patient Statistics

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 and any other forms of intoxicating addictions. Five more centers are planned to become operational across Punjab within the next 5 years.

Total Admission	527
Drug Wise Patients Treated Since July 2018 and from Jan to Dec 2022	
Heroin	375
Alcohol	7
Polydrug	50
White Crystal	53
Charas	10
Opium	10
Others	22
Successfully Recovered	425
Discharged During Treatment	45



Socio-Economic Impact



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



Enabling recovered individuals for positive and healthy contribution towards society



Preventive healthcare model

Flood Relief

“Why should you not spend in the way of Allah, while to Allah belongs the heritage of the heavens and the earth?” (Quran 57:10)

US Group initiated an internal campaign with the title “THEY ARE COUNTING ON US” to motivate the employees to help the flood affectees in their time of dire need. The employees of US Group donated a share of their wages to help their fellow citizens to further the cause in the hopes to aid the

process of rehabilitation and restoration. The collected funds were vowed to be donated to Akhuwat Foundation.

Dr. Muhammad Amjad Saqib of Akhuwat Foundation visited US Group and had exhibited the humanitarian spirit of Akhuwat Foundation and was presented a cheque of Rs. 10 million with a special contribution from the board of Rs. 100 million.



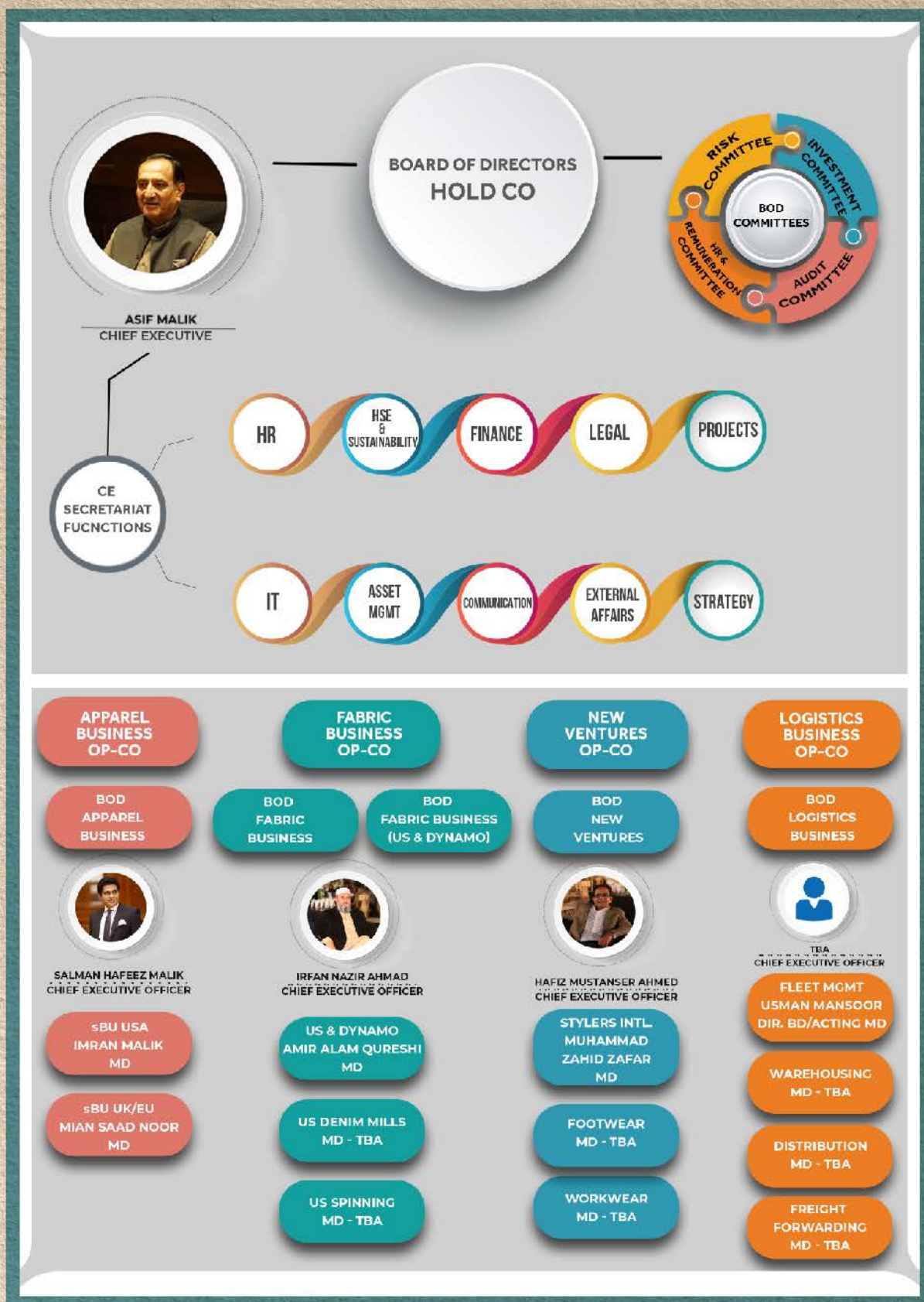


07

Organizational Restructuring & Verticality

Restructuring & Verticality

This integration has taken place in 2022 to align the business model of US Group by evolving it as a sustainable organization to accommodate the growing needs, acting responsibly, developing our people & their mindset, and looking after our customers & suppliers as partners, and services to the community.



Bringing together our Business Verticals



LEEDS Logistics Pvt. Ltd. is a trusted supply chain solution provider for your business, known for its bespoke customer-driven approach. Our coherent supply chain management, transparency, and integrated safe operations make us a modern partner of choice by smart businesses, who avail of our one-stop-solution services, enhancing B2B and B2C transactions. We have incorporated a digital and sustainability-inclined fleet management system that provides real-time monitoring 24/7. Our strong infrastructure, green business model, and passion to better ourselves give us an edge in the market.

STYLERS

Stylers International is a Lahore-based denim manufacturer, built from the ground up as a mission-driven social enterprise. With roots in the fashion and denim industry since 1975, Stylers is now one of Pakistan's top manufacturers of high-quality denim and non-denim bottom wear for leading brands across the globe demanding more sustainable supplies. Shipping more than 10 million garments annually, and empowering a local workforce of more than 4,000 people, Stylers is one of Pakistan's major denim exporters to responsible brands that want to make a change in the world.



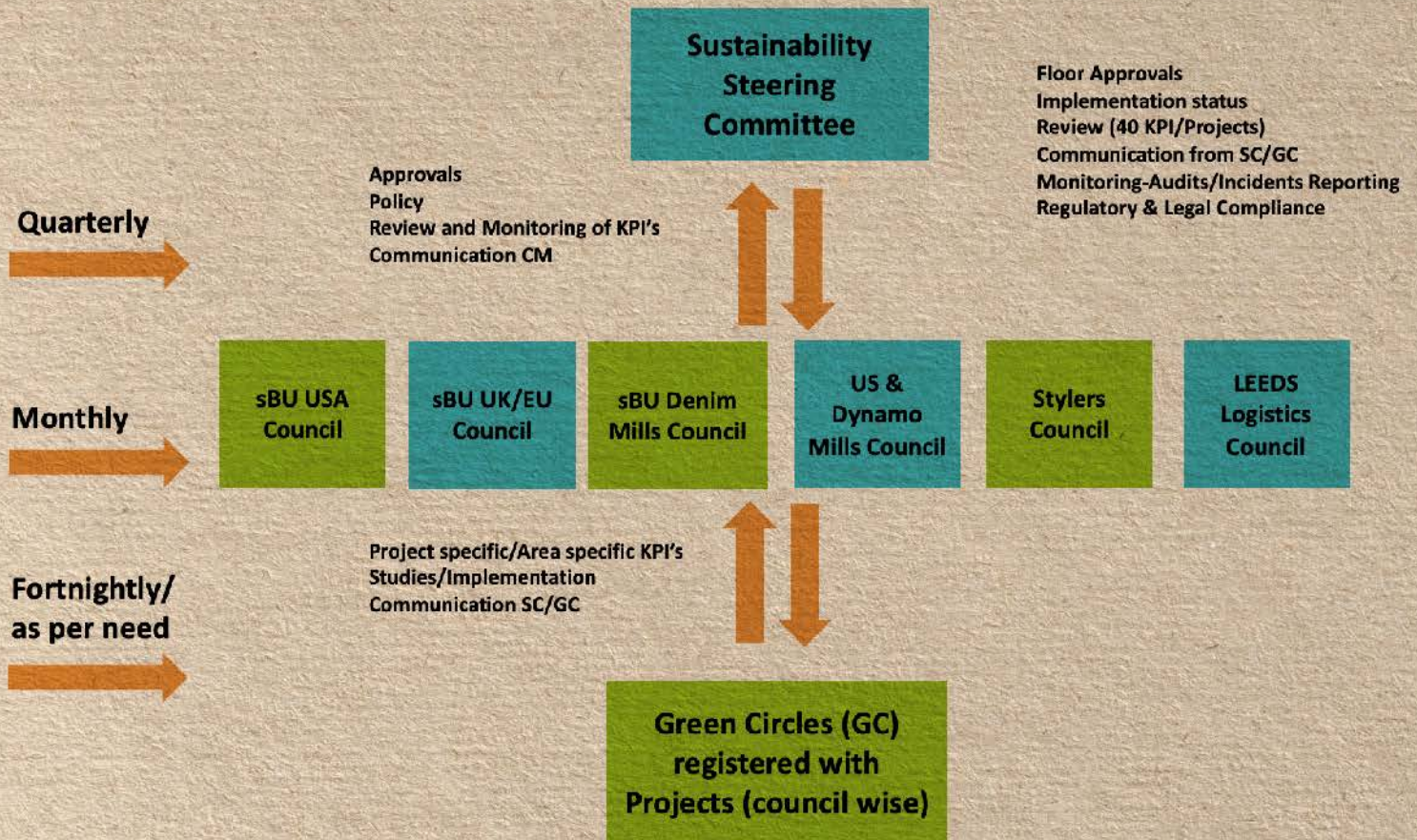
US & DYNAMO MILLS
ISTANBUL - LAHORE

US & Dynamo is a strategic partnership founded on decades of trust and respect between the two industrial giants i.e., US Group & Denim Kumas, to surpass geographical borders, assimilating the key strengths of the two businesses to form a mutually beneficial venture to set the fashion moods of the future. Established in 1991, Dynamo is high-end fabric production and dyeing facility based in Türkiye, with state-of-the-art production technology that provides high-quality fabric to leading Brands, Retailers and Apparel Manufacturing companies. US & Dynamo Mills has integrated US Group's exceptional manufacturing capacity and customer-driven expertise, with Dynamo's creative innovation strength and cutting-edge multi-cultural designs, to produce a fabric collection Range by the name of DYNUS.



Sustainability Communication

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-23, 2-24, 2-25, 2-26, 405-1



Sustainability Management System & Communication

The background is a teal-colored pattern featuring various white line-art icons related to sustainability, such as a wind turbine, a leaf, a bicycle, a lightbulb, a recycling symbol, a water drop, a hand holding a plant, a solar panel, a power plug, a globe, and a recycling bin. The words "ENERGY", "ecology", "energy & power", and "Eco" are also scattered throughout the pattern in a stylized font.

08

**Sustainability
Challenge
2025**

Sustainability Challenge 2025

The Challenge 2025 has been further simplified and learning from our performances, some targets have been taken in intensity rather than absolute. The overall areas of sustainability lie under Environment, Economic, and Social pillars with further 07 core areas that cover various aspects of sustainability.

The inclusion of Circularity in the core KPIs is the differentiating factor between Sustainability Challenge 2022 and 2025. We are aiming to add

productivity as a target strengthening the economic pillar of sustainability.

As we grow both intrinsically and as a Nation, it is evident that the margins in quality, technology, and product innovation will further reduce, especially with International buyers working with various companies in the region. It will be the internal efficiencies and systems that will give an edge to organizations in standing out and performing well.



Theme

Fostering Innovation by Learning, Unlearning, and Leaning toward achieving Balance for Better!

Year-wise Theme

2023: Accelerating Circular Value Chains

2024: Learn, unlearn, Lean

2025: Balance for Better

Three pillars of our
Sustainability Challenge 2025



Economic



Environment



Social

Sustainability Challenge 2025

USGROUP



As mentioned before the scope of our Sustainability Challenge 2025 has also increased with the addition of all US Group's Verticals. The Sustainability Challenge 2025 invites US & Dynamo from Fabrics Vertical, LEEDS from Logistics Vertical, and Stylers from New Ventures

Vertical into the fold. For Sustainability Challenge 2025, the value chains will only be screened. More time will be given to orienting our tier-one Suppliers on science-based targets and GHG accountability.

CEO's Messages



Salman Hafeez
CEO, Apparel Vertical
of US Group

US Group has inculcated a deep sense of responsibility across all levels and functions through successful implementation of Sustainability Challenge 2022. Now we have developed a good baseline with high level of conceptual as well as practical understanding that sustainability does have a business case. Our next challenge is to enable the whole organization to funnel through every decision from lenses of Economic, Environment, and Social. This will help US Group to truly adopt the "Triple Bottom Line Concept". Our Sustainability Challenge 2025 is reflection of our this aspiration.

I foresee that challenge 2025's success would greatly depend on green energy and circularity. The "Circular-no waste" business model is not only a profitable endeavor but also the need of time, especially in the textile sector.



Irfan Nazir
CEO, Fabrics Vertical
of US Group

I am extremely proud of our teams and the work they have accomplished in challenge 2022. This gives me the confidence that we can not only achieve the targets set forth in challenge 2025 rather surpass them. Our success story in water and chemical reduction should cascade across the board so other units can learn from it and we should do the same. I wish the US Group a sustainable and prosperous future ahead.



Hafiz Mustanser Ahmed
CEO, New Ventures Vertical
of US Group

When we started with challenge 2022 three years ago, no one could predict the success US Group has achieved thus far be it in direct targets or the mind set change that it resulted in. Going forward, I wish to see more in-house innovations and projects that are cost effective and in line with our country's need. I want to congratulate all our colleagues, especially in water and GHG reduction targets, that shows we have the capability to achieve much more in years ahead.

Independent Assurance Statement for US Apparel and Textiles' Sustainability Report 2022

Sustainability Australia' and their partner **HSE Vision'** 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 and HSE Vision utilises highly competent assessors with suitable qualifications and global operational experience.

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

It is our view, based on the information assessed, 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. Key to his approach has been that there is a business case for embedding Sustainability into business strategies and practices. The business has stretched themselves through the 3-year Sustainability challenge 2022 and the intent is to stretch the business further with their Sustainability Challenge 2025, which is focused on the three pillars: Social, Economic and Environment. Making the vision a reality has been facilitated by Sustainability Council whose membership includes all the key leaders in the business. It is very clear from this and past assessments that since 2019 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 – It is noted that the business has committed to net zero by 2050. Total greenhouse gas emissions have reduced by over 20% over the baseline. In light of the fact that the total production in KG remains similar to the baseline, as such the improvement level is similar in absolute terms and on a per km basis. Key to this is the mix and nature of energy consumed eg electricity from solar as a percentage has increased from 0.07% to 10.43% as well as energy efficiency programs that has resulted in a reduction in total energy consumed of about 20%.

Independent Assurance Statement for US Apparel and Textiles' Sustainability Report 2022

Gender Diversity – 2021 saw a significant increase in female participation going from a baseline of 2% to 11%. This percentage stagnated in 2022 leaving the business significantly short on their 20% target. This raises the need to look at both employment and retention processes. There is also the opportunity to report on female participation in supervisory and management roles.

Water - There was significant reduction in water extraction from the baseline (over 30%). Key to this appear to be a significant reduction through process improvement as well as reuse which has increased by more than 250% above the baseline.

Waste management - Over the baseline, there has been an 18.5% increase in waste. AT the same time, there has also been a significant increase in reuse and recycling of waste. Combined, this has been a more than 200% increase. Considering the quantum of product produced and the amount going to landfill and incineration there is a compelling case to “go circular”.

Worker safety Performance – The Total Recordable Injury Rate (TRIR) has increased to 1.96 on both the baseline and the previous year (0.89 and 1.25 respectively). 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 86 and up from the previous year of 21.89. There is clearly an opportunity to assess strategies.

Chemical - The total chemicals used has decreased by 11.5% over the baseline. In light of the fact that the previous year, the usage was 9% above the baseline. Whilst, short of the aim to reduce the use of chemicals by 20% in 2022, this is a significant improvement.

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 – Of a high base of 84% The use of sustainable materials has increased to over 89%. This includes over 5% of recycled materials which 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 22 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.

Supply chain – There has been a new focus on the supply chain. The new focus is on ESG components.

Community investment - The US Groups mission is to “do well by giving back”. It was noted that in a year where revenue increased significantly that community investments decreased to a level below the 2019 baseline. 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



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projects and programs run fall into the following areas, healthcare, education, food provision, shelter and housing, disaster relief and family financial assistance.

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 & Textiles' improvement system and considered in future reports.

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