

Fostering
Innovation



Fostering Innovation



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Chapter 1



About
the
Report

About the Report



This report goes beyond merely discussing our products; it delves into the impact we make. It examines the progress made in the first year of our second Sustainability Challenge 2025, focusing on seven key areas. With "Fostering Innovation" as our guiding principle, we are committed to creating a sustainable future for our environment, our people, and the communities we serve. Our report is not just a collection of numbers and charts; it aims to provide a transparent view of our dedication to sustainable practices. We explore the impact of US Group, from our operational practices to the garments themselves.

Reporting Period and Boundary

This Sustainability Report 2023 marks the fourth consecutive annual release by US Group, offering a transparent overview of the Organization's activities and initiatives throughout the calendar year from January 1, 2023, to December 31, 2023. The report primarily focuses on operations spanning weaving, denim fabric, and apparel manufacturing sites situated in Lahore, Pakistan, unless specified otherwise. It has been crafted in alignment with the **GRI Guidelines**, with a detailed index available in the appendix. The activities outlined in this report have been mapped to the UN Sustainable Development Goals and the United Nations Global Compact where applicable.

The scope of the report encompasses several manufacturing units, including:

- **US Apparel & Textiles (Pvt) Limited (US 2 & 5)**
- **US Apparel & Textiles (Pvt) Limited (US 3 & 4)**
- **US Apparel & Textiles (Pvt) Limited (1R)**
- **US Denim Mills (Pvt) Limited**
- **US Dyeing & Finishing Mills (Pvt) Limited**
- **Stylers International Limited**

Notably, the last two manufacturing units have recently been included in the sustainability report for 2023 compared to the previous year's 2022 report. Accordingly, performance metrics have been updated to reflect their addition.

Looking ahead, our future sustainability reports will broaden the reporting boundary to encompass LEEDS (Logistics Vertical) and US Workwear (New Ventures Vertical), emphasizing US Group's commitment to conducting comprehensive sustainability assessments and fostering accountability across all of its Verticals, including Textile and Logistics businesses.

Comparability

In this report, we have compared the performance of 2023, the first year of our 2nd sustainability challenge 2025 (with 2022 as our baseline). This baseline was defined with the addition of two new manufacturing units in 2022. We also compare the performance of 2022, the final year of our first sustainability challenge, with the baseline of 2019, the year we started reporting.

Moreover, future goals and targets will be the same as defined in our Sustainability Challenge 2025. More details about the Sustainability Challenge 2025 can be found in each chapter of this report under sustainability (Environment, Social, Economic).

Way Forward

We'll continue to actively engage with stakeholders, gather feedback, and refine our reporting approach to best reflect the international emerging reporting standards.

Transparency you can trust

When it comes to conceptual accuracy and factual correctness, we have amalgamated measured and traceable data to offer the most precise depiction. We are committed to transparency, presenting both favorable and unfavorable trends, enabling readers to grasp the complete picture.

Greenwashing Audit

Going forward, we intend to conduct a thorough Greenwashing Audit following the issuance of this report. The upcoming audit shall be covering significant aspects like Greencrowding, Greenlighting, Greenshifting, Greenlabeling, Greenrinsing and Greenhushing.



Publication Date
31st May, 2024

Fostering Confidence: External Assurance for US Group's Sustainability Report

While this report is built on the strongest threads of data sourced from the latest available and internally validated by our subject matter experts – we understand that trust takes more than just good intentions. That's why we have gone a step further and secured external assurance for this report. This independent review, conducted by SGS ESG & SRA Assurance Protocols (based on GRI Principles) and ISAE 3000 Assurance Standard, provides an additional layer of confidence in the content you are reading.

Target Audience

This report is written for a broader range of stakeholders, including but not limited to US Group's employees, customers, supply chain partners, collaborators, and regulatory bodies.

Queries

We welcome your feedback on this report. To ask questions regarding US Group's sustainability efforts or the content of this report, please contact

sustainability@usgroup.org

Message of CEO AJ Holdings



“I am thrilled to join the US Group as CEO of AJ Holdings. In my brief time here, I have been impressed by the dedication and accomplishments of our team in the realm of sustainability. It is wonderful to witness firsthand the remarkable strides we've made since US Group started its sustainability journey back in 2018-19.

Our commitment to sustainability is not just commendable; it is essential. It reflects our values and our responsibility towards future generations. I am proud to announce that we will be intensifying our efforts in this area, building on the strong foundation laid by our predecessors.

Our focus will be on three key pillars: Social, Economic, and Environmental sustainability. We recognize that our actions have far-reaching implications beyond our immediate operations, impacting communities, economies, and ecosystems worldwide. Therefore, we take responsibility to lead by example and effect positive change in all aspects of our

business.

We will work relentlessly to enhance our social impact, ensuring that we are contributing positively to the communities in which we operate. We will also seek to strengthen our economic sustainability, ensuring the long-term viability and success of our business. And finally, we will redouble our efforts to protect and preserve the environment, recognizing the urgent need for action in the face of climate change.

I am confident that together, we can rise to this challenge. By working collaboratively and innovatively, we can make a real difference - not just for US Group, but for the world.

Thank you for your continued dedication and support. I look forward to embarking on this journey with you.”

Ali A. Aga
CEO AJ Holdings



“As we navigate an ever-evolving market, our commitment to agility and sustainability remains at the heart of our business strategy. In our fast-paced industry, embracing agility is essential. It has empowered the Apparel Vertical to adapt swiftly to changes, innovate continuously, and meet our customers’ dynamic needs with precision and speed.

Equally, sustainability is not just a responsibility but a critical business imperative. By integrating sustainable practices into every facet of our operations, from sourcing eco-friendly materials to reducing our carbon footprint, we ensure the long-term viability of our business while contributing positively to our planet about which you will read in this report.

Together, our agility and dedication to sustainability will drive our growth, enhance our brand, and create value for our stakeholders. We are determined to work passionately towards making our garments not only the best in quality but also a benchmark in sustainable fashion.”

Salman Hafeez Malik
CEO Apparel Vertical of US Group



“I am proud to be part of a responsible team at US Group making meaningful progress towards a sustainable world. I am extremely grateful to all of our team members for their valuable contributions in reducing the environmental footprint.

As an industry leader and an organization passionate about protecting our planet, we believe in creating products that are as kind to the environment as they are to our customers.

I am thrilled to share the successful launch of US Denim Mills latest hemp denim collection – Sativa Rejean, a testament to our commitment to sustainability and innovation. This exciting venture represents a significant investment in environmentally friendly practices, reflecting our dedication to a greener future.”

Irfan Nazir
CEO Fabrics Vertical of US Group



“US Group has always been profoundly invested in making denim industry sustainable. Caring for our environment and community is deeply ingrained in our DNA with our mission statement “Doing well by Giving Back”. It is as clear as day that we individually cannot progress with inane abuse of limited resources that the world has to offer. By prioritizing sustainability, we ensure not only a healthy planet but also high-quality, ethically produced denim that makes economic sense as well.

As we reflect back on the past year, we celebrate our progress and the strides we are making towards our sustainability challenge 2025. Decreasing trends in GHG, Water, and Chemical Consumption, & going circular in our denim lines shows our commitment to continuous improvement. Having said that, the road to sustainability is as much a learning curve for us as it is for the rest of the world. Something that we committed to ourselves was to remain 100% transparent and accountable for our learning journey. Our Sustainability Challenge 2023 in the past and now our Sustainability Challenge 2025, both are a testament to that commitment. There is no greenwashing in our learning journey, we unabashedly admit in this report where there is still room for us to learn and improve. Because without acceptance, there is no progress.”

Hafiz Mustanser Ahmed
CEO New Ventures Vertical of US Group



“Consistency defines character of the organization. It is an honor to present you the 4th consecutive Annual Sustainability Report. At the US Group, we believe in the power of innovation to drive positive change, and year 2023 has been no exception.

In transition from Challenge 2022 to 2025 alongside adding KPIs of productivity and circularity, we have included stakeholders from our upstream part of supply chain with well-defined mapping system and started tracking the progress for a unified objective of moving the sustainability agenda forward through our valued partners.

I urge you to have a look on our stories of innovation of 2023 on collaboration, greening the energy, digitization, use of IOT to measure resource burden, product design with zero-waste intent and recycling of solids and liquids.”

Abdul Jabbar Aithar
Director Projects & Sustainability

Chapter 2



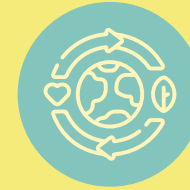
About
US
Group

About US Group

Our Corporate Profile

We are a family-owned, professionally managed Group of companies named after the first-born children, Umer and Siddique, of the two founders, Javed Arshad Bhatti and Mian Muhammad Ahsan. Since our beginning in 1975, we are focused on doing well by giving back to our stakeholders, people, and the planet. Our customer collaborative approach, innovation-driven operations, par excellence manufacturing capacity, and diverse workforce have been our forte for almost 50 years. We started as a denim fabric and apparel manufacturer, exporting top-quality products across the globe. Excelling at core expertise, we have expanded our verticals into New Ventures and Logistics successfully. Our identity goes beyond just business; it is deeply embedded in serving humanity, community well-being, and nurturing nature. We take pride in being among some of the responsible companies in Pakistan, publishing yearly sustainability reports on GRI standards. Everyone at US Group shares the goal of making life sustainable by changing mindsets for future-proofing our generations to come.

Timeline



Mission

Doing Well by Giving Back.



Vision

We aspire to grow by protecting our core business & moderately diversifying in attractive segments while implementing good governance for long term sustainability of the organisation.

Core Values



Integrity



Care



Excellence



Collaboration



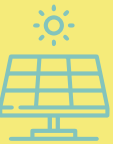
Innovation

Our Verticals

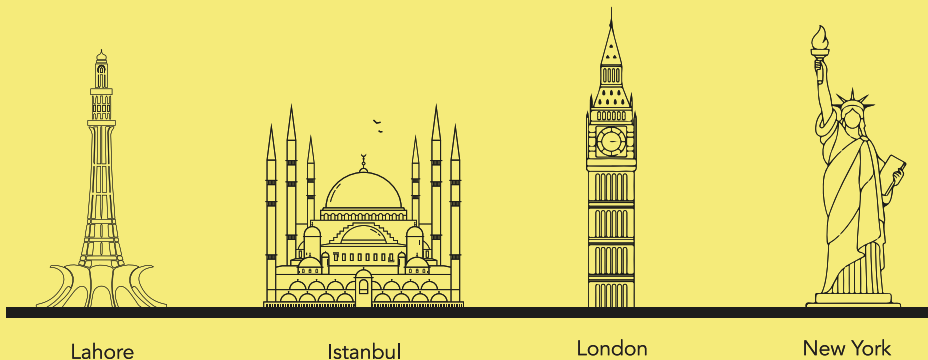
Apparel | Fabrics | New Ventures | Logistics



Annual
Revenue
\$356M



Employees
more than **20K**



Solar Power
Capacity
7MW


Global Presence



 **39** Million Units of Denim Garments per Annum by Apparel Vertical & Stylers

 **37** Million Meters of Denim Fabric per Annum by US Denim Mills

 **24** Million Meters of Non-denim Fabric per Annum by US Dyeing & Finishing Mills

 **90** Long Haul Vehicles of LEEDS Logistics

Competitive Edge



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



Transparent sustainability reporting on GRI standard



Top notch services enduring high customer retention



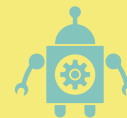
100% Equity



A diverse blend of team experts



A professionally managed company transitioning into a sustainable institution



Efficient automated processes for smooth operational management



Verticality in Denim & Non-denim



Co-creative Partnerships & Collaborations

Customers



Signatories/Memberships



Certifications

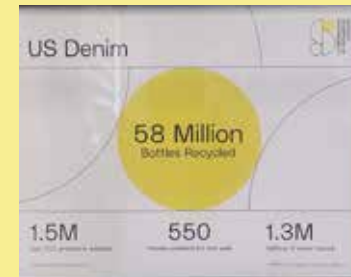


Awards

Corporate Philanthropy Award



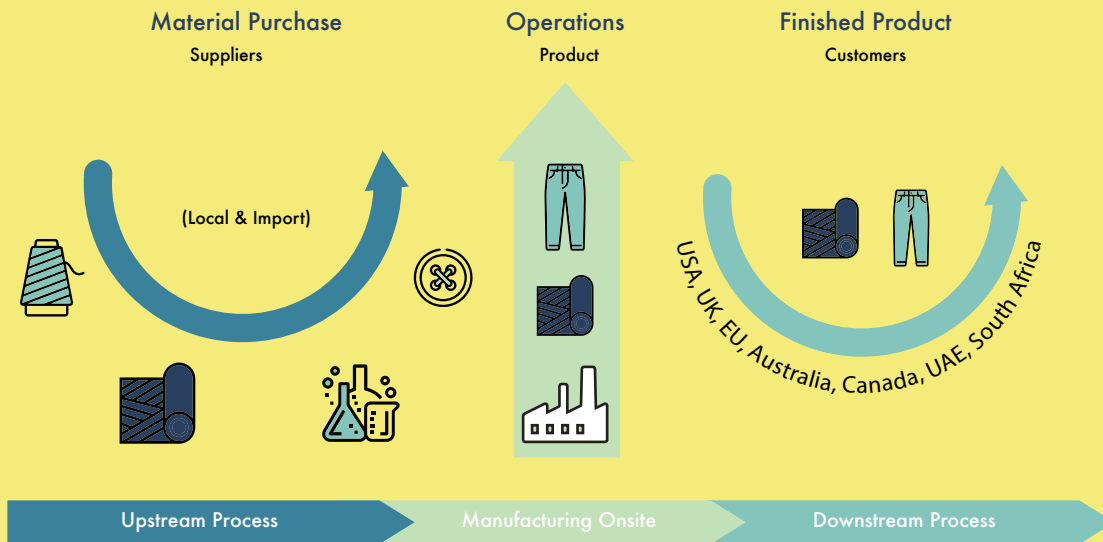
Unfi's Award for Sustainability



Certifications

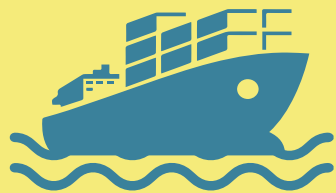
Dialogue For Sustainability Practitioner(DFS) from GIZ





Our Business Value-chain

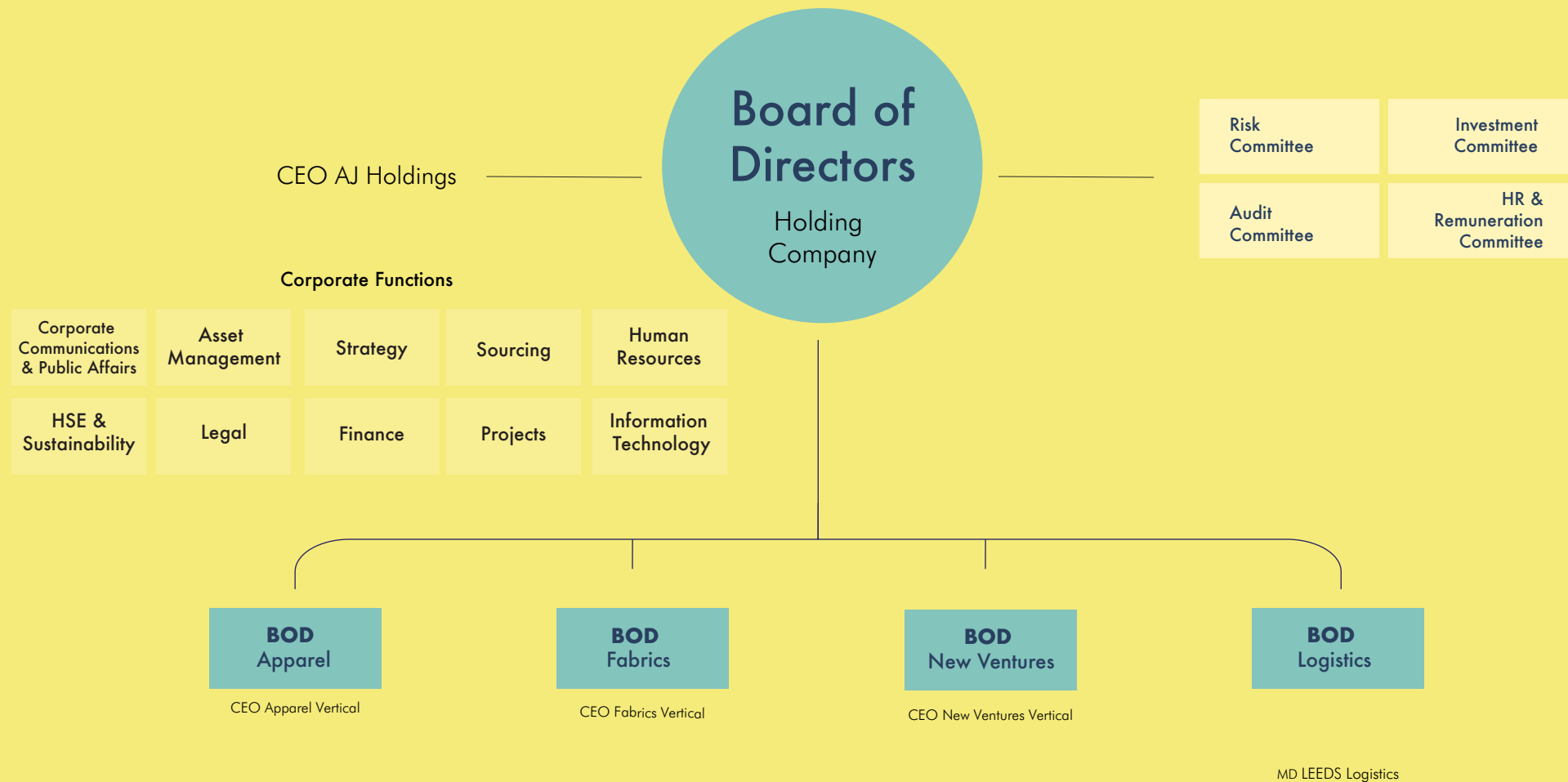
Our business operations commence with sourcing raw materials from both local suppliers and importers to produce our fabric (denim & twill) and Apparel product lines. We export the finished apparel products to various countries, including the EU, USA, UK, Australia, UAE, South Africa, and more. Additionally, we supply the finished fabric (denim & twill) to both domestic and international customers.



Regions we ship to



Our Governance Structure



Our company is governed by a Board of Directors, as mandated by the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulation, 2019. Tasked with overseeing major decisions and our financial health, the Board ensures compliance with laws and ethical standards in benefiting our community and environment. They have assigned the Chief Executive Officer, AJ Holdings the duty of managing sustainability efforts. Furthermore, the Board appoints the Holding Company Chief Executive and other critical roles, focusing on qualifications that align with our strategic goals and commitment to excellence.

The Projects & Sustainability team assesses customer sustainability needs, updates policies, advises on actions, sets targets, and monitors performance, with monthly reviews.



Our sustainability framework, led by CEO AJ Holdings and the steering committee, guides the strategic direction. With collaboration from senior management and employees at all levels, including the Green Circles initiative, we embed sustainability into our daily activities, reinforcing our commitment and boosting impact. Our hierarchical approach embeds sustainability across all operations, from strategic decisions to daily activities. By engaging leaders at every level and empowering employees to lead change, we reinforce our sustainability commitment and boost our impact both internally and externally.

[Click here for the Sustainability Council Members.](#)

Stakeholder Management

Right to Associate and Collective Bargaining

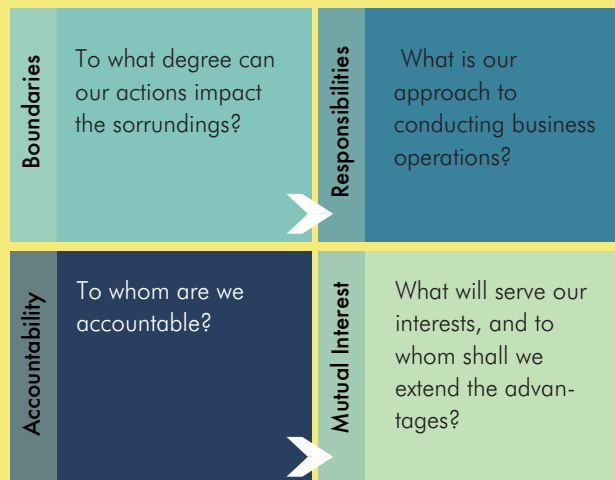
US Group upholds workers' right to freely choose associations or unions, outlined in our clearly communicated policies. Our Worker Management Council, with elected members including women, ensures fair representation through regular secret ballot elections, free from discrimination. Employees adhere to a four-week notice period, reciprocated by the organization, and are trained on their rights. The Council advocates for employee welfare directly to Executive Management, as we collaborate with stakeholders to maintain these standards.

Each unit has its own Worker Management Council and Safety Committee.	✓
100% Employees covered in Freedom of Association Rights.	✓
No supplier identified where the workers' right to freedom of association was at risk.	✓

Interacting with Stakeholders

Our stakeholders encompass a diverse array of individuals, groups, and entities who are impacted by or exert influence upon the operations of US Group. We recognize the importance of engaging in open and proactive dialogue with stakeholders. This dialogue enables us to identify key challenges and opportunities, ensuring ESG's impact on them. Their valuable input and feedback help us assess the actual and potential impacts of our activities, guiding the establishment of company-wide objectives and informing our decision-making processes. We prioritize stakeholder engagement through supplier pre-qualifications and customer development.

The Key drivers for managing relationships and interactions with stakeholders effectively.



Speak-up Policy (Sab Keh Do)

At US Group, our Speak Up policy fosters an environment where our stakeholders, both internal and external (Suppliers), can anonymously voice concerns, ask questions, or make suggestions. Managed by Corporate HR, it guarantees confidentiality and protection from retaliation. Reporting options include phone, email, and mail, with feedback provided on Management's actions. Discrimination instances can be reported confidentially via phone or email to sabkehdo@usgroup.org. Suggestions and complaints are monthly reviewed by senior leadership and annually by the Board. The HR Director (AJ Holdings) evaluates inputs and initiates inquiries when needed, involving relevant stakeholders. Both employees and suppliers are encouraged to share concerns or suggestions, with ongoing feedback via a secure platform.

Stakeholders	Total Speak-ups	41
	Matters Resolved	41
	Matters Pending	0
	Speak-up against Discrimination	0

Ethics and Governance Conducting Business with Integrity

One Code of Conduct

Doing business responsibly, in compliance with laws, and with integrity is the foundation of our culture, reflecting our core values, inclusiveness, and ethical standards. As stated in our COC policy, all employees and business partners contribute to US Group's reputation, therefore, all employees & business partners must adhere to the company's ethical guidelines.

At US Group we have established three communication channels through coordinating departments including Sales & Marketing, Procurement & Supplies, and Industrial Relations. For details about how we interact with our stakeholders, see the material topic (stakeholder engagement) in this report.

A robust compliance mechanism as per IMS Integrated Management System ISO-45001:2018 and ISO-14001:2015, 9001- 2015 standards-compliant system is in place across US Group to ensure conformance to international labor organization (ILO) conventions & recommendations and compliance with local national legislation.

Compliance with Laws & Regulations

US Group business is conducted in compliance with all applicable laws and regulations. Every employee is aware of the legal requirements at the time of joining that apply their job and are liable to follow those laws strictly.

No illegal activity was noted for personal gain or on the Organization's behalf. During the reporting period, no non-compliance of applicable laws and regulations was noted and no fines or penalties were imposed on the Organization.

Agent, Distributors, Customers, Suppliers & Contractors

Third parties must adhere to company terms, including anti-bribery standards in contracts. Documentation for customers is transparent and accurate. US Group does not engage any third party who they know or reasonably suspect of engaging in corruption.

Conflict of Interest

It is always expected from everyone at US Group to act in the best interests of the company. This means that business decisions should be made free from any conflict of interest. They should also be impartial.

At US Group, every employee should avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the company, or which divides their loyalty to the company.

OHS Policy

US Group's OHS Policy aims to maintain excellence in Occupational Health & Safety across all operations. Our goal is to provide a safe working environment for employees, contractors, customers, and visitors. We ensure an effective OHS Management System to identify, manage, and reduce risks and hazards throughout the product life cycle, in compliance with legal and regulatory requirements.

Anti-discrimination & Anti-harassment

US Group has a well-defined and communicated policy on anti-discrimination & anti-harassment aligned with local/national laws and international standards. We ensure strict compliance with these policies by the implementation of procedures related to disciplinary practices. Reported instances of discrimination & harassment are thoroughly investigated and resolved on a 100% basis.

Anti-corruption

At US Group, we have zero tolerance for corruption in our operations and relationships with our business partners. Further, corruption in all its forms including extortion and bribery is not acceptable. We are committed to conducting business ethically and leading by example. Through our internal security controls function through internal audits, we regularly monitor our anti-corruption procedures and our Speak-up Policy (Sab Keh Do) provides a platform for our stakeholders to report any corruption incident that happened. During the reporting year, all operations were assessed for risks related to corruption, and for US Group there have been no findings during reporting period 2023.

Anti-competitive Behaviour

We ensure that our management has a clear understanding regarding anti-competitive behavior and our business operations and have zero tolerance for indulgence in any such actions that may be considered anti-competitive behavior. We confirm that in the current reporting year, no incident has happened that may be categorized as anti-competitive.

Child & Forced Labor

US Group is committed to respecting, protecting and championing the human rights of all those who come into contact with our operations. All policies and practices at US Group are as per the laws and regulations of the country and international charters.

Human Rights

US Group is a strong believer in upholding the human rights of all lives that we connect with directly or indirectly. Our aim is to treat all people with due respect, starting with our employees. In addition to our commitment to UN SDGs we support our actions in compliance with ILO standards, by providing equal opportunities for everyone to get access to decent work in conditions of freedom, equity, security, and dignity. We have a zero-tolerance policy against all human rights violations, and we recorded no incidents relating to human rights violations in 2023 or any of the comparative periods.

Quality Statement

It begins with a robust Quality Policy. Working with leading brands, US Group adheres to customer protocols and conducts in-house R&D to ensure product quality while pioneering the latest fashion trends with a focus on quality and sustainability. Implementation includes certifying material inputs according to international standards, employing an onsite quality control team following ISO-9001-2015 guidelines, and conducting third-party quality testing before product dispatch.

Chapter 3



*Sustainability
at
US Group*

US Group Sustainability Policy, Strategy, Vision, Challenge 2025

In alignment with our corporate ethos, US Group proudly upholds a comprehensive sustainability policy, strategy, vision. Rooted in innovation and collaboration, we are committed to minimizing our environmental footprint, promoting social equity, and driving positive change for current and future generations.

Policy

Our sustainability policy is our pledge to Environmental stewardship, Social responsibility, and Economic sustainability. It guides our actions toward a sustainable future, prioritizing embedding sustainability into our strategies, engaging stakeholders, and meticulous planning and monitoring. Sustainability, to us, includes environmental, social, and economic aspects, driven by a strong governance structure. It's not optional; it's our obligation.

[To read more about the policy, click on the link](#)

Strategy

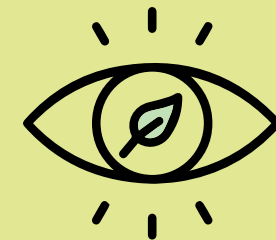
Our business integrates sustainability across Economic, Environmental, and Social aspects, embedding it in daily operations with governance. Prioritizing planet, people, and economy, our holistic approach guides actions for a thriving triple bottom line. Seven areas with respective KPIs measure progress.

Our Environment strategy minimizes resource consumption and shifts to renewable energy, reducing our carbon footprint. Three focus areas with 20 KPIs monitor progress.

Social importance is crucial, especially in labor-intensive industries like textile manufacturing. We focus on workforce health, safety, inclusivity, and community engagement. Our HR department presents the remuneration policies to the Board for reviews and recommends the suitable course of action for the wellbeing of people.

Effective execution of our Planet and People strategies will lead to the realization of the Economic element within our overall strategy. Within our Economy sustainability strategy, we've pinpointed two vital areas and developed 14 key performance indicators for measurement and improvement. This involves substituting traditional materials with sustainable alternatives, embracing circularity and recycling, and adopting cutting-edge technology to reduce waste.

Vision



[At US Group, our sustainability vision is simple:](#)

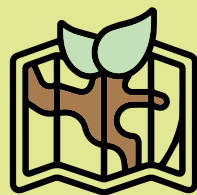
To create the products that not only meet the needs of today but also safeguard the needs of tomorrow. We aspire to be a driving force in changing the mindset where sustainability is not just a talk but a thriving reality.





How is Sustainability Challenge 2025 different from previous years

With the completion of our 2022 Sustainability Challenge, our performance across nine distinct target areas demonstrated that nothing is impossible. Looking ahead, we prepared for an even more rigorous 2025 Sustainability Challenge, launched in 2023. This challenge will broaden our parameters to include tracking the impact of our operations across all verticals of the US Group. Sustainability is structured around the Environmental, Economic, and Social pillars, encompassing seven core areas that address various sustainability aspects. A key enhancement in the 2025 Challenge is the inclusion of Circularity in our core KPIs, distinguishing it from the 2022 Challenge. Additionally, we plan to focus on productivity as a new target to strengthen the economic pillar of sustainability.



US Group Sustainability Journey

The sustainability initiative undertaken by US Group in 2018-2019 underscores the organization's dedication to environmental stewardship, social responsibility, and economic advancement. Recognizing the necessity of incorporating sustainability into its fundamental operations, the organization embarked on a strategic journey that encompassed various pivotal stages, from data gathering to addressing sustainability challenges head-on.

2019	2020	2021	2022	2023	2024 Forecast
<ul style="list-style-type: none"> • Data Collection • Customer Requirements • Industry Standards • UN SDGs & UNGCC • Working on 1st Sustainability Challenge 	<ul style="list-style-type: none"> • Launched 1st Sustainability Challenge (2020-2022) • Celebrated 1st Sustainability Week • 4 MW Solar Installation • AWS Membership 	<ul style="list-style-type: none"> • Published 1st Sustainability Report • Celebrated 2nd Sustainability Week • Rainwater Harvesting System • Rainwater Recharge System • Fuel Conversion (Wood to Gas) • Became a Net Zero Member • AWS Certification 	<ul style="list-style-type: none"> • Published 2nd Sustainability Report • Celebrated 3rd Sustainability Week • 3 MW Solar Installation • Fuel Conversion (Wood to Gas) • Closing of 1st Sustainability Challenge • Expansion of Rainwater Harvesting System • Expansion of Rainwater Recharge System • Held 1st Supplier Conference • Held 2nd Supplier Conference • Net Zero (SBTi) Commitment • Rolled out Supplier Assessment Questionnaire • Working on 2nd Sustainability Challenge 	<ul style="list-style-type: none"> • Published 3rd Sustainability Report • Celebrated 4th Sustainability Week • Celebrated 1st Sustainability boost-up Week • Held 1st Supplier engagement session • Biomass Boiler Plants • Launch of 2nd Sustainability Challenge • Expansion of Rainwater Recharge System • Expansion of Rainwater Harvesting System • Caustic Recovery Unit • Water Recycling Plant • Carbonization of ETP Water • Miyawaki Forest • LEED Certification 	<ul style="list-style-type: none"> • 4th Sustainability Report • 1.6MW Solar Installation • Rainwater Harvesting System (At Project Sunshine) • Rainwater Recharge System (At Project Sunshine) • 5th Sustainability Week • LEED Certification • Launch of two-year Sustainability programs across the seven areas of Sustainability Challenge 2025

1st Sustainability Challenge (2020-2022)

In 2019, we started with the (Apparel Vertical (sBU USA & sBU UK/EU) and Fabrics Vertical (US Denim Mills). We focused on 9 areas and set rigorous targets. Those 9 areas were aligned with 11 UN SDGs directly and indirectly linked with all UN SDGs.

[To read more about the 1st Sustainability Challenge and its progress, click on the link to read our previous sustainability reports.](#)

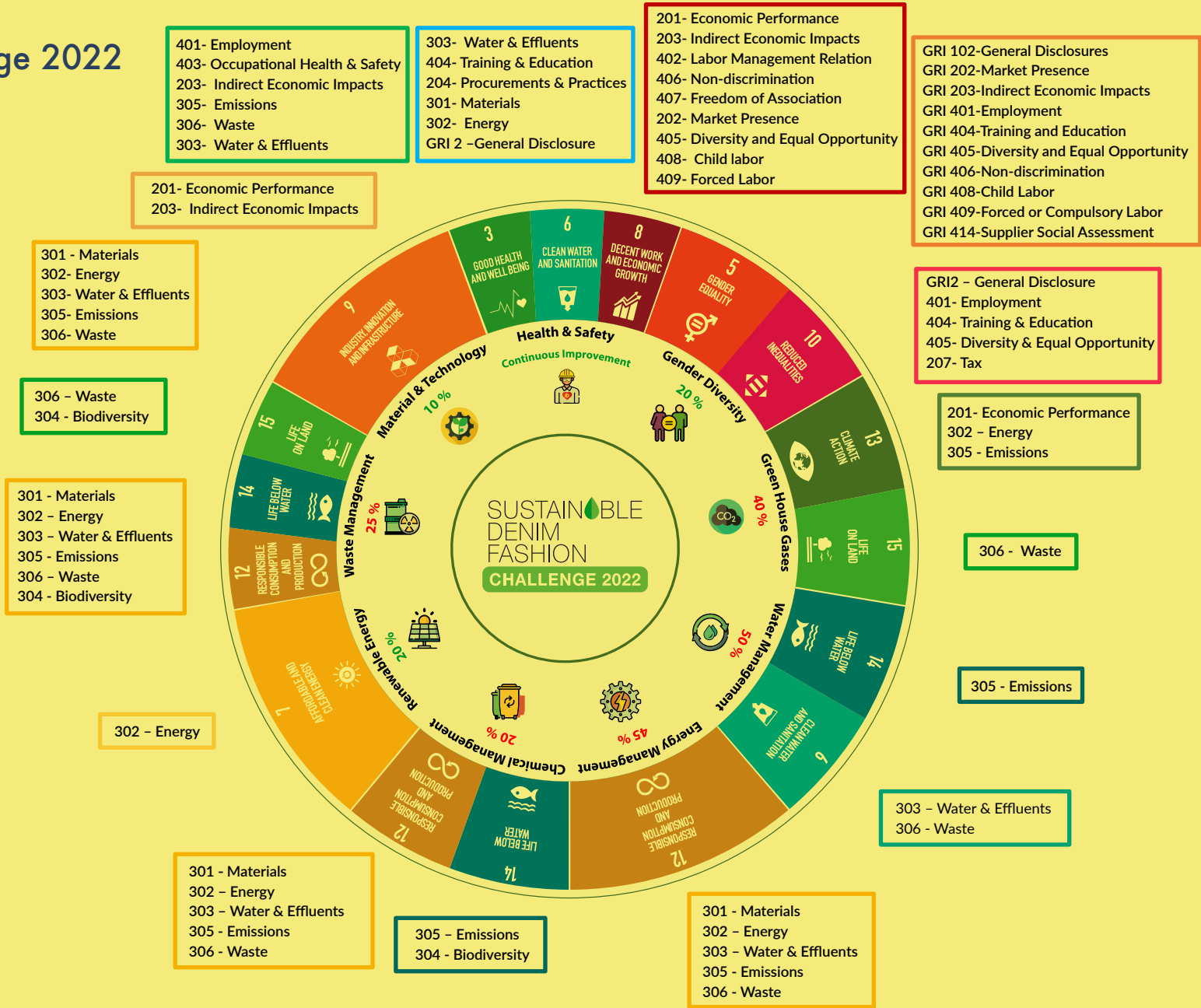
2nd Sustainability Challenge (2023-2025)

Our 2nd Sustainability Challenge is more rigorous as we have spread the parameter of tracing the impact of our operations to three Verticals with the addition of a new business unit of the US Group.

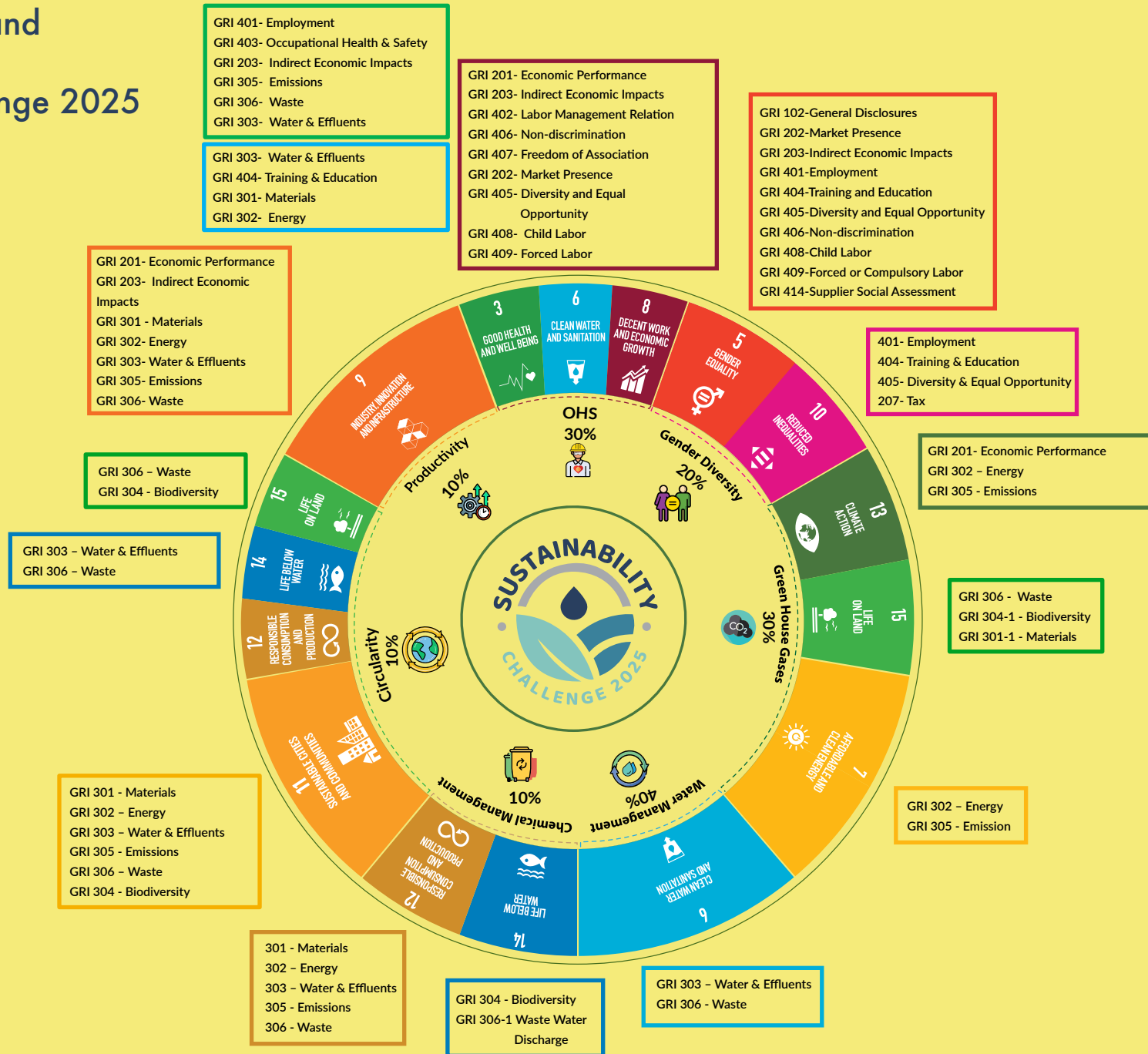
We have restructured our targets under three pillars; Social, Economic, and Environmental. We focused on seven areas and set rigorous targets. Those 7 areas were aligned with 12 UN SDGs directly and indirectly linked with all UN SDGs.

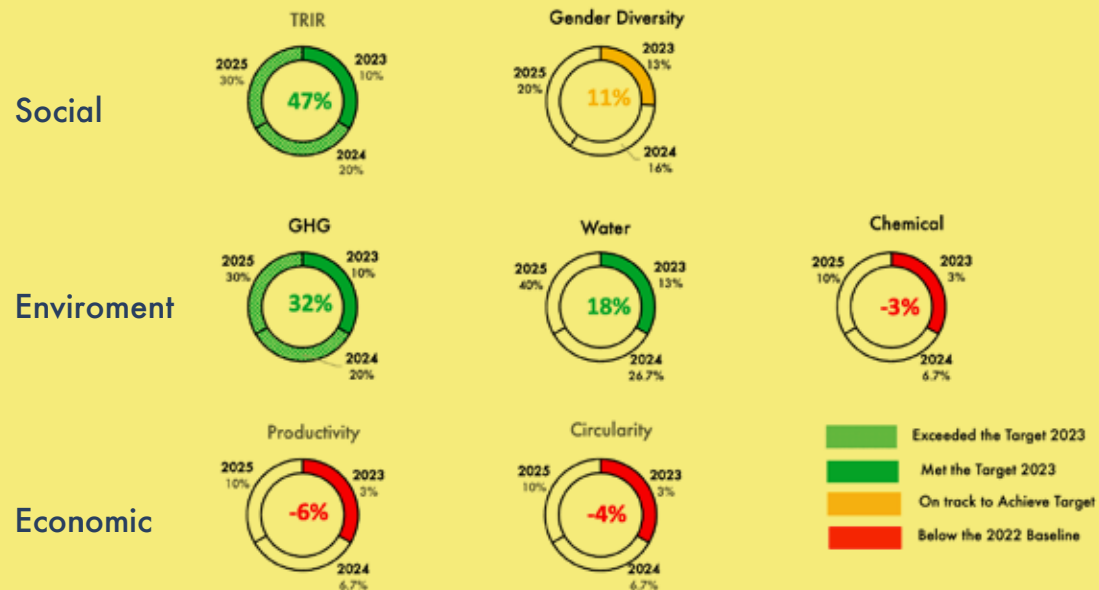
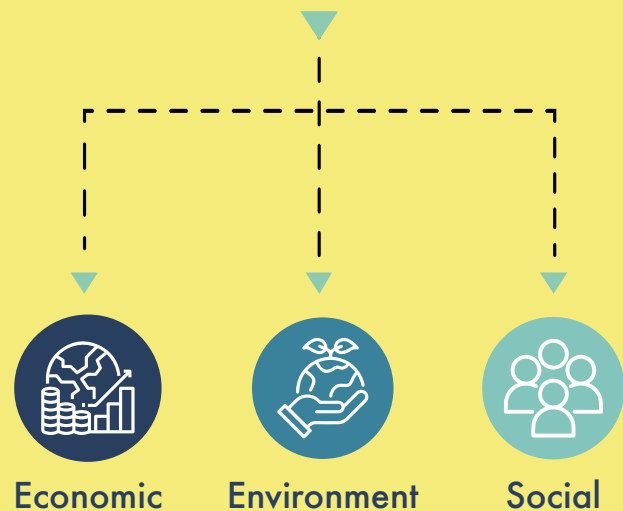
We have added productivity and circularity in 2nd Sustainability Challenge and to read more about our target and performance.

Mapping of SDG's and GRI with US Group Sustainability Challenge 2022



Mapping of SDG's and GRI with US Group Sustainability Challenge 2025





Progress - 1st year of Sustainability Challenge 2025

In our 2023 sustainability report – Fostering Innovation, we've advanced in seven key areas, surpassing 2025 targets in two and meeting one originally set for 2023. However, four areas still require improvement. We exceeded Social expectations with a 47% reduction in TRIR, reaching our 2025 target early. Yet, Gender Diversity rose by 11%, falling short of our 2023 target. Environmentally, we've made strides, achieving a 32% GHG reduction, surpassing our 2025 target ahead of schedule, and meeting our 2023 water reduction goal. Chemical intensity increased by 3%, missing our 2023 target. Economically, product time increased by 6%, failing our 2023 target, and waste intensity rose by 4%, missing the 2023 target, indicating a need for improvement.

Approach to Sustainable Development Goals

We've aligned our sustainability goals with the UN Sustainable Development Goals (SDGs) to contribute to global progress. This fosters innovation, strengthens stakeholder relationships, and ensures long-term business resilience. We're committed to integrating this into our business agenda as we expand and collaborate with partners. Pursuing Goal 17, "Partnerships," is key to achieving these objectives.



US Group has identified the UN SDGs linked with its Sustainability Pillars (Environment, Social, Economic)



- In 2025, we aim to bolster gender equality.



- Registering the eligible employees with the Pakistan Social Security Institution.
- Ensuring that workers receive fair and livable wages.
- Ensuring equal compensation for equivalent tasks.



- 60% wastewater recycling at one of the Apparel Vertical's units with the goal of ZLD.
- Access to safe and free drinking water for all employees.
- Caustic recovery units in Denim Mills of Fabrics Vertical.
- Rainwater Recharging helps urban flood mitigation and helps the recharging of groundwater table.
- ZDHC compliant Effluent Treatment at all units.



- Offering subsidized food services to all employees.
- Sourcing materials from BCI (Better Cotton Initiative) to support local farmers.
- Providing food to nearby communities through NST.



- Installed 7 MW of solar system at our facilities.
- 1.6 MW installation is in expansion at two of our units.
- Installed biomass boilers which contributed more than 13% of clean energy in 2023.



- All employees are provided with fundamental health coverage.
- Providing on-site basic healthcare facilities for all employees.



- Calculating the US Group GDP relative to the National GDP.
- Annual program for the induction of new talent into the organization.
- Implementation of a strict Child Labor Policy across US Group.
- Calculating TRIR and annual targets to reduce it.
- All Financial transactions are made through banks.



- Providing hands-on training to students who are interested in the textile industry, equipping them with valuable skills and knowledge necessary to embark on careers within this sector through internship programs.



- Calculating GHG emission intensity.
- Calculating GHG emission/GDP.
- All eligible employees have access to IT.
- Raising national GDP being top textile exporters.
- LEED-certified building.



- Anti-discrimination Policy at Group level.
- Regular benefits are offered to employees e.g Life Insurance, Health Care.
- All employees are registered with the Employees Old-Age Benefits Institution.
- Eligible employees are registered with the Pakistan Social Security Institution.



- Free commute provided to workers and on subsidized rates for management staff.
- Effluent air quality testing and Industry's waste management practices as per applicable laws.



- Transforming food waste into fertilizer by diverting it away from landfills.
- Efficient use of natural resources by launching a program of "Elimination of Waste" to support circularity.



- Reduced carbon footprint by using renewable energy sources e.g. Biomass Boiler Plant.
- Committed to the Science Based Targets for an absolute reduction in GHG emissions.
- Offset carbon emissions through tree planting.



- Ensure the utilization of ZDHC-compliant chemicals throughout the process and treat effluent wastewater before it is discharged from the factory premises.
- Using organic cotton and recycled materials that have a lower environmental impact.



- Plantation activities are being carried out inside and nearby communities.
- Planted more than 40,000 trees in collaboration with government and non-government organizations.



- "Sab Keh Do" Policy at the Group level.
- US Group One Code of Conduct.
- Anti-corruption and Anti-discrimination Policy.



- NST CSR activities through collaborations for the betterment of communities.
- Collaborating with NGOs, governments, and research institutions to address the challenges and promote sustainable development. like NTU, WWF, PET.

Shareholder to Stakeholder: Empowering the Voices

Throughout our textile manufacturing journey, we prioritize diverse stakeholder needs, ensuring compliance with standards from the start. Meeting both direct and indirect stakeholder expectations is key, fostering transparent relationships. We analyze and prioritize stakeholder needs, employing tailored engagement strategies.



Our diverse stakeholder engagement strategy emphasizes transparency and collaboration. We engage with customers, shareholders, employees, and communities through multiple channels, including exhibitions, meetings, and digital platforms. These interactions cover topics such as product development, sustainability, corporate performance, industry trends, and health and safety. By addressing the concerns of all stakeholders, we pave the way for a sustainable future. We take action based on feedback received during these engagements.

Click on the [link](#) to read more about the Stakeholder Engagement

Management of Material Topics

US Group has efficiently identified, prioritized, and managed its key sustainability impacts, or material topics. Following GRI 3-3 guidelines, our process involves thorough consideration of internal and external factors, including stakeholder engagement, industry trends, and global legislation. We prioritize these topics based on stakeholder importance and their environmental, social, and economic impacts. Our approach includes a comprehensive sustainability structure with designated ownership for each topic.



US Group's Material Topics

This analysis considers various economic factors like material selection and market presence, which influence job creation and company stability. However, it also highlights environmental concerns such as climate change and resource depletion. Social impacts, including employee well-being and community welfare, must not be overlooked. Understanding these implications enables informed decision-making for positive societal outcomes and ensures transparency for stakeholders evaluating US Group's sustainability efforts.

Material Topics in View of US Group's Sustainability Challenge 2025

We connected our material topic analysis with our Sustainability Challenge 2025, enhancing our understanding of impacts and aligning actions with the group's sustainability strategy. This ensures our material choices support both immediate and long-term sustainability goals.

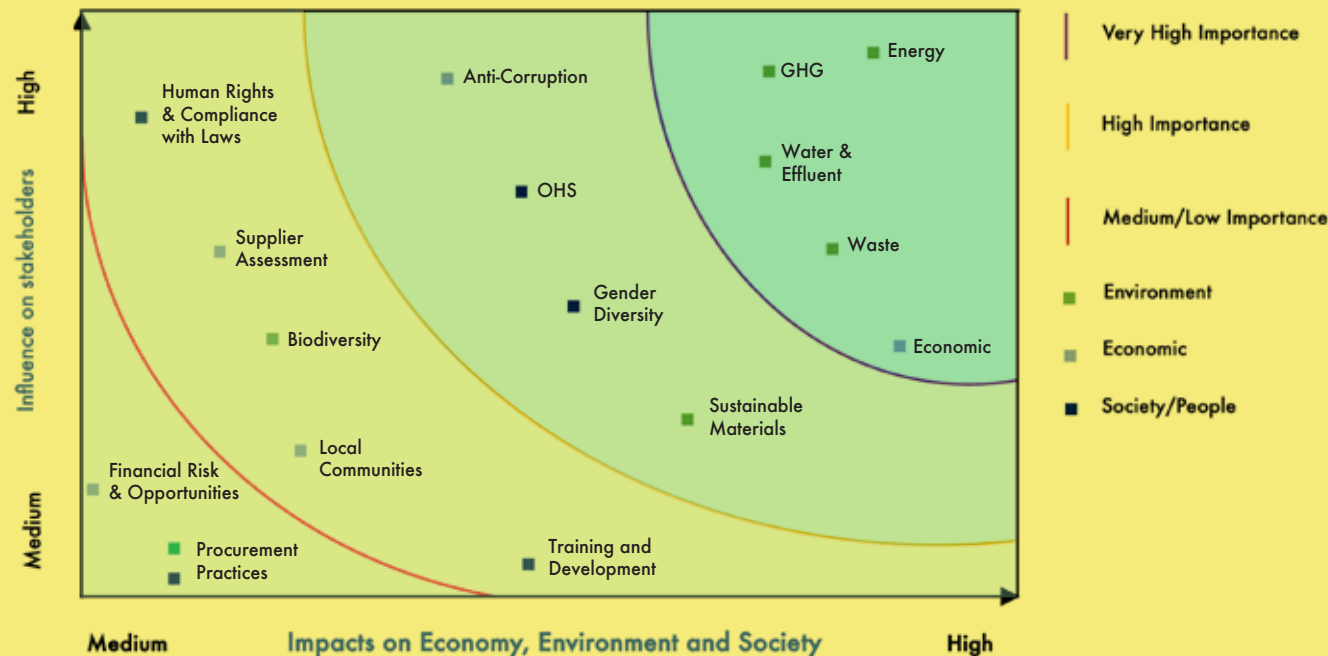
Linked it with GRI Disclosure

We have mapped the selected material topics with the GRI disclosures.

[Click on the link](#) to read more about the Material topics

Materiality Matrix

Our materiality matrix is crafted collaboratively by diverse teams, integrating stakeholder input, legal obligations, and impacts. The process entails: assessing issue relevance through stakeholder engagement, aligning with strategy, and assigning tasks for monitoring progress.



Suppliers Conferences

US Group holds regular supplier conferences, where partners come together to exchange ideas, address challenges, and align with our expectations. These sessions started in 2022 and have become vital for mutual growth.

1st conference (March 2022)

Our first gathering emphasized integrating sustainability into our supply chain for long-term benefits, initiating our sustainability drive.

2nd conference (December 2022)

Continuing the momentum, our second session focused on Scope 3 emissions and understanding the Supplier Assessment Questionnaire (SAQ), fostering greater collaboration and transparency.

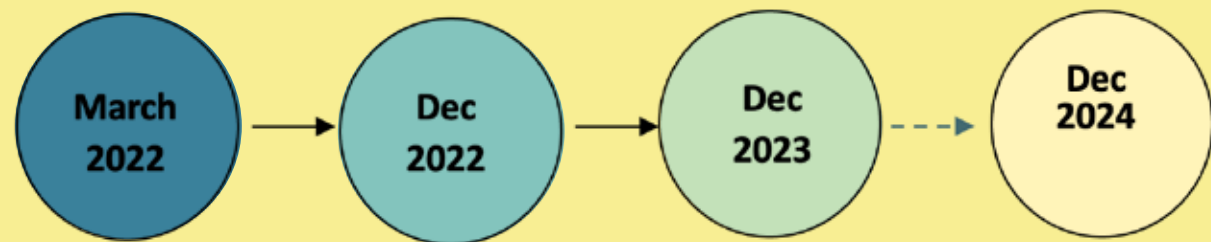
The Suppliers' Conference is a full-day event with each engagement session lasting around five hours.

In 2024, we aim to involve our suppliers in our upcoming sustainability theme "Learn, Unlearn & Lean" to foster balance and improvement.



Supplier Interaction

In November 2023, we held our first Supplier Interaction event, with over 80 Suppliers from various Pakistani cities joining. The event aimed to train Suppliers in using the Supplier Engagement Tool, a collaboration between the US Group and Pakistan Environment Trust. Representatives from both organizations provided insights and addressed queries, strengthening partnerships and advocating environmental responsibility in our supply chain.



Building a Responsible Supply Chain Partnership

Our internal concerned department ensures timely procurement of quality materials at cost-efficient rates, aligning with the US Group's commitment to ethical and sustainable practices. Our responsible purchasing strategy prioritizes environmental and social considerations, enhancing the sustainability of our supply chains.

For this reporting year, none of our Suppliers were identified as a risk to our Social & Environment pillars parameters.

Empowering Economy through Locals: US Group's Sourcing Priority

While US Group sources globally, we prioritize supporting our local economy and suppliers. In 2023, over 70% of our suppliers were local, and 90% of procurements came from local sources, aligning with our sustainable practices. We actively reduce imports, favoring local alternatives to boost the economy, lower the import bill, and enhance the balance of payments. This approach strengthens the local economy, reduces our carbon footprint by cutting transportation

emissions, and fosters local job creation. In 2023, our procurement strategy emphasized local sourcing, notably in fabric procurement, leading to a more favorable supplier profile.





Suppliers Evaluation

In 2022, we launched a Supplier Evaluation System focused on ESG standards to foster sustainable partnerships. By 2023, we assessed 375 suppliers across segments like yarn, fabric, dyes & chemicals, and accessories, locally and globally, using environmental and social criteria. Suppliers are notified of potential environmental impacts pre-induction and during assessment.

Our Approach

We've embraced a three-step approach with our suppliers: prioritizing local options, evaluating suppliers, and hosting capacity-building sessions to strengthen relationships.

As part of our Supplier Assessment, about 41 suppliers have reported their progress on GHG emissions, demonstrating US Group's dedication to addressing climate change impact at Upstream suppliers.

Supplier	Initial Audit/ Re-Evaluation - 2022	Initial Audit/ Re-Evaluation - 2023
 Accessories	192	113
 Fabric	60	122
 Chemical	40	108
 Yarn	-	32
Total	292	375



28%
More Suppliers Screened
in 2023 vs 2022

Chapter 4

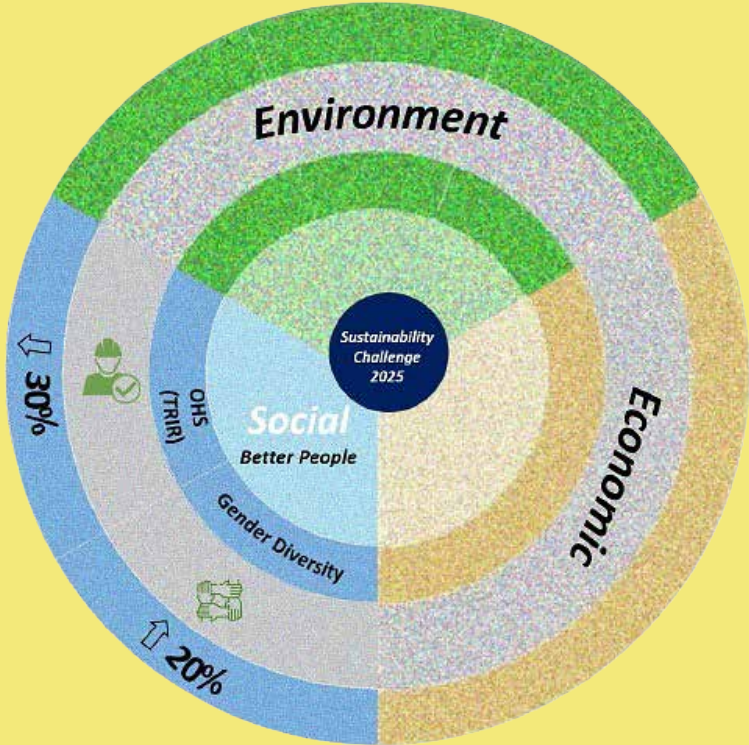
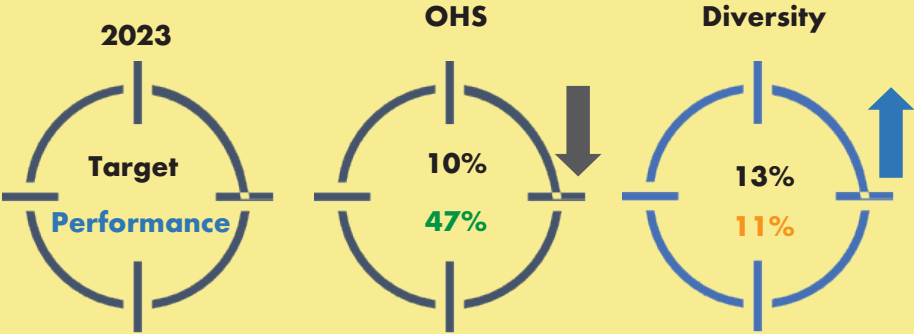


*Social
Pillar*

Social Pillar

Social Pillar of Sustainability Challenge 2025

Setting sail for a sustainable future, our 2025 Sustainability Challenge's Social Pillar targets two key areas: reducing TRIR and boosting Gender Diversity. With steadfast commitment, we've set ambitious goals to foster positive change across US Group.



*Beyond Profit:
Transforming Lives*

Employment

US Group has significantly expanded its workforce in alignment with its HR strategy, now comprising over 20k employees from diverse backgrounds. We are dedicated to equality, diversity, and fair treatment, fostering an inclusive environment where everyone is valued. **No workforce discrimination was reported in the reporting year.**



Employees receive comprehensive benefits, including life insurance, healthcare, disability coverage, long-term benefits, maternity and parental leaves for eligible employees. All employees are registered with EOBI and eligible ones with PESSI, with regular contributions made by the organization. Medical facilities are also available through our CSR wing for employees and their families when needed.

The employees of the US Group business fall under the following two categories:

1. Management
2. Non-Management

Non-Management employees are subject to Pakistani Labor Laws, which we strictly follow. We ensure equal pay meeting minimum wage standards regardless of gender, caste, creed, religion, or location. Our salary structure undergoes scrutiny by internal and external auditors. We also maintain non-discriminatory practices in salary and benefits, based on employment type and individual performance.

Our Workforce	2022	%	2023	%
Total	20358		20329	
Composition by Gender				
Male	18509	91%	18114	89%
Female	1849	9%	2215	11%
Composition by Age Group				
Below 30	10664	58%	10319	57%
Between 30 to 50	8911	44%	9223	45%
Above 50	783	4%	787	4%
Composition by Employment Type				
Permanent	20358	100%	20327	100%
Contractual	0	-	0	-
Composition by Grade				
Management		16%	-	15%
Workers		84%	-	85%
Management Staff by Gender				
Male		94%	-	95%
Female		5%	-	5%
Management Staff by Age Group				
Below 30		30%	-	27%
Between 30 to 50		66%	-	68%
Above 50		4%	-	5%
Workers by Gender				
Male		90%	-	88%
Female		10%	-	12%
Workers by Age Group				
Below 30		57%	-	55%
Between 30 to 50		40%	-	41%
Above 50		4%	-	4%
Management Female Staff				
Eligible for Maternity Leaves			29	-
Availed the Maternity Leaves			8	-
Rejoined after Maternity Leaves			7	88%

All employees within our workforce are hired based upon relevant skills, experience, education and suitability for the position and while there isn't any discrimination nor we impose any restriction on hiring based on any geographical location, Moreover, while hiring workers, preference is given to the people from the local community.

Occupational Health & Safety Management

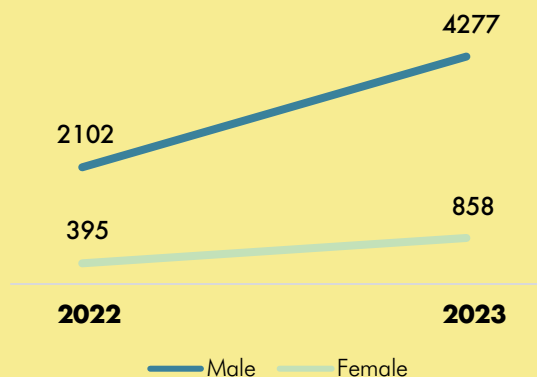
US Group prioritizes the well-being of its employees, striving to create a safe and healthy work environment where everyone feels happy and secure. Our robust Occupational Health & Safety system goes beyond legal requirements to build trust and ensure employee welfare. In 2023, we reinforced this commitment through tailored safety measures and enhanced technical training programs.

Employees Capability Building

Multiple training sessions were held for all Verticals within US Group, focusing primarily on Risk Assessment. We successfully certified 92 employees as accredited Risk Assessors. Moreover, stakeholders were acquainted with incident investigation methodologies to foster a culture of precise reporting. Awareness sessions encompassed topics such as ESG (Environmental, Social, and Governance) and GRI (Global Reporting Initiative) sustainability reporting, fundamental life-saving techniques, firefighting skills, near-miss reporting, and TRIR (Total Recordable Incident Rate) reporting.

Sustainability and Boost-up Weeks were organized across all units, with a strong emphasis on Occupational Health & Safety, as well as Diversity and Inclusion. Several shop floor sessions were conducted to enhance comprehension of OHS and D&I principles.

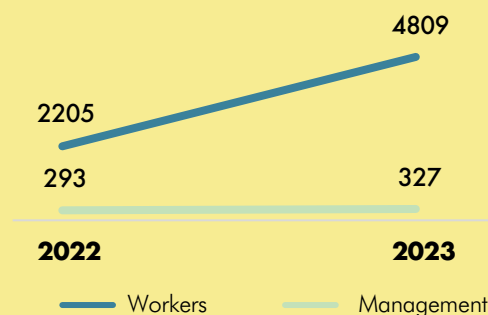
Hiring by Gender



In 2023, the ratio of female hires exceeded that of males, demonstrating the commitment of US Group to providing equal opportunities.

Employees of US Group must give one month's notice upon resignation. The organization informs permanent employees of any significant changes affecting their position beforehand. Further, the US Group is dedicated to ethical labor standards, ensuring a safe and supportive workplace, with a zero-tolerance policy for child labor, forced labor, or compulsory labor, and full compliance with Pakistani laws. We empower employees to retain control over their affiliation with the company.

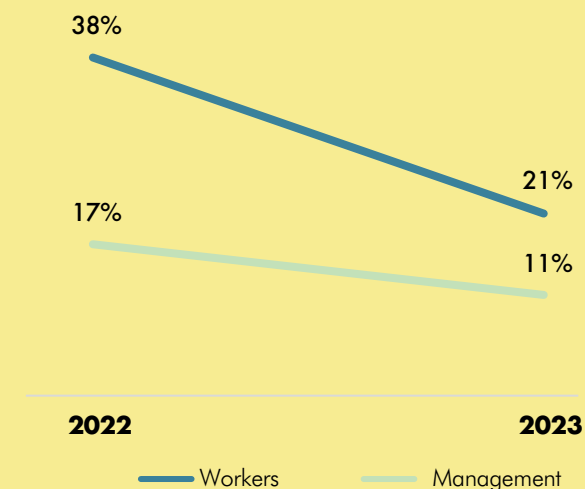
Hiring by Grade



In 2023, the ratio of workers hiring doubled compared to 2022. This reflects a commitment to participating in the socio-economic development of the country by both hiring workers and upskilling them with relevant trainings.

Human capital serves as the foundation for US Group's sustainable growth and ongoing economic advancement. Our objective is to attract and retain talented employees who consistently perform at their best and deliver maximum value. A key element of our successful employee attraction and retention strategy is the compensation, benefits, and factors contributing to employee satisfaction. We are committed to offering fair and competitive compensation, striking a balance between ensuring employee satisfaction and effective cost management for the company.

Turnover Ratio



In 2023, the turnover ratio decreased by 44% among management and 35% among workers, particularly noteworthy given the labor-intensive nature of the textile sector. These figures accentuate US Group's commitment to investing in human capital.

To mitigate risk, we've implemented strict measures to minimize contamination. We adhere to environmental regulations, meet customer specifications, and collaborate with third-party waste handlers. Incineration is our chosen method for disposing hazardous waste, ensured by stringent contractual agreements to prevent landfill disposal.

Certifications

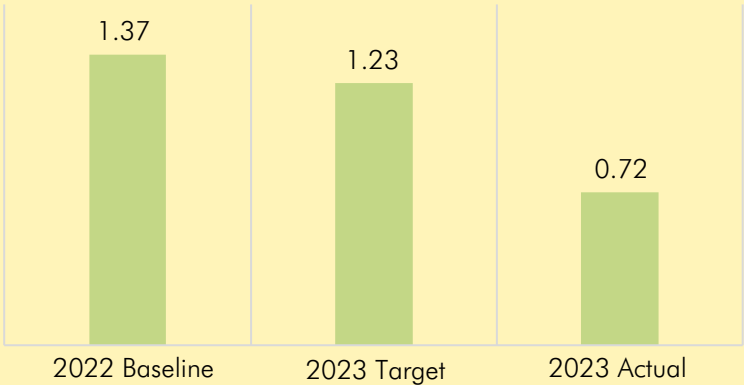
The US Group is certified in ISO 9001, 14001, and 45001, along with OKEO Tex100 and CTPAT, WRAP certifications. Regular audits ensure Social and Occupational Safety and Health (OSH) standards are met. Meeting the Social Labor Convergence Program (SLCP) requirements, the US Group achieved a remarkable score exceeding 89%.

[Click here to read more about the certifications](#)

Employees Health & Care

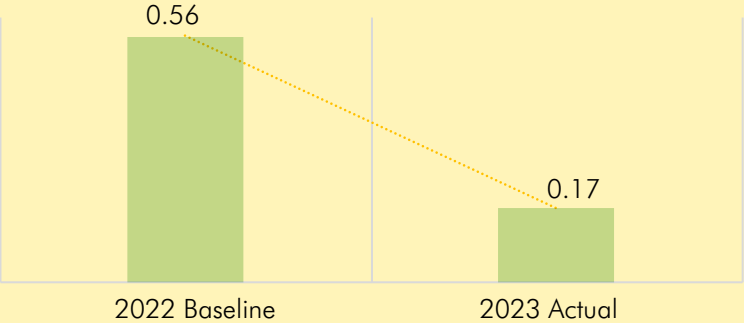
Employee health is a top priority at US Group. We've set up 24-hour dispensaries with ambulance services across all Verticals. RO water plants ensure clean drinking water in every unit. Health camps covering topics like Hepatitis, Diabetes, and HIV are held regularly, offering free medical tests. Employees also have access to free medical services at Indus Hospital in partnership with US Group.

Total Recordable Injury Rate (TRIR)



In 2023, 47% Improvement in the Total Recordable Injury Rate (TRIR) is recorded as compared to baseline data of 2022

Lost Time Injury (LTI) Rate



In 2023, the Lost Time Injury (LTI) rate has also shown a 70% improvement



Way Forward 2024-2026

We are launching a comprehensive two-year Occupational Health & Safety Program that will address the Base of safety pyramid. We focus on reducing the Leading indicators.

External Audit

At US Group, we have internal mechanisms to exceed Occupational Health & Safety requirements. Additionally, third-party evaluations are conducted monthly to assess our OHS performance. The resulting report is distributed to all units to monitor progress and enhancements.

[Click on the link to see the performance of each sBU/vertical](#)

Diversity & Inclusion

Gender Diversity & Inclusion Policy Statement:

At US Group, we are committed to fostering a diverse and inclusive workplace culture where every individual is respected, valued, and empowered to thrive and has an equal opportunity to grow. We believe that embracing gender diversity is not only a moral imperative but also essential for driving innovation, creativity, and sustainable growth.

US Group is an equal opportunity employer and does not discriminate based on age, disability, gender, marital status, pregnancy & maternity, race, ethnic origin, color, nationality, religion or belief, or any other class or category. We respect divergent backgrounds and differences of opinion and that enables our employees to bring their true selves to work and to reach their full potential. Our Gender Diversity & Inclusion policy rests on the pillars of equity, diversity, and inclusion with gender as a key area of focus.



Challenges and Opportunities:

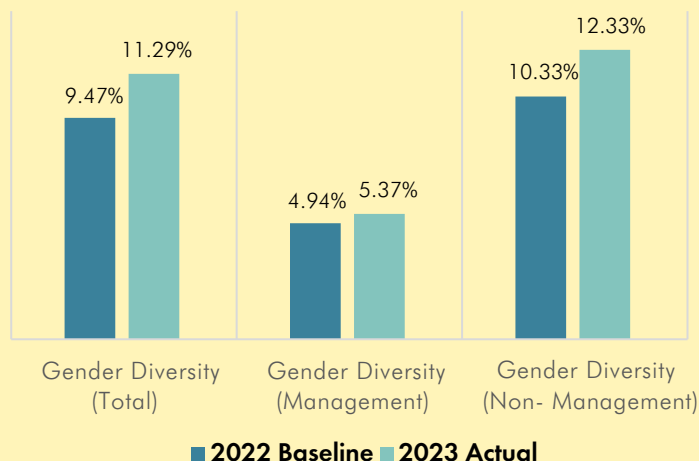
While we have made significant strides in achieving our KPI to hire and retain female workers within our organization, we recognize that there are still challenges to overcome and opportunities for improvement. We face many challenges for our quest to make our work environment more inclusive and add more diversity across all cadres and departments across US Group. We see these challenges as opportunities for growth and innovation and are committed to addressing them head-on.

Future Goals and Commitments:

Moving forward, our dedication to advancing our D&I agenda and fostering a truly inclusive workplace remains steadfast. We have outlined several key objectives and commitments for the future:

1. Enhancing the representation of underrepresented groups in leadership roles.
 2. Extending the reach of our diversity and inclusion training initiatives to encompass all members of our workforce.
 3. Consistently evaluating and refining our policies and procedures to align with our D&I principles.
 4. Deepening our collaborations with community organizations and external partners to champion diversity and inclusion efforts beyond our organizational boundaries.
- These endeavors reflect our ongoing commitment to cultivating a workplace culture that embraces diversity and inclusion in all aspects of our operations.

Gender Diversity (Male vs Female)



In 2023, our management female employees' ratio increased from 4.94% to 5.37%.

In 2023, our female-employee ratio has increased from 9.47% to 11.29% taking 9.47% as baseline.

In 2023, our female non-management employees' ratio has also been increased from 10.33% to 12.33%.

[Click on the link to see the performance of each sBU/vertical](#)

Way Forward 2024-2026

We are launching a comprehensive two-year D&I Program that will holistically address our future goals & commitments to retain and not only facilitate but upskill women workforce.

Minority and Vulnerable Employees

11% of total employees at US Group belong to a minority group and 0.34% belong to (vulnerable) (special needs) ones.

These numbers show US Group's commitment of protecting the rights and proving equal opportunities to both minority and vulnerable groups.

Human Rights Assessment

US Group has developed, documented, and implemented policies and procedures to protect the human rights of its workforce in its facilities. These measures include monitoring for issues like child labor, forced labor, harassment, abuse, freedom of association, and discrimination through internal and external audits by third-party entities. All manufacturing facilities undergo rigorous certification audits, including WRAP, SA8000, SEDEX, and customer's Code of Conducts (COCs) audits. Furthermore, all employees, including on-floor workers and security personnel, must undergo thorough induction training covering human rights policies, wages, and benefits. The organization has established a robust compliance mechanism in accordance with the requirements of local/national laws, International standards and International Labor Organization (ILO) Conventions and Recommendations across all its business units. All security staff are trained regularly on the organization's human rights policies, as well as external threat awareness, protection, and safety of assets and human life on the premises.

Transforming Minds

We prioritize employee satisfaction by enhancing job roles and providing tailored training programs. Our HR department identifies development needs and designs comprehensive initiatives for professional growth. Executives undergo customized training in various competencies, while non-executive staff receive in-house and external training as required.

Skill Development

At US Group, our workforce is the foundation of our success. We are committed to fostering a culture of continuous learning and development for all our employees. A skilled and motivated workforce is essential for innovation, efficiency, and exceeding customer expectations.



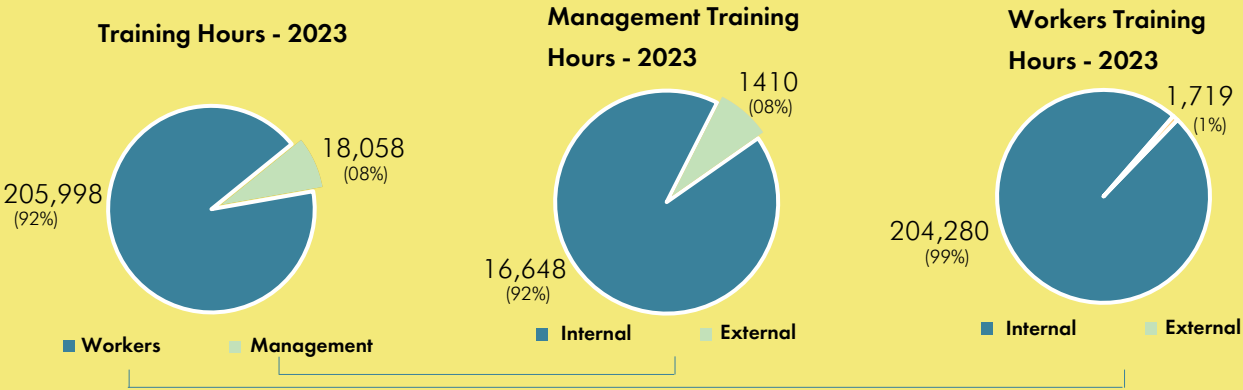
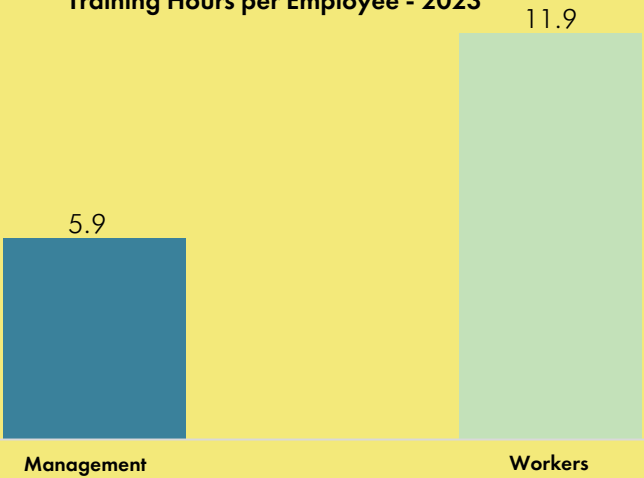
Performance Management System

We've established an annual Performance Management System for all management employees, along with a mid-year performance review cycle. We highly value professionals with the necessary skills, knowledge, and experience to thrive in a supportive environment. Our routine performance assessments not only assess employee performance but also serve as crucial instruments for personal growth. Through constructive feedback and identification of areas for improvement, these evaluations enable individual employees to enhance their skills and capabilities. Recognizing the need for skill enhancement, the HR department organizes regular training sessions both internally and externally.

Beyond Borders: Empowering Talent Through International Training Programs

In our relentless pursuit of employee development and organizational excellence, we have introduced our international training program association with Blinkist, Coursera, and Harvard ManageMentor. This initiative, complementing our existing training efforts, underscores our dedication to fostering a culture of continuous learning. By leveraging the expertise of these esteemed institutions, we are successfully equipping our workforce with the skills and global perspectives necessary in today's dynamic environment. Covering a comprehensive range of topics, including leadership, decision-making, project management, and risk management, this program empowers our employees to excel in leading themselves, their teams, and our organization towards greater achievements.

Training Hours per Employee - 2023



The Harvard ManageMentor program is an online learning platform developed by Harvard Business Publishing. It offers a wide range of interactive courses, tools, and resources designed to help individuals develop essential management and leadership skills. The program covers various topics such as communication, team building, strategic thinking, decision making, and many more. It provides a flexible and self-paced learning environment, allowing users to access content anytime, anywhere.



U.S based online course provider by renowned professors Andrew and Daphne Koller. In this program, the participants learn from experts across world-class companies and universities on different topics.



An online book-summary forum, based in Berlin, Germany. The forum is a great initiative to carry off great conversations about the books to elevate your knowledge and leadership skills.

Chapter 5

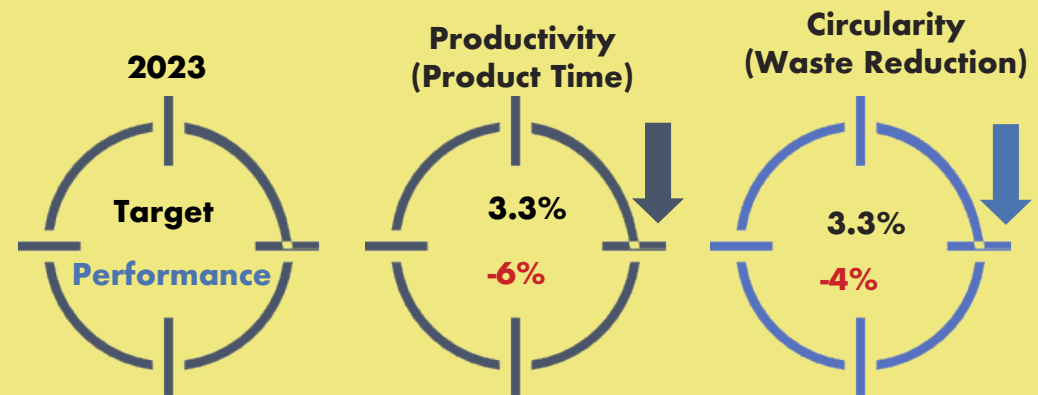
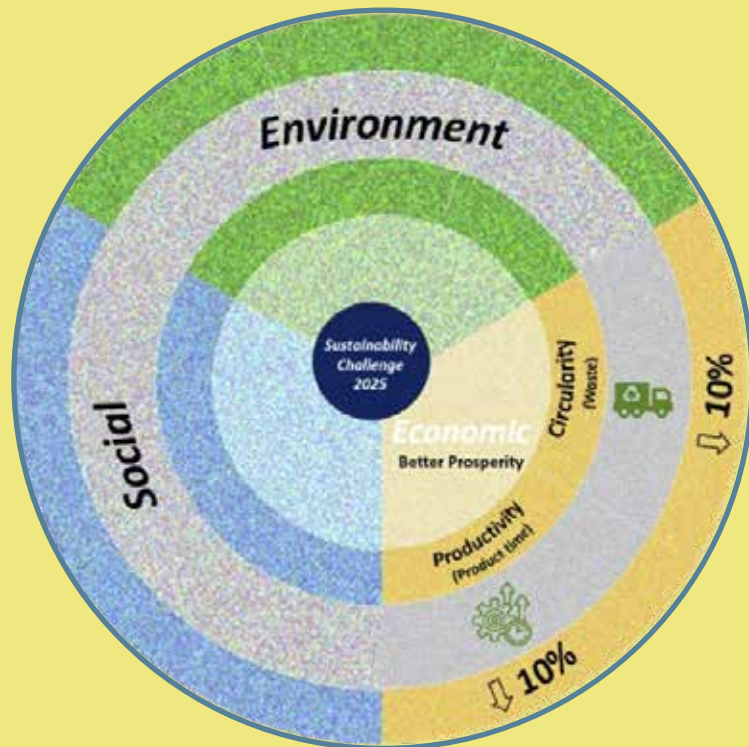


*Economic
Pillar*

Economic Pillar

Economic Pillar of Sustainability Challenge 2025

Embarking on our journey toward a sustainable future, our Economic Pillar for the 2025 Sustainability Challenge focuses on two critical fronts: **increasing Productivity** by reducing product manufacturing time and **enhancing Circularity** through waste reduction. With unwavering commitment, we've set ambitious targets to drive positive change across US Group.



*Balancing Profitability and Responsibility:
Our Economic Sustainability Journey*

Stepping stones to define Productivity

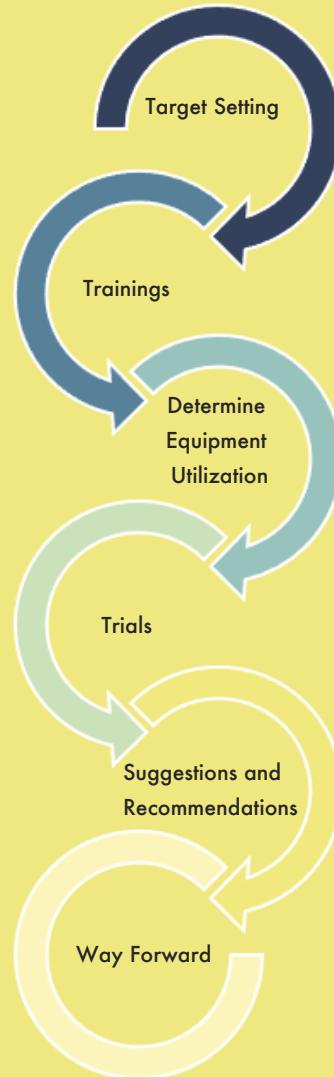
Textile manufacturing encompasses spinning, weaving, dyeing, and finishing processes. Enhanced productivity enables higher output with fewer resources, thereby lowering production costs. In the global market, manufacturers vie on price, quality, and delivery. Increased productivity ensures competitive pricing, quality maintenance, and timely deliveries. Efficient processes yield uniform, high-quality products, minimizing defects and waste.

Productivity in Sustainability Challenge 2025

Considering the above, US Group prioritizes Productivity in its Sustainability Challenge 2025, building on its 2019-2022 initiative. It aims to measure productivity across fabric, apparel, and new ventures, quantified as **Min/KGp**.

1st Kaizen Conference

In 2023, the inaugural Kaizen Conference at US Group emphasized Kaizen's significance in boosting productivity. Top leadership attended, discussing Kaizens received and implemented. The event concluded with honoring successful participants with shields based on jury criteria.



Taking the First Step

In 2023, training sessions were conducted across US Group to educate staff on Lean Manufacturing tools like 6S, Overall Equipment Effectiveness, and Kaizen, aiming to improve process efficiencies. We also adopted an IIOT Manufacturing Intelligence Solution to monitor equipment utilization and worker effectiveness, aiding data-driven improvements in downtime and process performance.

Trials conducted as following:

01-

Solution name: EVOCON

Date: May-2023 to July-2023

Verticals: sBU USA

Results: Successful

02-

Solution name: DigiRail OEE

Date: Oct-2023

Verticals: US Denim mills

Results: Successful

03-

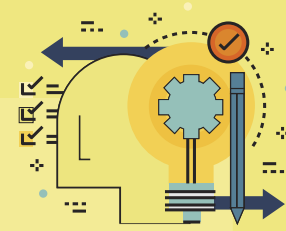
Solution name: JaNet (Juki Advanced Networking)

Date: Oct-2023

Verticals: sBU-UK/EU

Results: Not-Successful

Reason to fail: Due to high dependencies on workers to record everything on the IIOT devices leads to inappropriate data recording issues.



Innovation with Commitment

US Group has become the pioneer in Pakistan's Apparel industry by implementing IIOT devices such as Evocon and Digirail in the Sewing (at Apparel Vertical) and Ball Warming Machines (Fabrics Vertical) respectively. This initiative has resulted in the successful identification of equipment availability and performance.

Suggestion Boxes

In 2023, a system was launched to engage all US Group employees in continuous improvement. 15 Suggestion Boxes were placed in prominent places for employees to submit ideas to bring continuous improvement and enhance efficiencies of processes.

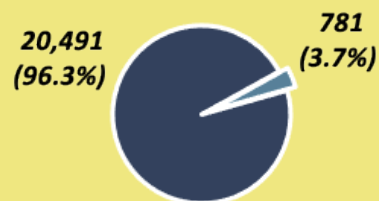


Waste Management

In our waste management strategy, circularity is key. Since 2019, and now extending to 2025, we've focused on reducing waste impact through targeted sustainability efforts. We view non-hazardous waste as a resource, aiming to minimize generation and promote reuse and recycling. Our primary challenge is effectively managing hazardous waste to prevent environmental harm. To mitigate risks, we've implemented measures to reduce contamination and pollution, strictly adhere to regulations, and fulfill customer specifications for safe storage and disposal. Collaborating closely with third-party handlers, incineration is our preferred method for hazardous waste disposal, backed by robust contractual agreements to prevent landfill disposal.

Committed to minimizing chemical pollution, we strictly follow Zero Discharge of Hazardous Chemicals (ZDHC) standards. Our facilities use chemicals that are 99% compliant with ZDHC regulations, enhancing product quality while reducing pollution. We employ innovative technologies like Laser and Ozone Washing Machines, saving up to 70% of Caustic. Additionally, we use stone-free enzymes, reuse chemical drums and pumice stones, and redesign recipes. Our caustic recovery plants further support sustainability efforts. All these initiatives resulting in an 11% reduction in chemical usage and a 23% reduction in hazardous waste organization-wide, significantly cutting our pollution footprint.

Total Waste 2023 (metric ton)



■ Hazardous Waste

■ Non-Hazardous Waste

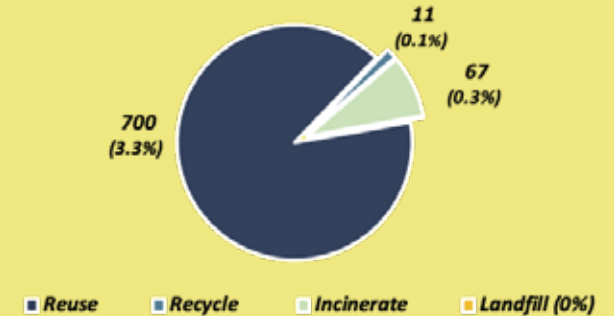
Hazardous Waste Reduction

Our manufacturing processes, particularly those involving wet operations like bleaching, dyeing, and washing, utilize chemicals, resulting in the presence of hazardous substances in waste and effluents.

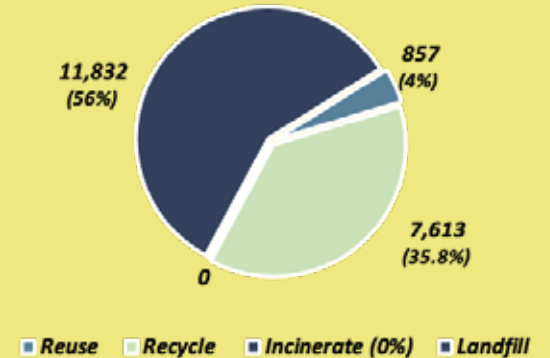
Non-Hazardous Waste Reduction

Fabric is pivotal in garment manufacturing, significantly impacting product development and prioritizing waste reduction in the Cutting department. US Group has implemented various initiatives to address this, such as minimizing fabric header sizes, optimizing marker efficiency, and employing gerber software. Additionally, initiatives like the Waste Upcycle Project (Jeans Redesign) and installing a yarn rewinding machine have been undertaken. Furthermore, we reuse wood packing boxes, utilize leftovers from warping cones, and repurpose waste cardboard packing boxes. Planting in empty plastic drums is another innovative measure adopted. These collective efforts have led to a 17% reduction in waste at the Group level.

Hazardous Waste 2023 (metric ton)



Non-Hazardous Waste 2023 (metric ton)

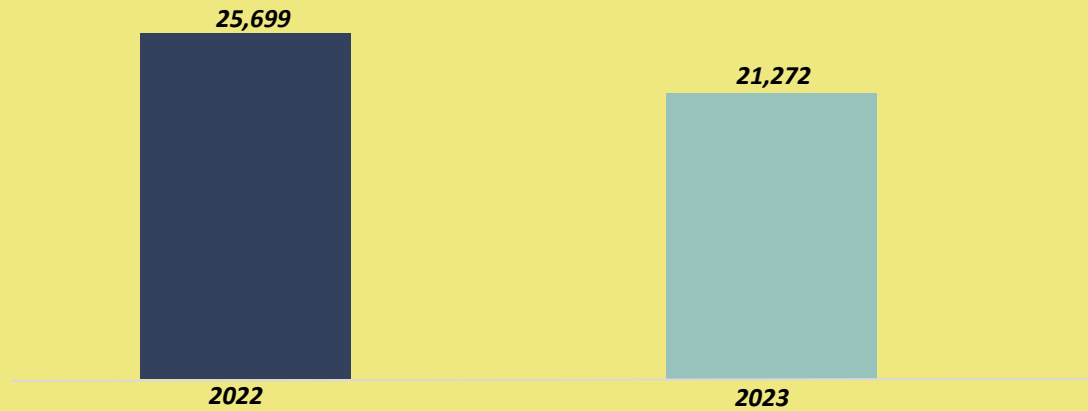


In 2023,
17% waste has been reduced as compared to 2022 complementing our Sustainability Challenge 2025

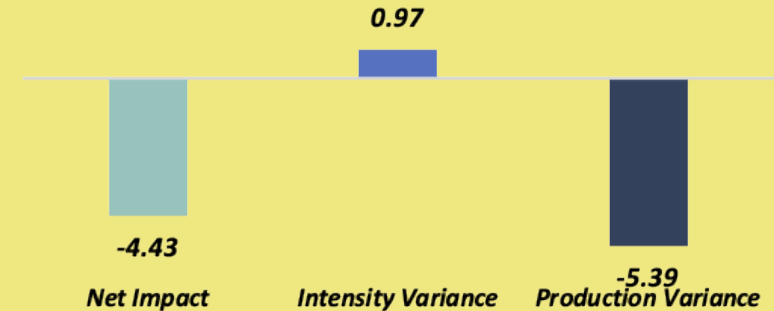
In 2023,
23% Hazardous waste has been reduced as compared to 2022 complementing our Green Chemistry efforts

In 2023,
17% non-hazardous waste has been reduced as compared to 2022 complementing our efforts

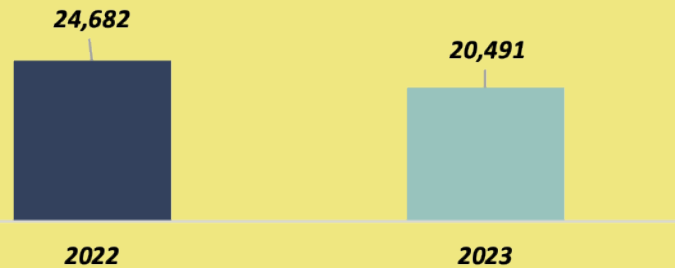
Waste Generated (metric ton)



Waste Variance Absolute (Million-KG)



Non-Hazardous Waste (metric ton)



Hazardous Waste (metric ton)



In 2023,
We witnessed a Net Waste variance of **4,426,828 KG** vs the 2022 figures.
Increase of **966,382 KG** waste (delta intensity)
Decrease of **5,393,210 KG** waste (delta production)

Waste generation has fallen by **17%**, but waste intensity increased by **4%**. To tackle this, we're launching a two-year Circularity Program. We'll map waste across all stages and sectors, initially using gate-to-gate methodology. Embracing circularity is crucial for sustainability and aligns with **Sustainable Development Goal 12**.

[Click on the link to see the performance of each sBU/vertical](#)



Acknowledging the interdependence of economic success and sustainability is crucial. We firmly assert that sustainability not only presents a viable business case but also enhances the company's growth and performance.

US Group’s Approach

Established in 1975, we've become a key player in Pakistan's textile sector, prioritizing **manufacturing excellence, quality control, and sustainability**. Our contributions to the economy in 2023 were substantial, evident through taxes, duties, and exports. Beyond financial impact, our industry presence brings economic benefits like local sourcing, community investment, and job creation. We're proud of our role in fostering employment and bolstering local economies.

Generating Economic Value: Navigating Challenges, Sustaining Impact

In 2023, a challenging international business environment resulted in a reduction in production output by 11%. However, the top line grew by 9% in PKR on the back of currency devaluation. Despite this US Group managed to retain its position of one of the largest exporters in Pakistan. Increased community spending shows our commitment to indirect economic benefits.

Gratuity Fund

In 2023, our workforce numbered over 20 thousand with Rs. 12.8 Billion disbursed in wages. We prioritize supporting our employees both during their tenure and in retirement through a fully funded defined Benefit Gratuity plan. Contributions to the plan are based on yearly actuarial valuations, ensuring financial security for our employees.

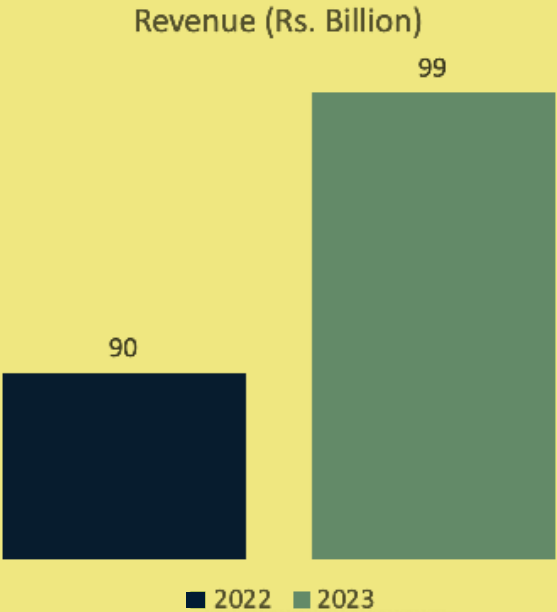
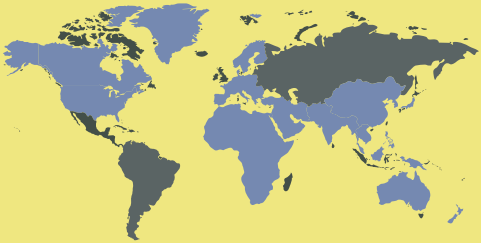
Economic Performance

Revenue
Rs. 99 Billion

Payment to Government
Rs. 1.6 Billion

Payment to Employees
Rs.12.8 Billion

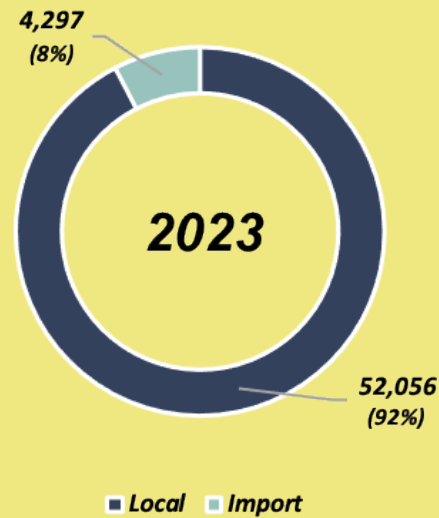
Payment to Suppliers & Vendors
Rs. 60 Billion



Financial Assistance Received from the Government

Government policies are pivotal for the competitiveness of the export industry. To help exporters compete regionally, the Government offers incentives to exporters in the form of export rebates, duty-free import of raw material for re-export, and subsidy on utility tariffs. The incentives claimed by US Group in this regard have been adequately accounted for and reported in the audited financial statements of the company in the relevant financial years.

Spent on Suppliers (Rs. million)



Keeping in line with our procurement strategy and uplifting the national economy, in 2023, 92% of our total purchases (Chemicals/Dyes, Yarns, Fabric, Accessories) were made locally.

Tax

One of the fundamental principles of the US Group is to be 100% tax compliant. We maintain transparent tax records, adhere strictly to laws, and have opted Group taxation for our subsidiaries. As the leading exporter of the country US Group contributed Rs 1.6 Billion approx. to the national exchequer. Group tax policy is devised at the Holding Company level by the CEO and CFO which is then implemented across all group companies after approval of the Board. Group has leading tax consultants on its panel with Ernst & Young Ford Rhodes leading the necessary tax filings. we navigate tax matters both domestically and internationally, ensuring adherence to regulations. US Group predominantly falls under Pakistan’s jurisdiction concerning taxation affairs.

Customer Privacy

At US Group, our customers are our **foundation** and **partners** in excellence. We prioritize their privacy and uphold legal obligations to safeguard their property and confidentiality.

Zero

Substantiated complaints or **data leaks** during the reporting period.



Risks and opportunities due to climate change

Clean Electricity: Solar System

In Pakistan, heavy reliance on imported fossil fuels for electricity poses challenges, leading to high prices and increased greenhouse gas emissions. This impacts product pricing and market competitiveness, especially for organization like US Group. We are committed to quality and sustainability, aims for Net-Zero emissions by 2050. We are adapting to evolving legislation by investing in clean energy, such as a **\$3.5 million 7 MW solar plant**, which annually contributes **13%** to clean electricity and has already prevented **11.4 million** greenhouse gas emissions. Our goal is **100%** renewable electricity by 2030, with potential for more projects.



Clean Energy: Biomass Boiler

Natural gas dominates our energy mix, but its availability, high environmental impact, and rising costs challenge us. Depending solely on it exposes us to price volatility and hinders our environmental goals. Meanwhile, stubble burning in Pakistan worsens air quality, especially in cities like Lahore. To tackle this, we've invested **\$2.3 million** in biomass plants, cutting **18 million** kg of CO₂eq initially and aiming for **79 million** kg annually. This shift has boosted our green energy usage from **3%** in 2019 to **47%**, with projections exceeding **80%** soon.



Rainwater Harvesting & Groundwater Recharge

US Group, situated in water-scarce Pakistan, faces yearly groundwater depletion. To combat this, we have invested **\$3,798** in rainwater harvesting, yielding **58.3 million** liters in **3 years**. Our total impact equals manufacturing **1.2 million** pieces of garments water-free, **26,964** pieces of electricity-free, and **10,159** pieces of GHG-free. We have also invested **\$16,322** to recharge groundwater, replenishing **33.2** million liters, enough to support **4,565** people's basic hygiene for a year and rendering **280,583** pieces of water-free garments.



Success Stories

Establishing Sustainability Governance



Establishing Sustainability Governance In **2023**, STYLERS of New Ventures Vertical established the Sustainability Council unit-wide. Training sessions were held across the organization to ensure understanding of the Sustainability Challenge **2025** objectives. The consolidation of data reporting and collection processes across departments resulted in improved clarity and efficiency. Consequently, Stylers received recognition with the Sustainability Awards for Best Sustainability Reporting and the Kaizen Award for Excellence in Policy Implementation.

Upcycling of Fabric and Wood Waste

In 2023, sBU UK/EU repurposed **14.8 tons** of fabric waste by upcycling **42,351** grocery bags and distributing **200** pouches to schools along with **400** lunch box carriers made from used flexes.

Meanwhile, US Dyeing & Finishing launched an upcycling project, transforming wood waste into finely crafted furniture pieces. This initiative not only champions sustainability and waste reduction to landfill but also earned the unit the **Waste Reduction Kaizen award in 2023**.



Increasing Productivity

In 2023, STYLERS implemented various initiatives within their operations to enhance productivity.

1. Integrated auto suction devices at cover stitch and safety overlock machines, eliminating manual cutting. This resulted in a reduction of SAMs by **0.12** and **0.55** respectively.
2. Implemented an auto loop cutter in the pre-finishing department, eliminating manual cutting and reducing SAMs by **0.12** per garment.
3. Merged pocket bag turning operation with pocket bag top stitch, eliminating manual operation and reducing SAMs by **1.23**.
4. Moved the Cut & Shade Label from the back pocket to patching, increasing back pocket attachment capacity and reducing garment cost by **0.10** rupees each.
5. Automated the production of welt pockets positioned at the side knee in certain styles, reducing SAMs by **1.23**.
6. Reduced the back welt pocket height in chino style from **1.5CM** to **1.2CM**, allowing the task to be performed without incurring additional costs for new gauge sets.
7. Automated the production of manual welt pockets necessitated by the label positioned at the lip in Chino styles, resulting in a reduction of SAMs by **1.23**.



Increasing Quality and Productivity

In the sewing section of **sBU USA Unit-05**, the manual assembly line previously produced **2000** pieces per day in batch production, resulting in excessive work-in-progress (WIP) and operational delays. Identifying bottlenecks proved challenging. However, after implementing the Hanger Line System, productivity increased by **20%**. This system adopted a single-piece flow approach, reducing WIP, eliminating delays, and facilitating the identification of bottlenecks.

In the Finishing section of sBU USA Unit-05, manual loop cutting created bottlenecks in the Pre-Finishing stage due to a high Standard Allowed Minutes (SAM) of **0.33** per garment. This led to quality defects and safety concerns. With the introduction of an auto-cutter, the SAM decreased significantly to **0.12** per garment. This alleviated bottlenecks, enhanced quality, and improved operator safety.

Waste Reduction

In the textile industry, fabric comprises over **60 percent** of the total garment cost and holds considerable influence on both costs and environmental impact. In **2023**, at sBU USA, efforts focused on reducing Waste, especially in the Cutting Department, which had the highest waste output. Analyzing strategies, one key change was reducing fabric header size for shrinkage testing, saving **13 million PKR** in three months.

Additionally, at sBU USA unit-05, manual cutters were replaced with Auto Cutter systems, boosting cutting productivity by **25%** and reducing fabric waste, resulting in a production increase from **18,000** to **24,000** pieces per day.

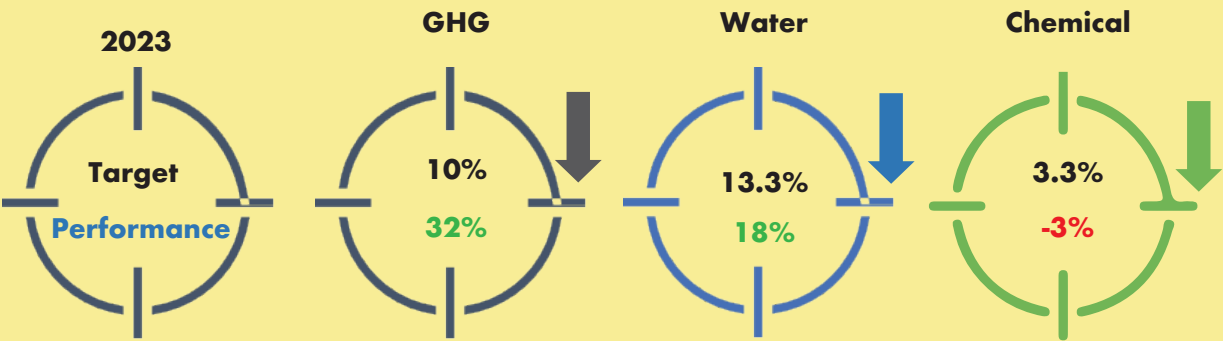
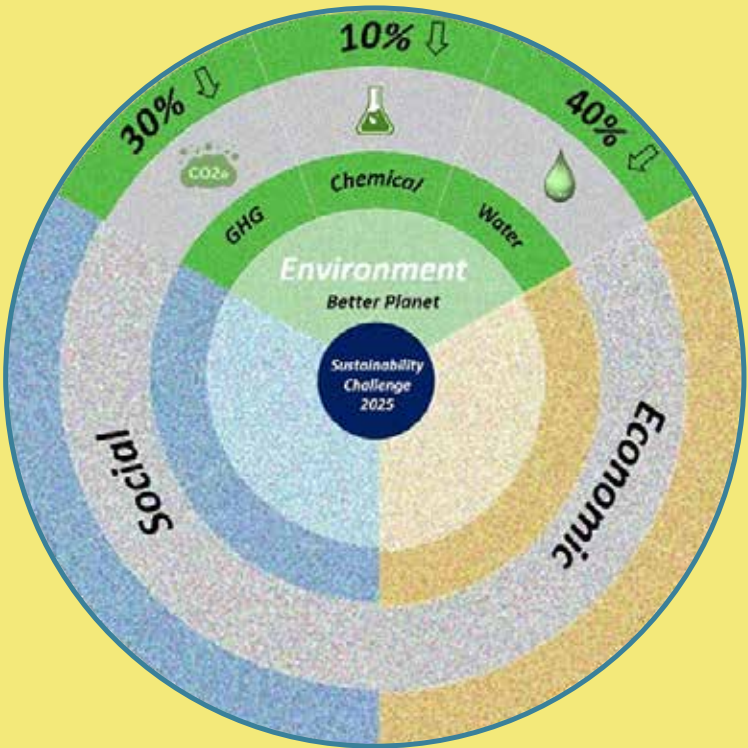
Chapter 6



Environment
pillar

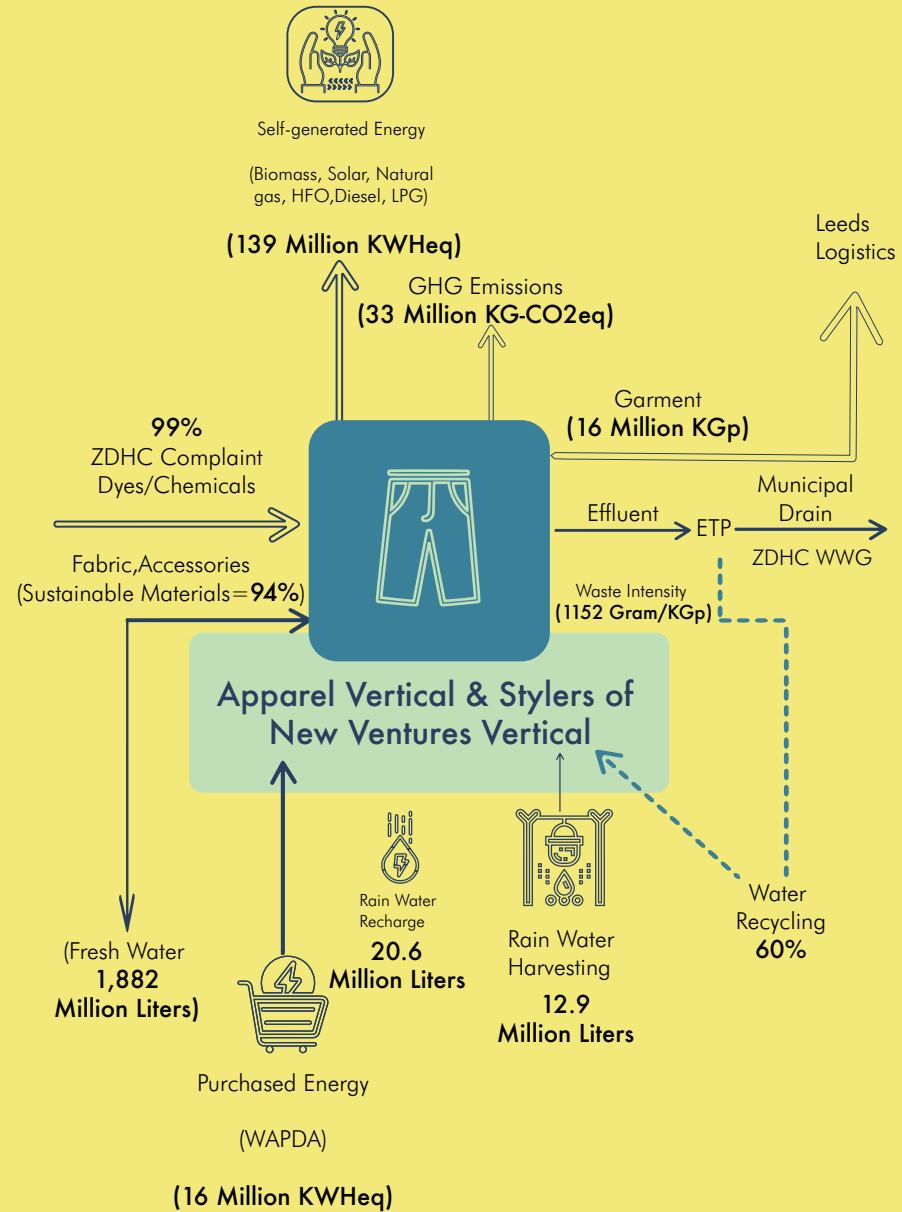
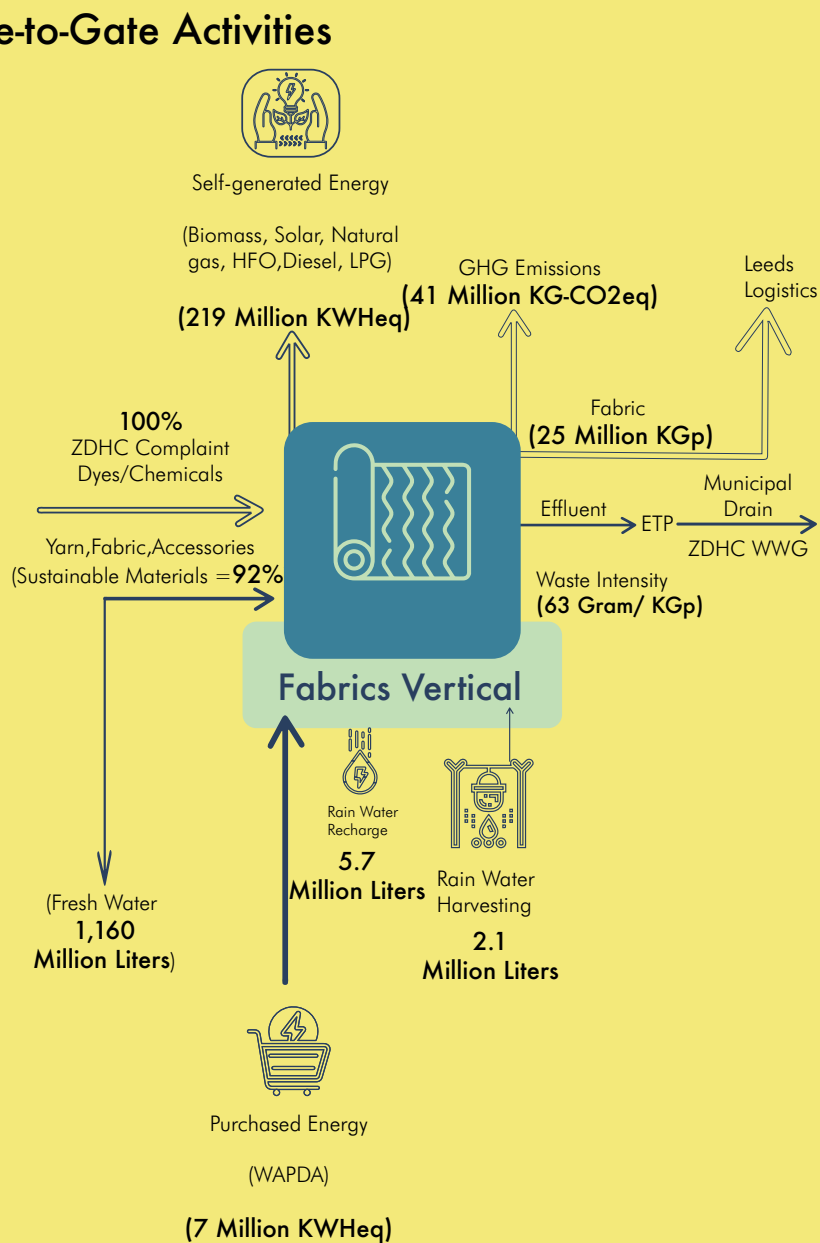
Environment Pillar

Embarking on our journey towards a sustainable future, our Environment Pillar for the 2025 Sustainability Challenge focuses on three critical fronts: **Greenhouse Gas (GHG) Reduction**, **Chemical Stewardship**, and **Water Conservation**. With unwavering commitment, we've set ambitious targets to drive positive change across US Group.



"Protecting our environment today ensures a thriving tomorrow"

Gate-to-Gate Activities



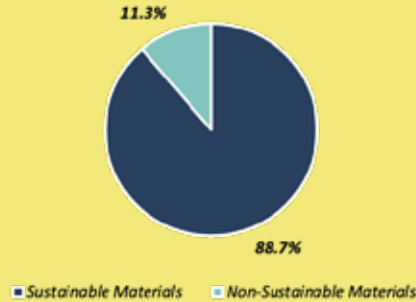
Materials for a Healthy Planet

As a leading global manufacturer, we prioritize meeting customer expectations while acknowledging our responsibility to the planet. Operating in the resource-intensive textile sector, we are committed to minimizing environmental impact. Our dedication to sustainability extends to choosing materials that promote environmental well-being, reflecting our deep concern for nature and future generations.

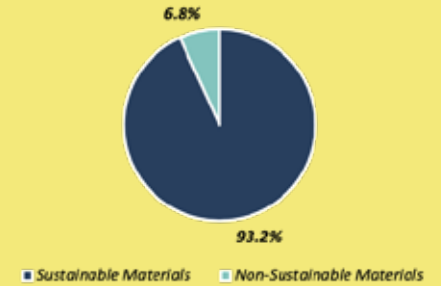
In 2022, the sustainably grown material portion was **83%**. We have seen a rise in the use of sustainably grown materials in our total raw materials, climbing from 83% to **87%** in 2023. Additionally, in 2023, we maintained the use of recycled materials at levels consistent with those achieved in 2022. These recycled raw materials include items sourced from recycled sources or waste repurposed into input materials.

[Click on the link to see the performance of each sBU/vertical](#)

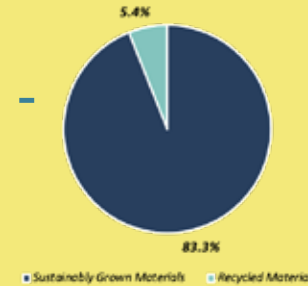
Raw Materials - 2022



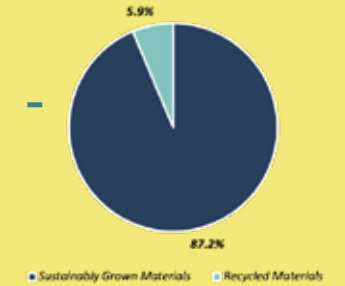
Raw Materials - 2023



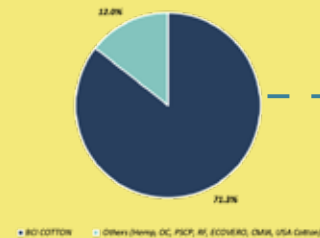
Sustainable Materials - 2022



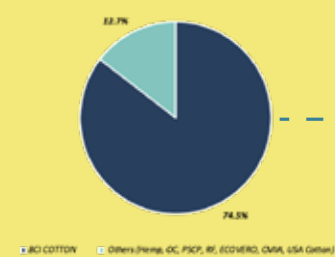
Sustainable Materials - 2023



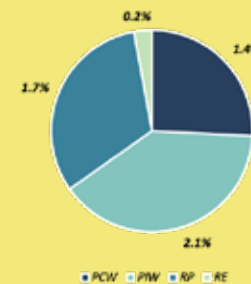
Sustainably Grown Materials - 2022



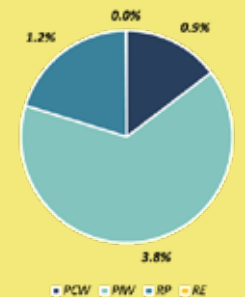
Sustainably Grown Materials - 2023



Recycled Materials - 2022



Recycled Materials - 2023



Defining Sustainable Materials

We identify sustainable materials as those surpassing conventional counterparts in environmental and social performance. Our assessment relies on industry-standard tools like Textile Exchange Preferred Materials and the Higg Material Sustainability Index. We ensure material credibility by sourcing from suppliers with third-party certifications such as Organic Cotton (OCS or GOTS), Better Cotton Initiative (BCI), and certified recycled polyester (GRS or RCS). Our selection includes diverse options like HEMP, Regenerated Fibers, post-consumer waste (PCW), post-industrial waste (PIW), recycled elastane (Rhoica, Regene, Ecomade Lycra), and materials from reputable brands like PSCP (Primark Sustainable Cotton Program), ECOVERO by Lenzing AG, USA Cotton, and CMIA (Cotton Made in Africa).

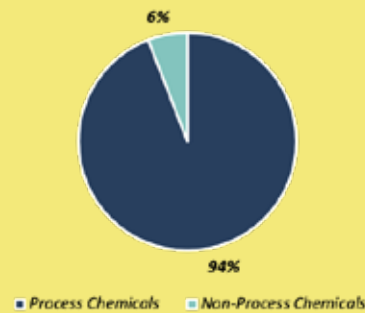
Dyeing with Responsibility

In textiles, colors drive trends but hide environmental and social issues from dyes and chemicals. US Group prioritizes sustainability in dyeing, safeguarding workers and ecosystems. We lead with ZDHC-compliant chemicals.

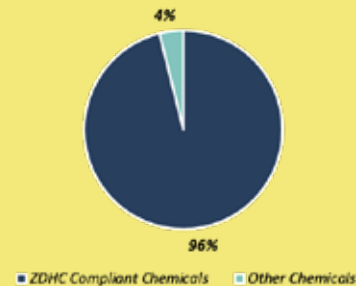
Our chemical input can be categorized into two main groups: process chemicals and non-process chemicals. A significant portion, 94%, is attributed to process chemicals, which are essential for dyeing, bleaching, and washing processes. The remaining 6% comprises non-process chemicals, such as utilities and ETP supplies.

[Click on the link to see the performance of each sBU/vertical](#)

Total Chemicals - 2022

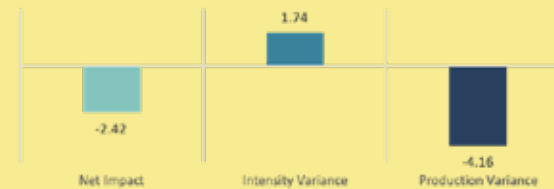


Process Chemicals - 2022



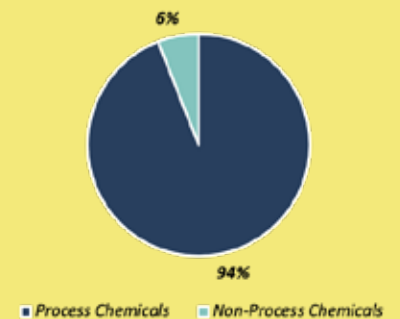
"In 2022, 96% of our manufacturing units utilized ZDHC Compliant process chemicals. By 2023, this figure rose to 99%, with nearly all units transitioning to 100% ZDHC Compliant chemicals. However, one unit encountered difficulty as suitable alternative chemicals were not readily available in the market at that time.

Chemical Variance Absolute (Million KG)

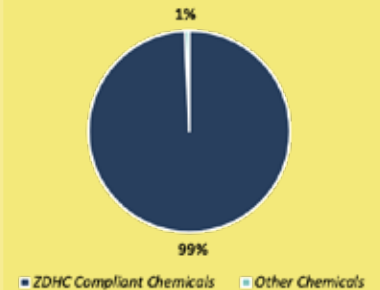


In 2023, We witnessed a net impact of chemicals variance by -2.42 million-KG vs the 2022 figures. Increase of 1.74 million-KG of chemical (delta intensity) Decrease of -4.16 million-KG of chemical (Delta production)

Total Chemicals - 2023



Process Chemicals - 2023



Energy Management

Efficient energy use is vital for Earth's survival, our only home hospitable to humans. We must understand the importance of changing our habits to protect it. Adopting eco-friendly practices and monitoring our consumption are crucial due to limited resources.

In 2023, we aimed for sustainable energy transition, yet currently rely heavily on fossil fuels. Natural gas, comprising 59% to 63% of our energy mix in 2022 and 2023, remains our primary source. Notably, natural gas is comparatively cleaner when compared to other fuels such as diesel and HFO.

The energy at US Group is the constituent of fuel used for onsite electricity, steam, heating / cooling, and WAPDA KWH. The unit we use for energy is KWHeq. At US Group, we follow IEA and other national guidelines for energy related calculations.

[Click on the link to see the performance of each sBU/vertical](#)

Total Energy - 2022

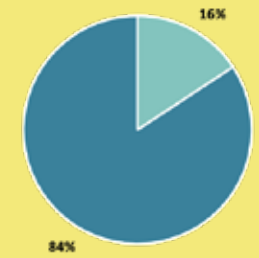


■ Renewable Energy (KWHeq) ■ Non-Renewable Energy (KWHeq)



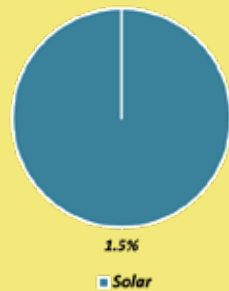
In 2022, the 1.5% renewable energy share does not include the renewable portion from WAPDA and Wood. Similarly, in 2023, the 16% renewable energy share does not encompass the renewable portion from WAPDA and Wood.

Total Energy - 2023



■ Renewable Energy (KWHeq) ■ Non-Renewable Energy (KWHeq)

Renewable Energy - 2022



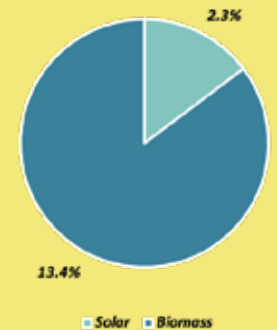
■ Solar

In 2023, we replaced our wood and coal boilers with Biomass boilers.

In 2024 we will see zero utilization of wood and subsequently more steam generation from biomass boilers by using agricultural waste.



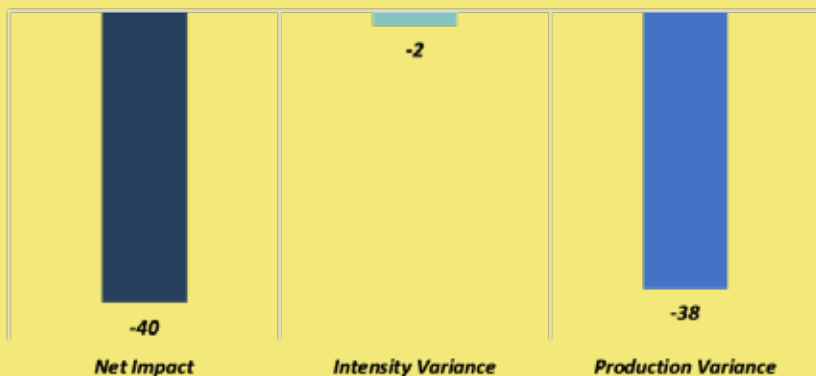
Renewable Energy - 2023



■ Solar ■ Biomass



Steam Variance Absolute (Million-KG)



In 2023,
We witnessed a net steam variance by
-39,948,358 KG
vs the 2022 figures.
Increase of **-1,979,908 KG** steam (delta intensity)
Decrease of **-37,968,450 KG** steam (delta production)

[Click on the link to see the performance of each sBU/vertical](#)

Energy Variance Absolute (Million-KWHeq)



In 2023,
We witnessed a net energy variance by
45,197,609 KWHeq
vs the 2022 figures.
Increase of **3,784,785 KWHeq** energy (delta intensity)
Decrease of **48,982,394 KWHeq** energy (delta production)

Energy Variance

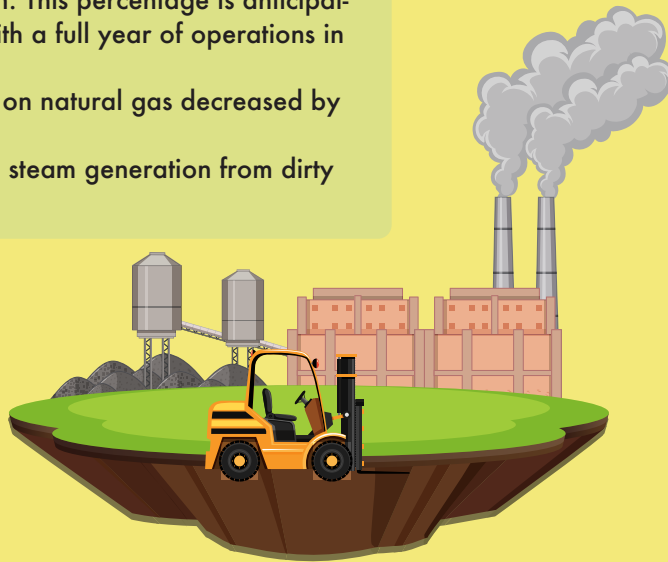
In 2023, despite decreased production, energy intensity rose. Yet, through solar energy projects and waste heat recovery, we've introduced various operational and administrative strategies to cut overall energy usage. These include process enhancements and equipment upgrades for better efficiency.

Biomass Boilers

In 2023, we shifted from traditional boilers to Biomass Boilers, using agricultural residue to lessen reliance on natural gas for steam generation. Additionally, we introduced a co-generation system with Waste Heat Recovery Boilers (WHRBs), meeting **5%** of our steam needs in 2022 and **8%** in 2023.

In 2023, the addition of biomass boilers enabled us to:

- 1- We increased clean steam generation from 7% in 2022 to 31% in 2023 within just a few months of operation. This percentage is anticipated to rise further with a full year of operations in 2024.
- 2- Our dependency on natural gas decreased by 11% in 2023
- 3- Replaced 100 % steam generation from dirty fuel (Coal).



In 2022

0.68 million kgs

Of production from clean energy

In 2023

6.5 million kgs

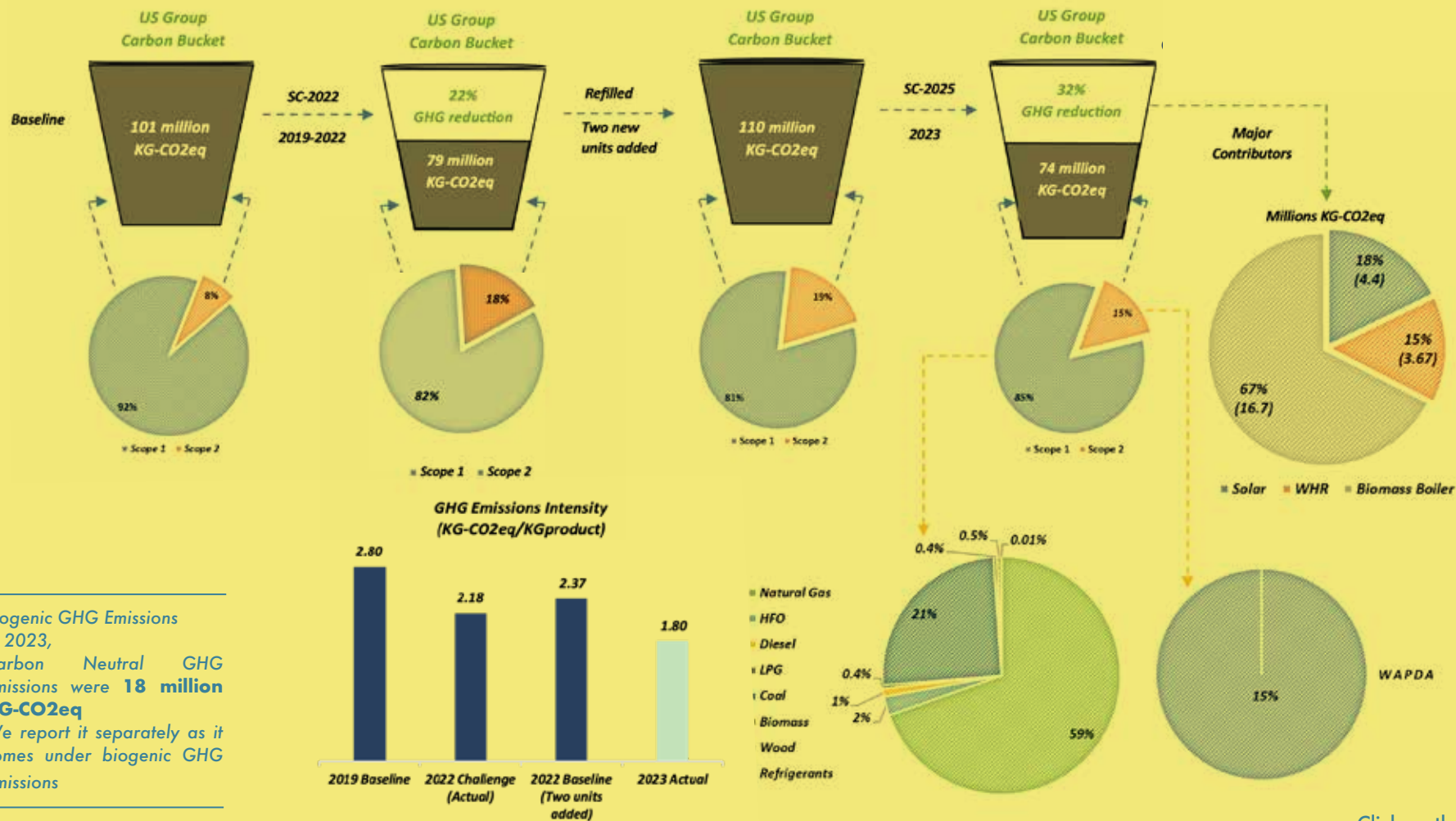
Of production from clean energy

In 2022, solar energy contributed 8.6% to the total electrical demand. By 2023, this contribution increased to 13.1%, marking a 52% rise in clean electricity generation from solar sources.

GHG Emission Reduction: Urgent Climate Action

The global crisis of greenhouse gas emissions demands action. Our Sustainability Challenge aims for Net-Zero emissions, aligning with US Group's commitment to halve emissions by 2030 and achieve Net-Zero by 2050. Tracking our progress with a "Carbon Bucket" approach, we've seen a **22%** reduction during the first challenge (2019-2022). Despite increased business activities, our focus on innovation in 2023 led to a remarkable **32%** reduction in absolute emissions.

In May 2022, we committed to Science-Based Targets (SBT) and became one of the **first 26** companies in Pakistan to publicly join the **"NET-ZERO Pakistan"** coalition by Pakistan Environment Trust.



Biogenic GHG Emissions
In 2023,
Carbon Neutral GHG
Emissions were **18 million KG-CO₂eq**
We report it separately as it comes under biogenic GHG emissions

[Click on the link to see the performance of each sBU/vertical](#)

Commitments and Achievements (Energy & Emissions)

SBTi Commitment

Net Zero by 2050

We have computed our Scope 1 and Scope 2 emissions, aiming for a **30%** reduction in absolute greenhouse gas emissions by 2025. Currently, we are in the process of assessing our **Scope 3** emissions.

Sustainability Challenge 2022

We've achieved a remarkable **22%** absolute reduction in greenhouse gas (GHG) emissions compared to our 2019 baseline. Additionally, we consistently conduct NOx and SOx testing to ensure that our onsite practices are not detrimental to the climate.

Clean Energy

We've installed a **7 MW** solar system across our three facilities, resulting in a reduction of approximately **4,412** tons of GHG emissions annually. Additionally, the installation of another **1.6 MW** solar system in 2024 will not only aid in reducing GHG emissions but also contribute to our clean energy targets.

LEED Certification

In 2023, Apparel Vertical's Unit 5 attained LEED Platinum certification for its manufacturing facility, placing it in the top **4%** of projects in the v4 BD+C NC rating system. It scored **94%** in the Energy and Atmosphere category. Also, Stylers International, one of our units, is currently LEED registered under the v4 BD+C NC category.

Supplier Engagement Tool

In 2023, US Group played a pivotal role in developing a Supplier Engagement tool in collaboration with the Pakistan Environment Trust. During the same year, around **65 Tier-01** suppliers underwent training on GHG emission reporting.

Greening the Revenue

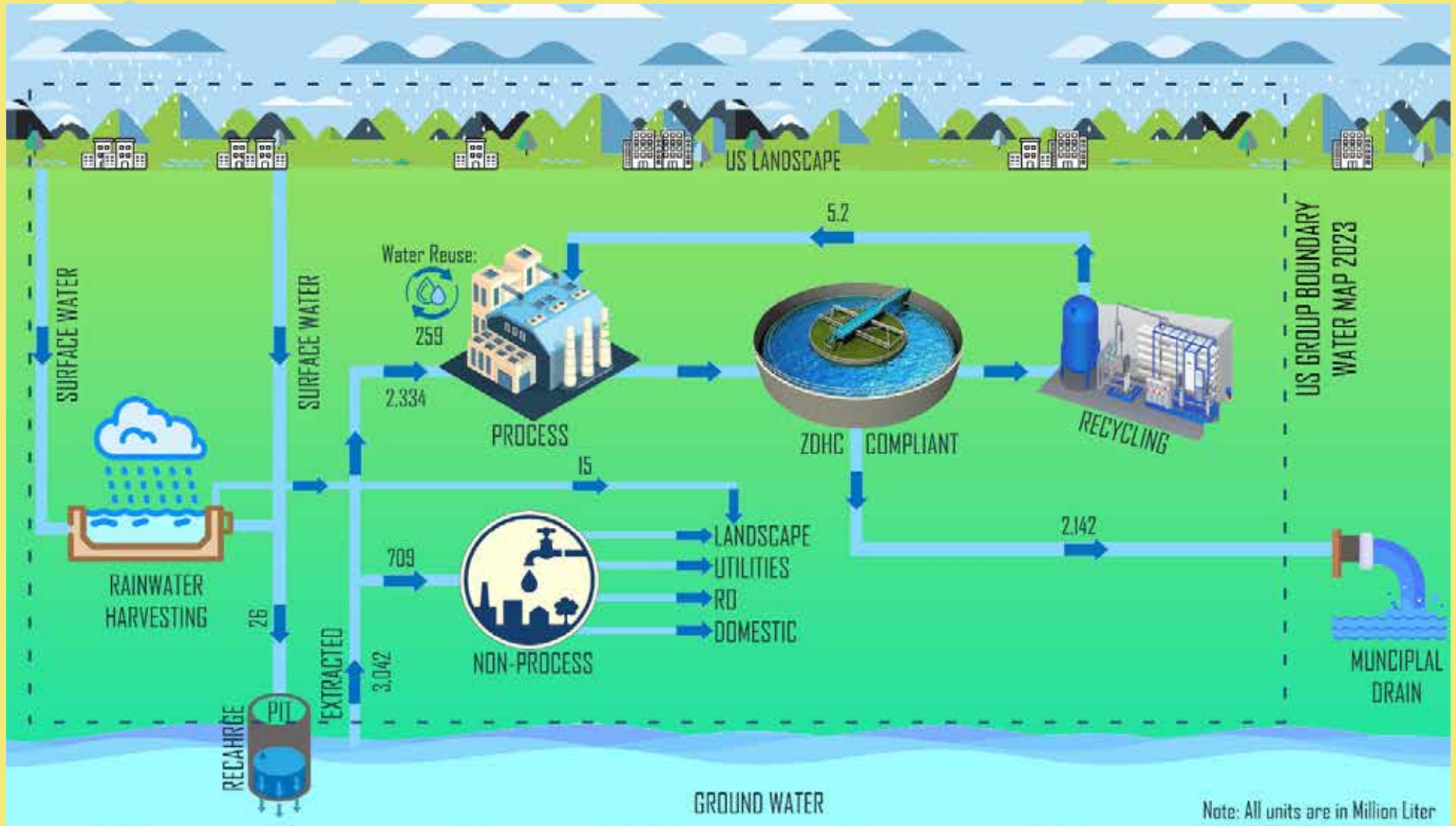
In 2023, we slashed GHG emissions by **15%** while generating the same revenue w.r.t 2022.

Construction GHG footprint

In 2023, we initiated a pilot project aimed at quantifying greenhouse gas (GHG) emissions stemming from the construction of our sustainability office. Our next objective is to establish a comprehensive GHG library to evaluate and approve all forthcoming construction projects with environmental sustainability in mind.

Greening the Product

In 2023, We slashed GHG emissions by **32%** while producing the same garments w.r.t 2022.



Click on the link to see the performance of each sBU/vertical

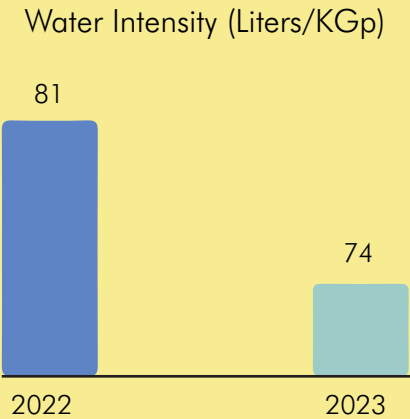
US GROUP WATER MAP 2023

**Embracing Sustainability:
Our Commitment to Conserve
Every Drop of Water**

Recognizing water's critical importance to our operations, recent years have highlighted Pakistan's status as a "high water stress area" per the World Resources Institute. This underscores the urgent need for water conservation. From 2019 to 2022 and now through 2022-2025, our sustainability efforts have consistently focused on managing our water impact. We've set targeted reduction goals and adopted a four-step approach: reducing water consumption in manufacturing through efficiency improvements and employee awareness, reusing the process water, implementing water recycling solutions, and launching two projects—a rainwater harvesting system and rainwater recharging pits—to replenish groundwater aquifers and contribute to our commitment to sustainability.

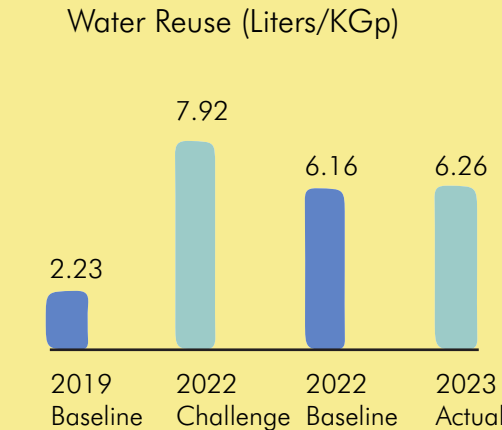
**1st Approach:
Water Consumption**

To address water scarcity and fluctuating water cycles in Pakistan, we've implemented several measures to reduce water usage in our manufacturing facilities. Initiatives include the use of an Ozone Washing Machine, which cuts water consumption, and the adoption of reduced liquor ratios. We've also optimized tub sizes and integrated Up-System technology into all machines, while incorporating Smartex machinery and water-less washing. These efforts led to an impressive 18% reduction in water usage at the Group level in 2023.



**2nd Approach:
Water Reuse (Before ETP)**

US Group has implemented water reuse initiatives that include recovering Non-Contact soft water & Rubber Belt Cooling water from various process machines saving 76 million liters annually. Our Caustic Recovery Unit saves 110 million liters per year. Additionally, we recover 50% of condensate at the pressing section at one of our units. Condense cooling with the Caustic Recovery Unit and reusing CRU caustic distilled water save an additional 23 cubic and 6.6 cubic meters per hour of water, respectively. Utilizing RO reject water in our processes has saved 8.9 million liters annually. In 2023, we reused 259 thousand cubic meters of water, a 223% increase from our 2019 baseline.



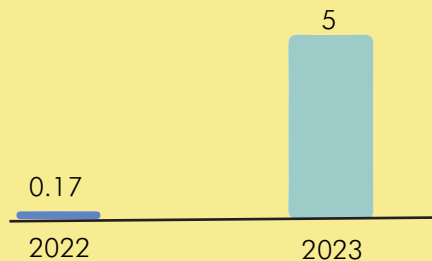
3rd Approach: Water Recycling (After ETP)

20% of untreated textile wastewater daily contributes to water pollution, soil contamination, and biodiversity loss. Aligning with UN SDG target 6.3, US Group treated 96 million liters of textile wastewater from 2019 to 2023, following ZDHC guidelines.

In 2023, we took a significant step forward by installing a process effluent recycling plant in one of our manufacturing units, capable of recycling 60% of our process effluent.

Additionally, a sewage treatment plant with a 5 m³/hr capacity is being established at a new manufacturing unit. Our ultimate goal is achieving zero liquid discharge.

Process Water Recycled
(Million Liters)

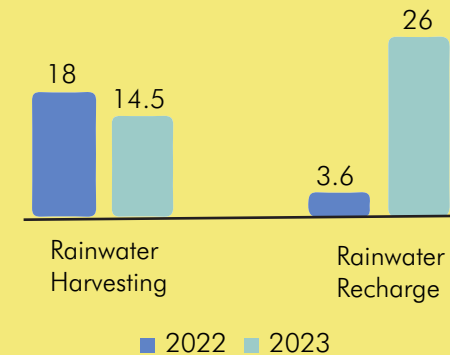


Our main process water drain is shared with other industries, but we closely monitor both inflow and outflow. Through effective controls and regular testing, we ensure compliance with regulatory standards and minimal impact on water bodies. Our in-house water quality lab and third-party testing further guarantee adherence to international quality benchmarks like ZHDC.

4th Approach: Rainwater Utilization

US Group, situated in a region facing severe water stress with annual groundwater decline in Pakistan, prioritizes water conservation. Urban flooding risks necessitate efficient rainwater usage. Identifying an average of 108 liters per square foot in rainwater potential, we've implemented rainwater harvesting and groundwater recharge. With \$3,798 allocated to harvesting, we collected 58.3 million liters over three years, significantly reducing groundwater reliance. Additionally, \$16,322 invested in recharge efforts led to 33.2 million liters replenishing the aquifer, supporting basic hygiene for 4,565 people annually.

Million Liters



Commitments and Achievements (Water)

Sustainability Challenge 2025

Achieving an 18% absolute reduction in water consumption compared to the 2022 baseline, successfully meeting our annual water reduction target for 2023.

AWS Certification

Two of our manufacturing facilities is certified by the Alliance for Water Stewardship, demonstrating US Group's dedication to water conservation.

Sewage Treatment Plant

We are planning to install a Sewage Treatment Plant at one of our newly constructed facility by end of 2025. Treated water would be re-used for landscape irrigation.

Partnering with Supply Chain

In 2023, 60% of suppliers responded to the Supplier Assessment Questionnaire developed and shared by US Group, evaluating sustainability across three pillars, notably water management.

Sustainability Challenge 2022

31% absolute reduction in Water w.r.t 2019 baseline.

Rainwater Harvesting & Recharge

In 2023, US Group constructed a state-of-the-art Rainwater catchment, harvesting, and recharge system at one of our units (STYLERS) to utilize all rainwater for landscape irrigation and recharge the aquifer. Target is to have zero disposal of rainwater to municipality drain in order to avoid urban flooding.

Water-Free Product

In 2023, we reduced water extraction by 1.3%, saving 40 million liters. This was achieved through rainwater harvesting implemented at three of our manufacturing facilities, resulting in the production of 547,945 KGp of water-free product.

Water Intensity

In 2023, water required to product one KG of garment is reduced by 10% while producing the same KGp of product in 2022.

Biodiversity

Minimizing Environmental Footprint and Promoting Biodiversity

As stewards of sustainability, we prioritize preserving the diverse tapestry of life around us. We rigorously monitor every stage of our operations, from material sourcing to waste management, to ensure no direct or indirect environmental harm. We exclusively engage with approved vendors, regularly assess our facilities' environmental impact, and undertake various initiatives:

- Developing onsite Miyawaki forests
- Collaborating on plantation projects with government and NGOs
- Sourcing GOTS-certified materials devoid of agricultural chemicals
- Incorporating recycled materials to reduce resource usage
- Treating process water before discharge
- Responsibly managing hazardous waste through approved channels

Operating away from protected areas, we confirm no impact on endangered species.

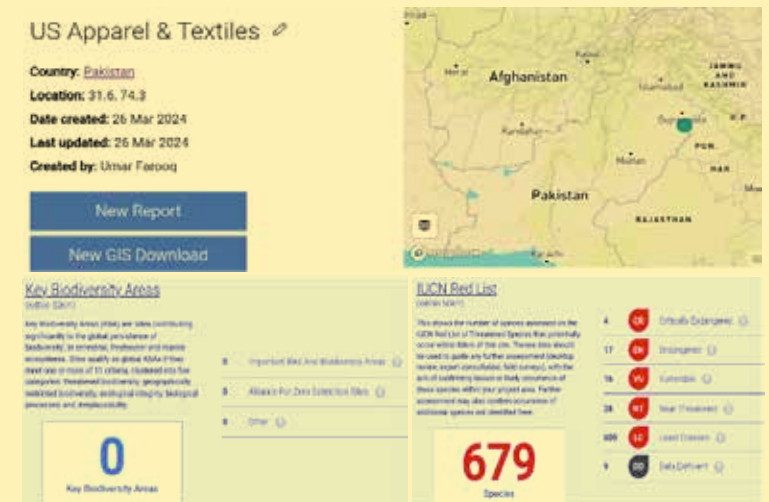
Based on the Integrated Biodiversity Assessment Tool (IBAT), Lahore has 679 IUCN Red List species and one protected area listed in WDPA. No Key Biodiversity Areas (KBA) have been identified. The coordinates (31.6, 74.3) indicate a 50 km radius, not the exact location of US Group manufacturing units. Further guidance from governmental and non-governmental organizations is needed for precise location determination and comprehensive assessment.

According to the International Union for Conservation of Nature (IUCN), there are Zero Key Biodiversity Areas within a 50 km radius of our sites, indicating that our operations have not posed threats to biodiversity or ecological integrity.

According to the Wildlife of Pakistan list, our site operations have no impact on wetlands, wildlife sanctuaries, wildlife parks, game reserves, or endangered mammals.

Having 6.64 million sqft of operational area, our Industry sites operations do not fall in the protected area category in Pakistan.

US Group is expanding its biodiversity conservation efforts by actively engaging with governmental and non-governmental organizations, such as WWF-Pak experts, to explore collaboration. Our goal is to discuss volunteer initiatives that go beyond onsite operations and include value chain activities. Through these partnerships, we aim to make a meaningful contribution to biodiversity conservation, showcasing our commitment to environmental sustainability and responsible corporate citizenship.



Success Stories

Biomass Boilers

In 2023, we invested \$2.3 million in installing biomass boilers at four manufacturing units, prioritizing sustainability. This move, leveraging biomass's carbon-neutral properties, includes two 10TPH boilers at US Denim Mills, expected to cut 12,000 tons of GHG emissions annually. Additionally, at sBU USA and sBU UK/EU, we replaced wood and coal boilers, reducing GHG emissions by 1,900 and 6.87 tons respectively. At Stylers, transitioning to a 6TPH biomass boiler will slash 11,000 tons of GHG emissions annually. Moreover, we optimize water usage: using wet scrubber water at US Denim Mills and repurposing Boiler Blowdown Water at Stylers, saving resources and reducing our environmental footprint. These initiatives underscore our steadfast commitment to sustainability and efficient steam production, aligning with our broader sustainable energy goals.

Rainwater Utilization

In 2023, at sBU UK/EU a groundwater recharge pit was inaugurated, replenished aquifers with 16,754 m3 of rainwater. Further at US Dyeing & Finishing, a sustainable water management system was introduced, using rainwater and ablution water for gardening. With efficient collection and storage in underground tanks covering 9483.8 square meters, ensure consistent water supply, reducing reliance on freshwater and minimizing environmental impact. This 3 million PKR initiative collected 1,140 m3 of rainwater and ablution water in 2023.



Energy and GHG Savings

At US Dyeing & Finishing, we have installed inverters on the RO pumps, cutting electricity consumption from 7200 kWh to 4800 kWh, saving 2400 kWh monthly. The inverters optimize pump speed, enhancing energy efficiency.

At Stylers, we successfully automated the operation of air dryer blowers. This initiative saved 7,650 kWh and reduced CO2e emissions by 3,885 kg annually. Further, we successfully implemented a Pressure Set Point Optimization for air compressor system, which saved 53,726 kWh and cut CO2 emissions by 27,287 kg annually. Automation of blowers during spray process resulted in 3526 kWh savings and 1791 kg CO2e emission reduction yearly. We also installed a heat exchanger to capture flash steam (containing 10-15% of the energy), and utilize it to preheat water for production at 43°C. It resulted in saving 0.07 million kWh of electricity, conserving 94 tons of steam, and reducing CO2 emissions by 455 million kg.

Miyawaki Forest

At sBU USA, Miyawaki Forest was established due to the resilience of trees compared to conventional forests. Miyawaki forests exhibit rapid growth, enhance soil and forest biodiversity, increase carbon sequestration, boost forest resilience, and reduce maintenance costs. The planted area spans 5,810 square feet, accommodating 1,361 trees of various species. Miyawaki forests can sequester carbon up to 30 times faster than conventional monoculture plantations.



Upcycling the RO Reject Water

Instead of draining RO reject water into the municipal drain, we now utilize it in our process by mixing it with raw water at Stylers. This change has led to savings of 8.9 million liters of water, as well as 2682 kWh of energy and a reduction of 1343 KG CO₂e emissions annually.



LEED Certification

In 2023, Apparel Vertical's Unit 5 achieved LEED Platinum Certification for its manufacturing facility, placing it within the top 4% of projects in the v4 BD+C NC rating system. Remarkably, it garnered an impressive 94% of available points in the energy and atmosphere category. This certification joins us with 63 other certified projects in Pakistan.



Water & Chemical Conservation

In 2023, US Dyeing & Finishing Mills invested in water conservation, implementing a Caustic Recovery Unit (CRU) to recycle distilled water and save 33 million liters annually. We also reused CRU Condenser Cooling Water, conserving 115 million liters annually. Additionally, we reused water in the Pad Steam process, saving 35 million liters annually.

At sBU UK/EU, our 2023 water conservation efforts resulted in a 32% reduction in absolute water usage and a 6% decrease in intensity. Initiatives included water reuse in processes like the Spray Booth, condensate reuse from dryers, and recipe modifications, reducing chemical usage at the Effluent Treatment Plant (ETP) by 6%.

Furthermore, at US Dyeing & Finishing Mills, we optimized our wastewater treatment by relocating the sulphuric acid dosing point, reducing pH levels and sulphuric acid usage by 10%, saving 912 KG annually.



1st Sustainability Boost-Up Week & 4th Consecutive Annual Sustainability Week

Theme: Fostering Innovation

In 2023, the US Group prioritized innovation for sustainability, kicking off with the inaugural Sustainability Boost-Up Week from September 18th to 22nd. This precursor to our annual Sustainability Week aimed to inspire and motivate our employees for upcoming sustainability initiatives.

Key Highlights:

Thematic Orientation:

Each day, we immersed ourselves in different aspects of sustainability under the theme of fostering innovation. Led by Sustainability leads, we explored seven key areas defining our Sustainability Challenge 2025.

Strategic Focus:

The week began with Occupational Health & Safety (OHS) and Gender Diversity & Inclusion, setting a holistic tone. Following days tackled GHG emissions, water & chemicals usage, waste management, and productivity.

Individual Contribution:

Employees connected their efforts to broader sustainability goals, aligning with SC 2025 areas. This empowered them to make meaningful contributions to our collective objectives.

Awareness and Sensitivity:

The week aimed to elevate awareness and sensitivity to the seven areas of SC 2025. Through immersive activities, employees gained insight into their role in fostering positive change within the organization.

Innovation's Role:

The week highlighted innovation's significance in reaching sustainability goals. Showcasing innovative strategies and technologies emphasized its pivotal role as a catalyst for progress on our sustainability journey.

*Sustainability Weeks
Fueling Sustainable Progress Year-Round*

Post Week Questionnaire

A sustainability-knowledge questionnaire was circulated among the Sustainability Council members.

78% of respondents provided correct answers, demonstrating a strong understanding of sustainability within the organization.



Post Week Feedback form

feedback form was distributed among Sustainability Council members to

evaluate their satisfaction with the effectiveness of the

activities conducted throughout the Sustainability Boost-Up Week on a scale 1-10.

78.4% of respondents rated their satisfaction between 7 to 10. (High level satisfaction)

11.8% of respondents rated their satisfaction between 5 to 6, (Moderate level)

9.8% of respondents rated their satisfaction between 1 to 4, (lower level of satisfaction)

Sustainability Week

Theme: Fostering Innovation

The 2023 Annual Sustainability Week, held from December 4th to 8th, marked our fourth year of dedicated efforts toward sustainable progress within the US Group. Centered on the theme 'Fostering Innovation', the week aimed to inspire new sustainability approaches. Purpose: The annual Sustainability Week aims to achieve several key objectives:

- Recap our learnings from 2023.
- Embrace lessons from both failures and successes.
- Foster a culture of continuous learning and awareness among all employees.
- Strategize for the year 2024 to enhance our sustainability efforts.

The week was organized into focused sessions on the following areas:

Occupational Health & Safety:

Addressing incident reporting/investigation, risk assessment, fire safety, emergency response, first aid, safety guards, PPEs, and ergonomics.

Energy Conservation & GHGs:

Covering scope 1, 2, 3 emissions, GHG calculation, reduction strategies, and renewable energy solutions.

Productivity & Circularity:

Talks on efficient waste management, reducing waste at its source, proper disposal methods, upcycling opportunities, waste types, and using Kaizen principles to boost operational efficiency and circularity.

Water Management:

Exploring strategies for reducing water usage, treating water, recycling, harvesting, recharging, and conserving water resources responsibly.

Chemical Management:

Addressing chemical handling, storage & use, reduction at the source, ZDHC standards, seeking alternatives, and addressing issues such as textile green chemistry.

Suppliers Interaction:

Bringing together more than 70 upstream suppliers to discuss sustainability practices and collaboration opportunities.

Unique Activities: Each unit showcased its annual progress on sustainability initiatives and engaged in activities aligned with the theme of each day.

Water Management:

Exploring strategies for reducing water usage, treating water, recycling, harvesting, recharging, and conserving water resources responsibly.

Chemical Management:

Addressing chemical handling, storage & use, reduction at the source, ZDHC standards, seeking alternatives, and addressing issues such as textile

Engaging Communities:

During our 2023 sustainability week, US Group actively engaged neighboring communities in eco-conscious initiatives. Collaborating with Khizrabad school, we hosted a plantation activity to instill environmental awareness in children. We distributed sustainable fabric grocery bags to nearby residents and grocery stores, promoting reusable alternatives to plastic. Community clean walks and plantation drives within waste chemical drums furthered our commitment to holistic sustainability. Conducted Awareness sessions on water management to underscore our dedication to fostering a greener future for all.



Sustainability Week Assessment

A panel of corporate experts assessed unit performances throughout the week, using tailored questionnaires to evaluate activities based on the each day theme and objectives.

Recognitions

Based on Jury recommendations and throughout the year performance in sustainability, the following awards were distributed among verticals:

Kaizen Awards

1. Best in Safety: (sBU USA, sBU UK/EU-unit 03)
2. Best in Waste Reduction: (US Denim, US D&F)
3. Best in Quality: (sBU USA-Unit 02)
4. Best in Productivity: (sBU UK/EU-unit 03)
5. Best in Process Improvement: (sBU UK/EU-unit 03)
6. Best in Policy: (Stylers Int.)
7. Best in Ergonomics: (sBU UK/EU)
8. Best in Cost Saving: (US D&F)
9. Best in Energy Savings: (sBU UK/EU-unit 04)
10. Best in Gender Diversity: (sBU USA-Unit 02)

Sustainability Awards

1. Best OHS: (US Denim Mills)
2. Best Green Circles: (US Denim Mills)
3. Best Sustainability Culture: (US Denim Mills)
4. Water Stewardship: (sBU UK/EU)
5. Most Engaged Unit: (sBU UK/EU)
6. Best Sustainability Reporting: (Stylers)
7. Special Display - All seven areas: (sBU USA)



Chapter 7



CSR

Empowering Communities

US Group's CSR Endeavors

Empowering Pakistan: Transforming Lives Since 1998

Established in 1998, the Naimat Saleem Trust (NST) serves as the Corporate Social Responsibility (CSR) wing of the US Group. NST works to improve the lives of people across Pakistan's diverse communities by delivering essential social services.

Backed by the unwavering support of the US Group and its dedicated trustees, NST is committed to uplifting humanity. Join us as we pioneer positive change, one life at a time.

Total Spend (Million-PKR) in

2023



1,729M

In 2023



Shelter & Housing
63.76M PKR



Health Care
1.027B PKR



General Welfare
220.4M PKR



Education
252.6M PKR



Food
154.9M PKR



Disaster Relief
9.702M PKR



Health Care

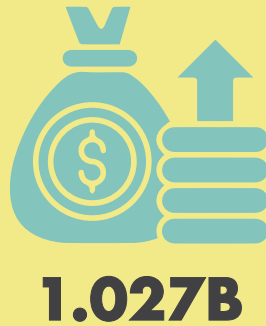
Transformative Impact on Community Well-being

In 2023, our contributions facilitated critical medical services for a significant number of patients.

Our land donation enabled the operation of Indus Hospital Lahore, which served 285,380 patients in need. The establishment of the Recep Tayyip Erdogan Hospital Trust empowered us to support 594,821 patients. Furthermore, we provided crucial support to 202 deserving patients undergoing cancer treatment at the Cancer Care Hospital & Research Centre.

We actively support health initiatives such as The Patients Behbud Society for AKUH and the Pakistan Children's Heart Foundation, ensuring a broader impact on healthcare accessibility.

Health Care (Million-PKR) in 2023



Educating Tomorrow

Drive to Transform Community Education



In 2023, we empowered a total of 92,210 students.

This includes supporting 86,560 underprivileged learners with Jamiat Taleem Ul Quran and enabling access to quality education for 2,650 students through Pak Aid Trust.

Additionally, Aitchison College's Innovation Centre and Labs empowers over 3,000 students. We further contribute to educational equity through collaborations with organizations like the Taleem Mumkin Program (Qasim Ali Shah Foundation) and Care Foundation.

Education (Million-PKR) in 2023



Nourishing Communities Food Initiatives

In 2023, we offered all workers and neighboring communities three nutritious meals daily, with subsidized options available for management staff.

Additionally, we distributed 20,000 food boxes directly to our workers and served 1.9 million meals to the Lahore Institute of Health Sciences community.

These initiatives, aligned with Sustainable Development Goals (SDGs) 2 and 3, demonstrate our commitment to promoting healthy lifestyles and ensuring access to nutritious food for both our workforce and the broader community.



Food (Million-PKR) in
2023



154.9M

Elevating Lives Welfare Initiatives

The US Group expanded its social impact in 2023 by supporting 565 families with health and marriage assistance. Additionally, we partnered with IRWA (Izmir Residence Welfare Association) to distribute Ramadan and Eid gifts to 644 individuals in need. These initiatives align with SDGs 1 (No Poverty) and 3 (Good Health and Well-being), demonstrating our commitment to social welfare and community prosperity.

General Welfare (Million-PKR) in
2023



220.4M





Building Hope Disaster Relief Efforts

Disaster Relief (Million-PKR) in

2023



9.702M

The US Group addressed disaster relief in 2023, providing essential food rations to 2,250 individuals in collaboration with Baitussalam Welfare Trust.

This initiative aligns with SDGs 1 (No Poverty) and 2 (Zero Hunger), demonstrating our commitment to supporting communities during crises.



Building Lives Shelter Initiatives



The US Group prioritized employee well-being in 2023 by maintaining the Workers Family Colony for over 380 families. Additionally, we partnered with families in need, assisting 65 with construction or renovations.

These initiatives align with SDGs 1 (No Poverty) and 11 (Sustainable Cities and Communities), demonstrating our commitment to supporting housing security and community development.

Shelter & Housing (Million-PKR) in

2023



63.76M



Chapter 8



Assurance,
GRI Index
&
Feedback
Form



ASSURANCE STATEMENT

SGS PAKISTAN (PVT) LTD’S REPORT ON SUSTAINABILITY ACTIVITIES IN THE US GROUP SUSTAINABILITY REPORT FOR 2023

NATURE OF THE ASSURANCE/VERIFICATION

SGS Pakistan (Pvt) Ltd (hereinafter referred to as SGS) was commissioned by US Group (hereinafter referred to as US Group) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all US Group’s Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the directors or governing body and the management of US Group. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all US Group’s stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation’s reporting practices and other organizational detail, GRI 3 2021 for organisation’s process of determining material topics, its list of material topics and how to manages each topic.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options & Level of Assurance	
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles)
B	ISAE 3000 (Limited level of assurance)

In our opinion, the content and quality of the report adheres to the four GRI Report Content Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness, and the six GRI Report Quality Principles of Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability. Furthermore, In addition, the report also adheres to the five ISAE reporting characteristics of Relevance, Completeness, Reliability, Neutrality and Understandability.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

1	GRI (Reference)
---	-----------------

evaluation of the report against the requirements of GRI Standards listed in the GRI content index where the organization has referenced for the preparation of the reported information.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, workers, management and sustainability team members in primeses of US Group; documentation and record review and validation with stakeholders where relevant.

LIMITATIONS AND MITIGATION

Some statements and data within the scope were not assured due to lack of accessible records during the timescale allowed for assurance.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from US Group, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 50001, SA8000, QMS, EMS, GHG Verification and experience on the SRA Assurance service provisions, as mentioned below

Furqan Hameed	Lead Auditor	Pakistan
Aamir Rauf	Auditor	Pakistan
Mirza Ashar Baig	Trainee	Pakistan
Finn Han	Technical Reviewer	Taiwan

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria.

We confirm the report meet the requirements of Reference criteria of GRI standard 2021. The compliance with GRI standard has been disclosed in more detail in GRI content index, which provide omission statements in case complete information not provided.

Disclosure Management Approach (DMA) for each materiality aspects have been disclosed in the report in accordance with the GRI standards 2021.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

The report, US Group Sustainability Report of 2023, is adequately in line with the GRI Standards Reference Option. In our opinion, the content and quality of the report adheres to the four GRI Report Content Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness, and the six GRI Report Quality Principles of Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability.

During the assurance engagement some examples of good practice as well as some opportunities for improvement in underlying processes were identified and reported to US Group with the aim of enabling a process of continual improvement in collection and reporting KPI data.

Good Practice:

At corporate level US Group is collating Environment, Economic, Social & Governance (E2SG) KPI data through internal document termed as the Master Sheet on monthly basis for analyses of sustainability performance of its Units, strategic Business Units (sBU) and Verticals.

KPIs are based on sound definitions which are clearly communicated and followed at all US Group member Factories.

Inclusion of Economic pillar alongside ESG indicates a cohesive approach to sustainability with business at the heart of each program/initiative to rationalize capital and operational expense and reap both financial and resource optimization benefits.

Regarding Environment pillar, 32% absolute reduction in GHG Emissions (owing to Electricity from Solar and Steam from Biomass Fuels) and 18% absolute reduction in Water Consumption (owing to adoption of advanced technologies and data driven conservation measures) indicates US Group's focus on pressing demands of Customers as well as the wider society towards Climate Action.

Within Social domain, US Group has demonstrated a significant progress in empowering the female gender both at worker and management level.

Sustainability Governance Structure is well defined at all levels with Board of Directors at the top, Sustainability Steering Committee at the Corporate & Vertical-Level, Sustainability Councils at the sBU-level and Green Circles at the Unit-level, to steer the Sustainability programs/initiatives and speed up decision making.

Disclosures of identified material topics and boundaries, and stakeholder engagement, are correctly located in content index and report.

Improvement Opportunities for Future Reporting Cycles:

When reporting on goals and targets for each material topic, it is suggested to set expected results, if applicable, with quantitative objectives.

Data management is suggested to be moved to a standard Digital AI driven platform for a more reliable, transparent and agile system.

Negative performance in Economic indicators of productivity (decreased by 6%) and waste intensity (increased by 4%) is suggested to be linked with sustainability programs of Challenge 2025 to make progressive improvement.

Moreover, it is recommended to involve more stakeholders in determining materiality aspects.

Focus Group Discussions among both internal and external stakeholders could be considered to complement the existing methods.

Signed:

For and on behalf of SGS Pakistan (Pvt) Ltd

Ali Akhtar Khan – Director

Lahore, Pakistan

30-05-2024



WWW.SGS.COM

GRI Content Index

Statement of use GRI 1 used Applicable GRI Sector Standard(s)		US Group has reported in accordance with the GRI Standards for the period 01-Jan-2023 to 31-Dec-2023. GRI 1: Foundation 2021 Universal Standard			
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	7			
	2-2 Entities included in the organization's sustainability reporting	2			
	2-3 Reporting period, frequency and contact point	2-3			
	2-4 Restatements of information	2-3			
	2-5 External assurance	3			
	2-6 Activities, value chain and other business relationships	7-10	d	Not applicable	No significant change in the activities, value chain and other business relationships.
	2-7 Employees	29			
	2-8 Workers who are not employees		a,b,c	Not applicable	All workers of the organization are employees irrespective of the employment type.
	2-9 Governance structure and composition	11			
	2-10 Nomination and selection of the highest governance body	11			
	2-11 Chair of the highest governance body	11			
	2-12 Role of the highest governance body in overseeing the management of impacts	12			
	2-13 Delegation of responsibility for managing impacts	12			
	2-14 Role of the highest governance body in sustainability reporting	11-12			

	2-15 Conflicts of interest	14			
	2-16 Communication of critical concerns	13			
	2-17 Collective knowledge of the highest governance body	11-12			
	2-18 Evaluation of the performance of the highest governance body	11			
	2-19 Remuneration policies	29			
	2-20 Process to determine remuneration	11			
	2-21 Annual total compensation ratio		a,b,c	Confidentiality constraints	This information is confidential
	2-22 Statement on sustainable development strategy	16			
	2-23 Policy commitments	16			
	2-24 Embedding policy commitments	16			
	2-25 Processes to remediate negative impacts	12-13			
	2-26 Mechanisms for seeking advice and raising concerns	12-13			
	2-27 Compliance with laws and regulations	13-14			
	2-28 Membership associations	9			
	2-29 Approach to stakeholder engagement	12,13,23			
	2-30 Collective bargaining agreements	10			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	23-24	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	23-24			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			

GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	42			
	201-2 Financial implications and other risks and opportunities due to climate change	44			
	201-3 Defined benefit plan obligations and other retirement plans	42			
	201-4 Financial assistance received from government	43			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	29	C	Not applicable	All workers are hired based on a single standard minimum wage as per the regulatory requirements
	202-2 Proportion of senior management hired from the local community	30	a,b,c and d	Not applicable	We are an equal-opportunity employer. Our facilities are located in a large commercial city.
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	72			
	203-2 Significant indirect economic impacts	69			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	43			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	14	a	Confidentiality constraints	Control is established and implemented but due to confidentiality constraints, details could not be disclosed
	205-2 Communication and training about anti-corruption policies and procedures	14			
	205-3 Confirmed incidents of corruption and actions taken	14			

Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	14	b	Not applicable	As per 206-1 a, there have been no findings during calander 2023.
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 207: Tax 2019	207-1 Approach to tax	43			
	207-2 Tax governance, control, and risk management	43	c	Not applicable	Annual internal and external financial audit covers the tax matters.
	207-3 Stakeholder engagement and management of concerns related to tax	43			
	207-4 Country-by-country reporting	43	a, b	Not applicable	The reporting boundary falls in Pakistan and follows all applicable tax rules.
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	50-51	a (2.1.1.3, 2.1.1.4)	Not applicable	Products accessories as per direction of Customers.
	301-2 Recycled input materials used	50-51			
	301-3 Reclaimed products and their packaging materials		a,b	Not applicable	We are a tier 1 supplier to other multi-national and local companies and are not selling directly to end consumers.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	52-54	d	Not applicable	We do not sell electricity, heating, cooling or steam.
	302-2 Energy consumption outside of the organization		a,b, c	Not applicable	We only manufacture and sell the products to brands. All our operations are on-site and energy used is reported in GRI 302-1.
	302-3 Energy intensity	52-54			

	302-4 Reduction of energy consumption	52-54			
	302-5 Reductions in energy requirements of products and services		a,b,c	Not applicable	We only manufacture and sell the products brands. Our product does not directly consume any energy during its usage.
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	57-60			
	303-2 Management of water discharge-related impacts	57-60	a (iii and iv)	Not applicable	We comply with all the legal requirements for waste water discharge.
	303-3 Water withdrawal	57-60			
	303-4 Water discharge	57-60			
	303-5 Water consumption	57-60	C	Not applicable	There is no significant change in water storage capacity.
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61			
	304-2 Significant impacts of activities, products and services on biodiversity	61	b	Not applicable	Industry sites operations do not fall in the protected area category in Pakistan.
	304-3 Habitats protected or restored		a,b,c,d	Not applicable	Industry sites operations do not fall in the protected area category in Pakistan.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	61			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
	305-1 Direct (Scope 1) GHG emissions	55-56			
	305-2 Energy indirect (Scope 2) GHG emissions	55-56			

GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions		a,b,c,d,e,f,g	Not applicable	Scope 3 emissions are not calculated as they are not included in the reporting boundary and it is in the calculation phase.
	305-4 GHG emissions intensity	55-56			
	305-5 Reduction of GHG emissions	55-56			
	305-6 Emissions of ozone-depleting substances (ODS)	55			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		a,b,c,d	Not applicable	We ensure compliance with all applicable regulations and standards through regular independent third-party emission testing of NOx and SOx.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	40-41			
	306-2 Management of significant waste-related impacts	40-41			
	306-3 Waste generated	40-41			
	306-4 Waste diverted from disposal	40-41	b (i, ii, iii)	Not applicable	All the hazardous waste is managed by approved third party that ensures disposal according to the legal requirements.
	306-5 Waste directed to disposal	40-41			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	25-26			
	308-2 Negative environmental impacts in the supply chain and actions taken	25-26			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	31			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	29	a (iv)	Not applicable	The company does not have a policy to offer stock ownership to employees.

	401-3 Parental leave	29			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	31			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	30			
	403-2 Hazard identification, risk assessment, and incident investigation	32			
	403-3 Occupational health services	32			
	403-4 Worker participation, consultation, and communication on occupational health and safety	32			
	403-5 Worker training on occupational health and safety	30			
	403-6 Promotion of worker health	32			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32			
	403-8 Workers covered by an occupational health and safety management system	32	b	Not applicable	All type of workers are covered in health and safety management system.
	403-9 Work-related injuries	32	f	Not applicable	All type of workers are covered in health and safety management system.
	403-10 Work-related ill health	32	d	Not applicable	All type of workers are covered in health and safety management system.
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	36	a (i)	Not applicable	Mandatory trainings are provided to all the workers without any gender discrimination.
	404-2 Programs for upgrading employee skills and transition assistance programs	35			
	404-3 Percentage of employees receiving regular performance and career development reviews	35			

Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33-34			
	405-2 Ratio of basic salary and remuneration of women to men	33	a	Not applicable	US Group is an equal-opportunity employer and does not discriminate based on gender or any other class or category
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	13-14			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	12			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	35			
Rights of indigenous peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics	23			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	34			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	69-72			
	413-2 Operations with significant actual and potential negative impacts on local communities	13-14	a,b	Not applicable	Onsite operations follows the applicable laws and regulations and no significant actual or potential negative impacts of operations reported

Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	24			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	25-26			
	414-2 Negative social impacts in the supply chain and actions taken	25-26	e	Not applicable	No case of negative social impact within the supply chain has been reported during the period.
Public policy					
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	This disclosure is not determined as a material topic
GRI 415: Public Policy 2016	415-1 Political contributions		a	Not applicable	US Group's Code of Business does not support for any political causes.
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		a	Information unavailable/incomplete	Gate to Gate information is available only. Product life cycle information is not in the scope boundary
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		a,b	Not applicable	The was no incidents of non-compliance concerning the health and safety impacts of products identified in reporting period
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable	This is not a material topic for US Group.
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		a,b	Not applicable	US Group only manufactures the brands products and follows the customers' provided information regarding the product and labeling.
	417-2 Incidents of non-compliance concerning product and service information and labeling		a,b	Not applicable	US Group follows all the applicable regulations regarding product labeling and has not identified any non-compliance with regulations in the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications		a,b	Not applicable	We are a manufacturer of top international brands we do not sell or do marketing of any products owned by customers. All information about marketing and labeling can be found on customers' websites or products available in the market.
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	43			

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