



# BUILDING A SUSTAINABLE WORLD

SUSTAINABILITY REPORT 2021





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## BUILDING A SUSTAINABLE WORLD

Rooted in our mission; we are committed to be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business

## LETTER FROM OUR CEO

Our focus on ethical and sustainable business practices; ensuring wellbeing of our people and communities, reducing our environmental footprint, and providing end to end solutions to our customers helped us comeback with stronger economic performance in 2021

2020-21 was an unprecedented year which presented global crises on many fronts. Health and economic disasters were followed by severe supply chain disruptions. As global economies recovered slowly from the pandemic shocks, Pakistan's economy witnessed a V shaped recovery due to rebounding domestic demand and healthier export growth.

At Interloop, driven by our Mission of becoming an agent of positive change, we devise five year business and sustainability strategies to create shared value for all stakeholders. Our focus on ethical and sustainable business practices; ensuring wellbeing of our people and communities, reducing our environmental footprint, and providing end to end solutions to our customers helped us come back with stronger economic performance in 2021, with 51% increase in revenues and 250% increase in profit. This remarkable performance is proof of the confidence international brands and retailers have in us, and our focus on Triple Bottom Line sustainability strategy based on Planet, People & Prosperity.

We achieved our Planet targets for 2021 and have defined the next five year targets to reduce absolute environmental burden of our operations, and safeguard the health & safety of our workforce and communities. We are committed to adopt cleaner technologies to increase water and energy efficiency, and improve waste management.

Well-being of our people including a healthy, safe and productive workplace, provision of competitive benefits with no lay-offs during pandemic, and a fully vaccinated workforce against COVID-19 remained our top priorities under

People targets 2021. Achieving almost all, we have set next five year targets for building a diverse, inclusive and engaged workforce, creating a high performance organization. Working towards transforming the lives of thousands of households through initiatives focused on education, health, sports, and literary activities, we will make significant investments during next five years into creating inclusive and fair opportunities for our communities, fulfilling our objective of building a thriving society.

We strongly believe in transparency of our commitments and actions and follow the best global practices in corporate sustainability reporting. We reaffirm our support to the Ten Principles of the United Nations Global Compact in areas of Human Rights, Labour, Environment and Anti-Corruption. This Sustainability Report highlights our commitment and actions for integrating UN Global Compact and its principles into our business strategy, culture and day-to-day operations of our company. Your input is vital for our success and guidance to deliver shared value for all our stakeholders.



**Navid Fazil**  
CEO





# COMPANY OVERVIEW

## OUR CORPORATE PROFILE

Interloop is a multi-category manufacturer of hosiery, denim, apparel and seamless products and the largest listed apparel company on the Pakistan Stock Exchange. Fully vertically integrated with manufacturing footprint across Pakistan and Sri Lanka, marketing services offices in USA, Europe, and Japan, and sourcing office in China,

Interloop's diverse workforce and operational excellence has established it as a partner of choice for its customers. Interloop's commitment to environmental and social responsibility is deeply rooted in its mission and has gained Interloop global recognition as a pioneer in responsible manufacturing.

## MISSION

To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business

## VISION 2025

To become a Full Family Clothing Partner of Choice

## CORE VALUES



INTEGRITY



CARE



ACCOUNTABILITY



RESPECT



EXCELLENCE



## OUR BUSINESS CATEGORIES



## OUR CUSTOMERS



## RECOGNITION & AWARDS

### PEOPLE & COMMUNITY PRACTICES RECOGNITION

By receiving EFP Exporters Recognition Award 2020 for being among Top 100 exporters of Pakistan, we have been recognized for our sustainable practices for our people, operations and community

### UNGC BEST PRACTICES AWARD 2020

We have been recognized with the UNGC Living The Global Compact Best Practices Sustainability Award 2020, securing 3rd position as a contributor to a healthier & sustainable future for all, in large-scale manufacturing category

### HEALTH & SAFETY AWARD 2019

We have been conferred 1st position in the Textile sector at 15th EFP - OSH Awards 2019, in recognition of our best practices in safety, health & environment

### LEED PLATINUM CERTIFICATION

Our LEED v4 Platinum Denim factory has been termed as one of the 7 Exceptionally Green Buildings around the world by PlaceTech. The US Green Building Council has certified our facility in the BD+C (building design and construction) category. It is a huge acknowledgment of Interloop's efforts for a greener planet being the only manufacturer from South Asia with Platinum (85) rating

### MOST PREFERRED EMPLOYER AWARD

We have been accorded the Most Preferred Employer in Textile Industry Award by Pakistan Society of Human Resources Management (PSHRM) and Engage Consulting. The award was based on the results gleaned from the BPTW 2021 survey, taken up by over 40,000 employees across Pakistan, excluding employees of the nominated organizations, positioning us as the employer of choice



## OUR STRATEGY

Our sustainability strategy, based on the triple bottom line approach comprising planet, people and prosperity, continues to lead our sustainable business growth

Interloop's commitment to environmental and social responsibility has gained us global recognition as a pioneer in responsible manufacturing. Planet, people and prosperity being the cornerstones of our sustainability strategy guide us in transforming the way we do business. From sourcing responsibly to reducing our carbon footprint, from supporting labour rights to taking care of our communities, and continuously growing our business while using our resources ethically. It is well integrated into our business approach, policies, processes, and practices.

Our strategy and business actions are aligned with the United Nations Sustainable Development Goals. Our newly launched five year environmental and social targets under our Vision 2025 manifest long-term strategic priorities of the company. Working towards enhancing collective prosperity, we are endeavouring for sustainable growth of our business and driving a positive change in our industry.

## GOVERNANCE & SUSTAINABILITY MANAGEMENT

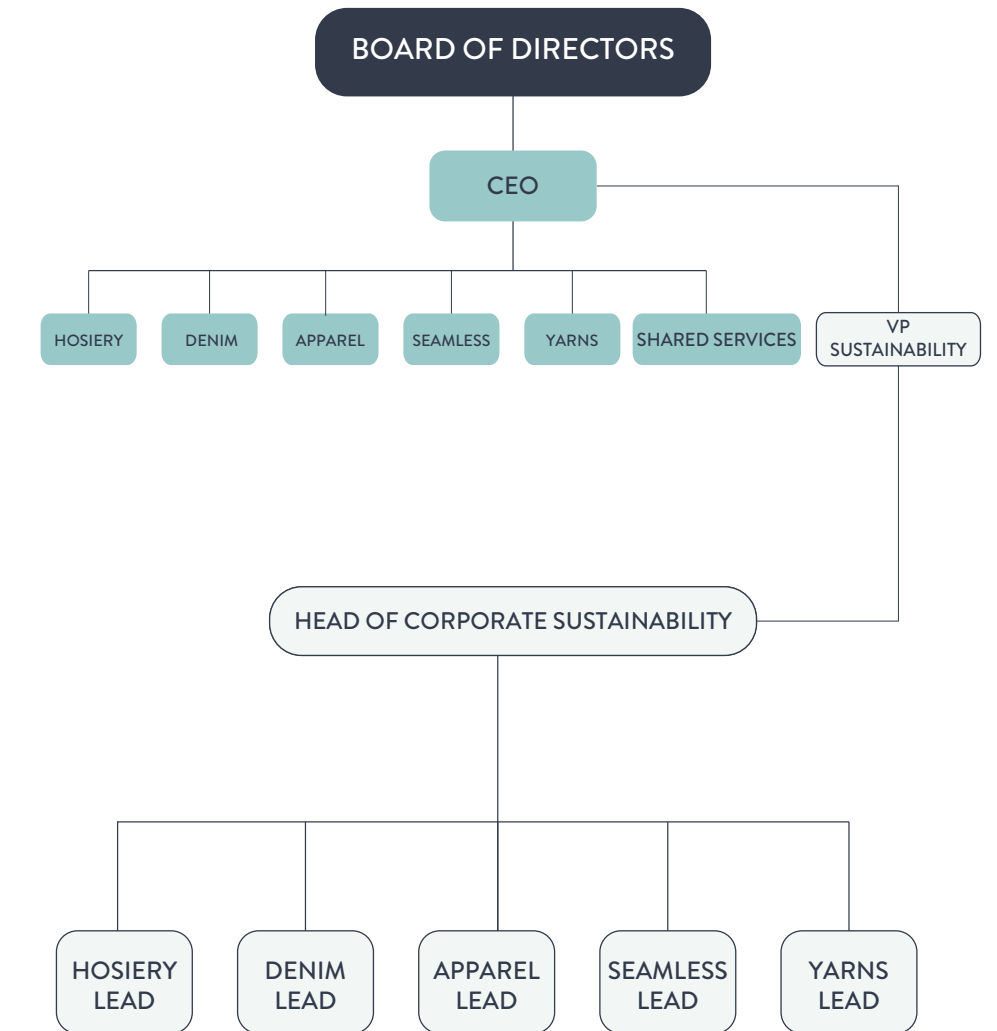
Our governance structure, code of conduct and sustainability team enable us to develop robust sustainability policies and deliver exceptional performance

### Our Methodology

Our governance structure is steered by requirements of the Companies Act 2017, Code of Corporate Governance for listed companies, and listing regulations of the Pakistan Stock Exchange (PSX). These regulatory requirements are supplemented by our internal Code of Conduct and best practices in corporate governance. The Code of Conduct guides about ethical business practices, relations with business partners and the conduct required from our people, and can be accessed at page 9 of the Annual Report 2021. The Board of Directors is the highest governing body at Interloop and is elected every three years. The last election was held on October 15, 2020. The positions of the Chairman and Chief Executive Officer are held by different individuals. The Board complies with all guidelines prescribed by the Securities & Exchange Commission of Pakistan (SECP). The Board has constituted different Board Committees with proper delegation as per Code of Corporate Governance. These include the Audit Committee, HR and Remuneration Committee, Nomination Committee, and Risk Management Committee. The committees have defined terms of reference with clear objectives and responsibilities, and assist the Board in effective decision making. The Board has delegated the responsibility of planning, execution and monitoring of sustainability initiatives to the Chief Executive Officer. Further information about Board Committees can be accessed at pages 32, 39 & 40 of the Annual Report 2021.

### Sustainability Management

Interloop has a central Corporate Sustainability Department with business specific resources. It is responsible for advising the Board while designing long term goals & strategies and supports the businesses in target setting, baseline calculations, and identification of potential sustainability projects. It also develops new policies, recommends the best course of action, and monitors the performance. The sustainability performance is reviewed quarterly at the business level and bi-annually at the corporate level.





# OUR MANAGEMENT APPROACH

Our sustainability management approach at Interloop is proactive, focusing on early impact identification of issues and taking appropriate measures to timely manage them

## Planet

Our environment policy guides all businesses to manage environmental impacts and helps in compliance with our commitments, applicable laws, and customers’ code of conduct. In line with Article 15 of Rio Declaration, we have a proactive environment management approach for early identification and mitigation of impacts. The corporate sustainability department evaluates the environmental sustainability initiatives, tracks impacts, and sets targets. EHS Representative at each plant ensures compliance with applicable laws and customer requirements. Our manufacturing facilities are certified against various management systems viz. ISO 9001:2015, ISO 14001:2015, OHSAS-18001:2015, ISO-50001:2011, SA-8000, ISO-17025, and ISO-17043. Regular EHS trainings are carried out at all plants. Targets 2021 covered only our core business, i.e., hosiery, however, with expansion in business categories, we have now defined five-year environmental targets covering hosiery, denim, knitted apparel, seamless active wear, and yarns. The performance is regularly monitored through internal audits and appropriate measures are taken if required. An environmental grievances filing mechanism exists across the company. Manager Health & Safety at each plant is responsible for dealing with complaints. No noncompliance with the environmental laws, regulations, and customers’ requirements occurred during the reporting year. During the year, PKR 106mn was spent on environmental protection; PKR 98mn on waste disposal, emissions treatment & remediation while PKR 8mn on prevention & management costs.

## People

Our people are our strategic asset and their personal and professional growth is essential for company’s growth. Our HR policies are focused on onboarding talented professionals, grooming them through trainings and providing them an enabling workplace to develop as a valuable asset. Performance-based career growth and job rotation makes Interloop a much sought-after employer. VP People & Organization Development heads the HR function. Support Services Managers at respective plants are

responsible for implementation of HR policies. The Human Resource & Remuneration Committee of the Board reviews the relevant policies and recommends suitable course of action to the Board. There was no major variation in the workforce during the year.

## Communities

Interloop is a Business with Purpose! Based on need assessment of the communities, we have defined development goals to deliver inclusive growth. The company has long-term KPIs and every year a CSR spending target is fixed and executed. Head of CSR is responsible for implementation of programmes and reports to the CEO. Policy implementation is reviewed by the CEO for further deliberation at the Board level. Interloop Welfare Trust is another important CSR function for engagement & betterment of the community.

## Prosperity

Economic performance at Interloop is guided by our mission and values, along with the targets set by the management. Our operations have direct and indirect economic impacts in the shape of return to investors, payments to suppliers, employees, government, and creation of livelihood opportunities in the supply chain, along with socioeconomic development of our communities. The Board defines the targets for company’s economic performance. The CEO along with the Management Team is responsible for underlying activities to achieve these targets. We procure maximum raw materials and services locally and have zero tolerance for corruption in our operations. The internal audit department audits all activities and reports to the Board Audit Committee. Corrective actions are taken if required. During the year, no corruption incidence was recorded at Interloop. The economic performance is reviewed at the quarterly Board meetings and corrective measures are taken through appropriate measures. No non-compliance with laws and regulations in the social and economic areas occurred during the year. To learn about our materiality process and list of material topics, please refer to page 67.

# U.N. SUSTAINABLE DEVELOPMENT GOALS

We have aligned our strategy and business actions with the United Nations Sustainable Development Goals (SDGs)

 <b>1 NO POVERTY</b>	Employees & Community Welfare Amazon’s Benefits For Business And Workers Program Fair Trade Transform Lives	 <b>2 ZERO HUNGER</b>	Transform Lives Enhancing Economic Returns	 <b>3 GOOD HEALTH AND WELL-BEING</b>	Climate Change Health and Safety Transform Lives	 <b>4 QUALITY EDUCATION</b>	Training and Development Transform Lives
 <b>5 GENDER EQUALITY</b>	Employees & Community Welfare Women Empowerment Respecting And Promoting Human Rights	 <b>6 CLEAN WATER AND SANITATION</b>	Water Stewardship Waste and Circularity	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>	Climate Change	 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	Employees & Community Welfare Women Empowerment Amazon’s Benefits For Business And Workers Program Fair Trade Respecting and Promoting Human Rights
 <b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	Climate Change Health and Safety Transform Lives	 <b>10 REDUCED INEQUALITIES</b>	Employees & Community Welfare Women Empowerment	 <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>	Transform Lives	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	Using Resources Responsibly Climate Change
 <b>13 CLIMATE ACTION</b>	Using Resources Responsibly Climate Change	 <b>14 LIFE BELOW WATER</b>	Waste and Circularity	 <b>15 LIFE ON LAND</b>	Waste and Circularity	 <b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b>	Enhancing Economic Returns Health and Safety Respecting And Promoting Human Rights
 <b>17 PARTNERSHIPS FOR THE GOALS</b>	UNGC Participant Fashion Industry Charter Signatory Textile Exchange Supporter						

# OUR COMMITMENTS

In 2015-16, we had set environmental and social goals for our Hosiery business. Today, we are striving even harder for meeting our commitments and expanding our focus for the next 5 years towards responsible materials, environmental management and a diverse & inclusive workforce across all our businesses

## ▣ 2020-21 GOALS

PILLAR	IMPACT AREAS	TARGETS	PERFORMANCE
*PLANET	Sustainable Raw Material	25% of total raw material	47.6%
	Water	15% Reduction	9.0% Reduced
	Energy	15% Reduction	8.8% Increased
	GHG Emissions	15% Reduction	9.5% Reduced
	Renewable Energy	4 MW	5.9 MW
	Wastewater	ZDHC Foundational level	ZDHC Foundational level achieved
	ILP Sustainability Certifications		2021: Jeans Redesign Certified 2021: LEED Platinum Certified (DENIM)

▣ Hosiery Only

## ▣ 2020-21 GOALS

PILLAR	GOALS	TARGETS	PERFORMANCE
PEOPLE	Build a Diverse & Empowered Workforce	Expand women representation across all levels of our workforce to 10%	8%
		Provide decent work and employment opportunities to 20,000 people	25,000+
		Deploying Lean tools and trainings to over 2,000 people	8,000+
	Transform Lives	Provide affordable, equitable and quality education to 4,000 children by sponsoring 27 TCF schools in under privileged communities	Educating 4,000 children in 29 TCF Schools
		Provide 500 young women and men access to technical and higher education	500*
		Provide equal access to education for 300 children with disabilities	500*
		Provide quality early childhood development and pre-primary education to at least 200 children at Interloop’s childcare centers	152**
	Improve Well-being	Promote local sporting talent by enabling 3,000 people to participate in sporting events	3,500
		Improve well-being of 4,000 people in our community through promoting reading, and literature	4,000***
		Providing treatments for 8,000 patients	11,500
PROSPERITY		Generate economic value of USD 325 million (PKR 54,000 million)	USD 355 million (PKR 55,933 million)

\* Approximate Figure  
 \*\* Children enrolled so far  
 \*\*\* In FY2021, Literary Events were conducted virtually due to COVID-19 pandemic



# OUR SUSTAINABILITY JOURNEY

<b>Providing Community Well-being:</b> <ul style="list-style-type: none"><li>➤ Collaborated with The Citizens Foundation (TCF) and have so far established 29 schools</li><li>➤ Providing affordable quality primary &amp; secondary education to 4,000 children from underprivileged areas</li></ul>	<b>Lowering Emissions:</b> <ul style="list-style-type: none"><li>➤ In 2011, installed first biomass boiler followed by waste heat recovery systems</li><li>➤ In 2016, set our intensity-based emission reduction targets and considerably reduced its percentage till the reporting year</li></ul>	<b>Using Sustainable Materials:</b> <ul style="list-style-type: none"><li>➤ In 2013, started procuring BCI cotton as raw material and later on added organic cotton and recycled materials</li><li>➤ 48% of our raw material in 2021 was sustainable</li></ul>	<b>Transitioning to Renewable Energy:</b> <ul style="list-style-type: none"><li>➤ In 2016, installed 120 kWp solar power system</li><li>➤ In 2019, increased the installed capacity to 2.13 MW</li><li>➤ In 2021, added 3.8 MW to enhance our solar power generation capacity to 5.95 MW</li></ul>	<b>Setting up Sustainability Department:</b> <ul style="list-style-type: none"><li>➤ Setup a central corporate sustainability and chemical management department</li><li>➤ Achieved Oeko-TEX STeP certification (Interloop's first facility sustainability certification)</li></ul>	<b>Circularity:</b> <ul style="list-style-type: none"><li>➤ Launched Socks Re-Gen; first C2C certified circular product</li><li>➤ Started using waste ash as raw material to produce waste ash bricks</li><li>➤ Launched circular Denim product with Jeans Redesign concept</li></ul>	<b>Supporting Fair Trade:</b> <ul style="list-style-type: none"><li>➤ In 2019, became First Sock Facility in the world to be FTUSA certified</li></ul>	<b>Commitments &amp; Collaborations:</b> <ul style="list-style-type: none"><li>➤ Joined UNGC as participant</li><li>➤ Signed UN Fashion Industry Charter for Climate Change</li><li>➤ Committed to set SBTi, aligned with 1.5 °Celsius</li></ul>	<b>Commitments &amp; Collaborations:</b> <ul style="list-style-type: none"><li>➤ Joined Textile Exchange as supporter</li><li>➤ Signed the Sustainable Cotton Challenge 2025</li></ul>
2009	2011	2013	2016	2017	2018	2019	2020	2021
<ul style="list-style-type: none"><li>➤ Offering 500 full degree scholarships for higher education including 300 to GC Women University Faisalabad, 20 to Agriculture University Faisalabad, 8 to LUMS, etc.</li><li>➤ Providing free health care services to poor patients at various hospitals</li><li>➤ In 2019, we started mobile health clinics providing free health care services to 11,000 cotton farmers in remote areas, especially women</li></ul>	<b>Investing on Energy Conservation:</b> <ul style="list-style-type: none"><li>➤ In 2013, initiated many process efficiency improvement projects to significantly reduce energy consumption</li><li>➤ In 2018, Hosiery Plant-4 became the first sock facility in the region to be LEED Gold certified</li><li>➤ In 2019, Hosiery Plants 2 &amp; 4 got ISO 50001 certified</li><li>➤ In 2020, Denim Plant got LEED Platinum certified by USGBC and is ranked among 7 most green buildings around the world by PlaceTech</li></ul>	<b>Committed to ZDHC:</b> <ul style="list-style-type: none"><li>➤ In 2016 we had set the goal to fully comply with ZDHC foundational level</li><li>➤ By end 2020, more than 80% of our chemicals were at ZDHC Level-3 and our target is to take it to 100%</li><li>➤ Committed to achieve ZDHC Supplier to Zero status for all facilities by 2025</li></ul>	<b>Technological investments in Water conservation:</b> <ul style="list-style-type: none"><li>➤ Inducted Nano-bubble technology in wash process for 95% reduction in water usage</li><li>➤ Initiated wastewater reuse project in wet processing</li></ul>				<ul style="list-style-type: none"><li>➤ Joined Organic Cotton Accelerator</li></ul>	

# OUR PLEDGES

SCIENCE BASED TARGETS  
(BUSINESS AMBITION  
FOR 1.5°C)

UN WOMEN  
EMPOWERMENT  
PRINCIPLES

MALE CHAMPIONS  
OF CHANGE PAKISTAN

TEXTILE EXCHANGE  
(SUSTAINABLE COTTON  
CHALLENGE 2025)

UNFASHION INDUSTRY  
CHARTER FOR CLIMATE  
CHANGE





PLANET

## ENVIRONMENTAL IMPACTS 2021



\*Energy Saved

7,390,289 KWH



Energy Used by Homes for One Year

631



GHG Emissions Avoided

21,295 TONS



Tree Seedlings Grown for 10 Years

352,117



Water Saved

81,864 M<sup>3</sup>



Daily Water Consumption (Based on 6 Member Family)

68,220 FAMILIES

\*Overall impact has increased however, conservation and efficiency measures have resulted in saving in these areas





## CLIMATE CHANGE

Interloop is acting on climate change through adoption of cleaner technologies, green buildings, energy conservation, and setting ambitious emission reduction targets across all businesses

### Our Actions and Achievements

The Intergovernmental Panel on Climate Change (IPCC) has called for global warming to be limited to 1.5°C pre-industrial level. The UNGC has launched the campaign Business Ambition for 1.5°C urging business leaders to take collective actions, step up and commit to set Science Based Targets aligned with limiting global temperature rise to 1.5°C above the pre-industrial levels. As a world leader in the hosiery business and aspiring to become a full family clothing partner of choice, Interloop is fully committed to play its role in reducing its carbon footprint within its operations and supply chain.

SCIENCE BASED TARGETS	Interloop is committed to set Science-based targets aligned with limiting global temperature rise to 1.5°C above the pre-industrial level
CARBON DISCLOSURE PROJECT (CDP)	After registering with Carbon Disclosure Project in 2020 we have submitted two climate change assessments (2020, 2021) to date
UN FASHION INDUSTRY CHARTER FOR CLIMATE CHANGE	We became a signatory to UNFCCC in 2021, leading the way to a carbon neutral future by 2050, following the Race to Zero campaign
CARBON LEADERSHIP PROGRAM	In 2020, we joined the Carbon Leadership Program; a collaboration of Apparel Impact Institute and RESET Carbon, allying with global brands in pursuit of reducing carbon output within the supply chain
ADDITION OF LEED PLATINUM CERTIFIED FACILITY	Interloop Denim got LEED Platinum certified by US Green Building Council in 2020 and was ranked among the seven greenest buildings around the world by PlaceTech  Saving Energy: 53% Portable Water Usage: 50% Fresh Air Intake: 30%
SOLAR ENERGY	We have installed 3.818 MW solar energy project at Hosiery Plant 3 & Denim, Lahore, taking total installed capacity to 5.948 MW across our facilities, reducing approx. 4,660 tons of CO <sub>2</sub> e emissions per annum





# GHG EMISSIONS

Combustion processes in industries result in Greenhouse gas emissions and are a major cause of climate change. Changing climate conditions across the globe require immediate actions by corporates to reduce emissions from their operations, keeping the temperature well below 2°C above pre-industrial levels, limiting it to 1.5°C.

We regularly monitor greenhouse gas emissions at our production facilities to ensure compliance with limits set by Environmental Protection Agency (EPA) under Punjab Environmental Quality Standards (PEQs), and also meeting the targets set in these areas as part of our five-year sustainability strategy.

## Emission Reduction Initiatives

### Heat Recovery System at Filament Yarn Dyeing Facility

Interloop has a state-of-the-art Filament Yarn Dye House, equipped with the latest specialized machinery. The Heat Recovery System provides the added advantage of economizing operations significantly. High-temperature waste liquor passes through the heat exchanger, raising the temperature of freshwater. Heated water is used in subsequent dyeing processes with no fuel input, reducing 140 tons of CO<sub>2</sub>e emissions per annum.

### Waste Heat Recovery System

We are harnessing free steam from Waste Heat Recovery (WHR) Boilers. The Bi-Generation system, along with electricity, produced around 28% of the total steam generation in FY2021, with a significant reduction in GHG emissions. WHRS reduced 13,415 tons of CO<sub>2</sub>e in 2021 against 9,287 tons of CO<sub>2</sub>e in 2020.

## GHG Emissions (Mt)

	2021	2020	2019	2018	2017
(Scope I)	124,248	90,521	68,579	123,196	78,447
(Scope II)	12,161	22,847	46,976	7,504	27,653
Total	136,409	113,368	115,555	130,700	106,100

## Reduction in GHG Emissions (Mt)

	2021	2020	2019	2018	2017
	21,295	15,226	9,090	16,181	8,687

Reduction includes only scope I emissions. CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O gases are included in the calculation of CO<sub>2</sub>e emissions.

# ENERGY CONSUMPTION AND REDUCTION

We use natural gas, diesel, furnace oil, and coal for electricity and steam generation and purchase electricity from Lahore and Faisalabad Electric Supply Companies. During the year, Interloop took significant steps to increase the use of renewable energy including; installation of skylights, motion sensors in finishing and yarn store, Inverters at ETP suction blowers, speed control of suction fans, highly efficient boarding machines, automation of cooling towers, inverters on air handling units, preference to R-407 & R-410 refrigerant and hot water chillers, resulting in a higher percentage of clean energy, supporting SDG-7; Affordable and Clean Energy. We are continuously working to reduce energy consumption at our operations through modern energy-efficient technologies, cleaner energy sources, green buildings, and efficient operations management.

## Energy used within Operations (GJ)

	2021	2020	2019	2018	2017
Non-renewable	2,124,169	1,587,169	1,226,330	1,433,743	1,299,800
Renewable	102,140	97,215	102,842	82,403	62,273
Total	2,226,309	1,684,384	1,329,172	1,516,146	1,362,073

The fuel consumption figures are derived from log records and converted from their respective measuring units to energy in GJs using factors from the Engineering toolbox.

## Savings by Energy Conservation Initiatives (GJ)

	2021	2020	2019	2018	2017
	26,605	12,733	11,079	10,335	7,621

The base year for energy reduction figure is 2016. The savings are achieved as a direct result of energy efficiency initiatives.





# SUSTAINABLE AND TRACEABLE MATERIALS

Sourcing sustainable and certified materials leads to decreased environmental load of our operations and economic prosperity for the farming community. We are making significant progress towards adopting certified sustainable materials

# USING RESOURCES RESPONSIBLY

Interloop is a vertically integrated setup producing priority raw material, i.e., yarn using natural and synthetic fiber. We produce and also procure cotton, synthetic, regenerated, and recycled yarns, which are processed using dyes and chemicals to manufacture socks and tights, while fabric is procured to produce denim, knitwear, and active wear apparel. Priority raw materials are determined by dividing the quantity of each material by the total raw material consumed (yarns & chemicals) during the year.

Interloop sources 100% raw materials from third-party certified suppliers, evaluated through a rigorous supplier evaluation process. We comply with environmental and social sustainability standards, including Oeko Tex Standard 100, BCI, GOTS, and GRS, directly supporting SDG 12; Responsible Consumption and Production. We are focused on increasing the use of sustainable and certified materials (BCI Cotton, Organic Cotton, and Recycled Yarns) to decrease the environmental load of our products.

Moreover, we support various social initiatives, including education, health, sports, literary and cultural activities within Pakistan where our major suppliers are based, and encourage them to engage in social activities. Refer to page 51 for further details.

## Raw Material Consumption

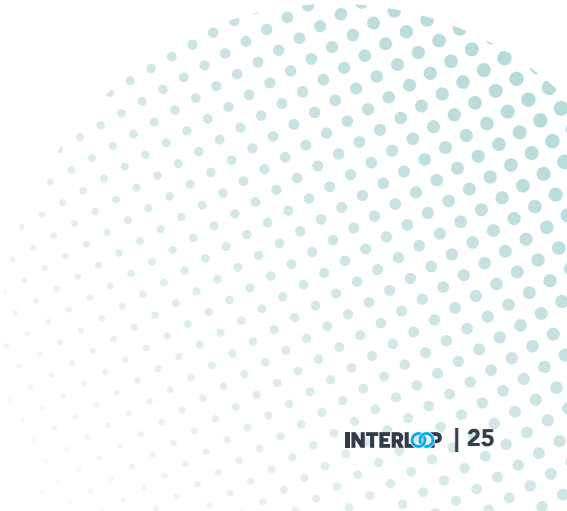
Material	Unit	2021	2020	2019	2018	2017
Raw Material - Yarn	Ton	58,191	44,551	19,309	20,315	18,390
Raw Material - Dyes and Chemicals	Ton	9,651	6,107	9,811	13,521	14,610
Packaging Material	Ton	6,660	4,565	3,830	4,380	-

During FY2021, we used 56% renewable and 44% non-renewable materials compared to FY2020 where we used 54% renewable while 46% non-renewable materials.

## Recycled Input Material

2021	2020	2019	2018	2017
2.12%	3.60%	4.52%	5.56%	5.62%

The recycled material consists of recycled Nylon, Polyester and Regenerated Cotton.







Third-party certified raw materials as per environmental/social standards (at Interloop Hosiery)

STANDARD	Material	UOM*	2021	2020	2019	2018	2017
Oeko-Tex	-	%	100	100	100	100	100
BCI	BCI Cotton	%	39.93	37.13	33.49	26.80	25.3
GOTS	Organic Cotton	%	4.40	4.07	2.37	2.80	1.82
GRS	Recycled Cotton	%	0.0024	0.005	4.44	5.45	5.38
	Recycled Nylon	%	0.03	-	0.02	0.11	0.24
	Recycled Polyester	%	2.09	3.58	0.06	0.001	0.004
Sustainable Cotton Program**	-	%	2.23	4.29	0.5	-	-
*Percentage of total yarn consumed							
**Primark sustainable cotton program							

TRACEABILITY

We are a leader in our business because of our commitment to our customers, our planet and our people. Our long term emphasis on transparency, demonstrated through our public listing and sustainability reporting, is now coming to life with a few focused initiatives on transparency and traceability, through our supply chain.

Almost 50% of our raw materials are derived from sustainable sources and we have increased the use of organic cotton by around 400% since 2016. Whilst ensuring material integrity, we are also embedding our passion towards our communities into our projects and integrating this approach throughout our supply chain.

We are launching two direct to farm projects for BCI cotton and organic cotton. Both these projects will be focused on ensuring material integrity, farmer well-being and supply chain security, enabled by our proprietary technology, establishing traceability to the farm level.

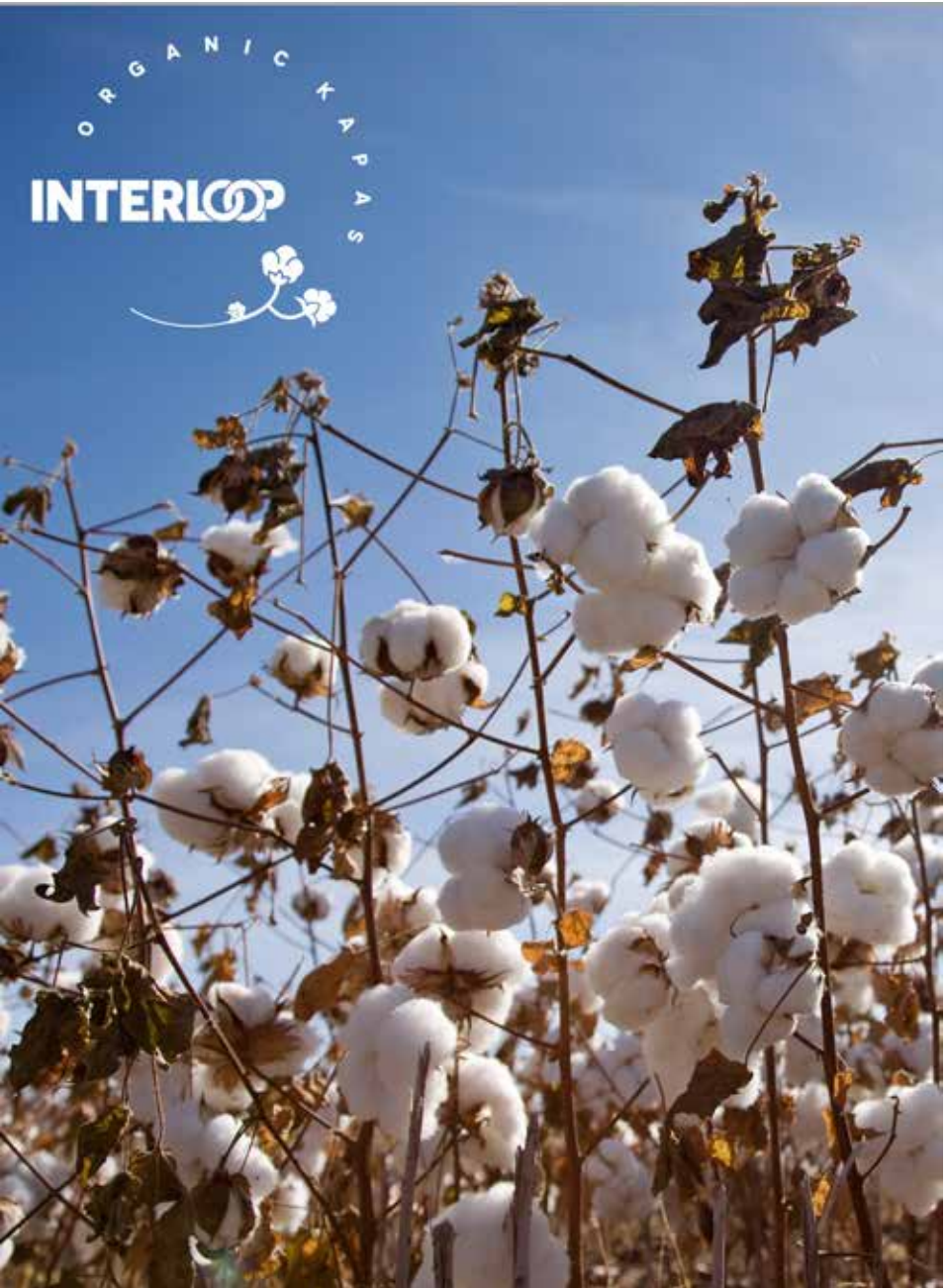
Interloop Organic Kapas\*

We are excited to launch Interloop Organic Kapas; a project to develop a local organic cotton supply chain, improving the availability and traceability of organic cotton. Interloop Organic Kapas will not only support regenerative farming practices but also focus on improving livelihoods of farming communities including capacity building, health and nutrition, and equal opportunities for female cotton pickers.

The project has been launched in northern rain-fed areas of Punjab region in partnership with our local implementation partner, Lok Sanjh. So far, 2000 farmers have been registered in the project and the plan is to increase this number gradually to 6000 farmers over four years.

We are also contributors towards the Organic Cotton Accelerator (OCA) - a global multi-stakeholder platform committed to unleashing organic cotton's potential for positive impact, from field to fashion, for people and the planet. Our aim would be to use OCA's expertise to further strengthen the integrity and traceability of our project.

\* Kapas is the local name for cotton used in Pakistan and most commonly understood by the farming community.







# WATER STEWARDSHIP

We have committed to reducing water consumption in our operations by adopting water-efficient technologies and promoting water recycling

## Water Withdrawal and Consumption

At Interloop, we focus on reducing water consumption in our operations by using dyes that require less water and installing water-efficient equipment in hosiery and yarn dyeing. We have efficiently utilized water in production facilities and reduced freshwater intake during the year, supporting SDG 6; Clean Water and Sanitation. We are investing in initiatives to recycle and reuse processing water including sustainable textile bleaching and using Nano-bubble technology, water-saving taps in canteens, and re-utilization of ablution water in the mosque.

We utilize groundwater for our operations. The area has been declared high risk according to the WRI aqua duct tool. As the water table is shallow, the mineral contamination is high in this area. The size of the water source is unknown. The water source is not declared as protected area, however, it is significantly important for the community being dependent on this source.

We have recycled and reused 0.92% of water during the year. The water withdrawal and consumption figures have increased as we have included figures from operations of all business categories. Until FY2020, the reported water withdrawal and consumption figures were only related to the hosiery business.

## Our Actions

### Nano Bubble Technology

We use the Nano-Bubble Technology to efficiently utilize water during the wash process, reducing water consumption by 95%, chemical consumption by 71%, and energy consumption by 50%, with zero liquid discharge. Our highly sophisticated, automated and sustainable laundry uses 60-70% less water than conventional laundry.

### Sustainable Textile Bleaching

We implemented the Sustainable Textile Bleaching project, upgrading our existing processing machines with multiple fills and drain system, allowing us to reuse bleached water and chemicals for various processing cycles, significantly reducing our environmental impact.

## Water Withdrawal by Source

Water withdrawal by source in ML/year	2021	2020	2019	2018	2017
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	3,584	2,376	2,667	2,971	3,283
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Total water withdrawal	3,584	2,376	2,667	2,971	3,283

The water withdrawal is measured through flow meters.

## Water Consumption

Water consumption by source in ML/year	2021	2020	2019	2018	2017
Surface water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Ground water					
Freshwater (≤1,000 mg/L Total Dissolved Solids)	1,058	746	895	768	399
Other water (>1,000 mg/L Total Dissolved Solids)	-	-	-	-	-
Total water consumed	1,058	746	895	768	399





# WASTE & CIRCULARITY

Advancing with our commitment to using sustainable resources, we are focusing on developing circular products and increasing sourcing of sustainable materials. We are introducing circularity in our operations and have committed to diverting 100% solid waste from landfills

## Our Actions

### Waste Ash Brick Plant

Interloop commissioned a Waste Ash Brick Plant in 2019 and produced 448,176 bricks in 2021. The plant has production capacity of 7,000 bricks per day which are consumed in-house as well as sold to various top civil companies of Pakistan.

### Green Chemistry Inputs

Our ZDHC Program aims to eliminate the use of priority chemicals by following best chemical practices, induction of certified raw materials, and designing an efficient chemical management system compliant with the ZDHC/MRSL list of chemical substances.

### Waste Management

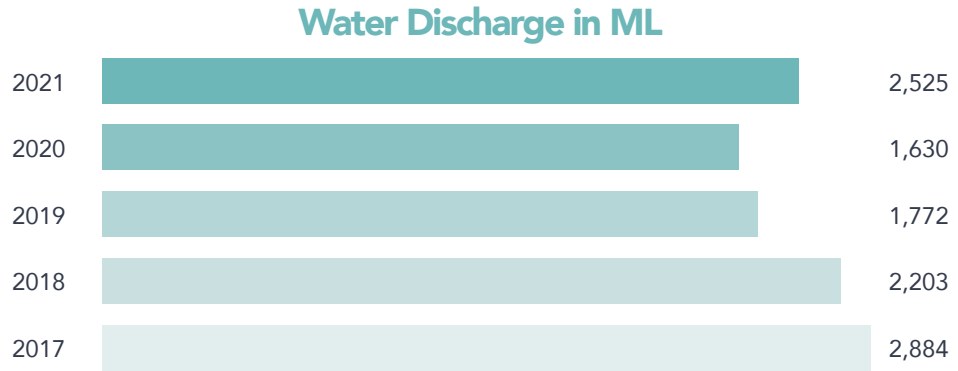
Fulfilling our commitment of zero discharge of effluents and reducing solid wastes (hazardous and non-hazardous) from our operations, we have centralized storage facilities at all our plants where collected wastes are temporarily stored before discharge/sale/treatment. A dedicated workforce handles waste segregation and collection, handling and discharge, ensuring compliant disposal procedures.

### Waste Water

Interloop has biological Effluent Treatment Plants (ETP) working round the clock at all manufacturing facilities, treating effluent to acceptable range of reduced pollutants, as per applicable local laws and ZDHC foundational limits. The largest effluent treatment plant has the capacity of treating 180m3/ hour. Our dedicated QC laboratory at each ETP closely monitors the parameters and ensures that effluent discharge in industrial drains stays within safe limits. The treated water quantity discharged is measured through flow meters installed at all effluent treatment plants.

## Water Discharge in ML

	2021	2020	2019	2018	2017
	2,525	1,630	1,772	2,203	2,884



\*The values till 2020 relate to hosiery and yarn dyeing business

## Waste by Type and Disposal Method

Method	Unit	2021	2020	2019	2018
Hazardous Material					
Reuse (Chemical Drums)	No	24,730	12,321	11,353	13,305
Incineration	kg	18,048	20,151	12,166	14,003
Non-Hazardous Material					
Other - Sold*	kg	8,261,198	5,279,551	5,297,142	4,861,470

\* The non-hazardous waste is sold to third parties most of which is used as recycled or renewed material





We dispose off hazardous waste produced at all our plants through approved contractors as per the Standard Operating Procedures and guidelines, including handling, transportation, and storage. 24,730 chemical drums were sent back to suppliers for reuse during the year, while the contractors incinerated 18,048 kg of waste. Interloop does not transport hazardous waste internationally.

### Circularity

Circular economy requires a new way to design, make, and use things within planetary boundaries to limit consumption and waste of resources as well as production of waste.

### Cradle to Cradle Certification

Cradle to Cradle certification is a globally recognized measure of safer, more sustainable products made for the circular economy, issued after rigorous scanning of product circularity, material health and responsible manufacturing practices exercised by the manufacturing facility.

### Socks Re-Gen

Designed by Interloop, our product Socks Re-Gen fulfills all five sustainability areas of C2C, including material health and re-utilization, renewable energy and carbon management, water stewardship, and social fairness. Non-biodegradable materials like Polyester, Nylon, and Spandex have been substituted by more sustainable materials and further processed by C2C certified dyes & chemicals to make the product 100% compliant. Being a responsible full family clothing supplier aligned with International trends, Interloop has been awarded Cradle to Cradle Certified® (C2C) Gold level for Socks Re-Gen.

### Jeans Redesign

More and more eco-conscious innovations are emerging, and the circular economy is undoubtedly one of them. Over the last few years, many shifts have occurred to offer a more sustainable and ethical approach to the product life cycle. According to the United Nations Environment Assembly, it takes 3,781 liters of water to create a pair of jeans, making circular denim necessary to build a more responsible industry. Circular production of denim aims to reduce the number of resources used to produce denim and be more conscious about the materials chosen. It also enables the product to have an entire lifecycle, possibly being reused and recycled. Interloop is proud to be a member of the Jeans Redesign initiative by the Ellen MacArthur Foundation. The guidelines

establish the minimum requirements for the durability, material health, recyclability, and traceability of denim. Interloop is now among the 60 plus leading brands, manufacturers, and fabric mills globally to become part of the Make Fashion Circular initiative. Along with laser technologies, Interloop has used 70% less water, greener and more ingenious processes to reduce manual and other hazardous inputs in producing these circular jeans. It also has the capacity to withstand 30 home laundries as a minimum while still meeting the quality standards of the brand. By employing circular economy principles, the Jeans Redesign ensures positive impacts for the environment, society, and health of people working in the industry. Together, we can make fashion circular and help tackle the root causes of global challenges like climate change, biodiversity loss, and pollution by using safe, recycled, and renewable inputs. As an active member of the Jeans Redesign initiative from the Ellen MacArthur Foundation, Interloop has committed to produce the most consciously and sustainably created denim, with the passion for circularity, from its Platinum LEED Certified factory.

### Waste Recycling

At our spinning facility, Pre-consumer waste yarn is developed from different types of waste materials collected from different manufacturing processes in the spinning mill, apparel cut waste, socks cut waste, and denim waste. The Post-consumer waste yarn in synthetic is being produced from RC polyester (Pinnacle, Chung Shing, Repreve brands), and the Post-consumer waste cotton yarn production from denim, knitted apparel, and socks is planned.

### Pre-consumer Waste

This waste is collected during end product manufacturing of denim, knitted apparel and socks, and converted into fibrous form using Rag Opening Machines. The yarn can be produced using these pre-consumer waste fibers as per required ratios from 10% to 40%.

### Post-consumer Waste

This waste is collected from used garments including denim, knitted apparel and socks and transformed into fibrous form using Rag Opening Machines. It is then industrialized into recycled yarns with different ratios as per requirement from 10% to 40%. The synthetic RC polyester is being produced from PET bottles and Oceanic waste materials.







# PEOPLE

## PEOPLE IMPACTS 2021

**25,000+**

PEOPLE PROVIDED WITH DECENT  
WORK AND EMPLOYMENT  
OPPORTUNITIES

**4,000**

CHILDREN PROVIDED WITH QUALITY  
EDUCATION AT 29 TCF SCHOOLS

**8,000+**

EMPOWERED THROUGH LEAN TOOLS  
AND TRAININGS

**500**

YOUNG WOMEN AND MEN EQUIPPED  
WITH HIGHER EDUCATION

**2,028**

WOMEN WORKING AT INTERLOOP

**25,000**

PATIENTS PROVIDED WITH FREE  
HEALTHCARE SERVICES

**6,000**

LOCAL TALENT PROMOTED THROUGH  
SPORTS EVENTS





## DIVERSE, ENGAGED AND INCLUSIVE WORKFORCE

Building a diverse, engaged, and inclusive workforce that becomes agent of positive change and drives sustainable economic growth

## RESPECTING AND PROMOTING HUMAN RIGHTS

Our well-defined policies adhering to national and international charters put great emphasis on respecting human rights, and we ensure compliance through third-party audits

### Our Approach & Performance

Our policies and practices to abide by laws and international charters ensure that human rights are well respected in all our activities. Our code of conduct and shared values require all team members to act empathetically and uphold the rights of co-workers, communities, and other related parties. We believe in fair treatment and do not have any kind of forced, compulsory, or child labor practices at our plants. No incidents of discrimination were reported during the year. We try to ensure that similar labor practices prevail at our supplier organizations.

### Workers' Right to Freedom of Association

Interloop respects workers' right to freedom of association, and awareness sessions in this reference are carried out as a practice. Worker's Management Council is actively working at all Interloop plants. During the year, 93% of workers were covered under collective bargaining agreement. We also encourage our suppliers to respect the workers' right to freedom of association as per applicable laws and conventions.

### Grievance Handling

SOPs for grievance handling are in place and Management Representatives (MR) are deputed at all plants for handling complaints regarding work, working environment, welfare, discipline, etc. MRs frequently visit shop floors and offices and encourage employees to identify any potential barrier to a conducive working environment.





# HEALTH AND SAFETY

The health and safety of our people, operations, and manufacturing facilities are of utmost importance to us. A robust health and safety framework ensures minimizing any adverse happenings

## Our Approach and Performance

Interloop has a diligent occupational health and safety management system throughout the company, covering all employees, activities, operations, and facilities. Our approach is preventive in nature and focuses on enhancing company's occupational health and safety culture. The system is based upon legal & social attributes, stringent safety requirements derived from the customers, and in line with ISO-45001 standard.

## Responsibility

The health and safety framework is designed for minimizing occupational incidents, illnesses, and major adverse happenings. A dedicated central EHS department commands the teams at all plants. The central department does all policy-making and communication while teams at individual plants deal with their execution and day-to-day operational matters. Interloop has a dedicated budget to manage the health and safety requirements, in line with the authorized limits of floor line managers and plant heads. All major spending, including additional workers, material, and monitory resources, are forecasted and submitted to the Board of Directors for consideration and approvals.

## Hazard Identification and Risk Assessment

We enlist all probable hazards and possible impacts in intensity and probability at Interloop and incorporate control measures as per standard hierarchy, including elimination, isolation, substitution, engineering controls, administrative controls, and use of PPE's. The systematic risk assessment ensures control measures' effectiveness and incorporates revisions as per changes in the workforce, processes, occupancy, infrastructure, or occurrence of any incident. Hazard identification, risk assessment, and control measures involve all stakeholders at all stages. The effectiveness of the Environment, Health & Safety is ensured through multiple KPIs/SOPs. We review risk assessments annually if there is no change in conditions.

## Workers' Participation and Consultation

Workers' participation and consultation on occupational health and safety are ensured through multiple forums, including but not limited to EHS Committee and Worker Management Council (WMC). At individual levels, all materialized resources like telephone extensions, emails, suggestion boxes, helplines, and hotlines, etc., are available and open for all stakeholders for self-reporting, and communication of hazards and unwanted occurrences. Even near misses are reported, and the workforce is appreciated and acknowledged against reporting of any valid constraint.

True representation of management and non-management employees is ensured in EHS Committee meetings taking place at all plants on monthly basis. Committee members are responsible for identifying areas of improvement with respect to EHS, which are then enlisted by the Secretary and assigned by the Chairman to respective members for execution, along with allocation of material and non-material resources.

## Safety Trainings

Occupational health and safety framework communicates through physical & electronic sources, trainings, and awareness programs. Target groups are trained to make them well equipped with work-related hazards & controls. Annual KPIs are set and regularly reviewed at the plants as well as the corporate level. Safety-related days/weeks are also celebrated at all plants to create awareness across the workforce.

## Promotion of Workers' Health

State of the art medical facilities are operational at all plants to facilitate all employees. Male & female paramedics are available to address occupational & non-occupational health-related issues. Multiple awareness sessions and campaigns are arranged throughout the year about AIDS, Hepatitis, Breast Cancer, etc. Regular vaccination camps are also organized for all employees.

Male Paramedics are available 24/7 while females in the general shift to address occupational & non-occupational health-related issues.

## Monitoring and Reviewing

The health management policy is in place covering health care problems that can occur during operations. All work floors are already well compliant with health & safety, and any deviations are immediately addressed to minimize hazards and their impacts. The performance of the EHS framework is monitored through KPIs, which are assessed regularly through internal and external audits. Reports are reviewed by top management, and necessary actions are taken as and where required. Subject to any changes in the national and/or international laws and customers' Codes of Conduct, adjustments are done in the company's central EHS policies and procedures. Interloop has defined procedures for accident investigation and reporting. During the year, no work-related fatality and high-consequence work-related injuries occurred for workers as well as for contractors.

## Rate of Recordable Injury by Region & Gender

	Organization		Contractor	
	Male	Female	Male	Female
Faisalabad	0.02	0.00	0.00	0.00
Lahore	0.00	0.00	0.00	0.00

During this reporting tenure, 3 male employees received cuts due to general workplace hazards and personal unsafe working practices who were immediately provided

necessary first aid, and resumed their work. Assessment of all areas for such hazards was performed, and based upon the hierarchy of controls, the objects with sharp edges that could harm anyone were replaced with safer substitutes. The workforce has been consistently trained and provided with relevant PPE's for better control.

The work-related hazards that can pose the risk of high-consequence injury include working at heights, moving & rotating parts, electrical safety, general workplace hazards including but not limited to slips, trips and falls, working with chemicals, trolleys, and powered motor vehicles. All such and similar hazards are addressed on the basis of "Who and How might be harmed." The probability and consequences of such occurrences are calculated in order to incorporate an effective set of control measures. During the year, no such incidents occurred for workers as well as contractors.

## Response to the COVID-19 Pandemic

Combating COVID-19, Interloop assured the continuity of business during the global crisis by assessing organizational exposure and positioning itself to appropriately support key stakeholders, employees, and customers. We rolled out a policy and pandemic recovery plan, increased awareness and communication throughout the company, and implemented control measures to safeguard our people. We facilitated our employees to vaccination centers and subsequently set up vaccination facilities at our manufacturing platns at Faisalabad and Lahore with the help of the Government of Punjab and Provincial Health Dept. and more than 94% of our employees got vaccinated during the year. The HR department has now made the provision of vaccination certificates mandatory at the time of hiring.



# WOMEN EMPOWERMENT

At Interloop, we truly believe that empowering women through employment and skill enhancement helps them achieve financial stability and makes them productive members of the society. As a strategic move, we are increasing the percentage of women in executive & non-executive teams at all levels, including non-traditional roles. 699 women with STEM degrees are working at Interloop, including 86 women with textile-related degrees.

## Reconnect Program

Through the Reconnect program, women staff members who have completed 3 years’ service with the company and have to leave their jobs due to family requirements can reconnect with their careers after having a break. Five women employees have re-joined Interloop under this reconnect program since FY 2018.

## Extended Parental Leave

In addition to the entitled leaves, if a woman employee requires further leave due to her or her newborn’s health issue, she can avail additional 4 weeks leave at half pay. During 2021, 78 out of 511 eligible women workers took parental leave and returned to work. Out of these, 57 stayed employed for more than 12 months. The return to work after parental leave and retention rate is 73%.

## Day Care Centers

To provide ease of mind to working mothers regarding their young children, world-class Day Care Centers are in place at all Interloop manufacturing plants where the executive and non-executive women employees comfortably leave their children while at work. Experienced nannies take good care of children according to their play, rest, and meal timings. The international standard infrastructure includes study, play and rest areas, and trained teachers ensure quality pre-primary education and development of these children through curricular and extracurricular activities. The company doctor performs periodic check-ups of these children to warrant that they stay in good health.

## Management Trainee Officers Program

Every year, Interloop inducts fresh graduates, 50% women, across various functions through the Management Trainee Officers Program. The one-year working contract exposes MTOs to various operational and strategic roles. After final evaluation, successful MTOs are offered permanent jobs as per availability. In 2021-22, 78 MTOs including 39 women have joined the Management Trainee Officers Program.

699 WOMEN  
WITH STEM DEGREES INCLUDING  
86 RELATED TO TEXTILE

50%  
FRESH WOMEN GRADUATES  
ARE INDUCTED THROUGH  
MANAGEMENT TRAINING OFFICER  
PROGRAM EVERY YEAR

70%  
WOMEN RETENTION RATE  
AFTER PARENTAL LEAVE

# TRAINING AND DEVELOPMENT

## Talent Development Programs

Our Human Resource Department conducts regular Training Need Analysis of employees and prepare development programs to equip our people with knowledge and skills for long-term employability and career growth. Well-designed customized and open enrolment training programs on technical, managerial, and leadership skills are conducted by local and foreign trainers for our executives. Non-executives are trained in technical, operational, and leadership skills at the in-house Technical Training School (TTS).

## Training Hours Per Employee

Number of employees	25,380
Training hours	104,141
Average training hours	4.10

## Training hours per employee by gender

Category	Average No. of employees	Man-hours	Avg. training hours
Male	16,318	87,886	5.39
Female	1,536	16,254	10.58

## Training Hours Per Employee-by-Employee Category

Category	Average No. of employees	Man-hours	Avg. training hours
Executive	1,094	10,035	9.17
Non-executive	16,760	94,105	5.61

During the year, we devoted 20,690 hours vs 12,921 hours last year on human rights policies with 100% security personals trained on non-discrimination, diversity, equal opportunity, child labor, forced and compulsory labor. All employees received performance and career development reviews during the year.





# WORKFORCE REPRESENTATION

Interloop's Human Resource Management approach ensures retaining top talent leading to sustainable performance and cost-effectiveness. The senior management i.e., Deputy General Manager and above are hired based on relevant experience, skills, education, and suitability for the position. Although there is no restriction for geographical background, a significant proportion of senior management belongs to the local

community. During the year, 59 employees in the senior management were hired from the local community i.e. Faisalabad and Lahore. Moreover, while hiring workers, preference is given to the people from the local neighborhood to help empower the local communities. The hiring and attrition rates during 2021 were 30% and 18% against 34% and 12% in 2020, respectively.

## Details of Workforce



## Workforce by Employment Type Broken by Gender

Employment Contract	Male	Female	Total
Full time	23,395	1,985	25,380
Part time	-	-	-
<b>Total</b>	<b>23,395</b>	<b>1,985</b>	<b>25,380</b>

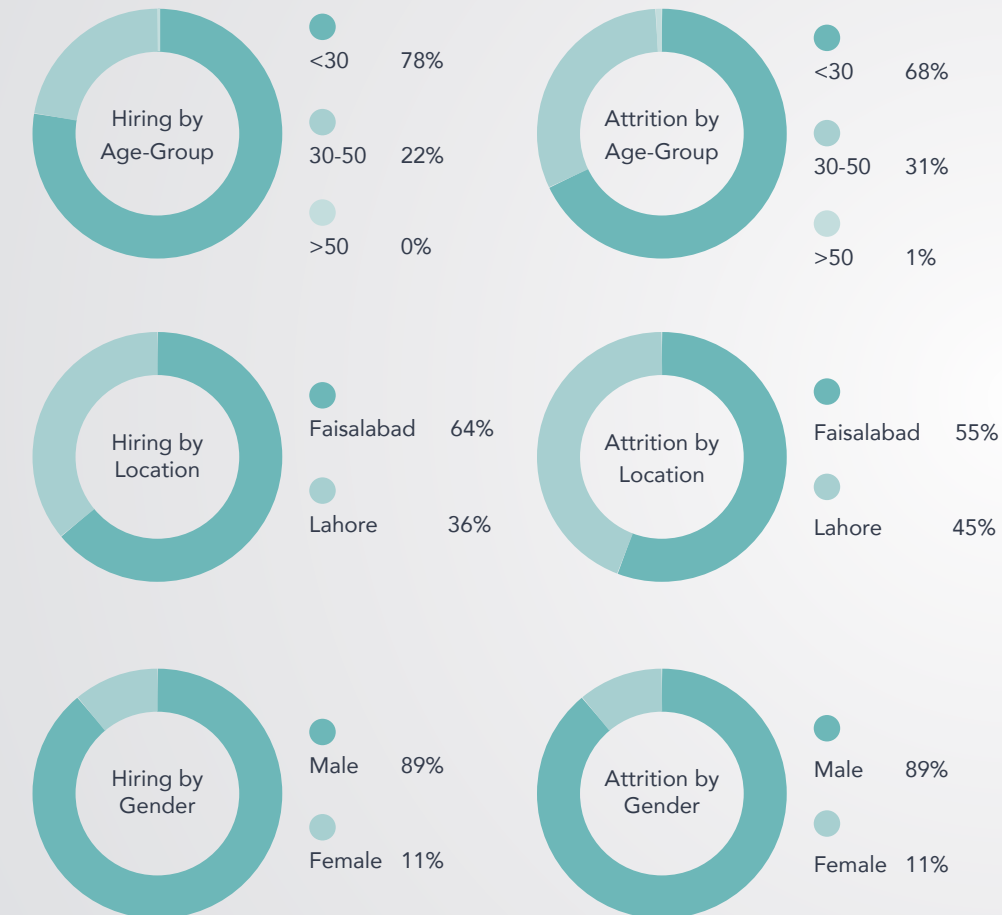
## Workforce by Employment Contract Broken by Region

Region	Permanent	Temporary (Contractual)	Total
Faisalabad	18,182	13	18,195
Lahore	7,182	3	7,185
<b>Total</b>	<b>25,364</b>	<b>16</b>	<b>25,380</b>

## Workforce by Employment Contract Broken by Gender

Employment Contract	Male	Female	Total
Permanent	23,386	1,978	25,364
Temporary (Contractual)	9	7	16
<b>Total</b>	<b>23,395</b>	<b>1,985</b>	<b>25,380</b>

## Hiring and Attrition Rate







## IMPROVE WELL-BEING

By enabling people to live more fulfilling lives through employees and community welfare initiatives, robust participation in sports and access to quality healthcare services

## EMPLOYEES & COMMUNITY WELFARE

### Compensation and Benefits

At Interloop, market-based remuneration is offered to all employees, according to their skills and performance. Workers at all locations are paid more than the minimum wages prescribed by the government. We ensure that the contractual employees working within the factory premises are paid the minimum wages, and salaries are disbursed to all employees directly through their bank accounts. All male and female employees hired for respective positions receive similar remuneration and benefits.

Following benefits are available to full-time employees only:

### Employee Stock Option Scheme

The Company had introduced "Interloop Limited Employees Stock Option Scheme, 2016 (ESOS)" to offer Company Shares to its eligible Executive Employees, pursuant to the Public Companies (Employees Stock Option Scheme) Rules, 2001, transforming them from Stakeholders to Shareholders. These shares qualify for bonus shares, dividends, or similar corporate benefits announced by the Company from time to time. The scheme is flexible, voluntary, and focused on long-term growth and prosperity of the employees. Certain amendments to the Scheme were approved by the shareholders of the Company in its Annual General Meeting held on October 15, 2020, with the context of listed companies' regulations, owing to its listing on the Pakistan Stock Exchange (PSX) during the year 2019. Accordingly, the scheme is now fully operative and applicable under the prescribed amendments.

### Special Welfare Fund for Non-Executives

Interloop has set up an additional welfare fund for non-executive employees and supports them for marriages, children scholarships, critical illness or death, and any sudden critical requirement.

### Talent Scholarship for Employees' Children

Interloop encourages its employees to motivate their children to acquire undergraduate degrees and flourish into promising careers. The company offers 5 Talent Scholarships every year to meritorious children of its employees, for Bachelor's Degree Programs.

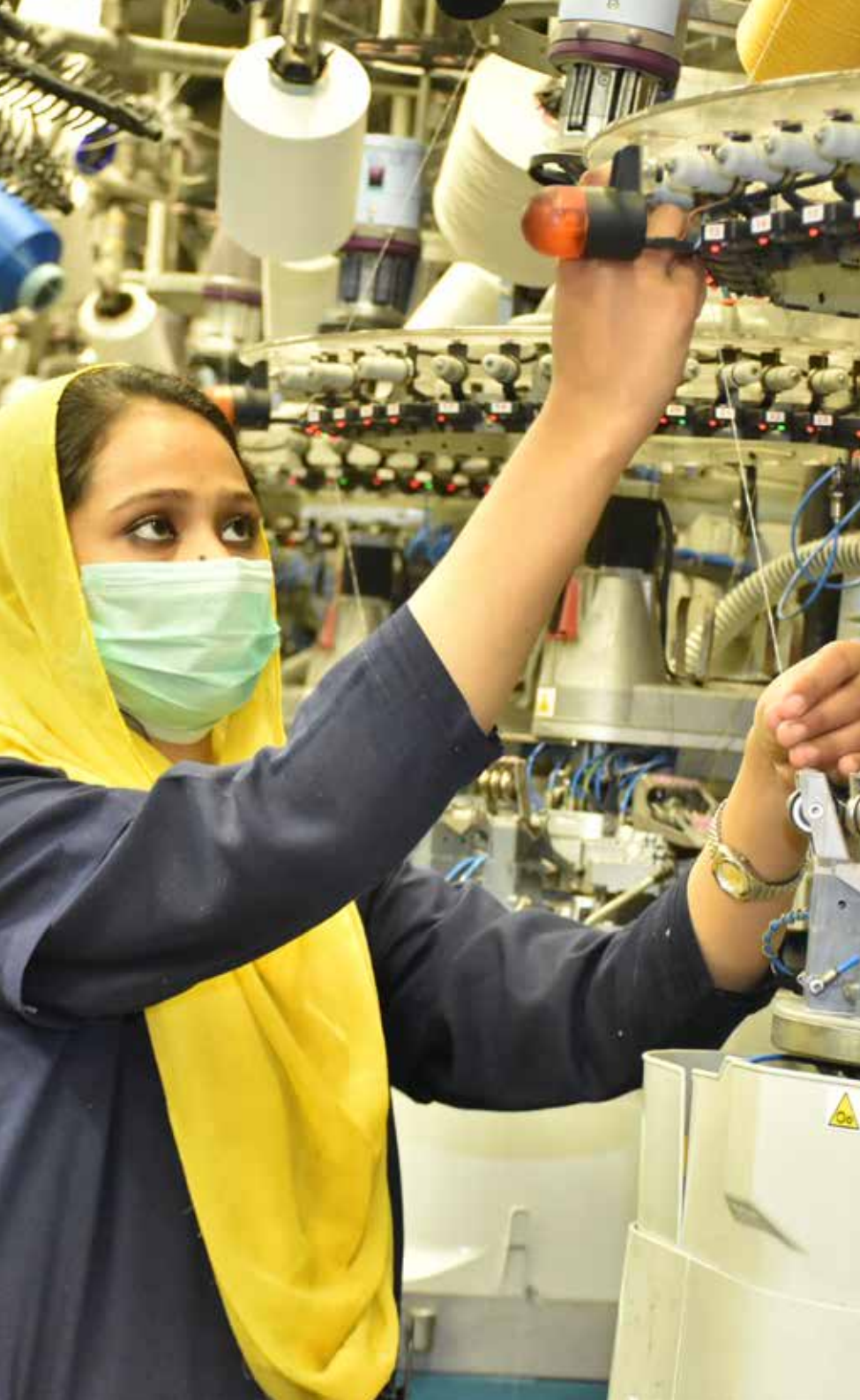
### Residential Facilities

To facilitate non-resident male and female executives, Interloop provides top-class residential facilities, including hostels and upscale apartments within company premises, as per space availability. Our residential facility also houses a well-equipped sports club to facilitate well-being of the employees.

### Corporate Social Events

Enhancing employee engagement and recognizing their services, Interloop organizes various social events throughout the year, including the Annual Dinner, Managers' Dinner, International Women's Day, Long Service Awards, Christmas celebrations, etc.





## AMAZON'S BENEFITS FOR BUSINESS AND WORKERS PROGRAM

In 2020, we joined the Benefits for Business & Workers Program with Amazon and Impactt, aiming at enhancing employee well-being and satisfaction, work-life balance, quality, and profitability through HR intervention.

We have completed 3 training modules out of 8 and started implementing initiatives including absenteeism & employee migration, simplified leave approval procedure, rules of thumb, prohibition of discrimination/harassment & abuse at the workplace, company code of conduct, etc. We have also introduced Buddy Concept to mentor and provide workplace information about HR services, health & safety, and company benefits for employees. The exit interview system has been made more significant through constructive employee feedback.

Refresher trainings and awareness sessions for management have been conducted to boost staff's knowledge about workplace safety and ethical behavior. With the participation in this program, Interloop is bridging the gap between various stakeholders to develop robust, long-term holistic solutions.

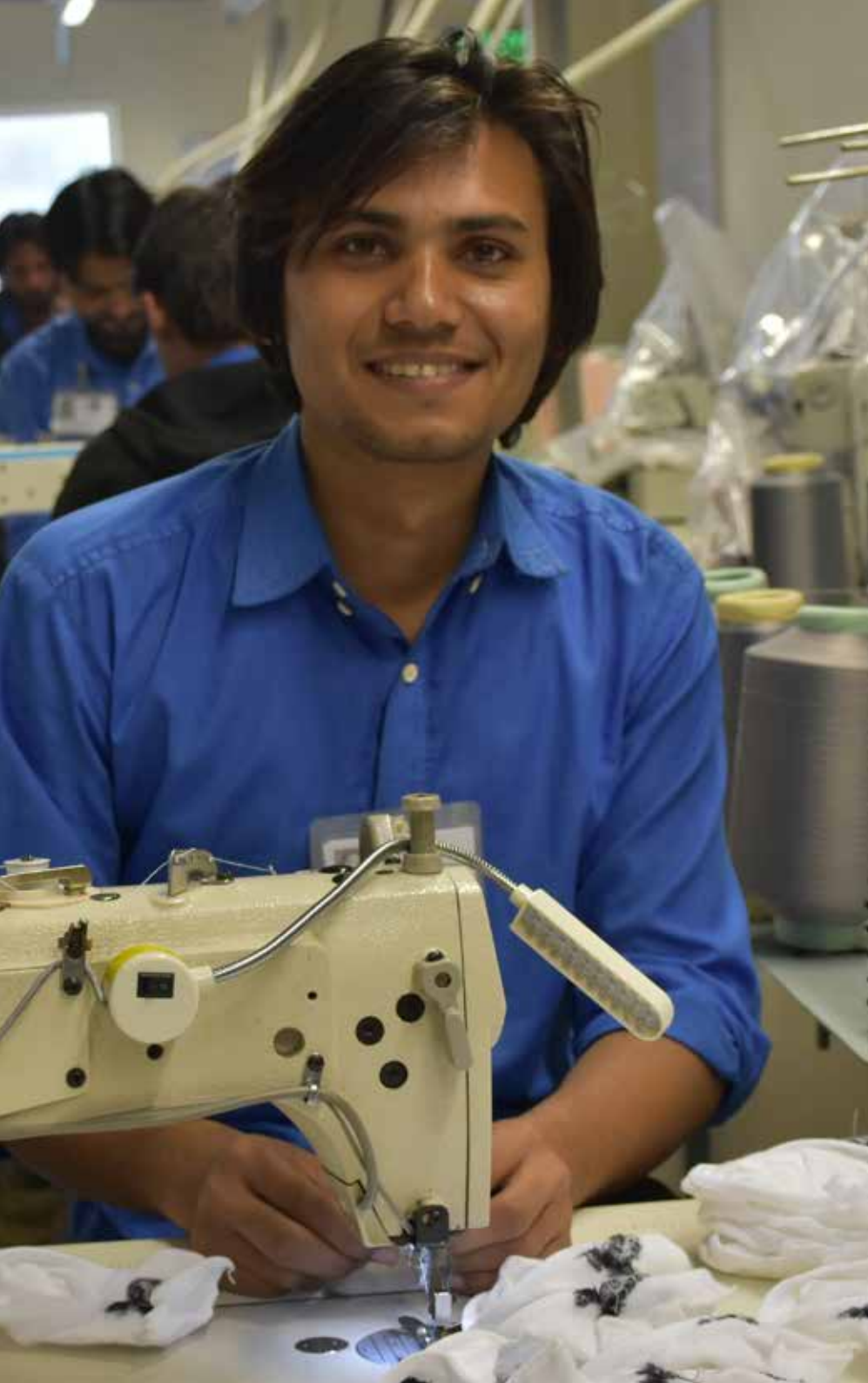
## IMPROVING WORKERS WELL-BEING PROGRAM

Interloop in consultation with its prestigious customer Stichd, initiated the Improving Workers Well-being Program (IWWB) in 2019, being run by Levi's at its selected supplier sites. HANDS with its CSO partner BSR/HER (Health Enables Return); a global public-private partnership, is the implementing partner in Pakistan for the IWWB program which is being implemented at Plant 2 & 4, Interloop Industrial Park, Faisalabad.

The program was designed to improve health-related knowledge of low-income women and men workers, increase the uptake of health services and products as a positive behavior change, and grow the capacity of factory management to implement effective trainings in the workplace in areas including Nutrition, Maternal Health, Birth Spacing, Aids, and Hepatitis, Drug Abuse and Diseases, and Common Disease. It will also enable the partner supplier to demonstrate business benefits for investing in workforce well-being.







## FAIR TRADE

**In 2020, our Hosiery Division II received the Fair-Trade USA certification, becoming the First Sock Facility in the world to be FTUSA certified**

When you see the Fair Trade Certified seal, you can trust that your clothing has been made according to rigorous standards that promote sustainable livelihoods and safe working conditions, protect the environment, and strong, transparent supply chains. For every Fair Trade Certified product sold, additional funds go back to factory workers who decide how to utilize them towards community improvements. To date, our Fair Trade Certified program has generated more than \$350,000 in Community Development Funds with over 7,700 employees benefitting from the program. It's time to build a fairer future for fashion.

## Sports

We believe in nurturing talent by promoting sports, competitiveness, and healthy entertainment for the youth, community, and the society.

### Companywide Sports Activities

To promote the physical and mental well-being of our people through competitiveness and healthy entertainment, the company has developed modern Sports Infrastructure, including a state-of-the-art executive club, table tennis, squash, badminton and basketball courts, football grounds, and high energy fitness gyms and organizes various traditional and non-traditional sports tournaments, for all employees and differently-abled.

### Cricket for a Cause & Supporting Young Talent

To encourage young players from the grassroots for National and A-Teams, Interloop has been sponsoring Interloop Premier League T-20 Cricket Tournaments annually since 2012. Interloop is also providing financial support to Pakistan's fastest youngest athlete, Sahab-e-Asra, to pursue her passion in athletics.

### International & Domestic Blind Cricket

We have been sponsoring International & Domestic Blind Cricket since 2014. We have sponsored Pakistan Cricket Team for Blind Cricket World Cups 2014 and 2018. We have also sponsored Pakistan Women Blind Cricket Team Coaching Camp in 2018 and the world's First International Women Blind Cricket Series in 2019. We have also sponsored Pakistan Men's Blind Cricket Team in an bilateral International Cricket Series between Pakistan, India & Bangladesh in 2021.

### Sports for the Specially Abled

Interloop joined hands with the Pakistan Wheel Chair Cricket Association and sponsored the Pakistan Wheel Chair Cricket team for Wheel Chair Asia Cup 2019. We sponsored the Pakistan Disabled Cricket Team for T-20 Cricket World Series in England in 2019. We also supported 3 Pakistani athletes at the Special Olympics 2019, held in Dubai.

## All Pakistan Open Golf Tournament

Interloop has been sponsoring the All-Pakistan Interloop Open Golf Championship annually since 2015, organized by the Lyallpur Golf N' Country Club, Faisalabad.

## Health Care

### Free Treatment for Poor Patients

We have been providing free health care services to approximately 25,000 deserving patients at various hospitals across Pakistan since 2009. During the year, Interloop also supported multiple hospitals in Faisalabad by providing them financial support and necessary medical equipment.

### Support for Specially Abled Children

We support the treatment and development of specially-abled by partnering with Syeda Khatoon-e-Jannat Trust Hospital & Special Education Center, Roshni Homes Trust, Al Faisal & Bashir Nabeena Center, Vocational Training Institute for specially-abled children.

### Alzheimer Socks

Interloop has teamed up with Euro Sox Plus B.V. Netherlands since 2015 and producing Alzheimer Socks, an initiative to create dialogue and awareness among people about Alzheimer's disease. Every year the funds generated are donated to Alzheimercentrum, Amsterdam for research on diagnostics and treatment of Alzheimer's disease.

### Mobile Health Clinic

We have partnered with Lok Sanjh Foundation; implementing partner of Better Cotton Initiative (BCI) in Pakistan to finance the Mobile Health Services for marginalized Rural Communities in cotton-growing areas of 3 Union Councils in District Toba Tek Singh, Punjab. Since February 2019 two Mobile Health Clinics serve approx. 11,000 rural community members, especially farmers including women workers and women cotton pickers, on weekly basis.





## TRANSFORM LIVES

By breaking the socio-economic divide through provision of affordable quality education

## Education

### Primary & Secondary Education

In order to bring a positive & lasting change in the community by educating the youth, especially the underprivileged, Interloop Welfare Trust, in May 2009 partnered with THE CITIZENS FOUNDATION; the largest non-profit organization in Pakistan, providing quality education to the disadvantaged.

So far, Interloop has established 29 school units (16 primary, 10 secondary & 3 higher secondary; separate campuses for boys and girls). These schools are managed by female staff and provide quality formal education to 4,000 less privileged children, 50% girls, in an environment that encourages intellectual, moral, and spiritual growth.

Interloop has created an endowment for supporting the lifetime operating cost of 16 schools and also provides funds for managing the annual operational cost of remaining schools.

### TCF Rahbar Program

Since 2012, our executive volunteers have been a part of the TCF Rahbar Program. Twice a year, they mentor class 8 and 9 students about developing a positive mindset in life and making better career choices.

Till now, 175 Interloop executives have voluntarily mentored 760 students at TCF-Interloop Schools to help them make confident decisions.







## Higher Education

We are pursuing our target to provide 500 young men & women access to technical and higher education through annual scholarships at various institutions. Some main programs include:

- Since May 2013, we are providing 8 perpetual scholarships to financially challenged Bachelor's Degree students under the National Outreach Program through our Endowment Fund at the Lahore University of Management Sciences
- Since May 2015, we have instituted 300 Scholarships for deserving female Bachelor Degree students at the Government College Women University Faisalabad (GCWUF)
- In March 2019, Interloop Limited established a Scholarship Grant at the National Textile University (NTU), Faisalabad to encourage learning and exposure of NTU students, by sponsoring one academic semester at a good International University and is also sponsoring the Graduate Research Fellowship at NTU to encourage research in Textiles at MS Level. In Sep 2019, Interloop established a 'Need-based Scholarship Program' to support 12 financially challenged undergraduate students for full degree program
- We introduced 20 full degree scholarships at the University of Agriculture Faisalabad in Sep 2017

## Literary & Cultural Activities

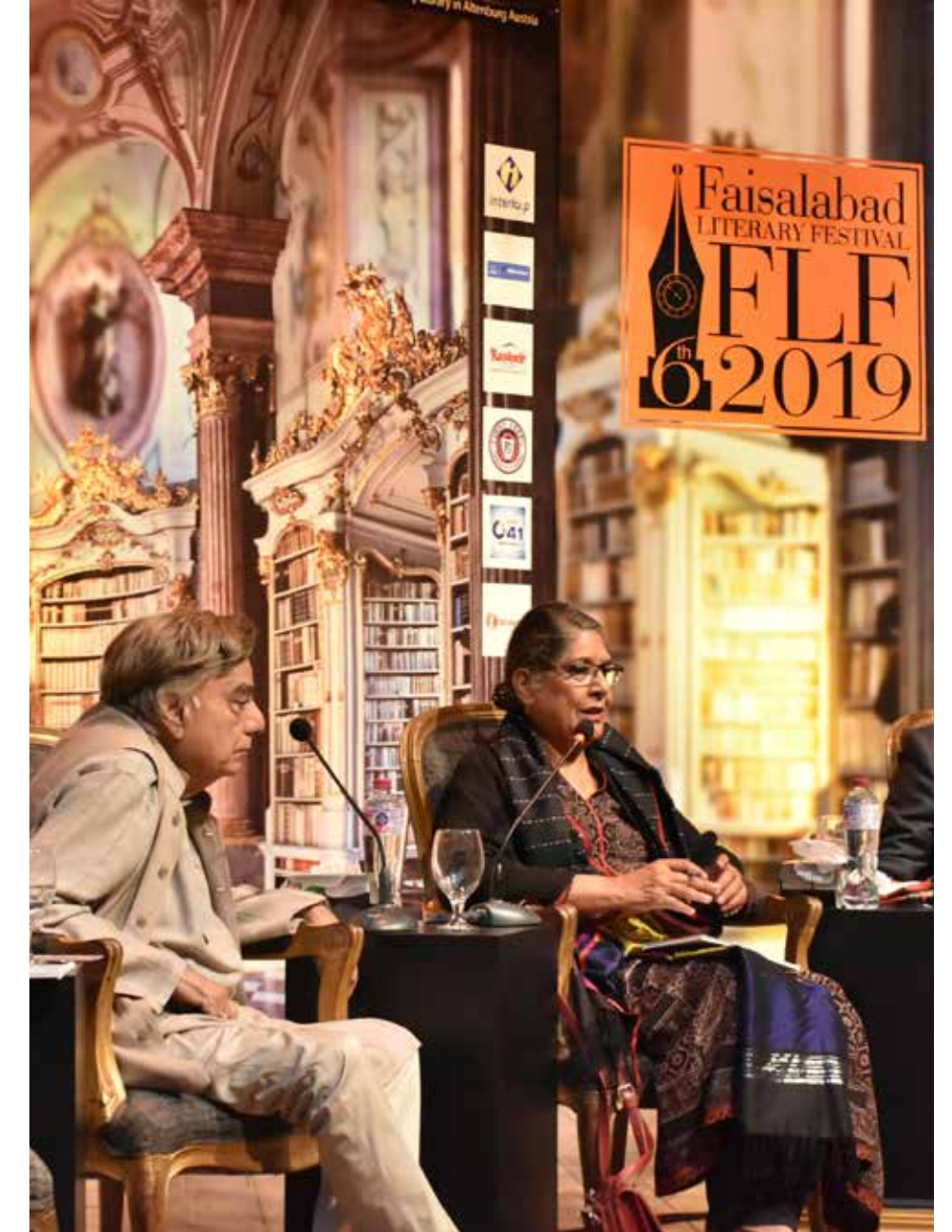
Playing its role in creating learning opportunities and character development of the society, Interloop supports various cultural and literary events.

### Faisalabad Literary Festival

Since 2014, we have hosted the Faisalabad Literary Festival annually as the main sponsor. People from all walks of life, including families and youth, get the opportunity to interact firsthand with eminent intellectuals from across the country, who gather to inspire people with their famous works of literature, performing arts and culture. Due to COVID-19 related restrictions, the event has been organized online for the last two years.

### Creative Learning Project

Interloop funded a creative learning project in Hafizabad through Ali Institute of Education to enhance the speaking, writing & listening skills of deserving 14,000 students and 300 staff members at 52 schools on ASER standards.







# PROSPERITY

## ECONOMIC IMPACTS 2021

At Interloop, we truly believe that steady economic returns are essential for driving positive change for all our stakeholders. Through our robust business planning process, we develop & execute focused strategies to generate sustainable growth for our partners, people & communities

### TARGET 2021

**USD 325** MILLION

ECONOMIC VALUE TO BE GENERATED  
EQUIVALENT TO PKR 54,000 MILLION

### ACHIEVEMENT 2021

**USD 355** MILLION

ECONOMIC VALUE GENERATED  
EQUIVALENT TO PKR 55,933 MILLION



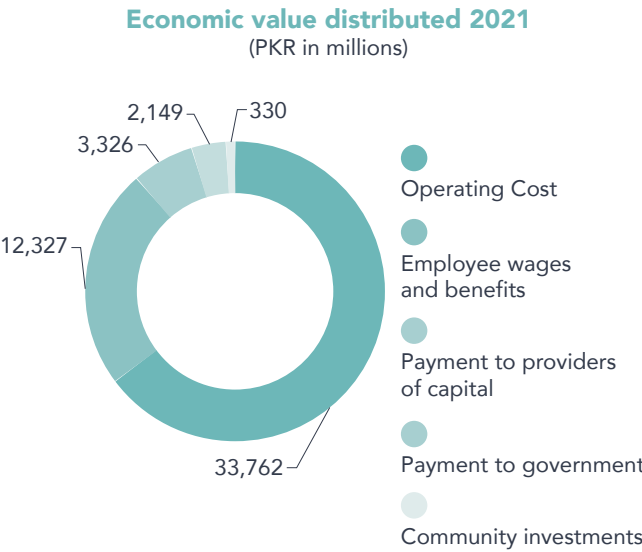
# ENHANCING ECONOMIC RETURNS

## Our Performance

Interloop's financial performance regained momentum this year and exhibited tremendous economic results. The revenue for the year clocked PKR 54,962 million compared to PKR 36,303 million in 2020, registering a 51% increase. The net profit surged to PKR 6,292 million, compared to PKR 1,796 million in 2020, showing a 250% increase. The detailed information on financial performance can be found in the financial statement section of the Annual Report 2021. The total capitalization for the year was PKR 61,080 million. During the year, Interloop produced 54.163 million dozens of socks and tights, 25.178 million kgs (converted to 20/s) of yarn, and processed 4.052 million kgs of dyed yarn. There were no major changes in organizational structure and supply chain during the year.

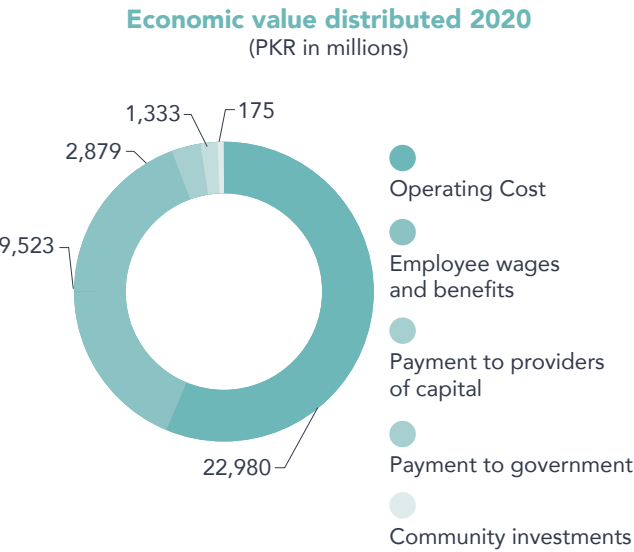
## Direct Economic Value Generated And Distributed

	2021	2020	2019	2018	2017	2016	2015
Rupees in million							
Economic Value Generated							
Revenues	55,933	36,945	37,524	31,169	26,550	26,426	24,213
Economic Value Distributed							
Operating cost	33,762	22,980	22,755	19,513	16,851	16,585	16,218
Employee wages and benefits	12,327	9,523	7,898	6,853	5,778	5,016	4,225
Payment to providers of capital	3,326	2,879	3,591	1,428	1,377	1,045	1,703
Payment to government	2,149	1,333	544	426	381	582	347
Community investments	330	175	350	105	200	160	87
Economic Value Retained	4,039	55	2,386	2,844	1,963	3,038	1,633



## Defined Benefit Plans

Interloop offers competitive salaries and benefits to its workforce and regularly monitors the remuneration for relevance and compliance. Apart from salaries, Interloop offers defined benefit in the form of gratuity to its employees where no contribution is required from employees. It does not maintain a separate fund for gratuity and the liability for defined benefit plan is calculated on the basis of actuarial valuation.



Interloop also offers contributory benefit in the form of provident fund to its employees. A separate fund is maintained where Interloop contributes 7.5% while employees contribute 7.5% to 12.5% of basic salaries. The participation in the contributory benefit plan is voluntary. The liability for defined benefit plan was PKR 3,810.95 million in 2021 compared to PKR 3,126.17 million in 2020.





# SUPPLY CHAIN

## Our Approach and Performance

Economic recovery post-pandemic has burdened the global supply chain amidst abrupt increase in product demand, vessels shortage, congestion at ports, and increasing costs and lead time. The global economies are expected to normalize in the coming years owing to massive vaccination drives and opening up of the markets which will further tighten the supply chain situation worldwide. Other externalities such as trade wars, and environmental and human rights issues have also started affecting the supply chain. The need for efficient supply chain management has increased manifolds to maintain business continuity, meet delivery timelines and manage customer expectations.

At Interloop, we are taking these disruptions into account to manage our growing demand while working towards fulfilling our mission, 'To become a Fully Family Clothing Partner of Choice.' The Procurement & Supply department at Interloop is responsible for ensuring timely availability of top-quality materials as per requirement. Our procurement strategy and policies not only focus on quality and cost-effectiveness but also on bringing a positive change for the stakeholders, by pursuing an ethical and sustainable business.

Our Green Purchasing strategy helps to limit the negative impacts on the environment as it clearly defines the course of action and factors to be considered while making procurement decisions. Suppliers are required to be compliant with international standards related to product specification and quality. The procurement strategy also takes into account the existence of policies and procedures at our suppliers' sites for managing health and safety, labor, and human rights-related issues.

Our special consideration for sustainability criteria while inducting suppliers, as well as approach for carrying out periodic audits, helps to ensure compliance, and manage

impacts within our supply chain. During the year, 100% of new suppliers were screened for impacts on the environment and society.

To drive operational efficiencies and better resource allocation through digitalization, we have deployed Inspectorio Sight; a quality management software which gives the company full visibility of its complex supply chain by providing digital performance analytics for all manufacturing facilities. This has made it easier to comply with the ever-evolving regulations and helped Interloop maintain stability and continuity, especially during the COVID-19 pandemic.

### We procure the following items from our wide range of supplier base:

- Hosiery Yarns (Cotton Yarns, Man-Made Yarns, Regenerated and Recycled Yarns)
- Dyes & Chemicals which meet Oeko-Tex requirements and other international certifications
- Fabric for Denim & Knitwear Apparel
- Services General (repair & maintenance, construction, etc.)

Our supply chain consists of around 1,000 suppliers spanning more than 24 countries. The suppliers in Pakistan (yarn and fabric suppliers) are mainly labor-intensive while suppliers abroad (parts, machines, and plants) are mainly technology-intensive. Primarily, we procure materials and services from the local suppliers, in line with our strategy to encourage the development of local supply chain, leading to economic development within the country. The equipment, materials, and services which are not available in Pakistan or do not meet the end customer requirements are procured from abroad. During the year, we procured around PKR 24.54 billion worth of materials and services, compared to PKR 16 billion in the year 2020, of which 71% was from local and 29% from global suppliers.



# Our Vision 2025

To Become a Full Family Clothing Partner of Choice

## HOW WE'LL DO IT



### People

A diverse, inclusive and engaged workforce creating a high performing organization



### Digital Transformation

Drive efficiencies through digitalization and provide transparency to our customers with real time information



### Agile Manufacturing

Drive an agile organization retaining our competitive position as a responsive high quality manufacturer



# \$700M

## Revenue By FY 2026

Transforming into a full family clothing business will build further credibility with our customers

# 2.5x

## Revenue Through Value Added Services

Providing value added services creating strong lasting partnerships

# 25%

## Lower Carbon Footprint And Resource Consumption

Lead the way in responsible manufacturing meeting highest standards of environmental and social performance

# INTERLOOP

## FUTURE OUTLOOK

To ensure business continuity and shared value for our stakeholders, Interloop has launched Vision 2025, TO BECOME A FULL FAMILY CLOTHING PARTNER OF CHOICE; our strategy from July 2021 through to June 2026. It is guided by a CUSTOMER FIRST approach with our strategic focus on offering multi-category products, delivered with exceptional customer service and which are manufactured responsibly meeting the highest standards of social and environmental performance.

### What We Do

**Full Family Clothing: Transforming into a full family clothing business will build further credibility with our customers.** Interloop has deep relationships with leading brands and retailers around the world. Our aim is to continue to build credibility with our customers and leverage our relationships offering a broader set of products including hosiery, denim, apparel and seamless. We aim to double our revenue by FY 2026 from a baseline of FY 2021, growing all our product segments. We will invest c.\$300 Million over the next five years adding a fully vertical knitwear apparel facility, a seamless facility, a denim fabric mill, a sixth hosiery plant, and expand our spinning and yarn dyeing capabilities.

**Value Added Services: Providing value added services creating strong lasting partnerships.** We aim to be a partner of choice for our customers by offering value added services including trends and analytics, design services, collaborative planning, forecasting, warehousing and logistics. We will grow our long term relationships and bring on board new customers offering superior customer experience and service.

**Responsible Business: Lead the way in responsible manufacturing meeting highest standards of environmental and social performance.** We will continue to lead with purpose creating positive change for our communities and will invest 4% of profits into creating inclusive and fair opportunities for community well-being through education, sports and health.

We will work towards 25% GHG emission reductions by FY2026 through large scale roll

out of renewable and clean energy and promote environmental programs throughout our operations. We will amplify our sustainable product offering, targeting 7 out of 10 of our raw-materials to be from sustainable sources, reducing water consumption by 25%, diverting 100% of our waste from landfills, and ensuring zero discharge of hazardous chemicals.

### How We Will Do It

**People: A diverse, inclusive and engaged workforce creating a high performing organization.** Our vision sets out to be a partner of choice for all stakeholders, particularly for our people who truly are the fabric of the organization. Vision 2025 will create multiple growth opportunities for our people across a diversified set of roles ensuring career growth and development. We will work on developing their capabilities, build on systems that boost employee engagement and will ensure a diverse, equitable and inclusive workplace for all.

**Digital Transformation: Drive efficiencies through digitalization and provide transparency to our customers with real time information.** We will drive efficiencies and improve productivity through digitalization and automation including; Digital Design and Development, Digital Supply Chain and fully integrated ERP, Industry 4.0 inspired manufacturing, real time Data Analytics for decision making and transparency, AI based decision making and digital engagement with our partners.

**Agile Manufacturing: Drive an agile organization retaining our competitive position as a responsive high quality manufacturer.** We will double down on our efforts to create an agile organization retaining our competitive position as a responsive high quality manufacturer. We will be focusing on built in quality whilst reducing development and production lead times, applying lean manufacturing tools and mindset throughout the organization, achieving economies of scale.

We value stakeholders' input and commit to continue engaging with them for relevant insights, and will keep working towards building a Sustainable World!



# TARGETS 2025

## Environmental, People and Social Goals

Lead the way in responsible manufacturing meeting highest standards of environmental and social performance

PILLAR	IMPACT AREAS	TARGETS
ENVIRONMENT	GHG Emissions	Reduce GHG emissions by 25%
	Sustainable Raw Materials	Increase use of sustainable raw materials up to 70%
	Water	Reduce water consumption by 25%
	Solid Waste	Divert 100% waste from landfills
	Green Chemistry Input	100% ZDHC Supplier to Zero certified facilities

\* 2021 as the baseline year

A diverse, inclusive, and engaged workforce creating a high performance organization

PILLAR	IMPACT AREAS	TARGETS
PEOPLE	Workforce Diversity	Increase workforce diversity by 30%
	Employee Engagement	Boost Employee Engagement by 70%
	Workforce Training	Train up to 80% workforce on relevant and future competencies
SOCIAL	Community Well-being	Invest 4% of profits in community well being

# ABOUT THE REPORT

This is Interloop’s third Sustainability Report. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards at Core Level. It also complies with the requirements of Sustainability Accounting Standards Board’s (SASB) Apparel, Accessories and Footwear Sustainability Accounting Standard to provide stakeholders a complete overview of Interloop’s sustainability impacts and its contribution towards the goal of Sustainable Development. The report also covers how Interloop is contributing towards United Nations’ Sustainable Development Goals through its operational activities and community development initiatives.

## Scope and Boundary

The sustainability report contains information about Interloop Limited’s operations from July 01, 2020 to June 30, 2021. The last sustainability report was published on November 10, 2020. The information included in this report encompasses Interloop Limited’s operating divisions including Spinning, Yarn Dyeing, Knitting, Finishing and Denim but does not cover the information on the impacts of its subsidiary companies. Moreover, the information on impacts within the supply chain is also not included due to non-availability of reliable data.

## Report Content

The contents of the report including material topics discussed in the report have been derived by taking into consideration the requirements of GRI Sustainability Reporting Standards, impacts of our operations as well as our engagement with important stakeholder groups. More details about consultation and determination of material topics are available on pages 64-67 of this report.

## Methodology and Data Quality

The data included in the report has been recorded on actual basis. However, where data is not available, estimation has been used. All such estimations have been clearly mentioned at respective places. The data related to environmental impacts has been obtained from the Corporate Sustainability Department which is responsible for measuring and monitoring environmental impact and progress against the targets. The sustainability report is part of Interloop Limited’s annual reporting process.

## Assurance

The Corporate Sustainability Department and the Management Committee review the report annually. The report is not reviewed independently by third party assurer, however, Interloop is interested in getting independent review on future sustainability reports.

The GRI Index is available on page 69 of this report. The report is available in print as well as PDF (e-copy) form. PDF is the most updated version and can be accessed at [www.interloop-pk.com](http://www.interloop-pk.com). Stakeholders’ input on the report helps to keep our reporting relevant for our stakeholders’ decision-making needs. The sustainability team can be reached at the following address:

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Phone: +92-41–4360400  
Email: [sustainability@interloop.com.pk](mailto:sustainability@interloop.com.pk)





# STAKEHOLDERS' ENGAGEMENT AND MATERIALITY

Our engagement with stakeholders and materiality determination process helps us to prioritize our sustainability efforts at important fronts and manage the impacts effectively

## Our Stakeholders

Stakeholders include individuals, entities and groups who have the potential to affect our ambitions, targets, and business objectives and/or who are affected by our activities and operations. Our primary stakeholders are shareholders, customers, suppliers, employees, Government, and local communities

## Our Approach

Stakeholder consultation is an integral part of our business strategy, helps us in devising strategies to meet stakeholder expectations and enables us to deliver shared value. During the year, we carried out specific engagements with selected stakeholder groups to discuss our response to their concerns raised during last year's sustainability report specific engagement, and collected their input to update the material topics for this year's sustainability report.

Stakeholders	Engagement Method	Engagement Frequency	Topics Identified by Stakeholders	Our Response
Shareholders/ Investors	AGM/EOGM/ Corporate Affairs Department	Ongoing	Economic returns, management of health and safety of employees and environmental risks, interventions for the progress of local communities	Continuous focus on innovation and business development, investment in production capacity & expansion, investing in environmentally friendly technologies and community based CSR initiatives
Analysts	Briefing, Reports, Corporate Affairs Department	Ongoing/ Occasional	Investments/expansion, environmental initiatives, and CSR actions	Investment in production capacity & expansion, pursuing environment friendly initiatives, regular CSR investments for the betterment of local communities
Customers	Customer Surveys, Customer Feedback, Marketing Department	Ongoing	New products/designs, quality, impacts on the environment and society	Continuous innovation and up-gradation and enhanced focus on quality, management of impacts on the environment and society through internal initiatives as well as CSR policies
Employees	Annual Dinner, CBA Meetings, Open House Sessions, Mission Awareness Sessions, Employee Surveys, Human Resource Department	Ongoing	Employee benefits, Job-related training, health, and safety of workers	Provision of market-based benefits, on job training to enhance their skill sets and investment, policies, procedures for the management of health and safety of workers
Suppliers	Supplier Surveys, Suppliers Code of Conduct, Request for Quotations	Ongoing	Business opportunities, environment friendly materials, guidance on new material requirements, and assessment of suppliers for environmental and social impacts	Business developments leading to increased opportunities, exploring environmentally friendly materials and training/guidance to suppliers on new requirements
Regulators/ Government	Reports, Consultative Sessions, Corporate Affairs Departments	Ongoing/ Occasional	Compliance with laws and regulations	Compliance with laws and regulations in all business activities
Local Community	Meetings, Employee Engagement	Ongoing	Intervention in the field of health, education, sports, clean water and infrastructure development	Structured CSR program, initiatives based on community needs assessment, and investment in education, health, and sports for the betterment of local communities, along with employee vaccination and specific initiatives to handle COVID-19 pandemic



# MATERIALITY ASSESSMENT

## Our Approach

Our materiality assessment process takes into account the issues raised by stakeholders along with the subjects identified through internal analysis and industry specific sustainability topics and cover areas manifesting major impacts of our products and operations on the economy, environment, and society. The topics are analyzed, prioritized and finalized using reporting principles from GRI Standards for defining the report content.

The outcome of materiality determination process has been summarized in the materiality matrix which contains issues highly important to stakeholders & Interloop and demonstrates significant impacts on issues that are moderately important to Interloop & stakeholders. The scope and content of the report have been derived from the materiality matrix. The analysis of material topics also helps in devising and updating appropriate policies and procedures for effective management of the impacts of our operations.



The boundary of most of the material topics includes only Interloop except some topics where the boundary includes suppliers and customers on the basis of impacts. The topic boundary for materials sourcing & usage, energy, emissions, effluents & waste, anti-corruption, human rights, and supply chain impacts includes Interloop and suppliers while topic boundary for water includes Interloop, our suppliers and customers.

MATERIAL TOPIC	IMPACTS MAKING IT MATERIAL	Boundry
Economic Performance	Important for business continuity, return to investors and contribution to economy and society	Interloop
Market Presence	Job creation for local communities resulting in economic development around the plant sites	Interloop
Procurement Practices	Creation of business opportunities for local vendors, economic development, reliable supply chain	Interloop
Materials Sourcing & Usage	Consumption of limited material resources and impacts in the supply chain	Interloop, Our Suppliers
Energy	Impact on climate change due to the consumption of fossil fuels and opportunities for energy production from renewable and non-renewable sources	Interloop, Our Suppliers
Emissions	Leads to climate change resulting in severe weather patterns and raw material availability	Interloop, Our Suppliers
Water	Affects the availability of freshwater leading to water scarcity	Interloop, Our suppliers, Our Customers
Effluents & Waste	Affects climate through air emissions, discharge of effluent and waste generation both hazardous and non-hazardous	Interloop, Our Suppliers
Employment & Labor Practices	Providing jobs for economic development, compliance with applicable laws, customer charters and international conventions	Interloop
Anti-Corruption	Affects competitiveness and leads to misuse of power resulting in poverty. Compliance with laws and international charters	Interloop, Our Suppliers
Human Rights	Risks to reputation and license to operate in case of non-compliance of basic human rights defined in international charters and conventions	Interloop, Our Suppliers
Local Communities	Effects on local communities due to operations, the contribution for provision of education and health facilities and creation of livelihood opportunities for economic development	Interloop
Health & Safety	Health and safety of employees impacting productivity, compliance with applicable laws as well as customers' requirements	Interloop
Training and Education	Enhances the productive potential of the workforce, cost savings, and improvement of product & service quality	Interloop
Security Practices	Compliance with human rights laws and international charters and customers' requirements	Interloop
Compliance with Laws	Compliance with applicable laws	Interloop
Supply Chain Impacts	Negative supply chain impacts in the areas of environment, labor and human rights	Interloop, Our Suppliers



# MEMBERSHIPS AND CERTIFICATIONS

## ENVIRONMENTAL CERTIFICATIONS



\*Denim Plant  
\*\*Hosiery Plant 4  
\*\*\*Hosiery Plant 2

## COMMITMENTS AND COLLABORATIONS



## CHEMICAL MANAGEMENT PORTAL



## SOCIAL CERTIFICATIONS



## OTHERS CERTIFICATIONS



## MEMBERSHIPS



# GRI INDEX

The GRI content index serves as a navigation tool to locate the content within the report. The GRI Standards together with the related disclosures are listed and each disclosure is referred to the relevant page in this Sustainability Report or other publicly available source.

## Key

SR = 2021 Sustainability Report  
AR = Annual Report 2021

.....

Fully disclosed

.....

Partially disclosed

Not disclosed

GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	FULLY DISCLOSED, PARTIALLY DISCLOSED, NOT DISCLOSED
GRI 101: FOUNDATION 2016	GRI 101 contains no disclosures.		
GENERAL DISCLOSURES	ORGANIZATIONAL PROFILE		
GRI 102: GENERAL DISCLOSURES 2016	102-1 Name of the organization	7	.....
	102-2 Activities, brands, products, and services	7-8	.....
	102-3 Location of headquarters	7	.....
	102-4 Location of operations	7	.....
	102-5 Ownership and legal form	7	.....
	102-6 Markets served	7-8	.....
	102-7 Scale of the organization	42, 56	.....
	102-8 Information on employees and other workers	42	.....
	102-9 Supply chain	59	.....
	102-10 Significant changes to the organization and its supply chain	56	.....
	102-11 Precautionary Principle or Approach	12	.....
	102-12 External initiatives	68	.....
	102-13 Membership of associations	68	.....
	STRATEGY		
	102-14 Statement from senior decision-maker	5	.....
	ETHICS AND INTEGRITY		
	102-16 Values, principles, standards and norms of behavior	7	.....
	GOVERNANCE		
	102-18 Governance structure	11	.....
	102-22 Composition of the highest governance body and its committees	AR32-33, 11	.....



GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	FULLY DISCLOSED, PARTIALLY DISCLOSED, NOT DISCLOSED
	<b>STAKEHOLDER ENGAGEMENT</b>		
	102-40 List of stakeholder groups	65	*****
	102-41 Collective bargaining agreements	37	*****
	102-42 Identifying and selecting stakeholder	64	*****
	102-43 Approach to stakeholder engagement	65	*****
	102-44 Key topics and concerns raised	65	*****
	<b>REPORTING PRACTICE</b>		
	102-45 Entities included in the consolidated financial statements	AR 17, 63	*****
	102-46 Defining report content and topic boundaries	66-67	*****
	102-47 List of material topics	67	*****
	102-48 Restatements of information	63	*****
	102-49 Changes in reporting	63	*****
	102-50 Reporting period	63	*****
	102-51 Date of most recent report	63	*****
	102-52 Reporting cycle	63	*****
	102-53 Contact point for questions regarding the report	63	*****
	102-54 Claims of reporting in accordance with the GRI Standards	63	*****
	102-55 GRI content index	69	*****
	102-56 External assurance	63	*****
<b>MATERIAL TOPICS</b>			
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 103: MANAGEMENT APPROACH 2016</b>	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
<b>GRI 201: ECONOMIC PERFORMANCE</b>	201-1 Direct economic value generated and distributed	56	*****
	201-3 Defined benefit plan obligations and other retirement plans	57	*****
<b>MARKET PRESENCE</b>			
<b>GRI 103: MANAGEMENTAPPROACH 2016</b>	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12, 42	*****
	103-3 Evaluation of the management approach	12, 42	*****

GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	FULLY DISCLOSED, PARTIALLY DISCLOSED, NOT DISCLOSED
GRI 103: MANAGEMENT APPROACH 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	45	*****
	202-2 Proportion of senior management hired from the local community	42	*****
<b>PROCUREMENT PRACTICES</b>			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	59	*****
	"103-3 Evaluation of the management approach"	59	*****
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending on local suppliers	59	*****
<b>ANTI-CORRUPTION</b>			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption	12	*****
<b>MATERIAL SOURCING AND USAGE</b>			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
APPAREL, ACCESSORIES & FOOTWEAR: 2018 (SASB)	CG-AA-440a.1. Description of environmental and social risks associated with sourcing priority raw materials	25	*****
	CG-AA-440a.2. Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	26	*****
GRI 301: MATERIALS 2016	301-1 Materials used by weight or volume	25	*****
	301-2 Recycled input materials used	25	*****
<b>ENERGY</b>			
GRI 103: MANAGEMENT APPROACH 206	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
GRI 302: ENERGY 2016	302-1 Energy consumption within the organization	23	*****
	302-4 Reduction of energy consumption	23	*****



GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	FULLY DISCLOSED, PARTIALLY DISCLOSED, NOT DISCLOSED
WATER			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12, 29	*****
	103-3 Evaluation of the management approach	12, 29	*****
GRI 303: WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	29	*****
	303-2 Management of water discharge-related impacts	31	*****
	303-3 Water withdrawal	29	*****
	303-5 Water consumption	29	*****
EMISSIONS			
GRI 103:MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	23	*****
	305-2 Indirect (Scope II) GHG emissions	23	*****
	305-5 Reduction of GHG emissions	23	*****
EFFLUENTS AND WASTE			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12, 31	*****
	103-3 Evaluation of the management approach	12	*****
GRI 306: EFFLUENTS AND WASTE 2016	306-1 Water discharge by quality and destination	31	*****
	306-2 Waste by type and disposal method	31-32	*****
	306-4 Transport of hazardous waste	32	*****
SUPPLY CHAIN IMPACTS			
GRI 103:MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	59	*****
	103-3 Evaluation of the management approach	59	*****

GRI STANDARD	DISCLOSURE	PAGE NUMBER (S)	FULLY DISCLOSED, PARTIALLY DISCLOSED, NOT DISCLOSED
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1 New suppliers that were screened using environmental criteria	59	*****
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EMPLOYMENT AND LABOR PRACTICES			
GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	*****
	103-2 The management approach and its components	12	*****
	103-3 Evaluation of the management approach	12	*****
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	42-43	*****
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	45	*****
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	46	*****
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	37	*****
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GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1 Occupational health and safety management system	38	*****
	403-2 Hazard identification, risk assessment, and incident investigation	38	*****
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	403-4 Worker participation, consultation, and communication on occupational health and safety	38	*****
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GRI 408: CHILD LABOR 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	37	.....
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	37	.....
GRI 412: HUMAN RIGHTS ASSESSMENT	412-2 Employee training on human rights policies or procedures	41	.....
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GRI 103: MANAGEMENT APPROACH 2016	103-1 Explanation of the material topic and its boundaries	67	.....
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GRI 410: SECURITY PRACTICES 2016	410-1 Security personnel trained in human rights policies or procedures	41	.....
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	103-2 The management approach and its components	12	.....
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GRI 413: LOCAL COMMUNITIES 2016	413-1 Operations with local community engagement, impact assessments and development programs	49-53	.....
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\*COP=Communication on progress



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GLOSSARY AND ACRONYMS

BCI	Better Cotton Initiative
CBA	Collective Bargaining Agent
CFCs	Chlorofluorocarbons
CSR	Corporate Social Responsibility
GHG	Green House Gases
GJ	Giga Joule
GOTS	Global Organic Textile Standard
GRI	Global Reporting Initiative
GRS	Global Recycled Standard
HFCs	Hydrofluorocarbons
HSE	Health, Safety and Environment
IFC	International Finance Corporation
ISO	International Standards Organization
MW	Mega Watt
NGO	Non-Governmental Organization
PBC	Pakistan Business Council



# FEEDBACK FORM

## SUSTAINABILITY REPORT 2021

Information provided on material topics covered in the report

☐ Comprehensive    ☐ Adequate    ☐ Inadequate

Clarity of the information provided in the report.

☐ High    ☐ Medium    ☐ Low

The quality of design and layout of the report.

☐ Excellent    ☐ Good    ☐ Average

Your comments for adding value to the report.

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