

# Embracing a Circular Economy

Sustainability Report 2023



# Embracing a Circular Economy

The winds of change are sweeping through the textile industry, and the European Union (EU) is at the forefront of this transformation. Their recently enacted regulations, waste framework directive, and textile strategy document all point towards a future built on the principles of a circular economy. These regulations have significant implications not only for textile brands but also for their suppliers, including companies like Gul Ahmed.

For us at Gul Ahmed, this shift represents both a challenge and an opportunity. The EU's focus on textile recycling places a greater emphasis on responsible waste management throughout the entire supply chain. This means that textile suppliers, like ourselves, must adapt their practices to ensure compliance with these evolving regulations. However, this also presents a chance to become a leader in sustainable textile production.

By embracing circularity, we can establish ourselves as a valuable partner to European textile brands who are navigating this new regulatory landscape. Our commitment to post-industrial textile recycling through our dedicated facility demonstrates our proactive approach to responsible waste management. This facility allows us to not only minimize our own environmental footprint but also provide our textile customers with access to high-quality recycled fibers. Collaboration is key to navigating this new era. Through partnerships with our valued customers, we can share knowledge, develop innovative recycling technologies, and create a more sustainable supply chain ecosystem. This collaborative approach will not only ensure compliance with EU regulations but also foster a future where both suppliers and brands can thrive in a circular economy. Ultimately, by embracing circularity, we can collectively contribute to a more responsible and sustainable textile industry, one that minimizes waste and maximizes resource efficiency.

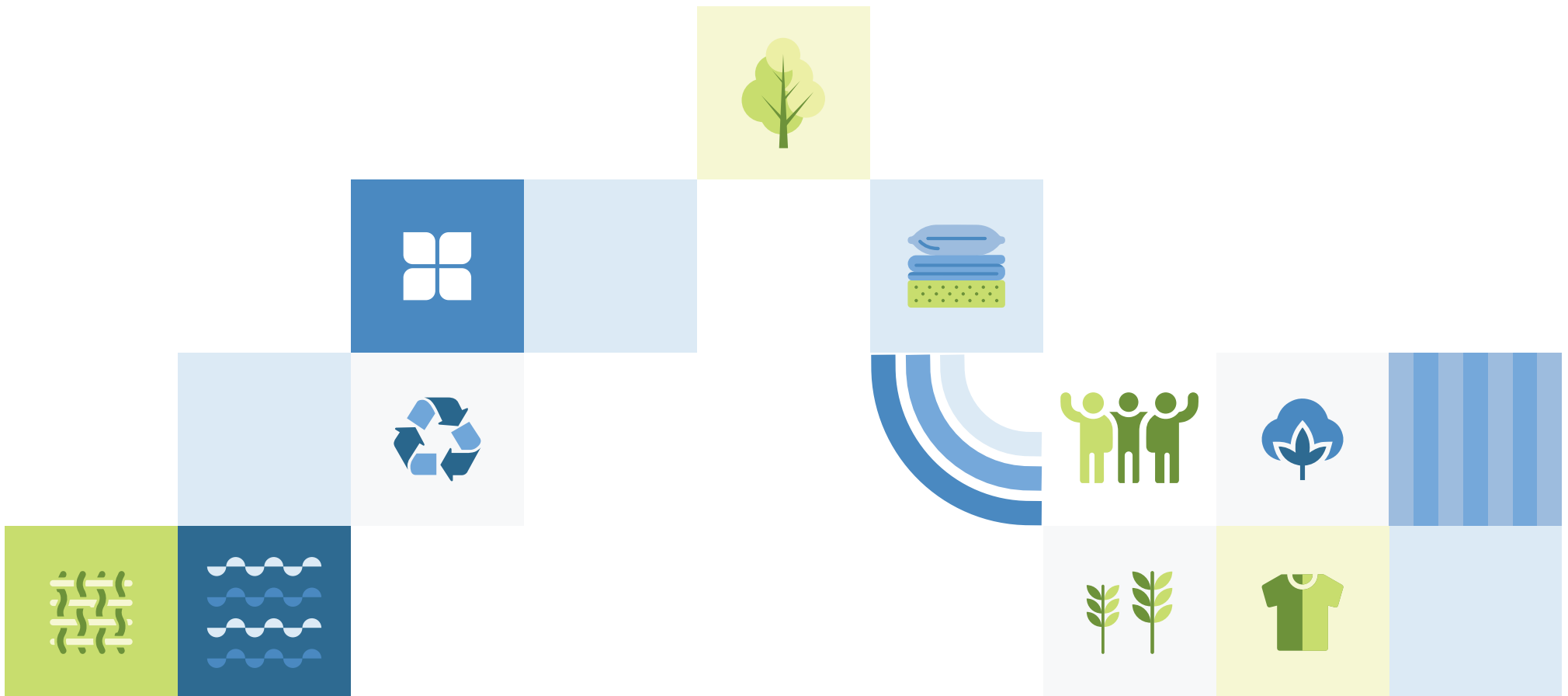


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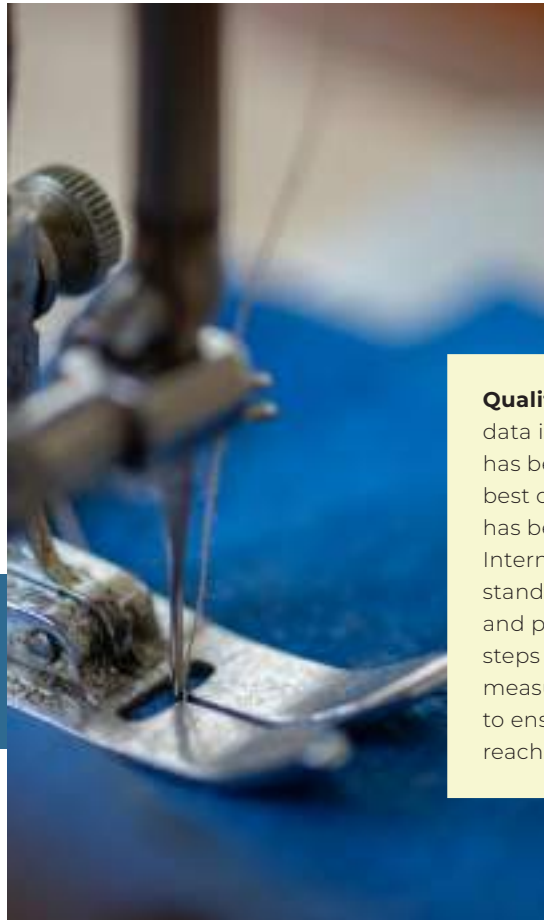
# Preface





**THIS REPORT,** Published by Gul Ahmed Textile Mills Limited (“Gul Ahmed” or “the company”), is meant for our stakeholders. It aims to show our efforts, plans, and goals concerning sustainable business practices in order to make positive and lasting changes in the economy, society, for our employees, and the environment.

**THE REPORT** has been prepared in accordance with GRI Reporting Standards 2021 and focuses solely on **Gul Ahmed Textile Mills Limited**, excluding associated companies or subsidiaries. This report covers the same time frame as our financial reports, which is from July to June each year. Specifically, this report covers the period from July 1, 2022, to June 30, 2023 (referred to as “2023”), and also includes comparisons with the two previous years (“2022” and “2021”).



## OUR PRESENTATION

allows stakeholders to easily identify year-on-year trends and distinguish between reported information and our interpretations. Where mentioned, the information within this report is to be read in combination to the

## Qualitative and quantitative

data included in this report has been compiled to the best of our abilities and has been compiled under International metrics and standard conversion factors and protocols. We have taken steps to minimize errors in measurements and estimations to ensure that the conclusions reached by users are reliable.

information already disclosed in our Annual Report. The users can access our Annual Report on our website using the following link:

[www.gulahmed.com/investor-relations/financial-information/](http://www.gulahmed.com/investor-relations/financial-information/)

This report has been thoroughly reviewed by a designated team of internal stakeholders. However, users can reach out to our Sustainability Council at [sustainability@gulahmed.com](mailto:sustainability@gulahmed.com) for any suggestions or feedback.

The publication date of this report is May 14, 2024.



## Message from the CEO

Dear Stakeholders,

As we reflect on our sustainability journey at Gul Ahmed, I am proud to share our progress and commitments in this year's sustainability report. Our efforts have been guided by a steadfast commitment to aligning ourselves with the principles of the UN Global Compact, ensuring that our practices uphold ethical standards and contribute positively to society and the environment.

At Gul Ahmed, we recognize the urgency of addressing climate change, which is why we have placed a strong emphasis on achieving Net Zero Emissions and Zero Liquid Discharge. By implementing innovative technologies and processes, we are actively working towards reducing our carbon footprint and minimizing our impact on water resources. These efforts not only align with the Global Compact's principles on environmental sustainability but also contribute to creating a more sustainable future for generations to come.

Pakistan's economy confronted numerous challenges during the year 2023, with the textile industry mainly being impacted due to inflationary pressures and rising energy costs. Although experiencing a decline in textile exports and the partial or complete shutdown of certain textile facilities within the country, we were fortunate to sustain our order volume. Consequently, we effectively utilized our existing capacities, leading to gross sales of Rs. 121.44 billion. This reflects a growth of around 11% compared to Rs. 109.47 billion recorded in the corresponding period last year.

The ongoing global energy crisis emphasizes the urgency for decisive action, compelling us to devise a strategy aimed at diminishing our carbon footprint and transitioning towards energy-efficient frameworks. To meet this challenge head-

on, we have set both short-term and long-term objectives, focusing on integrating renewable energy sources into our operations. These include biomass solar and wind projects, with the aim of achieving Net Zero Emissions within agreed timeline. This endeavor not only resonates with the aspirations of our customers but also reduces our dependence on carbon-based fuels.

Our steadfast commitment to sustainability not only mirrors the ethical manufacturing preferences of our customers but also ensures our competitiveness in European and other export markets. Consequently, this alignment opens up enhanced revenue-generating prospects for us.

Furthermore, our sustainability initiatives extend beyond environmental stewardship to encompass the empowerment of our employees. We firmly believe that our people are our greatest asset, and by fostering a culture of inclusivity, diversity, and empowerment, we enable them to contribute their fullest potential towards our sustainability goals. By investing in training, education, and professional development opportunities, we empower our employees to drive positive change within our organization and the broader community.

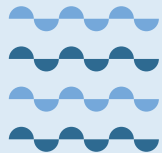
Through our sustainability initiatives, we aspire to inspire others to embrace sustainable practices and urge our stakeholders to accompany us on this journey towards a sustainable future. Our unwavering commitment to sustainability ensures the delivery of maximum value to our stakeholders while safeguarding the planet for future generations.

Sincerely,

**Mohammed Zaki Bashir**  
CEO of Gul Ahmed Textile Mills Limited



## Vision



Enriching Lives by Inspiring Change

## Mission



To deliver value to our stakeholders through innovative technology, teamwork and by fulfilling our social and environmental responsibilities

## Values



### Integrity

We always act with honesty and transparency in all that we do. We do what we say and believe in keeping our promises and commitments

### Respect

We treat our people and business partners with respect, fairness, and humbleness. We also encourage people to share their opinions even if it differs from our own



### Passion

We believe passion is the fuel that inspire and drives us to lead and move forward

### Quality

We demonstrate quality and strive for excellence through all our actions



### Team Work

We are one team and committed to an environment where every person is a valued member and treated with respect. We encourage togetherness & believe in recognizing team efforts



Originating as a humble textile enterprise in the early 1900s, Gul Ahmed transitioned into a privately held company by 1953 before its public listing on January 7th, 1955. Today, Gul Ahmed is renowned as a symbol of excellence in the textile industry across the sub-continent with a customer base located all over the world.

Presently, the company is listed on the Pakistan Stock Exchange and operates as a public limited company. Its registered office and manufacturing facilities are located on Main National Highway in Landhi, Karachi. The company operates across four main segments, categorized by their operational nature and internal reporting structure:

### Spinning

This segment focuses on producing various grades of yarn using both natural and synthetic fibers.



### Weaving

Fabric production occurs through the interweaving of two distinct sets of yarns or threads at right angles.



### Processing, Home Textiles & Apparel

This segment involves the transformation of yarn and greige fabric into a variety of finished fabrics for sale. Additionally, it encompasses the manufacturing and distribution of made-ups, garments, and home textile products.



### Fiber Bleaching

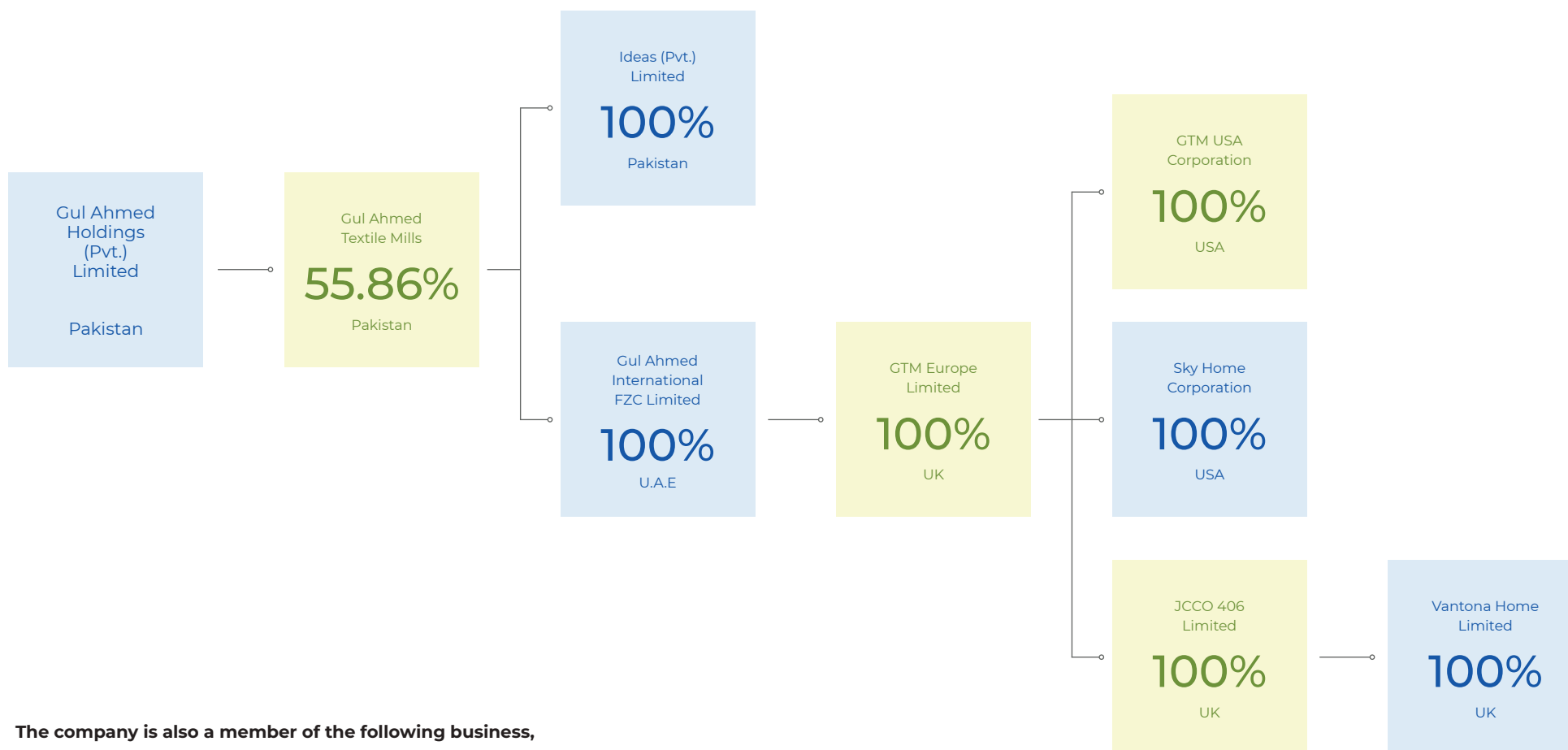
This entails the conversion of comber cotton into bleached cotton suitable for use in the manufacturing of personal hygiene and cosmetic products.







The company operates as a subsidiary of Gul Ahmed Holding (Pvt.) Limited within its group structure. Furthermore, it oversees seven separate subsidiaries and sub-subsidiaries, all engaged in the distribution and trading of textile-related goods. The group structure is as mentioned:



**The company is also a member of the following business, trade and commerce associations:**

- All Pakistan Textile Mills Association (APTMA)
- Karachi Chamber of Commerce & Industry (KCCI)
- The Karachi Cotton Association (KCA)
- Pakistan Business Council (PBC)
- Employers' Federation of Pakistan
- Pakistan Textile Exporters Association
- All Pakistan Textile Processing Mills Association
- Pakistan Bed Wear Exporters Association (PBEA)
- Pakistan Hosiery Manufacturers & Exporters Association
- International Textile Manufacturers Federation
- Karachi Centre for Dispute Resolution





## Awards and Achievements

- ICAP & ICMAP Best Sustainability Report Award 2022 – 3rd Position
- ICAP & ICMAP Best Corporate Award 2022 – 5th Position



## Business Profile & Product Catalog

Gul Ahmed operates as a composite textile unit with its operation encompassing the entire manufacturing process from raw cotton fiber to finished consumer products including apparel, bed sheets, curtains and various home textile items. Our entire operations are supported by state-of-the-art equipment, innovative production methodologies and a committed workforce dedicated to exploring every potential avenue for enhancing product quality and meeting customer expectations.

Over the years our product catalog has grown to include the following:



**Yarn** - The company provides a variety of yarn qualities, including carded, combed, compact siro, fancy, plied, and core-spun, manufactured predominantly from sustainable fibers to minimize our environmental footprint

**Fabric** - Our fabric variety includes plain fabric, sheeting fabric, poplin, canvas and oxford among many categories



**Home Textile** - Home textiles are the flagship of our product line, epitomizing the fusion of cutting-edge technologies with centuries-old traditions that distinguish Gul Ahmed. Our range of textiles includes a diverse array of items, available in white, dyed, printed, or yarn-dyed variations, crafted in various styles. From sheets and pillowcases to comforters, curtains, and more, our made-ups section offers a wide selection of high-quality products

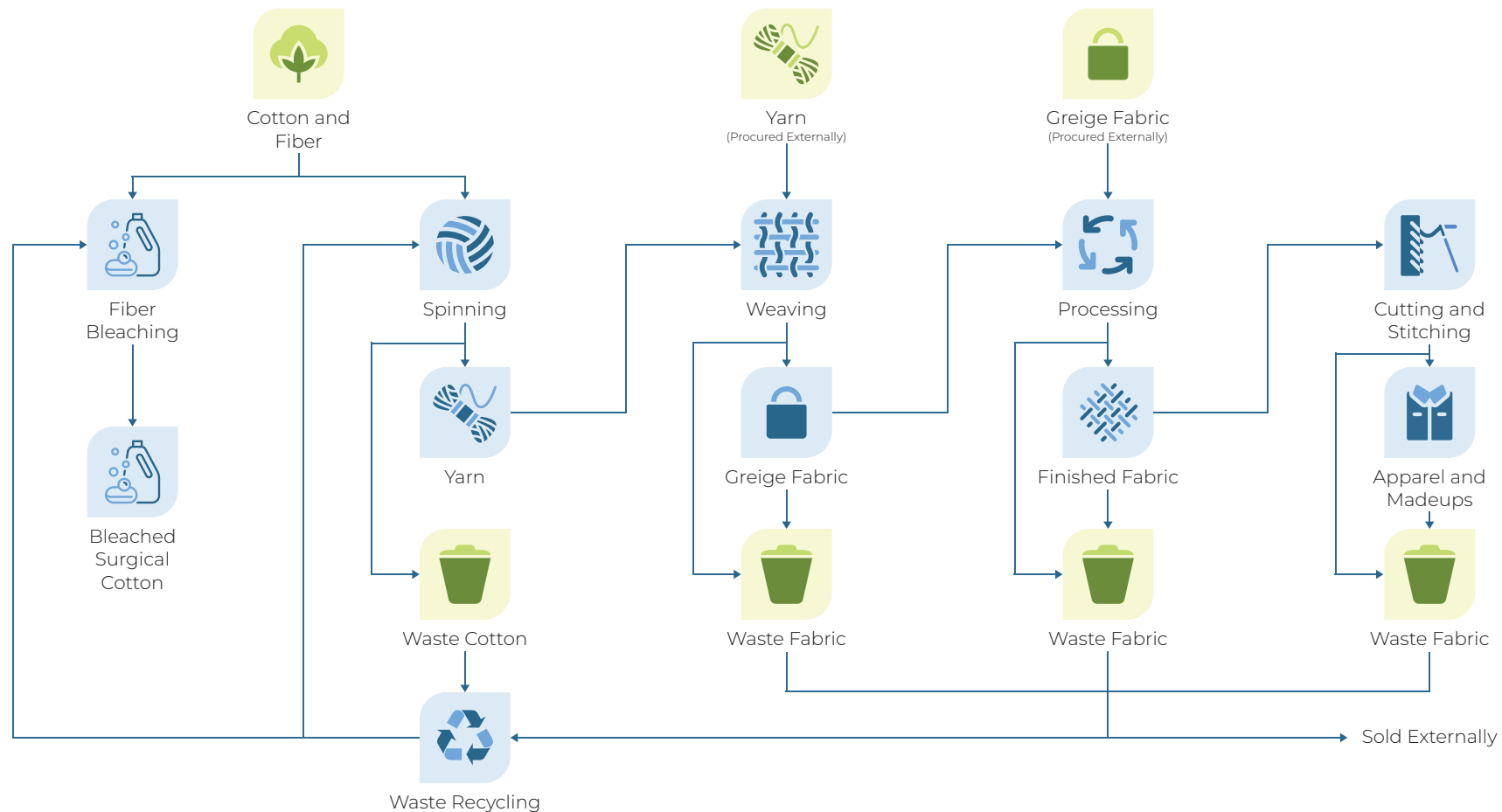


**Apparel and Garments** - Our apparel collection primarily comprises of pants, trousers, shorts, hoodies, and pullovers designed for men, women, and children. Crafted in both woven and knitted fabrics, these garments are exported globally to esteemed retailers such as JCPenny, Decathlon, C&A, and Carrefour.



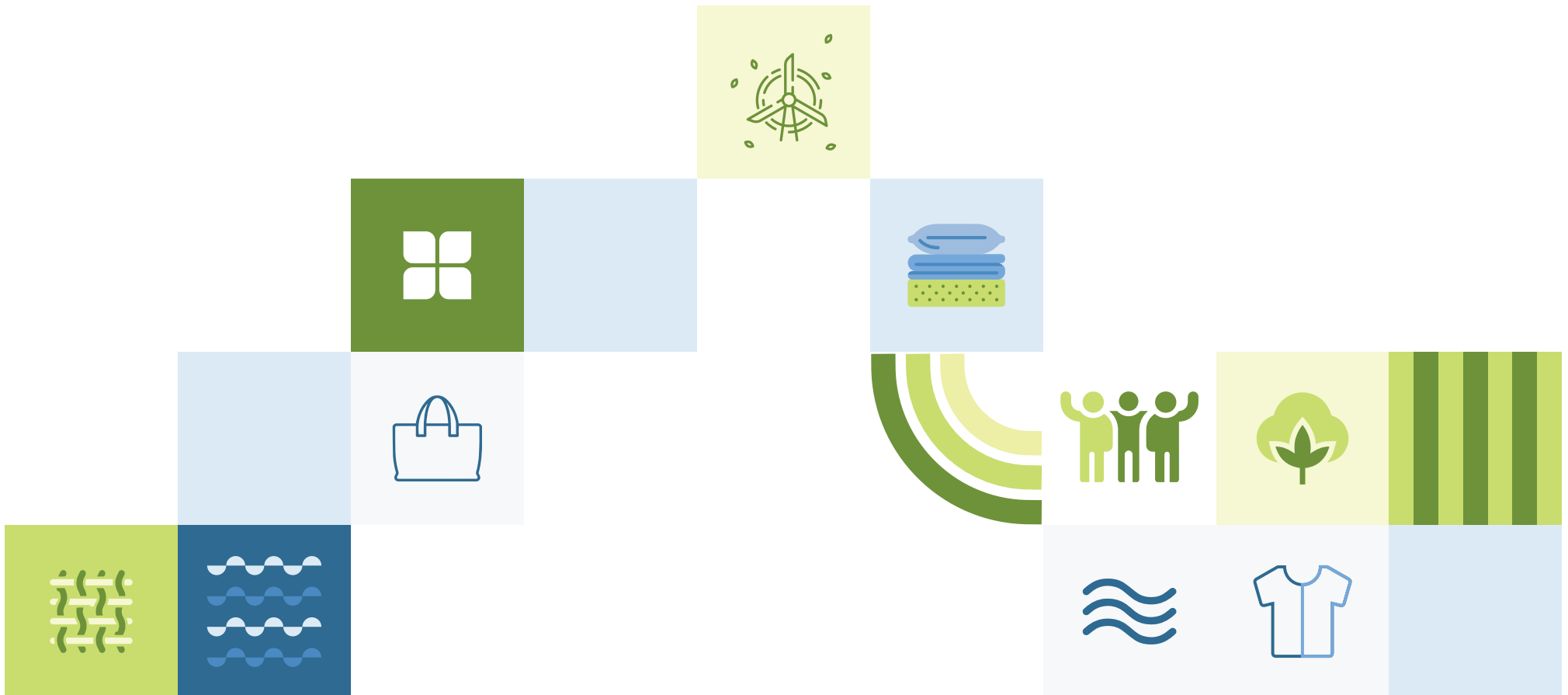
**Bleached Fiber** - We have embarked on a new venture, introducing a segment dedicated to the production of high-quality bleached cotton, tailored for use in the medical and cosmetic industries. Encouraged by the positive response, we are in the process of expanding our production capacity to meet the growing demand for this specialized product.

A visual representation of our value chain illustrates every stage of our operations, encompassing inputs sourced from upstream partners, the outputs generated at each process, the utilization of these outputs in manufacturing, and the distribution to downstream customers. Additionally, it highlights the management of wastage produced during manufacturing, emphasizing our commitment to sustainability and efficient resource utilization.



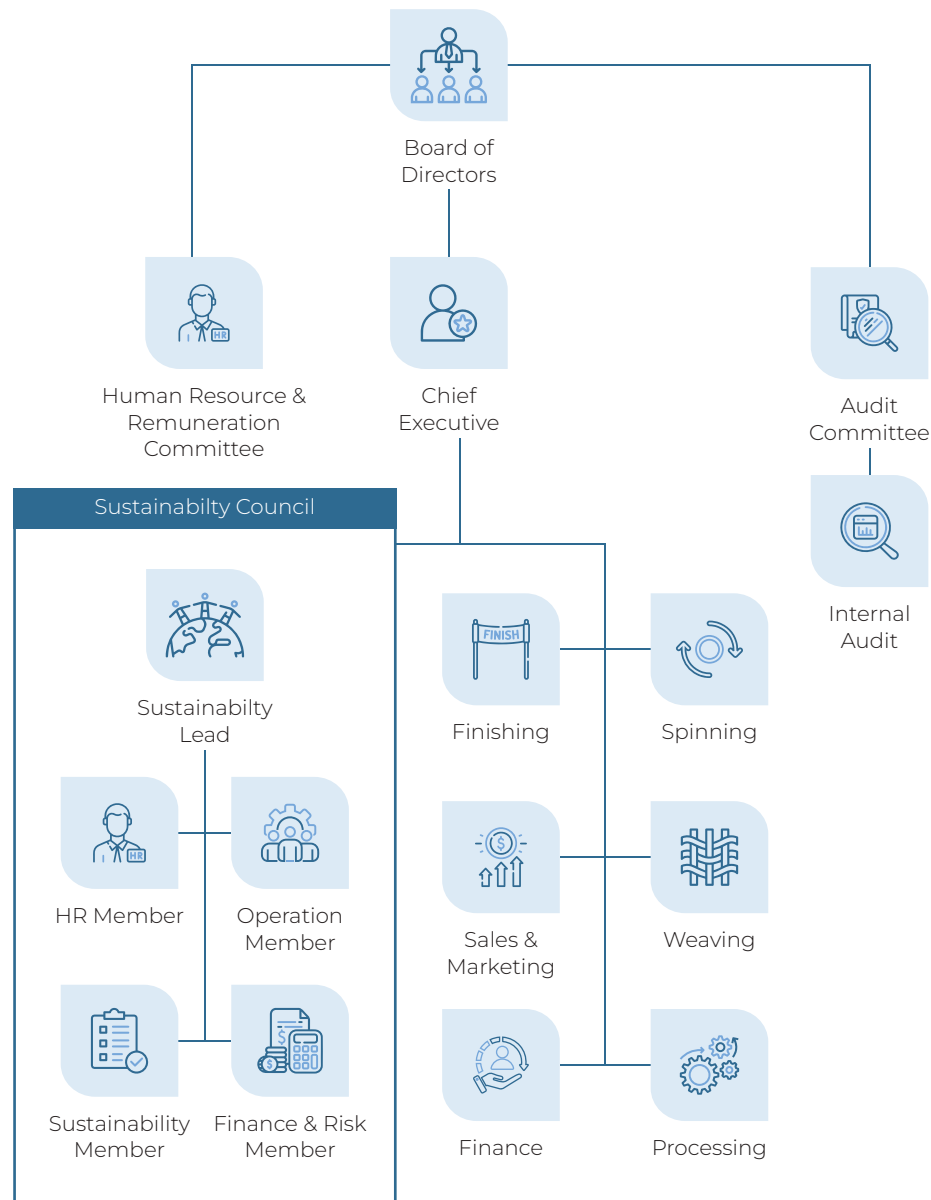


# Sustainability Governance





# Our Governance Structure



# Our Executive Leadership

The Board of Directors ("Board") acts as the company's highest governing body, it is governed by various regulations including Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulation, 2019.

The Board acts as the final authority to oversee management, strategic direction, financial performance, senior management appointments, legal compliance, and sustainability matters. Our sustainability council reports critical sustainability issues to the Board as per requirement, however no such issues were reported during the period. The Board, with its collective expertise, advises the company on sustainability development issues and addresses significant challenges promptly. Our current Board members were elected as Directors at the company's quarterly meeting held on March 31, 2023.

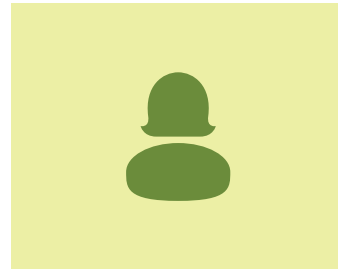
For detailed information on leadership roles, responsibilities, and nomination procedures, please consult our Annual Report and relevant laws.





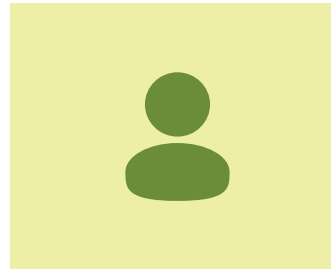
## Board of Committees

### Human Resource and Remuneration Committee



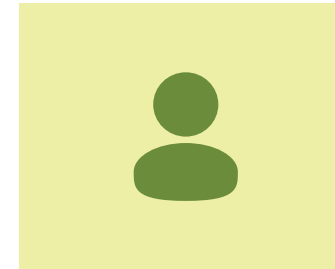
**Ms. Zeeba Ansar**

Chairman of Committee



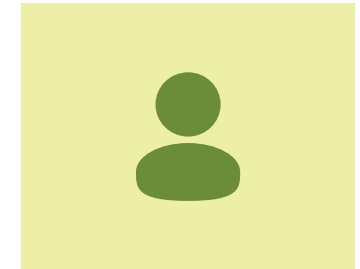
**Mr. Mohomed Bashir**

Member



**Mr. Zain Bashir**

Member



**Mr. Salim Ghaffar  
(Company Secretary)**

Member

At Gul Ahmed, the Human Resource and Remuneration Committee oversees human capital governance, including policy formulation and sustainability. It develops incentive programs based on performance for the board's consideration. The committee annually evaluates performance and sets compensation for the board and its committees, sometimes engaging external consultants. Furthermore, it establishes workplace health and safety metrics to ensure a secure environment. The committee also addresses workplace harassment cases and ensures compliance with the anti-harassment policy outlined in the Code of Conduct, which maintains a zero-tolerance stance against such behavior. Violations of this policy carry severe consequences. The company prioritizes the handling of disclosures, fully investigating them until a satisfactory resolution is achieved.



# Whistle-Blowing Committee

The Whistle-blowing Committee at Gul Ahmed comprises of key management leaders, including the Chief Financial Officer, Head of Human Resources, and Head of Internal Audit. This committee is entrusted with handling protected disclosures, which can be communicated through confidential channels such as calls, the whistleblower drop box, and email at either [whistleblowing@gulahmed.com](mailto:whistleblowing@gulahmed.com) or [bol@gulahmed.com](mailto:bol@gulahmed.com)

The whistle-blowing committee is formed and operated under the whistle-blowing policy. This policy guarantees that every protected disclosure is treated with the utmost seriousness and addressed promptly. Our highest priority is to safeguard whistleblowers from any potential victimization, which may lead to disciplinary measures against those involved. Individuals involved in concealing or destroying evidence of protected disclosures may face disciplinary action after being given the opportunity to be heard.

# Audit Committee



**Mr. Kamran Y. Mirza**

Chairman of Committee



**Mr. Mohomed Bashir**

Member



**Mr. Ehsan A. Malik**

Member



**Mr. Salim Ghaffar  
(Company Secretary)**

Member

The Board Audit Committee stands as a cornerstone of governance within our company, tasked with ensuring the integrity and transparency of our financial reporting processes. Comprising independent directors, it provides oversight and guidance on matters related to internal controls, risk management, and audit procedures. Through diligent supervision, the committee upholds the highest standards of accuracy, compliance, and accountability in our financial operations, thereby fostering trust and confidence among stakeholders.

During the year Mr. Kamran Y. Mirza was elected as an Independent Director of the company as our former director Mr. Amjad Waheed stepped down from his position. The Board has also elected Mr. Kamran Y. Mirza as the chairman of the Audit Committee.







## Sustainability Governance: Gul Ahmed's Sustainability Council

At Gul Ahmed, our commitment to sustainability is ingrained in every aspect of our operations. To spearhead our sustainability efforts and ensure their seamless integration into our organizational framework, we have established the Gul Ahmed's Sustainability Council.

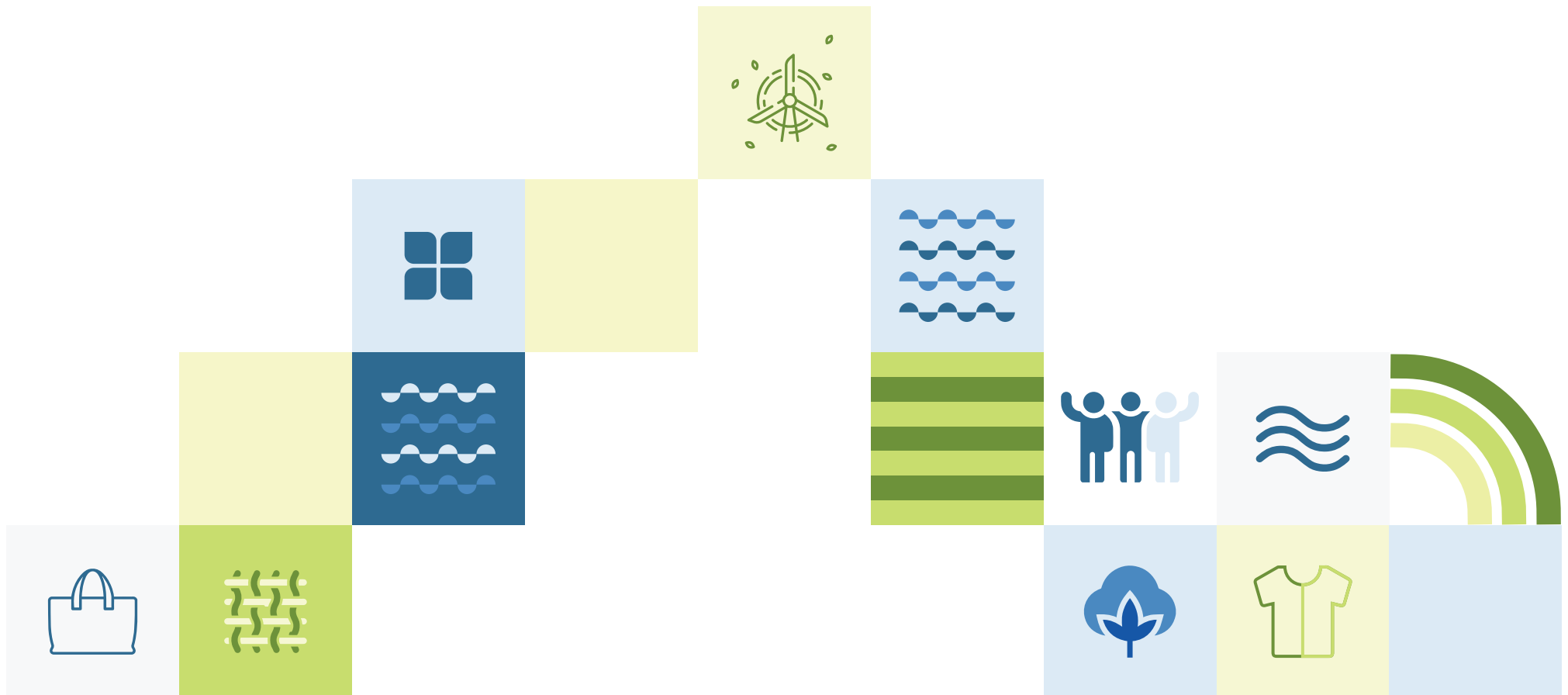
Directly reporting to the CEO, the council comprises of members from key departments including Human Resource, Operations, Compliance, and Finance. Their diverse expertise and perspectives enable us to develop comprehensive strategies and initiatives that address environmental, social, and economic considerations. The council works closely with department heads to develop a time-bound action plan. Each operational department head will act as a "Sustainability Champion," holding final responsibility for achieving their targets. This approach fosters coordination and accountability throughout the organization.

The council meets regularly to discuss progress, challenges, and opportunities, and reports advancements to the Board, ensuring transparency and alignment with our overarching corporate goals. Through the collective efforts of the Sustainability Council, we strive to foster a sustainable future for generations to come.





# Sustainability Strategy

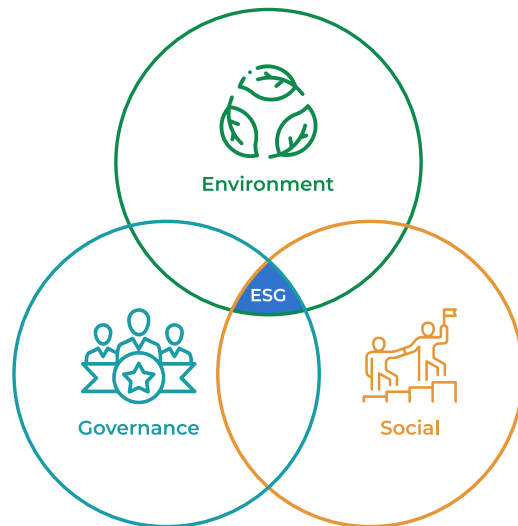




# Corporate Sustainability Strategy

## Ensuring environmental sustainability, social responsibility, and ethical governance drive our business practices at Gul Ahmed Textile Mills

Gul Ahmed's is driven by its ESG (Environmental, Social, and Governance) agenda that integrates sustainability and responsible business practices into its operations and decision-making processes.



## Our strategic ESG framework

- 1. Strategy:** The company has developed an ESG strategy that includes specific goals, targets, and actions related to environmental, social, and governance considerations.
- 2. Governance Structure:** Our governance ensures accountability, transparency, and ethical decision-making related to ESG considerations. The company has established an ESG Committee, consisting of senior executives, that oversees the implementation of its ESG strategy and monitors the company's performance.
- 3. Performance Monitoring and reporting system:** The company has established an ESG performance monitoring and reporting system that aims to track its progress towards ESG goals and targets and will communicate its performance to stakeholders through regular sustainability reports.
- 4. Materiality & stakeholder engagement:** Gul Ahmed has implemented an ESG risk management system that identifies, assesses, and mitigates ESG-related risks that could impact its financial performance, reputation, and social license to operate. Gul Ahmed engages with its stakeholders such as employees, customers, suppliers, investors, and communities in its ESG agenda and decision-making processes.

By following the ESG framework, Gul Ahmed Textile Mills is enhancing its sustainability and social responsibility performance, building a more resilient and sustainable business, and promoting responsible business practices.



At Gul Ahmed Textile Mills Limited, we are committed to conducting our business in a sustainable and responsible manner. We believe that integrating environmental, social, and governance (ESG) considerations into our operations is critical to achieving long-term success and creating value for our stakeholders.



## Environment

We are committed to reducing our environmental impact and promoting sustainable practices across our operations and supply chain.

### We aim to:

- Reduce our carbon footprint and energy consumption by adopting renewable energy sources and energy-efficient technologies.
- Conserve water resources by implementing water-efficient technologies and practices.
- Minimize waste generation and promote circular economy principles by reducing, reusing, and recycling materials.
- Comply with all relevant environmental laws and regulations and strive to exceed them where possible.



## Social

We are committed to upholding fair labor practices, promoting diversity and inclusion, and supporting the communities where we operate.

### We aim to:

- Ensure a safe and healthy work environment for our employees and suppliers.
- Uphold fair labor practices, including no child or forced labor, and respect the rights of workers to freedom of association and collective bargaining.
- Promote diversity and inclusion in our workforce and supply chain and ensure equal opportunities for all.
- Engage with local communities and support education, healthcare, and other social development initiatives.



## Governance

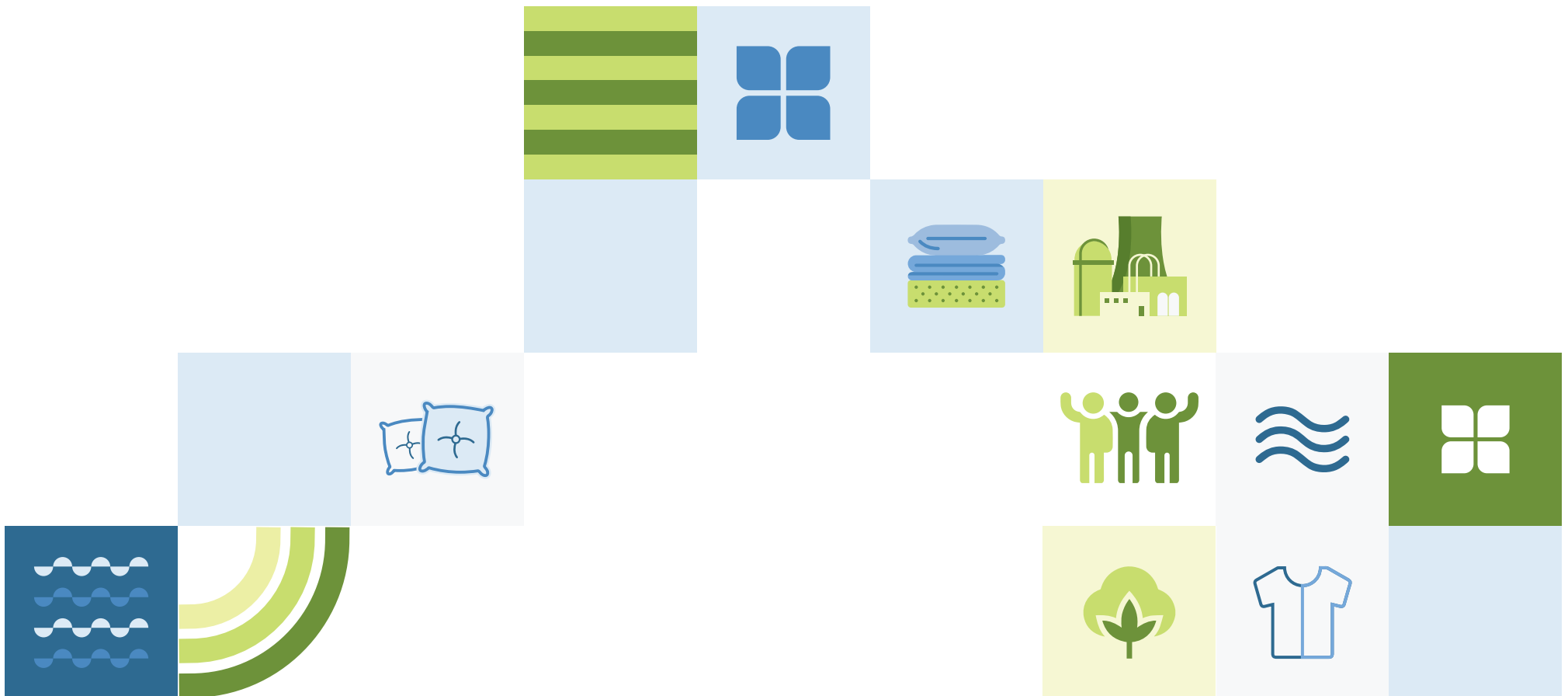
We are committed to promoting ethical governance and transparency in all our business practices.

### We aim to:

- Maintain a high standard of corporate governance and ensure compliance with all relevant laws and regulations.
- Promote ethical behavior and integrity in all our business dealings.
- Provide transparent and timely disclosure of relevant information to our stakeholders.
- Ensure accountability and responsibility for our actions and decisions.



# Policies & Commitments





# Our Impact Framework: Policies & Commitments

The policies, commitments, and business practices embraced by Gul Ahmed are grounded in international standards and the regulations mandated by our clientele. These frameworks enable the company to uphold the utmost standards of sustainable business practices and human rights, ensuring strict compliance with relevant international and local laws.

Our Code of Business Ethics (“CoBE”) encompass the governing principle found in the International Bill of Human Rights and UN Guiding Principles on Business and Human Rights. The CoBE is reviewed and approved by the senior management and it establishes the guidelines for each employee’s role in upholding these commitments. It is communicated to every employee upon joining and reaffirmed annually. The CoBE, along with other pertinent business policies, are also accessible to employees via the Company’s internal employee portal.

Our corporate policies include:

## 1. Code of Business Ethics & Compliance with Laws

Gul Ahmed is committed to upholding lawful, ethical, and integral conduct in all business operations, condemning bribery, corruption, and fraud. This commitment extends to employees, associates, suppliers, and third parties. Our policy mandates strict compliance with applicable laws, emphasizing honesty, integrity, and transparency. Employees must refrain from accepting or soliciting inappropriate gifts and disclose any conflicts of interest. We safeguard confidential information and enforce anti-corruption measures in third-party engagements. We provide channels for reporting misconduct, ensuring anonymity and implementing disciplinary measures, including contract termination. Our stringent code of conduct fosters a culture of integrity, requiring employees to adhere to legal requirements and avoid actions that may tarnish our reputation. We prohibit improper gifts, stress transparency, and encourage disclosure of conflicts of interest. Robust mechanisms for reporting misconduct protect whistleblowers, and violators face disciplinary actions, including termination of employment or business relationships. During the reporting period, no non-compliance of applicable laws and regulation was noted and no fines or penalties were

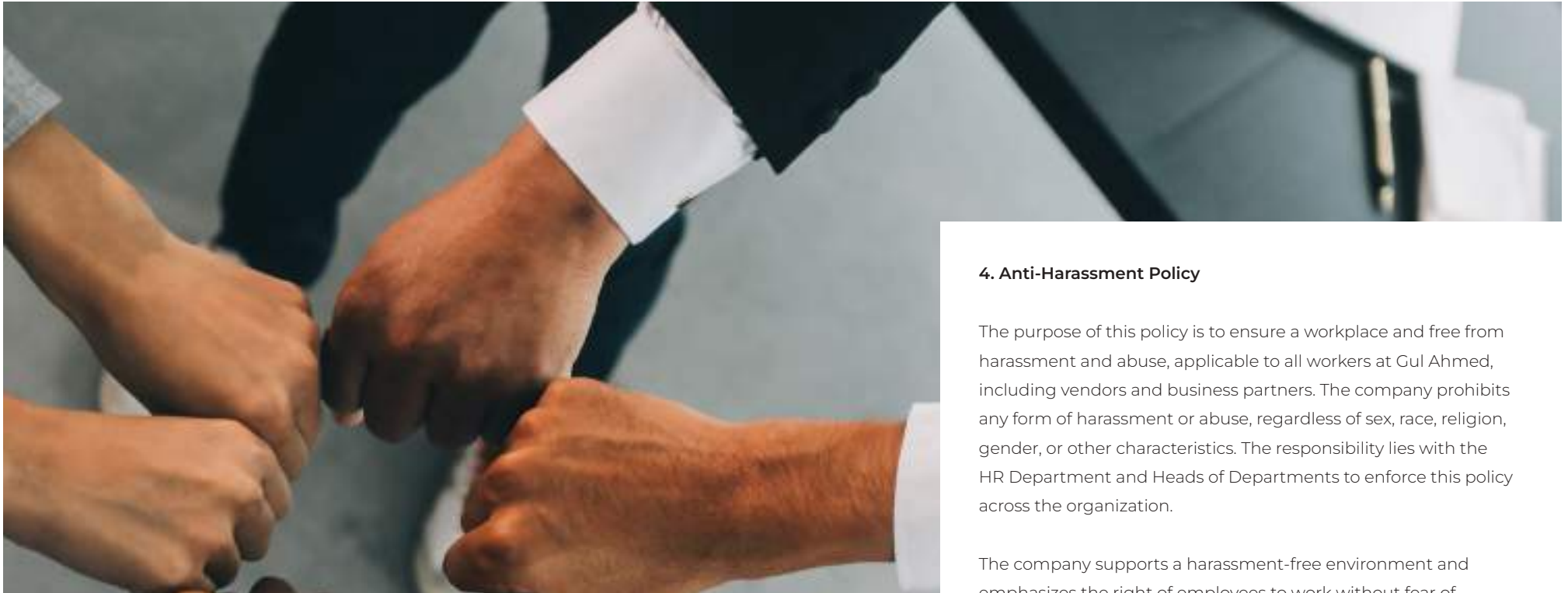
imposed on the company. Similarly, no significant incidents relating to corruption were identified during the reporting period.

## 2. Child Labor & Forced Labor Prevention Policy

Gul Ahmed’s Child Labor & Forced Labor Prevention Policy applies to all our facilities, partners, suppliers, and affiliates. While our HR, Procurement, and Administration Heads are responsible for enforcement, every employee is accountable for its implementation. Our procedures aim to eradicate child labor within our company and among our partners. This includes verifying employees’ ages, taking corrective action for any violations, providing educational opportunities or stipends for affected children, ensuring fair employment practices, and severing ties with suppliers involved in child and forced labor.

Moreover, we proactively identify and address any risks of child and forced labor by conducting thorough due diligence throughout our supply chain. We have established systems to identify and assess potential risk areas, actively monitor and mitigate these risks, conduct awareness sessions for suppliers, and regularly evaluate supplier performance.

Our efforts have been duly rewarded as during the reporting period no instance of child labor or forced labor were reported.



### 3. Anti-Discrimination Policy

To address discrimination concerns, Gul Ahmed promptly investigates all claims and takes disciplinary action as necessary to foster a discrimination-free workplace. Employees must report discrimination incidents to their supervisor, HOD and HR Department via the complaint box or email. Complaints are handled confidentially, and employees are encouraged to report uncomfortable conduct. Human Resources conducts thorough investigations and takes appropriate corrective action, including termination if warranted by law. Retaliation for reporting discrimination is strictly prohibited, and employees can use various channels to report any instances of retaliation. As of now, there have been no reported cases of discrimination filed within Gul Ahmed.

### 4. Anti-Harassment Policy

The purpose of this policy is to ensure a workplace and free from harassment and abuse, applicable to all workers at Gul Ahmed, including vendors and business partners. The company prohibits any form of harassment or abuse, regardless of sex, race, religion, gender, or other characteristics. The responsibility lies with the HR Department and Heads of Departments to enforce this policy across the organization.

The company supports a harassment-free environment and emphasizes the right of employees to work without fear of discrimination or abuse. Employees are encouraged to report any incidents of harassment or abuse through various channels, including immediate supervisors, HR, or a designated complaint box. Confidentiality is maintained throughout the investigation process, and retaliation against those reporting harassments is strictly prohibited. Violations of this policy may result in disciplinary action, including termination of employment, as deemed appropriate by the company. Additionally, the policy prioritizes compliance with local laws and customer standards, with any conflicts to be addressed by informing the HR department promptly.





## 5. Grievance and Whistle Blowing Policy

This procedure aims to establish a confidential, fair, and accessible mechanism for managing workplace grievances raised by employees, contractors, vendors, customers, and other relevant parties at Gul Ahmed. It encompasses grievances related to various aspects of employment, adherence to company policies and procedures, legal requirements, customer requirements, and international standards. Responsibility for managing grievances lies with the HR and Admin Department. Grievances cover a wide range of work-related disagreements or complaints, including issues like transfer and promotion, rosters, leave applications, discrimination, harassment, and safety in the workplace, among others.

Employees are encouraged to resolve grievances through negotiation, consultation, and cooperation. Various channels are provided for lodging grievances, including direct discussion with the involved parties, supervisors, HR, or through anonymous means such as complaint boxes or emails. Informal resolution options are prioritized, but for serious grievances, a formal investigation may be initiated by HR. The formal resolution involves a detailed inquiry, interviews with relevant parties, and appropriate disciplinary actions if the grievance is proven. All procedures are documented and tailored according to the nature of the grievance, ensuring adherence to disciplinary protocols in cases of serious misconduct.

## 6. Policy for Workers Right to Freedom of Association & Collective Bargaining

At Gul Ahmed, we prioritize the fundamental right of workers to freedom of association, fostering an environment where this right is respected and upheld. We actively educate our employees about their rights and encourage open dialogue within the organization. Beyond our own operations, we advocate for the respect of workers' rights among our external partners, emphasizing compliance with applicable laws and regulations. To ensure the realization of this commitment, we integrate clauses on freedom of association into our contracts and engage in constructive dialogue with stakeholders, including labor unions and governmental bodies. Through these measures, we aim to empower workers to exercise their rights without fear of reprisal and to cultivate a culture of respect for workers' voices across our entire supply chain.

In addition to promoting workers' freedom of association, Gul Ahmed recognizes the importance of collective bargaining agreements and unions in safeguarding workers' rights and enhancing workplace conditions. We actively engage in negotiations with labor unions and other representative bodies to establish fair and equitable terms of employment. These agreements serve as a mechanism for resolving disputes, improving working conditions, and fostering a harmonious relationship between management and employees. Currently, we have over 2,500 employees covered under our Collective Bargaining Agreements. For employees not covered under the Collective Bargaining Agreements, similar benefits are provided. The company is continuously engaged in providing the best work environment without any discrimination.





# Sustainable Goals








## Journey towards Sustainable Development Goals

The United Nations Global Sustainable Development Goals (UNSDGs), as presented by the UN Global Compact, have been universally embraced by organizations worldwide as a collective call to action aimed at eradicating poverty, preserving the planet, and ensuring peace and prosperity for all by 2030.




Gul Ahmed is committed to contributing to the achievement of the UNSDGs in its business operations. Recognizing the significance of our organization's size and impact, we acknowledge the necessity to contribute to all 17 SDGs to the best of our abilities. However, we prioritize our efforts towards six key SDGs that are most relevant to our business.

Our focus remains unwavering on these fundamental SDGs as we align our actions to drive positive impact and sustainability. Throughout the year, we have actively pursued initiatives that support these goals, reflecting our steadfast commitment to sustainable development and responsible business practices.













UN SDGs	Impact on Gul Ahmed	Our Goals	Our Activities
 Gender Equality	Given that textile manufacturing relies heavily on labor and requires a diverse and skilled workforce to operate at its peak efficiency, it is crucial for Gul Ahmed to empower its female employees to actively contribute to all facets of the business with unwavering dedication, ultimately propelling the company to greater success.	Increasing overall female representation.  Improve employee well-being.	Our recruitment team consistently seeks qualified female candidates for both managerial and staff roles, aiming to enhance gender representation within our workforce.  Moreover, we organize regular team-building activities and events focused on employee well-being, including Women's Day Celebrations, Wellness Month, and Breast Cancer Awareness Seminars, fostering a positive and supportive work environment.
 Clean Water & Sanitation	Access to clean water is essential for Gul Ahmed since the purity of the water being used at various stages of production ensures product integrity and compliance with quality standards. Additionally, proper sanitation facilities promote hygiene and prevent contamination, contributing to a healthy and productive work environment.	Achieve zero liquid discharge by 2029  Recovering 90% of caustic through caustic recovery units.	In line with our goal of "zero liquid discharge" our discharge of water and effluents have decreased by 15.4% as compared to 2022.
 Affordable & Clean Energy	Given the ambitions of our major customers to transition towards a renewable energy-based value chain and the recent disruptions in supply of natural gas, it is vital for the Company to prioritize investments in renewable and clean energy sources. This not only aligns us with our customers' ambitions but also alleviates the reliance on carbon-based fuel sources.	Achieve 50% renewable energy generation by 2030.	Over Rs.100 million invested in balancing, modernization and replacement of Power & Boiler House equipment to improve efficiency and reduce emissions.  In-principle agreement to install 1.2 MW solar energy system which is expected to be operational by June 2024.



UN SDGs	Impact on Gul Ahmed	Our Goals	Our Activities
 <p>Decent Work &amp; Economic Growth</p>	<p>As one of the largest exporters, Gul Ahmed plays a pivotal role in shaping Pakistan's economic landscape since our business growth directly influences the nation's balance of payments. Furthermore, sustained expansion enables us to offer greater employment prospects, thereby contributing to the reduction of unemployment and the enhancement of overall living standards.</p>	<p>Doubling our revenue and increasing our profit within the next 5 years</p>	<p>The company has increased its export sales to several existing geographical regions such as Germany, Italy and France as well as entering into new regions such as Estonia. This has been supported by regular customer interactions through exhibitions and trade fair events.</p> <p>The company has also introduced a new bleached fiber product that will allow the company to expand its product portfolio and attract new customers.</p>
 <p>Responsible Consumption &amp; Production</p>	<p>Each year, Gul Ahmed utilizes over 100 million kilograms of fibers, yarns, and raw materials for its manufacturing operations. Given the substantial volume required, it is crucial to optimize efficiency and ensure full utilization by way of circularity. This approach not only helps in controlling consumption and reducing manufacturing costs but also mitigates the environmental impact caused by resource wastage.</p>	<p>Increase the share of sustainable raw materials being consumed .</p> <p>Increase the proportion of post-production waste recycling to improve circularity.</p>	<p>The consumption of cotton waste has increased by 78% in comparison to FY 2022, the cotton waste being recycled consists of both waste that was generated internally from our own operations as well as waste that we have procured from other textile manufacturers.</p> <p>In addition to our existing operations, our newly established fiber bleaching plant also utilizes waste cotton to treat and produce surgical cotton which is then used for the production of products such as cotton buds and cosmetic pads.</p>
 <p>Climate Action</p>	<p>The effects of global climate change will impact all industries, with manufacturing concerns like Gul Ahmed being particularly vulnerable. Our reliance on stable and predictable weather patterns for the supply of essential raw materials makes us especially susceptible. The inevitable impact of global warming on cotton yields will disrupt supply chains, leading to potential business losses.</p>	<p>Achieve Net-Zero emissions by 2050.</p>	<p>During the year we have successfully maintained the level of emission generated from our manufacturing facilities. Keeping in view the goal of Net-Zero emissions, our management is actively seeking to incorporate alternative energy sources such as solar, wind and biofuel within our energy mix thereby reducing the overall generation of harmful emissions.</p>

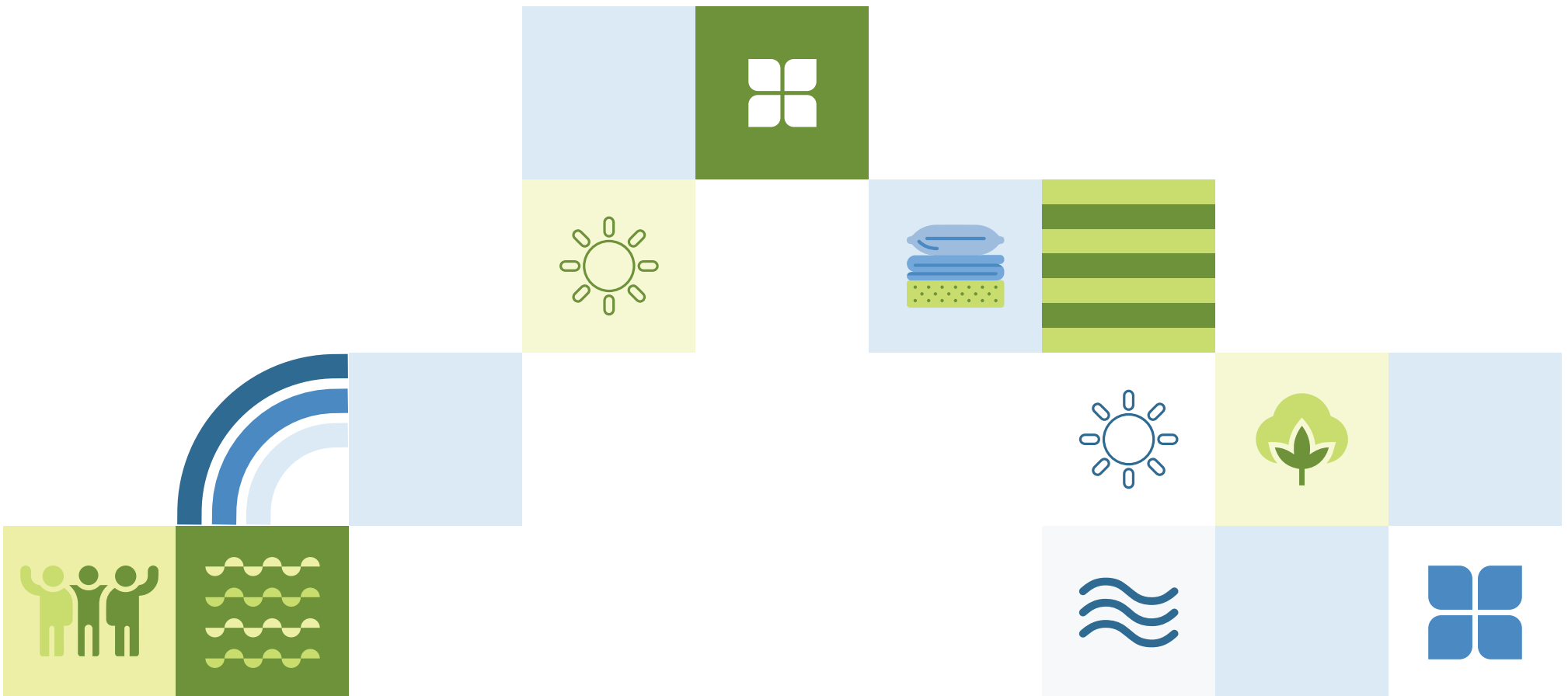


# Sustainable Goals & Strategic Areas

Environment		<b>Water Footprint Management</b> Achieve Zero Liquid Discharge (ZLD) by 2029
		<b>Climate Change Mitigation &amp; Adaptation</b> Achieve Net-Zero emissions by 2050
		<b>Renewable Energy</b> Shift to 50% Renewable Energy by 2030
		<b>Maximizing Material Efficiency</b> Increase the fiber to product ratio to reduce the amount of waste
		<b>Maximizing Energy Efficiency</b> Achieve energy efficiency improvement of 15% by 2030
		<b>Sustainable Materials &amp; Processes</b> Procure 100% sustainable raw materials by 2030
Social		<b>Inclusion &amp; Diversity within our Workforce</b> Increase ratio of female employees in staff & management to 18% by 2026
		<b>Providing Vocational Training and Employment</b> Provide 1000+ young males and females with vocational training and employment opportunity by 2026
Economic		<b>Sustained Economic Value Creation</b> Doubling our revenue and increasing our net profit within the next 5 years
		<b>Increasing Local Procurement</b> Procuring at least 60% of our raw materials and supplies from local source by 2028



# Stakeholder Engagement







# Shared Vision, Shared Responsibility: Strengthening Stakeholder Engagement

Stakeholders are defined as individuals, groups, or entities who have a vested interest in the operations, outcomes, or decisions of Gul Ahmed. Considering the magnitude of our supply chain, the intricacies inherent in textile manufacturing and the overarching impact of our business, a multitude of stakeholders can influence our performance and are impacted by it, either directly or indirectly.

Therefore, it is crucial for our own prosperity that we identify, manage and fulfill the expectation of these stakeholders. In order to do so we consider the following:

- 1. Boundaries** – these are the extent to which our actions may influence our surroundings and stakeholders
- 2. Commitments** – these are the expectation that our various stakeholders trust us to fulfil
- 3. Accountability** – these stakeholders are the ones to whom we owe direct explanations, and they form the basis upon which we prioritize our commitments to each of them
- 4. Business Continuity** – these are expectation that we are placing on our stakeholders to ensure the continued prosperity of our business
- 5. Mutual Beneficiaries** – these are the strategies and actions we implement to ensure the mutual fulfillment of our business objectives and the expectations of our stakeholders

Our key stakeholders, their concerns and our response are summarized in the below mentioned table:







Stakeholders	Engagement Frequency	Engagement Method	Key Topics	Response & Action Taken
Shareholders	Regular	AGM/EOGM, company website, corporate briefing sessions, official press releases	Company performance, on-going economic viability, return on investment, corporate governance, future plans and developments	<p>The directors and management provided shareholders with a comprehensive overview of the company's performance during the annual general meeting, including the approved plans for the future as endorsed by the board of directors.</p> <p>Shareholders have received timely notifications of quarterly and annual results through the dissemination of information via PSX.</p>
Customers	Regular	Customer surveys, exhibitions, trade fairs, customer visits	Product design and development, sustainability alliances, cost and quality of products	<p>Gul Ahmed has consistently adhered to various regulations &amp; quality standards set by our international customers. Compliance with these standards is verified through periodic quality and compliance audits.</p> <p>Furthermore, Gul Ahmed actively participates in various international exhibitions, such as Heimtextil, to expand its reach &amp; connect with potential customers.</p>
Suppliers	Regular	Request for quotations, transaction negotiations, suppliers surveys and evaluations	Product development, availability & quality of supplies, terms and conditions of transactions, adherence to code of business conduct and other local and international laws	<p>We maintain strict supplier evaluation protocols to guarantee compliance with both local and international regulations. Our marketing teams regularly engage in sessions with suppliers to ensure alignment with our quality standards, empowering customers to create organic and sustainable products. This approach aids in minimizing the environmental footprint of our supply chain.</p>
Academia	As Needed	Field trips organized by educational institutes, job fairs	Hiring of young graduates and providing employment / internship opportunities, communication in regard to key skills that employers are currently seeking	<p>Our HR Team actively participated in several university-organized job fairs to attract talented graduates to our MTO program.</p> <p>Additionally, we arranged a field trip for Karachi Grammar School students to our premises, showcasing the comprehensive manufacturing process from start to finish.</p>



Stakeholders	Engagement Frequency	Engagement Method	Key Topics	Response & Action Taken
Employees	Regular	Training sessions, employee grievance handling procedures, HR interactions	Training & career development, employee benefits and performance appraisals, occupational safety and well-being, implementation of labor laws	<p>Employee appraisals are conducted annually, with performance serving as the basis for any annual increments, which are aligned with the economic climate of the country. Additionally, annual bonuses are granted to employees based on the Company's performance.</p> <p>We regularly organize training sessions to enhance the skills of our employees, along with sessions led by professionals focused on promoting physical and mental well-being.</p> <p>Mandatory fire evacuation drills &amp; relevant demonstrations are conducted quarterly to underscore the importance of worker safety.</p>
Local Communities / NGOs / Civil Societies	Regular	Welfare and donation drives, meetings, employee engagement	Support provided by the company to the local community in terms of improving living standards, extending medical assistance, providing quality education and developing infrastructure	<p>Throughout the year, Gul Ahmed has donated over Rs.35 million to various NGOs, aimed at extending support to local communities. Additionally, Gul Ahmed conducted its annual blood donation drive in partnership with the Afzaal Memorial Thalassemia Foundation.</p> <p>Furthermore, Gul Ahmed has allocated over Rs.5 million in funds to various organizations, including the Landhi Association of Trade &amp; Industry (LATI), for infrastructure development in the surrounding areas of our premises.</p>
Policy Makers / Governments	As needed or on request	Meeting with government officials, Information provided to various government organizations, visits and conferences	Compliance with laws and regulations, changes in monetary and fiscal policies, direct and indirect tax contributions, approval and renewal of licenses and permits	<p>Continuous monitoring ensures strict compliance with laws and regulations to prevent any violations. Our Directors and senior management actively engage in advisory boards, offering expertise to shape government policies. In terms of tax contributions, Gul Ahmed has paid Rs. 1.96 billion in direct taxes, marking a 22% increase from the previous year.</p>



# Material Topics

Our stakeholder engagement findings and value chain analysis guide us in identifying key topics and issues that both influence and are influenced by our company. Once identified, we thoroughly analyze these topics to assess their impact on our business continuity and the broader community, determining their materiality. This process enables us to prioritize these issues based on their urgency and criticality, directing our actions and efforts towards the most vulnerable areas. This section aims to provide insight into these critical or material topics, explaining the rationale behind their selection and why they are deemed essential to the Company's operations.

## 1. Economic Wellbeing

The economic performance of our company holds significant materiality, as it influences multiple influential stakeholders. It directly affects shareholder expectations, the value we are able to distribute to our employees, the tax revenue we contribute to the local government, and our ability to support the local community. Therefore, our economic performance stands as a cornerstone issue, pivotal in sustaining our relationships with stakeholders and ensuring the overall prosperity of our operations.

## 2. Energy, Emission and Climate Change

Gul Ahmed's captive power plant is configured to operate on Natural Gas, Heavy Fuel Oil (HFO), and Diesel, historically meeting all our energy needs. Aligning with our commitment to the UN Global Compact Sustainability Development Goals, we have long aimed to transition a significant portion of our energy production to sustainable sources. However, recent disruptions in natural gas supply, coupled with a substantial surge in fuel prices, have heightened the urgency of this transition due to its pivotal role in ensuring business continuity. This issue's significance is magnified as Gul Ahmed is an exporter, and impending Carbon Regulations in European markets underscore the necessity of adopting a more sustainable and environmentally friendly business model to safeguard our future performance.





### 3. Sustainable Materials

As textile manufacturing inherently relies on substantial raw materials, it's essential for us to innovate our production processes. This innovation aims to enhance efficiency, minimize waste, and optimize resource usage, thereby reducing our environmental footprint. Additionally, with our customers increasingly prioritizing sustainability in their upstream supply chains, it's imperative for Gul Ahmed to integrate more sustainable raw materials into our manufacturing practices. This alignment with customer expectations ensures our continued relevance and commitment to sustainability.

### 4. Waste and Circularity

In textile manufacturing, minimizing both hazardous and non-hazardous waste is crucial for environmental protection. Recycling non-hazardous waste reduces reliance on virgin materials, while proper disposal of hazardous waste ensures compliance with regulations and prevents harm to the environment and human health. Incorporating recycled materials not only promotes sustainability but also lowers manufacturing costs, thereby improving the company's economic performance.

### 5. Water & Effluents

The conservation of water has become a pivotal benchmark for all businesses operating in this region since Pakistan is categorized as a "water-stress" zone, the occurrence of droughts and floods poses simultaneous challenges. Moreover, the safe discharge of effluents is of utmost importance in textile production, given the utilization of various hazardous chemicals. Failure to treat these substances properly could result in the contamination of water bodies, leading to freshwater scarcity not only for the company but also for nearby communities dependent on the same water source.

### 6. Procurement Practices

A substantial portion of the company's generated value is allocated to suppliers and vendors. Hence, it's imperative for the company to embrace sustainable procurement practices. These practices predominantly entail prioritizing local procurement over imports to bolster the local economy and alleviate pressure on the country's balance of payments.





### 7. Employment, Training and Development

Given the labor-intensive nature of textile production, it's crucial for the company to maintain a skilled and capable workforce to ensure seamless operations. Employment opportunities provided by the company enable our workers to maintain a satisfactory standard of living, while ongoing training and development programs facilitate their career advancement and equip them with the necessary skills for efficient job performance.

### 8. Diversity & Inclusion

At Gul Ahmed, we take pride in our commitment to being an equal opportunity employer, fostering a diverse workforce that embraces individuals from various backgrounds. This commitment serves as the cornerstone of our vision. By promoting equality and diversity, we strive to prevent discrimination among our employees and mitigate any potential legal implications.

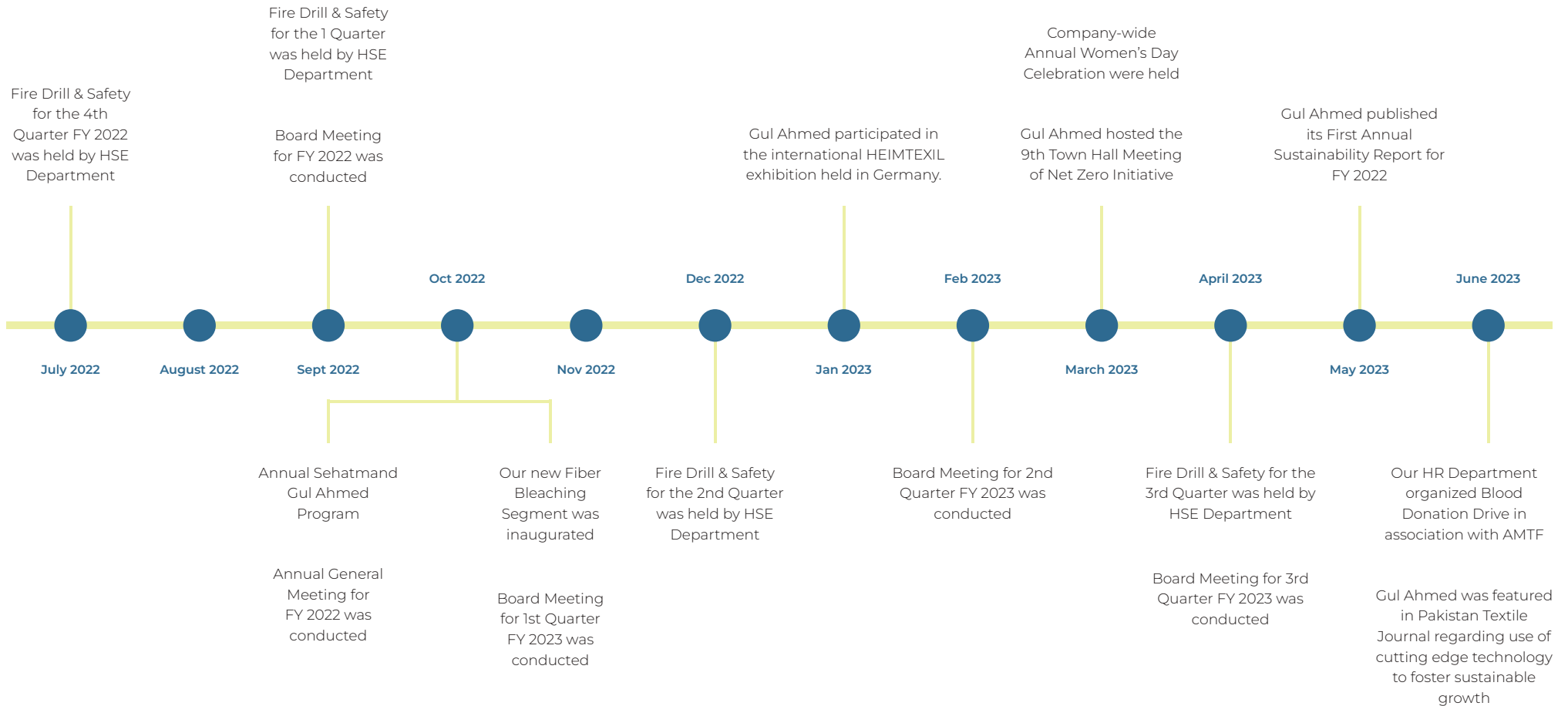
### 9. Ethics and Code of Conduct

A strong code of conduct safeguards a company's ethical foundation. It ensures all operations comply with laws, respect human rights, and have zero tolerance for child or forced labor. It also prohibits anti-competitive practices. This ethical framework not only protects the company from legal repercussions but also fosters long-term success by building trust with stakeholders and consumers.





# Year in Review







## Key Highlights

### Planet



**33%**  
of Raw Materials used  
were from recycled  
sources



Inauguration of  
**Gul Ahmed's  
Fiber  
Bleaching  
Plant**



**15%**  
Reduction in Water  
Discharged



**407 Metric  
Tons**  
Reduction in generation of  
non-production waste

### People



**24%**  
Reduction in attrition of management and  
staff level employees



**100,000+ hours**  
Of Trainings provided to Employees and  
Workers



**100%**  
Retention Rate of Employees Availing  
Maternal Leaves

### Prosperity



**Rs. 115.7 billion**  
In value distributed to suppliers, vendors,  
government and financiers



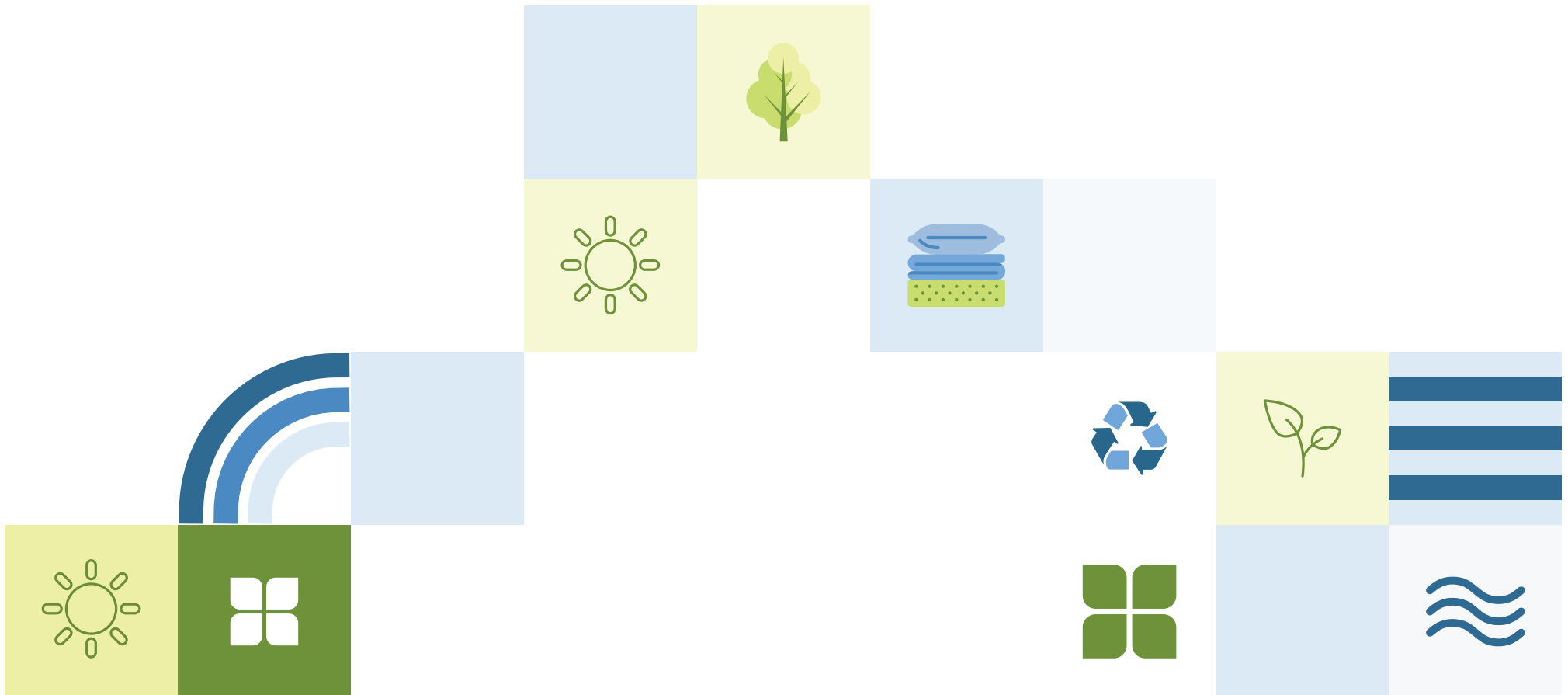
**57%**  
Of supplies procured from local sources



**Rs. 38.9 million**  
Contributed for community uplifting  
initiatives



# Environment & Planet





## Environmental Responsibility: Our Management Approach

In today's dynamic business environment, sustainability stands as a cornerstone for organizational longevity and success. At Gul Ahmed, our steadfast commitment to advancing sustainability across every aspect of our operations underscores its critical role in preserving the environment, fostering resilient communities, and ensuring long lasting business prosperity. To effectively realize our sustainability objectives, we have developed a comprehensive and multifaceted approach, encompassing a range of strategies and initiatives.

Central to our sustainability strategy is the seamless integration of sustainable practices throughout our supply chain. Through strategic collaborations with suppliers and partners who share our sustainability vision, we aim to minimize environmental impacts, enhance transparency, and champion responsible sourcing practices. Furthermore, alongside supply chain sustainability, we place a strong emphasis on optimizing resource efficiency and reducing waste within our own operations. Through the adoption of energy-efficient technologies, taking energy reduction initiatives, water conservation and recycling measures, and proactive waste management strategies, we are committed to reducing our environmental footprint while maximizing the efficient utilization of resources. Not only does this approach drive down operational costs, but it also underscores our unwavering dedication to environmental stewardship.

By ingraining sustainability as a fundamental core value and integrating it seamlessly into every facet of our business, we are not merely mitigating risks and reducing expenditures. Instead, we are strategically positioning ourselves for long-term success in an ever-evolving global landscape, where sustainability is increasingly recognized as a key driver of competitive advantage and organizational resilience.



## Our Materials

For generations, Gul Ahmed has been a cornerstone of textile industry in the sub-continent, proudly producing top-quality fabrics and partnering with some of the world's most acclaimed clothing brands. Our success is built on a foundation of efficiency, innovation, and a relentless pursuit of excellence. This dedication has fueled constant growth, allowing us to consistently meet the demands of a flourishing fashion landscape.

However, with growth comes responsibility. Our high-volume production relies heavily on raw materials including cotton and synthetic fibers. This creates a quantity demand that can put a strain on our suppliers and the environment itself. This serves as a stark reminder of the need for a more sustainable approach.

At Gul Ahmed, we recognize that true leadership goes beyond just being at the forefront of the market. We are committed to create a future where environmental responsibility and economic success are intertwined. This is why we are actively exploring ways to incorporate renewable and recycled materials into our production

processes. We are also focusing on implementing circularity practices, where waste from one stage becomes the raw material for another. This not only reduces our environmental impact but also creates a more resilient and efficient supply chain.

Our commitment to sustainability is further driven by the growing demand for eco-conscious practices within the global textile industry. Our international customers, particularly those in Europe with stringent sustainability standards, are increasingly seeking partners who share their values. At Gul Ahmed, we see this not as a limitation, but as an opportunity to innovate and redefine what it means to be a leader in textile production.

We believe that sustainable practices are not a barrier to growth – they are the key to ensuring our long-term success. By embracing renewable resources and circularity, we can meet the ever-growing demand for quality textiles while safeguarding the environment for future generations.



In 2023, our utilization of renewable raw materials experienced a decline of 4.8%, resulting in a share of 71.9%, primarily attributed to a decrease in overall production and sales compared to 2022. This reduction was particularly notable in products reliant on renewable and sustainable materials. Consequently, our proportion of renewable packaging material also decreased to 63.0%. To provide a comprehensive overview, below are additional insights into the composition of both our raw material and packaging material consumption.

## Gul Ahmed's Material Consumption

	UOM	2021	2022	2023
<b>Raw Material</b>				
Fiber & Yarns	Tons	116,552	125,408	116,049
Chemical & Dyes	Tons	19,393	17,955	14,196
<b>Total</b>	<b>Tons</b>	<b>135,945</b>	<b>143,362</b>	<b>130,246</b>

<b>Packaging Material</b>				
Paper Based Packaging	'000 PCs	63,196	92,475	62,434
Plastic Based Packaging	'000 PCs	29,112	32,919	36,613
<b>Total</b>	<b>'000 PCs</b>	<b>92,308</b>	<b>125,394</b>	<b>99,046</b>

		2021		2022		2023	
		UOM	%	UOM	%	UOM	%
<b>Raw Material</b>							
Renewable	Tons	105,083	77.3%	109,939	76.7%	93,676	71.9%
Non-Renewable	Tons	30,862	22.7%	33,423	23.3%	36,569	28.1%
<b>Total</b>	<b>Tons</b>	<b>135,945</b>		<b>143,362</b>		<b>130,246</b>	

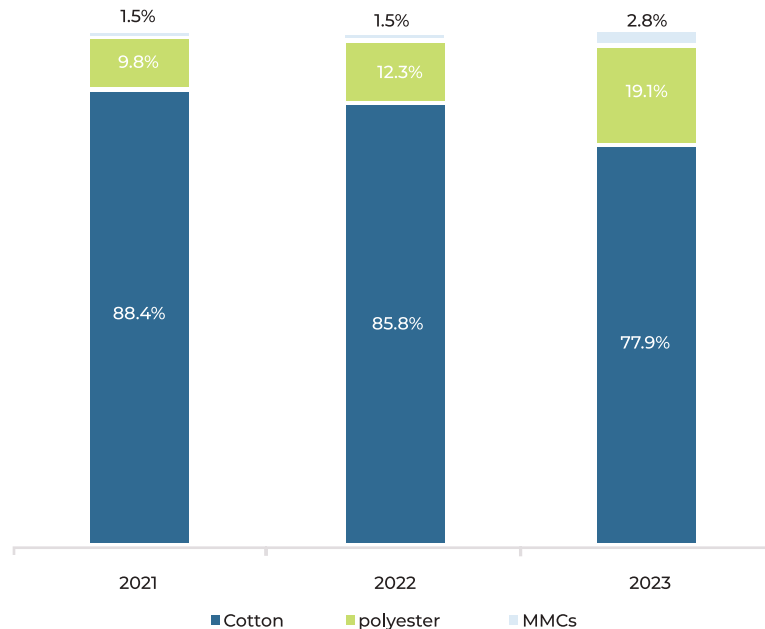
<b>Packaging Material</b>							
Renewable	'000 PCs	63,196	68.5%	92,475	73.7%	62,434	63.0%
Non-Renewable	'000 PCs	29,112	31.5%	32,919	26.3%	36,613	37.0%
<b>Total</b>	<b>'000 PCs</b>	<b>92,308</b>		<b>125,394</b>		<b>99,046</b>	





## Gul Ahmed's Fiber Mix

Throughout our operational journey, our manufacturing processes have undergone significant evolution, accommodating a diverse array of fibers and yarns. While cotton continues to comprise the predominant component of our raw material mix, our utilization of polyester and manmade cellulose ("MMCs") has witnessed steady growth year after year. Furthermore, in 2023, we expanded our exploration to include other yarns and fibers, ranging from sustainable natural alternatives like Jute Fibers to conventional synthetic yarns such as Spandex, Lycra, and Creora. Presently, the fiber mix at Gul Ahmed represents a dynamic fusion of these diverse elements, reflecting our commitment to versatility and innovation in textile production



## Embracing Sustainable Materials

### Cotton:

Cotton, our first and foremost raw material, represents over 75% of our fiber and yarn consumption. Recognizing the significant environmental impact associated with cotton production, we prioritize incorporating sustainability practices throughout our cotton sourcing strategy.

Beyond establishing an in-house cotton waste recycling plant, we have actively diversified our sourcing channels to include a wide range of sustainable cotton options. This multi-pronged approach has enabled us to achieve a remarkable milestone whereby over 70% of the cotton we utilize comes from sustainable sources. These sources include:

**1. Recycled / Reclaimed Cotton:** Gul Ahmed houses its own cotton waste recycling facility which has the capacity to recycle almost 200,000 Kgs per month of production waste. Waste yarns and fibers are washed and cleaned and added to 80% virgin cotton to create a hybrid fiber that can be reused in our spinning operations.

**2. Better Cotton Initiative:** Gul Ahmed became part of the Better Cotton Initiative ("BCI") in 2011. Under BCI, cotton farmers are provided trainings and resources relating to good quality pesticides, fertilizers and water practices along with information about upcoming weather patterns to help them increase their productivity and minimize the environmental impacts associated with conventional cotton farming.





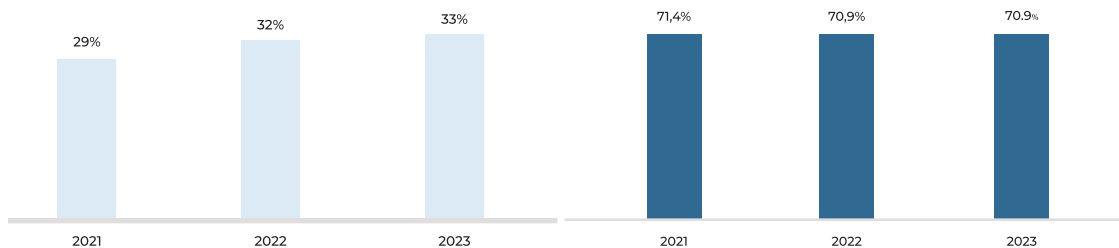
**3. Cotton-Made-in-Africa (“CMiA”):** CMiA, an initiative of the Aid by Trade Foundation headquartered in Hamburg, Germany, is a leading global standard for sustainably produced cotton. Launched in 2005, CMiA goes beyond donations by focusing on empowering African smallholder farmers. Through fair trade practices, CMiA helps improve their living and working conditions. But CMiA's impact extends beyond people. It promotes environmentally friendly cotton production through strict criteria, ensuring responsible use of water and minimal use of pesticides. This not only benefits the environment but also contributes to healthier cotton for consumers.

**4. Organic Cotton:** In a collaborative effort to promote sustainable practices, Gul Ahmed has joined forces with the World Wildlife Fund (WWF) to launch an organic cotton cultivation project in Khuzdar, Balochistan. This initiative empowers local farmers by equipping them with the knowledge and skills to adopt organic farming methods. The project emphasizes eliminating synthetic fertilizers and pesticides, while incorporating science-based water conservation techniques. Additionally, it leverages local knowledge of crop cycles based on the region's topography to optimize yields.



% of Recycle Raw Material

% of Sustainable Cotton





### Polyesters:

At Gul Ahmed, we have experienced a significant increase in polyester consumption, nearly doubling from 11.5 tons in 2021 to 22.1 tons in 2023. While polyester offers certain advantages, we recognize its environmental impact as a petroleum-based material. To address this, we've implemented measures to maximize the use of sustainable alternatives.

Recycled polyester (rPET), derived from recycled plastic bottles, is a key element of our strategy. This approach offers a multitude of benefits, it reduces plastic waste in landfills, requires fewer resources for production compared to virgin polyester, and generates lower greenhouse gas emissions. By prioritizing rPET, we aim to lessen our carbon footprint and contribute to a more sustainable future for the textile industry.



### Man-Made Cellulosic Fibers (“MMCs”):

While MMCs like viscose and lyocell offer a renewable, plant-based alternative to synthetic fibers, traditional production processes can raise environmental concerns. At Gul Ahmed, although MMCs represent a small portion (2.8%) of our materials, we are committed to responsible sourcing.

To ensure sustainability, we partner with industry leaders like Lenzing, a pioneer in MMC production. Their lyocell fibers, used in our products, are manufactured in a closed-loop system. This innovative approach recycles most of the production solvent, minimizing chemical waste. Additionally, all our bamboo fibers are FSC® certified, guaranteeing responsible harvesting practices.



# Gul Ahmed Introduces Its Fiber Bleaching Plant

Gul Ahmed Textile Mills has taken a significant step towards a sustainable future with the inauguration of its brand-new fiber bleaching plant. Renowned for our expertise in spinning, dyeing, processing, stitching, and weaving, Gul Ahmed has now extended its value addition portfolio, further solidifying its position as a comprehensive textile leader. This state-of-the-art facility boasts an impressive 10 bleaching vessels, capable of churning out 50 tons of bleached fiber per day. This translates to an annual production capacity of 15,000 tons, significantly bolstering our ability to meet the ever-growing demand for high-quality textiles.

Being Pakistan's first-ever compact fiber bleaching line, the plant is truly set apart due to its pioneering technology. The inauguration of this groundbreaking facility marks a pivotal moment in Gul Ahmed's history. It signifies the company's unwavering commitment to innovation, sustainability, and exceeding customer expectations. This expansion not only strengthens our position within Pakistan's textile landscape but also paves the way for even greater success in the years to come.

Gul Ahmed is dedicated to minimizing its environmental impact by prioritizing resource conservation. This includes focusing on energy efficiency, reducing chemical usage, and minimizing water consumption throughout the production process. Furthermore, the company is committed to a long-term strategy of utilizing only natural or renewable fibers. This shift away from petroleum-based and man-made fibers signifies a move towards more sustainable materials for a healthier planet.

We prioritize environmental responsibility. Our innovative machinery significantly reduces the environmental impact of fiber bleaching. Compared to conventional methods, we use nearly half the amount of water and energy, and produce 35% less CO<sub>2</sub> emissions.



## Our Competitive Advantage

From meticulously tested raw materials to rigorous finished product analysis, we guarantee exceptional quality. High-tech sorting eliminates impurities, while automatic dosing ensures precise chemical application. Our eco-friendly, chlorine-free bleaching process minimizes environmental impact. Finally, comprehensive testing of whiteness, absorbency, strength, and cleanliness guarantees consistent, top-tier results.





# Managing Energy and Emissions

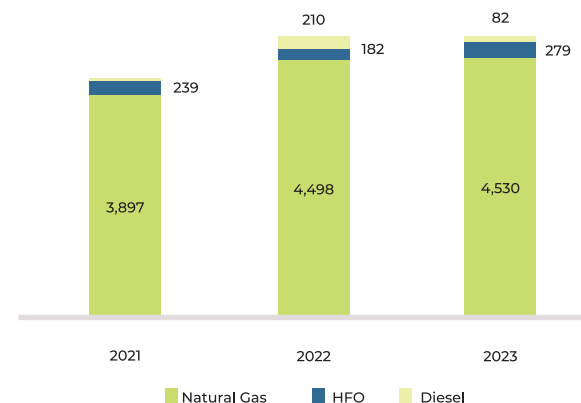
The conservation of energy is an essential step that needs to be taken towards overcoming the mounting problems of the worldwide energy crisis and environmental degradation. Gul Ahmed has established a comprehensive energy management strategy to ensure energy security, focusing on optimization, efficiency, and conservation. We prioritize reducing energy usage and transitioning to cleaner, renewable sources, with regular energy audits and cutting-edge technology adoption.

With our own 50 MW tri-fuel power plant, we internally meet all our electricity, heating, cooling, and steam requirements. Unfortunately, because of disruptions in natural gas supply towards the end of the year and the high costs linked with using alternative fossil fuels, we had to resort to purchasing electricity from external independent power producers. This was necessary to prevent operational breakdowns and ensure timely dispatch of customer orders.

While the disruptions in natural gas were not foreseen, we at Gul Ahmed have already committed towards a more energy efficient and emissions free environment under the Net Zero Pakistan Coalition. To ensure the feasibility and competitiveness of our products at an international stage it is imperative that we switch a substantial portion of our energy generation to renewable sources. For this we have already enlisted the services of some of the best technical experts and we are already exploring several options ranging from wind power to solar to renewable bio-fuels.

During 2023, 93% of our energy requirements were met through natural gas. While natural gas is a cleaner alternative to other fossil fuels we are still cognizant of the GHG emissions produced by our powerplant and have committed to the science-based targets for an absolute reduction in GHG emissions in line with 1.5oC and net zero emissions by 2050. The cumulative fossil fuels consumed by our tri-fuel power plant have produced 244,110 tCO<sub>2</sub>e which is a 2.1% decrease from last year. In addition to our in-house energy generations, we purchased nearly 740 MWh (i.e. 2,663 GJ) of electricity from independent power suppliers.

In House Energy Generation in '000 GJ



**Note 1:** Energy consumption outside the organization is not part of this report as this is outside our reporting boundary.

**Note 2:** GHG Protocol Tool has been used to source, calculate and consolidate all energy conversion factors.

**Note 3:** GJ=Gigajoules

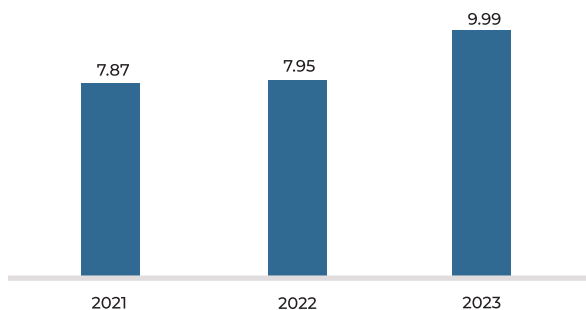
Emissions in ('000 tCO <sub>2</sub> e)	2021	2022	2023
Direct (Scope 1) GHG Emissions	208.6	249.3	243.8
Energy indirect (Scope 2) GHG Emissions	-	-	0.3
	208.6	249.3	244.1

**Note 1:** GHG Protocol Tool has been used to source, calculate and consolidate all emissions into equivalent CO<sub>2</sub> units

**Note 2:** For the calculation of GHG emissions CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub> and NF<sub>3</sub> are included in tCO<sub>2</sub>e



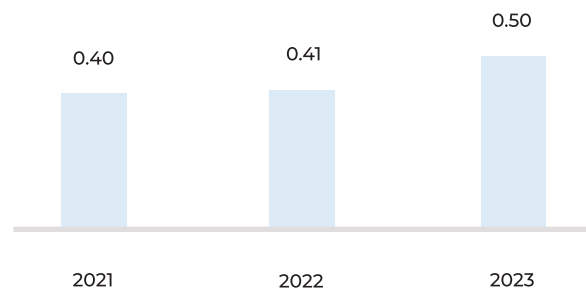
## Energy Intensity (MJ/\$)



**Note 1:** Energy intensity has been calculated on the basis of gross revenue in USD in order to negate the effect of foreign exchange rate movements. Gross USD revenue has been calculated on the basis of average PKR to USD rate of the respective years.

**Note 2:** MJ=Megajoules.

## Emissions Intensity [tco2e/\$]



**Note 1:** GHG Protocol Tool has been used to source, calculate and consolidate all emissions into equivalent CO2 units and include both scope 1 and scope 2 emissions.

**Note 2:** GHG intensity has been calculated on the basis of gross revenue in USD in order to negate the effect of foreign exchange rate movements. Gross USD revenue has been calculated on the basis of average PKR to USD rate of the respective years.

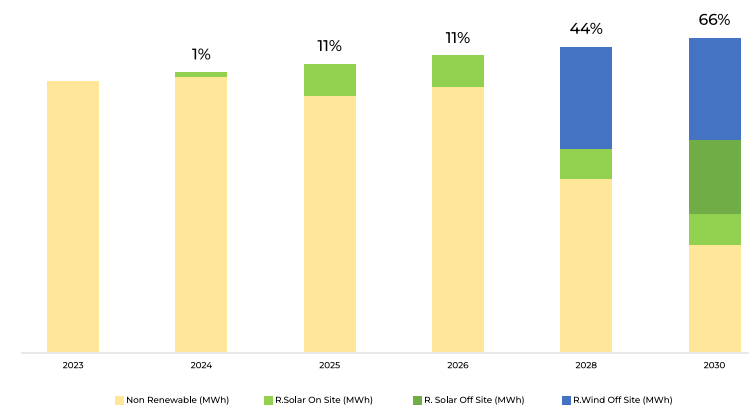
## Adopting Renewable Energy

Considering the increasing trend in our energy requirements, disruptions in supply of natural gas coupled with substantial increase in rate of fuel and the increasing trend in our energy intensity, our senior management has accelerated the exploration and introduction of renewable energy sources in our operations.

For this we had firstly involved solar energy experts to assess the current situations of the rooftops of all our units and provide a detailed report outlining the total capacity of solar panels that can be installed, any capital expenditure required to ensure that the structures can support these new installations and the cost associated with these projects. Based on their assessment, we have determined that we can install solar panel of approx. 19 MW capacity on our rooftops. The negotiation regarding the financial feasibility, operations and maintenance contracts are underway and we hope to enter into an in-principle agreement early next year with the construction and civil work starting near the end of the year. It is our expectation that a part of the solar energy project will be operational by the end of FY 2024. This project will be in addition to the 660 kWh panels already installed at one of our units.

Furthermore, the company is also looking to explore other renewable energy sources like Wind power. Considering our running energy load of approx. 49 MW, ideally a wind farm would be required to provide sufficient energy to power our daily operations. Regular internal and external discussion are being made subject to concluding whether the company should acquire an already existing wind power company or take on a green field project by establishing its own wind farm. While the senior management has started assessing several possible target companies, either option will require substantial timeframe and regulatory approval to be fully implemented.

## Renewable Electricity





# Water Stewardship

At Gul Ahmed we have established a two faceted strategy to manage our impact of water consumption. Considering that textile manufacturing by its inherent nature requires significant amounts of water for processes like scouring, washing, bleaching, sizing, dyeing, and finishing the first step of our strategy for water stewardship involves improving the efficiency of the machines and equipment used in our operations. This involves continuous upgrading and modernization of machinery so that the requirement of water for these processes can be reduced. The emphasis of efficiency is not only directed to the equipment but rather it also involves the training and awareness of workers to treat water as a precious resource whereby playing their part in reducing the daily water consumption.

As part of our strategic approach, our next focus lies in conserving water resources through the promotion of circularity and enhanced recycling within our operations. This objective has gained heightened significance following Pakistan's classification as a "High Water Stress Area" by the World Resource Institute. We recognize the urgent need to alleviate pressure on natural water sources, given the escalating demand for water. By embedding circularity principles into our processes, we aim to reduce dependence on finite freshwater reserves while advocating sustainable water

management practices. Presently, our Effluent Treatment Plant (ETP) facilitates the recycling of 60% of our process effluent, marking a substantial reduction in our water consumption footprint. Looking ahead, our commitment extends towards achieving Zero Liquid Discharge by 2027, underscoring our unwavering dedication to water conservation.

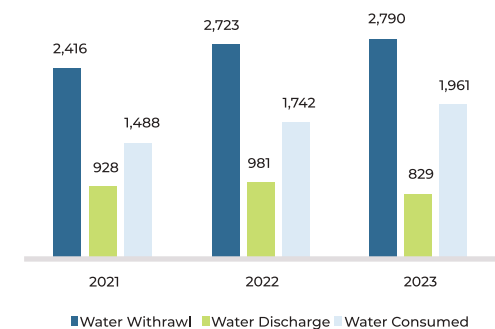
## Our Water Cycle

Our water cycle starts from the fresh water sourced from the municipal authority. The water is used in multiple processes in our operations as already mentioned and it flows out of our premises via a dedicated industrial drain, which is shared among multiple industries. To ensure efficient water management, we meticulously meter both inflow and outflow from this drain, employing rigorous controls and monitoring mechanisms. These measures allow us to accurately assess the quantities directed to our Effluent Treatment Plant (ETP) and those discharged into the industrial drain, consistently meeting regulatory standards. Central to our water management strategy is the assurance of water quality. We maintain an in-house water quality testing laboratory, equipped to conduct thorough assessments of effluent samples. Additionally, we collaborate with third-party entities sanctioned by regulators to verify

compliance with international standards such as ZHDC. Through these stringent testing protocols, we mitigate adverse impacts on water bodies, ensuring minimal environmental harm.

Furthermore, our commitment to sustainable textile production is underpinned by certifications like Sustainable Textile Production (STeP) and adherence to the Higg Index for benchmarking sustainability performance. These initiatives underscore our holistic approach to water stewardship within our operations, prioritizing efficiency, regulatory compliance, and environmental responsibility

Water & Effluents Comparative in MegaLitres





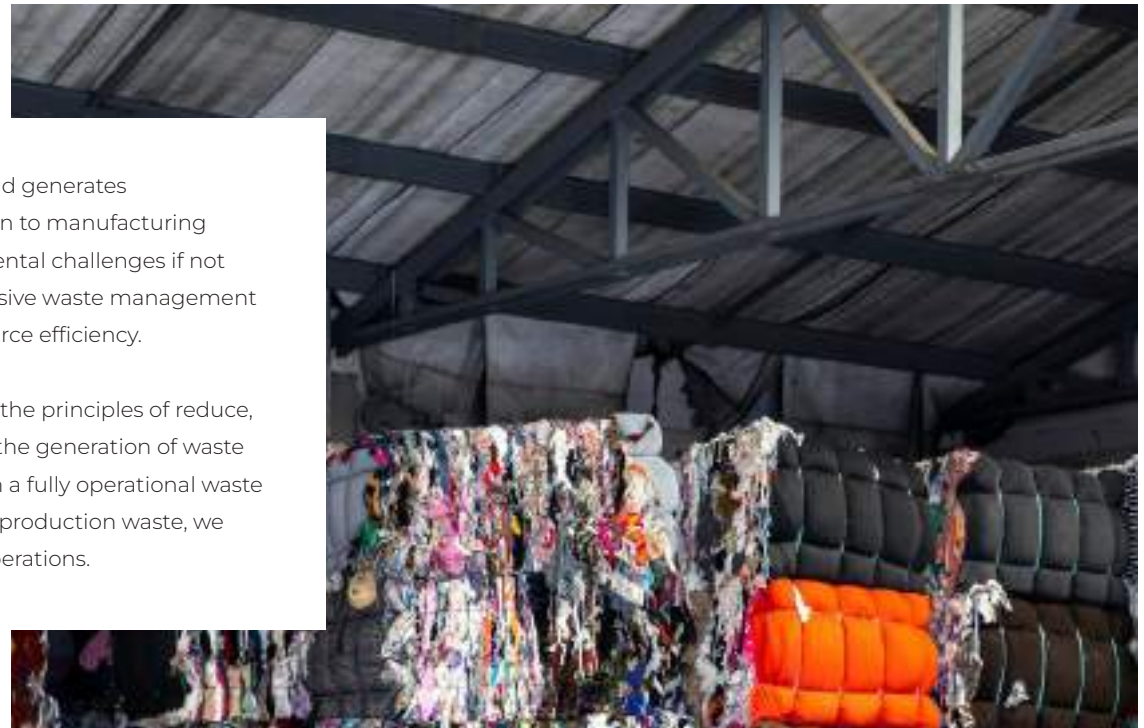
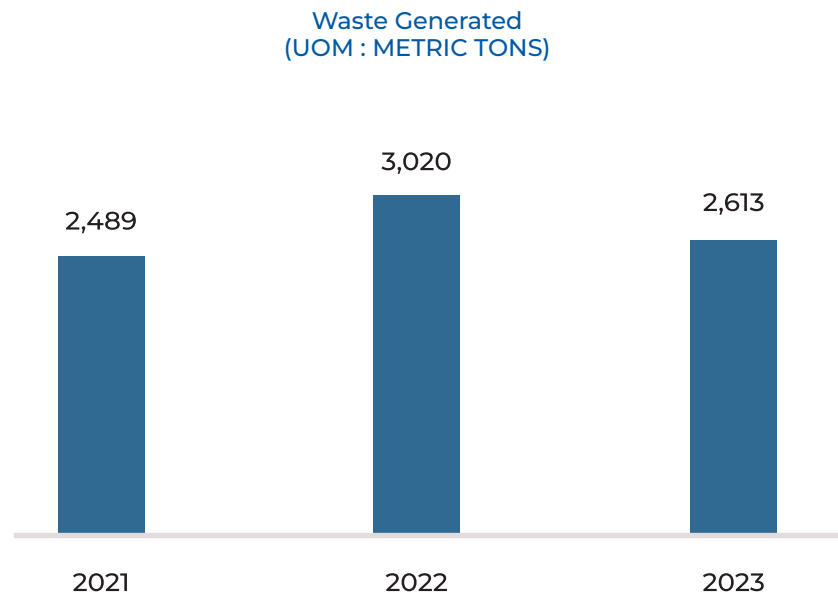


# Waste Management

Gul Ahmed recognizes that the textile industry is inherently resource-intensive and generates significant waste throughout the production process. From raw material extraction to manufacturing and distribution, various stages contribute to waste generation, posing environmental challenges if not managed effectively. In response to this, Gul Ahmed has developed a comprehensive waste management strategy aimed at minimizing its environmental footprint while maximizing resource efficiency.

At the heart of Gul Ahmed's waste management approach lies a commitment to the principles of reduce, reuse, and recycle. By adopting these principles, the company seeks to minimize the generation of waste at the source, thereby mitigating environmental impact from the outset. Through a fully operational waste recycling unit that recycles self-generated and externally sourced non-hazardous production waste, we aim to optimize resource utilization and minimize waste generation across our operations.

Waste Generated  
(UOM : METRIC TONS)



Waste Generated (Metric Tons)	2021	2022	2023
Hazardous	349*	201*	493
Non-Hazardous	2,140*	2,820*	2,119

**Note:** Data for non-production waste only

\* Restated due for reasons of comparability and accuracy to current year values, the restated figures include non-production waste only



A significant challenge we must address involves the hazardous waste generated by our manufacturing operations, particularly those involving chemical processes like bleaching, dyeing, and printing. Managing this waste demands careful attention and strict adherence to protocols to minimize its negative environmental consequences. Therefore, we have enlisted the expertise of third-party waste management professionals to ensure the proper disposal of such waste, aligning with regulatory and ethical guidelines.



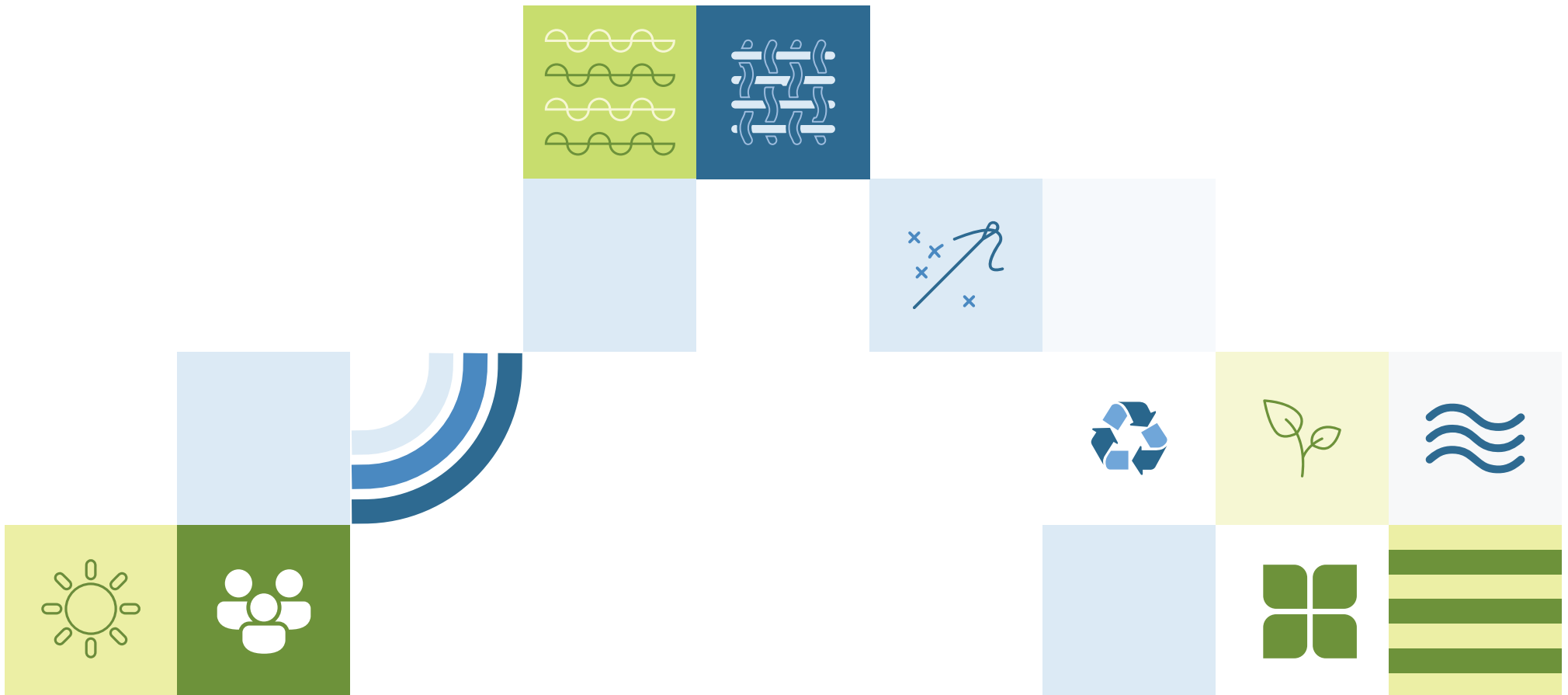
Waste Disposed (Metric Tons)	Hazardous				Non-Hazardous			
	Directed from Disposal		Disposed		Directed from Disposal		Disposed	
	Recycle	Reuse	Incinerate	Landfill	Recycle	Reuse	Incinerate	Landfill
2021	3*	-	346*	-	1,435*	89*	-	616*
2022	4*	-	197*	-	2,184*	50*	-	586*
2023	8	-	485	-	1,330	58	-	730

**Note:** Data for non-production waste only

\*Restated due to reasons of comparability and accuracy to current year values, the restated figures include non-production waste only



# People & Community







## Employee-Centric Initiatives

Gul Ahmed has a vision to instill sustainable practices in all spheres of its operations to limit its footprint in causing lasting damage to the world. One of the more prominent aspects of sustainable development revolves around the aspect of people. By establishing employee-centric initiatives, we aim to foster a working environment where each employee feels valued, empowered, cared for, and compensated.

Our company has been on a mission to enrich the lives of our employees by providing them with equal employment opportunities, tending to their training and development needs, while keeping the environment safety and security in check. All of this is possible with the help of Gul Ahmed's thoroughly crafted HR strategies that focus on employee enablement, engagement, and empowerment.

Our comprehensive talent management strategy has helped us in attracting, developing, and retaining top talent, while driving organizational success and sustainable growth in the textile industry.

### Workforce Dynamics

Gul Ahmed's workforce composed of 15,624 individuals at the year end June 2023, inclusive of a diverse range of employees stationed under multiple segments and departments within the company. The recruitment process upholds the standards of non-discrimination and provides equal opportunity to people from all walks of life. However, a subtle preference is given employees from the local community.



### Composition of Workforce as at June 30

	2021	%	2022	%	2023	%
<b>By Gender</b>						
Male	14,156	92%	14,606	94%	14,747	94%
Female	1,189	8%	887	6%	877	6%
	<b>15,345</b>		<b>15,493</b>		<b>15,624</b>	
<b>By Age Group</b>						
Below 30	6,837	45%	8,142	53%	6,413	41%
Between 30 to 50	7,807	51%	6,450	42%	8,358	53%
Above 50	701	5%	901	6%	853	5%
<b>By Employment Type</b>						
Permanent	14,575	95%	14,536	94%	14,661	94%
Contractual	770	5%	957	6%	963	6%
<b>By Grade</b>						
Management & Staff	4,199	27%	4,067	26%	3,930	25%
Workers	11,146	73%	11,426	74%	11,694	75%

### Composition of Workforce as at June 30

	2021 (%)	2022 (%)	2023 (%)
<b>Management &amp; Staff by Gender</b>			
Male	95%	95%	95%
Female	5%	5%	5%
<b>Management &amp; Staff by Age Group</b>			
Below 30	18%	19%	21%
Between 30 to 50	71%	70%	69%
Above 50	11%	11%	10%
<b>Workers by Gender</b>			
Male	91%	94%	94%
Female	9%	6%	6%
<b>Workers by Age Group</b>			
Below 30	55%*	64%*	48%
Between 30 to 50	43%*	32%*	48%
Above 50	2%*	4%*	4%



**Note:** Workforce composition has been derived with the help of the headcount methodology and as at the end of the reporting period stated in the Global Reporting Initiative Standards, 2021.

\* Restated due to arithmetical error in calculation



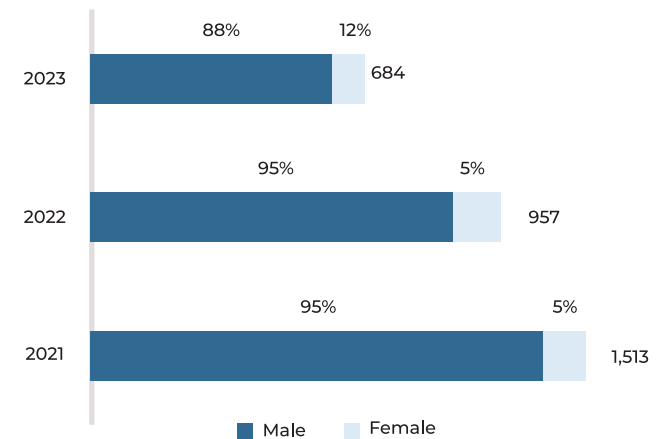


## Hiring and Attrition

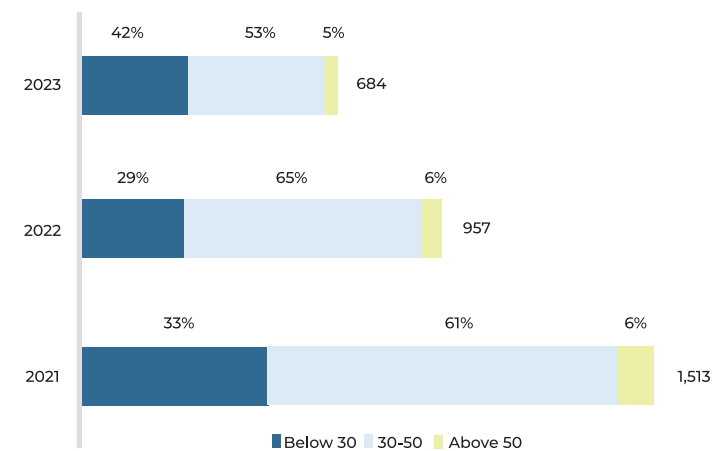
Gul Ahmed strives to bring onboard a diverse range of employees that bring about a mix of different ideas; hence, we are always on the lookout for talented individuals that can join our ranks. Our hiring process is continuous in order to meet the needs of our growing business, while ensuring that we are providing equal opportunity to those in need.

The HR, along with our Management, has successfully established a meticulous framework that ensures a balance between the employees in terms of diversity and inclusion. Furthermore, our hiring policies and processes require that all applicants are thoroughly vetted to ensure no incidents of Child Labor or Forced Labor occur within our operations.

Hiring of Management & Staff - By Gender



Hiring of Management & Staff - by Age Group



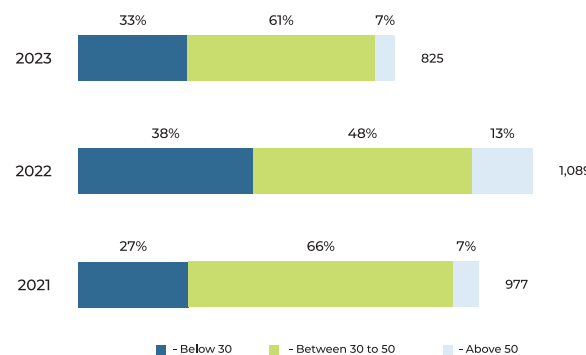




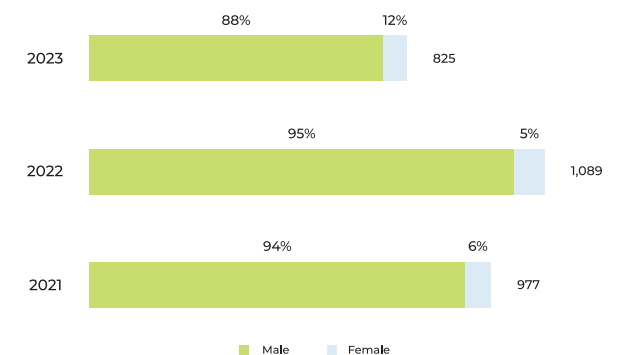
We place a premium on employee well-being, underpinned by robust HR practices that prioritize employee satisfaction above all else. Despite the textile industry's propensity for high turnover rates in Pakistan, we have implemented clear policies to facilitate a smooth separation process when necessary. Permanent employees give one month's notice upon resignation, while probationary employees serve one week after acceptance. We also offer one month's notice for situations where significant changes in the position or duties of any employee occur, which may affect his/her ability to continue employment.



Separation of Management &amp; Staff - By Age Group



Separation of Management &amp; Staff - By Gender







## Employee Empowerment

Gul Ahmed actively takes part in encouraging its employees to reach their true capacities while coping with changing economic conditions and spreading awareness about ongoing advances around the world. We empower our employees by building trust, enhancing enthusiasm, decision-making, and breaking inner limits between management and employees.

To achieve our goals of employee empowerment, our HR strategizes to provide employees with relatable and quality training and development, all the while ensuring diversity and inclusion in the workplace.

Year	Employee Grades	Total Employees	Total Training Hours	Training per Employee
2020-2021	Management & Staff	4,199	33,304	7.93
	Workers	11,146	55,995	5.02
2021-2022	Management & Staff	4,067	35,466	8.72
	Workers	11,426	62,617	5.48
2022-2023	Management & Staff	3,930	34,623	8.81
	Workers	11,694	69,219	5.92



## Training and Development

Job enrichment and enlargement facilitates employees to expand their horizons and continue their journey to a successful and fulfilling career. Constant development accelerates employees' motivation and satisfaction levels. At Gul Ahmed, there is a constant drive to empower our employees by providing them with external and internally designed training that caters to their professional growth.

For the year 2023, we provided a collective of 103,842 hours of training to all our employees, which is a composition of management, staff, and workers. These training sessions follow curriculum specifically designed for each grade of employees, depending on their development needs. Gul Ahmed offers a mix of:

### • Skill Development:

Our organization's skill development program is a dynamic platform fostering continuous growth and collaboration among employees. Through a strategic blend of internal expertise and external trainers, we curate comprehensive training sessions encompassing various departments' insights and industry best practices. New employees are seamlessly integrated into this program through personalized onboarding sessions, mentorship opportunities, and tailored training modules designed to accelerate their learning curve. Emphasizing the exchange of expertise, our program encourages cross-departmental interaction, enabling employees to harness a diverse skill set and drive innovation across the organization.

Our skills development program also extends its support to our security personnel stationed on our premises. They receive specialized awareness training sessions focusing on fundamental Human Rights aspects, including discrimination practices, forced labor, and child labor. This initiative plays a crucial role in fostering a safe and secure environment for everyone within our organization.





### • Women Training:

Gul Ahmed operates a specialized Women Training Center tailored to empower females by equipping them with essential skills. Here, women receive comprehensive training in basic stitching techniques, coupled with practical experience operating various machines under the guidance of dedicated support staff and trainers. Upon completion, these women transition into permanent employment within the organization, where they are provided with opportunities for further growth and advancement in their careers.

### • External Training:

Our commitment to employee development extends beyond internal programs, as we actively engage in providing external training opportunities to ensure our workforce stays abreast of the latest laws and regulations. These comprehensive sessions cover a spectrum of crucial topics, including taxation, accounting principles, sustainability standards, and cutting-edge production techniques. By facilitating access to external experts and institutes, we empower our employees to remain informed and adaptable in an ever-evolving business landscape. These trainings not only enhance individual expertise but also bolster our organizational agility and compliance, fostering a culture of continuous improvement and innovation.

### • Lead Programs:

We have implemented a specialized training program designed to equip employees with the skills to become trainers themselves. Through our “Train the Trainer” courses, participants undergo comprehensive instruction on effective teaching methodologies, presentation techniques, and adult learning principles. These empowered trainers play a pivotal role in cascading knowledge, fostering collaboration, and driving performance improvement across teams.

To gauge the efficacy of our programs, we conduct annual performance evaluations for both management and staff-level employees within our organization. This comprehensive process involves gathering records and soliciting feedback from immediate superiors to assess each employee's performance against predefined Key Performance Indicators (KPIs). Through this evaluation, we pinpoint areas for employee enhancement and identify any shortcomings within our training initiatives, enabling us to devise targeted strategies for improvement. Moreover, this process enables us to recognize high-performing individuals, offering them opportunities for accelerated career advancement, thereby promoting job satisfaction and enhancing our ability to retain top talent. The insights gleaned from these evaluations are then deliberated upon in our routine Performance Review Meetings with department heads or team leaders, informing decisions regarding performance-based rewards.







## Diversity and Inclusion

Gul Ahmed takes great pride in its constant efforts to create a diverse and inclusive workplace environment. Over the years, there have been consistent efforts to reduce the gender gap while also supporting specially-abled individuals.

The HR strategies in place for recruitment did not change for the year 2023, diversity and inclusivity were the center of decision-making. However, the dip in the number of people with disabilities are attributable to factors such as changes in personal circumstances for such individuals along with movement to other organizations for immediate career enhancements opportunities.

Keeping this in view, Gul Ahmed is hoping to overcome this challenge by increasing outreach efforts and focusing more on recruitment strategies targeting individuals with disabilities. Moreover, we will take steps to overcome any barriers to workplace accommodations, provide better support systems, and increase resources dedicated to disability inclusion programs.







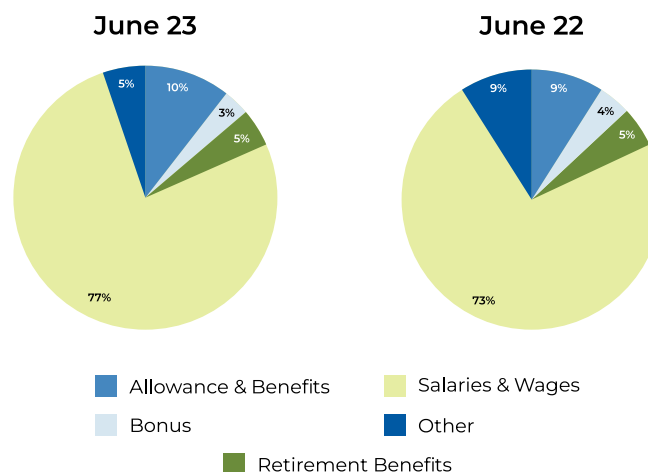
# Compensation and Benefits

Gul Ahmed enforces strong policies in compliance to the laws and regulations set for employee remunerations. The Human Resource and Remuneration Committee plays a pivotal role in advising the Board on remuneration policies and procedures and makes recommendations on remuneration packages and terms of employment for the directors and executive managers along with providing guidance to our management and HR function in their roles regarding employee management.

Reflecting our commitment to equitable employee standards, we regularly adjust remuneration and benefits based on merit and economic conditions. In the fiscal year ending June 2023, we allocated approximately Rs.13.54 billion toward this cause, a notable increase from the Rs.11.19 billion in 2022. Importantly, these adjustments were made in strict compliance with government-mandated minimum wage regulations. Furthermore, all employees are ensured compensation in accordance with the minimum wage, maintaining a ratio of at least 1:1 for entry-level wages compared to the local minimum wage for both male and female workers in 2023.

By consistently evaluating and adapting our compensation strategies, we endeavor to not only recognize and reward the contributions of our workforce but also to foster a culture of inclusivity and prosperity for all members of our organization. Through these concerted efforts, we aim to establish and sustain an equitable living standard that reflects our core values and principles.

Benefits provided by Gul Ahmed also cover Parental leave provided to all eligible employees. We aim to ensure that there is enough time provided to its female employees for their well-being by allowing 4 weeks of pre and 12 weeks of post-partum leaves. Along with this, employees are facilitated during this period by allowing them to have shortened working hours or if their job description allows, they may be allowed to work-from-home as well. Almost 83% of the employees that availed paternity leaves joined back during the period, which is a stark increase from last year.



**Retention Rate of Employees availing Maternity Leaves**

	2021	2022	2023
No. of employees availing maternity leaves	20	20	11
Number of employees returning on same or equal position	6	10	11
Retention Rate of Employees	30%	50%	100%

**Note 1:** All Employees who joined the company after maternity leaves remained employed for the next 12 months after re-joining.

**Total Parental Leaves Availed by Employees**

	2021	2022	2023
Number of days employees availed parental leaves	1,465	1,509	896

**Allowances and Benefits**

Gul Ahmed strives to support its employees by providing them with the appropriate benefits and growth opportunities. While remuneration is the most important aspect and motivating factor, we believe that certain benefits can aid in improving their work-life balance and enrich their lives. At Gul Ahmed, we provide our employees with the following benefits:



Health Benefit & Life  
Insurance



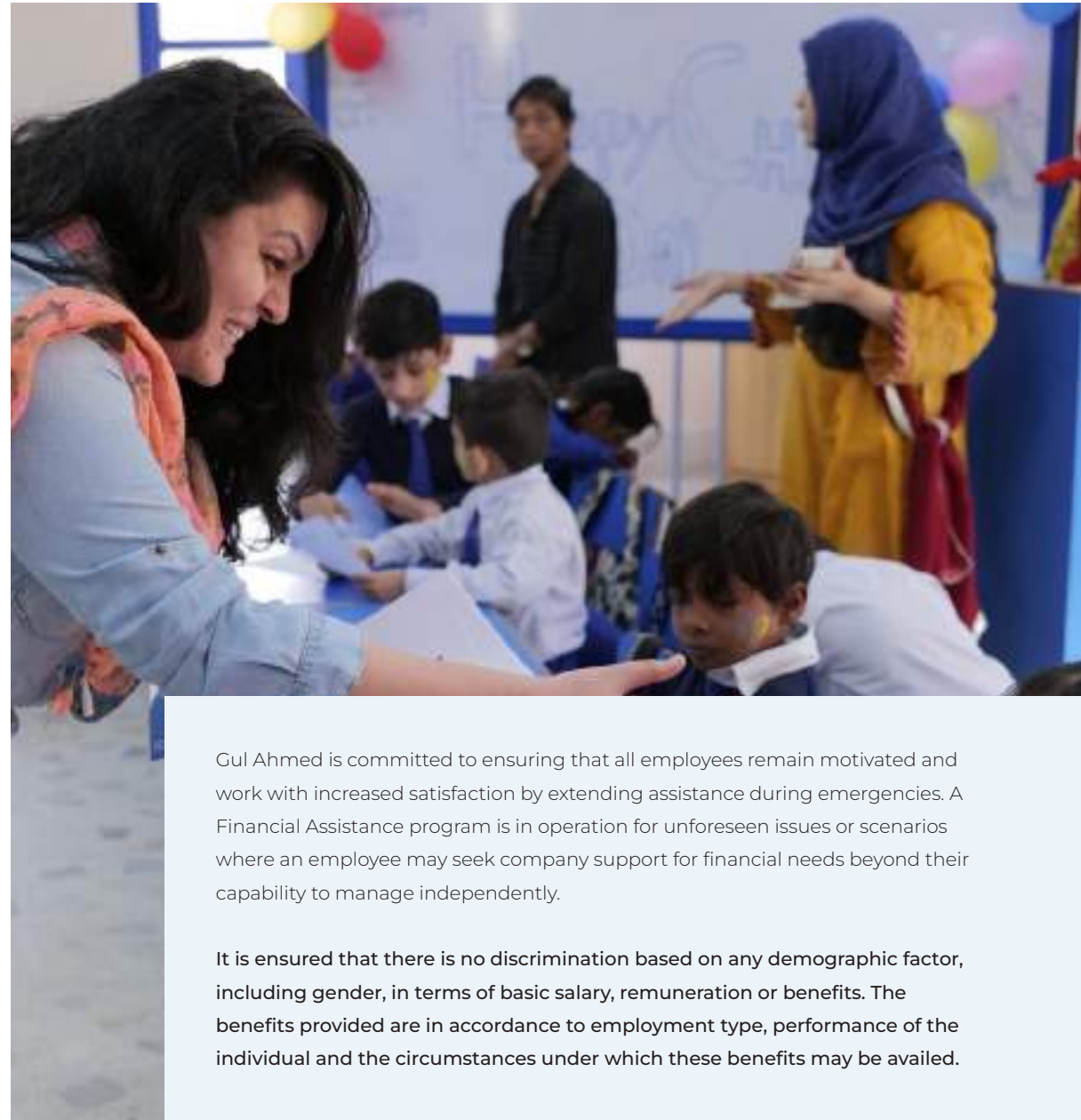
Provident Fund



Employees Old-Age  
Benefits (EOBI)



Paid Leaves (Casual, Sick,  
Annual & Maternity)



Gul Ahmed is committed to ensuring that all employees remain motivated and work with increased satisfaction by extending assistance during emergencies. A Financial Assistance program is in operation for unforeseen issues or scenarios where an employee may seek company support for financial needs beyond their capability to manage independently.

It is ensured that there is no discrimination based on any demographic factor, including gender, in terms of basic salary, remuneration or benefits. The benefits provided are in accordance to employment type, performance of the individual and the circumstances under which these benefits may be availed.



# Employee Engagement

We organize and execute Employee Engagement initiatives that are mutually appreciated by both employees and management. These initiatives range from Information Sharing Sessions and Departmental picnics to event celebrations, with a crucial focus on providing a platform where the voices of employees are heard.

We are dedicated to ensuring our workforce is engaged and supported in all facets of their job. The employee engagement survey serves as a valuable tool for receiving feedback. To maintain ongoing improvement in engagement, we plan social events throughout the year, including award ceremonies and service recognition, to acknowledge the internal and external achievements of our employees.



## Women's Day

Gul Ahmed promotes equality and proudly advocate & celebrate the hard work and dedication of women in business. Each year, we honor and empower our women employees with various events and activities on Women's Day. From inspirational talks to special recognition ceremonies, we ensure every woman feels valued and appreciated. We also offer skill development and mentorship programs to promote gender equality in the workplace.



## 14th August

We at Gul Ahmed proudly celebrates the spirit of patriotism and unity among our employees. From flag hoisting ceremonies and speeches to themed decorations and competitions, we foster a sense of national pride and belonging among our workforce. Furthermore, we encourage our employees to participate in CSR projects and initiatives aimed at promoting the prosperity and progress.



## Free Medical Camps

As part of Wellness Month at Gul Ahmed, prioritizing the well-being not only of our employees but also our workers, we organize a yearly free medical checkup. This year, approximately 1867 workers benefited from this initiative. Our medical camp offers essential services such as dentistry, vitamin checks, blood tests, and asthma screenings. By offering these services on-site with healthcare partners, we ensure convenience and accessibility for all.



# Wellness Month

## #SEHATMANDGULAHMED

Sehatmand Gul Ahmed goes beyond the physical, encompassing eight pillars of well-being:

### Mental

Sharpening cognitive skills, enhancing memory, and promoting mental clarity.

### Social

Cultivating strong, supportive relationships within the organization.

### Intellectual

Encouraging continuous learning and personal growth.

### Occupational

Ensuring a positive and fulfilling work environment.

### Environmental

Promoting eco-conscious practices and contributing to a sustainable future

### Financial

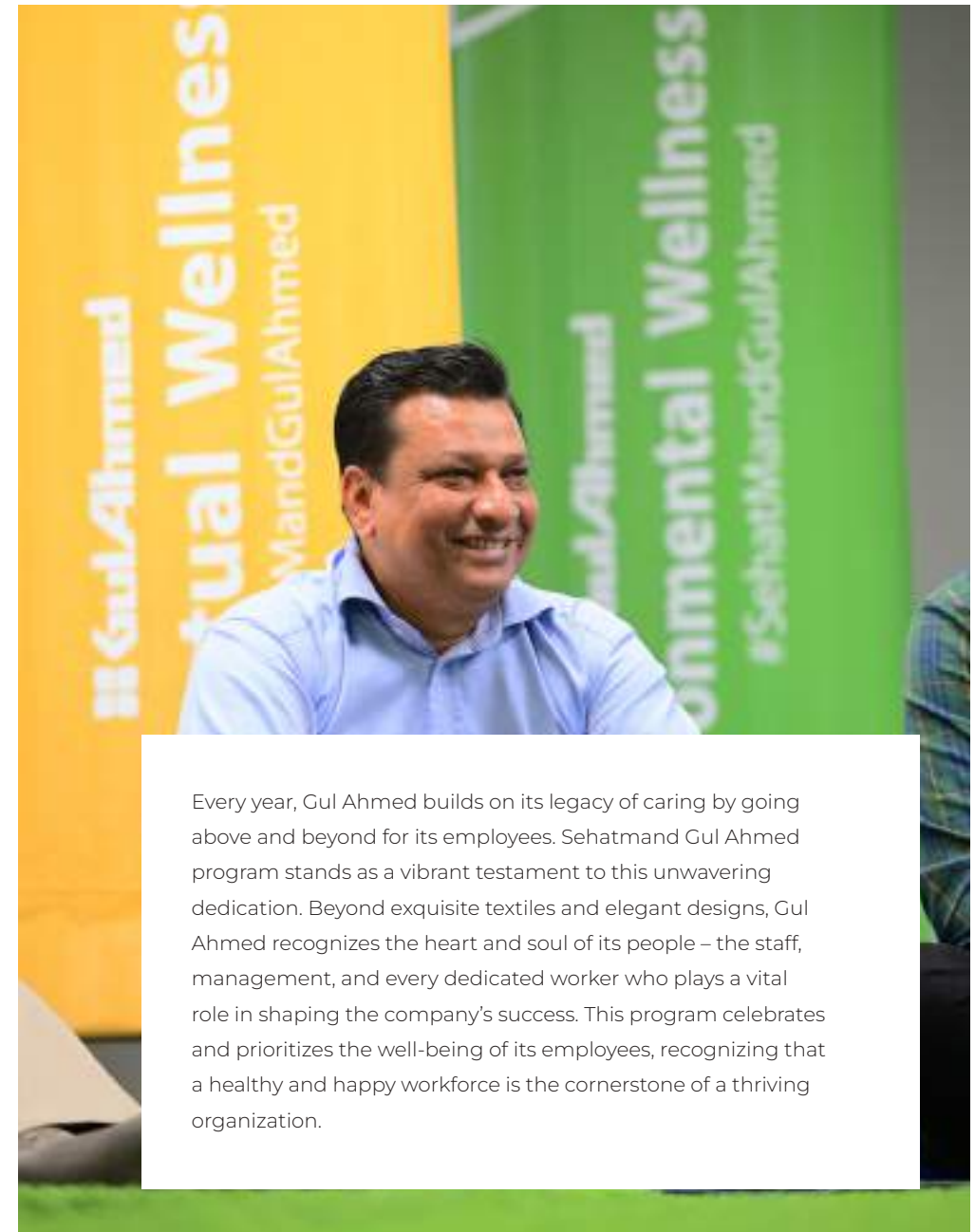
Equipping employees with tools for financial literacy and planning.

### Spiritual

Connecting with a sense of purpose and meaning in life.

### Emotional

Fostering emotional intelligence, managing stress, and building resilience.



Every year, Gul Ahmed builds on its legacy of caring by going above and beyond for its employees. Sehatmand Gul Ahmed program stands as a vibrant testament to this unwavering dedication. Beyond exquisite textiles and elegant designs, Gul Ahmed recognizes the heart and soul of its people – the staff, management, and every dedicated worker who plays a vital role in shaping the company's success. This program celebrates and prioritizes the well-being of its employees, recognizing that a healthy and happy workforce is the cornerstone of a thriving organization.





Date	Total Sessions	Total Employees Trained	Total Hours Earned	Average Training Per Person
Oct-Nov	12	2,179	9,999	4.58

### Beyond A Month, Beyond A Program

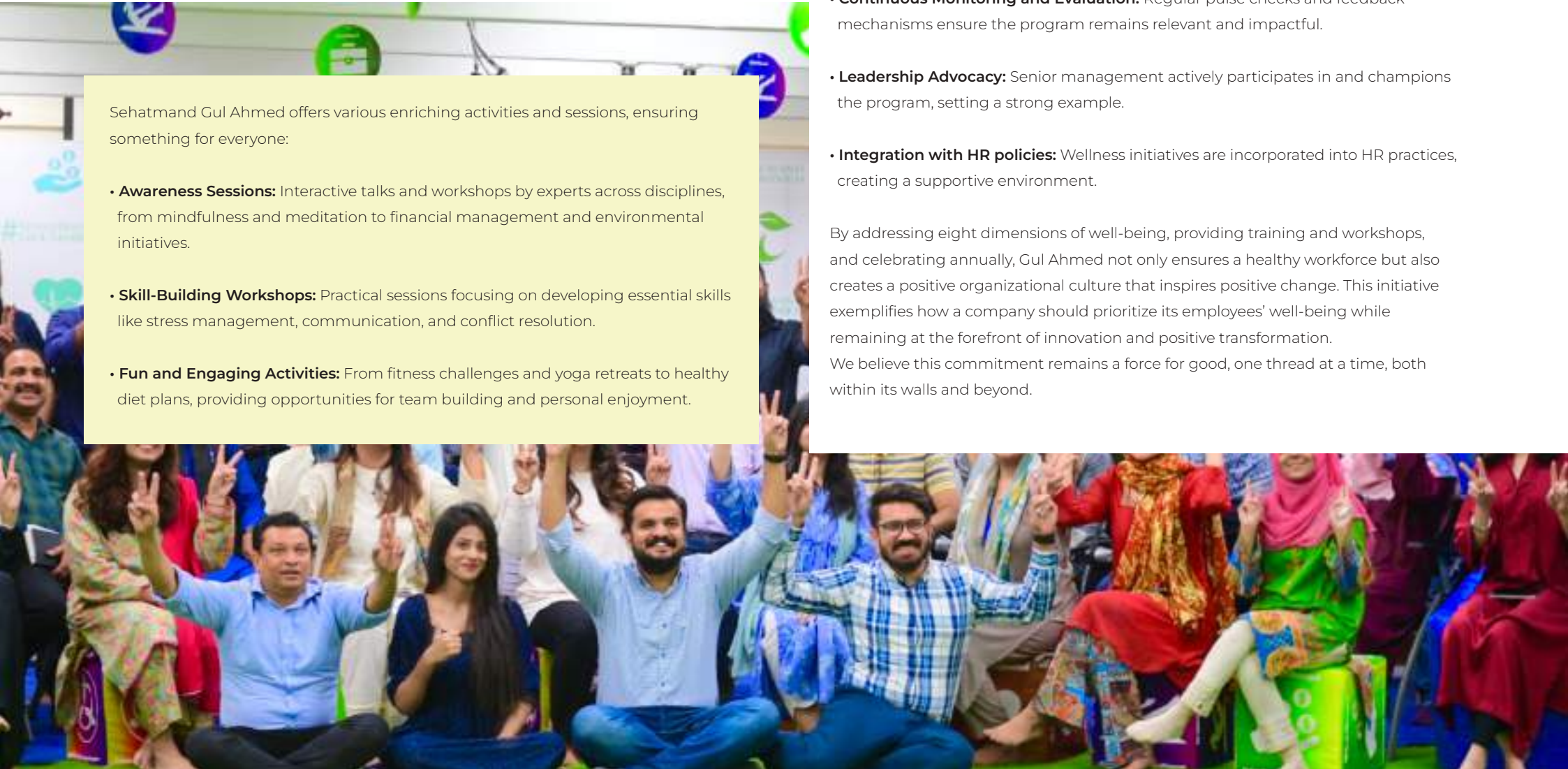
Sehatmand Gul Ahmed is not just a month-long celebration; it's a philosophy woven into the fabric of Gul Ahmed's culture. The commitment to employee well-being manifests through:

- **Continuous Monitoring and Evaluation:** Regular pulse checks and feedback mechanisms ensure the program remains relevant and impactful.
- **Leadership Advocacy:** Senior management actively participates in and champions the program, setting a strong example.
- **Integration with HR policies:** Wellness initiatives are incorporated into HR practices, creating a supportive environment.

By addressing eight dimensions of well-being, providing training and workshops, and celebrating annually, Gul Ahmed not only ensures a healthy workforce but also creates a positive organizational culture that inspires positive change. This initiative exemplifies how a company should prioritize its employees' well-being while remaining at the forefront of innovation and positive transformation. We believe this commitment remains a force for good, one thread at a time, both within its walls and beyond.

Sehatmand Gul Ahmed offers various enriching activities and sessions, ensuring something for everyone:

- **Awareness Sessions:** Interactive talks and workshops by experts across disciplines, from mindfulness and meditation to financial management and environmental initiatives.
- **Skill-Building Workshops:** Practical sessions focusing on developing essential skills like stress management, communication, and conflict resolution.
- **Fun and Engaging Activities:** From fitness challenges and yoga retreats to healthy diet plans, providing opportunities for team building and personal enjoyment.







## Community Engagement and Contribution

We believe that fostering a sustainable future requires collaboration across larger ecosystems, wherein corporations play a pivotal role in addressing climate, social, and community challenges. By effectively managing our impacts, we enhance our ability to create value and promote prosperity by uplifting the lives of marginalized communities, reducing inequality, and aiding those in need.

Gul Ahmed played a role in enabling our community by donating a sum of Rs.38.9 million in 2023, with Rs.1.9 million on the mission for providing quality education, Rs.2 million in medical assistance, and Rs.34.9 to protect the environment and improve living standards of our community.





# Health & Safety

We at Gul Ahmed are committed to provide a safe and healthy working environment to its employees where they can work securely without the fear of injury or illness. Our Health and Safety Management ("HSE") System is designed in compliance with the local regulations (Sindh Occupational Safety & Health Act 2017), international standards such as Sustainable Textile Production (STeP) and buyers specific Code of Conducts that are communicated and implemented across the organization.

The HSE Management System implemented at Gul Ahmed is based on the methodology of Planning-Doing-Checking-Acting ("PDCA") cycle in accordance with ISO 45001 -2018, covering all processes of our operations.

## HSE Training at Gul Ahmed

Mandatory HSE training is provided to employees/contractors at the time of induction before allowing them at the workplace for their assigned jobs. These trainings have allowed to enhance the overall safety awareness level of the workforce and has yielded a significant result in prevention & mitigation of accident/injuries at the workplace.

In addition to the training provided during induction, our HSE department also holds multiple trainings for employees during the year conducted by qualified and trained HSE Staff. These training include Firefighting, Workplace Safety & Ergonomics, First Aid Training, Mock evacuation drills, etc.

Moreover, we take a step forward and have a Permit to Work ("PTW") system in place to further ensure that work is done safely and efficiently. The PTW system is an integral part of our HSE system at Gul Ahmed as all hazardous non-routine jobs having potential risks are required to be performed through this system to prevent & minimize critical injuries. It involves procedure request, review, authorization, documenting and, most importantly, de-conflicting of tasks to be carried out by workers. It ensures affected personnel are aware of the nature of the work and the hazards associated with it, all safety precautions have been put in place before starting the task, and the work has been completed correctly.

### Routine HSE Trainings

- Firefighting training
- Workplace Safety and Ergonomics
- First Aid Training
- Training of Safe Chemical Handling
- Job Safety Training of Welders
- Safe Handling of Wastage for House Keeping Staff
- Job Safety Training of Forklift Operators
- Training of Emergency Response Team (ERT)
- 5S /House Keeping Training
- Emergency Evacuation Mock Drills



# Fire Prevention, Detection & Protection

Protection of life and property remain our paramount priorities, therefore, the company maintains a rigorous fire safety protocol, encompassing proactive measures to prevent fire hazards, including regular inspections of electrical systems, machinery, and storage areas. State-of-the-art fire detection systems are installed throughout the facilities, equipped with smoke detectors, heat sensors, and alarm systems to promptly alert personnel in case of any potential fire incidents. Our firefighting system include:



Fire Pumps Set of 1250 capacity



Sprinkler System



Emergency Intervention Fire Vehicle



Smoke Detectors and Alarm Systems



# Identification of Hazards, Risk Assessment, & Investigation

In pursuance of its commitment to provide safer and hazard free working environment we have undertaken the comprehensive process of risk assessment of all operations, processes and activities for elimination and mitigation of potential risks by implementing suitable controls.



Risk assessment is conducted on the basis of five steps by a team comprising HSE professionals. Continuous follow-ups are done of the highlighted hazards till their complete rectification.



Gul Ahmed prioritizes and promotes a safe, hazard-free working environment, for which the following routine checks are in place:

1. Yearly Risk Assessments
2. HSE Bulletins
3. HSE Committee Meetings
4. Incident Investigations
5. Safety Rounds / Onsite Visits
6. Internal Inspection




With the help of risk assessment and routine checks, we are able to ensure machine and ergonomic safety for our employees who are directly exposed to such hazards. Automatic sensors and safety guards are installed in appropriate locations like moving or rotating parts of a machine, to protect employees from accidents and injuries. Moreover, employees operating stitching machines who were exposed to ergonomic risks due to prolonged working in sitting condition were provided ergonomically fit chairs. Furthermore, Anti-fatigue mats are also placed in relevant areas to ensure physical hazards are mitigated.

Risk assessment is executed by a team of qualified professionals at the managerial level, holding certifications from organization like National Examination Board in Occupational Safety and Health ("NEBOSH") and Institution of Occupational Safety and Health ("IOSH"). The hazards are identified, evaluated, reported on the prescribed format with recommended control measures in accordance with the hierarchy of controls.



# Emergency Management

In case of any incidents / accidents, we have a detailed SOP present to help alleviate the situation. All incidents/accidents including near misses are properly investigated and proper corrective & preventive measures are taken to prevent the recurrence of such situations. Gul Ahmed ensure immediate access to first aid rooms, competent paramedic, ambulance services, and emergency intervention vehicle or fire vehicle.

 First Aid	 Ambulance Service	 Emergency Intervention / Fire Vehicle
<p>Well-equipped first aid rooms are available with access to trained, competent and experienced paramedical officers/ first aiders at each facility. Facilities include:</p> <ul style="list-style-type: none"><li>• Wheel chairs</li><li>• Stretchers</li><li>• Oxygen cylinders</li><li>• Nebulizer</li><li>• BP apparatus</li><li>• Temperature meters</li><li>• Portable stretchers</li></ul>	<p>A fully-equipped ambulance service is available round the clock, with facilities including:</p> <ul style="list-style-type: none"><li>• Air condition</li><li>• BP apparatus</li><li>• Oxy meter</li><li>• Stretchers,</li><li>• Oxygen cylinders,</li><li>• First aid kits</li><li>• Additional seat for attendant</li></ul>	<p>An emergency intervention or fire vehicle remains at ready response to handle any fire incident /emergency situation in the premises. Fire vehicles are equipped with:</p> <ul style="list-style-type: none"><li>• Fire extinguishers</li><li>• Fire hose pipes</li><li>• Fire hydrant jet &amp; showering nozzles</li><li>• Fire blanket</li><li>• Dividing bridge</li><li>• Foam making branch</li><li>• Barricading tap &amp; chain</li><li>• First aid kit</li><li>• Spill kit</li><li>• PPEs including full body safety harness</li><li>• Barricading tap &amp; chain</li><li>• Breathing apparatus</li><li>• Emergency lights</li><li>• Inline inductor with pick-up tube</li><li>• Hammer</li><li>• Fireman axe</li><li>• Smoke ejector</li><li>• Stretcher</li><li>• Lifeline</li><li>• Battery operated cutter</li></ul>



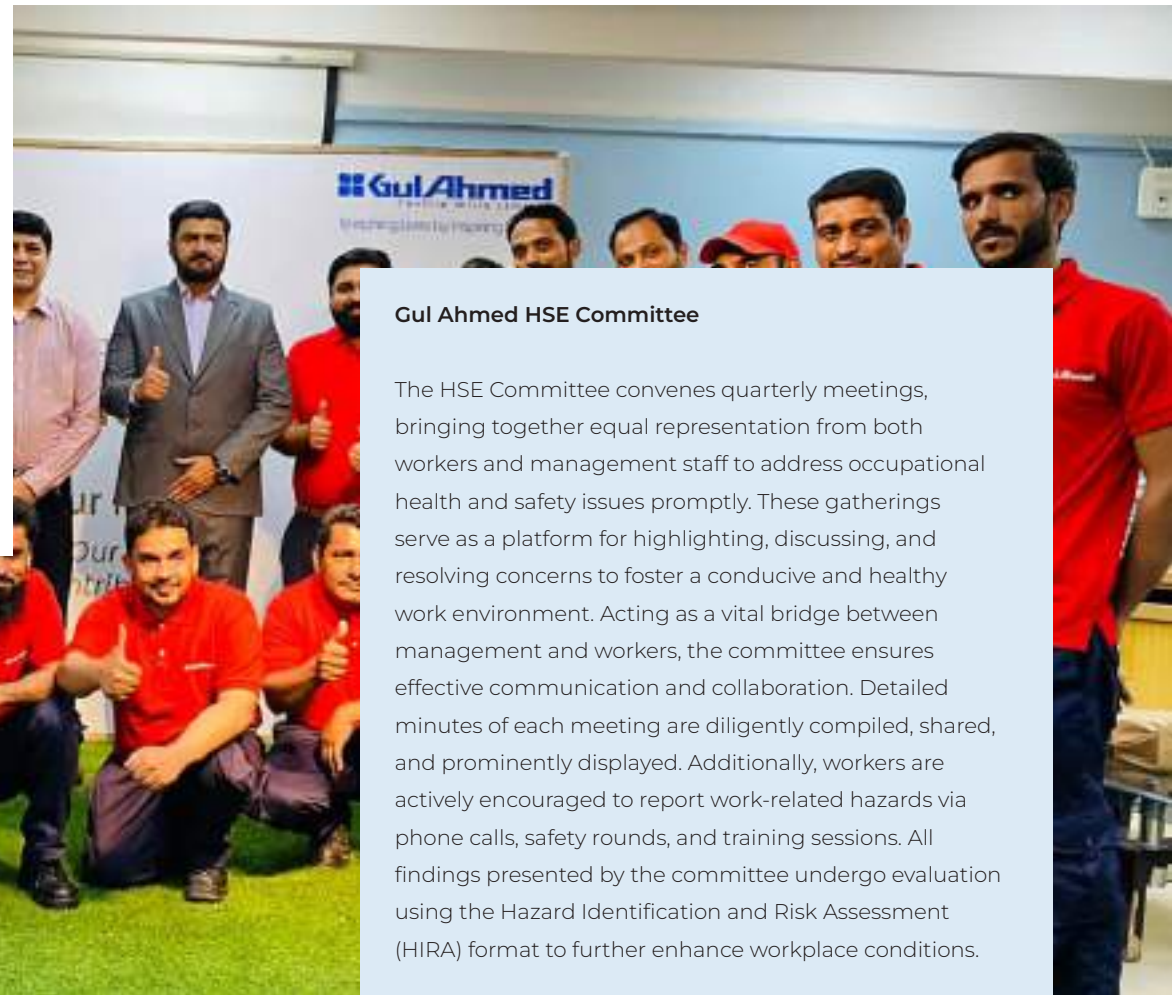


Employees can report work-related hazards through multiple channels, including the HSE Committee, where workers have representation. They can also verbally communicate hazards to their immediate supervisors and the HSE department. Additionally, suggestion boxes are installed at all facilities to provide another avenue for reporting work-related hazards.

Our effective emergency management system enables us to minimize and eliminate occupational illnesses and injuries. This year, there were no fatalities or cases of occupational ill-health although one major injury occurred, it was promptly addressed through our company's action plan. We prioritize our workers' health by providing them with local exhaust ventilation, versatile chemical respirators, appropriate personal protective equipment such as dust masks, fresh air ducts, and hearing protection in noisy environments to mitigate health risks.

An Emergency Response Plan (ERP) is implemented to ensure the safe execution of operations on the premises, safeguarding the well-being of employees, contractors, and visitors during any emergency scenario. It outlines the responsibilities of each person and relevant departments for managing such situations. The range of potential emergencies addressed by this system includes fires, explosions, natural disasters, chemical or hazardous material spills, bomb threats, labor strikes, and civil unrest.

	Fatalities			Major Injuries			Occupational Ill Health Cases		
Years	2021	2022	2023	2021	2022	2023	2021	2022	2023
Employees	-	-	-	-	-	1	3	1	-
Contractor	-	-	-	-	-	-	2	-	-
Total	-	-	-	-	-	-	5	1	-

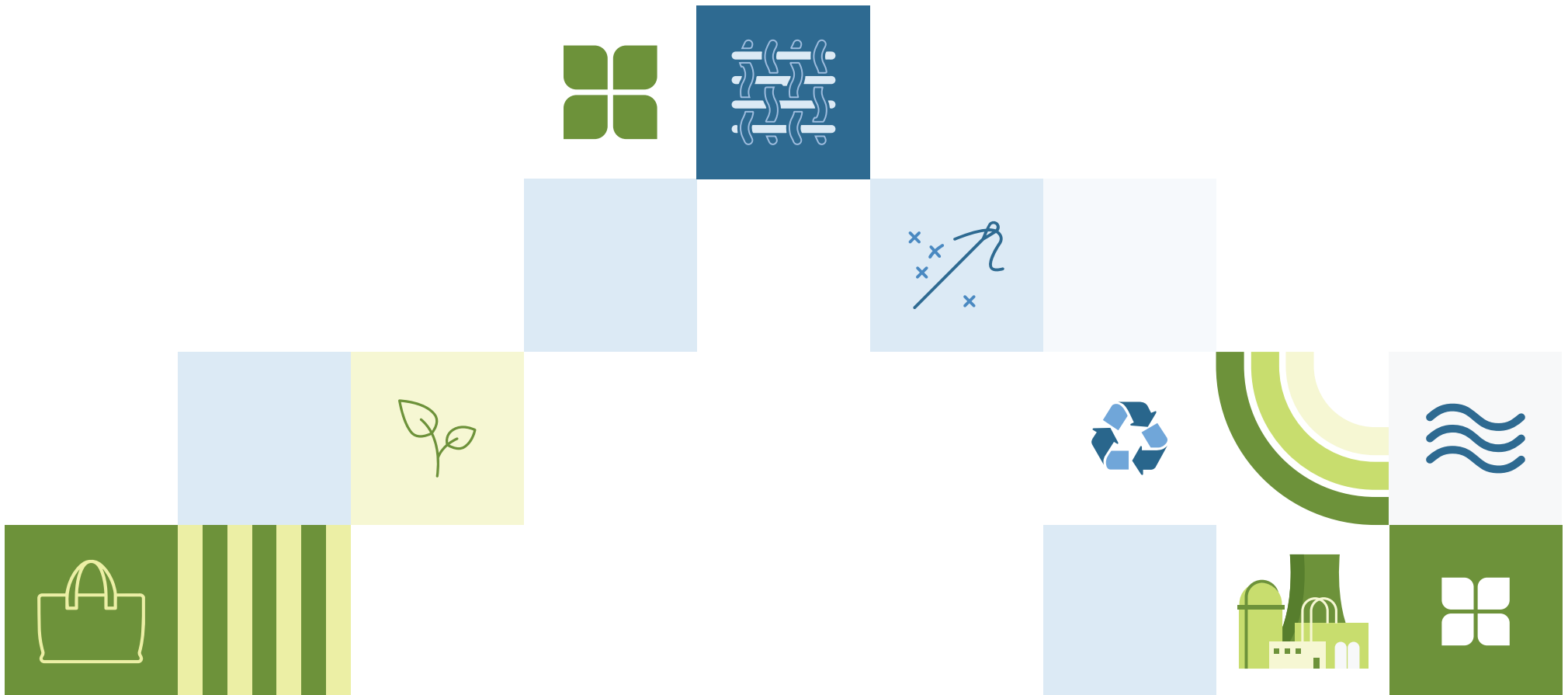


#### Gul Ahmed HSE Committee

The HSE Committee convenes quarterly meetings, bringing together equal representation from both workers and management staff to address occupational health and safety issues promptly. These gatherings serve as a platform for highlighting, discussing, and resolving concerns to foster a conducive and healthy work environment. Acting as a vital bridge between management and workers, the committee ensures effective communication and collaboration. Detailed minutes of each meeting are diligently compiled, shared, and prominently displayed. Additionally, workers are actively encouraged to report work-related hazards via phone calls, safety rounds, and training sessions. All findings presented by the committee undergo evaluation using the Hazard Identification and Risk Assessment (HIRA) format to further enhance workplace conditions.



# Economic Prosperity





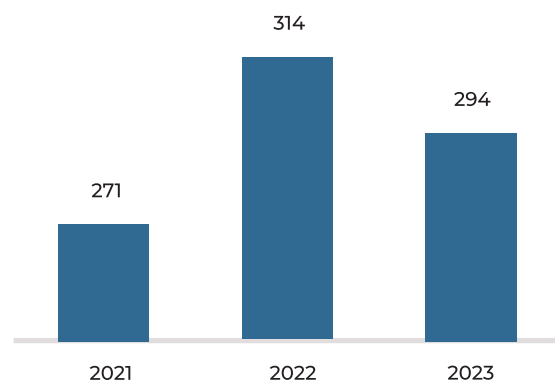
Growth, stability, and success converge to create a thriving business landscape.

In today's dynamic global economy, navigating the intricate web of market forces requires adept understanding and strategic foresight. At Gul Ahmed, we recognize the pivotal role that economic prosperity plays in shaping our journey towards sustainable growth and impactful innovation. We advocate for fostering a balanced organizational culture where social and environmental concerns are given equal importance alongside profitability and economic sustainability.

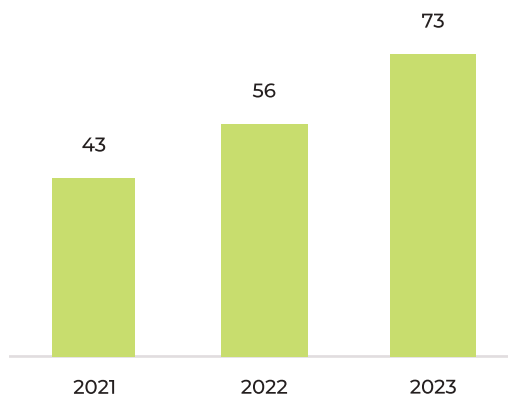
Gul Ahmed strives for economic prosperity by examining its macroeconomic indicators, regional dynamics, and the interplay between policies and market forces. Our management's strategy focuses on maximizing our economic influence and contributing value to the economy, exemplifying our thorough approach.

In 2023, Gul Ahmed made substantial contributions to Pakistan's economy through taxes, duties, and exports. Furthermore, our industry presence has ripple effects, fostering both direct and indirect economic benefits such as local procurement, community investment, and capital infusion. We take pride in our role as a catalyst for economic growth, having created numerous job opportunities, both directly within our operations and indirectly through targeted initiatives aimed at uplifting local economies.

Export Sales (USD in Million)



Export Sales (PKR in Billions)





## Measuring and Amplifying Economic Value

Gul Ahmed has consistently increased its sales over the last years, even when there was a global economic downturn. From Rs.100 billion in 2022, sales increased by almost 12% to Rs.112 billion in 2023, contributing to \$294 million in terms of exports.

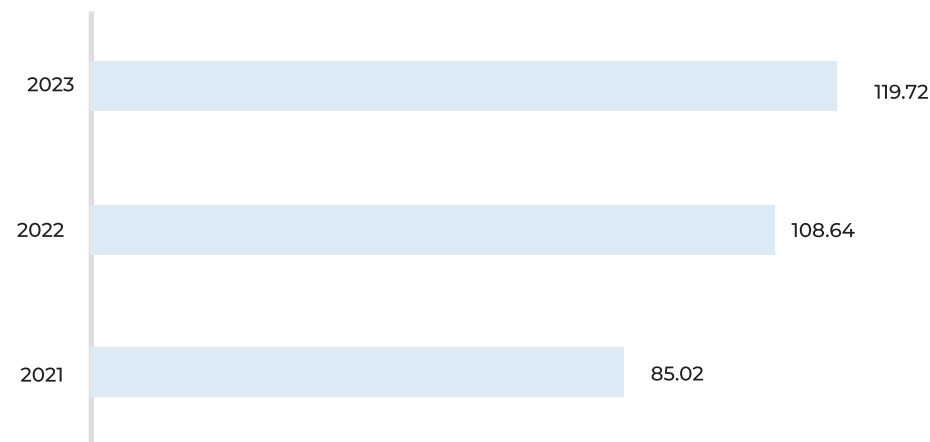
We prioritize enhancing societal economic value by prioritizing local procurement over imports whenever possible and practical for our operations. For the year 2023, our material and other supplier expenditure totaled to Rs.86 billion, which was a significant increase from the previous year of Rs.76 billion and Rs.61 billion in 2021. Compared to 2022, we generated an addition of 13% into the economy.

Gul Ahmed also issued 123,343,243 bonus ordinary shares of Rs.10 each to its shareholders in 2023.

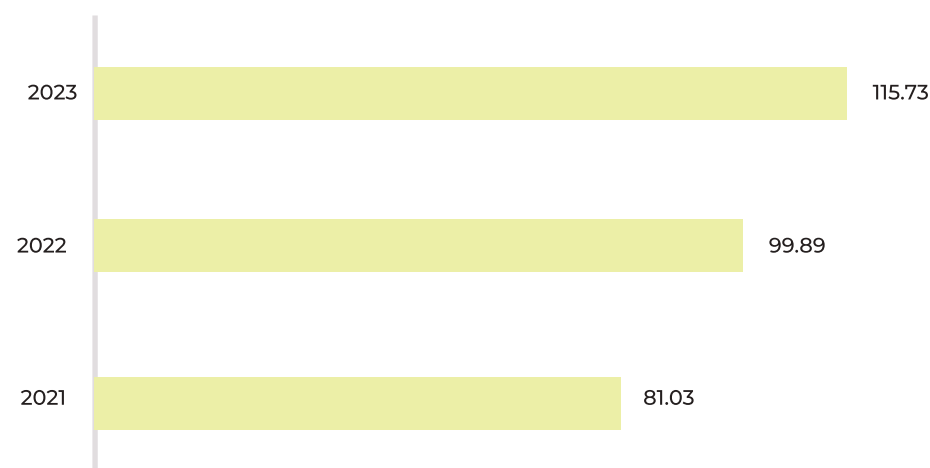
By the year end 2023, Gul Ahmed has an employee base of 15, 624 individuals. The salaries, wages, and benefits provided to these employees amounted to Rs.13.5 billion, aiding them in maintaining their social and economic standards of living.

	2021	2022	2023
	Rupees in billions		
Net Sales	84.2	107.8	119.0
Other operating income	0.9	0.8	0.7
<b>Value Generated</b>	<b>85.0</b>	<b>108.6</b>	<b>119.7</b>
Suppliers & Vendors	61.0	75.9	86.9
Employees	10.1	10.8	13.1
Government	7.6	10.5	10.3
Debt Financiers	1.9	2.6	5.3
Community Contributions	0.04	0.02	0.03
Dividend	0.4	-	-
<b>Value Distribution</b>	<b>81.0</b>	<b>99.9</b>	<b>115.7</b>
<b>Retention</b>	<b>4.0</b>	<b>8.7</b>	<b>4.0</b>

### Value Generated

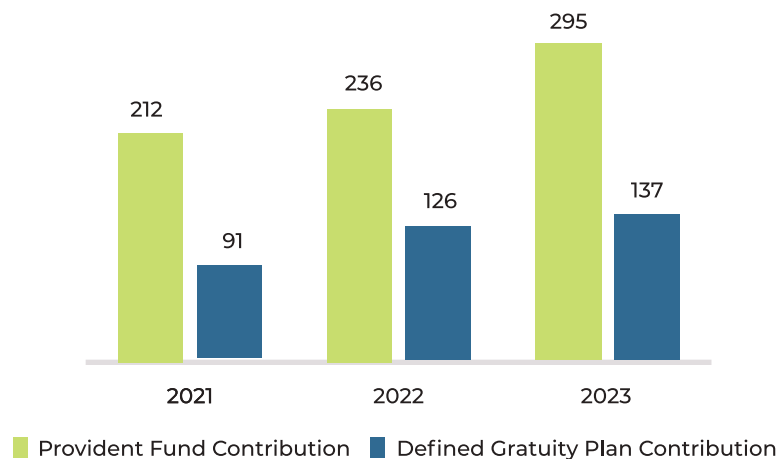


### Value Distribution





## Staff Retirement Benefits (PKR in Millions)



Gul Ahmed ensures that it supports its employees to the best of our capabilities. Currently, we provide two different variations of staff retirement benefits:

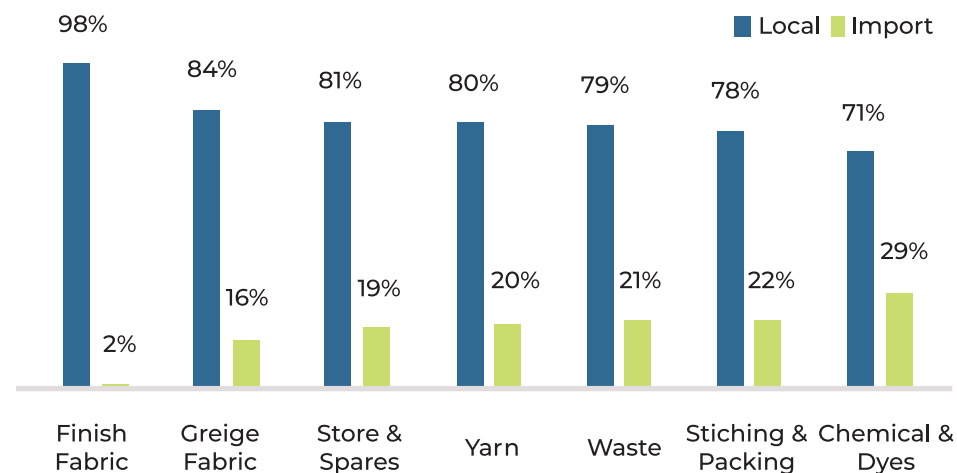
- **Provident Fund Contribution:** The company and employees each contribute 8.33% of the basic salary equally.
- **Defined Gratuity Plan Contribution:** This is an unfunded gratuity scheme available to all eligible employees who are not enrolled in the provident fund scheme. Benefits are vested in employees upon completing the required qualifying service period, and the company's obligation is assessed through regular actuarial valuations.

Being an export-oriented entity, Gul Ahmed qualifies for subsidized financing from the Government through various programs such as the Long-Term Financing Facility (LTFF) and the Temporary Economic Refinance Scheme Facility (TERF), among others. In 2022, the company repaid a net amount of PKR 2.7 billion, while in 2023, the repayment totaled PKR 0.69 billion. These funds are allocated for crucial capital expenditures and working capital requirements, with the aim of bolstering export sales for the national economy. For detailed information on production quantities, total assets, and segmental breakdown, please refer to the Annual Report.

## Integrating Sustainable Supply Chain Practices

Our procurement department is tasked with ensuring the timely availability of high-quality materials according to our needs. Our corporate cost optimization plan is primarily aimed at achieving both quality and cost-efficiency, while also making clear ethical and sustainable business commitments within the procurement process. We've adopted a responsible purchasing strategy that focuses on managing environmental and social aspects that could affect the overall sustainability of our supply chains. Our procurement policy and procedures detail the environmental and social criteria that our supply chain partners must meet, ensuring they align with our standards and minimize any adverse environmental or social effects within our supply chain.

## Break-up of Local &amp; Import Purchases for 2023





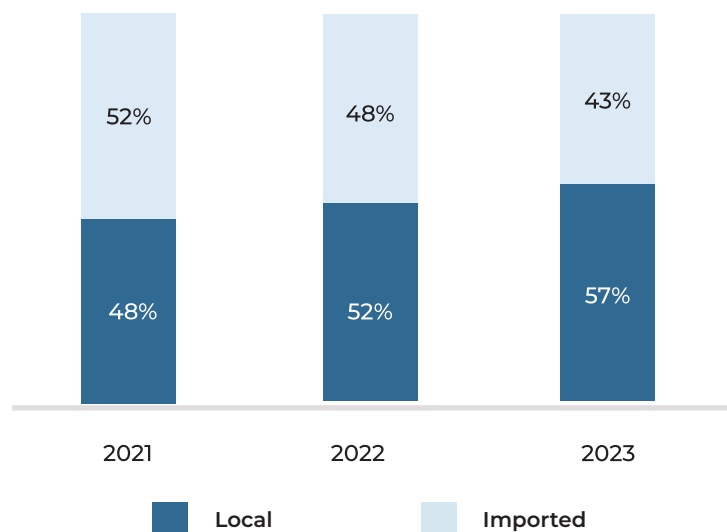


## Our Local Upstream Value Chain

In 2023, 57% of our total purchases were made locally, signifying our preference to support our local economy and suppliers whenever feasible, all while upholding our dedication to quality. Following the evaluation of availability and quality, we prioritize local suppliers over foreign ones. This decision is driven by our commitment to supporting local businesses, taking into consideration the economic situation of our country, and aiming to manage our capital expenditure amidst fluctuating exchange rates.

Gul Ahmed's capability to repurpose waste into valuable raw materials allows us to utilize surplus waste and scrap generated from local purchases, a drawback of purchasing locally. In efforts to decrease our environmental footprint and boost the local economy, we've transitioned towards utilizing in-house facilities managed by vendors. This strategy not only reduces our carbon emissions but also generates additional job opportunities within the local community.

Local Vs Import Purchases



### Sustainable Procurement:

At Gul Ahmed Textile Mills Limited, we recognize the profound impact the textile industry has on society and the environment. Driven by a deep sense of corporate responsibility, we prioritize sourcing raw materials from sustainable sources. Our dedicated procurement team plays a pivotal role in this mission. They meticulously search for and select sustainable materials that minimize environmental harm throughout the entire supply chain. Their unwavering dedication ensures that our commitment to sustainability is not just a slogan, but a tangible action that shapes every aspect of our operations.

Furthermore, to solidify our position as a leader in sustainable textile production, we have implemented a comprehensive set of impactful initiatives. These initiatives are a long-term strategy designed to ensure the environmental, social, and economic well-being of our company. By prioritizing sustainable sourcing and implementing these impactful initiatives, Gul Ahmed is committed to making a positive societal impact wherever we operate. We believe that responsible business practices go hand-in-hand with environmental stewardship, and we are dedicated to a more sustainable future for the textile industry.



### Forest Stewardship Council (FSC)

One organization that aligns perfectly with Gul Ahmed Textile Mills Limited's focus on sustainable sourcing is the Forest Stewardship Council (FSC). Founded in 1993, the FSC is a non-profit organization dedicated to promoting responsible forest management worldwide. They achieve this through a certification system that ensures forests are harvested in a way that considers environmental, social, and economic well-being.

By choosing FSC-certified materials, Gul Ahmed can be confident their raw materials are sourced from forests that are being managed for the future. This not only protects valuable ecosystems but also supports the livelihoods of those who depend on them.



### Global Recycled Standard (GRS)

In addition to prioritizing ethically sourced virgin materials, Gul Ahmed Textile Mills Limited strongly advocates for the use of recycled content whenever possible. This commitment is demonstrably supported by their adherence to the Global Recycled Standard (GRS). The GRS is a globally recognized voluntary standard that verifies the recycled content of a product and ensures responsible practices throughout the entire supply chain.

By achieving GRS certification, Gul Ahmed assures customers that their products not only meet high-quality standards but are also produced with a minimized environmental footprint. This focus on recycled materials reduces reliance on virgin resources and promotes a more circular economy, lessening overall environmental impact.



Sustainable Procurement Initiatives	Description
FSC Certified Paper & Board	To ensure sustainability in packaging we procured 2.3 million metric tons of FSC-certified paper and board in last 2.5 years.
GRS Certified Polyester Staple Fiber	In our commitment to environmental support, we procured 0.12 metric tons of polyester staple fiber certified by the Global Recycled Standard (GRS) for our textile products.
Re-Use of Plastic Sewing Thread Cones	Implementing the re-use of plastic sewing thread cones to bolster sustainability efforts and decrease plastic consumption by 4.2 metric tons.
Use of Thinner Poly Stretch Films	We have transitioned from using 20-micron stretch film to 15-micron stretch film for packaging materials. This change has reduced our plastic consumption of 22.8 metric tons in last 2 years (2023-2024) while maintaining the functionality of our packaging.
Use of Thinner PP Synthetic Paper	We have switched from using 150-micron to 100-micron of PP synthetic paper for packaging purposes. This adjustment has resulted reduction in the overall consumption of plastic material by 11.7 metric tons in the fiscal year 2023-2024.
Re-use of Intermediate bulk containers (IBCs) for Hydrogen Peroxide	By re-using IBCs and refilling of Hydrogen peroxide through tanker we are making it sure to reduce the consumption of plastic by around 60 metric tons.
Re-Dyeing Sewing Thread	Instead of purchasing new sewing thread, we have implemented a re-dyeing process for our existing thread inventory. This practice not only reduces the demand for new materials but also minimizes waste and extends the lifecycle of our textile products.
Automation in Procurement Process	In Procurement, continuous improvement process is the pivotal part of organization therefore we have automated our documentation flows and digitized them with our existing EBS Cloud system and save almost 17 Trees by using less papers.



## Navigating a Changing Climate: Commitment to Sustainable Raw Materials


Climate change is no longer a distant threat, but a tangible reality impacting every corner of the globe. The world is experiencing a rise in extreme weather events, with more frequent and intense heat waves, droughts, floods, and wildfires. These events cause widespread damage to infrastructure, disrupt ecosystems, and displace communities.

Manufacturing industries are not immune. Disruptions in supply chains due to extreme weather events can lead to shortages of raw materials and finished goods. Rising sea levels threaten coastal manufacturing hubs, while extreme heat can disrupt production processes and damage equipment. Additionally, the increasing focus on sustainability is pressuring manufacturers to reduce their carbon footprint and adopt cleaner production methods.

As a leading player in the textile industry, securing a consistent supply of high-quality raw materials has always been paramount to our production. However, the spectre of climate change casts a long shadow, with increasingly erratic weather patterns disrupting both the supply and quality of our essential resources. This is particularly concerning as cotton and other natural fibres comprise a staggering 89% of our raw materials. Any instability in weather, from droughts plaguing farms to unpredictable shipping delays, can have a domino effect on our entire operation.

Faced with these uncertainties, we are proactively seeking solutions to ensure a sustainable future for our business. We recognize that business as usual is no longer an option. Our commitment extends beyond simply meeting demand; it encompasses a holistic approach that prioritizes environmental responsibility.



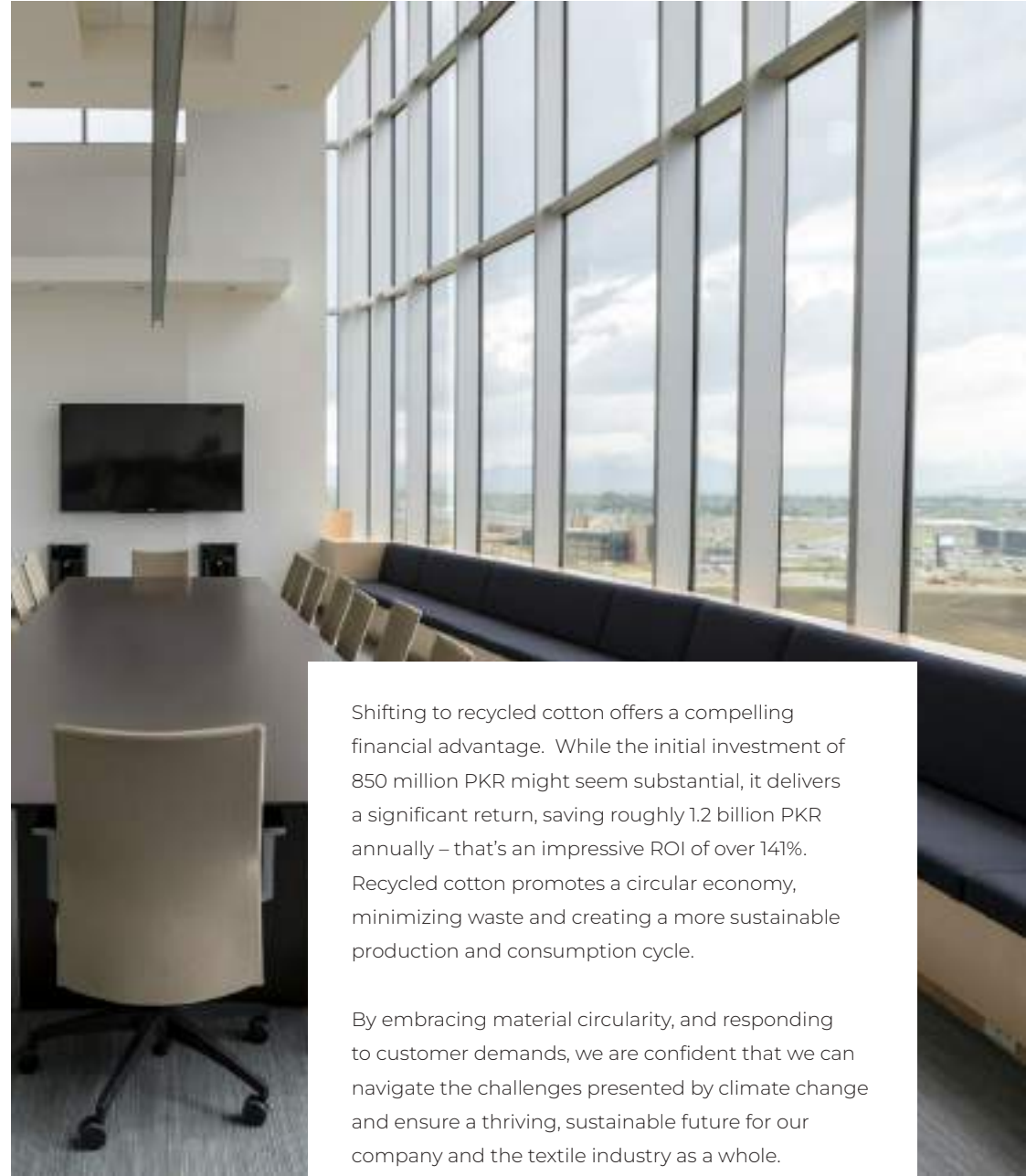


## Material Circularity

Material circularity, a revolutionary approach that keeps valuable resources in use for longer. Through our state-of-the-art recycling machinery, we are able to divert a significant amount of waste from landfills. Each year, we're proud to say, we recycle roughly 3 million kilograms of textile waste. This recycled fibre is then skilfully blended with virgin fibres to create new products, minimizing reliance on virgin resources and reducing overall environmental footprint.

The growing global movement towards sustainability is not lost on us. Our European customer base, increasingly subject to carbon regulations, is demanding greener practices throughout the supply chain. These regulations impose limits on greenhouse gas emissions, prompting us to explore innovative and sustainable solutions for raw material sourcing.

We are not simply complying with these regulations; we are actively inspired by our customers' commitment to a greener future. We are constantly exploring new options for utilizing renewable and sustainable resources in our production processes. This collaborative approach between industry leaders and environmentally conscious consumers is critical to paving the way for a more sustainable future.

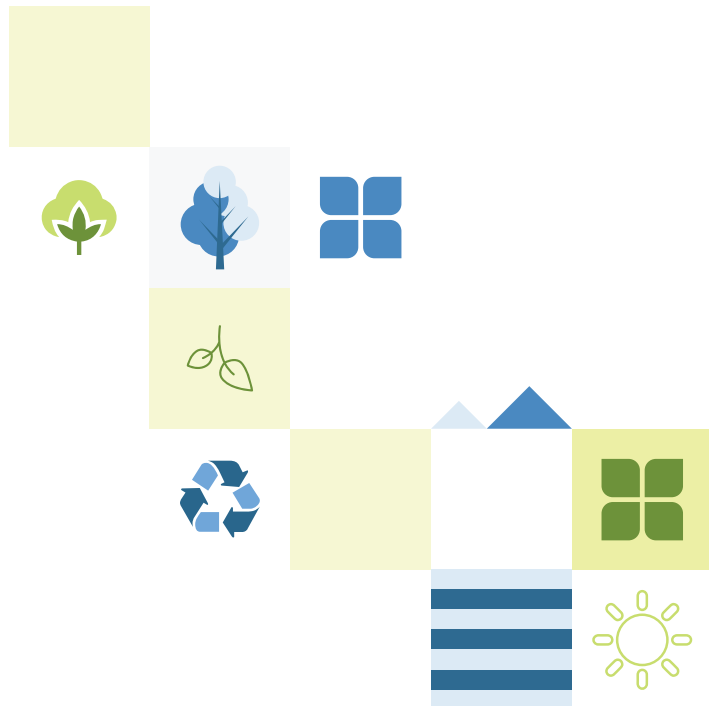


Shifting to recycled cotton offers a compelling financial advantage. While the initial investment of 850 million PKR might seem substantial, it delivers a significant return, saving roughly 1.2 billion PKR annually – that's an impressive ROI of over 141%. Recycled cotton promotes a circular economy, minimizing waste and creating a more sustainable production and consumption cycle.

By embracing material circularity, and responding to customer demands, we are confident that we can navigate the challenges presented by climate change and ensure a thriving, sustainable future for our company and the textile industry as a whole.



# External Assurance





In alignment with exemplary corporate governance standards, the CEO has opted for the inclusion of external assurance by an independent auditor for the company's Annual Sustainability Report. The report has undergone scrutiny and carries the endorsement of M/s Rizwan & Company, Chartered Accountants, an independent assurance provider. The auditor has provided an opinion concerning the review's scope, which includes the following:

- Evaluation of the disclosed information in the report to ensure compliance with GRI 2021 Standards;
- Conduct our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagement other than Audits or Reviews of Historic Financial Information, issued by the International Auditing and Assurance Standards Board;
- Carry out a limited assurance engagement and to express a conclusion on the report.





# Independent Limited Assurance Report To Gul Ahmed Textile Mills Limited On The Sustainability Report

## Introduction

We, Rizwan and Company, Chartered Accountants ('RCO'), were engaged by Gul Ahmed Textile Mills Limited (the 'company') to provide limited assurance on the Sustainability Report (the 'report') for the year ended June 30, 2023.

## Criteria

The criteria used by the company to prepare the report is Global Reporting Initiative (GRI) 2021 Universal and Topic Specific Standards (the 'criteria'), as disclosed in the report.

## Management's responsibilities

Management is responsible for the preparation and presentation of the report in accordance with the criteria for determining the company's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders, material issues, and for establishing and maintaining appropriate performance management

and internal control systems from which the reported performance information is derived.

Management is also responsible for preventing and detecting fraud and for identifying and ensuring that the company complies with laws and regulations applicable to its activities. Management is also responsible for ensuring that staff involved in the preparation and presentation of the report are properly trained, information systems are properly updated, and that any changes in reporting encompass all significant business units.

## Inherent limitations

Non-financial information is subject to inherent limitations compared to financial data due to its subjective nature and the varying interpretations involved in determining relevance, materiality, and accuracy. The methods used to gather and assess this data can evolve over time, impacting the criteria used and the

precision of the information provided. Additionally, the internal control structure may have inherent limitations that could result in errors or irregularities in the information presented in the report may occur and not be detected. Our engagement is not designed to detect weaknesses in the internal controls over preparation and presentation of the report.

## Our independence and quality management

We have complied with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Pakistan (ICAP), which includes independence and other requirements on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies International Standard on Quality Management (ISQM) 1 which requires the firm to maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## Our responsibilities and summary of work performed

Our responsibility is to express a limited assurance conclusion on the report based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, 'Assurance Engagements other than Audits or Reviews of Historical Financial Statements' issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the report is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of company's use of the criteria as the basis for the preparation of the report, assessing the risks of material misstatement of the report whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.





The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, the procedures selected were based on our professional judgement. Within the scope of work, we performed following procedures:

- Interviewed individuals who are responsible for gathering of information, applying analytical procedures and preparing content on the report based on the criteria;
- Obtained understanding of company processes for determining the material issues for the company's key stakeholder groups;
- Inquired the current processes in place for capturing sustainability performance data, the company's sustainability goals, and the progress made during the reporting period
- Compared the information presented in the report to corresponding information in the relevant underlying sources to determine whether information contained in such underlying sources is materially consistent with that included in the report;
- Read the information presented in the report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the company; and
- Obtained written representation from the management regarding the completeness and authenticity of the information contained in the report, their responsibilities regarding preparation of report and underlying

measurements and calculations in accordance with the criteria.

#### **Limitations on scope of work**

Our limited assurance engagement excludes the following scope of work:

- Data and information outside the defined reporting period from July 01, 2022 to June 30, 2023;
- The company's statements that describe the expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects; and
- Data and information on the economic and financial performance of the company, which, we are informed, are from the company's audited financial records and/or statements.

#### **Limited Assurance Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the report is not prepared, in all material respects, in accordance with the criteria.

#### **Restriction on distribution**

This report is not intended to be, and should not be, used by any parties other than the company. If any party other than the company has obtained this report, or have access

to it, use of this report is their own sole responsibility and at their sole and exclusive risk. Further, they do not acquire any rights against RCO as a result of such access. RCO does not assume any duties and obligation to any party who obtains this report and/or has access to it.

#### **Chartered Accountants**

**Date:** April 30, 2024

**Place:** Karachi



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	7			
	2-2 Entities included in the organization's sustainability reporting	4			
	2-3 Reporting period, frequency and contact point	4			
	2-4 Restatements of information	49-53			
	2-5 External assurance	79-82			
	2-6 Activities, value chain and other business relationships	9,10			
	2-7 Employees	53	iii, v	Not applicable	The company has no employees working on a non-guaranteed hours or part-time basis. All of the company's employees are located in the same region
	2-8 Workers who are not employees			Not applicable	All workers of the company are employees irrespective of the employment type
	2-9 Governance structure and composition	12-15			
	2-10 Nomination and selection of the highest governance body	12			
	2-11 Chair of the highest governance body	12	b	Not applicable	The chair of the highest governance body is not a senior executive of the company
	2-12 Role of the highest governance body in overseeing the management of impacts	12-15			
	2-13 Delegation of responsibility for managing impacts	14-15			

**GRI 2: General Disclosures  
2021**

2-14 Role of the highest governance body in sustainability reporting

14-15

2-15 Conflicts of interest

20

2-16 Communication of critical concerns

14-15

2-17 Collective knowledge of the highest governance body

14-15

2-18 Evaluation of the performance of the highest governance body

14-15

2-19 Remuneration policies

13

2-20 Process to determine remuneration

13

2-21 Annual total compensation ratio

Confidentiality  
constraints

2-22 Statement on sustainable development strategy

16-18

2-23 Policy commitments

19-22

2-24 Embedding policy commitments

19-22

2-25 Processes to remediate negative impacts

22

2-26 Mechanisms for seeking advice and raising concerns

22

2-27 Compliance with laws and regulations

20

2-28 Membership associations

8



GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	29			
	2-30 Collective bargaining agreements	22			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	32	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	32-34			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	32-34,71			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	72			
	201-2 Financial implications and other risks and opportunities due to climate change	77			
	201-3 Defined benefit plan obligations and other retirement plans	73			
	201-4 Financial assistance received from government	73			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 59			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	59	c	Not applicable	All workers are hired at the standard minimum wage as per the regulatory requirements
	202-2 Proportion of senior management hired from the local community			Not applicable	We are an equal opportunity employer. Our facilities are located in a large commercial city.





Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 61			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	61-64			
	203-2 Significant indirect economic impacts	61-64			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 73			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	74			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 20			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	20			
	205-2 Communication and training about anti-corruption policies and procedures	20			
	205-3 Confirmed incidents of corruption and actions taken	20			
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 20			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	20			



## Materials

GRI 3: Material Topics 2021	3-3 Management of material topics	32, 40			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	41			
	301-2 Recycled input materials used	42-43			
	301-3 Reclaimed products and their packaging materials			Not applicable	We are tier 1 supplier to other multi-national and local companies and are not selling directly to end consumers.

## Energy

GRI 3: Material Topics 2021	3-3 Management of material topics	32, 46			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	46	d	Not applicable	We do not sell electricity, heating, cooling or steam
	302-2 Energy consumption outside of the organization			Not applicable	The upstream and downstream value chain members are not within the scope of this report
	302-3 Energy intensity	47			
	302-4 Reduction of energy consumption	46			
	302-5 Reductions in energy requirements of products and services			Not applicable	Our product does not directly consumes any energy during its usage.

## Water and effluents

GRI 3: Material Topics 2021	3-3 Management of material topics	32, 48			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	48			
	303-2 Management of water discharge-related impacts	48	i,ii and iv	Not applicable	We comply with all legal requirements for waste water discharge
	303-3 Water withdrawal	48	ii,iii,iv,v. b i, ii iii, iv and v. c i, ii and d. a ii,iii and iv. b i, ii. c i,ii	Not applicable	We only use fresh water for our operations provided by local authority
	303-4 Water discharge	48			
	303-5 Water consumption	48	c	Not applicable	There is no significant change in water storage capacity



Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 46			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46	c and d iii	Not applicable	We do not have biogenic fuel source
	305-2 Energy indirect (Scope 2) GHG emissions	46	b and c	Information unavailable/incomplete	The energy purchased is from an independent power producer therefore the availability of data regarding their emissions is limited
	305-3 Other indirect (Scope 3) GHG emissions		a,b,c,d,e,f and g	Not applicable	Scope 3 emissions are not calculated as they are not included in the reporting boundary
	305-4 GHG emissions intensity	46			
	305-5 Reduction of GHG emissions	46			
	305-6 Emissions of ozone-depleting substances (ODS)		a,b,c and d	Not applicable	We do not use any material that can cause ODS emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		a, b and c	Not applicable	The quantities of such emissions are negligible because of our fuel type i.e. Natural Gas. All these emissions are tested by third party laboratory and are in compliance with the legal requirements.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 49			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	49-50			
	306-2 Management of significant waste-related impacts	49-50			
	306-3 Waste generated	49-50			
	306-4 Waste diverted from disposal	49-50	b, i, ii and iii	Not applicable	All the hazardous waste is managed by approved third party that ensures disposal according to the legal requirements.
	306-5 Waste directed to disposal	49-50			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 52			



GRI 401: Employment 2016	401-1 New employee hires and employee turnover	53			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	59	a iv	Not applicable	The company does not have a policy to offer stock ownership to employees.
	401-3 Parental leave	59, 60			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 55			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	55			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 65			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	65-69			
	403-2 Hazard identification, risk assessment, and incident investigation	65-69			
	403-3 Occupational health services	65-69			
	403-4 Worker participation, consultation, and communication on occupational health and safety	65-69			
	403-5 Worker training on occupational health and safety	65-69			
	403-6 Promotion of worker health	65-69			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	65-69			
	403-8 Workers covered by an occupational health and safety management system	65-69	b	Not applicable	All type of workers are covered in Health and safety management system.
	403-9 Work-related injuries	65-69	f	Not applicable	All type of workers are covered in Health and safety management system.
	403-10 Work-related ill health	65-69	d	Not applicable	All type of workers are covered in Health and safety management system.





Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 56			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	56	a-i	Not applicable	Mandatory trainings are provided to all the workers without any gender discrimination.
	404-2 Programs for upgrading employee skills and transition assistance programs	56-57			
	404-3 Percentage of employees receiving regular performance and career development reviews	57			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 58			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	12 Annual Report Page 28			
	405-2 Ratio of basic salary and remuneration of women to men	59			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 21			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	21			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 22			
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	22			
Child Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	32, 20			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	20			



## Forced or compulsory labor

### GRI 3: Material Topics 2021

3-3 Management of material topics

32, 20

### GRI 409: Forced or Compulsory Labor 2016

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor

20

## Security practices

### GRI 3: Material Topics 2021

3-3 Management of material topics

32, 56

### GRI 410: Security Practices 2016

410-1 Security personnel trained in human rights policies or procedures

56



## SDGs

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## GRI Standard Disclosure

	<b>Gender Equality</b> Building a diverse and empowered workforce and improving overall employee wellbeing	53 - 58, 61 - 63	GRI 401, GRI 404-3, GRI 405, GRI 406
	<b>Clean Water and Sanitation</b> Ensuring access to clean water by reducing pollution, increasing emphasis on water recycling and efficient use of water across all sectors	48	GRI 303
	<b>Affordable and Clean Energy</b> Substantially increasing the share of renewable energy within the company's energy generation mix	46 - 47	GRI 302
	<b>Decent Work and Economic Growth</b> Ensure provision of decent work conditions and promote economic growth for our employees and their communities	56, 57, 61 - 63, 65 - 69, 71- 73	GRI 2-7, GRI 2-30, GRI 201, GRI 203, GRI 204, GRI 401, GRI 402
	<b>Responsible Consumption and Production</b> Achieving sustainable management and efficient use of natural resources by way of circularity and reduction in waste generation	40 - 45, 49, 50	GRI 204, GRI 301, GRI 306
	<b>Climate Action</b> Taking steps to ensure that the energy consumption within the Company and its resultant emissions are reduced in order minimize our impact on climate change	46, 47	GRI 201-2, GRI 302, GRI 305



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