

# Sustainability Report 2025




COTTON WEB LIMITED





# CONTENTS

<b>I</b>	<b>Owners Voice</b>	<b>2 – 4</b>
<b>II</b>	<b>Company; History, Employees, Clients, Suppliers, Organization of Company and Sustainability Issues</b>	<b>5 – 6</b>
<b>III</b>	<b>Products</b>	<b>7 – 8</b>
<b>IV</b>	<b>Risk Approach; Own Site with Social and Environmental Criteria, Supply Chain and Products</b>	<b>9 – 14</b>
<b>V</b>	<b>Strategy</b>	<b>15</b>
<b>VI</b>	<b>Targets</b>	<b>16</b>
<b>VII</b>	<b>Programs</b>	<b>17</b>
<b>VIII</b>	<b>Environmental Social Governance Overview</b>	<b>18 – 19</b>
<b>IX</b>	<b>Performance Indicator List</b>	<b>21 – 23</b>
<b>X</b>	<b>Glossary</b>	<b>24</b>
<b>XI</b>	<b>Imprint</b>	<b>25</b>





JUST FASHION SOURCE

## I OWNER'S VOICE

Dear Readers,

The global apparel industry continues to navigate a complex landscape shaped by shifting consumer expectations, environmental imperatives, and evolving regulatory frameworks. At Cotton Web Limited, we recognize that long-term success is no longer defined by growth alone but by our ability to create value responsibly and sustainably.

In this context, sustainability has become a strategic pillar of our business. Over the past year, we have accelerated efforts to embed environmental and social responsibility across every facet of our operations. From resource efficiency and ethical sourcing to employee wellbeing and innovation in product development, our commitment is holistic and future-focused.

We have made meaningful progress toward our ambition of becoming a more transparent, accountable, and impact driven organization. Guided by global best practices and a strong internal drive for improvement, our teams across all departments have worked collaboratively to translate vision into action. We are proud of the milestones achieved to date, but we also recognize that the path ahead demands even greater ambition

To reflect this shift, we have introduced our updated sustainability framework, "Forward in Responsibility 2030+." This strategy sets clear priorities and measurable goals across climate action, responsible manufacturing, circularity, and social equity. It reflects our belief that sustainability is not a destination, but a continuous journey, one that requires innovation, resilience, and collective purpose.

As we share this report, I would like to extend my sincere appreciation to our employees, partners, and stakeholders whose dedication and trust fuel our progress. Together, we are building a company that not only delivers value to its customers but also contributes positively to the world around us.

Sustainability is not an initiative. It is our responsibility.

Warm Regards,

**Waseem Akhtar Khan**

**Chief Executive Officer (CEO)**

**Cotton Web Limited**



## From the Head of Sustainability

Dear Readers,

At Cotton Web, sustainability is more than a corporate commitment. It is a shared responsibility that shapes our everyday decisions and long-term strategy. As Head of Sustainability, I am proud to lead a team that is translating intent into real impact across our value chain.

Over the past year, we have continued to integrate sustainable practices across operations, focusing on reducing our environmental footprint, enhancing supply chain transparency, and driving responsible growth.

Our approach spans energy and water efficiency, emissions reduction, responsible sourcing, and waste minimization ensuring that sustainability is embedded in every layer of our operations.

We are also strengthening our ESG framework by aligning our environmental, social, and governance efforts with the best international practices. Whether it's improving traceability, embedding circularity in product design, or engaging with our workforce and communities we believe every step forward adds up to meaningful change.

At Cotton Web Limited, sustainability is not a project, it's a mind-set. It drives how we design, produce, and deliver. I am grateful to our teams, partners, and stakeholders for their continued support in this journey.

Together, we are building a resilient and responsible future.

Warm Regards,

**Syed Abdul Jabbar Shah**

**Head of Sustainability**

**Cotton Web Limited**



# Sustainability Team



**Syed Abdul Jabbar**  
(GM Sustainability)



**Amina Rukhsar**  
(AM Sustainability)



**Bisma Amjad**  
(AM Sustainability)



**Aruha**  
(SAM Utility)



**Aliza Ashfaq**  
(Sr. officer Utility)

At Cotton Web Limited, the ESG Committee plays a central role in driving and overseeing our sustainability agenda. This report marks our first structured sustainability report, reflecting our commitment to embedding ESG principles into our operations. The Chief Executive Officer provides overall strategic oversight. Sustainability Team is responsible for managing environmental impacts. Our ESG Committee comprises heads from various departments, ensuring cross-functional alignment and a comprehensive approach to sustainability.

The Sustainability Department supports the ESG Committee by defining long-term goals, assisting departments in setting targets and calculating baselines, identifying potential sustainability initiatives, developing policies, and monitoring performance. ESG performance is regularly reviewed through structured reporting mechanisms: quarterly at the business level, bi-annually at the corporate level, and annually at the Board level. With active collaboration and leadership across departments, Cotton Web Limited is taking its first significant step toward long-term, impactful sustainability practices.



## II Company

Cotton Web Limited was founded in 1998 by three childhood friends with a shared vision. What began as a small initiative has grown into one of Pakistan's leading value-added textile manufacturers, supplying to renowned designer brands and global high streets. Our head office is located in Lahore, and we also operate an office in the United Kingdom to strengthen our international presence. From the very beginning, our focus has been on quality, innovation, and customer satisfaction.

Over the years, we have collaborated with "Everest Laundry," the Italian washing experts, who support us in developing and enhancing our washing expertise. This collaboration, along with our strong in-house team of skilled engineers and operators, has positioned Cotton Web Limited as a premium jeans manufacturer at the forefront of modern manufacturing advancements.

Today, our production capacity has reached over 1.1 million garments per month, supported by a workforce of more than 6,000 skilled employees. Our operations span across 6 buildings with a total covered production area of 317,264 sqft. With continuous investments in automation and sustainable practices, we are steadily enhancing our efficiencies while minimizing our environmental footprint.

We proudly work with more than 141 suppliers, ensuring strong and sustainable supply chain partnerships. Our customers include numerous internationally recognized brands with whom we maintain long-standing relationships. Among them are kiabi, Zara, Banana Republic, John Lewis & Partners, Karl Lagerfeld, Liu Jo, Camaieu, OVS, Tally Weijl, Stocker point, Troy Lee Designs, LPP, Chasin', Toyota Tsusho and many more. These collaborations reflect our global reach and the trust leading retailers and designer labels place in us.

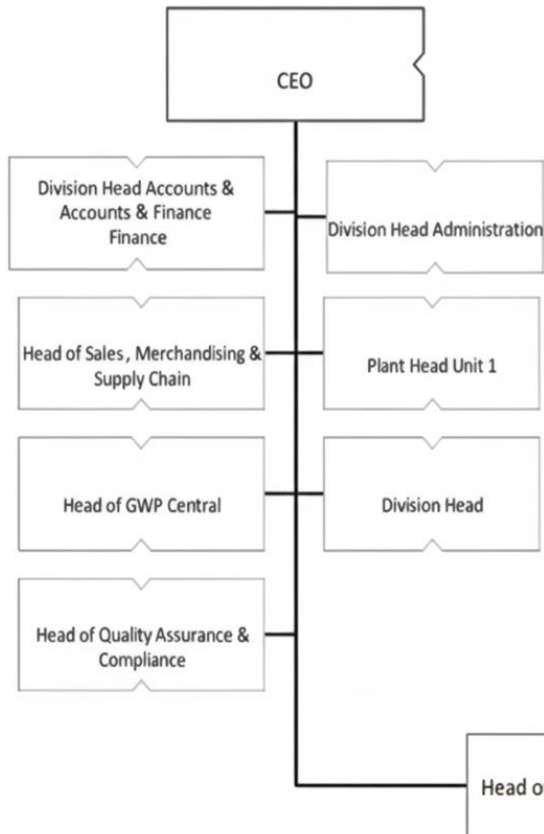
To meet customer requirements, we are certified under OCS and OEKO-TEX standards. Along with these, TC certificates are obtained to verify the traceability of certified materials. Furthermore, the company holds several social compliance certifications, which have been previously provided.

I myself act as the CEO of the company with comprehensive responsibility. The other key responsibilities for Engineering, Supply Chain Management, Production, Quality, Sustainability management, and other functions are delegated to experienced professionals in our leadership team, ensuring smooth and efficient operations across all departments.

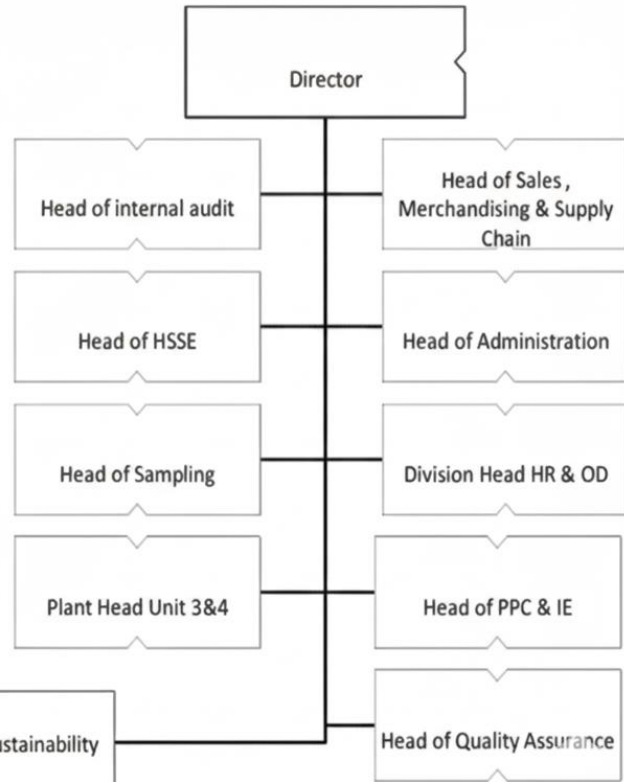




### SBU A , Unit 1&2 & Central



### SBU-B , Unit 3&4



By participating in the Green Pakistan project with Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), we want to take the next step and make our achievements more visible. We feel well equipped to better meet the requirements of the ILO Core Labor Standard and the UN Guideline on Business and Human Rights, as well as programs for more environmental protection and resource conservation.



### III Products

Cotton Web began its journey in 1998 when three childhood friends transformed their passion into reality, starting with bottom wear and the timeless five-pocket jeans. Over the years, we have grown into a full-fashion manufacturer, with a current range that includes tops, dresses, statement denim, and fashion-forward articles. Our journey has not been without hurdles, as transitioning from traditional methods to sustainable practices requires significant investments in technology and global compliance.

Today, our production strength reflects this growth: from starting with just a few machines, we now operate 103 washers, hydro extractors, and dryers, 8 KMNO<sub>4</sub> spray booths, 3 curing ovens, and 8 advanced laser machines. We adopted Jeanologia laser and ozone technologies, introduced chemical-free alternatives, and implemented eco-friendly washes, while upgrading our biological ETP plant to strengthen environmental responsibility. These steps have become our success stories, backed by certifications such as OEKO-TEX, and recognition for social compliance, sustainability, and CSR.



The factory's product portfolio is built on a foundation of quality, performance, and sustainability. With a carefully balanced material mix consisting of a share of 51% cotton-poly blends, 35% Lycra and a 14% share of 100% cotton. The factory ensures that each fabric combines durability, comfort, and efficiency. Denim remains the core of production, representing 76% of total output. To maintain consistency and reduce operational risks, all washing operations are closely controlled, utilizing 4,857 kilograms of stones, 193 kilograms of enzymes, and 2,690 kilograms of bleach per day. These processes are optimized to achieve

nearly 70% efficiency, ensuring the right balance between aesthetics and sustainability while reducing the overall chemical and water footprint of production – **see risk approach.**

All products are developed under strict international compliance frameworks to ensure safety and sustainability. The factory adheres to standards such as OEKO-TEX Standard 100, Global Recycled Standard (GRS), Organic 100, and ZDHC guidelines, guaranteeing chemical safety and responsible material sourcing. In addition, participation in the Higg Index and OEKO-TEX STeP enables continuous monitoring of environmental performance, resource efficiency, and energy management. With ongoing efforts to enhance process optimization and reduce resource use, the factory is steadily moving toward greater sustainability, producing garments that meet global quality standards while minimizing environmental impact and extending product life.

Our goal is to produce consumer goods with the best functionality, price/quality ratio, safety, and long lifetime, while enabling repair, reuse, and recycling. We carefully select materials aligned with international standards like OEKO-TEX 100 and sustainability labels to ensure safety and performance.

To uphold quality, our assurance system begins with incoming material control, continues with inline inspection during production, and ends with final inspection before shipping. Rejection rates are closely monitored against strict quotas, ensuring consistency and customer trust. From our first five-pocket jeans to today's fashion-forward range, we remain committed to creating garments that combine style, purpose, and responsibility for a sustainable future.



## IV Risk Approach

In the following risk approach, we discuss the risks of the country, region, branch and our site. At Cotton Web, risk management is not a checklist exercise, it is a continuous process embedded into our culture. We address risks at three levels: our own site, our supply chain, and our products.

### 1. Country Level Risk Assessment

Based on the World Bank's Worldwide Governance Indicators (2019–2023), it was identified that persistent governance challenges in Pakistan are a risk. While there has been minor improvement in political stability and government effectiveness, overall progress remains limited. Weak rule of law, declining regulatory quality, and widespread corruption continue to undermine investor confidence and create an unpredictable business environment. These governance weaknesses pose significant barriers to sustainable industrial development and long-term investment. There is a need for institutional reforms, transparent regulatory systems, and consistent policy implementation to foster a more stable and investor-friendly environment for the textile export sector.

### 2. Branch Level Risk Assessment

Textile and apparel industry show encouraging progress in reducing child labour, with risk now categorized as low due to law enforcement and compliance with international standards. However, challenges remain regarding women's participation in the workforce. Despite policy support and gradual improvement, cultural norms, workplace safety concerns, and limited childcare facilities still restrict female inclusion, representing a medium risk. Energy costs continue to be one of the most pressing issues for manufacturers, as high tariffs and dependence on fossil fuels significantly increase production costs. Similarly, water scarcity, particularly in dyeing and finishing processes, presents a medium-to-high risk, reinforcing the need for efficient water management and recycling solutions.

### 3. Region Level Risk Assessment

Varying risk intensities are recorded across provinces. Balochistan and Azad Jammu & Kashmir face high risks due to political instability, inadequate infrastructure, and mobility restrictions. Southern Punjab experiences medium-level risk associated with frequent flooding, poverty, and low female participation, while Central Punjab faces moderate risks from industrial pollution, rising energy costs, and urban congestion.

### 4. Country Level Energy Cost

Energy remains one of the major cost pressures for the industry. Electricity tariffs, although reduced slightly to Rs 31–40 per kWh, remain high compared to regional averages, and reliability issues persist. Diesel prices at Rs 284 per liter, along with natural gas and RLNG costs ranging from Rs 2,300–3,900/mmBtu and \$9.47–11.58/mmBtu respectively, further inflate operational expenses. While LPG prices have slightly decreased to Rs 233 per kg, affordability and supply reliability remain challenges. The report emphasizes the urgent need for a transition toward renewable energy sources, energy-efficient technologies, and mechanisms such as Virtual Power Purchase Agreements (VPPAs) to reduce costs and carbon emissions.



## OWN SITE - Social Criteria
















Here we will discuss the social criteria that shapes our risk management approach. Key areas include workforce composition, fair wages and benefits, health and safety, training, and grievance management, all of which play a vital role in minimizing risks.

For our own site, compliance with ILO Core Labor Standards and the UN Guiding Principles on Business and Human Rights forms the foundation. In 2023, the company underwent audits in the frame of SA8000, SEDEX and WRAP. We received a strong rating with actionable recommendations. All these certifications are conducted on an annual basis as part of our long-term commitment to continuously improving working conditions.

amfori BSCI Dec. 15, 2025	SA8000 -	Green Button -
amfori BEPI -	GRS Feb. 6, 2026	bluesign -
GOTS -	Oeko-Tex 100 -	ZDHC Feb. 7, 2026
CmiA -	Higg Index April 30, 2026	STeP -
SocialFair <sup>2022</sup> July 31, 2026	Accord -	FWF -
Fairtrade -	Sedex -	FLA -
WRAP -	ETI -	ISO 14001 April 26, 2026
OHSAS 18001 -	ISO 45001 -	ISO 9001 -

Our facility operates across a covered area of approximately 317,264 sqft, supported by both owned and rented facilities. The site includes production areas, utility blocks, management offices, a waste shed, a dedicated 10,500 sq ft Effluent Treatment Plant (ETP), and a 5,000 sqft Recycling Plant that will further enhance resource recovery. Unit-2 and Unit-3 expand the company's production footprint with dedicated stitching, cutting and finishing buildings.

Workplace safety remains a priority, with one fire extinguisher per 857 sqft and one smoke detector per 2,643 sqft. Fire protection is further strengthened through an automatic Sprinkler System, a Fire Hydrant Network, and designated First Assembly Points. Escape routes, fire doors, and staircases are strategically located across facilities, while regular fire drills and training sessions ensure preparedness.

 <b>Smoke Detector</b> 120	 <b>Manual Fire Alarm</b> 58	 <b>Auto Fire Alarm</b> 58
 <b>Fire Extinguisher</b> 370	 <b>Fire Hose</b> 39	 <b>Floor Exit</b> 15
 <b>Floor Fire Exit</b> 7	 <b>Fire Safety Door</b> 9	 <b>Emergency Stair</b> 7
 <b>First Aid Box</b> 50	 <b>Eye Wash Station</b> 15	 <b>Safety Gloves (Pair)</b> 1,325
 <b>Safety Boots (Pair)</b> 91	 <b>Safety Jackets</b> --	 <b>Safety Glass (Pair)</b> --

As of 2024, we employ 4,045 people. In earlier years, a large portion of the workforce was contractual; however, today 97% hold permanent contracts, reflecting our progress toward workforce stability. Out of the total workforce, 16% are women, with representation across worker, management, and leadership levels. Gender inclusion is a key focus area, supported by structured initiatives such as our Management Trainee Officer (MTO) program, where recent hiring batches have shown significant increases in female participation. Child labor and forced labor are strictly prohibited, and a robust grievance mechanism ensures that employee concerns are addressed transparently within the defined timelines.

To support employee well-being, the company provides safe daycare facilities for working mothers, a dedicated hostel for female staff, and transportation used by 237 women. It also offers educational discounts for employees and their families, structured maternity benefits



with paid leave and medical care, and organizes an Annual Sports Week to promote health, teamwork, and a positive work culture. We provide 100% social insurance to all our employees.

In 2024, a total of 2 grievance cases were reported. All cases were addressed through a formal and transparent grievance committee, with a defined resolution timeframe of up to 90 days in line with ILO standards and national labor law. This structured approach ensures timely resolution, strengthens employee trust, and fosters workplace harmony. The system was installed in 202

Workers Feel Safe While Raising Complains	Policy for Grievance Mechanism in Place	Workers can Complain Anonymously
Workers Trust The Grievance Mechanism	Workers Aware of Grievance Mechanism	



Complains Received in the Data Year

2

At Cotton Web Limited, various types of grievances have been reported over the years, including issues related to workplace misconduct and disputes among employees. Each grievance is handled through a transparent inquiry process where all facts are reviewed before reaching a decision. Depending on severity, the company takes appropriate disciplinary actions such as counseling or written warnings for minor issues and termination for serious offences.

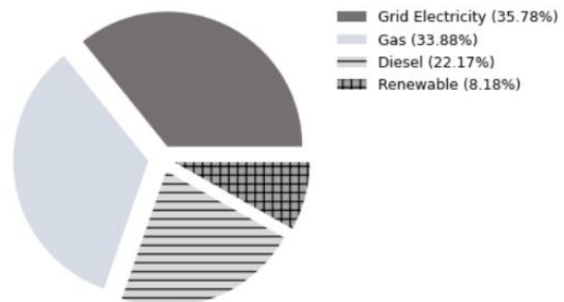
For instance, in one case, two employees were involved in a heated argument that disrupted the department’s environment; both were counseled and given a final warning to improve their behavior. In another case, an employee was found guilty of garment theft, and after a thorough investigation, their employment was terminated in line with company policy. These examples demonstrate Cotton Web’s balanced approach ensuring strict action where necessary while also providing opportunities for correction to uphold a respectful, safe, and ethical workplace.

### OWN SITE - Environmental Criteria

Here we will focus on the five environmental criteria that guide our risk management approach in our facility which includes cutting, printing, dyeing, sewing and finishing. It will cover climate change, environmental pollution, water consumption, biodiversity and ecosystems, as well as resource use and circular economy, highlighting how each area helps on mitigating potential risks and supports our way to more sustainable operations.

#### Climate Change

We have calculated total energy consumption here for the first time. In 2024, 92% of our energy came from non-renewable sources (natural gas and diesel), while 8.18% was derived from renewables, mainly solar and biomass. In 2016, we installed solar panels with a capacity of 157 kWh. We increased the capacity in 2022 to 590 kWh. Currently, our solar capacity is 757 kWh and it has generated 781,199 kWh, covering part of our electricity demand, while biomass is used to completely replace coal for steam generation and cutting related emissions by 55%.





This results in an energy footprint of 0.86 kWh/piece in manufacturing. Converted, this means a carbon footprint of 370 grams CO<sub>2</sub> per piece at our site.



**Energy Footprint**

0.86 kWh/pieces



**CO<sub>2</sub>-eq Footprint**

0.37 kg/pieces

**Environmental Pollution**



**Carton Boxes**

270,000 kg



**Packaging Poly**

198,000 kg

We have recorded the consumption of cardboard packaging made from recycled cardboard and the consumption of polybags. These amount to 270,000 kg and 198,000 kg respectively. Around 57,951 kg of other solid waste and 270,037 kg of textile waste was generated in 2024. Our waste-water was recorded at 581,572,000 liters. This water is later treated in our ETP, we treat all water used in industrial processes. Our first ETP was established in 2020.



**Waste Water**

581,572,000 liter



**Textile Waste**

270,037 kg

**Water Consumption**



**Daily Domestic Water Footprint**

47.11 L/Employee/Day



**Process Water Footprint**

52.94 L/pieces

In 2024, our operations recorded 57,926,000 liters of domestic water and 585,684,000 liters of processed water consumption. Due to the analysis in the SocialFair<sup>2030</sup> approach, the domestic water consumption per employee per day was recorded 47.11 liters and per piece consumption of processed water was recorded at 52.94 liters.

Our primary source is groundwater, drawn from an area of high-water stress, where the shallow water table raises the risk of mineral contamination. To address this, we operate a biological Effluent Treatment Plants (ETPs) at all facilities, the largest with a 90 m<sup>3</sup>/hour capacity, ensuring compliance with ZDHC Foundational Level and local regulations. Effluent quality is continuously monitored by dedicated laboratories. It has the capacity to treat 85% of the processed water. A Reverse Osmosis (RO) plant, commissioned in 2023, utilizes 30% of the treated water from the Effluent Treatment Plant (ETP) and is primarily used to provide safe drinking water across the facility. To further reduce consumption, a water recycling plant is planned for commissioning in 2026.



## **Biodiversity and Ecosystems**

We are committed to enhancing biodiversity through a sustained plantation drive. Between 2021 and 2024, we planted 4,312 trees across Lahore, moving steadily toward our overall goal of 5,000 trees. The initiative covers both our facility grounds and surrounding community spaces, including species such as lychee, moringa, bauhinia, roses, and marigolds. As part of our future, we are also exploring the development of an urban forest within our community spaces, which will further enrich biodiversity, improve air quality, and provide long-term ecosystem benefits.

## **Resource Use and Circular Economy**

We embrace circular economy principles by reusing materials and minimizing waste throughout its production cycle. Around 20% of fabric inputs come from recycled sources, while zippers and other trims are also made from recycled materials, reducing dependence on virgin resources. By reintegrating usable materials into new production, the factory not only lowers its environmental footprint but also enhances resource efficiency and cost savings. These circular practices reflect a strong commitment to sustainable manufacturing and contribute to building a more resilient, low-waste textile value chain.

A Reverse Osmosis (RO) plant has been installed at designated drinking points to ensure safe and potable water for employees. The system utilizes RO reject, which is approximately 30% of the RO feed water, across different areas of the facility for various purposes; the water is supplied on a gravity basis without any additional energy consumption.

## **Risk Approach - Supply Chain**

We have built long-standing partnerships with our suppliers, ensuring resilience and sustainability across the value chain. Around 49% of our sourcing is from local suppliers and 51% from international partners, reducing over-dependence on any single market. On average, fabric lead times are 50 days and trims 28 days, reflecting efficient planning to avoid production delays.

We collaborate with 43 fabric suppliers and 98 trims suppliers, many of whom provide recycled materials particularly for trims such as zippers supporting circularity and reducing environmental impact. Most of our trims, especially zippers, are sourced from the YKK brand, with rare sourcing from SBS.

To strengthen supply chain reliability, we conduct regular audits and engagement programs that monitor compliance with sustainability standards, resource efficiency, waste reduction, and emission control. This diversified and transparent sourcing strategy helps us mitigate risks such as delays, quality issues, or over-reliance on specific suppliers, while embedding ethical and sustainable practices across all tiers of our supply chain.

## **Risk Approach - Products**

To ensure quality and reduce production risks, we maintain a balanced material mix focused on both performance and sustainability. Cotton-poly blends make up 51%, blend with Lycra 35%, and 100% cotton makes up 14%, with denim representing 76% of total production. Washing operations are closely monitored, using 4,857 kg of stones, 193 kg of enzymes, and 2,690 kg of bleach per day, achieving an overall efficiency of nearly 70%. By carefully



managing wash types such as stone wash, bleach wash, and dye wash we ensure consistent product quality while minimizing chemical use and environmental impact.

Our fabrics and finishes comply with internationally recognized standards, including the OEKO-TEX Standard 100, the Global Recycled Standard (GRS), Organic 100, and ZDHC guidelines. These certifications guarantee that our products meet stringent requirements for chemical safety, recycled content, and sustainable production. In addition, participation in the Higg Index and OEKO-TEX STeP ensures continuous measurement and improvement in resource efficiency, water and energy consumption, and chemical management. While the system is stable and meets customer requirements, current resource consumption highlights opportunities for further optimization. Moving forward, we are focused on enhancing efficiency and sustainability across washing and finishing processes, thereby extending product durability while minimizing environmental impact.



## V Strategies

For a systematic approach to greater sustainability in our business processes, we have defined clear areas of action to come in line with "Forward in Responsibility 2030+.". Within the three areas, we aim to minimize risks for our employees, suppliers, and the consumers who use our products. At the same time, we strive to continuously improve our performance and efficiency, ensuring the lowest possible footprint for the resources required in our production. Therefore, Cotton Web Limited has identified three main areas of focus for our sustainability strategy:

- I. **At the factory location itself.** We focus on the social and environmental criteria such as maintaining responsible operations through stable employment, inclusivity, and sustainability. Employee welfare is supported through day-care, hostel, and transport facilities, along with maternity benefits and sports activities. We also have a grievance system in place. Our focus is on energy efficiency, waste reduction, and water management. 8% of energy now comes from solar and biomass, cutting emissions by 55%. All wastewater is treated through biological ETPs, and waste handling ensures safe disposal of textile waste and solid waste. Reverse Osmosis (RO) plant is installed for clean water for drinking. We have conducted plantation drives, and 20% of fabrics and trims use recycled materials.
- II. **In the supply chain,** we partner with 43 fabric suppliers and 98 trim suppliers, with 49% local sourcing to ensure resilience and reduce dependency. Regular supplier audits and sustainability checks promote compliance, quality, and resource efficiency.
- III. **In the products,** a balanced material mix of cotton-poly blends, Lycra, and cotton support's both performance and sustainability, with denim comprising 76% of total output. Washing operations are efficiently managed using stones, enzymes, and bleach while maintaining chemical safety and process control. All products meet international standards including OEKO-TEX, GRS, and ZDHC, ensuring responsible production, minimizing environmental impact, and consistent product quality.



## VI Targets

At Cotton Web, we have developed overarching goals to drive our sustainability efforts in the coming years to come in line with our "Forward in Responsibility 2030+" approach.

### OWN SITE - Social Targets

- Women representation to reach 20%, persons with disabilities to reach 2%, and employee turnover to reduce to 21% by 2027.
- Improve employee well-being and safety, targeting a 2.5% Lost Time Injury Rate (LTIR) by 2030.
- Provide education and training to 345 employees by 2030.
- Achieve 25% female representation across all levels by 2030.
- Maintain employee turnover below 19% by 2030 through engagement and career development.

### OWN SITE - Environmental Targets

- Cut Scope 1 and 2 carbon emissions by 60% by 2030
- Scope 3 emission assessment started in 2025 and will be completed by the end of 2026.
- Reduce chemical consumption by 5% by 2030 through process optimization and improved efficiency.
- Reduce total water consumption by 36% by 2030 through efficiency improvements and recycling initiatives.
- Plant 5,000 trees by 2026 in collaboration with the Environmental Protection Agency and Punjab Forest Department, supporting ecological restoration and biodiversity conservation.
- Divert 25% of total waste from landfills by 2030 through recycling and reuse initiatives.

### Supply Chain Targets

- Strengthen supply chain by implementing the Traceability Framework/Digital Product Passport (DPP) in full compliance with EU, German, and US regulations by 2030.

### Products Targets

- Increase the use of sustainable and recycled fabrics to 50% by 2030, aligned with customer requirements.
- Lower stone usage to 3,500 kg/day, maintain enzyme use at 183 kg/day, and reduce bleach consumption to 2,556 kg/day, achieving 73% process efficiency by 2030.
- Testing of alternative procedures to avoid usage of stone washing in 2026

### Governance Targets

- Achieve a 15% improvement in overall operational efficiency by 2030 through enhanced data tracking, financial monitoring, and transparent reporting systems.



## VII Programs

Our programs are developed to promote sustainability in our business processes are primarily aimed at avoiding or at least minimizing existing risks. Therefore, we develop measures to achieve the above-mentioned targets and define responsibilities within the management team. Following you will find a selection of measures for social and environmental criteria at our own site, for the supply chains used by us and for our products.

### OWN SITE - Social Criteria

- Workplace safety programs will be led by the HSSE Manager and will focus on training, equipment, and audits to reach a 2.5% LTIR by 2030, while employee welfare will be strengthened through inclusion and career programs.
- The HR Department is going to train 345 employees, increase female representation to 25%, and maintain turnover below 19% by 2030.

### OWN SITE - Environmental Criteria

- Will cut Scope 1 and 2 carbon emissions by 60% by 2030, additional solar capacity and efficient cooling systems are being installed to reduce fossil fuel dependence, monitored by the Utilities and Sustainability Managers.
- More transparency about Scope 3 emissions by the end of 2026, the process to calculate them is already underway and will be done by 2026.
- Waste segregation and recycling initiatives aim to divert 25% of waste from landfills by 2030, supervised by the Utilities and Maintenance Managers, with results verified by Finance and Sustainability.
- Process optimization and staff training are helping to reduce chemical consumption by 5% by 2030, managed by the Production and Chemical Managers.
- A water recycling system is being installed to reduce freshwater intake and achieve a 36% reduction in water use by 2030, led by the Utilities/ETP and Maintenance Managers, while savings and performance are tracked by Finance and Sustainability teams.
- A tree plantation program in partnership with the Environmental Protection Agency and Punjab Forest Department supports the target of 5,000 trees by 2026, improving biodiversity and ecosystem resilience.

### Supply Chain

- We will implement the Traceability Framework/Digital Product Passport (DPP) in two phases as per EU regulations Phase 1 by 2027 and Phase 2 by 2030 which will also align with German and US regulatory requirements.

### Products

- Product initiatives aim to use 50% sustainable and recycled fabrics by 2030 and achieve 73% process efficiency by optimizing stone, enzyme, and bleach use under the Production and Process Managers.

### Governance

- A new governance program seeks a 15% increase in operational efficiency by 2030 through improved data tracking, financial monitoring, and transparent reporting managed by Finance and Sustainability teams.



## VIII Environmental Social Governance Overview

This overview outlines our commitment across the three core pillars: Environmental, Social, and Governance. It highlights the key themes under each pillar, our current performance in 2024, and the targets and programs we have set to drive continuous improvement. This structured approach ensures transparency tracks progress and reflects our dedication to sustainable growth and responsible business practices.

Pillar	Key Themes	2024 Performance	Targets 2025 / 2026	Programs
<b>Social</b>	Workforce Composition	4,045 employees, 97% on permanent contracts, 16% women across all levels	Maintain workforce stability and promote gender inclusion (25% female representation)	HR-led inclusion programs, Management Trainee Officer (MTO) scheme, daycare, hostel, and transport facilities
	Fair Wages & Benefits	Average wage USD 165/month; overtime USD 1.13/hr.	Maintain fair wage structure and ensure continuous wage compliance	Regular payroll and benefit audits.
	Fire Safety	424 smoke detectors, 405 extinguishers, 83 fire aid boxes, automated sprinkler & hydrant systems	Achieving a Lost Time Injury Rate (LTIR) of 2.5%	HSSE-led safety training, drills, audits, and equipment upgrades
	Training	96 training sessions held in 2024 (1,984 workers and 421 staff)	Train 345 employees through continuous learning and development	Structured employee education programs and on-site awareness sessions
	Grievance Mechanism	2 grievance cases reported and resolved within 90 days	Sustain transparent and confidential complaint management	Strengthen grievance system and awareness sessions



<b>Environment</b>	Climate Change	8.18% renewable energy share; 747 kW solar generating 781,199 kWh; 55% emission reduction via biomass	Reduce Scope 1 & 2 carbon emissions by 60%	Expand solar capacity and upgrade cooling systems for energy efficiency
	Environmental Pollution	270,037 kg textile waste; 57,951 kg solid waste; 270,000 kg recycled cardboard used	Divert 25% of waste from landfills	Waste segregation, recycling, and reuse initiatives under Utilities team
	Water Resources	585.6 million L domestic water; 57.9 million L processed water; ETP with 90 m <sup>3</sup> /hr capacity	Reduce water consumption by 36%	Install water recycling system and optimize reuse processes
	Biodiversity	4,312 trees planted since 2021	Plant 5,000 trees in collaboration with EPA and Punjab Forest Department	Annual plantation drives and community-based biodiversity projects
	Resource Use & Circular Economy	20% recycled fabric and trims in production	Increase sustainable material use to 50%	Integrate recycled fabrics and trims, expand reuse and recovery systems
<b>Governance</b>	Ethical Standards	Compliant with OEKO-TEX, GRS, Organic 100, ZDHC, SEDEX, and SA8000	Maintain full compliance with international social and environmental standards	Regular third-party audits and internal compliance reviews
	Supply Chain Responsibility	43 fabric and 98 trim suppliers; 49% local sourcing; supplier audits conducted	Align supply chain with EU, US, and German due diligence frameworks	Supplier capacity building, traceability systems, and sustainability audits
	Transparency & Reporting	First structured sustainability report	Achieve 15% operational efficiency improvement via transparent reporting	Strengthen data tracking, financial monitoring, and ESG disclosure processes



## IX Performance Indicator

We have adopted a set of performance indicators (PIs) provided by the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) to systematically monitor our progress across the environmental, social, and governance (ESG) domains. These indicators enable us to measure effectiveness, ensure transparency, and demonstrate our commitment to sustainable growth.

Key areas of focus include safety, where we track the number of fire extinguishers, first aid boxes, and smoke detectors per defined floor area; climate protection, where energy consumption and efficiency are measured in kWh per piece of product along with the calculated carbon footprint in kg Carbon Dioxide equivalent (CO<sub>2</sub> eq) per piece product; water consumption, where domestic water use is measured in liters per employee per working day and process water in liters per piece of product; and packaging, where carton and plastic consumption is calculated in kilograms per piece of product.

For the first time, these indicators present our performance in the social, environmental and governance dimensions, reflecting our openness and accountability. Moving forward, we will expand the scope to include workplace accidents, absenteeism, female employment rates, and employee feedback through suggestions and complaints. In this way, the impacts of our production on people and the environment will become increasingly transparent, and our continuous improvements more visible.

All indicators are reported in relation to kilograms of manufactured product, or in the case of safety, in terms of installed equipment rather than the number of units produced.

## Performance Indicators

Environmental	Unit	2024 Base year	2025	2026
<b>E1 Climate Change</b>				
Energy (total)	kWh	9,522,277		
Non-Renewable	%	91.82		
Renewable	%	8.18		
Energy	kWh/pcs	<b>0.86</b>		
Energy	kWh/sq ft	<b>27.43</b>		
Scope 1 + 2	CO2 eq kg	4,093,690		
Scope 1 + 2	CO2 eq kg/pcs	<b>0.37</b>		
Scope 1 + 2	CO2 eq kg/sq ft	<b>11.13</b>		
Scope 3	CO2 eq kg	n.a.		
<b>E2 Environmental Pollution</b>				
Chemicals (total)	kg	2,004,835		
Chemicals	kg/pcs	<b>0.18</b>		
Carton Boxes (total)	kg	270,000		
Carton Boxes	kg/pcs	<b>0.02</b>		
Plastic (total)	kg	198,000		
Plastic	kg/pcs	<b>0.02</b>		
Textile Waste (total)	kg	270,037		
Textile Waste	kg/pcs	<b>0.02</b>		
Other Solid Waste (total)	kg	57,951		
Other Solid Waste	kg/pcs	<b>0.01</b>		
<b>E3 Water and Marine Resources</b>				
Domestic Water (total)	l	57,926,000		
Domestic Water	l/employees/day	<b>47.11</b>		
Process Water (total)	l	585,684,000		
Process Water	l/pcs	<b>52.94</b>		
Waste Water (total)	l	581,572,000		



Waste Water	l/pcs	<b>52.56</b>		
<b>E4 Biodiversity and Ecosystems</b>				
Own Biodiversity Project	Yes/No	Yes		
Planned Project	until when	2026		
Tree Planting Project	Yes/No	Yes		
Trees planted	Number	4,312		
<b>E5 Resource use and Circular Economy</b>				
Recycled	%	10		
OCS	%	100		

<b>Performance Indicators</b>				
<b>Social</b>	<b>Unit</b>	<b>2024 Base year</b>	<b>2025</b>	<b>2026</b>
<b>Employees (total)</b>	Number	4,045		
Male (total)	Number	3,413		
Female (total)	Number	632		
Share of male	%	<b>84</b>		
Share of female	%	<b>16</b>		
<b>Permanent Employees</b>	Number	3,924		
Permanent employees	%	<b>97</b>		
Employees Turnover	%	<b>3</b>		
<b>Accidents at Work</b>	Number	269		
Accidents at work	accidents /employees	<b>0.066</b>		
Accidents at work	accidents /day	<b>0.88</b>		
<b>Grievance Mechanism</b>	Yes/No Complaints	Yes 2		
<b>Safety</b>				
Fire extinguisher	sq ft/pcs	<b>857</b>		
Smoke detector	sq ft/pcs	<b>2,643</b>		



First Aid Box	employees/pcs	<b>80.9</b>		
Working Day per Week	Number	6		
Working Hours per Week	Number	48		
<b>Social Insurance</b>	%	100		

## Performance Indicators

<b>Governance</b>	<b>Unit</b>	<b>2024 Base year</b>	<b>2025</b>	<b>2026</b>
Turnover	USD m	80		
Factory size	sq ft	317,264		
Total Production	pieces	11,064,029		
Lead time	Days	90		
<b>Machines</b>				
Washing	Number	103		
Sewing	Number	1,151		
Curing Oven	Number	3		
Laser Machines	Number	8		
KMNO4 Spray Booth	Number	8		
Supplier	Number	141		
Customers	Number	33		



## X Imprint

### **Cotton Web Limited**

Kamahan Atari Road, 16-KM off Ferozepur Road, Lahore, Pakistan

Phone: +92 42 3520 1234

Visit us at [www.cottonweb.net](http://www.cottonweb.net)

Email: [info@cottonweb.net](mailto:info@cottonweb.net)

### **Disclaimer**

This report was developed with the support from the Pakistan Readymade Garments Manufacturers and Exports Association (PRGMEA) in the frame of the Green Pakistan Project started in January 2025. The report is in accordance with the German Due Diligence Act and follow the Recommendation of the EU Commission on a standard for voluntary sustainability reporting by small and medium sized enterprises from August 2025.



## XI Glossary

Abbreviation / Unit	Full Form / Description
<b>CO<sub>2</sub> eq</b>	Carbon Dioxide Equivalent
<b>EPA</b>	Environmental Protection Agency
<b>ETP</b>	Effluent Treatment Plant
<b>GRS</b>	Global Recycled Standard
<b>Higg Index</b>	Sustainability Measurement Tool of Sustainable Apparel Coalition, now used by Cascale
<b>HSSE</b>	Health, Safety, Security & Environment
<b>ILO</b>	International Labour Organization
<b>ISO 14001</b>	Environmental Management System Standard
<b>kg</b>	Kilogram
<b>kWh</b>	Kilowatt-hour
<b>LPG</b>	Liquefied Petroleum Gas
<b>LTIR</b>	Lost Time Injury Rate
<b>mmBtu</b>	Metric Million British Thermal Units
<b>m<sup>3</sup></b>	Cubic Meter
<b>NEPRA</b>	National Electric Power Regulatory Authority
<b>OEKO-TEX</b>	International Association for Research and Testing in Textile Ecology
<b>OEKO-TEX STeP</b>	Sustainable Textile & Leather Production
<b>pcs</b>	Pieces
<b>PI</b>	Performance Indicator
<b>RLNG</b>	Regasified Liquefied Natural Gas
<b>SA8000</b>	Social Accountability 8000
<b>SEDEX</b>	Supplier Ethical Data Exchange
<b>sq ft</b>	Square Feet
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNGP</b>	United Nations Guiding Principles on Business and Human Rights
<b>VPPA</b>	Virtual Power Purchase Agreement
<b>WRAP</b>	Worldwide Responsible Accredited Production
<b>ZDHC</b>	Zero Discharge of Hazardous Chemicals