



BUILDING A
SUSTAINABLE
WORLD

SUSTAINABILITY
REPORT 2019

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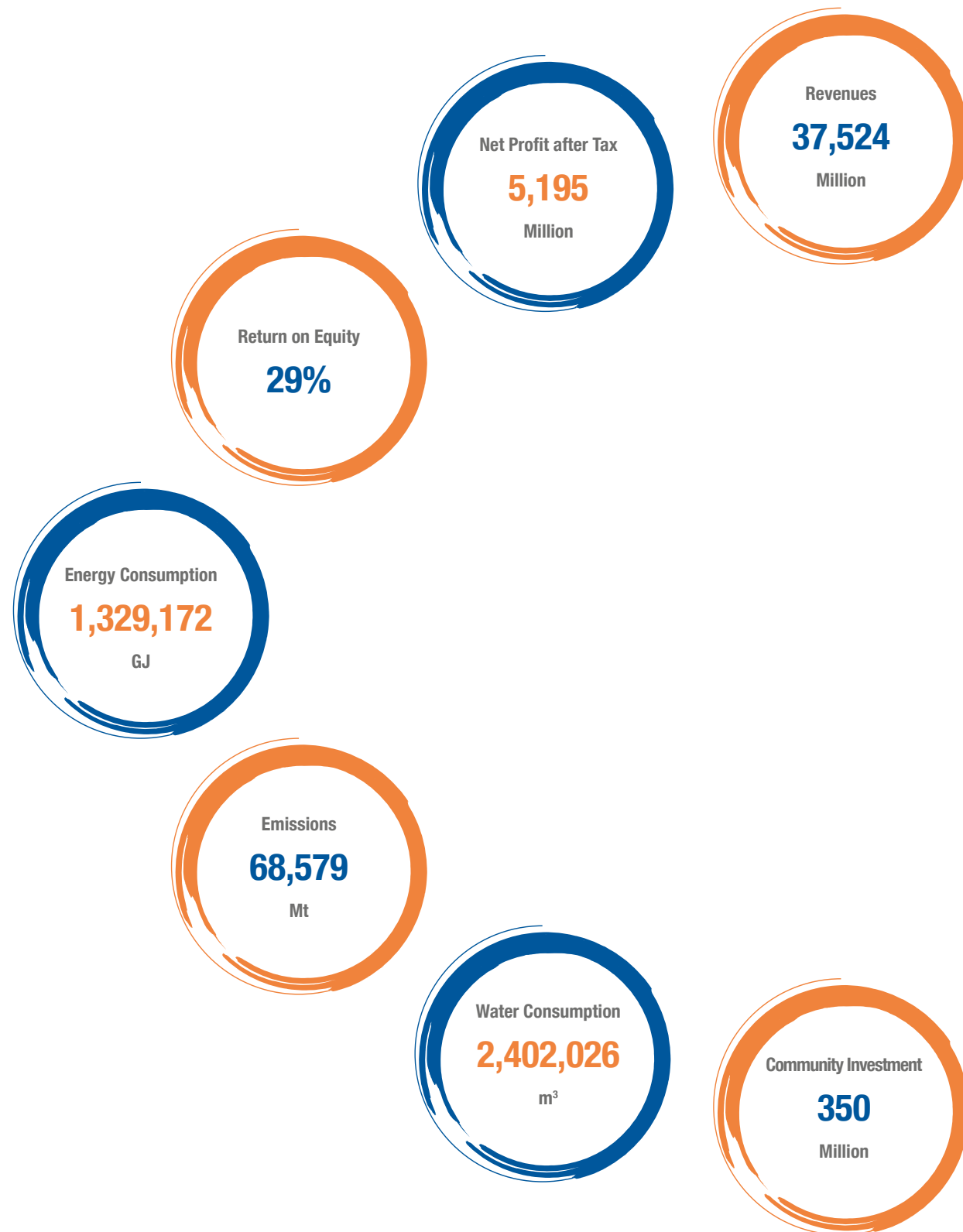
Interloop's reason for existence is to Build a Sustainable World through Positive Change for its Stakeholders, by taking initiatives focused on People, Planet & Prosperity, while pursuing Business with Ethics & Integrity



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KEY PERFORMANCE HIGHLIGHTS



ABOUT THE REPORT

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

Scope and Boundary

The sustainability report covers the activities and information about Interloop Limited from July 01, 2018, to June 30, 2019. The last sustainability report covering the period January 01, 2017 to December 31, 2017, was published in August 2018. The information included in this report covers Interloop Limited's business units including Spinning, Yarn Dyeing, Hosiery, Seamless Active Wear and also Denim which has been operationalized this year. The report does not cover the information on the impacts of its subsidiary companies. Moreover, the information on impacts within the supply chain is also not included due to the non-availability of data.

Report Content

The contents of the report including material topics discussed in the report have been derived by taking into consideration the requirements of GRI Sustainability Reporting Standards, impacts of our operations as well as our engagement with important stakeholder groups. More details about consultation and determination of material topics are available on page 18-19 of this report.

Methodology and Data Quality

The data included in the report has been recorded on actual basis. However, where data is not available, estimation has been used. All such estimations have been clearly mentioned at respective places. The data related to environmental impacts has been obtained from the Sustainability Cell which is responsible for measuring and monitoring environmental impact and progress against the targets. The data measurement techniques have been upgraded as per the requirements of GRI Sustainability Reporting Standards. Moreover, the reporting period, scope and boundary of the report has been redefined to align with the requirements of the Standards. The sustainability reporting period and targets which were previously covering calendar year have been re-calculated to align with the new reporting period, i.e. July 2018 - June 2019, to harmonize this information with financial information, for informed decision making by stakeholders. The sustainability report is part of the annual reporting process.

Assurance

The Sustainability Cell and the Board Committee review the report annually but it is not reviewed independently. However, Interloop is interested in getting independent review of future sustainability reports.

The GRI Index is available on page 90 of this report. The report is available in printed as well as PDF form. The PDF form is the most updated version which can be accessed at www.interloop-pk.com. Your valuable input on the report will be helpful to keep our reporting relevant for our stakeholders' decision-making needs. You can connect with the sustainability team at the following address:

Muhammad Fauz UI Azeem
Sr. Manager Sustainability & Business Strategy

Phone: +92-41 – 4360400
Email: sustainability@interloop.com.pk

FROM THE CHAIRMAN

Climate change, increasing GHG emissions, non-availability of clean water, lack of education, rising inequalities, poverty and hunger are severe challenges faced by humanity at present. Business operations worldwide are being reviewed in a wider context, driving the companies to follow sustainable practices, manage their impacts and deliver solutions for global challenges.

At Interloop, we believe that Sustainability, being a key pillar of our mission, is vital for effecting our role as a leading player in hosiery business in the global supply chain. Our mission “to be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business” drives our strategy to deliver shared value for our stakeholders. We are a purpose driven organization pursuing ethical practices in our business activities and our relationships with our stakeholders.

Our reason for existence is to be an Agent of Positive Change. To pursue this, we follow a Triple Bottom Line Sustainability Philosophy, comprising People, Planet & Prosperity, i.e., expanding our business focus on the financial bottom line as well as on the social and environmental aspects.

Today, Interloop is considered a responsible partner by top brands and retailers world-wise because our foremost priority since inception has been to support the society and the environment along with providing quality products and service to our customers. Our sustainability philosophy is practiced in all our business decisions and our people targets 2021 encompassing, building a diverse & empowered workforce, transforming lives, and improving well-being augment delivering a positive impact on our people and communities. We have been able to transform lives of thousands of households and enabled many more live more fulfilling and healthier lives by investing PKR 1.08 billion in multiple social initiatives in education, health, women empowerment, sports and literary activities since 2016.

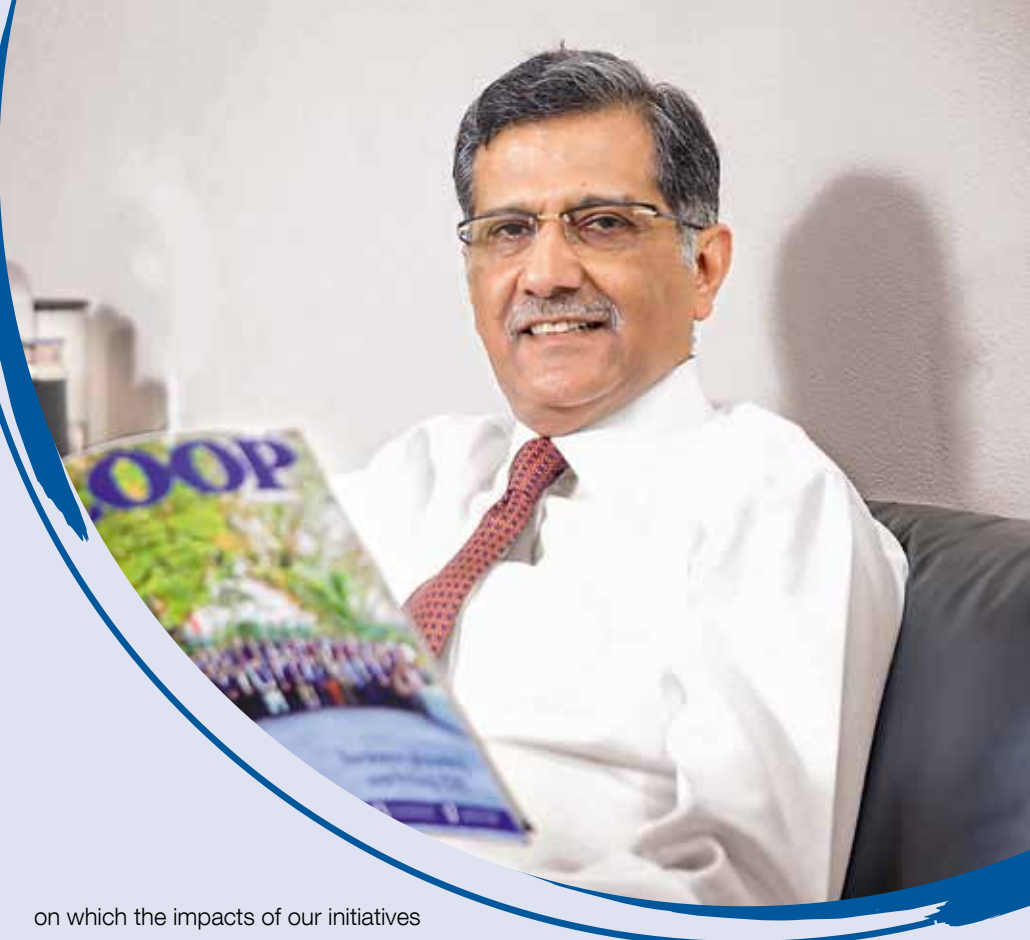
Managing environmental impact of our business and preserving and improving our communities form an important part of our sustainability philosophy. Interloop has defined environmental targets for its hosiery business and performance against targets 2021 have resulted in efficient management of resources and decreased environmental impact over the year, by reducing the relative volume of water

consumption, energy consumption, GHG emissions and effluent waste. Our next five year targets will cover Inteloop’s all business functions, demonstrating our commitment to further reduce our environmental footprint and play our part in preserving a greener mother earth for future generations.

Despite unfavourable economic and market conditions, primarily impacted by deteriorating macro-economic indicators, higher interest rates and increased inflationary pressures during the year the company has been able to achieve its financial targets. Interloop Limited was listed on the Pakistan Stock Exchange (PSX) in April 2019 which was the largest IPO by any private company in Pakistan’s history. Currently, Interloop is the largest listed textile company on PSX by market capitalization and the 6th largest exporting firm of Pakistan. We continued to play an important part in the economic growth of Pakistan by providing employment opportunities, earning foreign exchange, paying all applicable taxes, engaging multiple vendors for buying raw materials as well as other services, and by investing in the community.

We believe transparency is vital for winning the trust of our stakeholders. To further our commitment of pursuing sustainable business, we adopted the world’s most widely used sustainability reporting standards this year, “GRI Standards” along with Sustainability Accounting Standards Board’s “Apparel, Accessories, Footwear Standard” for our Sustainability Report to better communicate our impacts and contributions towards the goal of sustainable development.

Although we are impacting several of the UNDP’s Sustainable Development Goals, we have specified 9 SDGs either relevant to our business or high priority areas for social and environmental uplift



on which the impacts of our initiatives is being measured and reported, based on our targets. This report also links our activities to these SDGs and demonstrates our valuable contribution to the world.

Your input is vital for our success and guidance to deliver shared value to our all stakeholders.

Musadaq Zulqarnain
Chairman



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OUR JOURNEY

Established Yarn Dyeing Division at IIP, Faisalabad with current dyeing capacity of 354,000 Kgs per month



Commencement of Interloop Operations at Faisalabad with 10 Knitting Machines



Established vertically integrated Hosiery Plant 1 at Faisalabad with current monthly production capacity of 14.3 million pairs of socks



Established vertically integrated Hosiery Plant 2 at IIP, Faisalabad with current monthly production capacity of 17.9 million pairs of socks



Created business alliance with Euro Sox Plus, Netherlands to provide sales, marketing, market intelligence, design, logistics, warehousing and distribution services to customers in Europe & UK



Established Hosiery Plant 3 at Lahore through acquisition, with current monthly production capacity of 13.7 million pairs of socks



1992

2000

2003

2005

2006

2007

2009

2010

2011

2012



2nd Unit with addition of 400 Knitting Machines



Established Spinning Unit - I at Interloop Industrial Park (IIP), Faisalabad comprising 20,400 spindles



Established Interloop North America; an affiliate and exclusive North American representative of Interloop Limited to provide trend analysis, design & product development, sales, marketing, warehousing & logistic services



Established IL Bangla Limited, Bangladesh, a vertically integrated Hosiery Plant with current monthly production of 2.5 million pairs of socks



Set up Interloop China Office to source top quality yarns, dyes, chemicals & other raw materials cost effectively and to ensure better lead time

OUR JOURNEY

Set-up a dedicated Tights & Leggings Production Unit at Plant 1, Faisalabad with monthly production capacity of 0.45 million pieces

Established IL Apparel (Pvt.) Limited; a subsidiary of Interloop Limited, for manufacturing Knitwear Apparel



Expanded Hosiery Manufacturing footprint to Sri Lanka through affiliation with Texlan Center (Pvt.) Ltd. with current monthly production capacity of 3.25 million pairs of socks

Interloop Limited was demerged in order to separate non-textile business into a separate Holding company & Interloop Limited looking after the textile business, with approval of LHC

Constructing LEED Platinum certified Interloop Denim Apparel manufacturing plant at Lahore. Operations will commence in Q4, 2019 with planned capacity of 500,000 garments per month, to be enhanced to 1 million garments by 2021

Established Hosiery Plant 5 pilot project with 94 modern Italian Knitting Machines currently producing 900,000 pairs of socks per month. Planned to be scaled to a vertically integrated sustainable manufacturing facility with installed capacity of 1,280 knitting machines, producing 17.28 million pairs of socks per month

As part of business diversification strategy, established Interloop Dairies Limited

Inaugurated Interloop Spinning Unit - II at IIP, Faisalabad comprising 26,304 spindles



2013

2014

2017

2018

2019



Set-up a dedicated Vertical Sampling Facility at IIP, Faisalabad



Constructed the New Distribution Center at IIP, Faisalabad with storage capacity of around 26.4 million pairs of socks



Commissioned Region's First LEED Gold Certified Socks manufacturing facility (Plant 4) at IIP, Faisalabad with installed capacity of 720 Specialized Knitting Machines and monthly production capacity of 5 million pairs of socks



Held the largest private sector IPO in Pakistan's history and listed at Pakistan Stock Exchange (PSX) as the Largest Textile Company by Market Capitalization



Installed 2.0 MW Grid Tied Solar Power Generation System at Hosiery Plant 4 & Spinning, IIP; a renewable energy venture focused at reducing around 1500 tons of Carbon Emissions annually



15.4 MW Interloop Power Plant based on Tri-Fuel Engines was setup at IIP, Faisalabad to cater to energy requirements of existing facilities and new extensions

OUR FOOTPRINT



Associates & Subsidiaries

Subsidiary

- IL Apparel (Pvt.) Limited

Associated Companies

- Interloop Holdings (Private) Limited
- Interloop Dairies Limited
- Interloop Welfare Trust
- Momentum Logistics (Pvt.) Limited
- IL Bangla Limited - Bangladesh
- Texlan Center (Pvt.) Limited – Sri Lanka
- Euro Sox Plus B.V. - Netherlands
- Global Veneer Trading Limited – Switzerland

Affiliate Companies

- ILNA Inc. - USA
- Interloop Japan Limited - Japan

CORPORATE PROFILE

Interloop Limited, launched with 10 knitting machines in 1992, has grown into one of the world's largest Hosiery manufacturers. A complete vertically integrated company with state of the art Spinning, Yarn Dyeing, Knitting and Finishing facilities. Interloop is Pakistan's 6th largest exporting firm and the Largest Listed Textile Company on Pakistan Stock Exchange by Market Capitalization.

With over 5,000 latest Italian knitting machines, 17,000+ employees and an organizational network spread across 3 continents, Interloop has the proficiency to work with different

materials and the capacity to produce 700 million pairs of Socks & Tights annually, for top international brands & retailers spread across Europe, Asia and USA. With current annual turnover to the tune of USD 250 million, Interloop is expanding its Hosiery business and venturing into the Apparel segment including Denim, Knitwear & Active wear.

The total revenue for the year ended on June 30, 2019, was PKR 37,524 million with a net profit of PKR 5,195 million. The total operating cost for materials and services for the year was PKR 22,755 million. During the year,

Interloop sold 43 million dozens of socks and tights, 26 million kg of yarn and dyed 4 million kgs of yarn.

There were no major changes in organizational structure except the start of the new denim facility at Lahore and listing on the Pakistan Stock Exchange during the year which resulted in the offering of shares to the institutional investors and general public. The details about the pattern of shareholding can be found on page 232 of the Annual Report 2019. There were no changes in the supply chain during the year.

BUSINESS CATEGORIES



700
Million

HOSIERY
Pairs of Socks and Tights production capacity annually



26
Million

YARNS
kgs Yarn production capacity, 5 Million kgs Deying capacity with 0.9 Million kgs Air Covering annually



12
Million

DENIM
Garments planned capacity annually by 2021



6.5
Million

KNITWEAR
Garments planned capacity annually by 2021

6.5
Million

SEAMLESS ACTIVE WEAR
Garments planned capacity annually by 2021



BUSINESS CATEGORIES

Hosiery

Headquartered in Pakistan, Hosiery manufacturing & exports is the Flagship business category of Interloop Limited. Spread across South Asia, it comprises of 5 vertically integrated manufacturing facilities in Pakistan, over 250 Acres across 3 industrial zones, and 1 each in Bangladesh and in Sri Lanka through associated companies. This report only takes into account the impact of local operations and does not include overseas facilities as those are separate entities.



The vertically integrated production is equipped with the latest Italian Knitting Machines, Spanish Processing Machines and Italian Dyeing Machines, having quick changeover capability and highly skilled staff to produce high volumes of standard mix and low volumes of customized products. Interloop Plant 4, located at Interloop Industrial Park, is Pakistan's & Region's First LEED Gold Certified Socks Production Facility, ensuring 26% Energy Savings, 51% Reduction in Portable Water Usage & 25% Enhanced Fresh Air Intake.

Currently housing 5,000+ knitting machines, Interloop has the capacity to produce over 700 million pairs of socks and tights annually. We will be expanding the hosiery business by adding another 1,280 knitting machines in Plant 5, expanding our capacity to c.6,500 knitting machines with a production capacity of 900 million pairs annually.



We Produce a Wide Range of Top Quality Products for World's Leading Brands and Retailers

Our Product Range includes:

- Socks (Performance, Athletic, Casual, Formal, Specialty)
- Tights & Leggings

We are focused on delivering:

- Design & Fashion Trends
- Premium Quality
- Inventory Planning & Management
- Lean Manufacturing Techniques
- Timely Delivery
- Speed to Market

Product Development

A dedicated Vertical Sampling Facility (VSF) at Interloop Industrial Park, Faisalabad comprising a Yarn Library, dedicated Yarn Dyeing Machines, 100 Knitting Machines and Linking to Finishing capabilities develops premium quality products for customers. The Product Development Lab houses a complete range of latest colour development machines.



Quality Assurance

The Quality Department looks after Quality Assurance, Quality Control, Quality Testing Labs & QMS. The Quality Policy refers the way our teams follow the working processes to produce quality products and deliver excellent services to our valued customers. With ISO / IEC 17025:2005 & ISO / IEC - 17043 accreditations, Interloop is the First Textile Company in Pakistan to provide Local Proficiency Testing (PT).

Research & Innovation

A dedicated Research & Innovation (R&I) Centre at Pakistan, equipped with hi-tech knitting, processing and finishing operations, a modern lab, and an extremely competent team has launched multiple commercial concepts including innovative knitting constructions, processing treatments, specialty yarns and finishing operations. Three Patents have already been granted to Interloop and patents for two products are in the application process.



BUSINESS CATEGORIES



Yarns

Spinning

Interloop produces over 26 million Kgs of top quality Yarn for a range of textile customers, following strict testing standards, on Automated Spinning Plants, using latest European machinery. Raw materials include:

- Pakistani and Imported cotton
- Sustainable materials including BCI and Organic cotton
- Synthetic fibers including Acrylic, Viscose, Polyester, Pre-consumer Waste Fibers

Multiple varieties of yarns produced include: Plain, Slub, Multi Count, Slub Lycra Core, Lycra Core, Polyamide Core, Siro, etc. 40% yarn is consumed in house with remaining serving world's renowned weavers, knitters, denim and towel producers.

Yarn Dyeing & Air Covering

A state of the art Yarn Dyeing (YD) facility, equipped with highly automated dyeing operations, automatic dyestuff, chemical dispensing system, etc., is providing a wide variety of colors in Spun and Filament Yarns. With annual dyeing capacity of over 5 million Kgs. Interloop is providing a wide variety of colours in yarns including Polyester, Nylon, Acrylic, Coolmax, Modal, Tencel,



Viscose, Wool, Bamboo, Blended, Microfibers and Recycled Yarns.

Modern Italian Air Covering Machines with annual production capacity of 0.9 million Kgs are being used for covering all types of in-house dyed, dope dyed and raw white yarns with various brands of spandexes like Lycra and Creora, at different customized percentages.

Denim

As part of business diversification, Interloop is entering into the Denim Apparel Segment and has envisioned a production facility with minimal environmental impact, prioritized worker well-being and will maintain high standards of operational and cost efficiency, ensuring that Interloop continues to serve its customers effectively.

The production facility will be LEED Platinum Certified and will be the most technologically advanced and sustainable denim apparel production facility in this part of the world. The plant will go into production in Q4, 2019 with planned capacity of 500,000 pcs per month, to be enhanced to 1 million pcs per month in 2021. The plant has been designed in line with Lean concepts, will promote gender diversity and is expected to achieve 50:50 male to female ratio.



The scope of operations includes Cut & Sew, Laundry and Packing & Accessories. Automated precision machines have been installed for better productivity. Overhead hanging systems have been put in place to ensure a Lean manufacturing system. Eco-friendly technologies are being used to replace aggressive processing agents and reduce water consumption. Latest machinery including Laser machines have been commissioned

to replace manual processes for minimizing impact on workers and improving quality. Built-in quality measures have been put in place to minimize defects and rework.

The implementation of new and eco-friendly technologies will have favorable impacts both on our people and our planet and will enhance worker safety, boost productivity and minimize risk of work-related accidents or long term illness.



BUSINESS CATEGORIES

Seamless Active Wear

Interloop has set up a Seamless Active-wear vertical Pilot Plant at the Interloop Industrial Park. With current production capacity of 90,000 pcs per month, the ramp up plan includes increasing the production capacity to 270,000 pcs per month with installation of 50 knitting machines during 2020, and to 540,000 pcs per month by installing 100 machines by 2021.

Latest Japanese machines provide a large variety of sewing capabilities as well as a variety of styling from basic to hi-tec. The Seamless garments offer 360 stretch for ease of movement. Interloop offers special synthetic material range in recycled as well as biodegradable materials, combining durable performance with sustainability.

Body mapping technology provides required construction, meeting the needs of different body zones. The product range includes basic under garments to hi-tech active wear for men and women.



Xterity 3.0

With the assistance of our US affiliate, Interloop has developed and is selling its own brand Xterity 3.0; performance active wear, online at Amazon. Xterity 3.0 is designed with body mapping intelligence to provide comfort where you need it most.

Made for men and women both, Xterity 3.0 workout clothing is stylish and ultra-functional, offering a seamless, smooth appearance and maximum stretch for unlimited movement. Using quality fabrics for a breathable fit, our apparel is anything but basic.



Knitwear

Expanding into the Apparel Segment, Interloop has established IL Apparel (Private) Limited; a subsidiary of Interloop Limited which handles the Knitwear business category of the company. The Knitwear Pilot Project; a cut to pack garment manufacturing facility has been operational since Jan 2019 and made its 1st export shipment in March 2019.

A resourceful fabric sourcing team, having strong linkages with reliable spinners, knitters, dye houses and printers, sources best quality fabric and embellishments, as per customer requirements. IL Apparel has a dedicated Product Development Center, with 40 sewing machines, for quick turn sampling for its customers.

The stitching plant has the production capacity of 1.2 million garments



per month. This includes a good combination of tee shirts, under wears, polos, sweatshirts and fleece jackets. With 540 hi-tec Japanese sewing machines, IL Apparel is manufacturing all kinds of fashion diversity in cut to pack garments.

IL Apparel plans to put up a complete vertically integrated (fabric production

to cut and sew) garment manufacturing complex at Interloop's second Industrial Park. This complex is expected to house 175 knitting machines with 65 tons capacity per day, dyeing & finishing set up with 70 tons capacity per day and projected capacity of producing 5.4 million garments per month.

OUR CUSTOMERS

Interloop sells socks, tights & leggings to top brands and retailers across Europe, USA & Asia.

Some of our top clients include:



SUPPLY CHAIN

Suppliers are vital partners in meeting customers' expectations and delivering top quality products. Our primary objective while making procurement decisions is to get the best combination of quality, economy, efficiency and effectiveness while keeping sustainability as priority. The Procurement & Sourcing department at Interloop is responsible for ensuring timely availability of materials as per requirements. Our procurement management not only focuses on cost effectiveness but also on bringing a positive change for stakeholders by pursuing an ethical and sustainable business. We have Green Purchasing strategy in place to limit the negative impacts on the environment in our supply chain. The strategy clearly defines the desired course of action and factors to be considered while making procurement decisions. We require our suppliers to be compliant with international standards related to product specification and quality.

Our procurement strategy also takes into account the existence of policies and procedures at our suppliers' end for managing health and safety, labor and human rights-related issues. Our special consideration of the sustainability criteria while inducting suppliers, as well as approach for carrying out periodic audits, help to ensure compliance and manage impacts in the supply chain. During the year, 90 new suppliers were screened for impacts on the environment and the society.

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

- Hosiery Yarns (Cotton Yarns, Man-made Yarns, Regenerated and Recycled Yarns)
- Dyes & Chemicals which meet Oeko-Tex requirements and other International Certifications
- Services General (Repair & Maintenance, Construction, etc.)

- Equipments (Machines and Allied Products)

Our supply chain consists of around 900 suppliers spanning more than 24 countries. The suppliers in Pakistan (Yarn suppliers) are mainly labor-intensive while suppliers abroad (parts, machines, and plants) are mainly technology-intensive. We primarily procure materials and services from local suppliers, in line with our strategy to encourage the development of local supply chain, leading to economic development within the country. However, the equipment, materials and services which are not available in Pakistan or do not meet the end customer requirements are procured from abroad. During the year, we procured around PKR 20 billion worth material and services of which 60% was from local and 40% from global suppliers.



COMMITMENTS, MEMBERSHIPS & AWARDS

Interloop is a member of various industry associations and also supports charters developed in the areas of economic, environment and social impact management. We actively support the Sustainable Development Goals of UNDP and strive to align our strategies to uphold the ones most relevant to our operations. We also support UN Women which is the United

Nations entity dedicated to gender equality and the empowerment of women. We earnestly participate in the events managed by the organizations where we hold memberships but do not hold any management position. We do not offer substantial funding to these organizations except membership fees and sponsorships for events/seminars.



Memberships



Pakistan Business Council



All Pakistan Textile Mills Association



Pakistan Hosiery Manufacturers and Exporters Association (PHMEA)



Better Cotton Initiative



The Faisalabad Chamber of Commerce and Industry (FCCI)



The Lahore Chamber of Commerce and Industry (LCCI)

Awards



adidas Performance Award

In 2018, adidas awarded Interloop for Zero Waste Water discharge at its LEED Gold Certified facility; 120kW solar Energy Generation being enhanced to 2MW by Q3, 2019; significantly Reducing the use of Plastic & commitment to Plant 73,000 trees by 2020



EFP-OSH Award

Interloop was conferred the 14th EFP – OSH Award 2018 in Diamond Category Jointly Organized by Employees Federation of Pakistan (EFP) and ILO in recognition of its Best Practices in Safety, Health & Environment



PUMA Sustainability Award

PUMA Sustainability Award 2018 for outstanding performance in Social Compliance & Environmental Sustainability

COMMITMENTS, MEMBERSHIPS & AWARDS

Sustainability Initiatives Supported

Interloop also supports multiple environmental and social initiatives to ensure sustainability in the supply chain and for betterment of communities.

Environmental Certifications



Social Certifications



Chemical Management Portals



Others



STAKEHOLDERS' ENGAGEMENT

Stakeholders play an essential role in our success. Their input helps us meet their expectations and augments shared value creation. We define stakeholders as individuals, entities and groups who have the potential to affect our ambitions, targets and business objectives or who are affected by our activities and operations. GRI reporting principle of stakeholder inclusiveness

from GRI Standard Foundation 101:2016 was used during the process of stakeholder engagement. Stakeholders were identified, mapped and prioritized for engagement on the basis of their relationship with Interloop, their ability to impact or vulnerability due to Interloop's activities and operations, proximity and willingness to engage. The

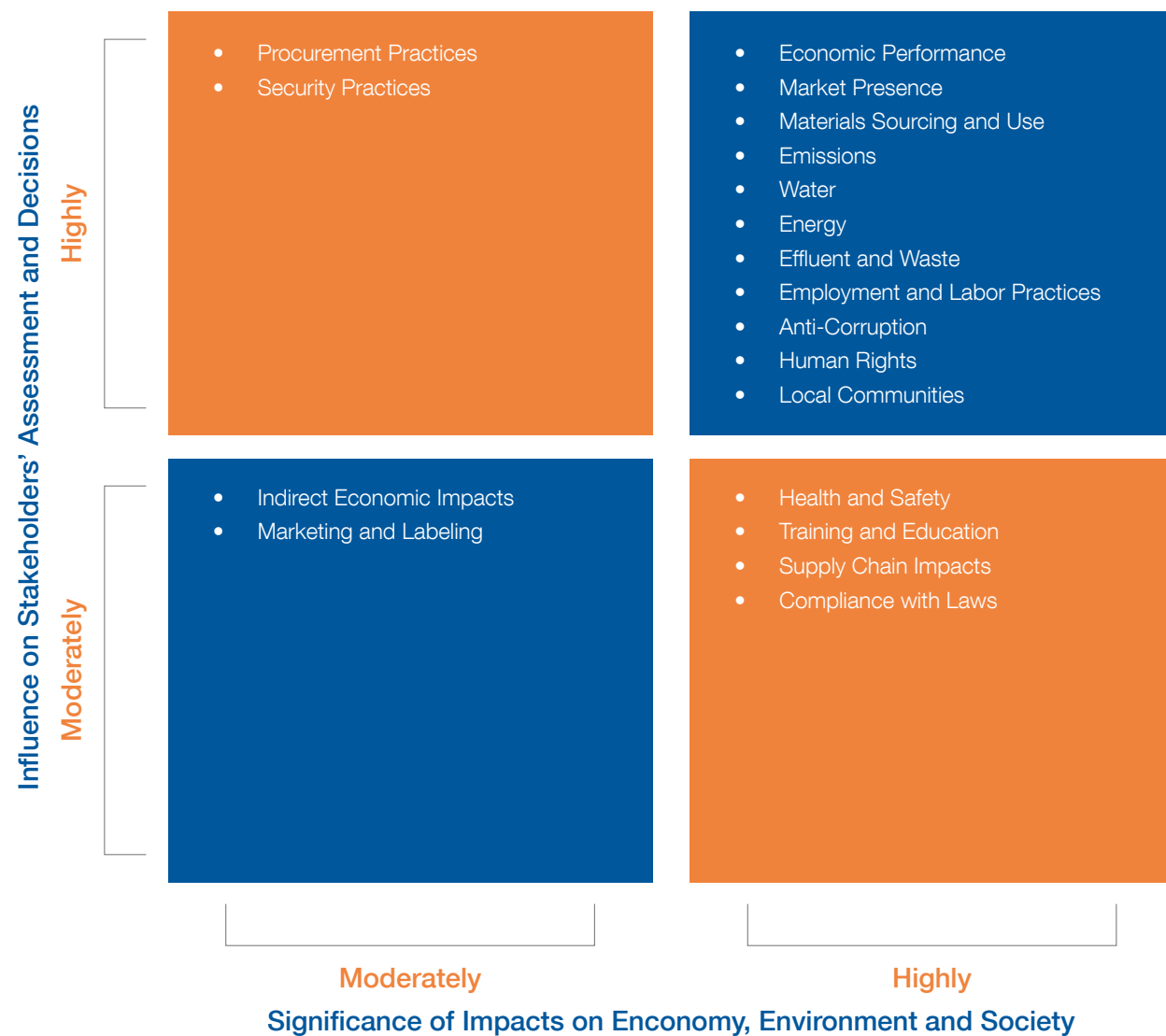
stakeholders are engaged throughout the year by concerned departments for discussing the issues relevant to them and Interloop. However, during the year, we have carried out specific engagement with selected stakeholder groups for defining material topics for our sustainability report.



Stakeholders	Engagement Method	Engagement Frequency	Topics Identified by Stakeholders	Our Response
Shareholders/ Investors	AGM/EOGM/ Corporate Affairs Department	Ongoing	<ul style="list-style-type: none"> Economic returns Management of environmental risks Interventions for the progress of local communities 	Continuous focus on innovation and business development, investment in environmentally friendly technologies and CSR program management
Analysts	Briefing, Reports, Corporate Affairs Department	Ongoing/ Occasional	<ul style="list-style-type: none"> Investments/Expansion Environmental initiatives CSR actions 	Continuous investment in production capacity, environmental policies and monitoring of impacts and CSR investment for local community
Customers	Customer Surveys, Customer Feedback, Marketing Department	Ongoing	<ul style="list-style-type: none"> New Products/Designs Quality Impacts on the environment and society 	Continuous innovation and up-gradation for quality products, management of impacts on environment and society through CSR policies
Employees	Annual Dinner, CBA Meeting, Human Resource Department, Open House Sessions, Mission Awareness Sessions, Employees Surveys	Ongoing	<ul style="list-style-type: none"> Employee benefits Job-related training Health and safety of workers Training to security personnel on human rights 	Provision of market-based benefits, on job training to enhance their skill set and investment/policies, procedures for the management of health and safety of workers and training to security personnel
Suppliers	Supplier Surveys, Suppliers Code of Conduct, Request for Quotations	Ongoing	<ul style="list-style-type: none"> Business opportunities Environmental friendly material and guidance on new material requirements 	Business Development leading to increased opportunities, exploring environmental friendly materials and training/guidance to suppliers on new requirements
Regulators/ Government	Reports, Consultative Sessions	Ongoing/ Occasional	Compliance with laws and regulations	Compliance with laws and regulations in all business activities
Local Community	Meetings, Employee Engagement	Ongoing	Intervention in the field of education especially special children education, health, and infrastructure development.	CSR program based on community needs assessment and investment in education, health, and sports for the improvement of local communities

MATERIALITY ASSESSMENT

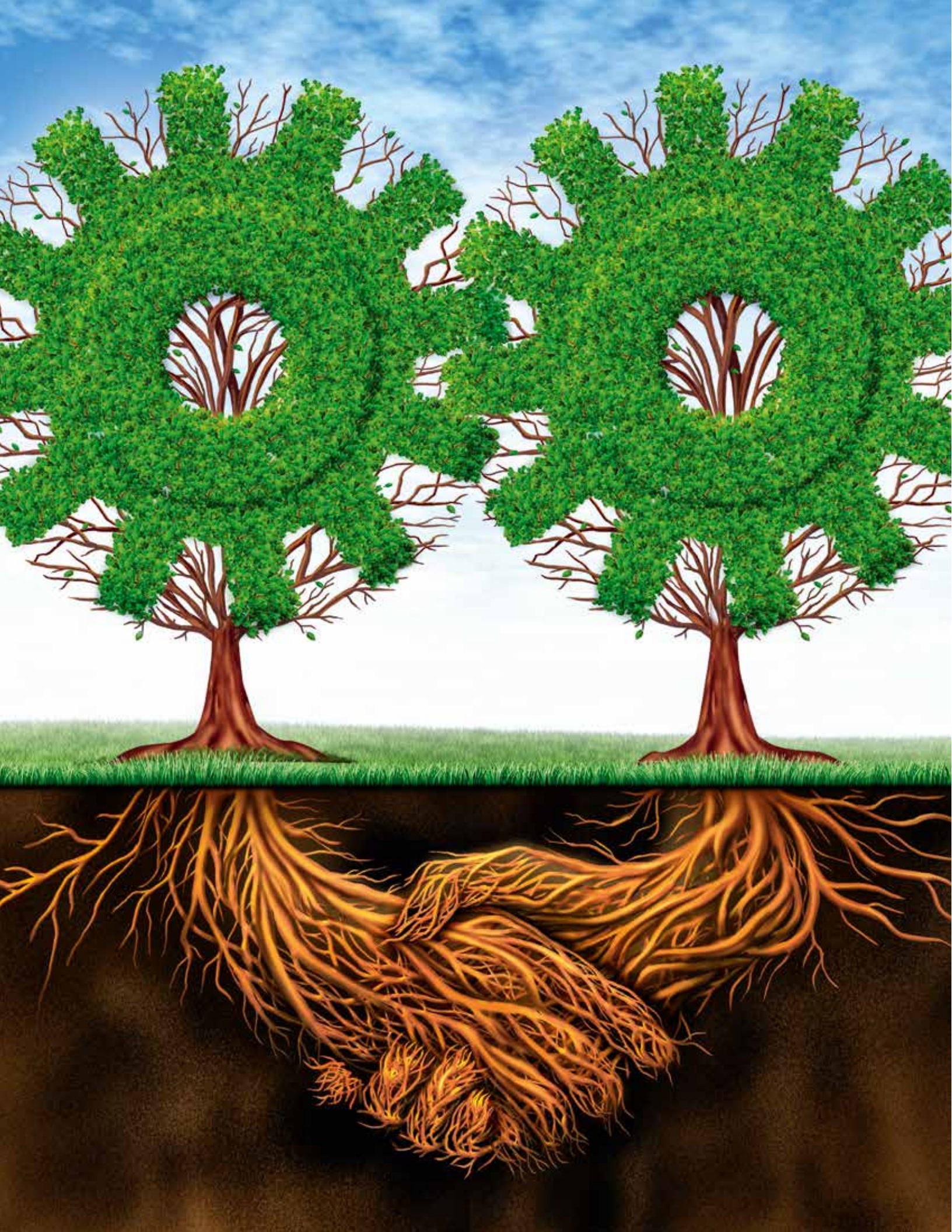
Materiality assessment helps us to determine the most important issues relevant to our stakeholders and represent our major impacts on the economy, environment and the society. The issues identified from stakeholder engagement along with those pointed out through internal analysis and industry-specific issues were analyzed, prioritized and finalized using Reporting Principles from GRI Foundation 10:2016. These principles have been applied throughout the materiality determination process at various degrees to shortlist the issues which are of most interest to our stakeholders and which represent our significant economic, environmental and social impacts. These issues have been analyzed by the sustainability cell which is responsible for defining sustainability initiatives, targets and monitoring performance against these targets.



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

The boundaries of the material topics have been defined based on the actual occurrence of the impact i.e. within the organization, outside the organization or both within and outside of the organization.

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



SUSTAINABILITY MANAGEMENT

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MISSION, VISION



Mission

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



Vision 2020

To double our turnover by 2020 through value addition, process improvement and nourishing talent



CORE VALUES

Integrity



Act with Integrity

We act with integrity and are ethical in our functions and dealings

Care



Nurturing a Caring Culture

We promote a caring attitude towards our employees and the community as a whole. We acquire, nurture and reward talent

Accountability



Accept Responsibility, Be Accountable

We take decisions through collective wisdom, accept responsibilities and avoid undue financial risks

Respect



Respect for Environment, Respect for the People

We make efforts to preserve the environment we live in and ensure that self-respect of our workforce is maintained. We are good team players

Excellence



Achieving the Highest Standards

We believe in excellent customer service, latest processes & technology, quality product & services, personal growth & development

OUR GOVERNANCE

Corporate governance principles set the structure and processes for successful management of the organization and bring transparency in corporate actions. This year, we got listed on Pakistan Stock Exchange which has required us to follow the listing regulations as well as Code of Corporate Governance for listed companies. We, at Interloop, commit to follow our internal code of conduct, Code of Corporate Governance applicable on listed companies and the best available practices in corporate governance to ensure continued delivery of exceptional performance and meet the expectations of our stakeholders. The code of conduct guides on ethical business practices, relations with our business partners and the conduct required from our people. The code of conduct can be accessed at page 8 of the Annual Report 2019.

Interloop Limited (ILP) was listed on the Pakistan Stock Exchange (PSX) on April 5, 2019 at PSX, Karachi. Despite tough market conditions, the IPO was oversubscribed by 1.5 times and Interloop was able to successfully raise PKR 5.02 billion, the highest by a private company in the history of

Pakistan, placing Interloop amongst the top 50 companies and the 2nd Largest Textile Company listed on PSX, by market capitalization.

The Board of Directors is the highest governing body at Interloop. The Board is elected every three years. The last election of the Directors was held on October 22, 2017. The Directors elect one of the members to serve as the Chairman of the Board. The positions of Chairman and Chief Executive Officer are held by different individuals. The Chairman is responsible for overseeing performance of the Board while the Chief Executive Officer is responsible for day to day activities of the Company in line with the mandate vested in him by the Board.

The Board consists of seven Directors; two Executive & five Non-Executive Directors. Two among them are Independent Directors and have no monetary relationship with Interloop Limited except directorship fee paid to them for attending Board meetings. Of the seven Directors, six are male and one is female. The Directors have diverse backgrounds in engineering, finance and other related fields. The details about the Directors can be

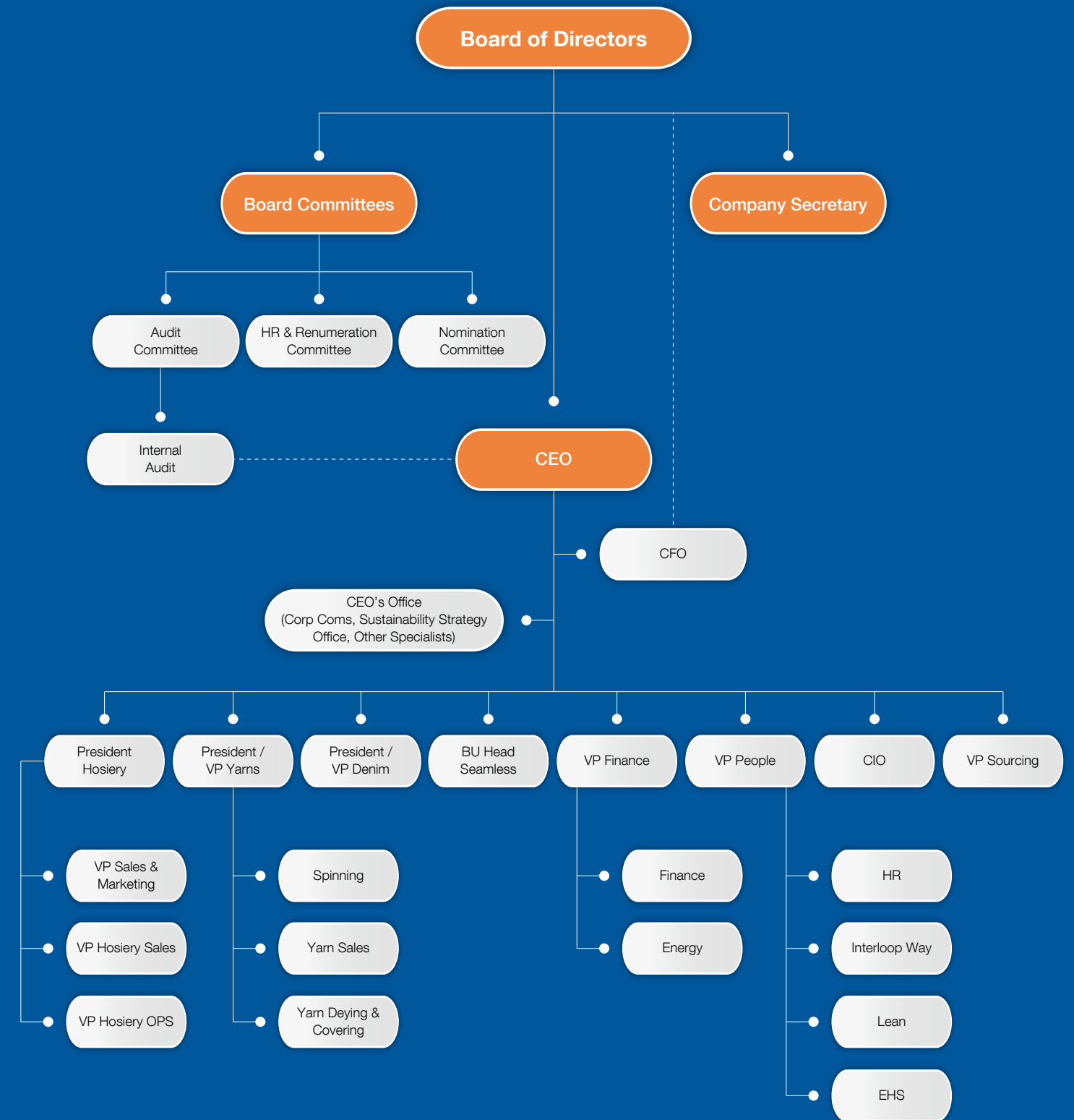
found at page 28 of the Annual Report 2019.

The Board has constituted different Board committees, with proper delegation as required under the Code of Corporate Governance, for effective discharge of its duties. These committees include the Audit Committee, HR and Remuneration Committee and Nomination Committee. The committees have defined terms of reference with clear objectives and responsibilities.

Interloop is committed to act in an ethical and sustainable way in all of its activities. It has centralized the planning, execution and monitoring of sustainability activities under the CEO Secretariat in the form of dedicated Sustainability Cell. The Sustainability Cell is responsible for reviewing customer requirements on the sustainability front, developing new policies and actions, recommending the best course of action, defining targets and monitoring performance on sustainability. The sustainability performance is reviewed by the Chief Executive Officer on a monthly basis and deliberation is also carried out at the Board meetings.



ORGANIZATIONAL STRUCTURE



SUSTAINABILITY AT INTERLOOP

Interloop's sustainability framework is based on the Triple Bottom Line reporting comprising People, Planet & Prosperity. Environment-Friendly Practices, Social Welfare Initiatives and Stable Economic Growth are our key concerns to manage a Sustainable Business.

Philosophy

Interloop's Sustainability Philosophy is driven by our Mission and focuses on transforming the way we do business; from sourcing responsibly to reducing our carbon footprint, from supporting labor rights to taking care of our communities, while continuously growing our business. Our ambition is to transform lives, improve wellbeing

and build a diverse, empowered and inclusive workforce while using our resources ethically. It is part of our DNA and is integrated into our thinking ways, processes and policies. With FY 2016 as the baseline year, Interloop has set Sustainability Targets for FY 2021, for People, Planet & Prosperity, which underscore long-term strategic priorities of the company.

Alignment with UNDP Sustainable Development Goals (SDGs)

Our Management Policies and Targets support 9 SDGs against which the progress of our sustainability initiatives

is being measured and reported. Our contribution towards SDGs can be found in relevant sections of the report. The KPIs against each SDG can be referred from the SDGs Index available on page 96 of this report.

Governance



People



Planet



Prosperity





ENHANCING **ECONOMIC IMPACTS**

Target 2021	44
Direct Economic Value Generated and Distributed	44

TARGETS 2021

Target 2021

Direct economic value to be generated by 2021

US\$ 450 million (Rs. 65,000 million)

Performance till 2019

Direct economic value achieved in 2019 (Rs. 37,524 million)

Healthy and sustainable returns are vital for pursuing sustainability and creating shared value. Our economic performance is guided by our mission, vision and values, along with targets set by the management for delivering exceptional results with high quality products, exceeding customer expectations. Our operations have both direct and indirect economic impacts in the form of return to investors; payments to suppliers, employees and the government; and creation of livelihood opportunities in the supply chain, along with socioeconomic development of the surrounding communities. The Board defines the targets for economic performance for the year. Goals and

targets may be annual, or, in the case of expansions, acquisitions and new business ventures, may be spread over a longer term. Currently, our economic performance is guided by our vision: "To double our turnover by 2020 through value addition, process improvement and nourishing talent." The Chief Executive Officer along with the management team is responsible for underlying activities to meet the targets. At Interloop, while pursuing the targets, we have the policy to procure maximum raw materials, process materials and other available products and services locally, to strengthen local suppliers and create employment opportunities.

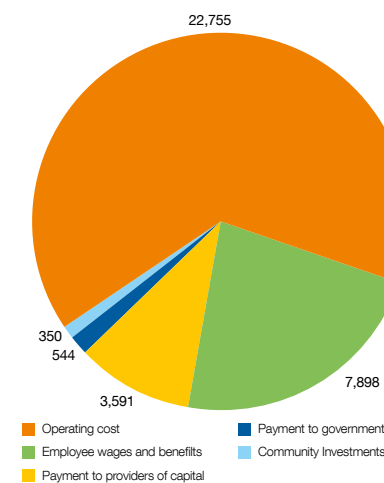
We have zero tolerance for corruption in our operations as well as in our relationship with our business partners. Our Code of Conduct clearly restrains our employees to engage in any such practice. Additionally, our internal audit department carries out audit of all activities and reports to the Board Audit Committee. The Board Audit Committee reviews the report and corrective action is taken as per requirement. During the year, all operations were assessed for risks related to corruption and no incidence of corruption was recorded at Interloop.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

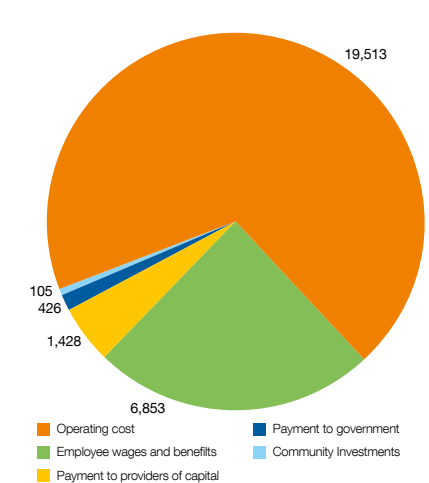
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Rupees in million					
Economic Value Generated	37,524	31,169	26,550	26,426	24,213
Revenues*					
Economic Value Distributed					
Operating Cost	22,755	19,513	16,851	16,585	16,218
Employee Wages and Benefits	7,898	6,853	5,778	5,016	4,225
Payment to Providers of Capital	3,591	1,428	1,377	1,045	1,703
Payment to Government	544	426	381	582	347
Community Investments	350	105	200	160	87
Economic Value Retained	2,386	2,844	1,963	3,038	1,633

Revenues as per the requirement of GRI Economic Performance 201:2016 disclosure 201-1 which requires inclusion of revenue from financial investments and sales of assets.

Economic Value Distributed 2019
(PKR in Millions)



Economic Value Distributed 2018
(PKR in Millions)



The economic performance is periodically reviewed against the set financial targets at Board meetings and corrective measures are taken through process improvement and cost savings to meet the defined targets.

The Company has shown marvelous results in the current financial year by reporting the revenue of PKR 37,524 million against revenue of PKR 31,169 million in 2018 and securing net profit of PKR 5,195 million against net profit of PKR 3,886 million in 2018. The detailed information on financial

performance is available in financial statement section of the Annual Report 2019.

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

of actuarial valuation. Interloop also offers contributory benefit in form of provident fund to its employees. A separate fund is maintained where Interloop contributes 7.5% while employees contribute 7.5% to 12.5% of basic salaries. The participation in the contributory benefit plan is voluntary. The liability for defined benefit plan was PKR 2,842.62 million in 2019 compared to PKR 1,925.61 million in 2018.



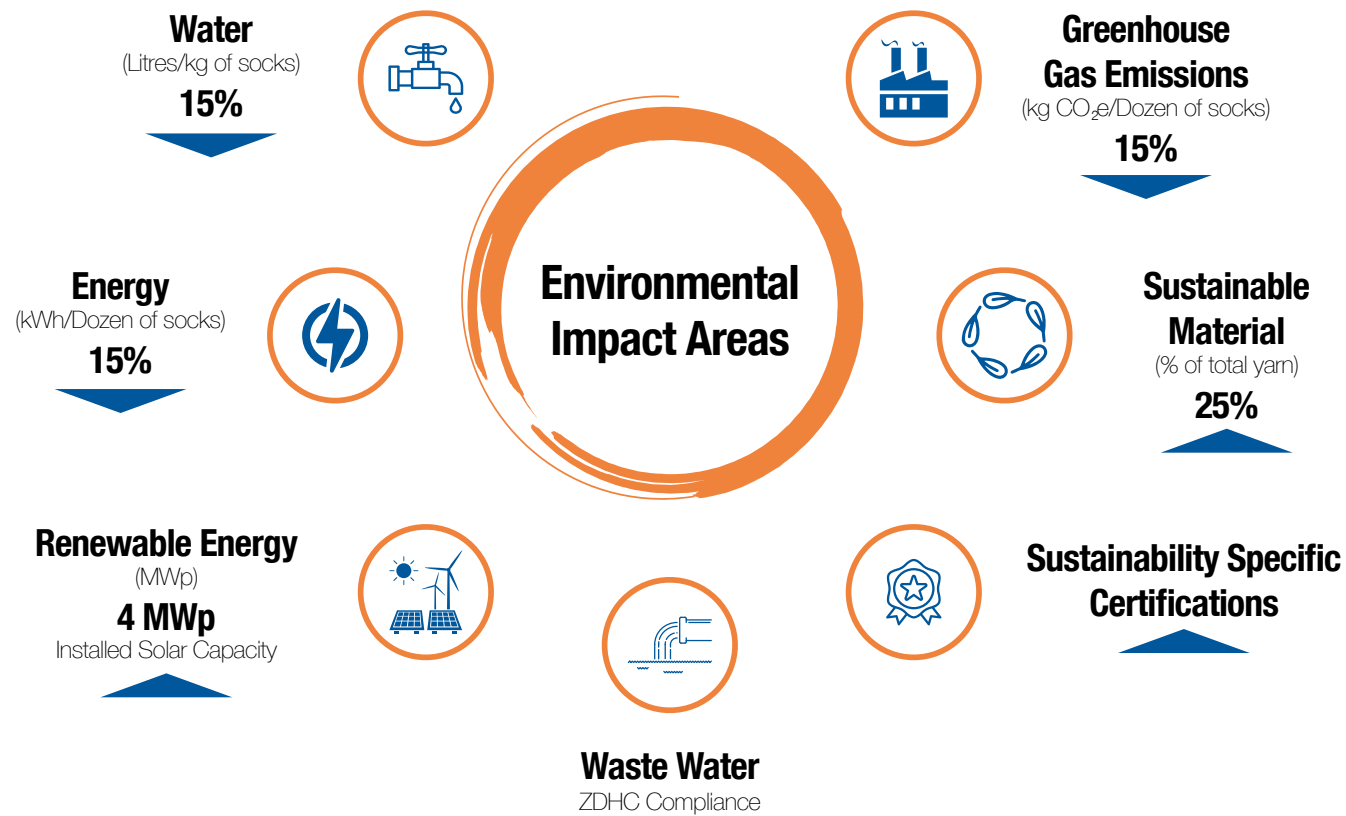
MANAGING ENVIRONMENTAL FOOTPRINT

Targets 2021	48
Using Resources Efficiently and Responsibly	50
Reducing Emissions and Wastes	55

TARGETS 2021

(Baseline Year 2016)

Our sustainability targets FY 2016 – 2021 cover only Hosiery business being the main operational activity of Interloop. However, due to expanding business functions, we have planned to set next 5 years' targets for important environmental impact areas at organizational level, in order to effectively manage and reduce the environmental load of our operations.



Performance Till FY 2019	UOM	FY 2019	FY 2018	FY 2017	FY 2016
Water	Litres/kg of socks	151	137	153	168
Energy	kWh/Dozen of socks	5.06	4.70	4.75	4.71
Greenhouse Gas Emissions*	kg CO ₂ e/Dozen of socks	1.88	1.95	1.69	1.89
Sustainable Material	% of total yarn	40.85	34.66	32.82	25.35
Renewable Energy**	MWp	0.13	0.12	0.12	0.12
Wastewater	ZDHC foundational level compliance				
Sustainability Specific Certifications	2019: Cradle to Cradle (Gold) Certified Socks 2018: LEED GOLD Certified facility (Hosiery Plant - 4) ISO-50001 (Energy Management System certification for Hosiery Plant - 2 & 4)				

*Greenhouse Gas Emission values include scope I & scope II emissions
 **2.0 MWp Solar project is operational since August 2019

MANAGING ENVIRONMENTAL FOOTPRINT

Consumption of materials, energy use and wet processing in textile industries are rapidly depleting natural resources while discharge of effluents, emissions and wastes are adversely affecting the environment. These activities are not only causing climate change but also increasing the cost of doing business. In-line with Article 15 of Rio Declaration, our environmental management approach at Interloop is proactive; focusing on early impact identification of environmental issues and taking appropriate measures to timely manage them. Irrespective of the costs involved, we are continuously investing in new technologies for operational excellence and reduced environmental impacts.

Our environmental policy serves as a guiding document for all business units to manage the environmental impact of company's operations and helps in complying with our commitments, applicable laws and customers' Code of Conduct. A dedicated corporate Sustainability Cell is responsible for evaluating environmental sustainability initiatives, tracking impacts and setting targets. EHS representative at each plant is responsible for ensuring compliance for employees' health & safety, applicable local & international laws and customer requirements, overseen by Corporate EHS. Regular internal & external trainings are carried

out for executive & non-executive employees in all manufacturing facilities. Interloop has devised internal training modules on different environmental, health and safety issues to equip the line staff with the latest knowledge and skills.

Interloop is part of the global supply chain and realizes its responsibility to have in place policies, management systems and targets for managing its environmental impact and reporting the performance considering our ethical commitments and global requirements. Interloop has defined environmental targets for its Hosiery business which have resulted in reducing the relative volume of water consumption, energy usage, air emissions, and effluent waste. Our manufacturing facilities are certified against various management systems viz. ISO 9001:2015, ISO 14001:2015, OHSAS-18001:2015, ISO-50001, SA 8000, ISO-17025 and ISO-17043 helping in identification of opportunities & risks and devising necessary measures for capitalization and management, respectively. The performance is regularly monitored through internal checks against targets and appropriate measures are taken if and where required. During the reporting year, PKR 29.17 million was spent for environmental protection, out of which PKR 23.86 million was spent on waste disposal, emissions

treatment and remediation while PKR 5.3 million was spent on prevention and management costs.

Interloop has in place an environmental grievances management mechanism where complaints about environmental issues can be filed by the affected parties. During our regular training and awareness sessions, employees are encouraged to share ideas and suggestions about environmental concerns, as we believe that these inputs play an integral role for continual improvement in the systems. Various platforms like Worker Management Council (WMC), EHS Committee, Focus Group Meetings, etc. are available to discuss and generate solutions for any upcoming issues. Additionally, the grievances can also be channelized through dedicated Management Representative (MR) deputed at each plant and through suggestion boxes installed at prominent locations at each facility. The Manager Health & Safety is responsible for dealing with such complaints. The complaints requiring new policies, procedures and investments are forwarded to Corporate EHS for review & appropriate actions. As a result of strong management systems, no non-compliance with the environmental laws, regulations and customers' requirements occurred during the year.



I PARK

USING RESOURCES EFFICIENTLY AND RESPONSIBLY

Material Sourcing and Consumption

Interloop Limited is a vertically integrated setup. Considering yarns as priority raw material which is being produced by using natural and synthetic fibers, we produce as well as procure cotton yarns, synthetic yarns and regenerated & recycled yarns which are processed using dyes and chemicals to produce socks and tights. At Interloop, we are focused on increasing the quantity of sustainable and certified materials (BCI Cotton, Organic Cotton and Recycled Yarns) to reduce the environmental load of our products. The priority raw materials are determined by dividing the quantity of each material by total raw material consumed (yarns & chemicals) during the year and are sourced from Oeko-Tex 100 certified suppliers. The major environmental and social risks in the supply chain are climate change, water



scarcity, depletion of soil in cotton growing areas, waste management, labor practices and human rights compliance. In order to effectively manage the risks in the supply chain, we source from certified suppliers and compliance is ensured through rigorous supplier evaluation processes. Moreover, we are supporting many social initiatives in health, education, sports, literary & cultural activities within Pakistan where our major suppliers

are based and also encourage them to engage in social activities.

Interloop sources 100% raw materials from suppliers who are third-party certified for an environmental or social sustainability standard which may include but is not limited to Oeko-Tex Standard 100, BCI, GOTS and GRS, directly supporting **SDG 12; Responsible Consumption and Production.**

Raw materials third party certified to an environmental or social standards, by standard

Standard / Program	Material	UOM*	FY 2019	FY 2018	FY 2017
Oeko-Tex	-	%	100	100	100
BCI	BCI Cotton	%	33.49	26.80	25.30
GOTS	Organic Cotton	%	2.37	2.80	1.82
GRS	Recycled Cotton	%	4.44	5.45	5.38
	Recycled Nylon	%	0.02	0.11	0.24
	Recycled Polyester	%	0.06	0.001	0.004
Sustainable Cotton Program**	-	%	0.50	-	-

*Percentage of total yarn consumed

**Primark sustainable cotton program

Raw Material Consumption

Material	Unit	FY 2019	FY 2018	FY 2017
Raw Material - Yarn	kg	19,309,318	20,315,384	18,390,254
Raw Material - Dyes and Chemicals	kg	9,810,602	13,520,679	14,610,396
Packaging Material	kg	3,829,999	4,380,589	-

Of the total raw material at Interloop during FY 2019, 48.09% was renewable while 51.91% was non-renewable. The total raw material comprises Yarns, Dyes & Chemicals and Packaging materials.

Recycled Input Material	FY 2019	FY 2018	FY 2017
Percentage of recycled input materials used	4.52%	5.56%	5.62%

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



USING RESOURCES EFFICIENTLY AND RESPONSIBLY

Energy Usage and Energy Savings

At Interloop, we mainly require energy in the form of electricity, steam and natural gas. We use natural gas, diesel, furnace oil and coal for electricity and steam generation. We also purchase electricity from Lahore & Faisalabad Electric Supply Companies. Interloop is continuously working towards

reducing the energy consumption for its operations through modern energy efficient technologies and efficient operations management.

During the year, significant steps were taken to increase the use of renewable energy resulting in higher percentage of clean energy supporting **SDG 7; Affordable and Clean Energy**. To achieve the target of 4MWp installed solar capacity by FY 2021, a project of

2 MWp solar installation was initiated in FY 2019 and has been completed successfully. The reduced energy consumption initiatives include installation of Waste Heat Recovery System, Inverters on Cooling Towers, Fan Motor and Air Handling Units (AHU), Upgradation of steam blowers and Installation of Energy Efficient lights at finishing floors.

	Unit	FY 2019	FY 2018	FY 2017
Energy used within Operations	GJ	1,329,172	1,516,146	1,362,073

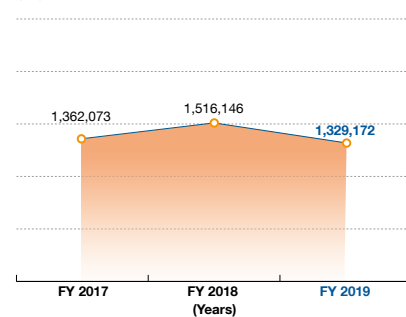
The fuel consumption figures are derived from log record and converted from their respective measuring units to energy in GJ's using factors from the Engineering toolbox.

	Unit	FY 2019	FY 2018	FY 2017
Savings by Energy Conservation Initiatives	GJ	11,079	10,335	7,621

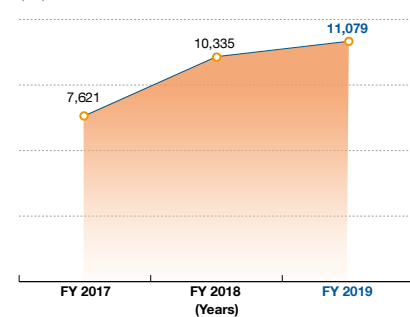
Energy Management Initiatives - ISO 50001

Interloop Limited is the 1st Textile Company and 4th among all other industries in Pakistan to achieve ISO - 50001 Certification for Energy Management System (EnMS). The certification provides guidelines for applying EnMS to existing monitoring and measurement system along with streamlined documentation. Currently, the scope of this certification includes Plant 2, Plant 4, Vertical Sampling Facility and Distribution Centre at the Interloop Industrial Park. EnMS is helping in considerably improving energy efficiency at Interloop Limited and is assisting in achieving its Environmental Sustainability Targets

Energy Consumption (GJ)



Savings by Energy Conservation Initiatives (GJ)



for FY 2021 in Hosiery business. The entire standard revolves around the PDCA (Plan-Do-Check-Act) cycle that endorses a continual improvement process.



Solar Energy

Solar energy is abundantly available, free of cost and the cleanest energy source in terms of GHG emissions. Our currently installed solar capacity of 120kWp has already made a positive impact by generating 483,447 kWh and reducing 268 tons of CO₂e emissions. The solar project of 2.0 MWp has been fully operational since August 2019 and is expected to further reduce 1500 tons of CO₂e emission per annum. We have planned to increase the renewable energy production to 4MWp installed solar capacity by 2021.



Biomass Boiler

Biomass fuel has very small contribution to GHG emissions compared to coal and furnace oil for steam generation. Interloop fulfills some portion of its energy demand by using bio-waste (corn cob, rice husk) as fuel. The total reduction from this initiative in FY 2019 was 1,779 tons of CO₂e.

USING RESOURCES EFFICIENTLY AND RESPONSIBLY

Water Usage

Water is an important resource for the textile industry. It is extensively used in textile processing operations including dyeing, resizing, scouring, bleaching and mercerizing. Interloop uses water in hosiery as well as yarn dyeing apart from producing steam. We are focused on reducing water consumption in our operations by using dyes which require less water, and installation of water efficient equipment. We are also

investing in initiatives for recycling and reuse of processing water.

Interloop withdraws ground water for consumption in its operations. The area has been declared as high risk according to WRI aqua duct tool. As water table is shallow, hence, mineral contamination is more in the area. However, the size of the water source is not known. The water source is not declared as protected area, however, it is significantly important for the community dependent on this source.

During the year, different initiatives were taken for efficient utilization of water in the production facilities and reduction of fresh water intake, supporting **SDG 6; Clean Water and Sanitation**. The initiatives include water reuse in socks processing, installation of water efficient Nano bubble technology in wash process, water saving taps in canteen areas and re-utilization of ablution water in the mosques.

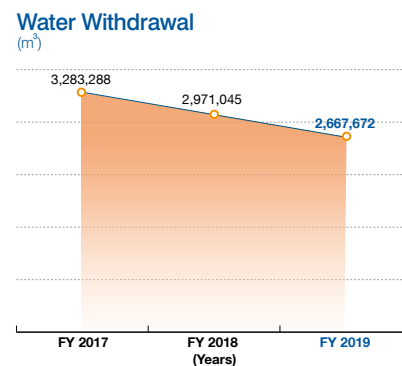
Water withdrawal by source	Unit	FY 2019	FY 2018	FY 2017
Ground water	m ³	2,667,672	2,971,045	3,283,288

The water withdrawal is measured through flow meters.

Initiatives for Efficient Water Management

Nano-Bubble Technology

An important initiative is installation of Nano-Bubble Technology for wash process. It reduces water consumption by 95%, chemical consumption by 71% and energy consumption by 50%, with zero liquid discharge. So far, 18 washing machines have been installed in different processing units across the company.



Comparative Reduction in Water Usage by adopting Nano-Bubble Technology

Consumption (per kg comparison)			
Process	Classical Technology	Nano Bubble Technology	% Reduction
Water (liters)	20	1.0	95
Chemical (g)	57	16.5	71
Electricity (Wh)	200	103.0	50
Wastewater (liters)	18	0.0	100

REDUCING EMISSIONS AND WASTES

GHG Emissions

Greenhouse gas emissions are major cause of climate change and cannot be completely avoided. However, measures can be taken to reduce the GHG emissions through introduction of cleaner technologies

and continuous upgradation of operations. These emissions are the result of multiple operational processes and subject to limits set by Environmental Protection Agency (EPA) under Punjab Environmental Quality Standards (PEQs). We regularly monitor

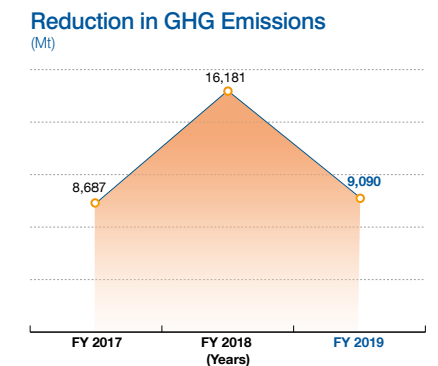
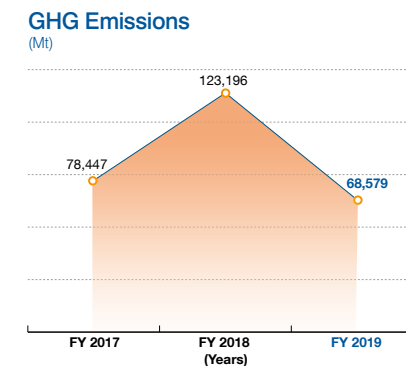
greenhouse gas emissions at our production units to ensure compliance with control limits as well as meeting the targets set in these areas as part of our five-year plan.

	Unit	FY 2019	FY 2018	FY 2017
GHG Emissions	Mt	68,579	123,196	78,447

CO₂, CH₄, N₂O gases are included in the calculation of CO₂e emissions. No biogenic emissions occur at Interloop. The source of emission factors were derived from IPCC's 5th assessment report.

	Unit	FY 2019	FY 2018	FY 2017
Reduction in GHG Emissions through multiple initiatives	Mt	9,090	16,181	8,687

Only scope - I emissions resulting from CO₂, CH₄, N₂O gases are included in the calculation.



REDUCING EMISSIONS AND WASTES

Emission Reduction Initiatives

Heat Recovery System at Filament Yarn Dyeing Facility

Interloop has a state of the art Filament Yarn Dye House equipped with the latest & highly specialized machines. The Heat Recovery System provides the added advantage of economizing its operations to a significant extent. High temperature waste liquor passes through heat exchanger to raise the temperature of fresh water. Heated water is used in subsequent dyeing processes with no fuel input, which reduces 140 tons of CO₂e emissions per annum.

Waste Heat Recovery System (WHRS)

We are harnessing free steam from Waste Heat Recovery (WHR) Boilers.



The technology of Bi-Generation system along with electricity produces around 20% of the total steam with significant reduction in GHG emissions. WHRS has reduced 5,530 tons of CO₂e in FY 2019.

Preference to R-407 & R-410 Refrigerant

Keeping aligned with international standards, we prefer to use R-407 & R-410 refrigerants, gradually eliminating the usage of R-12 & R-22 refrigerants, which have been banned globally due to their harmful impacts on the environment.



Effluent and Waste

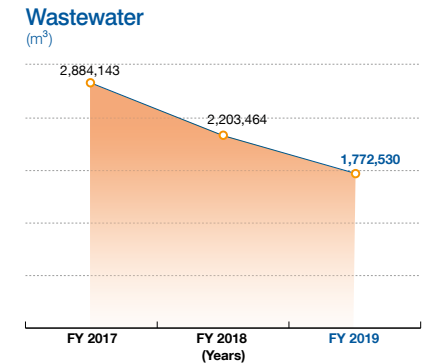
Interloop has in place a well-defined environmental policy highlighting handling and discharge of effluents and solid wastes (hazardous as well as non-hazardous). The company is committed to work out the options for zero discharge of effluents. Moreover, target for 100% compliance of ZDHC foundational level by FY 2021 is also in place. Based on the environmental policy, Interloop is also proactively working on minimizing of solid wastes, both hazardous and non-hazardous. The Section Head and Area In-charges at each plant are responsible for careful segregation of waste, which is collected by waste stores through defined safe handling and disposal procedures, to ensure compliance as

per policy. Centralized waste storage facilities are established and operational at all manufacturing plants where all collected waste is temporarily stored and placed before discharge or sale or treatment. A dedicated workforce is deputed for waste collection, handling and discharge.

Wastewater

Water pollution is a big hazard to water resources and the problem is worsening with industrial expansion.

Large quantity of water consumed in textile production gets polluted by various chemicals used in the process. Consequently, it needs to be treated by reducing the pollutants to an acceptable range as per applicable local laws and ZDHC foundational



limits. Interloop has biological effluent treatment plants at all manufacturing facilities, treating effluent 24/7/365. The treated water is discharged into industrial drains and the quantity of water discharged is measured through flow meters installed at all effluent treatment plants.

	Unit	FY 2019	FY 2018	FY 2017
Wastewater *	m ³	1,772,530	2,203,464	2,884,143

*Values for hosiery and yarn dyeing business



REDUCING EMISSIONS AND WASTES

Waste by Type and Disposal Method

Method	Unit	FY 2019	FY 2018	FY 2017
Hazardous Material				
Reuse (Chemical Drums)	number	11,353	13,305	-
Incineration	kg	14,003	12,166	-
Non-Hazardous Material				
Other – Sold*	kg	5,297,142	4,861,470	-

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

Interloop does not transport hazardous waste internationally. The hazardous waste produced as a result of operational activities is disposed off through approved contractors. During the year, 11,353 chemical drums were sent back to suppliers for reuse while 14,003 kg waste was incinerated by the contractors. The disposal methods for hazardous waste were confirmed by the contractors. Standard Operating Procedures for disposal of hazardous waste provide guidelines regarding handling, transportation, storage and disposal of hazardous waste generated at all Interloop plants are followed throughout the process.

Initiatives to manage Wastewater and Waste Effluent Treatment Plants

Interloop understands its responsibility towards ecological conservation and always takes measures to reduce any negative impact on the resources. As the effluent from wet processing is a potential environmental contaminant, Interloop Limited has set-up state-of-the-art effluent treatment plants at all hosiery manufacturing facilities to effectively manage treatment requirements. This biological effluent

treatment plants run 24/7/365 and are meeting not only the Punjab Environmental Quality Standards (PEQS) but also fulfilling the stringent international guidelines of Zero Discharge of Hazardous Chemicals (foundational limits). The largest treatment plant has the capacity of treating 180m³ of effluent per hour. Interloop has a dedicated QC laboratory at each ETP to closely monitor the parameters and ensure that the effluent discharged into the environment is within safe limits.

Coal Ash Brick Plant

We have taken the initiative of making bricks from Coal Ash; a waste produced from the coal boiler during steam generation. Rather than just dumping the ash that destroys water quality and land fertility, the ash is being used to produce bricks via an eco-friendly method, involving no burning of fossil fuel and using sunlight for brick curing. The Brick plant has the capacity to produce 7,000 bricks per day. These bricks have been used in the construction of Denim Plant at Lahore, mosque floor & walking track of I-Park at Interloop Industrial Park, Socks & Socks warehouse, automation unit at Plant 1 and are also being sold to various top civil companies of Pakistan.



Circularity

Cradle to Cradle Certification is a globally recognized measure of safer, more sustainable products made for the circular economy. Being ethically responsible and aligned with



International trends, Interloop has made a completely biodegradable Cradle-to-Cradle (Gold) certified product. The product is designed on the principle of circular economy and is fulfilling all five sustainability areas of C2C (material health, material reuse, renewable energy and carbon management, water stewardship and social fairness). Non-biodegradable materials like Polyester, Nylon and Spandex have been substituted with sustainable materials and further processed by C2C certified dyes & chemicals to make the product 100% biodegradable.



UNLEASHING HUMAN CAPITAL

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TARGETS 2021

Goals

Build a Diverse and Empowered Workforce

Build a diverse, inclusive, and empowered workforce that becomes agent of positive change and drives sustainable economic growth for Pakistan

Transform Lives

By 2020, we will help transform lives of 5000 households, helping break the socioeconomic divide through provision of affordable, quality education

Improve Well-being

Enable 15,000 people live more fulfilling and healthier lives through, participation in sports and literature, and access to free quality health services

Targets

- Expand representation of women across all levels of our workforce to 10%
- Support new mothers by improving maternity benefits and providing quality early year education across all our childcare centres
- Provide decent work and employment opportunities to 20,000 people, supporting livelihoods of more than 120,000 people
- Empower our team members by adopting true Lean philosophy and deploying Lean tools and trainings to over 2000 people
- Improve talent management by encouraging cross-functional careers, rewarding high performance and living by organizational values
- Provide affordable, equitable and quality education to 4000 children by sponsoring 25 TCF schools in under-privileged communities
- Provide 500 young women and men access to technical and higher education by granting annual scholarships
- Provide equal access to education for 300 children with disabilities
- Provide quality early childhood development and pre-primary education to at least 200 children at Interloop's childcare centres
- Promote local sporting talent by enabling 3000 people to participate in sporting events at local and national level across multiple sports
- Promote sports for differently abled people by sponsoring local and international sports events
- Improve well-being of 4000 people in our community through promoting reading, literature and associated festivals
- Reduce epidemics of tuberculosis and water-borne diseases, as well as other acute health issues by sponsoring treatments for 8000 patients
- Promote mental health and wellbeing by funding research and diagnostics for Alzheimer's disease

NOURISHING WORKFORCE

Our motivated, talented and committed People are one of the key elements contributing to our success over the last 27 years. We consider our People as our strategic asset and believe that their personal and professional growth is essential for the growth of the company. Our People Management approach is based on two key principles:

- Respect for People
- Continuous Improvement

These key principles guide our common and shared values, i.e., I-Care: Integrity, Care, Accountability, Respect and Excellence, shape our organizational culture and define the essence of our company.

HR Policies & SOPs

We have in place well-defined HR policies and SOPs, in line with international best practices, to manage our people. Since inception, the company has been focused on investing in people and processes. We work towards continuously improving our management processes including



organizational structure, HR planning and performance management as well as spending time, effort and money in developing our employees. Our HR policies are focused on grooming our present employees as well as bringing onboard highly talented professionals from the industry, nourishing them through internal and external trainings, honing their skills through on job training, providing them a productive and enabling workplace to show their talent and becoming valuable resource for themselves and for the organization.

NOURISHING WORKFORCE

Performance based career growth opportunities and job rotation options make Interloop a much sought after employer for aspiring professionals.

HR Department's Hierarchy

HR Managers at each plant are responsible for the implementation of HR policies. The most senior officer responsible for human resource related practices is the General Manager Human Resource & Administration. All human resource related aspects i.e. employment practices, diversity, training, etc. are monitored at the plant level and reported at the corporate level. The Human Resource & Remuneration Committee of the Board



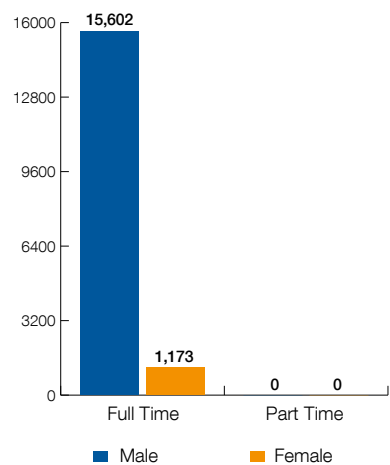
reviews the human resource practices and recommends the suitable course of action to the Board. A substantial portion of the work is performed by full-time employees. There was no

major variation in the workforce during the financial year 2019. At the end of the year, Interloop enrolled 16,775 employees.

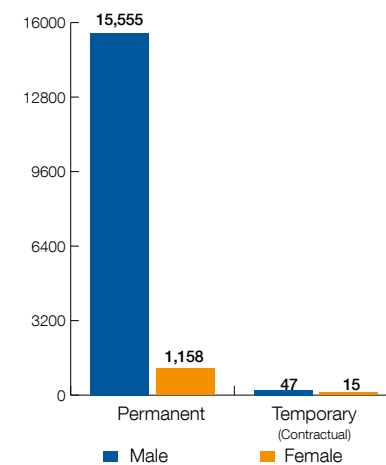
Details of Workforce



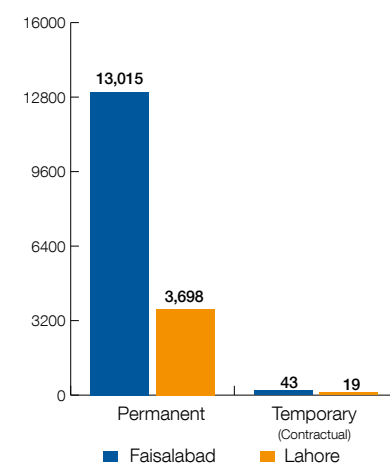
Workforce by Employment Type broken by Gender



Workforce by Employment Contract broken by Gender



Workforce by Employment Contract broken by Region



Hiring and Attrition

Hiring by Age-Group

<30	2,590	78%
30-50	706	21%
>50	7	1%
Total	3,303	100%

Attrition by Age-Group

<30	1,216	65%
30-50	624	34%
>50	16	1%

Hiring by Gender

Male	2,856	86%
Female	447	14%
Total	3,303	100%

Attrition by Gender

Male	1,672	90%
Female	184	10%
Total	1,856	100%

Hiring by Location

Faisalabad	2,208	67%
Lahore	1,095	33%
Total	3,303	100%

Attrition by Location

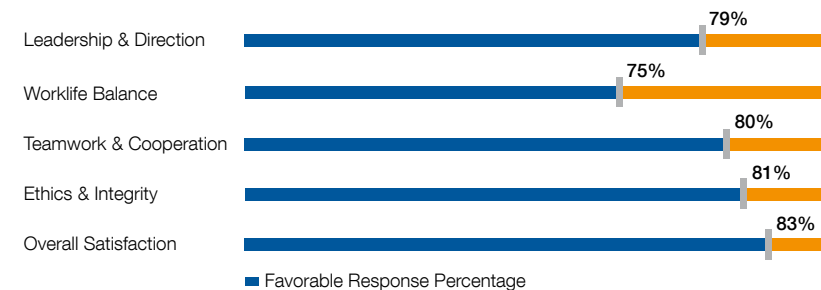
Faisalabad	1,298	70%
Lahore	558	30%
Total	1,856	100%

Interloop's Human Resource Management approach ensures retaining top talent which leads to sustainable performance and cost effectiveness. The hiring and attrition rates during FY 2019 were 20% and 11%. The senior management i.e. Deputy General Manager and above are hired based on relevant experience, skills, education and suitability for the position. Although, there is no restriction for geographical background, a significant proportion of senior management has been hired or belongs to the local community. Moreover, while hiring workers, preference is given to people from the local community. During the year, 92.76% of workers were covered under collective bargaining agreements.

Employee Engagement Survey

For better understanding of employee perspectives regarding various aspects of their employment with the company, HR department conducts Employee Engagement Survey of executive employees through the internationally acclaimed Mercer's Employee Engagement Model. The results are shared with all functional and business Heads and plans are put in action to improve Employee Engagement Index. The last survey was conducted in 2018.

HR Dimensions



Compensation & Benefits

Interloop offers market based remuneration to all employees based on their skills and according to their performance. Workers at all locations are paid more than the minimum wages prescribed by the government. We ensure that the contractors' employees working within factory premises are paid the minimum wages and all employees are paid salaries directly through their bank accounts. All male and female employees hired for similar positions receive similar remuneration and benefits basis.

Female workers are eligible for maternity leaves. During FY 2019, 1288 female workers were eligible for maternity leaves, however, only 14 workers took maternity leave and all returned to work during the year. Only 4 remained employed for more than 12 months. 7 out of 8 female workers who took maternity leaves in FY 2018 returned to work and remained employed for more than 12 months. The return to work and retention rate is 86%.

NOURISHING WORKFORCE

The company spends considerable percentage of its profit to provide all basic facilities to its people including EOBI contributions & social security. Multiple employee welfare schemes including gratuity, provident fund, health care including health insurance, group life insurance offering death, accidental & disability benefits, scholarships for employees' children, special welfare assistance for non-executives, free pick & drop, subsidized meals, etc. are in place.

Benefits*	Executive	Non-executive
Life Insurance	Yes	Yes
Health Care	Yes	Yes
Disability / Invalidity Coverage	Yes	Yes
Parental Leave	Only females	Only females
Retirement Provision	No	Yes
Stock Ownership	Yes	No
Residence	Yes	No
Company Vehicle	Yes (E5 & above)	No
Subsidized Meals	Yes	Yes
Pick & Drop	Yes (E1-E4)	Yes

*Benefits for full time employees including executives & non-executives. Not applicable to contractual employees

Special Welfare Fund for Non-Executives

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

Residential Facilities

To facilitate non-resident male & female executives, Interloop provides top-class residential facilities including hostels and upscale apartments within company premises, as per space availability.



Leave Fare Assistance & Anniversary Day Off

To promote work life balance, Interloop provides annual Leave Fare Assistance (LFA) to executive employees for vacation with family. It also presents them a day off on their wedding anniversaries with paid dinner to enjoy the memorable occasion with their spouses.

Employee Stock Option Scheme

The company introduced "Interloop Limited Employees Stock Option Scheme, 2016 (ESOS)" to offer Company Shares to its eligible Executive Employees, pursuant to the Public Companies (Employees Stock Option Scheme) Rules, 2001, transforming them from Stakeholders to Shareholders. These shares qualify for bonus shares, dividend or similar corporate benefits announced by the Company from time to time. The



scheme is flexible, voluntary and focused on long term growth and prosperity of the employees. 356 executives have already become shareholders. It is, however, pertinent to mention here that the scheme is not in operation since listing of the Company on PSX, primarily due to the fact that the terms of the scheme require to be consistent with the increased legal compliance for a listed entity. The proposal for subject updation in the existing scheme is under review and pending approval from shareholders of the Company and SECP respectively.



Management Trainee Officers Program

Every year, Interloop inducts fresh graduates, 50% females, across various functions through the Management Trainee Officers Program. The one year working contract exposes MTOs to a variety of operational and strategic roles. After final evaluation, successful MTOs are offered permanent jobs.

NOURISHING WORKFORCE

Equality & Diversity

Interloop is an equal opportunity employer and is committed to promoting equality, diversity and fair treatment in all areas of employment. It provides an inclusive environment where everyone feels valued and respected, irrespective of age, gender, race, marital status, disability, religion or belief, color and nationality. It's a 17,000+ strong team with diverse talent and over 15 nationalities across various locations.

Interloop aims to provide all employees a safe and supportive work environment, free of discrimination and harassment and equal opportunities to grow, learn and develop on merit. The policies, procedures and practices of the company have been formulated to inculcate the culture of encouraging and supporting women, transgenders and differently abled employees.

Grievance Handling

Standard Operating Procedures for Grievance Handling are in place and special positions of Management



Representatives have been created at all plants who are always accessible to every employee for handling any grievance & directing their complaints regarding work, working environment, welfare, discipline, etc. to CHC at each plant.

Workers' Right to Freedom of Association

Interloop respects the workers' right to freedom of association, and awareness sessions are carried out in this reference as a general practice.

Worker's Management Council is actively working at all Interloop plants. We also encourage our suppliers to respect the workers' right to freedom of association as per applicable laws and conventions. During the year, no supplier was identified where the workers' right to freedom of association was at risk.

Women Empowerment

Interloop truly believes that empowering women through employment and skill enhancement not only helps them achieve financial stability for themselves and their families but also makes them a productive member of the society.

Enhancing Female Participation

To support women empowerment and to improve gender parity within the organization, Interloop has taken a strategic decision to increase the percentage of women in executive & non-executive teams, in various grades including managerial roles and working cadres.



Reconnect Program

Through the 'Reconnect Program', female staff members who have completed 3 years' service with the company and have to leave their jobs due to family requirements can reconnect with their careers after having a break.

Extended Maternity Leaves

In addition to the entitled leaves, if a female employee requires further leave due to her or her newborn's health issue, she can avail another 4 weeks leave at half pay.

Day Care Centers

To provide ease of mind to working mothers regarding their young children, world-class Day Care Centers are in place at all Interloop Hosiery Plants where the executive and non-executive female employees comfortably leave their children, while at work. Experienced Nannies take good care of children according to their play, rest and meal timings. The international standard infrastructure



includes study, play and rest areas, and trained teachers ensure quality pre-primary education and development of these children through curricular and extracurricular activities. Company doctor performs periodic check-ups of these children to warrant that they stay in good health.

NOURISHING WORKFORCE

Interloop Joins Hands with IFC-PBC to Promote Family-Friendly Practices at Workplace

Interloop is among the 14 companies in Pakistan to participate in the first ever private sector peer-learning collaboration, led by IFC & PBC, to create better career opportunities by providing a family-friendly workplace. Under this initiative, IFC, PBC, CatCo Kids, Ubuntu Care, National Commission on the Status of Women, UNICEF Pakistan & UN Women Pakistan will provide advice on childcare needs assessment & conduct a series of events to expand learning & share knowledge on family-friendly practices.

Employing Females in Non – Traditional Areas

As part of Interloop's Vision 2020, women are now represented in every department and also in non-traditional roles including knitting planners, knitting operators and stitching machines operators, previously considered male-dominant areas.



60 females with STEM degrees are working at Interloop including 31 textiles, electrical and industrial engineers. Several policies & practices have been instituted to recruit and train females in non-traditional jobs.

Other Initiatives for Female Employees

- Free & Safe pick and drop has been expanded to more remote areas
- Focused trainings and recreational & sports activities

- Membership of compliance committees such as Workers Management Committee, Environment Health & Safety Committee, etc.
- Presence of Female Welfare Officers at all manufacturing plants to facilitate grievance management of female employees

Talent Development Programs

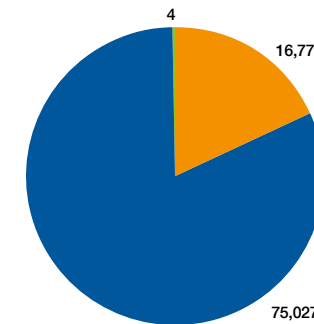
Interloop truly believes in nurturing its people. The Human Resource Department conducts regular Training Need Analysis to identify development needs of employees and prepares comprehensive employee development programs. The objective is to equip the people with knowledge & skills for long term employability and career enhancement. For executive employees, well-designed customized and open enrolment training programs on technical, managerial and leadership skills are conducted by Pakistani & Foreign Trainers. Non-executive



employees are trained in technical, operational and leadership skills at the in-house Technical Training School (TTS). In last 1 year, the company has spent around PKR 8.8 million and trained approximately 674 executive & non - executive employees.

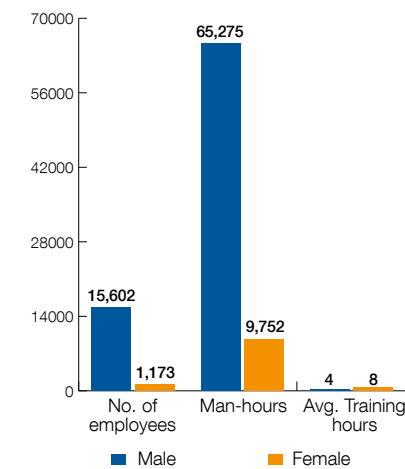
Training hours per Employee

Training Hours per Employee

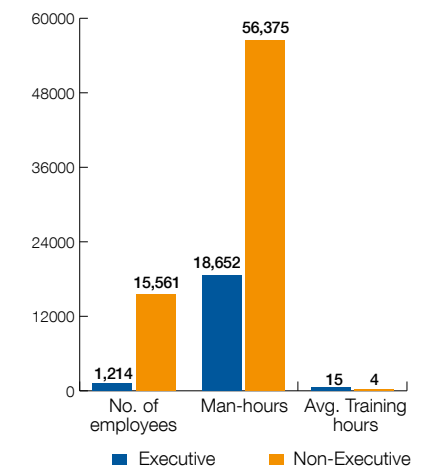


- No. of Employees
- Training Hours
- Average Hours of Training

Training Hours per Employee (by Gender)



Training Hours per Employee (by Employee Category)



During the year, Interloop devoted 8,633 hours compared to 4,683 hours, on human rights policies concerning human rights aspects related to business, including non-discrimination, diversity and equal opportunity, child labor and forced and compulsory labor. 51.69% of workers in 2019 compared

to 31.64% in 2018 were trained on human rights policies. During the year, 100% of security personnel were trained on human rights policies and all employees received performance and career development reviews.

NOURISHING WORKFORCE

Companywide Sports Activities

To promote physical and mental wellbeing of our people through competitiveness and healthy entertainment, the company has developed state of the art Sports Infrastructure, including state of the art executive club, table tennis, squash, badminton and basketball courts, football grounds and high energy fitness gyms and organizes various traditional and non-traditional sports tournaments, both for males and females.



Inter departmental Cricket Tournaments are held at the start of fall season. The activity creates lot of enthusiasm amongst the employees who either play or witness the matches and cheer their favorite teams.

Football has emerged as the most popular sport among the staff and the tournament draws huge interest and participation. The annual Badminton, Table Tennis and Chess Championships enable all team members to take a break from their routine working schedules and refresh themselves, physically & mentally.

Encouraging non-traditional sports, Lawn Bowling Championship is



organized for the male and female workforce. To ensure equal opportunity and to cheer its differently abled employees, the company arranges

Lawn Bowl Championship for them as well which boosts their self-confidence and gives them a sense of pride.



Corporate Social Events

To enhance employee engagement with the company and to recognize their services, Interloop organizes various social events throughout the year. Worth mentioning amongst others include the Annual Dinner; organized in the foundation month of the company, where executives catch up with colleagues and enjoy an exquisite evening full of Long Service Awards, entertainment, food and music, Managers Dinner; hosted by the Chairman & CEO and their families, to offer gratitude to the Managers for their hard work and dedication, especially to their spouses, acknowledging their continuous support, International Women's Day; to promote equality & diversity and to celebrate the successes of women at Interloop, Long Service Awards for Non-Executives; to recognize non-executive employees completing 10 years' service with the company, Christmas; to display respect for minorities and encourage diversity in our company.

Talent Scholarship for Employees' Children

Interloop encourages its employees to motivate their children acquire higher education and flourish into promising

careers. The company offers 5 Talent Scholarships every year to meritorious children of its employees, for Bachelor Degree Programs.

Respecting Human Rights

Interloop places great emphasis on respecting human rights, not only within its operations but also in its sphere of influence. Our well-defined policies on different aspects of human rights coupled with our commitment and practice to abide by laws and international charters ensure that human rights are well respected in all of our activities. Our code of conduct and shared values 'I-Care' require all

team members including workers to act empathetically and uphold the rights of co-workers, communities and other related parties. We believe in fair treatment to labor and do not have any kind of forced, compulsory or child labor practices at our plants. Our top priority is to comply with applicable employment and human rights related laws and honor our commitment to international charters on human rights. As a policy, we try to make sure that similar labor practices prevail at our supplier organizations. The compliance is ensured through third-party audits and any non-compliances identified are discussed with suppliers, to rectify these and to avoid such instances in future.



INTERLOOP WAY

Interloop was introduced to Lean by one of our customers, NIKE, and for the last few years, we have been applying Lean for improving our manufacturing processes and becoming robust in our operations. The Lean journey started in 2009 and one Plant Head was trained at NITC (Nike Innovation and Training Centre), in Vietnam. In 2010, a centralized Lean Resource Group (LRG) department was established which created awareness about Lean Philosophy across the company and implemented 5S. In 2011, Lean implementation teams were established

which worked towards building the Lean Culture at the plant level and trained and implemented Lean tools at the shop floor. All Plant Managers were trained at AITC, Sri Lanka.

In 2014, Interloop engaged a group of Former Toyota Executives who are facilitating the implementation of Toyota Production System (TPS) in various companies, all over the world. Since 2015, 3 groups of Interloop's senior and middle management from across the company have attended the Toyota Production System (TPS)

& Toyota Management System (TMS) workshops with American Links & Toyota Engineering Corporation (TEC) in Japan. Interloop fully understands the significance of our 'people practices' supporting deployment of Lean so that this develops on part of our culture. Consequently, in 2017, the company started designing 'Interloop-Way' comprising Lean & People components. Interloop-Way will improve our people practices, systems & processes and will help in achieving full engagement, for sustainable growth and development.



Uniform Behaviors

In 2019, under the guardianship of Interloop-Way, we launched Uniform Behaviors; a complete Manual about how to conduct business across the organization. It defines the set of particular behaviors that need to be demonstrated by every employee, unanimously throughout the company and will act as a sustainable roadmap for closing development gaps and providing our employees with a clear direction for how to work for success in their personal and professional lives.



HEALTH AND SAFETY

Health and safety are of utmost importance to Interloop. Our approach towards health and safety is preventive in nature and focused on enhancing the occupational health and safety culture across the company, including operational sites / manufacturing facilities. This health and safety framework is designed for minimizing occupational incidents, illnesses and major adverse happenings. A dedicated central EHS department commands the teams at all plants. All policy-making and communications are done by the central department while their execution and related day to day operational matters are dealt with by teams at the plants. The operating procedures based on national & international laws and customers' code of conduct, covering occupational environment, safety and health, are implemented and monitored. All workforce from top to bottom is responsible for the implementation of the health and safety measures and accountable for any non-compliance. Interloop has a dedicated budget at floor line manager and plant head levels to manage the health and

safety requirements, in line with their authorized limits. All major spendings including additional workers, material and monitory resources are being forecasted and submitted to the Board of Directors for consideration and approvals.

The safety scoreboards are set up at Plant II and Plant III along with public address systems at all facilities. Safety-related Days and Weeks are celebrated for awareness of the workforce. Moreover, workers are regularly trained on health and safety-related topics to update their knowledge and ensure a safer and productive work environment. The health and safety management system is practiced through health and safety committees that are active at the plants and cover all workers.

The performance of the EHS framework is monitored through KPIs which are assessed regularly in the form of internal and external audits, to ensure compliance with policy and to identify any gaps. Reports of findings against KPIs are shared with top management for their review

and further necessary actions as and where required. Based on the audit findings and urgency of action, regular adjustment is practiced. Moreover, the adjustments in the company's central EHS policies and procedures are carried out, subject to any changes in national & international laws and customers' codes of conduct.

Interloop operations are automated to a large extent, however, workers get interaction with machines and cotton dust in the production areas where there are chances of work-related diseases. Moreover, the workers working in boiler areas are also exposed to work-related diseases. At Interloop, we are fully aware of these risks and have defined safety rules in place which require workers in these areas to use safety equipment and follow the instructions to avoid the risk of any work-related diseases.

The EHS system is rich and flexible concerning employees. The employees can highlight issues through different platforms like EHS Committee Meetings, Focus Groups, etc.



COMMUNITY DEVELOPMENT

Additionally, the grievances can also be channelized through suggestion boxes installed at prominent locations in each facility. During the year, no grievance was filed.

Interloop has defined procedures for accident investigation and reporting. This includes the initial accident report followed by an accident investigation report and follow-ups. Interloop

includes first aid injury and fatalities in the injury rate. The lost day means scheduled workdays and lost day count begins the day after the incident.

Rate of Injury by Region & Gender				
	Organization		Contractor	
	Male	Female	Male	Female
Faisalabad	Nil	Nil	Nil	Nil
Lahore	Nil	Nil	Nil	Nil
Occupation Disease Rate by Region & Gender				
Faisalabad	Nil	Nil	Nil	Nil
Lahore	Nil	Nil	Nil	Nil
Lost Days Rate by Region & Gender				
Faisalabad	Nil	Nil	Nil	Nil
Lahore	Nil	Nil	Nil	Nil
Absenteeism Rate by Region & Gender				
Faisalabad	Nil	Nil	Nil	Nil
Lahore	Nil	Nil	Nil	Nil

Interloop is a Business for Purpose. Our Mission and reason for existence is to bring about a positive change in the community and this reflects in all our decisions and business practices. Our ambition is to Transform Lives and Improve Whellbeing when it comes to social responsibility. As per policy, we have defined community development goals with clear objectives to deliver inclusive growth. To pursue this cause, Interloop has invested approximately PKR 1.01 billion in the community during the last decade. Our main areas of focus include EDUCATION, SPORTS, LITERARY ACTIVITIES, HEALTH CARE and DISASTER RELIEF. The company has long term KPIs and every year a CSR spending target is fixed and implemented through an organized system.

Community development initiatives are planned based on the need assessment of the communities. The policy implementation is reviewed by Sustainability Cell which reports the outcomes to the Chairman & CEO for further deliberation at the Board level. The evaluation is performed by comparing the outcomes with the planned results and adjustments are carried out where required. Our Corporate Social Responsibility Cell is working on all community development activities throughout the country, especially in our surrounding areas.

Head of CSR reports to the Chairman & CEO of Interloop Limited. Another important CSR function is Interloop Welfare Trust for engagement & betterment of the community. During the year, PKR 350 million were spent on multiple community development initiatives.



COMMUNITY DEVELOPMENT

Education

Primary & Secondary Education

In order to bring a positive & lasting change in the community by educating the youth, especially underprivileged, Interloop Welfare Trust, in May 2009 partnered with THE CITIZENS FOUNDATION; the largest non-profit organization in Pakistan, providing quality education to the disadvantaged. So far, Interloop has established 24 schools (14 primary, 9 secondary & 1



TCF Rahbar Program

From 2012 onwards, executives from Interloop Limited regularly volunteer for the TCF Rahbar Program, twice a year, to mentor class 8 and 9 students about developing a positive mind set in life and making better career choices. Till now, 130 Interloop Executives have voluntarily mentored 580 students at TCF-Interloop Schools to help them make confident decisions in life.

higher secondary; separate campuses for boys and girls) and is constructing 3 more, totaling to 27, in the rural areas around Faisalabad city. These schools are managed by female staff and provide quality formal education to **3,400 less privileged children, 50% girls**, in an environment that encourages intellectual, moral and spiritual growth. Interloop has created an endowment for supporting lifetime operating cost of 16 schools and also provides funds for managing annual operational cost of remaining 8 schools.



Scholarship Program for Cadet College, Hasan Abdal

Cadet College Hasan Abdal (CCH) has been a trendsetter for quality education boarding schools for boys in Pakistan. Interloop established a Scholarship Fund in April 2016 and is supporting 5 financially challenged cadets, for complete 5 academic years.

Higher Education

Interloop is pursuing its target of providing 500 young men & women access to technical and higher education, by granting annual scholarships at various institutions, including Government College University, Ripha International University, National Textile University, University of Central Punjab, NUST Pakistan, NFC University and University of Sargodha, in Pakistan, and University of Vaasa, Finland.

Endowment Fund at Lahore University of Management Sciences (LUMS)

Since May 2013, Interloop Limited, through its Endowment Fund at the Lahore University of Management Sciences, is providing 8 perpetual scholarships to financially challenged Bachelor Degree students, under the National Outreach Program.

Scholarship & Internship Program for Government College Women University, Faisalabad

As part of its on-going endeavors for women empowerment, Interloop Limited, since May 2015, has instituted 120 Scholarships for deserving female Bachelor Degree students, at the Government College Women



COMMUNITY DEVELOPMENT

University Faisalabad (GCWUF). It has also structured an Internship Program to acquaint GCWUF students with professional work environment and practices, as part of their degree program requirements.

Need Based Scholarships at University of Agriculture, Faisalabad

25 full degree scholarships were introduced by Interloop at University of Agriculture, Faisalabad in September 2017, for Bachelor Degree Programs in Engineering, Textile & Dairy Sciences.

Scholarship Grants at National Textile University, Faisalabad

In March 2019 Interloop Limited established a Scholarship Grant at the National Textile University (NTU), Faisalabad to encourage learning and exposure of NTU students, by sponsoring one academic semester at a good International University and is also sponsoring the Graduate Research Fellowship at NTU, to encourage research in Textiles at MS Level.

Entrepreneurship Training Programs

Interloop collaborated with Institute of Business Administration (IBA) Karachi and GC Women University Faisalabad to sponsor the Women Entrepreneurship Program, to help females train and start and grow successful business lines. 67 participants benefitted from Mar-Apr 2019 session and Batch 2 is planned in Oct-Nov 2019. Previously, 283 aspiring male and female entrepreneurs benefitted from similar trainings at Hyderabad, Faisalabad & Gujranwala.

Sports

We believe in nurturing talent by promoting sports, competitiveness and healthy entertainment for the youth, community and the society. For this purpose, Interloop has joined hands with sports organizations, especially those representing blind, handicapped & women players, to sponsor multiple tournaments throughout the year.

Sponsoring Cricket for a Cause

To encourage young players from the grassroots for National and A-Teams, Interloop has been sponsoring cricket tournaments including SAICA-Interloop T-20 Cricket Championships (twice) and Interloop Premier League T-20 Cricket Tournaments (annually), since 2012.

International & Domestic Blind Cricket

Interloop has been sponsoring International & Domestic Blind Cricket since 2014. We were the Official Sponsor of Pakistan Cricket Team for the Blind Cricket World Cup 2014, played in South Africa and the Blind Cricket World Cup 2018, played in Pakistan & UAE. Interloop also promote female sports and supported the Pakistan Women Blind Cricket Team Coaching Camp in 2018. We sponsored world's First International Women Blind Cricket Series in 2019 between Nepal & Pakistan.

Sports for the Differently Abled

To promote the rights and well-being of persons with disabilities, Interloop



joined hands with the Pakistan Wheel Chair Cricket Association to organize 2nd Interloop Quaid-e-Azam Trophy 2018, and sponsored the Pakistan Wheel Chair Cricket team for Wheel Chair Asia Cup 2019. We supported Faisalabad Deaf Cricket Team in All Pakistan Deaf Cricket Tournament 2018. Interloop sponsored the Tri-Nation Disabled Cricket T-20 Series 2018 at Worcestershire, England between Pakistan, Bangladesh & England and sponsored the Pakistan Disabled Cricket Team for T-20 Cricket World Series, in England in 2019. We also supported 3 Pakistani athletes at the Special Olympics 2019, in Dubai.

Intersports-Interloop Sports Extravaganzas

To motivate youth towards healthy activities, Interloop has been sponsoring Intersports T-20 Cricket Championships and Sports Galas annually since 2016, at the University of Agriculture, Faisalabad in which top teams from various universities participate.

Supporting Young Talent

Interloop is also providing financial support to Pakistan's Fastest Youngest Athlete; Sahab-e-Asra, for her future Endeavors.

All Pakistan Open Golf Tournament.

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





Literary Activities & Conferences

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

National & International Conferences

To promote innovation and intellectual development of Pakistani textile professionals and students, Interloop has been sponsoring the All Pakistan DICE-Textile Innovation Event & International Conference for last 4 years, consecutively.

She Loves Tech Pakistan

Interloop partnered with CIRCLE as the Main Sponsor to support She Loves Tech Pakistan. She Loves Tech is a global contest to create opportunities for women-led/impact tech startups, to level up the global stage. STEM women from all over Pakistan participated in this competition and the finalist aspiring female entrepreneur represented Pakistan at the global competition in China.

Lyallpur Picture Gallery

Interloop provides financial support to Lyallpur Picture Gallery annually, developed by the District Government, Faisalabad. General public, especially students, visit the gallery to learn about Faisalabad's rich history, culture and transformation into a textile industry hub.



Faisalabad Literary Festival

Since 2014, Interloop hosts the Faisalabad Literary Festival every year, as the main sponsor, where people from all walks of life including families and youth get the opportunity to interact firsthand with eminent literati from across the country, who gather to inspire people with their popular works of literature and performing arts.



Health Care

Free Treatment for Poor Patients

Another area of constant focus for Interloop's social responsibility is Health Care. We have been providing free health care services to deserving patients including 120 Corneal Transplants and 3000 Ophthalmic patients at Al-Shifa Trust Eye Hospital, Rawalpindi since 2009. Approximately 4800 Dialysis Procedures have been provided through Patients Welfare Society at Allied Hospital, Faisalabad since 2012. 1600 Tuberculosis patients have been receiving treatment through Anti TB Association, Faisalabad since 2010. 800 patients have been provided Hepatitis C treatment through Liver Foundation Trust, Civil Hospital, Faisalabad since 2010. Multiple Blood Transfusion, Thalassemia and Hemophilia patients have been treated through Ali Zaib Foundation since 2016. 20 Spinal and Orthopedic patients have been treated at Ghurki Hospital since 2017 and numerous Cardiac Treatments have been provided through Faisalabad Institute of Cardiology since 2016.

Support for Differently Abled Children

Interloop supports education, health and well-being of differently abled children by supporting Syeda Khatoon-e-Jannat Trust Hospital & Special Education Center, Faisalabad; a noble institution looking after the treatment and optimal development of children with intellectual and physical disabilities.



Alzheimer Socks

Interloop teamed up with Euro Sox Plus B.V. Netherlands in 2015, 17 & 18 and produced Alzheimer Socks; an initiative to create awareness among people about Alzheimer's disease. Approximately €1.08 million have been generated and donated to VUmc Alzheimer Center, Amsterdam for research on diagnostics and treatment of Alzheimer's disease

Mobile Health Clinic

Interloop has partnered with Lok Sanjh Foundation; implementing partner of Better Cotton Initiative (BCI) in Pakistan to finance provision of Mobile Health Services for marginalized Rural Communities in cotton growing areas of 3 Union Councils in District Toba Tek Singh, Punjab. Since Feb. 2019, the Mobile Health Clinic is serving approx. 4,000 rural community members, especially farmers, women workers and women cotton pickers working in the cotton fields, on weekly basis.





THE WAY FORWARD

The Way Forward

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THE WAY FORWARD

Interloop is committed to continue working as a responsible corporate citizen, creating shared value for all stakeholders, in line with our Mission, "To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business. We are focused on pursuing sustainability in all spheres of our business activities and to practice it more effectively, we have defined targets in material sustainability areas and are endeavouring to achieve them. Our targets for the next five years term, due to start in FY 2021 will enlighten the road map further towards a sustainable business with inclusive growth.

Healthy and sustained economic returns are critical for business

existence and delivering shared value for all stakeholders. Pursuing our Vision 2020, "To double our turnover by 2020 through value addition, process improvement and nourishing talent", we are on a growth curve and enhancing our capabilities. We aim to produce high quality environmental friendly products meeting customer requirements. Our newly established Hosiery Plant 5 pilot project is planned to be scaled up to a vertically integrated Sustainable manufacturing facility, with installed capacity of 1280 knitting machines, producing approximately 17.28 million pairs of socks per month.

The newly set up Denim Apparel Manufacturing Plant is the most technologically advanced and

Sustainable production facility in the region. The current production capacity of 500,000 garments per month is planned to be scaled up to 1,000,000 garments per month by 2021. It will be a LEED Platinum Certified plant with the target to engage females as 50% of the total workforce, will have in-house day care, at least 30% area as green space, discharge ZERO hazardous material and waste, reduce carbon footprint by up to 50%, will save approximately 35million liters of water per month and will focus on maintaining & enhancing worker safety. For the Knitwear Pilot Project; a Cut to Pack garment manufacturing facility, having current production capacity of 1.2 million garments per month, plans are in place to put up a state of the art

vertically integrated Knitwear garments manufacturing plant at the new Interloop Apparel Park, with production capacity of 5.4 million garments per month by 2021. The ramp up plan for Seamless Active wear production is 540,000 garments per month by 2021.

We are well aware of upcoming Environmental sustainability challenges on account of our operational activities as well as activities of our supply chain partners and are all set to tackle them responsibly. We will be introducing Environmental targets for all businesses, aligned with relevant UNDP Sustainable Development Goals (SDGs). We aim to create positive environmental impact through effective strategies, investment in new technologies having minimal impact, enhancement in clean energy production, efficient energy management, increased water

recycling and less consumption of water in our operations, reduced GHG emissions and sustainable procurements.

Human capital is vital for realizing our mission and vision. We continuously endeavor and are committed to providing a productive and safe workplace to our people without any discrimination, nourishing their talent through on the job and external trainings and rewarding them with market based compensation and benefits. Community development has always been an important focus area for Interloop Limited. Following our mission of being an Agent of Positive Change, we are committed to continue making interventions in education, health, sports, women empowerment and literary activities for the under privileged, developing prosperous and thriving communities.

Transparency enhances trust among stakeholders and helps to win the confidence, critical for competitive advantage and success in the market place. We commit to engage our stakeholders on regular basis and publish an annual sustainability report to share our story with our stakeholders and interested parties. Moreover, we are committed to continue supporting the Sustainable Development Goals of United Nations Development Programme through our initiatives and operations, for Building a Sustainable World.





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GRI INDEX

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

Key

SR = 2019 Sustainability Report

AR = Annual Report 2019



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	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	44, 78-83	201-1, 413-1
	Ensure healthy lives and promote well-being for all at all ages	55, 58, 76	305-1, 306-2, 306-4, 403-2
	Ensure inclusive and quality education for all and promote lifelong learning	71	404-1
	Achieve gender equality and empower all women and girls	25, 38, 44, 65, 68, 71	102-22, 201-1, 202-1, 401-1, 404-1, 404-3, 406-1, 414-1
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GLOSSARY AND ACRONYMS

BCI	Better Cotton Initiative
CBA	Collective Bargaining Agent
CFCs	Chlorofluorocarbons
CSR	Corporate Social Responsibility
GHG	Green House Gases
GJ	Giga Joule
GOTS	Global Organic Textile Standard
GRI	Global Reporting Initiative
GRS	Global Recycled Standard
HFCs	Hydrofluorocarbons
HSE	Health, Safety and Environment
IFC	International Finance Corporation
ISO	International Standards Organization
MW	Mega Watt
NGO	Non-Governmental Organization
PBC	Pakistan Business Council
SA 8000	Social Accountability 8000
SASB	Sustainability Accounting Standard Board
ZDHC	Zero Discharge of Hazardous Chemicals
CHC	Complaint Handling Cell

FEEDBACK FORM

Sustainability Report 2019

Information provided on material topics covered in the report.

Comprehensive
 Adequate
 Inadequate

Clarity of the information provided in the report.

High
 Medium
 Low

The quality of design and layout of the report.

Excellent
 Good
 Average

Your comments for adding value to the report.

Name :

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Organization :

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Please mail your feedback to:

Muhammad Fauz UI Azeem

Sr. Manager Sustainability & Business Strategy

Interloop Limited

1 – KM, Khurrianwala – Jaranwala Road,

Khurrianwala, Faisalabad, Pakistan.

Phone: +92-41 – 4360400

Email: sustainability@interloop.com.pk

BUILDING A SUSTAINABLE WORLD

Interloop Limited

Registered Office:

Al - Sadiq Plaza, P - 157,
Railway Road, Faisalabad, Pakistan

Corporate Office:

1 - Km Khurrianwala - Jaranwala Road,
Khurrianwala, Faisalabad - Pakistan
T: +92-41-4360400
F: +92-41-2428704

www.interloop-pk.com