LUCKY
Textile Mills Limited

SUSTAINABILITY REPORT 2024-25

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This report shows Lucky Textile Mills Limited commitment to advancing sustainability initiatives and embedding responsible practices throughout its entire supply chain. The report has been prepared in accordance with the factory sustainability management system & policy with detailed information of sustainability progress across the year 2024/25. The company seamlessly integrates the United Nations Sustainable Development Goals (SDGs) into every aspect of its operations, reflecting a steadfast dedication to environmental stewardship and social responsibility.

Our sustainability efforts encompass a wide range of focus areas, including energy conservation in operations, solar renewable energy generation, water treatment, recycling, conservation and recovery systems, sustainable processes and production technologies, clean chemical chain, the use of recycled and eco-friendly fibres, waste circularity, biodiversity and natural habitat protection, as well as community engagement initiatives.

Fully aware of the global challenge posed by climate change and its adverse impacts on the environment, Lucky Textile Mills has taken decisive action toward climate resilience. As a signatory to the *Net Zero Carbon Emission by 2050* initiative, we are actively implementing our decarbonization roadmap, measuring emissions, setting science-based targets, and adopting innovative technologies to minimize and offset greenhouse gas emissions.

FACTORY INTRODUCTION

Lucky Textile Mills Ltd. is a leading textile manufacturer since 1983. With over 38 years of experience, we prioritize technological advancements and provide an exceptional working environment. Our commitment is to deliver unmatched value, exceeding expectations for our customers, partners, and investors. We specialize in fabrics, garments, and home furnishings, with meticulous attention to detail and sustainable practices. We actively support local communities, fair Labor, and environmental sustainability. Explore our range of textile solutions crafted with precision, passion, and an unwavering commitment to excellence.

Our vision is to be the leaders in the textile industry whilst providing a socially responsible commitment to the environment we invest in. The mission is to Provide superior quality and assurance to all our customers and stakeholders by employing techniques that serve both our internal and external environment with respect and integrity.

Lucky Textile Mills Limited has a vertically integrated setup from spinning, weaving to the final dispatch of products. we create products that are contemporary and pure. Our trendy and classic products are a blend of our cutting-edge technology and highly skilled craftsmanship that charm the buyers across the globe. Our main Products include; Home Textile, Soft Home Kitchen, Garments (Fashion Apparel/Institutional Apparel) etc.....

ACCREDITATION & REGULATION

Lucky Textile Mills Limited is steadfastly committed to excellence through compliance with both national and international sustainability standards. The company operates in alignment with globally recognized frameworks and has achieved multiple certifications, including ISO standards certifications, BSCI GOTS, GRS, OCS, RCS, EU Eco-Label and Sustainable Textile Production (STeP) by OEKOTEX reflecting its dedication to quality, environmental stewardship, and social responsibility.

Furthermore, Lucky Textile is registered and actively engaged with various global sustainability platforms and performance measurement tools such as Business Environment performance initiative (BEPI), Initiative for compliance & Sustainability (ICS), ECOVADIS and HIGG INDEX with the verified score 82 % in VFEM of the reporting year to continuously enhance transparency, monitor environmental impacts, and promote sustainable growth. Through these initiatives, the company ensures that every stage of its operations from raw material sourcing to finished product delivery, adheres to responsible practices that safeguard the environment and contribute to a sustainable future.

Lucky Textile Mills Limited has also aligned its sustainability vision with the United Nations Sustainable Development Goals (UN SDGs) to strengthen its contribution toward a more responsible and inclusive future. The company's sustainability framework reflects measurable progress across various SDGs, including responsible water management and conservation, climate change mitigation and renewable energy initiatives, community development, social well-being and Economic Growth. Through these integrated efforts, Lucky Textile Mills continues to demonstrate its commitment to creating a positive environmental and social impact across its entire value chain.

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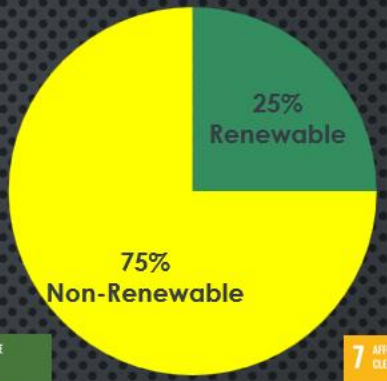
CARE FOR ENERGY

Lucky Textile Mills Limited has embarked on an ambitious 23-megawatt Solar Renewable Energy Project within its own premises to generate clean, green electricity and significantly reduce carbon emissions. Currently, an 18-megawatt system is fully operational across multiple units, including the Spinning, Weaving, Processing, and Stitching divisions. An additional 5-megawatt expansion is underway and scheduled for completion between 2025 and 2026. Once fully commissioned, the entire project will collectively generate approximately 32,000 megawatt-hours of renewable energy annually, resulting in a substantial reduction of fossil fuel consumption estimated at around 275,000 MMBtu and offset 16,000 tCO2e GHG. Lucky Textile Mills has generated 18,700-megawatt electricity in the reporting year 2024 by its solar renewable energy project.

Lucky Textile Mills Limited has launched its first Biomass Energy Project, featuring a 25-ton-per-hour biomass boiler designed to utilize agricultural waste as fuel for steam generation. This innovative system has significantly reduced reliance on fossil fuels across the company's supply chain. As one of the factory's major renewable energy initiatives, the project underscores Lucky Textile's commitment to sustainable energy solutions. Biomass is recognized as a clean, renewable, and biogenic carbon neutral energy source, abundantly available and sustainably managed within the environment. Through this eco-friendly initiative, approximately 51,580 tons of steam have been generated, offset about 21,000 tCO2e GHG, contributing meaningfully to the company's decarbonization and circular economy goals.

The factory has implemented multiple waste heat to energy recovery systems into its operations, including Waste Heat Recovery Boilers (WHRBs), condensate steam recovery systems, and heat exchangers. Through these energy optimization measures; the facility has successfully conserved approximately 162,000 MMBtu of fossil fuel energy and offset around 8,650 tCO2e emissions. During the reporting year, nearly 60,000 tons of steam were generated in an environmentally responsible manner through WHR boilers, ensuring no adverse impact on the climate.

In the reporting period, Lucky Textile Mills Limited derived around 16.5 % of its total electricity consumption from Solar renewable sources, the remaining 83.5 % of electricity comprising of captive generation and purchase electricity.



In the reporting period, Lucky Textile Mills Limited derived around 25% of its total energy consumption from renewable sources, including solar power, biomass energy, and waste heat recovery systems for electricity, steam generation and production operation use. The remaining 75 % of the energy mix comprised 54 % fossil fuel consumption and 21 % purchased electricity, which the company aims to gradually replace through continued investment in renewable and energy-efficient technologies.

CARE FOR WATER

Lucky Textile Mills Limited is strongly committed to responsible water stewardship through the adoption of advanced conservation and recycling practices across all its operations. The factory has implemented efficient water management systems including wastewater treatment, condensate and process water recovery, and reuse initiatives that significantly reduce freshwater consumption. Continuous investment in water-saving technologies, low-liquor-ratio processing machines, and process optimization has enabled the company to minimize water footprints while maintaining product quality and operational efficiency.

Additionally, Lucky Textile promotes awareness among employees and stakeholders to foster a culture of water responsibility, ensuring that every drop is valued. These efforts collectively align with our commitment to the UN Sustainable Development Goal 6 – *Clean Water and Sanitation* and demonstrate our dedication to protecting precious water resources for future generations.

Lucky Textile Mills Limited operates its own Wastewater Treatment Plant (WWTP) with a treatment capacity of 4,500 m³ per day, designed on a biological activated sludge process. The plant provides an excellent retention time of over 50 hours and operates without the use of chemicals for pH neutralization instead, pH balance is maintained through controlled exhaust emissions. The facility is not only designed in compliance with local environmental regulations but also meets international standards and criteria such as Sindh EPA, ZDHC, and DETOX TO ZERO.

6 CLEAN WATER AND SANITATION

14 LIFE BELOW WATER

The factory has implemented advanced processing machines with low liquor ratios including the ozone wash in Garments washing process, significantly reducing water consumption during production. Additionally, the reuse of non-contact cooling water from processing operations is ensured, utilizing it effectively for maintaining fabric temperature. The company also recovers hot water from condensate steam sources, which is reused as boiler feed water due to its high temperature of over 90°C. These initiatives collectively contribute to efficient water use, energy conservation, and reduced environmental impact.

Lucky Textile Mills Limited has successfully commissioned its Wastewater Recycling Plant within its facility, demonstrating a strong commitment to sustainable water management. The factory recycles 50% of wastewater from its Effluent Treatment Plant (ETP) discharge, which is reused in the wet processing operations. During the reporting period, the company conserved approximately 678,000 m³ of freshwater through its recycling and water recovery systems. This volume of water saved is equivalent to the annual household water consumption of around 3,700 homes in Pakistan, reflecting Lucky Textile's dedication to reducing freshwater dependency and promoting responsible resource use.

CLIMATE ACTION & DECARBONIZATION

On June 27th, 2024, Lucky Textile Mills near-term and long-term net zero greenhouse gas (GHG) emissions reduction targets, aligned with a 1.5°C pathway, have been officially validated and approved by the Science Based Targets Initiative (SBTi). This validation encompasses our entire supply chain and operational facilities, spanning from fiber spinning to the final dispatch of products.
We have committed to reaching net-zero GHG emissions across our entire value chain by 2050. To this end, Lucky Textile Mills Limited has set ambitious targets:

- **Overall Net-Zero Target:** Lucky Textile Mills Ltd. commits to reach net-zero greenhouse gas emissions across the value chain by 2050.
- **Near-Term Targets:** Lucky Textile Mills Ltd. commits to reduce absolute scope 1 and 2 GHG emissions 50.4% by 2032 from a 2022 base year.*
- Lucky Textile Mills Ltd. also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel and energy related activities, and upstream transportation and distribution 30% within the same timeframe.
- **Long-Term Targets:** Lucky Textile Mills Ltd. commits to reduce absolute scope 1 and 2 GHG emissions 95% by 2050 from a 2022 base year.*
- Lucky Textile Mills Ltd. also commits to reduce absolute scope 3 GHG emissions 90% within the same timeframe.

*The target boundary includes land-related emissions and removals from bioenergy Feedstocks.

GHG INVENTORY

The GHG Inventory Report encompasses all Scope 1, Scope 2, and Scope 3 emissions of Lucky Textile Mills Limited for the years 2022 to 2024. All operational sites of Lucky Textile Mills have been included within the defined organizational boundaries.
Lucky Textile Mills Limited has prepared this GHG Inventory Report covering the period from January 1, 2022, to December 31, 2024, to comprehensively assess its greenhouse gas emissions and overall carbon footprint. The corporate organizational boundaries for the inventory have been established in accordance with the requirements of Clause 4.1 of ISO 14064-1. The operational control approach has been adopted for the consolidation of corporate GHG emissions. Table 1 below presents the complete GHG inventory for the reporting period.

Table 1

SCOPE CATEGORIES	BASELINE YEAR 2022 EMISSIONS (tCO2e)	YEAR 2023 EMISSIONS (tCO2e)	% CHANGE IN 2023 FROM BASELINE YEAR	YEAR 2024 EMISSIONS (tCO2e)	% CHANGE IN 2024 FROM BASELINE YEAR
Scope 1 Stationary Combustion	72,164	61,610.78	-14.62 %	48756.5	-32.4 %
Scope 1 Mobile Combustion	1,326	1,250.92	- 5.66 %	1378.26	+3.9 %
Scope 1 Refrigerants	2,163	2,235.52	+3.35 %	2926.18	+35 %
Scope 1 Total Emission	**75,653**	**65,097.22**	**-13.95 %**	**53,060.94**	**-29.90 %**

Table 1

SCOPE CATEGORIES	BASELINE YEAR 2022 EMISSIONS (tCO2e)	YEAR 2023 EMISSIONS (tCO2e)	% CHANGE IN 2023 FROM BASELINE YEAR	YEAR 2024 EMISSIONS (tCO2e)	% CHANGE IN 2024 FROM BASELINE YEAR
Location Based Scope 2 Emission Total Purchase Electricity / Steam	0	0	0 %	262.63	+100 %
Market Based Scope 2 Emission Total Purchase Electricity / Steam	41,839.92	45,982.19	+9.90 %	43869.86	+4.80 %
Scope 2 Total Emission	**41,839.92**	**45,982.19**	**+9.90 %**	**44,132.49**	**+5.50 %**
Scope 1 and 2 Total Emission	**117,492.92**	**111,079.41**	**-5.50 %**	**97,193.43**	**-17.30 %**
Scope 3, Category 1 Purchased goods & services	84,976.79	90,726.73	+6.76 %	80,757.71	-4.96 %
Scope 3, Category 2 Capital goods	33.42	35.59	+6.49 %	144.04	+331 %
Scope 3, Category 3 Fuel & energy related activities	13,277.73	9,188.50	-30.79 %	10,722.07	-19.24 %
Scope 3, Category 4 Upstream transportation & distribution	6,711.03	4,781.38	-28.75 %	6,688.35	-0.34 %
Scope 3, Category 5 Waste generated in operations	939.26	184.54	-80.35 %	52.17	-94.44 %
Scope 3, Category 6 Business travel	26.42	39.34	+48.90 %	120.06	+354.42 %
Scope 3, Category 7 Employee commuting	1,152.30	936.32	-18.74 %	986.93	-14.35 %
Scope 3, Category 8 Upstream leased assets	0	0	0 %	0	0 %
Scope 3, Category 9 Downstream transportation & distribution	28,271.68	25,031.75	-11.46 %	26,611.60	-5.87 %
Scope 3, Category 10 Processing of sold products	0	0	0 %	0	0 %
Scope 3, Category 11 Use of sold products	0	0	0 %	0	0 %

Table 1

SCOPE CATEGORIES	BASELINE YEAR 2022 EMISSIONS (tCO2e)	YEAR 2023 EMISSIONS (tCO2e)	% CHANGE IN 2023 FROM BASELINE YEAR	YEAR 2024 EMISSIONS (tCO2e)	% CHANGE IN 2024 FROM BASELINE YEAR
Scope 3, Category 12 End of life treatment of sold products	12,807.76	9,767.03	-23.74 %	11,536.53	-9.92 %
Scope 3, Category 13 Downstream leased assets	0	0	0 %	0	0 %
Scope 3, Category 14 Franchises	0	0	0 %	0	0 %
Scope 3, Category 15 Investments	178.50	155.91	-12.65 %	142.58	-20 %
Scope 3 Total Emission	**148,374.89**	**140,847.10**	**-5.07 %**	**137,762.04**	**-7.15 %**
Total Emissions of Scope 1,2 & 3	**265,867.81**	**251,926.51**	**-5.24 %**	**234,955.47**	**-11.63 %**

The biogenic emissions resulting from biomass combustion in the factory's boiler operations have been reported in Table 2 and are considered outside the Scope 1 boundary.

Table 2

SCOPE CATEGORIES	BASELINE YEAR 2022 EMISSIONS (tCO2e)	YEAR 2023 EMISSIONS (tCO2e)	% CHANGE IN 2023 FROM BASELINE YEAR	YEAR 2024 EMISSIONS (tCO2e)	% CHANGE IN 2024 FROM BASELINE YEAR
Outside of Scopes Emission from Biomass combustion	0	5048.86	+100 %	22,794.05	+100 %

The total emissions of FLAG related activities by purchasing of raw materials with in the Category 1 Purchased goods and accessories of Scope 3 emission defined in below table 3.

Table 3

SCOPE CATEGORIES	BASELINE YEAR 2022 EMISSIONS (tCO2e)	YEAR 2023 EMISSIONS (tCO2e)	% CHANGE IN 2023 FROM BASELINE YEAR	YEAR 2024 EMISSIONS (tCO2e)	% CHANGE IN 2024 FROM BASELINE YEAR
FLAG Emission of Scope 3 within Cat-1 purchasing of Raw Material	43,292.10	42,222.42	-2.47 %	33,633.63	-22.31 %
% of FLAG Emission across all scopes	16.28 %	16.75 %	N/A	13.83 %	N/A

SCIENCE BASED TARGET PROGRESS

Table 4

NEAR TERM TARGETS PROGRESS					
Near Term Target Boundaries		**Baseline Boundary Emission Year 2022 (tCO2e)**	**2023 (tCO2e)**	**2024 (tCO2e)**	**2025 (tCO2e)**
Scope 1 (Reduce 50.4% GHG Emission by year 2032, boundary includes land-related emissions and removals from bioenergy feedstocks)	Target Achievement Progress	*75,653*	65,097.22	53,060.94	
	Annual Reduction Plan	*75,653*	*71,840.1*	*68,027.2*	*64,214.3*
Scope 2 (Reduce 50.4% GHG Emission by year 2032, boundary includes land-related emissions and removals from bioenergy feedstocks)	Target Achievement Progress	41,839.9	45,982.2	44,132.49	
	Annual Reduction Plan	*41,839.9*	*39,731.2*	*37,622.5*	*35,513.7*
Total Scope 1 & 2 (Reduce 50.4% GHG Emission by year 2032, boundary includes land-related emissions and removals from bioenergy feedstocks)	Target Achievement Progress	117,493	111,079.42	97,193.43	
	Annual Reduction Plan	*117,493*	*111,571.3*	*105,649.7*	*99,728.0*
Scope 3 (Reduced 30 % GHG Emission from purchased goods and services, fuel and energy related activities, and upstream transportation & distribution by 2032)	Target Achievement Progress	104,965.6	104,696.6	98,168.13	
	Annual Reduction Plan	*104,965.6*	*101,817*	*98,668*	*95,518.7*

For Scope 1 and Scope 2 targets, Lucky Textile Mills Limited achieved a 5.5 % reduction in emissions in 2023, followed by a 17.3 % reduction in 2024. This performance slightly exceeds the targeted reduction trajectory, demonstrating that Lucky Textile Mills is making substantial progress toward its SBTi-aligned Scope 1 and 2 targets. The increase in production levels and operational activity during 2023 & 2024 contributed to a rise in Scope 2 emissions; however, the company has established robust strategies and objectives to offset these emissions in the coming years. The major driver behind the Scope 1 reduction has been the implementation of renewable energy projects within the company's own premises, including biomass and solar energy systems. For the near-term Scope 3 target, emissions in relevant categories have decreased by 0.26% in 2023 while 6.48% in 2024 overall. Emissions from Purchased Goods and Services decreased by 4.96%, primarily due to use of supplier specific emission factors in some material made by recyclable such as polyester. In contrast, emissions from Fuel- and Energy-Related Activities declined by 19.24% due to use of renewable energy & waste biomass instead of fossil fuel, and Upstream Transportation and Distribution emissions fell by 0.34%.

The net-zero emissions target remains a long-term objective, with significant progress expected over time rather than in the short term. Overall, total GHG emissions across Scopes 1, 2, and 3 decreased by 11.63 % in 2024, reflecting the company's ongoing commitment to sustainable and low-carbon operations and net zero commitment.

DECARBONIZATION INITIATIVES

Lucky Textile Mills Limited is deeply aware of the global challenges posed by climate change and its adverse impacts on the environment. The company actively promotes sustainability initiatives across its entire supply chain, continuously working to mitigate and offset GHG emissions across all scopes. A highly competent and dedicated team within the organization remains fully engaged in identifying and reducing every potential source of carbon emissions. Through regular training programs and awareness initiatives, the company fosters a strong culture of environmental responsibility and empowers employees to contribute effectively toward climate protection efforts.

The factory has undertaken several significant initiatives to reduce its Scope 1 and Scope 2 GHG emissions, including the installation of an 18 MW solar power system within its premises to generate renewable electricity. Additionally, the company has introduced its first biomass project, now operating at full capacity to produce steam sustainably. As a result, Scope 1 emissions have been reduced by up to 25%, while solar energy installation has contributed to an additional 5% reduction in Scope 1 emissions and a 4% reduction in Scope 2 emissions, compared with the year 2023.
Furthermore, Lucky Textile Mills Limited is collaborating closely with its energy provider to establish Key Performance Indicators (KPIs) aimed at reducing the Scope 2 GHG emission factor associated with energy generation by approximately 20% over the next 8 to 10 years. The energy provider is also capable of supplying eco-friendly steam to the facility, generated through a waste heat recovery system, further strengthening the company's commitment to low-carbon operations.

Lucky Textile Mills Limited has introduced a Supplier Coordination and Evaluation Program to ensure the active participation of its suppliers in achieving the company's Scope 3 emission reduction goals. During the reporting year, the factory successfully reduced emissions in the Fuel and Energy Related Activities category by optimizing fossil fuel consumption and improving freshwater efficiency. Emissions from Upstream Transportation and Distribution were also reduced through enhanced logistics optimization, including the consolidation of supplier deliveries and streamlining of transportation frequencies, contributing to overall supply chain efficiency and lower indirect emissions.

Lucky Textile Mills Limited has established a series of decarbonization targets for the coming years, which include the installation of an additional 5 MW solar energy system within its own premises, along with the development of a wind based renewable energy system and energy efficient production machines. These initiatives aim to further expand the company's clean energy capacity, reduce its carbon footprint, and advance its transition toward sustainable and low-carbon operations.

The factory has also developed a comprehensive plan to reduce its Scope 3 GHG emissions by enhancing the use of sustainable fibers across its supply chain

, minimizing waste generation during operations and at the stage of final disposal, and promoting upstream emission reductions through suppliers' green transportation initiatives. Additional efforts include lowering fuel and energy related emissions by reducing the purchase and consumption of conventional energy and fuels, along with several other sustainability-focused measures aimed at fostering a low carbon and circular value chain.

SUSTAINABLE SOURCING & TEXTILE CIRCULARITY

In commitment to Sustainable Development Goal 12 "Responsible Consumption and Production", Lucky Textile Mills is dedicated to promoting sustainable practices within the textile industry. This goal emphasizes the responsible management of resources, waste reduction, and the adoption of eco-friendly production methods. Lucky Textile Mills, as a key player in the textile sector, has embraced this global goal as a guiding principle for its operations. Committed to resource efficiency and environmentally friendly practices, the company prioritizes the use of organic cotton certified by GOTS, along with other sustainable cotton sources such as BCI, CMIA and recycled fiber through a GRS certification, ensuring ethical cultivation standards.

In addition, the factory is actively addressing microfiber pollution by incorporating biodegradable CICLO polyester fiber into its supply chain. Lucky Textile Mills also ensures the use of natural and renewable fibers in its spinning processes, along with recyclable polyester such as Terylene, which helps offset approximately 45–50% of Green House Gases and Scope 3 emissions compared to virgin polyester. This practice alone contributes to reducing the equivalent of about 12 million PET bottles from ending up in landfills or marine environments.

A commitment to responsible production and a cleaner future: Lucky Textile Mills has taken a green step toward sustainable innovation and circularity by launching a textile-to-textile recycling plant for cotton and polyester waste. This plant utilizes both soft and hard textile waste as input to recycle approximately 3,000 tons of textile waste into reusable raw fiber every year. Through this initiative, the company offsets around 4,000 tCO_2e of Scope 3 GHG emissions annually.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABLE MANUFACTURING & OPERATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Driving Sustainable Innovation in Textile Manufacturing, Lucky Textile Mills continues to lead the way in sustainable manufacturing by integrating advanced, eco-efficient technologies across its production processes. The company has implemented various state-of-the-art and resource efficient machinery such as Cold Pad Batch dyeing, sustainable finish BALDWIN technology in stenter machines. These innovations significantly reduce water, energy, and chemical consumption upto 40 to 45 % while ensuring superior product quality and consistent performance. Through these continuous advancements, Lucky Textile Mills demonstrates its strong commitment to cleaner production, operational efficiency, and a more sustainable textile future.

Lucky Textile has also specialized in sustainable garment washing technology, incorporating advanced machines such as Tonello and Yilmak, along with ozone based washing systems. These machines operate with a low liquor ratio promote sustainable water stewardship. This sustainable approach not only conserves water but also significantly reduces energy usage, contributing to a cleaner and more eco-friendly production process. This significant reduction in energy consumption has contributed to lowering the factory's Scope 1 GHG emissions.

CLEAN SUPPLY CHAIN OF CHEMICALS

Lucky Textile Mills has committed to detox its chemical supply chain by eliminating all hazardous chemical groups, including APEOs, PFCs, PAHs, CBCTs and much others. The factory reports on various chemical management platforms such as Bhive, SGS Smart Cares, and the ZDHC Gateway to submit chemical inventories and monitor the compliance of their dyes and chemicals. The factory implements continuous monitoring of its wastewater discharge to detect any presence of hazardous chemical groups, ensuring that effluent released into the environment meets stringent safety standards and poses no risk to freshwater or marine ecosystems.

In the reporting year, the factory utilized over 85% ZDHC Level 3 compliant chemicals across its wet processing supply chain, alongside other certifications such as Bluesign and OEKO-TEX Eco Passport. The factory also ensures robust chemical management practices, encompassing the safe handling, storage, transportation, and disposal of hazardous substances.

In addition, the factory has made significant strides in reducing chemical usage across various operations. For instance, the use of acid in the ETP pH maintenance process has been eliminated, as pH levels are now controlled through an optimized exhaust system. Similarly, chemicals used to prevent boiler scaling and corrosion have been reduced by 50% through the increased utilization of deionized water in the system. Lucky Textile Mills has successfully commissioned a new caustic recovery plant with a capacity of 15 m^3/hr. This initiative has enabled the factory to save approximately 2,500 tons of fresh caustic chemicals annually, while also contributing to a reduction of Scope 3 greenhouse gas emissions by around 3,000 tCO_2e.

In conclusion, Lucky Textile Mills demonstrates a strong commitment to sustainable chemical management. The factory not only reduces chemical usage but also achieves economic savings while fostering a more sustainable and responsible production supply chain.

Lucky Textile demonstrates its commitment to superior chemical management practices by ensuring the safe handling, storage, transportation, and disposal of all hazardous substances. We provide appropriate safety PPE to chemical handlers, and ensure that all policies and Safety Data Sheets (SDS) are clearly displayed in workers' native language to safeguard their health and safety.

TRAINING & DEVELOPMENT

Lucky Textile has established a dedicated training and development system that continuously builds employee awareness on key topics such as the Environmental Management System, policy awareness, sustainability initiatives, pollution reduction, and more. Our competent and committed Sustainability team actively engages both workers and management, motivating them to contribute meaningfully toward environmental protection and improvement.

During the reporting year, the factory successfully conducted 35 trainings on various environmental and sustainability management topics, including Environmental Emergency Mock Drills.

The factory not only conducts training for its internal employees and staff but also participates in external engagement sessions. These include trainings delivered to academic institutions and community groups, and various organizations through stakeholder forums. The purpose is to raise awareness, highlight the factory's sustainability initiatives and performance, and communicate its long-term objectives for continuous improvement in sustainability

ECOSYSTEM RESTORATION & GREEN SURROUNDING

The factory has also taken many foundational steps to make its premises clean and green creating a healthier & eco friendly environment aimed at ecosystem & biodiversity protection, resource conservation, and overall sustainability performance improvement. These include the use of recycled materials in the packaging supply chain such as cartons, inlay cards, stiffeners, polybags, CSR activities like beach clean-ups and plantation drives inside and outside the facility to reduce carbon footprints, segregation of primary and secondary waste by color coded bin system with recycling. Additionally, the factory has developed a paper-saving approach through electronic documentation, implemented energy-efficient lighting, and adopted numerous other measures to support a sustainable operational environment.

Through carbon offsetting initiatives and plantation drives, Lucky Textile has reduced carbon emissions equivalent to planting approximately 1,689,830 trees annually, promote biodiversity protection. Additionally, the factory has reduced approximately 2 tons of office paper compared to the baseline year, resulting in indirect savings of 850 kWh of energy, 8,500 liters of water, 45 trees, and 430 kg of CO_2 emissions

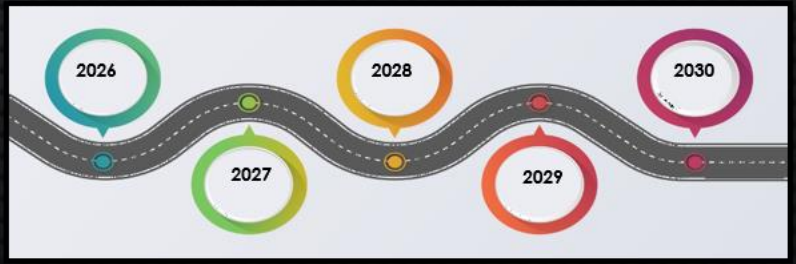
OBJECTIVE & GOALS

Lucky Textile Mills has established clear objectives and continuously reviews them to drive decarbonization, enhance sustainability performance, and reduce energy, water, and other resource consumption.

The factory has publicly communicated its decarbonization goals on the SBTi portal and our sustainability reporting's, targeting a 50.4% reduction in Scope 1 and 2 GHG emissions and a 30% reduction in Scope 3 emissions by 2032. Additionally, the factory aims to implement a further 5 MW solar energy project by the end of 2025 and a part on mid 2026 to reduce GHG scope 1 & 2 emission about 3-5%. It has also planned to initiate a wind energy project, including a 7.5 MW installation by the end of 2026 and another 7.5 MW project by 2030. this fully operational renewable energy project will reduce the factory purchase electricity 35-40% and offset 25,000 tCO2e Green house scope 1 & 2 Emission.

Other objectives include adopting the sustainable finishing technology of textile process by June-26 to reduce water usage, gas consumption up to 45%, and carbon footprint around 35% as compared with the current operation. Lucky Textile will also progress to achieve approximately 90% Level 3 ZDHC compliant products in its chemical supply chain by the December 2025. The factory is committed to enhancing sustainability in its fiber supply chain to lower Scope 3 GHG emissions and also collaborating with chemical and dyes raw material suppliers to reduce their energy consumption around 20% by 2028. Furthermore, the factory plans to reduce textile waste disposal by its Tex-to-Tex Recycling plant by approximately 3,000 tons by June 2026. this will not only reduce the wastage but also offset GHG emission about 4,000 tCO2e. This help factory to reduce its scope 3 emission 4-5%. The factory will also develop action plans in collaboration with external transportation and distribution partners to reduce Scope 3 GHG emissions.

Lucky Textile Mills will revalidate its SBTi targets at least every five years and recalculate them as needed to ensure they remain relevant and consistent in light of significant changes. Additionally, Lucky Textile Mills will continue to monitor its FLAG emissions to assess whether a separate target needs to be established in accordance with SBTi guidelines.



LUCKY
Textile Mills Limited

Lucky Textile Mills will continue strives to enhance the performance across its green supply chain and sustainability management systems. Throughout our value chain, we integrate leading practices, robust organizational frameworks, and cutting-edge technologies to mitigate climate impact, minimize emissions, and preserve environmental integrity. Our commitment extends across every dimension of responsibility caring for our fiber, our water, our planet, and our community.