LUCKY

Textile Mills Limited

"In Every thread, a thought for Tomorrow"



SUSTAINABILITY REPORT 2025-26

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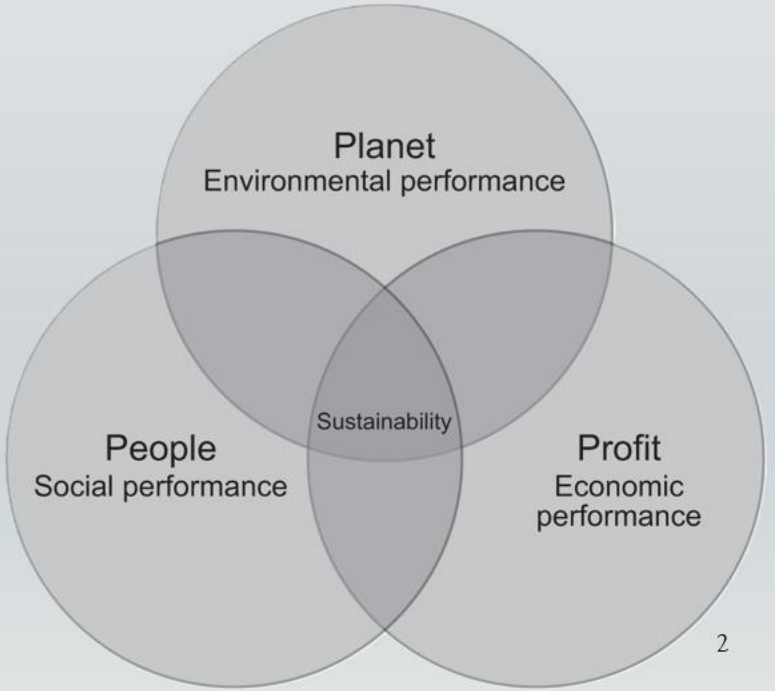
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In This Report.....







This report highlights Lucky Textile Mills Limited's continued commitment to strengthening sustainability and integrating responsible practices across its entire supply chain. Prepared in line with the company's Sustainability Management System and Policy, the report provides a comprehensive overview of sustainability performance and progress achieved during the year 2025/26 (1/1/25-31/12/25) reporting period. The company continues to align its operations with the United Nations Sustainable Development Goals (SDGs), demonstrating its ongoing commitment to environmental protection, resource responsibility, and positive social impact.

Our sustainability strategy covers a broad range of key areas, including operational energy efficiency and conservation, solar and other renewable energy initiatives, water treatment and conservation, resource recovery and recycling, sustainable production processes and technologies, responsible chemical management, the use of recycled and environmentally preferable fibres, waste circularity, biodiversity and ecosystem protection, and meaningful engagement with surrounding communities.

Recognizing the growing global risks associated with climate change and its far reaching environmental impacts, Lucky Textile Mills Limited is taking proactive measures to strengthen climate resilience and accelerate decarbonization. As a committed participant in the Net Zero Carbon Emissions by 2050 ambition, the company is progressing its decarbonization roadmap through systematic emissions monitoring, science based target setting, renewable energy adoption, resource efficiency, and the implementation of innovative solutions aimed at reducing and mitigating greenhouse gas emissions.



Factory Introduction

Lucky Textile Mills Limited (LTML) is a well-established textile manufacturer with a strong industry presence since 1983. With expertise in home textiles and apparel, LTML combines advanced manufacturing technologies, skilled craftsmanship, innovation, and rigorous quality standards to deliver value driven solutions to its customers and business partners.
Sustainability is an integral part of factory operations, with a strong focus on responsible resource management, environmental protection, ethical labour practices, and community development. Through continuous technological advancement and operational excellence, Lucky Textile remains committed to quality, innovation, and responsible manufacturing.

Vision: To lead the textile industry through excellence, innovation, and responsible business practices while maintaining a strong commitment to environmental and social sustainability.
Mission: To consistently provide high quality products and reliable solutions to customers and stakeholders by adopting responsible, efficient, and innovative practices that promote respect, integrity, and sustainability across both internal operations and the wider environment.

Lucky Textile Mills Limited operates through a vertically integrated manufacturing structure, covering key stages from spinning and weaving to finished product manufacturing and dispatch. This integrated approach ensures greater control over quality, efficiency, traceability, and responsible production.
Combining advanced technology, contemporary design, and skilled craftsmanship, LTML offers a diverse portfolio of Home Textiles, Soft Home & Kitchen products, Fashion and Institutional Apparel, and other textile solutions, serving customers across international markets.

Lucky Textile Mills Limited (LTML) has established a comprehensive sustainability boundary covering its manufacturing operations and relevant supply chain activities. This includes spinning, weaving, wet processing, dyeing, printing, finishing, final packaging, and dispatch operations, ensuring that environmental and sustainability considerations are integrated throughout the value chain.











Factory Introduction

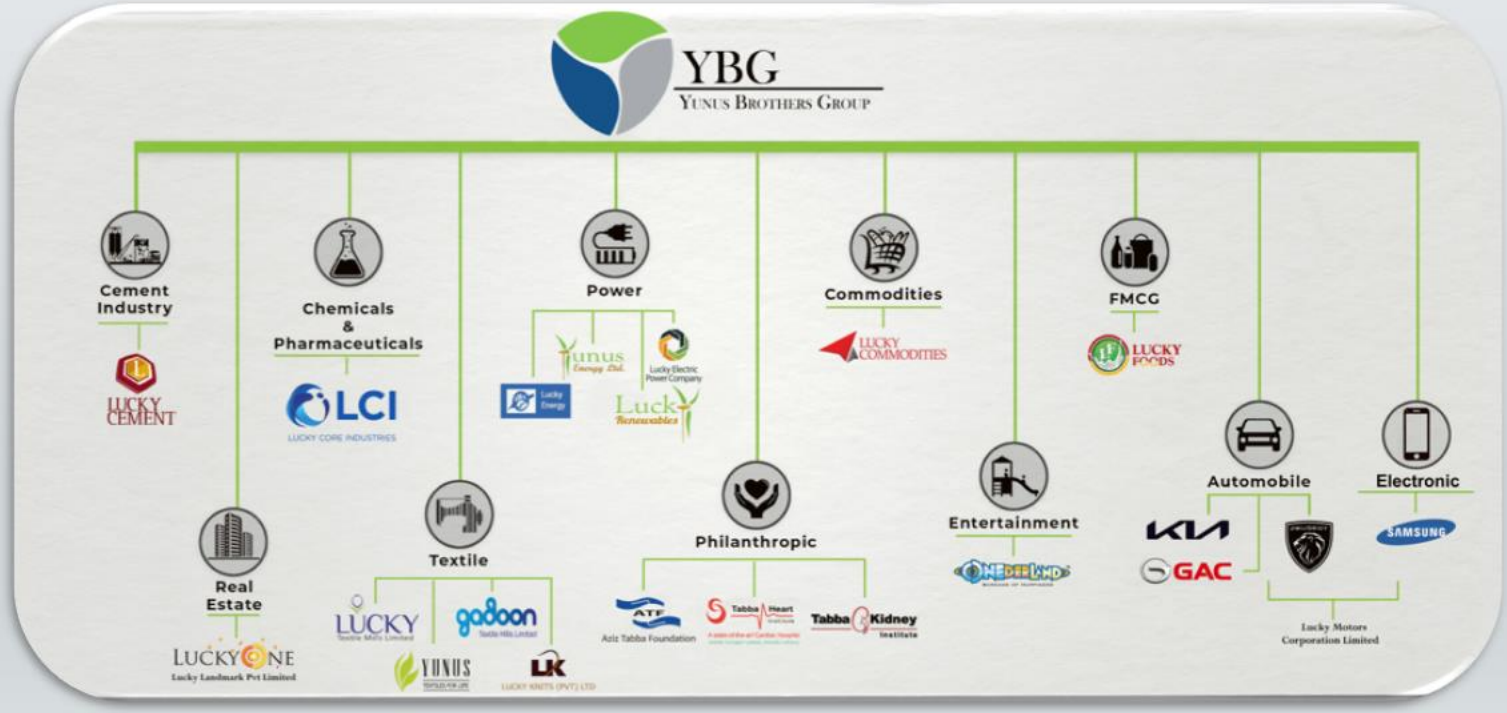
Lucky Textile Environmental and Sustainability Policy demonstrates its commitment to environmental protection and effective environmental management. The policy is designed to ensure;

- *compliance with all applicable legal, regulatory, and other relevant environmental requirements, while establishing clear objectives and targets to drive continual improvement in environmental performance and sustainability management,*
- *efficient conservation and responsible use of energy, water, and other natural resources with renewable implementation,*
- *minimization of waste generation; and the safe handling, storage, treatment, and disposal of hazardous waste and substances,*
- *effective wastewater treatment, increased water recycling and reuse, and progressing towards a Zero Liquid Discharge (ZLD) approach across its operations,*
- *Sustainable resource management extends across the supply chain through responsible procurement practices, sustainable sourcing of fibres, and the promotion of materials and products with lower life cycle environmental impacts,*
- *implementation of the 3R principles Reduce, Reuse, and Recycle while advancing resource circularity and minimizing waste throughout its operations and supply chain,*
- *sustainable chemical management, implementation of chemical stewardship action plans, and the continuous improvement of chemical safety and environmental performance.*

Beyond environmental sustainability, LTML recognizes the importance of social stewardship and responsible business practices. The company supports initiatives aligned with relevant United Nations SDGs, including gender equality, quality education, good health and well-being, women's empowerment, Diversity inclusion and other areas contributing to sustainable development. Through these integrated efforts, LTML aims to create long term environmental, social, and economic value for its employees, communities, customers, and wider stakeholders.

Sustainability Leadership Statement: *Mr. Mursaleen Usmani, Head of Environmental Sustainability, Lucky Textile Mills Limited, shares his vision of building a more sustainable future through responsible manufacturing, green technologies, resource efficiency, and circularity. Our mission is to continuously reduce our environmental footprint, protect natural resources, minimize waste and pollution, and promote sustainable solutions throughout our operations and supply chain. We believe that sustainable growth must go hand in hand with environmental protection, innovation, and responsible use of resources, creating long term value for our people, communities, and the planet.*

He believes that Lucky Textile Mills Limited is more than a textile manufacturer; it is a platform for sustainable innovation, where environmental responsibility, social stewardship, resource efficiency, and continual improvement are embedded at the heart of everything we do.



Factory Introduction



SPINNING

Our state-of-the-art yarn manufacturing facility stands as a true benchmark of innovation and excellence. Equipped with advanced European and Japanese automated machinery, it blends precision engineering with next-generation technology to produce superior-quality yarn. With an annual production capacity of 0.6 million bags, the facility is designed to meet diverse customer needs while maintaining outstanding consistency, efficiency, and sustainability in every fiber.



WEAVING

Operational since 2015, our state-of-the-art weaving facility has a 100 million meter annual capacity supported by a comprehensive range of advanced preparatory machinery with 564 Air-Jet and 200 Sulzer looms. We produce a wide range of high quality fabrics, including twills, drills, dobby, satins, and plains, using premium yarns from our integrated Spinning Unit and top global suppliers. Fully automated and digitally monitored, the unit ensures efficient, low waste production with consistent quality.



WET PROCESSING

Our advanced processing unit is highly proficient started from greige fabric receiving in printing, dyeing, and finishing fabrics up to 3.2 meters wide including special process that improves surface texture, appearance such as raising / shearing, peaching, sueding, with an annual production capacity of approximately 100 million meters. The facility is powered by the latest Swiss, German, and Italian technologies and is equipped with state-of-the-art machinery and equipment, ensuring precision, consistency, and exceptional fabric quality.



GARMENT WASHING

Our garment washing facility delivers high-quality denim and garment finishes that meet international standards for appearance, consistency, and durability. With a monthly capacity of 600,000 pieces (approximately 250,000 kg), we support both large scale production and specialized finishing requirements. Advanced machinery, skilled technicians, and controlled processes ensure uniform results across every batch. Sustainability and innovation guide our operations, enabling us to offer responsible washing solutions without compromising on quality.



STITCHING

The stitching division at Lucky Textile Mills Limited is equipped with advanced, high technology machinery with highly skilled and experienced workforce capable of transforming fabrics into both home textile and apparel products with exceptional precision, accurate down to the micron. Our machines including Juki, Brother, Kansai, and the automated Texpa plant enable an annual production capacity of 70 million units for home textiles. With the addition of our new facility, in 2026, this capacity is projected to increase to 100 million units annually.

Key Achievements & Accreditation

Lucky Textile Mills Limited continues to strengthen its sustainability performance through compliance with national requirements and internationally recognized standards. The company maintains certifications including ISO standards include 14001 & 9001, BSCI, GOTS, GRS, OCS, RCS, WRAP, SEDEX EU Eco-Label, and OEKO-TEX STeP, reflecting its focus on quality, environmental protection, employee's safety and social responsibility.

The company is also actively engaged with global sustainability platforms, including BEPI, ICS, Eco-Vadis, and the Higg Index. During the reporting year, Lucky Textile has increase its Higg FEM verification score from 82% to 85%, while achieved 57% in Eco-Vadis assessment, supporting greater transparency, environment & social performance monitoring, and continual improvement across its value chain.

Lucky Textile further aligns its sustainability initiatives with the UN Sustainable Development Goals, with a focus on responsible water management, climate action, renewable energy, community development, social well-being, and economic growth. These efforts support the company's continued progress toward a more sustainable and responsible value chain.



COMMITTED
ecovadis
Sustainability Rating
MAR 2026

SUSTAINABLE DEVELOPMENT GOALS

ics
OEKO TEX®
STeP
GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·
ISO
ISO 14001:2015
EU Ecolabel

amfori BEPI
Trade with purpose
Higg Index
Global Recycled Standard
©TextileExchange

Key Achievements & Accreditation

Lucky Textile Mills Limited actively engages in a wide range of national and international sustainability programs, initiatives, and performance platforms to benchmark its practices, demonstrate its sustainability performance, identify opportunities for continual improvement, and advance sustainable innovation across its operations and value chain. Through participation in recognized sustainability assessments, industry initiatives, and collaborative platforms, the company continues to strengthen its environmental performance, resource efficiency, responsible production practices, and overall sustainability management.

In addition, Lucky Textile has participated in various national & international level environmental and sustainability award programs, where its initiatives and performance have been recognized through several prestigious awards, including the Environment Excellence Award. These recognitions reflect the company's continued efforts toward environmental stewardship, sustainable development, climate action, resource conservation, pollution prevention, and the integration of sustainability into its business practices. Such participation and recognition also encourage the company to continuously improve its performance and explore innovative solutions for a more sustainable future.





Care for Energy

Lucky Textile Mills Limited has implemented a **23-MW Solar Renewable Energy** Project across its Spinning, Weaving, Processing, and Stitching divisions to generate clean electricity and reduce reliance on fossil fuels. The project has the potential to generate approximately **32,000 MWh** of renewable electricity annually, reducing fossil fuel consumption by around **275,000 MMBtu** and offset approximately **16,000 tCO_2e** of GHG scope 1 & 2 emissions each year.
During the 2025 reporting year, Lucky Textile Mills generated **27,114 MWh** of renewable electricity through its on-site solar installations, supporting its ongoing efforts toward energy transition and carbon reduction.

Lucky Textile Mills Limited has implemented its first Biomass Energy Project, featuring a **25-tons/Hr. Biomass boiler** that utilizes agricultural waste for steam generation, reducing reliance on fossil fuels. As a key renewable energy initiative, the project reflects the Company's commitment to sustainable energy solutions and circular resource utilization. Biomass is a renewable and biogenic energy source that supports lower carbon energy generation when sustainably sourced. Through this initiative, approximately **107,734 tons** of steam have been generated, avoiding around **30,000 tCO_2e** of GHG Scope 1 emissions and contributing to the Company's decarbonization and circular economy objectives.





Lucky Textile Mills Limited has implemented multiple waste heat recovery and energy optimization systems, including Waste Heat Recovery Boilers (WHRBs), condensate steam recovery systems, and heat exchangers. These initiatives have conserved approximately **140,000 MMBtu** of fossil fuel energy and offset around **13,500 tCO_2e** of Scope 1 and 2 GHG emissions. During the reporting year, nearly **56,000 tons** of steam were generated through WHR boilers, supporting efficient energy utilization and reducing the need for additional fuel consumption.
During the reporting period, approximately **18%** of Lucky Textile Mills Limited's total electricity consumption was sourced from on-site solar renewable energy, while the remaining **82%** was supplied through captive generation and purchased electricity.

During the reporting period, Lucky Textile Mills Limited sourced approximately **30%** of its total energy consumption from renewable sources, comprising solar power (**7%**), biomass energy (**14%**), and waste heat recovery for steam generation (**9%**). The remaining **70%** of the energy mix consisted of fossil fuels (**45%**) and purchased electricity (**25%**). The Company continues to invest in renewable energy and energy efficiency initiatives to progressively reduce its dependence on conventional energy sources.



Care for Energy

- Figure / Chart 1 shows Lucky Textile Mills Renewable Contribution in overall energy consumption include utilization of fuel in electricity, steam, machines, operation etc.
- Figure / Chart 2 shows Lucky Textile Mills Renewable Contribution (Solar Generated Electricity) in overall Electricity consumption.

Figure 1

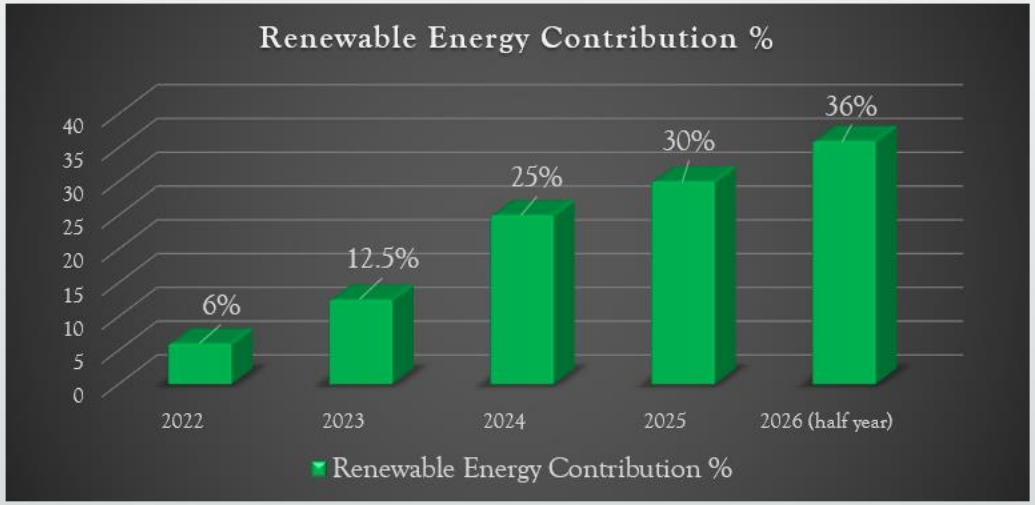


Figure 2

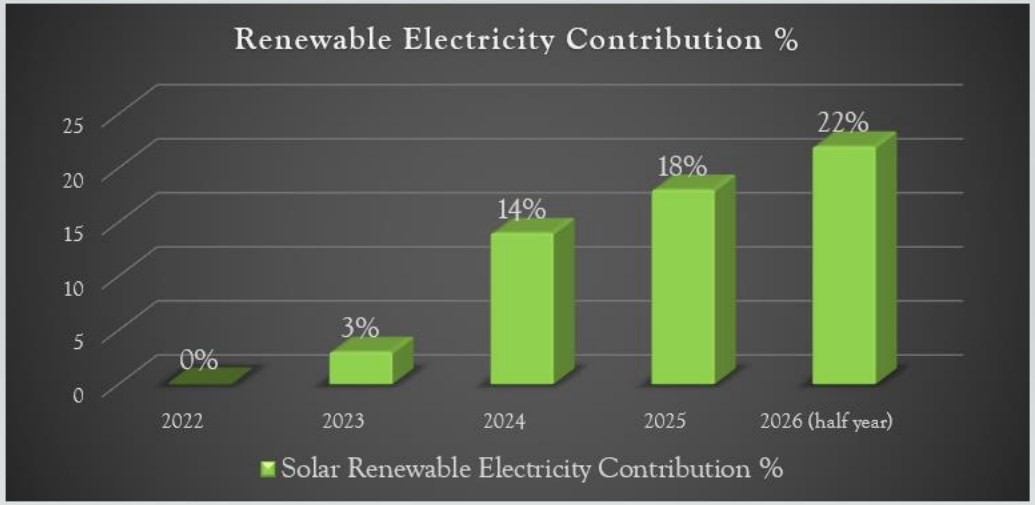


Chart 1

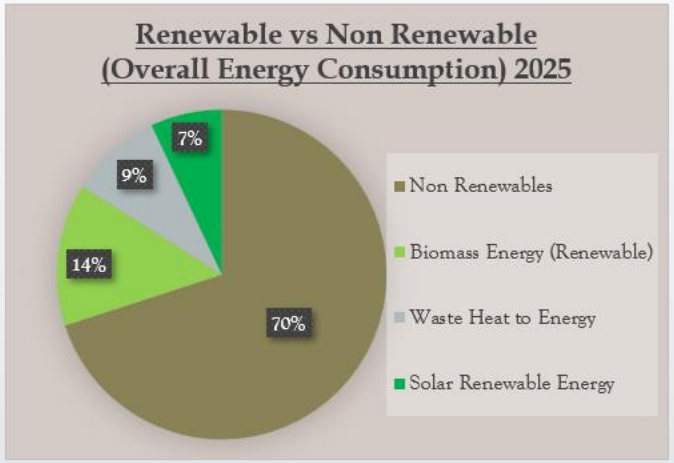
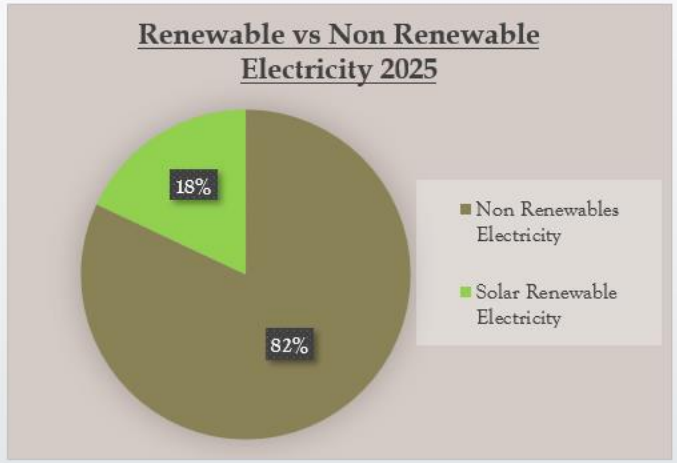


Chart 2



50-MWh Wind Project "Lucky Renewables"

Lucky Textile Mills Limited (LTML) is committed not only to protect environment associate with their activities & operations but also to promoting sustainable community practices. Through a project of Lucky Renewables, LTML have initiated **2 * 50 MW wind energy** project along the coastal belt of Sindh, generating clean electricity and offsetting approximately **0.2 million metric tons of GHG emissions** annually. Although the electricity is supplied to the national grid due to the project's distance from Lucky textile own facilities, the initiative enables communities and other consumers to benefit from cleaner and renewable energy, contributing to a more sustainable energy future for Pakistan.

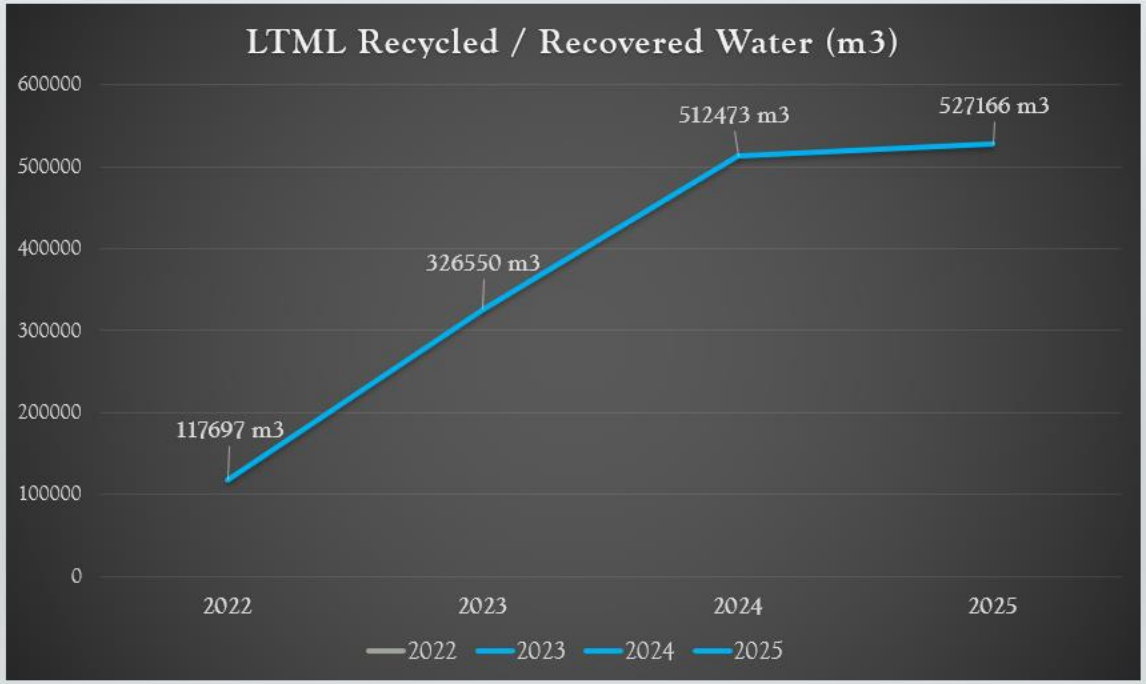




Care for Water

Lucky Textile Mills Limited is committed to responsible water stewardship through advanced conservation, recycling, and process optimization practices. Water saving technologies, low-liquor-ratio machinery, condensate and process water recovery, and wastewater reuse initiatives help reduce freshwater consumption while maintaining operational efficiency and product quality.

LTML operates a **4,500 m³/day Wastewater Treatment Plant** (WWTP) based on a biological activated sludge process, providing over 50 hours of retention time. The plant maintains pH balance through controlled exhaust emissions, minimizing the need for chemical neutralization, and operates in line with local regulations and international requirements, including Sindh EPA, ZDHC, and DETOX TO ZERO. These initiatives support LTML commitment to sustainable water management and UN SDG 6 "Clean Water and Sanitation" as well as SDG 14.





The factory has implemented advanced low-liquor-ratio processing technologies, including ozone washing in garment processing, to significantly reduce water consumption. Non contact cooling water is also recovered and reused for fabric temperature control, while hot condensate water above 90°C is recovered and reused as boiler feedwater. These initiatives enhance water and energy efficiency while reducing the overall environmental impact of operations.



Lucky Textile Mills Limited has commissioned a Wastewater Recycling Plant, enabling the recycling of approximately 50% of ETP treated wastewater for reuse in wet processing operations. During the reporting period, these recycling and water recovery initiatives conserved about **527,166 m³ of freshwater**, equivalent to the annual household water consumption of around 3,000 homes in Pakistan. These efforts demonstrate Lucky Textile commitment to reducing freshwater dependency and promoting responsible water resource management.

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.

ClimatePartner

13 CLIMATE ACTION

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 2025. 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, 2025, 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	YEAR 2025 EMISSIONS (tCO2e)	% CHANGE IN 2025 FROM BASELINE YEAR
Scope 1 Stationary Combustion	72,164	61,610.78	-14.62 %	48756.5	-32.4 %	35566.59	-50.7 %
Scope 1 Mobile Combustion	1,326	1,250.92	- 5.66 %	1378.26	+3.9 %	1665.76	+25.6 %
Scope 1 Refrigerants	2,163	2,235.52	+3.35 %	2926.18	+35 %	2928.95	+35.4 %
Scope 1 Total Emission	**75,653**	**65,097.22**	**-13.95 %**	**53,060.94**	**-29.90 %**	**40,161.3**	**-47 %**

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	YEAR 2025 EMISSIONS (tCO2e)	% CHANGE IN 2025 FROM BASELINE YEAR
Location Based Scope 2 Emission Total Purchase Electricity / Steam	0	0	0 %	262.63	+100 %	2936.10	+100 %
Market Based Scope 2 Emission Total Purchase Electricity / Steam	41,839.92	45,982.19	+9.90 %	43869.86	+4.80 %	46234.26	+10.5 %
Scope 2 Total Emission	**41,839.92**	**45,982.19**	**+9.90 %**	**44,132.49**	**+5.50 %**	**49,170.36**	**+17.5 %**
Scope 1 and 2 Total Emission	**117,492.92**	**111,079.41**	**-5.50 %**	**97,193.43**	**-17.30 %**	**89,331.6**	**-24 %**
Scope 3, Category 1 Purchased goods & services	84,976.79	90,726.73	+6.76 %	80,757.71	-4.96 %	79764.18	-6.13 %
Scope 3, Category 2 Capital goods	33.42	35.59	+6.49 %	144.04	+331 %	140.99	+322 %
Scope 3, Category 3 Fuel & energy related activities	13,277.73	9,188.50	-30.79 %	10,722.07	-19.24 %	9409.76	-29.13 %
Scope 3, Category 4 Upstream transportation & distribution	6,711.03	4,781.38	-28.75 %	6,688.35	-0.34 %	3242.34	-51.68 %
Scope 3, Category 5 Waste generated in operations	939.26	184.54	-80.35 %	52.17	-94.44 %	37.78	-95.9 %
Scope 3, Category 6 Business travel	26.42	39.34	+48.90 %	120.06	+354.42 %	94.81	+258.85 %
Scope 3, Category 7 Employee commuting	1,152.30	936.32	-18.74 %	986.93	-14.35 %	991.59	-13.94 %
Scope 3, Category 8 Upstream leased assets	0	0	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 %	29190.47	+3.24 %
Scope 3, Category 10 Processing of sold products	0	0	0 %	0	0 %	0	0 %
Scope 3, Category 11 Use of sold products	0	0	0 %	0	0 %	0	0 %

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	YEAR 2025 EMISSIONS (tCO2e)	% CHANGE IN 2025 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 %	12657.04	-1.17 %
Scope 3, Category 13 Downstream leased assets	0	0	0 %	0	0 %	0	0 %
Scope 3, Category 14 Franchises	0	0	0 %	0	0 %	0	0 %
Scope 3, Category 15 Investments	178.50	155.91	-12.65 %	142.58	-20 %	123.18	-31 %
Scope 3 Total Emission	**148,374.89**	**140,847.10**	**-5.07 %**	**137,762.04**	**-7.15 %**	**135,652.14**	**-8.6 %**
Total Emissions of Scope 1,2 & 3	**265,867.81**	**251,926.51**	**-5.24 %**	**234,955.47**	**-11.63 %**	**224,983.74**	**-15.4 %**

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	YEAR 2025 EMISSIONS (tCO2e)	% CHANGE IN 2025 FROM BASELINE YEAR
Outside of Scopes Emission from Biomass combustion	0	5048.86	+100 %	22,794.05	+100 %	29,421	+100 %

The total emissions of FLAG related activities by purchased raw materials with in the Category 1 Purchased goods & 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	YEAR 2025 EMISSIONS (tCO2e)	% CHANGE IN 2025 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 %	28,938.17	-33.15 %
% of FLAG Emission across all scopes	16.28 %	16.75 %	N/A	13.83 %	N/A	12.86 %	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)**	**2026 (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	65,097.2	53,060.9	40,161.3	
	Annual Reduction Plan	*75,653*	*71,840.1*	*68,027.2*	*64,214.3*	*60,401.3*
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	44,132.4	49,170.3	
	Annual Reduction Plan	*41,839.9*	*39,731.2*	*37,622.5*	*35,513.7*	*33405.0*
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	111,079.4	97,193.4	89,331.6	
	Annual Reduction Plan	*117,493*	*111,571.3*	*105,649.7*	*99,728.0*	*93,806.3*
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	98,168.1	92,416.28	
	Annual Reduction Plan	*104,965.6*	*101,817*	*98,668*	*95,518.7*	*92,369.7*

Lucky Textile Mills Limited continues to advance its SBTi-aligned climate targets, achieving 24% cumulative reduction in Scope 1 and 2 emissions by 2025, following reductions of 5.5% in 2023 and 17.3% in 2024. This progress is driven by investments in solar, biomass, energy efficiency, and sustainable production, with a planned 15 MW wind renewable energy project to further reduce Scope 2 emissions in 2026–2027. Scope 3 emissions across relevant categories also declined by 12% in 2025 as compared with baseline year 2022, supported by increased use of recycled materials, renewable energy, biomass, and improved supply chain efficiency, including reductions in Purchased Goods and Services, Fuel and Energy Related Activities, and Upstream Transportation and Distribution.

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 15.4 % in 2025, reflecting the company's ongoing commitment to sustainable and low carbon operations and net zero commitment.

Decarbonization Initiatives

Lucky Textile Mills Limited recognizes the global challenges posed by climate change and its adverse environmental impacts. The company actively promotes sustainability across its supply chain and continuously works to reduce and offset GHG emissions across all scopes. A dedicated and competent team, supported by regular training and awareness programs, works to identify emission sources and strengthen a culture of environmental responsibility and climate action.

To reduce Scope 1 and Scope 2 GHG emissions, Lucky Textile Mills Limited has implemented several initiatives, including the installation of a 20 MW on-site solar power system by 2025 and its first biomass project, which is now operating at full capacity for sustainable steam generation. These initiatives, together with sustainable process improvements, have contributed to a 40% reduction in Scope 1 emissions, an additional 8% reduction through solar energy, and a further 2% reduction through reduced fossil fuel consumption in production processes. The increase in Scope 2 emissions was primarily associated with the expansion of spinning operations and increased greigh and finished fabric production. This will be addressed over the next 1–2 years through further renewable energy investments, including the planned 15 MW wind power project.
Furthermore, Lucky Textile Mills Limited is collaborating with its energy provider to establish KPIs aimed at reducing the Scope 2 GHG emission factor associated with energy generation by approximately 20% over the next 7–8 years. The energy provider is also supplying eco-friendly steam generated through a waste heat recovery system, further supporting the company's transition toward low carbon and energy efficient operations.

Lucky Textile Mills Limited has introduced a Supplier Coordination and Evaluation Program to engage suppliers in achieving its Scope 3 emission reduction goals. During the reporting year, emissions from Fuel and Energy Related Activities and Upstream Transportation and Distribution were reduced through optimized fossil fuel and water consumption, inhouse recycling of textile waste into fibers, consolidated supplier deliveries, and improved logistics efficiency.

The company's upcoming decarbonization initiatives include an additional 3 MW solar energy system by 2026, a 15 MW wind-based renewable energy system, and energy-efficient production machinery. These measures will further reduce the company's carbon footprint and support its transition toward low-carbon operations.

Through a various renewable energy systems & initiatives, Lucky Textile Mills successfully offset about **51,000 tCO_2e of GHG Scope 1 & 2 emissions** from its supply chain during the reporting year mentioned in Figure 3.

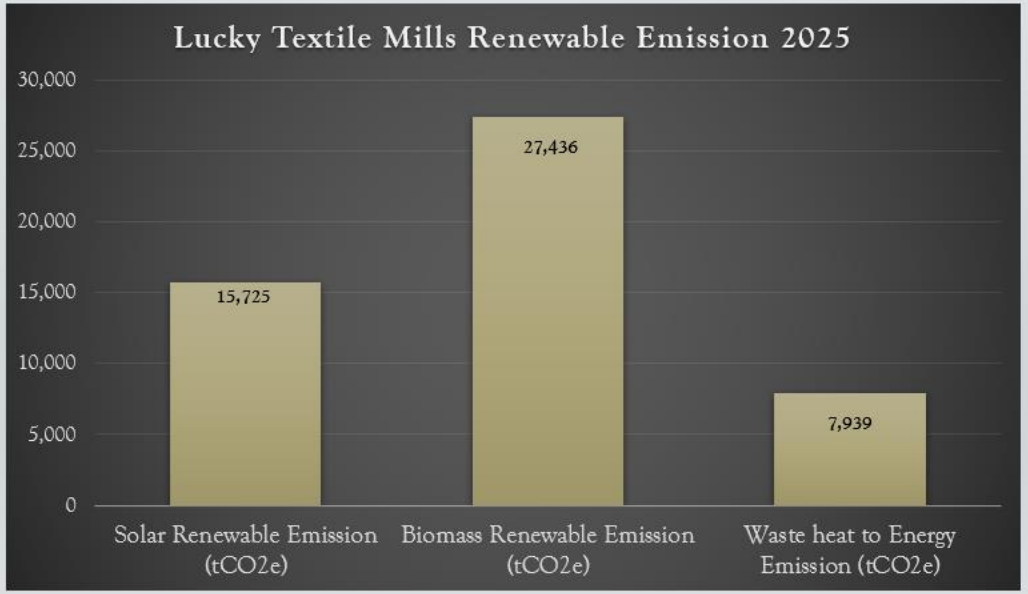


Figure 3

The factory has developed a plan to reduce Scope 3 GHG emissions by increasing the use of sustainable fibers, by increase capacity of in-house waste recycling plant by 2026, minimizing operational & disposal waste, and promoting suppliers' green transportation initiatives. Further measures include reducing fuel & energy related emissions through lower consumption of conventional fuels and energy, supporting a low carbon and circular value chain.

Figure 4 presents Lucky Textile Mills total Scope 1 and 2 GHG emissions from the 2022 baseline through 2025, along with the corresponding emission reductions.

Figure 5 presents Lucky Textile Mills total Scope 1,2 and 3 GHG emissions from the 2022 baseline through 2025, along with the corresponding emission reductions.

Figure 6 presents Lucky Textile Mills Limited's total Scope 1, 2 and 3 GHG emissions, normalized per kg of product, from the 2022 baseline through 2025, along with the corresponding emission reductions.

LTML GHG Scope 1 & 2 EMISSION tCO2e

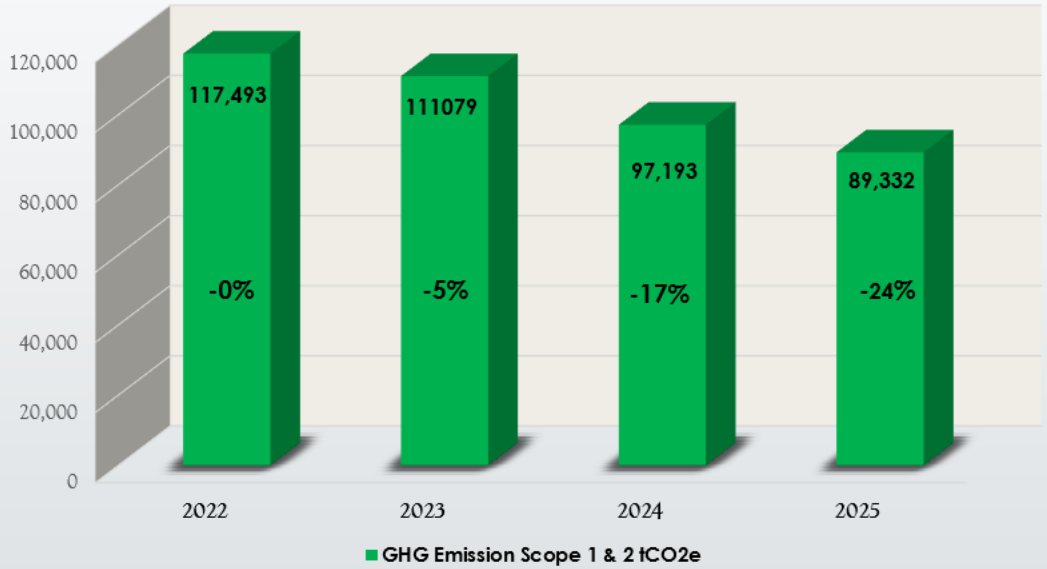


Figure 4

LTML GHG Scope 1, 2 & 3 EMISSION tCO2e

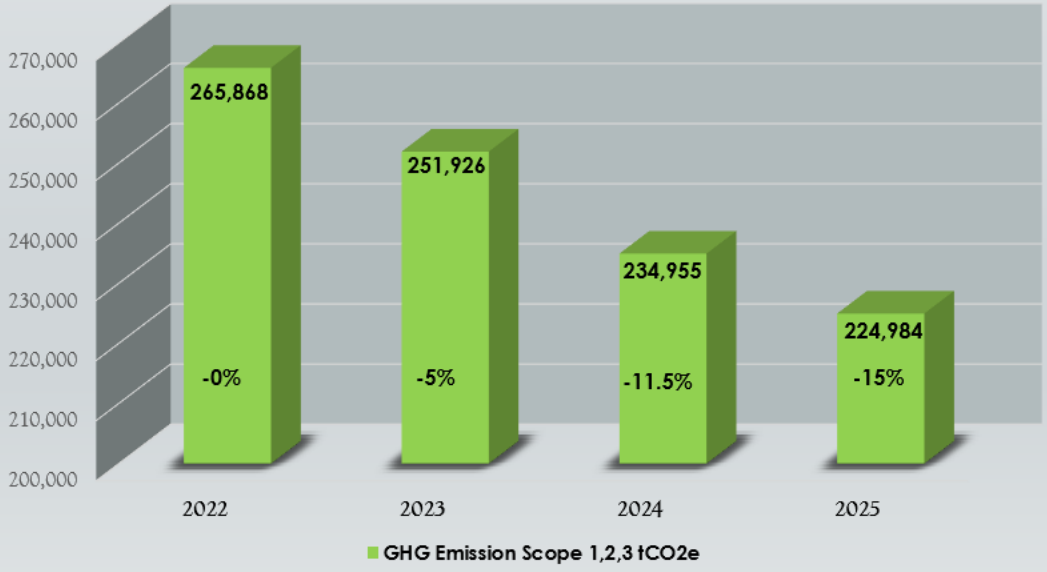


Figure 5

LTML GHG EMISSION kgCO2e / KG product

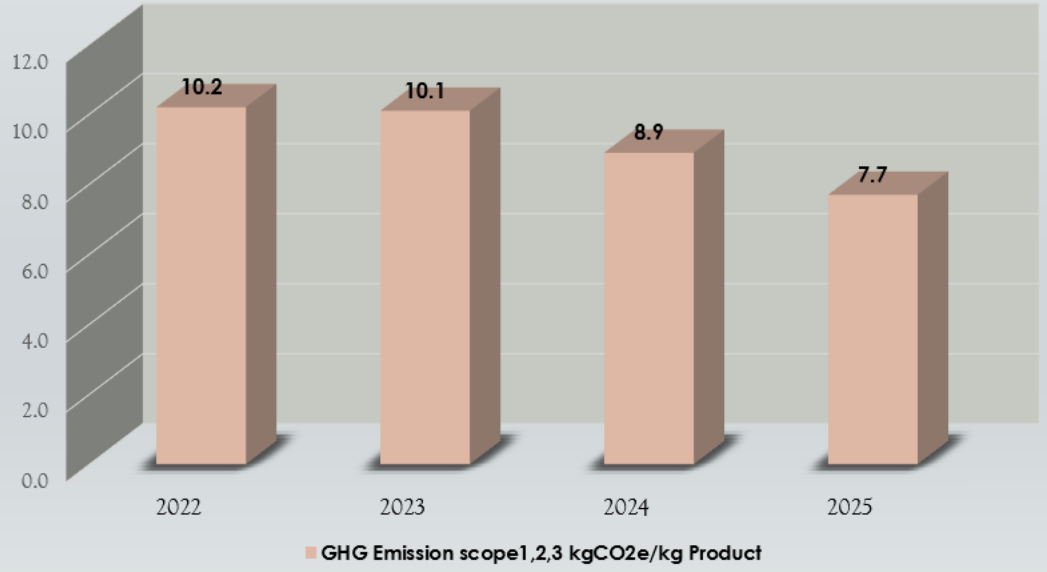


Figure 6

Sustainable Sourcing & Textile Circularity

In line with Sustainable Development Goal (SDG 12), Responsible Consumption and Production, Lucky Textile Mills is committed to advancing sustainable practices across the textile industry. The company focuses on resource efficiency, waste reduction, and environmentally responsible production methods.

Lucky Textile Mills prioritizes sustainable raw materials, including GOTS certified organic cotton and other responsible cotton sources such as BCI, CMIA, U.S. cotton, and GRS certified recycled fibers, supporting more ethical and sustainable cultivation practices.

The company also addresses microfiber pollution by incorporating biodegradable CICLO polyester into its supply chain. Its spinning processes utilize renewable and sustainable fibers, including Sorona, hemp, and Tencel, alongside recyclable polyester such as Terylene. These initiatives can reduce greenhouse gas and **Scope 3 emissions by 45–50%** compared with virgin polyester, while helping prevent the equivalent of around **12 million PET bottles** from entering landfills or marine environments.

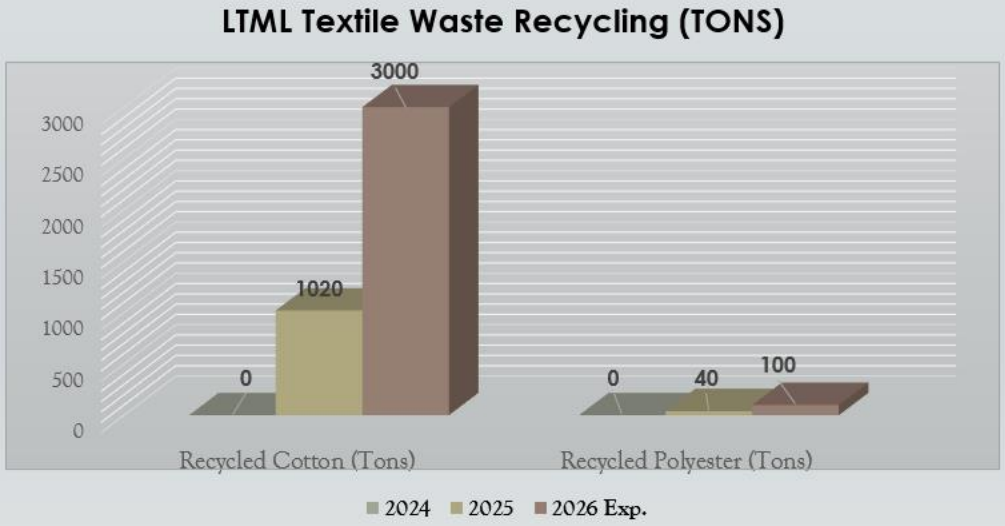


Figure 7

As part of LTML commitment to responsible production and a cleaner future, Lucky Textile Mills has advanced sustainable innovation by establishing a textile-to-textile recycling plant for cotton and polyester waste. The facility processes both soft and hard textile waste, recycling approximately **3,000 tons annually** into reusable raw fiber.

This initiative strengthens the company's circularity efforts while avoiding approximately **4,000 tCO_2e of Scope 3 GHG emissions** each year, demonstrating its commitment to resource efficiency and a more circular textile industry.

During the reporting year, Lucky Textile Mills recycled approximately **1,060 tons of cotton and polyester textile waste** as mentioned in Figure 7, converting it into reusable fiber for reintegration into its supply chain. This initiative contributed to an estimated reduction of **3,000 tCO_2e in Scope 3 GHG emissions**, while indirectly conserving approximately **10 million m^3 of water** and **55,000 GJ of energy** associated with fresh fiber manufacturing.

Lucky Textile Mills aims to double its textile recycling capacity by the end of 2026, further advancing its circularity and scope 3 GHG goals.

Sustainable Manufacturing & Operation

Lucky Textile Mills integrates advanced, resource efficient technologies across its manufacturing processes. Innovations such as Cold Pad Batch energy conservative dyeing and BALDWIN sustainable finishing technology in stenter machines help reduce water, energy, and chemical consumption by up to **40–45%**, while maintaining high product quality and consistent performance.

This technology accelerates production, improves operational safety, and minimizes direct chemical exposure for workers. It also reduces air quality impacts compared with conventional processes, while enhancing overall efficiency and sustainability. Lucky Textile Mills plans to expand this technology in 2026, further advancing sustainable operations and supporting a greener, more efficient supply chain.

This initiative has reduced Lucky Textile Mills' **Scope 1 GHG emissions by up to 45%** compared with the conventional dilution bath method used in finishing.



Through continuous innovation, Lucky Textile Mills reinforces its commitment to cleaner production, operational efficiency, and a more sustainable textile future.

Lucky Textile Mills has adopted advanced sustainable garment washing technologies, including Tonello, Yilmak, nano bubbles spray technology to reduced-



-wastage and ozone based washing systems. Operating at a low liquor ratio. these technologies reduced water and energy consumption, supporting responsible water stewardship and cleaner production while contributing to lower Scope 1 GHG emissions.



Green Transportation

As part of factory commitment to near term and net-zero GHG targets, Lucky Textile Mills is reducing mobile combustion emissions by time to time replacing with fuel powered forklifts consist on battery electric alternatives. This transition helps lower Scope 1 GHG emissions from factory mobile combustion operation.

The company also aims to introduce EV-based transportation by 2032, further supporting its emissions reduction targets.



Clean Supply chain of Chemicals

Lucky Textile Mills has committed to detox its chemical supply chain by eliminating hazardous chemical groups, including APEOs, PFCs, PAHs, and so many forth. The factory reports its chemical inventories through platforms such as **Bhive, SGS Smart Cares, and the ZDHC Gateway**, while continuously monitoring wastewater to ensure compliance with stringent environmental standards and minimize risks to freshwater and marine ecosystems.

During the reporting year, factory has achieved about **88%** of chemicals used across the wet processing supply chain were ZDHC Level 3 compliant as mentioned in Figure 8, supported by certifications such as bluesign, The List and OEKO-TEX ECO PASSPORT. The factory also maintains robust controls for the safe handling, storage, transportation, and disposal of hazardous substances.

The BHive®

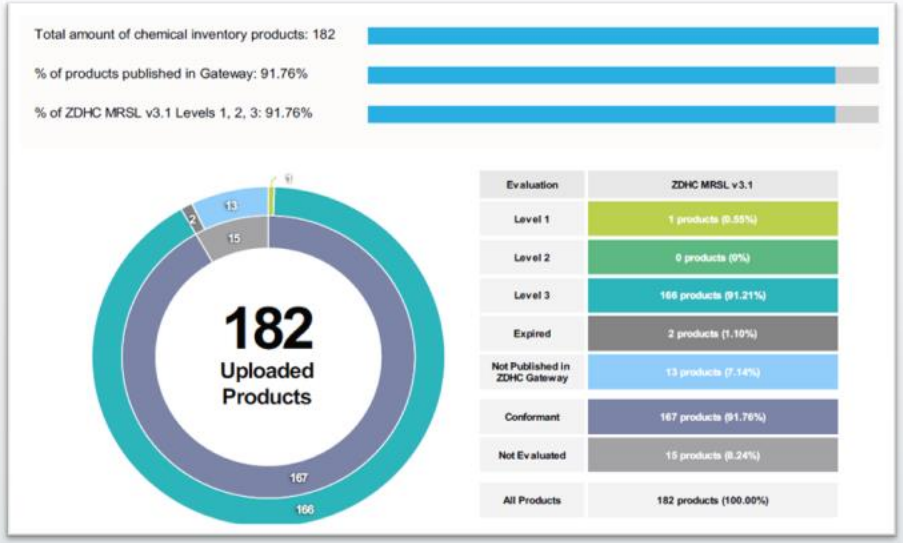
GATEWAY

SGS SMART

Significant progress has also been made in reducing chemical consumption. Acid use for ETP pH control has been eliminated through an optimized exhaust system, while chemicals for boiler scaling and corrosion control have been reduced by 50% through increased use of deionized water. In addition, the newly commissioned 15 m³/hr caustic recovery plant has recovered approximately **3,500 tonnes of fresh caustic** chemicals in reporting year and reduce Scope 3 greenhouse gas emissions about **4,000 tCO_2e**.

The factory not only reduces chemical consumption but also generates cost savings while promoting a more sustainable and responsible production supply chain.

14 LIFE BELOW WATER



Lucky Textile ensures responsible chemical management through safe handling, storage, transportation, and disposal practices, supported by appropriate PPE and clearly accessible SDS and safety policies in workers' native language.

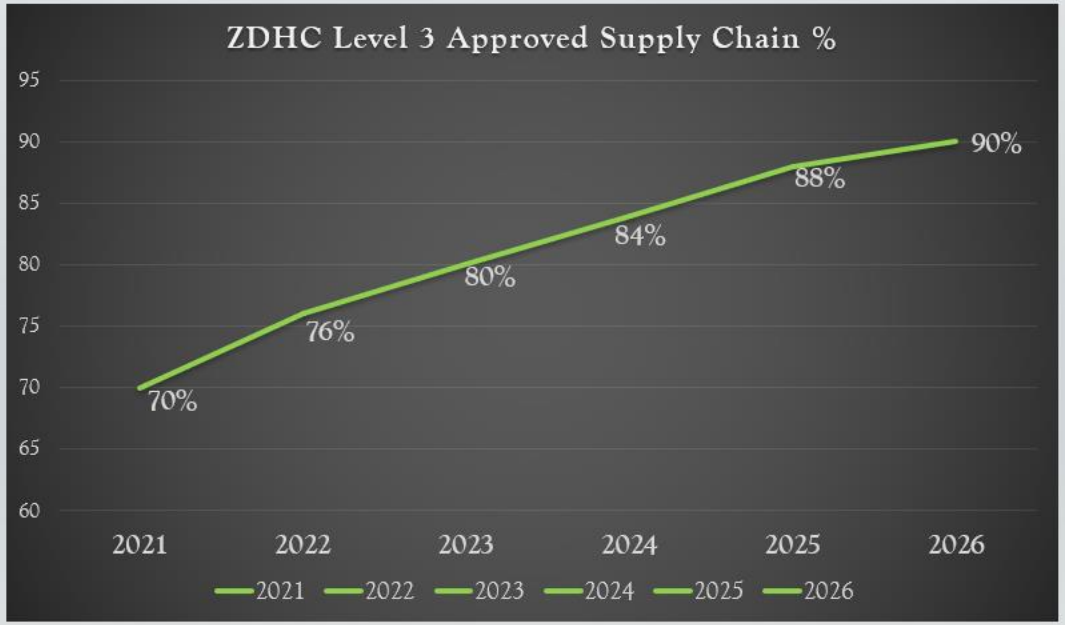


Figure 7

Waste Management

Lucky Textile Mills Limited (LTML) is committed to responsible waste management across its operations and supply chain by following the principles of Reduce, Reuse, and Recycle (3Rs). As highlighted in the Waste Circularity section, LTML operates a textile-to-textile recycling facility that processes cotton and polyester waste, supporting the circular economy and reducing Scope 3 greenhouse gas emissions.

LTML implements effective waste management practices, including proper segregation, sorting, handling, storage, transportation, recycling, and disposal. The company promotes waste reuse within its facilities, recycles recoverable materials through waste recycling contractors, and ensures the safe disposal of hazardous waste in accordance with applicable SEPA requirements.

LTML has implemented primary and secondary waste segregation systems across its facilities to improve waste recovery and management. Primary segregation is conducted through a color coded collection system, while secondary segregation takes place in designated areas of the waste scrap yard.

The designated waste storage areas are properly identified and labelled, with appropriate arrangements for segregation, safe storage, and protection against sunlight, rainwater, moisture, and fire hazards, wherever applicable. These practices help prevent environmental contamination and ensure the safe handling of different waste categories.

Through these initiatives, LTML continues to minimize waste generation, maximize resource recovery, and reduce waste sent for final disposal. These efforts strengthen the company's environmental performance, promote textile circularity, conserve natural resources, and support its broader sustainability and decarbonization objectives.





As part of its commitment to turning waste into value, Lucky Textile Mills Limited promotes circular economy practices by reducing waste generation and maximizing reuse and recycling within its facilities. These initiatives minimize waste disposal costs and help reduce Scope 3 greenhouse gas emissions associated with waste disposal.

During the reporting year, Lucky Textile Mills safely disposed off approximately 111 tonnes of hazardous waste and sent around 8,200 tonnes of non-hazardous waste to authorized waste recyclers for recovery and recycling mentioned in chart 3. Additionally, approximately 1,100 tonnes of waste were reused and recycled within the company's own facilities, promoting resource efficiency and circular economy practices.

Chart 3



To ensure the safe and compliant disposal of hazardous waste, Lucky Textile Mills Limited conducts annual waste contractor audits through its Environmental Team. These audits verify that hazardous waste transferred to third party contractors is handled and disposed off safely in accordance with applicable SEPA requirements, preventing unauthorized reuse that could pose risks to human health and the environment. Also provided training & awareness to waste contractors on safe handling, store, dispose and transport hazardous substance.

Training & Development

Lucky Textile Mills Limited has implemented a structured training and development program to enhance employee knowledge and awareness of key environmental and sustainability topics, including the Environmental Management System, environmental policies, legal compliances, sustainability initiatives, pollution prevention and many more. The dedicated Sustainability Team actively involves employees at all levels, encouraging both workers and management to play an effective role in environmental protection and continuous improvement.

In addition to internal training for employees and staff, the factory actively participates in external awareness and engagement activities with academic institutions, community groups, and other organizations through stakeholder forums. Also providing training to suppliers and contractors on green initiatives and safe practices. These initiatives aim to promote environmental awareness, showcase the factory's sustainability efforts and achievements, and communicate its long-term goals for continuous sustainability improvement.



Lucky Textile Mills Limited's mission is not limited to adopting green practices within its own facilities; the company also actively supports external organizations, academic institutions, and stakeholders through various forums, promoting awareness of best practices and sustainable initiatives.

In line with its ESG commitments, Lucky Textile Mills Limited extends its efforts beyond environmental protection by promoting social responsibility and employee well-being. The company encourages employees through various social awareness and training programs covering key areas such as quality education, good health and well being, gender equality, and other important social sustainability initiatives….



Ecosystem Restoration

Lucky Textile Mills Limited implements various green initiatives to promote a cleaner and healthier environment, focusing on biodiversity protection, resource conservation, and sustainability improvement. These include using recycled packaging materials, organizing beach clean-ups and plantation drives, adopting electronic documentation to reduce paper consumption, and installing energy efficient lighting.

Through carbon offsetting and plantation initiatives, LTML has achieved carbon emission reductions equivalent to the annual carbon absorption capacity of approximately **2 million trees**, supporting biodiversity conservation. Additionally, the factory reduced office paper consumption by approximately **2 tonnes** compared with the baseline year, saving an estimated **850 kWh of energy, 8,500 litres of water, 45 trees, and 430 kg of CO_2 emissions**.

Lucky Textile Mills Limited is committed to protecting and promoting biodiversity through responsible manufacturing practices and environmental initiatives across its operations and supply chain. The use of recycled packaging materials helps reduce dependence on virgin paper and forest based resources, while plantation drives contribute to green cover and ecosystem resilience. The company effluent

treatment and wastewater recycling systems help protect freshwater and aquatic ecosystems by reducing pollution and freshwater consumption. Furthermore, responsible air emission management, beach clean-up activities, and the promotion of FSC and PEFC certified forest based materials in procurement, where applicable, support forest conservation, marine biodiversity, and sustainable resource management. Through these integrated initiatives, LTML strives to minimize its environmental footprint, protect natural habitats, and contribute to long term biodiversity conservation.





Environmental Governance

1. Policy Commitment
LTML demonstrates its commitment to environmental protection through its Environmental Policy and Code of Conduct, covering energy, water, waste, emissions, chemicals, and other environmental aspects.

2. Roles, Responsibilities, and Competence
LTML defines clear environmental responsibilities and ensures that relevant personnel have the necessary knowledge, skills, training, and experience.

3. Legal and Regulatory Compliance
LTML maintains a legal register to monitor compliance with environmental laws, customer COCs, certification standards, & stakeholder requirements.

4. Management Review and Accountability
Environmental performance, initiatives, and concerns are reviewed through management reviews, EHS committee meetings, stakeholder sessions, and board level discussions, as applicable.

5. Environmental Risk and Impact Management
LTML identifies and assesses environmental risks and impacts through risk assessments and aspect impact analysis, implementing appropriate mitigation measures.

6. Incident, Complaint, and Grievance Management
LTML reports, investigates, and addresses environmental incidents and internal or external complaints through appropriate corrective actions.

7. Continual Improvement
LTML follows the Plan-Do-Check-Act approach to monitor performance, implement corrective actions, and continually improve its Environmental Management System.

8. Internal and External Environmental Audits
LTML conducts internal audits across its facilities and evaluates suppliers, vendors, and contractors to identify gaps and improve environmental performance.

9. Environmental Objectives and Targets
LTML regularly establishes and reviews environmental objectives & targets to reduce environmental impacts, conserve resources, prevent pollution, & support decarbonization.

Objective & Targets

Lucky Textile Mills has established measurable environmental objectives and regularly reviews its progress to accelerate decarbonization, improve sustainability performance, and reduce resource consumption.

- LTML has publicly disclosed its SBTi targets, aiming to reduce Scope 1 & 2 GHG emissions by 50.4% & Scope 3 emissions 30% by 2032. Planned renewable energy projects include an additional 3 MW of solar capacity by mid 2026 and two 7.5 MW wind installations by 2026–2028, supporting 45,000 MW energy & 21,000 tons emission reductions.
- LTML aims to expand sustainable textile finishing technologies to reduce water, gas, and chemical consumption, offset GHG by mid 2026, while targeting approximately 90% ZDHC Level 3 compliance across its chemical supply chain by December 2026. The company also collaborates with suppliers to improve energy efficiency and promote sustainable fibre sourcing to reduce Scope 3 emissions.
- To strengthen circularity, LTML plans to increase its textile-to-textile recycling capacity by approx. 4,000 tonnes, 7000tCO2e offset by end of 2026, reducing waste disposal and associated emissions. Additional priorities include low PCF raw materials, recycled packaging, & collaboration with transportation & distribution partners to reduce supply chain emissions.
- LTML will review and, where necessary, recalculate its SBTi targets at least every five years or following significant changes. The company will also monitor its FLAG emissions to determine whether a separate target is required under applicable SBTi guidelines.



"In Every thread, a thought for Tomorrow"

https://luckytextilemills.biz/sustainability.php