



**PDS Group  
Sustainability  
Report 2023**

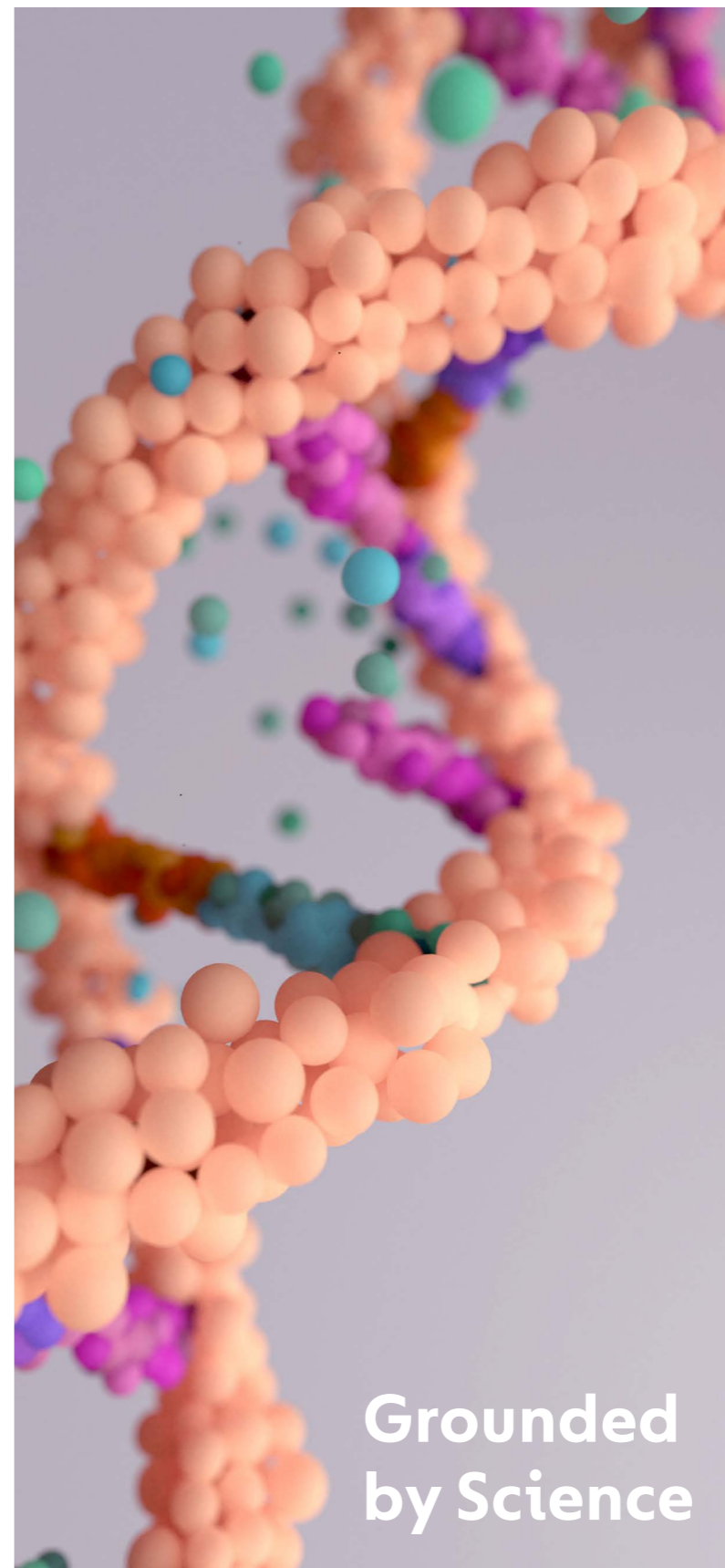




**Powered  
by People**



**Driven  
by Data**



**Grounded  
by Science**

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# COMPANY OVERVIEW

We are a leading provider of integrated and customised solutions to global retailers and brands.

With a blend of extensive industry experience and a discerning design sense, we address the swiftly changing preferences and demands of global fashion businesses. Our approach is guided by the principles of right product, right market, and right factory, ensuring that we deliver high-quality and ethically produced goods.

Collaboration lies at the core of our business philosophy as we work alongside our partners and the environment to foster sustainable growth. While embracing technology, innovation, opportunity, and globalisation, we remain steadfast in our commitment to preserving the world we inhabit.

## Vision

Be the most admired global enterprise providing innovative fashion solutions in the most ethical and trusted way.







## Mission

We strive to be an organisation where integrity, transparency, customer satisfaction and courage guide us to become the most preferred business partner and employer.



We are a Global Fashion Infrastructure Company driven by environmental responsibility and innovation. Through strategic investments, eco-friendly practices, and collaborations with synergistic partners, we pave the way for a future where business growth and environmental consciousness are harmoniously intertwined, driven by our vision for a sustainable future.

## Values

-  Trust, Integrity & Ethics
-  People First
-  Entrepreneurial Spirit
-  Customer Centricity
-  Transparency, Collaboration & Teamwork
-  Social Responsibility



# Core Business Operations



## DESIGN-LED SOURCING

- Over 600+ compliant partnered factories.
- More than 250+ dedicated designers.
- In-house product development expertise.
- Global design-led ecosystem.
- Delivering customised solutions.



## MANUFACTURING

- Owned manufacturing facilities.
- LEED Gold certification and HIGG Index membership.
- Manufacturing expertise in sustainable fashion.
- Stringent quality assurance procedures.
- Pursued installation of solar panels, rainwater harvesting systems, and measures to reduce water wastage.
- State-of-the-art equipment and technology.
- Centralised cutting plant at Norlanka.
- Wash plant installation at Progress Apparels.



## SOURCING AS A SERVICE

- Partnership model with full transparency and strong controls.
- Setting up exclusive teams and infrastructure for customers as an extension of their brand/retailer.
- End-to-end management of brands and retailers' sourcing needs with complete transparency.
- Territory-based agreements and exclusive sourcing rights.
- Independent team running operations under a separate setup.
- Vendor management, balanced supplier matrix, and optimised countries of production.

## BRAND MANAGEMENT

- Licensed and acquired Brands.
- Collaboration with retailers to conceptualise and curate brands.
- Design-to-market capabilities.
- Influencer collaborations for brand creation.
- Exploring end-to-end brand management solutions and opportunities.


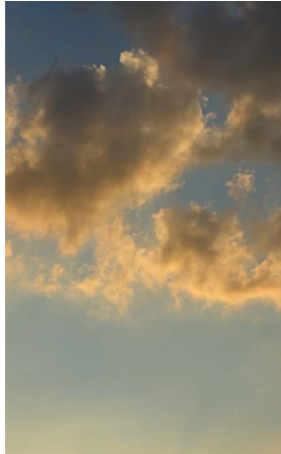


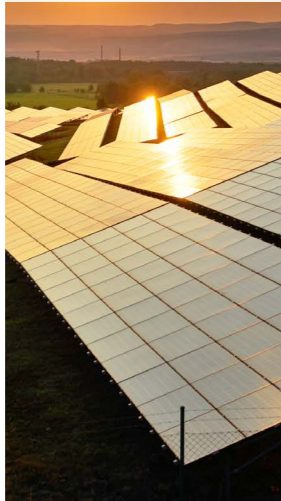





# ESG HIGHLIGHTS

## Environment

### Highlights

		
<b>650,000</b> Litres rainwater harvesting pond implemented*	<b>1,575</b> Solar panels installed	<b>2,000+</b> Trees planted on and off our premises**
		

\* At Green Smart Shirts Limited, Bangladesh  
 \*\* At Progress Apparels, a PDS group company




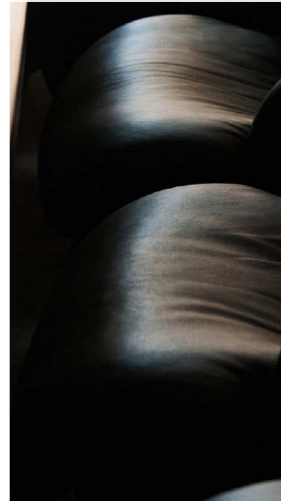


## Social

### Highlights

		
<b>3,800+</b> Workforce	<b>6,000+</b> Factory associates	<b>~28,000</b> Beneficiaries of community kitchen
		

## Governance

### Highlights

		
<b>~55%</b> Independent Directors	<b>600+</b> Compliant partner factories	<b>70+</b> Members of compliance team
		





# MESSAGE FROM CHAIRMAN



We, at PDS, have long been recognized for our unwavering commitment to delivering value to shareholders. However, we also recognize the profound impact our operations can have on the communities we serve and the planet we call home.

Dr. Deepak Kumar Seth

## Dear Stakeholders,

I trust this message finds you in good health and high spirits. It is both an honor and a privilege to reach out to you today and share some exciting developments regarding our company's Sustainability initiatives, including Environmental and Social projects.

In an era where the world faces unprecedented challenges, we firmly believe that businesses have a pivotal role to play in creating a brighter and more sustainable future. Guided by this ethos, in FY 22-23 we continued on our journey as a leading global fashion infrastructure company, placing social and environmental responsibility at the very heart of our operations.

We, at PDS, have long been recognized for our unwavering commitment to delivering value to shareholders. However, we also recognize the profound impact our operations can have on the communities we serve and the planet we call home. With that in mind, we have taken significant steps to integrate environmental, social and governance practices into our corporate DNA, aligning our strategies with sustainable development that is equitable for all.

We are actively engaged in projects that uplift and empower local communities.

From education and healthcare to skills development, we are striving to make a impactful difference in the lives of those in need. Through our project Soham for Kids in Hyderabad, India and Soham for All (with Hope Worldwide) in Savar, Dhaka, Bangladesh, we believe in providing quality education to underprivileged children, which will help them with skills they need to provide for themselves and their families in the future, thereby breaking the vicious cycle of poverty. Along with education we also provide these students with nutritious meals, school supplies, clothes and other necessities they may need to grow up with dignity.

In times of a political or natural crises, our offices across the world came together to support these affected regions. In response to the economic crisis in Sri Lanka, we established a community kitchen in partnership with St. Anne's Church, The Voice Foundation, PHI, and various government officials, and we distributed hot meals daily to those in need.

We joined forces with NGOs in Turkey to extend assistance and relief to individuals who were severely affected by the recent earthquake, which had a profound impact on many lives. We contributed towards container houses,

for housing people of the impacted areas and distributed essential items such as blankets, cold-weather clothing cartons, and sleeping bags. These actions exemplify our dedication to creating a positive influence within the communities where we are actively engaged.

We are a successful and responsible corporate that is powered by our people. Our employees are our most valuable assets, and we believe in empowering them within the company so they can thrive and contribute to our continued success. We pride ourselves in having a workforce spread across 60+ business verticals in various geographies, comprising of 10,000+ employees and factory associates of 25+ nationalities, of which nearly 58% are women. PDS is built on a culture in which talent is acknowledged, trusted, and treated with respect and empathy, enabling us to constantly innovate, set new benchmarks, and outperform. During the fiscal year, our India and Sri Lanka operations were recognised as a 'Great Places to Work®,' and this accreditation proves that we are on the right track.

We continue to invest in upskilling our employees, especially factory associates through effective training programs. Through our 'Swapno Project' or Dream Project in Bangladesh we are helping women factory associated with on-the-job training that will help them take on managerial positions in the future. Continued training programs have fostered trust, loyalty and job satisfaction among our talent, instilling a sense of ownership and dedication towards the company's success.

Together with our people, we can make a meaningful difference in the world while ensuring our mutual long-term sustainability and success. Thank you for your valued support as we realize our vision for a more responsible and prosperous future.

# MESSAGE FROM VICE CHAIRMAN



Through advanced recycling techniques, reimagined supply chains, and innovative business models, our vision extends beyond our own operations. We aspire to collaborate with partners, suppliers, and stakeholders who share our commitment to sustainability and circularity.

Pallak Seth

## Dear Stakeholders,

I am delighted to share the PDS Sustainability Report for FY 2022-23, a testament of our commitment to the environment, and our social responsibility. I take immense pride in the significant progress we have achieved and the ongoing positive influence we have on the world around us.

In a dynamic and evolving world, economic growth cannot be our only focus. It is imperative we think about a larger ecosystem and look at effective ways to give back to the planet and local communities. As an industry leader and responsible global corporate, we wholeheartedly embrace this responsibility and integrate sustainable practices in our business dealings. We are guided by our core values of trust and transparency, keeping in mind the four sustainability pillars of PDS Limited- Respect Water, Reduce Emissions, Build Community, and Think Circular.

Beyond our sourcing and manufacturing business, we have embarked on an exciting journey towards a more sustainable and circular future in the fashion and retail industry. Through our innovation and investment arm PDS Ventures we are taking a bold stride in

supporting innovators, technologists, and futurists from leading universities across the globe such as Oxford and Stanford, as these innovators develop viable and cutting-edge technologies across sustainability and circularity that will redefine how we approach textile and garment manufacturing- looking for sustainable solutions from raw material to end of life of fashion merchandise.

One of our companies, Positive Materials, is a textile company operating at the intersection of design, technology, and manufacturing. The team of scientists, product developers, and production specialists collaborate to develop and create low-impact textiles. The new paradigms in material science and raw material production will help reduce carbon footprints and contribute to a healthier planet for generations to come.

Circularity is another imperative we are addressing with innovations. We understand that the linear "take, make, dispose" model is no longer tenable. Upcycle Labs, another PDS company transforms retail waste into home artifacts, fireproof bricks, and other common-use products, thus ensuring waste is given a second life in a closed-loop system in the fashion value chain.

Through advanced recycling techniques, reimagined supply chains, and innovative business models, our vision extends beyond our own operations. We aspire to collaborate with partners, suppliers, and stakeholders who share our commitment to sustainability and circularity.

As we embark on this journey, I want to express my gratitude to our dedicated team whose unwavering commitment and innovative spirit have brought us to this point. Our success hinges on your passion and dedication to driving change. Together, we have the power to transform challenges into opportunities and pave the way for a more sustainable and circular future.

In conclusion, our Sustainability and Circularity journey embodies our values, aspirations, and responsibility as a leading industry player. We move forward with conviction, knowing that our efforts today will define the legacy we leave for the world tomorrow.

Thank you for your continued support.





# MESSAGE FROM GROUP CEO



This year PDS was part of the S&P Global Corporate Sustainability Assessment (CSA) for the first time. In this report we share our debut scores with PDS ranking within the top-tier companies, achieving a score in the 93rd percentile for ESG performance within the Textile, Apparel, and Luxury Goods Industry.

Sanjay Jain

## Dear Stakeholders,

Sustainability is ingrained in our bedrock principles and operational fabric. Our business orientation finds resolute backing through our four pillars of sustainability – Respect Water, Reduce Emission, Think Circular and Build Community. Our sustainability report showcases some of the initiatives PDS and our business verticals have taken across our four pillars, along with some of our targets and roadmap for the future.

Our steadfast commitment lies in collaboratively forging a more sustainable and circular fashion value chain alongside our customers, employees, partners and other stakeholders.

In early 2023 Good Fashion Fund (GFF)- a Netherlands based fund focused on investing in sustainability projects made its first investment in Bangladesh in the PDS manufacturing facility, Progress Apparels for our state-of-the-art washing and treatment plant. This investment in the wash plant has not only empowered

Progress Apparels to enhance their manufacturing capabilities but also gained the advantage of GFF's knowledge in sustainable practices and cutting-edge technology implementation. This investment allows us to leverage their expertise for the betterment of our operations and overall sustainability goals.

In our facility in Gazipur- Green Smart Shirts Ltd., we are in the process of completing our solar energy unit, which will generate clean energy that would power our operations and result in a net surplus of electricity in a move to reduce emissions significantly. Over the past year, our manufacturing business has achieved a full year of profitability, and these investments in sustainable practices will only strengthen the core business.

This year PDS was part of the S&P Global Corporate Sustainability Assessment (CSA) for the first time. In this report we share our debut scores with PDS

ranking within the top-tier companies, achieving a score in the 93rd percentile for ESG performance within the Textile, Apparel, and Luxury Goods Industry. This places us shoulder-to-shoulder with esteemed global brands and retailers, many of whom we partner for sourcing or manufacturing solutions across the fashion value chain. The evaluation offered by the S&P Global CSA not only quantifies our dedication but also propels strategic thought leadership to steer our sustainability agenda across the forthcoming years.

Each stride we take on the environmental, social, and governance fronts across PDS serves as a testament to our commitment and responsibility to proactively contribute to solutions that are grounded in science. We channel our resources into pioneering ideas and cutting-edge technology, steadfastly advancing our industry's pursuit of a sustainable and circular future.

# MESSAGE FROM GROUP ESG DIRECTOR



Ultimately, operating in a sustainable way links to our desire to be a good neighbour to those communities and colleagues that have supported PDS over the last 20 years.

Paul Wright

## Dear Stakeholders,

Our annual sustainability report offers us the opportunity to reflect on the year just gone and share with you the progress we have made in that period with focus on our future challenges as we set out our pathway to Net Zero by 2050.

A recent UN climate report stated it's 'now or never' if we are to limit global warming to 1.5 degrees. And whilst many of the leading brands and retailers have set their own climate change targets the data is telling us that as an industry we are falling behind on these commitments.

Our challenge and purpose at PDS as part of a consumption driven sector is to continue our transformation to a solutions provider based on these three key principles.

### Powered by people

Our sector runs on people, we are still a labor-intensive sector. We must never lose sight of this fact and robust social compliance protocols and safeguards should and must underpin our approach to ESG. Having come from a manufacturing background myself I'm a firm believer that there cannot be an E without an S. Social compliance is non-negotiable.

### Driven by data

By transforming data into actionable insights, PDS can create long-term and sustainable goals with clear milestones and objectives. Actionable insights are the process in which we take complex data and simplify it in a way that our industry commercial teams can understand the positive/negatives impacts of their decisions at every stage of the product development process.

### Grounded in Science

Our data will support the science and vice versa. Our ambition is to validate our data through the Science Based Targets initiative (SBTi) by 2025. We have started our journey towards that goal by publishing our Scope 1 and Scope 2 greenhouse gas (GHG) emissions with Scope 3 to follow in fiscal year 2023/24.

Through our investment arm PDS Ventures we partner and support some of the most exciting sustainable focused start-ups in our sector.

Our manufacturing facilities have expanded their solar power usage, reduced their water usage and have attracted investments in a state-of-the-art washing facility from the Good Fashion Fund for their first investment in Bangladesh.

This year we became members of the United Nations Global Compact and as an organization we are publicly committed to their ten principles in how we conduct business both internally with our colleagues and externally with our supply chain partners.

In 2023, another first for PDS was our submission to the S&P Global Corporate Sustainability Assessment. While we are pleased with the outcome, we still know there is more to be done.

In this year's report we are launching our sustainability plan on a page which for the first time sets our group objectives and targets. These north stars are in the main science-based objectives linked to the United Nations Framework Convention on Climate Change (UNCCC)

At PDS, we are fully committed to improving and innovating in our own operations and along our supply chains. However, it has become increasingly apparent that to meet our own net zero goals and future regulatory requirements we must act as one with industry partners, suppliers, brands and retailers to speed up the process. Advocacy will play a key role for us at PDS. Our subsidiaries Simple Approach and Nor Lanka have already made a start with their participation in "An apparel supplier's guide" to legislation in the EU, UK and the US.

PDS is committed to growth that is sustainable. Our industry needs to think about the longer term planning and move away from this seasonal approach to product development. It's clear progress in our sector to date isn't enough. We need to challenge what we do today and brave about what we need to do tomorrow if we are truly serious about addressing climate crisis and our impact on environment.

Ultimately, operating in a sustainable way links to our desire to be a good neighbour to those communities and colleagues that have supported PDS over the last 20 years.





# ECONOMIC PERFORMANCE AND GROWTH

We believe that economic performance and sustainability are not mutually exclusive; rather, they are intrinsically linked and must go hand in hand.

Our commitment lies in forging a path towards sustainable economic performance, where prosperity is built on the principles of environmental responsibility, social inclusivity, and long-term viability.


With our prudent financial measures, we have achieved a record performance with a topline of \$ 1,316 Mn, positioning us as India's largest multinational B2B apparel company<sup>1</sup>. We delivered a healthy financial growth of 20% while achieving gross margins of 16.7%.



  
**\$ 1,316**  
 Mn  
 Sales

  
**\$ 220**  
 Mn  
 Gross Profit

  
**\$ 57**  
 Mn  
 EBITDA

  
**\$ 41**  
 Mn  
 PAT





# SUSTAINABILITY APPROACH





Our sustainability approach harmoniously integrates Environmental, Social, and Governance (ESG) considerations into our DNA. From forging a greener path through our supply chain to fostering inclusivity and empowering communities, our commitment to ESG forms the foundation of our business operations and guides our decision-making processes.

Through our comprehensive sustainability approach, we build a symbiotic bond among our business, environment, and society, fostering enduring value. By weaving sustainability seamlessly into our core operations, we sow the seeds of a more sustainable and equitable future. We navigate this sustainability landscape through four pillars.

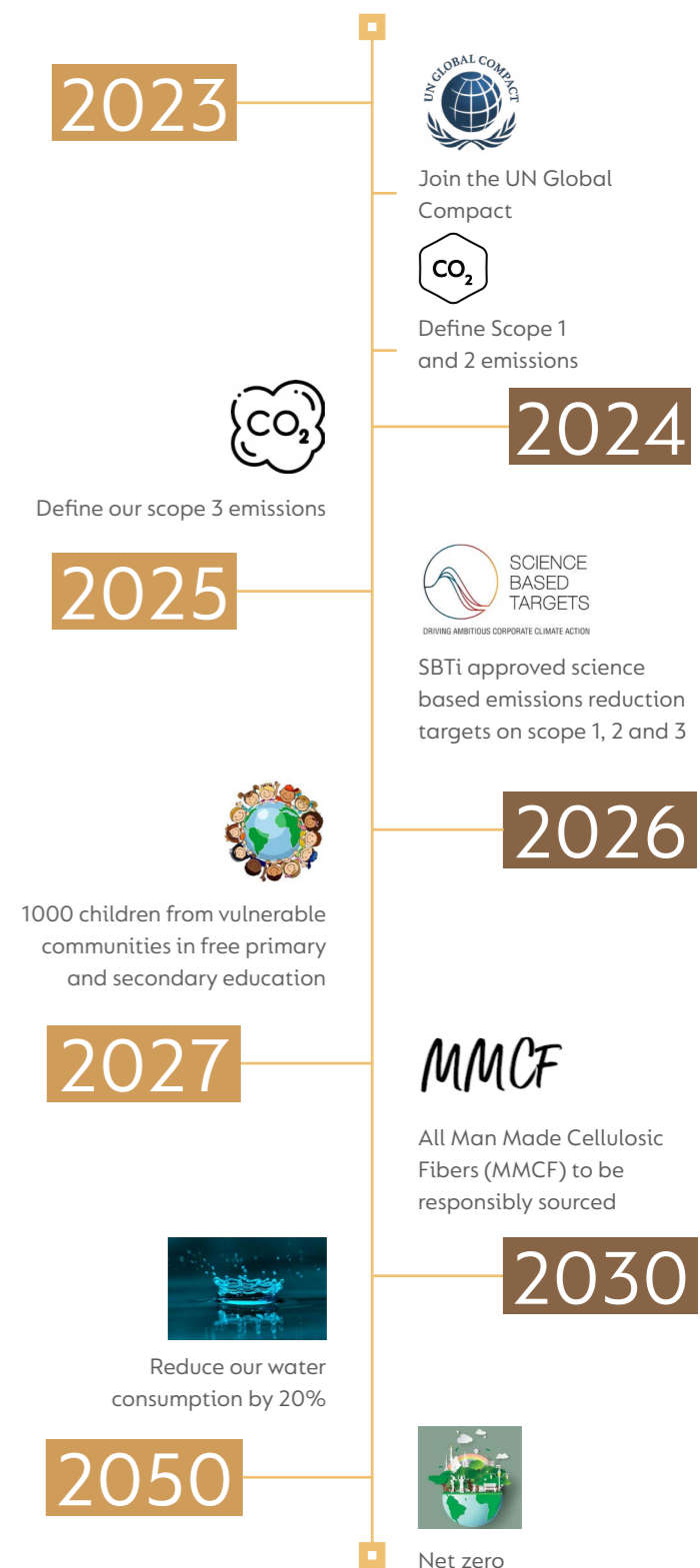
As part of our ongoing commitment towards sustainability, we have completed a rigorous annual materiality analysis, approved by our Board of Directors. Our PDS Annual Report FY22-23 (pages 131-133) provides detailed insights into the key environmental and social concerns identified. We will continuously refresh this analysis through consistent dialogue with all stakeholders, ensuring our actions remain aligned with our priorities. Our sustainability approach provides the necessary prioritisation of these material issues.

## Pillars of Sustainability

**TRANSPARENCY**

			
<p><b>Respect Water</b></p> <p>The Respect Water pillar aligns with the environmental aspect as it focuses on responsible water management and conservation. We prioritise water sustainability by implementing practices to minimise usage and protect water quality.</p>	<p><b>Reduce Emissions</b></p> <p>The Reduce Emissions pillar corresponds to the environmental element by addressing the reduction of greenhouse gas emissions. We implement initiatives and adopt environmentally friendly practices to minimise our carbon footprint.</p>	<p><b>Think Circular</b></p> <p>The Think Circular pillar reflects both the environmental and social aspects, emphasising the adoption of circular economy principles. This pillar promotes resource efficiency, waste reduction, and the creation of a sustainable value chain with stakeholders.</p>	<p><b>Build Community</b></p> <p>The Build Community pillar aligns with the social aspect of ESG and showcases our commitment to supporting and engaging with local communities. We invest in community development initiatives, foster positive social impact, and promote inclusivity.</p>
<p>The envelope of Traceability and Transparency represents the governance aspect of ESG, surrounding and supporting all other pillars. We prioritise traceability and transparency in our operations, maintaining accountability, adhering to regulatory requirements, and providing stakeholders with reliable information for ethical and responsible business conduct.</p>			
<b>TRACEABILITY</b>			

## ESG targets





# Complying to global standards



The United Nations Sustainable Development Goals (UNSDGs) are a set of 17 global objectives designed to address pressing social, economic, and environmental challenges by 2030. Achieving these goals requires collective action from governments, businesses, and individuals worldwide.

We recognize the urgent need to address environmental challenges and promote social progress for a better future. We strive to align our operations with the UNSDGs, continuously improve our sustainability performance, and create a positive impact on society and the environment.



We are pledging to steer our business with responsibility and create a positive impact that cascades through our stakeholders by embracing the principles of the United Nations Global Compact. By embedding UNGC principles into our operations, we aim to foster a sustainable future for our business, our people, our supply partners, and the communities we engage with.

As a member and in compliance with the UNGC, we diligently incorporate the principles into our everyday conduct, ensuring responsible business practices. We have completed our Communication on Progress (COP) report, which outlines our efforts, progress, and challenges in implementing the UNGC principles.

## THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

**Principle 10**  
Business should work against corruption in all its forms, including extortion and bribery.

**Principle 9**  
Encourage the development and diffusion of environmentally friendly technologies.

**Principle 8**  
Undertake initiatives to promote greater environmental responsibility.

**Principle 7**  
Business should support a precautionary approach to environmental challenges.

**Principle 6**  
The elimination of discrimination in respect of employment and occupation.

**Principle 1**  
Businesses should support and respect the protection of internationally proclaimed human rights.

**Principle 2**  
Make sure that they are not complicit in human right abuses.

**Principle 3**  
Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4**  
The elimination of all forms of forced and compulsory labour.

**Principle 5**  
The effective abolition of child labour.

**SBTi** 

The SBTi is a collaborative initiative led by the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It provides a robust framework for companies to set targets based on scientific evidence, in line with the objectives of the Paris Agreement. As part of our commitment to addressing climate change, we are adopting and setting Science-Based Targets Initiatives (SBTi) across our various business verticals.

To implement SBTi effectively, we will be working closely with our teams across all business verticals. Our sustainability task force will spearhead this initiative, collaborating with key stakeholders to assess our current emissions profile, identify areas for improvement, and set ambitious yet achievable targets for emission reduction.

**S&P** **S&P Global**

S&P's ESG rating is a comprehensive evaluation that assesses companies on various criteria, including their environmental impact, social responsibility, and governance practices. It serves as a valuable benchmark, providing insights into our performance in these critical areas and highlighting areas for improvement.

In the initial year of participating in the S&P Global CSA, we achieved a ranking in the 93rd percentile for ESG performance in the Textile, Apparel, and Luxury Goods Industry. We believe responsible businesses involve more than consistent performance; it also entails building a long-term value for stakeholders, while promoting an equitable and sustainable future.

**SAC** 

The Sustainable Apparel Coalition (SAC) is a global, non-profit alliance dedicated to transforming the fashion industry into a more sustainable and responsible sector. As a member of the SAC, we embrace the vision of "giving more than it takes - to the planet and its people."

Through our membership in the SAC since September 2021, we gain access to valuable resources, tools, and expertise that enable us to assess and improve our sustainability performance. The SAC has developed the Higg Index, a suite of tools that allows companies to measure and benchmark their environmental and social impact. By utilising the Higg Index, we are identifying areas for improvement and tracking our progress over time.

# Sustainable ecosystem





As part of our commitment to fostering environmental harmony, we pave the way for reducing our ecological impact. We nurture eco-conscious practices throughout our operations – from the reduction of waste to the judicious conservation of energy. Our approach to sourcing and manufacturing is underpinned by sustainability principles, as we embrace renewable resources while curbing greenhouse gas emissions. Moreover, we extend our support to reforestation initiatives and conservation drives, striving to safeguard biodiversity.



# ENVIRONMENT



# EMISSIONS MANAGEMENT

We recognize the urgent need to address climate change and its detrimental effects on our planet. To fulfil our responsibility as a global organisation, we have developed a comprehensive emissions management strategy that aligns with the goals of the Paris Agreement on climate change and aims to achieve Net Zero emissions by 2050 at the latest. Our strategy is firmly rooted in scientific principles and data-driven decision-making.

To effectively manage our emissions, we have adopted a multifaceted approach that encompasses several key areas. We prioritise energy efficiency and conservation measures across all our operations. We are minimising greenhouse gas emissions while also reducing costs and improving overall operational efficiency by optimising our energy consumption. In addition to energy efficiency, we have invested in renewable energy sources. We are transitioning to clean and sustainable energy alternatives, such as solar power, so that we can significantly reduce our reliance on fossil fuels and mitigate our carbon footprint.

To ensure transparency and accountability, we commit to aligning our emissions targets and reporting with the United Nations Framework Convention on Climate Change. We will participate in international initiatives and adhere to recognized standards to provide accurate and reliable data on our emissions and progress towards our Net Zero target. Through our actions, we aim to contribute to the global effort of limiting global warming to 1.5°C.



## Accounting for our GHG emissions

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,119.37	811.76
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	3,227.66	3026.39

### DESIGN ARC Transition towards cleaner energy sources

Our subsidiary, Design Arc UK and Twins Asia, have embarked on a solar power generation initiative to harness renewable energy for factories. By implementing rooftop solar systems, we aim to enhance independence from the grid while reaping numerous benefits. Not only does solar power provide a reliable source of electricity and protect against unscheduled power outages, but it also reduces dependency on the grid and effectively lowers the factories' carbon footprint.

Out of the **64 factories** associated with Design Arc and Twins, significant progress has been made in adopting solar power:

<b>23</b> Factories have set up solar power projects	<b>18</b> Factories only use solar power as an emergency back up light	<b>5</b> Factories working to reduce GHG emissions, reduce air pollution
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### Integrating sustainability into product development

Through our utilisation of state-of-the-art Clo 3D garment visualisation technology, we are cultivating a sustainable landscape for sample creation. Our team of expert Clo designers skillfully craft a wide range of garments, from basic t-shirts to intricate outerwear, effectively reducing sampling lead times and minimising the necessity for physical samples. This streamlined approach not only optimises resources but also contributes to emission reduction by eliminating the need for sample transportation.





## Carbon neutralisation with mangrove restoration



We are committed to achieving sustainability and accountability in the global apparel industry. With a goal of carbon neutrality by 2025, Norlanka has partnered with the University of Kelaniya in a mangrove restoration project. Mangroves act as a vital defence against erosion and storms, provide habitats for diverse species, and store significantly more carbon per hectare than tropical rainforests. Our collaboration aims to restore mangrove ecosystems along the Sri Lankan coast, while raising awareness about their importance through webinars conducted by the University.

**Over 100 participants from Norlanka and the University of Kelaniya joined forces for this initiative. By rejuvenating mangrove ecosystems, we contribute to environmental preservation and support local communities that rely on mangroves for their livelihoods.**



Phase 1  
**700+**  
mangrove plants restored with the help of the volunteers



Restoring 700+ mangrove plants will have a total carbon sequestration of  
**7,900+**  
kg per year.



Phase 2  
Involves regular monitoring of the changes in the restored mangrove cover.



Throughout the lifespan of the mangrove plants,  
**199,800+**  
kg of CO2 can be removed.



# WATER MANAGEMENT

We are committed to responsible water management and sustainable practices throughout our operations. As part of our ongoing efforts, we have set a clear goal to reduce our overall water usage by 20% in both our own facilities and third-party facilities by the year 2030. This target reflects our dedication to minimising the environmental impact of our dyeing and finishing processes.

To achieve this objective, we will prioritise the implementation of water reduction techniques. By adopting innovative technologies and best practices, we aim to optimise our water consumption while maintaining the highest quality standards in our products. We recognize that water is a precious resource, and we have a responsibility to use it efficiently and effectively.



## Water management initiatives undertaken at our manufacturing units

### Green Smart Shirts Limited (GSSL)

We have implemented several water conservation initiatives at our manufacturing unit in Bangladesh to promote responsible water management. We have introduced water pressure reduction valves to minimise water usage by controlling the flow and pressure of water throughout the facility. Additionally, we have conducted training for our employees to raise awareness about water conservation and encourage water-saving practices. To further reduce our water footprint, we have installed a condenser reserve tank to reuse water from the boiler and steam generated during our manufacturing processes.

**~650,000 litres**

Rainwater harvesting pond implemented

**~321,000 million litres**

Water consumption reduced

### Progress Apparels (Bangladesh) Limited (PABL)

We have implemented various water initiatives to promote sustainability. Excessive steam pipe water is reused in the factory boiler, while water flow metres are installed to monitor consumption. Auto-stop taps are in place to prevent wastage, and employees have undergone water usage and reduction training. These initiatives aim to minimise water consumption, track usage, prevent unnecessary wastage, and raise awareness about responsible water management.

**~3.83 litres**

Per pieces water consumption reduced (million litres)

### Norlanka Manufacturing Limited

At our manufacturing unit in Sri Lanka, we have implemented a rainwater harvesting program aimed at collecting 0.86 million litres of water annually through the catchment area of its roofs. With a focus on sustainability, we intend to inject 100% of the harvested rainwater into deep wells for storage. By adopting these initiatives, we demonstrate our commitment to responsible water usage, reducing dependence on external sources, and contributing to water security in the region.

**~0.41 litres**

Per pieces water consumption reduced (million litres)



### Green fund investment in wash plant



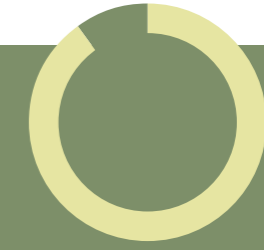
PROGRESS APPARELS (BANGLADESH) LTD.

Progress Apparels has partnered with the Netherlands-based Good Fashion Fund to implement an advanced wash plant in Bangladesh. This strategic collaboration aims to enhance the sustainability and ethical standards of the apparel manufacturing value chain. The Good Fashion Fund, an impactful investment fund initiated by the Laudes Foundation, has closed its first investment in Bangladesh, providing one million US Dollars to support Progress Apparels' investment in a state-of-the-art washing plant at the factory's Adamjee EPZ location in Dhaka.

The new wash plant is equipped with two washing machines, three dryer machines, and two hydro machines with inverters, has the capacity to wash six million garments per annum, enabling Progress Apparels to manage 90 percent of the current wash requirement in-house. This translates into savings in transportation costs and production turnaround time, resulting in operating efficiencies. By granting access to the Good Fashion Fund's expertise in technical, environmental, and social aspects, this collaboration ensures that sustainable production practices are integrated within the fashion industry with a focus on both innovation and environmental responsibility.



**6 million**  
Garments per annum capacity



**90%**  
Current wash requirement fulfilled in-house



**Reduction**  
in transportation costs and production turnaround time resulting in operating efficiencies



**Making**

the apparel manufacturing value chain sustainable and environmentally ethical for all stakeholders.





# CHEMICAL MANAGEMENT

We recognize the crucial importance of protecting biodiversity and reducing the use of hazardous chemicals to promote a sustainable future. As part of our commitment to environmental stewardship, we have set a goal to exclusively source and utilise materials, chemicals, and fibres with the highest environmental standards by the end of 2027.

One particular area of focus for us is the use of Man-Made Cellulosic Fibres (MMCFs), which are widely used in the textile industry. MMCFs offer an alternative to traditional natural fibres, such as cotton or wool, and have the potential to significantly reduce the ecological impact of textile production.

To ensure that our MMCFs meet the highest environmental standards, we will diligently evaluate and select suppliers who adhere to stringent sustainability criteria. These criteria encompass factors such as responsible sourcing of raw materials, energy efficiency, water conservation, waste management, and reduction of harmful emissions throughout the production process.



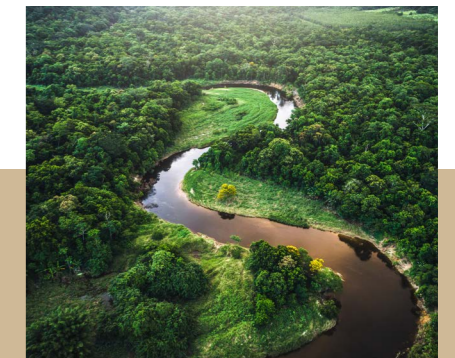
CHEMICAL

## Transitioning to eco-friendly alternatives



Zamira has successfully eliminated conventional PP spray from our development samples and core production lines, replacing it with eco-friendly alternatives. This switch has resulted in over 52.8% of production volume using eco PP alternatives for manual spray at no additional cost. Moreover, our Innovation Centre has undergone an upgrade, doubling sampling development capacity and incorporating state-of-the-art washing technology that reduces water, energy consumption, and chemical waste.

The eco chemicals used in sampling processes are certified with ZDHC Level 1, meeting strict environmental and safety standards. We communicate with our customers about sustainable practices, utilising technology like the Environmental Impact Measurement (EIM) scoring system to provide transparency on the environmental impact of our products.



## SBTi

By setting science-based targets across all three scopes of GHG emissions, Zamira aims to reduce carbon emissions by

**46.2%**  
by 2031.



**Elimination of Traditional PP**

Whiskers By Laser  
Washed Sustainably  
Certified Eco PP



# WASTE MANAGEMENT

Our primary goal is to facilitate a transition from a linear product model to a circular one, emphasising the longevity of design, product quality, and of lower impact or recycled materials. By promoting the adoption of circular business models and developing end-of-life product solutions, we strive to create value through innovation and identify new avenues for strategic growth. At PDS, our objective is to be an integral part of the solution, actively contributing to a sustainable future rather than perpetuating the problem of waste generation and mismanagement.

Through collaborative efforts with industries and stakeholders, we seek to reshape the entire lifecycle of products, from their inception to their eventual disposal or recycling. By encouraging design practices that prioritise longevity, we aim to extend the lifespan of products, reducing the need for frequent replacements and minimising waste generation. Additionally, we advocate for the use of high-quality materials, ensuring that products are durable and can be effectively recycled or repurposed at the end of their useful life.



## Driving circular economy with durable products



Simple Approach prioritises effective waste management and the circular economy. To increase product longevity, we conduct thorough durability and wash testing, aiming for 28-39 washes. We assess factors like dimensional stability, spirality, and colour change to determine when garments become unwearable. Our products are made with 100% organic cotton, which is environmentally friendly and safer for farmers and workers. Additionally, we minimise elastane in necklines to reduce reliance on non-biodegradable materials. We actively contribute to a circular economy by reducing waste sent to landfills and promoting resource reuse and recycling.





We strive to address community issues and create positive change through social impact initiatives. We believe in 'being a good neighbour' and partner with local organisations to empower marginalised groups, promote education, and foster environmental sustainability. We support the overall development of our stakeholders, creating an inclusive environment that nurtures their potential and empowers their progress. Through partnerships with local organizations and charitable efforts, we build connections to address social issues and uplift underserved communities.



# SOCIAL



# HUMAN RESOURCES

At PDS, we believe in putting people first. We value and nurture an entrepreneurial mindset among our employees. By fostering an entrepreneurial culture, we encourage our employees to take ownership of their work, think like entrepreneurs, and drive performance to new levels. We provide them with the autonomy and support they need to explore new ideas, take calculated risks, and make a real impact.

## Diversity and inclusion

With employees from over 29 countries, our workforce represents a rich tapestry of skills, experiences, and perspectives. We believe that this diversity fuels innovation and drives our success. We cultivate an inclusive culture, ensuring that everyone feels valued and empowered to contribute their best.

Our multinational team leaders further enhance our global perspective and enable us to cater to the needs of our diverse clientele. Our diverse workforce is united in our shared commitment to our long-term goals. We leverage our teams' varied nationalities and ethnicities to approach challenges from multiple angles, leading to innovative solutions.



**58%**

Women in workforce

**80%**

Women employees at our manufacturing facilities

**25+**

Diverse nationalities



## Occupational health and safety

Occupational Health and Safety (OHS) is central to our operational philosophy. Recognising the vital importance of a safe working environment, we ensure that adequate Health and Safety measures are provided to all employees and factory associates. Our efforts extend to the Company's Policy on Occupational Health and Safety, guiding the Compliance team in evaluating value chain partners. We engage only with factories that adhere to the provision of a safe and healthy work environment, affirming a commitment to employee welfare and industry best practices.

The implementation of these measures is maintained through active collaboration between our Compliance teams and partner factories. A continuous monitoring and evaluation process ensures that high Health and Safety standards are not only met but subject to ongoing improvement.

## Training and development

We are dedicated to the professional development and advancement of our factory associates, acknowledging their essential role in the achievement of our organisational objectives. By emphasising continuous education and skill enhancement, we strive to cultivate a workforce that is flexible, innovative, and proficient in meeting the unique challenges of our industry.

In total, 75 training programs have been conducted for factory associates, encompassing Health and Safety (27 programs), Human Rights (44 programs), and various professional development aspects. These tailored programs aim to create versatile individuals possessing a wide range of skills vital for factory operations. In FY23, we provided skill development trainings to 2,123 factory workers, enhancing their capabilities and efficiency, creating an environment for holistic development.

For our employees, we understand the importance of cross-functional training. Our training programs encompass managerial skills, soft skills, and technical skills, catering to the diverse needs of our employees. We believe that a combination of these skills is crucial for holistic development and effectiveness in the workplace. With this in mind, our training initiatives are designed to be immersive, engaging, and practical, enabling employees to acquire new skills and immediately apply them to their respective roles.





Our commitment to our employees and our people-first approach has been recognized by being certified as a Great Place to Work®. This certification is a testament to our efforts in creating a positive and inclusive work environment that values our employees' contributions, provides opportunities for growth, and fosters a sense of camaraderie.



### Work culture

We strive to create a culture that fosters trust, openness, and transparency. Innovation, creativity, and adaptability are the cornerstones of our workplace. We encourage our employees to think outside the box, challenge the status quo, and embrace new ideas.

We recognise the importance of adaptability in today's rapidly changing market conditions, and we empower our employees to embrace change and seize new opportunities. We

believe that by keeping our employees informed about the company's progress, challenges, and plans for the future, we can build a strong foundation of trust and create a sense of belonging.

### Employee engagement

Our regular town hall meetings at PDS serve as a powerful tool for employee engagement. They promote transparency, alignment with company goals, and a deeper understanding

of our strategy. Employees have the opportunity to hear directly from senior leaders, ask questions, and contribute to discussions. We value employee feedback and actively address concerns raised during these meetings. By nurturing a strong sense of belonging, we cultivate a positive work culture that motivates employees to perform at their best, resulting in shared success for our organisation.





# COMMUNITY

In today's interconnected world, community engagement and support are crucial for fostering a sense of belonging, well-being, and resilience. We have recognized the importance of community efforts and have undertaken remarkable initiatives to empower and uplift local communities. We hold steadfast to the vision of creating a sustainable future for our business, our people, our supply partners, and the communities we serve.



## Enabling access to quality education

We recognize the profound potential of education to transform lives and break the cycle of poverty. Consequently, we are committed to enhancing basic literacy and numeracy among underprivileged children. Collaborating closely with communities in Bangladesh and India, we endeavour to provide free primary and secondary education to more than 1000 children by 2026.

Our dedication to education extends beyond the classroom walls. We acknowledge the diverse challenges faced by these communities and work tirelessly to address them. This entails constructing suitable infrastructure, empowering teachers through training programs, and implementing innovative teaching methodologies to enrich the learning journey.



### Enriching lives with holistic educational initiatives

Our education initiative is a collaborative effort with SOHAM For Kids in Hyderabad, India, and SOHAM for All (Hope Worldwide) in Dhaka, Bangladesh. The primary goal of this initiative is to provide comprehensive support to children, encompassing education, healthcare, and nutrition.

One of the core objectives of the initiative is to ensure that children receive quality education. We strive to create a conducive learning environment for them. This includes providing necessary educational resources such as books and uniforms at the beginning of the academic year. Additionally, parents' meetings and study tours are conducted to foster parental involvement and engagement in their children's education.

Furthermore, the initiative extends its support beyond the children themselves. SOHAM recognizes the role of parents in the community and offers vocational training to empower them and assist in building sustainable livelihoods. By equipping parents with valuable skills, the initiative aims to uplift the entire community and create a positive impact on their lives.

Throughout the year, various activities and events are organised to promote holistic growth and celebrate the achievements of the children. These include annual sports days, observance of international mother language day, Independence Day celebrations, and certificate-giving ceremonies to recognize talent and accomplishments.



**550+**

Lives touched through the Soham Project

### Combating hunger and increasing meal accessibility

Norlanka recognizes that access to nutritious meals is essential for the well-being and development of every individual. By partnering with St. Anne's Church, The Voice Foundation, PHI, and government officials, we have been able to create a strong network of support and resources to ensure the success of the Community Kitchen initiative.

Through the Community Kitchen, we have not only distributed over 200 warm meals each day, but we have also prioritised the nutritional value of the meals. Our team of dedicated volunteers and staff members work diligently to ensure that the meals are balanced, incorporating a variety of fresh, locally sourced ingredients. By doing so, we aim to improve the overall health and well-being of those who rely on the Community Kitchen.



**28,000+**

Freshly prepared hygienic meals donated

**130**

Days served

### Educating for empowerment

Together, Poeticgem and the Abinta Kabir Foundation share a resolute commitment to promoting women's empowerment through education. The Abinta Kabir Foundation School is a unique establishment for girls that goes beyond traditional education, offering a holistic approach that fosters intellectual, emotional, and social growth. It serves as a transformative space where young girls can flourish, equipped with the knowledge, skills, and values necessary to navigate the complexities of life.

By investing in the potential of these underprivileged girls, we recognize the profound impact they can have on their communities and society as a whole. Through the school's innovative curriculum, which places a strong emphasis on critical thinking, problem-solving, creativity, character development, and community engagement, the girls are nurtured into well-rounded individuals capable of making positive contributions to society.

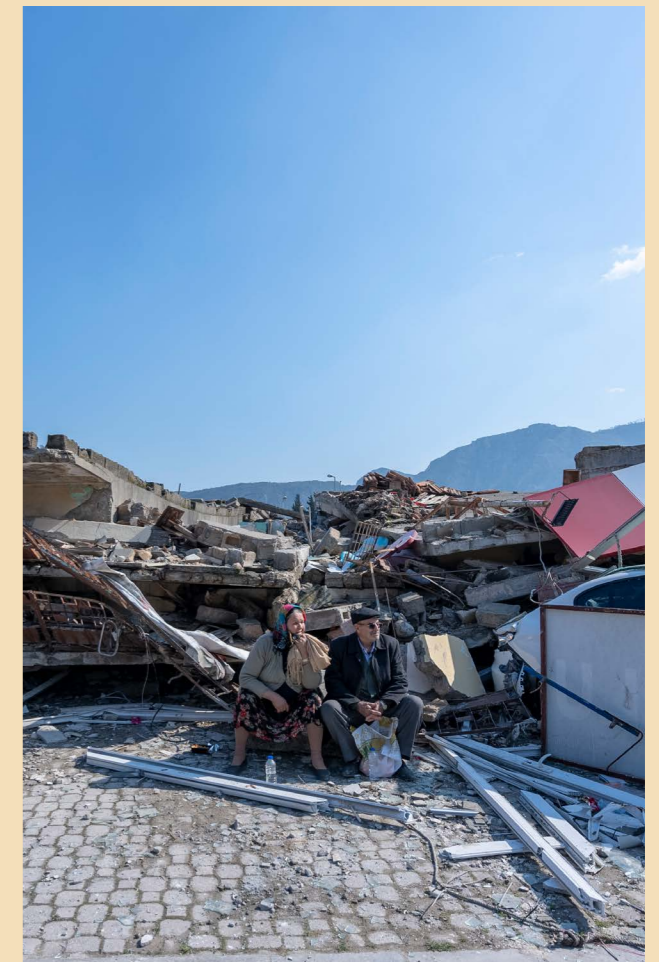


**128**

Girls benefitted in FY23

### Disaster relief efforts

In the early months of 2023, Turkey was struck by a severe natural catastrophe, inflicting widespread devastation upon its citizens and infrastructure. In response, we swiftly initiated relief measures in collaboration with numerous reputable non-governmental organizations (NGOs) in Turkey. Mobilizing resources from our global operations, we united to provide substantial assistance to the earthquake recovery by channelling our contributions into the Common PDS Turkey Earthquake Relief fund. Our team on the ground in Turkey played a pivotal role in the efficient distribution of essential supplies, including blankets, cold-weather garments, and sleeping bags, benefiting those most affected by the disaster.





Upholding the tenets of ethical governance, we uphold a commitment to integrity, transparency, and accountability. By adhering to the high standards, we fortify trust among our stakeholders while ensuring legal and regulatory compliance. Our governance framework, a guardian of responsible business practices, serves as a beacon guiding our principled operations.



# GOVERNANCE



# COMPLIANCE AND ETHICS

We uphold high ethical standards and promote transparency and responsibility as part of our commitment to being a responsible corporate citizen. We have established a strong compliance framework that encompasses all relevant laws, regulations, and industry standards. This includes compliance with labour rights, environmental impact regulations, and product safety standards. We have established a governance framework that serves as the backbone of our operations, risk management, and accountability practices.

## Led by experienced leadership

Our governance structure is led by a Board of Directors consisting of individuals with diverse backgrounds, experiences, knowledge, gender, and other factors. This diversity brings a wider range of skills and expertise to the board, leading to better decision-making and more effective leadership. The one-tier Board is responsible for providing visionary guidance and oversight to ensure the interests of our stakeholders and the wider community are protected.



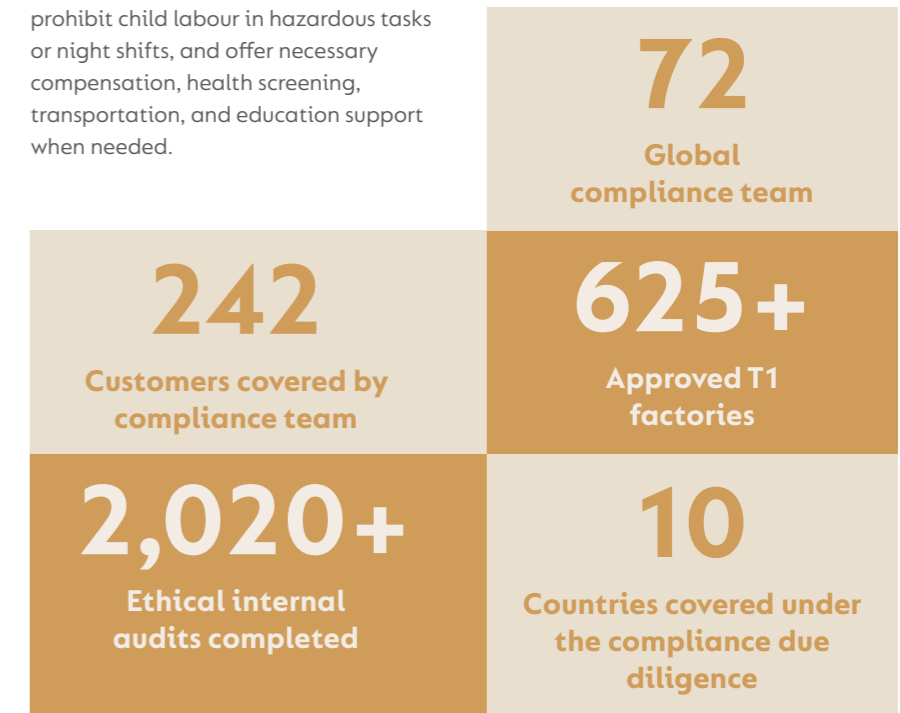
COMPLIANCE



## Ensuring ethical compliance

We maintain a resolute stance against child labour, steadfastly adhering to local laws and defining children as individuals under 15. Collaborating exclusively with factories committed to worker well-being and safety, our compliance teams foster elevated Health and Safety standards across their operations and partner facilities. Suppliers are mandated to verify ages, prohibit child labour in hazardous tasks or night shifts, and offer necessary compensation, health screening, transportation, and education support when needed.

We also engage in proactive collaboration within industry stakeholders networking to enhance compliance practices. This collaborative approach helps ensure that ethical and legal standards are met throughout the value chain, promoting transparency and accountability among all stakeholders.



## Safeguarding occupational health and safety

Our strong commitment to Occupational Health and Safety is evident through our comprehensive policy. Empowering the compliance team to assess value chain partners, this policy ensures that factories providing a safe and healthy work environment are chosen for collaboration. The compliance teams work closely with these factories to continuously develop and uphold high health and safety standards, not only within PDS's own facilities but also across its partner factories.





## Pillars of compliance

1

### Customer engagement and collaboration

We aim to foster a productive relationship with our customers by actively engaging and collaborating with them. We prioritise aligning our operations and services with customer expectations. This includes partnering with customers on new Corporate Social Responsibility (CSR) and sustainability initiatives, ensuring that both parties work together towards common goals.

2

### Robust internal processes and systems

We develop and implement Standard Operating Procedures (SOPs) to minimise risks and improve efficiency. We have transitioned from an individual ideology to a process-driven approach, leaving no room for errors and ensuring consistent adherence to established protocols. To ensure compliance, we review customer processes and align our internal processes accordingly.

3

### Risk management

We are committed to mitigating risks that may impact both our business and customer reputation. We implement best practices and initiatives throughout our supply chain and internal teams to minimise potential risks. We conduct capacity-building and classroom training programs for vendors and internal business teams, emphasising the importance of adhering to the Code of Conduct (COC), Zero Tolerance Violations (ZTVs), and customer-specific standards.

4

### Vendor development

We support strategic factories by providing continuous improvement guidance and conducting root cause analysis. We recognize the importance of strong Corporate Social Responsibility (CSR) processes and conduct training sessions to enhance vendor capabilities. By fostering a culture of development, we strive to ensure that our vendors meet the required standards and contribute to sustainable practices.

5

### Financial discipline

We place a strong emphasis on financial discipline as part of its compliance framework. We focus on increasing the efficiency and effectiveness of internal audits. By conducting thorough prior due diligence, we reduce audit fatigue and costs. Additionally, we have implemented a self-governing approach for strategic factories, enabling them to take responsibility for their financial management and adherence to compliance standards.

## Cultivating compliance culture



In our commitment to compliance, we not only ensure adherence to regulatory standards but also foster a culture of continuous learning and development. This extends not only to our internal teams but also to our valued vendor partners. Through ongoing training and educational initiatives, we equip our teams and partners with the knowledge and skills necessary to navigate the ever-evolving landscape of compliance.

By fostering a culture of compliance and by sharing knowledge and experiences, we aim to ensure that all its business verticals operate in accordance with the highest standards of ethics and integrity. The compliance conference on L&D initiatives brought together all compliance teams across the globe to ensure alignment with PDS's standards and strategies. The conference served as a platform for sharing best practices, discussing challenges, and collectively working towards fostering a culture of compliance within the organisation.

During the conference, the focus was on ensuring that all business verticals within PDS comply with the standards set by the company. Compliance with these standards is crucial to maintaining the integrity and reputation of PDS as a responsible global citizen.

The Learning & Development (L&D) framework was a key aspect of the conference. It was emphasised that the L&D initiatives should align with PDS's overall strategy and ESG (Environmental, Social, and Governance) goals. By incorporating a People First approach, we aim to create an environment where employees are given ample opportunities for personal and professional growth.

The L&D initiatives also aimed to equip stakeholders with the necessary skills and knowledge to prepare for the future. By providing training and development programs, we seek to empower our employees to make a positive impact not only in the business sphere but also in society as a whole.

### Participation summary

**13**  
Verticals

**82**  
Suppliers

**31**  
Employees



**2**  
Manufacturing units





## Establishing strong policies and procedures

Our policies and procedures serve as the robust pillars that fortify our operations, ensuring compliance not only with local legal mandates but also harmonising with global standards of excellence. Our governance policies create a transparent, accountable, and efficient operating environment for our team. They outline the rules and guidelines that everyone within the company must adhere to, promoting a culture of integrity and ethical conduct.

 Bio Diversity Policy	 Policy on Board Diversity
 Stakeholder Engagement Policy	 Grievance Redressal Policy
 Employee Code of Conduct	 Environmental Policy
 Human Rights Policy	 Sustainable Supply chain and Responsible Sourcing Policy
 Occupational Health and Safety Policy	 Sustainable Packaging policy

More on policies: <https://pdstd.com/investors/corporate-governance/#policies>

## Code of Conduct

We have a robust and well-designed code of conduct in place. This code of conduct sets out a clear set of rules and guidelines that define the expected behaviour and standards for all employees across our global operations. It aims to create a safe and inclusive working environment, where everyone is treated with respect and dignity. We expect all of our business partners to share these values and adhere to our Codes of Conduct and Compliance measures, which aim to ensure a sustainable supply chain. We have implemented stringent standards and a zero-tolerance policy for any violations, particularly in cases where customer policies on sourcing are not clearly defined.

## Supplier Code of Conduct

Our supplier Code of Conduct is built upon the values and principles established by our customers, the United Nations' Declaration of Human Rights, and various ILO core conventions. We have also sought input from non-governmental organisations to integrate their perspectives and insights. In cases where our customers do not have specific sourcing policies, we have established unequivocal standards that are strictly enforced. Violations of our supplier code of conduct are categorised as either 'Critical Violations' or 'Zero Tolerance Violations,' with zero tolerance violations resulting in the automatic termination of partnerships with the supplier.



## Ethics hotline

To encourage transparency and accountability, we have implemented a global whistle-blower policy. Our ETHICS GLOBAL HOTLINE, available on our website and email signature, allows stakeholders such as employees, vendors, and customers to report any concerns regarding unethical practices within the company. Every complaint received through the hotline is thoroughly reviewed by the designated Vigilance Officer or Ombudsman, ensuring that all concerns are appropriately addressed and necessary actions are taken.

## Evaluation of compliance

Ongoing monitoring and continuous improvement initiatives are implemented to uphold compliance for both new and existing factories, fostering a responsible and sustainable manufacturing ecosystem and maintaining stakeholder trust.

We prioritise governance and compliance in our onboarding process for new factories as well. The structured procedure consists of several steps, including submission of a new factory request form, third-party and internal audits, compliance review, customer approval, and SAP integration. By following this process, we ensure that factories meet regulatory requirements, address critical violations, and maintain high compliance standards.

## 4 stages of due diligence

Internal audit	3rd party audit
Customer specific due diligence	Compliance governance audit

## Supply chain transparency

Supply chain transparency has become a critical aspect of ethical and responsible business practices, especially in industries like fashion and apparel. For PDS, implementing cotton traceability in our supply chain is essential for maintaining ethical standards, ensuring quality control, adhering to regulations, and meeting consumer demands for transparency. By understanding the origin and journey of cotton used in their products, we can build trust and accountability among stakeholders.

## Ensuring cotton traceability

Given the complexity of supply chains in the textile industry, there is a significant risk of blending and substitution, which can undermine transparency efforts. To address this concern, we have partnered with Oritain, a trusted organisation specialising in supply chain monitoring. Oritain's membership provides reassurance about the integrity of products by monitoring the entire supply chain and testing the fibre at any stage of manufacture to verify its consistency with the claimed origin.

### Step 1: Legal verification of suppliers and their supply chain

- Collaborate with a law firm to verify if suppliers and their subsidiaries are on any US customs banned lists.

### Step 2: BV Fiber Identification and Traceability (FIT) audits

- Conduct FIT audits on fabric facilities to assess raw material traceability processes and systems.
- Collect cotton samples during processing for testing with Oritain.
- Audit and document the complete supply chain for transparency.

### Step 3: Oritain testing

- Test and certify the region of origin for the cotton used in the material using Oritain's advanced technology.

## Using data as a pathway to improvements



At Spring Near East, we have been utilising industry initiatives and tools like the Higg Index to drive improvements in our supply chain's sustainability performance. Through the Higg Facility Environmental Module (FEM) assessment, we have identified areas where we can enhance our environmental performance and reduce our carbon footprint. Our core suppliers have demonstrated higher environmental performance than the industry average, with a median verified score of 60% compared to the industry's median of 52%.

## The benefits of implementing the Higg FEM assessment are:

<h3>Improved environmental performance</h3> <p>The assessment helps facilities identify areas for reducing energy use, water consumption, and waste generation, leading to enhanced sustainability practices.</p>	<h3>Supply chain transparency</h3> <p>By completing the assessment, sourcing offices gain a better understanding of their products' environmental impacts, allowing them to take steps to mitigate those impacts and promote transparency throughout the supply chain.</p>
<h3>Resource optimisation</h3> <p>The assessment identifies opportunities for facilities to reduce energy and water consumption, as well as waste generation. Implementing these improvements can result in significant cost savings over time.</p>	<h3>Risk management</h3> <p>The assessment helps identify and address potential environmental risks, reducing the likelihood of environmental incidents and associated liabilities. This proactive approach improves overall risk management within the supply chain.</p>



Our commitment to sustainability is exemplified by our laser-focused approach on setting ambitious objectives and targets for ten of our prominent businesses within the Group. These visionary entities, comprising seven of our Sourcing units—Poeticgem, Techno-Design, Design Arc, Simple Approach, Zamira Fashions, Norlanka, and Spring Near East—account for a significant contribution to our overall topline. Complementing this robust lineup, we also prioritise sustainability in our three manufacturing units: Green Smart Shirts Ltd, Progress Apparels (BD) Ltd., and Norlanka Manufacturing Ltd.

This section delves into the sustainability performance of these businesses against their targeted sustainability objectives. As we strive to spearhead the sustainability agenda across our diverse and geographically dispersed verticals, we rely on an exceptional league of Sustainability Managers and dedicated Sustainability Champions. These extraordinary individuals form the cornerstone of our success, enabling us to deliver on our sustainability commitments.

# SUSTAINABILITY METRICS





# POETICGEM



In this year's update, it brings me great satisfaction to spotlight the remarkable strides we've accomplished in our pursuit of a more sustainable future. Throughout 2022, we've made substantial leaps in the integration of sustainable materials and processes into our products. Our focused effort has been enhancing the chain of custody and traceability of our materials, ensuring that the sustainability journey encompasses every step of our value chain. This comprehensive strategy has enabled us to ensure that sustainability is interwoven into every aspect of our operations.

We are actively enhancing our data collection and monitoring methods, capitalizing on accurate data to steer well-informed decision-making across all stages of our sustainability initiatives, and we are committed to achieving our sustainability goals in 2023 and beyond. We are resolutely implementing circularity principles in both our products and processes, which underscores our shared responsibility to make a meaningful difference.

Collaborating closely with our customers, stakeholders, partners, and every member of the Poeticgem family, we are excited to realize a future that embraces environmental stewardship, social responsibility, and innovation.



**Anuj Banaik**  
CEO, Poeticgem



We have continued to make progress increasing the use of more sustainable materials and process for our products. We have focussed on the chain of custody/ traceability for our materials, chemical compliance of our mills and, have now extended these efforts to go deeper into our tier 4 materials as well. Data collection is key as always and we continue to work on this piece whilst we leverage better data in each phase. We have now a baseline of our Scope 1 and 2 GHG emissions together with the PDS Group and that now sets us up to establish our Science Based Targets in the coming months. Over 80 % of our wet processors are now on the Higg platform and this helps us measure our environmental and social impact better, working actively with our value chain at all levels. We have ambitious targets to implement Circularity in our Products and processes and are moving ahead with a bottom up approach, so that each member of our business is positively engaged in this new frontier and inclined to make a difference.



**Kavita Dass**  
Head of Sustainability and Fabric

## Sustainability metrics

Poeticgem	Trend & Comments 22/23	2022/23
<p><b>Use of Environmental Impact Measurement (EIM) software.</b></p> <p>At least <b>40%</b> of NON Denim garments to achieve a score of &lt;35 litres of water by end 2022, 50% by end of 2023.</p>	<p>We have fallen behind on this target for Non Denim in Menswear. However we are switching our largest non denim programs from March onwards (2023-24) to EIM Score <b>&lt;35L per unit laundries</b></p>	<b>10%</b>
<p><b>Top 5 Wet Processors (Fabrics) across the business must sign up to the ZDHC Foundation level by Q4 2022 and Top 10 by e/o Q4 2023</b></p>	<p>We have achieved and surpassed this Target with <b>Top 12</b> of our key Wet Processors on the ZDHC Foundation level by Q4 2022</p>	<b>100%</b>
<p>Switch Polyester to Recycled polyester at least <b>30%</b> GRS or RCS certified offer, in <b>40%</b> of fabrics by Q4 2022 and <b>50%</b> by Q4 2023</p>	<p>We have achieved and surpassed this Target at Q4 2022 by more than trebling the uptake in MW (17% to 53%) and by an additional <b>83%</b> uptake in LW (from 3% to 86%)</p>	<b>50%*</b>
<p><b>Updated KPI</b></p> <p>Ensure all Tier 1 sites, where required, are registered on the Higg Platform and complete FEM Self Assessment by 30th April 2023 (or extended deadline for those onboarding). Additionally FEM Verification, where customers require, to be completed by 31st Dec 2023.</p>	<p>Our closing status for FEM 2021 (as correct on 31st of December 2022) is 85% for T1 sites. Though we expected to be closer to 100% adherence there have been a number of challenges in our first year due to the following reasons: Higg have specific deadlines for FEM purchase / self assessment and verification and we are sometimes limited where onboarding sites towards these dates. There is an undocumented allowance from the customers to adhere in the following year. We always ensure that commitment is in place.</p>	<b>85%</b>
<p><b>Updated KPI</b></p> <p>Ensure all Tier 2 sites, where required, are registered on the Higg Platform and complete FEM Self Assessment by 30th April 2023 (or extended deadline for those onboarding). Additionally FEM Verification, where customers require, to be completed by 31st Dec 2023.</p>	<p>Our closing status for FEM 2021 (as correct on 31st of December 2022) is 53% for T2 sites. Though we expected to be closer to 75% adherence there have been a number of challenges in our first year due to the following reasons: Higg have specific deadlines for FEM purchase / self assessment and verification and we are sometimes limited to onboarding sites towards these dates. There is an undocumented allowance from the customers to adhere to in the following year. We always ensure that commitment is in place. At T2 site level we see a significant drop due to the higher frequency of site movement and in some instances lack of commitment due to business levels.</p>	<b>53%</b>
<p><b>Tier 1 sites:</b> Poeticgem is committed to actively engage and strategically empower all sites where there are no customer requirements for Higg, to register on the Higg platform and complete FEM Self Assessment within the current reporting period.</p>	<p>Our closing status for FEM 2021 (as correct on 31st of December 2022) is 5% for T1 sites. Historically this information has not yet been requested so this data is based on those we are now actively engaging or those already Higg members with whom we have connected. We expect to increase this percentage through 2023 and to at least have communicated to and requested sites support.</p>	<b>5%</b>

\*Data estimated from one customer





Poeticgem	Trend & Comments 22/23	2022/23
<b>Tier 2 sites:</b> Poeticgem is committed to actively engage and strategically empower all sites where there are no customer requirements for Higg, to register on the Higg platform and complete FEM Self Assessment within the current reporting period.	Our closing status for FEM 2021 (as correct on 31st of December 2022) is 3% for T2 sites. Historically this information has not yet been requested so this data is based on those we are now actively engaging or those already Higg members with whom we have connected. We expect to increase this percentage through 2023 and to at least have communicated to and requested sites support though this will be more challenging at T2 level due to influence levels.	3%
<b>Tier 3 Wet Processors :</b> PGI commits to actively engage and strategically empower to join the Higg FEM when onboarding.	We have an increasing number of sites procuring for customers which do not have these requirements. However we are making progress in engaging new sites to be part of the Higg and selecting, where possible, those sites already engaged . We are consolidating Mills and exiting mills that are not strategic or are non compliant	50%
PGI UK Head Office to use 100% green energy for Scope 1&2 emissions reduction by Q4 2023.	We have an increasing number of sites procuring for customers which do not have these requirements. However we are making progress in engaging new sites to be part of the Higg and selecting, where possible, those sites already engaged . We are consolidating Mills and exiting mills that are not strategic or are non compliant	81.90%
PGI Bangladesh to support on a continuous basis, one strategic community program in the Bangladesh Regional Office catchment, aimed at the empowerment of women through Q2 2022 to atleast e/o Q4 2023	We are on track and are supporting a girls school in Dhaka named Abinta Foundation	100%
PGI UK HO to use greener vehicles for their owned vehicles, Scope 1 and to achieve the set target of 50% reduction to 2075 kg CO2 emissions by end of Q4 2023	We are well on track to achieve this target by Q4 2023 as the business has placed an order for 3 Hybrid vehicles to replace our diesel vehicles for HO Watford and Manchester. Once we have those details, we will be able to start tracking the Carbon reduction target for business use on these leased vehicles for PGI	100%
As a business, collectively, with the PDS Group key businesses, we are working towards SBTi and BRSR. We will be working towards a Base Line verified Scope 1 & 2 Data initially for the year 2022.	We have engaged Leadership & Sustainability, a Germany based ESG Firm, to support us to verify a Base Line to help prepare us for the SBTi membership with Base Line Year 2022. We have made a start and are on track	20%
<b>World Menopause Day 18th October 2018:</b> As a run up to this we commit to actively engage Senior Leadership as well as the employees across PGI Global for 2023-24	We need to assess the level of awareness to understand and implement the change required across the business. The aim is to ensure that we have adequate support for women employees at every level within PGI.  Reference: Business Leader/Alice Cummings , <a href="https://www.businessleader.co.uk/over-50-of-employers-see-demand-for-menopause-support-rise-in-recent-years/">https://www.businessleader.co.uk/over-50-of-employers-see-demand-for-menopause-support-rise-in-recent-years/</a> published Oct 13th 2022.	0%

Being a new business vertical, we started our sustainability journey from late 2022. We have set up a clear road map and defined measurable goals. We as an organisation are making sustainability to be part of our daily efforts & we are working towards achieving our self defined goals.

**Gaurav Pandey**  
C.E.O.

We have divided sustainability goals under four pillars i.e, Supply Chain - Energy, water and waste management, Sustainable raw material usage, Supply chain traceability & lastly usage of technology to reduce sampling. Our goals are clearly defined and measurable and we monitor the progress on regular basis.

**Vivek Sonwalkar**  
Director - Merchandising

### Sustainability metrics

PDS FAR EAST LIMITED Higg ID #154810	Trend & Comments	2022	2023
● Measuring our supply chain emission, water and waste through Higg FEM	Ensuring all the Supply chain Mill/Garment Factory and Washing Laundries to be registered under Higg FEM/FSLM	-	100%
	Ensuring all above supply chain partners are collecting the data and uploading on the Higg Platform	-	100%
	Goal Setting and evaluation of the result with measurable parameters to implement across all supply chain partners. Target to achieve by H2 2024	-	-
Usage of Sustainable fibers in fabrics being used in Garment production	Cotton - Usage of sustainable cotton across all Apparel product categories. Target to achieve 100% by H1 2024	-	60%
	Polyester - Usage of Recycled (GRS/Repreve) Polyester across all Apparel product categories. Target to achieve 100% by H2 2024	-	40%
	Viscose - Usage of Sustainable Viscose (Lenzing Ecovero / Birla Liva eco) across all apparel product categories. Target to achieve 100% by H1 2025	-	0%
100% Cotton traceability across supply chain partners for USA Shipments	Target to achieve 100% cotton traceability for USA business by H1 2024	-	Work in progress
Reduce number of Buying and development samples by use of 3D	Target to achieve 80% reduction in number of samples by use of 3D technology by H1 2024	-	40%



# DESIGN ARC



A great step forward for Design Arc in the sustainability journey as all of our associates and stakeholders have embraced this new way of conducting our business. Our teams are not only working hard towards achieving our sustainability goals, but using sustainable raw materials and processes is always at the fore front of our actions. We are very proud of the commitment shown by our teams and we are confident of making new strides as we go along on this journey.

**Rakesh Chaddha**  
Director

We have been making some great progress in our sustainability journey at Design Arc. In addition to promoting the use of more sustainable raw materials and processes, we are very proud of our Digital transformation journey. At Design Arc, this has been our greatest achievement for 2023. Creating virtual collections for our clients leading to reduced physical sampling and higher adoption rate, to signing off orders on 3D with a physical lab dip is driving us towards achieving our sustainability goals.

**Nicola Hakkak**  
Senior Garment Technologist  
(Sustainability Champion)

## Sustainability metrics

Design Arc	Trend & Comments 22/23	2022/23	2022/23
There will be no "conventional" cotton in the Design Arc offer by end of 2024. The offer will consist of BCI and Organic Cotton only. (BCI/ Organic/IC2 cotton for 50% of the product base by Q4 2021.  65% by Q4 2022, 75% by Q4 2023 and 100% by Q4 2024.		91%	95%
No untraceable Viscose to be used (FSC/ PEFC/Canopy Green Shirt certified only) by the end of 2023. (FSC/PEFC/Canopy Green Shirt certified viscose for 50% of the product base by Q4 2021.  75% by Q4 2022, 100% by Q4 2023		61%	100%
Switch Polyester to Recycled Polyester at least 25% GRS or RCS certified offer, in 50% of the fabrics by the end of 2023.  Recycled Polyester for 25% of the product base by Q4 2021, 35% by Q4 2022 and 50% by Q4 2023		29%	90%

Design Arc	Trend & Comments 22/23	2022/23	2022/23
Continue to work with our three main fabric mills to support the development of their Sustainability Agendas.	Roll out the example from one of our mills that put in place initiatives to save 1,439m3 of water per annum and reduce CO2 emissions by 66 tonnes annually.	One mill: reduced 1,439m <sup>3</sup> of water and 66 tonnes of CO <sub>2</sub> annually.	Bangladesh Mill Hoorain HTF Limited have started CFW (Care for Water) program and the mill has enrolled for HIGG FEM module
Promote the use of Digital Tools for all business processes with special emphasis on 3D design with an aim to reduce physical samples (buying samples & sealing samples), to 50% by the end of 2023.  The original target to reduce the number of physical samples by 15% by Q4 2021 has been revised as above.			Stage 1 Jan 23-Sep 23 We aimed to reduce sampling and save on resources by 15%.  Stage 2 Oct 23-March 24 We are aiming to reduce sampling and save on resources by 30%
Committed to provide school education to 125 children in Bangladesh since 2015 through Soham for All (program run by Hope Worldwide UK and supported by PDS, Design Arc). Program extended to provide vocational training (Industrial Sewing & Tailoring and Computers & Spoken English) to 60 women (capacity 120 annually) who want to support their families financially.	PDS/ Design Arc has been funding this initiative since 2015.	On-going	On-going
Solar power in the factories: To work closely with our factory partners to help them with their solar power initiatives.			Solar power in the factories: 4 factory partners are generating their own solar power. Ilmeeyat generated 5261 kw/h. Cotton Field generated 124145 kw/h.



# SIMPLE APPROACH



We often think of change as an outcome, but it can be more helpful to think of change as a process. At Simple Approach we have embarked on a continuous journey of improvement, we won't reach our ESG goals, because the goal is to keep improving. There is no end state, only milestones reached, which show progress and improvement as we strive to be the best we can be.

**Sunny Malhotra**  
Managing Director

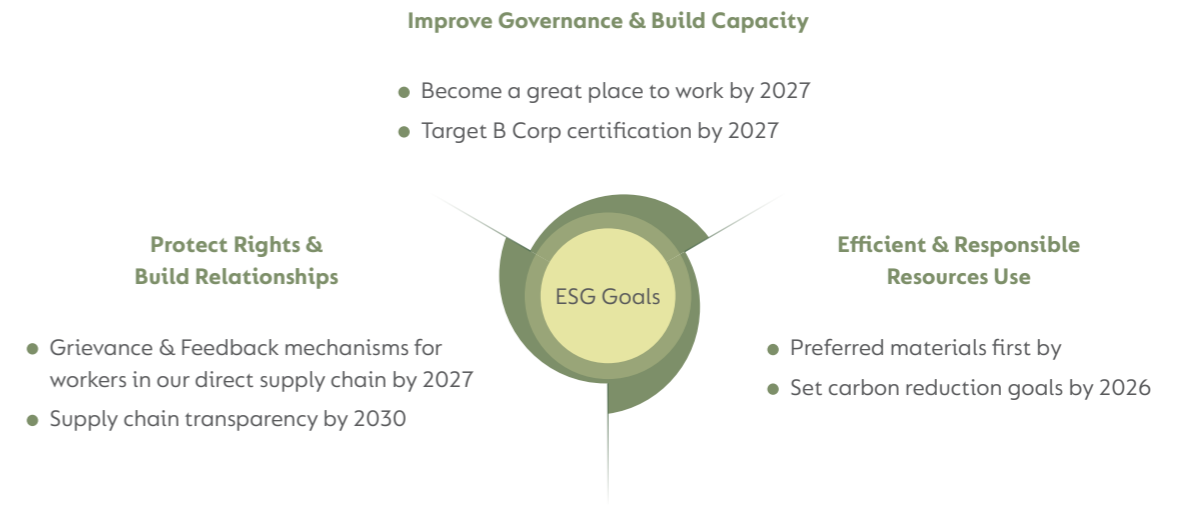
This year, alongside our work across our ESG goals, we have worked to understand upcoming due diligence and sustainability legislation. This led to Simple Approach initiating a partnership with other suppliers, the Transformers Foundation, and GIZ. The result was:

[An Apparel Supplier's Guide: Key Sustainability Legislations in the EU, US, and UK](#)

This first of its kind, supplier led, report, aims to help suppliers across the industry prepare for upcoming legislation, which will be an increasing focus for us in the years to come.

**Ilshio Lovejoy**  
ESG General Manager

## Sustainability metrics



Simple Approach	Trend & Comments	2022/23
Publish a 2021-2022 sustainability report	Aiming to publish in 2022-2023	<b>Achieved</b>
Capacity building including management, leadership and sustainability training and literacy for 2022/2023	During our bi-monthly 2021 sustainability training session we had an average of <b>45</b> team members join	<b>Achieved</b>
Preferred materials offered for over <b>90%</b> of product offering by 2023/2024	Not yet measuring, just finalising the policy and rolling it out with teams	Moved our deadline to 2027 PLM integration for reporting on this goal but qualitative evidence suggest we are making progress
Increase our total preferred fiber sourced by <b>10%</b> annually	Currently at <b>20%</b> for 2020-2021	Haven't completed reporting for 22/23 yet but it looks like we will meet this goal
Baseline reporting to set goals across environmental and social indicators 2023/2024	Not yet measuring in most areas. Baseline reporting achieved for material use and gender mapping	Dropping this goal for more specific indicators
<b>90%</b> of direct suppliers report via the Higg FEM 2023/2024	As of March 2022 T1 <b>66%</b> T2 <b>70%</b>	You already have our data on this
Publish <b>90%</b> of Tier 1 and Tier 2 suppliers list 2022/2023	Published at the end of March 2022	<b>Achieved</b>
Complete B Corp self assessment and certification roadmap in 2022/2023 Apply for certification in 2025/2026	Estimated <b>80%</b> self assessment completion	Achieved the initial self-assessment but have not yet created the roadmap



# SPRING NEAR EAST



Over the past few years, the world has faced several challenges that disrupted the global order. The war in Ukraine escalated, causing social and economic ramifications on a global scale. High inflation and a severe cost of living crisis further added to the uncertainty and instability. As a result, sustainability took a back seat for many businesses between supply chain disruptions and soaring energy prices.

However, we cannot overlook the pressing need to decarbonise our economy. Extreme weather events continue to affect communities worldwide, making sustainability more crucial than ever. We must prioritize sustainability to safeguard our planet's future and the well-being of future generations.

Sustainability has become a vital business imperative. Addressing the climate crisis demands innovation, agility, and collaboration on multiple fronts. At Spring Near East, we view decarbonisation as a catalyst for growth and remain committed to creating social, economic, and environmental value within our ecosystem. Our relentless efforts focus on meeting the needs and expectations of our customers while driving positive change for a more sustainable future.

On the other hand, I would like to express my deepest condolences to all impacted by the tragic earthquakes in southern Türkiye in February 2023. We immediately mobilized resources to provide relief and support to the affected communities. As a company committed to sustainable development, it is our responsibility to give back to our communities. We will continue to help rebuild and restore life in the region to the best of our abilities.

**Safak Kipik**  
CEO



As Spring, we are aware of our duty and ability to guide our industry towards a more sustainable and circular direction. We strongly believe that collaboration is the best strategy. Last year, we launched several transformative projects/programs and put significant effort into others that will become reality soon.

Only in 2022,

- Increased sustainability raw material usage by 40% compared to 2021.
- Used I-REC certified renewable energy at headquarter office.
- Published the Spring Corporate Carbon Footprint Report 2021 and 2022 (scope 1-2 and 3) in accordance with ISO 14064 and Greenhouse Gas Protocol.
- Collaborated with the Women's Solidarity Foundation (KADAV) to support and empower women via the circularity project.
- Became a member of the Türkiye Circular Economy Platform to improve capacity and share experience on textile circularity.
- Expanded the rollout of the Sustainable Apparel Coalition's (SAC) Worldly Facility Environment Module (FEM) to cover our broader supply chain and increased the visibility of our supply chain's environmental performance data.
- Increased FEM verified assessments by 52% compared to 2021. Our facilities scored an average of 60 verified score across all sections, which is above industry score.
- 20% of our suppliers used renewable energy such as solar, purchased renewables and wind within the production in Türkiye.
- Implemented several sustainable best practices and solutions such as Vegetable Dye and Ozone Wash within the supply chain.
- About 10% of products were designed, developed and shipped in 3D.

**Samet Cetin**  
Sustainability Manager



## Sustainability metrics

Spring Near East	Trend & Comments	2020/21	2021/22	2022/23
I-REC certified Renewable Energy usage as of 2022 in Spring HQ office.	I-REC Certified clean energy has been used within the 2022 operation year.	0%	100%	100%
Calculating and reporting the Carbon Footprint for Spring' 2021 operations (scope 1-2) according to ISO 14064-1.	The first corporate carbon footprint report was analyzed and reported in 2022.	Did not calculated and reported	Corporate Carbon Footprint 2021 report was published.	The Corporate Carbon Footprint 2022 report is in the process to publish as of mid-April 2023.
Implement at least two international management systems in Spring HQ office by the end of the FY24.	-	-	-	OCS and RCS standards are in the process in the order being certified sourcing office in 2023.
Declare the Corporate Carbon Emission Commitment in line with the international standards by March 2023.	-	-	-	The Corporate Carbon Emission Commitment was published in Feb-2023.
Increase 50% capacity of the 3D Product Development by March 2023.	In 2022, about 10% of products were designed/ developed and shipped in 3D by Spring. It increased by 100% compared to the 2021 operation year.	1%	1%	10%
Implement at least two projects on Women Empowerment by March 2023.	As a signatory of the United Nations Women's Empowerment Principles, two projects were conducted in 2022.	-	-	1) Collaboration with Istanbul Municipality to empower the people at Women's Shelters where social, legal, and psychological support is needed by vulnerable women and children.  2) Collaboration with Women's Solidarity Foundation (KADAV) to produce the tote bag from fabric waste in a socially and environmentally friendly and share it with stakeholders as a new year gift.





# GRUPO SOURCING



Spring Near East	Trend & Comments	2020/21	2021/22	2022/23
Implement and have certified, Zero Waste at Spring HQ office by March 2023.	Implemented and certified in 2022.	-	-	After the evaluation/ audit process regarding the local law, the zero waste certificate was received from the T.C. Ministry of Environment, Urbanisation, and Climate Change.
Implement at least two Circular Economy R&D projects with the core suppliers by the end of FY24.	A circular economy project was conducted in 2022. The second project is in process.	-	-	The sample fabric waste was turned into a new product (tote bag) for a new year's gift to stakeholders and customers. With this project, about 1000 units of tote bags are produced.
Implement full Life Cycle Assessment with one of our core suppliers by the end of FY24.	-	-	-	It is still in the process to implement the Lice Cycle Assessment.
At least 50% of supply partners to conduct HIGG Index FEM 2021 verification audit by March 2023.	In 2022, the conducting self-assessment increased by 33%, and the hosting verification assessment increased by 52% compared to FEM2020.	Higg FEM2019; Self-assessment: 22% Verification: 19%	Higg FEM2020; Self-assessment: 73% Verification: 60%	Higg FEM2021; Self-assessment: 97% Verification: 91%
Undertake the UN Global Compact Training for all management employees on the fight against corruption by March 2023.	The training platform did not worked properly during the 2022 year, this target will implement in 2023.	-	-	
Increase sustainable raw materials and sourcing by 20% by March 2023.	Increased about 40% of sustainable raw materials usage in 2022 compared to 2021.	10%	20%	28%
Increase implementation of certifications and capacity building platforms within the Supply Chain by 10%, by March 2023.	Supply chain have achieved beyond legal requirements together with the certifications and capacity building platforms in 2022.	ISO 9001: 36% ISO 14001: 24% ISO 45001: 21% ISO 27001: 15% GOTs: 38% OCS: 62% GRS: 23% RCS: 52% OEKO-TEX Standard 100: 28%	ISO 9001: 39% ISO 14001: 26% ISO 45001: 23% ISO 27001: 17% GOTs: 45% OCS: 71% GRS: 33% RCS: 68% OEKO-TEX Standard 100: 37%	ISO 9001: 40% ISO 14001: 28% ISO 45001: 24% ISO 27001: 17% GOTs: 45% OCS: 75% GRS: 34% RCS: 76% OEKO-TEX Standard 100: 35%

For sustainable apparel product development, intuitive service quality, compliance excellence maintaining all certifications and sourcing strategies, we serve as a dependable, progressive and direct partner for the clients.

**Zamal Uddin Ahmed**  
C.E.O.

At Grupo Sourcing we embarked on our sustainability drive in earnest in 2022. So far, all of our knit composite factories that have an ETP facility, re use an average of 35% of their treated waste water, three of our partner factories wholly comply with the requirements of ZDHC, nine are GOTS / OCS certified and six totally comply with GRS / RCS requirements.

In 2023/24 we look to build on the initiatives that we have in place, as well as adding focus to those listed.

**Md. Yeasin Arafat**  
Senior Compliance Auditor

## Sustainability metrics

SL Grupo Sourcing Ltd.	Trend & Comment	2022/23	2023/24
<b>Reduce Emissions</b>			
● 11 Out of 15 factories calculating water consumption	Rest 04 factory trying to calculate water consumption sustainable way	0.8	1
● 08 Out of 08 Knit composite factories reuse 45% of their waste water	Grupo working with rest 07 factory for reuse water	0.45	0.6
● 08 Out of 15 factories verified from Higg	Grupo working with rest 07 factory to enlist in Higg	0.55	0.7
● 08 out of 08 Knit composite factories have functional ETP	Rest 07 factories are cut to pack facility	0.55	0.7
● 08 out of 08 factories comply ZDHC	Rest 07 factories are cut to pack facility	0.55	0.6
● 10 out of 15 factories are working for sustainable goal achievement	Grupo working with rest 05 factory to conduct training	0.85	1
● 06 Out of 15 factories are GRS certified		0.45	0.6
● 09 Out of 15 factories is GOTS & OCS certified		0.6	0.7



# ZAMIRA



At Zamira, transparency and traceability are integral to our approach. We ensure that every step of our product's journey is visible and accountable. Our product journey starts with fabric sourcing and material selection, prioritising ethical and sustainable sourcing, ensuring safe-to-wear products and transparent supply chains. Zamira leads the way in auditing its core supply chains through Oeko-tex® STeP and incorporating Oeko-tex® Made in Green.

Since 2020, we have eliminated the use of Potassium Permanganate while maintaining authentic denim looks. Embracing new garment finishing technologies like o-Bleach, Laser, Ozone, e-Flow, NoStone, we have established a state-of-the-art development centre - 'The Lab'. Our wash and sustainability experts continuously innovate garment finishing recipes. And we currently provide core denim programs with an EIM Green Score.

Our commitment to a decarbonised future led us to a net zero supply chain journey in 2021. Partnering with BluWin accelerates our carbon emission reduction, aided by digitising product design, near-shoring fabric suppliers, and investing in eco-efficient machinery and renewable energy solution

**Thomas Mueller**  
Managing Director



Zamira is dedicated to its sustainable objectives through the six pillars of our Zamira Cares sustainability initiatives. Continuously driven by innovation from our smart development centre - 'The Lab', we continually expand the depth each pillar. In the current year, our concentrated efforts are directed towards achieving transparency and traceability at every part of the product journey.

**Germaine Heng**  
Sustainability Denim Designer



## Sustainability metrics

Zamira Fashions	Trend & Comments	2022/23
Reduce energy, water and chemical usage: Implementation of new technology machinery: e-Flow, laser and oBleach as well as upgrading of existing machinery system in our Smart Development Centre. By end of 2022.	Added 3 new technology machines with capabilities for o-Bleach, e-Flow and laser. Increasing the eco washing capacity within the Denim Lab.	<b>Implemented</b>
Training for local wash team for sustainable washing methods and awareness of low water usage and green chemicals. By end of 2022.	Local washing team being more aware of green chemicals abilities and using them during washing processes in replacement of traditional chemicals.	<b>Completed all local team members.</b>
Replacing traditional chemicals with sustainable green chemicals. Goal is for as many of it that can be replaced as possible in both our development sampling and production lines. By end of 2022.	Update as of Q4 2022, successfully replaced 12 traditional chemicals with chemicals that are certified ZDHC Level 1.	<b>On-track</b>
Digitalising workflow from laser to 3D sampling, optimising sampling lead-time. By end of June 2022.	Headed pilot projects with customers that have production orders and is ongoing supporting 3D sampling visualisation for other customers.	<b>On-track</b>
Carbon emissions and energy management initiative by the company. Goals to be set during early 2023 after approval by SBTi.	Submitted and is awaiting validation from SBTi in Aug 2023.	<b>On-track</b>
Easy disassembly of trims at the end of the garment life cycle. Innovating with sustainable trims (e.g. reusable shank buttons) and pushing for customer's production in these.	Have production orders with a removable shank button implemented.	<b>On-track</b>
Active involvement in recycling garment samples with PDS Group partner company, Yellow Octopus..	A total of 200 pieces in both garments and textile fabrics are mixed.	<b>Completed</b>



# KRAYONS



At Krayons, we recognize the profound impact that the apparel industry can have on both the environment and society. With this awareness, we have embarked on a journey towards sustainability and excellence in Environmental, Social and Governance (ESG) practices.

We are dedicated to Sustainable Sourcing materials and fabrics that prioritize environmental responsibility from organic cotton to recycled fibers, we seek to minimize our carbon footprint. We also ensure Ethical Sourcing and partner with manufactures who uphold ethical standards, provide safe working conditions, and empower their employees. With implementation of 3D software for sample developments and presentations we are actively working to reduce our operational carbon footprint.

Sustainability and ESG are core to our values, we are dedicated to making a difference in the world through conscious choices and responsible practices.



**Rajnish Kapoor**  
CEO



Our mission is to drive positive change by integrating sustainability into every facet of our operations. We are committed to reducing our ecological footprint, fostering social inclusivity, and innovating towards a circular economy. Through collaboration, education, and responsible practices, we strive to inspire others to join us on this journey towards a more sustainable and resilient world.

Together, we can forge a path towards lasting sustainability, ensuring that the beauty and resources of our planet endure for current and future generations



**Henry Biswas**  
General Manager QA & Technical

## Sustainability metrics

Initiative	Target Date and End state	Baseline	Progress
● Eliminate single use water bottles/ one time cups in our office	Implemented	Remove all plastic bottled water from our offices for employees, providing water in refilling / reusable bottles instead and creating stronger environmental impact by avoiding 50 bottles/day	Done
● Reduce energy consumption in our office	Implemented	Through the use of automatic switches to turn off lights empty/ unused rooms and it help us to reduce energy consumption by 35-45 percent from its total amount.	Done
● Reduce water wastage in our office	Implemented	Install automatic stop taps in the washrooms within office and reduces wastage around 70% on water conservation	Done
● Take notes on your computer or smartphone when possible	1 <sup>st</sup> January' 2023	Taking paper notes can use up a lot of paper, which may be harmful to the environment. Instead, we can use a sticky note tool, note app, or word processor to do this.	Still in process Estimated Completed Date December' 2023
● Encourage water saving with tips and instructions	1 <sup>st</sup> October' 2023	A faucet that drips just once per second wastes 27,000 gallons of water annually.	Done
● Fabric to be made with repreve polyester which started as recycled ocean plastic bottles, where garments are also being labelled 64 % Cotton, 34% repreve Polyester and 2% Elastane	2022 to 2023 and it is continuing	16 million plastic bottles were saved from the landfills.	Already we have shipped more than 2 million units to the USA market in last financial year.



# PDS FASHIONS USA



We are committed to a sustainable business by conserving energy, water and other natural resources; reducing waste generation; recycling and reducing our use of toxic materials. We are closely working with all supply chain partners to achieve the goals.

**Moin G**  
Managing Director



For our active facilities, we have set different SMART objectives (Specific, Measurable, Achievable, Realistic, and Timely) for FY 2023/24. These all are focused on the PDS Groups four pillars of sustainability: RESPECT WATER, REDUCE EMISSIONS, BUILD COMMUNITY AND THINK CIRCULAR.

In upcoming year, we will continuously focus on our declared commitments to achieve PDS group goals.

**Mahbub Al Hasan**  
Assistant Manager - Compliance



## Sustainability metrics

PDS Fashion US Ltd	Trend & Comments	Dec 2022	2023/24 Targets
<b>Reduce Emissions</b>			
<ul style="list-style-type: none"> <li>One of our suppliers has installed a solar panel which has a capacity is 500 kWh and generates 3% of their electricity consumption thereby reducing their dependence on the national grid and reducing emissions.</li> </ul>		Solar energy =353 kW	Utilize solar energy up to 400 KW.
<ul style="list-style-type: none"> <li>To reduce emissions, we focused all our active business partners by arranging different training and awareness programs to their ECR team to make sure energy saving and water reduction.</li> </ul>			
<ul style="list-style-type: none"> <li>To ensure target and reduce emissions business partners has taken different initiative such as: Electric Boiler Replace by Jhute Boiler, Run Mechanism Control, energy management system, Improvement in condensate recovery, Auto blow down control system for optimum blow down, Lighting Optimization (Installation of LED lights, Replacement of clutch motors with servo motors, to check energy level conduct energy audit, Replacement of conventional snap button machines with energy efficient auto snap button machines and reduce compressors operating pressure from 6 bar to 5.5 bar and monitor the operations.</li> </ul>	Unit cost reduced by 0.01kwh/ per unit compared to last year.	0.44 kWh/ per unit	Reduce energy consumption by 4%-5% in the FY 2022/23.

PDS Fashion US Ltd	Trend & Comments	Dec 2022	2023/24 Targets
<b>Respect Water</b>			
<ul style="list-style-type: none"> <li>To respect water, we emphasize all our active business partners by arranging different training and awareness programs along with their ECR team to make sure west water saving and water reduction.</li> </ul>			
<ul style="list-style-type: none"> <li>To achieve last year target, all our suppliers has taken different measurable points for non-washed garments such as repair the water &amp; steam line leakages. Collecting rainwater harvesting reduces ground water consumption, maintain water consumption report regularly from installed flow meter, developing energy management system, fixed target for water reduction, conduct training program on how to reduce the use of water, ensure water saving awareness raising poster in various visible places, by implementing water nozzle in all water consuming section, duel flash system in the toilet, reduction of water consumption by using trigger nozzles in hose pipes and Installing pressure reducing valve to avoid water waste</li> </ul>		Unwashed 0.026m <sup>3</sup> /per unit	Reduce water consumption by 4%-5% in the FY 2022/23
<ul style="list-style-type: none"> <li>Additional measures taken for washed garments such as install energy efficiency machine and replace all conventional machine (like Bally machine to brazzoli machine), Introduce sustainable wash system, reduce liquor ratio, overflow and spillage, use Recycle water from ETP in washing process, replacing the old conventional machines with new efficient machines, using E Flow Machine, Ozone Machine &amp; Laser Machine to reduce water consumption.</li> </ul>		Washed 0.064m <sup>3</sup> /per unit	
<b>Build Community</b>			
<ul style="list-style-type: none"> <li>100% facilities hire all employees from the local community.</li> <li>Most of the partners have an agreement with local hospitals to get special discounts on pathological tests for our employees and their families.</li> <li>Pre-primary School</li> <li>Different types of scholarship program for employee children,</li> <li>Free cloth Distribution to internal &amp; external childcare center</li> <li>COVID Vaccination Program.</li> <li>Free Medical Campaign for local community and for Workers Family Members,</li> <li>Fair Price shop,</li> <li>Women Empowerment Project (GEAR),</li> </ul>			
<b>Think Circular</b>			
<ul style="list-style-type: none"> <li>100% of partner factories (12 factories) are certified OCS/ RCS, GRS or GOTS. Also, all facilities are under BCI membership.</li> <li>In Addition, all our 100% partner factories are using BCI cotton for our customer.</li> </ul>			



# SOURCING SOLUTIONS LTD



I am proud of the strides we've taken thus far, from incorporating eco-friendly materials in our products to implementing energy-efficient processes in our factories. However, our journey has just begun. I encourage each of you to actively contribute to our sustainability goals, whether it's by reducing waste, championing recycling efforts, or advocating for responsible sourcing.

Let us remember that our actions speak louder than words. By integrating sustainability into our daily operations, we elevate our brand and pave the way for a more responsible and resilient industry. As we move forward, I urge you to embrace this challenge with enthusiasm and creativity. Together, we can set new standards, make a meaningful impact, and ensure a brighter future for generations to come.

**Imran Rath**  
Director



At Sourcing Solutions, we recognize that our influence extends beyond the boundaries of our operations. We have a unique opportunity to set an example for our industry by embracing sustainable practices and inspiring positive change across the board. I believe Sustainability is not a mere buzzword; it's a responsibility we bear toward our planet, our communities, and our future, particularly in the context of operating in a water scarcity region. It's about adopting practices that minimize our environmental footprint, support ethical sourcing, and ensure the well-being of our employees.

**Abdur Rehman**  
Manager - Compliance



## Sustainability metrics

Objective	Target date	Current Status	Target	Remarks
100% of the partner factories to monitor their Specific Water consumption (Water/ Production)	30-Jun-24	100	100	All 30 factories are now monitoring their specific water consumption.
100% of the partner factories to comply with ZDHC MRSL V2.0	30-Jun-24	100	100	All 30 Factories comply with ZDHC MRSL V2.0
100% of the partner factories to comply with ZDHC Fundamental wastewater treatment limits.	30-Jun-24	100	100	All 30 Factories meet the Fundamental ZDHC wastewater treatment limits.
50% of the partner factories to comply with ZDHC Progressive wastewater treatment limits.	30-Jun-24	23.33	50	7 factories out of target 15 meet the ZDHC Progressive wastewater treatment limits.
05% reduction of Specific water consumption in all partner factories	30-Jun-24	76.66	100	23 out of 30 factories have reduced their water consumption by 5%
20% of the partner factories to comply with ZDHC Aspirational wastewater treatment limits.	30-Jun-24	10	20	3 factories out of target 6 meet ZDHC Aspirational wastewater treatment limits
100% of partner factories to recycle 10% of total water extracted.	30-Jun-24	10	100	3 out of 30 factories are recycling 10% water
100% of Partner factories to hire 80% of total workers from local community.	30-Jun-24	100	100	All 30 factories have their 80% workforce hired from local communities
100% of partner factories to buy 90% of raw material to from local markets instead of import.	30-Jun-24	100	100	All 30 factories buy 90% of their raw material from local markets
5% increase in employing people from Vulnerable Group (elderly persons, ex-combatants, HIV/AIDS-affected, migrant workers and their families, national or ethnic, religious and linguistic minorities) in all partner factories	30-Jun-24	80	100	24 factories out of 30 factories have increased the workforce of vulnerable groups by 5%
100% of partner factories to integrate Training of Sustainable Development Goals in their annual objective & targets	30-Jun-24	90	100	27 factories out of 30, have integrated SDGs in their annual objective and targets

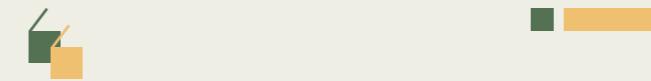




# PROGRESS APPARELS



Objective	Target date	Current Status	Target	Remarks
100% of partner factories to buy 95% of raw material to from local markets instead of import.		66	100	<b>20 out of 30 factories are buying 95% of raw materials from local markets.</b>
100% of Partner factories to hire 90% of total workers from local community.	30-Jun-24	50	100	<b>15 out of 30 factories have hired 90% workforce from local community</b>
100% of Partner factories to Recycle of 80% of textile waste to be recycled internally or externally,	30-Jun-24	100	100	<b>All 30 factories are recycling 80% of the textile waste. Internally and externally</b>
80% of the partner factories must be certified in GRS & RCS	30-Jun-24	86.66	80	<b>26 factories out of 24 target factories are certified in GRS or RCS standard certification</b>
100% of partner factories to reuse 10% of total water extracted.	30-Jun-24	63.33	100	<b>19 out of 30 factories are reusing 10% of total water.</b>
20% of total product must be made in recycled material.	30-Jun-24	76.66	100	<b>23 factories out of 30, made 20% of their total products in recycled materials</b>
100% of Partner factories to Recycle of 90% of textile waste to be recycled internally or externally,	30-Jun-24	33.33	100	<b>10 out of 30 factories are recycling 90% of their textile waste</b>
100% of the partner factories must be certified in GRS & RCS	30-Jun-24	86.66	100	<b>26 factories out of 30 target factories are certified in GRS or RCS standard certification</b>
100% of the partner factories emissions to meet National Environmental Quality Standards (NEQS)	30-Jun-24	100	100	<b>All 30 factories are meeting the National Environmental Quality Standards (NEQS) for emissions.</b>
100% of the partner factories to employ air treatment technology (Wet scrubbers, Electrostatic precipitator, cyclone separate etc.) on stack emissions	30-Jun-24	100	100	<b>All 30 factories are using air treatment technologies</b>
100% of the partner factories to monitor their Carbon Footprint.	30-Jun-24	73.33	100	<b>22 out of 30 factories are monitoring their carbon footprint</b>
100% of partner factories to use 50% of renewable energy consumption in total energy mix.	30-Jun-24	43.33	100	<b>13 out of 30 factories are using 50% or more renewable energy in total energy mix</b>
5% reduction in Carbon footprint in all partner factories	30-Jun-24	30	100	<b>9 out of 30 factories have reduced their carbon footprint by 5%</b>



I am pleased to see that the target we set for ourselves for the year 2022- 23, we have been able to achieve those 100% successfully.

On top of these achievements, we are also proud of the health and safety awareness program that we have been conducting in the factory, which is inclusive of Hepa-B and Covid-19 Vaccination programs for all of our employees.

We also take pride in delivering 450 health consultations for people in the local community.

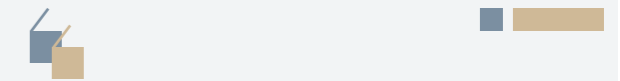
**For the year 2023-24, we aspire to achieve:**

- 1% additional saving of water from the concept of Respect Water.
- Plant 200 more trees which will aggregate 2200 trees in the facility.
- With the Zero Land Filling concept, we set an additional 2% saving in waste reuse.

**In addition to this,**

- Waste management awareness campaign
- Tree plantation in community level, and
- General health awareness campaign will be initiated to contribute at community level.

**Rajeev Dubey**  
CEO



Sustainability became scale of Measuring business excellence in global business phenomenon, In Progress Apparels, which enact business with stakeholders rightly.

**Compliance and sustainability footprint:**

- Reducing Emission of Carbon, Use of Recycle materials, - 100%Tracking of waste generation and utilization, - Improving calculative consumption of power(Electricity, Natural Gas and Diesel ).
- Community Building became an habitual excellence which includes Waste Management Awareness, Tree Plantation and Health awareness.
- Employee Engagement and Employees economic growth are interfaced with employees leadership opportunity not limited in paying electronically, and an awareness program to do future plan.
- Women empowerment and leadership footprint 85% of total employees where as factory targeted to increase in mid level Female category another 30% by 2026.

All this will outcome a right shape of future sustainability and an environment to live for next generations.

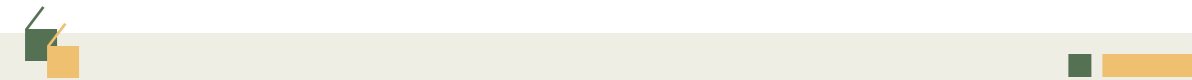
**Abu Sayed Nazim**  
Senior Manager – Compliance and Sustainability

**Sustainability metrics**

Trend & Comments	2022/23	Achieved
2% water savings from 2021/22 consumption	55%	56%
300 Man hour awareness training to Workers and Staffs	300 Man hours	300 Man Hours
2 Awareness Campaign in Local community on Pure Drinking Water and General Health Campaign.	2 Awareness Campaign in Local community on Pure Drinking Water and General Health Campaign.	100%
4% Improvement of combustibile materials to generate Iron Steam.	90%	94%
200 Tree plantation in factory premises.	2000 Trees	200 Trees
Recruiting 5% employees from local sources which is addition to 2021 achievement.	3543	3561
240 Manhour training program to conduct in-house on Waste Awareness.	240 Man hours	240 Man Hours



# NORLANKA



In the realm of sustainability, there are no shortcuts or easy solutions. However, by establishing systematic benchmarks grounded in actionable data and transparently sharing the outcomes, we can play a pivotal role in rebuilding trust in ESG reporting.

Driven by our commitment to impactful ESG initiatives, we are steadfast in our mission to achieve carbon neutrality by 2025. To accomplish this, we are focusing on renewable energy adoption, adhering to rigorous carbon footprint standards, undertaking biodiversity restoration efforts, and implementing effective waste management practices.

**Chandana Ranatungne**  
CEO



Norlanka's operations involve collaboration with over 30 manufacturing facilities in Sri Lanka, as well as more than 100 other suppliers. This extensive network places us in a position of responsibility towards a wide range of stakeholders, and we recognize the significant direct and indirect environmental impacts associated with our activities. To address these challenges, we have aligned our ESG goals with the United Nations' sustainable development goals. By 2025, our aim is to contribute to at least one target under each goal. We are committed to becoming a net zero landfilling organization by 2024 and achieving carbon neutrality by 2025. In our pursuit of these goals, we will continuously support our partner factories and other stakeholders in reducing our collective environmental footprint and fostering a stronger community.

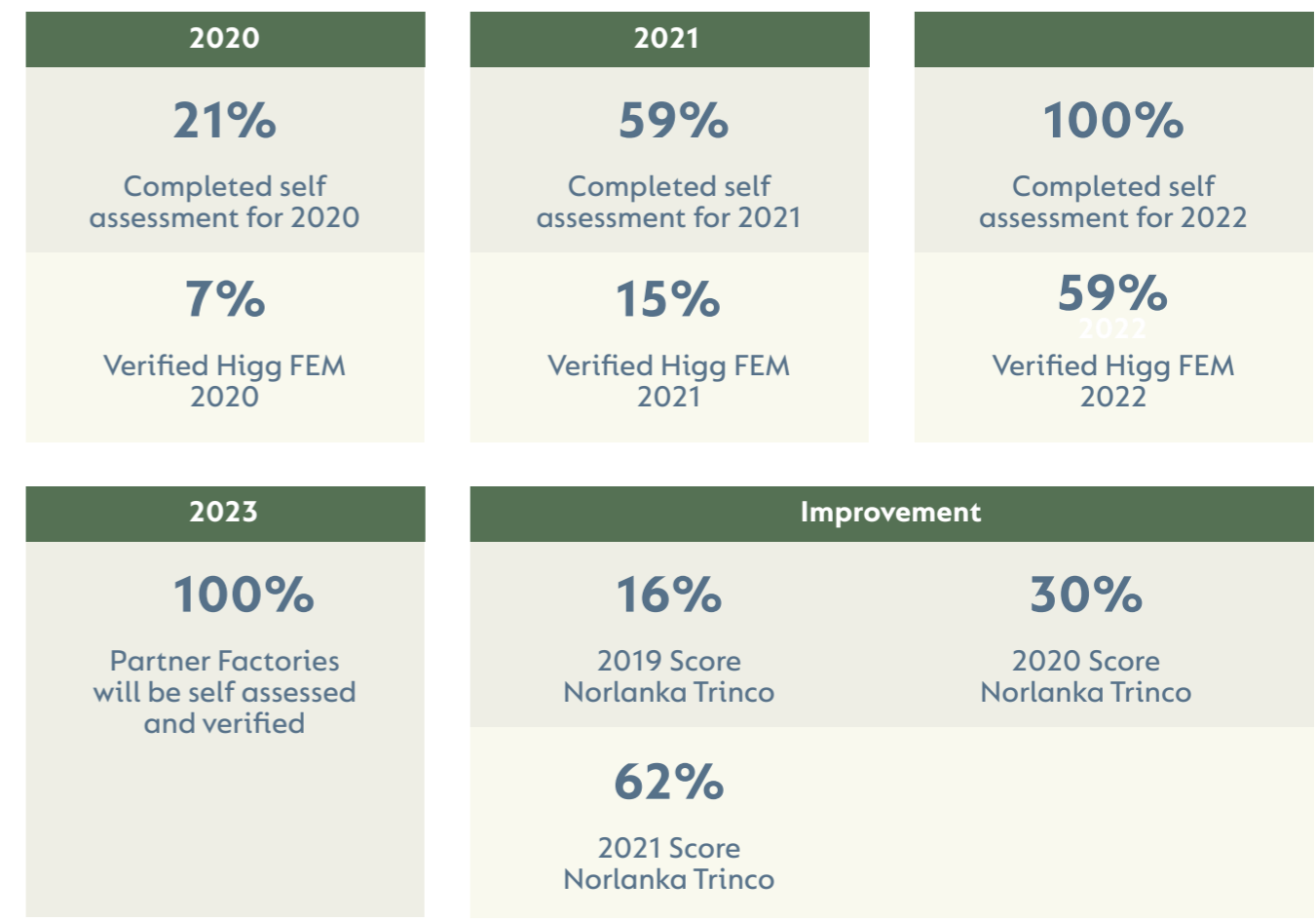
**Amila Jayawardana**  
Assistant Manager ESG



## Sustainability metrics

Norlanka	Trend & Comments	2022/23
59% of all T1 factories to complete Higg FEM self assessment for the base year 2021.	72% Self assessed	March 2023
15% of all T1 factories to verify the Higg FEM self assessment score for the base year 2021.	34% verified	March 2023
Set up the sustainability roadmap for 25% of T1 factories and set the baseline for them.	20% completed	March 2023

Norlanka	Trend & Comments	2022/23
Complete carbon footprint assessments for 10% of T1 factories.	Pending	March 2023
Design and complete environmental audit for 100% T1 factories.	Focussing on Higg FEM	July 2022
Develop strategic preferred materials and fibres roadmap for the overall sourcing business.	On going	
Set up waste generation baseline for 25% of T1 factories.	Set up under Higg FEM	March 2023





# GREEN SMART SHIRTS



We have adopted a unique approach to manufacturing control in order to set an example for the industry. Not only do we continually monitor our carbon footprints, but we also actively strive to reduce Co2 emissions and put greater emphasis on producing each product in a more sustainable manner. We are covering nearly 65% of our energy needs with solar panels and following a zero-waste policy that recycles 100% of our fabric waste.

As part of our commitment to a sustainable future, we are monitoring our carbon and GOHS emissions and working to reduce them; we will continue to do so until we reach net zero level.

**Manoj Dimri**  
CEO



<b>30%</b> Energy Reduction	<b>40%</b> Reduced Water Usage	<b>1000 KW</b> Solar panels are installed which covers around 65% energy requirements of GSSL - Completed in August 2023
<b>100%</b> Green Factory By 2025	<b>100%</b> Fabric Waste Recycling	

## Sustainability metrics

Project/Energy efficiency measures	Objective/ Purpose	Work/ Quantity	Calculation	Saving (%)	2022/23
Setup of 1560 pcs (20W) LED tube instead of 22w T8 Tube.	Power Savings	1560 pcs	1,880x22 w=41,360 w	41,360 w	In this Year
			1,560x20 w=31,200 w	25%	In this Year
Setup of 40 pcs (40W) LED Sandwich Panel instead of 160 pcs 15w T8 Tube.	Power Savings	40 pcs	160x15 w=2,400 w	2,400 w	In this Year
			40x40 w=1,600 w	33%	In this Year
Setup of 25 pcs (30W) LED Flood Light instead of 100W Halogen Flood Light.	Power Savings	25 pcs	25x100 w=2,500 w	2,500 w	In this Year
			25x30 w=750 w	70%	In this Year
Setup of Servo motor instead of Heavy Clutch Motor.	Power Savings	1000 pcs	1,000x1,000 w=1,000,000 w	1000 kw	In this Year
			1,000x500 w=500,000 w	50%	In this Year
In Two warehouse we are using sunlight instead of another 72 pcs 30w LED Bay Fixture Light.	Power Savings	72 pcs	72x30 w=2,160 w	2,160 w	In this Year
			0x0 w = 0 w	100%	In this Year

Project/Energy efficiency measures	Objective/ Purpose	Work/ Quantity	Calculation	Saving (%)	2022/23
Set separate energy meter for lighting load, machine load and others load as per floor accordance.	Power Savings (To get assistance for calculation & action)	22 Pcs	NA	1%	In this Year
Electricity saving with reuse of Steam Line Return Water.	Power Savings	1 AU	NA	2%	In this Year
Installing 1MW Solar system of renewable energy source which will save	Carbon Emissions Reduce & Power Savings	1 MW	50% Use & 10% add with National Power Grid	60%	In this Year
Going to convert the Diesel Boiler into LPG which will reduce Carbon emissions.	Carbon Emissions Reduce	10-15k Litre			In this Year
Replacement of all R-22 type with R410 Gas Inverter AC which will reduce huge amount of Carbon emissions.	Carbon Emissions Reduce	40 Ton AC	21 set AC of 28 set at GSSL	70%	In this Year
Installed Mini steam traps for each iron.	Steam Savings	100 Pcs		1%	In this Year
Installed Steam efficient Good Branded iron.	Steam Savings	50 Pcs		2%	In this Year
Going to arrange Steam flow meter in main steam line.	Steam Savings (To get assistance for calculation & action)	1 Au		1	In this Year
Installed P.R.V in mostly air use machinery.	Air Savings (To get assistance for calculation & action)	50 Pcs		3%	In this Year
Going to Install Pressure gauge meter of each line.	Air Savings (To get assistance for calculation & action)	1 AU		2%	In this Year
Reuse water from return steam line.	Water Savings.	1 AU	NA	5%	In this Year
Rain water harvesting for hose system & gardening.	Water Savings	500 m3		2%	In this Year
Going to Install of push/self closing taps.	Water Savings	100 Pcs		5%	In this Year
Going to Install separate Water flow meter for different distribution water line.	Water Savings (To get assistance for calculation & action)	1 AU		1	In this Year
Return Chiller line water will reuse for gardening or car wash.	Water Savings	1AU		2%	In this Year
STP treated water will reuse for toilet flushing.	Water Savings	1 AU		2%	In this Year





# MESSAGE FROM DIRECTOR – SUSTAINABILITY & INNOVATION



Dear Stakeholders,

Innovation plays a crucial role in driving sustainability in the apparel industry across its value-chain. Innovation in sustainability are mutually reinforcing concepts, that continue to challenge and reimagine the way we have been working within the industry for decades.

Having recognized this need for innovation in its value-chain, PDS Limited set up its venture arm, which invests in sustainability-focused innovation startups. Here is how we identify innovation driving sustainability in the apparel value-chain and how PDS's approach can contribute to this transformation.

## Material innovation

Startups focused on material innovation can develop new, eco-friendly, and sustainable materials for apparel production. These materials could be biodegradable, made from recycled sources, or incorporate advanced technologies to reduce environmental impact. PDS's investments in such startups can lead to the development and adoption of these innovative materials across the apparel industry, reducing the reliance on resource-intensive and polluting materials.

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**Buddhi Paranamana**  
Director – Sustainability & Innovation

## Supply-chain transparency and traceability

Innovation in supply-chain transparency and traceability is crucial for ensuring that sustainable practices are followed throughout the apparel supply chain. Startups working in this area can develop technologies like blockchain, RFID, and other tracking systems to provide real-time information about the origin, production processes, and transportation of apparel raw materials & components. This can lead to increased accountability, reduced instances of unethical practices, and improved conditions for workers.

## Circular economy initiatives

PDS has focused on bringing together startups that combine to provide innovative business models that emphasize recycling, refurbishing, and reusing apparel products. This is in hope to accelerate the adoption of circular economy principles within the industry, encouraging brands to design products with longevity in mind and enabling efficient recycling and reuse processes.

## Energy and resource efficiency

While we focus on innovation across materials and processes, we cannot overlook the manufacturing process and its high demand on energy and resources. We need to focus on solutions to optimize energy and resource usage in production processes. This could involve technologies that reduce water consumption, energy consumption, and waste generation during manufacturing processes. Renewable energy is a key highlight across all PDS owned manufacturing facilities; where we hope to be positively contributing towards the overall energy consumption.



The key concept of PDS' platform is 'collaboration'; we facilitate collaboration between startups, established brands, manufacturers, and other stakeholders in the apparel industry.

The key concept of PDS' platform is 'collaboration'; we facilitate collaboration between startups, established brands, manufacturers, and other stakeholders in the apparel industry. By fostering a collaborative ecosystem, PDS can accelerate the adoption of sustainable innovations, encourage knowledge-sharing, and create a collective effort towards driving positive change across its collaborators. As the sustainability landscape evolves, team PDS will stay at the forefront of emerging trends, regulations, and innovations. This knowledge and access to information enables the entire ecosystem to adapt and respond to changing circumstances effectively. It also positions PDS and the 300+ brands & retailers that we service as leaders in driving sustainable transformation.

We believe that the combination of innovation and investment has the potential to revolutionize the apparel industry's approach to sustainability and drive positive impacts that extend throughout the entire apparel value-chain, leading to a more sustainable and environmentally responsible industry.



# PDS VENTURES



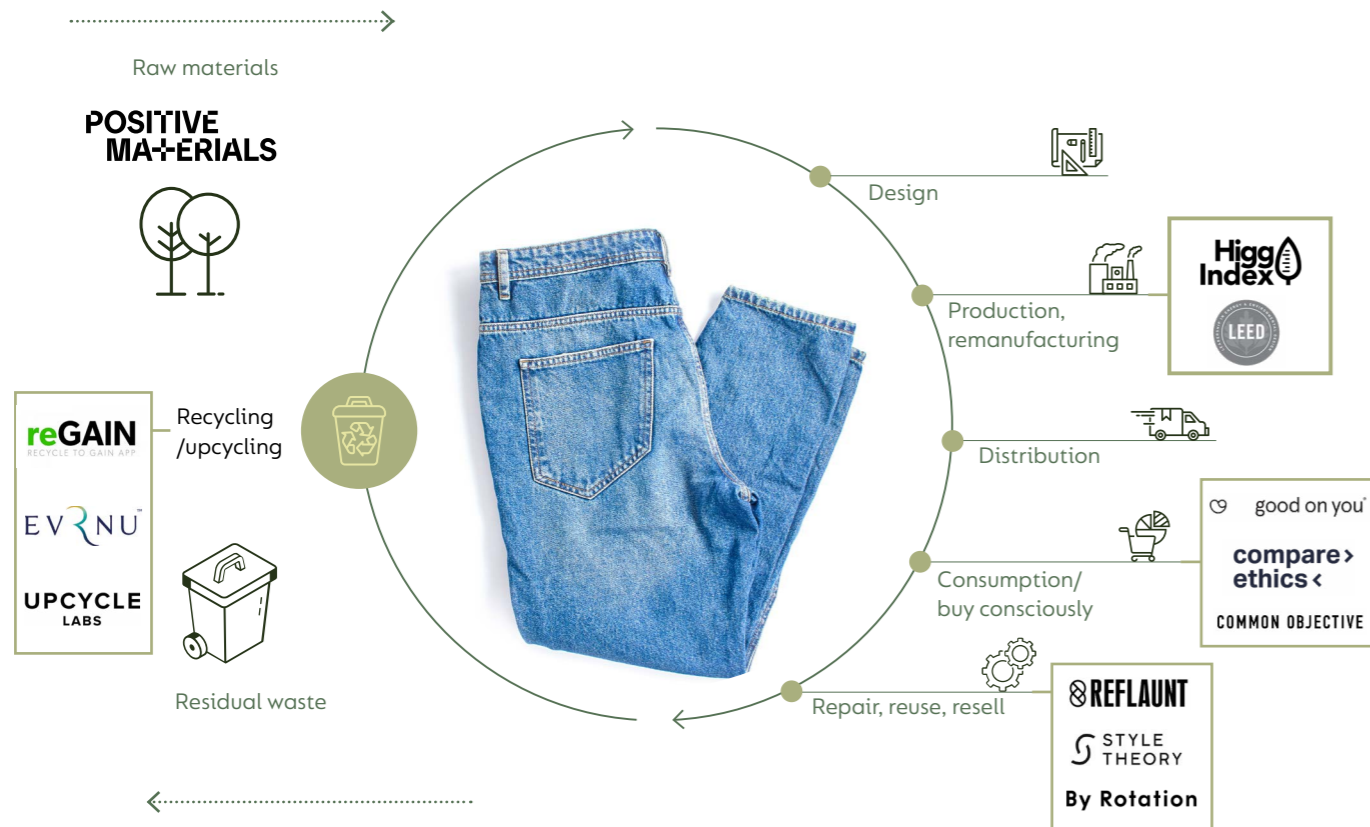
PDS Venture ecosystem is a driving force behind innovation, with a \$50 million VC investment fund that has already invested approximately \$ 20+ million across 63 start-ups and a few institutional funds. The venture has established several specialised funds, including the True PDS Fund, which focuses on sustainable and digital-first apparel brands, the Apex Black VC Fund, which centres around AI/ML business disruptions, and the Yellow Octopus x PDS Impact Fund, which is committed to making the fashion supply chain circular.

We are dedicated to nurturing and fostering disruptive technologies and cutting-edge innovations within the PDS ecosystem. Our investments prioritise projects that contribute to the United Nations Sustainable Development Goals. By championing these initiatives, we also aim to establish comprehensive circular models for global brands and retailers.

Underpinning the 'think circular' philosophy, we take a forward-thinking approach to build sustainable ecosystems through groundbreaking innovation. This commitment is exemplified by strategic collaborations, such as the joint venture with Yellow Octopus, and investments in businesses and technologies that are

revolutionising the circular fashion sector. By extending the lifespan of garments and exploring inventive upcycling and recycling methods, we contribute to a more sustainable and environmentally conscious fashion industry.

## Sustainable ecosystem



## Sustainable investments in the textile industry

# POSITIVE MATERIALS

Positive Materials serves as a strategic partner for PDS, fostering textile innovation for both emerging disruptors and established consumer brands. One of our key objectives is to scale up the use of next-generation materials by validating early-stage technologies and transforming them into industry-ready products.

To achieve this, we engage in deep strategic collaborations that enable us to leverage our team of scientists, product developers, and production specialists. They work closely with our extensive international network of textile supply chain partners, innovative start-ups, and consumer brands to create low-impact textiles.



**70%**  
Materials' portfolio is made of regenerative fibres

**60%**  
Products are mono-fibre textiles

**70%**  
Products are fully recyclable

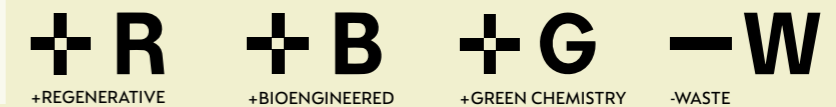
### Impact investing

Responsibility is deeply ingrained in our production process. We prioritise the integration of low-impact materials and technologies within our supply chain, striving to reduce water consumption, greenhouse gas emissions, and harmful chemicals.

We utilise effective tools to collect, measure, and report the impact of our activities. This enables us to monitor key performance indicators and generate insightful reports. By

maintaining consistent monitoring and reporting, we hold ourselves accountable and continuously improve our sustainability efforts.

In 2023, Positive Materials participated in events such as Premiere Vision Paris - Smart Creation and Sustainable Angle's Future Fabrics Expo. Their material portfolio includes regenerative, bioengineered, green chemistry, and less waste options, showcasing their commitment to a positive future.







## Advancing the boundaries of material innovation

### POSITIVE MATERIALS MATERRA®

Our investment in Positive Materials has led to a fruitful collaboration with Materra, a planet-centric technology company dedicated to revolutionising cotton farming and enabling resilient and equitable cotton production at scale. Materra is a tech innovative firm that employs sustainable practices to grow premium quality cotton in a transparent manner.

By leveraging trusted farm-level data, Materra not only cultivates better cotton but also ensures the environmental footprint of the fibre in a contextual manner. This aligns with our vision of creating a fashion industry with a net-positive impact.

#### Primary value proposition

Materra transforms cotton farming with three key elements: Augment optimises production through regenerative practices, delivering quality while minimising environmental impact. Biome produces premium, sustainable cotton that meets the highest fashion industry standards. Co-Farm revitalises cotton cultivation, gathers impact data, and fosters transparency. Materra's distinctive features include top-notch, sustainable fibre, transparent impact datasets, and a remarkable three-fold increase in cotton yield.

#### Conversion of regenerative cotton into yarn

In collaboration with Positive Materials, Materra has made significant progress in their ongoing project. They successfully converted one bale of regenerative cotton, weighing 160 kg, into yarn with the assistance of yarn spinner Tearfil. Furthermore, Materra has partnered with Morgado to create a portfolio of fabrics using their sustainable cotton fibre. To complete the process, these fabrics were dyed at ATB, ensuring the entire production cycle aligns with sustainable practices.



**80%**

Less water

**NO**

Pesticide

**Soil health**

Improved

## Enabling sustainable progress through recycling efforts

### POSITIVE MATERIALS EVRNU™

In our partnership with Positive Materials, we have been collaborating with Evrnu®, an innovative material company dedicated to revolutionising the textile industry and mitigating its negative environmental impact.

The Evrnu® platform has the capability to separate various types of textile waste into fibres that can directly replace 90% of the current textile market, including cotton, man-made cellulosic fibres, nylon, and polyester.

#### Reimagining the future of textile manufacturing

At the heart of our initiative is the groundbreaking technology called NuCycl®-Lyocell, a high-performance, recyclable lyocell material derived exclusively from cotton textile waste. Designed to outperform both virgin cellulosic and plastic-based materials dominating the industry, NuCycl® aims to reduce reliance on virgin resources and minimise the environmental impact of textile production.

By transforming cotton waste pulp into inherently recyclable Lyocell, we significantly reduce water consumption, pesticide usage, chemical inputs, and methane emissions associated with traditional manufacturing processes. The engineered fibres produced through NuCycl® are soft, absorbent, and exceptionally strong, with high-tenacity recycled Lyocell fibre being up to twice as strong as its virgin counterparts, offering superior performance across various textile applications.

#### Reducing impact with recyclability

One of the unique propositions of our innovation is its seamless integration into the existing industry infrastructure. This means that textile manufacturers can easily adopt this technology without requiring significant modifications or disruptions to their current operations. Early indications from our research and development efforts demonstrate significant environmental impact reductions while maintaining the recyclability of the materials.

Our partnership with Evrnu® through Positive Materials has already yielded promising results, and we are continuing to make progress in our collaborative projects. Currently, we are focused on the development of fabric swatches using alternative materials.

**~99%**  
Less water consumption compared to cotton

**No**  
Plastic shedding potential

**Reduction**  
in GHG emissions

**100%**  
Material regeneration process





Eco-friendly resource upcycling

# SMARTEX

We have made a strategic investment in Smartex based on the its commitment to tackling pressing issues within the global textile supply chain. Smartex's AI-powered solutions eradicate waste from circular knitting production and enable advanced, digitized quality control to reduce downstream production issues. As a result, Smartex is a leader in the digitization of Tier 2 operations - the highest impact step of the textile supply chain.

## Digitization of Tier 2 Operations

In November 2021, Fashion for Good and Apparel Impact Institute, reported that Tier 2 (material production) accounts for over 50% of CO2 emissions in the textile supply chain. In addition to the environmental impact, Tier 2 is also where the majority of production errors occur, which have an outsized impact on product time to market given this step's proximity to garment manufacturing.

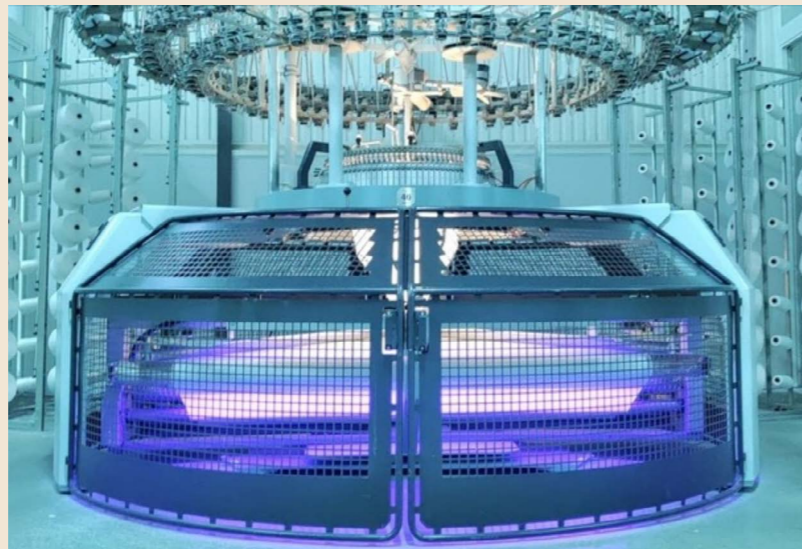
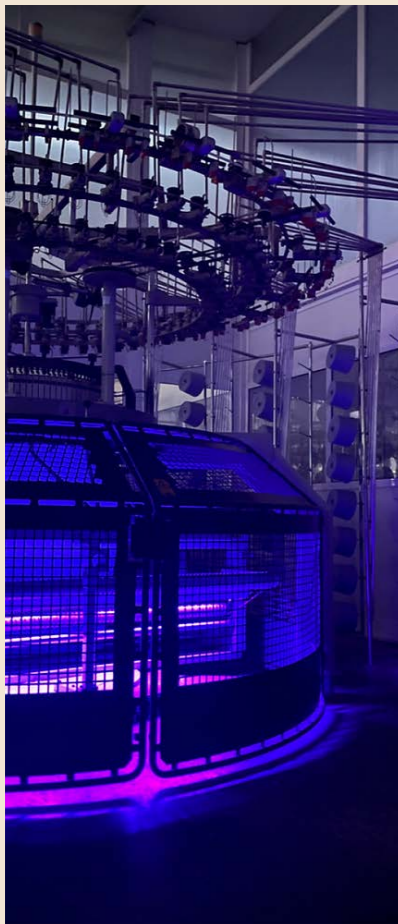
Smartex is on a mission to digitize Tier 2 operations - starting with circular knitting. Its technology prevents production errors, optimizes machine speed, automates quality control and enables data-driven communication between suppliers.

Traditionally reliant on human vision and manual inspections for defect detection and quality control, Smartex empowers textile manufacturers with real-time defect detection and data-driven analysis, putting them in control of their production lines.

Smartex's commitment to innovation and sustainability is steering the textile industry towards a more efficient, responsible, and environmentally conscious future - and enabling the Modern Textile Factory.

The system's significant machine-based savings, underscored by an average payback period of 1-3 years, conclusively highlight its exceptional value. This combination of forward-looking vision and tangible benefits establishes Smartex's solution to revolutionize the textile industry for the better.

\*Data validated in tens of factories across Europe, Asia and South America.



Eco-friendly resource upcycling

# UPCYCLE LABS

We have invested in Upcycle Labs, a material science and technology company that offers innovative upcycling services for fashion brands and retailers. It utilises patent-pending technologies to accelerate the transition from a linear to a circular business model in the fashion industry. They are the first and only company capable of manufacturing completely new products through a zero-industry-waste process, addressing the challenges of brand protection and waste handling.

We have developed patent-pending technologies that facilitate the transition from a linear to a circular business model in the fashion industry. This means that instead of discarding unwanted inventory, fashion brands and retailers can now convert their materials into new high-quality décor products, store fittings, and more.

## From waste to value

It excels in secure and sustainable inventory destruction by converting all fashion waste, including floor waste, into new high-quality products. This zero waste technology not only eliminates waste but also creates new revenue streams for brands and retailers. They offer a range of products made from fashion waste, such as bricks, shop fittings, flooring, and home accessories, boosting sustainability credentials for the involved brands and retailers.

## Zero waste technology

By embracing a zero-waste and circular approach, brands and retailers can demonstrate their commitment to reducing environmental impact. Additionally, the upcycling solution ensures a 100% material regeneration process, meaning that no waste is left behind.

Furthermore, retail partners who adopt the upcycling services can enjoy the same margin benefits as they would with traditional products. This aspect adds financial incentive to the environmental advantages, making it a win-win situation for fashion brands and retailers.

**100%**  
Material  
regeneration







PDS

Global | Collaborative | Digital | Ethical