



SAPPHIRE TEXTILE MILLS LIMITED

# COMMUNICATION ON PROGRESS

# 2020

COMMUNICATION  
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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This report addresses all the aspects related to Sapphire Textile Mills significant economic, social and environmental practices, assessments and commitments towards achieving Sustainable Development Goals (SDGs). It is our first open source of communication with our stakeholders on this topic.

All the sustainability aspects of our organization related to environmental and social development are presented in the report and show how we are working towards transforming the business to meet the target of Sustainable Development by 2030.

The report is an exact account of our contribution to the United Nations SDGs and has been compiled using the principles outlined by the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI).

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At the core of our business, we strive to make sure that our success is also the success of all our stakeholders, including the future inheritors of our planet.

”



Nadeem Abdullah, Chief Executive Officer

## MESSAGE FROM THE CEO

I, on behalf of my organization, reaffirm the commitment and far-reaching vision towards the UNGC 10 principles for Sustainable Development Goals that will help Sapphire Textile Mills achieve our own goals and continue to strengthen the trust amongst our stakeholders.

I am pleased to present the first Communication on Progress (COP) of Sapphire for the reporting period of February 2019 - January 2020. Our intent is to implement the UNGC 10 principles as part of our business strategy, culture and day-to-day operations. Moreover, we are committed to sharing this information with our stakeholders, through open and transparent reporting.

Textiles is a global industry with Pakistan being the eighth largest exporter of textile commodities in Asia. The industry contributes 8.5% to the GDP of Pakistan and provides employment to 40% of the countrys labour force. Global textile leaders must exercise their influence on sustainable development and they have a duty to encourage all businesses to align strategies and operations whilst providing a framework to achieve the UNGC goals.

This report is also our commitment to transparency and our desire to document, benchmark and track our journey towards sustainability. Besides this model, at the core of our business, we strive to make sure that our success is also the success of all of our stakeholders including the future inheritors of our planet.

## OUR VISION MESSAGE FROM THE COO

The challenges we face in effectively managing the world's limited resources have shaped Sapphire Textile Mills vision of being one of the premier textile companies in Pakistan. We are recognized for our leadership in adaptability, responsiveness and quality. We are committed to the development of our workforce to be the most efficient in the industry through multiple skill learning and the fostering of teamwork, embedded in the security of a safe working environment.

We strongly believe that our business must endeavour to make a positive social and environmental contribution to the value chains in which it operates, and our sustainability objectives can only be met by balancing the needs of all of our stakeholders. By managing the environmental impact of our activities we will continue to work in harmony with our communities and challenge ourselves to improve our energy efficiency and resource management. Working safely and ethically, to embed the principles of sustainability within Sapphire Textile Mills, will ensure positive contribution to the natural environment.

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Nabeel Abdullah, Chief Operating Officer

# COMPANY OVERVIEW

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Sapphire Textile Mills was founded in 1969 and over the past 50 years has established itself as one of the most renowned textile corporations in Pakistan. It now employs over 10,000 people with an annual group turnover of US\$300million. The company prides itself on its strong business ethics, having forged long term relationships with some of the best known global brands. It is recognised for quality, leadership in new technology, adaptiveness and sustainability.

The main business of the group is textiles - spinning, weaving and stitching. In 2015 the group expanded into retail. The business is vertically integrated from yarn to finished product and this integration allows it to be at the forefront of innovation. It has an annual production capacity of 120,000 metric tons of yarn and 50 million metres of fabric which is exported to over 35 global locations across Asia, Europe, Australia and North and South America.

Four subsidiaries exist within the Sapphire Textile Mills group; Sapphire Wind Power Company Limited and Tricon Boston Consulting Corporation Limited operate within the energy industry sector and specialise in renewable energy, Sapphire Retail Limited operates over 20 stores across Pakistan and online, and Sapphire Dairies Limited that produces dairy products from its own herd.

Sapphire Textile Mills and its founding family have always had strong philanthropic principles and the ethos of 'giving back' to their employees and local communities has always played a central role. Since its founding, the company has strongly opposed and disallowed any form of child labour, forced labour or discrimination within the organisation.

Although Sapphire has made positive steps already, undertaking this report has also highlighted areas that require improvement. Our business is based on fairness and honesty. This report will allow clarification of where we excel and where greater focus and attention is required.

## MISSION

**To continue our tradition of honesty, fairness and integrity in relationships with our stakeholders and community.**

## VISION

**To share our success achieved through sustainable development and innovation whilst maintaining excellence in quality and service.**

# COMPLIANCE & CERTIFICATIONS

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Sapphire Textile Mills has for some time been accredited with certifications from organisations who require us to meet their specific demands in order to gain their recognition.

These certifications will most often demand that high standards are met within labour, health and safety, human rights and sustainability. We are proud to have achieved these certifications and view them as in our ways of working.



# THE TEN PRINCIPLES

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Here we outline the organisation's ethos and practices that show how our business strategies, policies and procedures incorporate the Ten Principles of the UN Global Compact to help us work towards creating a more sustainable business with integrity at its core.



**HUMAN RIGHTS**



**LABOUR**



**ENVIRONMENT**



**ANTI-CORRUPTION**



# THE TEN PRINCIPLES

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## HUMAN RIGHTS

*Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.*



Sapphire Textile Mills Limited reaffirms the pledge to support and promote human rights concerning the internationally proclaimed human rights. We are committed to ensuring that we are not complicit in human rights abuses.



The organisation has a well established HR department with the main department based at HO and each site having their own HR office. The company's clear guidelines for code and conduct within the workplace, and its HR open door policy, ensure that we are a diverse company which promotes an inclusive culture that respects every employee for who they are regardless of race, caste, national or social origin, religion, birth, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political affiliation, age or any other reason.

To date, we have the proud record of zero reported incidents of violations involving the rights of any individuals. The organisation has never been penalised by any government or organisation against the violation of human rights.

# THE TEN PRINCIPLES



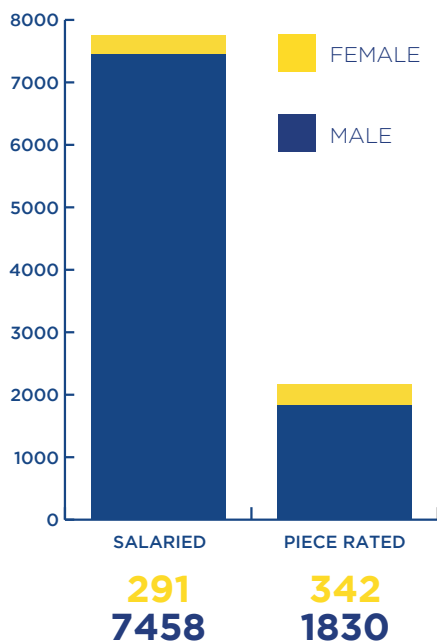
## LABOUR

*Principle 3: Businesses 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; and*  
*Principle 6: the elimination of discrimination in respect of employment and occupation.*

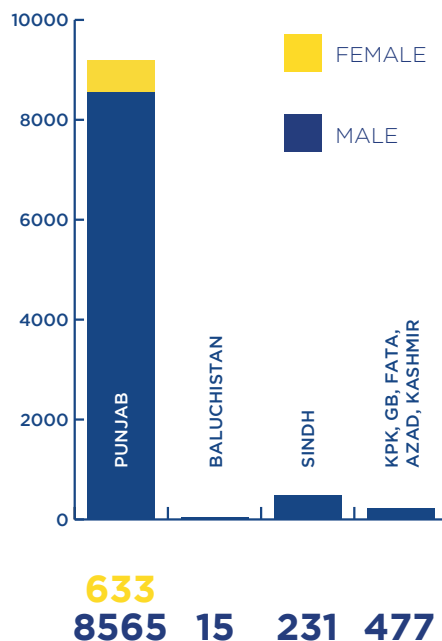
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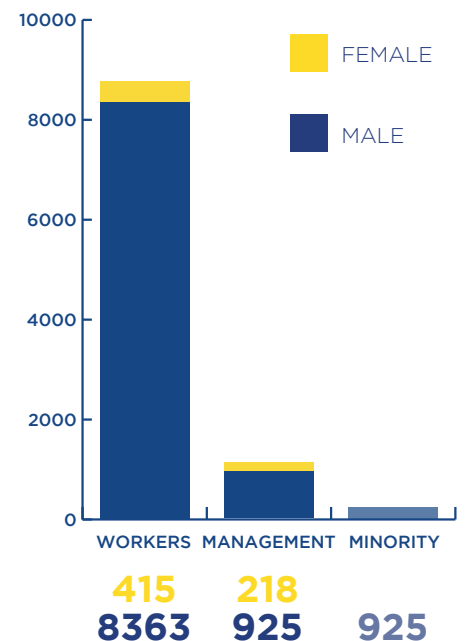
**EMPLOYEES BY PAY STRUCTURE AND GENDER**



**WORKFORCE BY REGION AND GENDER**



**EMPLOYEES BY LEVEL AND GENDER**



# THE TEN PRINCIPLES



## ENVIRONMENT

*Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

The company has invested substantially in sustainable and energy efficient technology, reducing it's emissions via the installation of wet-scrubbers and multi-cyclone technology.

Currently just under 1% of the energy used is renewable and generated by solar panels and wind turbines at our plants. The plan is to increase this substantially over the next two years.

Sapphire Wind Power Company Limited and Tricon Boston Consulting Corporation Limited, subsidiaries of Sapphire Textile Mills, have wind farms that generate 200MW of renewable energy that is supplied to the national grid.

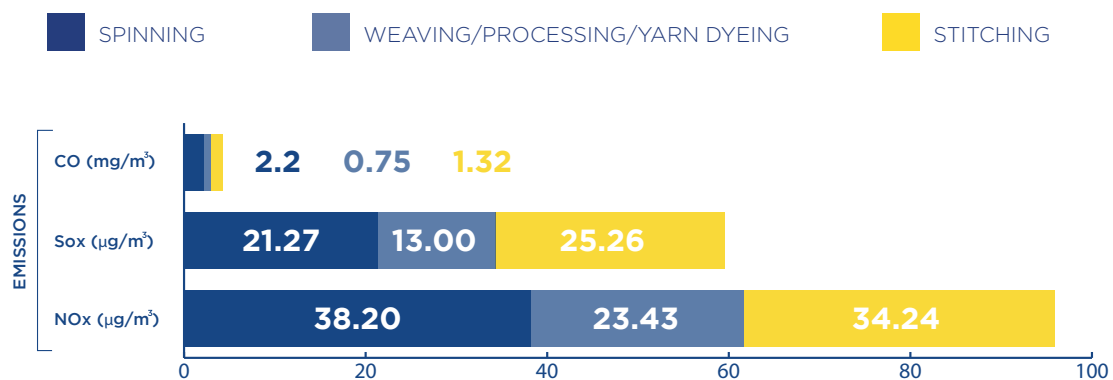
### TOTAL ENERGY CONSUMPTION

**215,205,058 kWh**

### TOTAL ENERGY FROM RENEWABLE SOURCES

**646,737 kWh**

### ANNUAL AIR EMISSION



All measures are in compliance and within limits set by regulatory body EPA

# THE TEN PRINCIPLES

## ENVIRONMENT



Our water management is also well looked after. The installation of our Effluent Treatment Plant ensures that any water we release is free of any particles or impurities.

The company is constantly monitoring emission levels, ground water quality and waste disposal to ensure stringent standards are adhered to and appropriate targets are set.

### TOTAL VOLUME OF WATER DISCHARGE

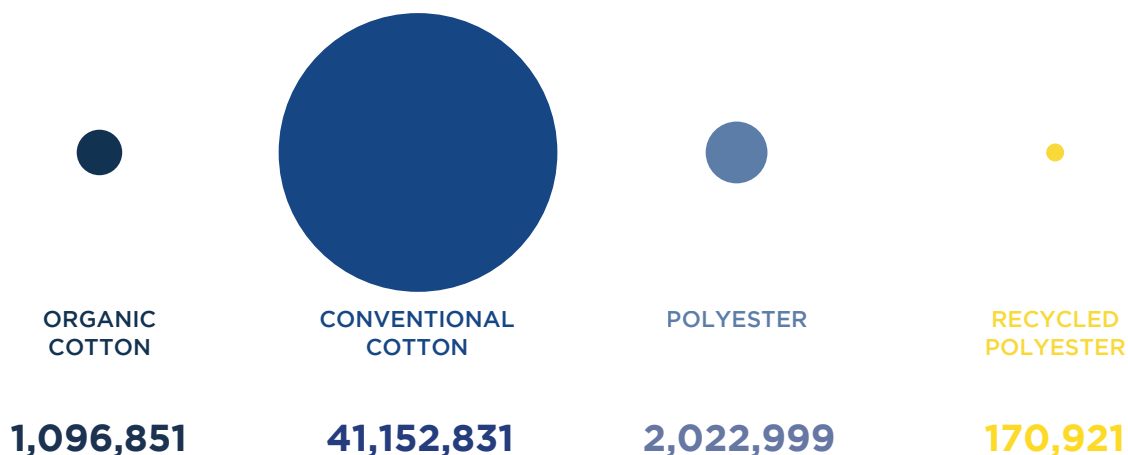
**633,811.5251 m<sup>3</sup>**

### TOTAL PERCENTAGE OF WATER RECYCLED AND REUSED

**15-20%**

From condensing water

### MATERIALS USED BY WEIGHT (KG)



# THE TEN PRINCIPLES

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## ANTI-CORRUPTION

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

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Sapphire Textile Mills has always been committed to conducting fair and honest business with the highest level of integrity in all aspects of its organisation and operations.

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There is a clear code of conduct within the business that applies to all employees, directors and suppliers. The policy prohibits any gifts or gratuity from existing or potential clients, customers, suppliers or any other persons or businesses that have dealings with Sapphire Textile Mills.

Reporting of any violations is done via HR or it can be done anonymously via a dedicated phone number or email. To date, we are happy to report that we have had no reports of corruption.

# SUSTAINABLE DEVELOPMENT GOALS

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The following pages outline what practices and protocols Sapphire Textile Mills has set-up to work achieve each of the SDGs.

Some areas are more established than others. This report has allowed us to gauge what is being done well and where further development is required. In general the organisation is confident that it is in a strong position but improvements can always be made.

We have excellent visibility on our product life-cycle and we can talk with confidence about all aspects of sustainability and business practices across the business and our suppliers. At present we have some traceability of our product from cotton gin (the stage where cotton fibres are separated from their seeds) to the customer. The plan over the next couple of years is to make our products 100% traceable.

# SUSTAINABLE DEVELOPMENT GOALS

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## NO POVERTY

Certification to GOTS, SA, Fairtrade, and STeP by OEKOTEX standards supports sustainable development growth. These certifications mandate fair remuneration for workers and the wages must meet basic needs. In addition, there must be no deductions from wages used as a disciplinary measure.

Sapphire Textile Mills prides itself on paying a fair wage that is often above the national minimum wage.



## ZERO HUNGER

In addition to ensuring all our employees earn a realistic living-wage, we provide discounted meals at all our manufacturing sites. At our main site in Sheikhpura we have a discounted price store selling essential food and household items for our employees.



## GOOD HEALTH AND WELL-BEING

Sapphire has always been involved with providing better healthcare for all. Whether it is investing in numerous hospital wards across the country, rebuilding the Labour Ward at Jinnah Hospital or the annual free eye-camp that has been running for over 20 years, there will always be care for the our employees and the community within our business. Every employee within the company has the benefit of being covered by the company's non-contributory health insurance scheme.

Within the organisation the Occupational Health & Safety Committee, in conjunction with the HR department, oversees all aspects of health and safety standards and implements policies, training, frequent inspections and any necessary maintenance. Across all sites, including the HO, there are strict guidelines to ensure that any work undertaken that requires specialist training and/or the use of safety equipment must be correctly followed. First-Aid is readily available everywhere (including an on-site ambulance and company doctor) plus there are trained responders and fire marshals (professional training is conducted by The Punjab Emergency Service).

# SUSTAINABLE DEVELOPMENT GOALS

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## QUALITY EDUCATION

Paying our employees a realistic living wage means that families can afford to send their children to school. In addition to Sapphire Textile Mills philanthropy within healthcare, it has also contributed substantially within education too, specifically with establishing four schools, a library and scholarship programmes across various schools and universities.



## GENDER EQUALITY

Sapphire Textile Mills operates a level playing field when it comes to gender equality. At the very least our female colleagues should feel safe, respected and empowered within our organisation. Although we have equal opportunities, we acknowledge that the business lacks female representation within the main workforce and top management. This has been highlighted during the compilation of this report and we will be taking positive action in this area which we will update in future reports.



## CLEAN WATER AND SANITATION

Sapphire has had in operation for some time an Effluent Treatment Plant within its main site. The treatment of the water allows for clean water to be used by the local community for agricultural purposes. This plant has helped the organisation to comply with the numerous accreditations we have been awarded with GOTS, GRS, EcoLabel, STeP by OEKO-TEX and REACH who all demand the treatment of water used for industrial purposes to be processed to have zero contaminants.

In addition the organisation also provides clean drinking water station for the local community and regularly monitors the drinking water and groundwater quality surrounding its sites.



# SUSTAINABLE DEVELOPMENT GOALS

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## **AFFORDABLE AND CLEAN ENERGY**

Sapphire Wind Power Company and Tricon Boston Consulting, two subsidiaries of Sapphire Textile Mills, have together created 200MW of wind farms that provides renewable energy to 7,000 households in the Sindh province.

To provide free electricity to rural areas, the organisation has provided and installed in 20 households solar panel units that include LED lights, fans and USB charging ports. There are plans to roll-out more of the solar panel installations to the rural communities in the near future.



## **DECENT WORK AND ECONOMIC GROWTH**

Base salary employees at Sapphire Textile Mills are paid more than the country's legal minimum wage and this was recently highlighted in a national press article. Employees who are paid at piece rates earn much higher than the minimum wage.

To allow everyone the opportunity to work, a daycare facility is provided at each site within the organisation, including the HO. These facilities are free to use for all employees and are a safe and supervised environment for the children.

An Occupational Health & Safety Committee has been established within the organisation to oversee and ensure that all types of work carried out conform to a high standard. An example of our high health and safety record is that we have recorded 1.5 million hours of safe and incident free work carried out on the installation and maintenance of the wind farms of Sapphire Wind Power Company Limited and Tricon Boston Consulting Corporation Limited.

# SUSTAINABLE DEVELOPMENT GOALS

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## INDUSTRY, INNOVATION AND INFRASTRUCTURE

A corporation has to be sustainable for it to have longevity. At Sapphire Textile Mills a number of practices have been undertaken to ensure that our organisation can have optimum energy efficiency:



- Maximum use of daylight in plants to reduce the amount of electric lights used
- Where electric lights are used they are predominantly LED
- Installation of solar panels at our main sites
- Installation of Waste Heat Recovery Boilers that convert the heat generated from the engines into useable energy
- Installation of Multi-Cyclones and Wet Scrubbers that capture and remove particles to reduce emissions
- The re-use of condensed water to reduce water consumption

## REDUCED INEQUALITIES

Sapphire Textile Mills' infrastructure and ethos promotes an inclusive culture and is proudly non-discriminatory regardless of gender, religion, race, sexual orientation, disability, age, caste or any other reason.



Our record to date has allowed us to gain accreditation from GOTS, GRS and STeP by OEKO-TEX and we have zero complaints or reports concerning inequalities within the organisation.

## SUSTAINABLE CITIES AND COMMUNITIES

Within every site, with the exception of the HO and stitching factory, Sapphire Textile Mills provides quality on site housing for its employees that is categorised into two types; family and single person. Not only is this an economical benefit to the employees but it also provides the security of living within a safely guarded community, to access to our discounted goods store and a reduction of motor vehicle use which benefits the environment.



# SUSTAINABLE DEVELOPMENT GOALS



## RESPONSIBLE CONSUMPTION AND PRODUCTION

Our Home division has been actively working for some time in developing and producing product made from recycled yarns.

Our R&D development team are also well along the way in developing further yarns, fabrics and products made from 100% recycled cotton.

To promote a more sustainable and responsible consumption Sapphire Textile Mills only provides paper bags or reusable cloth bags in our retail stores as well as vastly reducing the amount of plastic packaging used and where possible replacing it with cloth packaging.



# SUSTAINABLE DEVELOPMENT GOALS

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## CLIMATE ACTION

In addition to the renewable energy we use (and supply), the emissions that we capture, the water purification and tree plantation projects, the organisation has set-up a taxi pool service for all staff at the Sapphire Retail Limited office. Not only does this mean a significant reduction in the amount of vehicles used each day, it is also more economical for staff. Our stitching factory benefits from employees making use of our coach transportation, again reducing emissions.



## LIFE BELOW WATER

We have installed an Effluent Treatment Plant (ETP) at our facility that is specifically designed for the treatment of industrial wastewater. The local community also benefits from the treated water and use it for agricultural purposes.

The GOTS accreditation demands that wastewater has to be treated to strict levels for pH, temperature, organic content and oxygen content before the water can be discharged.



## LIFE ON LAND

At our plant in Sheikhpura, we have begun a tree plantation and over the past 12 months have planted 8,000 trees with further plantations planned. The organisation is also a corporate member with WWF Pakistan who have worked with us to explore ideas to help us implement environmental protection within our facilities and its surrounding areas. This is not only of benefit to the environment but to the local communities too.

# SUSTAINABLE DEVELOPMENT GOALS

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## **PEACE, JUSTICE AND STRONG INSTITUTIONS**

Any form of violence, physical and mental punishment is not tolerated within the organisation. In addition the practice of corruption, extortion and bribery is prohibited. These are all clearly emphasised within our code of conduct that is distributed to each employee.

At every Sapphire Textile Mills facility we have well trained security staff whose job is to provide a safe and secure working environment for all our employees.



## **PARTNERSHIPS FOR THE GOALS**

Whether it is partnering with GE to install advanced wind turbines for the Sapphire Wind Power Company wind farm or working with numerous global institutions to earn their relevant accreditations or collaborating with one of our global customers to help them achieve a more sustainable product, Sapphire Textile Mills has always and will always, work in partnership with like minded global institutions to achieve sustainable development.

# CONTACT

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This is the very first Communication on Progress for the UN Global Compact by Sapphire Textile Mills.

We hope to share our progress and developments that we will undertake over the next 12 months in our next report.

If you require any further information or have any questions about our organisation and report please contact us and we will be happy to assist.

## **NABEEL ABDULLAH, COO**

Sapphire Textile Mills Limited  
7-A/K Main Boulevard  
Gulberg II  
Lahore  
Pakistan

[nabeel.abdullah@sapphiretextiles.com.pk](mailto:nabeel.abdullah@sapphiretextiles.com.pk)

+92 42 111 000 100



The logo for Sapphire, featuring the word "Sapphire" in a blue serif font with a yellow swoosh underline that starts under the 'S' and ends under the 'e'.

**SAPPHIRE TEXTILE MILLS LIMITED**

[sapphiretextiles.com.pk](http://sapphiretextiles.com.pk)