

# Sustainability Report 2016



ADDING QUALITY TO LIFE

Embedding Sustainability  
**Creating Value**

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## 2016 Highlights

2016 was another successful year with highest sales and earnings coupled with reduced environmental footprint, and enhanced local community impacts.

### NET SALES REVENUE

In million rupees

**11,584**

Sales revenue increased by 26% over previous year.

### NET PROFIT

In million rupees

**763**

Net profit increased by 226% over previous year.

### FABRIC PROCESSED

In million meters

**56**

Production increased by 23% over previous year .

### WATER TREATED

In m<sup>3</sup>/per year

**117,921**

Water treatment improved by 1% over previous year.

### COMMUNITY INVESTMENT





In million rupees

**50**

Increased contribution for community investment.

# Goals

Moving forward towards sustainable development requires ambitions which not only serve as milestones but also augment continuous sustainability management efforts to become responsible corporate citizen and create and share value for our stakeholders.

| MATERIAL ISSUE  | TARGET 2017  |
|---|--|
|  <p>Business performance</p>       | <ul style="list-style-type: none"> <li>• Increase sales by 5-7%</li> <li>• Reduce average raw material cost by 5-10%</li> </ul>                |
|  <p>Energy and climate change</p> | <ul style="list-style-type: none"> <li>• 5-10% reduction in GHG emissions</li> <li>• Plan to enhance renewable energy to 35 KWH</li> </ul>     |
|  <p>Water</p>                    | <ul style="list-style-type: none"> <li>• Better water management to reduce fresh water intake and separation of waste water streams</li> </ul> |
|  <p>Waste and effluents</p>      | <ul style="list-style-type: none"> <li>• 35% hazardous solid waste management through incineration</li> </ul>                                  |
|  <p>Material</p>                 | <ul style="list-style-type: none"> <li>• 10-20% reduction in paper rims</li> </ul>   |

## About this Report

Welcome to our third sustainability report. We aim to share information about our sustainable practices and value created for our shareholders, employees and the communities where we operate.

This report is based on GRI G4 guidelines and Integrated Reporting (IR) framework. We adopted IR framework this year to better communicate value created through our activities and impacts on our key stakeholders.

### Scope of the report

The data, information, and financial information related to Sadaqat Limited for the financial year 2016 is included. The report does not contain information on the sustainability impacts of subsidiary companies. The contents of this report are based on the results of our dialogue with stakeholders, Global Reporting Initiative (GRI) G4 guidelines requirements for core level report, and IR framework. All aspects having significant economic, environmental and social impacts and influence on stakeholder decisions are identified, prioritized and validated during materiality analysis for defining report content. GRI Guidelines principles for report content have been applied during materiality analysis. The aspect boundaries are identified for each material aspect based on the occurrence of impacts and Sadaqat Limited's involvement with impacts.

GRI Guidelines principles for report quality were consistently applied during compilation of information for sustainability report 2016. The data compilation has been carried out using scientific measurement on actual basis. However, where actual data is not available estimation has been used, which is mentioned at respective places in the report. There were no changes in the measurement techniques, reporting period, scope, and boundary applied during the year. Moreover, there were no major changes in the organization's size, structure and ownership and supply chain that can significantly affect the comparability from period to period in the sustainability reports. Sadaqat Limited makes every effort to ensure the accuracy of information in the sustainability reports. However, figures may be updated/revised to correct calculation mistakes in data compilation or conversion. The restatements/revision of data wherever carried out is clearly mentioned in the report.

The report is GRI-G4 In accordance – core level report. The GRI content index is available on page 41. This report is not externally assured. However, we have plans to get external assurance in future. Sadaqat Limited makes every effort to ensure accuracy of the reported information. Sadaqat Limited has engaged Corporate Social Responsibility Centre Pakistan (CSRCP) to prepare Sadaqat Limited's sustainability report for third consecutive year. CSRCP was supported by sustainability reporting team of Sadaqat Limited that has coordinated with relevant departments to compile sustainability data. The report is reviewed by management and approved by EHS Committee, the highest decision making body on CSR issues. The report is published in Portable Document Format (pdf) and printed versions and can be download from Company website ([www.sadaqatgroup.net](http://www.sadaqatgroup.net)). Sustainability report is published on annual basis and last report was published on January 30th 2016.

The input of our readers is important to us. You can send your feedback, questions or suggestions at below mentioned address;

Mr. Osman Mukhtar  
General Manager  
Health & Safety  
Sadaqat Limited  
2 Km, Sahianwala Road, Khurrianwala, Faisalabad.  
Email: [osman.mukhtar@sadaqatgroup.net](mailto:osman.mukhtar@sadaqatgroup.net)

# Overview

## **In this section**

Chairman's letter  
Chief Executive Officer's review  
About Sadaqat Limited  
External environment

## Chairman's Letter

### Dear stakeholders,

It gives me immense pleasure to share our sustainability report. In addition to information on our performance on economic, environmental and social fronts, the report covers our initiatives for embedding sustainability in day to day operations to create and share value with our stakeholders.

Sustainability is important not only to gain competitive edge in the global market but also to maintain social license to operate. We are focused to produce quality products with reduced environmental burden of our operations, engaging with our key stakeholders to get their insights for strategy development to deliver shared value. We are dedicated to deliver sustainable returns to our shareholders and financing partners, provide safe working conditions to our workforce, enhance indirect impacts of operations and contribute to the socio economic development in our communities.

During the year, our revenues and profitability increased to new milestone due to better market prices, reduced input costs and improved product mix. This also resulted in increased payout to our suppliers and employees. In 2016, we proactively participated in initiatives to increase skill set in textile industry, provide support for education and health facilities in the vicinity of the factory and in Faisalabad.

This is our 3rd sustainability report according to Global Reporting Initiative (GRI) Guidelines for preparation of sustainability reports. This year we also adopted Integrated Reporting (IR) Framework of International Integrated Reporting Council to better communicate use of capitals and our value creation process to our stakeholders.

We value your input which is vital to our success and would guide us to deliver to the expectations of our stakeholders.



A handwritten signature in black ink, appearing to read 'Sheikh Mukhtar Ahmed'.

**Sheikh Mukhtar Ahmed**  
Chairman

# Chief Executive Officer's Review

## Dear stakeholders,

Sustainability remained high on our agenda and we worked hard to fulfil our commitment to deliver sustainable returns. Managing our operations through sustainability lens helped us to identify the most critical economic, environmental and social topics having material impacts of our operations, devise strategy and policies for better management of identified impacts, and sharing our approach, output and outcomes with our stakeholders to get their valuable feedback.

During the year, we achieved new milestone despite of challenging global economic conditions, prevailing low commodity prices, volatile exchange rate and uncertain economic policies. The revenue increased to Rs. 11.6 billion with 26% growth while net profit reached Rs. 763 million with tremendous 226% growth over previous year. The reduction in cost of sales and improved pricing strategy resulted in increased gross profit and net profit ratio from 15.8% to 18.7% and 2.5% to 6.6% respectively. To deliver sustainable returns over the years, we are committed to further diversify our products and market for attaining strategic fit and achieving synergy by complementary marketing, financial, operating, or management efforts.

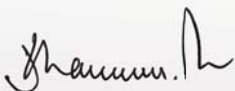
We are aware of environmental and social impacts of our economic activities and focused to reduce negative impacts. Our production facilities are certified for leading quality management, environmental protection and social compliance standards. We are also certified for all leading textile industry specific certifications, memberships and licenses which demonstrates our commitment to become environmentally and socially compliant corporate citizen. During the year, water treatment increased by 1% over previous year while energy consumption and Green House Gases (GHG) emissions increased as compared to previous year as a result of higher production levels. We are committed to reduce environmental footprint of our operations by working to reduce GHG emissions, paper usage and increase the share of renewable energy in total energy mix.

We continued to effectively manage our social impacts by supporting educational institutions, hospitals around factory site and Faisalabad City for provision of quality education and better health facilities to the masses of local community and spur the socio economic development. During the year, we contributed Rs. 49.9 million through donations and welfare funds for community uplift.

We are now member of United Nations Global Compact (UNGC) in line with our commitment to protect environment, provide safe working conditions, respect human rights and combat corruption. We support UNGC ten principles and commit to work for better environmental management, decent labor practices, respect for human rights and combatting corruption in our operations and in our supply chain.

During the year, we continued to use Global Reporting Initiative (GRI) G4 guidelines for sustainability reporting to produce our in accordance core level report for the year 2016. We also adopted Integrated Reporting (IR) framework to demonstrate our commitment to become more transparent in the process of creating and delivering value to our stakeholders.

We express our gratitude to our stakeholders for their continued trust and we invite you all for your valuable feedback.



**Khurram Mukhtar**  
Chief Executive Officer





## About Sadaqat Limited

Sadaqat Limited is a vertically integrated unit in home textiles industry. The Company is unlisted public limited company head quartered at Faisalabad, Pakistan. The production facilities are also located in Faisalabad. The Company produces and markets home textile products to its customers located in Europe, UK, USA, Asia, Far East, Middle East, North America, Canada, South Africa, Australia and New Zealand. The major customers are retailers, wholesaler, buying agents and departmental stores.

The net sales for the year 2016 were Rs. 11.6 billion while total number of employees at year end were 4,712. The total capitalization stands at Rs. 6.1 billion comprising of equity of 5.3 billion and long-term liabilities of Rs. 0.8 billion. There were no changes in the structure of the Company during the year.

### Supply chain

Supply chain and its effective management in textile industry is critical for business success, delivering commitment to customers and to meet the ultimate goal of sustainable development. In line with our commitment to sustainability, our relationships with suppliers are enlarged to promote good practices in their operations for collective benefit of our supply chain partners, our business and communities where we operate.

Sadaqat Limited is part of global supply chain, supplying products to leading stores in Europe, UK, USA, Asia, Far East, Middle East, North America, Canada, South Africa, Australia and New Zealand and buying raw materials from local factories, vendors, international suppliers of machinery and equipment and local and international service providers. This requires efficient supply chain management methods for mitigating the risks of supply disruption, non-compliance and negative practices, to meet customers' criteria on sustainable supply chain. Procurement department is responsible for supply chain management which manages the function in line with Company policies and the best available guidelines. The Company's approach to supply chain management is evaluated through independent evaluation reports submitted by the suppliers.

Sadaqat Limited produces and markets textile products to its international customers. To produce and market the products, it requires raw materials, process materials, capital equipment, packaging, services and other inputs. The Company's supply chain is mainly labor intensive. Sadaqat Limited procures most of the required products and services from local suppliers. The Company purchases comprise of 91% purchases from local suppliers and 9% purchases from foreign suppliers. The products which are not available locally are purchased from abroad. The Company ships products directly to its customers located in different countries. During the year, there were no major changes in the structure of the supply chain.

# Products

The main products are home textile products and fabric.

## Bedding



## Curtains



## Cushions



## Kids Range



## Kitchen Accessories



## External Initiatives

Sadaqat Limited is cognizant of its responsibility in line with precautionary principle of Article 15 of Rio Principles and is committed to take necessary actions to fulfill its responsibility towards risk management in operational planning and product development. The Company has strong risk management system to identify potential risks covering financial and non-financial risks, allocate responsibilities for risk management, and take necessary actions to mitigate or avoid the risks. The risk management system identifies and analyzes risks in line with Company's approach of avoidance of possible risks and all significance risks are communicated to Board Committees through respective management level. The Company is dedicated to reduce environmental footprint of its operations through continuous monitoring of operations, modernization of its machinery and adoption of new technologies to reduce energy consumption and greenhouse gases emissions. In addition to precautionary principle, the company also supports initiatives focused on product quality, social justice and uplifting of human rights. The Company's involvement in these initiatives is either through membership, license or certification of systems. The Company is involved in the below mentioned initiatives;

- United Nation Global Compact (UNGC)
- Global Reporting Initiative (GRI)
- World Wild Fund (WWF) – Green Office Diploma
- Better Cotton Initiative (BCI)
- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS) and Global Recycle Standard (GRS)
- International Standards Organization (ISO) – Quality Management System (QMS) 9001:2008,
- Environmental Management System (EMS) 14001:2004, Occupational Health & Safety (OSHAS) 18001:2007
- British Retail Consortium (BRC)
- OEKO-TEX Standard 100 - Product Class 1
- SUPIMA
- Teflon Fabric Protector
- Social Accountability International - SA 8000:2008
- Worldwide Responsible Accredited Production (WRAP)
- SEDEX Ethical Trading Initiative
- C-TPAT
- Supplier Compliance Audit Network (SCAN)
- Faisalabad Chamber of Commerce and Industry
- Pakistan National Accreditation Council

The Company does not provide funds to these organizations except the membership and certification fees.

Logos of our Certifications, Associations, Memberships & Licences



# External Environment

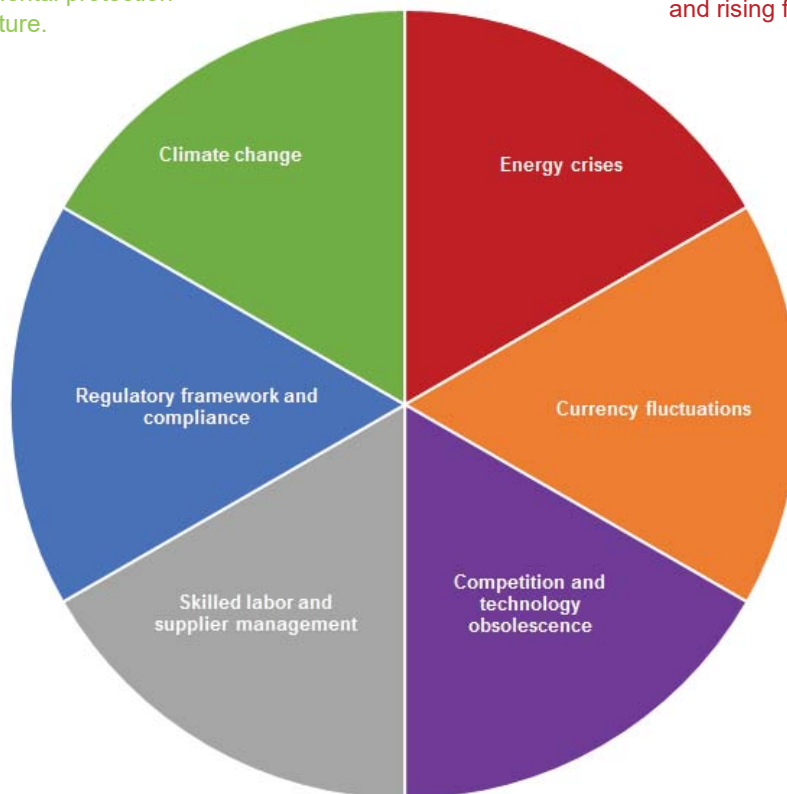
The risk and opportunities faced by our business and the broader political and macroeconomic environment where we operate.

Constantly changing weather patterns affecting cotton production and increasing environmental protection expenditure.

Persistent energy crises, inadequate power supply and rising fuel prices.

Unfavorable and uncertain regulatory environment coupled with compliance burden.

Frequent currency fluctuation affecting pricing, costing and business planning.



Shortage of skilled labor, high turnover and key suppliers management.

Rising global competition in terms of quality, price and technology developments.

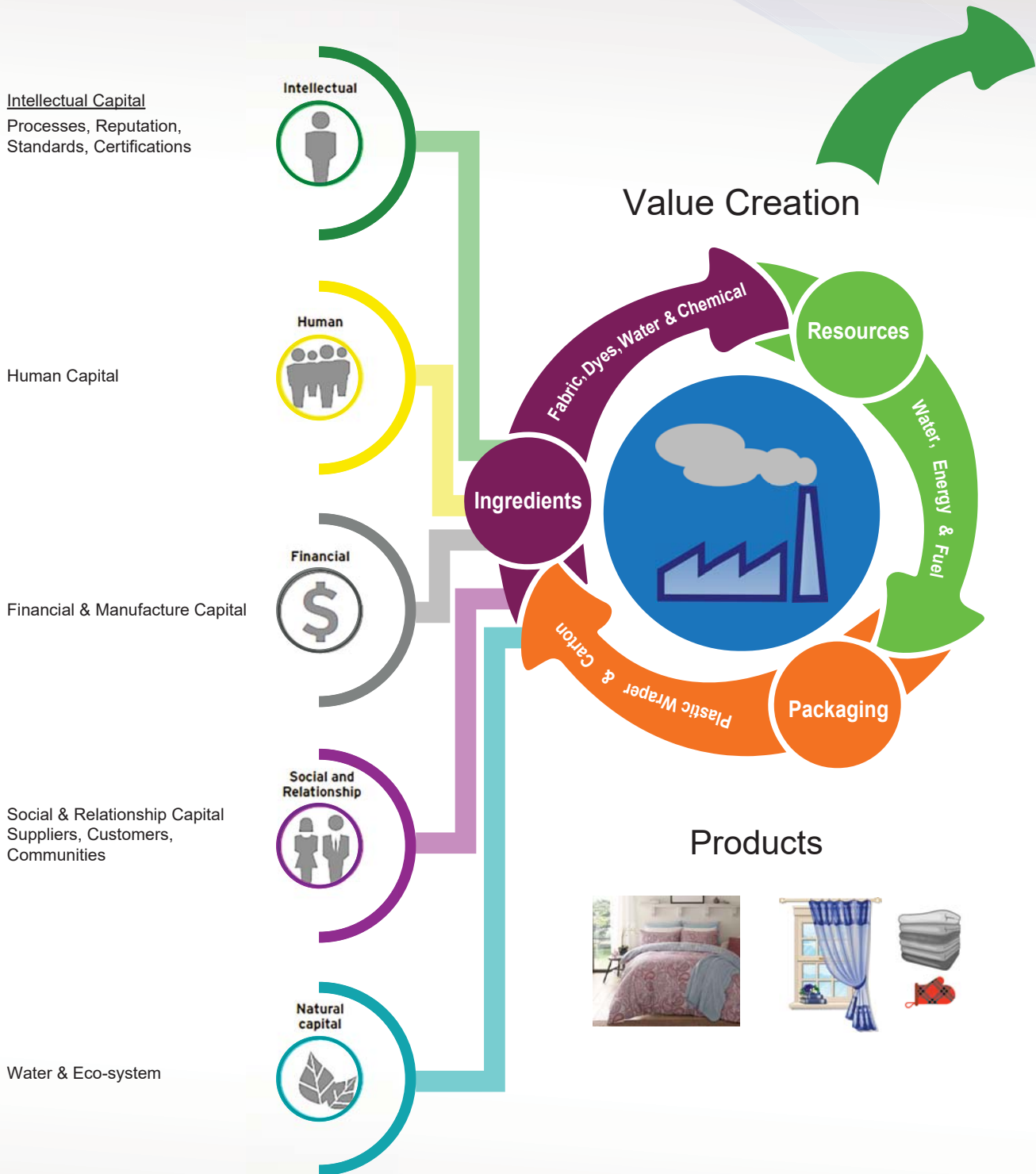


# Business Model & Value Creation

## **In this section**

Business model & value creation

# Nature & Model of Business



Our business model is central to our ability of creating and sharing value with our stakeholder through use of different capitals

## Value Addition

Sales / Distribution Customers



## Value Distribution









# Governance

## **In this section**

Vision, mission and values  
Corporate governance  
Stakeholder engagement

# Vision, mission and values





# Corporate Governance

Our well-defined governance structure is evident of our success over the years both on financial and sustainability fronts.

Sustainable returns and long term success requires a well-defined corporate governance structure comprising of organizational structure, policies, and procedures. Sadaqat Limited has a strong corporate governance system in place comprising of internally developed code of conduct, policies, and procedures in line with industry best available governance practices. Sadaqat Limited complies with applicable laws, code of conduct and ensures that conflict of interest is avoided among its board members and employees.

The highest management body is the Board of Directors. The Board of Directors consists of seven directors. Two of the directors including chief executive are executive directors and hold shares in the company. All of directors of the company are male and above age of 40 years. Sadaqat Limited has not defined any specific quotas for women, ethnic minorities or special age group for its Board of Directors. The directors are elected every three years through an election at general meeting. The applicable legal and regulatory framework regarding directors' qualification is followed. The Company is an equal opportunity employer and the members of the highest governance body are selected on merit. The Board of Directors has qualified and competent directors having vast experience and strong sense of responsibility.

The Chairman of the Board is non-executive director while Chief Executive is executive director. The Chief Executive is responsible for executive management of company and is governed by the Board of Directors. The Board of Directors selects the chairman and members of the Board Committees from the members of the Board. The Board has formed various Committees of Directors with adequate powers for efficient and expedient resolution of different issues. The Committees have their charter with goals and responsibilities. The Committees report on their activities to the Board of Directors. The Committees also prepare the agenda items of the Board meeting relating to their respective areas. The Board Committees are Audit Committee, Human Resource and Remuneration Committees, Procurement Committee and other management committees.

The Board of Directors' meetings are held on quarterly basis to review and discuss the performance and take strategic decisions. The Board is supported by corporate planning and control department which is responsible for review and finalization of budgets, accounts, utilization of organization resources and preparation and analysis of feasibilities of new projects. Sadaqat Limited has formal code of conduct and anti-corruption measures in place to avoid conflict of interest at Board and executive level. The code of conduct requires to avoid conflict of interest at first place. However, where it not possible to avoid conflict of interest; the incident is required to be reported to Board of Directors for resolution. The Board of Directors are responsible for setting and updating the purpose, values, strategy and goals relating to economic, environmental and social impacts.

## Sustainability framework

Sadaqat Limited is strongly committed to act ethically and support sustainability in all its business activities. In order to efficiently manage its CSR activities, the Board of Directors has delegated the Corporate Social Responsibility related issues to its Environment, Health and Safety Committee. The EHS Committee is responsible to shape Company's CSR activities in line with its policy. The Committee is responsible to plan and set direction of CSR activities from donations and welfare activities to main-stream activities in line with international standards and supply chain requirements. The EHS committee is also mandated to evaluate the financial impacts, identify the opportunities and risks for the Company business due to climate change. The Committee evaluates the risks of the climate change with reference to Company business and devises strategy to tackle the impacts in line with best available practices. Climate change impacts are varying weather patterns affecting cotton productivity and quality leading to increased prices of cotton, deterioration in the supply chain due to floods and droughts, scarcity of water, and rising temperatures, as witnessed globally and nationally during recent years.








The EHS Committee also includes individuals from key business functions including finance, compliance, human resources and safety department. This ensures that all relevant strategic CSR initiatives and activities are discussed and approved in line with business objectives and CSR policy.

# Stakeholder Engagement

We value our stakeholders' input which help us to formulate our business strategy to create and share value for all of our stakeholders.

Stakeholders' are significant contributors for our business success and require active consultation to understand their concerns, identifying risks and opportunities and incorporating the inputs for improving decision making process to devise our strategy towards sustainability. The stakeholder engagement is continuously carried out throughout the year by respective departments as a normal business process. The stakeholder groups include shareholders and providers of capital, employees, customers, suppliers, local community, government, and media.

Sadaqat Limited values stakeholder's input and interacts with all interest group/ entities or individuals that can significantly affected by our activities, products, and services; and whose actions can affect our ability to successfully implement our strategies and achieve our objectives. The details of our engagement activities with different stakeholders are mentioned hereunder.

| Stakeholder Group  | Stakeholder Interest   | Mode of Consultation   | Frequency           |
|--|--|--|---------------------|
| <b>Shareholders and providers of capital</b>  | Increased rate of return, business growth, good corporate governance | The corporate relations department carries out engagement activities with shareholders and providers of capital throughout the year on financial and operational performance of the Company. The stakeholders can give their input in general meetings as well as through corporate relations department or company secretary. | Ongoing/ Annual     |
| <b>Employees</b>                              | Fair wages, training and education, and health and safety            | The Company interacts with employees through meetings and employee representative groups to gain insight on company HR policies and employee health and safety related issues.   | Ongoing             |
| <b>Customers</b>                              | Product quality, cost and timely delivery                            | Customers are engaged through marketing department which collects customer feedback on continuous basis to timely identify customer's concerns and take corrective actions.  | Ongoing             |
| <b>Local community</b>                        | Interventions for social uplift, environmental impact of operations  | Local community is engaged through Environment Health, and Safety (EHS) department, which is primarily responsible for interventions in the field of environment, education, health and uplift of the community.   | Ongoing/ Annual     |
| <b>Govt. and other regulatory bodies</b>      | Compliance of laws and regulations                                   | Engagement is carried out on continuous basis on topics affecting company business and textile industry in general. The Company also engages with Government for community development programs on need basis.   | Ongoing/ Need       |
| <b>Suppliers</b>                              | Reasonable terms and conditions, timely payments                     | Suppliers are engaged through procurement department to identify issues affecting suppliers. Suppliers are also encouraged to share their concerns/feedback in supplier meetings.  | Ongoing             |
| <b>Media</b>                                  | Wider range of issues concerning different stakeholders              | The Company engages media to disseminate information on development relating to Company business and textile industry.   | Annually/ Quarterly |

During the year, we have carried out sustainability specific consultation with important stakeholder to determine material topics for sustainability report 2016.

Meeting with local community



Meeting with suppliers



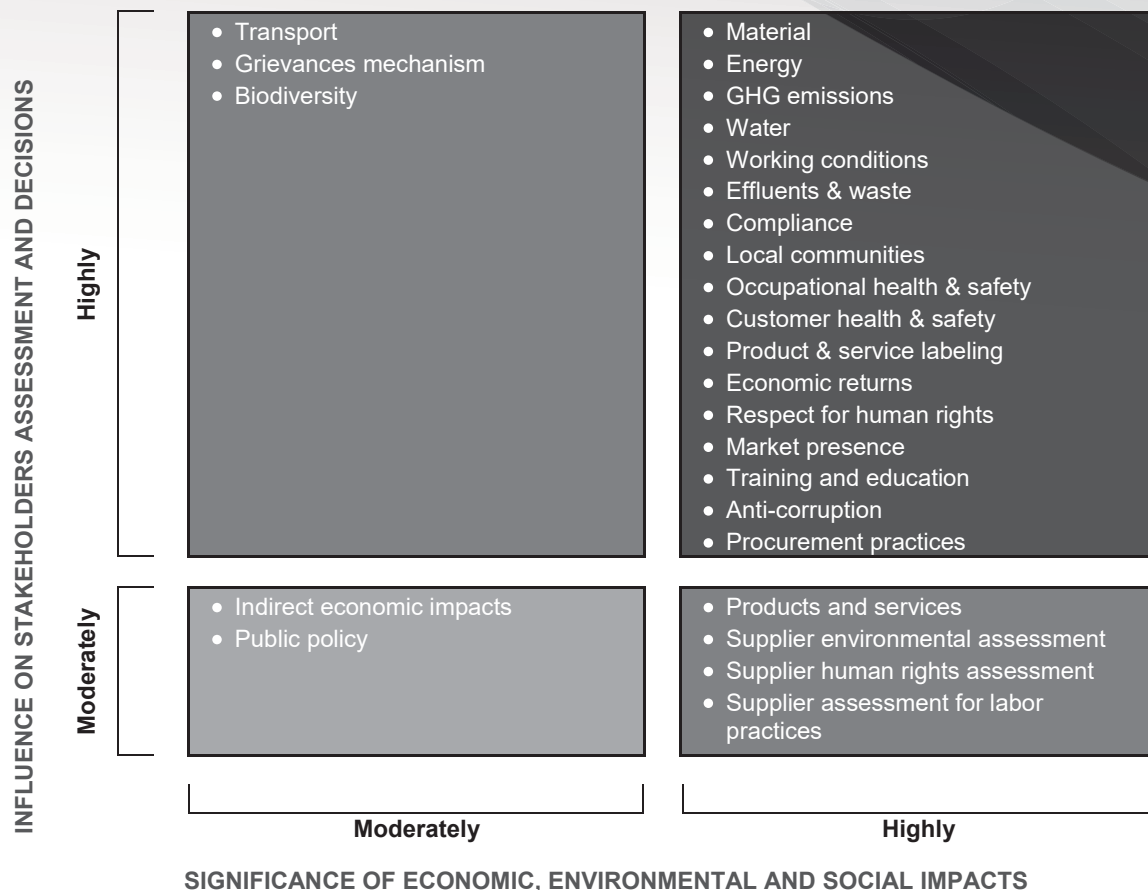
Meeting with CBA



Based on the stakeholder dialogue and feedback, we carried out materiality analysis to determine the material issues for sustainability report 2016. The materiality analysis helped us to identify the most important and relevant economic, environmental and social impacts which have significant impacts on stakeholders' decisions. The materiality analysis includes identification, prioritization of identified topics and review in line with Company objectives, risk management system, severity of impacts and stakeholder expectations. The materiality matrix presents the result of materiality determination exercise.

The materiality matrix is divided into areas to show topics which have moderate or high influence on stakeholders' decisions and moderate or high significance economic, environmental and social impacts. The content and scope of this report are also derived from this matrix. (G4-18). The report only covers the impacts of Sadaqat Limited operations and does not include any impact of subsidiaries or supply chain.

Materiality Matrix



Boundary of material topics

| Sustainability area | Material topic                 | Boundary (within / outside)                  |
|---------------------|--------------------------------|--|
| Economic            | Economic returns               | Sadaqat Limited                              |
|                     | Procurement practices          | Sadaqat Limited and its supplier             |
|                     | Market presence                | Sadaqat Limited                              |
| Environment         | Material                       | Sadaqat Limited                              |
|                     | Energy                         | Sadaqat Limited and its supplier             |
|                     | Water                          | Sadaqat Limited, its suppliers and customers |
|                     | GHG emissions                  | Sadaqat Limited and its supplier             |
|                     | Effluent and waste             | Sadaqat Limited and its supplier             |
|                     | Compliance                     | Sadaqat Limited                              |
| Social              | Working conditions             | Sadaqat Limited                              |
|                     | Occupational health and safety | Sadaqat Limited                              |
|                     | Customer health and safety     | Sadaqat Limited                              |
|                     | Training and education         | Sadaqat Limited                              |
|                     | Anticorruption                 | Sadaqat Limited                              |
|                     | Local communities              | Sadaqat Limited and the local community      |
|                     | Respect for human rights       | Sadaqat Limited and its suppliers            |
|                     | Marketing communications       | Sadaqat Limited                              |



## Operational and financial sustainability

### **In this section**

Economic performance  
Environmental performance  
Social performance



# Economic Performance

We have strategies and tools in place to help win business in global competitive markets and deliver strong financial performance year on year basis.

## Management Approach

Our vision, mission and corporate objectives guide us to deliver exceptional economic performance year on year basis. Sadaqat Limited is committed to become one of the largest exporter of textile products by providing premium quality products to its international customers, while producing a healthy sustainable returns to investors.

Sadaqat Limited is aware that its operations have major direct and indirect economic impacts. The material topics are identified through stakeholder engagement and materiality analysis which takes into account the severity of impacts and influence on stakeholder decision. The process of determination of material topics and their boundaries is defined in stakeholder engagement section of the report. The major direct impacts include shareholder returns in shape of dividend, payment to investors in shape of return on loans, payment of taxes and duties to the government, payment of salaries and benefits to employees, and payments to suppliers. The indirect economic impacts are economic development around factory site, skill enhancement in textile industry, investment in infrastructure projects, and provision of support for health and education. The Company aims to increase positive impacts and work for inclusive growth by engaging local suppliers, and employing local workforce.

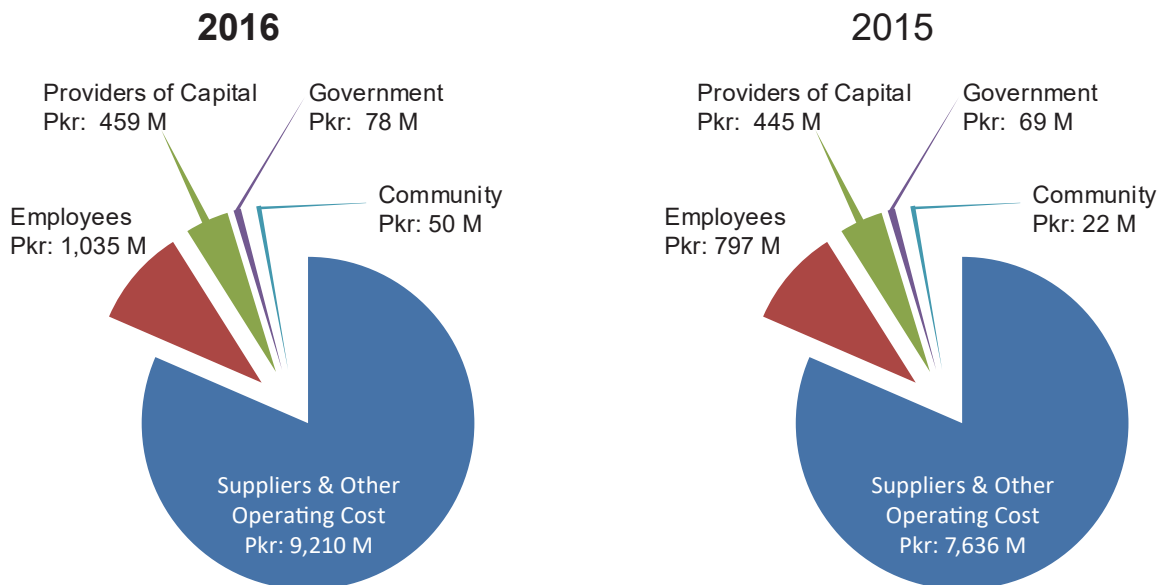
The Chief Executive is the highest officer responsible for economic impacts of the company. The economic objectives and policies are formulated and approved by the Board of Directors. The day to day affairs and implementation of policy is delegated to Chief Executive. The management approach and the performance is reviewed quarterly and actions taken according to the requirement.

The financial results of Sadaqat Limited for the year 2016 reflects a robust financial performance despite of local and global economic challenges. The Company revenue increased by 26% as compared to previous year while net profit increased by massive 226% year on year basis mainly due to improved pricing strategy and decreased cost of sales. The highest level of sales is achieved through adoption of dynamic diversification strategy to add more products and markets despite of declining exports of the country. The Company has successfully captured new markets while at the same time retained existing market share by launching market oriented product mix. In order to bring efficiency in operations, support timely decision making and reap the benefits of information technology, the Company has successfully implemented SAP which has gone live in FY 2017.

## Economic performance

| Economic value generated and distributed | Unit (PKR) | 2016 (Million) | 2015 (Million) | 2014 (Million) | 2013 (Million) |
|--|------------|----------------|----------------|----------------|----------------|
| <b>Direct economic value generated</b>   |            |                |                |                |                |
| Revenues                                 |            | 11,595         | 9,203          | 10,256         | 9,101          |
| <b>Economic value distributed</b>        |            |                |                |                |                |
| Suppliers and Operating costs            |            | 9,210          | 7,636          | 8,736          | 7,696          |
| Employee wages and benefits              |            | 1,035          | 797            | 649            | 591            |
| Payments to providers of capital         |            | 459            | 445            | 426            | 407            |
| Payments to government                   |            | 78             | 69             | 88             | 65             |
| Community investment                     |            | 50             | 22             | 26             | 32             |
| <b>Economic value retained</b>           |            | <b>763</b>     | <b>234</b>     | <b>331</b>     | <b>310</b>     |

The figures for the previous years have been restated to correct calculation mistakes.



## Organization's defined benefits

The Company provides provident fund, where 8.5% is contributed by employees and same proportionate amount is contributed by the Company on monthly basis. The provident fund contribution is payable when the employee leaves the organization. During the year, Company spent Rs. 24.89 million as contribution to provident fund plan on defined benefit plans. In addition to Company defined benefit plans, Sadaqat Limited also contributes to Employees Old Age Benefit Institution (EOBI) and Workers' Profit Participation Fund (WPPF). During the year, the Company contributed 5% of minimum wage of employees in EOBI and allocated Rs. 43.8 million to WPPF.

### Financial support available from Government

The Company receives financial support in shape of duty drawback on export, drawback of local taxes and levies, tax credits on balancing and modernization of machinery and LTFF / ERF loans at subsidized rates. Rs. 812 million are receivable from government at the end of FY 2015-16.

### Market presence

The Company strictly complies with applicable regulations for minimum wages and the ratio of minimum entry level wages compared to local minimum wages is well above of the minimum wage level. 76% employees are subject to minimum wages regulations, out of which 70% are male while 6% are female.

All employment in the Company is made strictly on merit and no preference whatsoever is granted. However, while employing production staff preference is given to local community residents. Approximately 68-80% senior management is hired from local community.

### Procurement practices

The Company is aware that procuring locally not only reduces cost but also results in economic growth and development of local industry. During the year, the company made 91% purchases from local supplier while 9% purchases from international suppliers.

# Environmental Performance

We are committed to protect environment, reduce negative environmental impacts of our operations through continuous adoption of new technologies and processes.

## Management Approach

The Company has integrated environment, health and safety policy in place along with Environment, Health, and Safety Committee headed by the Chairman of Board of Directors. The policy serve as a guidance for new investments and improvement in existing operations. The EHS Committee has mandate to formulate guidelines, take decisions, review performance and fix responsibility for environment, health and safety related matters.

The Company has identified material aspects having major environmental impacts of its operations and high influence on stakeholder decisions. The material environmental impacts are listed in materiality matrix. The Company's management approach is focused to avoid and mitigate negative impacts of its operations leading to cautious raw material usage, energy and water efficiency and reduced emissions and waste generation.

The General Manager HR & Compliance is responsible for performance, regulatory affairs and monitors the compliance for Environment, Health, and Safety (EHS). The Company regularly sends its key staff for trainings on health, safety and environment to equip them with the latest knowledge on the subject. The monitoring of the systems is carried out on a continuous basis to check compliance with the internal polices, targets, applicable laws, and customer requirements. The production facilities are certified for quality management system ISO 9001:2008, ISO 14001:2004 environmental management system and OSHAS 18001:2007 occupational health and safety. These certifications help the Company to identify risk and opportunities, bring improvements in the management system and build stakeholder confidence. The evaluation of management approach is carried out on annual basis to identify effectiveness of management approach, resulting improvements against the targets and take corrective action where required.

As a result of these efforts, Sadaqat Limited has not been accused of not having acted in compliance with laws, voluntary codes concerning nature and environment. Moreover, the Company has neither paid any substantial fine nor subject to non-monetary sanctions for non-compliance with environmental laws and regulations during the year.

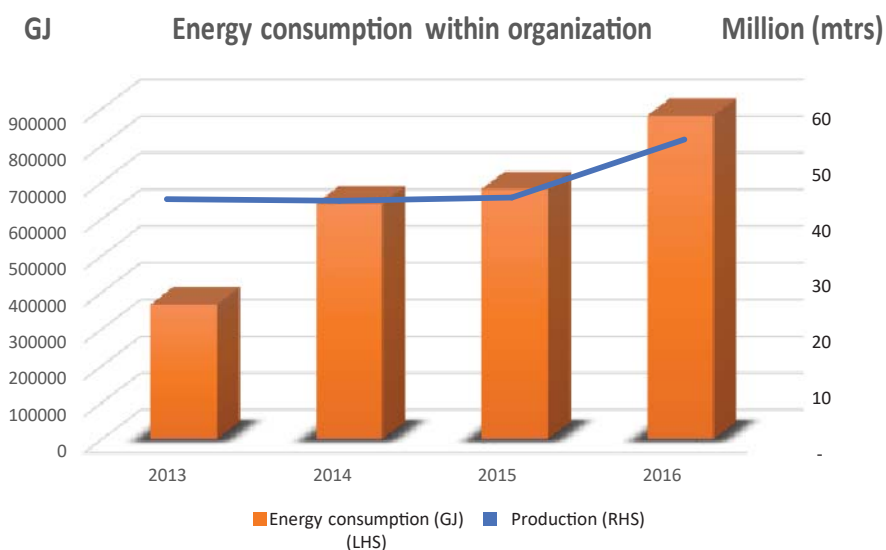
## Material consumption

| Material used      | Unit | 2016        | 2015       | 2014       | 2013       |
|--------------------|------|-------------|------------|------------|------------|
| Yarn               | Bags | 10,531      | 17,554     | 46,434     | 10,001     |
| Grey (approx)      | Mtr  | 55,866,736  | 45,399,838 | 44,985,145 | 45,189,489 |
| Knitting           | Kg   | 173,227     | 239,518    | 1,559      | 160,480    |
| Dyes and Chemical  | Kg   | 3,847,739   | 2,862,401  | 2,667,222  | 2,166,362  |
| Packing Material   | Nos  | 127,219,664 | 78,263,912 | 82,411,851 | 60,008,765 |
| Stitching Material | Nos  | 103,817,098 | 51,449,303 | 48,713,965 | 12,430,189 |
| Store supplies     | Nos  | 24,187,848  | 20,287,406 | 5,462,505  | 4,648,580  |

Energy

| Energy consumption   | Unit | 2016    | 2015    | 2014    | 2013    |
|--|------|---------|---------|---------|---------|
| Energy consumed within organization from non renewable sources | GJ   | 881,160 | 681,656 | 642,442 | 367,346 |

Sadaqat Limited operations are energy intensive. The energy requirements are mainly met through non-renewable sources. However, the Company is making efforts to explore renewable sources for meeting energy requirements.

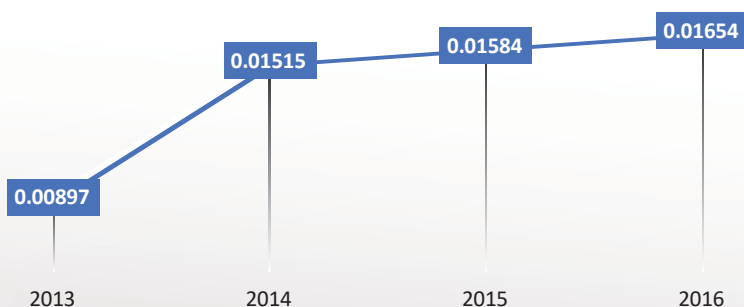


|                                      | Unit | 2016   | 2015   | 2014   | 2013   |
|--------------------------------------|------|--------|--------|--------|--------|
| Energy consumed outside organization | GJ   | 43,034 | 36,755 | 39,158 | 38,132 |

| Energy intensity             | Unit         | 2016    | 2015    | 2014    | 2013    |
|------------------------------|--------------|---------|---------|---------|---------|
| Energy used per meter fabric | GJ/per meter | 0.01654 | 0.01584 | 0.01515 | 0.00897 |

The energy intensity figures for the year 2015 have been restated to correct the calculation mistake. The energy intensity figures are calculated by including total energy consumption during the year.

Energy Intensity (GJ/meter fabric)





| Energy savings              | Unit | 2016   | 2015   | 2014   | 2013 |
|-----------------------------|------|--------|--------|--------|------|
| Energy savings per year     | GJ   | 10,308 | 1,315  | 35,897 | -    |
| Energy savings (cumulative) | GJ   | 47,514 | 37,212 | 35,897 | -    |

Energy consumption increased during the year. However, Company replaced tube lights with LED lights and used renewable energy sources which resulted in some energy savings. Moreover, the Company has state of the art heat recovery plant to capture energy wastage and reduce resultant emissions.

## Efforts being made to conserve energy

### Renewable Energy

We have currently installed Renewable Energy through 25 KWH Solar System resulting in saving of 674 GJs of energy however we plan to enhance it to 35 KWH by Financial Year 2016-17.



### Heat Recovery

- In FY 2016, we installed heat exchangers in mercerizing, and pad steam, which helped us to save 29 GJs of energy.
- We have also replaced exhaust fans with energy efficient latest motor fans which helped save 378 GJs of energy.
- After close of FY 2016, we also invested in Waste Heat Recovery Plant that would potentially help us to achieve significant energy saving for upcoming financial year.

### Condensate Recovery System

We have installed condensate recovery system at our cylinder dryers allowing us to avoid extraction of new water and consumption of energy utilized in its treatment. This helped us to save 156 GJs of energy per annum.

### Valve Insulation

We have valve insulation in place and helps to maintain temperature within steam pipelines installed in our processing facilities and enhance steam efficiency resulting in energy savings of 3221 GJs in FY 2016.

### Replacement of Air Conditioners with Chiller Plant

In FY 2016, we replaced our Air Conditioners with Chiller Plant in our head office and certain other areas within our premises which resulted in 3,469 GJs of energy.

### Replacement of Tube Lights with LED lights certain areas

In FY 2016, we replaced 5000 Tube Lights with 5000 LED lights in certain areas within our premises which resulted in 1891 GJs of energy.

### Replacement of existing lifter motors with energy efficient ones

In FY 2016, we also replaced existing lifter motors with energy efficient ones which helped save 14 GJs of energy.

### Installation of Rotary Filters

In FY 2016, we installed Rotary Filters which helped us to re-use hot water in our processing facilities including bleaching plant, dyeing and pad steam helping us to save 476 GJs of energy in FY 2016.

### Installation of Automatic Colour Kitchen

After close of FY 2016, we have invested Euros 600,000 in Automatic Colour Kitchen technology which shall conserve energy and would result in restricted chemical spillage helping us to protect aquatic life.

## Green office Initiative

In line with our commitment to reduce environmental burden of our operations, we have partnered with World Wide Fund (WWF) on green office initiative which will help us to reduce our environmental impacts, result in saving through changed processes and will slow down climate change.



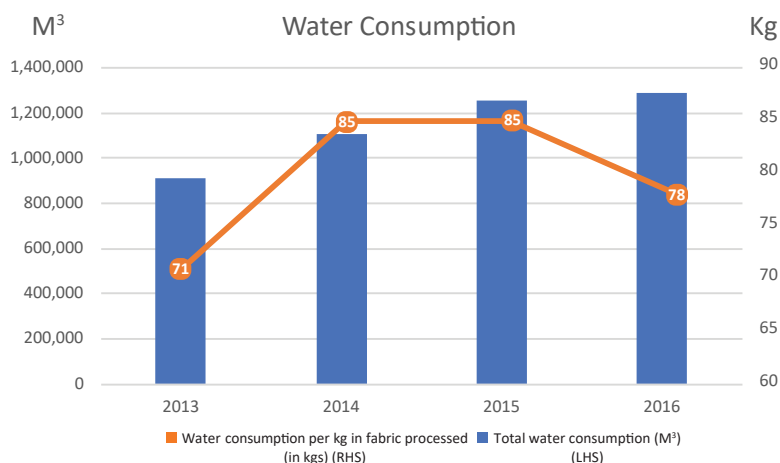
**Reduction in energy requirements of products and services**

The Company products do not use energy directly. However, the energy is used during washing and ironing of the products. The Company is striving to reduce the energy requirement of its products during these two processes. No quantification of energy reduction is available for the year.

**Water**

| Water consumption               | Unit           | 2016      | 2015      | 2014      | 2013    |
|---------------------------------|----------------|-----------|-----------|-----------|---------|
| Total water withdrawal per year | M <sup>3</sup> | 1,286,218 | 1,255,320 | 1,103,160 | 912,960 |
| Water consumption per kg fabric | Kgs            | 78        | 85        | 85        | 71      |

Water withdrawal is recorded with the help of flow meters.



**Water resources affected by withdrawal of water**

The Company withdraws water from ground wells, which does not significantly affect the water level around plant site.

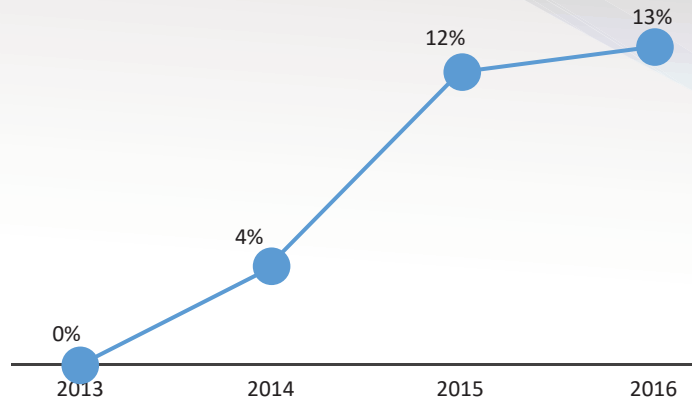
**Our Water Saving Initiatives**

In FY 2016, we invested significant amount and installed Automatic Screen Washing Machine & Water Jet Screen Stripping which resulted in reduced water consumption by reusing water for screen washing purposes. This also resulted in saving of energy and indirectly reducing carbon footprints.

**Note:** International water consumption norm for 1kg of fabric is 100 kgs of water whereas owing to above installation and other initiatives, we have been able to reduce our water consumption from 85 kgs to 78 kgs per 1 kg of fabric.

| % of water reused     | 2016 | 2015 | 2014 | 2013 |
|-----------------------|------|------|------|------|
| % age of water reused | 13%  | 12%  | 4%   | -    |

### Water Reused



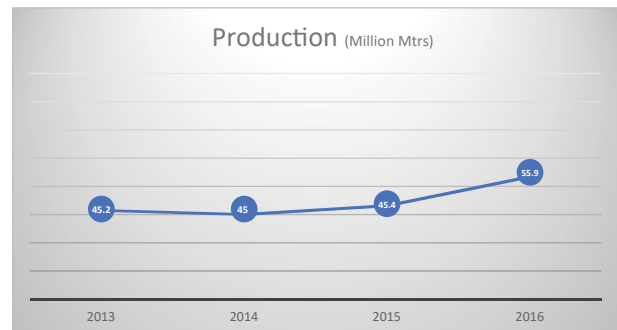
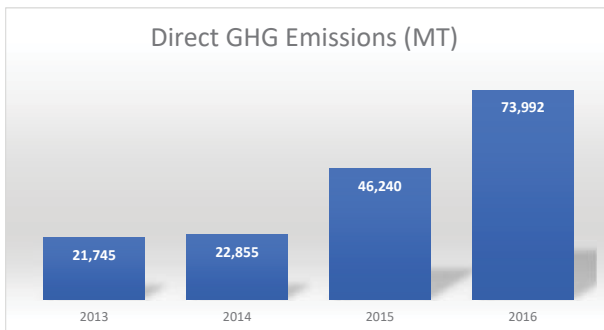
However 100% of waste water is being treated through our EPA approved waste water treatment plant.

### Emissions

| Greenhouse Gas (GHG) emissions       | Unit | 2016   | 2015   | 2014   | 2013   |
|--------------------------------------|------|--------|--------|--------|--------|
| Direct emissions (Scope I)           | MT   | 73,992 | 46,240 | 22,855 | 21,745 |
| Indirect emissions (Scope II)        | MT   | 3,499  | 2,837  | 2,637  | 1,596  |
| Other indirect emissions (Scope III) | MT   | 734    | 734    | 734    | 734    |

Scope III emission contains waste water treatment related emissions which are not accounted in Scope I. The Company has identified that the other indirect greenhouse gas emissions caused by its operations are not significant in the overall context. Therefore the Company has not produced a complete response to this indicator. The Company uses 2012 year as a base year.

The Direct emissions (Scope I) have been restated to correct the calculation mistake in conversion of GHG emissions from use of petrol and diesel in company vehicles.

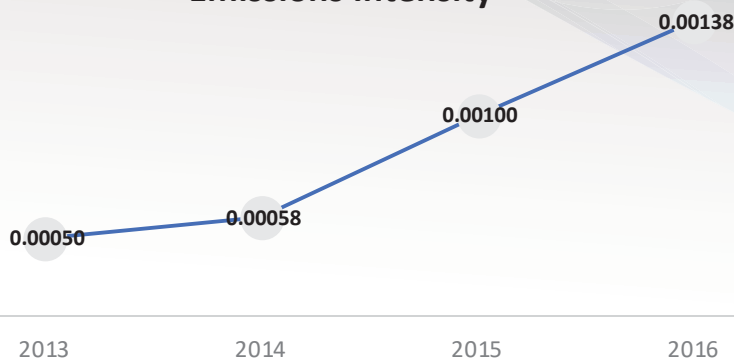


| Emissions intensity             | Unit         | 2016    | 2015   | 2014    | 2013   |
|---------------------------------|--------------|---------|--------|---------|--------|
| Emission per unit of production | MT/per meter | 0.00138 | 0.0010 | 0.00058 | 0.0005 |

Scope I GHG emissions were used for calculation of emission intensity. The figures are restated in line with restatement in direct GHG emissions.



## Emissions Intensity



## Initiatives for Reduction GHG Emissions

We have cyclone system in place to control particulate matters (PM) which has helped us in reduction of SOX and NOX.

In upcoming financial year 2017, we are planning to install wet scrubbers (effective air pollution control devices) for removing particles and/or gases from industrial exhaust streams which shall significantly reduce GHG emissions.

| Emissions of Ozone-Depleting Substances (ODS) | Unit | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|
| Emissions                                     | Ton  | Nil  | Nil  | Nil  | Nil  |

| No <sub>x</sub> , So <sub>x</sub> and other significant emissions | Unit | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|
| Emissions   | Ton  | 350  | 372  | 480  | 504  |

Flue gas analyzer was used to record emissions.

## Waste and effluents

| Water discharge by quality and destination | Unit           | 2016      | 2015      | 2014      | 2013 |
|--|----------------|-----------|-----------|-----------|------|
| Water discharge by quality and destination | M <sup>3</sup> | 1,211,522 | 1,156,416 | 1,042,296 | -    |

The waste water is discharged in drain and measured by flow meters. EPA approved waste water treatment plant at Sadaqat Limited ensures proper treatment of waste water to reduce harmful elements to meet the NEQS limits.

| Waste by type and disposal method                 | Unit | 2016  | 2015  | 2014  | 2013  |
|---|------|-------|-------|-------|-------|
| Reuse   | Ton  | 37.16 | 35.38 | 30.79 | 21.11 |
| Recovery (steam generated from waste heat boiler) | Ton  | 5,110 | 5,616 | 6,864 | 7,893 |
| Incineration                                      | Ton  | 4     | 4     | 104   | 85    |
| Landfill  | Ton  | Nil   | Nil   | Nil   | Nil   |
| Onsite storage                                    | Ton  | 32    | 30    | 1,338 | 1,250 |

#### Significant spills

No significant spill occurred during the year.

| Hazardous waste disposal                    | Unit | 2016 | 2015 | 2014 | 2013 |
|---|------|------|------|------|------|
| Total weight of hazardous waste transported | Ton  | 4    | 4    | 101  | 57   |

The Company does not transport hazardous waste internationally.

#### Biodiversity impact of waste disposal

The Company treats waste handling very carefully and according to NEQS standards. No incidents were reported where waste was not disposed properly, leading to adverse impact on the biodiversity and habitats around plant sites.

## Compliance and overall environmental management

#### Non-compliance and impacts

There were no incidents of non-compliance with laws and regulation during the year.

| Environmental protection expenditures                      | Unit (PKR) | 2016  | 2015  | 2014 | 2013 |
|--|------------|-------|-------|------|------|
| Waste disposal, emissions treatment, and remediation costs | Million    | 70.40 | 68.51 | 80   | 124  |
| Prevention and environmental management costs              | Million    | 8.12  | 7.52  | 4.8  | 3.2  |

## Social Performance

Our strong commitment to inclusive growth coupled with policies and procedures help us to deliver robust social performance over the years.

### Management Approach

Sadaqat Limited is aware of its responsibility for reasonable working conditions, respect for human rights, local community development and fair business transactions. The Company voluntarily committed to ensure that its business activities and strategic decisions, follow, protect and respect labor standard, human rights declarations, anti-corruption regulations, responsible production, and marketing practices. In order to further strengthen commitment and improve management processes, Sadaqat Limited got its systems certified against Social Accountability International Standard, SA 8000. The material aspects of Company operations on social front have been identified on the basis of stakeholder consultation, influence of social impacts on stakeholder decisions, severity of impacts and business strategy.

The Company operations are mainly labor intensive and Company employs more than 4,700 workers at its factory in Faisalabad. The labor intensive operations require good human resource policies, safe working conditions, ongoing training, and education for better productivity. The highest officer responsible for labor practices is General Manager Human Resources/Admin and Compliance. The Company has well defined policies and procedure in place to ensure productive and safe workplace for its workforce. The Company regularly evaluates labor practices to take corrective actions, if required.

Sadaqat Limited is committed to protect human rights within sphere of its influence, encourage workers right to form unions, eliminate discrimination, child labor, forced, and compulsory labor. The highest officer for human rights practices is General Manager Human Resources/Admin and Compliance. The Company policies and practices relating to human rights management are reviewed on annual basis for their effectiveness and necessary revisions.




The Company believes that the economic, environmental and social sustainability of the communities around its factory is essential for long-term growth of the Company. The Company has an environment, health, and safety committee in place, which formulates Company policies, procedure, and programs for implementation for the betterment of local community. The programs are formulated and implemented in consultation with local community. The progress on social initiatives is analyzed by the committee and reported to higher governing body on a continuous basis.

Sadaqat Limited aims to produce quality products which can be used safely with minimum environmental impacts. The Company has quality policy in place which guides the Company to strive for the best in class products. The manufacturing unit is responsible for product responsibility. The Chief Executive is responsible for the product impacts and marketing practices. The Company is aware that any deviation may result in damage to brand reputation, alienation of customers and financial loss. Thus Company continuously invests in production facilities, provides guidance, and training to production staff to ensure quality production. The Company has dedicated staff trained on labeling as per applicable laws and regulations. The management approach is reviewed on the basis of customer feedback and improvements carried out to meet customer demands.

### Labor practices and decent work

#### Employment practices

Full time employees as on June 30, 2016

|      |  |       |
|------|--|-------|
| 2016 |  | 4,712 |
| 2015 |  | 4,235 |
| 2014 |  | 4,082 |

## Workforce structure

| Structure        | Total | %age |
|------------------|-------|------|
| <b>Employees</b> |       |      |
| Male             | 4,467 | 95%  |
| Female           | 245   | 5%   |

| Employee category | Total | %age |
|-------------------|-------|------|
| <b>Management</b> |       |      |
| Male              | 260   | 96%  |
| Female            | 11    | 4%   |
| <b>Staff</b>      |       |      |
| Male              | 4,207 | 95%  |
| Female            | 234   | 5%   |

| Employment contract | Total | %age |
|---------------------|-------|------|
| <b>Regular</b>      |       |      |
| Male                | 4,467 | 95%  |
| Female              | 245   | 5%   |

| Employee type    | Total | %age |
|------------------|-------|------|
| <b>Full time</b> |       |      |
| Male             | 4,467 | 95%  |
| Female           | 245   | 5%   |
| <b>Part time</b> | -     |      |

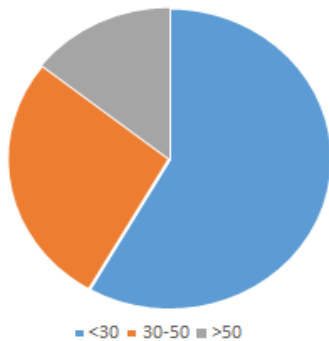
No contract employment is offered at Sadaqat Limited.

| Employees or supervised workers | Total | %age |
|---------------------------------|-------|------|
| <b>Employees</b>                |       |      |
| Male                            | 4,467 | 95%  |
| Female                          | 245   | 5%   |
| <b>Supervised workers</b>       | -     | -    |

| Region               | Total | %age |
|----------------------|-------|------|
| <b>Faisalabad</b>    |       |      |
| Male                 | 3,086 | 94%  |
| Female               | 195   | 6%   |
| <b>Other regions</b> |       |      |
| Male                 | 1,381 | 96%  |
| Female               | 50    | 4%   |

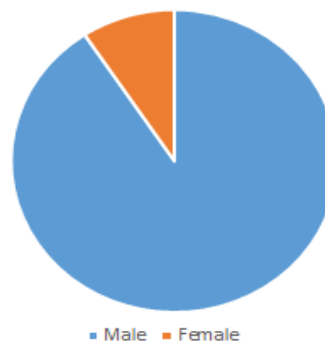
## Attrition by age group and gender

Attrition by age-group



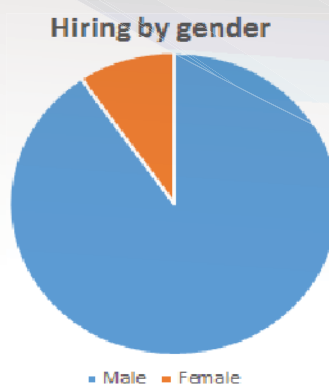
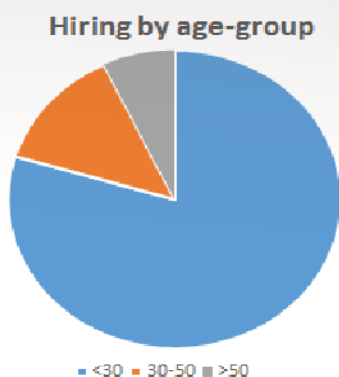
| Attrition group | by age |
|-----------------|--------|
| <30             | 264    |
| 30-50           | 124    |
| >50             | 65     |

Attrition by gender



| Attrition by gender |     |
|---------------------|-----|
| Male                | 411 |
| Female              | 42  |

### Hiring by age group and gender



#### Hiring by age group

|       |     |
|-------|-----|
| <30   | 741 |
| 30-50 | 124 |
| >50   | 65  |

#### Hiring by gender

|        |     |
|--------|-----|
| Male   | 841 |
| Female | 89  |

The figures for number of employees for the year 2015 and 2014 have been restated to correct calculation mistake.

### Employee benefits

#### Benefits provided to full time employees

The Company provide following benefits to full time employees including management and staff. These benefits are not offered to part time employees.

| Benefits                       | Management   | Staff        |
|--------------------------------|--------------|--------------|
| Life Insurance                 | Yes          | Yes          |
| Health Care                    | 100%         | 100%         |
| Disability/invalidity Coverage | Yes          | Yes          |
| Parental leave                 | Only females | Only females |
| Retirement provision           | Yes          | Yes          |
| Stock Ownership                | No           | No           |

Only female employees are eligible for parental leave. No employee took parental leave during the year.

### Labor relations

95% of the employees are covered by collective bargaining agreements. The Company gives four weeks' notice to labor representative for any operational changes, which will affect them. However, the minimum notice period is not mentioned in the agreement with labor union.

## Occupational health and safety

4% of the workforce is represented in formal joint management –worker health and safety committees which work at department level.

The company accounts first aid injury in the injury rate and the lost days means schedule work days, lost day count begins the day after the incident.

| Rate of Injury by region and gender |              |        |                |                |
|-------------------------------------|--------------|--------|----------------|----------------|
|                                     | Organization |        | Contractor     |                |
|                                     | Male         | Female | Male           | Female         |
| Khurrianwala factory                | 0.02%        | -      | Not applicable | Not applicable |

| Occupation disease rate by region and gender |              |        |                |                |
|--|--------------|--------|----------------|----------------|
|  | Organization |        | Contractor     |                |
|  | Male         | Female | Male           | Female         |
| Khurrianwala factory                         | Nil          | Nil    | Not applicable | Not applicable |

| Lost days rate by region and gender |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | Organization   |                | Contractor     |                |
|                                     | Male           | Female         | Male           | Female         |
| Khurrianwala factory                | Not applicable | Not applicable | Not applicable | Not applicable |

The health and safety topics are covered in the agreements with labor union. The workers involved in fluff related work may have risk of lung cancer. However, the Company is committed to reduce the risks of any occupational disease and strictly complies with its health and safety policy, which requires workers to comply with the safety measures during execution of work.

## Training and education

| Internal Training                   | 2016 |        | 2015 |        | 2014 |        | 2013 |        |
|-------------------------------------|------|--------|------|--------|------|--------|------|--------|
|                                     | Male | Female | Male | Female | Male | Female | Male | Female |
| Average hours of training by gender | 48   | 32     | 48   | 32     | 48   | 32     | 48   | 32     |

During the FY 2015-16, the Company also provided **technical external trainings** to its 13 employees from different departments ranging from 1 to 3 days time.

The Company provides opportunities for lifelong learning through provision of in house trainings for enhancing the skill sets and employability of the workforce. The employees are also encouraged to increase their qualifications in respective areas while working in the Company. 10-15% of male employees and 3-5% of female employees received performance appraisal and career development reviews during the year.

## Diversity and equal opportunity

### Employee per employee category, by gender, minority group and age

| Employee Category | Gender |        | Minority Group |            | Age Group |       |     |
|-------------------|--------|--------|----------------|------------|-----------|-------|-----|
|                   | Male   | Female | Muslim         | Non-Muslim | <30       | 30-50 | >50 |
| Management        | 260    | 11     | 271            | -          | 71        | 183   | 17  |
| Staff             | 4,207  | 234    | 4,260          | 181        | 2,701     | 1,574 | 166 |

### Individuals in governance bodies by gender, minority, and age group

| Governing body     | Gender |        | Minority Group |            | Age Group |       |     |
|--------------------|--------|--------|----------------|------------|-----------|-------|-----|
|                    | Male   | Female | Muslim         | Non-Muslim | <30       | 30-50 | >50 |
| Board of directors | 7      | -      | 7              | -          | -         | 6     | 1   |

# Human Rights

## Non-discrimination

No incident of discrimination reported during the year. The Company has defined clear non-discrimination policy that has been communicated to all employees through different communication channels like electronic media, display at prominent places and through orientation training sessions. The policy clearly states zero tolerance on any discrimination case that is subject to disciplinary action.

## Freedom of association and collective bargaining

The Company supports workers right to form unions as per applicable laws and international conventions. All eligible workers were covered under the collective bargaining agreement. No operations identified where worker's right to exercise freedom of association and collective bargaining may be violated or at risks. The Company does not screen its suppliers on this criteria, however, the Company encourages its suppliers to follow the applicable laws regarding workers' rights.

## Child forced and compulsory labour

The Company strictly complies with the regulations regarding child labour, forced and compulsory labour. During the year, no cases of child labour or forced and compulsory labour reported in Company operations.

## Supplier human rights assessment

The Company does not screen its supplier on human rights criteria but encourages them to follow the universal regulations and international conventions on human rights. Moreover, the Company has not carried out any specific activity on identification of actual and potential negative human rights impacts in its supply chain. However, the Company is committed to carry out activity for identification of actual and potential negative impacts in the supply chain for devising its strategy to include human rights criteria in its supplier selection and manage negative impacts through briefings and trainings to supply chain partners.

# Society

## Local communities

The Company is aware of its responsibility to take part socio-economic development of local communities around factory site. The Company is taking steps to uplift education, health and infrastructure facilities in the vicinity of its operations. All of the operations have implemented local community engagements, impact assessment and planned development programs in different areas. The Company has an EHS Committee in place, which is mandated to devise strategies and programs for development around plant site. The Company engages community on a continuous basis to get insights and suggestion for better community service. During the year, the Company spent an amount of Rs. 49.9 million on implementation of programs in the areas of health, education, and infrastructure developments around the factory. The major spending was in areas of education and health.

During the year, the Company provided funds for construction of education complex and waiting lounge at Faisalabad Institute of Cardiology (FIC), construction and governance of school in nearby village and signed Memorandum of Understanding (MOU) with Lahore University of Management Sciences (LUMS) to provide scholarship for two deserving students. Moreover, the Company is implementing Industrial Training Program 2016 under the umbrella of Punjab Skill Development Fund (PSDF) in coordination with Government of Punjab to increase the skill set of youth for playing an important part in development.

No actual or potential negative impacts of operations, except negative environmental impacts, were identified during the year.

## Combating corruption

All operations were assessed for the risks related to corruption. No incident of corruption reported during the year.

The Company has a dedicated internal audit department which continuously reviews the operation to identify the incidents of corruption, if any. The Company has not specifically provided any formal training on anti-corruption during the year. However, the formal code of conduct, which is provided to every governing body member and employees, contains company policy on anti-corruption.

## Product Responsibility

### Customer health and safety

80% of Company products were assessed for health and safety impacts during the year, while 75% of the products were assessed for health and safety impacts during the year 2015. The Company is continuously making investments in state of art technology for improving quality of products and bringing efficiency in operations. The Company has state of the art production systems having automatic color kitchen, automatic cutting and sewing, computerized quilting, multi-head embroideries, pin sonic techniques, smart MRT system and Texpa machines. The Company is planning to adopt lean manufacturing and making efforts for aggressive minimization of wastage leading to quality improvement. No incident of non-compliance with regulations and voluntary codes concerning health and safety impacts of products identified during the year. The Company production systems are certified for leading quality management, health and safety, environment and textile industry related standards

### Product and service labeling

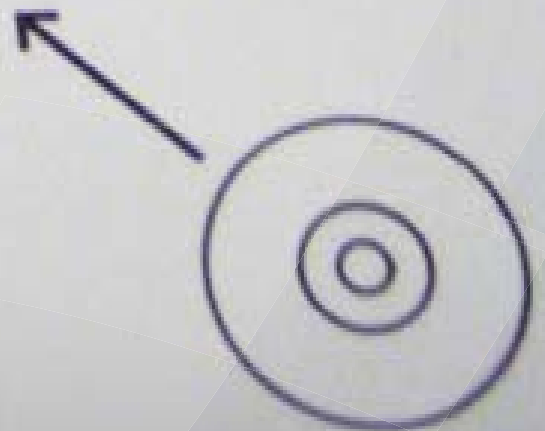
The Company products are subject to labeling requirements as per applicable regulations and voluntary codes followed by the Company. These regulations and voluntary codes requires information about product sourcing, origin, safe use of product, washing instructions and disposal of products. During the year, no incidents of non-compliance with regulations and voluntary codes concerning product information and labeling were reported. The Company regularly interacts with customers for getting their input on product quality and related matters. However, no specific survey conducted during the year.

### Marketing communication, customer privacy and compliance

During the year, no incident of non-compliance with regulations and voluntary codes concerning marketing communications were reported. The Company does not produce and sell banned or disputed products.

During the year, the Company was not subject to any fine for non-compliance with laws and regulations concerning the provision and use of products.







# Supplementary information




## **In this section**

GRI index  
UNGC index  
Feedback form  
Glossary & acronyms

## GRI-G4 Content Index

The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G4 indicators. Each indicator is followed by reference to the appropriate pages in the 2016 sustainability report or other publicly available sources.

### Key

|   |                       |
|---|-----------------------|
| SR  | Sustainability report |
|  | Fully disclosed       |
|  | Partially disclosed   |
|  | Not disclosed         |

### General standard disclosure

| General Standard Disclosures                      |   | Publications | Page  |
|---|---|--------------|-------|
| G 4-1   | Statement from the Chairman and the CEO   | SR           | 6-7   |
| G 4-3   | Name of the organization  | SR           | 8     |
| G 4-4   | Primary brands, products, and/or services   | SR           | 9     |
| G 4-5   | Location of the organization's headquarters   | SR           | 8     |
| G 4-6   | Countries where the organization operates   | SR           | 8     |
| G 4-7   | Nature of ownership and legal form  | SR           | 8     |
| G 4-8   | Markets served  | SR           | 8     |
| G 4-9   | Scale of the reporting organization   | SR           | 8     |
| G 4-10  | Workforce characteristic  | SR           | 33-35 |
| G 4-11  | Employees covered by collective bargaining agreements   | SR           | 31    |
| G 4-12  | Organization's supply chain   | SR           | 8     |
| G 4-13  | Changes in organization's size, structure, ownership or its supply chain                      | SR           | 8     |
| G 4-14  | Precautionary approach to risk management   | SR           | 10    |
| G 4-15  | Externally developed charters, principles or initiatives to which the organization subscribes | SR           | 10    |
| G 4-16  | Membership in associations or organizations   | SR           | 10    |
| <b>Identified material aspects and boundaries</b> |   |              |       |
| G 4-17  | Entities included in the organization reports   | SR           | 4     |
| G 4-18  | Reporting principles for defining report content  | SR           | 4     |





| <b>General Standard Disclosures</b> |   | <b>Publications</b> | <b>Page</b> |
|-------------------------------------|---|---------------------|-------------|
| G 4-19                              | Material aspects identified in defining report content  | SR                  | 21          |
| G 4-20                              | Material aspects within the organization  | SR                  | 21          |
| G 4-21                              | Material aspects outside the organization   | SR                  | 21          |
| G 4-22                              | Restatements of information provided in earlier reports   | SR                  | 4           |
| G 4-23                              | Significant changes from previous reporting periods in scope and aspect boundaries  | SR                  | 4           |
| <b>Stakeholder engagement</b>       |   |                     |             |
| G 4-24                              | Stakeholder groups engaged by the organization  | SR                  | 19-20       |
| G 4-25                              | Identification and selection of stakeholders to engage  | SR                  | 19-20       |
| G 4-26                              | Organization's approach to stakeholder engagement   | SR                  | 19          |
| G 4-27                              | Key topics collected through stakeholder engagement   | SR                  | 21          |
| <b>Report profile</b>               |   |                     |             |
| G 4-28                              | Reporting period  | SR                  | 4           |
| G 4-29                              | Date of the last report   | SR                  | 4           |
| G 4-30                              | Reporting cycle   | SR                  | 4           |
| G 4-31                              | Contact point for questions regarding the report  | SR                  | 4           |
| G 4-32                              | GRI Content Index   | SR                  | 4           |
| G 4-33                              | External assurance  | SR                  | 4           |
| <b>Governance</b>                   |   |                     |             |
| G 4-34                              | Governance structure  | SR                  | 18          |
| G 4-35                              | Delegating authority for economic, environmental and social topics  | SR                  | 18          |
| G 4-36                              | Positions with responsibility for economic, environmental and social topics   | SR                  | 18          |
| G 4-38                              | Composition of highest governance bodies and its committees   | SR                  | 18          |
| G 4-39                              | Executive powers of the Chairman  | SR                  | 18          |
| G 4-40                              | Qualification and expertise of highest governance bodies  | SR                  | 18          |
| G 4-41                              | Processes to avoid conflicts of interest  | SR                  | 18          |
| G 4-42                              | Highest governance bodies and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts | SR                  | 18          |
| G 4-45                              | Highest governance bodies' role in the identification and management of economic, environmental and social impacts, risks, and opportunities  | SR                  | 18          |
| G 4-47                              | Frequency of the highest governance bodies' review of economic, environmental and social impacts, risks, and opportunities  | SR                  | 18          |
| <b>Ethics and integrity</b>         |   |                     |             |
| G 4-56                              | Organization's values, principles, standards and norms of behavior  | SR                  | 17          |

Specific standard disclosures




Economic

| DMA and Indicators | Publications | Page | Omission and reason |
|--------------------|--------------|------|---------------------|
|--------------------|--------------|------|---------------------|



Material aspect: economic performance

|        |   |    |    |   |
|--------|---|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach                      | SR | 23 |  |
| G4-EC1 | Direct economic value generated and distributed                 | SR | 23 |  |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | SR | 24 |  |
| G4-EC4 | Financial assistance received from government                   | SR | 25 |  |

Material aspect: market presence

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach                                   | SR | 23 |  |
| G4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage | SR | 25 |  |
| G4-EC6 | Proportion of senior management hired from the local community               | SR | 25 |  |


Material aspect: procurement practices

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach | SR | 23 |  |
| G4-EC9 | Proportion of spending on local suppliers  | SR | 25 |  |






Environment


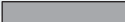





















| DMA and Indicators | Publications | Page | Omission and reason |
|--------------------|--------------|------|---------------------|
|--------------------|--------------|------|---------------------|

Material aspect: materials

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach | SR | 26 |  |
| G4-EN1 | Materials used                             | SR | 26 |  |


















Material aspect: energy

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach     | SR | 26 |  |
| G4-EN3 | Energy consumption within the organization     | SR | 27 |  |
| G4-EN4 | Energy consumption outside of the organization | SR | 27 |  |
| G4-EN5 | Energy intensity                               | SR | 27 |  |
| G4-EN6 | Reduction of energy consumption                | SR | 28 |  |












| DMA and Indicators                          |   | Publications | Page  | Omission and reason   |
|---|---|--------------|-------|---|
| G4-EN7                                      | Reductions in energy requirements of products and services  | SR           | 28    |    |
| <b>Material aspect: water</b>               |   |              |       |   |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 26    |    |
| G4-EN8                                      | Water withdrawal  | SR           | 29    |    |
| G4-EN9                                      | Water sources significantly affected by withdrawal  | SR           | 29    |    |
| G4-EN10                                     | Water recycled and reused   | SR           | 29    |    |
| <b>Material aspect: emissions</b>           |   |              |       |   |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 26    |    |
| G4-EN15                                     | Direct greenhouse gas (GHG) emissions (Scope 1)   | SR           | 30    |    |
| G4-EN16                                     | Energy indirect greenhouse gas (GHG) emissions (Scope 2)  | SR           | 30    |    |
| G4-EN17                                     | Other indirect greenhouse gas (GHG) emissions (Scope 3)   | SR           | 30    |    |
| G4-EN18                                     | Greenhouse gas (GHG) emissions intensity  | SR           | 30-31 |    |
| G4-EN19                                     | Reduction of greenhouse gas (GHG) emissions   | SR           | 31    |    |
| G4-EN20                                     | Emissions of ozone-depleting substances (ODS)   | SR           | 31    |    |
| G4-EN21                                     | NOX, SOX, and other significant air emissions   | SR           | 31    |  |
| <b>Material aspect: effluents and waste</b> |   |              |       |   |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 26    |  |
| G4-EN22                                     | Water discharge   | SR           | 31    |  |
| G4-EN23                                     | Waste disposal  | SR           | 31    |  |
| G4-EN24                                     | Significant spills  | SR           | 32    |  |
| G4-EN25                                     | Hazardous waste   | SR           | 32    |  |
| G4-EN26                                     | Biodiversity and habitats affected by the organization's discharges   | SR           | 32    |  |
| <b>Material aspect: compliance</b>          |   |              |       |   |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 26    |  |
| G4-EN29                                     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | SR           | 32    |  |
| <b>Material aspect: overall</b>             |   |              |       |   |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 26    |  |
| G4-EN31                                     | Environmental protection expenditures and investments   | SR           | 32    |  |

## Social



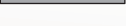
## Labor practices and decent work

| DMA and Indicators                                       |   | Publications | Page | Omission and reason   |
|--|---|--------------|------|---|
| <b>Material aspect: employment</b>                       |   |              |      |   |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 33   |    |
| G4-LA1   | Number and rates of new employee hires and employee turnover  | SR           | 34   |    |
| G4-LA2   | Benefits provided to full-time employees that are not provided to temporary or part-time employees  | SR           | 34   |    |
| G4-LA3   | Return to work and retention rates after parental leave   | SR           | 34   |    |
| <b>Material aspect: labor/management relations</b>       |   |              |      |   |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 33   |    |
| G4-LA4   | Minimum notice periods regarding operational changes  | SR           | 35   |    |
| <b>Material aspect: occupational health &amp; safety</b> |   |              |      |   |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 33   |  |
| G4-LA5   | Workforce represented in health and safety committees   | SR           | 36   |  |
| G4-LA6   | Injuries, occupational diseases, lost days, absenteeism and total number of work-related fatalities | SR           | 36   |  |
| G4-LA7   | Workers with high incidence or high risk of diseases related to their occupation                    | SR           | 36   |  |
| G4-LA8   | Health and safety topics covered in formal agreements with trade unions                             | SR           | 36   |  |
| <b>Material aspect: training and education</b>           |   |              |      |   |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 33   |  |
| G4-LA9   | Training per employee   | SR           | 36   |  |
| G4-LA10  | Programs for skills management and lifelong learning of employees                                   | SR           | 36   |  |
| G4-LA11  | Employees receiving regular performance and career development reviews                              | SR           | 36   |  |
| <b>Material aspect: diversity and equal opportunity</b>  |   |              |      |   |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 33   |  |
| G4-LA12  | Composition of governance bodies and breakdown of employees per indicators of diversity             | SR           | 36   |  |

## Human rights





| DMA and Indicators   | Publications   | Page | Omission and reason |   |
|--|--|------|---------------------|---|
| <b>Material aspect: non-discrimination</b>                               |  |      |                     |   |
| G4-DMA   | Generic Disclosures on Management Approach   | SR   | 33                  |    |
| G4-HR3   | Incidents of discrimination and corrective actions taken   | SR   | 37                  |    |
| <b>Material aspect: freedom of association and collective bargaining</b> |  |      |                     |   |
| G4-DMA   | Generic Disclosures on Management Approach   | SR   | 33                  |    |
| G4-HR4   | Risks to the right to exercise freedom of association and collective bargaining                      | SR   | 37                  |    |
| <b>Material aspect: child labor</b>                                      |  |      |                     |   |
| G4-DMA   | Generic Disclosures on Management Approach   | SR   | 33                  |    |
| G4-HR5   | Operations identified as having significant risk for incidents of child labor                        | SR   | 37                  |    |
| <b>Material aspect: forced or compulsory labor</b>                       |  |      |                     |   |
| G4-DMA   | Generic Disclosures on Management Approach   | SR   | 33                  |   |
| G4-HR6   | Operations identified as having significant risk for incidents of forced or compulsory labor         | SR   | 37                  |  |
| <b>Material aspect: Supplier Human Rights Assessment</b>                 |  |      |                     |   |
| G4-DMA   | Generic Disclosures on Management Approach   | SR   | 33                  |  |
| G4-HR10  | Percentage of new suppliers that were screened using human rights criteria                           | SR   | 37                  |  |
| G4-HR11  | Significant actual and potential negative human rights impacts in the supply chain and actions taken | SR   | 37                  |  |

## Society

| DMA and Indicators                        | Publications   | Page | Omission and reason |   |
|---|--|------|---------------------|---|
| <b>Material aspect: local communities</b> |  |      |                     |   |
| G4-DMA                                    | Generic Disclosures on Management Approach   | SR   | 33                  |  |
| G4-SO1                                    | Operations with implemented local community engagement, impact assessments, and development programs | SR   | 37                  |  |
| G4-SO2                                    | Operations with significant actual and potential negative impacts on local communities               | SR   | 37                  |  |






## Material aspect: anti-corruption

|        |   |    |    |   |
|--------|---|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach                            | SR | 33 |  |
| G4-SO3 | Operations assessed for risks related to corruption                   | SR | 38 |  |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | SR | 38 |  |
| G4-SO5 | Confirmed incidents of corruption and actions taken                   | SR | 38 |  |




## Product responsibility

| DMA and Indicators | Publications | Page | Omission and reason |
|--------------------|--------------|------|---------------------|
|--------------------|--------------|------|---------------------|

### Material aspect: customer health and safety

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach   | SR | 33 |  |
| G4-PR1 | Product and service categories for which health and safety impacts are assessed for improvement  | SR | 38 |  |
| G4-PR2 | Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle | SR | 38 |  |



### Material aspect: product and service labeling

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach   | SR | 33 |  |
| G4-PR3 | Product and service information  | SR | 38 |  |
| G4-PR4 | Incidents of non-compliance with regulations concerning product and service information and labeling | SR | 38 |  |

### Material aspect: marketing communications

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach                                       | SR | 33 |  |
| G4-PR6 | Sale of banned or disputed products  | SR | 38 |  |
| G4-PR7 | Incidents of non-compliance with regulations concerning marketing communications | SR | 38 |  |

### Material aspect: compliance

|        |  |    |    |   |
|--------|--|----|----|---|
| G4-DMA | Generic Disclosures on Management Approach   | SR | 33 |  |
| G4-PR9 | Fines for non-compliance with laws and regulations concerning the provision and use of products and services | SR | 38 |  |

# UNGC – “The Ten Principles”



**United Nations** Global Compact

## UNGC “The Ten Principles”

| Principle    | Statement  | Page No.                   | GRI G 4 Indicator   |
|--------------|--|----------------------------|---|
| Principle 1  | Businesses should support and respect the protection of internationally proclaimed human rights.                         | 37                         | SO 1, SO 2  |
| Principle 2  | Businesses should make sure that they are not complicit in human rights abuses.  | 37                         | HR 10, HR 11  |
| Principle 3  | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 31, 37                     | G4-11, HR 4, LA 4,  |
| Principle 4  | Businesses should uphold the elimination of all forms of forced and compulsory labor.                                    | 37                         | HR 6  |
| Principle 5  | Businesses should uphold the effective abolition of child labor.   | 37                         | HR 5  |
| Principle 6  | Businesses should uphold the elimination of discrimination in respect of employment and occupation.                      | 25,33,34<br>35,36,37       | G4-10, EC 5, EC 6, LA 1, LA 3, LA 9, LA 11, LA 12, HR 3   |
| Principle 7  | Businesses should support a precautionary approach to environmental challenges.  | 26,27,29<br>30,31,32       | EN 1, EN 3, EN 8, EN 15, EN 16, EN 17, EN 20, EN 21, EN 31  |
| Principle 8  | Businesses should undertake initiatives to promote greater environmental responsibility.                                 | 26,27,28<br>29,30,31<br>32 | EN 1, EN 2, EN 3, EN 4, EN 5, EN 6, EN 7, EN 8, EN 9, EN 10, EN 15, EN 16, EN 17, EN 18, EN 19, EN 20, EN 21, EN 22, EN 23, EN 24, EN 25, EN 26, EN 29, EN 31 |
| Principle 9  | Businesses should encourage the development and diffusion of environmentally friendly technologies.                      | 28,31-32                   | EN 6, EN 7, EN 19, EN 31  |
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery.                             | 17, 38                     | G 4-56, SO 3, SO 4  |

# Feed Back Form

## Sustainability Report 2016

Details of information provided on issues covered in the report

Comprehensive     Adequate     Not adequate

Clarity of the information provided in the report

High     Medium     Low

The quality of design and layout of the report

Excellent     Good     Average

Your comments for adding value to the report.

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Name :

Designation :

Organization :

Contact Details :

Tel :

Please mail your feedback to:  
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General Manager  
Health & Safety  
Sadaqat Limited  
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Email: [osma.mukhtar@sadaqatgroup.net](mailto:osma.mukhtar@sadaqatgroup.net)



## Glossary and Acronyms

|               |  |
|---------------|--|
| <b>BCI</b>    | Better Cotton Initiative                         |
| <b>CBA</b>    | Collective Bargaining Agent                      |
| <b>CSR</b>    | Corporate Social Responsibility                  |
| <b>C-TPAT</b> | Customer Trade Partnership Against Terrorism     |
| <b>ERF</b>    | Export Refinance                                 |
| <b>GRI</b>    | Global Reporting Initiative                      |
| <b>GHG</b>    | Green House Gases                                |
| <b>GOTS</b>   | Global Organic Textile Standard                  |
| <b>GRS</b>    | Global Recycle Standard                          |
| <b>HSE</b>    | Health Safety and Environment                    |
| <b>LTFF</b>   | Long Term Finance Facility                       |
| <b>MMSCF</b>  | Million Standard Cubic Feet                      |
| <b>MW</b>     | Mega watt  |
| <b>NEQS</b>   | National Environmental Quality Standards         |
| <b>OCS</b>    | Organic Content Standard                         |
| <b>OHSAS</b>  | Occupational Health and Safety Assessment Series |
| <b>UNGC</b>   | United Nations Global Compact                    |
| <b>WRAP</b>   | Worldwide Responsible Accredited Production      |
| <b>WWF</b>    | World Wild Fund                                  |

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