

Sapphire Textile Mills Ltd.

Code of Conduct & Business Principles



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HR DEPARTMENT

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Message from our COO

Sapphire has been the symbol of exceptional quality and innovation in the textile manufacturing business for decades.

To continue this legacy, we believe that sustained and concrete efforts are required to protect our brand image from any potential reputational harm. This Code of Conduct highlights some of the core values and ethics that help define us as a responsible business.

We are committed to producing premier quality products while maintaining the highest possible standards. Therefore, it is critically important that we focus on our relationship with our esteemed customers, suppliers, dealers, government agencies and other stakeholders.



I strongly encourage you to read, understand and, most importantly, conduct your actions in line with our Code, and seek help whenever facing a legal, compliance or ethical dilemma.

We need your commitment to helping maintain the moral, ethical and law-abiding heritage that has been so important to us.

Nabeel Abdullah

COO

Our Values: 'PRIDE'

People
Relationships
Integrity
Diversity
Environment

Sapphire Textile Mills Ltd. takes great pride in establishing a culture built upon a unified set of values. Sapphire's working ethos is passionate and highly focused, that reflects the interconnectivity and inclusivity advocated by the organization.

In addition, Sapphire's people-centric philosophy, while encouraging healthy and professional relationships based on integrity and honesty, helps create a conducive environment for diversity and inclusion.

Our Core Principles

- i. We treat our customers, stakeholders, suppliers and each other with integrity at all times, with respect in our actions, and honesty and openness in communications.
- ii. We foster a healthy and supportive environment, leverage diversity and promote mental, physical and social well-being.

Introduction

What is the Code of Conduct?

This Code of Conduct is to help understand the core values at Sapphire Textile Mills Ltd. (hereafter referred to as 'Sapphire' or as 'organization') and the behaviors associated with said values. It provides guidance and support for every employee, with high standards of ethical conduct and compliance with local laws and regulations. Simply put, it is a guiding principle to differentiate 'right' from 'wrong'.

The ideal employee will strive to live up to Sapphire's values so that clients, suppliers, stakeholders and colleagues are confident about putting their complete trust in the organization. Becoming a trusted partner is of the utmost priority - to Sapphire's customers, shareholders and colleagues, business partners, and the communities where it operates. For this reason, it is committed to conducting business in a responsible, ethical and lawful manner.

Purpose of the Code

This Code of Conduct (hereafter referred to as 'the Code') is the foundation of Sapphire's company culture and sets out high standards of integrity that all employees must follow.

The Code sets precise requirements to manage Sapphire's day-to-day actions and guides when challenges and ethical dilemmas arise.

While the Code is a comprehensive set of guidelines, the Code must also be supplemented with personal responsibility and common sense to determine the correct course of action. Adhering to the Core Values and Guidelines set out in the Code are especially important in this particular regard.

Scope of the Code

Scope of this Code extends to all physical locations of Sapphire, including all of the factory units and head offices.

It applies to all employees, management, head of department, line managers, supervisors, workers, and suppliers, and specially to those acting on behalf of the company; without exception, to the Board of Directors.

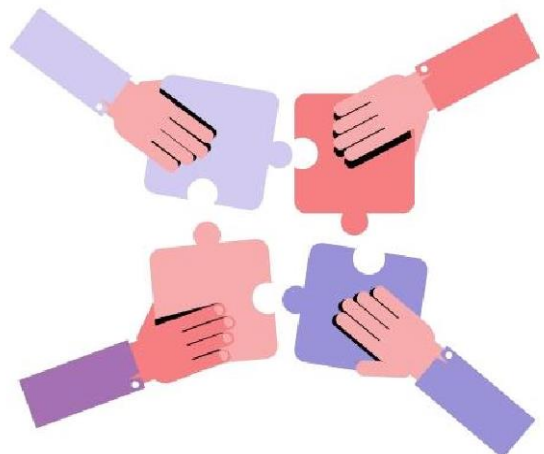
Sapphire's partners and vendors are expected to demonstrate the same level of ethics that it practices as part of the Sapphire family.

The Code of Conduct is a dynamic document, and maybe amended, as appropriate or when required.

Commitment to the Code

Sapphire's Core Principles and specific requirements contained in the Code Sections form Sapphire's essential obligations.

To set out Sapphire's ethical standards, the Code Principles require compliance with applicable laws and regulations, familiarization with the rules relevant to one's work, and seeking guidance from the Legal Function if there are any questions or doubts. Additional requirements in Sapphire's Policies and SOPs must also be understood and followed. Line Managers or the HR Department can assist in this respect.



Protection of Fundamental Human and Labor Rights

As a part of the national economic and social fabric, Sapphire is committed to upholding fundamental human rights enshrined in Chapter 1 of the 1973 Constitution of Pakistan. Moreover, as a member of the international community, Sapphire pledges its support and conviction to promote the rights outlined in the United Nations Declaration of Human Rights.

Sapphire firmly respects and promotes fundamental human rights including, but not limited to:

- The life and security of all.
- The inviolability of dignity of all.
- Equality of all persons.
- Freedom from torture, degradation and slavery.
- No discrimination based on race, color, sex, language, religion, political or other opinions, national or social origin, property, birth or other status, or based on the political, jurisdictional or international status of the country or territory to which a person belongs.
- The right to education, information and health-care.
- Freedom of speech, movement, assembly and/or association.
- Freedom of trade, business and/or profession.
- The right to preserve, practice and promote one's language, script, religion and/or culture.

Sapphire also upholds the following:

- Responsible employment practices
- Paying equal remuneration, including benefits, for work of equal value.
- Providing decent work.
- Uphold equality of opportunity for disabled persons.
- Equal access to women and men in education, training and vocational programs.
- Ensuring non-discrimination in recruitment, remuneration and working status.
- Promote freedom of association and collective bargaining.
- Bearing in mind the diversity of language, culture and family circumstances.

Our Responsibilities

i. Responsibilities as Sapphire Employees:

- Demonstrate integrity in work done.
- Familiarize oneself with and follow the Code of Conduct and other company policies that may apply.
- Promote good ethical behavior in practice and as an ideal employee.

- Comply with all relevant national laws and regulations.
- Promote an environment of confidence and trust to raise ethical concerns, and ensure that they are taken seriously and followed-up.
- Agree to do one's part in achieving Sapphire's objectives to the best of one's abilities while making decisions consistent with the Code.

ii. Responsibilities as Leaders:

- Act as a role model.
- Create an environment where Sapphire employees feel comfortable and speaking openly about ethical questions or concerns.
- Ensure that employees understand the importance of this Code and follow it.
- Champion the company's ethics and compliance program and participate actively in their location's ethics and compliance initiatives.
- Provide guidance and aid colleagues to adhere to the Code and national legal requirements.

Zero-Tolerance

Certain practices are unacceptable in the culture Sapphire aims to foster. As such, there is zero-tolerance for:

- Unsafe, illegal or unethical work practices.
- Practices that undermine human rights and human dignity.
- Child labor, forced labor, bonded labor and slavery.
- Violence, terrorism and aggression.
- Discrimination.
- Bullying and harassment
- Bribery, corruption, money laundering and terror-financing



Work Environment

All employees deserve a workplace environment free from harassment, intimidation, discrimination or any threats of violence. Such actions may revolve around gender, identity, race, disability, national origin, religious beliefs or citizenship; all strongly condemned by the Code.

Sapphire encourages a working environment where people are treated justly and professionally and are valued for their uniqueness.

We treat our colleagues, candidates, clients and business partners fairly and on merit while supporting and upholding human rights principles and standards.

Any form of correspondence containing offensive name-calling, jokes, slurs, stereotyping or threats is prohibited, as is the displaying or sharing offensive pictures, cartoons, drawings or gestures.

Incidents of harassment or inappropriate behavior have no place in the safe and secure workplace environment Sapphire envisions.

Diversity, Equality & Inclusion

Employee diversity is a competitive advantage, as it broadens Sapphire's perspective and allows a better understanding of Sapphire's customers' needs. Therefore, Sapphire does its utmost to promote equality in all employment practices actively.

The organization promotes a diverse, inclusive and equality focused workplace both internally and externally, whereby every employee is expected to treat others with dignity and respect.

Different points of view are welcomed, and differing perspectives are considered exclusively on their merits.

Sapphire hires, promotes and rewards employees based on their capabilities and skills. Gender, race, color, ethnic or national origins, marital status, family circumstances, age, disability, and political or religious beliefs are not relevant to personal and team performance at work.

Substance Abuse

Sapphire is a drug-free workplace. Alcohol or illegal drugs in the workplace, prescription medication abuse, or sexual services while working on business trips or other assignments, including long-term expatriation, are all strongly prohibited.

No one is allowed to work under the influence of alcohol while performing Sapphire's business or job-related duties or while operating Sapphire equipment.

Harassment free workplace

Sapphire aims to provide an environment free of supervisory or co-worker harassment or abuse and free of corporal punishment in any form. Moreover, it is strongly committed to discouraging all types of harassment, including sexual, verbal, mental, physical, religious etc., that might be motivated by seeking benefits of unlawful, illegal, undue nature at the time of giving employment or during employment. The utmost effort shall be put in to ensure a workplace that is respectful of a worker's rights and dignity; this includes ensuring that no corporal punishment or physical coercion be used. The organization shall not engage in or tolerate sexual harassment, indecent or threatening gestures, abusive tone or language or any other kind of undesired physical or verbal contact, such as bullying.

- Sexual Harassment

According to The Protection Against Harassment of Women at The Workplace Act 2010, "Harassment means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment, or the attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment."

The 2010 Anti-Harassment Act provides the following manifestations of sexual harassment:

1. Abuse of authority.
2. Creating a hostile environment.
3. Retaliation.

In addition, the Code considers all acts or threats of such acts that fulfil the definition of harassment as laid out above. Reports of sexual harassment will thereby be subject to the inquiry, disciplinary action, and/or penalties if proven true as provided in The Protection Against Harassment of Women at The Workplace Act 2010.



Anti-Corruption, Anti-Money

Laundrying and Anti-Terror Financing

Sapphire has a formal policy on the above transgressions and takes a zero-tolerance approach to bribery, corruption, money laundering and terrorism assistance. It operates and implements effective systems to counter such illegal activities and exercises accountability of its suppliers, sub-suppliers and vendors.

Anti-Corruption

Sapphire does not tolerate bribery or improper payments, or advantages of any kind.

The organization is committed to conducting its business openly and transparently. Bribery is illegal and exposes those involved and the company to reputational and legal risk. Bribery may take many forms, including facilitation payments, kick-back schemes and the use of shell companies or hidden owners. To avoid corruption or corrupt practices, follow these guidelines:

- We never engage in bribery or trading in influence.
- We never offer or accept an improper payment or advantage.
- We never request someone else to engage in conduct that Sapphire is not allowed to engage in itself.
- We carefully select our Business Partners and monitor their commitment to ethical and lawful conduct.

Money Laundering

Money laundering is the use of transactions by criminals, terrorists, or others to conceal the source of funds that have been obtained by criminal activities. Money laundering typically involves certain transactions to pass funds through third party bank accounts, e.g., the purchase of Sapphire product may be one of those transactions. Where Sapphire receives the money directly from customers, you should ensure that you have determined the customer's identity. If there is any suspicion that a transaction may involve illegal funds, you must seek guidance from Sapphire's Compliance or legal functions.

Anti-Terror Financing

Terrorist financing means provision or collection of funds, carried out by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in whole or in part, to carry out acts of terrorism or to provide support for individuals or groups of individuals looking to carry out these acts. This form of financing goes against the Financial Action Task Force's regulations and is illegal in Pakistan. Sapphire is committed to countering and preventing terror financing, and strongly prohibits all Sapphire employees from engaging in such illicit activities.

Conflict of Interest

A conflict of interest occurs when one's interests affect one's judgement and conflict with Sapphire's interests; such situations can arise in many cases. Where requested, one should always disclose the interest to their line manager and remove oneself from the decision-making process. Even the perception of conflict of interest can damage Sapphire's business and reputation. To prevent a conflict of interest, avoid the following:

- Run or work on a personal or any other non-Sapphire business on company time or with company assets.
- Work as an employee or independent contractor, consultant, advisor for any non-Sapphire entity or person (including self-employment) or any firm or person who is a competitor (or actively planning to become one), a supplier, or a customer of Sapphire Textile Mills Ltd.
- Engage in any other activity if the work or activity affects job performance or encroaches on time or attention that should be devoted to Sapphire affairs.
- Dispose of Sapphire assets for personal benefit.
- Shall accept membership on the board of directors of any company either it's competitor, supplier of material or services, or customer of Sapphire without the prior written approval of the Director.

Gifts & Entertainment

Maintaining high-quality professional relationships with Sapphire's clients and candidates is essential to the success of Sapphire's business. Therefore, sometimes it provides or receives business courtesies, such as good entertainment and modest gifts. However, it never allows these courtesies to affect Sapphire's ability to make objective, professional decisions, or give the impression that Sapphire's objectivity is compromised.

In general, these guidelines do not seek to prohibit modest investments in publicly traded companies. However, one must avoid a conflict of interest and the appearance of a conflict of interest when considering an investment in a publicly-traded company.

Refer to one's line manager or Director on what is and isn't deemed acceptable.



Some common conflicts of interest

- A potential conflict of interest can arise in many ways; a common situation occurs when you or a close family member or a member of one's household is employed by or otherwise affiliated with a competitor, supplier, or other company seeking to do business with us.
- Direct or indirect supervision of a family member, a member of one's household, or someone with whom you have a personal relationship.
- An ownership interest in Sapphire's customer, supplier or competitor (excluding small investments in large publicly traded companies).
- Participating in a business transaction to one's advantage based on information or relationships developed as a company employee.
- Holding a second job that interferes with one's ability to do Sapphire's regular job.
- One's location may have a policy that helps clarify other situations that create a conflict.

How to Resolve Conflicts of Interest?

- The first step in resolving any potential conflict of interest is simply to notify your line manager/supervisor or head of department. The disclosure should be made in writing, followed by the line manager/supervisor or head of department then working along with Human resources and, as appropriate, others to determine what, if anything, needs to be done.
- In many cases, disclosure alone (with proper documentation of the disclosure and resolution of the conflict) will be enough. Occasionally, it may be necessary to reassign some job responsibilities of oneself. Certain conflicts can only be resolved by ending the conflicting relationship. For example, it would not be permissible for a Sapphire employee to work for a competitor while also working for Sapphire.

As a part of the Sapphire Family, you should:

- Notify the line manager/supervisor or head of department of any potential conflict of interest in which one is involved.
- Ensure the assessment or resolution of the conflict is adequately documented.
- If you observe a conflict of interest relating to others, notify your line manager/supervisor/head of department or HR.
- "Prior written approval" must be obtained by an employee before engaging in an otherwise prohibited activity; duly signed/approved by the line manager/supervisor/head of department, HR Head and CEO.
- Every employee is required to submit a "Relationship Disclosure Form" to Human Resource Department duly signed by employee.

Use of Company resources

Each employee must use Sapphire's assets and resources, including cash, inventory, facilities, equipment, computer software, vehicles, supplies and tools, carefully, efficiently and to the company's benefit. Occasional, limited use of the company's office equipment for personal use is permissible in some locations. But, as always, exercise good judgment and when in doubt, and seek guidance from your line manager/supervisor or head of department.

It should protect Sapphire's assets from misuse, theft and waste, while ensuring that other companies cannot gain an unfair advantage by accessing vital information about Sapphire's business. The following guidelines are to be followed:

- Use Company resources responsibly and appropriately
- Ensure hardware, such as laptops, phones and other handheld devices, are never left in public or insecure places
- Ensure that all sensitive, confidential and personal information you may handle stays secure
- Ensure business expenditure is accurately and honestly accounted-for

If you have any questions, don't hesitate to contact respective IT support team.

Information Management & Security

Information is one of Sapphire's most valuable assets, and must be protected at all costs. It must demonstrate to Sapphire's candidates and clients that it handles their information with care and integrity. Data has many forms from email, databases, voicemail, and websites to paper-based communication, photos, and videos.

Whatever the format, information and passwords must always be appropriately protected.



Electronic Communications and Computer Systems

Sapphire has adopted comprehensive policies governing the use of its electronic communications and computer systems in each of its locations. Therefore, each of us must know and follow the policies applicable in Sapphire's location.

Key Features

- **Business Use**

Sapphire's electronic communications and computer systems are available for business use. Limited personal use that does not consume significant company resources is, however, permissible in some locations.

- **Company Rights**

Subject to applicable law, the company has the right to access, review and disclose any information stored on or communicated through its computers or electronic communication systems.

- **Limitation on Access**

Access to information in Sapphire's electronic communications and computer systems is allowed only to authorized employees and third parties. You may only access, use or download company information for which you have specific authorization.

- **No unauthorized downloading of Software**

Do not download Software to the company's electronic communications and computer systems without prior authorization from IT or a person designated by IT.

- **Computer Security**

Sapphire invests heavily in the latest information technology security controls for its electronic communications and computer systems. Sapphire employees are responsible for ensuring that they use the company's latest security controls and must never disable the security controls in place.

- **Social Media**

When using social media, do not disclose confidential company information or communicate in a way that could reflect poorly on the company or its employees. Always distinguish carefully between personal views and that of the company. Do not speak on the company's behalf without proper authorization from the Corporate Communications Department.

- **No Online Harassment**

All electronic communication, like other forms of communication, must be professional and appropriate. In the company's opinion, one's electronic communication must not include messages or links to discriminatory, harassing, sexually explicit, racist or otherwise offensive websites.

Internal Communication

A Sapphire employee should be truthful and straightforward in Sapphire's dealings, and should not intentionally mislead colleagues, customers, or suppliers. He or She must use appropriate, professional language, both in written documents and public conversations; inquiries received by an employee must be referred to an authorized spokesperson.

Internal Controls, Audits and Investigations, and Fraud

Internal Controls

Reliable internal controls can limit fraud and waste, and help maintain Sapphire's books and records. First, become familiar with the internal controls in place in one's department. Then, using the principles of "kaizen" (continuous improvement), each of us should periodically evaluate the adequacy of these controls, while improving them whenever they do not adequately detect or prevent inaccuracies, waste or fraud.

Audits and Internal Investigations

Sapphire's internal and external auditors work hard to eliminate waste and fraud while ensuring that everyone complies with the company's policies and procedures. However, they can only do their job if it provides them prompt, courteous and complete cooperation. Therefore, when asked to respond to requests for documents by auditors or in connection with an internal investigation, one's responses must be complete and truthful and should include all relevant information.

Fraud

Any effort to cheat someone out of money, property or honest services is fraud. Submitting false expense reports, misusing company property, and altering company records are all examples of fraud.

Fraud is a violation of company policy and the law, and is intolerable. If you suspect that any employee, contractor or business partner is engaged in fraud or theft, notify any of the resources listed in the "Where to Go for Help" section.



The integrity of Records, Disclosures and Financial Reports

Sapphire's success and credibility in the global marketplace depend on the accuracy and completeness of its financial and business records. Moreover, Sapphire, as a publicly traded company, must disclose certain important business information periodically. Accurate business records provide a foundation for wise business decisions; incomplete or inaccurate records will lead to poor decision-making and place Sapphire at financial and legal risk.

Whether completing time cards, expense reports, financial statements, disclosure statements, testing reports, quality control records or other business records, take extra care to ensure that every document you prepare or review is complete and accurate.

False or misleading entries in financial statements, disclosure statements or other business records are prohibited and strict compliance with generally accepted accounting principles is required. No undisclosed or unrecorded funds or assets, or other off-book accounts, are to be established for any purpose. If unsure as to how to record a financial transaction, don't guess and seek help from a manager in the Finance, Accounting or Internal Audit departments.

Never authorize payment from company funds with improper documentation or the knowledge that all or part of the payment will be used for any purpose other than as described in the supporting documents. Never conceal, alter or otherwise tamper with company records. Retain and destroy documents only while following the applicable law and one's location's records management guidelines.

If you suspect that a company document is not accurate; discuss the matter with your line manager/supervisor, head of department, Internal Audit, the Law Department or contact Human Resources.

Insider Trading

During their work, Sapphire employees may come across confidential material, non-public information about Sapphire or another publicly traded business—for example, a vendor, customer or acquisition target.

Legal and ethical requirements prohibit us from:

- Making investment decisions based on this insider knowledge ("insider trading") and
- Sharing information with others enables individuals/them to benefit from this insider information ("tipping").

The consequences of insider trading and tipping are severe and include criminal and civil liability, reputational damage, and revenue loss.

Trade Secrets

What is a Trade Secret?

Although the definition of a "trade secret" varies somewhat with different laws, it generally means:

- All forms and types of marketing.
- Sales.
- Financial, technical, or economic information for which the owner takes reasonable measures to keep it a secret, or derives economic value from it not being generally known to the public.

Trade secrets also include Confidential Information like inter-alia, designs, prints, research materials, concepts, processes, procedures, know-how, development tools, specifications, data, correspondence, advice, reports, research, analysis, summaries, training materials, details and information relating to clients, etc.

The information provided to the employee does not grant the employee any license, interest, or any rights regarding company's intellectual property except the right to copy the Confidential Information, disclosed solely for the purpose.

Furthermore, it is agreed that all work, material, or intellectual property (including designs, etc.) produced or acquired during the term of employment shall be the company's property unless the company, in writing, explicitly relinquishes such rights.

Any material produced or acquired during the term of employment will not be shared on any social media platform through personal ID.

Confidential & Proprietary Information

- As a Sapphire employee, you may know confidential and proprietary information about Sapphire's products, services, or business affairs; its customers, suppliers, and other third parties. This information is vital to Sapphire's success and must be protected and should never be used for personal gain.
- Understand and follow local policies for classifying and protecting confidential information. You can protect the company's proprietary and confidential information by maintaining it in authorized, secured locations (e.g., locked filing cabinets or password-protected computer files).
- Never disclose proprietary or confidential information to third parties without authorization. If you plan on electronically sharing confidential information with any third party, be sure to comply with data security requirements in one's location.
- Be careful when using speaker phones and cell phones, and never discuss sensitive company information in public. Some employees may have access to Sapphire's customers' and others' financial or personal information, however, this information must be

safeguarded at all times and only used for legitimate business purposes.

- Remember, one's duty to safeguard proprietary and confidential information continues even after leaving the company. If one is unsure whether certain information is confidential and must be protected, talk to one's line manager/supervisor, head of department or ask a member of the Human resources Department.

Some Confidential / Non-Confidential Items

Confidential Items

The following are examples of proprietary and confidential information and/or trade secrets that should not be shared without proper authorization:

- Compounds and Composition for Sapphire's products.
- Written or oral agreements between the company and its business partners.
- Financial information about the company.
- Engineering drawings and other technical information.
- Costing, pricing, sales and marketing information.
- Manufacturing processes, know-how and production schedules.
- Strategic and business planning information.

Non-Confidential Items

- News reports.
- Court records that are not sealed.
- Advertising or sales literature.
- Public speeches.
- Published financials.

Health, Safety and Environment

Sapphire is committed to protecting the environment, and the health and safety of its employees, their families, communities, and the public through full compliance with all applicable laws.

Sapphire shoulders the responsibility to protect the environment, health and safety of its employees, their families, and the public.

To ensure this, Sapphire will:

- Provide universal health and life insurance to all employees
- Take a preventative approach to health, safety and environmental issues
- Conduct business in a manner that protects public and occupational health, the environment, and ensures employee safety.
- Strive to minimize all accidents and environmental incidents.
- Prioritize Health, Safety and Environment while manufacturing existing products, and while planning for new products, facilities and processes.
- Comply with environmental, health, and safety laws and regulations.
- Reduce emissions, cut waste, conserve energy and use natural resources efficiently/intelligently.
- Work with its employees, suppliers, customers, contractors, and partners to promote responsible management of products and processes.
- Integrating environmental and social issues within core business operations.
- Encourage constructive communication with its employees, suppliers, customers & neighbors on creating and managing awareness on health, safety, and environmental issues.



Sustainability

Sapphire acknowledges that businesses have a responsibility in building a more sustainable world, especially given their enormous environmental footprint. As a responsible member of the world's manufacturing community and as a participant of the UN Global Compact, Sapphire is all set to play its due role in achieving the Sustainable Development Goals, 2030. It plans to do so by balancing priorities between economic growth and conservation, by integrating corporate goals and targets related to biodiversity and ecosystem, and by planning for climate adaptation.

Sapphire's practices are inclined towards the 3 Pillars of Sustainability, as a symbol of the firm commitment to doing fair business, following core values and involving stakeholders: People, Planet and Value. As a responsible company, Sapphire monitors its impact on heritage and recognizes its responsibility to protect and enhance it as well as local culture, language and values. We are conscious of the fact that sustainability is more than just about the environment and nature, it is also the continuity and sustainability of human communities.

The Sustainability-specific principles guide Sapphire to becoming a more responsible and ethical organization.

1. Synergetic Partnership.
2. Proactive Approach.
3. Data-Driven Management.

Sapphire promotes the most efficient, sustainable, and responsible sourcing and managing resources in its approach to sustainability. Sustainability is frequently illustrated through the idea of 3R Strategies (Reduce, Reuse, and Recycle), which Sapphire uses as a guiding principle to reduce wastage and the consumption of scarce resources, such as water, energy, etc. Sapphire is also conscious of its environmental footprint and strives towards effective waste management, carbon control and responsible water discharge.



Supplier Accountability

While Sapphire takes the responsibility of promoting and instituting ethical, legal and responsible practices from within, it also extends the locus of this responsibility to all those with whom it engages. This includes suppliers, vendors, and business partners, amongst others. The respect and promotion of fundamental human rights and dignity are to be upheld by all suppliers; something they will be held accountable for.

Sapphire's Supplier Code of Conduct must be duly signed by an authorized representative of the respective organization and returned to Sapphire, after which the organization will be subject to the principles, guidelines and requirements enshrined in the Code. The Supplier Code of Conduct includes stringent guidelines regarding health and safety, child or forced labor, discrimination, harassment, working hours and conditions, and remuneration.

Freedom of Association & the Right to Collective Bargaining

Sapphire recognizes the employees' lawful rights of free association or joint work council and collective bargaining, hence each employee's freedom to choose whether or not to join a workers' association is respected. Discrimination based on association or disassociation is not permissible. Both leaders and employees shall ensure that they conduct themselves following all relevant laws in this regard. Moreover, Sapphire also has an effective mechanism in place to address any workplace grievances.

Trade Internationally

Everywhere that Sapphire operates, there is extensive government regulation around the import and export of goods and services. These international trade laws cover revenue collection, including import duties, taxes, transfer prices and value-added taxes (VAT), restrictions and conditions on what goods may be imported or exported, and commercial activity with a particular person's entities and countries.

Failure to comply with the applicable laws and regulations exposes the company, and in some instances, the individuals involved, to severe civil or even criminal penalties; in return harming our brand image. Thus, whoever is engaged in importing and exporting goods across borders must comply with all applicable laws and regulations, while maintaining complete records of import and export transactions, including transportation and customer documentation.

Non-Compliance with Code of Conduct

Violations of the Code can cause significant harm to the company's reputation and its stakeholders. Hence, employees who violate the Code may be subject to appropriate disciplinary action, including employment termination.

Failure to comply with the standards outlined herein will result in disciplinary action, ranging from reprimand to dismissal. In addition, civil or criminal violations may be prosecuted.

Disciplinary action can be taken when:

- A violation of the Code, Guidelines or Policy occurs.
- Any employee who deliberately withholds or conceals information when a violation of the Code occurs.
- The circumstances of the violation reflect participation, poor supervision, or lack of diligence.
- Any manager, supervisor, head of department or employee retaliates, directly or indirectly, or encourages others to do so, against an employee who reports a Code, Guidelines or Policy violation.

Refer to our Disciplinary Action Policy for more details.

Whistleblowing

Whistleblowing is the reporting of any suspected activity by an employee, supplier or business partner, affiliated directly or indirectly with the organization. Sapphire encourages employees to speak up when any, illegal, harmful or fraudulent activity occurs, or when colleagues are mistreated.

Questions to ask oneself when in doubt of the legality, safety, morality and ethical implications of a decision or act:

- Is the decision or act legal?
- Does it seem like the right thing to do?
- Is it legal and consistent with both Sapphire's values and this Code?
- Does this risk one's reputation?
- Does it build trust in Sapphire?
- Is it something that can be disclosed to family, close friends, the media, or society at large?

If the answer to any of the above questions is a 'no', seek clarity and guidance before taking a final decision as your actions could have serious consequences decision.

Where to go for help?

You have many resources available to help you with questions or concerns relating to ethics, legal compliance and company policy, including:

i. Line Manager/Supervisor/ Head of Department

One's line manager/supervisor or head of department is often a good person to start with for an ethics or company policy question. However, if one is uncomfortable asking them, other resources listed on this page could assist you.

ii. Human Resources

The Human Resources Department can often help you determine the best course of action for a broad range of ethical and compliance concerns.

iii. Compliance Officer

You can always contact the Compliance Officer of the relevant Mill for any questions about Sapphire's ethics and compliance program or any other concern relating to this Code.

iv. Internal Audit

The Internal Audit department can discreetly discuss and follow up on internal controls and compliance with established policies.

v. Company Policies

Many of the topics addressed in this Code are also covered in Corporate & Mills specific policies. Please consult these policies for additional guidance and information



ANNEXURES

1. Certificate of Understanding

CODE OF CONDUCT & BUSINESS PRINCIPLES

I certify that

- (a) I have read the Sapphire documents entitled Code Of Conduct & Business Principles (COC & BP) dated and have discussed any questions I had with my manager or Head Human Resources Department.
- (b) I am in compliance with the Code of Conduct and Business Principles.
- (c) I fully understand my responsibility to continue to comply with them and to discuss any future questions I may have before engaging in any activities that may violate them.
- (d) I am not aware of any apparent violation of the COC & BP that has not already been reported by me or by someone else.
- (e) I undertake not to use the Confidential Information for any personal gain
- (f) I understand to keep the Confidential Information secure and not to disclose it to any third party, except such other employees who need to know the same.
- (g) I understand that I shall return all copies and records of the Confidential Information disclosed by the company and will not retain any copies or records of the such information or data.
- (h) I will report any apparent violation of the COC & BP and understand that the company will handle any such report as confidentially as possible and without retaliation.
- (i) I recognize that any violation of the Code of Conduct & Business Principles may make me subject to severe disciplinary action.
- (j) I understand that, In case of any unauthorized disclosure of the Confidential Information, I shall be liable to indemnify the Discloser for the full amount of any damage, loss, or costs suffered as a result of the unauthorized disclosure, including, without limitation, consequential losses and damages.
- (k) Notwithstanding the above, also in the event of a threatened or anticipated breach of this document, damages shall not be considered to be an adequate remedy, and the Discloser may approach a Court of law to obtain equitable relief in the form of an injunction.
- (l) Further to the above, a breach of this document shall entitle the company to terminate my employment with immediate effect and shall disentitle me from receiving any payment of compensation whatsoever. Also, my obligation under this document shall continue in full force even after my employment ceases, for any reason, whatsoever.

Signature

E. Code

Name


Grade / Designation

Department

Location

Date

2. Relationship Disclosure Form

	Sapphire Textile Mills Ltd. Human Resource Relationship Disclosure Form				
<i>The information submitted in this form will be treated by company as strictly private and confidential</i>					
I, Mr. / Ms. / Mrs. _____ hereby agree to give my consent to disclose my personal and professional relationships within and outside the company which may cause conflict of interest. The details of my relationships are as under:					
Types of Disclosure(s)					
1. Disclosure of Interest(s):					
Interest:	Means, if you are working as an employee (<i>Full/ Part-time permanent / contract</i>) with Sapphire Textile Mills Ltd. and along with this you may also be working as an employee (<i>Full/ Part-time permanent / contract</i>) in any other organization or even self employed (<i>Sole ownership or Partnership /Consultant</i>).				
<input type="checkbox"/> Yes (<i>Please specify below</i>)	<input type="checkbox"/> No				
#	Company Name	Type of Interest <i>(Employee/ Self employed)</i>	Nature of Interest <i>(Full/ Part-time permanent/ contract)</i> <i>(Sole ownership or Partnership/ Consultant)</i>		
1					
2					
3					
4					
5					
2. Disclosure of Relationship(s):					
Relationship(s):		Any kind of relationship that involves Connection (<i>Personal / Professional</i>)			
Personal Relationship(s)	Relationship(s) with Immediate or Close Family Member(s) and Distant / Other Family Member(s) within Sapphire Textile Mills Ltd. and or other group companies of Sapphire. Immediate or Close Family Member(s) include: Spouse, Parents and legal guardians, siblings and step siblings, children including adopted children and In-laws (<i>immediate family members of spouse</i>). Distant/Other Family Member(s) include: Cousins (<i>1st degree</i>), Paternal/maternal uncles and aunts (<i>1st degree</i>), Nephews & nieces (<i>children of siblings</i>), 2nd degree in-laws (<i>cousins, uncles or aunts of spouse</i>).				
Business /Professional Relationship(s)	Relationship(s) in firm(s), association(s), partnership(s), corporation(s) & with Contractor(s), vendor(s) or other business organization(s) that have sought or been awarded any contract with our company with which you have involvement in any process.				
<input type="checkbox"/> Yes (<i>Please specify below</i>)	<input type="checkbox"/> No				
#	Name	Type of Relationship	Organization <i>(STML /Group /Other)</i>	Department	Grade / Designation
1					
2					
3					
4					
5					
Employee Consent:					
I certify that the information on this form, to the best of my knowledge and belief, is true, correct and accurate & shall update as necessary when there is a change to any response. I understand that I may be subject to discipline if I have omitted or falsified any information.					
E. Code: _____			Signature:		
Name: _____					
Grade: _____					
Designation: _____					
Department: _____					
Location: _____			Date: _____		

Human Resource: _____

Date: _____