



# CREATING A SUSTAINABLE WORLD



**SUSTAINABILITY REPORT 2017**

## CREATING A SUSTAINABLE WORLD

Interloop's reason for existence is to Create a Sustainable World through positive change for its stakeholders, community and the environment while pursuing business with ethics and integrity



### **About the Cover:**

With education being the key social responsibility area for Interloop Limited, the company has partnered with The Citizen Foundation and established 22 primary & secondary schools, providing quality education to 2,960 underprivileged children, 46% of whom are girls.

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# From the Chairman

I am pleased to present the first ever Sustainability Report of Interloop Limited.

Sustainability is a key pillar of our Mission when we say; “To be an agent of positive change for the Stakeholders and Community by pursuing an Ethical and Sustainable Business”. Our reason for existence is to be an Agent of Positive Change. To pursue this, we follow a Triple Bottom Line Sustainability Philosophy, i.e. broadening our business focus on the financial bottom line and incorporating social and environmental considerations.

The Three Ps of Triple Bottom Line at Interloop stand for ‘People, Planet and Prosperity’. First and foremost; we believe and practice that our profits shouldn’t come at the expense of the people and the planet, rather, support them. Acting responsibly is part of our DNA, and since inception, we have been endeavouring to be an agent of positive change.

Our Sustainability Targets for 2020, discussed in this report, emphasize the long term strategic priorities for Interloop Limited and we will continue reporting the progress towards their attainment. While we will be impacting several of the UNDP’s Sustainable Development Goals, we have specified 9 SDGs on which the impact of our efforts will be measured and reported, based on our targets.

By managing the environmental impact of our business activities, we are able to preserve and improve our communities and will continue to challenge ourselves to improve our energy efficiency and resource management. We are, and will continue to reduce our greenhouse gas emissions through improved utilization of our facilities and energy conservation initiatives.

We have set Targets for ‘People’ side of our Sustainability, to positively transform the lives of our employees and the communities we operate in. We are extremely passionate about education and women empowerment and you will find evidence of our passion in this report.

Of course, as a sustainable business, we are conscious of our traditional growth, profits and increasing shareholder value. At the same time, we understand that by strengthening the economy of which we are part of, we will continue to succeed in future, since we contribute to the overall prosperity of our stakeholders, support networks and the community.

This report is a humble effort to document the fact that we at Interloop, Walk our Talk.

**Musadaq Zulqarnain**

Chairman, Board of Directors





# About the Report

This is Interloop Limited's first Sustainability Report, documenting our sustainability performance.

## Report Boundary

The report covers all functions and manufacturing plants of Interloop Limited. The employee data includes all executives & non-executives.

## Reporting Period

This report primarily spans 1 Jan. to 31 Dec. 2017 and also covers sustainability activities performed since the baseline year, 2015.

## Report Content

The report is divided into two parts: The first part comprises a brief introduction of the company including mission, vision & values, 26 years' journey of establishment & growth, global presence through affiliates, performance overview over the years, businesses and international recognition.

The second part covers Sustainability at Interloop; our sustainability philosophy and framework, based on the Triple Bottom Line approach, i.e. 'People, Planet & Prosperity'. Consequently, this part is further sub-divided into People, Planet & Prosperity sections. Identifying 2015 as the baseline year, each section highlights the respective Sustainability Targets for 2020, followed by detailing multiple activities and initiatives practiced within and outside the company to achieve these target.

The People section also features 'Interloop Way'; which defines how we achieve success and sustainability through respect for people and continuous improvement. Before talking about the future outlook, the report classifies UNDP's Sustainable Development Goals supported by Interloop's management policies and targets.

## Data Collection & Accuracy

The data has mainly been obtained from our Financial Management Reporting System, the Human Resource Information System and the Sustainability Cell. Senior leadership approved the content and the quantitative data mentioned in the sustainability facts and figures, after validation from the respective functional heads. We are confident about overall reliability of the data reported, but recognize that some information might be liable to slight variation, inherent to limitations associated with measuring and calculating data.

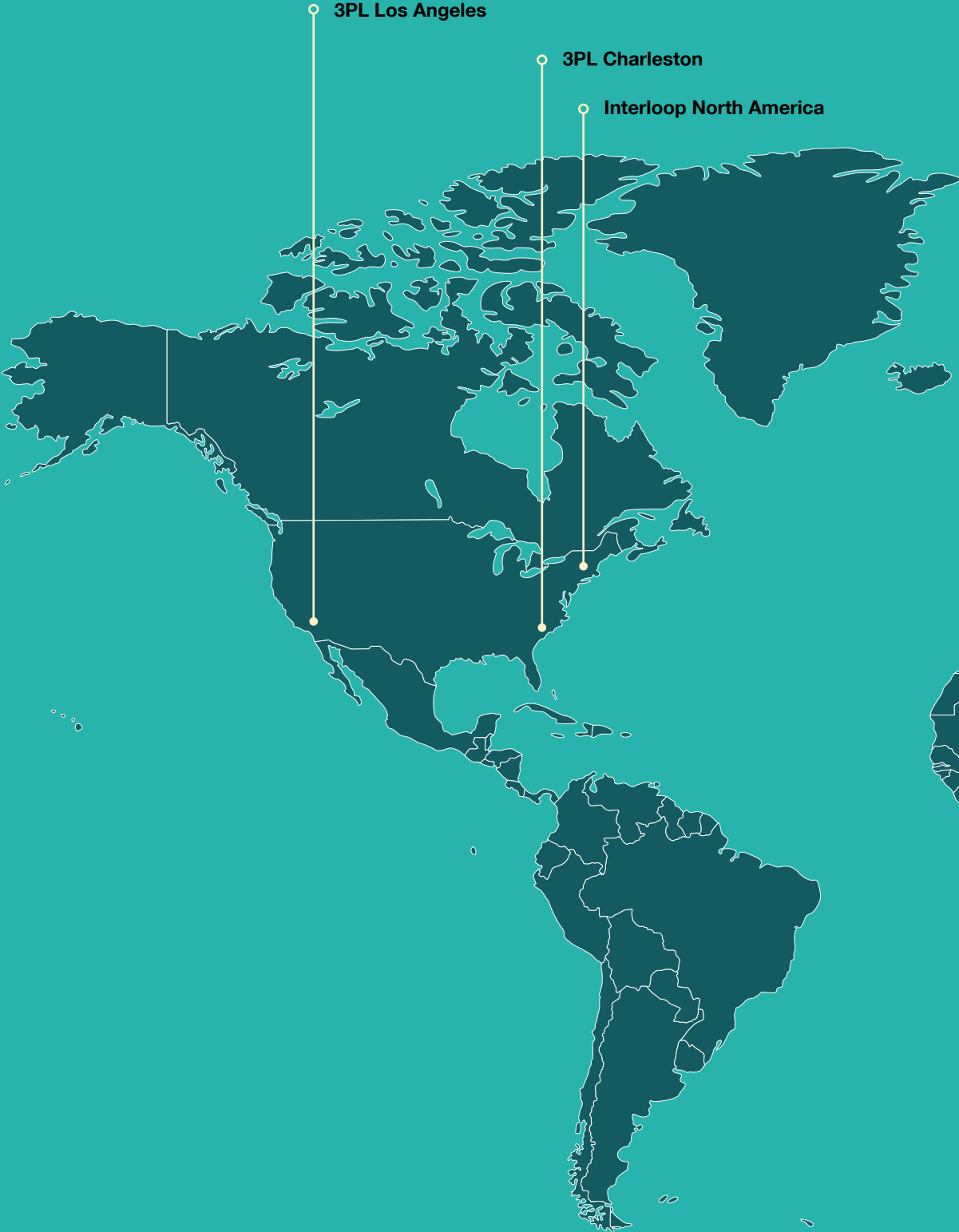




# About Us



# Global Presence through Affiliates







Interloop Limited, launched with 10 knitting machines in 1992, has grown into one of the world's largest Hosiery manufacturers; a complete vertically integrated company with state of the art Spinning, Yarn Dyeing, Knitting and Finishing facilities. With over 4,000 latest Italian knitting machines, 15,000 employees and an organizational network spread over 3 continents, Interloop has the proficiency to work with different materials and make a wide range of products. From scratch to becoming a US\$ 270 million company, Interloop produces 600 million pairs of Socks & Tights annually, for top international brands & retailers.

## Performance Overview over the Years



**US\$ 270**  
million

Annual Company  
Turnover



**26**  
million Kgs

Annual Yarn  
Production



**4.5**  
million Kgs

Annual Dyeing  
Capacity



**600**  
million pairs

Annual Socks &  
Tights Production



**US\$ 7**  
million

Invested in CSR in  
last 7 Years



**5\***  
million KWh

Energy Saved



**24,989\***  
tons of CO<sub>2</sub>

Reduced



**8,268 m<sup>3</sup>\***  
liters / kg

Water Saved



**37.7\***  
million KWh

Renewable Energy  
Produced

\* Baseline year 2015

## Mission

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To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business

## Vision 2020

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To double our turnover by 2020 through value addition, process improvement and nourishing talent

## Values

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# Our Journey

1992

Commencement of Interloop Operations with 10 Knitting Machines



2000

2<sup>nd</sup> Unit with addition of 400 Knitting Machines



2003

Established vertically integrated Hosiery Plant 1 at Faisalabad with current monthly production of 14.9 million pairs of socks



2007

Established Interloop North America; an affiliate and exclusive North American representative of Interloop Limited to provide trend analysis, design & product development, sales, marketing, warehousing & logistic services



2009

Created business alliance with Euro Sox Plus, Netherlands to provide sales, marketing, market intelligence, design, logistics, warehousing and distribution services to customers in Europe & UK



2010

Established IL Bangla Limited, Bangladesh, a vertically integrated Hosiery Plant with current monthly production of 3 million pairs of socks



2014

Inaugurated Interloop Spinning Unit - II at IIP, Faisalabad comprising 26,304 spindles. The current total yarn production at Units - I & II is 26 million Kgs annually



Set-up a dedicated Vertical Sampling Facility at IIP, Faisalabad comprising a Yarn Library, Dyeing, 100 Machines Knitting capacity and Linking to Finishing capabilities for developing premium quality products for customers



2018

Commissioned state of the art Hosiery Plant 4 at IIP, Faisalabad with installed capacity of 728 Specialized Knitting Machines and estimated production of 6.4 million pairs of socks per month



Establishing a state of the art Denim Plant at Lahore. Operations will commence in 2019 with production capacity of 150,000 garments per month which will be enhanced to 1.2 million garments by 2021.



## 2005

Established Spinning Unit - I at Interloop Industrial Park (IIP), Faisalabad comprising 20,400 spindles



## 2006

Established vertically integrated Hosiery Plant 2 at IIP, Faisalabad with current monthly production of 16.5 million pairs of socks



Established Yarn Dyeing Division at IIP, Faisalabad with current dyeing capacity of 255,000 Kgs per month



## 2011

Established Hosiery Plant 3 at Lahore through acquisition, with current monthly production of 14.8 million pairs of socks



## 2012

Set up Interloop China Office to source top quality yarns, dyes, chemicals & other raw materials cost effectively and to ensure better lead time



## 2013

As part of business diversification strategy, established Interloop Dairies Limited; a 2,500 milking heads dairy farm with replacement rearing facility. Comprising Australian Holstein Friesian Cattle, the herd size has grown to 4,350 and the current milk production is 65,000 liters per day



## 2017

Expanded Hosiery Manufacturing footprint to Sri Lanka through affiliation with Texlan Center (Pvt.) Ltd.



15.4 MW Interloop Power Plant based on Tri-Fuel Engines was setup at IIP, Faisalabad to cater to energy requirements of existing facilities and new extensions



Constructed the New Distribution Center at IIP, Faisalabad with storage capacity of around 26.4 million pairs of socks



Set-up a dedicated Tights & Leggings Production Unit at Plant 1, Faisalabad with annual production capacity of 3.5 million pieces



# Employee Code of Conduct

Interloop's Employee Code of Conduct (COC) is based on the Company's Core Values (I-CARE) and underpinned by our Mission Statement. It promotes a safe, healthy and conducive work environment by establishing a set of behaviors expected at the workplace and helps us deal with customers, colleagues and other stakeholders,

effectively. All employees are expected to abide by all applicable laws, regulations or legislations of the country where they work as well as company policies, procedures and practices related to their employment and duties. They also have to ensure strict adherence to requirements of all Customers' Code of Conduct.

Interloop is fully committed to providing a pleasant and professional work environment to its employees which is free from intimidation, hostility, sexual harassment, abuse or other offences. It respects diversity, firmly believes in equality at workplace and strictly prohibits any kind of violence.

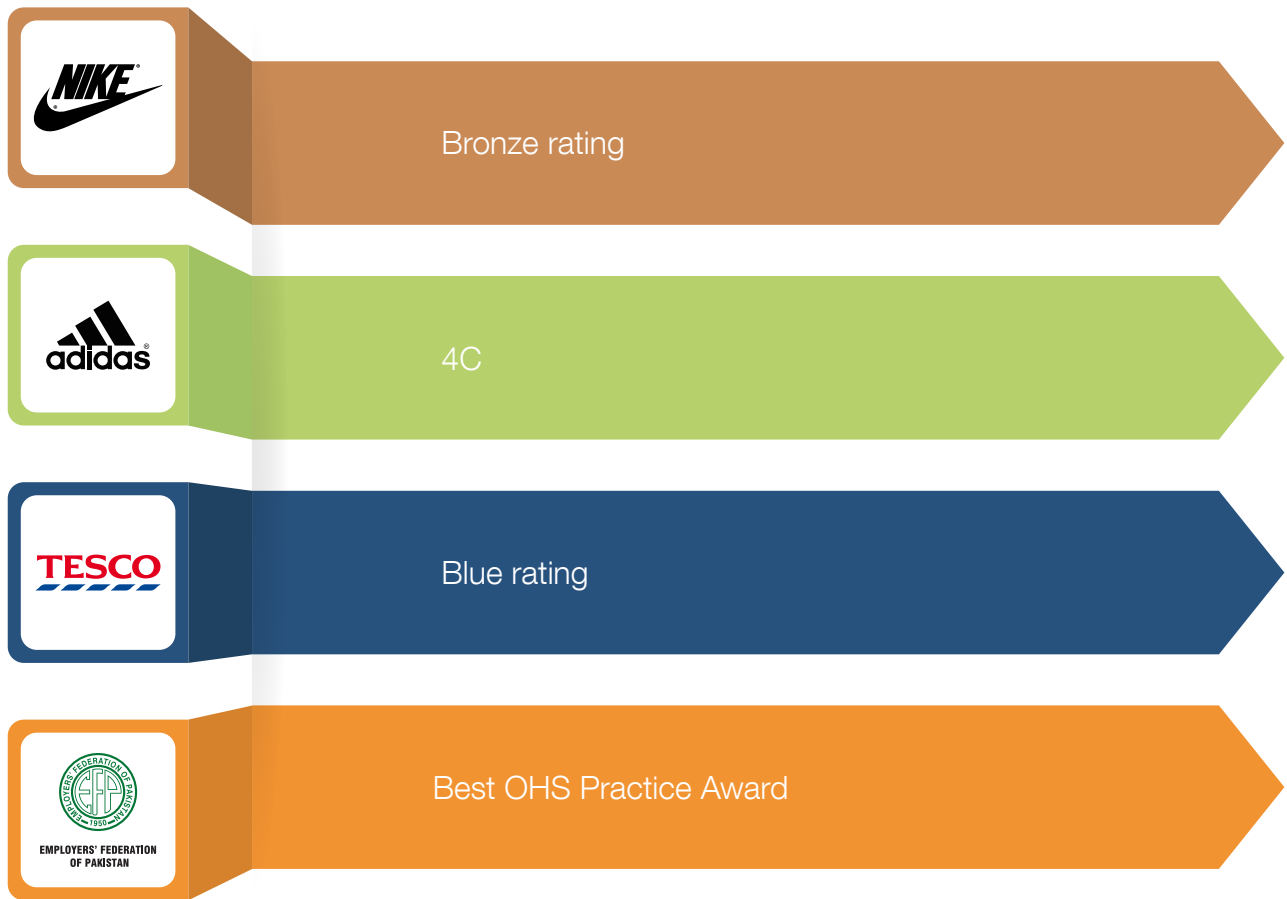




# Compliance Management

Interloop is committed to complying with all International Standards, International Labor Organization (ILO) Conventions, Customers' Code of Conduct and applicable National Laws & Regulations, identifying environmental impacts of all its processes and setting targets for significant reduction in these impacts through continuous improvement.

## Rating by Customers:



## Alignment with Sustainable Development Goals



# Hosiery



Headquartered in Pakistan, Interloop Hosiery consists of 6 vertically integrated manufacturing facilities spread across South Asia including 4 in Pakistan, 1 in Bangladesh and 1 in Sri Lanka. The Spinning Division and Procurement & Supplies function ensure consistent and timely availability of superior quality raw materials from all across the globe to the hosiery plants. The vertically integrated production operation is equipped with the latest Italian Knitting Machines, Spanish Processing Machines and Italian Dyeing Machines, having quick changeover capability and highly skilled staff to produce high volumes of standard mix and low volumes of customized products.

## Products

### i. Socks

Interloop is an international market leader in producing a wide range of top quality Socks & Tights for distinguished world-class brands & retailers. These products are engineered with

true possession of Fit & Sizing, Comfort, Performance and Aesthetic Properties by using premium quality raw materials, advanced manufacturing techniques and stringent quality assurance systems. In addition to numerous functional properties incorporated within Socks & Tights, they are available in

myriad colors and patterns. Socks produced at Interloop are unique and cover different sizes, genders, silhouettes, and fabrications and are a colorful reflection of all seasons when everyone feels serene and spontaneous.



## ii. Tights & Leggings

Interloop has the capability of developing tights for kids, infants, and women in flat knit & terry fabrications ranging from 120 to 200 Needles. Our vertically integrated operation and technical

developers strongly focus on graduated knitting patterns, cross stretches, elongations, stitching and volumetric fitting in order to deliver the best quality, sizing and fit, as per end-user requirement.

Having vast experience in Product Design & Engineering, Interloop has the proficiency to manufacture products, both in Spun as well as Man-Made yarns.



In addition to private brands, Interloop North America (ILNA) is building a diverse portfolio of brands in strong and growing categories.

### ILNA's Licensed Brands



i) ILNA is the exclusive licensee for Prince Socks in North America, Europe and South Asia



ii) ILNA is the exclusive socks licensee for BERKSHIRE in the U.S. market

### ILNA's Owned Brands



i) THE COMFORT SOCK



ii) HIDDEN PEAK OUTDOOR™

All ILNA brands are featured on ecommerce website [www.thecomfortsock.com](http://www.thecomfortsock.com) where consumers discover our obsession for socks and can purchase our products with a 100% satisfaction guarantee.



# Yarns

## SPINNING

At Interloop, 26,000 tons of top quality yarn is manufactured annually, by processing raw materials like cotton or man-made fibers through different stages, on latest European Machines in controlled climatic conditions and relative humidity (R.H)%. Raw materials include different cotton varieties from major cotton growing areas of Pakistan, BCI cotton, imported cotton or man-made fibers like Acrylic, Viscose, Polyester, etc., or pre-consumer waste fibers. Multiple varieties of yarn including Plain, Slub, Multi Count, Slub Lycra Core, Lycra Core, Polyamide Core, Siro, etc., are produced on automated machines and handled by a highly skilled team. Quality is checked at each stage



by latest instruments and standard testing procedures at the testing lab. About 40% yarn is consumed by our own hosiery manufacturing

and remaining serves the world's renowned weavers, knitters, denim and towel producers.



## YARN DYEING AND AIR COVERING

A state of the art Yarn Dyeing (YD) facility is maximizing stakeholder value by utilizing cost effective and quality assured methods, in a healthy and safe environment. It is providing variety of colors in Spun and Filament yarns along with world class Air Covering Facility, ensuring best quality and minimum lead time. Yarn Dyeing is equipped with modern machines including highly automated dyeing operations, automatic dyestuff, chemical dispensing system, in-house Air Covering facility and annual production capacity of 3.5 million Kgs of yarn dyeing and 0.9 million Kgs of air covering operations.



# Quality



Interloop is a Customer Driven organization. The Quality Assurance Department (QAD) looks after Quality Assurance, Quality Control, Quality Testing Labs & QMS. Quality Policy refers the way our teams follow the working processes to produce quality products and deliver excellent services to our valued customers. To assist our valued customers in their testing conformity, QAD has five product & raw material testing labs; central development lab at VSF for testing of new developments and four production labs for product testing. Three labs are ISO/IEC 17025:2005 accredited from PNAC (Pakistan National Accreditation Council). The central development lab is also ISO/IEC-17043 accredited which makes Interloop the First Textile Company in Pakistan to provide Local Proficiency Testing (PT).

## Customer Confidence in Interloop Limited's Quality Assurance

**Inspection Free Status** awarded by Target Support Service, Nike, Primark, JCPenney, C&A, etc.

**Designated Quality Auditors** for Tesco, JCPenney, adidas, Target, C&A, PUMA, etc.

**Customer Certified Labs** status by H&M, JCPenney, TESCO, NIKE & C&A

**VSF QA Lab** - 32 accredited Tests approved by PNAC

**QA Production Lab** - 14 Tests approved by PNAC

# Product Development



A significant factor in Interloop's continuous growth is its ability to anticipate changes in technology, industry standards and customer preferences and to successfully develop new products in time. Established in 2004 as a section

with 4 knitting machines to fulfill business needs of the time, Product Development (PD) evolved as a complete Vertical Sampling Facility by 2014. PD takes care of customer requirements, development of product as per customer specifications,



recording parameters for costing and bulk execution and improving processes through Kaizan activities. The Product Development Lab houses a complete range of latest colour development machines.



# Research & Innovation

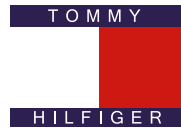
Innovation has been an integral part of Interloop's business strategy since its inception. In 2013, a dedicated and self-sufficient Research & Innovation (R&I) Centre was set up at the Global Headquarters-Pakistan. The R&I Centre is equipped with hi-tech machines and a modern lab, and is looked after by an extremely competent team. A Global Innovation Forum having representation from our worldwide teams and R&I Centre, works as the heart of entire innovation process, from raw concepts to testing and commercialization. More than 100 concepts have been released for marketing, while 3 patents and 20+ trademarks have been granted to Interloop, globally.





# Customers

Some of our top clients include:



# Global Recognition

Interloop has been recognised all over the globe for instituting sustainable practices for its people, operations and the community



Target Corporation recognized Interloop Limited with the 2017 'Partnership Award' for Responsible Sourcing (participating in Better Cotton Initiative & moving to sustainable cotton) and Community Development (supporting 19 schools; educating more than 2,600 students, 46% girls and 120 young women for bachelor's degree through education scholarship fund).



Interloop was conferred the Performance Award in PEOPLE Category by adidas Group in 2016 & 2017, based on its Employee Welfare Initiatives (Employee Stock Options, endeavoring for balanced gender mix in management & talent acquisition, sports Complex for healthy lifestyle) & Corporate Social Responsibility (contributed more than \$ 5.7 million for 18 schools for the community).



In recognition of Interloop's efforts towards Triple Bottom Line Sustainability, Interloop was among the 7 companies from around the world, endowed with the 'Sustainability Innovation Award 2015', by Business School Lousanne, Switzerland.



H&M conferred the Sustainability Award on Interloop Limited in 2016 for its People and Environment focused Initiatives.



Interloop won the Global Supplier 'Best in Quality' Award from C&A for 2016-17 for complying with the quality performance criteria throughout the year.

# Sustainability at Interloop

Interloop's sustainability framework is based on the Triple Bottom Line approach comprising **People, Planet & Prosperity**. Environment Friendly Practices, Social Welfare Initiatives and Stable Economic Growth are our key concerns to manage a Sustainable Business.

## Philosophy:

Interloop's Sustainability Philosophy focuses on transforming the way we do business; from sourcing responsibly to reducing our carbon footprint, from supporting labour rights to taking care of our communities, while continuously growing our business. Caring for our people and our environment is part of our DNA and is integrated into our thinking ways, processes and policies. Like all our business practices, our sustainability philosophy is also driven by our Mission. It is our commitment to improve the lives of our people and communities and ensure the highest standards of human and environmental safety.

With 2015 as the baseline year, Interloop has set Sustainability Targets for 2020, for People, Planet & Prosperity, which underscore long-term strategic priorities of the company. Although, Interloop's sustainability initiatives impact multiple Sustainable Development Goals (SDGs) of United Nations Development Fund, we have identified 9 SDGs against which the progress of our sustainability initiatives can be measured and reported, ensuring support for SDGs and warranting our valuable contribution to the world. Various tools have been deployed to keep track of our Triple Bottom Line accounts including

the Balanced Scorecard to monitor progress on annual company goals, encompassing Work Place Safety, Waste Reduction, Improving Energy Efficiency, Quality Index, Productivity, Equipment Efficiency, Increasing Turnover, etc.







# People

# People Targets 2020

Interloop has been at the forefront of social change since its inception and we are committed to lead the way in bringing positive change for all our stakeholders and communities

## Goals

### Build a Diverse and Empowered Workforce

Build a diverse, inclusive, and empowered workforce that becomes an agent of positive change and drives sustainable economic growth for Pakistan

### Transform Lives

By 2020, we will help transform lives of 5000 households, helping break the socioeconomic divide through provision of affordable, quality education

### Improve Well-being

Enable 15,000 people to live more fulfilling and healthier lives through, participation in sports and literature, and access to free quality health services

## Targets

- Expand representation of women across all levels of our workforce to 10%
- Support new mothers by improving maternity benefits and providing quality early year education across all our childcare centres
- Provide decent work and employment opportunities to 20,000 people, supporting livelihoods of more than 120,000 people
- Empower our team members by adopting true Lean philosophy and deploying Lean tools and trainings to over 2000 people
- Improve talent management by encouraging cross-functional careers, rewarding high performance and living by organizational values

- Provide affordable, equitable and quality education to 4000 children by sponsoring 25 TCF schools in under-privileged communities
- Provide 500 young women and men access to technical and higher education by granting annual scholarships
- Provide equal access to education for 300 children with disabilities
- Provide quality early childhood development and pre-primary education to at least 200 children at Interloop's childcare centres

- Promote local sporting talent by enabling 3000 people to participate in sporting events at local and national level across multiple sports
- Promote sports for differently abled people by sponsoring local and international sports events
- Improve well-being of 4000 people in our community through promoting reading, literature and associated festivals
- Reduce epidemics of tuberculosis and water-borne diseases, as well as other acute health issues by sponsoring treatments for 8000 patients
- Promote mental health and wellbeing by funding research and diagnostics for Alzheimer's disease

## Alignment with Sustainable Development Goals



# People Practices

Interloop's management approach is based on two key principles: Respect for People, and Continuous Improvement.



Interloop's strategic planning, fiscal discipline, and reinvestment in the business are key elements contributing to its success over the last 25 years. However, what makes Interloop unique is its People; a motivated, talented and committed workforce. Interloop's management approach is based on two key principles: Respect for People, and Continuous Improvement. These two principles guide our common and shared values, iCARE: Integrity, Care, Accountability, Respect and Excellence, shaping our organizational culture and defining the essence of our company. These core principles and values are critical for achieving Interloop's mission: "To be an agent of positive change for the Stakeholders and Community by pursuing an Ethical and Sustainable Business".

## People (HR) Management

Interloop exercises defined Management Policies and SOPs,

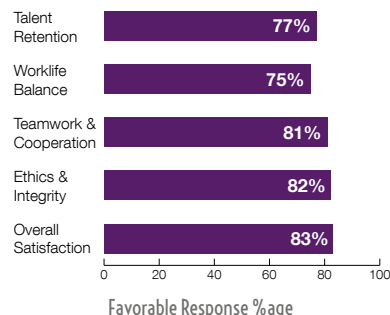
in-line with the best international practices to run Operational and Support functions. We invest in continuous improvement of the management processes including organizational structures, HR planning and performance management and expend time, effort and money to develop our employees. Performance based career growth opportunities and job rotation options make Interloop a much sought after employer as it considers employees as its strategic stakeholders and believes that their intellectual and financial growth translates into growth of the company.

## Employee Engagement Survey

For better understanding of employee perspectives regarding various aspects of their employment with the company, HR department conducts Employee Engagement Survey of executive employees through the internationally acclaimed Mercer's Employee Engagement Model. The results are shared with all functional

and business Heads and plans are put in action to improve Employee Engagement Index. The first survey was conducted in 2013. The second survey conducted in 2015 showed the overall Employee Engagement Index at 64%, a 3% increase over two years. This increase was outcome of planned initiatives in areas of training and development, career growth, performance management, internal communication and information exchange at various levels. The third survey is being conducted in 2018.

### Employee Engagement Survey HR Dimensions & Outcomes





## Compensation & Benefits

At Interloop, each and every employee is respected and cared for. The company provides a conducive work environment to its people where they give peak performance and enhance their skills. It offers market based compensation and benefits and distributes 10-11% of its profit amongst its employees in the form of bonuses and profit participation. The company spends 10% of its profit to provide all basic facilities to its people including EOBI contributions and social security. Multiple employee welfare schemes including gratuity, provident fund, health care, scholarships for employees' children, welfare assistance for non-executives, free pick & drop, subsidized meals, etc. are in place.



To facilitate non-resident male & female executives, Interloop provides top-class residential facilities including hostels and upscale apartments within company premises, as per space availability.

## Leave Fare Assistance & Anniversary Day Off

To promote work life balance, Interloop provides annual Leave Fare Assistance



(LFA) to executive employees for vacation with family. It also presents them a day off on their wedding anniversaries with paid dinner to enjoy the memorable occasion with their spouses.

## Employee Stock Option Scheme

The Management believes in taking good care of the Interloop Family. The company introduced "Interloop Limited Employees Stock Option Scheme, 2016 (ESOS)" to offer Company Shares to its eligible Executive Employees, pursuant to the Public Companies (Employees Stock Option Scheme) Rules, 2001, transforming them from Stakeholders to Shareholders. These shares qualify for bonus shares, dividend or similar

corporate benefits announced by the Company from time to time. The scheme is flexible, voluntary and focused on long term growth and prosperity of the employees. 353 executives have already become shareholders and the trend is on the rise.

# 353

executives are benefiting from Interloop Executive Stock Option Scheme and the trend is on the rise





## Management Trainee Officers Program

Every year, Interloop inducts fresh graduates, 45% females, across its various functions through the Management Trainee Officers Program. It's a one year working contract which exposes MTOs to a variety of operational and strategic roles, thus creating enormous learning and grooming opportunities. The systematic and rigorous selection process includes written test, assessment center activities and interview. This is followed by yearlong work assignments and projects. After final evaluation, successful MTOs are offered permanent jobs.

## Talent Development Programs

Interloop truly believes in nurturing its people. For executive employees, well-designed, focused and need based in-house and open enrolment training programs, comprising classroom and outdoor workshops, and learning sessions on different technical, managerial and leadership skills are conducted by Pakistani & Foreign Trainers.



The company established an in-house Technical Training School (TTS) in 2006 where non-executive employees

are trained in technical, operational and leadership skills.





## Companywide Sports Activities

To promote physical and mental wellbeing of its employees through competitiveness and healthy entertainment, the company has developed state of the art Sports Infrastructure, including state of the art executive club, table tennis, squash, badminton and basketball courts, football grounds and high energy fitness gyms and organizes various traditional and non-traditional sports tournaments, both for males and females.

Inter departmental Cricket Tournaments are held at the start of fall season. The activity creates lot of enthusiasm amongst the



employees who either play or witness the matches and cheer their favorite teams.

Football has emerged as the most popular sport among the staff and the tournament draws huge interest and participation. The annual Badminton & Table Tennis Championships enable all team members to take a break from their routine working schedules and refresh themselves.

Encouraging non-traditional sports, Lawn Bowling Championship is organized for the male and female workforce. To ensure equal opportunity and to cheer its differently abled employees, the company arranges Lawn Bowl Championship for them as well which boosts their self-confidence and gives them a sense of pride.



Sports infrastructure and tournaments for employees' wellbeing





## Corporate Social Events

To enhance employee engagement with the company, to recognize their services and to do that in a pleasurable way, Interloop organizes various social events throughout the year. Worth mentioning amongst others include the **Annual Dinner**; organized in the foundation month of the company, where executives catch up with colleagues and enjoy an exquisite evening full of Long Service Awards, entertainment, food



and music., **Managers Dinner**; hosted by the CEO, COO and their families, to offer gratitude to the Managers for their hard work and dedication, especially to their spouses, acknowledging their continuous support, **International Women's Day**; to highlight the issues faced by women, to find solutions and to celebrate their successes, **Long Service Awards for Non-Executives**; to recognize non-executive employees completing 10 years' service with the company, **Christmas**; to display respect for minorities and encourage diversity in our company.





## Equality & Diversity

Interloop is an equal opportunity employer and is committed to promoting equality and diversity in all areas of employment. It provides an inclusive environment where everyone feels valued and respected, irrespective of age, gender, race, marital status, disability, religion or belief, colour and nationality. It aims to provide its employees, especially females, a safe and supportive work environment, free of discrimination and harassment. Employees are facilitated

to balance their work, family and other responsibilities, effectively. They have access to opportunities to grow, learn and develop on merit.

All policies, procedures and practices of the company have been formulated to inculcate the culture of encouraging and supporting women, transgenders and differently abled employees. If a differently abled person has special needs, the company does its best to adapt the job and workplace to meet those needs.

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Promoting equality and diversity irrespective of age, gender, race, marital status, disability, religion or belief, colour and nationality.

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# Women Empowerment

Interloop truly believes that empowering women through employment and skill enhancement not only helps them achieve financial stability for themselves and their families but also makes them a productive member of the society.

## i. Enhancing Female Participation

To support women empowerment and to improve gender parity within the organization, Interloop has taken a strategic decision of employing a minimum of 10% women in executive & non-executive teams, in various grades including managerial roles and working cadres, by 2020.

## ii. Reconnect Program for Female Employees

To enhance development opportunities for female employees, a new 'Reconnect Program' has been introduced. Female staff members who have completed three years' service with the company and have to leave their jobs due to family requirements, e.g. marriage, care & upbringing of infants/toddlers or relocation of family, etc., can reconnect with their careers after having a break.

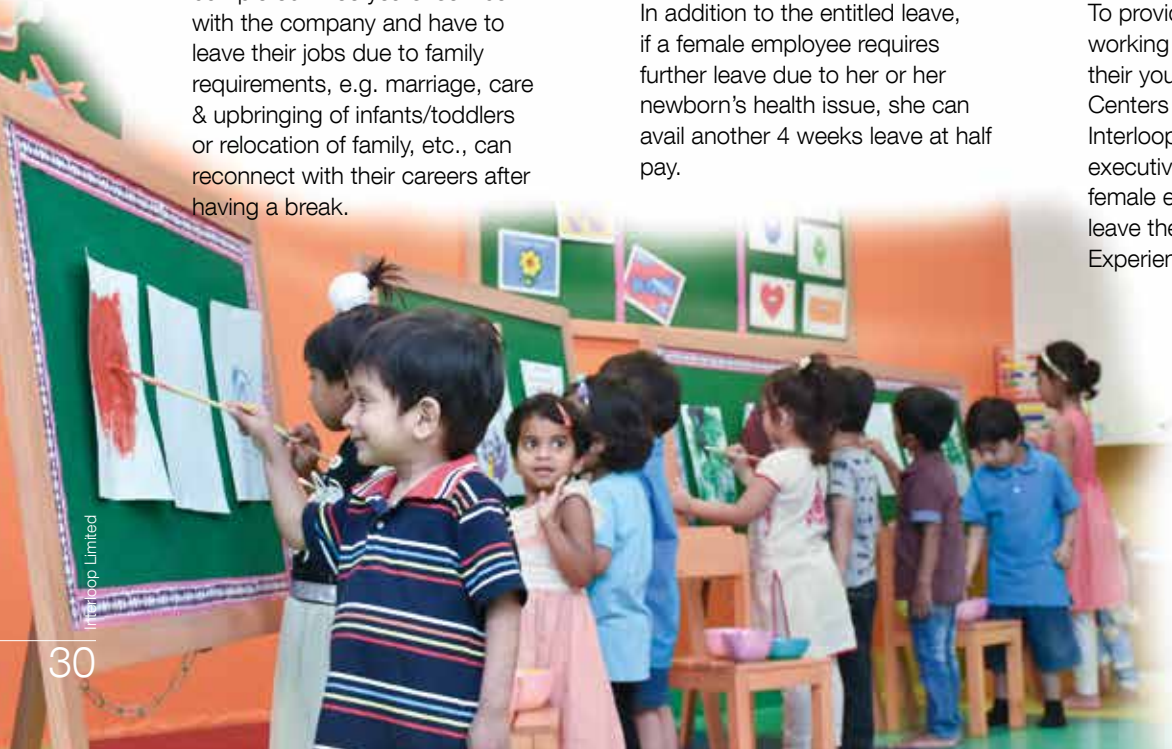


## iii. Extended Maternity Leave

In addition to the entitled leave, if a female employee requires further leave due to her or her newborn's health issue, she can avail another 4 weeks leave at half pay.

## iv. Day Care Centers

To provide ease of mind to working mothers regarding their young children, Day Care Centers are in place at all Interloop Hosiery Plants where executive and non-executive female employees comfortably leave their children, while at work. Experienced Nannies take good





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## Employing females in non-traditional work areas

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care of these children according to their play, rest and meal timings. Mothers can visit their children anytime during the day and lunch break. The international standard infrastructure includes study, play and rest areas and trained teachers ensure quality pre-primary education and development of these children through curricular and extracurricular activities. Company doctor performs periodic check-ups of these children to warrant that they stay in good health.

### v. Employing Females in Non-traditional Areas

Another milestone in creating diversity at Interloop has been employing and training females in non-traditional work areas, previously dominated by male team members. Females are now being hired as Stitching Machine Operators, Knitting Planners and for the first time as Knitting Operators at various Interloop Hosiery Plants. This assortment is creating a better skilled and sophisticated workforce.

#### Other Initiatives for Female Employees

- Free pick and drop has been expanded to more remote areas
- Focused trainings and recreational & sports activities
- Females employees are being made mandatory members of compliance committees such as Workers Management Committee, Environment Health & Safety Committee, etc.
- Female Welfare Officers have been nominated at all manufacturing plants to facilitate grievances' management of female employees



#### Talent Scholarship For Employees' Children

Interloop encourages its employees to motivate their children acquire undergraduate degrees and flourish into promising careers. For this purpose, the company offers 5 Talent Scholarships every year to meritorious children of its employees, for Bachelor Degree Programs.

Interloop provides a decent work environment to all its employees and complies with and maintains all requirements of Labour Laws of Pakistan and Customers' Code of Conduct.

# Interloop Way

Interloop Way defines how we achieve prosperity and sustainability through respect for people and continuous improvement

Since Interloop's inception, the management has been committed to continuously improve work processes and implement modern world-class practices. To enhance its learning about continuous improvement, Interloop has invested heavily on training its people, locally and overseas.

Interloop was introduced to Lean by one of our customers, NIKE, and for the last few years, we have been applying Lean for improving our manufacturing processes and becoming robust in our operations. The Lean journey started in 2009 and one Plant Head was trained through a three-month certification



at NITC (Nike Innovation and Training Centre), in Vietnam. In 2010, a centralized Lean Resource Group (LRG) department was established which created awareness about Lean

Philosophy across the company and laid the foundation for Lean through implementation of 5S. In 2011, Lean implementation teams were established which worked towards building the Lean Culture at the plant level and trained and implemented Lean tools at the shop floor. All Plant Managers were trained at AITC, Sri Lanka.

In 2014, Interloop engaged a group of Former Toyota Executives who are facilitating implementation of Toyota Production System (TPS) in various







companies, all over the world. In 2015, Sixteen Interloop delegates from senior and middle management visited Japan to acquire hands-on knowledge about TPS from Toyota Engineering Corporation. Value Stream Mapping (VSM) of all plants was developed. Actions were taken to eliminate waste wherever it existed. Various processes like Knitting & Toe Closing, Boarding & Packing were combined. TPM was deployed to improve machine efficiency and reduce wastage. Results were wonderful. WIP went Down, WASTE was Reduced, OTP got Improved, INVENTORY TURNS were Improved, QUALITY INDEX was Improved, and approximately 200,000 sq. ft FLOOR SPACE got Vacated and Utilized for other related functions.

Interloop fully understands the significance of our 'people practices' supporting deployment of Lean so that this develops as part of our culture. Consequently, in 2017, the company decided to design

**'Interloop-Way'**, comprising **Lean & People** components. It consists of standardized good practices we have been performing all along. At Interloop, all of us work cohesively in treating our people, customers and stakeholders with respect and strive for continuous improvement. This has resulted in tremendous success for all of us over the years. We have named our culture, which stems from our organizational DNA, as 'Interloop Way'. For sustained prosperity (success for enterprise = success for our people), we have

realized the need to articulate Interloop Way, which defines how we perform and behave so that we can hold on to it, sustain what we have created, and create consistency as we expand globally.

Interloop Way will improve our people practices, systems & processes such as problem-solving, recruiting, organizational development, performance management, job rotations and improved two-way communications.

Our Lean journey to create Interloop Way is about developing the desired culture towards full engagement as well as mutual understanding & trust between the company and the team members, and achieving a balance between the company and employee needs, for sustainable growth and development. It's a long haul towards achieving our Mission, and we are confident that our efforts will bear fruit.



“ To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business. ”



# Corporate Social Responsibility

Interloop's Mission and reason for existence is to bring about a positive change in the community. To pursue this cause, Interloop has invested approximately US\$ 7 million in the community during the last 7 years. Its main areas of focus include EDUCATION, SPORTS, LITERARY ACTIVITIES, HEALTH CARE and DISASTER RELIEF. The company has long term KPIs and every year a CSR spending target is fixed and implemented through an organized system.

## Education

### Primary & Secondary Education

Interloop's Management realized that one of the best ways to bring about a positive and lasting change in the community was to educate the children and the youth, especially disadvantaged. In May 2009, Interloop Welfare Trust - the philanthropic arm of Interloop Limited partnered with THE CITIZENS FOUNDATION; the largest non-profit organization in Pakistan providing quality education to the disadvantaged. So far, Interloop has spent approximately US\$ 3 million and established 22 schools (13 primary and 9 secondary; separate campuses for boys and girls) in the rural areas and slums around Faisalabad city. These schools are managed by female staff and provide quality formal education to 2,960 less privileged children, 46% girls, in an environment that encourages intellectual, moral and spiritual growth. In addition to this, an endowment of around US\$ 3 million for supporting lifetime operating cost of 16 schools mentioned above



and Interloop also provides funds for managing annual operational cost of remaining 6 school units.

### TCF Rahbar Program

From 2012 onwards, executives from Interloop Limited regularly volunteer for the TCF Rahbar Program, twice a year, to mentor class 8 and 9 students about making better career choices

and selecting colleges and universities accordingly, for future studies. They encourage students to develop a positive thought process, a vision for their future, a plan to realize that vision and capacity to deal with any failures that might confront them on their journey.

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Established **22**  
TCF-Interloop schools to  
provide quality  
education to  
**2,960**  
less privileged children,  
**46%** girls

---





## Higher Education

### Endowment Fund at Lahore University of Management Sciences (LUMS)

In May 2013, Interloop Limited established an Endowment Fund of US\$ 0.56 million at the Lahore University of Management Sciences; the top most university in Pakistan, to provide perpetual scholarships to 8 financially challenged Bachelor Degree students under the National Outreach Program.

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**167** Interloop Executives have spent **4,676** volunteer hours at TCF Rahbar Program to guide **695** students about making better career and life choices

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### Scholarship & Internship Program for Government College Women University, Faisalabad

As part of its on-going endeavors for women empowerment, Interloop

Limited collaborated with Government College Women University Faisalabad (GCWUF), in May 2015 and instituted 120 Scholarships annually for deserving female Bachelor Degree Students, by funding approximately US\$ 62,600, annually. It also structured an Internship Program to acquaint GCWUF students with professional work environment and practices, as part of their degree program requirements.

### Need-based Scholarships at University of Agriculture, Faisalabad

In Sep. 2017, Interloop established 'Need-based Scholarship Scheme' at the University of Agriculture, Faisalabad (UAF), sponsoring deserving meritorious students for 4 years Degree Programs in Engineering, Textile & Dairy Sciences. The Company will provide 5 scholarships every year, going up to 20 scholarships annually, amounting to PKR 1.2 million.

### Scholarship Program for Cadet College, Hasan Abdal

Cadet College Hasan Abdal has been a trendsetter for quality education boarding schools for boys in Pakistan. Interloop established a Scholarship Fund in April 2016 and supports 5

financially challenged cadets, for complete 5 academic years (eighth to twelfth class), by contributing approximately PKR 6 million annually as scholarship grant.

### Gilgit-Baltistan Scholarship Program/Multiple Scholarships

Interloop Limited joined hands with an NGO in 2016 and established the 'Interloop GB Scholarship Program' to support deserving talented students from Gilgit-Baltistan for pursuing Undergraduate Degrees at different universities of the country.

Through individual scholarships, Interloop is sponsoring numerous deserving male and female students pursuing Higher Education at various institutions including Government College University, Ripha International University, National Textile University, University of Central Punjab, NUST Pakistan, NFC University, University of Sargodha, University of Engineering and Technology and University of Faisalabad in Pakistan, and University of Vaasa, Finland.



## Sports

We believe in nurturing talent by promoting sports, competitiveness and healthy entertainment for the youth, community and the society. For this purpose, Interloop has joined hands with various sports organizations, especially representing blind, handicapped & women players and spent \$0.30 million for sponsoring various sporting activities.

### First Sponsor of Domestic Cricket

Interloop joined hands with Pakistan Cricket Board and became the first sponsor of domestic cricket in 2005 by supporting the Faisalabad Regional Team. Interloop organized First Class Cricket Training Camps in 2016 & 2017 to promote healthy activities at district level.

### Sponsoring Cricket for a Cause

To encourage young players from the grassroots for National and A-Teams and to provide healthy entertainment for the community, Interloop has been sponsoring cricket tournaments including SAICA-Interloop T-20 Cricket Championships (twice) and



Interloop Premier League T-20 Cricket Tournaments (annually), since 2012.

### International & Domestic Blind Cricket

Interloop promoted International Cricket in Pakistan by sponsoring the Pakistan-India Blind Cricket T-20 Series played in 2014. We were also the Official Sponsor of Pakistan Cricket Team for the Blind Cricket World Cup 2014, played in South Africa and the Blind Cricket World Cup 2018, played in Pakistan & UAE. Interloop sponsored the Pakistan Blind Cricket Council T-20 Challenge Cup 2015 to support Domestic Blind Cricket in Faisalabad. It also sponsored the Pakistan-Sri Lanka Blind Cricket T-20 Series organized by

Pakistan Blind Cricket Council in 2016 at Faisalabad. Interloop also promoted female sports and supported Pakistan Women Blind Cricket Team Coaching Camp in 2018.

### Cricket for the Specially Abled

To promote the rights and well-being of persons with disabilities on the World Disabilities Day, Interloop sponsored the T-20 Cricket Match between Pakistan and India Handicapped Teams, on 3 December 2012, at Islamabad. To promote sports for differently abled persons, Interloop joined hands with Pakistan Wheel Chair Cricket Association affiliated with Pakistan Cricket Board and organized 2nd Interloop Quaid-e-Azam Trophy 2018 & supported Faisalabad Deaf Cricket Team in All





Pakistan Deaf Cricket Tournament 2018. The Company also got pleasure to support Tri Nation Disabled Cricket T-20 Series 2018 at Worcestershire, England. Especially Abled cricket teams of Pakistan, Bangladesh & England played the tournament, and Pakistani Team bagged the winning trophy by putting in their passion & efforts.



sports e.g. football at grass root level and organized 7<sup>th</sup> All Pakistan Interloop Football Tournament 2015 & 9<sup>th</sup> All Punjab Football Tournament in 2017.

### All Pakistan Open Golf Tournament

To create new avenues for the community to explore and enhance their sporting capabilities, Interloop has been sponsoring the annual All Pakistan Interloop Open Golf Championship since 2015, organized by the Lyallpur Golf N' Country Club, Faisalabad.

### Cricket for Tourism

To help restore tourism and true colours of Swat Valley, Interloop Lyallpur Cricket Team from Faisalabad region participated in the 1<sup>st</sup> Swat T-20 Peace Cricket Tournament 2012, played at Mingora.

### Promoting Football at Grassroots

Apart from Cricket, Interloop is also playing its part to promote other

### Intersivity-Interloop Sports Extravaganzas

To motivate youth towards healthy activities, Interloop sponsored the 1<sup>st</sup> Intersivity-Interloop T-20 Cricket Championship in 2016 and the 2<sup>nd</sup> Intersivity-Interloop Sports Gala in 2017, at the University of Agriculture, Faisalabad, in which top teams from various universities participated.





## Literary Activities

Playing its role in developing the character of the society, Interloop supports various cultural and literary events throughout the year.

### Faisalabad Literary Festival

Since 2014, Interloop hosts the Faisalabad Literary Festival every year as the main sponsor, where eminent literati from across the country gather to inspire people with their popular works of literature and performing arts. People from all walks of life including families attend the event and interact firsthand with their favorite writers, poets & artists.

### National & International Conferences

To promote innovation and intellectual development of Pakistani textile professionals and students, Interloop has been the main sponsor of "All



Pakistan DICE-Textile Innovation Event & International Conference" for the last three years, consecutively. Jointly organized by the National Textile University, Faisalabad & DICE Foundation, USA, the event focuses on exhibition of innovative projects for the textile industry, discussions on industry issues, awareness creation about innovations and their commercialization, etc.

Complementing its various initiatives regarding women empowerment, Interloop Limited sponsored the International Conference on 'Gender,

Work & Society; Challenges, Opportunities and Prospects for Women's Economic Empowerment', organized by Lahore University of Management Sciences.

### Lyallpur Picture Gallery

Interloop is also providing financial support to Lyallpur Picture Gallery developed by District Government, Faisalabad. General public, especially students visit the gallery to learn about Faisalabad's rich history, culture and transformation into a textile industry hub.





## Health Care

### Free Treatment for Poor Patients

Another area of constant focus for Interloop's social responsibility is Health Care. We have spent approximately US\$ 0.3 million to provide free health care services to deserving patients including 120 Corneal Transplants and 3,000 Ophthalmic Diseases patients at Al-Shifa Trust Eye Hospital, Rawalpindi. Also, 50 patients are receiving regular Free Dialysis through Patients Welfare Society at Allied Hospital, Faisalabad, 1,600 patients are receiving Tuberculosis Treatment through Anti TB Association, Faisalabad, 800 patients are being provided Hepatitis C treatment through Liver Foundation Trust, Civil Hospital, Faisalabad, 20 Spinal & Orthopedic patients have been treated at Gurki Hospital, Lahore, and multiple patients are receiving Blood Transfusion, Thalassemia and Hemophilia treatment through Ali Zaib Foundation and Cardiac treatment through Faisalabad Institute of Cardiology.



### Support for Differently Abled Children

Syeda Khatoon-e-Jannat Trust Hospital & Special Education Center, Faisalabad provides a good platform for the treatment and optimal development of children with intellectual and physical disabilities. The Centre comprises various facilities including free health clinic, orthopaedic ward, vocational trainings & physiotherapy, computer lab and indoor & outdoor play area. Interloop supports education, health and well-being of differently abled children and donated PKR 3 million for the noble cause.

### Alzheimer Socks

Our CSR footprint has moved beyond borders. On 21 September 2015 & 2017, World Alzheimer's Day, Interloop Limited teamed up with its European Affiliate, Euro Sox Plus B.V., and launched Alzheimer Socks; an initiative to create awareness among people about Alzheimer's disease. Wearing Alzheimer Socks was a conversation starter and an acknowledgement of the impact of the disease on the

lives of people suffering from it, and their loved ones. Almost 60,000 pairs were sold in 2015. The 2017 collection also included kids sizes to develop awareness about the disease among younger age groups and around 110,000 pairs were sold from this stock. Collectively, 700,000 Euros were generated through both collections and were donated to VUmc Alzheimer Center, Amsterdam for research on diagnostics and treatment of Alzheimer's disease.



## Relief & Rehabilitation

Interloop has always been steadfast in providing relief and rehabilitation to people affected during natural disasters and has spent around US\$ 0.56 million for providing food, low cost housing and financial assistance to distressed persons.

### Earthquake 2005

In 2005, a massive earthquake affected Azad Kashmir, its capital Muzaffarabad and areas of Khyber Pakhtunkhwa province on a massive scale, killing lots of people and rendering many homeless. Interloop immediately came into action and established a Tent Village in Muzaffarabad, accommodating 1500 people. It also provided dry food to Internally Displaced Persons (IDPs) and collaborated with a French organization 'Caritis' to install state of the art water supply system in the village.

### Internally Displaced Persons of Swat & Gojra

Swat Crisis in Khyber Pakhtunkhwa Province was termed as the largest humanitarian and displacement crisis in recent times. More than 3 million people were displaced from their residences. Interloop immediately sent food items for IDPs of District Nowshera. Moreover, food rations were also distributed amongst IDPs of Gojra with the support of local Government Administration.

### Floods 2010 & 2014

Working for rehabilitation of IDPs during floods in 2010, Interloop constructed 90 houses for providing



shelter to 90 families in a village in Miran Mullan, Khangarh District, Muzaffargarh. We also distributed dry ration among afflicted families in Layyah, constructed 50 houses in Thatta, Goth Abdul Khaliq Rind, Deh Babri and Tehsil Mirpur Batara for homeless flood victims.

Many districts in Punjab province were affected by Chenab river flood water in 2014. Interloop distributed dry food bags to 3500 affected families of Jhang, Multan and Muzaffargarh.

### Internally Displaced Persons of Shahbaz Nagar, Faisalabad

In 2011, Government Administration Authority, Faisalabad removed encroachments in the city to improve civic facilities. Consequently, many

poor people got displaced and ended up becoming homeless. As part of its social responsibility, Interloop collaborated with the City District Government, Faisalabad and constructed 229 low cost twin-bedroom houses & 27 shops in Shahbaz Nagar, Faisalabad for the deprived people.

### SOS Children Village

Interloop has been supporting SOS Children Village, Faisalabad for over 7 years and has constructed a cottage for 10 orphans and engaged Dobotex, Netherlands to build a community centre and a youth home.



# Planet



# Planet Targets 2020

(Baseline Year 2015)

## Environmental Impact Areas



## Alignment with Sustainable Development Goals



## Environmental Sustainability Highlights till 2017

(Baseline Year 2015):



**21%**  
sustainable  
raw material  
consumed



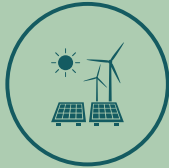
**19%**  
water reduced



**14%**  
GHGs  
reduced



**4%**  
energy  
reduced



**13.9**  
million kWh  
produced from  
renewable  
energy source



**ISO 50001**  
certification achieved



Customer  
recognition/  
awards

## Sustainability Impacts 2017



**0.26 million**  
kWh saved from renewable  
energy source



**12,177**  
tons of CO<sub>2</sub>  
emissions reduced



**3,907**  
m<sup>3</sup> water saved

### Equivalent to



**0.31 million**  
tree seedlings grown for  
10 years



**210**  
homes' energy use  
for one year



**2.98 million**  
miles driven by an average  
passenger vehicle



**3,427**  
families per day  
water requirement  
(\*based on 6-member family)



# Environmental Impact Areas

Globally, conventional textile industry is one of the most polluting industries on the planet. According to World Bank estimates, textile industry is responsible for as much as 20% of industrial pollution; both in water and on land. Also, it has been estimated that cotton uses 2.5% of world's cultivated land and 16% pesticides. To control the environmental pollution caused by textile manufacturers, toxin deficient methods need to be adopted.

## Sustainability Tool (Higg Index)

Developed by the Sustainable Apparel Coalition (SAC), the Higg Index is a suite of tools that enables brands, retailers, and manufacturers of all sizes, at every stage in their sustainability journey, to accurately measure and score company's or product's sustainability performance. The Higg Index delivers a holistic overview that empowers businesses to make meaningful improvements that protect the well-being of factory workers, local communities and the environment.

Our performance towards more sustainable practices is increasing every year which can be evaluated by our Higg Index score. In 2018, Higg Index has launched its FEM 3.0 version and Interloop is all set to achieve valuable score in this updated module also.

## Sustainable Raw Materials

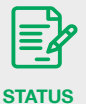
Consumers are increasingly considering the sustainability aspects of their textile purchases, as they are becoming better aware of negative environmental impacts with in the supply chain. As a responsible Hosiery manufacturing company, Interloop Limited has been implementing multiple international standards that address environmental and social impacts. It has incorporated the philosophy of sustainable operations as an integral part of its business strategy. Sustainability aspect is always the top consideration in raw material provision, added chemistry and hosiery production practices. In addition, Interloop is committed to reduce the use of energy, lowering CO<sub>2</sub> emissions and increasing biodiversity.

Renewable materials are those which can either be manufactured or generated quick enough to keep pace with their fast usage. Renewable materials can be made from natural products or produced synthetically, and often include recycled products.

Cotton is considered as renewable textile material but conventional cotton production imparts significant environmental impacts viz. higher water and land use intensity, insecticides & pesticides and non-efficient agricultural practices. We have planned for incremental use of Organic Cotton, BCI Cotton & Recycled Yarn, leading to increase in our sustainable & renewable raw material inventory.

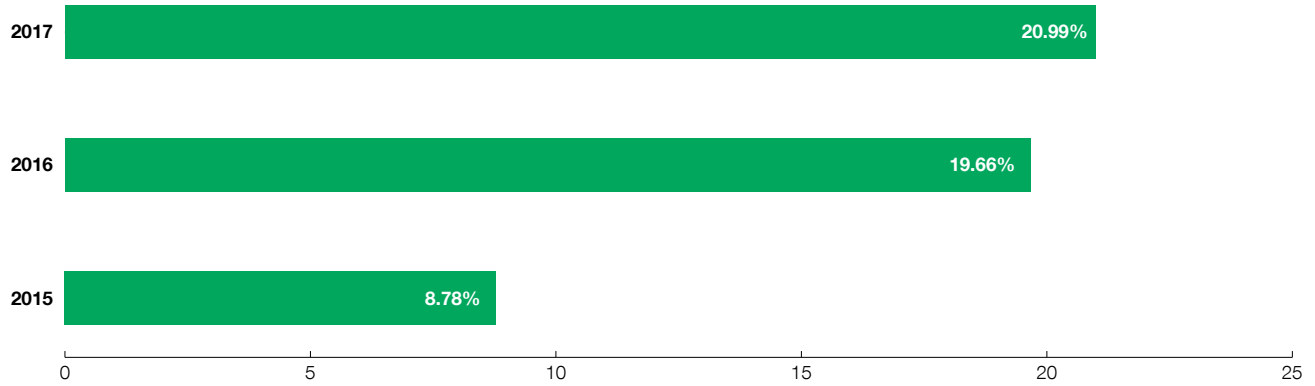


Keeping year 2015 as baseline, our target is to increase the proportion of sustainable raw materials to 25% of our total raw material consumption by 2020.



In 2015, the proportion of sustainable raw material was 8.8% of total raw material consumed. In 2017, the proportion increased to 21%.

## Use of Sustainable Materials (Percentage)



## Our Sustainability Materials:

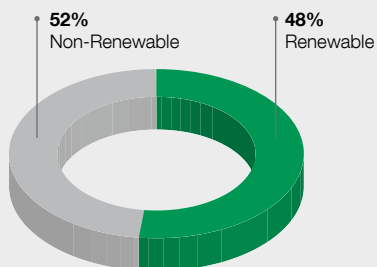
### a. Organic Cotton:

Organic cotton is produced and certified to organic agricultural standards which do not allow the use of toxic chemicals or GMOs (genetically modified organisms) in its farming. Its production sustains the health of soils, ecosystem and the people, by using natural processes which benefit the

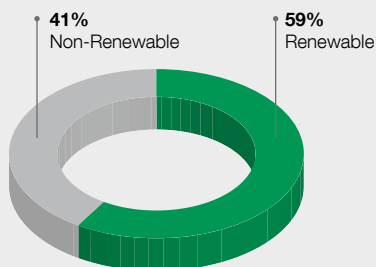


## Proportion of renewable & non-renewable materials consumed annually

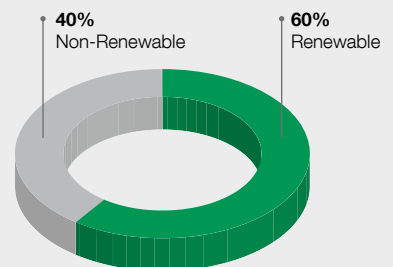
### Renewable Material (2015)



### Renewable Material (2016)



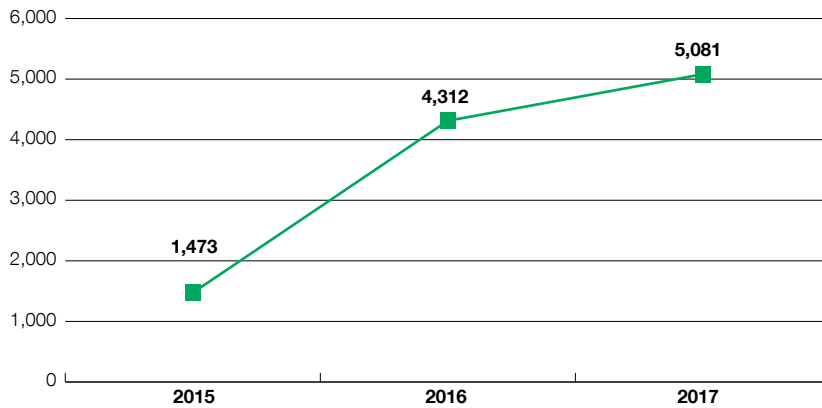
### Renewable Material (2017)





## BCI Consumed

(Tons)



environment and improve the quality of life. It reduces 71% water and 63% energy usage and has less impact on the air.

Compared to 2015, Interloop increased the use of organic cotton 2.7 times by 2017.

## b. Better Cotton Initiative (BCI)

BCI is a long-term multi-stakeholder initiative that develops and promotes good farming practices, allowing more cotton to be grown while reducing water & chemical use and protecting both working conditions and biodiversity. Better Cotton Initiative has four specific aims:

- I. Reduce the environmental impact of cotton production
- II. Improve livelihood and economic development in cotton producing areas
- III. More commitment with Better Cotton throughout the supply chain
- IV. Ensure credibility and sustainability of BCI

Pakistan is the world's 4<sup>th</sup> largest cotton producer, and importantly,

also holds the 3<sup>rd</sup> largest spinning capacity in Asia (after China and India). In 2013, BCI licensed 46,500 farmers to produce Better Cotton in Pakistan. Due to 14% less water consumption, farmers have earned approximately 42% higher profit than the ones using conventional agricultural techniques.

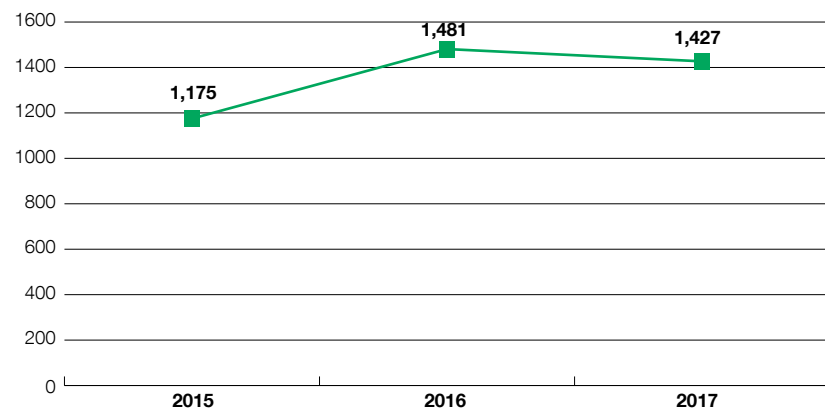
Determined to increase the use of BCI cotton as raw material, Interloop has tripled the consumption of Better Cotton since 2015.

## c. Recycled Material

Recycled yarn is another choice that addresses the circular economy and reduces environmental footprint. Recycled Polyester, Recycled Nylon and Recycled Cotton Blends are options which are helping us in increasing the use of sustainable material and leading to lesser waste on one hand and reduction of toxic emissions on the other.

## Recycled Yarn

(Tons)



# Water

Enormous increase in industrialization, urbanization and population lead the water to be the most exploited and stressed natural resource. Fashion industry is the 2<sup>nd</sup> most polluting trade in the world. In textile processing, huge amount of water is used during the procedure to induce good hand feel and aesthetics in the product. It is important for sustainable textile operations to conserve water and decrease water foot print; both direct and indirect. At Interloop,

we have always been committed to environmental sustainability and continuing our efforts to conserve water through process improvement and induction of new technology. We are operating in full compliance with all applicable laws and regulations on water use. As we withdraw ground water through deep wells inside our factory premises, each facility measures water withdrawal using flow meters to calculate the internal water usage.

Water is consumed extensively in our dyeing process. We are working and investing on new technological trends to conserve water as well as improve our wastewater quality. In addition, we emphasize on redesigning the processes which include low liquor ratio recipes, reduction in line losses and responsible practices. Besides, we are also considering options to design water recycling.



TARGET

We are committed to reduce our water consumption by 15% by year 2020.

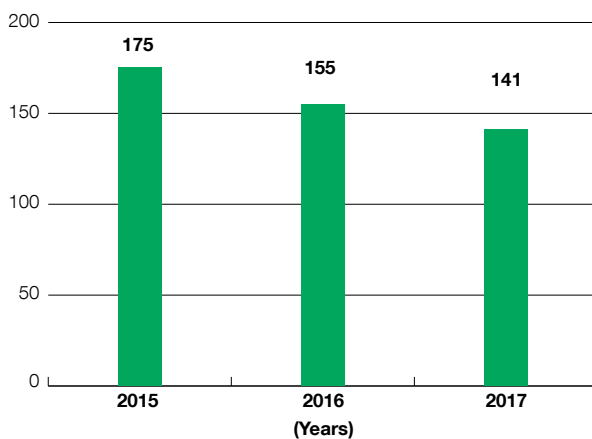


BASELINE

With 2015 as baseline, water consumption measured in liters per Kg of socks produced and liters per Kg of yarns produced.

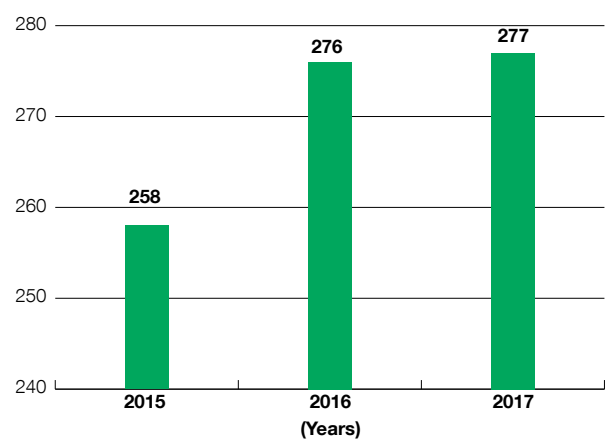
## Water Consumption in Hosiery

(Liters/Kg of sock)



## Water Consumption in Yarn Dyeing

(Liters/Kg Yarn)







## Our Initiatives:

Water is a vital component for sustenance of human life and its significance can't be overemphasized. We have taken multiple initiatives to conserve water by adopting advanced technology and process improvement.

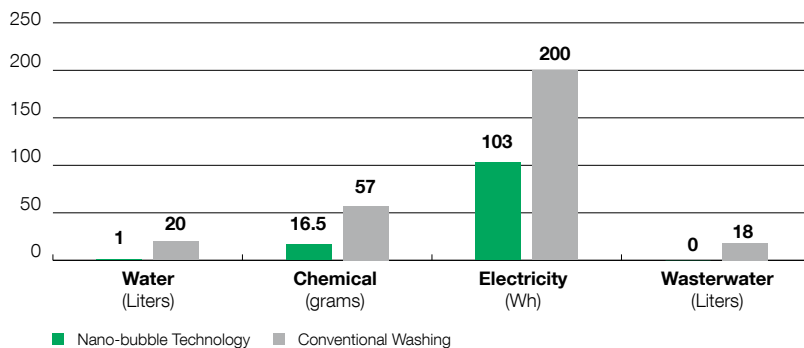
One important initiative is induction of E-flow machines for washing, equipped with Nano-bubble technology. It reduces water consumption by 95%, chemical consumption by 71% and energy consumption by 48%, with zero liquid discharge. During 2017, water saved by one E-flow machine was

sufficient for daily consumption of 90 middle class families. So far, 12 machines have been installed in different processing units and 11 more machines are expected to be the part of processing lines in 2018, contributing significantly towards overall water reduction.

The table below shows a comparative reduction in water usage by adopting E-flow technology, resulting in reducing adverse environmental impacts:

### Consumption

(Per Kg Comparison)



**Saved**  
**8,268 m<sup>3</sup>**  
 of water by using E-Flow  
 Washing Technology

# Waste Water

## Effluent Treatment Plant

The world's water resources are shrinking every passing day and it is emerging as one of the greatest threats future generations will be facing. Water pollution is a big hazard to water resources and the problem is worsening with industrial expansion, especially in the third world countries where awareness level is quite low. Interloop understands its responsibility towards ecological conservation and always takes measures to reduce any negative impact on natural resources. As the effluent from dye house is a potential environmental contaminant, Interloop has set-up state of the art effluent treatment plants at all hosiery manufacturing facilities to effectively manage treatment requirements.



The activated sludge based effluent treatment plants run 24/7/365 and are meeting not only the National Environmental Quality Standards (NEQS) but also fulfilling the stringent parameters of world's leading brands. The largest effluent treatment plant has the capacity of treating 180m<sup>3</sup>/hour. Interloop has a centralized QC laboratory to closely monitor the

qualitative & quantitative parameters and ensures that effluent discharged into the environment is within safe quality limits. It also has a well implemented Chemical Management System which ensures Green Chemistry Inputs, keeping in view the ZDHC Waste Water Guidelines and warrants 100% ZDHC Compliance by 2020.



We are committed to fully comply with ZDHC standards by year 2020.





# Solid Waste

The textile supply chain involves multiple raw materials producing highly diversified and differentiated products, thus generating tons of solid waste throughout the production process. The variety of solid waste generated by the textile sector may range from recyclables & re-usables to hazardous waste. With growing attention to environmental responsibility towards solid waste management, the textile and apparel industry has increased efforts to reduce disposal of post-production textile waste in landfills. Simultaneously, finding alternative methods for disposal of post-consumer textile waste is gaining greater importance.

## Implementation of 3R in Waste Management

During processing at Interloop manufacturing facilities, an assortment of waste streams and waste products are generated. Interloop has an extensive waste management program underway. The hazardous wastes are safely handled and stored, and are sent either for recycling or incineration. The non-hazardous waste which includes leftover socks, polythene bags, cardboard, paper cones,



cartons, etc., are collected from the operational & support departments and stored in Waste Store before being disposed-off to recyclers. The objective is to minimize waste from all Interloop manufacturing facilities and apply sustainable waste management and disposal methods through the waste management hierarchy of “Avoid, Reduce, Recycle, Recover, Treat and Dispose”.

At Interloop, we are quite concerned about lean production. Currently, more than 90% waste (including production and non-production waste) is being recycled and reused in multiple ways by various waste management vendors. Due to its harmful nature, hazardous waste is sent to the incinerator for safe disposal.

## Our Initiatives:

### Coal Ash Brick Plant:

We have taken the initiative of making bricks from Coal Ash; a waste produced in the coal boiler during steam generation. Rather than just dumping the ash that destroys water quality and land fertility, we will treat it to produce bricks via an eco-friendly method involving no burning of fossil fuel and using sunlight for brick curing process. This Brick plant has the capacity of producing 4,000 bricks per day. Currently, the plant is in testing phase where sample of bricks are being produced with around 3 weeks of curing time and strength equal or greater than conventional red brick.



# Energy

Energy plays a key role in the economic development in general and in the manufacturing sector in particular. As the global population continues to increase, the world energy requirement is expected to rise 2% annually, over the next 25 years, and so is the demand for cheap energy. After the chemical and engineering sectors, textile is the third largest energy consuming industry. However, it has the potential of saving 23% energy through induction of modern technology and process improvement.

A global economy reliant on fossil fuels and the increase in greenhouse gases emissions is adversely affecting our climatic system. High electricity and steam consumption leads to increased harmful environmental impacts. Energy efficiency is a key element for any organization to reduce negative environmental impacts and increase competitiveness through energy conservation.

Interloop relies on both electric and thermal energy during its process operation. Our in-house electricity

generation is done using National grid, Natural Gas and HFO. As for thermal energy, we produce steam from multiple sources including Natural Gas, HFO, Biomass Fuels and Waste Heat Recovery. Interloop is exploring the potential of renewable energy generation and increasing its share in the company's total energy consumption, on an ongoing basis.



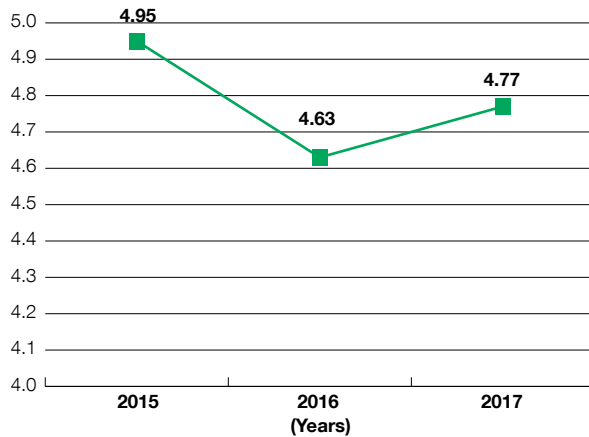
We are committed to reduce our energy consumption by 15% by year 2020.



With year 2015 as baseline, Energy consumption is being measured in kWh/dozen of socks and kWh/kg of yarn.

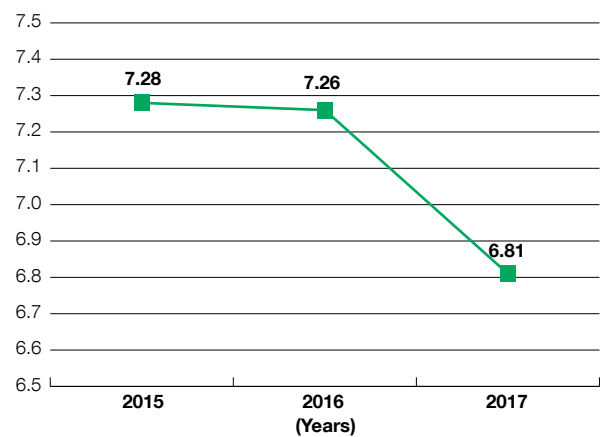
## Energy Measure - Hosiery

(kWh/Dozen of Socks)



## Energy Measure - Yarn Dying

(kWh/KGs of Yarn)





## Our Initiatives:

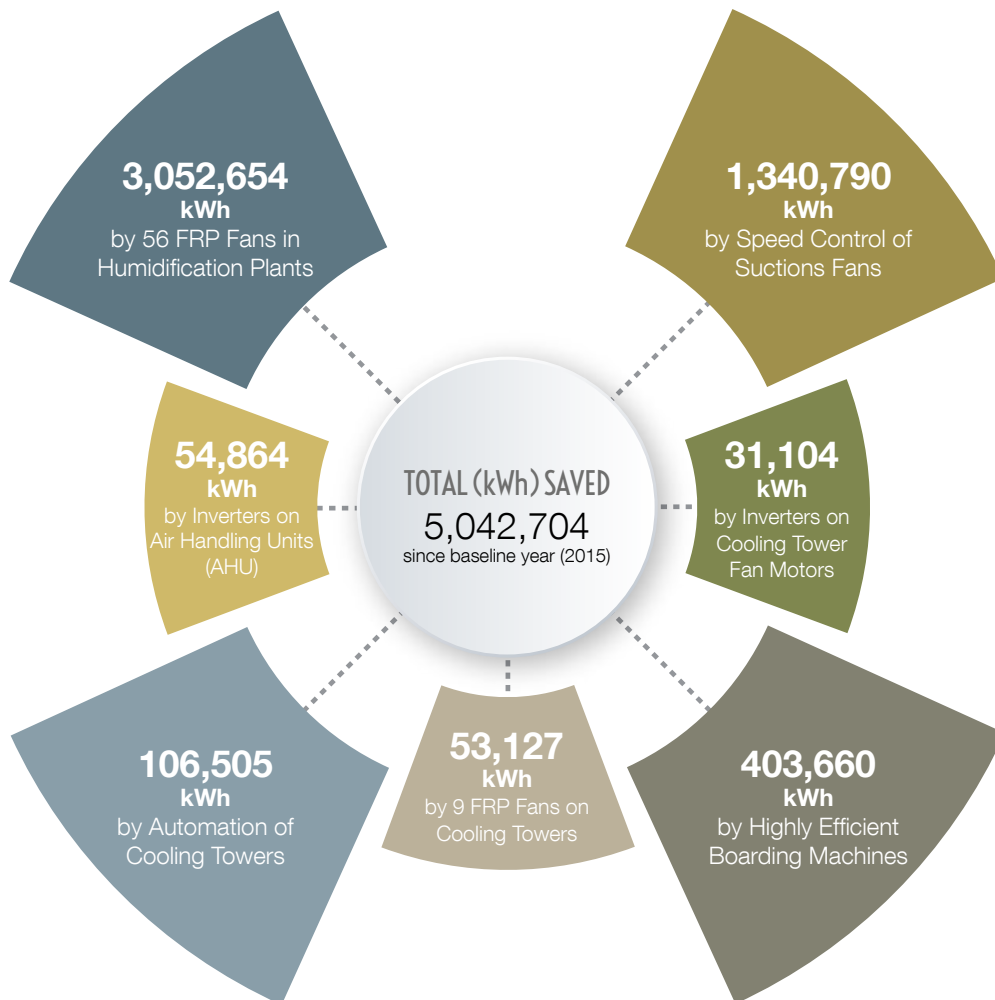
### Energy Management System

Interloop Limited is the 1<sup>st</sup> textile company and the 4<sup>th</sup> among all other industries in Pakistan to achieve ISO - 50001 Certification for Energy Management System (EnMS). The certification provides guidelines for applying EnMS to existing monitoring and measurement system along

with streamlined documentation. EnMS is helping in considerably improving energy efficiency at Interloop Limited and is assisting in achieving its Sustainability Targets for 2020. Additionally, it has enabled Interloop to acquire 2 points in Nike Energy & Carbon Program, Materials Sustainability Index (MSI). The entire standard revolves around the PDCA (Plan-Do-Check-Act) cycle that endorses a continuous improvement process.

Currently, the scope of this certification includes Plant 2, Plant 4, Vertical Sampling Facility and Distribution Centre at the Interloop Industrial Park. ISO 50001 Certification is an important milestone and its scope will spread to other manufacturing Plants of Interloop as well.

### Energy Conservation Projects



# Renewable Energy

Renewable energy is the source of clean, inexhaustible and increasingly competitive energy. Diversity, abundance and potential for use anywhere on the planet are key features differentiating renewable energy from fossil fuels, but the most important attribute is that it doesn't produce greenhouse gases which

are a major cause of adverse climate change. The Earth's temperature has risen by an average 0.85°C since the end of 19<sup>th</sup> Century. According to IEA, the world electricity demand will increase 70% by 2040, driven mainly by the emerging economies of India, China, Africa, Middle East and South East Asia.

Interloop is well aware of the growing energy crisis and is adopting alternate and renewable sources such as solar and biomass for energy generation, thus adding to our contribution towards minimizing GHG emission impacts due to use of fossil fuels.



TARGET

We have set the target of 4 MWp installed solar capacity by 2020.



BASELINE

Year 2015 has been identified as the baseline.



## Our Initiatives:

### Solar Energy:

Solar energy is not only abundant but the supply is free of cost and it is the cleanest source of energy in terms of CO<sub>2</sub> emission. Our currently installed solar capacity of 120KWp has already made a positive impact by generating 263,758 kWh and reducing CO<sub>2</sub> emission by 153 tons since 2015.

The inline project of installing 2000 KWp for 2018 is expected to further reduce 1500 tons of CO<sub>2</sub> emission per annum. We have planned to increase the renewable energy production to 4MWp installed solar capacity.

### Rice Husk Boiler

Biomass fuel has very little contribution to GHG emission compared to coal and furnace oil for steam generation. Interloop fulfills some portion of its

energy demand through Bio-fuel such as Corn Cob and Rice Husk. The total steam generated through Bio-fuel at Plant 3 since 2015 has been 48,743 tons, saving up to 6,694 tons of CO<sub>2</sub> emission.



# Greenhouse Gas Emissions

The relationship between energy consumption and climate change has been widely recognized. Emission of GreenHouse Gases is a side effect of the production process and has major environmental impacts which cannot be completely avoided, despite all environmental protection efforts. The emissions are subject to control limits laid down by environmental protection agency of the country. Interloop ensures compliance with these limits by taking environmental protection measures and is moving further to reduce the emissions to maximum, through energy conservation efforts.

We determine the total emissions for each plant site at regular intervals and make regular checks to control variations, if any. The direct carbon dioxide (CO<sub>2</sub>) emissions are the result of combustion processes for generation of electricity, heat and steam. We aim to reduce our reliance on fossil fuels by finding alternate sustainable energy sources and production processes. This will not only reduce our environmental footprint but will also lower costs and improve our operational efficiencies.

An inventory of stationary emission sources as well as company owned vehicle-air-emission sources is maintained. An inventory of asbestos, CFC (Chlorofluorocarbon) or any Ozone Depleting Substance (ODS) is also maintained, if required within the facility. The quarterly monitoring of air emission sources is carried out to ensure that emissions are under permissible limits. In case of any deviation, the operation of the concerned equipment is immediately shut down for subsequent remedial measures.

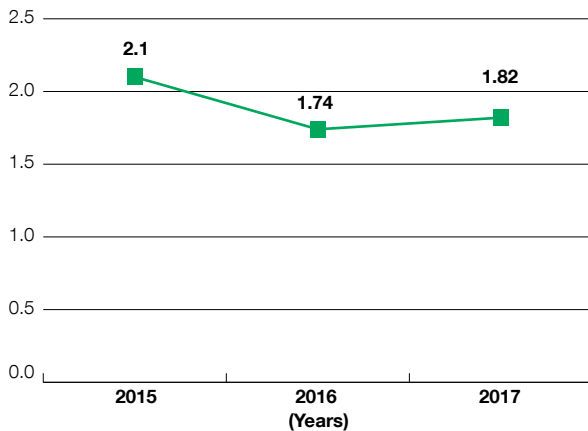


We are committed to reduce our Greenhouse Gas Emissions by 15% by year 2020.

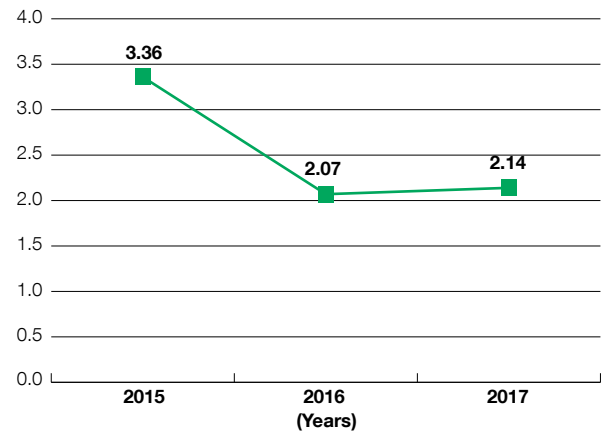


We have identified year 2015 as baseline. GHG emissions are measured in Kg of CO<sub>2</sub>/Dozens of Socks and Kg of CO<sub>2</sub>/Kg of Yarn.

**Hosiery - TCO<sub>2</sub>**  
(Kg of CO<sub>2</sub>/Dozens of Socks)



**Yarn Dying - TCO<sub>2</sub>**  
(Kg of CO<sub>2</sub>/Kg of Yarn)



## Our Initiatives:

### Heat Recovery System at Filament Yarn Dyeing Facility

Filament Yarn Dye House facility is equipped with the latest & highly specialized filaments yarn processing machinery. Installation of Heat Recovery System has provided it the advantage of economizing its operations to a considerable extent. High Temperature Waste Liquor passes through heat exchanger to raise the temperature of fresh water. Heated water is used in subsequent dyeing processes with no fuel input which has reduced **540** tons of CO<sub>2</sub> emission since 2015.

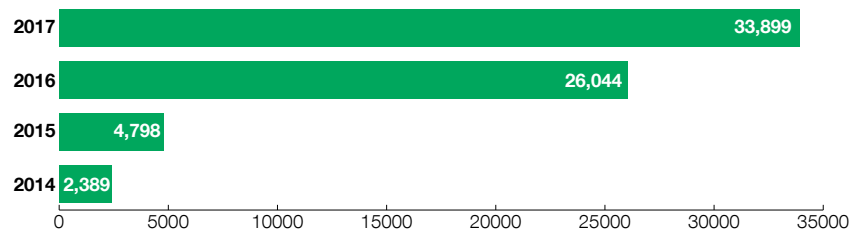


### Waste Heat Recovery System (WHRS)

Besides producing electricity, the Tri-Generation System at the Interloop Power Plant also produces Free Steam using the Waste Heat Recovery Boilers. Of the total steam produced at Interloop, 25-30 % is generated through this technology with significant reduction in CO<sub>2</sub> emission. WHRS has produced 67,130 tons free steam since 2014 and contributed to reduce **15,536** tons of CO<sub>2</sub> emission since 2015.

### Steam from WHRB

(tons)



### Preference to R-407 & R-410 Refrigerant

Keeping Interloop aligned with international standards, we prefer to use R-407 & R-410 refrigerants, eliminating the use of R-12 & R-22 refrigerants which have been banned globally due to their harmful impacts on the environment.

# Green Chemistry Inputs

The mass production and final disposal of textiles has resulted in the form of hazardous substances in the air and poisoned land & ground water. It has also resulted in toxic landfills with processed chemicals having devastating impacts on the environment and health of the people. Being the second largest polluting sector after oil companies, the textile industry uses over five trillion liters of water; equivalent to two million olympic-size swimming pools, to dye 28 billion Kgs of textiles each year. Another estimation revealed that approximately 20% of industrial water pollution is the direct outcome of dyeing and treatment of textiles. Consumers are getting more conscious about the chemicals used in their textile purchases to ensure that dangerous ones are not being used. With the growing DETOX campaign by Green Peace to clean up the textile and footwear supply chain, Interloop has also committed to achieve “Zero Discharge of Hazardous Chemicals”

(ZDHC) by 2020. The Zero Discharge of Hazardous Chemicals (ZDHC) Program takes a holistic approach in tackling the issue of use of hazardous chemicals in the global textile, leather and footwear value chain.

**Interloop’s goal is to eliminate the use of priority chemicals by focusing on the following areas:**

- **By managing Input chemistry:**

Interloop is currently following the best chemical practices and is committed to design a more efficient Chemical Management System along with reduction of chemical inventory. The Company works with certified & World’s top dyes & chemical suppliers only including Archroma, Dystar, CHT, KISCO, SOMITOMO, OHYONG, EVERLITE, RUDOLF, JINTEX, etc. Most of the suppliers are Bluesign System partner, OekoTex certified, REACH compliant and ZDHC signatory.

- **Compliance of ZDHC/ customer’s MRSL:**

Interloop used the ZDHC MRSL (Manufacturing Restricted Substances List) list of chemical substances which includes a number of chemical substances banned from intentional use in apparel & footwear manufacturing facilities. The ZDHC MRSL also establishes acceptable concentration limits for substances in chemical formulations used within manufacturing facilities.

- **Induction of certified raw materials:**

Interloop ensure the use of Oeko-Tex 100 certified raw materials which control the use of restricted chemistry in raw materials as well as final products.



ZDHC Compliance





# Certifications & Memberships

Interloop is certified on various standards:





# Prosperity

# Prosperity Targets 2020

## Direct Economic Value to be generated by 2020

US\$ 450 million (Rs. 65,000 million)

## Interloop's Economic Performance

(Rs. In Million)

		2017	2016	2015
<b>Direct Economic Value Generated</b>				
Revenues	a	<b>27,877.14</b>	25,546.28	25,268.59
<b>Direct Economic Value Distributed</b>				
Total Expenses (excl. below specified)	b	<b>17,665.81</b>	17,162.73	16,552.60
Employee Wages/Benefits	c	<b>5,668.62</b>	4,834.47	4,045.80
Distribution to Providers of Capital	d	<b>270.86</b>	341.12	625.83
Allocation to Government	e	<b>252.39</b>	562.59	539.04
Contribution to Society	f	<b>199.71</b>	154.90	149.32
Distribution to Shareholders	g	<b>623.00</b>	839.93	669.29
<b>Economic Value Retained</b>	h=a-b-c-d-e-f-g	<b>3,196.75</b>	1,650.54	2,686.72
<b>Gross Profit/(Loss)</b>		<b>5,811.95</b>	5,853.03	7,127.49
<b>Net Profit/(Loss)</b>		<b>3,819.74</b>	2,490.46	3,356.01
<b>EBIDA</b>		<b>5,399.84</b>	4,020.16	5,143.85
<b>EPS (in Rs.)</b>		<b>20.11</b>	13.14	17.70

## Alignment with Sustainable Development Goals





# Interloop's Management Policies & Targets support the following Sustainable Development Goals (SDGs) of UNDP

## Governance



## People



## Planet



## Prosperity



# Looking Ahead

Looking ahead; Interloop's Mission will continue to guide us in all our future endeavours.

During 2018, Interloop secured a demerger through which all textile related business will be retained within Interloop Limited and all other businesses will be held and managed by Interloop Holdings (Private) Limited.

As part of Interloop's pursuit of its Vision 2020; "To double our turnover by 2020 through value addition, process improvement and nourishing talent", the company is enhancing its capability and is on a growth trajectory. Pursuing our Mission, we have recently commissioned our Green Production Facility at Faisalabad; Our Plant 4, which is Pakistan's and Region's First Socks Production Facility to achieve LEED (Leadership in Energy & Environmental Design) Gold certification from US Green Building Council. In order to manage the growth of our Hosiery business, we plan to add the 5<sup>th</sup>

hosiery manufacturing plant during 2019.

As part of business expansion, we are entering into the Denim Apparel Segment and have envisioned a production facility which will minimise its environmental impact, prioritise worker well-being and will maintain a very high standard for operational and cost efficiency, ensuring that Interloop continues to serve its customers effectively. With a focus on women empowerment, we are targeting to engage females as 50% of the total workforce. The production facility will be LEED Certified and will be the most technologically advanced and sustainable denim apparel production facility in this part of the world, underpinning Interloop's Mission; "To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business". The plant will go into production in Q3, 2019 and has been conceived with a planned output exceeding one million garments per month.

Another expansion into the Apparel Segment is establishment of IL Apparel (Private) Limited, a subsidiary of Interloop Limited. IL Apparel will handle the Knitwear and Active-wear Business of the Company. We have already launched a pilot plant for Seamless Active-wear and intend to expand it in the coming years. With the assistance of our Allied Concerns, we will be launching our own Active-wear brand "Xterity 3.0", on Amazon. The Knitwear production plant will be a vertically integrated sustainable manufacturing facility based on Lean Principles. The pilot project in phase 1 will have production capacity of 25,000 garments per day which will be enhanced to 100,000 garments per day in phase 2.

With all these undertakings, we will continue to do our best to meet our triple bottom line targets for 2020.



# INTERLOOP LIMITED

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The background of the page is a watercolor wash. It features a large, soft green area at the top, a purple wash on the right side, and a light blue wash at the bottom. The colors blend into each other, creating a textured, artistic effect. There are also some small, dark spots scattered throughout the wash.

[www.interloop-pk.com](http://www.interloop-pk.com)