



# COMMUNICATION ON PROGRESS 2016

# MESSAGE FROM THE CEO

Human welfare is a critical matter in the country. For a people driven conglomerate such as Viyellatex to operate, it must focus on the relationships it builds and abide by a certain moral standard. Every major decision that has driven us thus far has been based on the core principles of sustainability and transparent ethics. Ever since our inception, we have understood that for a company to stay in operations in the long run it must think in the long run. This is achieved by being mindful of the relationship with its people and the environments that it affects.



From a people perspective, we have implemented multi-dimensional Corporate Social Responsibility (CSR) programs that puts the empowerment of individuals first. We systematically and consistently take care of underprivileged communities around Bangladesh, driving momentum towards achieving real social change on a national level. Furthermore we work in synchronization with our customers and various different international organizations ensuring that our internal processes are of global standards.

From an environmental perspective, we have implemented various conservation strategies that not only reduce our carbon footprint but also nourish our surroundings. One of our most promising initiatives that is in the process of being implemented is our plan to be a completely carbon neutral manufacturer, a feat achieved by less than 20 manufacturers worldwide.

The same principles that guide us towards thinking and acting in the long run have lead us to search for an active role participating, promoting and performing the principles of the United Nations Global Compact.



David Hasanat  
Chairman & CEO



# INTRODUCTION

As a testament towards the company's continuous commitment towards the United Nations Global Compact (UNGC) principles, VIYELLATEX has created the 2016 Communication On Progress (COP). This document specifies the accomplishments the group has made in regards to implementing the ten principles through specific and distinct actions.

VIYELLATEX considers the maximization of human welfare as an important aspect of its ethos. The company provides special attention to, not only the people that work with it, but also the environment from which the company is rooted. It is only by being respectful to the planet that one can truly be respectful to the people. Trampling on civil liberties for the sake of higher profits is something Viyellatex is actively against and believes that in order for the company and the nation to grow, this is a problem that must be uprooted.

The following pages describe in great detail how the company consistently strives towards the successful implementation of the ten principles and how these contributions help the UN in fulfilling its 17 Sustainable Development Goals (SDG).

# HUMAN RIGHTS

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

**Principle 2:** Business should make sure they are not complicit in human rights abuses.

Viyellatex, being an export oriented company, voluntarily adheres to the Universal Declaration of Human Rights. As the buyers of the group are all internationally proclaimed brands, all the valued partners have their own set of human rights and labor standards that is binding to their suppliers. Some of the most significant standards are in regard to health care and protection.

Ensuring proper workplace conditions is of importance to Viyellatex. To ensure that the people working on the sewing floors are comfortable during working hours, evaporative cooling pads are installed in every floor. In addition, water-drinking dispensers are also provided in each floor to make certain that the people on the production floors do not suffer from dehydration or heat exhaustion. Furthermore, the International Centre for Diarrheal Disease Research-Bangladesh (ICDDR-B) regularly conducts tests on the purity of the drinking water. All workers are provided with Personal Protective Equipment (PPE) to ensure Occupational Health and Safety at the workplace. Periodic training sessions for workers on OHS are also conducted by the Human Resource department. During this reporting period, 757 workers have been trained on OHS.

Viyellatex has always supported the right to health care and protection of mother and children through their policies and activities. This year more than 250 pregnant women received maternity benefits, which comprised of medical checkups, treatments, medicine and other necessary counseling. Moreover, there is a well-established day care center in the factory premises for the infants of the workers, along with a well-equipped medical facility. The medical center, with the support of the government, provides vaccination to the workers' children. Around 1430 infants and 250 women have been vaccinated in the fiscal year. Blood donation programs and eye camps are annual events at Viyellatex. This year the workforce donated 103 bags of blood and 316 workers received consultation and treatment for their eyes. All the above amenities are on behalf of Viyellatex and free of cost for the employees.

Viyellatex has many initiatives on formal education and training for both the workers and society. To facilitate education to the underprivileged and physically challenged children, Viyellatex has established a school in association with the German retailer Olymp named Bikash. At Bikash, there are 90 enrolled students, 23 of whom are physically challenged. There is on-site treatment for the physically challenged students as well as for the physically challenged children of the locality.

The company also operates 4 Early Childhood Development (ECD) schools, each of these schools admit at least 30 children per year. These have been in operation since 2004 and as of 2016 approximately 700 children have been educated free of cost. Furthermore the company has its own vocational training center where in-house workers get professional training. For the reporting period, about 9831 workers are being trained in the different techniques of the sewing shop.

Since 2014 Viyellatex has been nourishing the local community through the sponsorship of a local Non Governmental Organization (NGO) called the Center for Zakat Management (CZM). This NGO helps the local community by providing people in underdeveloped regions of the country with both financial capital and mental capital. Through the CZM, Viyellatex has helped more than 510 different impoverished families and given more than 150 students scholarships for their studies. The CZM also gives the people of those regions training in their future fields of employment. If a person wants to start a furniture store, the NGO teaches them what they need to know to get started. This way the people are able to earn for themselves in the future. Furthermore they are also taught basic life skills that are often neglected, things such as proper sanitization and financial planning.

As Viyellatex is strongly committed to protect human rights, a strict monitoring system has been implemented to prohibit any abuse of it. There are Standardized Operating Procedures (SOP) for all operational activities to ensure the protection of human rights. During the planning phase, the SOP is evaluated and reviewed by the compliance team and top management. These SOPs exist for every member of Viyellatex, even the security guards.

Every security guard of the company is exclusively trained to deal with disputes relating to the industry. Since a large portion of workers are female every floor has at least one female guard to handle female workers. To detect any human right abuse or harassment, the entire production floor area is under constant CCTV surveillance. During working hours CCTV cameras are functional and record every movement.

The company is always ready to act on any observations made on human rights abuses. To battle the occurrence of human rights abuses, the company has a robust grievance mitigation system which is governed by our company's policies. Our policy in this regard addresses Bangladesh labor law, relevant international rules, conventions and buyer requirements. Each floor has 2 complain boxes with pen and paper so the workers can anonymously (if they wishes) submit their grievance. At the first date of each month a management committee opens all the boxes to collect the feedback and take necessary actions.



# LABOUR

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

**Principle 4:** Business should uphold the elimination of all forms of forced and compulsory labor.

**Principle 5:** Business should uphold the effective abolition of child labor.

**Principle 6:** Business should uphold the elimination of discrimination in respect of employment and occupation.

During 2016 Viyellatex has continued to support the principles of the people that work with it. Since the very beginning, the Ready-Made Garment (RMG) sector has been considered a solution to eradicate extreme poverty in Bangladesh. Viyellatex is always paying wages to workers according to the national minimum wage. This ensures workers meet the minimum standard of living in this country. However what makes Viyellatex different is the means by which wages are transferred. To ease the flow of money, to the rural areas, Viyellatex has implemented a completely mobile banking system called bKash.

Purely cash transaction can be dangerous in a Less Economically Developed Country (LEDC) like Bangladesh because of safety related issues. This new system ensures that the people who work with Viyellatex are given access to the wages they have earned instantaneously. The funds are moved electronically through the people's phones ensuring that at the end of each month every laborer is compensated instantly. This brand new initiative was implemented this year and is globally recognized. It garnered the attention of Queen Maxima of the Netherlands who personally came to the Viyellatex factory to see how it worked. She was astonished by the amount of respect the company shows towards the people that work with it.

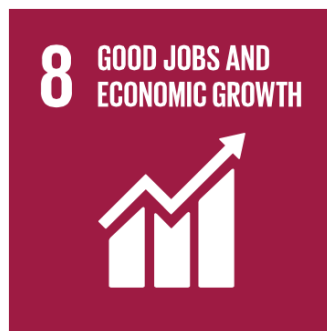
Viyellatex considers their people as their most valuable resource. To demonstrate how much the people at Viyellatex are valued, the company encourages the freedom of association and the right to collective bargaining. As per the "Bangladesh Labour Act 2006", any company having fifty or more workers should have a Participation Committee (PC) and Viyellatex happens to have a very active one. For this committee the members are elected democratically by the workers. Labour representatives are the majority in the existing committee as it helps them uphold their freedom of association.

The participation committee is the platform for both the employers and employees in negotiating certain issues. The committee holds meetings on a bi-monthly basis and comes up with several recommendations to solve arising issues. Every meeting is conducted formally with signed attendance sheets. The committee has made numerous recommendations that the company has addressed this year, the most notable one being break related issues. This committee is entirely voluntary and holds their meetings according to their preferences.

As per the ILO convention Numbers 29 and 105, Viyellatex vehemently prohibits forced labour and child labor. The group has their own policy to protect workers from any kind labor related violation. These prohibition policies are effectively communicated throughout the entire organization, especially the human resource department. In regards to forced labor, several policies are in place to keep overtime as low as possible; not more than 12 hours a week. This ensures employees are not overworked. In regards to child labor, the recruitment and outsourcing policy is designed to tackle this problem. During the recruitment process, medical centers check for the age and verify all certificates, especially the National Identification Number and birth certificate.

Viyellatex's policies make experience, qualification and skill the top requirement for placement, advancement, training and above all recruitment. Therefore, to recruit, train and promote the most qualified workers are chosen regardless of their religion, gender, age, sex, race or physical disability. The group's recruitment process consists of different procedures and each of them are carried out by different groups to lower the chance of any kind of discrimination or favoritism. Furthermore, during recruitment information regarding pregnancy, ethnicity, religion, caste or marital status, is omitted in order to provide an equal opportunity to all. As a result of these practices the company currently employs more than 100 physically challenged people who have jobs that perfectly suit their capabilities. To strengthen their rights, each worker is provided with an appropriately signed appointment letter this solidifies their status as formal sector workers.

No other industry empowers women economically as the RMG industry does. At Viyellatex group about 60% of workers are female, many of them living independently and supporting their families in villages. Gender discrimination is strictly prohibited in every aspect of the organization. As mentioned earlier, most of the workers are female and a proportion of them are in top management.





# ENVIRONMENT

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

**Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility.

**Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

As a precautionary approach to environmental protection, Viyellatex has a sustainability guideline, a waste disposal policy guideline and an ISO 14001 certification. Therefore the group's environmental policies and objectives are both integrated with their Environmental management System (EMS), which has an ISO 14001:2004 certification. As a part of the EMS, well-documented procedures and forms are followed to keep record of all environmental aspects and impacts. Viyellatex pays two internal and one surveillance (Third party) audit on environmental issues, and are proud to announce that they have only received two minor non-conformities during the most recent third party audit. All the precautionary measures have been taken in order to comply with the national law and regulations on the environment, such as the Bangladesh Environmental Conservation Law - 2000, Environmental Conservation Act - 1997 and many more.

Viyellatex is always committed to its environmental responsibility. Last year, the 'Sustainable Action & Vision for a Better Environment (SAVE)' project to increase resource efficiency and minimize waste was successfully completed. This project tries to reduce the group's overall wastage in a sustainable manner. The group has a firm commitment to reduce wastage, garment rejection rates, gas consumption, electric usage and dying water consumption. It periodically reviews their environmental aspects and impacts to prepare and implement risk mitigation plans when needed.

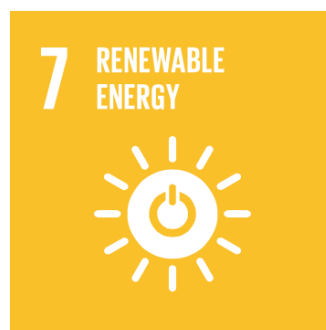
Viyellatex is supporting, and gradually implementing, the Zero Discharge of Hazardous Chemicals (ZDHC) project to fulfill both their own environmental commitment and buyer's requirement. Currently VIYELLATEX processes its waste waters so that it does not negatively impact the environment, this is done via an Effluent Treatment Plant (ETP). The ZDHC project aims to add on to the ETP system by refining it further. It ensures that the discharge does not contain any hazardous chemicals for the aquatic and marine life. In line with the ZDHC roadmap, chemical management practices have been modified along with the conformation of Restricted Substance List (RSL). Viyellatex have also fulfilled their treated water quality as per ZDHC – tested and verified by third party auditors.

Viyellatex continues to introduce environmentally friendly technology into the manufacturing process. Waste heat recovery of gas generators, heat exchanger for the dying process and LED lights have been installed. The group plans to establish a robust measurement and verification system for gas, heat, steam, compressed air, electricity and water, which would help manage resources more efficiently than ever before. To achieve higher lighting efficiency, about 200 fluorescent lights have been replaced with LED ones. There is a plan to replace all fluorescent lights with LEDs, which can help save about 200,000 KWh of electricity each year. Installation of Durst Alpha 190 (digital ink jet printer) is going on, which is much more energy efficient than others.



To promote water and heat conservation, a water recycling and heat recovery system are being installed for the dyeing units, which will save a significant amount of natural gas and precious water for the dyeing process. To reduce water wastage in the lavatories, all the lever faucets are gradually being replaced with push faucets and have fitted trigger nozzles with the hose pipes. The rain water harvesting system, is saving 15,520 m<sup>3</sup> of water each year. The group's LEED Gold certified factory – Eco Couture – is able to treat about 1200 liter of sewerage waste per day, thus producing manure and reducing GHG emission.

Lastly in order to be truly be mindful of our carbon footprint and minimize the firm's effect on the environment, the company plans on being fully carbon neutral within the next five years. Since the baseline of 2009, Viyellatex has been able to reduce its carbon emission by 25%. This number has been audited by a third party German Audit firm Systain Consulting GMBH. The remaining 75% of our footprint will be systematically offsetted through the planting of trees. Since the company also holds investments in agriculture, namely 1,700 acres tea estate, it plans to plant 6 million trees so that it can counteract any pollution it is causing via its operations. Satellite imaging of the entire estate has been conducted and potential area of new plantation have already been earmarked. As mentioned earlier by the CEO, this is a task achieved by less than 20 manufacturers world wide.



# ANTI-CORRUPTION

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

Integrity and fairness drive the corporate culture of the Viyellatex. Good corporate governance is vital as it promotes the long-term interests of all stakeholders and helps in building public trust. The company does not under any circumstance allow the occurrence of corruption, bribery and extortion in any of its various forms. It is widely accepted company policy that under no circumstances should any corporate executive engage in business transactions in a dishonest manner that jeopardize the integrity of the company. As a result of this, to date the company has never been named in connection with any crimes that are related to corruption and bribery.

Within the RMG industry, Viyellatex is the first organization to have its internal controls, checks and balances managed through the System Analysis and Programme networking (SAP) Enterprise Resource Planning (ERP) solution. The implementation of all integrated modules not only increased the efficiency within the organization but also ensured proper Segregation Of Duties (SOD). As a result, mismanagement of resources is significantly reduced as people can be easily identified and be held accountable.

Viyellatex uses Rahman Rahman and Huq (RRH), which is a member firm of KPMG International, as internal auditors to conduct continuous audits of its financials, system processes and procedures. The reports of the findings are presented quarterly to the audit committee, which consists of the Chairman, Vice Chairman and other stakeholders from the KPMG team. This ensures that adequate corporate governance is maintained. Furthermore, Hoda Vasi Chowdhury & Co, which is a member firm of PricewaterhouseCoopers (PwC), conducts Viyellatex's annual statutory external financial audit. This is done to make sure there are no material discrepancies in its balances thus decreasing the chances of corruption occurring.





**United Nations**  
Global Compact



## TEN PRINCIPLES

The 10 principles businesses should embrace in their paths to success.

### HUMAN RIGHTS

Principal 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses

### LABOR

Principle 3: Businesses should uphold freedom of association and recognition of the right to collective bargaining

Principle 4: Elimination of all forms of forced and compulsory labor

Principle 5: Abolition of child labor

Principle 6: No discrimination in respect of employment and occupation

### ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility for environment protection and

Principle 9: Encourage development and diffusion of environmentally- friendly technologies.

### ANTI-CORRUPTION

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