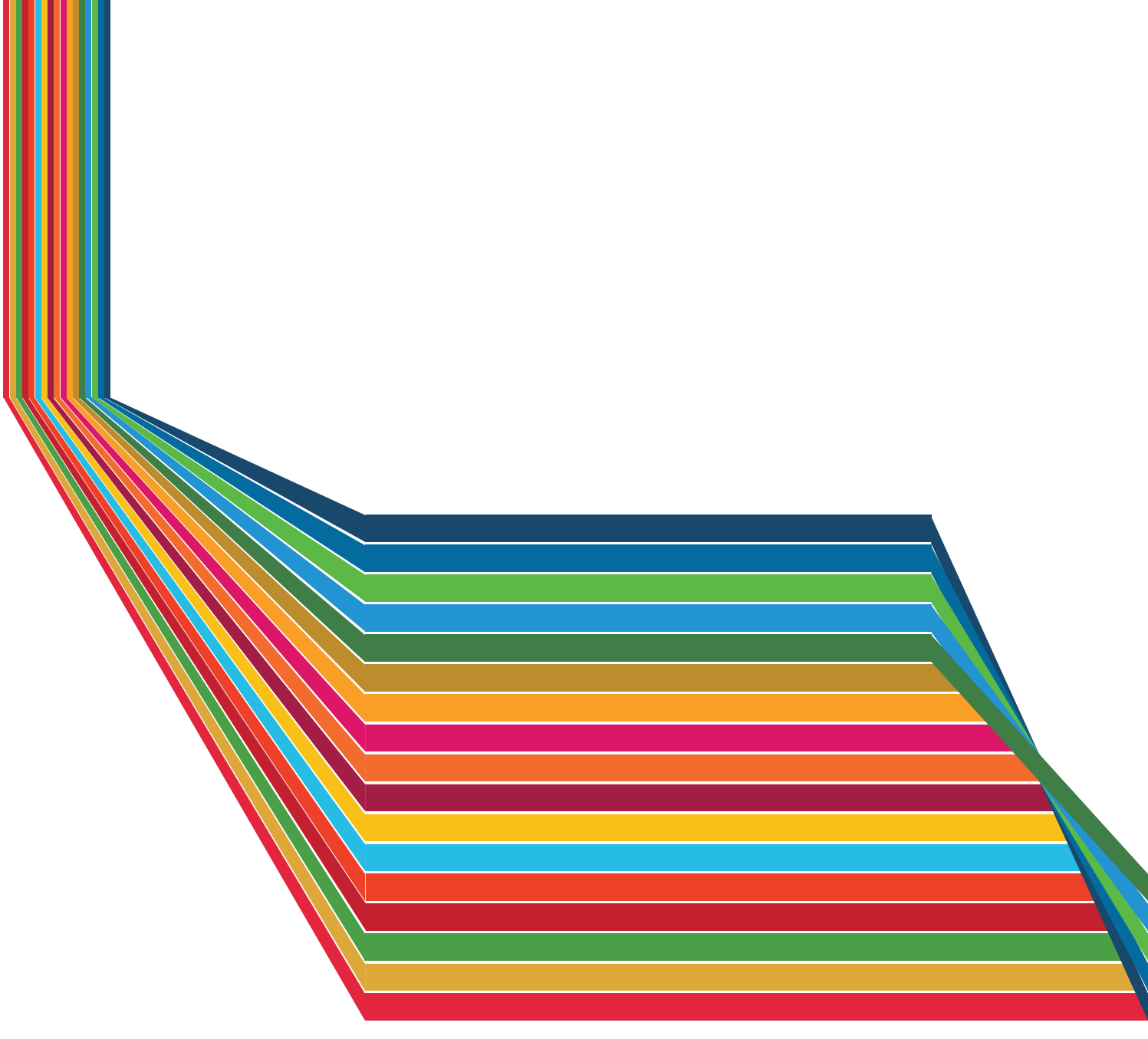
A PATHWAY TO MANAGE PRIVATE SECTOR IMPACT

on Bangladesh National Priority Indicators (NPIs)
& Sustainable Development Goals (SDGs)

47
Factories Contributed

A Bangladesh Garment and Manufacturers & Exporters Association (BGMEA) experience

With sponsorship from SIDA, technically supported by UNDP and GRI & using the GRI Standards. The factories were supported on sustainability reporting by SR Asia Bangladesh



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FOREWORD

I would like to take the opportunity to congratulate the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on successfully completing the voluntary self-reporting of its 47 member factories. This is the first of its kind from the private sector in Bangladesh on the occasion of the centenary birth anniversary of Father of Nation Bangabandhu Sheikh Mujibur Rahman. We hope and believe that this very initiative of BGMEA will encourage other private sectors to come forward and report their social, economic, and environmental impacts.

Under the visionary and prudent leadership of Hon'ble Prime Minister Sheikh Hasina, the Government is committed to upholding Bangladesh's well-tracked progress towards SDGs attainment within the stipulated time, despite the challenges posed by COVID-19. We have taken several effective steps to accomplish the aspiration of "Leaving No One Behind", which is also reflected in the currently published 8th Five Year Plan of Bangladesh. The "SDG Tracker" introduced by the Government of Bangladesh with the collaboration of relevant partners not only facilitates the monitoring of SDG results but also helps to identify the priority areas. However, there is no room to be complacent about the achievement yet. We have to play our roles collectively for keeping the progress uninterrupted. With a view to doing so, following the 'Whole of the Society Approach", the Government has always encouraged constructive Public-Private partnerships and promise to continue the effort in the upcoming days as well.

There is no denying the fact that, for attaining SDGs by 2030, the role of the private sector is very crucial. Only the Inclusive participation of the Government, Private sectors, and civil society will ensure the timely implementation of SDGs.

I would like to acknowledge UNDP, and GRI, for their support to our very important industrial sector.

I wish everyone greetings of Mujib Year.

Zuena Aziz

Principal Coordinator, Sustainable Development Goals (SDG) Affairs

Prime Minister's Office

RMG industry has substantially contributed a lot to the socioeconomic development of Bangladesh especially in terms of its alignment with SDGs. But very often the impact is not measured.

Therefore, BGMEA took an initiative to opt for voluntary self-reporting of its member factories.

Through the robust partnership with UNDP and GRI, we have been able to develop our very first edition of SDGs report, which not only confines within the highlights of RMG's performance against SDGs and NPIs, but also creates a clear reflection of the actions taken to combat the COVID-19 issues. With support from SR Asia, 47 factories have been brought under the umbrella of SDGs self-reporting.

The report is a step forward in our continuous endeavor in making the Government of Bangladesh's 2030 SDGs a reality. We hope that the report acts as an inspiration for the other RMG factories as well as other industries, and helps in bringing them forward to measure their contribution to SDGs achievements.

We congratulate the 47 factories on their contribution to Bangladesh's SDGs achievement and hope it will inspire many more to contribute meaningfully to transcend our triumphant march towards a more climate resilient, non-impoverished, women empowered, inclusive and equitable society leaving no one behind.

Dr. Rubana Huq

President

BGMEA

FOREWORD

Financing is at the heart of the tasks towards achieving the Sustainable Development Goals (SDGs). Programming for SDG implementation remains incomplete without discussing the means for resourcing them or understanding the nature and level of impacts that different contributions can or do make.

In Bangladesh the SDG Financing Strategy targets 42% of resources to come from the private sector while the 8th Five Year Plan estimates that 75% of the actual means for SDG achievement would involve private businesses. If both these expectations have to be meaningfully realized it is imperative that private sector impacts on SDGs be carefully and systematically assessed.

Measurement of private sector impact on sustainability is not only a priority for Governments and international development partners, such as the United Nations, but increasingly across the globe sustainability investors are also expressing interest to have assessments undertaken. This is not only because sustainability is closely linked to risk mitigation, but also because a better understanding of impacts can potentially lead to new, innovative and resilient business opportunities. As a result, SDG financing is growing exponentially. Between 2014 and 2016, global sustainable investment increased by 25% (from US$18.28 T to US$22.89 T). Similarly, between 2013 to 2017, Green Bond issuance increased 14-fold (from US$11 B to US$155 B).

Although the Covid-19 outbreak was initially expected to reverse this trend, in reality despite the financial crisis that the pandemic generated, sustainability investors remained engaged. COVID 19 induced economic losses due to supply chain disruptions, contraction of demand and shrinking financial flows, have only helped to reinforce the need for more investments in sustainability planning and resilience building.

In Bangladesh, the Readymade Garments sector not only contributes to economic development, but also to SDG achievement: it provides employment; supports healthcare of the workforce; invests in up-skilling the workforce; adopts resource recycling; increasingly uses renewable energy, and so on. While some individual factories produce sustainability reports, the appreciation of the magnitude of the impacts has so far remained outside of systematic studies and reporting making it difficult to understand industry trends and align private sector efforts to government goals. This voluntary survey undertaken jointly by the BGMEA, GRI and UNDP therefore represents a critical step forward. We are very optimistic that disseminating the findings together with a public acknowledgment under the leadership of the Principal SDG Coordinator will inspire more factories and more industries to come forward and join the initiative.

Sudipto Mukerjee

Resident Representative

UNDP Bangladesh

The Sustainable Development Goals (SDGs) represent a common language and a global framework for all actors in society to contribute to. The role of the private sector has never been more important, having shifted to solely making profit to engaging with communities, governments and other stakeholders to strengthen and accelerate sustainable development.

Over the last few years, businesses large and small have made significant progress in both adopting sustainability strategies and embracing sustainability reporting by measuring and communicating their economic, environmental and social impacts. However, aligning the data and information produced with the SDGs remains a challenge that can undermine the overall evaluation and understanding of the private sector's contribution to sustainable development. With thousands of reporters in more than 100 countries, many companies are choosing the world's most widely used standards for sustainability reporting – the GRI Standards - to report on their sustainability impacts and practices.

The collaboration between GRI South Asia, the United Nations Development Programme (UNDP) and the Bangladesh Garment Manufacturers and Exports Association (BGMEA) explores in great detail the impact of the readymade garments (RMG) sector on the National Priority Indicators (NPIs), established by the Government of Bangladesh, and the SDGs which comes from businesses' sustainability reporting. This report aims to consider the overall impact and contribution of the RMG sector to the NPIs and SDGs, which can be considered by Government of Bangladesh, without imposing any burden, but facilitating the collection of SDGs related business data, already disclosed by companies, through sustainability reporting according to the GRI Standards. Recognizing the value of corporate social responsibility and sustainability reporting, today more than ever, the governments need to encourage companies to disclose sustainability data, as called for in SDG target 12.6, use this information to assess the business contribution and impact on the SDGs - only then will it be reflected and included in the measurement systems, leading to a more complete picture of the reality of implementation at both national and global levels.

All things considered, the transformation of an organization towards a more sustainable future depends greatly on its ability to monitor, measure, evaluate, and disclose its impacts, and then make strategic choices for improvement based on learnings and results of the information disclosed. Trustworthy and transparent disclosures can lead to a culture of accountability in the corporate boardroom, and their power cannot be ignored; rather, it needs to be strengthened.

Dr. Aditi Haldar

Director

GRI South Asia

EXECUTIVE SUMMARY

The Sustainable Development Goals, Bangladesh and the readymade garments (RMG) industry

The 17 Sustainable Development Goals (SDGs) present an unprecedented opportunity to bring countries and citizens together to transform the world and improve the lives of people everywhere. Yet one cannot speak about the SDGs without mentioning SDG financing: with trillions of dollars in resources, the private sector has a major role to play in achieving SDGs and the 2030 Agenda. Business entities are expected to exercise sustainable business practice. The more business grows, the higher the demand for sustainability. Nevertheless, companies have changed their business objectives from solely making profit to a shared value approach by engaging with communities, governments and other stakeholders to foster sustainable development. One of the key actors in private sector in Bangladesh is the readymade garments (RMG) industry. For the past three decades, Bangladesh has been the second largest exporter of RMG products in the world, exporting to over 132 countries. Exports were estimated to double from 2010 to 2015 and nearly triple by 2022. For the very first time in the financial year 2018-2019, total RMG exports in the country have crossed the 34.13 USD Billion mark – that is a 11.49% increase[1].

The RMG industry in Bangladesh is now facing the fundamental challenge of adopting sustainable business practices amid the COVID-19 pandemic, which is having a far-reaching effect on businesses in almost every part of the world. Globally, demand for apparel is shrinking and 99% of apparel factories have to reduce their operational capacity[2].

For the past three decades, Bangladesh has been the second largest exporter of RMG products in the world, exporting to over 132 countries. Exports were estimated to double from 2010 to 2015 and nearly triple by 2022. For the very first time in the financial year 2018-2019, total RMG exports in the country have crossed the 34.13 USD Billion mark – that is a 11.49% increase.

About the data collection

Through relevant business disclosures, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), with technical support from the United Nations Development Programme (UNDP) in Bangladesh and Global Reporting Initiative (GRI), have come together to lay out and outline the impact of the RMG sector on Bangladesh National Priority Indicators (NPIs) and SDGs. As such, instead of only measuring the financial performance of their business, the 47 factories involved in this report took business decisions based on their impact on the environment and people, among other sustainability priorities. The approach aimed at aligning business-relevant sustainability data with NPIs and SDGs. In other words, the existing business reporting standards, indicators and indexes are translated in the language of NPIs and SDGs. Considering the mainstream adoption of GRI standards across businesses worldwide[3] , the adoption of HIGG Index by most RMG buyers, and the role and expertise of UNDP when it comes to SDGs, inclusive business[4] and impact measurement, this report used relevant sustainability business indicators and translated them in the language of NPIs and SDGs. As a result, the published report allows the RMG sector in Bangladesh to measure and communicate its contribution to NPIs and SDGs to relevant stakeholders. This report illustrates the actions RMG businesses took to make progress towards the SDG targets, the challenges the sector is still facing, and what it would take to overcome said challenges and make a bigger impact on NPIs and SDGs.

The initial questionnaire included 12 SDGs [SDG 1-7, 8-9, 12-14] based on their potential relevance for the RMG sector's direct or indirect economic, social, environmental impact as well as governance (ESG) issues. Based on the practical experience of 47 factories engaged in this report, it became clear that factories do mostly perform on nine SDGs [SDG 1,3,4,6,7,8,9,12,13]. Data for the other three SDGs initially identified is unavailable, indicating its less relevance to the sector. However, materiality will be further determined based on inputs from broader stakeholder groups.

The findings are based on primary data collection gathered via factory self-reporting. Self-reporting is the most common form of business sustainability data disclosure to date, and it means that the information shared by the factories has not been subject to verification by a third-party audit.

Report's highlights

This report showcases how the RMG sector is not only contributing to the country's macroeconomic performance, but also to the country's NPIs and SDG targets. The report does so through business disclosures linked to SDGs and shared on a voluntary basis by 47 factories participating in the study.

Among the **47** factories that contributed to this report

38% focuses on Woven production

36% on Knit

7% on Sweater

19% produces both Woven and Knit

In the Financial Year **2019-2020** the 47 factories exported **BDT. 133.34 b**

with 32 factories being 100% export oriented and the rest of them adressing both local and export market.

The data showed that all participating factories have an Environment Management System (EMS) policy approved by the factory management. 42% of factories have set measurable goals to reduce energy, waste, and resource consumption that range from 2% to 15% in the next three years; and set greenhouse gas emissions (GHG) and water consumption five-year reduction goals that range from 5% to 25%. 34% of factories have either a 'reuse' or 'recycle' waste practice. Furthermore, in the past three years, the factories reduced their plastic consumption by an average of 30%. 98% of factories said to have an environmental grievance mechanism system in place, 6% of which took immediate action when receiving complaints about the disposal of solid waste in local waterways.

EXECUTIVE SUMMARY

Moreover, all participating factories have a Social Compliance Policy in place as per Company Code of Conduct (CoC), Labor Law 2006, and Buyer CoC. The Policy is managed by Human Resources and Compliance Departments. Additionally, while 11% of factories regularly report on their Higg index to buyers, all participating factories have set their own compliance-related goals and targets in accordance with internal stakeholders. Most factories said that they identify their sustainability priorities based on baseline assessments from which they take necessary actions to improve their performance.

100%

of the factories have a Social Compliance Policy in place as per Company Code of Conduct (CoC), Labor Law 2006, and Buyer COC

There are, indeed, industry challenges, especially considering the ripple effect of the COVID-19 pandemic, yet the RMG contribution to NPIs and SDGs is critical. The collaboration with relevant stakeholders and sustainability data measurement and management has a pivotal role to play for private sector SDG financing in Bangladesh.

[1] Bangladesh Ready-Made Garments Industry at a Glance, http://www.bangladeshdenimexpo.com/bangladesh/rmg-sector/

[2] Sustainable approach requires for garment industry in post-COVID-19 world, cited by Ms. Rubana Huq, President of BGMEA, https://www.textiletoday.com.bd/sustainable-approach-requires-garment-industry-post-covid-19-world/

[3] 90+% of listed companies globally report on sustainability practices using GRI Standards, and Stock Exchanges globally including Dhaka Stock Exchange, have GRI Guidelines for business disclosure.

[4] https://www.businesscalltoaction.org/

BGMEA

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA), established in 1983 with only 12 members, is one of the largest trade associations in the country representing 4,621 members as of 2019. BGMEA's focus is solely into RMG sectors, which impacts the lives of over 4 million workers directly and 10 million indirectly. Starting its journey in 1983 today BGMEA takes care of an industry that has been making significant contribution to the socio-economic development of Bangladesh. The industry accounts for around 84% of the total exports of Bangladesh and has created employment for around 4.1 million people. Since the inception, BGMEA is dedicated to promoting and facilitating the path of progress for the apparel industry through policy advocacy to the government, services to members, ensuring workers' rights and social compliance at factories. BGMEA is headquartered in Dhaka, Bangladesh and its regional office is located in Chattogram, Bangladesh. The association has a total of 357 permanent employees who provide services to members in the office premises.

UNDP

The United Nations Development Programme (UNDP) in Bangaldesh supports the people and Government to create a more sustainable, peaceful, innovative and resilient economy, environment and society. UNDP's work helps partners to improve the quality of Bangladeshi governance, and reduces poverty and inequality in cities and villages across the country.

UNDP Bangladesh has been a key facilitator in Bangladesh's remarkable development story since it first arrived in 1972. Since then, UNDP has assisted Bangladesh's progression from a war zone, beset by environmental and political instability, to an ever more dynamic, youthful and resilient emerging economy with distinct promise. UNDP Bangladesh has been a valuable partner throughout this process, acting as an honest broker and a helpful catalyst in promoting transformational changes in the lives and livelihoods of the people of Bangladesh.

GRI

Global Reporting Initiative (GRI) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing the global common language to report those impacts. The GRI Standards are developed through a multi-stakeholder process and made available as a free public good. The GRI secretariat is headquartered in Amsterdam, the Netherlands, and it is composed by industriy experts from diverse sectors and countries. GRI has a network of seven regional hubs ensuring support to organizations and stakeholders worldwide.

The development of this report has been made possible by the Government of Sweden, who support GRI's work through funding from the Swedish International Development Cooperation Agency (Sida). GRI and Sida are collaborating through the Responsible Business for Sustainable Development program. This five-year partnership integrates sustainability disclosures in policymaking and organizational business strategy, to catalyze action towards the SDGs.

Note that responsibility for the content lies with the creator. The Government of Sweden does not necessarily share the expressed views and interpretations.

The RMG sector of Bangladesh directly impacts the lives of over four million workers, and other ten million indirectly. Today's industry has been making significant contribution to the socio-economic development of Bangladesh, accounting for around 84% of total exports of the country. North America and Europe are the two major destinations of RMG exports from Bangladesh. In 2019, Bangladesh exported USD 9.8 billion to the European Union (EU) and USD 3.5 billion to North America. Export to Australia is gaining momentum and the sector is also exploring other markets, such as Japan, China, Brazil, and Mexico[5].

When it comes to sustainability, the RMG factory owners showed incremental improvements in their commitment to ensure health and environmental safety. Many factories are opting for the Leadership in Energy and Environmental Design (LEED) Certification for their buildings. Vertically integrated knit composite factories are investing in state-of-the-art effluent treatment plants (ETP) and most of the LEED certified factories have their own sewage treatment plants. All these and other compliance investments represent a huge cost for the factories' operations, especially considering the low liquidity margins under which the industry structurally operates. Social and environmental compliance investments are incrementally impacting the bottom line as actual prices decline. This trend started prior to the COVID-19 pandemic and is getting exacerbated by it. With prices declining, factories are struggling to maintain social and environmental compliance costs aligned with the expectations of buyers and other stakeholders[6].

While the industry and business ecosystem is becoming harder to navigate, the sector is central to the country's economic development and is one of its biggest employers, having created around 4.1 million jobs. Creating employment opportunities is one of the most sustainable ways to serve the community and lift people out of poverty. In collaboration with the Government and development partners, BGMEA has been implementing skills development training in different parts of the country, especially in the most disadvantaged areas, to enable an inclusive approach to skills development and a diverse work force in garment

To tailor SDGs to the needs of Bangladesh and ensure a concrete approach to the achievement of their targets, on the 3rd of December 2018 the Government of Bangladesh approved 40 (39+1) priority indicators for localizing SDGs. 39 indicators from 17 Goals were selected which were considered to be crucial for local development and producing reinforcing effects on other targets.

factories. Since 2014, this up-skilling effort represented an investment of USD 14.9 million from BGMEA and its partners. Through an online platform that allows member factories to update their data on recruitment and turnover, BGMEA not only records formal employment data linking worker profiles to the national IDs and providing financial benefits from the Central Workers Welfare Fund, but it also collects sustainability data.

Key to the achievement of sustainability standards by the industry have been partnerships: not only partnerships to co-invest in labor force up-skilling or partnerships with the Government, non-governmental organizations (NGOs) and buyers to eradicate child labor, but also partnerships that led to the set up of a permanent safety monitoring body: the RMG Sustainability Council (RSC). Established in May 2020, the RSC is an unprecedented national supply chain initiative that unites the industry, brands and trade unions to ensure sustainable solutions for workplace safety in Bangladesh, and supports the enforcement of the Bangladesh Labor Act – 2015, which mandates all factories to have their own health and safety committee with representation from both workers and the management[7].

To tailor SDGs to the needs of Bangladesh and ensure a concrete approach to the achievement of their targets, on 3 December 2018 the Government of Bangladesh approved 40 (39+1) priority indicators for localizing SDGs. Considered crucial for local development, 39 indicators from 17 Goals were selected, as well as an additional priority indicator to translate the 'leaving no one behind' motto into concrete actions. The localization of the SDGs aims to make SDG aspirations real to communities, households, and individuals, particularly those who are at risk of falling behind.

Based on the principle of materiality – topics that matter most to the business and its stakeholders, the approach that informs this report links business sustainability disclosures to the SDGs and NPIs. The next section explores WHY it is important to have a common language across business and the public sector to measure SDGs, HOW this report builds that common language, and WHAT has been and can be achieved in the future through it.

[5] Source: EURO STAT; Office of textiles and apparel, USA; EPB, Bangladesh BGMEA sustainability Report 2020,
[6] http://download.bgmea.com.bd/BGMEA%20Sustainability%20Report%202020.pdf
[7] LBGMEA sustainability Report 2020, http://download.bgmea.com.bd/BGMEA%20Sustainability%20Report%202020.pdf

APPROACH

WHY

While some factories in Bangladesh do measure and manage their impact on people, the environment and governance issues through sustainability reporting, the data they collect is not always translated in the language of NPIs and SDGs. Furthermore, while factories look at their individual company data, to understand and communicate the value added of the industry to the achievement of NPIs and SDG targets, it is key to both translate sustainability reporting data into the language of NPIs and SDG and consolidate the data from multiple companies in order to understand industry trends and contributions. In fact, the importance of consolidated industry data is true for both export and sustainability data. When making policy and business decisions, the data on aggregated export is more indicative of industry trends than the data of individual companies. The same applies to sustainability data: individual company data is important but consolidated industry data is key to understand industry trends. It is important that the aggregated sustainability data of the sector is communicated to the Government, buyers and other stakeholders, demonstrating the overall contribution by the industry and it is also important for understanding how the financial drivers behind sustainability could be further stimulated to generate both better business performance and stronger NPIs and SDGs achievements.

HOW

Recognizing that factories are already completing different forms of sustainability reporting, this report is not a duplication of existing efforts but an overarching framework to create a common language that links the sustainability data that is already measured and managed by factories to the language of NPIs and SDGs. Creating a common language among the public and private sectors is crucial, especially considering the expectation of the SDGs Financing Strategy of a 42% contribution from the private sector, and the ambition of the 8th Five-Year-Plan that foresees an even higher private sector contribution of 75% .

The starting ground for this report was the analysis of 39+1 NPIs and related SDGs and the following questions:

a. Which NPIs are most relevant and important for the RMG sector?

b. Which NPIs are affected by or have an impact on RMG business?

This led to the identification of 12 SDGs that are applicable for RMG: SDG 1 to 7, 8 and 9, 12 to 14. Then, the existing metrics of measuring the private sector impact were linked to the selected NPIs and SDGs. Considering that the desired outcome was to create an overarching structure to link business sustainability data to NPIs, the metrics selected were the most used by businesses because of the global standards, buyer requirements, and the criteria of inclusivity of the 'Leaving No One Behind' priority. For their de facto mainstream adoption, GRI global Standards[8] were selected as one metric – especially considering the GRI-UNGC's 'Analysis of Goals & Targets' (a handbook of indicators to make reporting on the SDGs straightforward and simple to execute) that was also referred to. To capitalize on the existing data collected due to buyers' requirements, the Higg Index[9] (a suite of tools developed by the Sustainable Apparel Coalition) was selected as a second metric. Last but not least, to ensure an inclusive approach to the analysis, the UNDP Business Call to Action's (BCtA)[10] inclusive business indicators were selected as a third metric. The annexure includes details of the links between NPIs, SDGs and the metrics selected.

The report used a quantitative technique to measure the changes between the last three

consecutive financial years, looking at economic, social and governance performance. It also analyzed actions that the industry took to tackle the COVID-19 pandemic and its consequences on business. Quantitative data points were complemented by qualitative observations from the factories. Both quantitative and qualitative data was collected through a web-based questionnaire and complemented by focus group discussions (FGDs).

50 RMG factories participated in the process, and 47 completed their sustainability self-reporting based on the methodological template shared by UNDP and GRI.

WHAT

This report sets the benchmark for scaling sustainability reporting of the industry and the private sector more broadly, translating sector-specific achievements and challenges into the common language of NPIs and SDGs for a more effective public-private dialogue and SDG action.

The report is to be used for informed dialogues with relevant stakeholders, such as trade partners, buyers, the financial institutions and the Government of Bangladesh, which made national and international commitments to NPIs and SDGs. Some of these commitments are driving commercial relations, and provide access to financial products, government policies and incentives. While individual suppliers started engaging in sustainability reporting, there is no data on the impact of the sector as a whole. However before any interaction with individual companies, trade partners, buyers, financial institutions and governments make commercial and political decisions based on a country and sector-specific data.

In a nutshell, this report provides:

- a consolidated approach to measure and manage the RMG industry's impact on SDGs, its achievements, challenges and gaps.
- a tool to identify future paths for growth and increased industry impact on NPIs and SDGs.
- a common language to communicate with key stakeholders, such as the Government, buyers, trade partners, communities and others.
- a platform to encourage more RMG factories and other industries to undertake sustainability reporting.
- a step in the journey of translating the private sector contribution to SDG financing in Bangladesh into concrete achievements and future actions.

[8] Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

[9] the Higg Index was developed by the Sustainable Apparel Coalition, is a suite of tools that enables brands, retailers, and facilities of all sizes at every stage in their sustainability journey to accurately measure and score a company or product's sustainability performance

[10] UNDP Business Call to Action (BCtA) was launched at the United Nations in 2008, aims to accelerate progress towards the Sustainable Development Goals (SDGs) by challenging companies to develop inclusive business models that engage people at the base of the economic pyramid (BoP)

KEY FINDINGS

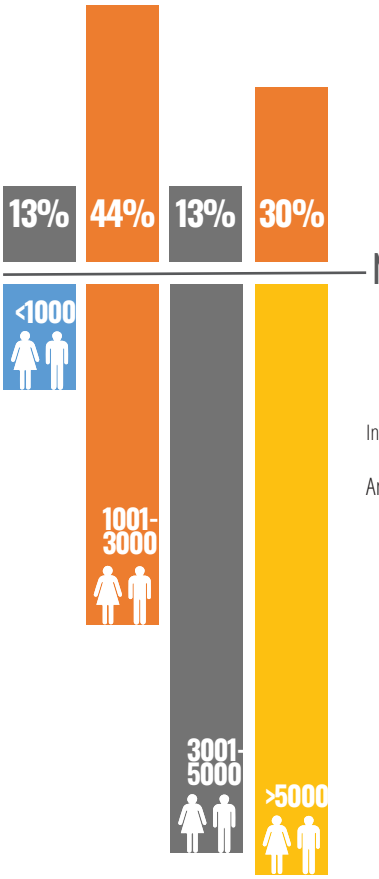

Figure 1

Organization size by number of employees

A total of 47 factories (woven, sweater and knit) participated in this report.

In the Financial Year **2019-2020** the 47 factories exported **BDT. 133.34b (USD 1.6b)**

Among these 47 factories, 32 factories are 100% export- oriented and the rest target both local and export markets [Figure 1].

Factories Profile

This section highlights management approaches adopted by the factories to handle environmental and social aspects and does a deep dive on specific NPIs and SDGs achievements.

Management approaches are about how a factory manages its sustainability impacts related to material topics- topics that matter most to the business and its stakeholders. This provides narrative information about how the factory identifies, analyzes, and responds to its actual and potential impacts. The management approaches provide a framework for the deep dive on SDGs and NPIs achievements self-reported by the factory.

Management Approach For The Environmental Aspects

All participating factories have their Environment Management System (EMS) policy in place in reference to the Department of Environment's (DoE) guidelines and the Buyer Code of Conduct (CoC). 22% of factories consolidated sustainability data as per Higg index or other international global environmental standards or policies. Examples include but are not limited to ISO 14001:2015, Amfori BEPI, ECR 1997, ZDHC, Clean Chain, BVE3 etc., or policies such as Chemical & Waste Management and Reduce Reuse Recycle (3Rs).

42% of factories set goals to reduce energy, waste and resource consumption in the next three years that range from 2% to 15%; whereas their GHG emissions and water consumption reduction goals for the next 5 years range from 5% to 25%.

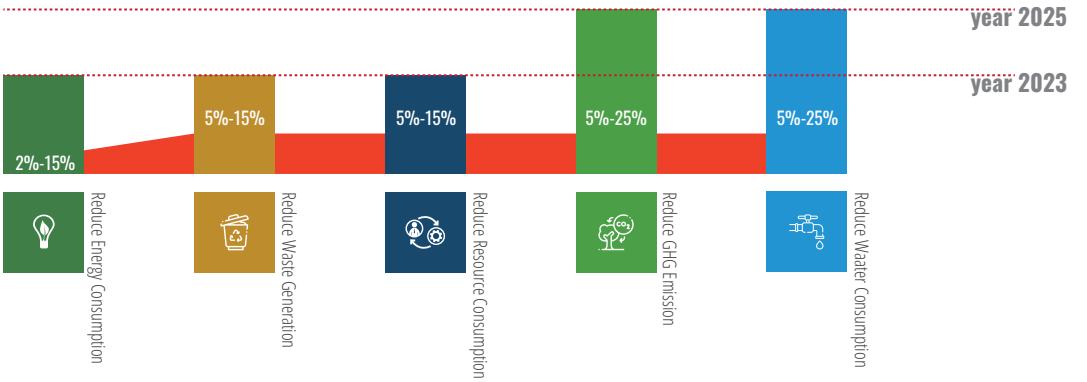

Figure 2:
Goals & Target

34% of factories are already implementing either a 'Reuse' or 'Recycle' waste practice [Figure 2]. Furthermore, in the past three years, they reduced plastic consumption by an average of 30%.

98% of factories informed that they have environmental grievance mechanism systems in place, and out of those 6% received complaints due to the incorrect disposal of solid waste. However, corrective actions were taken immediately.

Management Approach For The Social Aspects

The management of social aspects is driven by the Social Compliance policy as required by the Labor Law 2006 and its amendment in 2019, the Company Code of Conduct (CoC) and the Buyer Code of Conduct, and is led by the Human Resources and Compliance Department. Additionally, while 11% of factories regularly report on their Higg index to buyers, all participating factories have set their own compliance-related goals and targets. All participating factories have a Social Compliance Policy in place. Most factories said that they identify their sustainability priorities based on the baseline assessments, and take necessary actions for improvement accordingly. Some notable goals and targets mentioned by the factories are:

- Develop a violence-free organization
- Engage 100 % of workers in fire and safety training
- Install hydrant, fire protection and detection systems
- Ensure digital payments
- Promote women empowerment and create awareness of health and hygiene
- Optimize Yearly Key Performance Indicators to improve the work environment
- Develop skills of workers that could lead to salary increase

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

SDG 1: End poverty in all its forms everywhere

SDG 1 Business relevance

Business actions that relate to SDG 1 include creating employment opportunities and promoting job security; paying employees, at the very least, a minimum living wage; putting in place internal policies to safeguard the safety of employees; supporting fair and affordable access to goods, services and livelihood opportunities, including economically disadvantaged and marginalized and underrepresented people in the workforce; and supporting suppliers and business partners in respecting human rights and meeting sustainability criteria, among others.

Type of data collected

Both quantitative and qualitative data was collected in order to understand monthly salary ratios between women and men, salary practices of service providers in the value chain, percentage of local hires, local community participation and benefits, etc.

Results

In the financial year 2019-2020, participating 47 factories employed 44,064 workers: 17,250 males and 26,814 females. All – or 100% - factories said that they hire workers and employees from the local community for entry to top-level jobs. 38% of factories run local community development programs. These programs are based on local communities' needs to boost financial literacy, promote fair price shops that contribute to lower costs of living, subsidize sanitary napkins for workers, award scholarships for poor students, repair roads, etc. Factories also reported on stakeholder engagement plans to address current needs.

With regards to the gender pay gap: basic salaries have an equal male to female ratio, though the gap increases from mid-management up to top management levels, with males having higher salaries.

Basic Salary Ratio

Male: Female

Level of HR	2017-18	2018-19	2019-20
Board of Directors	1 : 2	1 : 2	1 : 2
Senior Management	1 : 5	1 : 35	1 : 25
Mid-Management	1 : 4	1 : 1	1 : 2
Junior Management	1 : 1	1 : 1	1 : 2
Worker	1 : 1	1 : 1	1 : 1

Table 1

Basic Salary Ratio – Male: Female

3 GOOD HEALTH AND WELL-BEING

SDG 3: Ensure healthy lives and promote well-being for all at all ages

SDG 3 Business relevance

Business actions that relate to SDG 3 include encouragement of a healthy lifestyle; supporting access to healthcare; medical coverage offered to employees and their families; ensuring that company policies and practices respect reproductive rights; supporting the needs of mothers and children; supporting access to mental health care; promoting safe and healthy surroundings around factory facilities; providing training or information on road safety to employees, etc.

Type of data collected

Mostly quantitative data was collected relating to parental leave, retention rate after enjoying parental leave, other health-related benefits that employees and workers are receiving.

Results

Factories are consistently investing in and improving the retention of women employees after maternity. Most of the factories provide health insurance[11] complemented by subsidized access to health care products, such as sanitary napkins[12]. The average retention rate of reintegration at work after maternity leave increased by 3% in the financial year 2018-2019, and by 7% in the financial year 2019-2020 despite the challenges faced by the industry during this fiscal year [Figure 3]. 17% factories have paternity leave policy.

Figure 3
Parental Leave

[11]*Labor Law 2006, Section 99: Compulsory Group Insurance: Government may, in the manner provided by rules, introduce group insurance, in the establishments wherein minimum 200 permanent workers are employed.*
[12]*Under their CSR, few factories provide subsidized sanitary napkin to female workers.*

SDG 4: Ensure inclusive and equitable quality education

SDG 4 Business relevance

Business actions that relate to SDG 4 include aligning business and education priorities in the communities where they operate; contributing business expertise towards increasing access to, and the quality of, basic education; enforcing zero-tolerance child labor policies within factory operations and supply chain; supporting access to childcare for employees; providing non-discriminative policies and programs on vocational training as well as incentives for employees to obtain additional qualifications, etc.

Type of data collected

Quantitative data was collected in order to calculate the duration of capacity development program for upgrading employee skills as well as the transition assistance programs in the RMG sector.

Results

All participating factories are investing in technical and vocational training programs to upgrade employee skills and facilitate their career progression. Most of the participating factories have procurement guidelines in place on child labor when selecting suppliers or vendors, but the monitoring mechanisms remain challenging to implement.

6 CLEAN WATER AND SANITATION

SDG 6: Ensure Clean Water and Sanitation

SDG 6 Business relevance

Business actions that relate to SDG 6 include respecting the human rights to safe drinking water and sanitation through aspects of availability, accessibility, and the quality of water; understanding the impact of the factory's current and long-term water use (either through water withdrawals or discharges) on communities' access to safe and affordable water; providing safe and affordable drinking water to employees; being aware of the factory's impact on local sanitation and hygiene systems; providing safe and gender-segregated toilets and personal hygiene equipment; establishing policies and ensuring waste water management systems within factory premises; improving water management performance; understanding the impact of water use across the supply chain, etc.

Type of data collected

Quantitative data was collected in order to identify the sources of water used by RMG factories in their production process and other activities, analyze the water processing systems and costs involved, as well as the volume of water recycled and reused.

Results

15% of participating factories use recycled water in their production process or in sanitation facilities, and 23% of factories practice rainwater harvesting and use this water for gardening, car washing or in sanitation facilities. The majority of participating factories – or 91% - use borewell water, with 32% of factories sourcing water from municipality infrastructures [Figure 4].

Factories discharge water from ETP after testing the treated water's hydrogen levels (pH), the chemical and biochemical oxygen demand (CoD and BoD), the total suspended and dissolved solids (TSS and TDS), temperature, color and other parameters as per the ZDHC guidelines. 9% of factories mentioned that they discharge their treated water in rivers and the rest of participating factories said that they discharge the treated water into sewer lines.

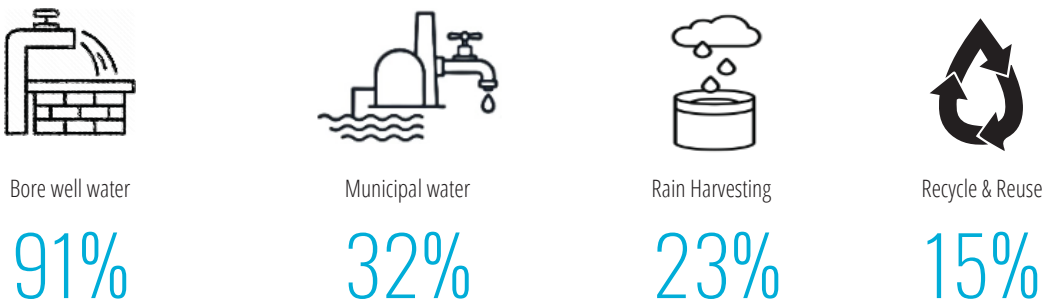

Figure 4

Source of Water

7 AFFORDABLE AND CLEAN ENERGY

SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all

SDG 7 Business relevance

Business actions that relate to SDG 7 include reducing energy consumption within factory operations; tracking and reporting energy usage, reduction and intensity over time; setting energy efficiency standards; implementing innovative commercial models or tariff mechanisms; investing in sustainable energy solutions; increasing the share of renewable energy, and encouraging suppliers to adopt sustainable energy measures.

Type of data collected

Quantitative data was collected to track energy consumption within and outside the factory premises as well as the costs per year, and to understand the extent of renewable energy adoption.

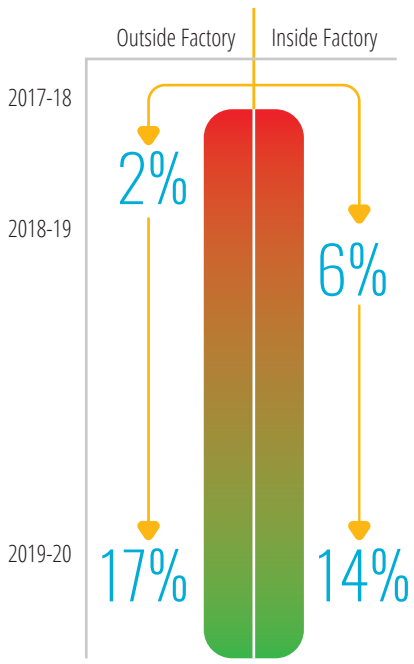

Figure 5

Reduction rate of electricity consumption sourced from conventional energy

Results

There was a 6% reduction in electricity consumption sourced from conventional energy between the financial years of 2017-2018 and 2018-2019, and an additional reduction of 14% in the financial year 2019-20. In this past financial year, while 36% of factories reported that the 22% reduction in energy consumption is linked to the fact that production was hampered due to COVID-19, the other 64% of factories reported no change in energy consumption needs due to the pandemic. Overall, the data demonstrates that conventional energy consumption declined by an average of 8% in the financial year 2019-2020.

Outside the factories, the reduction in energy consumption remained insignificant in the financial year 2018-2019 (2% compared to the previous financial year), and the consumption of conventional (or non-renewable) energy reduced by 17% in the financial year 2019-2020. Less production and a decrease in vehicle movement due to the COVID-19 pandemic are identified as two biggest contributing factors to the reduction in conventional (or non-renewable) energy consumption outside the factories[13].

37% of factories started to utilize solar energy between the financial years 2017-2018 and 2019-2020 [Figure 5].

In the financial year 2017-2018, the total energy conservation[14] by participating factories totaled 90.2 million kWh, decreasing by 2% in the financial year 2018-2019, to then increase by 5% in the financial year 2019-2020. There might have been different factors contributing to the variation. Between 2017 and 2019, the production volumes, product orders, and resource allocation could all have contributed to the decline in energy conservation; whereas less production, factory lay-offs, and limited transportation due to the COVID-19 pandemic could have resulted in the increase in energy conservation[15] .

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Decent work and economic growth

SDG 8 Business relevance

Business actions that relate to SDG 8 include generating added value in the domestic economy through creating job opportunities and skill development; upgrading technology and stimulating innovation; supporting vocational education; providing decent work and productive activities for all employees in factory operations and within the supply chain; assessing and mitigating environmental impacts of products and services; establishing sustainable procurement policies; implementing circular business models; paying, at the very least, a minimum living wage; establishing a zero-tolerance policy towards all forms of violence in the workplace; establishing policies, procedures, grievance mechanisms to safeguard labor and women's rights; supporting the youth by ensuring equal opportunities, etc.

Type of data collected

Both quantitative and qualitative data was collected in order to understand and evaluate the decent work practices such as occupational health and safety, gender ratio in recruitment, the existing management practices, compensation and benefits, recycled input material used, etc.

Results

Buyer compliance is an important pre-requisite for the RMG sector. International buyers have established compliance with COC, addressing key issues such as child labor, forced or compulsory labor, health and safety, freedom of association and the right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, management system, etc. Together with major trade unions in Bangladesh, BGMEA has formulated its own COC to centrally monitor labor conditions, the establishment of safety committees and health and safety COC, and address labor grievances. Besides that, the RMG sector is required to comply with the National Labor Law 2006 and its amendment in 2019 to ensure the worker safety and security.

All factories that participated in data collection shared that they manage social aspects in alignment with labor law, buyer COC and BGMEA COC. To evaluate the effectiveness of their social management approach, the factories are using baseline assessments, internal and external audits, social audits, benchmark surveys and other tools.

It is interesting to note that in terms of hiring male employees, a significant decline can be seen in the financial year 2019-2020, whereas usually the rate of decline in hiring and turnover remains the same from one financial year to another. The decline rate is falling each year.

Gender Ratio of permanent employees, hire and turnover	2017-18	2018-19	2019-20
Ratio of the average number of permanent employees (male: female)	154:172	154:170	140:161
Ratio of employees hired (male: female)	768:998	618:791	399:625
Ratio of employees' turnover (male: female)	722:980	619:818	554:754

Table 2

Number of Permanent employees hired and turnover

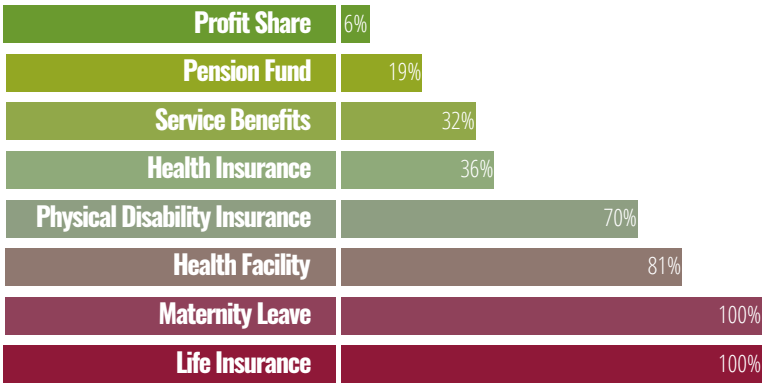

Figure 6
Remuneration, Allowance & Facilities

Inspiring Actions by Factories

Fakir knitwear

100% Payment digitalization and promoting 10 female workers to supervisor level.

SQ Birichina Ltd. and SQ Celsius Ltd

Fair price shop to reduce the cost of living for employees and subsidized medical treatment for workers.

In total, 6 companies said they hire differently abled workers.

Despite recent challenges, employee turnover reduced progressively by almost a quarter in the past three financial years: from 1,702 across 47 factories in the financial year 2017-2018 to 1,308 in the financial year 2019-2020 [Table 2].

Not only did factories retain more employees, they also invested in improving working conditions by collaborating with buyers on social programmes, such as Health Insurance and Sexual and Reproductive Health and Rights. All participating factories provide maternity leave and life insurance; 70% of factories provide physical disability insurance; 19% provide a pension fund, and 6% of them have a profit share scheme [Figure 6].

[13] from outsourced activities previously performed in-house, or that are typically performed in house by other organizations in the same sector; has been identified as significant for the organization's sector.
[14] Few energy conversion methods: Solar Installation, LED Light, Replacing Conventional and Clutch type motors with Servo Motors, Reducing dependency on diesel, Condenser Recovery, Economizer Installation, Energy efficient generator, Boiler, VFD, trigger nozzle, Installation of energy conservation turbine in place of PRV, Lighting optimization, Improvement in RFT, Flash Steam Reuse, Awareness Training, Steam Line Insulation, M and S Plan-A, Higg FEM 3.0, Temperature Settings for AC, Absorption Chiller
[15] Reason for variation derived from the findings of FGD

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 9: Industry, Innovation and Infrastructure

SDG 9 Business relevance

Business actions that relate to SDG 9 include creating decent jobs; integrating environmental and social issues within core business operations; providing innovative solutions to tackle development challenges; capitalizing on the opportunities of upgraded infrastructure through collaboration across the value chain; investing in local value addition and local purchasing; supporting the development and diffusion of environmentally-friendly technologies through material efficiency and reuse of materials and manufacturing processes; investing in energy efficiency in buildings, road safety equipments, autonomous vehicles, smart metering, water and sanitation infrastructure, etc.

Type of data collected

Quantitative data was collected in order to calculate the direct economic value generated and assess the infrastructure investments and services supported by the RMG sector in Bangladesh.

Results

24% of factories made significant infrastructure investments that created additional value in the communities where they are operating. In the financial years 2017-2018 and 2019-2020, the total investments in community infrastructure equaled BDT 944 million (USD 11,137,957) – BDT 27,495,231 on average, out of BDT 232.23 billion (USD 2.7 billion) investments in overall infrastructure improvements undertaken by 74% of participating factories [Figure 8].

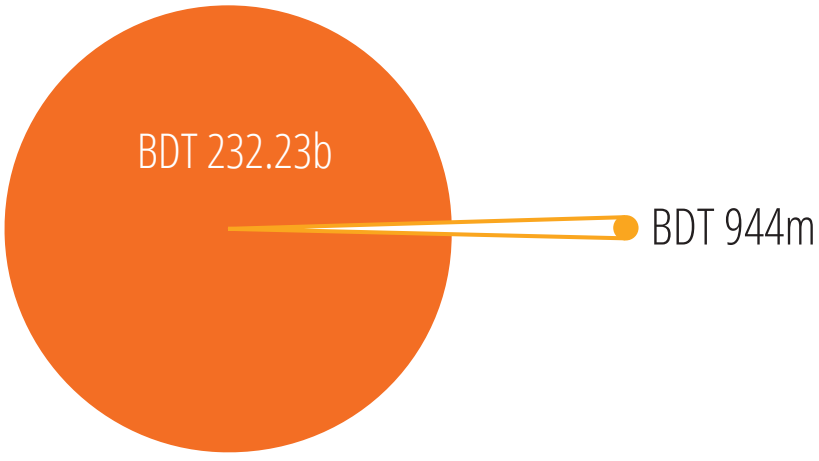

Figure 8

Factories' Investments in Community Infrastructure

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12: Responsible consumption and production

SDG 12 Business relevance

Business actions that relate to SDG 12 include ensuring the respect of human rights; addressing positive and negative social and environmental impacts; working towards improving efficiency and effectiveness of material and energy use; establishing policies and strategies aligned with the above principles; developing specific sustainability targets and indicators across products and services; developing circular economy models; using resources more efficiency; leveraging the renewable materials and efficient clean technologies; tracking and reporting on sustainability risks and performance; understanding waste generation and mitigating measures; extending the responsibility of a product to the post-consumer stage of its lifecycle, etc.

Type of data collected

Both quantitative and qualitative data was collected on liquid, solid, and sludge waste generation process, existing disposal methods, transportation of generated waste volume, plastic waste, etc.

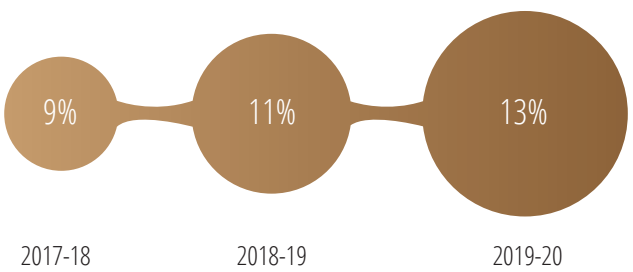

Figure 7

Recycled raw material used by factories

Results

In the financial year 2018-2019, 93% of participating factories reduced solid waste generation in their industrial processes by an average of 255 tons; and in the financial year 2019-2020 by 52 tons. 38% of factories lowered the sludge waste generation in their processes by 61 tons, or an average of 19 tons in each financial year. There is no significant change in liquid waste generation across the three financial years taken into account.

41% of factories collaborated with buyers on cleaner production and supply chain efficiency. Examples include recycled raw materials. The amount of recycled raw materials used by the factories is increasing at a constant rate of 2% per year. [Figure 7]. The majority of recycled materials are fabric, plastic, yarn, and hangers used in factory production. As methods and processes of recycling are further developed and scaled, today all factories use a mixed approach of incorporating both non-renewable and renewable raw material in their production.

19% of factories shared that they have set up energy recovery systems by practicing waste heat recovery – that is, by transferring the heat from process outputs at high temperature to another part of the process to increase efficiency.

These innovative practices were shared during the FGDs used to collect qualitative data, making data collection an opportunity for sharing best practices and knowledge. As a result, 80% of factories said that with newly acquired understanding of the potential of waste heat recovery, they will introduce this practice in their own factories very soon.

By optimizing processes, Fakir knitwear saved 28.5 liters of water per kg of fabric dyeing in 2020.

Needle Drop reduced their electricity consumption by 5% in 2020.

SDG 13: Climate action

SDG 13 Business relevance

Business actions that relate to SDG 13 include identifying risks and opportunities caused by climate change; setting science-based GHG reduction targets; improving efficiency and climate resilience of operations and supply chain; responsibly engaging in climate policy by identifying implications and opportunities; investing in early warning technologies and systems, etc.

Type of data collected

Both quantitative and qualitative data was collected to assess the reduction in GHG emissions and the measurement methods used, as well as the financial Implications and other risks and opportunities linked to climate change.

Results

42% of factories set goals to reduce GHG emissions in the next five to ten years that range from 5% to 25%. Striving to achieve the targets set, 25% of factories reduced their GHG emissions by 6% in the financial year 2018-2019, and 39% factories saw a 18% reduction in GHG emissions in the financial year 2019-2020. 27% of factories added that hampered production because of the COVID-19 pandemic contributed to their overall GHG emissions reduction. When asked about the ways they measure their GHG emissions in order to understand if they're on the right track to meeting the set goals, 48% of factories reported that they undertake the environmental assessment initiatives, periodically verifying the alignment of these assessments with existing laws, regulations, and standards. The average cost of the annual baseline assessment to manage climate change risks and opportunities for individual factories was reported to be BDT. 781,925.03 (USD 9,226), which can exclude smaller factories and suppliers from this practice.

While measuring their positive and negative impacts on climate change, the participating factories also identified the related financial implications and other risks, such as:

a) increased indirect costs and capital expenditures

b) decreased revenue due to reduced demand for products and services

c) the Government penalties if emissions exceed the limits of the Bangladesh Environment Conservation Rules, 19997 (ECR-1997)

d) cancellation, and/or delay in shipment

The factories, however, did also identify climate change related opportunities, such as:

a) subsidized stimulus packages from the Government in support of the transition towards renewable energy and other sustainable technologies

b) reduced water usage and consumption, the use of lower-emission sources of energy, access to new markets and recycling

c) the increase in satisfaction levels of conscious consumers driving the demand and business transactions

THE IMPACT OF COVID-19 ON RMG SECTOR AND RMG RESPONSE

The social impact of COVID-19

24% of factories reported that they had workers affected by COVID-19. The employees affected returned to work within an average of 25 days upon submission of a COVID-19 negative test.

13% of factories said that due to financial losses incurred by COVID-19 they had to fire and furlough workers; they also shared that they compensated, remunerated and provided allowances to those who got fired or furloughed as per labor law.

Training programs have been reduced and delivered irregularly to avoid gatherings.

RMG response to the social impact of COVID-19

ALL factories provided masks to their employees; installed hand washing and sanitizing systems, foot and shoe sanitizing options; procured and used thermal guns; disinfected cars upon entry; marked safety distance in the work place.

All participating factories introduced special Occupational Health and Safety (OHS) packages in their premises to combat COVID-19.

The impact of COVID-19 on business and operations

Production was deferred due to COVID-19 and some buyers put their orders on hold. Finished products were held for an extensive period of time in warehouses and resulted to be damaged.

Some factories also reported operational challenges due to shortage of local manpower once production restarted.

RMG response to the impact of COVID-19 on business and operations

Factories developed COVID-19 Standard Operating Procedures (SOPs) and designed emergency plans.

Factories became more flexible in introducing technology in operations and digitalized awareness campaigns through audio-visuals to encourage employees to adhere to the SOPs.

6% of factories adopted new business models or innovative plans to incorporate sustainability in the post-pandemic business recovery.

KEY CHALLENGES

Supply chain disruption

1

The COVID-19 pandemic highlighted the lack of sustainability management tools to combat disruptions in the supply chain, but it also provided an opportunity to reflect and plan for future actions. 27% of participating factories needed to reallocate resources from existing sustainability practices to fight against COVID-19. This, in turn, resulted in inability to carry out security awareness training on a regular basis, adjust salaries and compensations, undertake capacity development trainings and maintain regular operations of production process, etc. Prior to the current COVID-19 crisis there were no SOPs in place to support management decisions in the eventuality of value chain disruption, hence the challenges, instead of being solved in a systemic manner, had to be dealt with one at a time.

Sustainability data

2

The understanding of sustainability language, impacts, risks and opportunities is not yet mainstream across factories and the factory management. This creates challenges in strenghtening the quantity and quality of sustainability data available. Capacity building across different units can support strenghtening the understanding of sustainability and creating more flexible and resilient operations. Additionally, policy reforms are needed to encourage reliable sustainability reporting based on global standards at scale.

Moving from impact measurement to impact management

3

capacity building on effective impact management is required to ensure that sustainability data is readily available and not looked at as simply monitoring data, but as data that can effectively support the decision-making by the management. During the data collection undertaken for this report factories had to locate the data before disclosing it, which suggests the need for additional capacity building on data management. Additionally, while most of the participating fatories reported conducting baseline assessments, 77% of them didn't highlight the detailed improvements undertaken based on the assessments, and only 11% of participating factories have information available on related adjustments. This insight shows the need for capacity building in order to shift from sustainability monitoring to sustainability management by, for instance, introducing Corrective Action Plans (CAP), making data readily available and raising awareness of how to link sustianability data and the financial drivers to better management decisions.

Awareness of the relevence of social and economic value generation

4

While in the past there have been investments in community infrastructure by factories, there is room for improvement when it comes to raising awareness of their impact and the economic potential. For instance, while only 15% of factories did not share data on this, 53% of them self-reported to not having significant investment in infrastructure support services.

Structural low liquidity

5

while awareness on the importance of undertaking sustainability practices is growing, for industries operating at low liquidity such as RMG it is key to optimize payment process cycles and access financing instruments designed keeping low liquidity in mind. Payment processes, financing instruments design and capacity to match compliance requirements of financing instruments are still a challenge for the RMG in Bangaldesh to finance sustainability.

IMPACT OPPORTUNITIES FOR FURTHER IMPROVEMENT

Note: the opportunities for further improvement highlighted below are interlinked and carry a stronger ecosystem transformation potential when looked at in a systemic way.

1

Strenghtening external stakeholder engagament

while partnerships have already been a strong engine for the achievement of sustainability standards by the industry – like with the setup of RSC, there is room to take stakeholder engagement to a higher level. This report takes a step in this direction, calling for additional feedback and action from the Government, trade partners, buyers and communities among others. Social, environmental, governance and economic management processes are effective when the shift from sustainability measurement to sustainability management occurs, i.e., making decisions based on sustainability data for a set vision, goals and measurable targets. Stakeholder engagement can support the creation of investment strategies and incentives that reflect both financial return and social and environmental impacts. At macro level, policy innovation and incentives by the Government can support scale and speed of uptake of sustainability practices by the Industry. This can further contribute to the impact of the industry on SDGs. At local level, multi-stakeholder collaboration is seen to be key in addressing cumulative impacts due to innovative financing options and risk management practices that can be kicked off. Examples could include the following: multiple companies' water use can stimulate joint investments, business model development for renewable energy and circular economy can include innovative financing such as blended public and private resources. Proper documentation and information sharing on these innovations can drive systemic change in resource management.

2

Strenghtening management approaches

While agile process innovation was stimulated to respond to supply chain disruption because of COVID-19, most innovations were ad-hoc and looked at solving one challenge at a time in a sequential manner. There is now the opportunity to build consensus and capacity around the need to develop a systemic management approach in which the management decisions include social, environmental, governance and business factors in a mid-term scenario, i.e., if this happens, then this is how social, environmental, governance and business decisions and metrics will work together to suppot the shift.

3

Strenghtening capacity to systemize and quantify sustainability

To strenghten management approaches, it is key to strenghten and diversify the quality of data that is used to make management decisions. Reinforcing the understanding of risks and opportunities behind sustainability across business units and factories is crucial to collecting the 'right' data, or data that is useful for better business management.

4

Improvement of system communication processes

All participating factories have an EMS in place, but while 42% of factories were able to communicate the measurable goals they set to reduce energy, waste, and resource consumption, the remaining 58% faced challenges in their communications, highlighting the need to increase efficiency of communication between technical units and the management, and ensure symmetry of information on measurable targets.

5

Financing sustainability

considering the strutural low liquidity of the RMG sector, further exacerbated by the economic consequences of the Covid-19 pandemic, it is key to support reforms that can optimize payment processes and analyze existing financing instruments to invest in sustainability keeping in mind the structural low liquidity of the sector.

ANNEXURE

Report Methodological Framework

Contribution to SDGs			Under GRI Standards	BCtA	Sustainability Topics
NPI					Under HIGG Index
SDG 1	NPI 1 Reduce the proportion of population living below extreme poverty line below 3%	202-2 405-2 401-2	Proportion of senior management hired from the local community Ratio of basic salary and remuneration of women to men Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A	Recruitment and Hiring
	NPI 2 Reduce the proportion of population living below national poverty line below 10%	202-1 401-1 401-2 413-1	Ratios of standard entry level wage by gender compared to local minimum wage New employee hires and employee turnover Benefits provided to full-time employees that are not provided to temporary or part-time employees Operations with local community engagement, impact assessments, development programs	Number of employees earning less than national poverty line computed for the size of their family	
SDG 3	NPI 5 Reduce neonatal mortality rate to 12 per 1,000 live births	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Number of neonatal deaths avoided due to activities of the company	Worker Treatment & Development
	NPI 6 Reduce under-5 mortality rate to 25 per 1,000 live births	401-2 401-3	Benefits provided to full-time employees that are not provided to temporary or part-time employees Parental leave	Number of under-5 deaths avoided due to activities of the company	Worker Treatment & Development
	NPI 7 Reduce the maternal mortality ratio to 70 per 100,000 live births	401-2 401-3	Benefits provided to full-time employees that are not provided to temporary or part-time employees Parental leave	Number of maternal deaths avoided due to activities of the company	Worker Treatment & Development
SDG 4	NPI 9 Ensure 100% completion rate of primary education	408-1	Operations and suppliers at significant risk for incident of child labor	Number of people gained access to primary education due to activities of the company*	Recruitment and Hiring
	NPI 10 Ensure 100% completion rate of junior secondary education	408-1	Operations and suppliers at significant risk for incident of child labor	Number of people gained access to secondary education due to activities of the company*	Recruitment and Hiring
	NPI 11 Ensure the proportion of students in technical level above 20% to the total students passed every year in the secondary education (SSC, Dakhil, and Vocational)	404-1 404-2	Average hours of training per year per employee Programs for upgrading employee skills and transition assistance programs	Number of low-income individuals receiving training/education Total investment in training (USD)*	Worker Treatment & Development
SDG 6	NPI 17 Ensure 100% population using safely managed drinking water services	303-1 303-3 306-1 306-2 306-3 306-5	Interactions with water as shared resources Water Recycled and Reused Water discharge by quality and destination Waste by type and disposal method Significant Spills Water bodies affected by water discharges and/or runoff	Number of people gained access to drinking water due to activities of the company	Water Use

SDG 7	NPI 19 Ensure access to electricity for 100% population		N/A	Number of people gained access to electricity due to activities of the company	N/A
	NPI 20. Increase renewable energy share in total final energy consumption to 10%	302-1 302-2 302-3 302-4 305-5	Energy consumption within the organization Energy consumption outside of the organization Energy Intensity Reduction of energy consumption Reduction of GHG Emission	Share of self-produced renewable energy in total energy consumed	Energy Use and Green House Gas
SDG 8	NPI 21 Increase annual growth rate of GDP to 10%	201-1 401-2	Direct economic value generated and distributed Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A	Compensation Labor and Workplace Performance Management for the Value Chain
	NPI 22 Reduce unemployment rate below 3%	103-2 103-3 203-2 204-1 401-2 401-1 405-2	Management approach and its component Evaluation of management approach Significant indirect economic impacts Proportion of spending on local suppliers Benefits provided to full-time employees that are not provided to temporary or part-time employees New employee hires and employee turnover Ratio of basic salary and remuneration of women to men	Number of full-time jobs created in the company Number of part-time jobs created in the company Number of jobs created within the supply chain of the company due to activities of the company	Hours of work Worker Treatment and Development
	NPI 23 Reduce the proportion of youth population (15-29 years) not in education, employment or training to 10%	102-8 103-2 401-1	Information on employees and other workers Management approach and its component New employee hires and employee turnover	Number of full-time jobs created in the company for youth Number of part-time jobs created in the company for youth Number of jobs created within the supply chain of the company for youth due to activities of the company	Recruitment and Hiring
SDG 9	NPI 24 Ensure 100 percent pucca roads (suitable for all seasons)		N/A	N/A	N/A
	NPI 25 Increase Industry (manufacturing) value added as a proportion of GDP to 35%	201-1	Direct economic value generated and distributed	N/A	Community Impact
	NPI 26 Increase manufacturing employment as a proportion of total employment to 25%	401-1	New employee hires and employee turnover	Investment (USD) in innovation and R&D in products/services for BoP	Recruitment and Hiring
	NPI 27 Increase the number of entrepreneurs ten times in the Information and Communication Technology sector	203-1	Infrastructure investments and services supported	N/A	
SDG 12	NPI 31. Ensure 100% industries install and operate waste management system	103-2 103-3 301-3 306-2 306-4 306-3 306-1	The Management Approach and Its Component Evaluation of the Management Approach Reclaimed products and their packaging materials Waste by type and disposal method Transport of hazardous waste Significant Spills Water discharge by quality and destination	Amount of waste reductions achieved in the company Amount of waste reductions achieved in the country due to waste management/recycling services provided by the company	Environmental Management System or Program Waste Management Chemical Management
SDG 13	NPI 32 Reduce the number of deaths, missing persons and directly affected persons attributed to disasters to 1500 per 100,000 population	201-2	Financial implications and other risks and opportunities due to climate cha	Number of deaths and missing cases avoided due to activities of the company	N/A

CONTRIBUTING FACTORIES

1. Aboni Knitwear Ltd.
2. Ananta Group
3. AR Jeans Producer Ltd.
4. Asian Group
5. Best Shirts Ltd.
6. Blue Planet Fashionwear Ltd.
7. Capital Fashions Ltd.
8. Colors and Stitches Ltd.
9. Cute Dress Industry Ltd.
10. Denim Expert Ltd.
11. DIPTA Apparels Ltd.
12. Echotex Ltd.
13. Fabrica Knit Composite Ltd.
14. Fakhruddin Textile Mills Ltd.
15. Fakir Knitwears Ltd.
16. Fashion.Com Limited
17. Flamingo Fashions Ltd.
18. Garments Export Village Ltd.
19. HK-TG Garments Ltd.
20. Impress-Newtex Composite Textiles Ltd.
21. Interstoff Apparels Ltd.
22. Keilock Newage Bangladesh Ltd.
23. Knit Concern Ltd.
24. Mark Fashion Wear (Pvt). Ltd.
25. Mawna Fashions Ltd.
26. Meher Garments Ltd.
27. MG Niche Stitch Ltd.
28. Mohara Asian Apparels Ltd.
29. Needle Drop Ltd.
30. Newage Apparels Ltd.
31. Newage Garments Ltd.
32. Nippon Garment Industries Ltd.
33. Posh Garments Ltd.
34. Posmi Sweaters Ltd.
35. RAM Apparel Ltd.
36. Sea Blue Textile Ltd.
37. Snowtex Outerwear Ltd.
38. Softex Sweater Industries (Pvt) Ltd.
39. SQ Birichina Ltd.
40. SQ Celsius Ltd.
41. Subarna Garments Ltd.
42. Surma Garments Ltd.
43. Tarasima Apparels Ltd.
44. TRZ Garments Industry Ltd.
45. Urmi Garments Ltd.
46. Utah Knitting & Dyeing Ltd.
47. Viyellatex Ltd.