

UNITED NATIONS GLOBAL COMPACT

Communication on Progress

2015



VIYELLATEX

Bridging Progress and Sustainability



Human Rights



Labor Standards



Environment



Anti-Corruption

VIYELLATEX group

UN Global Compact Communication on Progress Report 2015

Reporting Period: May 2014-April 2015



MESSAGE FROM THE CEO

Viyellatex defines sustainable business as the ability to make the most innovative, tailor-made solutions for customers while ensuring a social, environmental and economic value. We believe investment in innovations can help business thrive in future, thus making it sustainable.

'Total Innovation' forms an integral part of our sustainability framework. It is an innovation-stimulating culture that encourages us to adopt any measure to make a holistic change or some minimal improvements.

Here 'Total' means we are open to any idea from internal and external stakeholders, including working in collaboration with customers to open up synergised innovative opportunities for improvement.

We continue to progress in different fields of corporate social responsibility, in accordance with our sustainability commitment, working hand in hand with interested parties, and to support the United Nations Global Compact we are part of.

I would like to take this opportunity and thank Viyellatex employees, suppliers and others who took part in all the activities elaborated in this report and will stay with us in our on-going efforts to improve business performance.

David Hasanat
Chairman & CEO



CONTENTS

05-06

PAGE

TEN PRINCIPLES
INTRODUCTION

07-08

PAGE

HUMAN RIGHTS

09-10

PAGE

LABOUR STANDARDS

11-13

PAGE

ENVIRONMENT

14

PAGE

ANTI CORRUPTION



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

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

LABOR

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

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

Principal 5: Abolition of child labor

Principal 6: No discrimination in respect of employment and occupation

ENVIRONMENT

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

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

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

ANTI-CORRUPTION

Principal 10: Businesses should work against corruption in all its forms, including extortion and bribery.



INTRODUCTION

Welcome to the sixth Communication on Progress (COP) report of Viyellatex. Significant progress has been made in the following of four principles -- Human Rights, Labour Standards, Environment and Anti-corruption.

Attendance rate in training sessions has increased, which are designed to improve production quality and raise awareness of aspects such as firefighting and rescue efforts, first aid, environmental management system, occupational health and safety and forced labour.

Improvements have also been made in addressing human rights issues, with more health related camps and free medical services available to all employees and local community. These medical camps give services to a good number of workers and their children. Now, workers are more aware of the need to stay healthy.

In the reporting period, there has been no discrimination of any form in promotion, hiring etc. The workforce has been strengthened through recruitment of young talents who are capable of driving rapid growth in the years to come.

The principles are so imbedded in Viyellatex's culture that each employee has thorough knowledge of the code of conducts to be followed at their workplace.

...Progress in raising general awareness on Fire Fighting, First Aid and Environment etc.

No incidents of discrimination in the reporting period...



HUMAN RIGHTS

Principle 1 & 2

In Viyellatex, employees' health and safety are given utmost importance, and the organisation goes to great lengths to ensure that they have a congenial atmosphere at work so that they excel at fulfilling their duties.

In this respect, cleaners have been employed to keep floors, toilets and other places sanitised. Moreover, evaporative cooling pads have been installed on each floor so that the workplace remains cool and pleasant. Drinking water is regularly tested by "International Centre for Diarrheal Disease Research, Bangladesh (ICDDR,B)" to check its purity.

Additionally, there is in-house medical centre where a professional team is available throughout the day to provide medical assistance, care and medicines free of cost. The medical centre is also equipped to deal with emergencies.

In the reporting period, Viyellatex organised Expanded Programme on Immunization (EPI) camp, a monthly programme. During this programme, infants are vaccinated and women are given pre and postnatal medical services. This time as many as 1,158 infants and 433 women have received services free of cost.

On National Immunisation Day, 877 children received vitamin capsules when there was a Vitamin A plus campaign.

Blood donation programme is held every year. This year it was held on May, 2014 and March, 2015 to donate blood to Thalassaemia patients. In the last two events, 406 bags of blood were collected.

Viyellatex provides free medical treatment (antenatal checkup, ultra sonogram), medicines and pink color uniform for the identification, arranges awareness training programme for pregnant women and afford fitness certificates to all pregnant women before joining from maternity leave.

A total of 853 pregnant women received these facilities this year.

...A total 1591 women and infants received free of cost treatment at the EPI. 877 children received Vitamin A Capsule. 406 employees donated blood in the Blood Donation program...



HUMAN RIGHTS

To ensure a safe working place, training sessions are arranged regularly. In the reporting period, 6,290 workers were trained on firefighting and rescue operation, 354 on first aid, 161 on chemical handling and management, 3,292 on occupational health and safety, 3,300 women employees on "Health Enable Return (HER)", 278 women on pregnancy issues and 3,360 workers on Ethical Model Factory (EMF). Training sessions were also conducted to give ideas about forced labour to 429 workers. And 2,210 others were trained on environment management system, ISO14001.

Viyellatex provides educational opportunities to children of workers and local community through its Early Childhood Development (ECD) programme and Bikash project. In the ECD (pre-primary school) project, about six schools are administered in collaboration with PVH, Save the Children and USAID.

Currently, the schools have 180 students. Bikash is a school for physically challenged and underprivileged children. Fourteen physically challenged students are studying in Bikash. A total of 150 students are currently enrolled in the school.

Principle 2

Viyellatex has stringent non-discrimination and anti-harassment policies. The policies are enforced by the HR department. All our regulations, procedures and actions are formulated to ensure that everyone connected with our operation and business, be they customers or employees, are treated fairly and with due consideration of their feelings and rights. Any sort of grievances leading to discrimination or abuse is handled through counseling and by employee assistance team at each business unit. Such team comprised of experienced executives provides guidance, counseling and regular training on work ethics.

...A total 12375 workers received training on Fire Fighting, First Aid, Chemical Management, Ethical Model Factory and Environment Management System (ISO 14001)...
Training also given on pregnancy & other issues



LABOUR STANDARDS

Principles 3&4

Viyellatex on a bi-monthly basis arranges meetings and discussions with workers and their representatives, in the form of Participation Committee. The worker's representatives are chosen by the workers themselves via election. Such committees have proven to be effective in building a fruitful relationship between the management and the workers and also been instrumental in driving improvements. Such an initiative helps in upholding freedom of association.

Furthermore, the Participation Committee helps in the livelihood of the workers. Other benefits include measures for improvement of welfare services for the workers and their families; helps in fostering a sense of discipline and improving & maintaining safety, occupational health and working condition.

Additionally, employment of labor and staff by force is strictly prohibited. Human resource policies are designed in alignment with the 10 principles of UNGC and are being implemented across all supervisory levels. For overtime work, workers are duly compensated by providing double their basic salary and other benefits and facilities such as attendance bonus and free medicine are also available for all employees.

Principle 5

Regarding recruitment of workers, we are following Bangladesh Labor Law-2006 amendment on 2013. During recruitment, all employees (management staff, workers, and staff) are required to provide identification documents. Moreover, the medical team conducts examination and tests to verify that the individual is of the required age and possess physical characteristics to perform the designated job.

Human resource policies of VIYELLATEX are designed in alignment with the 10 principles of UNGC and are being implemented across all supervisory levels.



LABOUR STANDARDS

Principle 6

Viyellatex abides by policies that assure on-going improvement in the company's corporate responsibility performance. The policy is designed by centering on the principles of United Nations Global compact and the Bangladesh labor law. Henceforth, recruiting, hiring, training and promoting the most qualified individuals or employees are done regardless of race, religion, age, gender, marital status, nationality, or physical disability.

The recruitment process consists of several steps starting from aptitude tests, stress and panel interviews and final selection. Job analysis is further carried out to ensure that the task is appropriately assigned to the right person.

On a different note, Viyellatex has so far recruited about 97 physically challenged individuals through ILO-TVET and Marks and Start programmes. The 'Technical and Vocational Education and Training (TVET) Reform Project' is continuing with assistance from Centre for the Rehabilitation of the Paralyzed (CRP), International Labour Organisation (ILO) and PVH. Marks & Start programme is run with the assistance from Centre for the Rehabilitation of the Paralyzed (CRP), ILO and Marks and Spencer (M&S).

...VIYELLATEX has so far recruited about 97 physically challenged individuals through ILO-TVET and Marks and Start programmes...



ENVIRONMENT

Principles 7 & 8

Viyellatex's environmental policy contains three principles which include safeguarding the natural resources, prevention of pollution and striving for continual improvement. The environmental objectives were written by taking these policies into consideration. The environment policy and objectives are both integrated with the Environmental Management System (EMS) which is ISO 14001:2004 certified. The internal audit team conducts audit in respect to the environment on a regular basis to ensure that the ISO standard is followed.

Additionally, the organisation promotes the concepts of 3R (Reduce, Reuse, and Recycle). Paper recycling is done with the assistance from CRP who takes waste paper from us and uses them to make greeting cards and visiting cards. Also, kitchen waste (from the lunch we provide) is being re-used in making compost fertilizer, and the waste fabric is also provided during lunch, to be used as handkerchief.

Puma and DEG, one of Europe's largest development finance institutions, have formed a partnership named Sustainable Action & Vision for a Better Environment (SAVE) to fund a large-scale capacity building program across Asia focusing on cleaner production and resource efficiency. The SAVE project also involves numerous other stakeholders such Deutsche Kreditanstalt für Wiederaufbau (KfW),

The German Federal Ministry for Economic Cooperation and Development (BMZ), the brand H&M and the Asia Society for Social Improvement and Sustainable Transformation (ASSIST) along with numerous international and local technical experts, who are collaborating with Puma to significantly improve eco-efficiency at 40 key suppliers in Bangladesh, Cambodia, China and Indonesia.

Viyellatex has started a project, Sustainable Action & Vision for a Better Environment (SAVE), with Puma to reduce water, energy and waste consumption of its activity. A detailed assessment was done on November 10 and 11, 2014 at Viyellatex. Objectives of this assessments are identifying sources of significant energy uses and analyse data and trends to propose energy saving practices and technologies and to achieve the desired optimal energy-saving measures toward reaching target 25 percent, identifying specific water usages in all relevant processes to measure consumption through data and trend including water reduction opportunities -- reuse, reduce and recycle approaches in moving towards reaching target 25 percent, identify sources of waste and characteristics of waste streams material balance analysis including waste reduction and for cleaner production concept: reuse, reduce and recycle in moving target towards 25 percent.

...VIYELLATEX promotes the concepts of 3R (Reduce, Reuse, and Recycle). Paper recycling is done with the assistance from CRP



ENVIRONMENT

Under this project for achieving energy save, we switched off those lights at different units in different times of the day and maintain a register for proper monitoring this work, we replaced 287 filament bulbs by energy saving bulbs, we repaired all the visible air leakages once every week throughout the factory and maintain a register for proper monitoring this work. For attaining water saving, we installed Aerator taps and trigger Nozzle. We increased the reuse of treated waste water from ETP and used rainwater for dyeing and washing. For accomplishing waste reduction, we adopted a paperless office system, segregate waste at point source and introduced lean manufacturing practices.

Viyellatex has started another project, Zero Discharge of Hazardous Chemicals (ZDHC), with the supervision of Puma. ZDHC is an updated roadmap built on the initial 2011 joint roadmap and sets out a new plan, incorporating and reflecting comments received from a wide range of stakeholders. The joint roadmap is a highly ambitious plan that sets a new standard of environmental performance for the global apparel and footwear industry. The roadmap serves as a first step towards achieving ZDHC by 2020. ZDHC has prioritised 11 chemical groups: Phthalates (ortho-phthalates), Brominated and Chlorinated flame retardants, Azo dyes, Organotin Compounds (TBT), Chlorobenzenes, Chlorophenols, Short-Chained Chlorinated Paraffins (SCCPs), heavy metals [cadmium, lead, mercury, chromium (VI)], APEO/NPEO and Perfluorinated chemicals (PFCs). Under this project for achieving ZDHC, we adopted efficient chemical use and best chemical management practices such as collecting original MSDS with CAS number, compliance/confirmation certificate as per Manufacturing Restricted Substance List (MRSL)/Restricted Substance List (RSL). We maintain proper chemical labelling on chemical containers and educate workers.

...Viyellatex has started another project, Zero Discharge of Hazardous Chemicals (ZDHC), with the supervision of Puma...



ENVIRONMENT

Principle 9

To safeguard natural resource (gas, water) Viyellatex has developed several heat recovery programmes (e.g. using condensed steam & exhaust gas boiler) in regenerating energy. Rainwater is stored with the help of rainwater harvesting system, to reuse the water in production processes, (e.g. washing, dyeing, etc.). Also, the treated water from the effluent treatment plant is reused for toilet flushing in bathrooms for about 7,500 workers in the factory premises.

Also, metal roofs at different sites are coated with ASTEC Re-ply roofing system that helps in reducing energy costs, and brings in additional benefits such as Seamless Wind and Weather Protection, All-climate Stability, and many more.

Also, more than 800 bulbs have been replaced with energy savings bulbs, and sewing machines are equipped with servo motor, which is widely known for its low energy requirement.

Viyellatex has reduced electricity consumption in daytime in many areas by switching off unnecessary electric lights six hours a day where 68,530 kWh of electricity is saved from 274,119 kWh of the previous year in the reporting period. The company saved 71,517.6 kWh of electricity after repairing 30 percent of compressed air leaks. After recover and reuse of condensate 566649 Nm³ natural gas is saved during this reporting period.

In the reporting period, Viyellatex has collected 19,778 m³ rainwater for using daily fabric and washing production during the rainy season which helps reduce pressure on groundwater resources annually and also reuse 23,520 m³ treated waste water for toilet flushing. Viyellatex has saved 16,769 m³ of groundwater by installation of different instruments and adopt of water saving technologies.

Lastly, the environmental standards and different mechanism have enabled Viyellatex to save roughly total 60067 m³ of ground water, 140047.6 kWh of electricity and 566649 Nm³ of natural gas in this reporting period.

Viyellatex has been able to reduce carbon footprints by 25 percent from the base line year of 2009. This is further aided by a report compiled by Systain Consulting GMBH.

...Viyellatex has saved 68,530 kWh of electricity by switching off unnecessary electric lights in day time. It also harvested 19,778 m³ rain water...



ANTI CORRUPTION

Principle 10

Good corporate governance is given vital importance as it promotes the long-term interests of shareholders, strengthens board and management accountability and helps in building public trust. We conduct periodic anti-bribery audits of our business to raise overall awareness, detect potential misconduct and monitor compliance with anti-corruption laws and company policy. The use of ERP software's such as SAP has helped infuse a culture of transparency and accountability.

Moreover, an internal audit team conducts investigations, detects misconduct and monitors compliance with anti-corruption laws and company policy. The team appraises significant locations for risks-related to corruption and reviews activities to reveal any gross misconduct. For further aid in auditing, all high important places are monitored by closed-circuit security cameras.

Also, all new employees recruited to Viyellatex attend an on-boarding programme where the aim is to make them familiar with the organisation's policies, code of conduct and other commitments.

.....The use of ERP software solutions such as SAP has enabled VIYELLATEX to infuse a culture of transparency and accountability.....