

SUSTAINABILITY REPORT || 2015



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

YASIN KNITTEX INDUSTRIES LIMITED



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Letter from the CEO

I am pleased to confirm that Yasin Knittex Industries Limited (YKIL), a sister concern of Auko-Tex Group reaffirms its support of the Ten Principles of United Nations Global Compact in the area of Human Rights, Labour, Environment and Anti-Corruption.

For the sustainable progress and enhancement it is imperative to believe the ten principles and which would bring about the changes of the society and the country which all we cherish.

Since its inception in 2002, Auto-Tex Group has been involved with a number of projects which address the issues to environment and society. It strongly believes that business must run with the corporate sustainable approach not just meeting national requirement but even to the global perspectives. The project of UN Global Compact is designed to focus some very important issues about human rights, social, environment, corruption and above all, UN goals. In fact, the project echoes the voices of Yasin Knittex Industries Limited.

In last year we have worked to reduce carbon emission and also worked on to reduce water not only for dyeing purpose but also for the daily consumption of the employees. Right from the beginning considering our requirement we have inducted man after going through a modern HR concept and trying to put the right man in the right place in all the department as possible. Training is also imparted to withstand all the recent development in the machines and equipments.

We have procured high quality of computerized machines and equipment in order to water during dyeing and in energy savings. Considerable help we have received from IFC and Pure H₂O to address the issues as prescribed. The majority of the recommendations have been addressed by us but I am sure with a short time other issues would be duly addressed.

Initially, we set our target and such all-out effort has been made in order to have smooth planning and execution. To improve further we try to find out new concept and try to incorporate in our production and consider sustainable approach towards attaining the desired aim or target.

Strategies have been made in order to use available resources and to take their best advantages with efficient management for long term benefits and consistently returning of the profits not keeping aside the environment, society and ethical business

For the safety and security of the employees' all-out effort has been taken. All the buildings are connected along with the roof tops in order to have easy evacuation in time of crisis. We have taken all positive steps for the health and education for their children. We have tried to give more focus on the women training especially for their health and production related issues working with HER project. Nutrition and child care training have also been imparted to them. We are also working with Better Work and GAIN in order to have better life for the employees. 24 hours hospital and ambulance available for the employees with free medical support to affiliated hospitals nearby. We are also working for the betterment of the employees.

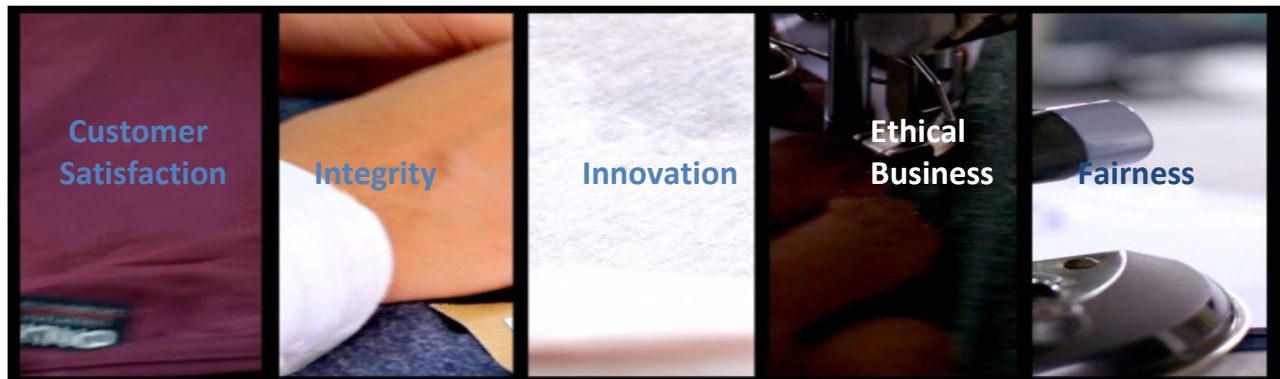
In this annual Communication of Progress, where we describe our actions to continuously improve the integration of the Global Compact and its principles into our business strategy , culture and daily operations. We also commit to sharing their information with our stakeholders using our primary channels of communication.



Abdus Sobhan
Yasin Knittex Industries Ltd
Chief Executive Officer



We cherish our own values



Human Rights (Principle 1&2)

Assessment, Policy and Goals

Yasin Knittex Industries Limited (YKIL) right from the inception adhered to the basic human rights which are inherent to all Bangladeshi whatever their sex, colour, religion or any other status. We are all equally entitled to our workers without discrimination. Based on the universal laws and the business partners requirements our code of conduct is in vogue. Integrated management system would be implemented by Oct 2015 by a global firm URS which includes ISO 9001: 2008, ISO 14001: 2004 and ISO 18001: 2007.

Freedom of expression; economic, social and cultural rights, rights to work, social security and education are being addressed in this company. We follow this principle:

“All human beings are born free and equal to dignity and rights.”

Implementation

Following initiatives have been taken in order to respect human rights violations:

- 1) Working conditions and working hour have been complied as per the existing Law.



- 2) Smooth owner and worker relations have been created and existed.
- 3) Harassment in the work place is taken care of seriously.
- 4) Workers level of knowledge of human rights and laws are taught and included in their hand books.
- 5) We refrain from sudden hiring and firing.
- 6) Timely payment, weekly holidays, overtime payment are ensured.
- 7) Maternity leave with pay as per law is ensured.
- 8) Appointment letters with ID cards are given to the workers.

- 9) Occupational accidents are addressed seriously.
- 10) Any Complaints are being addressed. Suggestions and call centers are being used by the employees and addressed.
- 11) Medical support for the parents is given.
- 12) Human Resources policies have been made and implemented.



- 13) Free medical service with 24 hours Doctor is ensured



- 14) Child care center is kept for the women workers with nutrition food.

Outcomes

- Human Resources policies created an opportunity for inducting right employees in the right place.
- Positive address of grievances by the authority has made employees more confident and they are working with ease and smile.
- Regular meeting by the Participating Committee with the Executive Committee paved away many points related to the workers welfare and rights.
- Complying with the working hours and overtime has been minimized the absenteeism considerably.
- Imparting knowledge about the Human Rights to the employees entailed confidence, and they are in a position to express their grievances and rights even to the higher authority.
- Employees are making their own family budget properly as payment is being made in time.
- Pregnant employees are mentally satisfied and need not think about the nutrition of the new born child as Maternity leave with payment is ensured.
- Women employees with child are working with confidence as they are being well looked after in the child care center.

Labor (Principles 3, 4, 5 & 6) Assessment, Policy and Goals

In last twelve months all the Standard Operating Procedure (SOP) for the labor related issues have been made and implemented. Bangladesh Labor Law, UNGC principles, ILO Conventions and business partners COC have been included precisely and followed. Goals of 2014 have been achieved considerably. All the buyers they periodically carries out the Social Compliance Audit and scores 95.65 in average.

Implementation:

Following measures have been taken for last 12 months:

- 1) All the employees are having now life insurance policy.
- 2) Elected Participation Committee (PC) is working.



- 1) Would be working with GAIN (Global Alliance for the Improved Nutrition) in order to enhance the nutrition level of the employees.

Global Alliance for Improved Nutrition (GAIN)



This is new project run by the BSR globally and in BD it is run by Change Associates. Gain is an alliance driven by the vision of a world without nutrition.

- At present GAIN is yet to start functioning but we would like to be the first RMG industry where GAIN is going to start the nutrition project like HER project.

- 2) Working with Better Work (BW) in order to improve the working conditions, productivity, quality and competitive ness of factories in global supply chain.



BETTER WORK

- It is a partnership program between ILO and IFC aim to improve working condition in the readymade Garment Sector designed to support the National Tripartite Plan of action on fire safety and structural Integrity in Bangladesh.
- Working with better work would help in improving the working condition in the Factory.
- Improve the productivity.
- Improve quality and competitiveness of our factories in global supply chain.
- At present BW providing us the advisory support along with the assessment and training of the Officers and the workers . They are giving training on Financial Trg, Nutrition, Negotiation skill, Supervisory trg skill etc.

- 3) HER(Health Enable Return) for the women employees and HIS (Health Improved society) have been conducted in order to educate them in personal Health, Nutrition, family planning, family responsibility, occupational health and STI/ STD.

Impact



Sanitary napkin distribution at half cost among female worker each month.

HER Project

| | |
|-------------------------------|--------------------|
| Number of the Workers: | 1200 person |
| Duration | June' 13 - Dec'14 |
| Module Completed | 6(Six) |
| Training / Discussion Done | 1200 person |
| Health Svc Provided | 998 person |
| Reproductive Health Svc | 367 person |
| General Health Svc | 631 person |
| Currently | |
| a. Under Treatment | a. 89 person |
| b. Cured | b. 30 person |
| Absenteeism: | |
| a. Previous: | a. 11% |
| b. Present: | b. 7.5% |
| Migration: | |
| a. Previous: | a. 8.5% |
| b. Present: | b. 6.5% |

- 4) We are now working with GIZ to bring about changes in preparation of documentation and development of the standard of OHSAS (Occupational Health and Safety Standard).

5) Financial help in order to have better education to the workers children.



6) Early health checkup is being carried out for all the employees.

7) Religion pilgrims are being carried out by the employees

8) Housing scheme has been introduced.

9) Birth day gifts for the employees are practiced.



Outcomes

- Introducing Life Insurance would help the family of the workers in great extent in case of any crisis.
- Implementation of the GAIN would be benefited substantially for the employees in terms of their nutrition.
- HER Project entails reduction of the absenteeism and changing the women folk in term of their reproduction and health considerably.
- Employees are capable enough of educating their children's by getting the financial help from the company regularly.
- Health checkup annually by the workers would ease their pressure for the health and can be treated if diagnosed negative earlier.
- Housing scheme would ease the housing problems for the employees considerably.
- Creation of the Foundation in the Village helps change the social and economic scenario in great extent. Young people are being trained in IT sector. 20 school and colleges are being looked after and elderly people are being financed for their better life.
- Good numbers of employees have performed their pilgrims.

Environment (Principles 7, 8, and 9)

Sustainable approach always in mind when Yasin Knittex Industries Limited (YKIL) has been commissioned and we have involved ourselves while making a decision and taking action that are in the interests of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. Environmental sustainability is about making responsible decisions that will reduce our any business's negative impact on the environment.

Implementation

CP

We are committed to delivering our products by reducing energy demands, manage energy and environmental footprint. We also rethink our business practice to reduce environmental impact and improve their bottom line.

- Converted 150 conventional motors of sewing machines to the Servo motors.
- Another 650 machine purchased with built in servo motors.
- Converted inverter system from conventional motor for the Irons table.
- Converted 2000 conventional T8 tubes to the energy saving T5 tube.
- Changed the process of dyeing to save the underground water.
- Double Insulation of 400 meters of the steam line.
- Increasing the temperature of the boiler feed tank between 85-95 degree Celsius.
- GHG (Green House Gas) emission reduced 11%.

PaCT



Partnership in Cleaner Textile

We have been approached by the IFC to join the deep dive program called PaCT in 2013. After getting that invitation we sat together and tried to find out the benefits of this CP. We found within 18 months a significant saving in terms of water and energy.

An initial walk through audit has been carried out by Mr. Phil Patterson and Mr. Bruno who are the experts on dye house and waste water respectively.

PaCT in Auko- Tex

The baseline assessment has been carried out in July 2013 and a debriefing on Oct 2013 subsequently deep dive assessment program conducted on Jan to Jun 2014 and suggested 63 recommendations as under:

37 were related to dye house

12 for utilities, 12 for ETP, 2 Water and Energy Management System

30 implemented out of 63 recommendations



- In various leaves and festival every worker receives saplings for the plantation in his home.



**On 18th June, 2015 MS. MARY PORTER PESCHKA
DIRECTOR CROSS-CUTTING ADVISORY SOLUTIONS DEPARTMENT,
IFC**

Pure H₂O

Pure drinking water is a huge issue in Bangladesh where more than 70% of all diseases stem from water borne bacteria. DANIDA (Danish International Development agency) through their business Project initiated Pure H₂O program to test possibility for reusing some of the dirty water/ Waste water and or rain – harvested water to provide clean drinking water for the workers. Under the CSR, AUKO-TEX has undertaken this project. This program has already been integrated in the training program of HER project.



(Providing Clean Drinking Water)

Technology Provider

Pure H₂O

Financial Support

DANIDA/ Royal Embassy of
Denmark in Dhaka

Equipment Commissioning

Navana Group Bangladesh

CSR Stakeholder

Bestseller

Beneficiary

Auko-Tex Group

- All the perimeters related to the ETP water have been carried out home and abroad for the human consumption.
- Every worker will have the access of pure drinking water in the factory as well as at home.
- One canister having 04 liter capacity and Jut bag issued to the workers for the collection and carrying of the water from the Factory.
- Workers need not pay for the water.



On 18th March, 2015 His Excellency Mr. Mogens Jenson, The Danish Minister for Trade and Development Cooperation visited this company & inaugurated Pure H₂O Project.

Outcome

- During the rinse process block wash is introduced.
- Before CP ,batch drop was 21 times and after CP, batch drop is 12 times
- Water liquor ratio has been substantially reduced to 1:8 which saves approximately 210m3/ton of water per day.
- Cost saving for the process optimization USD 30822.00/year
- Implementation of CP caused savings in terms of setting up of Servo machines USD 87750.00.
- In ETP we have saved 77800.00/year by the process of minimization of water.
- We save annually 47% from total processed water.
- Total electricity by changing of T8 bulb to T5 Bulb 264000Kw/year.
- Electricity load in terms of CP introduced, during the process optimization 36000 Kw/hr.
- Workers can take 4 liters portable pure water from the Company without expending any money by implementing the pure H2O project.
- Distribution of 05 numbers of saplings annually to the employees can have some positive impact to the environment.



Anti- Corruption (Principle- 10)

All possible steps have been taken in order to arrest corruption and trying to address abuse of public trust, act of bribing, act of profiteering, baseness and breach of faith. As per existing zero tolerance policy along with a protocol all the corruption related issues are being followed.

Implementation;

- All assessment has been carried out of the risk of corruption and SOP has been made.
- Periodical Internal audit is carried out.
- External Audit is carried out by a Bangladeshi Chartered Accountant Company, M, A, Matin & co.
- Before any procurement sourcing study is being carried out using Five Point sources and a comparative study is made in order to maintain water level of the procurement.
 - a. Individual knowledge.
 - b. Local knowledge.
 - c. Using Group knowledge.
 - d. Internet searching.
 - e. User's knowledge.
- As per SOP the committee like purchasing committee, Quality Control committee and Marketing committee are used for the procurement. Audit committee certifies the procedure as per the SOP.
- In time of the recruitment a comprehensive SOP is in vogue. New employees through the principles of business ethics.
- A comprehensive observation is carried out in order to find out the ethical behavior of the employees.
- Supply Chain Sustainability: Considering sustainable management is the key and to manage the operational cost we have the SOP to be adhered to.
- Training is also done on ethic to all the employees.
- To stop pilferage and minimize the timings Central ware house is placed in between the Factories.



Outcomes

- Employees are now aware of the ethical business and result is encouraging.
- Placing of the central ware house in between the Factories reduced considerable time and mismanagement.
- Proper address of the Supply chain management contributes significant result in the timely quality products to our esteemed buyers.

Our Certifications

WRAP Certificate

**Oeko-Tex 100 Certification for
Printing, Dyeing and Finishing
Department**



Membership



Water Footprint

MEMBER
Organic
trade association™



United Nations
Global Compact

OTA
solutions™

Making on-site location based marketing possible.

Awards

- 1) Best Environmentally Compliance Factory in 2011-2012.
 - 2) Crag hoppers Factory Evaluation Gold Certificate
 - 3) Best Factory in Cleaner Production (CP) run by IFC and Solidaridad
 - 4) Best Factory in Partnership for Cleaner Textile (PaCT) run by IFC, Solidaridad, Brands etc.
 - 5) CIP award has been given to Managing Director for the year 2013 and 2014.
- 6) International Quality Crown Award in London 2014



- 7) Platinum Winner Social compliance (Innovative Initiative) 2014



Our Buyers



Our Products



- Shorts
- Polo-Shirts
- T-Shirts (Men, ladies & Kids)
- Leggings
- Tank Top
- Sweat Shirts.
- All Children/Ladies wear & Fancy Designed garments.

If you have any queries, please Contact:

Brig.Gen. Shawkat Hossain Psc. (Retd)

Executive Director

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