



GLOBAL COMPACT

ATG® Ceylon (Pvt) Ltd.

Find out more: www.atg-glovesolutions.com





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1. ATG: The Planet and its People

We put sustainability at the core of our global operations because the safety of the planet and its people is a responsibility we take seriously.

As an expression of our responsibility towards our planet, we have appointed a dedicated team that continually measures and monitors the short and long-term ecological impact of all our production processes. This team's expertise also helps us to think ahead, improve performance and find ways to further minimise our global environmental footprint.

This entire monitoring process is ISO 14001 certified and serves as the foundation for our environmental framework as well as our HAND CARE Programme.

Our whole manufacturing process is in line with the requirements of the European REACH Regulation.

We use our HAND CARE Programme for every single ATG product. Not only do we make certain that all the elements used in our manufacturing process are safe for our employees, we also wash all the gloves after the production process as a further step in ensuring cleanliness. During this laundering process, we favour the use of water that is rain-harvested, treated and continually recycled from our own water treatment facilities.

This enables us to guarantee our gloves to be "Fresh out of the pack" which is certified by Oeko-Tex. We spare no effort in making sure that the ATG glove experience is a gentle one, both for the user's skin and for the planet.

We do everything we can, from start to finish, to guarantee that our gloves are 100% allergy tested and dermatologically accredited, and can therefore be considered to be the "skin-friendliest gloves on the planet".

On a larger scale, we use the United Nations Global Compact leadership platform as a framework for strategic policy initiative on the principles in the areas of human rights, labour, environment and anti-corruption. The following report outlines our progress to this program over the last 12 months.



2. The Intelligent Glove Solution

Bringing out this Intelligent Glove Solution to protect one's hands happens due to the deliberate efforts of a wide range of personnel - about 4000 of them – working in tandem guided by the common set of following values.

Innovation, Quality, People & Planet, Long-term Partnership

These four values remain inseparable from each other as we keep on manufacturing pairs of gloves one after another and this all happens within a sustainable framework.

The seeds for the total process starts when the product service insight is identified. We then put on the customers' shoes and identify:

- (a) what he would be expecting from the product,
- (b) key gloves suitability,
- (c) unmet needs,
- (d) users experience,
- (e) the competition and
- (f) the level of service.

Our subsequent efforts in developing the product through innovation are strengthened by collaboration with universities, parallel and specialized industries as well as experts in the field.

Throughout this entire process there is one aspect which is never compromised – Quality, Quality of Data gathered, Quality of Opinions Solicited, Quality of Suppliers, Raw Materials, etc. and of course the Quality of the Final Product.

It is quite strange; but we have found out that this obsession with quality quite readily blends with our concern for People and the Planet. When the quality is right there will be less burden on People and the Planet which ultimately leads to Long-term Relationships.

This process of ours at ATG is almost congruent with sustainable development and it comes quite naturally to us.

The Safety and Comfort we offer to our customers' hands will never allow them to take their hands away from us. That is the level of Long-stem Relationship we build up with them.

3. Sustainability Reporting – Path we have tread

Since 2003, we have been evaluating our commitment to the 10 Principles of Global Compact Minimum Requirements and reporting on the same. With the submission of each successive report, we have maintained our levels of compliance and/or improved our performance. Since of late we have realized the rationale of blending these ten principles into our strategy formulation and implementation processes which undoubtedly enhances the sustainability of these principles in the continuum of the management fabric.

It is a given fact that we don't employ child labour, we are not involved and condone forced or compulsory labour and our non-discrimination principle is enforced throughout the entire Human Resource function. The Human Resource functions that stems from identification of a need through recruitment, performance appraisals, training up and beyond the retirement phase.

In respect of environment related principles, we have been an ISO 14001 certified company since 2007, as a result of which we evaluate how, when, where and to what extent our activities could impact the environment. While we monitor 34 environment related parameters, we review adherence to our Environment Policy and the system every six months. We are also planning to actively support development and diffusion of environmentally friendly technologies by looking outside our corporate entity's environments.

Totality of our business related practices are completely devoid of corrupt practices of all types and forms and we do not hesitate to take these sentiments of ours public whenever needed.

Certificate SG0701505

The management system of

AT G CEYLON (PRIVATE) LIMITED

Spur Road 7, Phase II, Industrial Processing Zone, Katunayake, Sri Lanka

has been assessed and certified as meeting the requirements of

ISO 14001:2004

For the following activities

Manufacture and Exports of Industrial Gloves.

This certificate is valid from 12 February 2014 until 05 October 2015 and remains valid subject to satisfactory surveillance audits. An certification audit due before 05 September 2016 Issue 4. Certified since 18 December 2007

Authorized by



SGS United Kingdom Ltd. Systems & Services Certification
Horseshoe Business Park, Chesham Park, Chesham, Ch65 9EN UK
t +44 (0)117 320-6000 f +44 (0)117 320-6000 www.sgsgroup.com

000 0045 04 0011

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Certificate G896/8458/06

The management system of

ATG Lanka (Private) Limited

Site I - ATG Ceylon (Private) Limited, Spur Road 7, Phase II, IPZ, Katunayake, Sri Lanka
Site II - ATG Occupational (Private) Limited, Ring Road 3, Phase II, IPZ, Katunayake, Sri Lanka

has been assessed and certified as meeting the requirements of

ISO 9001:2008

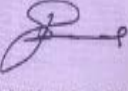
For the following activities

Design and Manufacture of cotton & synthetic supported (cut & sewn and Seamless liners) Nitrile Butadiene Rubber (NBR) or Natural Rubber (NR) Coated industrial protective gloves

Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2008 requirements may be obtained by consulting the organization

This certificate is valid from 22 September 2013 until 22 September 2016 and remains valid subject to satisfactory surveillance audits. Re certification audit due before 01 September 2016 Issue 17. Certified since 22 January 1996

Authorized by



SGS United Kingdom Ltd. Systems & Services Certification
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Hohenstein
Textile Testing Institute
GmbH & Co. KG
Bismarck-Hohenstein-78, D-7357 Bismarckheim, Germany
Institute of the International Association for Research and Testing in the Field of Textile Technology

The company

ATG Lanka (Pvt.) Ltd.
Spur Road 7, Phase 2 - IPZ
Katunayake, SRI LANKA

is granted authorisation according to Oeko-Tex® Standard 100 to use the Oeko-Tex® mark, based on our test report 16.0.79276, 16.0.85197



CONFIDENCE IN TEXTILES

Tested for harmful substances according to Oeko-Tex® Standard 100

08.BH.57867 HOHENSTEIN HTTI

for the following articles:

Knitted work gloves with interlining made of polyamide with micro foam latex & polyurethane coating, in mixture with cotton, acrylic, polyester, glass, dynamic polyethylene (Dyneema) elastane, in white & dyed, article names: MaxiFlex Ultimate, MaxiFlex Active, Endurance, Comfort, Elite & Cuni, MaxiCut, MaxiCut Ultra and Ultra DT, MaxiCut DT, MaxiDry, MaxiDry Plus, MaxiDry Zero, MaxiFlex, MaxiFlex Cut, MaxiFlex, MaxiFlex Ultra & XOL, MaxiFlex N, MaxiFlex, as well as Cut & Sewn work gloves made of 100 % cotton, with coloured NBR & PU coating, article names: NBR-Lite, NBR-Lite Extra, NBR-Lite Plus, partly finished with biological active products supplied by Oeko-Tex®, inclusive sewing threads, heat transfer & pad print, rubber threads & dots, produced by using material certified according to Oeko-Tex® Standard 100.

The results of the inspection made according to Oeko-Tex® Standard 100, product class II have shown that the above mentioned goods meet the human-ecological requirements of the standard presently established for products with direct contact to skin.

The certified articles fulfil the requirements of Annex XVII of REACH (incl. the use of azo-dyes, nickel, etc.) as well as the American requirement regarding total content of lead in children's articles (CPSIA) with the exception of accessories made from glass.

The holder of the certificate, who has issued a conformity declaration according to ISO 17065-1, is under an obligation to use the Oeko-Tex® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by Audits.

This authorisation is valid until 31.03.2017

Bismarckheim, 13.06.2016



Dr. Stefan Drexler
Managing Director



Dr. rer. (FH) Elisabeth Weidner
Head of Certification Body Oeko-Tex®

4. Scope and Boundary

We are, today a much larger entity than when we commenced our first submission to the Global Compact Framework. But we have endeavored to bring about expansion within the framework of Global Compact's principles and we believe we have succeeded in this.

The subject matter for this report is ATG Group of Companies which includes (a) ATG Ceylon, (b) ATG Occupational, (c) ATG Knitting, (d) ATG Lanka Stores and (e) ATG HandCare and all the processes carried out at these units and their respective locations.

This report depicts how ATG has performed on the material aspects identified in Global Reporting Initiative's reporting framework looking at economic, social governance and environmental considerations.

Figure I indicate how these dimensions have become material down the ATG's value chain.

ATG Value Chain

Figure I

| Global Compact Consideration | | ATG Value chain | | | | | | | | | | | |
|------------------------------|--|-----------------|----------------|-----------------|----------|----------------|----------------|-----------|---------------|-----------|-------|--------------|-------------------|
| | | Finance | Infrastructure | Human Resources | Research | Process Design | Product Design | Logistics | Manufacturing | Marketing | Sales | Distribution | Post Sale Service |
| 1 | Diversity and equal opportunity | | | √ | | | | √ | | √ | √ | √ | |
| 2 | Effluents and waste | | √ | √ | √ | √ | | √ | √ | | | √ | |
| 3 | Employment | | √ | √ | | | | | √ | | √ | | |
| 4 | Equal Remuneration for women and men | | | √ | | | | √ | √ | | | √ | |
| 5 | Forced or compulsory labour | | | √ | | | | √ | √ | | | √ | |
| 6 | Freedom of Association and Collective Bargaining | | | √ | | | | √ | √ | | | | |
| 7 | Assessments (Human Rights) | | | √ | | | | √ | √ | | | | |
| 8 | Human Rights Grievance Mechanism | | | √ | | | | √ | √ | | | | |
| 9 | Labour Practices Grievance Mechanism | | | √ | | | | √ | √ | | | | |
| 10 | Local Communities | | √ | √ | | | | | √ | | | | |
| 11 | Non-discrimination | | √ | √ | | | | | √ | | √ | | |
| 12 | Occupational Health and Safety | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 13 | Training and Education | | √ | √ | √ | √ | √ | | √ | √ | | | √ |
| 14 | Child Labour | | | √ | | | | | | | | | |
| 15 | Emissions | | √ | | | √ | | √ | √ | | | √ | |
| 16 | Energy | | √ | | | √ | | √ | √ | | | √ | |

| Global Compact Consideration | | ATG Value chain | | | | | | | | | | | |
|------------------------------|--|-----------------|----------------|-----------------|----------|----------------|----------------|-----------|---------------|-----------|-------|--------------|-------------------|
| | | Finance | Infrastructure | Human Resources | Research | Process Design | Product Design | Logistics | Manufacturing | Marketing | Sales | Distribution | Post Sale Service |
| 17 | Environmental Compliance | | √ | | | √ | | √ | √ | | | √ | |
| 18 | Environmental Grievance Mechanism | | √ | √ | | | | √ | √ | | | √ | |
| 17 | Labour-Management Relations | √ | | √ | | | | | √ | | | | |
| 18 | Supplier Assessment for Labour Practices | | | | | | | √ | | | | | |
| 19 | Supplier Assessment for impact on society | | | | | | | √ | | | | | |
| 20 | Supplier Assessment for Environment assessment | | √ | | | | | √ | | | | | |

5. Chairman/Chief Executive Officer's Message



John Taylor
CEO & Chairman

Having started involvement in basic social responsibility issues by participating in Global Compact's 10 principles in 2003, we have gradually enhanced our commitments in respect of these principles while addressing the other relevant criteria in respect of the advanced scope as well.

While we have advanced in our manufacturing capabilities, geographical spread of these capabilities as well as the market spread of our products, we have always aligned these to the social responsibilities we should shoulder as a responsible corporate citizen. This consideration stems from our belief that a corporate entity cannot exist independent of its social environment. We have enshrined these social responsibilities into our Real Time Strategic Planning Model which is depicted elsewhere in this COP. To assist in taking these social responsibilities

into the corporate fabric of ATG we have evaluated the relevance of the individual criteria to each and every stage in our value chain and the personnel manning these stages made aware of the resulting involvement. While the human resource function overlooks the relevance and applicability of labour related criteria at recruitment phase, all functional heads ensure that these criteria are equally well served during the subsequent phase of the individual's employment at ATG.

We have committed ourselves to the fulfilment of Human Right criteria at ATG and this commitment again stems from the Social Responsibility aspect of our strategic planning model.

When it comes to the Environment related aspects of our operations, we established ISO 14001 based Environment Management System in 2007 which certification had been continuously audited and sustained up to date. We have been continuously demonstrating our robust commitment to the system through substantial investments of resources – manpower, financial – targeting improved environmental performance.

Our commitment to the eradication of corruption of all types in the Sri Lankan business environment is uncompromised. We reinforce this commitment by periodically briefing all officers who would be externally subjected to prompting towards corruption and also by scrutinizing and auditing of interactions with external agencies. Our commitment towards social investments and philanthropy has been bearing fruits with our identifying and fulfilling the communities' need for clean water, health care products, etc. We have set ourselves the objective of formalizing this further by incorporating a foundation which will be dedicated for this purpose.

While we are alive to the role we could play in engaging ourselves in the public policy development advocating commitment to the Global Compact's Advanced Criteria, we would seek every opportunity for the same within the framework of industrialists' association in the Zones we are operating in. These associations, some of which we have led, could form the basis of a long term partnership dedicated to collective action along these Global Compact's guidelines.

Our commitment to these Advanced Criteria and Corresponding results is periodically brought to the focus of the Board which is expected to prompt future action along the same guidelines. Our strongest belief that Stakeholders' Engagement at the multitude of stages in our interactions with them has helped us to maintain mutually fruitful relationships for the sustenance of the Planet we share.

Our understanding that the Planet is gradually becoming a more & more difficult place to habitate prompts us to commit more and more resources to these Global Compact Principles.

We will not fail in our commitments to this endeavor.

6. Messages from the Two Joint Managing Directors

6.1 Joint Managing Director - Operations



Fazal Abdeen

Jt. Managing Director -
Operations

Whenever I see Sri Lankan Landscape while returning from an overseas visit, my mind gets inundated with ideas to implement different sustainability projects to enrich the lives of the Sri Lankan Community. This desire helps me to look favourably at the sustainability projects brought to me by the staff themselves.

We have evinced a keen enthusiasm about the satisfaction and well-being of all our stakeholders from the very beginning. It is this enthusiasm which drove us towards different types of certifications – from ISO 9001, CE mark to ISO 14001, etc., all of which were indicative of how we respond to the needs of our different stakeholders.

Just as much as we, in our normal manufacturing arena, adopt a pulling model rather than a pushing model, even in respect of fulfilling or responding to the stakeholder requirements we adopt a pulling model.

Thus is the challenge, I, as Jt. Managing Director in charge of Operation have to-day; fulfilling the consumer requirements brought to us by my colleague overlooking Marketing within the framework determined by the Social Responsibility Path we have selected for ourselves. This framework has only been expanding during the last thirteen years of our existence; expanding in respect of both breadth of coverage and depth of application. But I enjoy facing the challenge; after all what is business management if not for successfully facing the challenges presented to you. Of course, the circumstances are changing in that, earlier we had to face the challenges thrown at us by personified stakeholders while to-day we have at least one stakeholder it is difficult to personify- the environment.

In providing the required leadership (to meet this challenge) to my team at ATG in addition to the set of values we cherish and expressed elsewhere in this document, I also adhere strictly to three fundamental principles which I practice and expect from my colleagues; (A) Practice the technologies studied to the highest level possible, (B) Sincerity of intentions in all our dealings and (C) Never be casual about Failures.

If I were to tread a bit more on the path we have already carved out for ATG, we have adopted system oriented approaches in respect of our efforts in fulfilling expectations of our customers, the environment and our employees. Wherever such a system approach is not practical, we listen to the corresponding stakeholder/s themselves and set out our action plan for the same.

It is our belief that when corporates could respond to a stakeholder requirement within a shorter time span, with lesser involvement of individuals, such responses would not need a systems approach and this prompts us to respond to the requirements of our extended stakeholders fast and have a separate unit within the company for the purpose. So this report is primarily about how we have been responding to these stakeholder expectations through that unit.

We firmly believe that fulfilling the expectations of our stakeholders is also a journey without a finish line and hence we prepare ourselves for the future accordingly.

It is to the credit of Global Compact Initiative that we are being kept on track on this difficult journey and to the credit of my colleagues that we have been able to cope with the relevant expectations.

6.2 Joint Managing Director – Commercial



Howard Goth

Jt.Managing Director -
Commercial

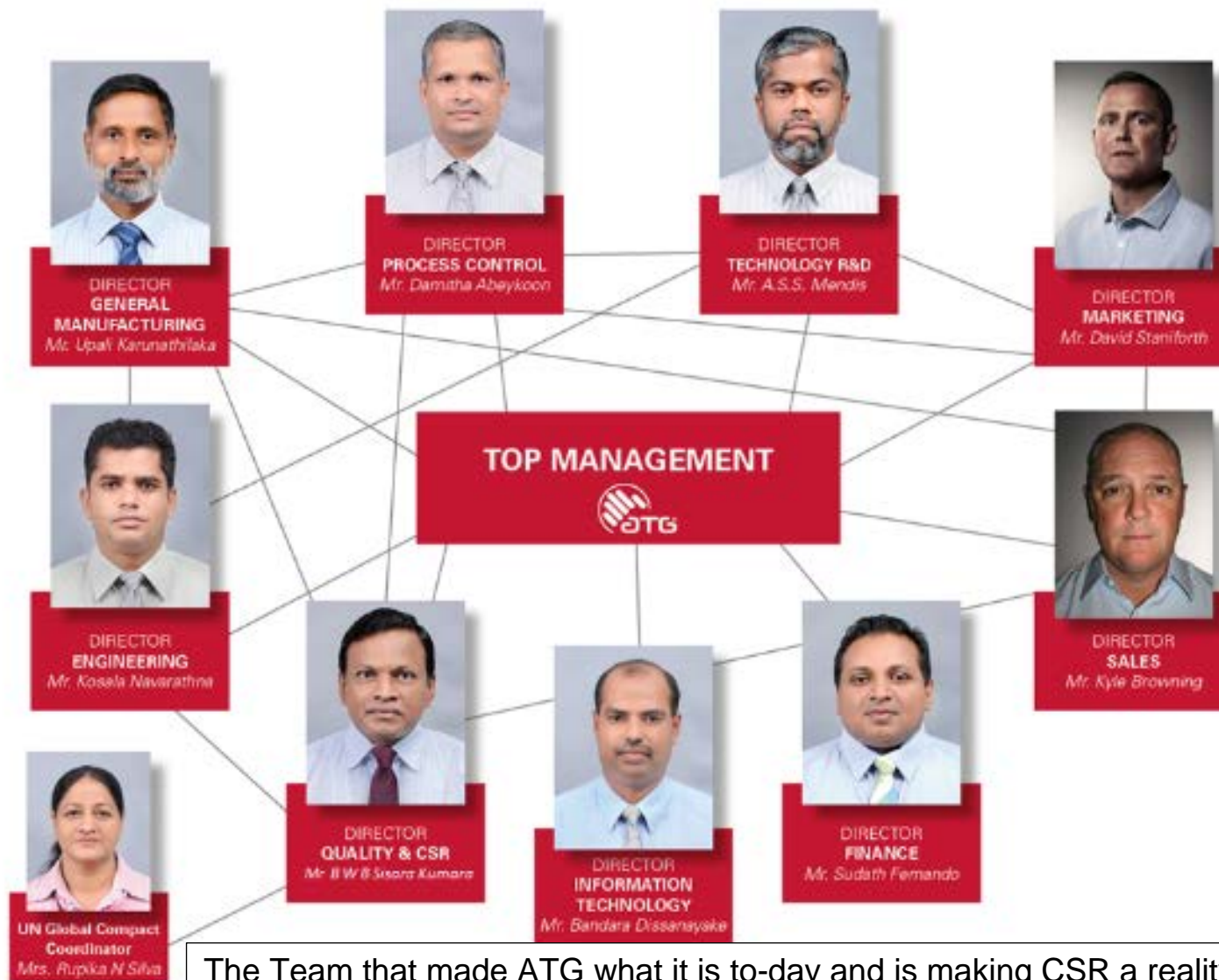
Generally, my visits to customers and my meetings with my Regional Sales Teams have become quite challenging since of late. To-day they confront me with questions about what we do in respect of environmental aspects of our manufacturing processes, how we treat our employees, how we are looking after the respective communities, etc.

But I am happy that we at ATG have enough things to talk about in respect of what we have done in these areas. In most instances we have been pro-active and I consider these questions and our responses as a competitive advantage we can boast about in to-day's market place.

We consider it our responsibility to feed these concerns of our customers to the management of the manufacturing unit in Sri Lanka so that, they get readily addressed and when the subsequent sales convention is held we would be in a position to explain what and what actions we had taken in the interim.

One of the more practical issues the customers raise very often is that of Product Integrity. We, at ATG, have taken very specific steps in fulfilling this requirement by getting each of the products leaving ATG premises to carry a specific label identifying (i) the resistances which the product would provide, (ii) the product identification label and (iii) the standards or certification schemes in respect of which the product has been certified. The close rapport which the ATG Sales Team has developed with our corporate clients helps us to obtain feedback on our gloves fast and comprehensively.

While I am happy that our colleagues at the manufacturing sites provide us all necessary information, etc. for our responses to customer queries on sustainability, I am thankful to the Global Compact Initiative for prompting us to be alive to the ever increasing set of needs of our universal set of clientele so that we would never be caught unawares.



The Team that made ATG what it is to-day and is making CSR a reality

(The lines shown are meant to indicate only togetherness of the team and are not indicative of any reporting relationships)

7. Strategy Identification

As demanded by Global Compact Advanced Requirements, the Global Compact requirements have been strategized into all the ATG's key processes. This incorporation has been brought about by being conscious of Global Compact requirements in the management of all the assets which are been utilized at ATG. Whether it is in the recruitment of staff or procurement of machinery and equipment we observe the corresponding Global Compact principles; for example, if its human resource we observe Global Compact principles 1-6 and if its machinery and equipment we would evaluate it in terms of Global Compact principles 7-9. Furthermore, at ATG we follow a Real Time Strategy framework wherein Social Responsibilities and Human Energy play two key roles. Our understanding and belief is that observance of Global Compact principles 1-6 will definitely enhance the degree of our ability to harness Human Energy and our Social Responsibilities cannot exist without our observance of Global Compact Principles 7-9. As such our Real-Time Strategy Model ensures that we remain committed to and observing Global Compact Principles by incorporating the relevant aspects into the Strategic Planning Methodology itself which is depicted below:



REAL TIME STRATEGY MODEL

| | |
|--|--|
| Principle 1 Protection of International Human Rights | Principle 6 Discrimination |
| Principle 2 Non-complicity in Human Rights Violations | Principle 7 Precautionary Approach to Environment |
| Principle 3 Freedom of Association & Rights to Collective Bargaining | Principle 8 Promotion of Greater Environmental Responsibility |
| Principle 4 Forced & Compulsory Labour | Principle 9 Development & Diffusion of Environmentally friendly Technologies |
| Principle 5 Child Labour | Principle 10 Elimination of Corruption |



8. Stakeholder Interaction

While ATG involves with its main stakeholders in a number of modes of engagement, ATG is planning a more transparent, formal, all-inclusive methodology for engagement with all stakeholders.

The current status of stakeholder interaction and plans for stakeholder engagement are indicated in the following table.

| Stakeholder Group | Modes of Engagement | Current Status | Plans for Future |
|-------------------------------------|--|--|--|
| Customers | <ul style="list-style-type: none"> Global Exhibitions Customer Surveys Complaint Handling Training for end users | <ul style="list-style-type: none"> A & A Exhibition in Dusseldorf - Participation Training for end-users Complaints Handling Procedure Customer Survey | <ul style="list-style-type: none"> Sustainability forum for Customers |
| Employees | <ul style="list-style-type: none"> Joint Council Meetings Informal get-togethers Trips Open door policy Facilitation of different types | <ul style="list-style-type: none"> Joint Council Meetings Attitudinal Training Programs Open door policy | <ul style="list-style-type: none"> Employee engagement study Implement full fledged OHS system |
| Community | <ul style="list-style-type: none"> Through employees from different communities scattered around the country | <ul style="list-style-type: none"> Receive many requests from community for support which are fulfilled | <ul style="list-style-type: none"> Independent Sustainability Stakeholder Engagement Study |
| Shareholders | <ul style="list-style-type: none"> Shareholder meetings | <ul style="list-style-type: none"> Meeting frequency at least once a quarter | <ul style="list-style-type: none"> A dedicated sustainability oriented meeting |
| Regulators & Government Authorities | <ul style="list-style-type: none"> Periodical evaluation of environmental adherence Interactions with factory operator community at the Zones | <ul style="list-style-type: none"> All environmental compliance certifications in place Currently president of the association & deeply involved. | <ul style="list-style-type: none"> Extend sustainability awareness programs within the Zone |
| Suppliers of Materials and Services | <ul style="list-style-type: none"> Environmental screening | <ul style="list-style-type: none"> Evaluate on Environmental Performance once in two years | <ul style="list-style-type: none"> Evaluation on performance on other CSR parameters |
| Business Partners | <ul style="list-style-type: none"> Interactions with factory operator community at the Zones | <ul style="list-style-type: none"> Currently president of the association & deeply involved. | <ul style="list-style-type: none"> Extend sustainability awareness programs within the Zone |
| Media | <ul style="list-style-type: none"> Engagement Study on identified Criteria | <ul style="list-style-type: none"> Only a casual occasional interaction | <ul style="list-style-type: none"> Formal Engagement Study on identified criteria |
| NGOs & Pressure Groups | <ul style="list-style-type: none"> Engagement Study on identified Criteria | <ul style="list-style-type: none"> Casual occasional interaction | <ul style="list-style-type: none"> Evaluation on performance on other CSR parameters |



9. Materiality Assessment

While ATG is alive to the many methods – Surveys, Engagement Exercises, Benchmarking, etc. that could be used to evaluate the materiality, ATG has identified a preliminary set of issues to be monitored at the beginning. While we believe a fair number of issues will be relevant to different steps in ATG's values chain, we intend to carry out a more precise and focused assessment of the materiality of different issues before the next COP is submitted.

- After having submitted COPs on Global Compact's ten principles during the last ----- years with no issues to be raised on Human Rights compliance and Labour related compliance ATG considers that these would not be material in to-day's context.

As such the key issues identified for monitoring are listed below.

- Energy consumption
- Solid waste management
- OHS Practices
- Product Integrity
- Social Investment
- Water consumption
- Effect on biodiversity
- Work place grievance process
- Training of Employees
- New Employee Engagement



The map given above indicates the location of our Primary Sales Partners that ensures us, in partnership, to ensure proximity and presence of our gloves world-wide

Our product integrity is reinforced by the markings on the gloves which carry the relevant quality certification.

10. Internalisation of Interaction Findings

Internalisation of Interaction Findings

| | |
|--|---|
| <ul style="list-style-type: none">• Interaction finding/GC Criteria | <ul style="list-style-type: none">• Need for Health & Safety consideration |
| <ul style="list-style-type: none">• Mode of Internalization | <ul style="list-style-type: none">• Implementing an OHSAS 18000 Based Management System |

In respect of this interaction finding, ATG has already established an OHSAS Policy which is displayed and been institutionalized. ATG has already measured the CO₂ levels, illumination levels and noise levels at different work areas and is in the process of establishing the required documented work processes required for a Healthy, Safe Work Place.

The infrastructure framework for such a Healthy and Safe Work place is already in place. The clean, orderly laid out factory premises equipped with all relevant fire hazard focused equipment is an indication to the employees that they are entering a Safe Work Place. Regular training has been provided to selected staff in respect of firefighting and first aid. Emergency response plans had been prepared for a selected set of emergencies as a part of the Business Continuity Plan

11. Enterprise Risk Management

As a part of the formulation of the company Business Continuity Plan, a comprehensive Risk Assessment Study covering all the operational units of the Company was carried out. Different units were assessed in respect of a selection of 36 threats selected from scanning from internal and external environments, with different probabilities for periodicity and impacting different vulnerabilities of different processes within the framework of controls already in place. Findings from this Risk Assessment was used to (a) identify the need for greater controls, (b) carry out a Business Impact Assessment and (c) identify Business Continuity Strategies depending on the Risk Appetite of ATG.

These strategies were converted into a full-fledged Business Continuity Plan with Process Continuity Sheets for all key functional areas, Emergency Response Plans for a set of identified emergencies and other related management procedures to keep the Business Continuity Plan alive. This plan is exercised with drills planned and carried out to match an identified schedule. This whole exercise was carried out by Somaratna Consultants' Director who is the only Master Business Continuity Professional certified by the Disaster Recovery Institute International of USA in South Asia.

12. Performance Monitoring

We continue with our performance monitoring in respect of Global Compacts' Ten Principles and have identified new aspects to be measured and monitored in line with our commitments to the Advanced Programme. The results of this exercise are as follows:

| | <i>Performance Indicator</i> | <i>Value</i> | |
|-----|---|--------------|-------|
| 1. | Number of international human right abuses complained by stakeholders | Nil | |
| 2. | Number of JCC Meetings held during the year with | 2014 | 2015 |
| | • ATG Representation | 9 | 9 |
| | • BOI Participation | 2 | 3 |
| 3. | Number of issues related to wages/salaries/benefits raised at such JCC Meetings | Nil | Nil |
| 4. | Number of Employees whose original identity documents are retained by ATG | Nil | Nil |
| 5. | Number of employees whose cash deposits/other financial securities are retained by JWCL (outside in relation to their list of duties) | Nil | Nil |
| 6. | Age analysis of all employees | | |
| | • Age 18 to 25 | 56.30% | 52.2% |
| | • Age 26 to 40 | 34.45% | 42.4% |
| | • Age over 40 | 5.25% | 5.4% |
| 7. | Number of instances where child labor issues had been detected | Nil | Nil |
| 8. | Number of Significant Environmental Aspects | | |
| | • Air | 7 | 10 |
| | • Land | 8 | 12 |
| | • Water | 17 | 22 |
| | • Noise | 7 | 6 |
| | • Resource Consumptions | 21 | 21 |
| 9. | Number of environmental management programs at different stages of implementation | 2 | |
| 10. | Number of training sessions/drills held in respect of such ERPs | | |
| | • Outside Training sessions | - | - |
| | • Drills | 4 | 4 |
| | • In House Training | 8 | 8 |
| | | | |
| | | | |
| 11. | Number of emergencies against which emergency response plans are available. | - | - |
| 12. | Number of Environmental incidents | - | - |
| 13. | Number of Environmental Characteristics periodically monitored | 35 | 32 |
| 14. | Male Female Ratio | 70:20 | 69:31 |

13. Performance Results

| | 2013 | 2014 | 2015 |
|---|-------|--------|---------|
| Local presence | | | |
| Local spend - salaries, material ,utilities etc% | | 27 | 44 |
| Foreign persons in employment in units | | 27 | 29 |
| Material Usage | | | |
| Paper – (kg) | | 207.5 | 185 |
| Polythene usage (tons) | | | 226.8 |
| Energy* | | | |
| Electricity from CEB (kWhrs) | | | 2979672 |
| Energy from Fuel Oils (kWhr) | | | 4853859 |
| Energy from LPG (MWhrs) | 11257 | 12365 | 14086 |
| Water Consumption: | | | |
| Recycled for manufacture (m ³) | | 98800 | 115359 |
| Waste water out (m ³) | | 216900 | 153350 |
| Solid waste generated (mt) | | | |
| | | 1560 | 1440 |
| Emissions & waste* : | | | |
| Greenhouse gases from different sources(t) | | | 6136 |
| Electronic waste (kg) | | 1000 | Nil |
| Any spills of oil chemicals etc. | | Nil | Nil |
| Compliance: Any fines & sanctions in respect of environmental noncompliance | Nil | Nil | Nil |
| Employment | | | |
| Total no of employees | | 2840 | 4109 |
| % of female employees | | 20 | 31.1 |
| Training worker hours for the year. | | 17040 | 23694 |
| Occupational health safety | | | |
| Injury rate % | | 1.26 | 1.21 |
| Absentee rate % | | 0 | 0 |
| No of fatalities | | 0 | 0 |
| *These correspond to what is relevant to ATG Ceylon only | | | |



14. Human Resource Dimension

Having reported on the first six Principles of UN Global Compact for the last 13 years, ATG is in a position to look forward to enhancing compliance of its Human Resource Principles to the next level of advancement. ATG has had no issues of significance in respect of these principles since 2003.

The Human Resource Management dimension plays a key role in our Real Time Strategic Planning Model because we consider this also as the most significant form of energy which will drive ATG. Once a need is identified for a unit of human energy, this need is followed up till it's acquired, assigned the relevant role and provided with the ability to perform.

Management of Stress due to anxiety

Since we believe that our colleagues need to have peace of mind to perform, we eliminate all aspects which could deprive them of that peace of mind – stress arising due to issues related to (a) coming to work, (b) returning from work, (c) uncertainties about health & medical expenses, (d) special needs during pregnancy & delivery, (e) special needs from family issues like a death in the family and (f) issues related to infrastructure at home, etc. We have taken steps to release this stress almost completely as indicated below.:

- (i) Provide individual transport in way of 4 wheel and 2 wheel vehicles.
- (ii) Provide common company transport to everybody else
- (iii) 24 hour insurance for all employees
- (iv) Special medical insurance for senior workers.
- (v) Additional snacks for pregnant mothers as recommended by the Company Medical Sister
- (vi) Monetary gift to the mother after delivery
- (vii) Death donation when an immediate family member expires
- (viii) Complete coverage of expenses from mortuary to grave in the case of a death of a member



Additional snacks to pregnant mothers



Death donation



Motorbikes for staff workers





Management of Stress related to work

ATG has also taken steps to release the stress of its staff members through a variety of mechanisms as follows.

- (i) Birthday celebration - Each member is given a birthday gift which is planned once a week
- (ii) ATG organises an annual trip and a sports meet to develop the camaraderie of workers
- (iii) ATG also provides for small lunch time entertainment called "Dessert" where there would be story telling, songs, etc. for 20-30 minutes to release the stress from the morning session.
- (iv) ATG has provided a special aesthetically designed space called "Ketapath Pavura" for employees to pin their creations in way of poems, short stories/articles, etc.
- (vi) ATG also ensures that the mental stress of parents living in distant places about the place where their children work is released by bringing them to ATG premises to see the environment in which their children work.
- (v) ATG also publishes a company magazine called "Athwesma" meaning "The Glove"

Performance related aspects

Performance appraisals is something that we are implementing for all employees which is shared with the individual appraised and we have started to measure the percentage of employees subjected to performance appraisal.

The outcome of this performance appraisal provides us the opportunity of providing the appraisee the necessary components of the particular competence required for his/her position in the overall operation. This component may be knowledge, a skill or a process ability. If there is a need for imparting knowledge, ATG sends the individual for a training programme; if it is the enhancement of a skill that is necessary he/she will be guided in developing the skill and if it is a process ability need it would be enhanced by collaborative learning.

Training programmes to enhance the thinking processes, attitudinal training, etc. are periodically organized.

We have had 17,040 worker hours of training in 2014 which has increased to 23,694 worker hours. in 2015.

Way forward

As we have been alive to the significance of people in our overall processes ever since the inception of ATG, we have identified the need to convert the currently active individual processes related to Human Resources to a more effective management system in line with the robust commitments and strategies linked with the human resource element – especially so as People form an important aspect of our values and Human Energy is one of the key pillars in our Real Time Strategy Model. When we establish this Human Resource Management System, we intend to introduce an Employee Engagement Evaluation also to our calendar of events so that we could be more proactive in our human resource related initiatives.

Ketapath Pawura



Familiarization to parents





Cutting a B'day cake



Annual Sport-meet



"Dessert"



A gift for each



Annual Trip



15. Our Concern for the Environment and Biodiversity

It was in the context of our concern for the Environment that we embarked on our journey towards ISO 14001 way back in 2006. After all, we were manufacturing gloves to protect hands; but what would people use these hands for when they go home-that is more than 50% of their total time. He/She would be using his/her hands to hold water to his/her mouth to drink, wash with water and hold a fruit and eat. So if there is no clean water or no clean environment to offer us the fruits, there will be no use of protecting our hands. It was this rationale which prompted us to look at the Environment Management System which we always preserved through our journey of expansion during the last few years.

Our ISO 14001 Environment Management System is quite a robust system in this 10th year of its existence and the system been audited once every six months by an outside audit company. Any non-conformities get addressed within mutually agreeable time frames.

As we expanded we always looked at ways and means of preserving the environment and protecting the environment from what we emit.

We identified what we could control by ourselves and started reducing these emissions – water emissions and solid waste. Our study of water emissions showed us that there is room for us to save water and we looked at two key places for the reduction: (i) Waste water treatment plant and (ii) Doped dyed liner plant

Water related issues

In respect of waste water treatment, we achieved more than one specific advantage through our initiatives.

At ATG Occupational

| Parameter | 2014 | 2015 | 2016 (First 6 months) |
|---------------------------------|--------------|------|-----------------------|
| Wastage per month (mt) | 124 | 134 | 87 |
| Chemical consumption (kg/month) | Not measured | 6296 | 0 |

Furthermore, by incorporating a new Reverse Osmosis Unit as a tertiary treatment at the end of the treatment plant, we have achieved a total re-use percentage value of 54%.

We are currently carrying out development work to collect a special waste rubber type from our waste with the objective of exporting the same.

At ATG Ceylon

We, again have succeeded in reducing our solid waste generation significantly from a value of 152 mt in 2011 January to 50mt in 2015 March.



At ATG Knitting

The process at ATG Knitting which made a significant contribution to the environmental pollution was the dyeing of liners knitted. This dyeing process used water and chemicals. A study of the process indicated that if already dyed yarn were used, instead of dyeing the liners knitted with normal yarn, overall throughput time could be reduced along with reductions in chemical usage and water consumption. As such the process was changed over to one where already dyed yarn is used.

This resulted in a saving of 6500hrs of process time, 2.5 million litres of water and 5000kg of dye powder per month. Furthermore the Chemical Oxygen Demand (COD) and Total Dissolved Solids (TDS) of the effluent stream reduced by 418 mg/l and 150ppm respectively.

Energy related issues

Having controlled what is almost entirely within our control we now plan to control what is not entirely within our control. This draws our attention to the energy usage and corresponding greenhouse gas emissions. We use furnace oil in the washing section to operate the boilers and diesel for our generators. We have little control over standby generator operation due to it been entirely dependent on the reliability of the main grid electricity supply. We need to mention here that the quality of exhaust through the stack from both generators & boilers are periodically monitored by external parties and maintained at optimum levels. When we generate electricity using our standby generator we would be emitting greenhouse gases per every kWhr we generate while when we use main grid electricity we will be generating greenhouse gases only for about 60% of the electricity used. This is due to the fact that main grid electricity gets a significant percentage – more than 35% - from major hydro schemes and about 5% from non-conventional renewable energy sources.

We calculated the Greenhouse gas emissions based on (a) the energy mix used by the Ceylon Electricity Board (CEB) in the corresponding year, (b) the total quantities of fuels used by CEB in the year, (c) the greenhouse gases from the combustion of fuels as per table in www.engineeringtoolbox.com

The Greenhouse Gas emissions due to LPG was calculated using the data in the same web page while that due to diesel and furnace oil calculated using the same web page and the density of diesel given in Ceylon Petroleum Corporation website. While these figures indicates where ATG is in respect of Greenhouse Gas emissions, more accurate calculations may be warranted as ATG moves towards reducing GHG emissions.

We have also taken steps to reduce the energy usage within the factory by several means amongst which the following standout:

- (i) Modification of oven duct systems to minimize heat loss and hence reduce LPG consumption
- (ii) Introduce CFL & LED lamps instead of normal fluorescent lamps.
- (iii) Introduce variable speed drives to reduce electricity consumption
- (iv) Introduce ultra low frequency wave treatment for boiler water treatment.
- (v) Monitoring and controlling stack emissions of generators & boilers

Biodiversity

Having to emit a certain amount of greenhouse gases – main component of which is CO₂ – we are exploring different avenues of compensating for this emission. One remedial measure we have identified is planting of trees which we started by donating rubber plants to a set of selected farmers in Vavuniya. We intend to monitor the progress of these plants and expand it to other areas as well.

Distribution of Rubber Plants



Water Treatment Plant



Way forward

Now that we have reasonable amount of data about our environment related interactions we set ourselves the strategic objectives and timelines for the future. We intend to use 2015 as our baseline and continue measuring the related aspects. For this we intend to measure all emissions arising from our use of energy – both direct & indirect, water, waste, material and travel. We will set the measuring mechanisms in place before we submit our COP in 2017.



16. Contributing to the Collective Action

Operating in industrial zones dedicated for exports we are naturally inclined to contribute to the collective voice. We have been participating in the Zonal Manufacturers Association ever since we started operating in the particular zone. ATG's Managing Director – Operations is the current President of Katunayake BOI Zone Manufacturer's Association and he has held that post even earlier.

ATG is also a member of other trade associations like Ceylon Chamber of Commerce, Exporters Association of Sri Lanka. In these associations, ATG engages itself in voicing their own concerns and also contributing to the concerns of collective significance. It is ATG's forthright pronouncements for the well-being of the collective manufacturers/exporters base which prompt the concerned membership to have ATG to provide leadership to the Associations.

These partnerships and leaderships provide ATG the opportunity to present its voice in respect of issues of common relevance and this makes a contribution towards policy advocacy and formulation.

17. Contributing towards Development Goals

Working with an overseas customer base from the beginning itself ATG has been concerned about Sustainable Development Goals throughout its existence.

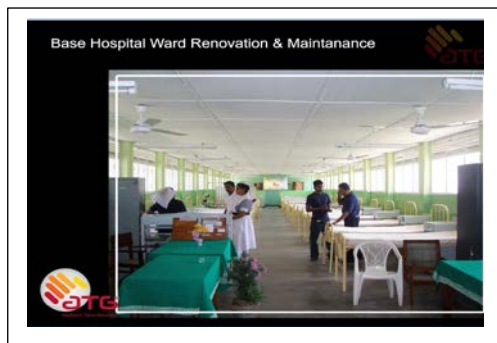
We have set ourselves the objective of contributing to the following nine Development Goals.,

- | | |
|--|---|
| <ul style="list-style-type: none"> • Good Health & Wellbeing • Gender equality • Decent Work & Economic Growth • Responsible Consumption & Production • Industry, Innovation and Infrastructure | <ul style="list-style-type: none"> • Quality Education • Clean water & Sanitation • Reduced Inequalities • Climate Action |
|--|---|

A few examples of what we have done in respect of some of these are given below:

- **Good Health & Wellbeing**

- * Providing financial and material assistance to Negombo Base Hospital and Ampara Koknahara Rural Hospital are only two examples.



- **Clean Water & Sanitation**

- * Providing large barrels to store water to villagers with no access to clean water. Have completed six such projects.



- **Decent Work and Economic Growth**

- * Work environment - both hard & soft components – at ATG bears testimony to the level of decent work and economic growth that has been achieved.



- **Responsible Consumption and Production**

*When the Company set itself on a significantly high trajectory of growth in respect of volumes, products, manpower, materials, the ATG's management aligned these with responsible consumption reductions in respect of water and chemicals usage. The results could be seen in section on Environment.

- **Climate Action**

* Company has already taken steps to reduce energy consumption to bring down Sri Lanka's Greenhouse Gas emissions due to electricity generation.

Company has started measuring GHG emissions due to ATG operations with the objective of working out a work plan to reduce ATG's contribution to Climate Change.

- **Different Inequalities**

ATG strongly believes in a corporate and community framework where inequalities do not exist in respect of gender, nationality, religion, etc.

* ATG is also planning to eliminate the hardships faced by personnel with the gravest of inequalities – i.e. the inequality of non-possession of two hands.

- **Industry, innovation and infrastructure.**

* This is our business. We promote innovation as we value Innovation, in our industry where we lead and all our efforts are brought to fruition due to the infrastructure we enjoy.

18. Social Investments & Philanthropy

Our Strategic Planning Model blends very well with our two values, People and the Planet. If we are to value People and the Planet and if we are to expect Human Energy and Social Responsibilities to support us in our actions as expected in our Real Time Strategy Model, we, obviously need to invest in them. So for us at ATG, Social Investments & Philanthropy are very near and dear.

All this makes us strongly believe that what we are talking about is really an investment as there is always a benefit side also to these expenditures. The ability to provide support to one's neighborhood elevates the status of the individual immensely – even according to Maslow's Motivation Theory – and his/her enhanced desire to perform is the return on the investment made.

Our Philanthropy starts at the workplace itself.

We have provided 24-hour insurance to all our employees and there is special medical insurance for senior workers. Every worker is provided with transport ranging from individual vehicles to a very senior member of the staff to company transport for everybody. For all pregnant staff members' additional snacks – as recommended by the Company Sister – are provided. Birthday gifts are given to each and every employee. When an employee gives birth to a baby a Rs. 10,000/= delivery gift is provided.

Then ATG goes in search of Philanthropy opportunities to the villages from where our employees have come. If and when an employee indicates a need for a common facility required in his/her locality, ATG acts and extends its arm of philanthropy to offer the required assistance. With an employee base coming from every corner of Sri Lanka, this assistance supports the long-term sustenance of harmony within Sri Lanka's Social Fabric.

When ATG is made aware of some weaknesses in the infrastructure in a given locality, ATG machinery commences work and the steps are taken to fulfill the need.

Assistance to a staff family members recovering from a motor accident



Gift of a artificial limb to staff member recovering from a motor accident





Way forward

We have understood the need for formalizing Social Investments and Philanthropy and this will be the direction in which we would be moving. We will be formalizing this in respect of the four components of the process involved-

(1) Need identification, (2) Screening of fulfilment methods, (3) Fulfilment implementation and (4) Fulfilment evaluation and posting.

This formalized roadmap will be made one of the key responsibilities of the CSR Committee in the future.

Drinking Water Project To A Rural School



Renovation Of House For A Disable Girl



5th Successive Drinking Water Project



Providing "small Boats" To The People Who Are Living In The Area Affected By Flood For Transportation



A House Being Gifted to a Deceased Employee's Family; A Widow & their Children



19. Audit Process

Currently our external audit processes do look after the financial management system and the ISO 14001 Compliant Environmental Management System. In respect of the Environmental Management System, the environmental aspects, identified environmental objectives and their achievements are being audited and corrective/preventive action would be initiated in respect of any non-conformities detected. Furthermore, the system is being subjected to internal audits as well and corrective actions will be initiated in respect of any non-conformities detected.

The table below indicates the number of non-conformities detected and corrected during the last 18 months from January, 2015 to June, 2016 .

Stringent financial management system audits are carried out annually by external auditors and their brief includes a request to audit financials in respect of external transactions with agencies where there is a possibility for corruption with special care.

We have planned audits in respect of the following aspects for the period July, 2016 to June 2017 so that ATG could report on the same in our next COP.

- Human Rights related Processes
- Labour Relations related Processes
- Occupational Health & Safety related Processes
- GHG Emissions Estimation Processes

Our strong belief in Planet and People as two key components of our set of Values and the Roles of Social Responsibilities and Human Energy in our Real Time Strategy framework will make these audit processes a firm pre-requisite in our journey towards Greatness