COMMUNICATION ON PROGRESS 2018

Chairman's Message

Once again, it is my immense pleasure to present to you the Communication on Progress of DBL Group for the year 2018. It is the fifth consecutive report we find ourselves publishing. And with this, we want to show our continuous effort in not only practicing sustainability initiatives but also being transparent in our activities.

In addition to some of our own programs, partnerships have been a key factor with our successes in the different sustainability programs. As the SDG-17 emphasizes on our partnerships, with our variety of knowledge partners, we have been able to address issues like empowerment, maternal and child health, disability recruitment, process improvement, resource conservation practices, and so on. What we believe on is to keep on sustaining the initiatives even after the programs come to end.

Being a business organization, the effect on our bottom line is important. And that is where sustainability contributes. Direct impact of sustainability comes in because of the various cost savings we are having due to resource saving practices. Indirect impact is due to reduced absenteeism, reduced migration and increased retaining of skilled employees.

Relating to our 2020 Goal that we introduced in our Sustainability Report 2017, we have already started to move towards attaining these. Targeting women empowerment, we have partnered with amfori and the CSR Centre in a project called "Shobola". We are looking into ways to reduce our water consumption for dyeing by choosing chemicals and enzymes such as from the Novozymes company. We have started planting trees in different places in the communities where we are operating. We are already making use of solar panels in one of our factories and are exploring business options with the help of H&M and the International Finance Corporation (IFC). We are providing technical training within our factories to the job seekers of tomorrow. To make a more inclusive working environment, we will be partnering with the Centre for Disability in Development (CDD) and the Bangladesh Business and Disability Network (BBDN) to recruit and develop the employees with disabilities. And finally, our production of yarns from recycled materials is increasing especially due to the acceptability of our buyers.

Corporate Social Responsibility or CSR is one issue that we have evolved to beyond philanthropy. While donations are still required, the effects are temporary. But when we consider and adopt the evolution of CSR, we have a more sustainable way to serve the society in general. It inspires us greatly to know that we are moving on track with our efforts.

In alignment with the 10 principles of UN Global Compact, we are committed to ensure sustainable future for people and environment and to stand against corruption. We also respect human rights as part of our commitment to the UN Guiding Principles for Business and Human Rights.

With our theme of “Crafting happiness, since 1991”, we aim to sustain with our endeavors and generate satisfaction for all our workers, our employees and our stakeholders. In this regard, I sincerely thank all our stakeholders for their ongoing understanding and continued support for our company. As the author Helen Keller said, “Alone we can do so little; together we can do so much.”

Abdul Wahed

Chairman

DBL Group

THE GLOBAL COMPACT

WE SUPPORT

CHAPTER 1

SUSTAINABILITY AND DBL

DBL Group has a five-pillar strategic approach to Sustainability: People, Process, Product, Community, and Environment.

Service to others is the rent you pay for your room here on earth.

Muhammad Ali, Professional Boxer, Activist, and Philanthropist

PILLARS OF DBL'S SUSTAINABILITY

DBL Sustainability Pillars

DBL Group's Sustainability strategy is based on five pillars: People, Process, Product, Community and Environment; thus, integrating a holistic approach towards Sustainability. For each pillar, there are several Sustainable Action Programs in place – both on large and small scales and short and long terms – through which the sustainability plans are translated into actions.

Several of our activities are in alignment with the UN Sustainable Development Goals (SDGs): details are mentioned on our Sustainability page: www.dbl-group.com/sustainability.

People

As an organization, we realize our responsibility towards our people: our employees. Our company understands how the business practices impact our employees and we work to serve in their best interests.

Process

We are committed to continuously improve all our business processes: ranging from purchasing raw materials to transporting final finished goods. We give a strong emphasis on eliminating non-value-added activities while delivering quality products on time with greater efficiency and least effect on the environment.

Product

We continuously work towards improving the quality of our products, and all the processes that go into making the final finished product and ensure to minimize the negative impact on the environment and the consumers. The R&D department is actively involved in creating new and researching existing products and the processes associated with them.

Community

We believe that together with our employees, customers, business partners and other stakeholders, we can create real and long-term changes for the betterment of the community and the environment. We can extend this impact from improving the livelihood of our employees to the development of the local community where we conduct our businesses.

Environment

Environment is a high priority for our company and we work to decrease carbon footprint, water consumption, and waste from our manufacturing processes. We dedicate ourselves in conserving energy, managing waste effectively and replenishing the environment to the best of our capacity.

Company Profile

DBL Group is a diversified conglomerate with a strong backward linkage. The Group started its business in 1991. The diversified business includes Apparels, Textiles, Packaging, Ceramic Tiles, Telecommunications, Dredging, Semiconductor Design (VLSI), and Pharmaceuticals.

In the apparels and textiles sector of Bangladesh, DBL Group is one of the largest and 100% export oriented composite knit garments and textiles manufacturing organization. We are supplying quality apparels around the world to the best of the retailers and the biggest brands of the fashion industry. The company is headquartered in Dhaka, Bangladesh and operating its production processes at the factories situated in Gazipur, Dhaka, Bangladesh.

Vision

We envision to sustain and grow as a diversified global conglomerate.

Values

Integrity, Passion, Adaptability, Care, Excellence

Apparels and textiles concerns

- Color City Ltd.
- DB Tex Ltd.
- Dulal Brothers Ltd.
- Flamingo Fashions Ltd.
- Hamza Textiles Ltd.
- Jinnat Apparels Ltd.
- Jinnat Fashions Ltd.
- Jinnat Knitwears Ltd.
- Matin Spinning Mills Ltd.
- Mawna Fashions Ltd.
- Mymun Textiles Ltd.
- Parkway Packaging and Printing Ltd.
- Textile Testing Services Ltd.
- Thanbee Print World Ltd.

Products and services

DBL Group offers the following products and services:

- Yarns, Fabrics
- Casual knitwear (T-Shirts, Polo Shirts, Tank Tops, Joggers, Hooded Jackets, Cardigans, Leggings, Trousers, and Dresses)
- Fashionable wear (Skirts, Gowns)

Manufacturing processes

DBL Group makes use of the following in the manufacturing processes:

- State-of-the-art machineries
- Best grade cotton in our spinning mill for all products
- Knitting makes use of low profile hazardous materials
- Oeko-Tex 100 Standard with Product Class I
- Dyeing operation makes use of low water to dye ratio
- Garments manufacturing processes make use of CAD, CAS and CAM systems
- Washing operations make use of machines which consume less water and have best filtering and spinning systems

We use a new wave of top notch technology to put our yarn through a series of Quality Control checks, to ensure strict quality standards. This is then supplemented by concentrating on process manufacturing and process improvements. We have set-up Industrial Engineering and Work Study departments. Root cause analyses are done by using statistical quality control tools.

The R&D department and in-house Design Studio help in developing new products and process improvements for incorporating the production with good quality at the lowest cost possible in the shortest time. This desire for quality is also shared by our team of highly qualified and competent professionals, who under the capable and dynamic leadership of the Board of Directors have made our remarkable growth possible. It is with this shared vision that we are marching towards our goal of attaining acknowledged leadership in providing quality products at competitive price.

Process Flowchart

Major Buyers

Knowledge Partners

Good business is done with compassion towards humanity. We cannot underestimate the power of a smile, a kind word, a listening ear, an honest compliment or the smallest act of caring, all of which have the potential to turn a life around. If we take care of our people, our people will take care of our organizations.

Abdul Wahed
Chairman

Board of Directors

The highest governing body in DBL Group is the Board of Directors. Our current Board consists of four Directors and one Advisor. The Vice Chairman is also a director of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA).

The company has defined guidelines and established framework for the board meetings and other proceedings. These guidelines help decision-making processes of the board members in a systematic, informed and efficient manner. The Board evaluates:

- **Strategic decisions of the company**
- **Management policies and their effectiveness**
- **Strategic review from each of the board members**
- **Financial, production and other business performance through relevant reports.**

DBL Group's senior management are chosen by the Board of Directors because of their vast experiences, immense knowledge, fascinating competence, cross-industry exposure, local and overseas footage, and well accepted market reputation. This cohesive team wants to make a difference, develop and inspire others, drive innovative ideas and deliver results, and live with DBL Group's values.

The distinguished Board is cultivating a sustainable work culture through them. DBL credits its strength, the sustainability of a consistent approach to managing the business and the constant growth of its people to this senior management team.

An empowered organization is where individuals have the knowledge, skill, desire and opportunity to personally succeed in a way that leads to collective success. These act as the fuel for driving ourselves to a better future, packed with immense possibilities and achieving our goals along the way.

M. A. Jabbar
Managing Director

Our Commitment to Strong Corporate Governance

DBL Group adheres to the definition of Corporate Governance of the International Finance Corporation (IFC). Corporate governance is defined as the structures and processes by which companies are directed and controlled. Good corporate governance helps companies operate more efficiently, improve access to capital, mitigate risk, and safeguard against mismanagement. It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholder concerns.

The company also considers a sound system of corporate governance as an important contribution to the rule of law in Bangladesh and an important determinant of the role of the company in a modern economy and society.

Through implementing the recommendations by IFC, DBL Group aims at bringing its corporate governance framework up to best international practices and standards to the extent possible.This is critical to DBL Group given the company's expected growth. The desire to attract new investors will heavily rely on the existence of a concrete corporate governance system.

DBL Group intends to establish a sound corporate governance system which will facilitate the organization to attain:

- **Better access to external capital**
- **Lower financing costs**
- **Higher credit ratings**
- **Strong investor confidence.**

Business is not only about making money but also about protecting the fruits of our labor. It's about stewardship, and therefore, about achieving social and environmental goodness. Through management excellence and discipline, financial stability of the business can be achieved.

M. A. Rahim
Vice Chairman

Family Business Governance

Family Business Governance is an important issue for DBL Group since it is a family-owned business comprising of family members vested with significant decision-making authority. The company is investing its time and effort on implementing Family Business Governance for the greater good of the company and sustainable business.

Compliance

DBL Group's Corporate Governance framework is based on Bangladesh legislation as well as internationally recognized best practices and principles, such as the OECD Principles of Corporate Governance. The company's corporate governance framework is based on the following principles:

- **Accountability**
- **Fairness**
- **Transparency**
- **Responsibility**

Operational excellence takes a business from average to extraordinary. The key lies in tending to the details. The little waves we make in our day-to-day work, go a long way. The biggest step towards perfection is achieving operational excellence through an integrated approach, engaging all stakeholders."

M. A. Quader
Deputy Managing Director and Group CEO

General Governance Structure

The company has the following governing and other bodies:

- **General Assembly:** Allows the shareholders to participate in the governance of the company
- **The Board:** Responsible for the strategic direction of the company, and the guidance and oversight of management
- **CEO:** Assigned the task of the day-to-day management of the company, and carrying out strategy as approved by the board.
- **Company Secretary:** Ensures that the governing bodies follow internal rules and external regulations in order to facilitate clear communications between the governing bodies, and acts as an adviser to directors and senior executives
- **Internal Auditor:** Develops and monitors internal control procedures for the business operations of the company.
- **Structure and Committees:** DBL Group has established the following Board Committees:
  - The Audit Committee
  - The Remuneration Committee
  - The Nominations and Corporate Governance Committee
  - Other committees deemed necessary by the Board

Internal Audit and Control

- **The Board's Audit Committee:** The audit committee focuses on three key areas: financial reporting, risk management, and internal and external audits (legal compliance and risk management).
- **Risk Management:** The company places great importance on a risk management and it is the board of directors that is tasked with ensuring that appropriate risk management systems are established.
- **Internal Auditor:** The internal auditor (or office of the internal auditor) is responsible for the daily internal control of the company's finances and operations.
- **External Auditor:** An external auditor audits the company's financial statements.
- **Disclosure:** DBL's current disclosures through its website are adequate for a non-listed private company in Bangladesh. However, once companies of DBL Group go public, there will be a much higher level of expectations – market and regulatory. DBL will improve its disclosures in two primary areas: Annual Report information and website disclosures. Matin Spinning Mills, a concern of DBL Group is enlisted under Bangladesh Securities and Exchange Commission and is available for public trading. A stock enlisted company needs to comply with regulatory requirements for disclosure and the company is ensuring essential disclosures of the concern thorough Annual Reports and it's own website.

CHAPTER 2

PEOPLE

As an organization, we realize our responsibility towards our people: our employees. Our company understands how the business practices impact our employees and we work to serve in their best interests.

Human development is the base for sustainable development.

Mekelle University, Ethiopia

People

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People Programs

Bandhan Fair Price Shop

"Bandhan" – a Bengali word which refers to "bonding" – is a fair price shop which serves low income workers with all the essentials and commodities at factory price of manufactures. The shop is aimed at reducing workers' monthly expenditure and sheltering them from the economic inflation. Any employee of DBL can buy items through zero-cash and on-credit transaction: the bills are simply adjusted with their salaries at the end of the month. The entire system has been designed and managed in-house.

Bandhan was recognized by the Business Call to Action (BCtA) as an inclusive business model and gained DBL a membership of the BCtA. The case is further detailed on the BCtA website (www.businesscalltoaction.org/member/dbl-group).

BANDHAN
Fair Price Shop

Sales of
$873,230
in **6** shops

Female Supervisor Leadership Program

The Female Supervisor Leadership Program is an in-house training program for the women workers. Over a period of 2 months, training on both hard and soft skills is provided to potential in-house female workers having worked in sewing or quality departments within DBL. After successful completion of the training program, they are promoted as Supervisors.

As per the 2020 Goal, DBL aims to have 50% of its garments sewing lines led by these Supervisors. As such, the program aims to generate a total of 150 female Supervisors.

Shobola: Empowerment for Better Business

In partnership with amfori and the CSR Centre, DBL Group has signed an agreement for the Shobola project. The project aims to empower female workers to take up supervisory positions.

CSR Centre will be the implementing partner with amfori being the funding and monitoring partner. DBL being the knowledge sharing partner will be providing in-kind support with its technical expertise. The project will begin in 2019.

FEMALE
Supervisors

42
women workers promoted to Supervisors

DBL Group's vision for women

"To be the most attractive employer for the women workers in the garments industry of Bangladesh"

52
workers and management
were trained on
CRBP

Mothers@Work

DBL signed a Memorandum of Understanding (MoU) with UNICEF to promote and improve breastfeeding practices in the workplace. The Mothers@Work program is expected to reach female workers, pregnant and lactating women and 340 infants and young children over the 3-year span of program implementation. Infants from both the Day Care Centre and the community are availing the service. The program is being implemented by BRAC.

Some of the key achievements from the program are outlined below:

- Two dedicated private lactation stations, with proper ventilation and comfortable sitting arrangement
- Facility to express breast milk and store breast milk in breastfeeding rooms
- Two additional 30-minute time slots for breast feeding
- 175 mothers are using breastfeeding bottles to preserve breast milk in factory and at home
- 156 pregnant mothers and 157 nursing mothers counseled to support breastfeeding
- 124 workers and management trained to support breastfeeding.

The program's concepts are now being expanded to other factories of DBL.

Better Business for Children

The second program with UNICEF, being implemented by Phulki, focuses on the Children's Rights and Business Principles (CRBP). This program aims on improving the following:

- Daycare services available to employees
- Community living conditions for employees
- Employee and child health and nutrition

Children Education Support Initiative

A set of programs exist under the Children Education Support Initiative which focuses on accessibility to education

- Recognition for meritorious students
- Providing career path counselling to students who have passed Higher Secondary education
- Children's Education Support Allowance (CESA): Sponsoring two children of each employee whose monthly income is below BDT 25,000

Family Planning Corner

In partnership with Marie Stopes Bangladesh, a Family Planning Corner has been set up in one of the RMG manufacturing complexes of DBL Group. In addition to family planning services, the setup provides antenatal care and pathological tests. A total of 2,169 different services have been received in 2017-18 from the corner. Due to the popularity, the setup has been expanded to one of DBL's printing facilities as well. Further corners are being setup in partnership with the Directorate General of Family Planning of the Government of Bangladesh.

1,571
registered clients

Disability Inclusion Program

To include people with disabilities within the workforce, DBL Group has partnered up with the Center for Disability in Development (CDD). CDD has provided training and conducted awareness programs for the factory HR departments. This way, the importance of the inclusion of the people with disabilities has been brought into realization. The Disability Inclusion Program is growing with a vision to have a one percent of our workforce to consist of people with different types of disabilities. As such, DBL targets to have 330 disabled people in its operations.

88
disabled people under DBL Group's employment

Women Health Initiative

Starting from March 2013, the program targeted all the female workers of DBL Group with a long-term objective to ensure good health and hygiene for all female workers. The initial activity was providing women with sanitary napkins at highly discounted price of 12 cents per pack: thus, not only limiting to educating women but also providing opportunities for ensuring their safe health.

Analysis and follow up are done to encourage women to make proper use of these products. For instance, to maintain the privacy of workers, the pads are now made available in the female washrooms. Due to the sensitivity in purchasing such products, the Bandhan Fair Price Shops have female staffs for the convenience of the female workers. Counselling sessions are also done regularly to aware women regarding the health benefits of the products. The effectiveness of these initiatives has been visible from the substantial increase in sales.

1,876
Average sales per month in 2017-18

Nirapod

NGO Phulki, in partnership with the Embassy of the Kingdom of the Netherlands, is working towards promoting health awareness among the female RMG workers of DBL Group involving peer educator group. Starting in August 2013, Phulki has expanded the reach of this project through partnership approach. These trainings are provided during orientation. The second phase of Nirapod is currently underway in two factories of DBL since 2016-17.

6,500
women received training on SRHR

Employee distribution

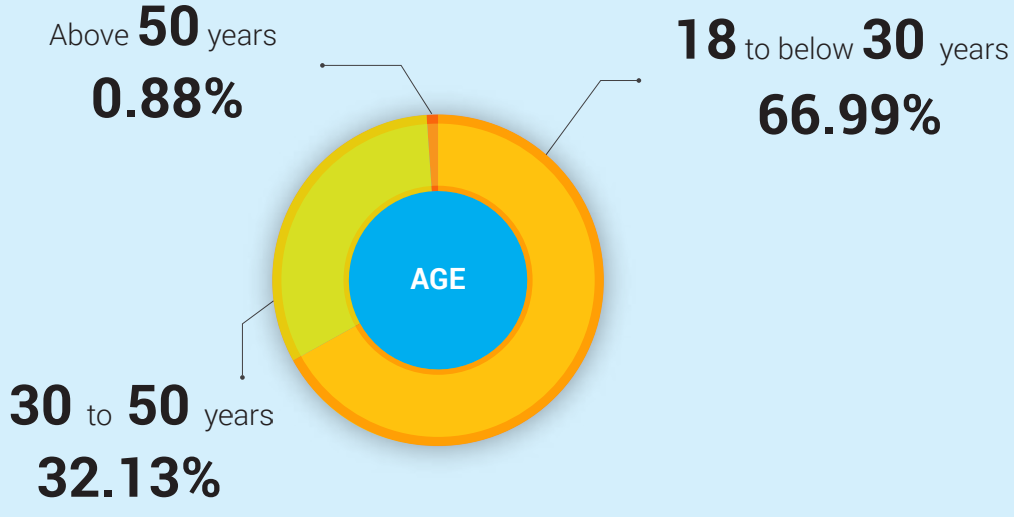
Total employees: **33,000** (all full-time)

Male: **20,357; 62%**

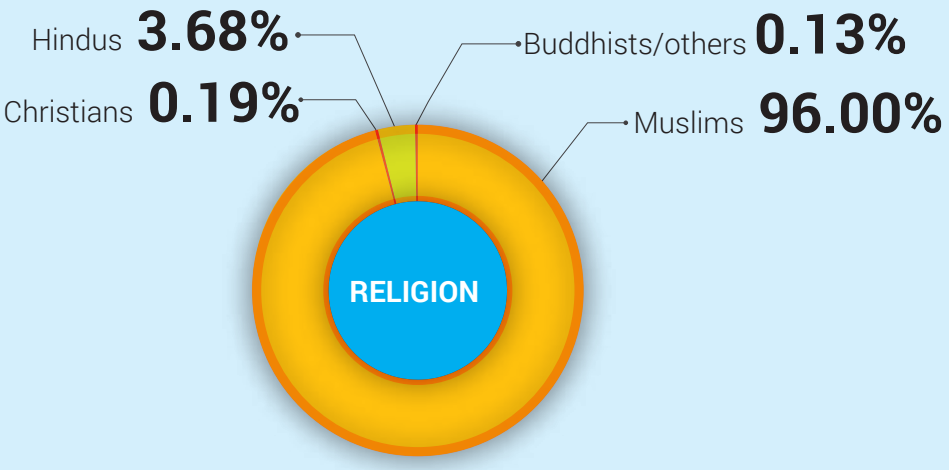
Female: **12,643; 38%**

Ratio of basic salary and remuneration, female to male **= 1 : 1**

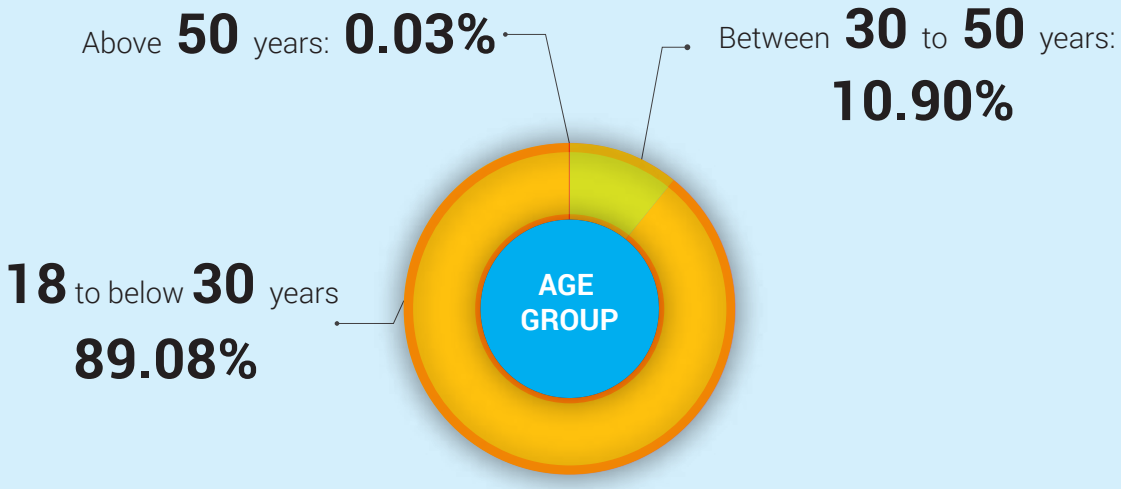
Distribution by age

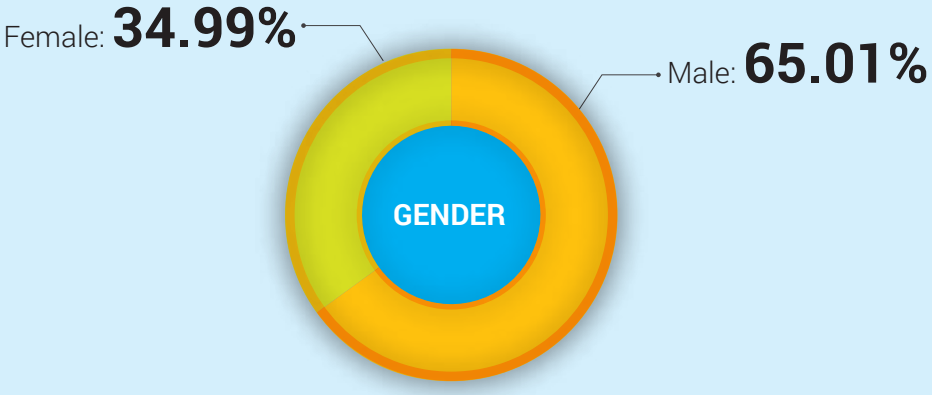


Distribution by religion



New hires





Training

In addition to the training provided through the different Sustainability programs, a variety of generalized trainings are provided to DBL's employees every month. These include, but not limited to, the following:

Training topics:

- Orientation for newly recruited workers and employees on company rules and regulations
- Company Code of Conduct
- Buyer Code of Conduct
- Working hours, Overtime, and Calculation of Wages and Overtime Payments
- Compensation and Benefits (including leave facilities)
- Threat Awareness
- Worker Rights and Responsibilities
- Occupational Health and Safety (OHS)
- Material Safety Data Sheet (MSDS) and Chemical Handling Procedure
- Personal Protective Equipment (PPE)
- Lifting and Carrying Procedures
- Electric Safety and Operation of Boilers
- First Aid
- Fire Safety
- Machine Operating Process and Safety
- Awareness on Health and Nutrition for Pregnant Women
- Disciplinary Procedure as per Bangladesh Labour Law
- Environment, Energy, and Water Saving Awareness
- Waste-handling Procedure
- Participation Committee (PC), OHS, and Environment Committee's Functions
- Child Labor, Forced Labor, Discrimination, Harassment, and Abusive Behavior
- Anti-harassment, Anti-abuse, and Grievance Procedure
- Awareness on AIDS and Transmittable and non-transmittable diseases

Training

The specific trainings target mid-level management, workers, chemical handlers and spot removers, loaders, quality inspectors, first aiders, fire fighters, evacuators and rescuers, cleaners, etc. In 2017-18, the total training (man) hours spent amounted to 188,256 with female and male employees receiving 103,727 hours and 84,529 and hours respectively. The average training hours per female employee was 8.24 and male employees was 6.28; the overall average per employee was 7.03.

Employee benefits

A variety of activities are present in DBL for the welfare of employees including the following. Some of these have already been mentioned in the beginning of this chapter.

- Life insurance and disability and invalidity coverages as per Bangladesh Labour Law and Group Insurance Policy
- Retirement provisions
- In-house day care center with trained professionals
- In-house medical center with a wide range of tests and even providing outpatient medical services
- In-house pharmacy providing medicines at fair price even for employees' family members
- Participating and organizing in-house sports tournaments such as cricket, football, and volleyball
- Promoting culture through the encouragement of music and art competition
- Worker-Management Relationship program where personal issues and needs discussed every month through the Participatory Committee (PC) meetings

Maternity facilities and benefits

All the female employees of DBL Group are entitled to take parental leave. The pregnant women can also avail the following services:

- Training on maternity benefits
- Awareness training on maternity protection and breastfeeding
- 112 days of paid maternity leave
- Apart from lunch breaks, two extra times, with a total of 60 minutes, breastfeeding breaks within working hours
- Provision of riskless work for pregnant female employees
- Gift hamper for new babies
- Breastfeeding kit for lactating mothers provided by UNICEF
- Facility for using lifts for pregnant women
- Consideration to work on the ground floor and the first floor of any building
- Free antenatal and postnatal treatments

Grievance procedure

At DBL, we train our Welfare Officers to exercise grievance procedures very professionally and encourage employees to express their concerns without hesitation through the complaint management system. Workers feel comfortable sharing any concern that they might have with the Welfare Officers. We process grievances both formally and informally. These include:

The Suggestion/Grievance Box:

Workers can put in their issues in written form and drop them in the boxes confidentially. Multiple boxes are placed on each floor: these are checked every week by designated people and the grievances are recorded in a register.

The Bandhan Newsletter:

Workers can place their complaints in the newsletter which is published monthly. A section of this newsletter can be detached; a worker can drop this off confidentially in any suggestion/grievance box.

Verbal complaint:

Workers can inform verbally to Officers from the Welfare, Compliance, Human Resource (HR), and/or Admin departments or to their Supervisor or Line Chief.

Participation Committee (PC) meetings:

A concerned worker can express themselves through a PC member who will put forward the complaint during the meetings.

Grievances of all employees regarding any topic are considered by the management. This includes violations of rights of indigenous people. In 2017-18, there were no incidents reported where the rights of such people were violated either through formal grievance mechanisms or through informal ones. DBL Group's grievance procedure addresses labor practice issues as well as human rights and societal topics. In overall, 2017-18 recorded 229 grievances of which all were addressed and 228 resolved. 10 grievances of 2016-17 was resolved this year.

Occupational Health and Safety (OHS)

DBL Group aims on creating a healthy, environment-friendly and safe workplace and educating the workforce regarding health and safety issues. A good work environment not only has direct impact on the employees' health but also plays a vital role on the productivity level.

Our Occupational Health and Safety Policy and related procedures encompass all national and international standards. This includes, but is not limited to:

1) Bangladesh Labour Law 2006 including the amendments and the rules
2) Other national laws
3) ILO Conventions
4) Buyers' Codes of Conduct

All employees are covered under this policy and this is applicable to any unit of DBL. Dedicated teams are present to oversee the different health and safety needs and maintain safety standards.

All instances of accidents, injuries, and occupational diseases are kept in record in DBL. Each record of an occurrence is categorized into multiple types to analyze the specific type of injury and disease.

Occupational diseases are prevalent in the workplace due to the existing surroundings. The presence of dust, heat, chemicals, work stress, posture of working, etc. make rise to illness such as cough or cold, headaches, back pains, allergies, neck pain, as well as sinusitis. Most of these diseases can be cured or even prevented through the proper use of personal protective equipment (PPE).

A dedicated medical center is present in each factory complex which manages and treats all kinds of occupational diseases. In addition, the center also deals with non-occupational but common diseases such as fever, measles, tooth pain, and so on.

Furthermore, to aware employees and workers regarding various health issues, awareness programs, meetings, trainings, and workshops are conducted on a regular basis. The topics of these sessions also deal with issues such as personal hygiene, for example washing hands, thereby dealing with a preventive measure for various diseases. Health and safety committees are present in each of the factory complexes: who comprise of 4.04% of the total workforce.

Fire safety is one of the most important issues regarding occupational safety. The Compliance department performs audits to ensure unobstructed evacuation paths, properly designed evacuation maps and lighting present in required areas. To tackle the events of fire, four teams – the fire fighters, the rescue team, the cordon party and the first aiders – are involved.

Risk management

Given the nature of business, the raw materials and products that DBL handles and the scale of operations, our risk management systems are designed to ensure that all our assets are safeguarded and protected against any kind of loss including mankind and property.

For worker safety, specific risk analyses are done based on their workplaces. These workplaces include a wide variety of areas within the factories such as the chemical store rooms and the Effluent Treatment Plants (ETPs), as well as the zones containing different machines such as compacting machines and generators.

Pregnant women are also considered under risk management: to avoid the risk to the fetuses, they are to be seated when working, allowed leaving early during the lunch breaks, and not allowed to work overtime.

Each type of analysis includes the description and consequence of the hazard, the person at risk and the control or preventive measures that can be taken. In addition, hazards are given ratings, calculated by using the frequencies of occurrence and the severity, thereby effectively identifying the risks or hazards to prioritize on.

OHSAS 18001:2007 standard

The Occupational Health and Safety Assessment Series (OHSAS) is an international management system specification for occupational health and safety. Implemented by the GIZ, one of DBL Group's dyeing units acquired this certification in April 2016. OHSAS was chosen to further reduce illness and incidents through continual improvement, increase awareness about health and safety, and establish a health and safety management system within the factory. The multi-department committee formed has enabled multiple benefits including increased hazard awareness, safety culture, and reduced risk behavior. DBL is planning to replicate the standard to other units.

Safety measures

Fire safety:

- Fire extinguishers
- Fire blankets
- Stretchers
- Smoke detectors
- Sprinklers
- Fire hose cabinet boxes
- Water drums and buckets
- Fire beaters
- Fire hooks
- Gong bells
- Lock cutters
- Emergency lights
- Safety equipment such as gloves,
- helmets, gas masks and gumboots
- Mini Fire Brigade (details under Chapter 5: Community)

Electrical safety:

- Top quality cabling and accessories
- Trained technicians for maintenance
- International safety features for equipment
- Maintenance and risk analysis records

Building safety:

- Structural assessments
- Bangladesh National Building Code (BNBC) during construction
- Certification with Architectural and Structural Design Standard
- Scaled as-built drawings

Chemical safety:

- Careful assessment of chemicals
- Chemical usage policy
- Material safety data sheet (MSDS)
- Regular trainings

Human Rights

Investment

Significant investment agreements include participation in training, creation and implementation of new policy or procedure, and other activities that DBL Group undertakes to promote labor practices, human rights, societal and environmental concerns, as well as any sustainability issue. DBL has dealt with multiple activities that promote human rights. These are summarized below.

DBL Group has made investment in various training sessions. The Mothers@Work program is designed by UNICEF and implemented by BRAC to train pregnant and lactating mothers on maternity protection and breastfeeding. The Better Business for Children is another program by UNICEF which is being implemented by Phulki. This program provides training on UNICEF's Children's Rights and Business Principles with focus on community improvement.

The Nirapod program is Phulki's approach supported by the Embassy of the Kingdom of the Netherlands for saving women from unwanted and unsafe pregnancy. The second phase of Nirapod is already under implementation in two factories. In addition, Phulki is also providing training on UNICEF's Children's Rights in Business Principles. DBL Group also became the Gold Level Member of the QuizRR training program for completing more than 100 training sessions. In collaboration with global buyers, suppliers, and other stakeholders, QuizRR aims to improve awareness, knowledge, and workplace systems for employees at all levels in factories in Bangladesh. QuizRR is a visual, simple, and rewarding digital training system that introduces tools to measure employee training outcome.

Further details of these and other programs have been explained earlier in this chapter of the report.

Forced labor

DBL does not use involuntary or forced labor. The Code of Conduct emphasizes that all employees should be working at factory voluntarily and no means should be adopted as a measure which may indirectly result in an employee working forcibly. The freedom of movement of employees is not restricted except for the protection of property and security of factory personnel. Additionally, no employees are recruited on contract basis and an employee may resign from the company by giving one month's notice.

Child labor

DBL is not engaged with any form of child labor. At the time of hiring, psychological interviews are done to determine the age of potential employees. In addition, documents such as proofs of age are collected from all potential employees and the authenticity of age documents is verified. In the absence of age documents, the potential employee is to be verified and confirmed by the registered doctor available at the factory.

Security practices

All security personnel in DBL are of our own: there are none from third party organizations. Human rights topics are communicated to all security personnel via trainings that take place every month.

Non-discrimination

DBL employs, pays and promotes workers based on their ability to do the job, rather than based on personal characteristics or beliefs. Discrimination on any ground is not allowed. Due to the strength of the practice, there have been no cases of discrimination.

Freedom of association and collective bargaining

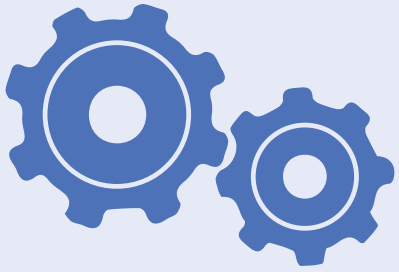
DBL recognizes and respects the right of employees to exercise their lawful rights of freedom of association and collective bargaining. No discrimination is done against employees who form or participate in lawful associations and or collective bargaining. The presence of the Participation Committee (PC) allows the workers to freely communicate regarding any issue. To ensure these rights are exercised, monthly audits from the Compliance team take place, noting the composition of the committee members, frequency of meetings, topics discussed, and so on. DBL management has been able to form PCs according to the guidelines which is very effective for conveying information to both labor and management and resolving any grievances if present.

Significant operational changes are communicated with the concerned employees with a minimum of 3 months prior to the change.

Supplier assessment

Suppliers of DBL are also assessed for labor practices, human rights, societal and environmental impacts. The DBL Compliance team conducts supplier assessment through specific standards questionnaire on social and environmental areas based on the DBL Code of Conduct. Before making a business relationship with a supplier, it is compulsory that the supplier abides by our Code.

CHAPTER 3



PROCESS

We are committed to continuously improve all our business processes: ranging from purchasing raw materials to transporting final finished goods.

You need to turn over every rock and open every door to learn your industry. This process never ends.

Mark Cuban, Businessman

Process

We are committed to continuously improve all our business processes: ranging from purchasing raw materials to transporting final finished goods. We give a strong emphasis on eliminating non-value-added activities while delivering quality products on time with greater efficiency and least effect on the environment.

Process Programs

Resource saving dyeing and finishing

Starting from procuring energy efficient machineries, multiple initiatives have been taken by DBL Group to reduce the consumption of energy for the dyeing and finishing processes. The energy meters ensure proper measurement of power consumption. Relevant temperature adjustments are done depending on the fabric for the dyeing, scouring-bleaching and soaping processes to optimize the energy usage. The dyes used allow consumption of less energy as well.

DBL also makes use of Novozymes' CombiPolish, a world leader in bio-innovation. These enzymes have provided multiple benefits including saving 4 liters of water and one full hour processing time for every production batch. Effluent amount and requirement of treating them has also decreased due to the lower water usage.

The wicking finishing process converts hydrophobic fabrics (such as polyester) to hydrophilic: which intake water much better and thus enable optimum consumption of water. Weight loss of fabric during processing is also reduced: which allows better hand-feel and increased fabric strength.

DBL's practices allow use of low water to dye one kg of fabric. Currently, the dyeing operation makes use of only 55 liters of water, whereas 120 liters were used in 2010. DBL aims to reduce the usage of water for dyeing to 50 liters per kg of fabric within 2020.

Resource saving

55
liters water consumed to dye one kg fabric: down from 120 liters in 2010

Automation of fabric manufacturing operation process

The Management Information System (MIS) team of DBL Group developed an in-house system in the Fabric Knitting section to transfer the manual operation practices into an automated one. Earlier, on-time and on-line information were unavailable which lead to wastage and indecisiveness in the processes. The new system automates the manufacturing process operation to make effective decisions, reduce wastage, and ensure convenience. Workers are now using electronic tabs and computers to input production and operational information. The management now has a digital dashboard to understand the most recent status of different machines and can hence make instant decisions related to the operation. Some of the key features include:

- On-line and on-time production and efficient monitoring system
- Supply chain traceability
- Barcode and labeling system for fabric tracking
- On-line and off-line quality control
- Simplified electronic delivery system
- Efficient inventory system
- Significant reduction in fabric wastage
- Completely paperless operational system
- "Smart" centralized production planning: system suggests what to do

The system has generated multiple benefits including the following.

112,355 hours* saved in operational process

20,485 kg* fabric saved in production

3% increase in efficiency

*309 machines in operation

Operation Automation

Sudokkho Skill Development Program

Sudokkho is a skill development program for sewing operators which caters to the capacity building for factory-based training center. The program is funded by UK Aid and SDC and implemented by The Palladium Group in consortium with Swisscontact and the British Council. The program inspires the industry to invest in developing and operating skills training and employability activities. Sudokkho supports the industry to develop innovative and sustainable training models allowing employees to acquire the skills leading to employment in higher valued semi-skilled or skilled jobs.

636
Personnel trained from May 2016 to May 2018

Lean manufacturing

Lean Manufacturing is a business model and collection of tactical methods that emphasize eliminating non-value-added activities (waste) while delivering quality products on time at least cost with greater efficiency. The project was launched following the guidelines and support of Walmart in Jinnat Fashions Ltd. and various methods were implemented for the garments cutting, sewing, and finishing operations. Replication of the practices are ongoing at other garments and non-garments units including fabric knitting, fabric dyeing and finishing, and garments printing.

DBL Idea Club

DBL encourages ideas from any employee, regardless of their designation. Their efforts are recognized through a monthly recognition system: the "Employee of the Month". In 2015, a yearly recognition system was launched as well, named the "Employee of the Year". The program has been inaugurated in the knitting section and has been replicated for other units too. This encourages employees to work at their full potential and gives them a feeling of fairness as every employee has an equal opportunity at obtaining this reward.

112 Employee of the Month presented in 2017-18

DBL Quality Control (QC) Circles

The Quality Control (QC) Circles promote employee engagement in workplace decision making. The bottom-up approach to quality empowers employees and workers to make effective decisions which influence production directly. Each of the different operations has their own QC Circles. These teams have participated in both national and international QC Circle competitions held in Sri Lanka, Thailand and the Philippines and won the highest recognitions on multiple occasions.

122 QC
Circles in different units of DBL Group up from 2 in 2014

Reducing resource consumption

Water-efficient machineries

We have installed state-of-the-art dyeing machines that consume 50% less water in comparison to the average dyeing machines. This in turn has a direct effect on the receding water table and energy consumption and the associated carbon emissions.

Reduced water consumption

Water consumption in the fabric dyeing process has been reduced from 120 liters per kg of fabric to 55 liters per kg. Less water directly impacts the consumption of dyes, chemicals, steam and electricity and reduction in waste water discharge. As such the environment impact is reduced and production cost is also lower.

In 2017-18, a total of 6,021,040 liters of water were used in the different operations.

Other water saving practices

- Rain water harvesting
- Using machines with low liquor ratio which contributes to up to 46% lower water consumption
- Repair leaking taps and educate staff to turn off after use
- Replace water taps without aerators by taps with aerators
- Replace single flush cisterns with dual flush
- Reusing hot water from boilers
- Using Exhaust Gas Boilers

Rain Water Harvesting Plant

24,768,000

Liters ground water saving in 2017-18

Energy management

Energy is an essential point of the industrial sector to achieve sustainability as it is directly related to financial matters and global climate change. Energy consumption within the organization is monitored and tracked to reduce wastage of the energy. The following steps are currently implemented to reduce energy consumption:

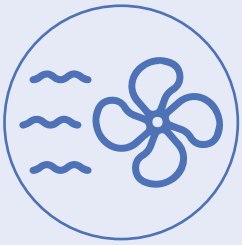
- Preparation of energy management policy
- Collecting consumption of water, steam, diesel, gas and electricity along with monthly production
- Benchmarking and regulating energy consumption in consultation with the production team by doing process re-engineering and innovations
- Reducing carbon emission
- Reducing diesel consumption in generators
- Taking initiative to reduce energy consumption by choosing alternative sources of non-renewable resources
- Training employees on energy and environmental aspects within the industry

DBL primarily makes use of non-renewable energy sources for its operations. In 2017-18, 42,915,318 cubic meters of natural gas and 17,297,683 liters of diesel has been used. For transportation, 922,292 cubic meters of natural gas, 353,493 liters of diesel, and 157,716 liters of octane were used. A 25-kW solar power generation has been set up in our all-over printing facility which in 2017-18 generated 14,414.87 kWh power. Further renewable energy projects will be implemented in the coming years.

Heat recovery from Stenter machines

6,270,536

Mega joules energy saved annually



Natural water-cooling pads

We are using natural water-cooling pads in our production floors. One side of the production floor has cooling pads through which water flows continuously while the other side has blower fans which "pull" and circulate the generated cool air on the floor. The room temperature for the workers is comparatively lower than the cooling done by ceiling fans. The need for installing hundreds of ceiling fans has been abandoned and energy consumption has greatly reduced. Workplace comfort has also been increased significantly.

Energy efficient machineries

High end energy efficient capital machineries from Europe, USA and Japan are used in our production processes. These world class machineries have greatly reduced the energy consumption for different production processes by up to 15%. Some of the features of our energy efficient and environment friendly machines are as follows:

- The dyeing machines have individual heat recovery unit resulting in lower power consumption and energy saving by 15%
- Water consumption saving of 20% compared to normal dyeing machines
- Reduction in consumption of dyes, chemical and steam due to less water consumption
- Heat recovery from Captive Power Plant is providing energy saving of about 15%

Servo motors

We are using sewing machines with energy efficient servo motors instead of the traditional clutch motors in the sewing lines. Servo motors consume electricity only when the machine needle is active whereas the clutch motor consumes electricity even in standby mode. The remaining clutch motors will be replaced as soon as the machines are out of order.

Other energy saving practices

- Hot water recovery (lowering the consumption of fossil fuel)
- Reducing light intensity in certain areas
- Switching off unnecessary lights during day time
- Replacing T8 and T5 lights with the more efficient LEDs (light emitting diodes)
- Recovering steam condensates
- Preventive Variable Frequency Drive (VFD) in-built air compressors
- Regular maintenance

CHAPTER 4

PRODUCT

We continuously work towards improving the product quality and the processes that go into making the final finished product to minimize the negative impact on the environment and the consumers.

A brand is a voice and a product is a souvenir.

Lisa Gansky, Enterpreneur and Author

Product

We continuously work towards improving the quality of our products, and all the processes that go into making the final finished product and ensure to minimize the negative impact on the environment and the consumers. The R&D department is actively involved in creating new and researching existing products and the processes associated with them.

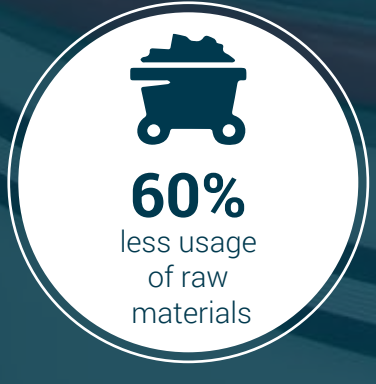
Product Programs

Innovation in yarn production

Our Spinning Mill makes use of different processes that reduces the consumption of cotton. Recycled textile materials are used instead of raw cotton. The Coarse yarns used to produce fabrics reduces the consumption of raw materials by up to 60%.

Up to 30% recycled materials can be used with virgin fiber to produce ornamented products known as Cotton Neppy Mélange yarns. Different colored neps (produced from recycle polyester) are visible in the yarn body and this works as ornamentation on the fabric surface. Mixing of spinning waste produces Snow yarns, which create a snow effect in the finished fabrics which takes its place in the new fashion trade.
Furthermore, in collaboration with the Forestry Stewardship Council (FSC), traceability is being introduced for the viscose used in the processes. The FSC promotes the responsible management of the world's forests. In addition, under the Global Recycled Standard (GRS) certification, recycled polyester blended yarn is being produced to create a variety of sustainable products.

Currently, our Spinning Mill is producing 10% of Sustainable Yarns. As part of the 2020 Goal, it targets to have 20% of total production made from these recycled products by the year 2020.



Better Cotton Initiative

The program has been adopted to sup-port the global standards for Better Cotton and to promote our commitment to make global cotton production better for the producers, environment and the sector. Over 90% of the total yarn pro-duction is from BCI.

Organic Cotton

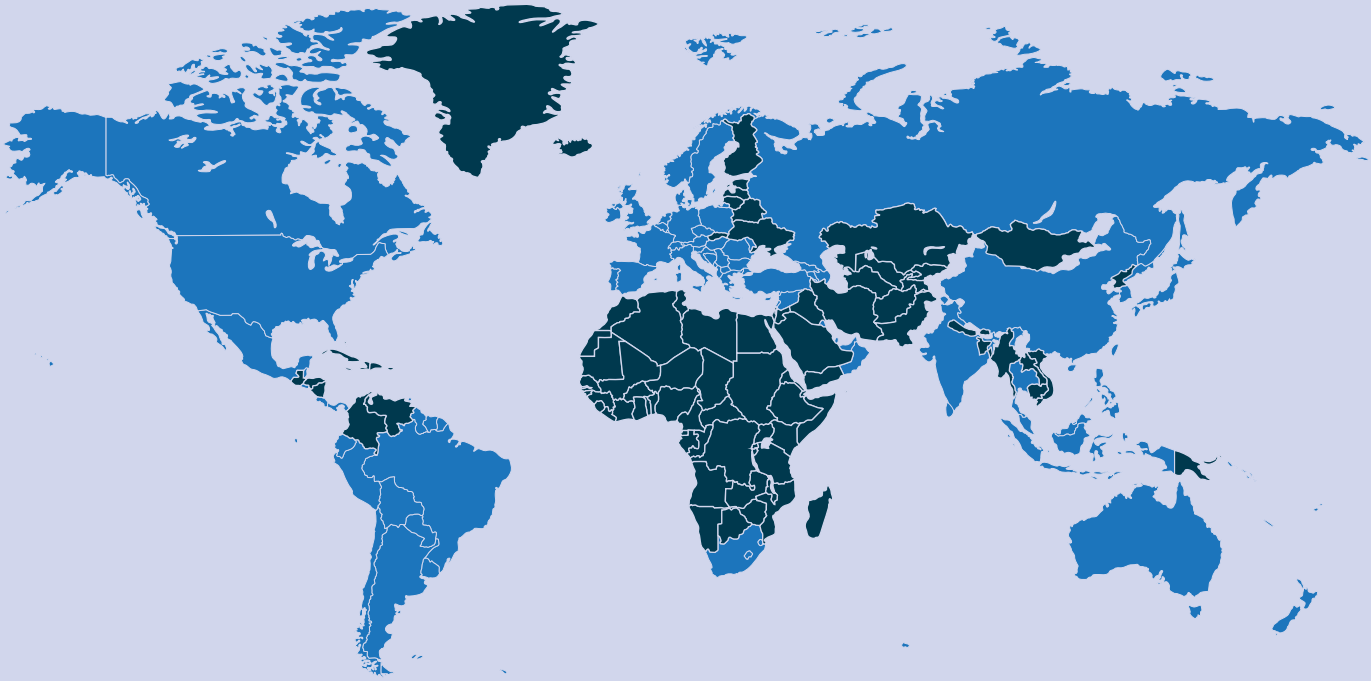
It is an initiative to reduce the negative impact on the environment and consumers. Organic cotton is imported from India to process organic yarn. This comprises of about 8% of the total yarn production.

Oeko-Tex Standard 100

For our Spinning, Dyeing, Printing and Garments processes, we follow the Restricted Substances List (RSL) specified by Product Class 1 of the Oeko-Tex Standard 100 certificate.

Global Organic Textile Standard (GOTS)

The GOTS certification is a worldwide leading textile processing standard for organic fibers. This includes ecological and social criteria, backed up by independent certification of the entire textile supply chain



$225,256,339.16

Exports in 2017-18

15.55%

More exports than in 2016-17

EUROPE	AFRICA	ASIA & OCEANIA	NORTH AMERICA	SOUTH AMERICA
AUSTRIA	MOROCCO	AUSTRALIA	CANADA	ARGENTINA
BELGIUM	SOUTH AFRICA	CHINA	EL SALVADOR	BOLIVIA
CROATIA		HONG KONG	MEXICO	BRAZIL
DENMARK		INDIA	USA	CHILE
FRANCE		INDONESIA		ECUADOR
GERMANY		JAPAN		PANAMA
GREECE		MALAYSIA		PARAGUAY
ITALY		NEW ZEALAND		PERU
NETHERLANDS		PHILLIPPINES		URUGUAY
NORWAY		SINGAPORE		VENZUELA
POLAND		SOUTH KOREA		
RUSSIA		TAIWAN		
SERBIA		THAILAND		
SPAIN		UAE		
SWEDEN				
TURKEY				
UK				

Economic summary

All amounts in million US$ (USD 1 = 83.75 BDT)

	2017-18
Revenue (gross)	449.91
Other income	3.59
Direct economic value generated	453.50
Operating costs	287.95
Employee wages and benefits	66.47
Payments to providers of capital	21.73
Payments to government	16.62
Community investments	0.29
Economic value distributed	393.06
Economic value retained (direct economic value generated less economic value distributed)	60.44

Tax rates

- Garments: 12%
- Textiles: 15%
- Corporate: 35%

Economic sustainability

The apparel manufacturing industry continues to contribute to Bangladesh's total exports. At the end of 2017-18, the industry stands at $30.6 billion: which is 83.49% of the total exports [1]. Within the last five years, the industry rose by 42.29%, with the knitwear exports rising by 44.99%

.

DBL Group's knitwear exports have risen in par with the country's rise: compared with 2012-13 the exports in 2017-18 rose by 44.34%. Constant expansions and a variety of sustainability initiatives has contributed to the rise.

However, the industry in Bangladesh has changed significantly and is changing still. With the inclusion of health and safety, focus on social and environmental impact is being addressed as well, even from the end of the buyers. The finished product is now being tracked way back to the cotton fields and all raw materials used, including the chemicals, in the entire supply chain. Companies are now to report on how they are addressing social issues including the communities that they are operating in. The end-product is now a socially and environmentally addressed one.

Economic sustainability is also being addressed through these social and environmental ventures. In our previous report, some discussions were made regarding these, with a focus on the environmental side. From the social side, the direct business impacts occur as there is increased production. For instance, an in-house study showed that female Supervisors are about 3% more efficient than the males and hence this has a direct relation to increased production. Indirect impacts include decreased turnover and increased retention.

[1] http://bgmea.com.bd/home/pages/TradeInformation, Accessed: 2 Feb 2019

Awards and accolades

1. National Export Trophy 2014-15, Hamza Textiles Ltd.
2. Superbrands Award, 2018, DBL Group
3. 8th HSBC Export Excellence Awards, 2018, DBL Group
4. Honorable Mention, Bangladesh Innovation Award 2018 under Best Social Innovation, DBL Group
5. Bangladesh Business and Disability Network (BBDN) Champions of Disability Inclusive Employment Award, 2018, DBL Group
6. 5th ICSB National Award 2017 for Excellence in Corporate Governance, Matin Spinning Mills Ltd.
7. ICMAB Best Corporate Award, 2017, Matin Spinning Mills Ltd.
8. National Export Trophy, 2015-16, DBL Group

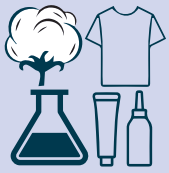
Further details are included on our website:
www.dbl-group.com/category/award

Superbrands recognition

DBL Group has won the 'Superbrands' award. Superbrands, the world's largest independent arbiter of branding paid a tribute to the most recognized and valuable brands of Bangladesh. Only the brands that have established themselves to a meaningful height in terms of business value and contribution to consumer life throughout the years have achieved this status.

A tribute event has been organized by Superbrands Bangladesh on 1 September 2018 at the Radisson Blu Dhaka Water Garden to declare the Superbrands of Bangladesh. M. A. Jabbar, Managing Director of DBL Group, received the award and promised to maintain the excellence in future as well.

Participation in Superbrands is by invitation only and offered to the most outstanding brands in their field. Attaining Superbrands status strengthens a brand's position, adds prestige and reassures consumers and suppliers that they are buying the best brand in its category.



Use of materials

Depending on the different production processes, different raw materials are used.

All input materials are weighed and tracked to control unwanted wastage. Systems such as Lean Manufacturing, Kaizen and 5S are included to make proper use of materials thereby reducing waste. Electronic tabs are used for data input with in-house developed software and hence moving a step closer to paperless systems.

External assessments by government and private organizations are made on noise and air pollutions and the quality of wastewater before discharging. DBL performs its own assessments as well. All recommendations are implemented to reduce impact on the environment.

Primary raw materials for the different production processes

Process	Input material(s)	Output from process
Spinning	Raw cotton	Yarns
Fabric Knitting	Yarns	Fabrics
Fabric dyeing and finishing	Fabrics, dyes and chemicals	Dyed fabrics
All-over printing	Fabrics, dyes and chemicals	Printed fabrics
Garments manufacturing	Fabrics, accessories	Finished garments
Garments printing	Finished garments, dyes and chemicals	Printed garments
Garments washing	Finished garments	Washed garments
Corrugated carton	Cardboard	Cartons

Materials used by weight or volume

Materials	Unit	Amount
Cotton	kg	16,133,277
Yarn	kg	26,039,391
Fabric	kg	25,909,842
Dyes	kg	835,896
Chemicals	kg	6,757,393
Salt	kg	6,561,494
Paper	kg	6,924,689

Waste management

All wastages in DBL are tracked and monitored regularly. Non-hazardous and hazardous are given to government authorized waste collectors for proper disposal. Different types of wastes are disposed in different ways. Before disposing any waste, they are categorized according to their characteristics. In general, they may be categorized as hazardous and non-hazardous.

Materials used by weight or volume

Section/Area	Types of waste	
	Non-hazardous	Hazardous
Cutting	Cotton fabric, paper, carton, tubes of fabric roll	Synthetic fabric, poly bag, cutting knife, scissors, blade, pp van

Sewing	Cotton fabric, cotton thread, cotton label, paper	Synthetic fabric, synthetic thread, synthetic label, poly, cutter, scissors, needle, plastic cone, button, zipper, rivet
Finishing	Cotton thread, cartons	Needle, poly, used gum tape, tag pin, empty bottle of spot lifter
Medical Centre	Gauge, unused cotton	Syringe, synthetic packaging materials of medicine, empty, medicine bottle
Canteen	Gauge, unused cotton	Plastic packets, water bottle etc.
Lab	Cotton, paper boxes, etc.	Detergent (liquid and solid)
Common	Wood, paper, etc.	Tube lights, electric bulbs, oil, electric wires, rubber mats, metal, empty chemical drums

■ **Total waste by type:**

Type of waste	Unit	Amount
Hazardous	kg	229,593
Hazardous	Pieces	20,056
Drums (hazardous)	Pieces	23,028
Other hazardous items	Pieces	5,527
Non-hazardous	kg	9,956,274

There are 3 separate dustbins clearly labeled set in the medical center for depositing all types of bottle/strips, cotton/bandages and syringes/needles respectively. All concerned staff are instructed to deposit waste in those specific dustbins.

Product Responsibility

Customer health, safety and privacy

DBL respects the privacy of all customers and henceforth there has been no complaints regarding breach of customer privacy and losses of customer data. DBL does not engage itself into incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling.

Additionally, there were no incidents of non-compliance with any regulations or codes that deal with marketing communications, including advertising, promotion, and sponsorship. Furthermore, DBL incurred no fines for non-compliance with laws and regulations concerning the provision and use of products and services.

DBL ensures the following for each product created:

Created according to brand's specifications

Pull-testing of buttons to avoid choking hazard

Button strength test for children-wear

Fusing process for embroidery to safeguard human skin

Restrictions on use of certain substances and methods

CHAPTER 5

COMMUNITY

We believe that together with our employees, customers, business partners and other stakeholders, we can create changes for the betterment of the community and the environment.

He who wishes to secure the good of others has already secured his own.

Confucius

Community

We believe that together with our employees, customers, business partners and other stakeholders, we can create real and long-term changes for the betterment of the community and the environment. We can extend this impact from improving the livelihood of our employees to the development of the local community where we conduct our businesses.

Community Programs

Mini Fire Brigade

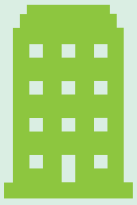
The Mini Fire Brigade (MFB) is DBL Group's first public-private partnership, which is in collaboration with GIZ (German Cooperation) and the Bangladesh Fire Service and Civil Defence (BFSCD). Already in operation, the objective of the MFB rapid response and risk reduction unit is to prevent fire in the industrial buildings around Kashimpur, Gazipur area. The unit is located outside the Jinnat Complex of DBL Group which is also serving the community in the Kashimpur-Konabari industrial cluster. The facility is staffed 24 hours a day with a target to respond within the first 10-15 minutes to both industrial fire and building collapse.The MFB was recognized by the Bangladesh Innovation Award 2018 as a "Best Social Innovation".

Bangladesh Fire Service and Civil Defence (BFSCD)

- Firefighters
- Operation and Maintenance Costs
- Equipment
- Standard Operating Procedure (SOP) and Protocols
- Advising Factory Management and Training to Factory Fire Teams

German Development Cooperation

- Technical Cooperation
- Concept
- Training via Bonn Fire Brigade and BFSCD
- Fire Truck and Equipment



DBL Group

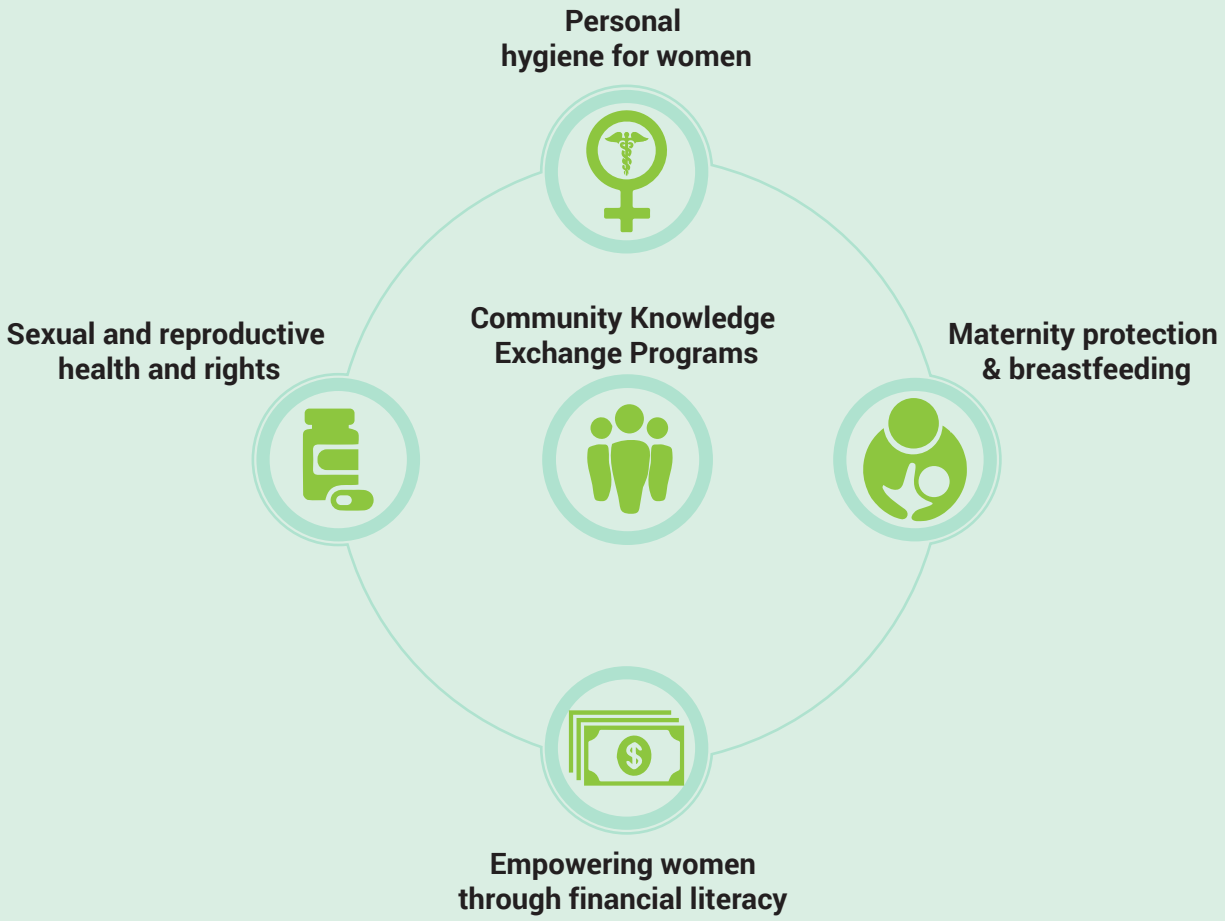
- Land
- Building, Fittings and Furniture
- Firefighters
- Utilities Costs
- Support Staffs

Controlled and extinguished fire in **40** factories and establishments in the industry and community

Estimated value of assets recovered: over **$5,120,145**

Community Knowledge Exchange Programs

DBL continues to hold Community Knowledge Exchange Programs in the different communities where DBL's operations are taking place. These programs focus on a wide variety of issues that DBL has learnt through the "People" programs (Chapter 2), including the following.



Community education support

As part of endorsing the need for achieving SDG-4: Quality Education in Bangladesh, DBL Group has been involved with multiple initiatives. A four-storied building has been constructed by DBL for Hatimara School and College. The building can accommodate about 1,000 students. DBL also donated 100 sets of benches to Sardagonj Government Primary School to accommodate 300 students. A renovation of an existing building in the school has also been done to further facilitate the students.

Industry-based Training Center

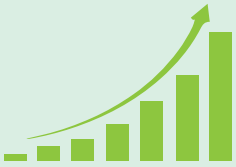
With a vision to establish a Technical Vocational Education and Training (TVET) Center in the industry cluster, the Industry-based Training (IBT) Center was initiated in DBL's spinning factory complex. The IBT Center has already developed training modules and the curricula and these have been submitted to the Bangladesh Technical Education Board (BTEB) for accreditation. The BTEB is a government board which is responsible for regulating, developing and certifying technical education throughout Bangladesh.

On the initial phase, 1,070 workers in the Spinning Mill will be targeted for the year 2018-19.

Community Health Development Program

To further focus on SDG-3, Good Health and Well-Being, DBL is continuing with Community Health Development Programs in the different communities where DBL's operations are taking place. Children, women, men, and the elderly of the community visit to take free treatments.

Wage and its Impacts



Entry level wage

DBL Group always abides by the minimum wage as set by the government. The levels of wages are a common standard for the industry regardless of gender or area of operation: this is constant throughout Bangladesh. Each worker is recruited in one of seven grades (apart from trainees). For all grades, DBL pays at a higher rate than the minimum: experience is also considered in relevant cases – the lowest grade usually comprises of people with little or no prior experience. The surplus amount depends on the amount of prior experience the recruit has.

Sensitivity of the wage issue

The Bandhan Fair Price Shop of DBL Group plays an important role towards the positive contribution through its product lines. Products from reputed brands such as Unilever, Nestle and GSK are available for the workers at prices which are more affordable to them: hence they now have access to better quality as well as healthier products. Items include food, cooking oil, toiletries, house-keeping goods, tea and beverages, along with others, including sanitary napkins.

An inclusive business model, Bandhan was established as a strategic approach. Back in 2007-08 when the global financial crisis affected everyone, DBL decided to increase the salaries of our workers by 15%. This had a negative effect as the other industries in the cluster started to demand the same in their factories. To cope with that, Bandhan was established which not only reduced the expenditure burden of the workers, but also prevent any unrest. Bandhan acts as an inclusive business model since it includes the low-income workers as consumers.Bandhan was recognized by the Business Call to Action (BCtA) as an inclusive business model and gained DBL a membership of the BCtA.

Society

Local communities

Apart from the machinery used in the different operations, DBL procures all other products and services from Dhaka. When DBL began its operations in Kashimpur and Mawna (Gazipur), the entire area/locale was undeveloped. The progression was escalated by industries and the locality has gone through a significant transformation. Popular local branded shops and local and global branded products are now available in the community.

DBL Group has also contributed to the economy through the following ways:

- **24/7 medical facilities for workers and consultation services for family members**
- **Providing access to medicine at manufacturer's price for workers and their families**
- **Contribution to educational institutions in the community**
- **Conducting surveys to understand the needs of the community**
- **Financial assistance to various hospitals**

DBL has also formed a partnership with the NGO Shishu Polli Plus. A Beauty Parlor was set up in the local community of Tepirbari, Mawna. The facility was inaugurated on 19 June 2018 by Ms. Trisha Silvester – Chair of Trustees of Shishu Polli Plus and the Head of Sustainability of DBL Group. DBL is bearing the rent and utilities expenses. For the female workers of DBL Group, Shishu Polli Plus is providing special discounts on the different beauty treatments provided by the parlor.

Other impacts on communities

To minimize the impact on communities, the industries of DBL are situated in remote locations. Potentiality, however, is still present to create negative impacts on the local communities.
These include the following:

1. Noises from machines, particularly generators, tend to reach out of the factory premises. Quality machines are procured which produces lesser noise than the inexpensive alternatives. These machines are also placed in ideal places within the facilities to reduce the impact.

2. Although Effluent Treatment Plants (ETPs) are present, there is dumping of the treated wastewater. Programs such as the Zero Discharge of Hazardous Chemicals are present which improves the quality of wastewater discharged. The quality of sludge produced is also equivalent to that of municipal waste, which contributes further in reducing the negative impact on the community.

3. Carbon emissions from the different machines influences the air quality and temperature of the local environment. With the goal of planting 100,000 trees by 2020, DBL has started to offset the carbon emissions within the different communities where we are operating. These trees will also be mitigating the increase in temperature.

Anti-corruption

DBL has no confirmed incidents of corruption and has not made any financial and in-kind political contributions. In addition, there have been no legal actions for anti-competitive behaviors, anti-trust and monopoly practices. An always compliant organization, DBL did not incur any fines or been involved in non-monetary sanctions for non-compliance with laws and regulations. The reputation of DBL Group for lawful and responsible business behavior is of prime importance and is one of its greatest assets.

DBL Group is committed to the prevention, deterrence and detention of corrupt business practices, fraudulent activities and bribery. DBL Group has zero tolerance toward any unethical business practice. DBL Group has strictly enforced policies on anti-corruption, anti-fraud and bribery which apply to all businesses within DBL Group. The Management seeks to promote the adoption of regulations consistent with the principles set out in the different company policies on anti-corruption. It is required that all personnel:

- Act honestly and with integrity and safeguard the company resources for which they are responsible
- Respect customers, suppliers, and other parties to achieve DBL's objectives by conducting business in an ethical, lawful, and professional manner.

At DBL, we have an effective compliance program which includes but is not limited to, the following components:

- Communicating code of conduct to employees and suppliers;
- Reporting and investigating any allegation of fraud, bribery, and other corrupt practices;
- Appropriate disciplinary procedures for employees who are found to have engaged in such practices; and
- Monitoring of the effectiveness of such controls

DBL Group and each of its business take the appropriate steps to ensure all its employees and those acting on its behalf:

- Meet all legal and regulatory requirements governing the lawful and ethical conduct of business
- Make all employees aware of their personal responsibilities and strictly adhere to this policy
- Provide information to all employees and further guidance if they have any query or uncertainty regarding these requirements.

dbl
SECURITY
GUARDS
dbl

CHAPTER 6

ENVIRONMENT

Environment is a high priority for our company, and we work to decrease carbon footprint, water consumption, and waste from our manufacturing processes.

No water, no life. No blue, no green.

Sylvia Earle, Marine Biologist

Environment

Environment is a high priority for our company, and we work to decrease carbon footprint, water consumption, and waste from our manufacturing processes. We dedicate ourselves in conserving energy, managing waste effectively and replenishing the environment to the best of our capacity.

Environment Programs

Partnership for Cleaner Textile (PaCT)

A program by the International Finance Corporation (IFC), PaCT is a holistic program supporting textile wet processing factories to adapt to cleaner production. It engages with brands, government, communities, financial institutions and other stakeholders in bringing about systemic, positive environmental change for the Bangladesh textile sector, the workers and the communities of operations. The program contributed to water, gas, electricity, steam, dyes/chemicals and carbon emission consumption reduction. DBL Group has signed up for the second phase of PaCT.

Sustainable Action and Vision for a better Environment (SAVE)

A project by Puma co-financed by DEG with support from H&M and ASSIST, SAVE aimed at reducing carbon emission, energy consumption, waste and water consumption by 25% by 2015 keeping 2011 as the baseline. Multiple recommendations were implemented in the garments manufacturing unit Jinnat Knitwears Ltd. based on an onsite assessment performed in November of 2014. These recommendations have immediate, short-term or long-term payback periods and were implemented throughout 2015. DBL received the recognition for having the “Best Management System” during the event closing in January 2016.

DBL replicated the SAVE program in the Screen-Printing unit: Thanbee Print World Ltd. The program enabled Thanbee savings of 308 tons of carbon emissions and 460 MWh of electricity annually.

Bio Gas Generation

In collaboration with GIZ, a bio gas generation plant has been set up in the Jinnat Complex, where the knitting and garments operations take place. Cattle excrement is used to provide as source of the gas and is currently being used as a source of fuel in cooking. With an initial investment of US$ 6,218, a return of about US$ 7,692 is obtained per year.

Zero Discharge of Hazardous Chemicals (ZDHC)

In 2011, a group of major apparel brands and retailers made a collective commitment to help lead the industry towards zero discharge of hazardous chemicals by 2020. Brands involved in this project are H&M, Esprit, G-Star and Puma. A "Joint Roadmap" was published in November 2011 which demonstrates the group's collaborative efforts in leading the apparel and footwear industry towards ZDHC for all products across all pathways by 2020.

Tree Plantation Program

A method of offsetting carbon emissions is by planting trees. Trees, of course, have other benefits including restoring biodiversity. Recognizing all these, DBL has already started planting trees as part of the Tree Plantation Program. DBL aims to plant 100,000 trees in different regions of its operations and beyond within 2020.

More than **1,200** trees were planted in 2018

Renewable energy usage

The use of renewable energy, such as solar power, reduces the impact on the environment. This is because this type of power generation causes no carbon emission and even saves fossil fuels; thereby often referred to as "clean" energy. With the International Finance Corporation (IFC) and other stakeholders, DBL has already studied, and is continuing to study, the feasibility of using solar panels.
A 25-kW solar power generation has been set up in our all-over printing facility which in 2017-18 generated 14,414.87 kWh power. Further renewable energy projects will be implemented in the coming years. Targeting 2020, DBL aims to use up to 10% solar power for the production processes.

Environment Management Approach

DBL management is committed to manage and protect environment as an integral part of its business. The company prefers to run its businesses in a responsible, environmentally sound and sustainable manner by implementing effective environmental policy and procedures in all the factories. Several sustainability projects relating to environmental management system have been and are being implemented.

To reduce environmental footprint, DBL Group has formed a team for Environmental Management System (EMS). Standard environmental policy and Environmental Health and Safety (EHS) policy have been formulated which addresses management of the following.

GHG: Greenhouse gases
ODS: Ozone-depleting substance

These guiding activities help us address environmental challenges such as biodiversity conservation. These are given priority to ensure environmental responsibilities and continual improvement to reduce environmental impacts. As minimization of pollution is addressed, the organization can ensure sustainability of the environment as an integral part of the business.

Awareness training on environment

Environment awareness trainings are conducted every month for all employees relating to more general issues as well as on the production processes. All new employees, irrespective of their levels, are briefed about EHS and environmental related aspects of the organization during their induction process. Employees are also made to undergo specific training with respect to the nature of their work. Need identification for this is done by the respective heads of departments for sending staff across for internal as well as external trainings.

Environmental certifications

Certification	Processes
Environmental Clearance Certificate (ECC)	Spinning, fabric dyeing, washing, all-over printing, screen printing and packaging
Oeko-Tex Standard 100	Spinning, fabric dyeing, all-over printing, garments manufacturing and screen printing
Global Organic Textile Standard (GOTS)	Spinning, fabric dyeing, all-over printing, garments manufacturing and screen printing
Organic Content Standard (OCS-IN)	Garments manufacturing
ISO 14001	Fabric dyeing, washing and all-over printing

Cotton import

Better Cotton Initiative (BCI)
Organic Cotton

Spinning

Energy efficient machinery
Innovation in yarn production

Fabric dyeing

Low liquor ratio machines
Energy saving dyeing
Partnership for Cleaner Textiles (PaCT)
Zero Discharge of Hazardous Chemicals (ZDHC)

Garment manufacturing

Energy, water, and waste management

Emissions

Emissions include greenhouse gases (GHGs) which are emitted from the different machines used in the operations and from vehicles. This consists primarily of carbon dioxide and is calculated using IFC and GHG Protocol guidelines. From the different operational facilities, 127,421 tons of carbon dioxide emissions were recorded in 2017-18. From the transportation services, the emissions are from compressed natural gas, octane, and diesel used by the vehicles. In 2017-18, 3,031 tons of carbon dioxide emissions were recorded from the transportation services.

GHGs are related with energy production and reducing energy consumption helps with reduction of GHGs, thus contributing to minimization of climate effects.

To ensure effective monitoring and minimizing of energy consumption and GHG emission, DBL's practices include the following:

- Maintaining an energy usage inventory (e.g. energy consumption data such as gas bills, electricity bills, and fuel use in vehicles)
- Checking electricity lines, gas lines, oil tankers and generator connections
- Maintaining GHG emission inventory including direct and indirect energy consumption.

Effluents

DBL Group currently has two biological Effluent Treatment Plants (ETPs) in the fabric dyeing facility. These ETPs are for treating the wastewater generated from the fabric dyeing and all-over printing operations. The first ETP, with the capacity of 4,000 cubic meters, was taken as a benchmark by the Department of Environment (DoE) of the government of Bangladesh. To meet the extended capacity of the dyeing process, a second of 7,500 cubic meters ETP was constructed and went into operation in November 2014. DBL also constructed another biological ETP in the screen-printing facility, which went into operation on February 2016. In 2017-18, a total of 3,087,075 cubic meters of effluents were generated.

Biodiversity management

Environmental impact assessment is done for every facility and preventive actions are taken against the possible impact. This assessment takes the following into consideration:

- **Noise pollution management**
- **Air emissions management**
- **Greenhouse gas emissions monitoring and energy management**
- **Safe disposal of waste materials from production process**
- **Biodiversity conservation**

Products and services

To mitigate the impacts on the environment, multiple Sustainability programs have been taken by DBL Group. Brief explanations of these programs have been included in this report. DBL is constantly involved in resource saving and reducing emissions to preserve the environment.

Transportation impact management

The impacts due to transportation are managed in several ways including the following:

- Daily, weekly and monthly maintenance
- Engine servicing after running every 3,000 km or 3 months: including washing, engine flashing, changing Mobil and air filters, etc.
- Spark plug checking and replacing
- Engine valve (inlet and exhaust) clearance checking and adjusting
- Greasing moving parts to avoid friction
- Fuel filter cleaning and replacing
- Battery water level checking and recharging
- Gear box and axle gear oil level checking and replacing
- Avoid air draft using windshield/air reflector
- Motivating drivers to minimize fuel consumption, avoiding over speed, etc.

Environmental grievance mechanisms

Till now, we have had no grievances about environmental impacts since all our facilities maintain environmental compliance.

Responsible consumption

In alignment with SDG-12 – Responsible Consumption and Production, DBL's initiatives are targeting the optimal use of natural resources such as water. The dyeing industry is one of the most water intensive industries and hence programs like the Partnership for Cleaner Textile (PaCT) have specific targets in reducing water consumption.

PaCT began in DBL in 2013 and after concluding in 2016 has provided significant amounts of savings in water, dyes and chemicals. A quick overview of the savings in 2017-18, considering the amount of production, is shown below.

The definition of sustainability encompasses social, environmental and economic performance. In cases, initiatives may be taken directly to address economic sustainability such as procuring machines with greater life span or reducing the use of raw materials by using recycled products. The indirect benefits can occur from reducing turnover and absenteeism; for the former, recruitment and training costs are reduced and for the latter, there is a direct impact on production.

Savings from PaCT: Dyeing operations

288,461,976
Liters water
saving in 2017-18

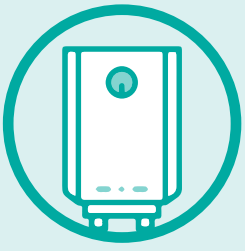
1,547,205
Kg dyes and chemicals
saving in 2017-18

Condensed water recovery

1,051,200
Liters diesel saving
at diesel boiler per year

499,320
Cubic meters gas saving
at gas boiler per year

Exhaust Gas Boiler

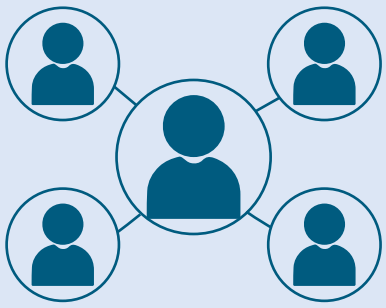


436,362
Normal cubic meters natural gas saving in 2017-18

Hot water recovery

1,051,200
Liters diesel saving per year

CHAPTER 7



STAKEHOLDER ENGAGEMENT

Our stakeholders include those who are associated directly or indirectly to our businesses. DBL reserves special interest in identifying all applicable stakeholders and understanding their expectations to remain sustainable in the long run.

A good head and a good heart are always a formidable combination.

Nelson Mandela, Philanthropist

Stakeholder Engagement

At DBL Group stakeholder satisfaction is of very high concern to the company values and we take the matter very sincerely. Our stakeholders include those who are associated directly or indirectly to our businesses. The approach and the frequency of engagement with the stakeholders differ based on the category of the stakeholder. DBL Group reserves special interest in identifying all applicable stakeholders and understanding their expectations to remain sustainable in the long run. DBL Group is growing sustainably and we believe that a fully sustainable company will have all its stakeholders engaged in the key processes of the business.
All organizations and entities that have significant influence on DBL Group and those that are directly or indirectly affected by the Group's operations are considered as stakeholders. We identify potential stakeholders through the following process.

All organizations and entities that have significant influence on DBL Group and those that are directly or indirectly affected by the Group's operations are considered as stakeholders. We identify potential stakeholders through the following process.

Stakeholder engagement process

There is no particular frequency of engagement with the stakeholders. However, there are annual events like vendor meetings for suppliers, annual general meeting for investors and shareholders, exhibition for customers and others. In addition, respective departments engage with their specific stakeholder groups as situation demands and on need basis.

Key Stakeholders

Committing to Internal Stakeholders

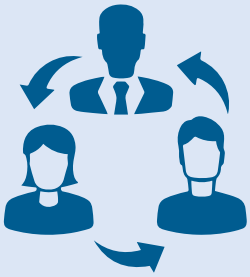
DBL Group's major stakeholder group and a principal asset is the workforce. Hence, DBL reserves a special importance to creating the proper work environment for all employees. Similar attention is also given to their families. To maintain a fully energized workforce we maintain several initiatives to strengthen employer-employee bonding. Some are discussed below.

Participation Committee (PC)

Collective bargaining agreement is not prohibited in DBL Group. To make a trustworthy relationship between the workers and the company, DBL Group has formed Workers Participation Committees. These committees constitute of representatives of both the employers and the workers. Workers are encouraged highly in forming of this committee, over 50% of each the committee comprises of workers.

To promote mutual trust, understanding and cooperation between the employers and the workers as to fulfill production target, reduce production cost and improve the quality of products, the committees meet once every month. They are working to effectively establish privileges as well as to improve welfare services for the workers and their families. Through the PC, workers can freely contact the committees to discuss any issue.

DBL Group encourages good relations between workers and managers, through hosting trainings covering topics, such as labor standards, leave days, working hours, wages, personal protective equipment, health and safety, environmental issues, welfare, and so on (further details are stated in Chapter 2 of this report). The committees' members are representatives of employees and top management: they were selected by each group respectively. The selection criterion has now been completely replaced through a supervised election procedure. Issues discussed include wages, benefits, working conditions, complaints, productivity, quality, health issues and even items for the Bandhan Fair Price Shop.



Effective communication procedures

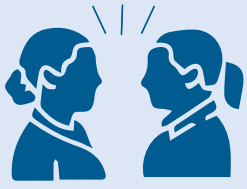
DBL Group has established different channels to communicate with its workers: these include the following.

- **Meetings**
- **Poster boards**
- **Suggestion boxes**
- **Open door policy.**

Grievance mechanisms

Apart from formal grievance procedures which are set up as per local laws, DBL Group has informal ways to resolve any sort of disputes quickly and effectively. The top management has an open-door policy and grievance boxes are provided to assist employees maintain confidentiality.

DBL Group has established several channels for workers to file complaints, including anonymous complaints. These include suggestion box and an open-door policy. The Welfare Officers are responsible for handling complaints. The suggestion boxes are checked every Saturday and the grievances are recorded. Appropriate actions are taken, and results are reported back to employees.



Welfare Officers

The Welfare Officers stationed at the factory complexes oversee workers' concerns and problems and communicate with the Human Resource and other concerned departments as required. These Officers are involved with multiple tasks as shown below. Workers feel very comfortable expressing themselves to them. They handle every single case with great care and efficiency and maintain confidentially depending on the sensitivity. Proper measures are taken immediately to resolve any concern over workplace or even workers' personal issues.

Roles of Welfare Officers

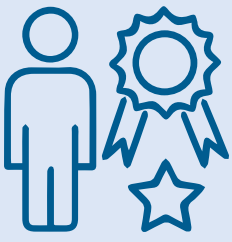
- **Maintaining first aid boxes and checklists**
- **Dealing with complaints from workers**
- **Registering and providing extra care to pregnant employees**
- **Ensuring washroom hygiene**
- **Coordinating and conducting trainings**
- **Facilitating meetings**
- **Informing workers of any changes in policies**

Kaizen Suggestion Box

DBL Group appreciates ideas from all workers and employees. Besides the Suggestion/Grievance Boxes, an additional box has been included with the aim of taking in suggestions from workers that relate to improving production efficiency. This method provides a way to involve workers in the decision-making process which makes workers feel important about themselves and they highly appreciate the management for such initiative.

These boxes are referred to as “Kaizen Suggestion Boxes” and are present in all units. These boxes are green in color – as opposed to the white for the Suggestion/Complaint Boxes – in order to help users easily identify and distinguish them. Users submit their ideas in the boxes including their names in order to be identified for recognition.

All suggestions are discussed in the Kaizen Meetings held every month: the employee or worker with the best suggestion for the month is recognized with the “Kaizen Award”. Some of the suggestions have even been implemented: in some cases, the best suggestion had to be chosen among the multiple good ones received. In addition to the award, the names, photos, and ideas of the accepted ones are displayed on the notice boards.



Employee of the Month and Employee of the Year

In addition to the Kaizen Suggestion system, efforts of our employees and workers are also recognized through another monthly recognition system: the “Employee of the Month”. In 2016, a new recognition system, “Employee of the Year” was included as well. These ideas are compiled under DBL Group Idea Club Sustainability program.

A huge advantage of having an employee of the month incentive is the motivation. It encourages the employees to work at their highest potential and move them towards empowerment. This is in terms of work performance as well as punctuality and attendance on the job. It promotes employees to work at their full potential without causing any adverse side effects. The Employee of the Month program is open for all employees and it gives them a feeling of fairness as every employee has an equal opportunity at obtaining this reward.

The evaluation system also encompasses suggestions provided by employees and workers that would improve working procedures. The employees and workers that win the award are provided certificates of achievements in addition to cash incentives. Moreover, their names and photos are displayed on the notice boards of the respective units in order to further motivate them to grow in their careers and for improving the company.

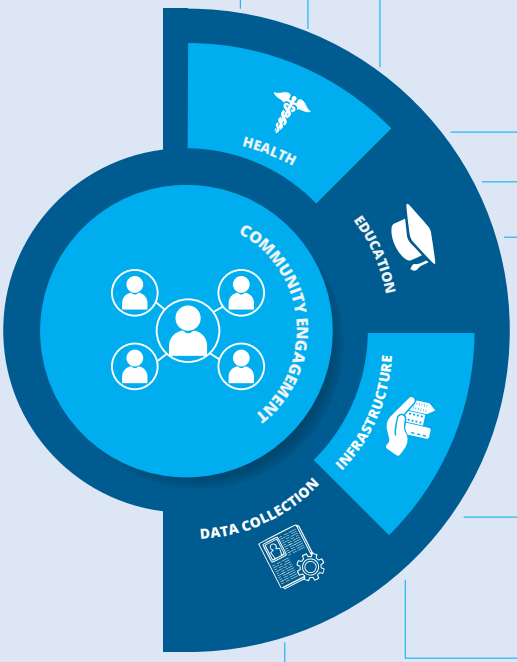
Connecting with External Stakeholders

DBL Group is committed to generating positive relations with external stakeholders through various non-binding initiatives which the organization subscribes and endorses. A constant communication is vital in order to ensure business sustainability: DBL recognizes and acts on this principle. The table below shows the various external stakeholders that DBL is currently involved with and how interaction is being made with each.

External stakeholder	Engagement
Buyers	Merchandizing Team, Emails, Exhibitions, Local and International Management Visits, Audits, Conferences
Community	Meetings with Local Union Councils, Surveys, Accommodating Requests, Community Engagement
Industry associations	Emails, Meetings with BGMEA, BKMEA, BTMA, Interactions with Chamber of Commerce (FBCCI, DCCI, BGCCI, JBCCI, etc.)
Government	Interaction with different Ministries of the Government of Bangladesh, Embassies, and Overseas Ministries
Media	Communications Team, Press Releases, Press Briefings, Interviews
Investors	Emails, Meetings, Visits, Conferences, Internal Relations Team
Suppliers	Marketing Team, Sourcing Team, Emails, Meetings, Audits
NGOs and CSOs	Emails, Meetings, Conferences, Workshops

Community development

A wide variety of activities are integrated within DBL's sustainability that promotes societal development: thus, integrating the concept of "Community" included as a branch in the comprehensive coverage of sustainability. These activities include the following:



- HEALTH CAMP
- FREE MEDICAL CARE
- ACCESS TO IN-HOUSE MEDICAL CENTER FOR COMMUNITY PEOPLE
- COMMUNITY SCHOOL DEVELOPMENT PROGRAMS
- COMMUNITY KNOWLEDGE EXCHANGE PROGRAMS
- LOGISTICS AND RENOVATION OF COMMUNITY SCHOOLS
- ROAD MAINTENANCE
- CONDUCT COMMUNITY SURVEYS
- COURTYARD MEETINGS

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