

PURNAA, Bhaisepati, Lalitpur, Kathmandu, Nepal. www.purnaa.com +977-1-5591762

August 31, 2021; Tuesday.

The Global Compact, United Nations, New York, NY 10017, USA.

**RE: Statement of Continued Support for the Global Compact** 

Dear Sir/Madam:

I hereby confirm our continued participation and support to the Global Compact initiatives, as PURNAA continues to adopt Global Compact principles deeply intertwined with its daily operations.

Thank you.

Sincerely,

Corban Bryant Director

+977-98185-02657

Coban Byund



### **Purnaa**

UNGC ID 141022 Member since September 2, 2020

# Communication on Progress (COP)

August 31, 2021

Purnaa is pleased to confirm its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption. We have strict guidelines as well as measurement of outcomes in place. In our 2020/21 Corporate Sustainability Report below, we describe our actions to continually improve the integration of the Global Compact and its principles into our business, strategy, culture, and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.



# **MPURNAA**

**Impact Report** 

2020 - 2021

A Year of Remarkable Resilience

# **Table of Contents**

A Letter from the Director	3
About Purnaa	4
Our Values	5
Memberships	6
Why Nepal	7
2020 by the Numbers	8-9
Environmental Impact	10-11
Empowerment Fund	12-13
Big Events in 2020	14
<b>Economic Situation</b>	15-17
Living Situations	18-19
Physical Health	20-22
Emotional Health	23-24
Relationships	25
Areas for Improvement	26
Looking Ahead	27
Notes	28



### A Letter from the Director



Corban Bryant, Director

s we reflect on the challenging year of 2020, we are impressed by the resilience of our staff and their ability to accomplish hard things in difficult times. Because of their perseverance, Purnaa was able to avoid layoffs and was actually able to grow despite 5 months of strictly enforced COVID-19 lockdowns.

Looking at the results of this year's survey, we are so pleased to see that Purnaa staff reported increases in their economic situation and emotional health. We are also delighted to see that many Purnaa staff were able to help their neighbors who struggled to buy food in the midst of Nepal's long lockdowns.

Even in difficult years, we remain committed to our primary mission to create good jobs for those who have experienced exploitative, abusive, and/or discriminatory situations prior to working with us. Some come out of sex trafficking, others out of labor exploitation or abuse, and some from situations of extreme discrimination because of caste, religion, gender, or HIV status.

So I am very pleased to share that in 2020 we grew by 20%, creating new employment opportunities for marginalized people.

Additionally, I'm excited to announce that we have established a new environmentally sustainable printing capability at Purnaa this year, adding a digital sublimation printer that enables us to color our own fabric without chemical waste or water pollution.

This is our seventh annual impact report and we are encouraged and further motivated by the continuing evidence of the transformative power of a good job. Enjoy our summary of Purnaa's impact from the last year.

Sincerely, Corban Bryant

### **About Purnaa**

#### **MISSION:**

Worldclass garment manufacturing to create jobs that empower marginalized people to fresh starts and fulfilled lives.



Many Purnaa staff persevered through and then exited exploitative, abusive, and/or discriminatory situations prior to working with us. Some came out of sex trafficking situations, others from labor exploitation or abusive relationships and some from situations of extreme discrimination because of caste, religion, gender, or HIV status.

Today these survivors join us in furthering Purnaa's social mission to create good opportunities for even more people. As a social enterprise, we reinvest 100% of profits to help survivors and this marginalized demographic by offering both training and employment. Some of the ways we do this are by:

- Fostering a great job environment that is free of discrimination and abuse
- Paying above Living Wages as defined by WFTO
- Offering pay even during life-skills training to equip better quality of living and on-the-job skills training
- Giving scholarships for remedial, general education, and personal development training

Each year, we review our company's progress toward our mission of empowering marginalized people and survivors of exploitation. We gauge our company's success by the impact we have through the jobs we create. To evaluate this impact, we conduct an annual survey of all Purnaa staff. It is a condensed version of a WHO quality of life assessment. [1] The questions assess 5 areas: Economic, Physical Health, Emotional Health, Living Situations, and Relationships with Others. We have also begun tracking our environmental impact in several key areas.

### **Our Values**

Our VALUES drive how we operate at work and also motivate us to grow personally. At Purnaa, we have twice-a-month values training times.

#### LOVE:

When we discuss love we think of ways we can choose to do what is best for our customers, co-workers, friends, family, and the world around us.

#### **EXCELLENCE:**

We always do our best, even in small things, and always work to improve.

#### **INTEGRITY:**

In a country where corruption is pervasive, our emphasis on integrity as a company sets us apart. It drives our transparency and also our commitment to do the right thing even when no one is looking.

#### JUSTICE:

At Purnaa, we give equal opportunity, fair rewards and consequences, and champion the rights of those who do not receive just treatment in society and as you'll see in this report, this is one of the things about our company that our staff love the most.

#### **BEAUTY:**

We create beauty in our products, workplace, environment, and within ourselves and our communities. We are thrilled when we get to manufacture products for clients who share our commitment to sustainable practices that are people and planet-friendly.



# Memberships

As a social enterprise committed to doing things better while operating in an often-exploitative industry, Purnaa participates in communities that advocate for just and sustainable practices in the garment industry.



### World Fair Trade Organization (WFTO):

Our WFTO Membership indicates our dedication to people and the planet and our commitment to the 10 Fair Trade principles. We are regularly audited by WFTO to ensure we are meeting requirements and always making improvements to better follow the principles.



### The Freedom Business Alliance (FBA):

Our FBA membership helps us network with a group of like-minded companies committed to fighting human trafficking or commercial exploitation. "These are businesses that profit FOR people, not from them. They share a bold vision and an even bolder model of operations. They evaluate success using multiple metrics, some of which cannot be measured by numbers. Their leaders work tirelessly on behalf of the exploited because the work of justice is not done."



#### Common Objective (CO):

As a Common Objective member, we demonstrate our commitment to building a successful business with a positive impact for people and the environment. We join CO in their efforts to take sustainable fashion from niche to norm. In 2019, Purnaa was given a Common Objective Leadership Award (there were no awards for 2020). The awards exist to champion the fashion businesses that are pushing the boundaries of creativity, combining great products and services with business practices that change lives and solve environmental challenges.



#### **UN Global Compact:**

In 2020, we became signatories of the UN Global Compact, which is the world's largest corporate social responsibility campaign. Businesses that join the initiative commit to align their corporate strategies and operations with Ten Principles on human rights, labor, environment, and anti-corruption and take actions to support the Sustainable Development Goals (SDGs).



# Why Nepal?



A 2021 nationwide survey identified "unemployment" as the #1 key problem facing Nepal. The #2 issue was "Poverty or Shortage."[1]

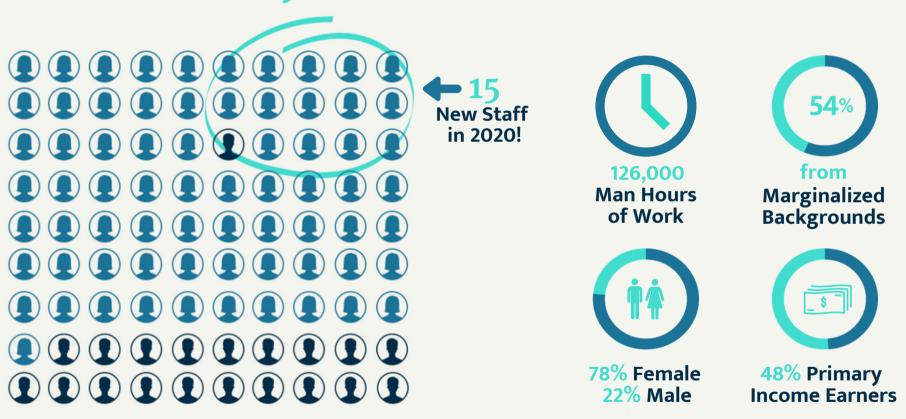
Although government-published unemployment numbers are quite low, true unemployment and under-employment rates are very high. Nepal's national bank reported that during Nepal's 4-month nationwide lockdown, 61% of businesses were fully closed, businesses laid off 22.5% of workers, and 77% of businesses didn't have sufficient cash flow to pay workers.[2] Even worse, Nepal's informal sector, which represents 96.2% of its population, was the most vulnerable to severe poverty during the pandemic.[3,4]

Due to poor conditions at home, almost 50% of Nepalis rely on some form of remittances from a family member working outside the country. At least 10% (3 million+) of the population works abroad.[5] Poverty at home and pressure to go overseas cause extreme vulnerability to labor exploitation and human trafficking. 44% of the population is vulnerable to slavery[6] and in Kathmandu Valley, an estimated 11,000–13,000 women and girls are working in the "night entertainment industry".[7] Additionally, Kathmandu gained the dubious distinction of having the world's worst air pollution in 2021.[8] Outdated agricultural burning practices, poor enforcement of emissions standards, and forest fires caused by poor forest management resulted in the beautiful Himalayas being fully obscured for months at a time.[9]

Purnaa is in Nepal to create good jobs that address Nepali people's vulnerability to exploitation. We participate in a business community that demonstrates it is possible to operate profitably with sustainable practices. Whether through earthquakes (2015), border blockades (2016), or pandemics (2020–2021), we're committed to pressing through the challenges to see fresh starts and fulfilled lives for marginalized people in Nepal.

# 2020 by the Numbers

### 90 Full-Time Employees



# 2020 by the Numbers





68
Children Given
Scholarships



84 Unique Styles



95
Production
Machines



19,355
Meters of
Sustainable
Material
Sourced





# **Environmental Impact**

This is our first year reporting sustainability data alongside our quality of life survey. We believe that our social impact and environmental impact are inextricably linked. The fashion industry is the second-largest polluter in the world and contributes to many of the world's big environmental problems; including climate change, water pollution, and deforestation.[11] Nepal struggles with all of these environmental challenges, so a holistic approach to improving the lives of marginalized people in Nepal involves minimizing our negative impact on the environment. In the future, we hope to improve our reporting on this issue and provide year-over-year progress updates.

As a cut-and-sew garment manufacturing company, our primary environmental impacts come from our:

- Emissions caused by electricity consumption,
- Water consumption,
- Wasted raw materials,
- The environmental impact of the materials that go into our products.

### **Electricity Consumption**



At Purnaa we choose to use energy-efficient machines with servo motors and LED lighting instead of the industry standards of older clutchdrive machines and CFL lighting.

**Total Energy Consumption:** 16,180 KWH = 1.0 Tons CO2

Savings from Efficient Machines and Lighting: 4,528 KWH = 0.3 Tons CO2\*

\*CO2 emissions calculated assuming 87% of Nepal's electricity is hydro generated and remaining is coal generated in India at 0.95Kg CO2 per KWH.[12,13]

### **Water Consumptions**



Purnaa's only direct water consumption is used for our kitchen, bathrooms, handwashing, and sample wash-testing.

**Total Water Consumption:** 

499,200 Liters (21 Liters/employee/day)

In 2020, Purnaa invested in a Dye Sublimation Printer, which saves an average of 3.96 liters of water per kg of fabric when compared to traditional dyeing [14]

# **Environmental Impact**



### **Sustainable Fabrics Used**

Much of our environmental impact depends on the materials we use to make our products. Typically we prefer natural fiber-based fabrics that do not emit micro-plastics into the water. We also prefer fabrics made with more sustainable methods such as organic cotton, recycled polyester, and fabrics dyed using environmentally friendly pigments and processes.

43%

of fabric purchases were organic or recycled.

65%

of fabric purchased from factories verified sustainable qualifications such as GOTS, Oeko-Tex, or Fair Trade 94%

of fabric purchases by weight were natural fibers.

66%

of exports were made from natural fibers.



### **Waste Control & Recycling**

Purnaa sells all of its fabric scraps for use in making cushions and mattresses.

**Total Scrap Recycled:** 

275Kg

**Kgs of material waste per USD in Sales:** 

0.0009 Kg/USD

Purnaa recycles all of its paper, plastic, and aluminum waste. Our recycling company provides a report of environmental benefits from our company's recycling. Our most recent recycling annual report gave the following statistics:



**Water Saved:** 

17,437 L



**KWH Saved:** 

21,299



Trees Saved:

10.5



Oil Saved:

1,567 L

Adult
Education
Scholarships

68
Scholarships to Children of Employees

Employees Accessing Counseling

11,600
Masks Produced &
Subsidized w/
Empowerment
Funds

Employees
Given Stipend
During
Lockdown

## **Empowerment Fund**

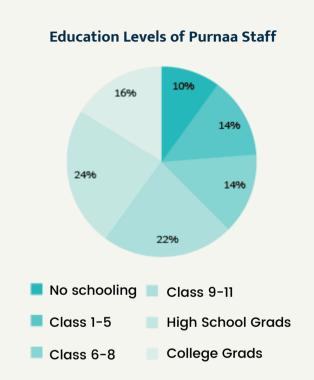
### **Employee Education and Care**

We founded Purnaa's Empowerment Fund in partnership with a USA-based NGO to offer support and growth opportunities for Purnaa staff that are over-and-above what a company might normally be able to provide. Through scholarships, staff can pursue education and other training that equips them in life and in their job at Purnaa. In 2020, there were fewer training and counseling opportunities than in previous years due to lockdowns and distancing requirements.

Coming from marginalized backgrounds, many staff members at Purnaa did not have the opportunity to finish primary or secondary school. In the past year, six staff members received support from the Empowerment Fund to pursue adult education in primary or secondary school or in specific skills that will help in their work, such as computing or tailoring.

We also offer scholarships for their children to attend good schools, helping to break the poverty cycles some families have been in for many generations. In 2020, 68 kids received scholarships.

Many Purnaa staff join us after exiting traumatic and difficult situations. Having the option to meet with a social worker and trained trauma counselor equips them with needed assistance as they process and heal.



### **COVID-19 Support**

In 2020, we additionally used empowerment funding to donate masks to organizations in Nepal that work with marginalized communities. And we used the empowerment fund to provide a cost-of-living stipend to employees who could not work during lockdown.

## **Empowerment Fund**



### **MEET RATNA**

"Since joining Purnaa, I have been able to grow financially and personally. With their scholarship, I was able to take a driving class! I saved up and now have my own scooter. I have also learned many things about sewing. And I have made many good friends."

# **Big Events in 2020**



Onboarding and growing our staff by 15 people in response to a deluge of orders after our initial period of COVID-19 lockdowns in Nepal

Purchasing a digital sublimation printer for fabric, which enables us to print vibrant, color-fast, photorealistic designs on fabric without any waste water in the coloring process. We are using it to launch our new line of customizable hats.



Purchasing land to build the future factory on. The new building will enable us to stop renting, have a permanent home in Kathmandu, and grow staff to up to 180 people. And it is designed to easily expand up to accommodate 300+ people.

### **Economic Situation**

### Wages

Our commitment to paying a Living Wage is one of Purnaa's key differentiators from exploitative sewing manufacturers. Each year we go through a process using a WFTO calculation tool to determine a fair living wage in Nepal. We take into consideration Nepal's minimum wage, what our employees could make in other forms of employment, and also factor in other organizations' research regarding living wage. WFTO's calculator estimated that the living wage in Kathmandu would be around NPR 15,000 per month.

However, we also highly value input from our staff. In 2020, Purnaa's leaders met with the employee-selected "Collective Bargaining Committee" for an Annual Living Wage and Increment Meeting. Together, they decided that Nrs 19,000 would be a fair living wage, higher than the official minimum wage and the WFTO recommendation. We are glad to see that when compared to last year, the average satisfaction shared when answering financial questions increased and most staff report their income as sufficient.



Needs
Income Very
Sufficient
Income
Moderately
Sufficient

Income Not
Income Not
Sufficient

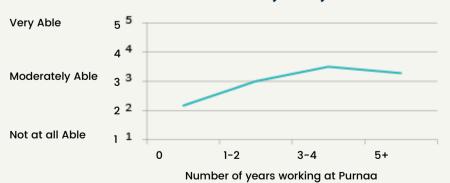
O 1-2 3-4 5+
Number of years working at Purnag

### **Economic Situation**

### **Ability to Pay Off Debts**

In Nepal, it is common to take loans from one's close friends and family for special expenses (eg. health expenses or children's education). We see that before individuals joined Purnaa they often were not confident they would be able to pay back their debts. After joining Purnaa and receiving a steady income, they no longer take out as many loans and are able to pay them back more quickly.

### I Have the Ability to Pay Off Debts





### **Economic Situation**



### **MEET MAYA**

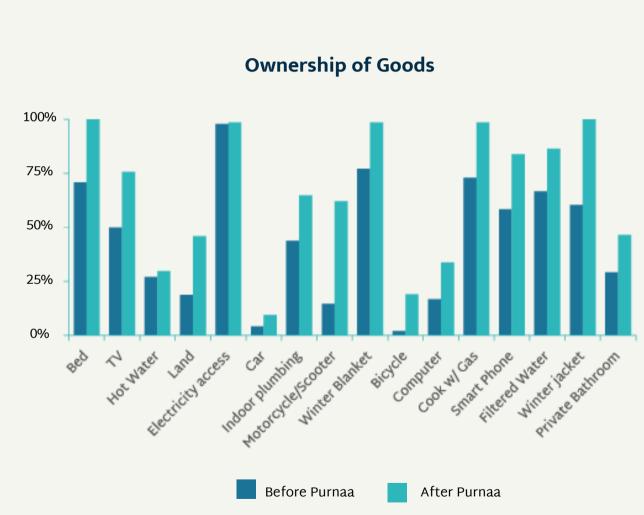
I used to live in a shack where I paid 1000 NPR/mo (\$8.50) rent, but now I can live in a much nicer space for 5000 NPR/mo. Also, I am so happy to be able to put my kids in school!

# **Living Situations**

This chart demonstrates the difference a good job can make in quality of living standards for employees and their families.

We notice that there are some basic categories still not at 100%. This is because some staff still live in shelters or community homes and don't yet own those things, though they currently are able to use them. For example, to the best of our knowledge, everyone has access to a bed, a gas stove, and electricity.





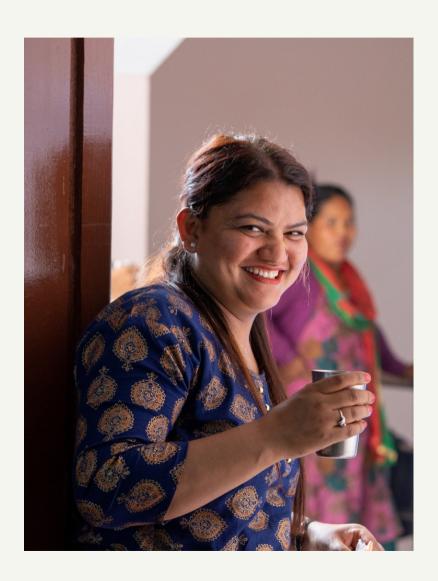
# **Living Situations**



### **MEET KALPANA**

"Before I was dependent on others to look after my children. After joining Purnaa, I have developed skills for a job, live with hope, and can care for my children myself."

# **Physical Health**



We are pleased to see that even in the year of a pandemic, most staff reported feeling healthy. In 2020, Purnaa transitioned from a private health insurance provider to a new government system and are finding better coverage for staff, especially for maternity; though we have seen rather long waits to get health costs reimbursed.

### **Purnaa Staff Health vs Baseline**

Compared to the WHO India baseline, we see we are 10% lower than average scores of overall society in India (our closest baseline data). However, Purnaa intentionally hires marginalized people and often these are people who have health issues that contribute to the discrimination they face in society (for example those with HIV+ or TB). Because of this, our population's baseline for health will likely be lower than the general population in India. We also see that over time, our staff have reported a lower average physical health score, which we address in our 'Need for Improvement' page.

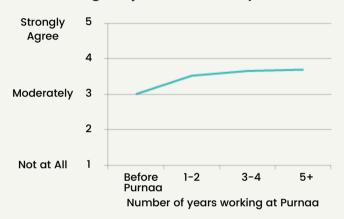


# **Physical Health**

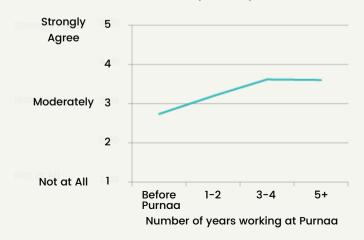
### **Family Health**

As a staff member works at Purnaa, they generally feel more able to care for their family.

### **Average Physical Health Response**



### I Feel Able to Care for My Family Member's Health





# **Physical Health**



### **MEET BHAWANA**

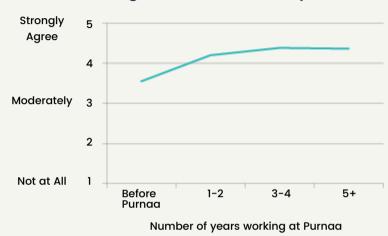
"I am so very grateful for Purnaa, because, despite the lockdown and COVID-19 pandemic, they provided us with a safe work environment."

### **Emotional Health**

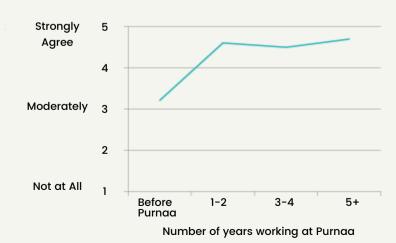
Compared to last year, we saw an overall increase in ratings in our emotional health questions, which we find surprising in a stressful year of COVID-19. The average response to all emotional health questions increased and continues to show a trend of increasing with longer time spent at Purnaa. We also see a marked increase in hope for the future after getting a job at Purnaa.

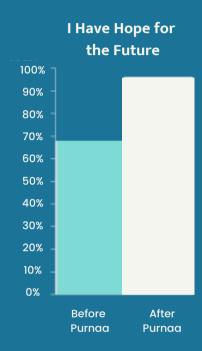
We added a new question this year to the emotional health section, asking how much do you agree with the statement, "I feel proud to share where I work." We're happy to see strong responses to this question in all experience groups.

#### **Average Emotional Health Response**



#### I Feel Proud to Share About Where I Work





"The way we value everyone, our mission and the way we are all working to accomplish it (even through COVID lockdown), makes me proud to tell everyone that I work at Purnaa."

### **Emotional Health**



### **MEET SANJU**

"I used to be very afraid. Now, with the things I have learned at Purnaa, I have overcome my fear. I am able to stay together with and care for my children."

# Relationships

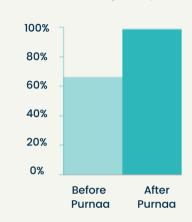
Many employees say that the community they have acquired and the acceptance they receive at Purnaa is the most meaningful benefit they've gotten since joining the company.

Perhaps this is unsurprising when one considers the histories of abuse and exploitation from which many come.

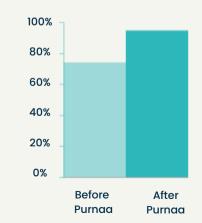
Regardless, these strong and encouraging relationships that developed between staff at Purnaa are one of the impacts we are most happy about.

We are also delighted to see that people feel more accepted not just by their co-workers, but also by their communities outside of Purnaa. Many employees previously experienced discrimination. The respect they now receive from their neighbors ranks as something they are most happy about.

### I Feel Surounded by People Who Care



#### I Feel Accepted by My Community





"This workplace has supported me when I needed it the most. I have massive respect for Purnaa and am happy to share about this to others."



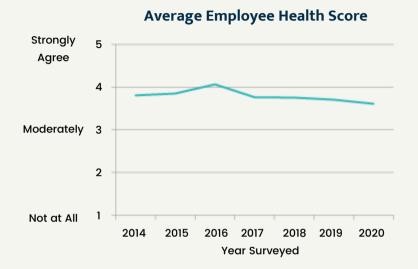
# **Areas for Improvement**

As we run our survey each year, we pay particular attention to areas where we where the data shows we need to improve. We look for quality of life metrics that decreased or generally receive a low rating, and we pay close attention to comments given by our staff. We also look at our methodology for ways we can improve our assessment. This year we notice several key areas that we'd like to improve for next year, overall health scores and wage satisfaction.

### **Employee Health**

When we take an average score of all of our physical health questions, we notice a year-over-year decline (shown above). As we review comments on these questions, we notice a few primary contributing factors to the decline.

- Feeling their budgets squeezed as they cared for aging parents.
- In the year of the pandemic, accessing health services was particularly challenging with lockdowns and restrictions.
- We surveyed our staff in a particularly busy season, with lots of overtime hours. Many staff mentioned general tiredness as a cause for low health ratings.



### **Wage Satisfaction**

Although we see an overall increase in scores for economic situation and we also observed a lot of written comments from staff expressing that money has been tight this year. Many comments especially mentioned the cost of caring for aging parents and the cost of caring for children. At Purnaa, we want to see our employees not just "get by" but thrive and enjoy life. We will be investigating opportunities to increase total earnings for our staff in this new year.

# **Looking Ahead**

### **Our Goals for 2021**

- Start constructing our factory building
- Scale our new sublimated cap line
- Add new customers to add more jobs
- Continue to assist Nepali women trafficked to India to find freedom and return to Nepal where they can access counseling, medical care, life skills and job skills, as well as assistance getting a job

#### **How You Can Be Involved**

- Send good manufacturing clients our way, brands that share a commitment to clean supply chains and empowering people through business.
- Become a Purnaa Empowerment Fund sponsor and help trafficked Nepali women journey home and find freedom, scholarship Purnaa employees and their children, and provide counseling and other needed social services by giving at: www.ywamcos.org/partners/purnaa





### **Notes**

- 1. <u>Subedi. "52% Nepalis support declaring Nepal a Hindu</u> state: Nationwide survey." <u>Himalayan Times. Mar 2021.</u>
- 2. "Impact of pandemic will push millions of workers below the poverty line worldwide, including in Nepal."

  Himalayan Times. Nov 2020.
- 3. "Nepal Labour Market Update" International Labor
  Organization, 2017.
- 4. "Proposed travel rule change may not help control women's trafficking, experts say." Kathmandu Post. Feb 2021.
- 5. "At least 500,000 migrant workers want to return home at the earliest, says report." Kathmandu Post. May 2020.
- 6. Global Slavery Index, Nepal Country Data page
- 7. Sharma, Gopal, Reuters "Stop, Check and Call"
- 8. "Kathmandu Valley breathes world's worst air once again." Republica. April 2021.
- 9. "Kathmandu's sky is clear after months, air quality index docks at less than 35 µg/m³." Republica. April 2021.
- 10. Inspectorio Rise. 2021.
- 11. "The fashion industry is the second largest polluter in the world." Sustain Your Style. 2017.
- 12. <u>Bhatt, Ramesh. "Hydropower Development in Nepal Climate Change, Impacts and Implications." 2017.</u>
- 13. <u>Proctor, Cath. "Natural gas power plants emit 40% less CO2 than coal plants, says study." Denver Business Journal. Jan 2014.</u>
- 14. Shaikh, Mahammud. "Water conservation in textile industry." 2009.