



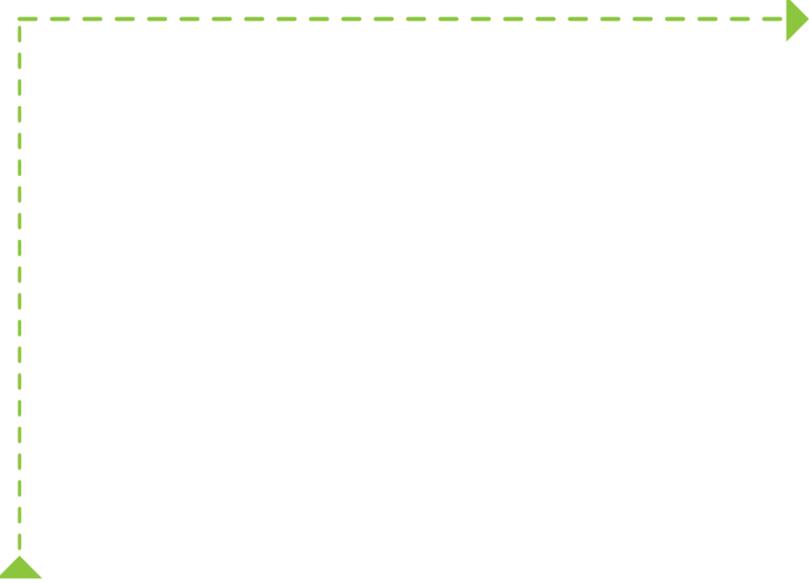
VIYELLATEX
Bridging Progress and Sustainability

Sustainability Report 2017



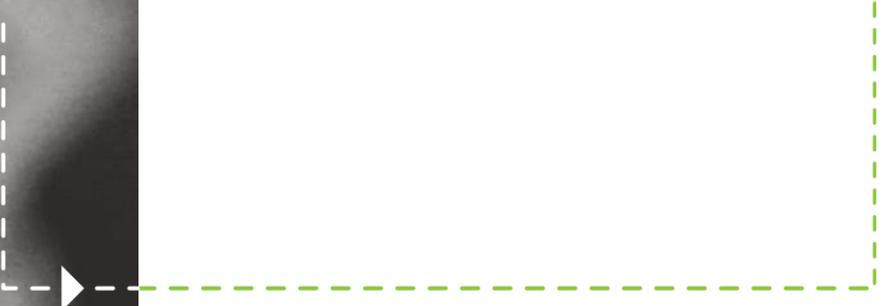



VIYELLATEX
Bridging Progress and Sustainability



Stitching Towards Sustainability

Our Couturiers are artists, stitching towards a sustainable future



Chairman's Message

Since 1996, Viyellatex Group (VG) has long held the view that good business ethics do not come at the price of economic performance. Instead, we argue that good business ethics serve to strengthen long-run growth.

From our humble beginnings, embracing this ideology has brought us where we are today. When our faith is tested, these ethical standards continuously guide us towards the future. Adherence to this principle is present throughout our operations, and demonstrated within this report. This GRI shows the public how we have maintained transparency and upheld sound ethics in the realm of business performance, environmental awareness, and social impact.

This is the first year that our company has decided to merge its sustainability report with its yearly COP in the GRI format. The merging of the two has made the overall reporting for this period comprehensive and will serve as the baseline for all-sustainable reporting in the future. All of our sustainability reporting occurs on an annual basis and this report covers the waves we have made in the 2016-17 fiscal year. It serves as a data-driven verification of our adherence to principles.

Moving forward, we at VG hope that other firms in our field can follow our example and do business in a way that does not sacrifice the resources of future generations.



David Hasanat
Chairman & CEO

About Viyellatex Group

It all started as a small family business of knit apparel manufacturing in 1996 and since then has evolved into a rapidly growing multi-dimensional conglomerate. Viyellatex Group considers itself as an end-to-end apparel solution provider, starting from sourcing the cotton and going all the way to providing logistical services to clients.

The company itself is entirely family owned and employs over 300 Management staff and over 15,000 workers. With a vertically integrated setup, the incorporation of advanced technology and a proficient management team, Viyellatex has emerged strongly as one of the most regarded organizations in the country. Looking ahead, Viyellatex is focusing more towards the front-end of the chain: the end customer. It has further diversified, expanding its presence towards other ventures such as tea production, agriculture, engineering, power generation and educational services.

Viyellatex has one of the best, dedicated and skilled workforces in the country. These are the people with the best talents, commitments, and expertise with the blend of experience and enthusiasm. They work hard closely with stakeholders and are fully committed to deliver the best results, ensuring their satisfaction underpinned by the Viyellatex Values

Statement & Strategy

Vision

“ To be the most regarded company ”

Mission

“ We strive to provide quality services on time, based on best practices for the satisfaction of our Partners & Stakeholders. We foster friendly working environment through open communication and mutual respect. We encourage initiative, innovation and teamwork. Workers welfare and rights is our premier focus. We are committed for cleaner and greener environment. We are driven by our responsibility to the society as a Corporate Body. ”

Values

Environment
Commitment
Customer satisfaction

Integrity
Fairness
Innovation



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Organization





Products and services

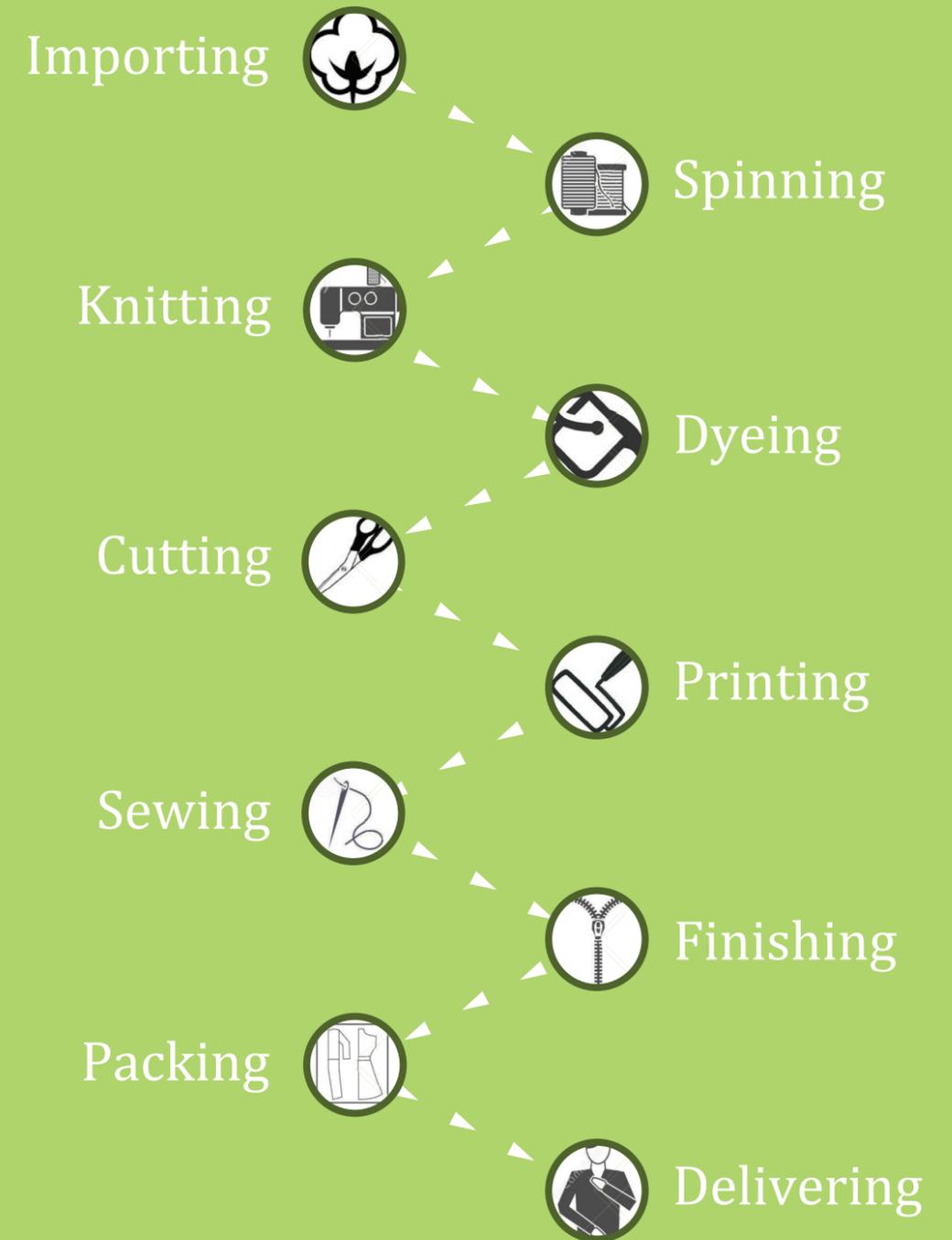
“Top management is trained in Lean Six Sigma and there is an Industrial Engineer (IE) available in every major department of the company.”

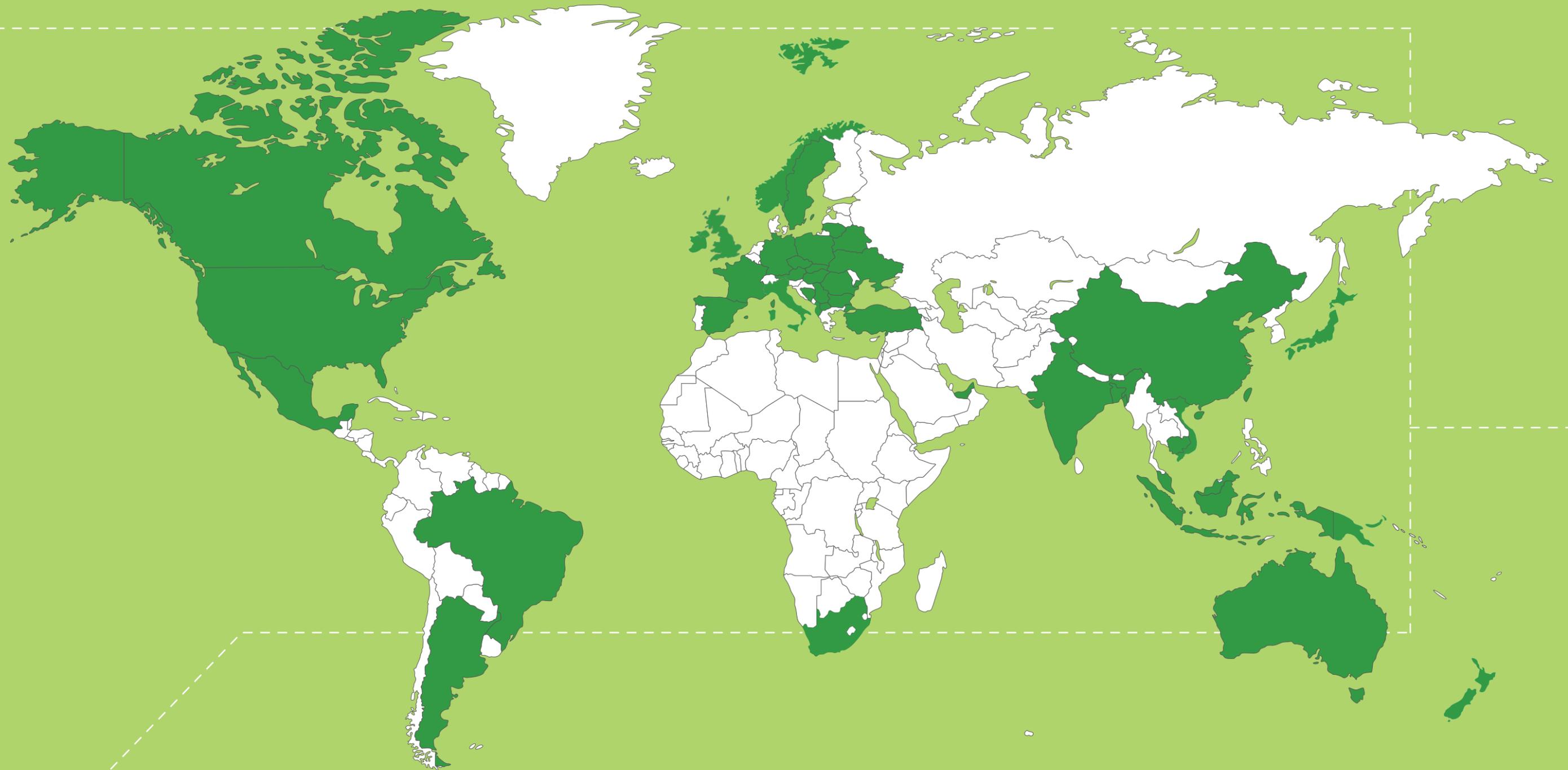
Over the last two decades, Viyellatex Group (VG) has vertically integrated its business model into a complete composite knit operation. Production in our organization begins with the import of raw cotton. This cotton then goes through numerous transformations before it becomes that brand new t-shirt everyone is dying to buy. The entire process is detailed in the process flowchart provided in the following page. In every step of this process VG uses state of the art quality control methods that make sure there is a consistency in the manufacturing process.

Top management is trained in Lean Six Sigma and there is an Industrial Engineer (IE) available in every major department of the company. Our product assortment can be grouped into four broad categories means wear, women’s wear, children’s wear and yarn fabrics. The variations of items that fall into these categories are as follows:



Process Map





Markets we have
entered into



Awards

Over the years we have accumulated significant accolades in our field and are proud of the achievements we have made thus far. We have outlined some of our proudest achievements into three categories for our stakeholders to see:

Societal Awards

- 🏆 **Honorable mention – Best Worker & Management Relationship**

Awarded by Bangladesh Brand Forum (BBF) and GIZ, as part of the Social and Environmental Excellence Award.
- 🏆 **Best Employer Award**

Awarded by Bdjobs.com the most popular job website in Bangladesh.
- 🏆 **Outstanding contribution to the “Marks & Start” program**

A program where physically challenged individuals are trained and given recruitment at different RMG organizations of Bangladesh.
- 🏆 **Outstanding contribution towards promoting awareness on HIV/AIDS in their workplaces**

Awarded by BGMEA and Marie Stopes for Prevention of HIV/AIDS
- 🏆 **BGMEA-BATEXPO Award**

Outstanding contribution to BGMEA and CSR activities, workers’ welfare and overall image lifting of readymade garments
- 🏆 **Best Workers’ Friendly knitwear Industry**

Awarded by Bangladesh Knitwear Manufacturing & Exporting Association (BKMEA)
- 🏆 **CSR Award**

Awarded by Standard Chartered Bank & Financial Express
- 🏆 **Workers’ Friendly Factory**

Awarded by Awaj Foundation
- 🏆 **Award for CSR & Export Performance in RMG Sector**

Awarded by BGMEA

Environmental Awards

- 🏆 **CENTENARY AWARD**

Awarded for significant role in Green Business in Bangladesh by Dhaka Metropolitan Chamber of Commerce and Industry (MCCI).
- 🏆 **Best Environmental compliance program**

Awarded by Bangladesh Garments Manufacturers & Exporters Association (BGMEA), & South Asia Enterprise development (SEDF)
- 🏆 **Resource Use efficiency**

Awarded by Bangladesh Brand Forum (BBF) and GIZ, as part of the Social and Environmental Excellence Award.
- 🏆 **ISO 14001:2004 Environmental Management System**

Certification in respect to the environmental management system
- 🏆 **Advisory Board Member of the Green Industry Platform, of UNIDO**

A platform of UNEP and UNIDO, in respect to establishing Green practices across the Globe
- 🏆 **HSBC-The Daily Star Climate Award**

Awarded for adopting green and energy saving technology in manufacturing garments.

Quality Awards

- 🏆 **Sustainability Award PVH**

Presented to highlight exceptional performance in driving sustainability and social responsibility
- 🏆 **Quality Award PVH**

The award marks the exceptional performance in Quality
- 🏆 **Supplier Excellence Award**

At ‘Woolworth Supplier Conference’ in South Africa
- 🏆 **Certified AA1 Credit Rating by Credit Rating Agency of Bangladesh**

Demonstrates financial commitments
- 🏆 **Biggest Contribution to Innovation**

Awarded by Marks & Spencer to highlight relentless efforts towards innovation in an environment friendly way.
- 🏆 **Plan A Award**

Awarded by Marks & Spencer for Biggest contribution to plan A & innovation
- 🏆 **Industrial Relations Award**

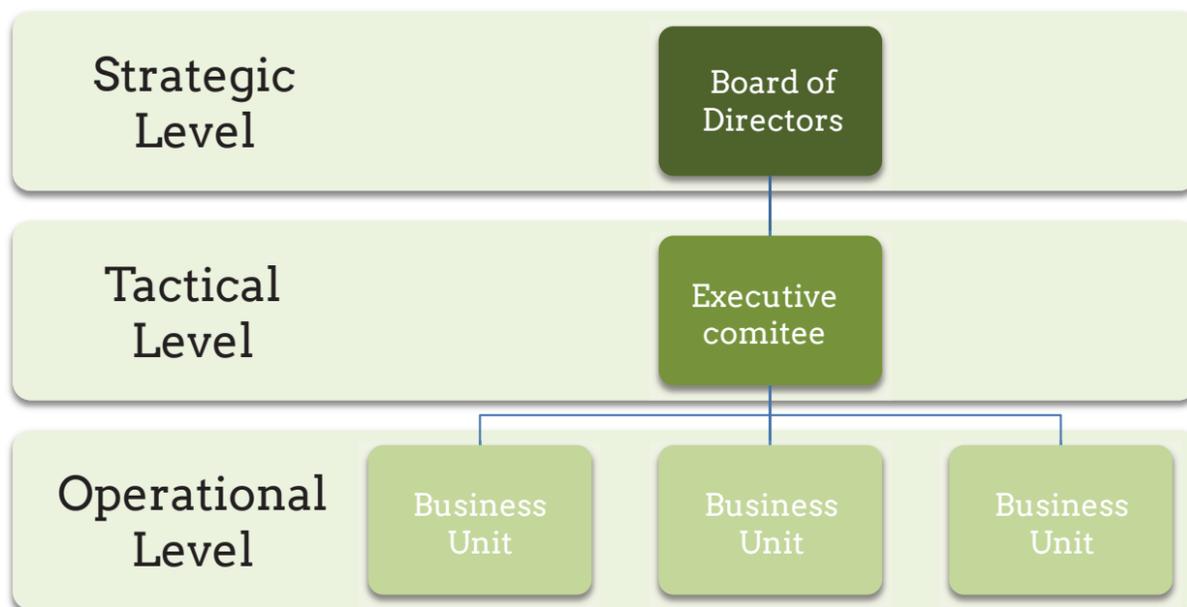
Awarded by local labor union "Awaj Foundation"

Corporate Governance

“ With the long-term vision of becoming the most regarded company in Bangladesh, the board evaluates every major strategic decision from all angles before handing it off to the Executive Committee.”

At the core of the Group’s governance structure is a highly qualified and effective board of directors. The board is in charge of all major strategic initiatives undertaken by the company. It is comprised of members who own significant equity in the company and have been with us for a very long time. With the long-term vision of becoming the most well regarded company, the board evaluates every major strategic decision from all angles before handing it off to the Executive Committee. The executive committee is comprised of top management executives from every major subsidiary in the group. They basically take the broad strategic initiatives and break them down into tangible tactical initiatives. The executive committee has the freedom

to execute their goals using whatever method they deem fit as long as it is in line with the board’s best interests. These major tactical decisions are then taken by the business unit heads in the executive committee and handed down to their business unit or function in order to be implemented on an operational level.



Compliance

Viyellatex Group makes compliance a top priority in our strategy. We do not simply make clothes we make total garment solutions for our customers. These solutions are achieved by making sure certain standards are met. For us these standards fall in two broad categories: environmental and quality.

The nature of the garments industry is one where quality is inconsistent due to the high volume of production and the environment is damaged due to the wastages in the system. The company has invested heavily in research and development in those two areas as a result:

Environmental Certifications

- ISO 14001:2004 Environment Management System
- Oeko-Tex Standard 100
- Fair Trade Standards certification- FLO-CERT GmbH
- BASF Carbon Footprint of Textiles



Quality Certifications

- GOTS scope by Control Union Certifications
- Cotton USA by Cotton Council International
- Cotton Made In Africa by Aid by Trade Foundation
- OE100 scope by Control Union Certifications
- OEblend scope by Control Union Certifications
- Lab Accreditation by Marks and Spencer
- Lab Accreditation by Puma

Furthermore Viyellatex Group has made itself a part of various national and international communities over the years so that it can share the little knowledge it has gained from its humble few years in business. Top executives from the company regularly attend meetings in these committees to try and add value in other peoples lives no matter how small it maybe. The committee’s VG is a part of include:

- Bangladesh Garments Manufacturers & Exporters Association (BGMEA)
- Bangladesh Knitwear Manufacturers & Exporters Association (BKMEA)
- Bangladesh Textile Mills Association (BTMA)
- Signatory of United Nations Global Compact (UNGC)
- Organizational Stakeholder of Global Reporting Initiative (GRI)
- Board of Trustees Member of CSR Centre Bangladesh Member, Bangladesh German Chamber of Commerce & Industry (BGCCI)
- Contributor to the Nordic Initiative, Clean and Ethical (N.I.C.E) Fashion Code of Conduct
- Member of United Nations Industrial Development Organization (UNIDO)



Strategy

Stakeholder Engagement

Being a business leader in our respective area, Viyellatex must take all measures to make sure that it is cognizant of all the people affected by its decisions. The company has set up various communication channels that ensure transparency within the organization. We try to foster strong mutually beneficial relationships with all our stakeholders by taking the time to address their specific needs. Our strategy is to provide those who depend on us with a solution that

solves their problems completely. Both the board of directors and the Executive Committee have a very active role in engaging with various levels in the supply chain. This is done half with the intention of providing solid leadership to the respective stakeholders and half with the intention of learning more from the stakeholders. As mentioned earlier, the company is relatively young and does its best to learn as much as it can while giving as much as it can to its community.

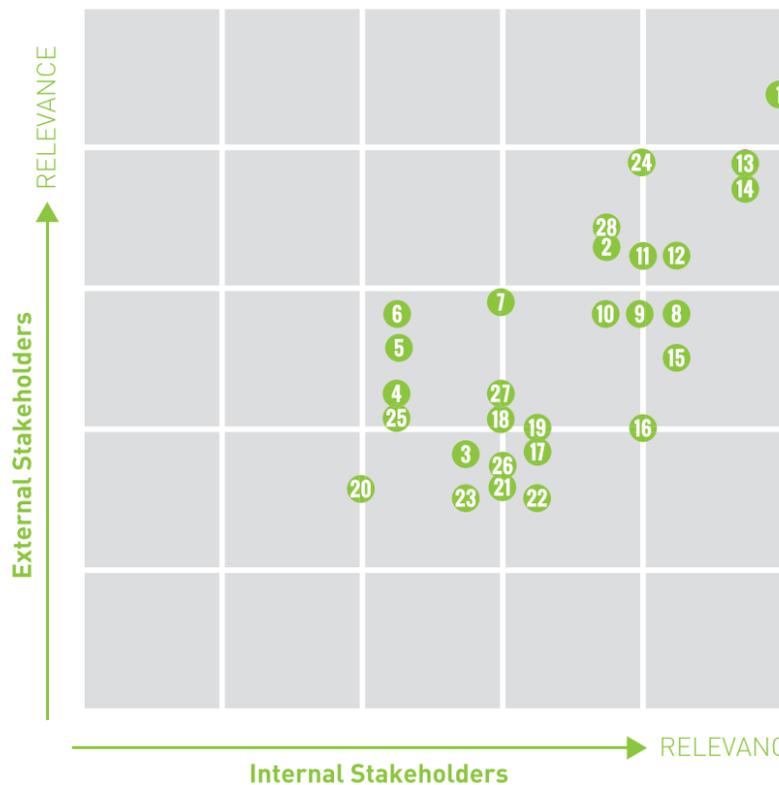
Stakeholder's Group	How we address them	Frequency
Buyers (Customers) – Regional Buyers and Top Executives	Customers of Viyellatex are received a cordial welcome to the company premises and receive a site visit upon entrance, especially if it is their first time on premises. Our executives spend hours interacting and developing a relationship with them so that we can address their fundamental need and provide a permanent solution to their problems. Buyers are frequently shown around town and taken to dinner at various restaurants so that they can partake in the local cuisine.	This varies from buyer to buyers. Usually there is a junior buyer visit/meeting at least once a month. Mid management generally comes once every two to three months and for the sake of building good relationships top management also happens to show up once to twice a year.
Suppliers – cotton procurement as well as sub contracting	Suppliers to Viyellatex are generally treated the same way as buyers are but their demands vary by request and by supplier. Cotton suppliers are often given a site visit upon entrance. Usually the suppliers' only visit the cotton-spinning subsidiary of the group but it can vary based on the supplier and the existing relationship with the supplier. They are also usually shown around town via company dinners.	This happens less frequently than a buyer engagement situation because often times the stock is bought in bulk when prices are favorable. Generally speaking these happen once a year to two at most.
Employees – workers and management staff	Workers and Management staff are amongst the best-treated stakeholders in the organization. Every employee in the group is receiving compensation that is in the top 1% of their respective field and entitled to a myriad of health and social benefits. The group regularly ranks amongst the top in the country for how well we treat employees in the group. Furthermore workers have a participation committee where they come together in a union and talk with management about their concerns and management does its best to resolve any discomforts.	The participation committee meets twice a month to talk to management about their concerns. Furthermore any employee in the group can at any point in any day voice their concerns to the industrial psychologists on site that exist to help business function fluidly.

Local Community – in immediate proximity to place of business	The local community is usually addressed through CSR activities that aim to address their needs. Viyellatex Group has one of the most decorated CSR portfolios in Bangladesh because it takes the time to not just hear but also really listen to the wants and needs of the people around them.	There are 7 schools operating at cost all throughout the year near certain business units, as well as hospitals and community development programs that will be addressed later on.
National and International Media	Viyellatex Group has in the past had a very favorable relationship with the national and international media for its contributions to society. Most media events are taken care of by one member of the executive committee or the board of directors. Often it is the chairman himself who takes the time out of his day to address any and all issues related to media coverage.	Generally speaking this can vary based on many different factors that are out of our immediate control. At the very least this occurs once to twice a year.
Governmental bodies and institutions	Due to the nature of the industry many times the government wants to intervene and make sure that standards are being met for every factory in the field. We address this the same way we address media presence which is to send a member of the executive committee or the board of directors. They are well equipped to address any and all queries one might have about the conglomerate because they have a well-rounded idea of everything that is going on in the company.	This does not happen very often because the group goes out of its way to pay taxes and stay in everyone's good books. At the very least it can happen once every two years.
Non Government Organizations	Many times non-governmental organizations want to get a better scope of the industry and the group is very receptive to any and all outside inquiries. Based on who is sent from the NGO either top management or mid management addresses NGOs concerns about the group.	This also does not happen very often but can happen once every two years.

Materiality Mapping

Materiality in the group was tested for the first time this year. This testing was done by issuing all of our stakeholders' surveys that gauged how they felt about a topic of issue. We then aggregated that data and analyzed it to understand what those we interact with think are important. This data is very important to us as a company because it helps us prioritize where we should put our focus on. The entire Diagram can be seen below:

- 1 Business Performance
- 2 Market Presence
- 3 Materials
- 4 Energy
- 5 Water
- 6 Emissions
- 7 Effluent & Waste
- 8 Compliance (Environment)
- 9 Chemical Management
- 10 Employment
- 11 Wage Policy
- 12 Industrial Relations
- 13 Occupational Health & Safety
- 14 Fire & Building Safety
- 15 Training & Education
- 16 Talent Attraction & Retention
- 17 Diversity & Equal Opportunity
- 18 Equal Remuneration for Women & Men
- 19 Female Empowerment
- 20 Supplier Labour Practices Assessments
- 21 Labour Practices Grievance Mechanisms
- 22 Non-discrimination
- 23 Freedom of Association & Collective Bargaining
- 24 Child & Forced Labour
- 25 Supplier Human Rights Assessments
- 26 Human Rights Grievance Mechanisms
- 27 Community Engagement
- 28 Consumer Health & Safety



Materiality Analysis

Based on our Materiality Mapping we can see that the three most important issues that our stakeholders deem important are: Business Performance, Occupational Health and Safety, and Environmental Compliance. Due to this information, management at Viyellatex decided on top of the universal standards it would address topics in all three of the topic specific standards for the betterment of our stakeholders. A view of the topics that will be covered can be seen below:



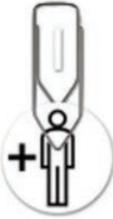
Out of the 11 subsidiaries that make up Viyellatex Group only Viyellatex limited (VTL), Viyellatex Spinning Limited (VSL) and Interfab Shirts Manufacturing Limited (ISML) will be covered by this report because they contain data relevant towards the organizations reporting. All data that is relevant towards this reporting is taken care of by the Environmental Health and Safety (EHS) department of VG. They conduct their reporting work all throughout the year and make sure that our operational activities are inline with our long-term sustainability strategy. This department has had significant oversight over many of our departments for almost half a decade now. VG has actually been reporting these initiatives in a different format for a while. Going forward, we plan to continue sustainability reporting on an annual basis, as it is something we are used to doing. No significant changes

have occurred during the reporting period of this report, rather prior initiatives have been sustained and in some cases expanded. This report has not been externally assured.



UNGC Compliance

As stated before Viyellatex Group has been a signatory member of the United Nations Global Compact (UNGC) initiative and as such has been submitting a Communication on Progress (COP) every year since it joined. The group's GRI will take the place of this form of sustainability reporting. With that being said, here is a condensed form of the group's COP and some statistics that go along side it so serve as a dashboard of what is to come later on in the report.

Principle	Application
 <p>RESPECT and support internationally proclaimed human rights in its area of influence</p>	<ul style="list-style-type: none"> - Workers are paid well above the national minimum wage - All wages are distributed via the mobile banking system BKash which ensures direct flow of money - Factory workers work no longer than 8 hours per day and overtime only lasts 3 hours above the regular hours in required. - Around 757 workers in this reporting period have been trained in operational health and safety
 <p>2 MAKE SURE the company is not complicit with human rights abuses</p>	<ul style="list-style-type: none"> - This year more than 240 pregnant women received maternity benefits which includes checkups, treatments, medicine and counseling. - Our medical center takes care of around 1430 infants and 250 women have been vaccinated for potential diseases - A further 316 works have received a free treatment after a free consultation for their eyes.
 <p>3 UPHOLD the freedom of association and recognize the right to collective bargaining</p>	<ul style="list-style-type: none"> - We have a very active participation committee that is elected from the workers. - These labor workers use this committee to uphold their freedom of association - The meetings take place on a bi-monthly basis to tackle any and all issues that are affecting the workers.
 <p>4 ELIMINATE all forms of forced or compulsory labor</p>	<ul style="list-style-type: none"> - Our strict protest of forced and compulsory labor has been communicated all throughout the organization - Any employee hoping to work with the firm is subject to extensive background checks - In order to join the firm they must present their Bangladeshi National ID.

 <p>5 EFFECTIVELY eradicate all forms of child labor from its productive chain</p>	<ul style="list-style-type: none"> - In this particular area Bangladesh has always been very active in eradicating the issue of child labor - The country's effort in addressing the issue is recognized by all RMG buyers - It had been outlawed and strictly monitored all throughout the country since the 90s
 <p>6 ELIMINATE discrimination in respect of employment and occupation</p>	<ul style="list-style-type: none"> - 60% of our labor force is comprised of women, they make up the majority of our employees - The group also employs over 100 physically challenged people and appointed jobs that suit them - Doing well in this company is based purely on how much value you can bring to the table and not by some other arbitrary means
 <p>7 SUPPORT a precautionary, responsible, and proactive approach to environmental challenges</p>	<ul style="list-style-type: none"> - As per our sustainability guideline we have a waste disposal policy and an ISO14001:2004 certification - Our Environmental Management System (EMS) keeps records of all environmental aspects and impacts - We also pay two internal and one third party audit to keep track of environmental issues.
 <p>8 UNDERTAKE initiatives and practices to promote and disseminate environmental responsibility</p>	<ul style="list-style-type: none"> - We have completed the project "Sustainable Action & Vision for a Better Environment (SAVE)" program to increase resource efficiency and minimize waste - We support and implement the "Zero Discharge of Hazardous Chemicals" initiative to compliment the scope of our EMS - Many of our top management are Six Sigma certified and work to reduce overall waste in the system
 <p>9 ENCOURAGE the development and dissemination of environmentally friendly technologies</p>	<ul style="list-style-type: none"> - We have installed waste heat recovery of gas generators, heat exchangers for the dying process and replaced our florescent lights with LED lights - We have installed Durst Alpha 190 (digital ink jet printer) instead of conventional printers due to energy efficiency. - We save about 15,520 m³ of water each year and treat about 1200 liter of sewerage waste per day, thus producing manure and reducing GHG emission.
 <p>10 WORK AGAINST corruption in all its forms, including extortion and bribery</p>	<ul style="list-style-type: none"> - We are the first company in the RMG industry that uses SAP as an ERP software because it helps ensure transparency and accountability - Anti-bribery audits are conducted regularly - A KPMG accredited Audit firm, RRH, processes audits twice a year to detect any non-conformity in our process.



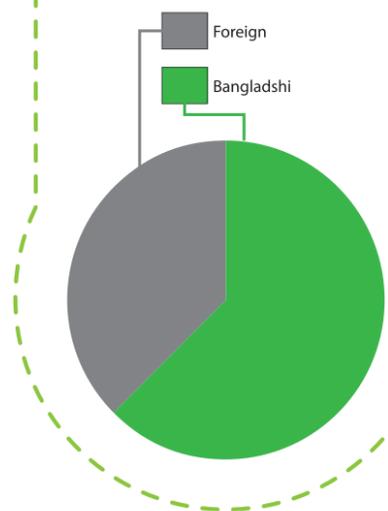
Economic

Market Presence

Management in our company is in reference to people who are not manual laborers and do not partake in the actual manufacturing process. Senior management in our organization primary refers to heads of significant business units. Middle management refers to the people who refer up to those business heads. Lower management are those that refer to mid management. Viyellatex being a Bangladeshi conglomerate with global values hires its workforce based purely on merit and nothing else. The majority of our middle management is from Bangladesh however a very sizable portion of our top management is from abroad. This is due to the depth of human capital they bring to the company. During our hiring process we realized that we were limiting our growth capabilities by hiring purely from the local labor pool. They are usually compensated much higher than the rest of management and oversee significant operations. Our definition of local is anyone from our location of operation that is Dhaka, Bangladesh. Below is a graph that summarizes data on senior and middle management.

Viyellatex has always strived to award its employees with compensation based on the value they bring to the table. Fortunately we have always had a very skilled workforce and compensate them accordingly. We always compensate our workers at a premium rate that is above the minimum wage. This is because we believe in worker empowerment. If our employees are not happy with how much they are making, that attitude will roll over on to their work. They will be creating products that do not reflect their best capacity. For management staff we engage in a profit sharing scheme in the company. When the company does really well it recognizes that this prosperity is the result of good management. Good management requires good compensation. Below is a graph that details worker compensation for the reporting year.

“Viyellatex being a Bangladeshi conglomerate with global values hires its workforce based purely on merit and nothing else.”



Indirect Economic Impact

So far this section has covered the direct economic impact that the company has on the local economy however the company's CSR scope extends far beyond that. Over the years Viyellatex Group has been making strategic CSR investments in parts of the country in order to foster growth. These investments are structured and have consistent cash injections made year on year in order to keep the initiative alive. Although no major investment has been made this reporting year, there has been cash injections paid to a number of areas. The investments are in the education sector and exist to empower people.

The company has been working in conjunction with the Save the Children foundation and has set up 7 early child development schools. They started in 2012 and are composed solely of children of our garment workers and children from the local community. Viyellatex realizes that Bangladesh as a third world country is lacking in proper education in certain areas. These schools are our way of trying to make that problem a smaller part of Bangladesh. The group has also created a school specifically for the physically challenged in 2012 alongside one of our buyers Olymp. This school caters only towards those who are experiencing physical disabilities and

have no way to educate themselves due to the lack of accommodation that most schools have for the disabled. The school provides free food and delivers education at cost to the students.

On top of all the schools that we have set up, the group has also sponsored the development of departments in already existing schools in Dhaka. A list of these sponsorships can be seen in the next page:

“Viyellatex realizes that Bangladesh as a third world country is lacking in proper education in certain areas. These schools are our way of trying to make that problem a smaller part of Bangladesh.”

Furthermore in 2014 VG take over Pledge Harbor International School (PHIS) the largest international English medium boarding school in Bangladesh. Under our leadership the school gained IB accreditation in the diploma program, the middle years program and the primary years program. The later of the two accreditations were gained in the reporting period. The school provides IB education at cost and operates as a not for profit. The goal is to enhance the standard of education in the country. The IB school program has been for the longest time very esoteric and unobtainable to most people. PHIS serves to challenge this conception and aims for the masses. In order for Bangladesh to develop as a country the human capital of its people must develop first.

- Construction of an auditorium in Morsula Girls' School, Naogaon, in 2007
- Opened IT lab in International Business Department, Dhaka University, in 2010
- Provided 30 computers with broadband connection to help the country's education system to build efficient human resources
- Set up Physics, Chemistry and IT labs in Shaheen School and College in 2011





Anti Corruption

Viyellatex in partnership with a KPMG accredited firm Rahman Rahman Huq (RRH) audits its inventory and its business processes for potential areas of misconduct. This firm is an external auditor and serves to inform management about potential areas to be aware of. We have been working in conjunction with this firm for the past 3 years. There were 15 findings of incidents where there is scope for corruption in the Capital Expenditure process (CAPEX) and 16 findings of incidents where there is scope for corruption in the Operational Expenditure process (OPEX). Of those findings 7 were material weaknesses that meant that they

needed to be dealt with immediately upon discovery and significant change needs to be undergone to remove them. 18 were significant deficiencies that meant that they should be revised quickly and need change. 6 were manageable meaning that the issue should be addressed and should not take too much effort. A list and break down of these weaknesses and their relevance can be seen below. The nature of these findings are based on two specific criteria the likelihood of the risk and the impact of the risk. The more likely a risk and the more severe it is, the higher chance it has of being classified as a material weakness.

No.	Findings	Evaluation
CAPEX		
1	Some assets are kept in CWIP but were found to be in use during physical verification	Material Weakness
2	No comparison statement was prepared before confirming the purchase of an asset	Material Weakness
3	No budgeting process for CAPEX	Material Weakness
4	No practice of tagging assets with unique code for easy verification and tracking	Material Weakness
5	Asset purchase and management policy is not updated and does not address many important aspects	Significant deficiency
6	PR raised were not approved in the system before orders were placed with the vendor	Significant deficiency
7	Some revenue expenditure items were incorrectly recorded as capital expenditure	Significant deficiency
8	No quality control report is prepared / issued when new assets are installed and made ready for use	Significant deficiency
9	Some assets which are listed in the asset register were not physically found	Significant deficiency

10	Some assets were found which were not recorded in the asset register	Significant deficiency
11	Some assets have been moved from LMS to VTL but no record have been maintained	Significant deficiency
12	Some of the production materials which were purchased for consumption were wrongly classified as fixed assets and are included in the fixed assets register	Manageable
13	Some assets were found to be damaged or not in proper working condition	Manageable
14	Asset has been disposed but no entry has been made in SAP	Manageable
15	Documentation regarding disposal of assets were not found or missing	Manageable

OPEX		
1	Lack of segregation of duties in the process	Material Weakness
2	No formal IOU slips are used in ISML, GDL and LMS	Material Weakness
3	Large amount of expenses have not been entered into SAP	Material Weakness
4	No approved limit or type of expenses which can be paid from petty cash	Significant deficiency
5	No monthly reconciliation is performed for petty cash	Significant deficiency
6	No fixed basis is in place for the preparation of cash requisition	Significant deficiency
7	IOUs policy regarding settlement and reporting are not followed by the entities	Significant deficiency
8	IOU slips above Taka 20,000 were not approved by Vice Chairman or Managing Director	Significant deficiency
9	When petty cash is low is VTL, other funds are used to make payments rather than raising a cash requisition	Significant deficiency

10	Shortage in cash balance during surprise cash count	Significant deficiency
11	Common costs were not allocated using the management approved rates	Significant deficiency
12	Other income received as cash payments were not entered into SAP	Significant deficiency
13	Budgets are prepared without proper supporting documentation	Significant deficiency
14	No record of payments received as refund of insurance premium	Significant deficiency
15	Per diem rate claimed as expenses during foreign travel exceeded the approved rate as per policy	Manageable
16	Services being received from vendors without formal contracts or expired contracts	Manageable

Viyellatex group meets with RRH on both a quarterly basis alongside its senior partners as well as on a monthly basis with its junior partners. After discovering these issues in the quarterly meeting, the task of who is going to handle which issue was segregated and a date was set for by when these issues should be expected to be taken care of.



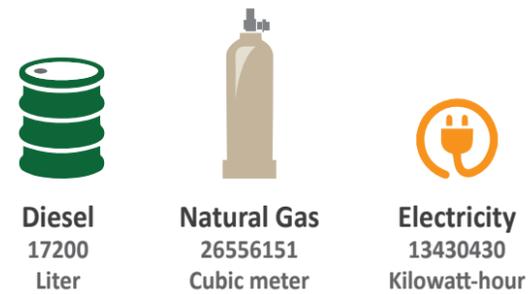


Environment



Energy

Our commitment to environmental sustainability is guided by our awareness of global environmental policies. These policies are enforced upon everyone in the organization. VG has had a cordial relationship with the UN ever since we joined the United Nations Industrial Development Organization (UNIDO). This relationship has increased our knowledge about environmental sustainability significantly resulting in us being able to be more mindful of our surroundings. The first step towards reducing your environmental footprint is tracking it. In regards to energy Viyellatex primarily uses three types of energy sources diesel, natural gas and electricity.

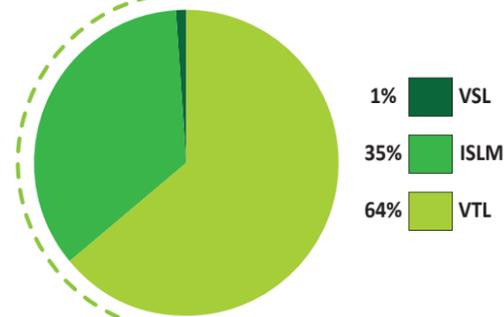


(Non-renewable energy source picture)

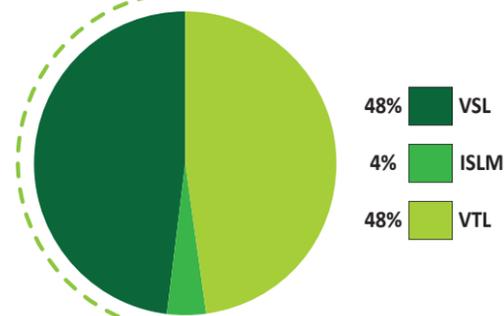
The energy consumption for the three conglomerates was not the same. Overall the VTL division consumed more of everything over the other three companies. This is because the VTL division is the second largest subsidiary of the company and requires a substantial amount of input. The entire group plans on becoming carbon neutral by the end of the 2017-2018 financial years. To do this the group had the German company Systain benchmark our carbon footprint in 2014 and we have been consistently trying to decrease it ever since. We plan on becoming completely carbon neutral by offsetting our emissions by planting trees in return. Although we can never completely take away our reliance on non-renewables we can take actions that decrease it and keep it at a sustainable level. Our diesel consumption decreased approximately 12% and our natural gas consumption decreased approximately 6% this year.

“The entire group plans on becoming carbon neutral by the end of the 2017-2018 financial years.”

Diesel Consumption by Company



Gas Consumption by Company



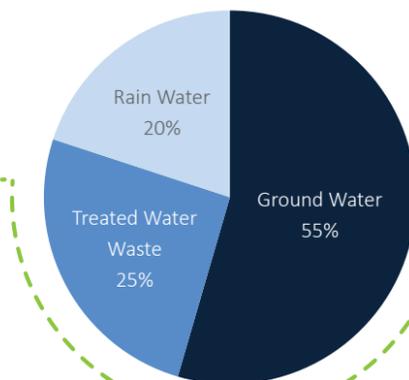
Water

The garments and textiles industries by their very nature are very wasteful because both expel a lot of wastewater during certain processes namely dyeing and washing. These processes consume an astonishingly high amount of water and the waste they produce is very harmful for the environment surrounding the factory. Our company consumes an astonishing 2,937,734 liters of water per year. Although this consumption seems high, the actual number would be much larger had we not taken certain water consumption based initiatives that decrease our overall water use. Only about half of this water is taken from ground water consumption, the rest is found from our rain water harvesting system and from our reuse of treated waste water. Our rainwater harvesting system has been systemically decreasing our overall reliance on ground water since 2005. Our roofs are specially fitted to collect all the water that pours on top of it and take it to tanks underground. In addition it also decreases overall

flooding in the community around us because we stop water from leaving our premises. The wastewater from system has been environmentally treated since 2003. We have a Effluent Treatment Plant (ETP) on premises that takes care of this process. The water is used instead of having to buy additional water for our toilet flushes. These two simple initiatives have basically halved our overall water consumption and helped us become more competitive in the long run.

Furthermore we have also tweaked our own manufacturing process to become more efficient and less reliant on water. We use a state-of-the-art dyeing process that decreases consumption of water by more than 40% by introducing high fixation dyes in the dyeing process. These dyes are more efficient than regular dyes and require less re-application. Thus overall wastewater from the dyeing process is decreased.

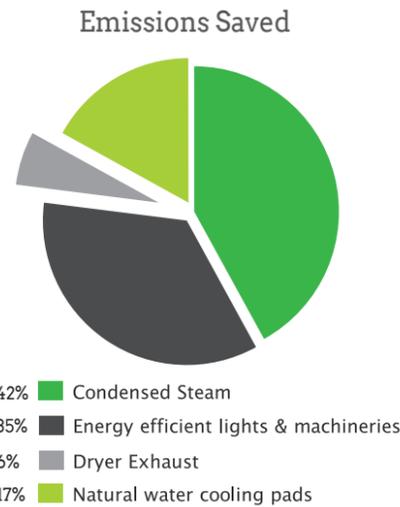
“Only about half of this water is taken from ground water consumption, the rest is found from our rain water harvesting system and from our reuse of treated waste water.”



Emissions

There is a large amount of capital machinery in all three of the VG subsidiaries. All of the machinery in these requires a significant quantity of natural gas. From our continuous path of industrial innovation we were able to incorporate 4 initiatives to decrease the overall quantity of natural gas needed by our systems by

5,355,432m3. By calculating the amount of gas a certain technology would emit in an hour and multiplying it by the total hours of usage we were able to calculate approximately how much emissions we are saving from incorporating these initiatives. Below is a breakdown of these initiatives.

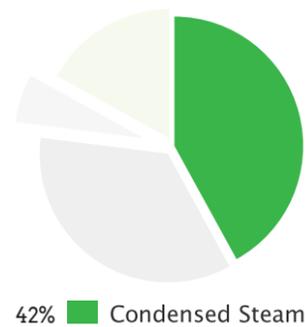


“From our continuous path of industrial innovation we were able to incorporate 4 initiatives to decrease the overall quantity of natural gas needed by our systems by 5,355,432m3”

Condensed Steam

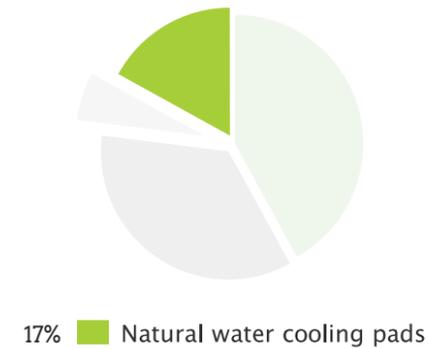
Viyellatex have implemented a innovative system that takes condensed steam from different processes and feeds it into boiler feed tank. The steam takes away the need for using more natural gas. Generally, steam is generated inside a boiler, which is then passed to the dying machines through pipes, and sequentially the water in the dying machines gets heated. In most cases, the process waste would be steam that would be lost in the atmosphere. However, we process this waste (i.e. steam) and channel it to a water reservoir. The reservoir contains water at room temperature that then gets heated by the re-condensed steam

coming from the dyeing machines. This heated water is supplied into the boiler to produce steam once again, hence consequentially causing less energy usage by the boiler and less atmospheric waste.



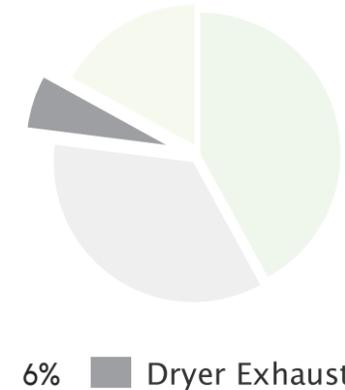
Natural water-cooling pads

The use of cooling pads in the production floors has been in practice for a long time now. The main objective of the installation was to replace the use of air conditioners, in an attempt to provide a congenial atmosphere in the workplace. The outside air sucked in by large exhaust fans passes through the wet pads, making the air cooler. This evaporating cooling system acts as an alternative to air conditioners. One side of the production floor has cooling pads through which water flows continuously while the other side has blower fans that “pull” and circulate the generated cool air on the floor.



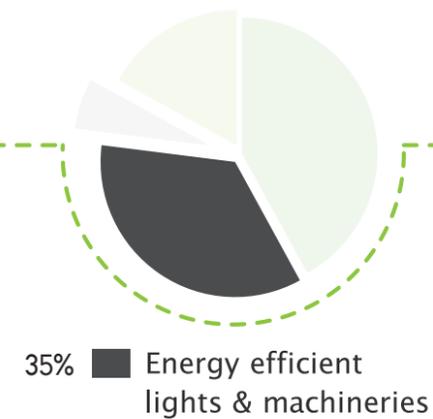
Dryer Exhaust

The dryer machine in the Dyeing Unit of Viyellatex Ltd is used to dry fabrics at very high temperatures. The exhaust produced from the process is connected to pipes that transfer the hot air back to the dryer machine. This exhaust is already at high temperature, which means that less electricity is required to operate the machine in producing heat as the machine has already received some hot air from the exhaust. Similar to the condensed steam initiative, we are able to save money and at the same time decrease the amount of emissions leaving our system.



Energy efficient lights & machineries

Viyellatex has installed efficient lights & machineries that have greatly reduced the energy consumption for different production processes. In all the business units, energy efficient lights have been installed to replace all florescent light bulbs. Furthermore we use servomotors instead of regular clutch motors in our machinery. A servomotor basically only consumes electricity when the machine is active where as the later uses it all throughout the day.



Effluents and waste

On top of our existing ETP plant, the group takes overall wastages in the system and re uses it in different ways. There are currently four different initiatives on waste reduction.

Paper Recycling

To recycle the waste paper (newsprint, A4, etc), Viyellatex participates in the paper recycling program of Centre for the Rehabilitation of the Paralyzed (CRP) and Shishu Polli Plus. The waste papers that are sent to each organization are converted into greeting cards, envelopes, visiting card, and so forth.

The table lists the various items and composition of the organic fertilizer. Item Quantity (in Kg)

Organic Fertilizer

At a site situated two kilometers from the Spinning Mill, about 50 tons of organic compost fertilizer is produced every month. Leftovers from lunch of Viyellatex employees along with kitchen waste from the surrounding area, cotton dust from the spinning mill, cow dung, water hyacinth and some other natural ingredients are combined to manufacture a very potent fertilizer. The fertilizer is then used for plantation purposes at the tea estate (RTE) in Sylhet, and it is also distributed among the farmers in the local community.

Items	Amount
Food leftover	50
Micro dust	228
Litter	300
Water hyacinth	100
Khoil	10
Bone melamine	10
Urea	1
Blood melamine	1
Cow dung	300
Total	1000

Reusing Spinning Waste:

As mentioned above, the cotton dust from spinning mill is used to prepare organic fertilizer. Some of the waste materials from the ring process (mainly cotton) is re-used as raw material / inputs in the rotor process. Approximately, five tons of ring process waste is used in rotor per day.

Reusing Fabric:

Waste from the cutting section is cut into small shapes to be used as handkerchief for the management staff during lunch every day. Additionally, the scrap or rejected garments are sold to the local market or third parties who generally convert the garments into home textiles and other small-scale products.



Resource Management



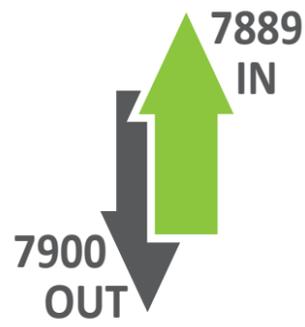
- Condensed Steam
- Natural water cooling pads
- Energy efficient lights & machineries
- Dryer Exhaust
- Effluent
- Paper Recycling
- Organic Fertilizer
- Reusing Spinning Waste
- Reusing Fabric
- Efficient Dyeing technique
- Re-Using of Rinse Water
- Rain Water Harvesting
- Reuse of Waste Water



Social



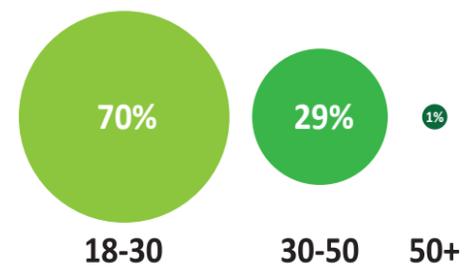
Employment



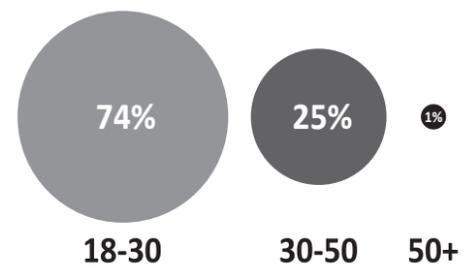
As stated many times before, Viyellatex considers its people as its greatest source of competitive advantage. In order to be the most well regarded company we must have the most well regarded labor force. Due to the nature of the garments and textiles sectors, employee turnover can be quite high. This year we hired a total of 7889 people and had 7900 leave. The break down of

these two categories can be seen in the diagrams. Overall every employee in the company is entitled to health insurance and disability coverage however only the females are entitled to maternity leave. It is also worth noting that there are childcare services on site in Viyellatex.

Age Distribution Of Hiring



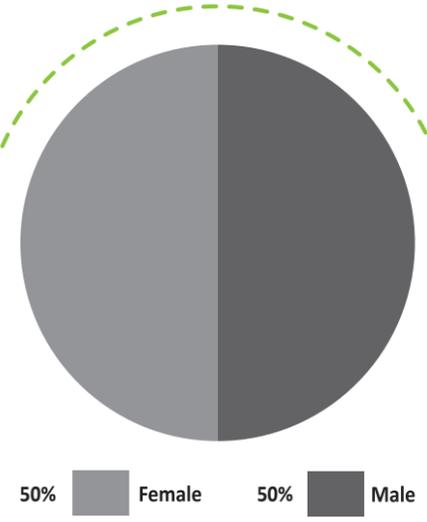
Age Distribution Of Termination



Gender Distribution of hiring



Gender Distribution Of Termination



Occupational Health and safety

At Viyellatex the Environment Health and Safety (EHS) department deals with all issues that relate to both sustainability and safety. It functions primarily as a reporting department that audits every other business unit to make sure that it is keeping up to date with environmental standards. The department acquires the help of other departments when implementing new green initiatives. EHS ensures that we are acting globally and not just thinking it.

The EHS department records all worker safety issues. It has data that relates to all health and safety issues for over 5 years. This data is used to locate the root cause of worker issues and solve it. This reporting year there were about 58 non-fatal accidents and 0 fatalities. Of the 58, 37 were male and 21 were female. This is about 15% less than what was recorded last year where the figure stood at 69 non-fatal accidents. A total of 120 lost days were recorded.

Due to the nature of the manufacturing business there are a number of occupational diseases that are prevalent in the workplace. These diseases exist primary because of the presence of heat, chemicals and dust. They are inevitable by-products of our production process but its effect on our labor force can be controlled very easily. For dust protection we provide masks on site. All work dealing with chemicals such as dyes is done in the lab under supervisions. Finally in order to combat the heat there are cooling pads in all floors as detailed earlier. Furthermore there is a dedicated medical department on site that deals with any worker's emergencies that need immediate attention.

15%



Less Injuries

Fire Safety:

- ⦿ Fire Extinguisher
- ⦿ Alarms
- ⦿ Smoke Detectors
- ⦿ Automatic Sprinkler system
- ⦿ Water drums & buckets
- ⦿ Gong bells
- ⦿ Emergency Lights
- ⦿ Lock Cutters
- ⦿ Safety Equipment's

Electrical safety:

- ⦿ Top quality cabling and accessories for electrical system
- ⦿ Trained team of technicians for maintenance
- ⦿ International safety features for equipment
- ⦿ Maintain maintenance and risk analysis records

Building safety:

- ⦿ Structural assessments for all units
- ⦿ Following Bangladesh National Building Code (BNBC) during construction
- ⦿ Building certification with Architectural and Structural Design Standard
- ⦿ Scaled as-built drawings

Chemical safety:

- ⦿ Careful assessment of all chemicals
- ⦿ Chemical Management
- ⦿ Chemical usage policy
- ⦿ Material safety data sheet (MSDS)
- ⦿ Personal protective equipment (PPE)
- ⦿ Regular trainings
- ⦿ Chemical Inventory Management



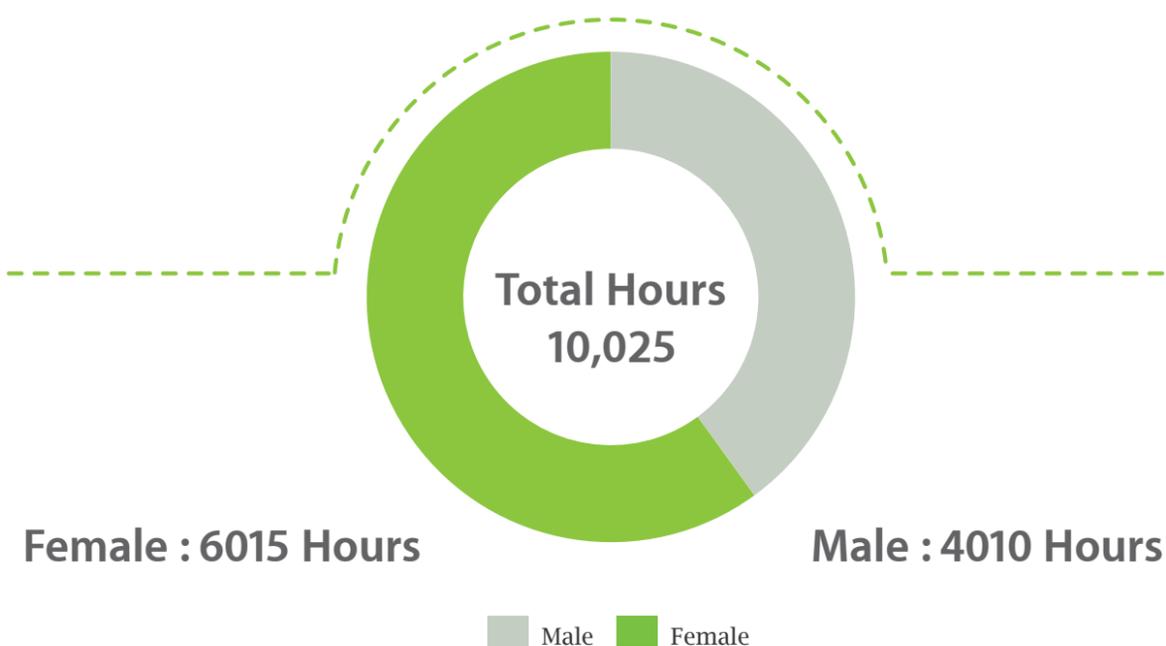
Training and education

All throughout the year employees at Viyellatex receive various types of training based on requirement and department. Every one of our employees stay on the cutting edge of their respective field. There are broadly speaking two types of training that employees undergo: topic wise training and foundational training. Topic wise training refers to employees picking up certain skills that can help them in the workplace such as six-sigma training or risk analysis. These types of training are aimed at increasing the overall skill

sets of our employees so that they can tackle more complex problems in the future. The second type of training that is available is foundational training. This type of training aims at bringing the overall knowledge in the company to an acceptable baseline. Its basically things that we deem common sense that need to be reinforced such as 2006 labor law. It is training that the entire company receives while topic wise training is for select people in select positions.

“Every one of our employees stay on the cutting edge of their respective field.”

In 2016-17, the total training hours spent amounted to 10,025 hours. The division in fenders is that male employees spent 3624 hours and female employees spent 4786 hours of training respectively. The graph shows the average training hours in accordance with genders.



Report Generation Date: July 2016 to June 2017

Sl. No.	Training Name	Total Participants	Training Hours	Training Man-hours	Female	Male	Total
1	2006 labor law	1117	2	2234	963	154	1117
2	Occupational Health & Safety	462	1	462	290	172	462
3	Environment	477	1	477	152	325	477
4	Refresher	548	1	548	368	180	548
5	Risk Analysis	245	1	245	128	117	245
6	Good housekeeping	96	1	96	86	10	96
7	Standard operating policy	155	1	155	15	140	155
8	FIRST AID	346	1	346	56	290	346
9	Personal protective Equipment	952	1	952	684	268	952
10	Chemical handling	109	1	109		109	109
11	Fire Fighting	1490	1	1490	514	976	1490
12	Disciplinary	183	1	183	4	179	183
13	Pregnancy awareness	269	1	269	269		269
14	Forced labor	789	1	789	509	280	789
15	Ergonomics	25	1	25	25		25
16	Grievance	490	1	490	338	152	490
17	New Worker Orientation	657	3	1155	385	272	657

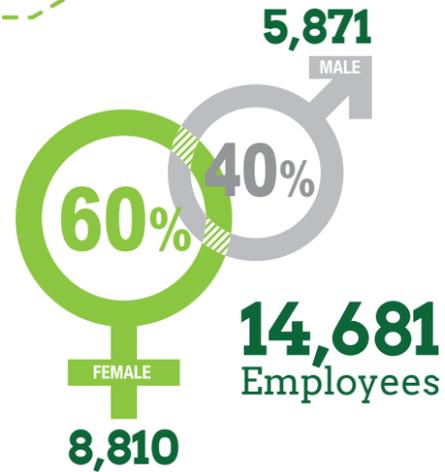
Diversity and Equal Opportunity

As stated earlier Viyellatex hires its workforce purely based on capability. This has led to us having a very diverse force that works well together. Since Bangladesh is a majority Muslim country, the religious diversity is quite low however our gender diversity is quite high. The majority of our company is actually female with a whopping 8810 women in our labor force. Although management is skewed more towards males, the company does all it can to ensure that every receive equal opportunity in our company.

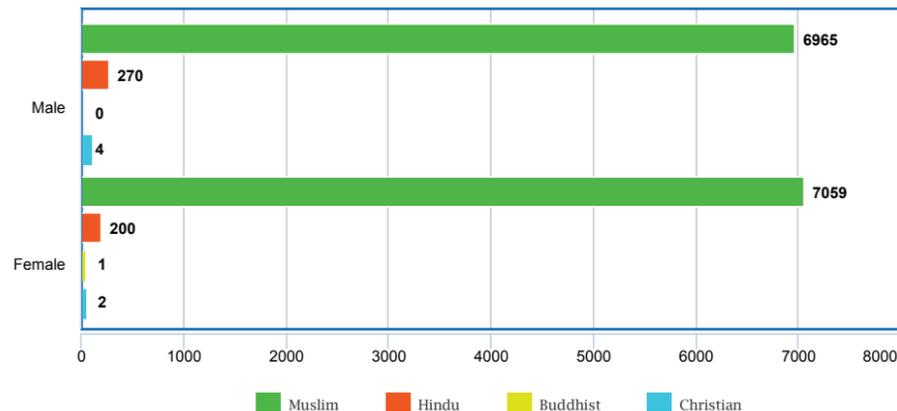
All employment, turnover, promotion and compensation is based purely on merit and the company fosters a spirit of meritocracy all throughout. In fact the current head of production started off in the company as a production worker then worked his way up the ladder. The same goes for countless others in the system. The company also employs a large number of disabled workers that are

able to do their fair share of work. All remuneration of women to men is always the same. Due to the robustness of our non-discrimination practices to this day we have never received a complaint from any of our employees on discrimination.

Any and all large scale changes to our labor force such as outsourcing of operations or restructuring of departments are communicated a minimum of 1 month prior to changes are finalized. Employees are kept in the loop about these things all throughout so as to mitigate any feelings of being lost in the system. We also help our employee to relocate or find lodging if they are going through any unpredictable changes in their lives. All these issues are handled by HR.



Employee Religious Distribution By Gender



Local Communities

The company has a very decorated and prolific CSR present that is known all throughout the country. It does groundbreaking work in every area of Bangladesh that needs addressing. There have been no new initiatives of significance in this reporting year however all prior initiatives have been strengthened and reinforced. They can be seen below:

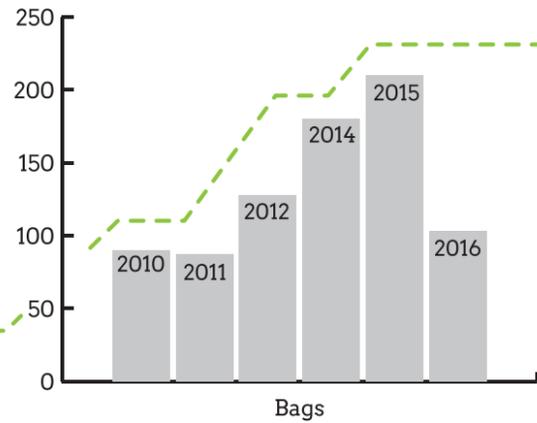
VIYELLATEX EYE CAMP 2016

UNIT NAME	OPERATION	GLASS	MEDICINE	GLASS & MEDICINE	TOTAL
VTL	9	231	54		294
ECL	6	26	37	93	163

Viyellatex is practicing several CSR activities throughout the group-

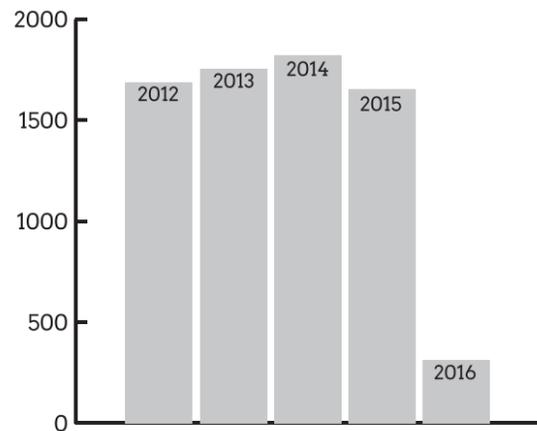
- Program with Marks and Start with M&S since 2004**
 - 25 workers recruited from the Center for the Rehabilitation of the Paralyzed (CRP) and 7 workers were recruited locally.
- Organizing Eye Camps since 2007**
 - Till now we Provided free treatment for refractive error, cataract, chronic dacryocystitis, pterygium or squint to 4,352 patients
 - Provided free medicines like eye drops, ointments and required spectacles
 - VIYELLATEX organized eye camp in 2016 where total 457 workers and staff eye checkup has completed.
- Prenatal and Postnatal Care since 2008**
 - Free medical health check-up card
 - Free ultra-sonogram in 7th month
 - Tetanus injection in 1st, 2nd, 5th and 6th months
 - Free medicines (Multi Vitamin, Iron Tablets)
 - Provided pink color dress for easy identification
 - Postnatal care (Health check-up for fitness)
- Clinic for children of 0-5 years since 2009**
 - Treatment facilities like health check-up, measurement of weight and height, and other treatments

□ Blood Donation Program since June 2009



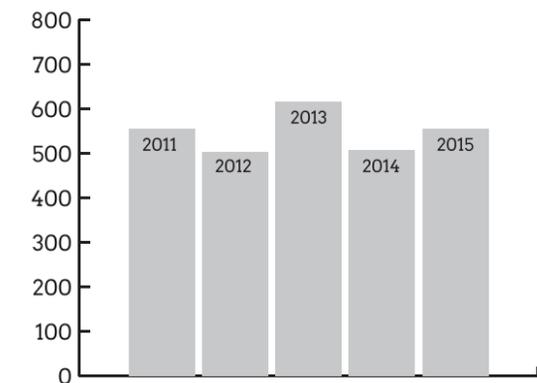
Year	Bags	Donated to
2010	90	Sandhani
2011	87	Sandhani
2012	128	Sandhani
2014	180	Thalassemia Hospital
2015	210	Thalassemia Hospital
2016	103	Thalassemia Hospital

□ Immunization Program since 2011



Year 2012	EPI 1,689
Year 2013	EPI 1,756
Year 2014	EPI 1,821
Year 2015	EPI 1,652
Year 2016	EPI 314

□ National Immunization Program with the Government since January 2011



Year	Vitamin A	Deworming Tablets
2011	556	380
2012	503	380
2013	616	309
2014	507	
2015	556	

□ Early Child Development Pre-primary school started in September 2012

- Total students: 125
- Children of workers: 47
- Children from local community: 78

□ Bikash School started in September 2012

- Special school for physically challenged and underprivileged children
- Total students: 114; Students with special needs: 19; General students: 95
- Free tiffin provided: Mixed vegetables, khichdi, biscuits, bananas and other snacks
- Computer class and training center
- Celebration of national days
- Annual sports and cultural programs
- Early act club organized by Rotaract Club Dhaka North West

□ Health Enable Return (HER) training program, facilitated by Awaj Foundation and BSR since August 2014

- Peer Educators: 160 female workers
- Training topics: Nutrition, Personal Hygiene, Diarrhea, Malaria, Dengue
- Fever, Family Planning, Maternal Health, Sexually Transmitted Diseases, HIV/AIDS, Menstrual Hygiene, Breast Cancer Detection.

□ Construction of an auditorium in Morsula Girls' School, Naogaon, in 2007

□ Opened IT lab in International Business Department, Dhaka University, in 2010

□ Provided 30 computers with broadband connection to help the country's education system to build efficient human resources

□ Set up Physics, Chemistry and IT labs in Shaheen School and College in 2011

□ Constructed a primary school in Ruthna Tea Garden, Juri, Sylhet, in 2011

□ Viyellatex Group donated Blood Transfusion Equipment to the Thalassemia Samity in 2007

□ Increasing retention of workers

- Proper counseling of workers
- Succession planning
- Annual performance appraisal
- Strong grievance handling
- Good working environment
- Educational facilities (health care, legal aid, gender)
- Health care facility

□ Maternity rights and health services

- Workers receive maternity benefits and leave according to Bangladesh Labor Law 2006
- Provision of prenatal and postnatal benefits
- Free medical check-up card
- Free ultra-sonogram
- Free medicines
- Provision of pink colored dress (for easy identification and safety)

□ Child care facility at work place (for total of 50 children)

- Regular health check-up
- Vaccines and immunization (Vitamin A capsules)
- Provision of biscuits and bananas regularly
- Provision of daily lunch (rice, fish, meat and vegetables)
- Provision of clothes (occasionally)

□ Reducing absenteeism

- Health Return Training Project
- Proper counseling by internal councilor

□ Breastfeeding

- ICDDR, B and Interfab pilot project to promote breastfeeding among 60 working mothers in Interfab Shirt Manufacturing Ltd.
- Provision of breast pumps in factory breastfeeding corner to allow women to pump their breast milk into sterilized bottles
- Pasteurizing milk to send to/take away home for feeding children
- Providing micronutrient tablets (iron, folic acid, zinc) and supplementary food for improving nutritional status of mothers
- Conducting sessions on Health and Hygiene Education
- Providing referral support to sick children enrolled in the pilot project

□ Payment of wages through mobile wallet account “bKash”

- Viyellatex Group is the first RMG company in Bangladesh to pay wages through “bKash”
- Financial freedom, prompt transfer of funds, control and safety of own income, opportunity to keep savings in mobile wallet account, interest up to 4% per annum

□ Water, sanitation and hygiene

- Regular testing of drinking water in ICDDR,B (four times a year)
- Plan to provide sanitary napkins to female workers