



BGMEA SUSTAINABILITY REPORT 2020

#GoHumanGoGreen



This Sustainability Report has been developed with assistance of the German Government via the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as part of the Promotion of Social and Environmental Standards in the Industry (PSES) programme. The technical assistance for this Sustainability Report was provided by GFA Consulting Group, in collaboration with Stakeholder Reporting and iota Consulting BD and guided Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in developing this report, where the views, opinions and information are that of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).





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MESSAGE FROM PRESIDENT

In today's world business is beyond production and profit; rather social, economic and environmental impacts caused by its everyday activities matter and are counted. This is what is reflected in sustainability reporting which helps to measure and manage the impacts of a business or industry on people and planet and accordingly set goals to perform better in the coming days. We are happy to present the first Sustainability Report of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to demonstrate our actions aligned with the aspiration of building the ready-made garment (RMG) industry of Bangladesh so that it becomes economically, socially and environmentally sustainable.

The RMG industry began its journey in the early 1980s as a small non-traditional sector of export, but gradually appeared to be a promising source of foreign exchange earnings and an employment generating sector. So, the pioneers in the industry thought it is very necessary to guide the progressive industry in a planned manner so that it could flourish with full potentials. That is how BGMEA came into being in 1983 with only 12 members with the aim to steer the industry in the right direction. BGMEA, an association of now 4,621 members, takes pride in representing an industry that has been acting as a catalyst for development of Bangladesh and making a difference in the millions of lives in the country.

Success does not come without challenges, and it is also very true for Bangladesh apparel industry. The issues of child labor and Multi-Fibre Agreement (MFA) quota phase-out posed serious challenges to the RMG sector. It is the prudent leadership of BGMEA that guided the industry to overcome the mountainous challenges and become a 34 billion dollar industry that has created employment for around 4.1 million people, about 65% of whom are women. Besides, BGMEA has worked with government to prepare policies that helped the industry develop over nearly a period of four decades.

BGMEA has kept its efforts continued to drive the RMG industry in a manner to make it economically, socially and environmentally sustainable. Our ambition is to achieve more with less at a reduced environmental footprint. This is the vision that guides our actions.

Creating employment opportunities is one of the best ways to serve the community as it paves way for lifting people from the abyss of poverty. In collaboration with the government and development partners BGMEA has been implementing skills development projects since 2014 and imparted training to around 62,000 people from different parts of the country, especially in poverty-stricken areas to enable them with necessary skills for employment in garment factories, thus helped their families to overcome poverty. Besides, with the support from the government BGMEA organizes trade missions to explore opportunities in both existing and new export markets. We also help member factories to participate in international apparel exhibitions which contribute to enhancing their business opportunities.

BGMEA also takes care of workers' wellbeing and their rights. We finance and operate 12 Health Centers and a hospital to provide free medical services to garment workers. BGMEA partnered with the International Labour Organization (ILO) and piloted "Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready Made Garment Industry (SDIR)" project in 39 factories in 2017, which is still going on. One of the priorities of this project is to assist factories to conduct participatory committee elections, trainings of master trainer from workplace cooperation, grievance handling, and collaborative bargaining. BGMEA is also implementing a government project to provide financial aid to mothers working in garment factories so that they can buy nutritious food for their children. We have launched a project named "Moner Bondhu" to provide mental health counselling to workers to relive their stress. Additionally, the RMG Digital Wallet initiated by BGMEA in 2019 is a milestone in the garment industry to provide workers with access to mobile financial services with a number of benefits.

Not only socially, BGMEA also partners with international stakeholders and platforms like the United Nations and the International Finance Corporation (IFC) to promote environmental sustainability in the garment industry. Bangladesh has the highest number of Leadership in Energy and Environmental Design (LEED) green garment factories certified by the US Green Building Council (USGBC) in the world. Bangladesh's RMG industry has more than 140 green buildings and more than 500 factories that are in the pipeline to achieving a green factory status.

BGMEA has signed the United Nations Fashion Industry Charter for Climate Action in 2019 with United Nations Framework Convention on Climate Change (UNFCCC) as a supporting organization to reduce GHG emissions of the industry by 30% within 2030. BGMEA has pledged to the "Green Button Initiative" of the German government. Germany is one of the most important markets for Bangladeshi RMG products. The "Green Button" initiative is the first ever state-owned global seal on environmental sustainability. It looks into all aspects of sustainability of apparel products.

While doing business we should not forget its impacts on people and planet. If there is no planet, there are no people. This understanding drives our commitment to sustainability and take actions in line with that. BGMEA will continue its efforts to promote sustainability in the RMG industry that has the capacity to transform lives for the better.



Dr. Rubana Huq
President, BGMEA

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01

Made in
Bangladesh
with Pride

Made in Bangladesh with Pride

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA), established in 1983 with only 12 members, is one of the largest trade associations in the country representing 4,621 members as of 2019. BGMEA focus is solely into RMG sectors, which impacts the lives of over 4 million workers directly and 10 million indirectly.

Starting its journey in 1983 today BGMEA takes care of an industry that has been making significant contribution to the socio-economic development of Bangladesh. The industry accounts for around 84% of total exports of Bangladesh and has created employment for around 4.1 million people. Since the inception, BGMEA is dedicated to promoting and facilitating the path of progress for the apparel industry through policy advocacy to the government, services to members, ensuring workers' rights and social compliance at factories.

BGMEA is headquartered in Dhaka, Bangladesh and its regional office is located in Chattogram, Bangladesh. The association has a total of 357 permanent employees who provide services to members in the office premises.

Mission and Vision

BGMEA envisions to forge a path for the RMG sector of Bangladesh to walk towards sustainable business by:

- Protecting and promoting the interest of the industry thereby ensuring a sustained growth in the foreign exchange earnings of the country.
- Establishing rights and privileges for the workforce, impacting their lives and society positively.

Location of Operation

BGMEA Head Office

BGMEA Complex, House # 7/7A, Sector # 17, Block # H-1
Uttara, Dhaka - 1230, Bangladesh.

Tel.: +88 01730442211

Email: info@bgmea.com.bd

Web: www.bgmea.com.bd

BGMEA Regional Office

BGMEA Bhaban (Level- 4 & 5), 669/E, Jhautala Road
South Khulshi, Chittagong.

Tel: +88-031-2867401-10 (PABX)

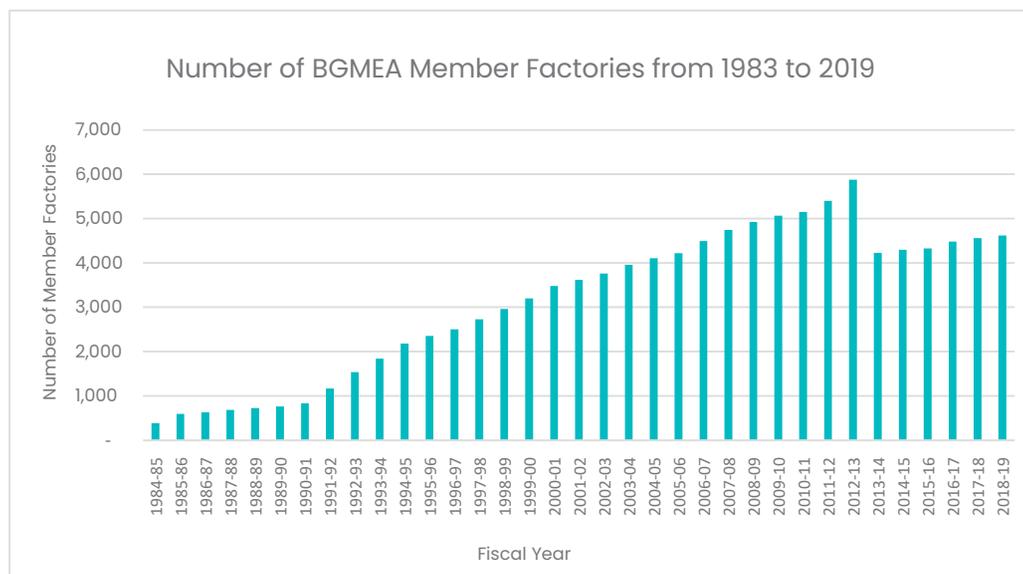
Fax: +88-031-2867412

E-mail: info@bgmeactg.org

Disclaimer: In this sustainability report we have shared data of our members factories. We have not included BGMEA's data in this report, as an organization. Surely in our next report we would include this data.

1.1 Membership

Presently, BGMEA has around 4,500 member factories. Around 40% of them are knitwear and sweater manufactures, and the rest 60% are woven garment manufactures. The member factories account for 100% woven garment exports of the country and more than 95% of sweater exports, while around 50% of the light knitwear exports are made by them. After the Rana Plaza incident in April 2013, international safety platforms – ACCORD, Alliance, and National Action Plan – were launched. There are number of factories especially small ones could not further invest in safety up-gradation as per standards recommended by the safety platforms, which led to closer of those factories. As a result, the number of members decreased in 2013 onwards.



1.2 BGMEA's Activities

Trade Facilitation & Promotion

- Policy advocacy and dialogues for smooth functioning of trade and industries.
- Issues Utilization Declaration (UD) and Utilization Permission (UP) as entrusted by the Government.
- Leads role in maintaining harmonious industrial relationship.
- Keeps members abreast on contemporary global business trend.
- Organizes trade missions to explore the new markets and to facilitate trade in existing markets.
- Organizes seminars for recommending on key policies.
- Takes part in bilateral and multilateral trade negotiations.

Human Resources Development

- In collaboration with government and international agencies BGMEA acts as implementing partner in providing skills training to meet the demand for skilled workforce for the industry. Trains the poor people living in the distressed areas, utilizing the idle capacity of Government's technical training institutes and addresses the skill shortage of the industry.
- Job placement program for the people with disabilities.

Watchdogs Workplace Safety & Compliance

- Regularly monitors member factories to check compliance.
- BGMEA organizes training for the member factories on social standards.

Green and Clean Production

Facilitating green and clean production and conserving the nature and its resources is one of the most priority areas of work for BGMEA. BGMEA has been making relentless efforts to motivate, guide and support its members to become more responsive towards the environment through energy efficient production, sustainable use of natural resources and green building. BGMEA has been running several programs with partners like the International Finance Corporation (IFC), Oxford University and Global Fashion Agenda to assist the member factories towards energy efficiency and cleaner production.

Healthcare for the Workers

- BGMEA recognizes the fundamental rights of the workers, particularly access to healthcare facilities. On this spirit BGMEA runs 12 Health Centres for the garment workers and their families, provide pre-medical services and medicines free of cost.
- Besides, it runs an awareness program on HIV/ AIDS, tuberculosis, reproductive health and the use of contraceptive devices.
- In addition to this, BGMEA runs a full-fledged hospital for workers in Chittagong.
- Another hospital for workers is under construction at Mirpur in Dhaka.

The CSR initiatives of BGMEA

BGMEA undertakes a number of regular activities and projects to ensure workers' rights, social and environmental compliance and welfare.

Implementation of the tri-partite agreement among the workers, factory owners and government authorities has achieved a highest success rate, among others, of paying minimum wages, appointment letters and maternity benefit.

- The Group Insurance scheme for the garment workers and staffs has been made mandatory.
- Provides arbitration facilities to the garment workers at free of cost.
- BGMEA conducts worker fairs annually.
- Building Code has been made mandatory for all member units.
- Conducts regular fire drills and fire safety training program in member factories.
- BGMEA has started food rationing program for workers in August 2009.
- Runs skill development programs for the garment industry through 34 training centres in different regions of the country.



02

Governance Structure

Governance Structure

As an association, we have two streams in our governance structure. One is the elected bodies, responsible to lead the organization and set strategies for the sector, BGMEA holds elections in every two years. Another is the permanent employees to run the daily job.

BGMEA is being run by a 35 members elected Board of Directors. The Board of Directors is elected for a two-year term. Seven Vice Presidents have important portfolios, along with a secretariat of experienced officials together they assist the President in formulating and executing vital policies and programs of the organization. The President is the highest executive authority of the association. The Board of Directors takes assistance from different Standing Committees headed by a Chairman and composed of members having vast experience in the related fields. Strict adherence to democratic norms and code of conduct are being maintained in the BGMEA elections.

BGMEA also has standing committees comprising BGMEA members. Each committee is headed by a chairman who is assisted by other committee members. Name of these standing committees are as follows in the following page:



Name of Standing Committee	
Local Fabrics	Administration
Market Development - Argentina/ Peru	BGMEA Complex
Market Development - Australia & New Zealand	Customs
Market Development - Brazil	UD (Knit)
Market Development - China	UD (Woven)
Market Development - Eastern Europe	UP
Market Development - EU	Women Affairs
Market Development - Japan	Airport Cell
Market Development - Korea	Banking
Market Development - India	Backward Linkage
Market Development - Mexico	BGMEA Hospital
Market Development - Non Traditional	BGMEA School Mirpur
Market Development - Russia	BGMEA School & Health Center - Signboard, Gazipur
Market Development - South Africa	Branding
Market Development - USA	Challenged Industries
New License	Compliance Cell
New license-2	Crisis Management Ashulia, Savar and Gazipur
NGO Affairs	Crisis Management Dhaka Zone - South
One Stop Cell	Crisis Management Dhaka Zone - North
Port and Shipping	Crisis Management - Narayanganj
Power, Gas & Telecom	Cultural
PR	DIFE
Product Diversification	Environment
Projects	FDI & Joint Venture
Publication	Fire, Electrical & Structural Safety - 1
Publicity	Fire, Electrical & Structural Safety - 2
Purchase & Sales	Floor Price and Cost Review
RDTI Cell	Foreign Mission Cell
RSC	Freight Forwarding
RSC - Environment	GIZ
SDG	GSP
SME	Health Center
Social Welfare	Healthcare and Family Planning
Sports	Health Care Savar
Stocks	Health Center (Uttara)
Subcontracting	HIV & Eye
TB Control & Dengue	ILO & Labour Affairs
Trade Arbitration	Incentive (Cash)
Trade Arbitration - 2	Industrial Engineering (IE)
Trade Fair	Knit Affairs
Training Center	Labour Arbitration Cell-1
UD/UP Automation	Labour Welfare and Education
Welfare	Law & Order
Welfare - 2	Legal Affairs (General)
Young Entrepreneur	Legal Affairs for Challenged Industries
	Local Accessories

03

Stakeholder Engagement

Stakeholder Engagement

As an association of RMG factories in Bangladesh, engagement with stakeholders is one of our key activities. This kind of engagement enables us to capture the demand of our stakeholders and to maintain a contentious communication with them for a sustainable business environment. With our well established and coordinated stakeholder engagement process, we are able to identify their priority and concerns. We engage both – our internal and external stakeholders. BGMEA has given a range of communication channels to its stakeholders, as they vary from workers, factory owners to international organization.

We have about 4,500 member factories and to make any policy decision or strategy we need good quality of information from our member factories. To collect good quality data from the factories BGMEA has a member portal, where all member factories input their data in a prescribed format and also periodically update it.



Overview of our stakeholder engagement

Stakeholders	Method and Frequency of Engagement	Concern of the Stakeholder
<p>MEMBER FACTORIES About 4,500 RMG factories are our members</p>	<ul style="list-style-type: none"> • Annual general meeting • Annual report • Factory database 	<ul style="list-style-type: none"> • Good business environment • Influence government decision • Government fees, charges and incentives • Wages of the RMG workers • Business legislation • Buyer's and legislative requirements
<p>RMG WORKERS About 4 million workers are engaged in this sector directly and another 5 million workers are engaged indirectly through forward and backward linkage business</p>	<ul style="list-style-type: none"> • Training provided by BGMEA • Survey • Medical centres 	<ul style="list-style-type: none"> • Fair wages and bonus on due time • Safe working environment • Overtime • Job security
<p>GOVERNMENT The Government is very concerned about the RMG industries as about 10 million people are directly or indirectly dependent from this sector.</p>	<ul style="list-style-type: none"> • Various government committees where BGMEA is has its representative • RMG wage board • Forums and workshops • Meeting with respective Ministry or departments 	<ul style="list-style-type: none"> • Employment generation • Retention of the workers • Growth of the industry • Worker safety • Legal compliance • Collecting revenue as various TAX
<p>BUYERS Almost all the renowned brands of Europe and North America has their buying office in Bangladesh.</p>	<ul style="list-style-type: none"> • Periodical meeting with Buyer's forum • Individual meeting with buyers • Interaction in different workshops and seminars 	<ul style="list-style-type: none"> • Safe working conditions • Ensuring fair wages to the workers • No forced or child labour • Social and environmental sustainability • Good business environment
<p>DONOR ORGANIZATIONS All the major donor organizations, who have operation in Bangladesh are working in the RMG sector on technical, social and environmental compliance.</p>	<ul style="list-style-type: none"> • Workshop • Meeting with donors 	<ul style="list-style-type: none"> • Workers safety • Fair remuneration • Child and forced labour • Social and Environmental Compliance • Human Rights
<p>COMMUNITIES BGMEA engages with communities to capture their requirements from this industry</p>	<ul style="list-style-type: none"> • Survey • Round table meeting with civil community • Dialogue with worker's community 	<ul style="list-style-type: none"> • Social stability • Growing business



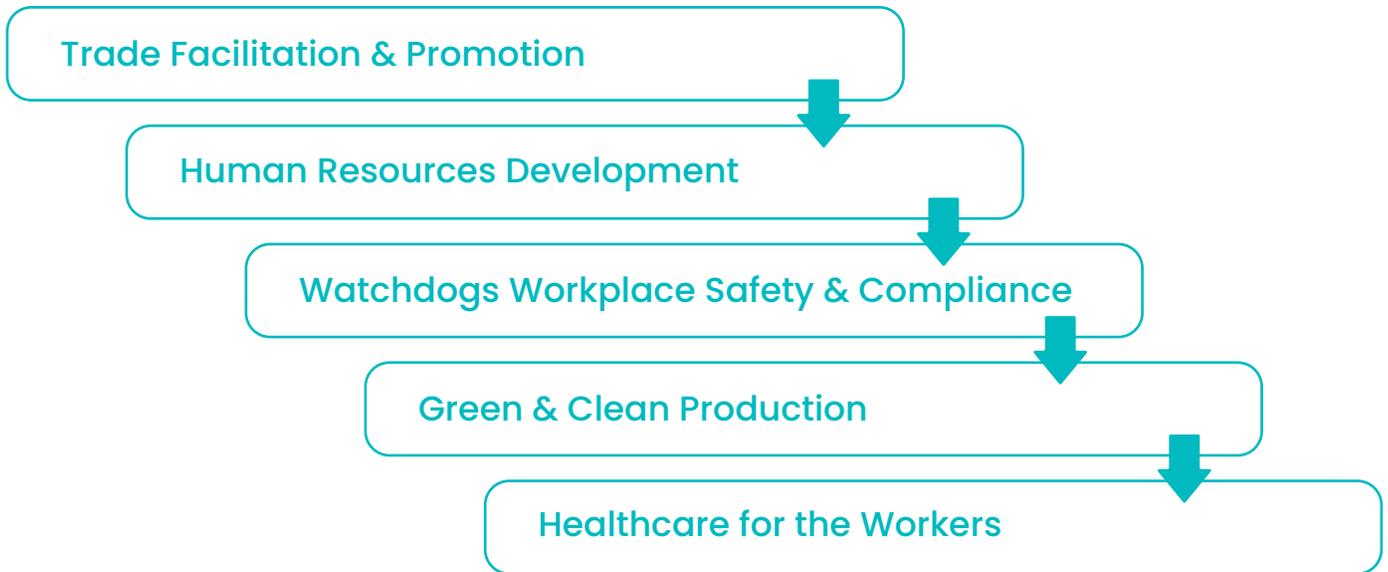
04

Identifying Material Topic



Identifying Material Topic

As a part of our sustainability approach, we have conducted a thorough materiality assessment in the year 2019. Before conducting the materiality assessment, BGMEA already had some priority issues and working areas. After consultation with the high-level elected members we have finalized our material topics.

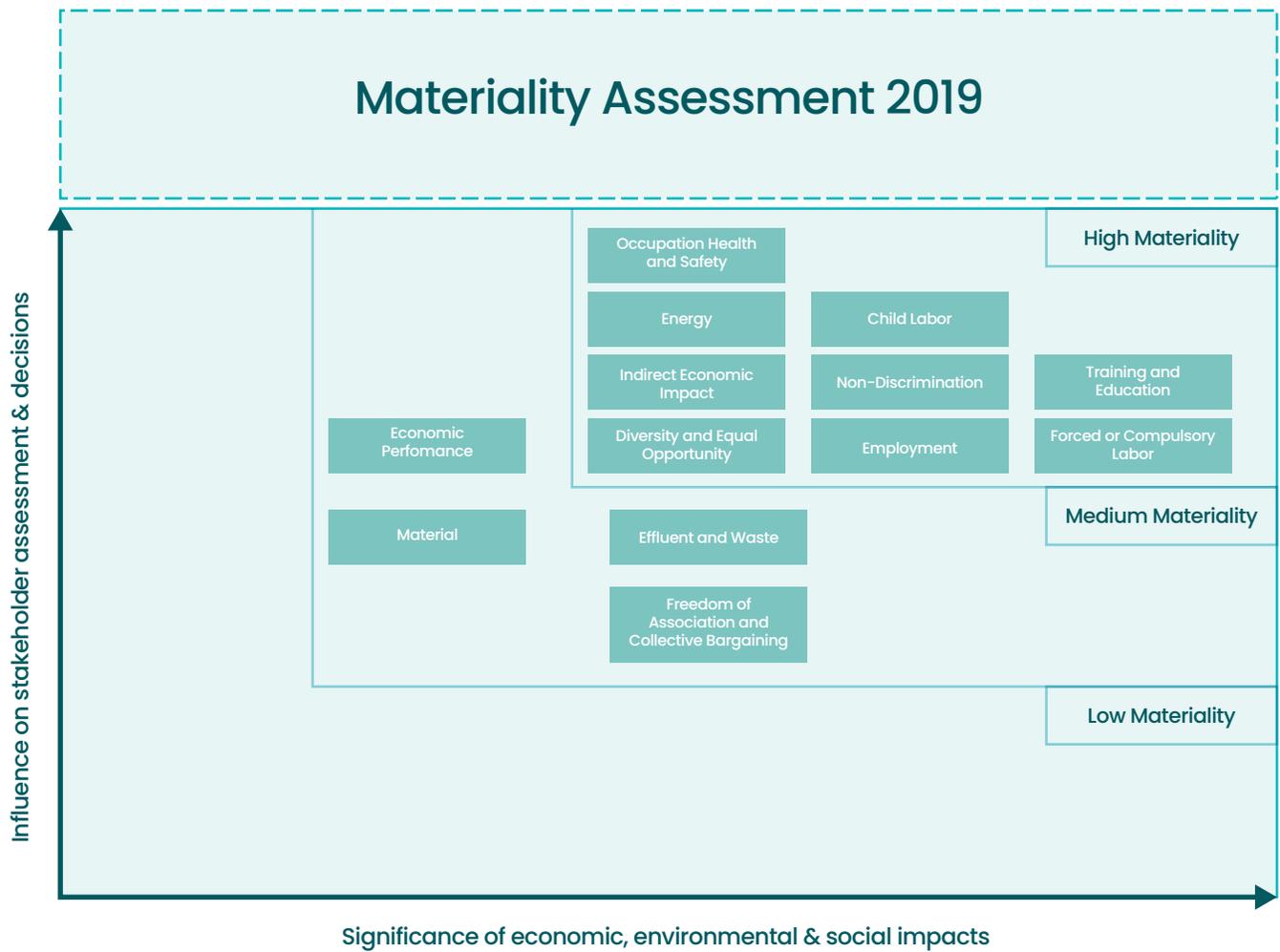


The selected material topic has high priority for both the stakeholders and member factories. Based on the materiality assessment, we found that following are the most critical aspects of sustainability for us:

Economic Performance	Indirect Economic Impacts	Material	Energy	Effluent and Waste
Employment	Occupational Health & Safety	Training and Education	Diversity and Equal Opportunity	Non-Discrimination
	Freedom of Association and Collective Bargaining	Material	Forced or Compulsory Labour	

4. Identifying Material Topic

We have divided the material aspects into high, medium and low category. For this year, we have only reported the high and medium material aspects. The Materiality Matrix and the mapping of material topics with focus areas have been depicted in the following section:





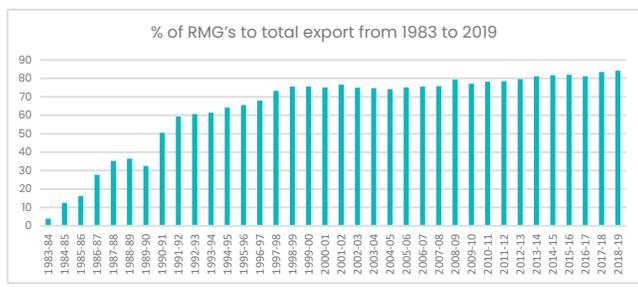
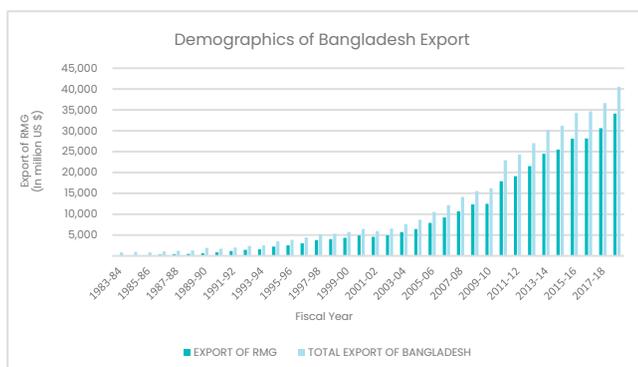


05

Enhancing Economic Impact

Enhancing Economic Impact

BGMEA was established in 1983, when Bangladesh was an agrarian economy and the total number of RMG factories was 384. At that time, export value was USD 31.5 million and which was 3.9% Bangladesh's total export value for that year. With visionary entrepreneurs, skilled professional and hard devoted workers, in 2018 the RMG export grew to USD 34,133 million and it is 84% of the total export of Bangladesh now. In fiscal year 2017-2018, the RMG sector contributed 11% to the national GDP. With this much of impact on national economy, RMG is now the most important industrial sector of Bangladesh and as an association of RMG industries of Bangladesh BGMEA plays a vital role in the country's workforce engagement and economic growth.



Source: EPB, Bangladesh

BGMEA plays a pivotal role between RMG entrepreneurs, government, workers and other stakeholders. BGMEA collects and compile information from factory owners, workers and other stakeholders; and present those data to government for informed decision making. BGMEA negotiates with government on behalf of factory owners, while government revises the taxes and incentives. BGMEA conveys factory owners and workers message to the government before government prepares the national budget.

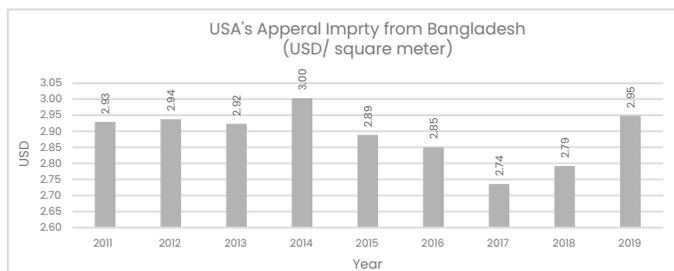
North America and Europe are the two major destinations of RMG exports from Bangladesh. In 2019, Bangladesh exported USD 9,823 million to European union and USD 3,477 million to North America. Export in Australia is gaining momentum and we are also exploring other markets like Japan, China, Brazil, Mexico etc.



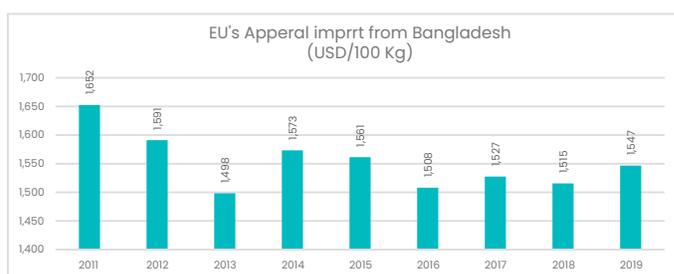
Journey of the RMG sector of Bangladesh was not rosy. We witnessed some smoking accidents and the loss of many workers. A major accident in 2013 triggered fire safety and structural remediation work, to ensure safety of the workers at its best. Unfortunately, some factories spent twice for the fire safety remediation program, due to lack of coordination among the brands. To ensure workplace safety and for business continuity each factory spent USD 0.61 million on an average for fire safety and structural remediation work.

Now, the RMG factory owners are keen to ensure health and environmental safety. Many factories are going for LEED certification for their buildings. Vertically integrated knit composite factories are investing a lot in state-of-the-art effluent treatment plants (ETP) and most of the LEED certified factory have their own sewerage treatment plants. All these and other compliance initiatives are a huge cost for the factories.

All these remediation and compliance investment increased the investment and operating cost of the factories. On the other hand, actual price is declining day by day. With this declining price, factories are struggling to maintain their social and environmental compliance as per buyer's expectation.



Source: Office of textiles and apparel, USA



Source: EURO STAT

BGMEA invests in various initiatives to improve working condition, skill upgradation of workers, increase awareness on environmental conservation etc. To run its operational and Corporate Social Responsibility (CSR) activities, BGMEA mainly depends on the annual membership fees and donations from the government, buyers, UN, international NGOs etc.

With all the odds, BGMEA is committed to lead the Bangladeshi RMG sector towards prosperity with a sustainable growth.

5.1 Services Provided by BGMEA

BGMEA believes that development and growth cannot be achieved without social development. Being the leading organization of the biggest industrial sector of Bangladesh, BGMEA has been making significant contributions to the community with true heart and warm actions. Therefore, in 2016 we have created a central fund through which we help our workers. Our actions have not only benefitted the lives of the workers but have also boosted the economic infrastructure of the RMG industry of Bangladesh. Some of our activity highlights are as follows:

- BGMEA has established 12 Health Centres –established from 1994 to 2010 – dedicated for the RMG workers overseeing over 60,000 textile workers every year at free of charge. This incurs USD 300,000 annually which is subsidized from the BGMEA’s fund. In return, it aids in reducing the lost days of workers from the workstation through quick service and discharge. Which means the less the number of lost days, our workers can spent more time for production.
- BGMEA has set up five schools for the children of the workers with the facility of providing books, study materials and stipends. This has not only attracted people to work for the textile industry, but also retains its valuable skilled workers who were trained in numerous costly trainings. Retaining these trained workers means less investment are needed to train fewer workers every year. Thus, we make cost savings in training ever year from this initiative.
- On the other hand, more quality and skilled workers mean more value-added goods produced. Furthermore, this has also encouraged workers not to shift career from textile to other sector where such facilities are not available.
- BGMEA invests various programmes such as market development, branding, trade promotion though which it has developed the economic infrastructure of the textile industry of its members. This effort enables smooth growth of mar- ket, increasing the higher volume of orders to be placed, thereby positively affecting the GDP.

Some key Infrastructure of BGMEA

BGMEA Complex at Uttara

On 3rd April 2019, honourable prime minister of the People Republic of Bangladesh have inaugurated our new BGMEA complex located at Uttara Sector -17, Dhaka. The twin-tower 13 storied state of the art facility incorporates

- Exhibition Hall
- 750 people capacity Conference room
- Two Seminar Halls
- Swimming pool
- Other Modern Facilities



BGMEA Medical Centre at Mirpur

BGMEA has been operating 12 health centres at different parts of Dhaka and Chittagong with a view to providing basic healthcare facilities to garment workers and their families. The trade organization runs a hospital for apparel workers in Chittagong.

BGMEA has taken the initiative to construct a Medical complex at Mirpur area of Dhaka. The hospital will be operated by Bangladesh Institute of Research and Rehabilitation in Diabetes, Endocrine and Metabolic Disorders (BIRDEM), a renowned non-profit medical care organization of Bangladesh. This hospital has been strategically located in Mirpur so that the workers of the member industries can easily travel and gain access to quick medical treatment.



We engage in various CSR activities and donor funded programmes. Many basic facilities are out of the reach of the RMG workers such as Medicare and children education. To bridge this gap, BGMEA runs 12 medical center in and around Dhaka, Narayanganj, Saver and Chittagong. On the other hand, we are running five BGMEA schools for the children of RMG workers. Each year we spend a significant amount to support those facilities.

Service Provided

Particulars	2017-2018	2016-2017
BGMEA Health & Education Center, Malibagh	3,266,482	3,172,534
BGMEA Medical Center, Mirpur	2,815,143	2,920,955
BGMEA Medical Center, Ctg-Unit 1 & 2	2,023,966	2,054,010
BGMEA Medical Center, Mohammadpur	1,955,923	1,919,871
BGMEA Medical Center, Narayanganj	1,472,612	1,470,528
BGMEA Medical Center, Gulshan	16,17,192	2,006,693
BGMEA Medical Center, Hemayetpur	1,830,927	1,392,482
BGMEA Medical Center, Uttara	1,886,950	1,825,332
BGMEA Medical Center, Konabari	2,615,576	2,674,407
BGMEA Medical Center, Ashulia	1,553,495	1,408,619
BGMEA Medical Center, Signboard	1,775,300	1,823,953
BGMEA Hospital, Chittagong	2,073,849	2,047,981
BGMEA Hospital, Mirpur	357,317	472,354
	23,627,540	25,189,719

Expenditure on Medical Centres across the nation (in BDT)

Particulars	2017-2018	2016-2017
BGMEA School, Mirpur	1,722,342	1,499,454
BGMEA School, Malibagh	1,247,374	1,147,924
BGMEA School, Ashulia	829,194	798,751
BGMEA School, Signboard	933,340	835,300
BGMEA School, Ctg	763,872	710,823
	5,496,122	4,992,252

Expenditure on Education Centres across the nation (in BDT)

2017-2018	
Head of Payment	Paid
Trade Promotion	6,676,000
BGMEA Election	742,420
Image Building of RMG Sector	857,7660
Market Development	565,3477
Crisis Management	10,656,528
Fire & Safety Measures	531,485
Arbitration Expense	532,000
Labor Welfare	160,7800
Branding RMG	3,800,890

Highlights of BGMEA Program Expenses in 2017-2018

Training Services by BGMEA

As per the Asian Productivity Organization (APO) Database 2018, average hourly productivity of a Bangladeshi RMG worker is USD 3.4, which is the lowest compared to our global competitors of this sector like China, Myanmar, Vietnam, India, Pakistan. On the other hand, the textile industry involves employment over 4 million workers from relatively underprivileged economic background, which has driven them to the occupation as machine operators in the RMG industry. In general, it has been observed that due to the lack of their adequate background knowledge, the level of education and not knowing of proper use of upgraded machinery, they have a lower rate of efficiency, quality and productivity.

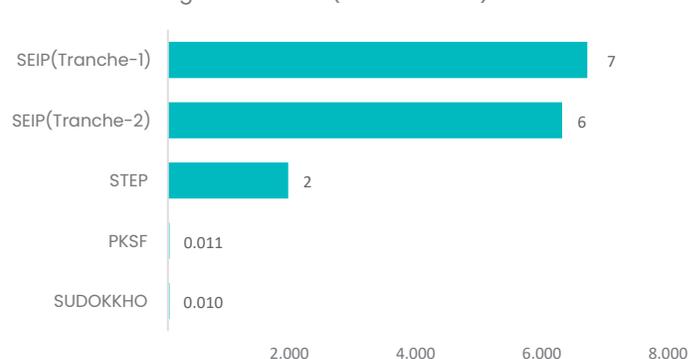
To improve the skills and efficiency of our RMG workers, BGMEA has devised a training program for skill upgradation. BGMEA along with its partners invested a total of USD 14.9 million in the upskill training of workers in our member factories since 2014. We are offering various types of training in collaboration with many different organizations.

Different training programmes with different approaches:

- SEIP focuses on the skill development of both workers and supervisors
- SUDOKKHO focuses on skill develop of production managers and executives
- STEP (Skills and Training Enhancement Project) is aimed to provide vocational training in different industrial sectors including RMG.
- PKSf (Palli Karma Sahayak Foundation) is a financial institution founded by the Government of Bangladesh to finance rural development and provide training. They are providing skill enhancement training to the RMG workers.

These training programs will to improved efficiency of our workers and increased export.

Training Investments (in million USD) Since 2014



5.2 Financial Performance

BGMEA is a non-profit organization and receives most of its funds from member fees, charges and donations from other programmes or projects. It also provides “Utilization Declaration” to the factories for importing raw material from any country without import tax and charge fees for this service.

Administrative overhead, various service charges and expenses for ongoing programmes/projects are the major heads of payment. Apart from these payments, we pay VAT and taxes to the government. Each year we retain some funds from our surpluses to invest into new projects and programmes to ensure environmental and social sustainability.

Description	2016-2017	2017-2018
RECEIPTS		
Annual Subscription from Members	566,047	564,482
General Fees & Charges from Members	3,164,938	3,690,618
Service Charges from Members	59,787	88,993
Received from Programs/Projects	5,755,620	6,353,129
Incom from Bank Interest	322,944	469,025
Total Receipts	9,869,336	11,166,247
PAYMENTS		
Office & Administrative Overhead	2,032,130	2,199,056
Expense for Service Payment	1,203,070	1,217,185
Contribution to Health Centers & Schools	355,082	361,657
Expenses for ongoing Programs/Projects	4,056,825	5,992,304
Other Expenses	4,113	3,448
Economic Value Distributed	7,651,220	9,773,650
Economic Value Retained Before Tax	2,218,117	1,392,597
INCOME TAX		
Tax Paid (Deducted at Source)	(25,819)	(38,314)
Balance Provision for Tax	(87,212)	(125,845)
Economic Value Retained After Tax	2,105,086	1,228,438

Statement of comprehensive income (in USD)





06

Care for the Society

Care for the Society

The clothing industry is considered to be the vanguard of industrialization. Massive mechanization of the manufacturing process has started with the textile related industries. Most of the Asian countries started their journey of industrialization with clothing related industries.

Bangladesh as a developing country with a large and growing population is able to offer affordable workforce for the manufacturing of apparel articles. Apparel brands from around the globe flocked to Bangladesh to tap this opportunity. From 1980s, Bangladesh has witnessed a rapid growth of ready-made garment (RMG) industries. The RMG sector has contributed a lot to countries' socioeconomic growth.

Unfortunately, with rapid industrial growth many labour malpractices in the RMG sector at its early stage were observed. From 2000 onward, our labour practice started getting better with the combined initiatives of factories, BGMEA, NGOs, buyers, donors and Bangladesh government. Some of our key achievements of those consorted efforts are:

- Eradication of child and forced labour
- Women empowerment
- Enhanced child education
- Reduction in household violence to women
- Gender equality
- Equality in wages
- Improved workplace conditions

As the apex organization of the RMG industries, we recognise and understand our responsibilities to our workforce. We are very keen to oversee the wellbeing of our workers and we are committed to protect them from any malpractice in the industries. To ensure financial, mental and societal wellbeing to our workforce we have taken member of initiatives, like:

- Workforce database for the industry, which we always keep updated
- Insurance for the workers for fatality and injuries
- Training for workers and executives on various issues, like legal issues, worker rights, and skill improvement
- Soliciting issues between factory and workers
- Monitoring payment to the workers, if there is any payment issue, BGMEA steps in and resolves the problem

BGMEA always remains vigilant to ensure the workers are getting wages as per the latest wage board, occupational health and safety is confirmed, all the legal and other requirements are implemented appropriately.

As a trade body BGMEA always wants the RMG sector to be compliant with legal requirements and global norms. Most important topics for BGMEA in labour and social issues are:

- Equality and non-discrimination at the workplace
- Eradication of child and forced labour
- Skill improvement of the workers
- Ensured occupational health and safety
- Dispute resolution
- Human rights of the workers

6.1 Employment

The RMG industry supports about 4.1 million workers with their job and the number is growing. Indirectly, nearly 40 million people are dependent on this sector, including workers in the backward and forward linkage industries. In Bangladesh one million families and four million people are supported through this RMG sector.

BGMEA monitors that each factory recruits and retrenches workers as per the legal requirements such as Bangladesh Labor Act 2006 and Bangladesh Labor Rules 2015. BGMEA is also strict to ensure basic human rights of the workers in the factories. All of factory follow legal requirements for human rights. Moreover, most of our member factories follow social and labour standards like BSCI or SEDEX.

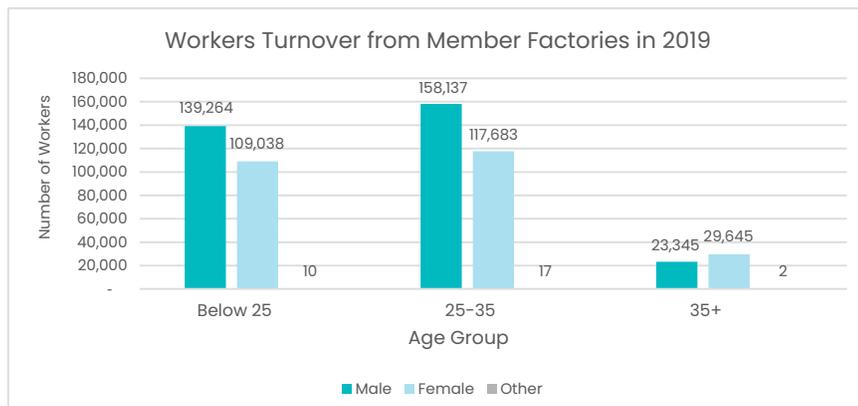
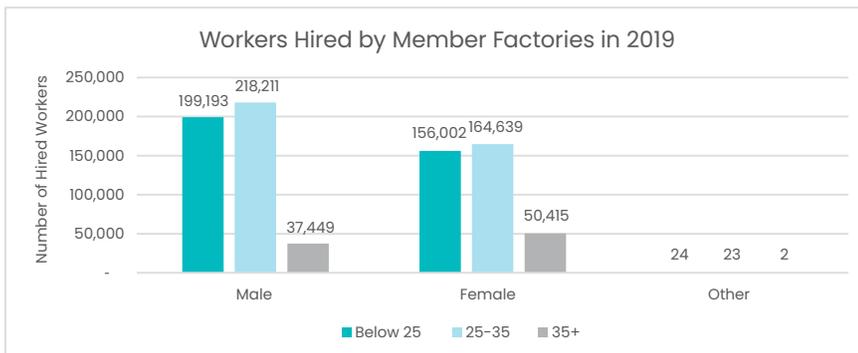
BGMEA has its own online platform where member factories can update their data on recruitment and turnover. In this database workers are identified with their national ID number. This database keeps a job history of each worker. The database information helps also to provide financial benefits from Central Workers Welfare Fund to workers.

BGMEA always monitors to ensure that factories do not discriminate workers on gender, health condition, pregnancy, religion, cast, region and other issues. In case of any discrimination, workers can complaint to BGMEA's labor cell and we duly investigate and resolve the problem.

4 million
Employment in RMG sector

10 million
Direct or Indirect Employment

65%
Share of female labor force



6.2 Benefits to the Workers

Workers are the most important resource of the RMG sector and one of our key stakeholders. Our workers enable us to grow and prosper. BGMEA believes, if we can treat our workers fairly, it will help us to improve our productivity and will also attract more people to work in this sector. Some facility i.e., medical care and services i.e., insurance cannot be provided by a single factory and here BGMEA steps in to ensure those facilities and services to the workers of our member factories.

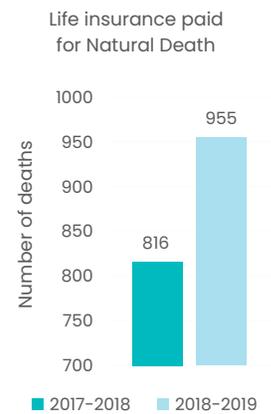
As an organization of the RMG factories in Bangladesh, BGMEA provides various facilities to the workers, employed by its member factories. Broadly, BGMEA provides health care services and insurance coverage to the RMG sector workers.

All the members factories ensure health care and parental leave as per Bangladesh Labor Act 2015. Factory health cares are not capable to provide hospital services and hospital services are expensive in the industrial zone. To provide quality healthcare to the RMG workers, BGMEA runs 12 Health Centers that provide healthcare facilities and medicines to more than 60,000 garment workers per year at free of cost. A full-fledged hospital is operational in Chittagong, and a 100-bed hospital in Dhaka is under construction, for the RMG workers. The hospital will provide all kinds of outdoor and indoor healthcare facilities to garment workers at free of cost or at heavily subsidized charges. Beside BGMEA’s initiatives, most of the factories have their own healthcare services for workers or a contracted nearby healthcare facility.

BGMEA oversees that group insurance coverage for the workers of its member factories are en-sured. From October 2016, workers and staff of all the garment factories are entitled to compensation/insurance benefit in the event of

Natural Death, Accidental Death, Permanent Total Disability (PTD) and Permanent Partial Disability (PPD) from the Central Fund (RMG Sector) under the Ministry of Labor and Employment of the Bangladesh Government.

All the permanent workers get the declared profit share from the company, as per Bangladesh Labor Rules 2015. Many member factories provide incentives to the workers to motivate them such as attendance bonus.



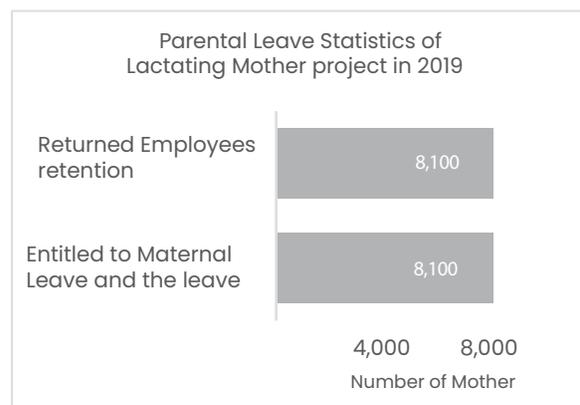
A retirement scheme in this sector is not very common. Bangladesh government, BGMEA and other stakeholders are trying to implement retirement support for all privet sector workers. Many of our member factories has gratuity fund and they administer it as per the legal requirements of Bangladesh.

“Digital Wallet” is the RMG digital payment platform envisioned by BGMEA. These newly opened e-accounts in 2019 will be inter-operable and a vendor neutral platform for electronic wage payment and shopping. The digital payment platform will serve for cashback, reward points and merchant discounts which will increase the value of wages workers receive. BGMEA signed an agreement with Information and Communication Technology Division on June 27th, 2019 to introduce the digital payment platform for the sector. A pilot program was successfully done covering 150 workers from three factories.

6.3 Parental Leave

Newborns are the future citizen and leaders of the country and BGMEA understands the importance of taking care of them and their parents. Maternity leave is ensured in the Bangladesh Labour Law 2015. BGMEA has field-level officers audit the factory and ensure compli-ance issues like maternity leave. Workers can also lodge complaints to BGMEA in case they face any discrimination regarding maternity leave. On the other hand, paternity leave is not directed by the law, but almost all of our member factories grant paternity leave as per their own policy.

About 100% of the women return to the factories after maternity leave. We observed that, many workers leave the factories permanently, after returning from maternity leave and receive leave payment. However, we do not do any statistics on the issue of leaving permanently after maternity leave.



Lactating Mother Aid Fund

The Government of Bangladesh and BGMEA have been with mothers to ensure that their infants get the best natural nutrient, hence has been running a project to promote breastfeeding among them. The Working Lactating Mother Aid Fund project is being operated from the year 2010-2011 to provide financial support for working lactating mothers and it is continuing. The project aimed to make nutritious food available for poor working mothers living in urban areas. Under the program, each working mother gets BDT 800 per month for 36 months. They are also imparted training on maternal health, child health, breast-feeding, sanitation, reproductive health, vaccination, family planning and prevention of child marriage.

Years	Beneficiaries	Factories	Amount (BDT)
2010-2011	4,616	72	3,87,74,400
2011-2012	5,600	168	4,70,40,000
2012-2013	4,641	121	4,17,69,000
2013-2014	6,600	165	7,12,80,000
2014-2015	7,400	125	8,88,00,000
2015-2016	7,000	130	8,40,00,000
2016-2017	7,400	163	8,88,80,000
2018-2019	8,100	240	23,32,80,000

Tier wise beneficiaries, numbers of factory and amount spent

6.4 Occupational Health & Safety

The RMG industry has come a long way and positioned Bangladesh as the second largest apparel exporting country in the world. As the path to success is not always rosy, our RMG industry has been confronted with many challenges and difficulties. Bangladesh has witnessed a few unfortunate incidents, but we have learnt lessons from them and are trying our best to avoid further mishaps and ensure a safe and sustainable industry.

Bangladesh is now known to the world as a model for workplace safety in the garment industry. Our industry has been praised both locally and globally for achievements in workplace safety. Three safety platforms were initiated by global brands, the Government and the International Labour Organization (ILO) to ensure safety of the apparel sector. These platforms lay a vital role in inspection, recommendation, monitoring and remediation for fire safety and structural safety issues of the factories. More than 3,800 export-oriented garment factories have been inspected for building, fire and electrical safety and recommended safety repairs where necessary. Moreover, the inspection and remediation reports are posted on a publicly accessible website, making changes transparent and credible. The Alliance program has been wrapped up in December 2018 after successfully completing factory remediation works. The Accord program is now in the transition phase.

Occupational Health and Safety Risk Management

The RMG sector has witnessed some dire accidental events and many lives have been lost. Ensuing workplace safety is nationally and internationally a very important issue. Moreover, as an industrial sector if we fail to ensure workplace safety, we will be at risk to lose orders from Europe and North America. The failure of one factory on safety issues, will cause suffering for the entire sector. BGMEA as the apex organization of RMG factories pays much attention to

ensure workplace safety for sustainable business. BGMEA addresses this issue mainly by providing training, through its training cell.

BGMEA, the ILO and other stakeholders designed a program to provide training on Essentials of Occupational Safety and Health (EOSH). With this program BGMEA trains factory personnel of various level on:

- Workplace hazard identification and risk assessment
- Risk control and mitigation
- Risk monitoring
- Incident recording and analysis

Apart from BGMEA’s trainings, member factories also conduct trainings on health and safety for their workers.

All the factories record their incidents and communicate them to the regional office of “Department of Inspection for Factories and Establishments” (DIFE). DIFE officials also visit factories randomly.

As per the requirement of Bangladesh Labour Act – 2015, all factories have their own health and safety committee. These committees have representation from the workers and management sides. Safety committees meet in regular intervals, discuss and resolve health and safety related issues and notify all workers about changes. BGMEA itself also supports member factories to establish a safety committee and train factory members. In 2018 BGMEA assisted to establish established and trained 70 safety committee members from same number of factories.

To improve the awareness among workers, along with training, our member factories display signage and posters. Many factories observe the World Safety and Health day annually on 28th April. Some factories provide bonus for following a code of conduct on health and safety.

In a joint project from ILO and BGMEA, BGMEA representatives visited 2,268 factories and they found that in 1,620 factories safety committees were present. The project period was 2015 to 2018. The remaining 648 factories are supported with training on how to form a safety committee (roles and responsibility as well as who should be the members of that committee).

BGMEA’s Safety Initiatives

- A team of 20 BGMEA officials monitor the fire safety standards, provides 3-day safety training and conducts fire drills in all member factories all-round the year as a continuous process.
- In addition, BGMEA appointed engineers to look after factory inspection issues and monitor factory structural safety standards.
- BGMEA officials visit a factory monthly.

Sustainable Safety

RMG Sustainability Council (RSC): To sustain the safety in the RMG industry, in 2019 BGMEA took an initiative of setting up the RSC which is set to be incorporated in May 2020. The RSC is an unprecedented national supply chain initiative, uniting the industry, brands and trade unions to ensure a sustainable solution to carrying forward the significant accomplishments made on workplace safety in Bangladesh. The RSC will operate within the regulatory framework of the laws of Bangladesh, closely cooperating with and supporting the regulatory functions of the government of Bangladesh and it will retain all health and safety inspections and remediation, safety training and complaints handling functions currently carried out by ACCORD.

After a big accident in a structurally unsafe RMG factory, European buyers formed ACCORD, North American buyers formed Alliance and Bangladesh government along with ILO, BGMEA and BKMEA formed a National Initiative to identify, recommend and monitor progress on fire and structural safety issues.

Moner Bondhu – An Initiative for Workers’ Mental Wellbeing

Not only the physical health, but also our worker’s psychological health is also equally important to us. That is why, we started a project in November 2019 for our workers to maintain their mental health in a good shape: Moner Bondhu. “Mon” mean mind and “Bondhu” mean friend, full meaning of the project is friend of mind. The projects facilitators engage workers in many stress and anger management exercises, as well as meditation which work as quick remedy. In just six months and across 50 factories, over 10,000 workers have had access to the mental health care. The workers in the session were very excited about

Date	Milestone Achieved
May 15, 2013 The Accord	Over 200 brands
July 10, 2013 The Alliance (AFBWS)	26 retailers
July 25, 2013 National Initiative	Established combinedly by GOB, ILO, BGMEA/BKMEA and Labor Union
December 31, 2018 The Alliance	Ceased Operations
January 14, 2020 The Accord	Signed an agreement with the BGMEA on the transition to an RMG Sustainability Council
Accord, Alliance & National Initiative	Safety Inspection of 3,800 factories ongoing or completed
Factories under Accord & Alliance	Completed 90% Remediation

experiencing a completely new type of session and said that they felt very relaxed afterwards. They are also given the opportunity to connect with “Moner Bondhu” by watching our upcoming show at the Bangladesh’ Nagorik TV channel and Moner Bondhu’s own social media channel in Facebook. Trainings cover the topics:

- Self-Care
- Ground Rules
- Emotions
- Coping Strategies
- Breathing Exercise
- Positive Affirmation

Coverage by Occupational Health and Safety (OHS) Management System



Most of our member factories are certified by the Business Social Compliance Initiative (BSCI), the ethical trade service provider SEDEX or other social standards or platforms, where there are requirements about OHS and the factory has to implement those requirements. On the other hand, the Bangladesh Labour Rule – 2015 also has many stringent requirements about the workplace health and safety. All member factories follow them strictly.

Either the certification or the legal requirement enforces the factories to have some sort of health and safety management system. Moreover, some of our member factories are ISO 45001: 2018 (OHSMS) certified. About 60% of our member factories are either certified by BSCI, SEDEX, WRAB or ISO 45001.

6.5 Training

Bangladesh stands second among the RMG producing nations and supplying apparels for consumers of 163 countries. However, Bangladesh's industry has been suffering from the lack of skilled labor force as well as skill development opportunities and facilities. Due to these setbacks, the factory owners have to pay more costs than they assume. Unskilled workers are likely to spend more resources while producing a perfect unit of a product by spoiling and wasting. They also need more working hours than skilled workers. Due to all of these, Bangladesh might ultimately lose its international market.

The RMG sector, being the employer of around 4.1 million workers, needs the continuous supply of thousands of skilled machine operators, but off-the-job training centers in Bangladesh do not have the capacity to supply this large number of workers.

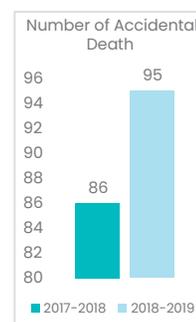
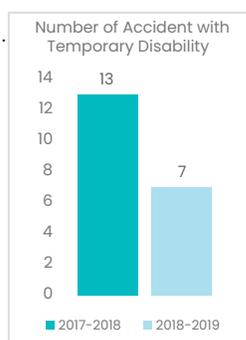
BGMEA is always committed to enhance livelihood of the workers by improving their skills. To bridge this gap between unskilled workforce and access to training, BGMEA has taken several initiatives with buyers, Bangladesh's Government, NGOs and donors.

Workplace Injuries

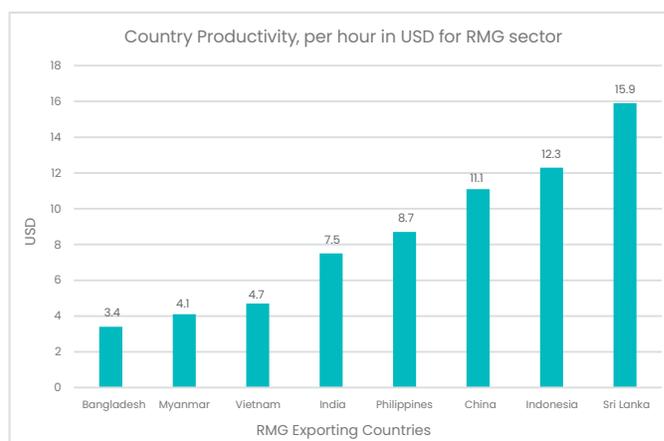
The RMG industry is not a high hazard manufacturing process and thus the number of accidents is quite low regarding the total workforce. The most common injury is the needle prick. Usually our member factories maintain their incident/accident register and the register of lost days for each accident. Our member factories only notify us, if they want to claim insurance for any accident or fatality.

In the reporting year, our member factories claimed 95 insurance cases for fatal accidents. Not a single one of those accidents has happened at factories premises, all fatalities were related to road accidents. These road accidents happened during the morning, lunch break or evening, when workers commuted between factories and home.

Almost half of the settled temporary disability insurance claims are related to road accidents, other occurred in the factory premises.



The garment industry has led to an increase in girls schooling. Overall girls' enrolment increases by 0.71% (relative to boys in the same family) when there is a 10% increase in the number of garment jobs available.



Source: Asian Productivity Organization (APO) Database 2018

BGMEA has taken several initiatives to enhance the skills of RMG workers. Some of our initiatives are:

1. Re-skilling with World Economic Forum: BGMEA is set to join the Global Future Council on Advanced Manufacturing and Production, a project of the World Economic Forum (WEF). The BGMEA President has been invited to join the Taskforce of this project as an advisor.

2. BGMEA EPB Training: A Capacity Building Training Program for RMG Workers and Management Staffs: In March 2019 BGMEA signed a contract with the Export Promotion Bureau (EPB) to provide training to 12,000 persons in upskilling (knit, woven and wool machine operator) and mid-level management (production planning, inventory management, compliance norms).

3. BGMEA-PKSF Project: In September 2019, BGMEA and Palli Karma-Sahayak Foundation (PKSF) signed an agreement for providing to 3-months residential training to 90 persons at operator level with a job placement.

4. SUDOKKHO: In October 2019, BGMEA inked an agreement with SUDOKKHO and DFID for imparting training to 1,500 persons at operator and mid-levels.

5. STEP: Under the Skills and Training Enhancement Project (STEP), people are given skills training in knit and woven. In 2019, a total of 300 were enrolled for training; out of them 280 trainees were placed for jobs in different garment factories.

6. SEIP: In 2019, a total of 9,337 people was enrolled for training in operator and upskill levels under the SEIP project; out of them 7,300 trainees were given jobs in different factories.

BGMEA – SEIP Project

The BGMEA-SEIP Project is an initiative to skill development at mid-level and worker-level in the RMG industry. It is jointly funded by the Bangladesh Government, the Asian Development Bank (ADB) and BGMEA.



Ministry of Finance, Government of Bangladesh

Finance Division, Ministry of Finance is the executing agency of the SEIP Phase-I project while three Ministries the Ministry of Expatriate Welfare, Education and Industries, as well as the Bangladesh Bank, the Palli Karma-Sahayak Foundation, and 19 Industry Associations are the implementing agencies.



Asian Development Bank

The Asian Development Bank (ADB) agreed to a Multi-tranche Financing Facility (MFF) Programme in order to take a long-term and comprehensive approach to support skill development in Bangladesh. In this way, the MFF supports the potential contribution to a higher GDP growth by skilling and up-skilling a large number of people at working age on priority factors.



BGMEA

BGMEA is one of the implementing agencies of the BGMEA-SEIP Project. Since 2005, BGMEA has been providing training to mid-level officers and workers of the RMG industry.



No Tuition Fee

No fees are charged for the training. All courses under BGMEA-SEIP are completely free of cost.



Conveyance and Refreshment Allowance

Trainees will get refreshment/conveyance allowance for each day of attendance during the training period.



Free Training Materials

All trainees will get training related materials for free.



Certification

Trainees get a professional certificate after the successful completion of the training.

Our initiatives for skill improvement for the workforce of RMG sector is not at a pause with current initiatives. We are planning big in future. Some of our upcoming projects are:

1. Productivity & Innovation Centre: The Board is planning to establish "A productivity and Innovation Centre" on the BGMEA premises at the end of 2021. The centre will work in four different areas:

- Industrial Engineering
- Product Development
- Innovation
- Sustainability and Competitiveness

The Board also decided to establish a productivity, product development and 3D prototyping training centre including the component of pattern and fit designing training in 2021. The training methodology approaches would be classroom based with few factory level interventions if required.

Under the Technical Advisory Service (TAS) scheme of the National Productivity Organization (NPO) and under the Ministry of Industries a regional expert can be hired for training curriculum development and other important services as if required.

2. Accelerating and Strengthening Skills for Economic Transformation (ASSET) with the World Bank for providing training to 100 thousand people at operator and mid-levels will start at

3. Urban Partnership for Poverty Reduction (UPPR) with Dhaka North City Corporation (DNCC)

4. Project with Manusher Jonno Foundation (MJF) funded by the European Union for training

Essentials of Occupational Safety and Health (EOSH) Programme

Training on Fire safety

BGMEA has around 35 fire safety trainers. These trainers are certified by Fire Service & Civil Defence (FSCD) to impart training in the RMG sector. Since 2013, BGMEA provides three-day fire safety training to the workers of the member factories.



BGMEA University of Fashion and Technology

BGMEA also recognizes the need of research and higher education in fashion and technology to meet the demand of fashions designers, engineers and technicians in the RMG sector. The university is started its journey in July 2011.



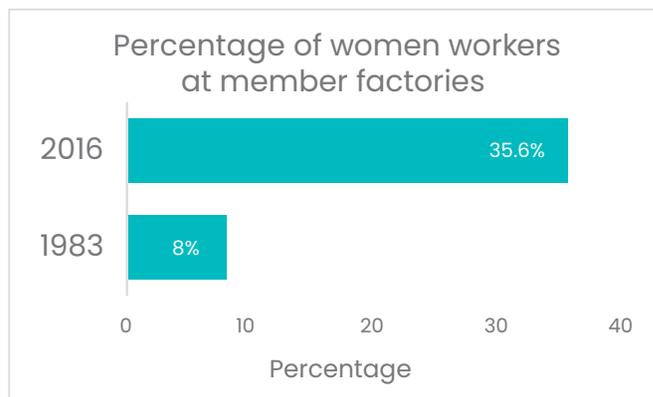
Conducted Fire Safety Training in the reporting year, 2019

Month	Total Batch	Total Factory	Total Trainee
January	7	5	338
February	4	3	199
March	9	9	443
April	6	5	300
May	3	3	137
June	3	3	149
July	10	9	447
August	3	3	150
September	8	7	396
October	4	4	178
November	4	4	200
December	8	7	394
Total	69	62	3361

6.6 Ensuring Equality at the Workplace

Unfortunately, gender discrimination at the work place is still a common phenomenon worldwide. Bangladesh is no different from that trend, especially in the informal labor market the situation is not as good as in the RMG sector. In the RMG sector, workplace gender inequality is not an issue now. In this sector, the ratio of basic salary among men and women are the same. As per the latest report of the United Nation, the gender wage gap in Bangladesh is the lowest in the world, as it is 2.2% in the country against the world average of 21.2%. There is no discrimination in the salary structure in the RMG sector in Bangladesh.

BGMEA always remains vigilant to prevent any gender-based discrimination at the workplace. If BGMEA finds such kind of discrimination at any of its member factories, it takes all necessary steps to resolve the issue. Besides BGMEA, Bangladesh’s national law is very strictly implemented to prevent such kind of discrimination in this sector.



BGMEA encourages and enables its member factories to recruit disabled workers. We have a job placement program with Centre for the Rehabilitation of the Paralyzed (CRP) for the people with disabilities.

6.7 Conciliation-cum-Arbitration Committee (CAC)

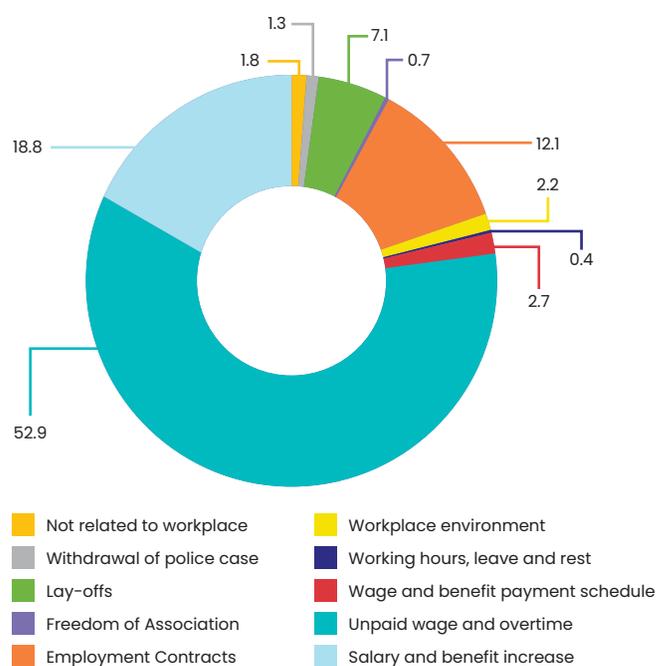
In an industrial environment a dispute regarding various issues are common scenario. In most cases, those disputes can be resolved beyond court. This conciliation cum arbitration processes save both time and money from each side and they also reduce pressure to our judicial system, which is already struggling with so many cases.

As the largest industrial sector, it is very common that RMG has the most industrial disputes compared to other sectors. With an aim to ease the arbitration and conciliation processes, BGMEA established its Conciliation-cum-Arbitration Committee (CAC) in April 1998, to solve disputes between factory owner and employees outside of the court.

CAC was established in accordance with the Industrial Relations Ordinance (IRO)-1969. This committee resolves disputes without any charges and promptly.

Among other, the main reason of owner and worker disputes is the unpaid wage and overtime claim. Other major causes of disputes are salary and benefit increase, employment contracts and lay-offs.

Since 2013, BGMEA has received 8,050 cases, it resolved 7,632 cases, which benefited 17,697 workers. Through this process more than USD 150 thousand has been disbursed to workers since 2013. 418 cases remained unresolved, mainly because non-responsiveness of the employers and workers to CAC.



	2016	2017	2018	2019
Number of cases received	1,176	1,396	1,357	1,054
Number of cases resolved	1,162	1,346	1,252	873
No response from employee	47	28	0	0
Number of cases pending	120	147	247	379
Number of workers benefited	2,263	2,761	2,741	2,299
Money collected for employees in USD	199,084	245,591	205,386	57,731

6.8 Freedom of association and collective bargaining

Freedom of association is a very important human right for workers and it is a part of international labor standards i.e., SEDEX, BSCI etc, where Bangladesh ratifies. As a trade body, representing the largest industrial sector of Bangladesh BGMEA also promotes freedom of association through participatory committees. In June 1997, BGMEA has formed a bi-lateral committee with Registered Trade Union Federation to solve labor issues such as maternity leave, overtime, payment of wages, and minimum wages.

In most of our member factories the election of the participatory committee is held regularly and with full transparency. Moreover, the election of the participatory committee is observed by one the representative from the Department of Inspection for Factories and Establishments (DIFE).

Those elected participatory committees are very active and look after all wellbeing issues of workers. BGMEA is closely working with “Better Work Bangladesh” to educate the participatory committee members and workers on their duties and responsibilities as the representatives of the worker community.

6.9 Child Labour

Child labour is an issue since the first industrial revolution in Europe and North America. Europe and North America successfully irradiated child labour after world war II. Asian countries who started being industrialized after World War II, faced a huge flux of child labour in the newly developed industries. This happened due to lack of education and awareness, as well as poverty. Most of the South Asian countries, including Bangladesh, tackled this child labour problem successfully.

In 1983, the RMG sector was established with less than 50 factories and since then it was enjoying a steady growth. In 1999, the RMG sector employed 1.5 million workers, with 80% female workers. At the same period the value of export was USD 4 billion. The export from the sector represented 60% of the country's export volume – of them 40% went to the United States (US).

In early 1993, the US senate passed the Harkin Bill to address concerns of child labor worldwide. After passing this bill, the US senate immediately banned imported goods, which were manufactured fully or partially by using child labor. This ban resulted in a big shock for the RMG sector. Factory owners began to retrench child workers. At that time the International Labour Organization (ILO), UNICEF and some other NGOs requested BGMEA not to dismiss child workers, until a social protection program was introduced.

BGMEA is also working with the International Labour Organization (ILO) in the project “Promoting Social Dialogue and Harmonious Industrial Relations in the Bangladesh Ready-Made Garment Industry (SDIR)”, which is funded by Sweden and Denmark. Started in 2017, 39 BGMEA member factories were selected for piloting activities of the SDIR Project. As of December 2019, representatives of factory management and workers in 106 factories were given training under the project which is ongoing. The aim of the project is to improve labor rights and industrial relations in the RMG sector. One of the priorities of this project is to assist factories to conduct participatory committee elections, trainings of master trainer from workplace cooperation, grievance handling, and collaborative bargaining.

Trade Union

The Bangladesh RMG sector has made remarkable progress, not only in workplace safety but also in workers' rights. In 2018, minimum wages of RMG workers have been increased. The Labour Law has been amendment in 2019, making it more favourable towards protecting workers' rights and ensuring their welfare. A significant change has taken place in trade union registration – until 2012 there were only 138 trade unions in the RMG sector, and since January 2013 till now, around 800 trade unions have been registered.

An intense negotiation between BGMEA, ILO and UNICEF lead to a Memorandum of Understanding (MoU), known as “The Placement of Child Workers in School Program and the Elimination of child labour”. Bangladesh's government and the US embassy were actively involved with this project.

106TH CONGRESS
1ST SESSION

S. 1551

To prohibit the importation of goods produced abroad with child labor, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1999

Mr. HARKIN (for himself, Mr. HOLLINGS, Mr. DORGAN, Mr. LEVIN, Ms. MINTO) introduced the following bill; which was read twice and committee on Finance



BILL

To prohibit the importation of goods produced abroad with child labor, and for other purposes.

in the Senate and House of Representatives

2. *times of the United States of America in Congress assembled,*

Under this project, dismissed child labours were getting BDT 350 (approximate USD 11 now) as stipend to compensate their lost salary and were admitted into an informal education program. With this program 8,200 former child workers received informal education, 2,000 admitted into a school, and 837 received vocational training. With the inception of the project in 1995, the number of child workers dropped significantly, percentage of child workers in 1999 was about 3%.

Since 1995, our society has changed a lot so has the economic condition. Most of our member factories are certified with one or two social standards like BSCI, SEDEX etc. and child labour is a serious issue in those standards. BGMEA and buyers are also very vigilant to protect children from any kind of labour in RMG and allied industries. Also, no RMG factory will knowingly recruit child labour, because it will dire consequences to their business. After all precaution, if any child labour is detected in a factory, they follow their child labour remediation plan. The factory will contact the parents of the child and hand it over to them. Afterwards, the factory will bear all the schooling cost up to their adult age.



With the concerted effort of BGMEA, buyers, donors, the Government of Bangladesh and NGOs, child labour has been eradicated from the RMG sector of Bangladesh. Since 2000 child labour has been eradicated from the RMG sector of Bangladesh. May be there are some unintentional child labour recruitment, which we consider as an incident, factory immediately conduct root cause analysis and take corrective actions.

6.10 Forced Labour

Forced labour is unexpected in the RMG sector and it is very important to BGMEA to eradicate this from the industry. All our stakeholders are very much sensitive to the forced labour and they take any incident of forced labour very seriously. Identified forced labour in any factory will have a negative consequence on the whole RMG sector. That is why BGMEA take it very seriously.

Bangladesh is a rectifier of the International Labour Organizations (ILO) Convention C019: "Forced Labor Convention". Both the Bangladesh Labour Act 2006 and Bangladesh Labor Rules 2015 have strict requirement to stop forced labour.

BGMEA audits monthly to its member factories ensure that there is no direct forced labor in Bangladesh, particularly in the RMG sector. BGMEA has a labour section where any worker can complain anonymously if he/she face any forced labour issue. During reporting period (2019) no such case was received by BGMEA. There are indirect kinds of forced labour, like working over-time in the fear of termination upon refusal. In line with legal and international requirements BGMEA is committed to abolish any kind of forced labour from the RMG sector. BGMEA's labour cell always welcomes workers to complain, in case of any kind of forced labour.

07

Environmental Sustainability

Environmental Sustainability

Impact of climate change and environmental pollution is impacting our globe more now, than ever. We are losing natural ecosystem, natural balance and our livelihood. Awareness in mitigating environmental pollution and causes of climate change is on the rise globally. Most of our European and North American buyers has a big concern ensuring environmental sustainability I their supply chain. Many of our buyers has ambitious targets to reduce GHG from their supply chain.

On the other hand, Bangladesh is one of the worse effected country, due to climate change. Bangladesh is a small country with a large population. Climate change and environmental pollution is posing threat on our nature, livelihood economic growth of Bangladesh. To combat climate change government has taken several big initiatives and pledged 5% reduction of GHG emission by 2030, form business as usual (BAU), from power transport and industry sector by using its own resources. To tackle environmental pollution Bangladesh government is monitoring the industrial emission very closely and instructed industries to reduce their emission.

BGMEA and its member factories are vey much in line with the climate change mitigation and environmental pollution control targets of both the government and the buyers. BGMEA recognized that, environmentally sustainable production will attract more buyers in RMG sector and will contribute to the growth of export.

BGMEA represents mostly those factories who cut, sew, pack and export appeal. In this span of the production, the life cycle of a garment article and its negative environmental impact is comparatively low compared to other operations like fibre production and fabric dyeing. In fact, BGMEA is com-mitted to reduce the cumulative negative impact of its member factories on the environment. In 2019, the issue of environmental sustainability has taken in the core of fashion industry and is the most critical area of concern. Big global brands come up with pledges to their customers to provide fashion with a lower environmental impact. Global policy

leaders, environmental watch dogs and civil society organizations found very aware on impact of fashion industry. The industry has to check on how to be eco-friendlier and more efficient to reduce the environmental cost of production. Bangladesh's RMG industry is the second largest apparel exporter of the world and has responded to this global demand in a very proactive manner.

A major part of BGMEA's operations is policy advocacy. We are always committed to associate with government, NGOs, donors, buyers, and other stakeholder initiatives to ensure environmental sustainability in the RMG sector of Bangladesh. In 2019 to promote sustainability in the RMG sector, BGMEA formed the RMG Sustainability Council (RSC) associated with major stakeholders in the industry. Among other sustainability issues, RSC will also work to improve the environmental performance of the factories. Apart from RSC, BGMEA has an environmental cell to coordinate the environmental projects with its stakeholders. There are two separate standing committees on environ-ment committee and suitability committee led by selected members by the office bearers. Under their supervision the BGMEA environmental cell works on different agendas. This cell is being led by a Senior Deputy Secretary.

Environmental acts, rules and policies we have to adhere to are the Environmental Conservation Act – 1995, Environmental Conservation Rules 1997, National 3R (Reduce, Reuse and Recycle) Policy and some other strategic papers of Bangladesh. BGMEA promotes, encourages and assists their member factories to comply with these legal instruments. Furthermore, the association upholds numerous projects concerning environmental sustainability in the industry. Most of the member factories are in Higg Facility Environmental Module (FEM) 3.0 platform, which is an environmental reporting standard. BGMEA is committed to combat climate change by limiting the global temperature rise bellow 2°C. Most of the brands that are signatory to Sustainable Apparel Collation (SAC), they ask their suppliers to report in the SAC Higg Index FEM 3.0 platform.

7.1 Materials made in Bangladesh

Circular economy is one of the major areas of concern for the global fashion industry. Looking beyond the current linear extractive industrial model, the principle of circular economy is decoupling economic activity from the consumption of finite resources and designing waste out of the system. Globally, the demand for circular fashion is increasing. BGMEA is committed to promote circular economy in the RMG sector of Bangladesh. Considering the importance of the topic, BGMEA, Global Fashion Agenda (GFA) and Reverse Resources have already started a pilot intervention in 2020 with a small number of factories.

Most of BGMEA's member factories produce knitted garment articles. Most of the fabrics are sourced from local knitting and dyeing mills. Accessories and packaging materials are also mainly sourced locally. The fabrics our member factories use are mainly made from certified organic cotton with Global Organic Textile Standard (GOTS) certification. On the other hand, most of the capital machineries are imported from China, Germany, Greece, Italy, Japan, Taiwan, Turkey or USA.

Today, BGMEA member factories are producing a good quantity of sportswear and for most of the sportswear recycled synthetic fibres are included. Currently, recycled or man-made fibres from PET bottles are used widely in Bangladesh. Moreover, some denim factories are using recycled fibres to produce denim articles and the number is exponentially increasing in the industry.

7.2 Promoting Energy Sustainability

Currently, there is a common ground to combat climate change globally. Bangladesh's government is very keen to reduce Greenhouse gas (GHG) emissions by improving energy efficiency of the manufacturing units. The Government has started enforcing its factories to take energy efficient measures and has prepared a renewable energy policy 2018. Moreover, many forms of soft loans are available in the scheduled banks of Bangladesh for energy efficient technology or renewable energy.

A proper policy framework is prerequisite for the development of a country. Though Bangladesh is not yet a policy driven country, it has a huge implication with national policy framework. BGMEA is been very closely associated

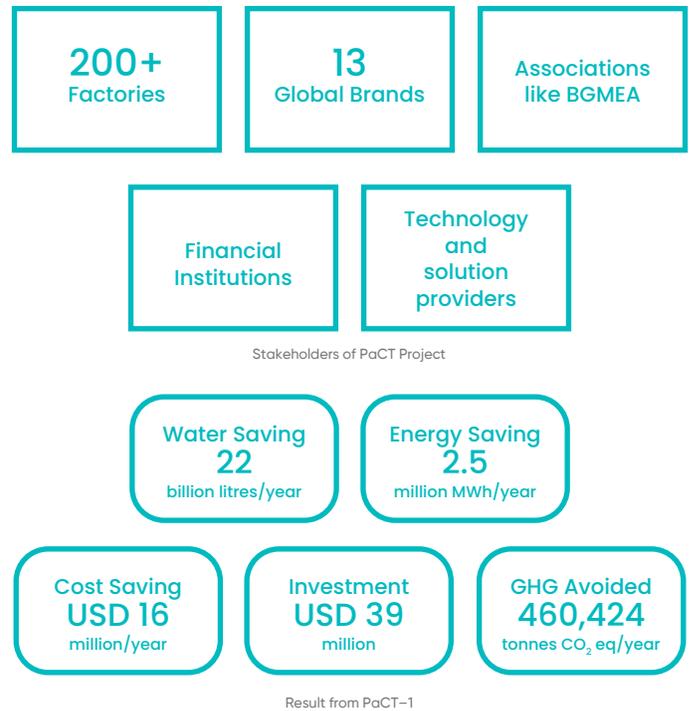
with such policy initiatives of the Government of Bangladesh. BGMEA is the member of the task force on GEZ (Green Economic Zones Guidelines) for BEZA (Bangladesh Economic Zone Authority). A proper green economic zone policy will uphold the green industrialization of Bangladesh.

BGMEA, as an association of the largest manufacturing sector of Bangladesh is committed to promote energy efficiency and use of renewable energy to reduce GHG emissions. From the year of establishment, BGMEA is associated with many projects, which are working with energy efficiency, renewable energy and GHG emission reduction.

Bangladesh Partnership for Cleaner Textile (PaCT) project

International financial corporation (IFC) along with 13 apparel brands and other stakeholders started this project in 2013 to reduce adverse environmental impact in terms of energy, water, emission and wastewater.

After the successful implementation of the PaCT first phase in 2017, the second phase of the project started in 2017 and till now 75 factories have joined the initiative. The initiative takes a close look on water footprint reduction, energy efficiency, renewable energy and chemical management. Besides, the program introduced a web-based system of monitoring of resource efficiency. Through this program the factories are able to enhance their environmental performances and become more sustainable and efficient.



Paving the way to Decarbonization

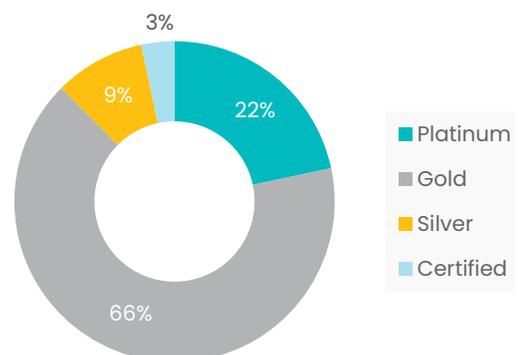
According to the Intergovernmental Panel on Climate Change’s (IPCC) fifth annual report, is Bangladesh one of the most vulnerable countries to climate change. Ironically, Bangladesh is one of the lowest carbon emitters worldwide. Understanding the importance of climate change, BGMEA has signed the United Nations fashion industry charter for Climate Action with United Nations Framework Convention on Climate Change (UNFCCC) as a supporting organization to reduce GHG emissions of the industry by 30% within 2030, compared to business as usual (BAU) level. By joining this initiative, BGMEA pledges to support implementation of the principles enshrined in the Fashion Industry Charter for Climate Action, in line with the goals established by the Paris Agreement of 2015.

Green Factory

In an RMG factory a major portion of energy is spent for the lighting, ventilation and other building maintenance purposes. Today, Bangladesh has worldwide the greatest number of Leadership in Energy and Environmental Design (LEED) green factory buildings certified by the United States Green Building Council. LEED certified buildings use up to 40% less energy, compared to a conventional building. Certified factories have renewable energy consumption in place and certified buildings also have a less negative environmental impact during construction. In 2019, the Bangladesh’ RMG industry had 120 green buildings and more than 500 factories are in the pipeline to become green status factory.

Platinum: 29
 Gold: 79
 Silver: 11
 Certified: 4

LEED Certified Building in Different Level



Green Button

BGMEA has pledged to the “Green Button Initiative” of the German government in 2019. Germany is one of the most important markets for Bangladeshi RMG products. The “Green Button” initiative is the first ever state-owned global seal on environmental sustainability. It looks into all aspects of sustainability of apparel products.

Green Climate Fund

Bangladesh is one of the lowest emitters of GHG emissions but also the most vulnerable to climate change. In 2018, for the first time, the Infrastructure Development Company Limited (IDCOL) applied for a Green Climate Fund (GCF) of USD 250 Million for low cost finance to help the RMG industry’s renewable energy finance. BGMEA co-organized the Focus Group Discussion (FGD), seminars and also coordinated with Infrastructure Development Company Limited (IDCOL) – state owned a non-banking financing institute – in preparing the feasibility study, key informant interviews (KI). BGMEA was also associated with all the steps in availing the fund from Green Climate Fund (GCF). Now we are waiting for GCF’s final decision.

Technology Upgradation Fund

The present Board of BGMEA peruses the Government of Bangladesh to extend policy support to encourage technology up-gradation in the RMG industry. Accordingly, the Bangladesh Bank has considered our proposal and in 2020 initiated 1500/- crore Taka revolving fund scheme for the industrial sectors including Textile and RMG. The Technology Upgradation Fund (TUF) will be provided in the form of low interest fund/ concessional loan to upgrade machineries, technology, systems and software. Currently, Bangladesh Bank in collaboration with BGMEA, is preparing a list of eligible technologies for this low-cost fund. The fund will be available for the following categories:

- Human resource development & management related advanced technologies
- Automation for accounting, inventory management, marketing and sales, security management
- Process equipment & technologies
- Equipment/ technologies for energy efficiency and renewable energy
- Equipment/ technologies for air quality management
- Equipment/ technologies for thermal efficiency
- Equipment/ technologies for work-place safety (fire safety, health safety) management
- Equipment/ technologies for water consumption and management
- Equipment/ technologies for business process re-engineering/ business automation
- Equipment/ technologies for operations management

7.3 Conserving Water

Globally water scarcity has reached the pick in recent years. There are the United Nations Sustainable Development Goals (SDGs) and other international initiatives to conserve water. Bangladesh is a tropical and riverine country; it does not need to acquit shortage of water till date. However, the ground water level is rapidly depleting in the industrial clusters of the country, especially in Dhaka, Gazipur and Narayanganj region. On the other hand, these regions of Bangladesh are geologically depressed and low laying areas, having a rich aquatic flora and fauna.

Climate change and industrial activities are impacting our aquatic system negatively. The Government of Bangladesh has devised several laws and strategies to combat this situation. Water related governmental laws and strategies are the Bangladesh Environmental Act – 1995, Bangladesh Environmental Rules – 1997, National Water Policy, Bangladesh Climate Change Strategy and Action Plan, National Strategy for Water Sanitation and Hygiene, The National Sustainable Development Strategy, National Adaptation Programme of Action and Bangladesh Delta Plan 2100.

The RMG production is not a very water intensive process, major portion of water is used in wash-rooms and for boilers. However, in line with national and international efforts, BGMEA is committed to play a vital role to conserve water and to ensure sustainable water management among its member factories. Many of our member factory are vertically integrated – in other words they have fabric knitting, dyeing, finishing and fabric cut to sewing processes. Those vertically integrated factories have a higher water footprint, as they have the water intensive dyeing processes. Most of the sewerage water is discharges into the government sewerage drain, with out any treatment. Some of our member factories, especially the LEED certified – has Sewerage Treatment Plant (STP) and some member factories is planning for STP. We do not have the exact member that how many of our member factories has STP.

Most of the member factories are certified with one or two globally accepted environmental standards such as Higg Facility Environmental Module (FEM), ISO 14001 for an Environmental Management System, Business Environmental Performance Initiative (BEPI) or STeP (Sustainable Textile & Leather Production). These environmental standards have strict requirements for water conservation, recycling or reuse. BGMEA encourages the factories to implement sustainable water management approaches and promotes less water use by providing training, seminars, workshops, posters, writeups in monthly magazine, audio-visuals and also through social media i.e., Facebook, LinkedIn etc. Moreover, 123 member factories are LEED certified. Certified buildings use 40% less water compared to conventional factory buildings for domestic purpose. Through the Bangladesh Partnership for Cleaner Textile (PaCT) project, the industry has saved 20 billion liters of water. Concerning sustainable water management, some of BGMEA's interventions are stated below.

Water Conservation Initiatives

BGMEA is one of the key partners of the Water Resources Group 2030 – a public, private, civil society partnership hosted by the World Bank Group. The goal of this Multi Stakeholder Platform is to improve the water resource management through collaborative transformative actions. Under this platform, BGMEA has worked on “Valuing Water”, “Managed Aquifer Recharge” (MAR), and “Incentivizing Sustainable Production Practices” (ISPP) since 2018.

Water Policy

The Water Resources Planning organization (WARPO) has drafted an industrial water use policy for Bangladesh. BGMEA was strongly associated with technical insights and supported the initiative.

Chemical Management Guideline

Bangladesh is the second largest apparel exporter of the world; in turn the industry uses thousands of chemicals. In fact, there is no comprehensive guideline for industrial chemical management in Bangladesh. Therefore, RMG and textile industries depend mostly on brands prescription. Most of the brands have their own Manufacturing Restricted Substance List (MRSL). On this backdrop, BGMEA has taken an initiative of developing a national chemical management guideline for the RMG and textile industry partnering with Chemical engineering department of the Bangladesh University of Engineering Technology (BUET). Eventually, relevant ministries of Bangladesh's Government will be onboarded to this initiative. BGMEA has already signed a Memorandum of Understanding (MoU) with the Chemical Management Department of BUET to implement the intervention.

Waste

Under the Multi Stakeholder Platform mentioned above, the Industrial Water Work stream (IWWS) a sustainable integrated sludge management system is being developed for the Economic Zones.

From BGMEA's research department it was found that under two main HS (Harmonized System) code 5202 and 6310 – it is universal code for used in international trade to identify that particular material – Bangladesh exported 84.7 Million USD worth textile waste mainly to India. With domestically adding value Bangladesh can actually enhance export earnings. Currently Bangladesh is doing less than 5% recycling domestically.



08

Report Profile

Report Profile

Sustainability Reporting Goal

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is a democratic organization and we are committed to full transparency. Sustainability report – as per GRI standards – provides us the opportunity to disclose data and information on our economic, environmental and social initiatives. In this report we mainly reported data and information on our member factories, our projects, our initiatives, our concerns and our commitment. In this report we are not disclosing the information and data of BGMEA, as an organization, hopefully we would do it on next reports. We are an association, not a manufacturing unit of service providers, that is why we do not have many data a formation as per GRI standard, which a manufacturer or service provider have. Here we shared data mostly for the whole RMG sectors of Bangladesh in general.

Reporting Period

Year 2019

Reporting Cycle

Every two years

Report Boundaries

BGMEA's report boundaries are our activities, projects, available member factories data and information, and our interaction with our stakeholder.

Determining Our Report Content

We are committed to the sustainable growth of the RMG sector of Bangladesh. As a trade association we have chosen those topics a material which has an impact on our stakeholder's decision-making process about the RMG sector of Bangladesh. We also considered those as material topic, which has an impact on the economic, environmental and social impact, as a result of our BGMEA or its member factories activities.



09

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