

# SUSTAINABILITY REPORT 2023

SEPAL GROUP



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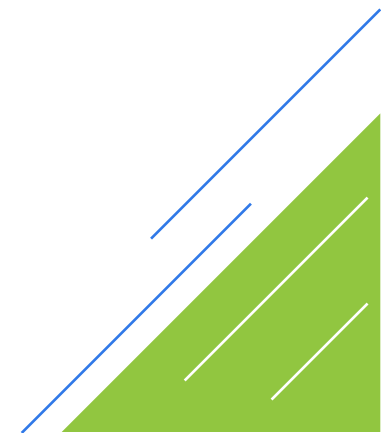
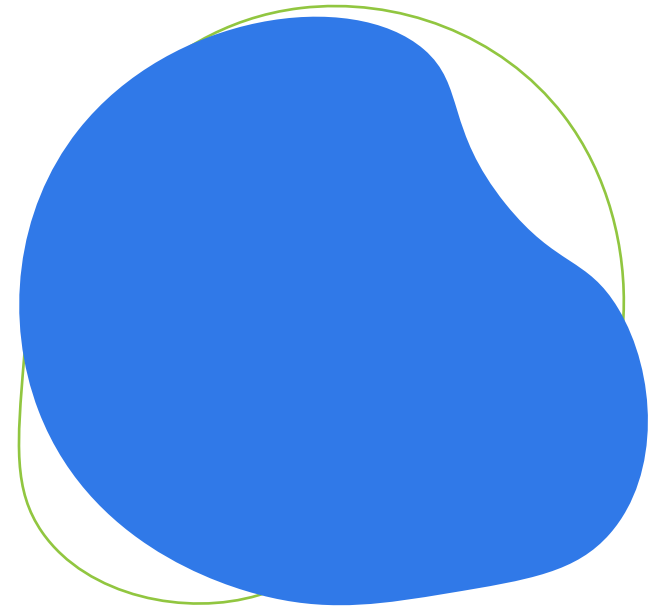
#### Abbreviation

- GRI Content Index 77
- Mapping with the United Nations Sustainable Development Goals (SDG) 83

## MESSAGE FROM MANAGING DIRECTOR

Dear Stakeholders,

With great pride, I offer Sepal Group's First Ever Sustainability Report, which showcases our achievements during the fiscal year 22-23 and addresses performance in relation to governance, social issues, and the environment. This report provides an in-depth analysis of our long-term ESG strategy and targets, as well as our priorities in this crucial area and our success so far this year. Sepal Group consists of four entities: Glory Fashion Wear Ltd, Sepal Garments Ltd, Orchid Garments Ltd, and Sepal Washing Plant Ltd. As a whole Sepal Group works to create a sustainable culture where all the organization's stakeholders recognize the value of striking a balance between social justice, economic efficiency, and environmental responsibility. With a broad range of products and services, a flexible and successful company strategy, effective financial management, and a devoted clientele, we're dedicated to generating value for all our stakeholders. We aim to outperform ourselves in every area, be it product, sustainable operations, reach, and supply chain while ensuring that the customer has an amazing experience with us. Since 1985, our motto has been "Quality on Time" and we abide by that motto by ensuring quality in all our aspects, be it production, compliance or sustainability.



Global problems including the climate catastrophe, mounting demand on natural resources, and shifting consumer behavior highlight the need for sustainable global change. Bottomless greed masked as need is the reason behind our undoing as a civilization. Over the past years, we have seen firsthand how the climate crisis has affected every aspect of our lives. Sepal Group understands and recognizes its responsibility toward achieving said sustainability. As a matter of fact, our journey to success has always been fueled by sustainability, which is a fundamental component of our business approach. We have benefited from our conscientious supply chain style, our relationships with business partners, and our concern for our employees. This has established a strong correlation between superior financial success, better compliance and sustainability in our organization. And we are pleased to provide in this report our action plan, our accomplishments, and most significantly, our objectives for continuous development. We have sorted our main area of focus of our ESG report into three sections: Planet (Environment), People (Social), and Practices (Governance). Our strategic growth plan is profoundly ingrained with these areas of focus, which impact every facet of our organization. Our sustainability goal includes Empowering employees especially female employees through training and

programs like Sudokkho, BSR Her, RBC Project, Worker Wellbeing project etc., Investing in sustainable technology, enhance focus on quality assurance, implementing 6S (Sort, Set in order, Shine, Safety, Standardize, Sustain) procedure companywide. As for environmental sustainability goals, we aim to use less water, reduce wastewater discharge, reduce chemical usage, use less energy (convert to 25% renewable energy resources by the end of 2025). To achieve our goal of increased openness, we have created this report in accordance with the GRI criteria and the UN Sustainable Development Goals, which are delineated by an extensive and cutting-edge ESG framework. Every step we take toward achieving our objectives gives us the chance to do even more. I would like to conclude by thanking our Sepal group family for their endless positivity, enthusiasm and determination to take Sepal group to a new height of success in terms of sustainability. I would also like to express my gratitude to all our stakeholders for bestowing their belief in us. Regards

**Tipu Munshi**

Managing Director, Sepal Group.

## ABOUT THE REPORT

This is Sepal Group's first Sustainability Report, which has been created with the goal of giving the reader a thorough understanding of the company's sustainability development as well as the outcomes of integrating sustainability into corporate operations and strategy. This report details the company's entire efforts to create long-term value for all stakeholders, both financial and non-financial, and to attain sustainable growth. To show our sustainability performance over time as well as our dedication and accomplishments toward sustainability, the reporting period is from the year 2023 with an additional two years prior. The report's data was compiled in compliance with GRI guidelines. Materiality is the foundation for reporting on environmental issues. The Report has been prepared with consideration for the Reporting Principles, Universal Standards, and Topic Specific Standards outlined in the GRI Standards. Sepal Group was guided by the GRI criteria for establishing the report content i.e. sustainable context, materiality, completeness, and stakeholder inclusivity, while choosing the sustainability themes for the report's articles, gathering data, and preparing the report. The paper also details Sepal Group's commitment to the ten UNGC principles and its role in advancing the goals of the Sustainable Development Goals (SDGs).

All activities and operations of all Sepal Group's entities such as Sepal Garments Ltd., Orchid Garments Ltd., Glory Fashionwear Ltd., and Sepal Washing Plant Ltd., and corporate office located in Gazipur, Bangladesh are included in the report's scope and boundaries. Any changes made to the reporting boundary of significant topics have been mentioned in the corresponding report sections. Any type of data or information pertaining to any entity outside the organization is not included in this report. This report maps the performance of material themes and mission targets using an organized procedure that involves internal reflection of systems. Every method of data measurement and computation is done in accordance with GRI guidelines. When reporting on the GRI disclosures, any assumptions and/or exceptions are appropriately explained. Outside the company, the disclosures that meet the GRI standards are displayed in the GRI Content Index at the conclusion of the report.

An approved third-party organization has audited the financial data that is presented in the report. The information pertaining to Sepal Group's environmental and social performance is derived from its real operations, which include its corporate headquarters, manufacturing facilities, warehouses in Bangladesh, and other locations included in the reporting boundaries. The disclosures in Sepal Group's Sustainability Report have undergone many audits, even though the report lacks independent third party certification. Since Sepal Group has undergone numerous social and environmental audits, including those conducted by GOTS (Global Organic Textile Standard), OCS (Organic Content Standard), GRS (Global Recycled Standard), RCS (Recycled Claim Standard), SCAN (Supplier Compliance Audit Network), SLCP, Amfori BSCI (Business Social Compliance Initiative), WRAP (Worldwide Responsible Apparel Production), SEDEX, ZDHC, HIGG-FEM, and others.

Additionally, we have matched the report to the pertinent Sustainable Development Goals (SDGs) of the United Nations (UN), on which we think we can have the biggest influence. The English language report and its appendices have been made available to the public. We appreciate and encourage input from all parties involved. Kindly direct any inquiries or remarks regarding this report to [patrick@sepalgroupbd.com](mailto:patrick@sepalgroupbd.com)

# CHAPTER-1

## COMPANY OVERVIEW

## 1.1 Introduction

Sepal Group, one of the leading Garment Manufacturers in Bangladesh, started its journey in 1985 towards leadership in excellent quality and service at every job level. Being a 100% export-oriented industry as approved by the country's Board of Investment (BOI) and a permanent member of Bangladesh Garment Manufacturers & Exporters Association (BGMEA), Sepal Group has achieved consistent growth in business over almost 39 years, and is now a proud owner of the country's most compliant establishment with the best available standards maintained by its unsurpassed management system. **Covering a compound area of 300,000 sq. ft. in Gazipur Bangladesh,** Sepal Group upholds a 10-storied state of the art building with approximately **25,000 sq.ft. production area per floor with 30 lines;** hosting an advanced in-house set-up to support an annual production capacity of 10 million pieces with optimum client satisfaction.

### Our companies are Sepal Garments Ltd.,

Orchid Garments Ltd., Glory Fashionwear Ltd., and Sepal Washing Plant Ltd. All companies are blessed with a dedicated team of talented and skilled employees who are supervised by experienced managers from both within the country and from overseas. This ensures that the production process is of the highest quality and done with maximum efficiency. Every style that is ordered is time and methodically engineered to improve productivity and meet delivery deadlines.





Each company operates independently, with its own system of documentation management and communication, which enables smooth work flow and centralized reporting to the Group Management. This integrated communication system helps to streamline the work flow and improve the overall efficiency of the company. Additionally, with centralized reporting, the Group Management can keep a close eye on the progress of each company, making sure that all operations are running smoothly and effectively. This enhances the overall performance of the organization and ensures that every project is completed successfully and within the agreed timeframe.

Sustainability is a critical component of our commitment to responsible business practices. We understand the impact that our actions can have on the environment and society, and we are committed to being responsible stewards of our planet's resources. We believe that every action, no matter how small, can make a difference, and we strive to make sustainability a part of every aspect of our business. From the materials we use to the way we manufacture our products and the way we treat our employees, we are dedicated to promoting sustainable practices that benefit our planet, our communities, and our business. To promote sustainability in our industry, we have implemented a range of measures aimed at reducing our environmental impact and improving our sustainability practices.



**At present Sepal Group is a 100% export-oriented industry with,**

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Production Capacity is 1000000 pieces per month.  
30 Sewing lines.

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Production lead time 90 days.

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Total 4800 employees (Male-1440, Female-3360)  
30% are male employees and 70% are female employees.

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#### **OUR MISSION, VISION, AND MOTTO**

Mission: To provide the best quality product possible with the help of our highly skilled and dedicated workforce. We pursue excellence through continuous improvements while maintaining a superior level of integrity in interactions with our business partners and associates. We are driven by involvement, enthusiasm, and energy, keeping a constant vigil on quality and fitting ourselves to the changing times.

Vision: Sustainable Execution of Production with Aspiring Leadership. Motto: Quality on Time, Execute production with quality.

Sepal Group aspires to corporate growth that is high-integrity, low-impact on the environment, and extremely valuable to society because sustainability is the cornerstone. The solution lies in creating more intelligent, easily accessible, and resource-efficient systems that fulfill people's needs and enhance their quality of life. Wherever it operations, the corporation approaches sustainability in the same way. Ethics, the Workplace Code of Conduct, the anti-corruption policy, labor practices, and the firms' workplace health and safety policy are important Sepal group policies in the context of sustainability. To produce eco-friendly products, conserve energy, motivate and retain employees, and optimize development and return on investment, Sepal group is continuously implementing sustainability concepts into its operations.

## 1.2 Geographical Presence

*Sepal Group is a 100% Export oriented textile and garments factory* which is a private limited company. The factory located at Chhoydana, Degerchala Road, National University, Gazipur 1704, Bangladesh and **headquartered in Gazipur, Bangladesh**. The latitude and longitude of the factory is Latitude- **23.962878114159082**, and Longitude- **90.3825356448077** which is approximately 16 km away from Hazrat Shahjalal International Airport, Dhaka. However, the factory location of Sepal group has been shown in the following map.

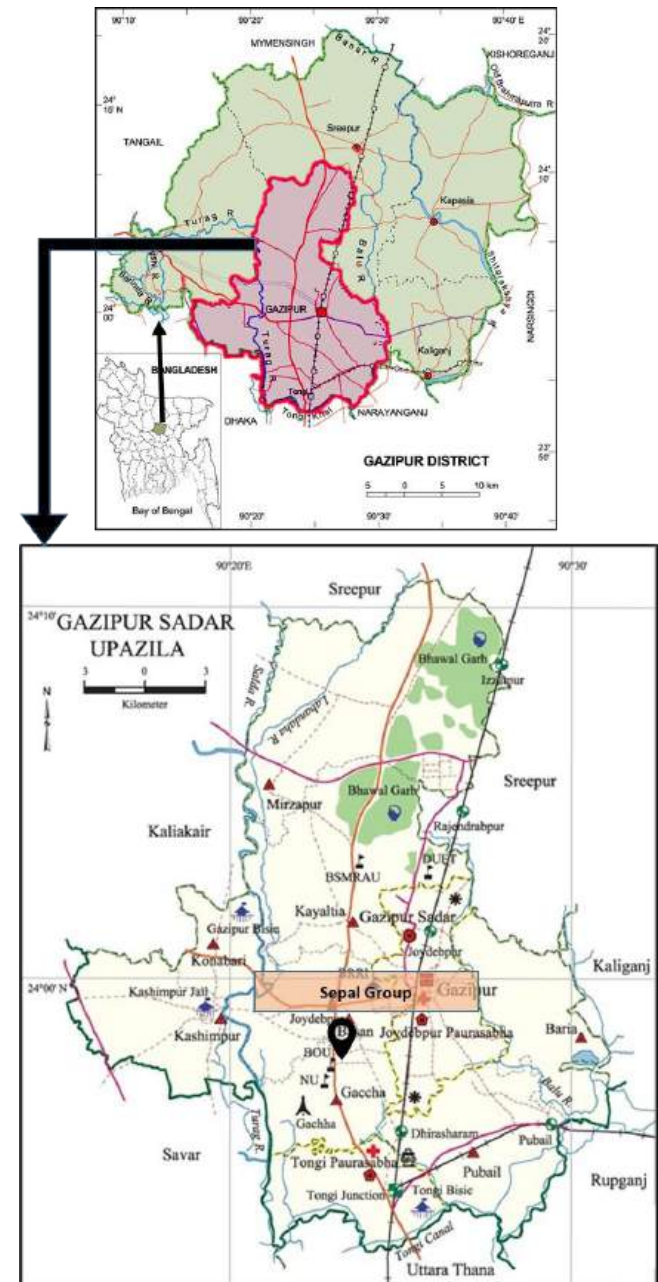


Figure: Factory location of Sepal Group

## 1.3 Award, Recognition, Humanitarian, and CSR Activities

Despite the fact that Sepal Group has received several accolades both domestically and abroad, it feels that its customers are its real upholder, and this makes sense above all else. The nation's government, its operating bank, and a few of the nation's most prestigious publishing houses have all given Sepal Group accolades multiple times.

Sepal group always aims to go beyond its legal compliance as well as extend its hand to the disaster affected people. Sepal group celebrates the annual World Day for Safety and Health at Work on 28 April which promotes the prevention of occupational accidents and diseases globally.

**01** Chemical Management in the textile and Apparel Industry: awarded by Global Sustainable Management (GmbH)-Bangladesh Centre for Advanced Studies in 2014.

**02** CAP CLOSURE VERIFICATION VISIT LETTER for ensuring Alliance 100% Electrical, Structural and Fire Safety, Safety Training Program : awarded by Alliance for Bangladesh Worker Safety in 2017.

**03** HER-finance Project Completion Award: awarded by BSR (Business for Social responsibility) and Change Associates Limited in 2018.

**04** Good Performance Award on engaging GOTS program: awarded by Green Button Qualification Program, under GIZ-STILE project in 2023.

**05** Good performance award for ensuring quality from different customers.

## Annual World Day for Safety and Health at Work



Extending our hand to disaster affected people

## 1.4 Membership in Industry Association

Sepal Group has consistently used alliances and collaborations with the ultimate goal of sustainability to drive obstacles to its advantage. Sepal group is a member of the following association.

### **Bangladesh Garment Manufacturers and Exporters Association (BGMEA)**

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#### **Bangladesh Garments Washing Industries**

Bangladesh Garments Washing Industries Association (BGWIA) started its journey in December 2005 with only 25 members. Now the association has more than 250 registered members with it.

One of the biggest trade associations in the nation, the Bangladesh Garment

Manufacturers and Exporters Association (BGMEA) represents the ready-made garment industry, with a focus on the woven garment, knitwear, and sweater sub-sectors. BGMEA, which began operations in 1983, currently oversees a sector of the economy that is crucial to Bangladesh. Since its founding, the BGMEA has devoted itself to supporting and enabling the garment industry by lobbying the government on legislation, providing services to its members, and guaranteeing workers' rights and social compliance in factories. To help the Bangladeshi garment industry grow, BGMEA works with both domestic and foreign partners, including development partners and brands. There are currently almost 4,000 registered clothing factories with BGMEA.

## 1.5 Industry program

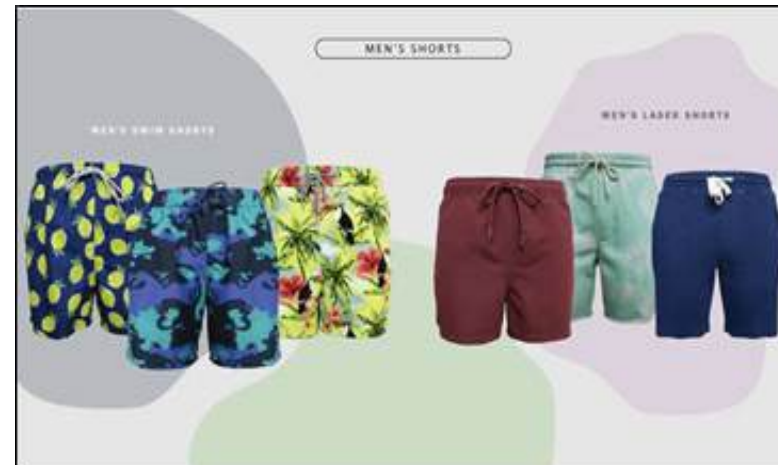
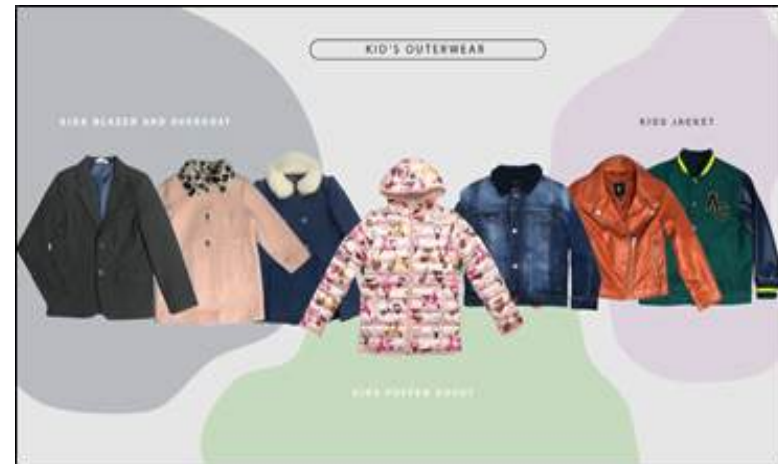
In order to ensure the sustainability Sepal group go through various type of social, environmental audits and verification such as, Amfori BSCI (Business Social Compliance Initiative), WRAP (Worldwide Responsible Accredited Production), SEDEX, Better Work Bangladesh, Workplace Condition Assessment (WCA), ICS (Initiative for Compliance and Sustainability), GOTS (Global Organic Textile Standard), OCS (Organic



## 1.6 Product and Customers

We produce Readymade Garment (Woven & Knit Tops, Bottom and Outerwear Item) for Male, Ladies and Kids. Our main products are short Outerwear, long Outerwear, Kid's dress, ladies dress, Men's Jeans, Color jeans, Ladies denim, ladies tops, Down & Padded Outerwear, Men and ladies Shirts, PU Leather, Men's shorts, Men's Cargo & Twill Short, Activewear, and Blazer.

We are dedicated to providing the highest quality services in the garment manufacturing industry. Our commitment extends to every aspect of our operations, from ensuring top-notch quality in every garment to providing excellent in Cutting, Sewing, Washing, Finishing and Packing. We prioritize customer satisfaction by delivering on our promises, meeting deadlines, and maintaining open communication throughout the process. With a focus on continuous improvement and exceeding customer expectations, we strive to be the trusted partner in fulfilling all your garment manufacturing needs. As a garments manufacturer, we give product safety as well as customer health and safety a high priority.







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To ensure the product safety and customers health and safety we have taken various measures such as conduct product risk assessment, finished product test and inspection, as well all go through various product safety and technical audit. We constantly invest in the latest technology and innovative solution. Our state-of-the-art machinery enables us to deliver superior quality products. We have Rigorous Quality Control Procedures, Highly Skilled Quality Inspectors, Collaborative Efforts with Design and Production, and Customer-Centric Approach. Our main clients are:

**The Brands we work for...**

Our clients include some well known brands and stores. Some of our current clients are Zara, Next, Camaïeu, ASOS, Target, Kohl's, Walmart, Primark, Peacocks, Mango and many others.

ALL BRAND LOGOS ARE COPYRIGHTS OF THE CORRESPONDING COMPANIES AND ARE NOT AFFILIATED WITH SEPAL GROUP



## 1.7 Long term Plan

- Reduce 50% GHG Emissions from Base line by 2030.
- Installation of 250 kwh solar panel by 2025.
- Reduce 25% purchased electricity consumption by 2030.
- Installation of rain water harvesting with a capacity of 100 m3 by 2025.
- Reduce 30% water use from baseline by 2030.
- 100% ZDHC MRSL Complaint Chemical Use by 2024.
- 30% Waste minimize through Waste Recycling by 2030.
- Recycle or reuse 100% of non-hazardous waste by 2030.
- Reduce 40% of employee turnover by 2030.
- Reduce 50% Absentee rate by 2030.
- Zero injury or accident in workplace.
- Ensure Gender Equality and Increase Women Empowerment at 50% for mid management level by 2026.
- Improve Women health safety and Workers Well.

# CHAPTER-2

## CORPORATE AND SUSTAINABLE GOVERNANCE: STEERING THE REVOLUTION

## 2.1 Corporate Governance

Our stakeholder interactions, policies, culture, and value systems are all reflected in our corporate governance. Sincerity and transparency are the cornerstone of our corporate governance. Since transparency and honesty are essential, we must maintain high standards of performance and behavior, which ultimately supports our stakeholders' trust and helps us achieve our goals. In every aspect of our business operations, we adhere to strict corporate governance regulations. Effective corporate governance is promoted and upheld by a strong, independent, and diversified Board of Directors across the entire organization. Governance standards are developed and evaluated by eminent industry committees on independent boards.

### **Regarding corporate governance, our objectives are:**

Prioritizing the interests of all by making use of our robust, inclusive, and diverse board

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Establishing environmentally and morally responsible supply chains

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Establishing strict integrity and compliance guidelines

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Fostering connections with stakeholders through various means, including open communication

## 2.2 Governance Framework

Sepal Group has upheld an approach to corporate governance that beyond the conventional framework and is transparent, accountable, equitable, and responsible ever since it was founded. Our top priority is formulating a methodical approach to address the issues posed by a shifting social landscape, an unstable economy, and the dilemma of corporate social responsibility. Our corporate governance framework requires accountability and transparency at all organizational levels. It is made up of the Board of Directors, Board Committees, and Policy Structure. By putting our Corporate Governance Framework into practice, we aim to fairly advance growth, profitability, stability, and sustainability throughout our businesses while adding value for all parties involved.

## The Board of Directors

The foundation of trust is sound company governance. Value creation and the ability to seize growth opportunities are facilitated by effective governance. Sepal Group has aggressively addressed corporate concerns like labor rights, habitat destruction, sustainable supply chain management, and reporting on social and environmental indicators during the past ten years, much like other shareholders and businesses. Sepal Group has created board-level monitoring protocols, social and environmental policies, and sustainable management systems to solve these problems. The Board of Directors functions as a cohesive body and supervises operational areas. Under the direction of the managing director, they serve as the company's highest decision-making body. This body consists of three members in total. Sepal Group's director board consists of a managing director, a deputy managing director, and a CEO.



### Meet Our Director

Tipu Munshi	Managing Director
Patrick Yeh	CEO
Tania Munshi	Deputy Managing Director

Board Structure	Numbers
Managing Director	01
CEO	01
Deputy Managing Director	01
Total Board Size	03

## Board Committees

Sepal Group has formed a number of Board committees in compliance with the applicable code of conduct for business. These committees support legal compliance and good governance by making recommendations to the Board. The Board is handed a copy of the Sustainability Report and thanks them for taking this action. The Sepal Group's board committees are:

- ◆ Audit Committee
- ◆ Risk Management Committee
- ◆ ESG and CSR Committee
- ◆ Nomination and Remuneration Committee
- ◆ Stakeholders' Relationship, Share Transfer, and Investor Grievance Committee

## Board Performance, Capabilities, and Expertise

To provide Sepal Group a competitive edge, the Nomination and Remuneration Committee makes sure to onboard the best-in-class leaders in accordance with predetermined criteria. A range of leadership attributes are assessed during the selection process, including technical proficiency, industry experience, financial acumen, sales and marketing expertise, and aptitude in the domains of technology, industry, and governance.

Sepal group's financial results demonstrate the variety of viewpoints, backgrounds, and knowledge the board of directors offers to the company. Transparent and accountable leadership is essential for successful firms, and this requires effective boards. The Nomination and Remuneration Committee is responsible for supervising the Board's performance evaluation processes, which have been designed by Sepal Group, during Annual General Meetings. The following is a list of the Sepal Group Board's evaluation standards:

- ◆ Structure of the Board
- ◆ Meetings of the Board
- ◆ Mandate and composition.
- ◆ Effectiveness of the Committee
- ◆ Independence of the Committee from the Board
- ◆ Contribution to decisions of the Board
- ◆ Functions of the Board
- ◆ Board and Management
- ◆ Professional Development
- ◆ Structure of the Committee and meetings

## Compensation and Shareholding Structure for the Board

Sepal Group promotes the equitable skill-based remuneration method and keeps a healthy compensation ratio for all employees, from entry-level workers to top leadership. As a result, the Board's Nomination and Remuneration Committee developed a Remuneration Policy, which establishes guidelines for board compensation and performance bonuses based on a continuous assessment of each member's achievements. The Annual Report for Fiscal Year 22–23 contains specifics on the procedures and rules for nominating and selecting members of the board of directors, as well as the fixed and variable remuneration packages for executive and non-executive directors. In the Annual Report FY 22–23, the organization's shareholding structure is also revealed. The shareholding structure did not undergo any notable modifications throughout the reporting year.

### 2.3 Actions of governance body

The annual business strategy

The annual business strategies are approved by the board of directors (BOD). With help from central departments, Sepal Group aims to achieve goals within allowed budgets. The Monthly Leadership Meeting offers a venue for reviewing target status and making any required adjustments.

#### Performance Evaluation

The Key Performance Indicator (KPI) is the mainstay of Sepal Group's officer and manager performance review procedure. This demonstrates the connection between accomplishing personal accomplishment and fulfilling goals.

#### Annual Audit

In order to give the board and shareholders an objective, unbiased assurance that the financial statements accurately reflect the financial status and performance in all key aspects, an independent audit firm conducts an annual audit soon before the Annual General Meeting (AGM).

#### Management Information System

The Sepal Group gathers, analyses, and reports the data required for making decisions. It enhances the decision-making process's efficacy and efficiency.

#### Risk Management

Although the Board understands that eliminating risk completely is not prudential nor feasible, it nevertheless wants Sepal Group to become a zero-incident workplace. The system-based approach to business risk management has always been a fundamental component of Sepal group's business strategy. A key component of the risk oversight function is played by the Board and the relevant departments.



### **Ethical Compliance**

Since the company's founding, ethical business practices have been ingrained in our collective consciousness. To make sure that we adhere to moral principles, we have a framework in place. Sepal Group did not incur fines from any regulatory authority for violating any regulations throughout the reporting period.

### **Annual General Meeting**

At the end of each year, the board members call annual general meetings to assess the year's overall performance and develop the yearly business plan. Every year, the board chooses its operating procedure and makes any required changes. The working method outlines the precise responsibilities and functions of the board.

## **2.4 Ethics and Integrity**

### **Code of Conduct**

Sepal Group has a robust code of conduct in place that outlines the values and standards for all parties involved, including the top management team, the board of directors, and every employee. As previously stated, all organization members are required to abide by the Code of Conduct and conduct themselves in a way that upholds the highest moral and ethical standards as well as the integrity of both them and their profession. The company has also urged contractual, outsourced workers and representatives to apply the code of conduct to the best of their abilities. Every employee receives a copy of the code of conduct via the employee portal at hire as well as on a recurring basis.

### **Combating Corruption and Bribery**

In either case, corruption and bribery are unacceptable practices to Sepal Group. Sepal Group is committed to upholding these moral principles and integrity throughout its value chain to follow industry best practices and become a more sustainable business. The company guarantees that all its workers and any independent contractors working on its behalf will always act with the highest moral standards and in compliance with the law. I Sepal Group has anti-corruption and anti-bribery policies in its Code of Conduct for its Board of Directors and staff. All new hires and current staff members receive monthly updates about the code of conduct through the employee portal. Unless required by current regulations to secure any favorable execution of official tasks, Sepal Group and its workers do not give or send any company cash or property as donations to any government agency or its agent, directly or through intermediaries. Sepal group communicates its zero-tolerance policy for corruption to all its vendor partners, suppliers, and employees through its Supply Chain Standards and Responsibilities Code for Suppliers and Vendors. At the time of engagement, all vendors and suppliers were given access to the Code. For further information, please refer to the Code of Conduct policy and the Supply Chain Standards and Responsibilities Code for Suppliers and Vendors. There are no documented cases of corruption or bribery as of FY 2023 in Sepal Group.

## **Grievance Redressal**

Investors and shareholders were satisfied that all requests and concerns submitted during the year under review were resolved within the allotted time frame. Furthermore, no Director or employee of the Company has ever filed a complaint through our whistleblower or vigil systems. External stakeholders, such as suppliers and contractors, bring their complaints directly to business teams, who handle each matter individually.

## **Policy for Whistle Blowers**

To put the Whistleblower Policy into practice, promote open communication, and establish a platform where interested parties can submit protected disclosures via a methodical process, we have teamed up with a third-party organization. Any concerns about malpractice, such as unethical behavior, actual or suspected fraud, and policy or code violations, are reported to the chairman of the audit committee. Any valid concerns can be reported by stakeholders. Additionally, this method offers sufficient protections against mistreatment of employees who utilize it.

## **Vendor Policy**

We have put in place a Vendor Policy that mandates its vendors and suppliers uphold the law, respect human rights, promote fair labor practices, prioritize environmental sustainability, provide high-quality and safe products and services, abstain from corruption and bribery, and maintain transparent communication in order to ensure ethical and sustainable business practices. Business relationships may be terminated for noncompliance with this policy. We take steps to guarantee that our own vendors and suppliers adhere to these standards, and we demand that all of our vendors and suppliers actively support them.

## **Compliance System at Sepal Group**

Compliance and ethics are the cornerstones of Sepal group's corporate operations. The organization places a high importance on compliance and has implemented several initiatives to encourage internal stakeholders to act quickly to satisfy submission obligations and legal requirements. The goal of Sepal group's Governance, Risk, and Compliance is to help stakeholders have a proactive and comprehensive understanding of statutory compliances to standardize and effectively coordinate internal activities to meet laws.

## 2.5 Risk Management

The efficacy of a governance system is contingent upon its ability to immediately recognize danger. The board of directors is responsible for appropriately managing the risk; they should also monitor it closely and regularly assess any mitigation measures. To reduce these risks, the Board has developed a well-organized Enterprise Risk Management (ERM) framework. The ERM framework's primary goal is to recognize risks, evaluate them, and take preventative action beforehand. It effectively controls risks related to money, business operations, compliance, regulations, and strategy. An overview of the company's main risks, including ESG concerns, was given to the board committee. The ERM framework incorporates and defines our environmental risks and opportunities. The company has put in place mitigating measures to protect against the identified ESG risks in order to secure its future.

### **Availability of Raw Material**

Making sure raw materials arrive on time is essential. Preserving the availability of sustainable resources is also essential. The board of directors keeps up continuing efforts and attends to needs to guarantee the proper flow of raw resources.

### **Climate Change**

Businesses are more seriously threatened by climate change. There is an immediate effect from the quick changes in climate variability. Businesses must manage the climate risk if they hope to thrive. We are using renewable energy sources, such as energy-efficient machinery, to reduce the risk. Setting targets based on data from science is a further step in the emission reduction process.

### **Water Risk**

Sepal Group relies heavily on water as a resource. On Earth, around 70% of people reside in places that are water-stressed. The primary problem that could put us in danger is the strain on water supplies. To mitigate the threat, we have implemented a long-term plan to reduce our water impact. Several steps have been taken to lessen the stress on groundwater resources.

### **Market Risk**

Differences in the business trend led to market risk. As sustainability becomes more and more popular, companies are expanding the range of products that they offer. Searching for more environmentally friendly and organic raw materials that are sustainable throughout the entire production process is necessary to stay competitive in the market.

### **Legal Compliance**

Adherence to all pertinent rules and regulations in the country in which we conduct business is vital. Any instance of noncompliance could seriously jeopardize the operations of the company. To ensure that Sepal Group operates in a compliant way, we routinely review all pertinent laws and implement practical fixes. There are multiple internal and external audits conducted to make sure that legal standards are being followed.

## 2.6 Sustainability Governance

Any sustainability strategy must have a strong and transparent sustainability governance framework as its cornerstone. This will assist the business in identifying its sustainability goals, planning how to reach them, building strong relationships with external stakeholders, and improving disclosures as part of its corporate responsibility to support its mission of Balancing Growth with Sustainability. Sepal Group established an ESG and CSR Committee to oversee advancements, fulfill implementation goals, and support the sustainability strategy and roadmap. The ESG Committee report, which describes the committee's goals, is included in the Corporate Governance Report of the Integrated Annual Report. To achieve our ESG objectives, the ESG Committee collaborates with other Board Committees.

For example, it notifies the Risk Management Committee of any ESG risks and obstacles to target achievement and requests their assistance in mitigating the risks. It talks about the performance of ESG assessments and the improvement actions of the Stakeholder Relationship Committee. It works on social impact projects in conjunction with the CSR Committee. It also communicates with the Cybersecurity Risk Subcommittee to monitor the advancement of the information management goals.

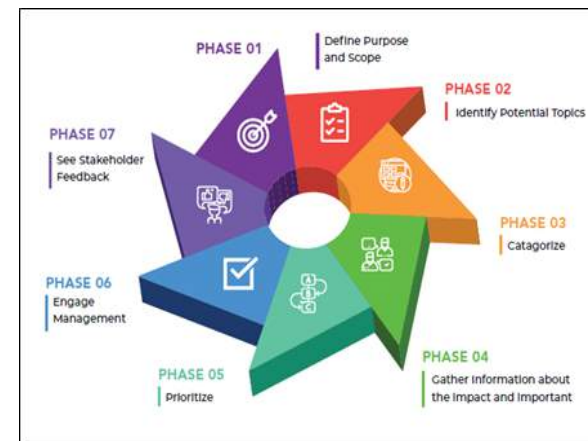
A number of Board committees, including the ESG Committee and senior management, are actively working to improve our performance and disclosures on a variety of ESG issues that affect our wide range of stakeholder groups.

## 2.7 Sustainability Journey

Since its establishment, Sepal Group has put forth great effort to develop a company that not only makes money but also improves welfare over time. In our opinion, sustainability is more than just a crafty tactic to outwit rivals. Delivering outcomes and establishing new benchmarks are part of our daily routine. Through the years, our sustainability initiatives have reduced greenhouse gas emissions and improved manufacturing energy efficiency. We have also produced products from waste materials, eliminated freshwater consumption, and used sustainable raw materials and transportation methods to reduce carbon emissions.

Now that these projects have been completed successfully, we are inspired to proceed with the next stage of our sustainability journey, which entails putting a circular strategy into practice.

## 2.8 Materiality Assessment



Whether pertinent issues are significant enough to be included in a report is determined by the concept of materiality. Themes that highlight an organization's most significant effects on the public, the economy, and the environment including human rights are also regarded as material.

However, when determining Materiality, a corporation's effects on the environment, society, and economy are taken into account during the reporting period. When it comes to having an impact on the ability to meet existing needs without jeopardizing those of future generations, material topics transcend beyond a certain degree. The organization's overall goal and competitive approach, the concerns expressed by our stakeholders, border social expectations, and the organization's influence on entities both upstream and downstream are some of the internal and external factors considered in determining the materiality of the strategy.

### Approaches to Materiality Evaluation

A component of materiality assessment is the following:

- ◆ The importance of an organization's social, environmental, and financial consequences.
- ◆ Considerable influence on decisions and assessments made by stakeholders.

The examination of materiality and the selection of material subjects have been conducted using the four-step procedures described in Section 1 of GRI 3: Material Topics 2021. The following are the four steps:

- ◆ **Understanding the organization's context.**
- ◆ **Identifying the actual and possible impacts in accordance with the GRI guidelines.**
- ◆ **Evaluating the impacts' magnitude; and**
- ◆ **Prioritizing the most significant impacts for**

We first compiled a list of potential subjects for our materiality study using the Global Reporting Initiative (GRI) reporting guidelines. Second, each topic was ranked according to its potential influence on our business and its significance to our stakeholders. Following a five-level importance scale evaluation (very high, high, medium, low, and very low), each issue was then two-dimensionally scored in our materiality matrix. Relevant subjects were those rated as medium, high, or extremely high. The Board of Directors was advised of the discovered material element and the identification procedure upon the conclusion of the entire process. After reviewing, they offered input, which was taken into account for determining the materiality.

## List of Material topics

The material topics that are identified through materiality evaluation in compliance with the guidelines of the GRI-3 Universal Standards are as follows:

### Social:

- Occupational Health & Safety
- Non-Discrimination
- Forced Labor
- Employment
- Child Labor
- Freedom of Association and Collective Bargaining
- Diversity and equal opportunity
- Security Practice
- Customer health and safety
- Training and Education

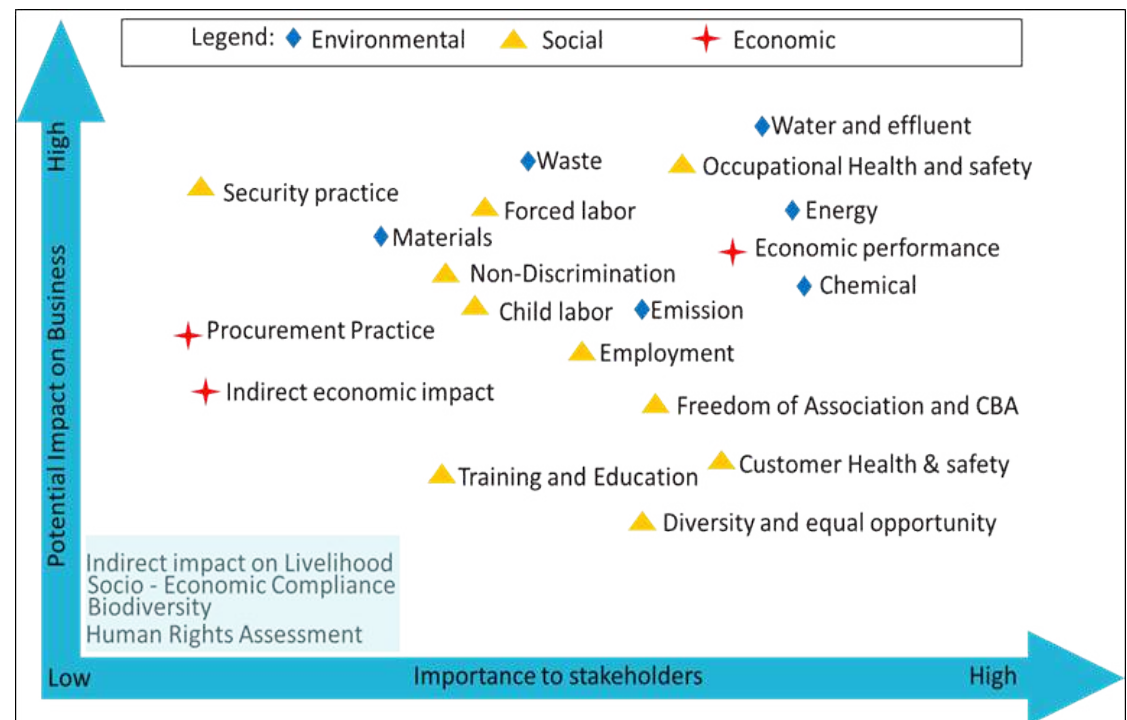
According to GRI topic standards, the material topics—which were determined by the materiality assessment—have been covered in a number of chapters, including Chapters 4, 5, and 6. Nonetheless, there has also been discussion of material topics like chemicals that are not covered by GRI topic guidelines. Discussions have been held regarding chemical use and its effects, mitigating strategies, long-term plans, actions implemented, and accomplishments during the reporting year.

### Environmental:

- Materials
- Energy
- Emission
- Water and effluent
- Waste
- Chemical

### Economic:

- Economic performance
- Indirect economic impact
- Procurement practices



# CHAPTER-3

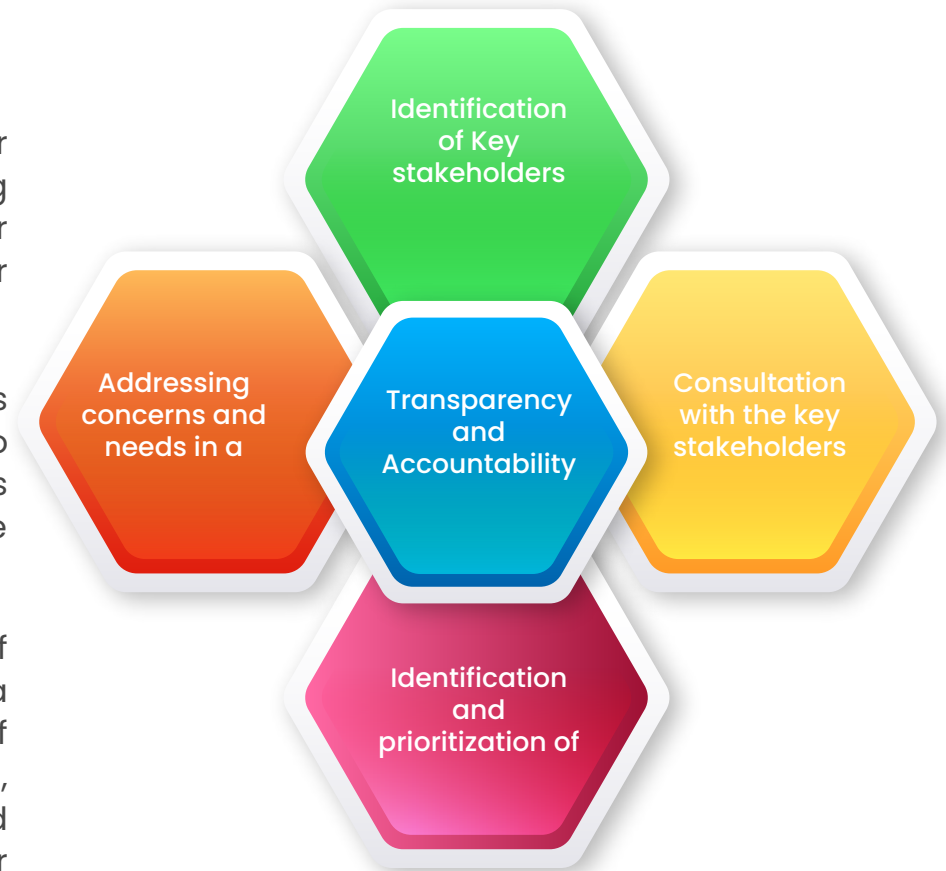
## STAKEHOLDER ENGAGEMENT

### 3.1 Stakeholder Engagement

Sepal Group recognizes that meeting stakeholder expectations is an organizational duty in the rapidly evolving business environment of today. If we are to produce greater social, economic, and environmental values, stakeholder involvement needs to be effective.

The Sepal Group is dedicated to moral business conduct. As a responsible manufacturer, we go above and beyond to comprehend and address the concerns of all stakeholders as well as society norms. The company's ideals place the highest priority on stakeholder satisfaction.

The company engages with its stakeholders in a variety of ways to build a relationship based on trust rather than at a set regularity. In terms of involvement, however, a number of factors have been taken into account, including shows, vendor meetings, contracts signed with suppliers, and regular visits from buyers or consumers. Stakeholder engagement is important to Sepal Group Limited because it promotes ethical and sustainable business practices that are advantageous to the company and its stakeholders.





A clearly established communication channel ensures focused involvement throughout the whole year. Our ability to meet the demands of our direct and indirect stakeholders is a result of several key departments and business units, the board, senior management, reviews, frequent discussions, and an extensive engagement process. Our main stakeholders, which include NGOs, are:

In order to design the business strategies and achieve the intended results, internal stakeholders are heavily consulted on workforce and technology requirements. Representatives of the firm engage in regular interactions with external stakeholder groups in order to establish common expectations and provide recommendations for future-proofing the business. This input supports the main business goals set for the whole year.



Stakeholders Group	Focus Area	Communication Channel
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Health and safety</li> <li>- Compensation &amp; Benefit</li> <li>- Grievance Resolution</li> <li>- Total employee engagement</li> <li>- Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>- Satisfaction survey</li> <li>- Grievance box</li> <li>- Periodic meeting and training</li> <li>- Reward and recognition program</li> <li>- Emails and Notice Board</li> </ul>
<b>Customers/Buyers</b>	<ul style="list-style-type: none"> <li>- Quality and timeliness of delivery</li> <li>- Buyers business goal</li> <li>- Does Sepal Group meet the expected norms</li> </ul>	<ul style="list-style-type: none"> <li>- Customer feedback mechanism</li> <li>- Grievance redressal mechanism</li> <li>- Ad campaigns</li> <li>- Social media</li> <li>- Dedicated team of merchandiser</li> <li>- Frequent visit of Buyers</li> <li>- Exhibitions, trade fairs</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Ethical business conduct</li> <li>- Responsible Social and environment practice</li> <li>- Product quality</li> <li>- Pricing and availability of raw materials</li> <li>- Environment aspects</li> <li>- Safety</li> <li>- Pricing and payment terms</li> <li>- Social and HR compliance</li> <li>- Supplier Well-Being</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier audit</li> <li>- Operational Meeting</li> <li>- Supplier Meet</li> <li>- Feedback via grievance cell</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>- Regulatory compliance</li> <li>- Financial performance</li> <li>- Long-term business performance</li> </ul>	<ul style="list-style-type: none"> <li>- Submission of performance reports</li> <li>- Compliance reports</li> <li>- Attending meetings and discussions held by regulatory bodies</li> <li>- Site visit</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>- Community Development</li> <li>- Access to Health care</li> <li>- Livelihood opportunities</li> <li>- Impact Assessment and CSR Intervention</li> <li>- Monitoring and Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>- Periodic Meeting</li> <li>- Declaration of News</li> <li>- Baseline Surveys</li> <li>- Focused Group Interviews</li> <li>- Surveys on various assessments through reputed NGO</li> <li>- Based on inputs</li> </ul>
<b>Industry Association</b>	<ul style="list-style-type: none"> <li>- Governance</li> <li>- Ethics &amp; Compliance</li> <li>- Diversity &amp; Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>- Membership</li> <li>- Participation in Consortium Meeting, Seminar</li> </ul>

## 3.2 Worker Participation Committee

The freedom of association that industrial workers have, which includes the ability to form unions, is referred to as "worker participation". In order to comply with the Industrial Relations Rules of 1997, the Bangladesh Labor Act of 2006, and to create a scenario where management, employees, and workers all benefit, it is imperative to have an effective worker involvement committee.

The legal freedom of its workers to organize into free organizations is respected and acknowledged by Sepal Group.

Employees are able to join whatever associations they so like. In order to bridge the communication gap between employees and management, the Participation Committee (PC) is essential. Normally, it operates for two years following its founding. It can also be effectively used to labor concerns.

The current PC was established via elections and legal processes. Additionally, there are equal representatives of workers and management. Their last election was on 1st February 2024. The committee meets often to review matters concerning the current state of the facility and to address any possible crises. The participation committee currently has fifty four members. The duration is two years.



### 3.3 Grievance Policy and Procedure

Employee discontent, decreased motivation, and decreased production might result from an ineffective grievance redressal procedure.

Our goal at Sepal Group is to uphold the greatest standards of responsibility, transparency, and honesty. To that end, we develop a grievance policy and procedure to resolve disputes and animosity between employees and management and promote a complaint-free workplace.

Employees are able to complain to the administrative office verbally or in writing about any issue. Because of this, there are suggestion and grievance boxes at every level where employees may file complaints in confidence. A committee has been established to manage the suggestion and grievance boxes.

Every week the committee members will open the boxes holding complaints or suggestions from the staff and employees. Each member of the committee carries themselves with appropriate manners. In compliance with our customer complaint handling policy, the welfare division appropriately logs complaints from members of the neighborhood, employees, and business partners.



Sepal Group works hard to give every worker the best possible experience by promptly resolving any complaints that may be brought up. Sepal Group has a strong grievance redressal structure and worker feedback system in place to record, monitor, and handle the inquiries as part of its worker-centric strategy. Sepal Group treats any correspondence from disgruntled customers as a "grievance" or "complaint" and responds to them promptly. Remedial action is the responsibility of the firm's authorized "Grievance Team".

#### **Following are the channels to place any grievance:**

1. Supervisor/Line chief/Incharge/Manager
2. Grievance Box/Suggestion Box
3. Participation Committee (PC)
4. Welfare Officer
5. Medical Officer

A total of thirty grievances, both verbal and written, were registered in 2023; the welfare division handled and resolved each one.

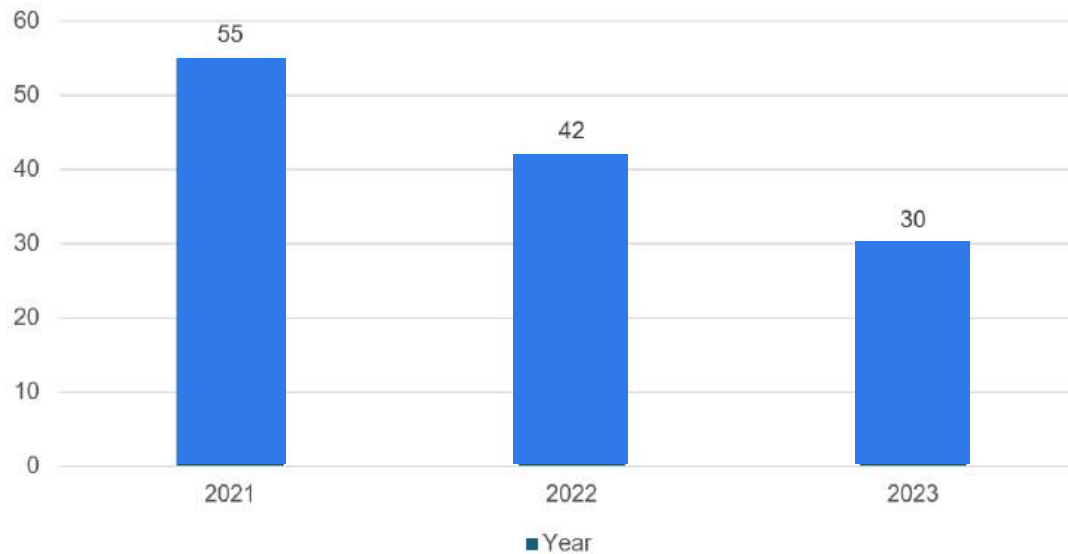
Sepal Group works hard to provide every employee the best experience possible and responds quickly to any issues brought up. Sepal Group has a strong grievance redressal structure and worker feedback system in place to record, monitor, and handle the inquiries as part of its worker-centric strategy. Sepal Group treats any correspondence from disgruntled customers as a "grievance" or "complaint" and responds to them promptly. The authorized "Grievance Team" of the firm is responsible for taking corrective action.

The Unit Manager should be contacted immediately if the community has any issues regarding Sepal group's operations, either through the workers themselves or through the gate security officers. Furthermore, grievance boxes are positioned at plant gates so that any community member can file complaints and offer advice. In addition, anybody can contact us via phone, mail, or via our website to share their ideas and concerns.

<https://sepalgroupbd.net/> Grievances reported are reviewed, addressed, and communicated suitably by the units.

Grievances reported are reviewed, addressed, and communicated suitably by the units.

Grievance Received & Reviewed



# CHAPTER-4

## FINANCIAL PERFORMANCE

## 4.1 Economic Growth Overview

There are roughly 164 million people living in Bangladesh. The economy of this nation is heavily reliant on the agriculture industry. But as time has gone on, Bangladesh's economy has become more and more dependent on the textile and RMG industries. Bangladesh accounts for over 16 percent of worldwide textile and garment exports, making it the second-largest clothing exporter after China. Bangladesh's garment industry employs about 4 million people, or about 2% of the total labor force, and contributes significantly to the country's economy.

According to the Export Promotion Bureau (EPB), exports brought in US\$ 46,991.61 million in revenue in 22–23. The export target of US\$52272.00 is scheduled for 2023–2024. Bangladesh's clothing business is anticipated to bring in US\$10.52 billion by 2024, according to Statista. It is projected to grow at a CAGR of 3.52% annually from 2024 to 2028. The main sector in this industry is women's clothing, which is expected to have a US\$4.75 billion market value in 2024. With expected sales of US\$359 billion by 2024, the US tops the world in revenue generation in the apparel sector. Bangladesh's per capita revenue in 2024 is US\$60.23. It is projected that the clothing market would have 1.3 billion pieces in circulation by 2028. In addition, a 1.3% rise in volume is projected for 2025. By 2024, all sales in the apparel industry will come from the non-luxury segment. The apparel market in Bangladesh is still expanding, with a focus on sustainable and ethical production practices.



One of Bangladesh's top garments manufacturing and washing powerhouse, Sepal Group (which consists of four entities: Sepal Garments Ltd., Orchid Garments Ltd., Glory Fashionwear Ltd., and Sepal Washing Plant Ltd.) has multiple vertical setup that encompassing Cutting, Sewing, Wash, Finishing and Packing, and cutting-edge lab facilities that are acknowledged by well-known brands, including Zara, Next, Camaieu, ASOS, Target, Kohl's, Walmart, Primark, Peacocks, Mango, River Island, Dunnes Stores, and Matalan. Its goal is sustainable development. Since sustainable economic development guarantees long-term economic progress, Sepal Group places a high priority on it. Apart from creating employment opportunities directly related to revenue generation, we also promote sustainable cotton farming, community advancement, and the procurement of goods and services to create chances indirectly.

## 4.2 Economic Significance and Effects

Resilient economies are the cornerstone of sustainable growth. Strong economic performance is necessary for inclusive advancement to take place. The more value we produce, the more value we can provide the investors. Our ability to operate the company in a socially and environmentally responsible manner has been made possible by our expansion.

Access Date 06 June 2024 (1 USD=117.30 BDT)

	2020-21	2021-22	2022-23
Sectors	USD	USD	USD
Export Amount	21910668.8	27792514.35	26626536.05
Revenue (Other Income)	219818.36	183758.36	107817.15
A= Direct Economic Value Generated	22130487.2	27976272.71	26734353.2
Operating Cost	16870064.98	22329515.18	20676247.65
Employee Wages & benefit	3381578.23	3628592.34	3697755.88
Payments to Govt.	154267.18	181225.55	191059.01
Community investment	4263.48	4263.48	6821.57
Administrative Expenses	1232961.05	1295267.85	1602369.18
B= Direct Economic Value Distributed	21943892.42	27691659.71	26418599.10
Direct Economic Value Retained (A-B)	186594.74	284613	315754.1



At Sepal group, we're always dedicated to combining growth, increased productivity, and astute strategy to create and distribute economic value for the country and its stakeholders.

Direct Economic Value Generated (USD)

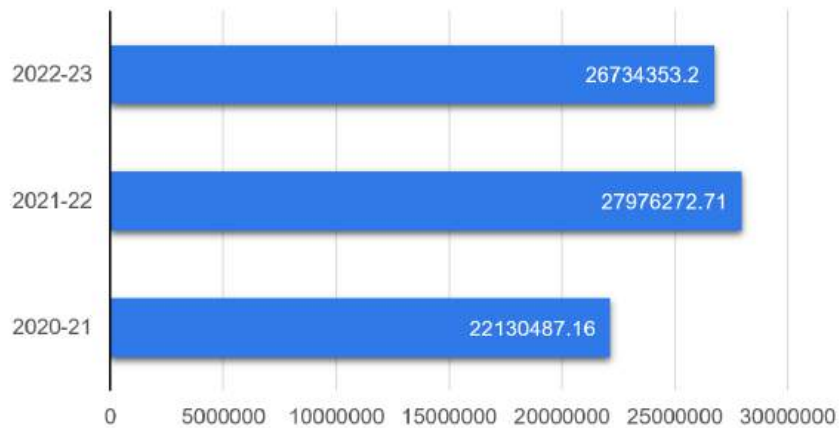


Figure: Direct Economic Value Generated

Direct Economic Value Retained (USD)

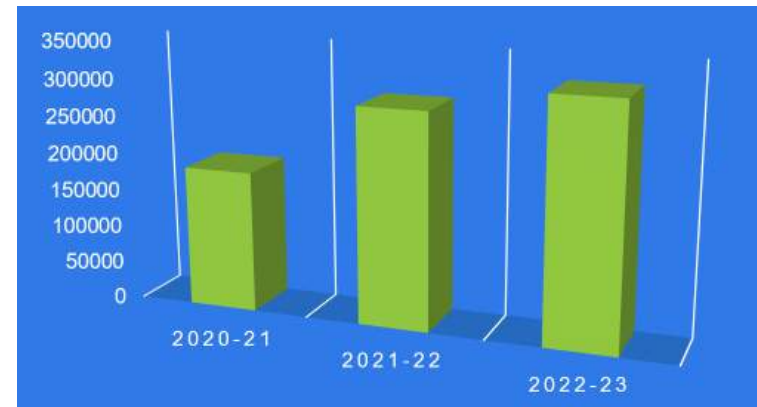


Figure: Direct Economic value retained

Community investment (USD)

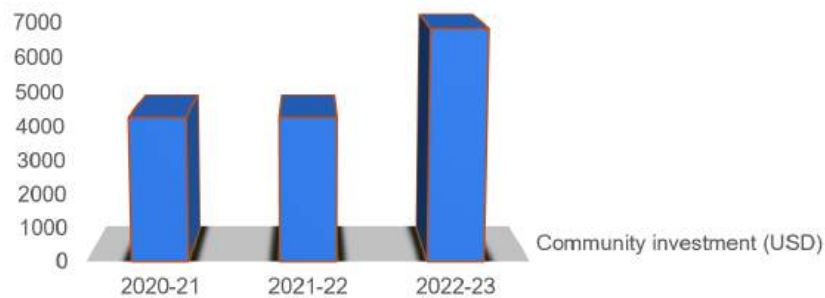


Figure: Community Investment

Operating Cost (USD)



Figure: Operating Cost

### 4.3 Contribution to the national

Through their business operations, Sepal Group makes a positive contribution to the national economy. Actually, their procurement procedures and other corporate practices are designed to support the interests of the national economy.

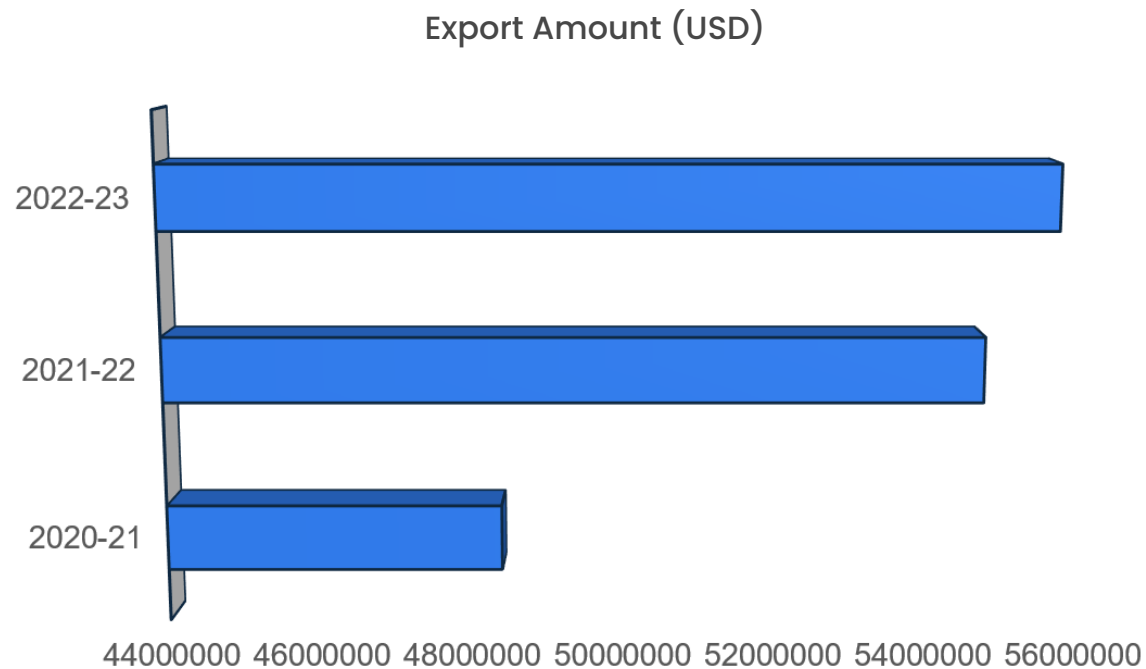


Figure: Export Amount.

The increase in export amount shows that they have maintained their quality and abided by the COC of their buyers to sustain such business growth. This way they have ensured steady flow of remittance to the country.

Sepal Group uses local sourcing as a sustainable and moral way to create a strong supply chain and support community social and economic advancement. The nation's economy depends on local procurement, which benefits the nation in several ways, such as:

- ◆ Higher Community Income Generation
- ◆ Growth in Employment
- ◆ Development of Skill Bases
- ◆ Fostering Industrial Growth
- ◆ Boost Local Raw Material Production
- ◆ Cut Down on Commuting to Lower GHG Emissions
- ◆ Encouragement of Local Companies' Sustainability

Additionally, during the reporting period, roughly 40% of our raw materials (Yarn, chemicals, fabrics etc.) came from local suppliers, which we defined as those that were in the same geographic region as a country. We still need to import some machinery and cotton varieties even though we place a strong emphasis on domestic sourcing. Furthermore, we make a point of giving preference to locals when it comes to employment. Over 70 percent of our top management is comprised of Bangladeshi natives. The majority of the workers at the manufacturing site are from the nearby areas where our manufacturing facilities are situated. All of the workers are Bangladeshi.

# CHAPTER-5

## ENVIRONMENTAL RESPONSIBILITY

Environmental deterioration is one of the primary risks that the world is currently examining. The UN High-Level Threat Panel has formally designated it as one of the "Ten Threats". Bangladesh is confronted with an array of environmental predicaments, such as deforestation, land degradation, air pollution, water scarcity and contamination, and biodiversity loss. Bangladesh is among the nations where pollution and environmental risks have the biggest effects worldwide. If we want to go to upper-middle income level, we need to address pollution and environmental degradation right away. It is true that the manufacture of ready-made garments (RMG) is the main industry in Bangladesh and that it uses a lot of resources and pollutes the environment. To solve these problems, we integrated best practices—which improve resource efficiency and decrease the footprint—into our operations. We have a group-wide environmental policy that highlights our dedication to minimizing pollution while lowering emissions, waste, and the use of natural resources.



At Sepal Group, we believe that sustainability should extend beyond our daily business practices and into the supply chain, in which we have regular interactions with our suppliers. We have begun evaluating our supply chain's sustainability. In the future, all of our important suppliers will self-evaluate their sustainability offerings using the thorough methodology for supplier sustainability assessments developed by Sepal Group in comparison to ESG criteria. Our sustainability agenda also involves the elimination of hazardous chemicals in our operations and products. We have developed our company-specific Restricted Substances List and have established clear implementation and monitoring programs to phase out the usage of restricted chemicals in our supply chain.

## 5.1 Materials

**01** 53% of eco friendly yarn are used.

**02** 9797kg of recycled poly used.

**03** Paper used has been decreased to 14% in 2023 as compared to 2021, and decreased 5.5% as compared to 2022.

**04** Chemical consumption decreased by 4.4% as compared to 2022.

**05** 77% of renewable materials.

In today's hyperconnected culture, consumers are more sensitive to and aware of global issues, including climate change, and this understanding has a big impact on their lifestyle selections. Given the significance of clothing and fashion in contemporary life, customers demand more transparency and information about the ethical sourcing of raw materials. The company is dedicated to producing goods using renewable and environmentally derived materials, which can increase system circularity. Compared to prior years, there has been an increase in the amount of renewable fabric during the current reporting period and a decrease in the amount of paper and chemical

**Table 5.1: Material consumption in 2021, 2022 and**

Name	Unit	Year		
		2021	2022	2023
Fabrics	kg	270000	275000	280000
Renewable fabric	kg	194400	203500	215600
Non-renewable fabric	kg	75600	71500	64400
Percentage of Renewable Material	%	72%	74%	77%
Yarn	Kg	14000	14500	15000
Eco Friendly yarn	Kg	7000	7540	7950
Chemicals	Kg	437752	420558	402045
Paper	Ream	10000	9100	8600
Recycled material used (poly)	kg	9600	9720	9797

Sepal Group is committed to using recycled materials, reduce the use of paper and chemicals, and increase the use of ecofriendly yarn. Sepal Group is taking initiatives to recycle their non-hazardous waste through third party. Hopefully we can start to recycle our all non-hazardous waste from next year. The factory decreases paper use by adopting various strategies such as printing both sides, paperless note taking, keeping records digitally, as well as adding awareness notes to each email communication. The amount of paper use was 10000 reams in the year of 2021, and 9100 reams in 2022 which gradually decreased to 8600 reams in 2023. The factory decreases chemical use by taking various strategies such as making accurate recipes, as well as increasing RFT (Right First Time). The amount of chemical use was 437752 kg in the year of 2021 which gradually decreased to 402045 kg in 2023.

### Paper used

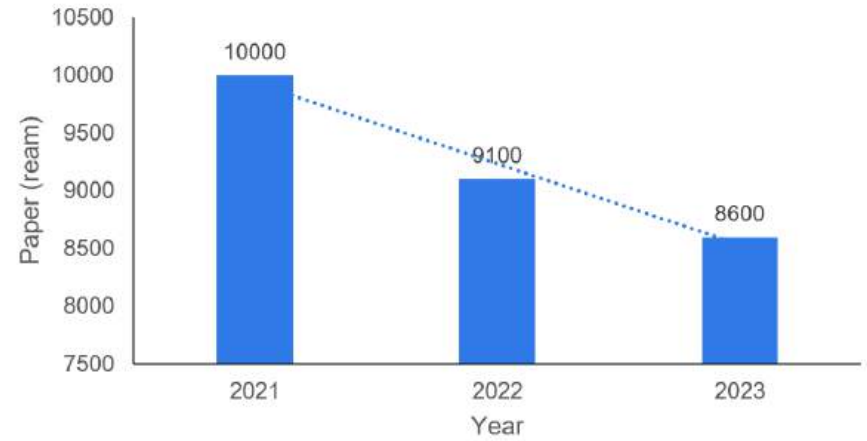


Figure: Use of paper (ream) in 2021, 2022 and 2023.

### Use of Recycled Materials (poly)

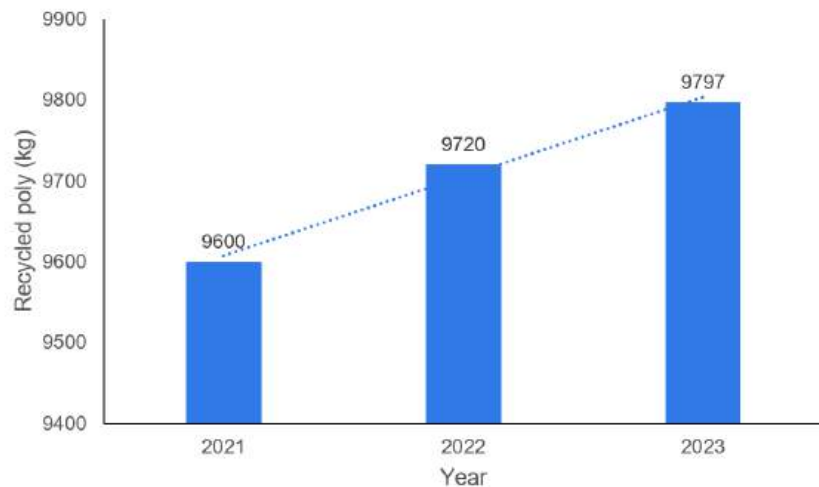


Figure: Use of recycled materials (poly) in 2021, 2022 and 2023.

### Use of chemical

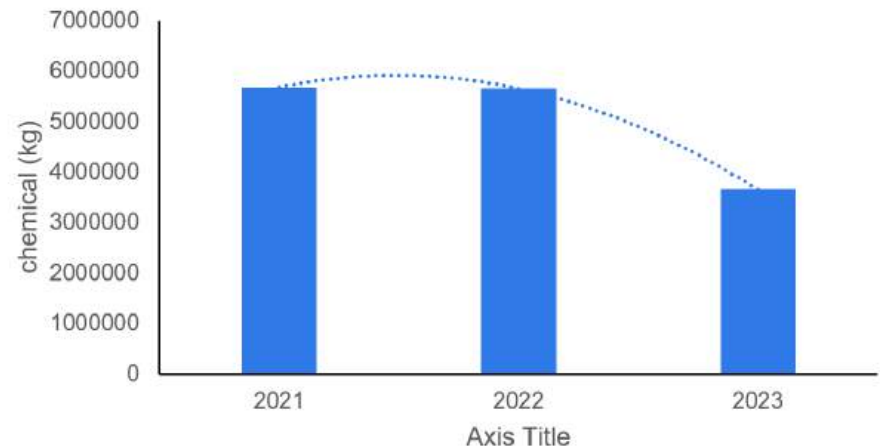


Figure: Use of chemical (kg) in 2021, 2022 and 2023.



## Use of yarn

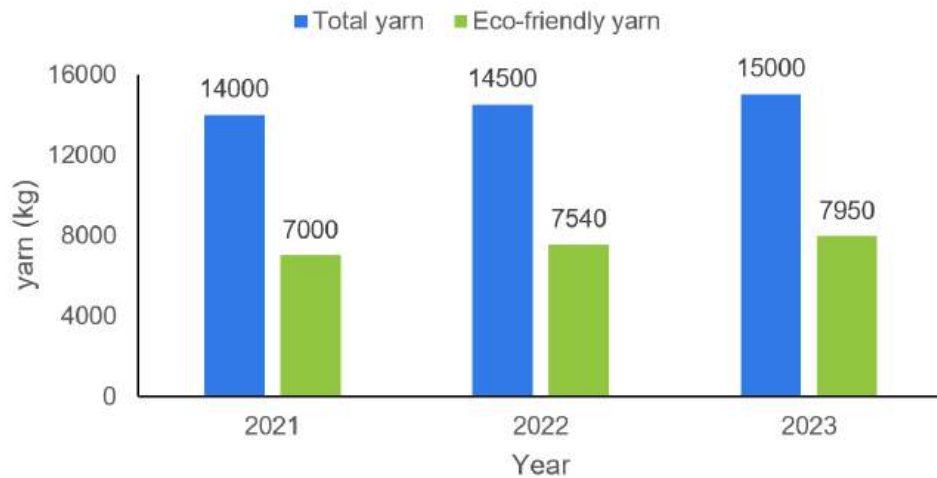


Figure: Use of Eco-Friendly Yarn in 2021, 2022 and 2023.

After the product itself, packing material is ranked as the second most significant business criterion by Sepal Group. Superior packaging not only extends the product's shelf life but also improves the customers' visual experience. Sepal Group is dedicated to minimizing the negative effects of its packaging on the environment and prioritizes increasing resource efficiency. The business consciously decides to increase the proportion of recycled and renewable packaging materials. Carton, plastics, and paper-based packaging make up the company's packaging. Plastic is used for primary packaging and paper-based boards are used for secondary packaging of the products. Most of the packaging material are renewable, paper-based packaging which are non-polluting in nature and biodegradable. For internal movements, reusable cloth bags and cartons are used.

Sepal Group is dedicated to achieving its goal of ensuring a customer-centric approach to supplying high-quality, sustainable products by means of conscientious procurement of certified raw materials. The company will keep looking for ways to enhance the percentage of renewable raw materials in its products, as well as investigating opportunities for recycling and reclamation. As it pertains to SDG 12 - Responsible Production and Consumption - Sepal Group will take initiatives in terms of ensuring constant recycling of packaging materials.

## 5.2 Energy and Emissions– Commitment to Combat Pollution

- ✓ The percentage of purchased electricity consumption has been decreased by 9% compared to 2021.
- ✓ Diesel consumption reduced by 3.5% compared to 2021.
- ✓ Natural Gas consumption reduced by 14% compared to 2021.
- ✓ By 2030 we aspire to reduce energy consumption and GHG emission by 50%.
- ✓ Total GHG/CO2 emission reduced by 10.3% as compared to 2021 and 4.9% as compared to 2022.
- ✓ GHG emission has been decreased by 16.2% in per piece of garment production as compared to 2021 and 5.9%



## ENERGY:

Recognizing the energy-intensive and associated emissions characteristics of the textile and apparel business, Sepal Group strives to reduce its environmental effect via operational enhancements, renewable energy, and energy efficiency. Additionally, the business supports international pledges and goals to mitigate the effects of climate change in order to minimize supply chain and operational interruptions. The organization encourages its internal stakeholders and supply chain partners to strategies actions for harmonizing with transitional regulatory developments. It continues to adapt new and efficient technologies for deeper decarbonization. Sepal Group is also accelerating its efforts to deploy alternate energy sources for reducing its overall environmental footprint.

Energy consumption is one of the primary problems in a developing country such as Bangladesh. There is a massive discrepancy between the supply and demand of power.

The export of textiles and apparel is this nation's primary source of foreign exchange earnings. Consequently, a constant power supply is needed. Natural gas is the most significant domestic energy source in Bangladesh, making up 63% of the total energy supply. The gas reserve is currently at an extremely low level. If no new gas fields are found, the current reserve might survive for a maximum of ten more years. In light of the current circumstances, it is imperative to investigate alternate energy sources in order to mitigate reliance on nonrenewable resources. Bangladesh is recognized for possessing significant potential in renewable energy, particularly solar energy. In light of the current circumstances, Sepal Group feels that appropriate corporate growth requires the prudent use of energy. Over the years we have successfully reduced the energy demand by incorporating energy efficient technology in our different manufacturing unit. Energy consumption is directly linked to GHG emissions. Hence, in order to achieve our goal, we are reducing our energy footprint and exploring ways to replace conventional energy sources with renewable forms of energy.

We have taken various measures to reduce the energy consumption as well as GHG emissions such as, GHG emissions such as Replaced LED tubes with fluorescent tubes, and increase boiler & generator efficiency by changing old gas pipeline & proper maintenance, Capturing daylight by installing fiberglass profile sheet. Furthermore, we have taken initiative to install 250 kwh solar panel within 2024 to increase the use of renewable energy as well as reduce GHG emission. Sepal group has already installed 22 kw of solar panel.

The company is dedicated to using resource-efficient operations to implement ongoing improvements in the products and processes. Since electricity, natural gas, and diesel are its primary energy sources, Sepal Group is investigating sustainable energy alternatives to increase operational eco-efficiency. However, the energy consumption pattern for the year of 2021, 2022 and 2023 presented as follows.

The total Natural Gas consumption for the years of 2021, 2022, and 2023 was 2137614 m3, 1948802 m3, and 1817012 m3 respectively. The total diesel consumption for the years of 2021, 2022 and 2023 was 143942 L, 141831 L, and 138982L respectively. The purchases electricity consumption for the years of 2021, 2022 and 2023 was 4346059 kwh , 4121163 kwh , and 3962408 kwh respectively.

Table 5.2: Energy consumption by sources.

Energy	Unit	Year		
		2021	2022	2023
Natural Gas	m3	2137614	1948802	1817012
Diesel	L	143942	141831	138982
Purchased Electricity	kwh	4346059	4121163	3962408

## GHG EMISSIONS

Globally, the climate is shifting rapidly. The two most urgent issues facing the entire world are climate change and global warming because of how frequently natural disasters occur. Fossil fuels are one of the primary cause of global warming. The massive fossil fuel consumption of the RMG industry results in greenhouse gas emissions. As a conscientious enterprise, we are setting high, empirically-supported goals for reducing our emissions in order to propel sustainable development and pave the path towards a carbon-free economy. The GHG emissions of 2021, 2022 and 2023 are presented as follows:



Table 5.3: GHG emission pattern in 2021, 2022 and 2023.

Item	Unit	Year		
		2021	2022	2023
Scope-1 (Direct Emission)	Ton CO2	4865.5	4568.8	4315.7
Scope-2 (Indirect Emission)	Ton CO2	2912.4	2762.5	2655.3
Total Emission	Ton CO2	7777.9	7331.3	6971
Garments production	pieces	8911857	10027723	10135012
GHG reduction/piece	%	-	16.2	21.1

The Scope-1 (Direct emission) for the year of 2021 was 4865.5 tons CO2 which gradually decreased to 4315.7 ton CO2 in 2023. Our scope-2 (indirect emissions) was 2912.4 ton CO2 in 2021 which gradually decreased to 2655.3 tons CO2 in 2023. As a result the GHG emission has been decreased by 16.2% in per piece of garment production as compared to 2021 and 5.9% decreases as compared to 2022.

### Total Scope-1 Emission

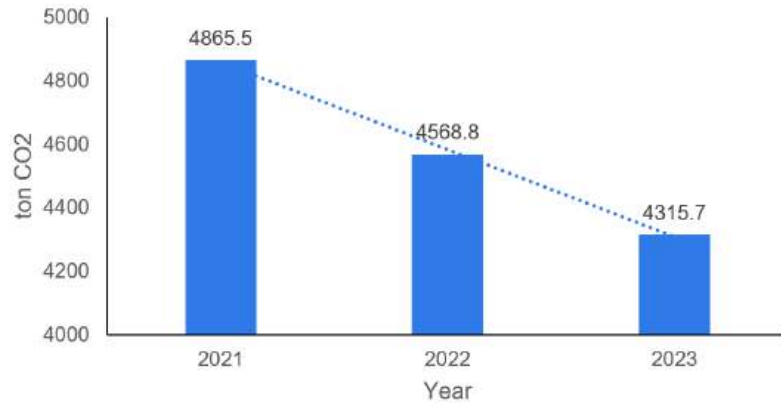


Figure: Scope-1 GHG emission in 2021, 2022 and 2023

### Total Scope-2 Emission

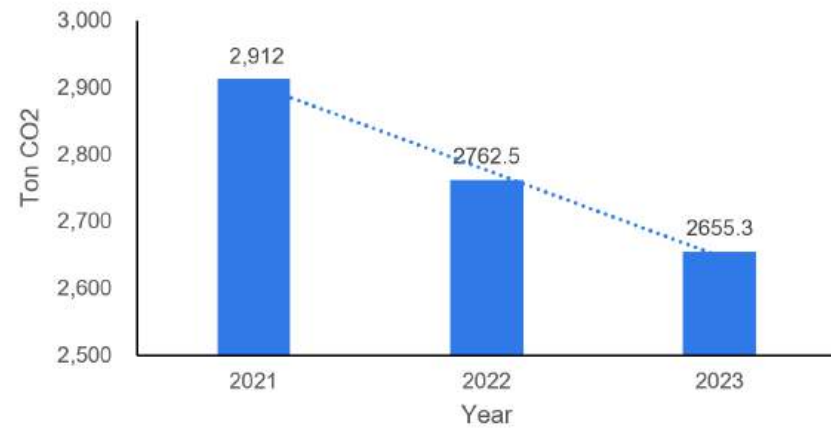


Figure: Scope-2 GHG emission in 2021, 2022 and 2023

### Total Emission

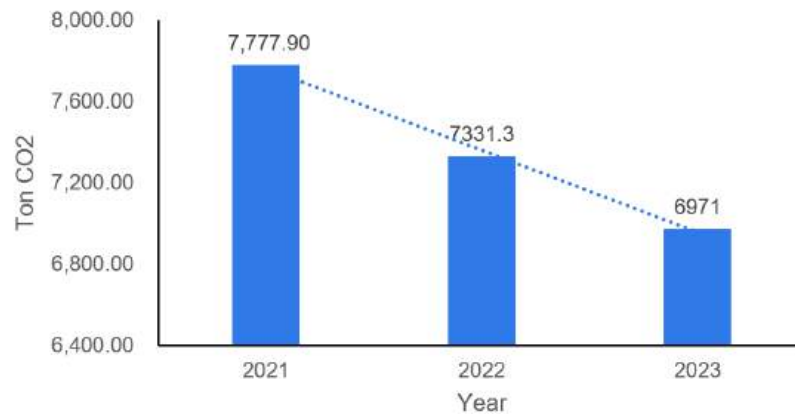


Figure: Total GHG emission in 2021, 2022 and 2023

### GHG Emission in per piece garment

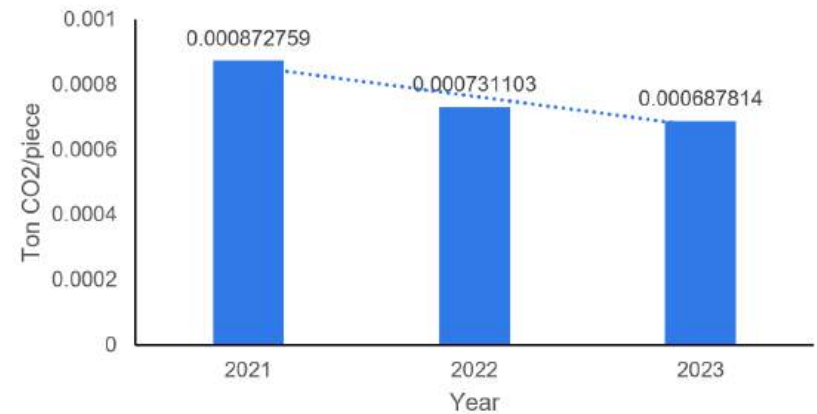


Figure: GHG emission for per piece garment in 2021, 2022 and 2023.

## 5.3 Water and Effluent

- ◆ **By 2030 we aspire to reduce water consumption by 30%.**

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- ◆ **Water consumption in 2023 is reduced by 7.4% as compared to 2021 and reduced by 3.7% as compared to 2022.**

---
- ◆ **Water consumption in per piece garments production in 2023 has been reduced by 18.6% as compared to 2021 and reduced by 4.7% as compared to 2022.**

---
- ◆ **Biological effluent treatment plant (ETP) with a capacity of 1440 m<sup>3</sup>/day which exceeds factory requirement – 1050 cubic meter per day.**

---
- ◆ **Industrial Wastewater generation reduced by 7.9% compared to the 2021 and reduced 2.4% as compared to 2022.**

---
- ◆ **40918m<sup>3</sup> wastewater has been reused in 2023.**

---
- ◆ **Wastewater generation for per piece garment production has been reduced by 18.5% as compared to 2021 and reduced by 3.5% as compared to 2022.**

## WATER:

In addition to being unequally distributed, increasing pollution and exploitation of water resources constitute a danger to global water security. We see this resource as crucial to better management and improved water sustainability for Sepal Group. Sepal Group is making deliberate efforts to improve water sustainability in the operational regions as part of its Water and Effluents objective in order to reduce waste and prevent any significant disruptions in water accessibility. It is keen on decreasing its water intensity to achieve its targets and set strategic futuristic goals. The company has embarked on the journey of sustainable water management through various efforts including water mass balance study across to monitor the water footprint in the production, implementing water-efficient measures, and conducting feasibility studies for achieving water neutrality in operations.



Sepal Group is a textile and garments industry, which makes no distinctions from other manufacturing sectors that also produce various forms of pollution. Its numerous processes need a lot of water, which adds to the depletion of groundwater. Water metering have been the key focus area throughout the year. Smart water metering has helped us to manage the wastage of water by identifying leaks. Meanwhile it gives us a valuable insight to set the baseline and identifying the new saving opportunities. Through different water efficient technology Sepal Group has considerable achievements in reducing per kg of garments water consumption compared to the baseline. Our water efficiency program helps us reduce the water footprint with each manufacturing unit undertaking continuous improvement initiatives. However, Sepal Group only uses ground water and the ground water consumption pattern of 2021, 2022 and 2023 are presented as follows:



### Water withdrawal

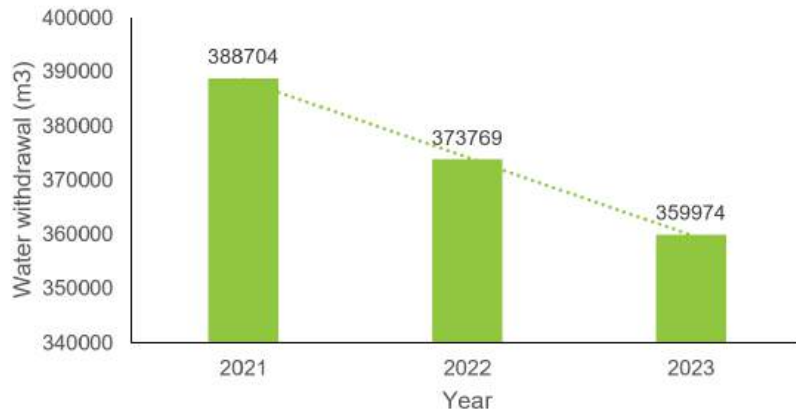


Figure: Water consumption pattern in 2021, 2022 and 2023.

The total water consumption in 2021 was 388704 m3 which was gradually decreased to 359974 m3 in 2023. As a result the water consumption in 2023 is reduced by 7.4% as compared to 2021 and reduced by 3.7% as compared to 2022. Water consumption for per piece garments production in 2023 has been reduced by 18.6% as compared to 2021 and reduced by 4.7% as compared to 2022.

### Water consumption/piece garment

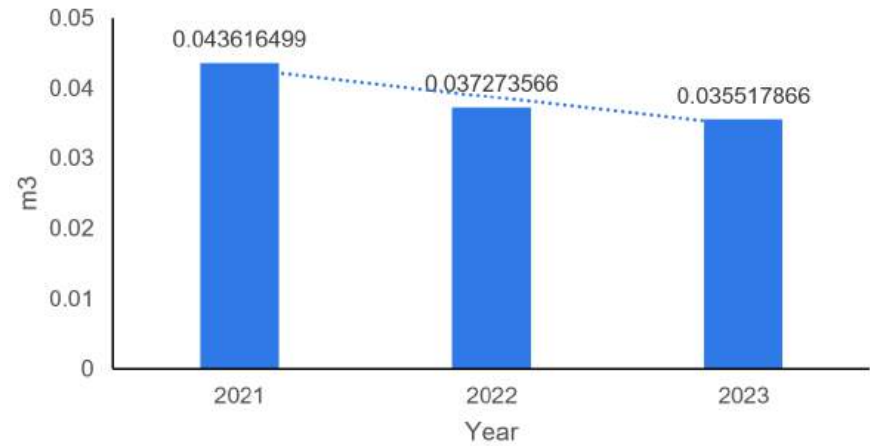


Figure: Water consumption (m3) in per piece garment production.

The absolute water demand is in a decreasing trend compared to the baseline including the last year also. Good housekeeping measures often carried out without significant investments but leading to substantial cost savings and the saving of water, chemicals and energy.

Sepal Group is implementing the following practices which make significant reductions in water use:

- ✓ **Minimizing leaks and spills.**
- ✓ **Raising awareness for conserving water use.**
- ✓ **Making accurate recipe.**
- ✓ **Water reuse for domestic purpose**
- ✓ **Process Skip or process optimization.**

## WASTEWATER

The primary causes of wastewater in the textile and apparel industries are chemicals found in process water. Sepal Group is aware that appropriate wastewater management is essential to maintaining the ecological balance of the community and preventing contamination of water streams. The factory uses a Biological effluent treatment plant (ETP) with a capacity of 1440 m<sup>3</sup>/day, which is more than the 1050 cubic meters per day that the factory requires, to treat industrial wastewater before discharging it into the environment.

Most of the industrial wastewater has been discharged through municipal drainage system after proper treatment and some has been reused in the factory. The amount of wastewater generation, reuse, and wastewater discharged pattern in 2021, 2022 and 2023 are presented as follows:

In order to create systems for ensuring readiness against the physical and transitional water risks, Sepal Group is fully committed to its efforts to demonstrate operational excellence and will keep working toward becoming less water-intensive across operations without sacrificing the quality of its products or the needs of its domestic workforce.



**Table 5.5: Wastewater generation, reuse, and discharge in 2021, 2022 and 2023.**

Wastewater	Unit	Year		
		2021	2022	2023
Total industrial wastewater generation	m3	282233	266502	260035
Total industrial wastewater Discharged	m3	228759	220957	218117
Reuse of wastewater	m3	37743	39713	40918
Reduction of wastewater	%	-	5.5%	7.9%
Garments Production	piece	8911857	10027723	10135012
Wastewater Reduction /piece	%	-		

### Wastewater generation

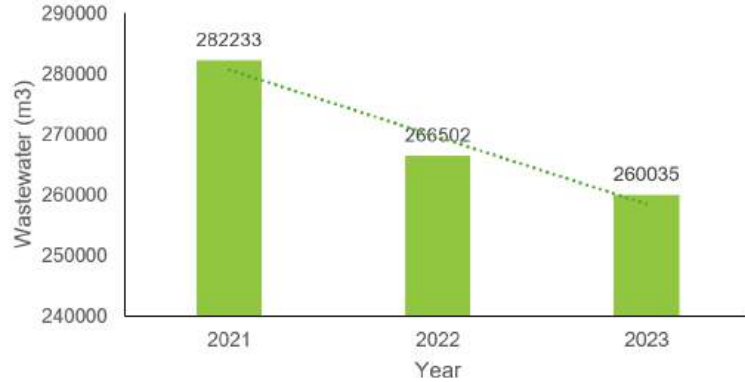


Figure: Industrial Wastewater generation pattern in 2021, 2022 and 2023.

### Wastewater discharged

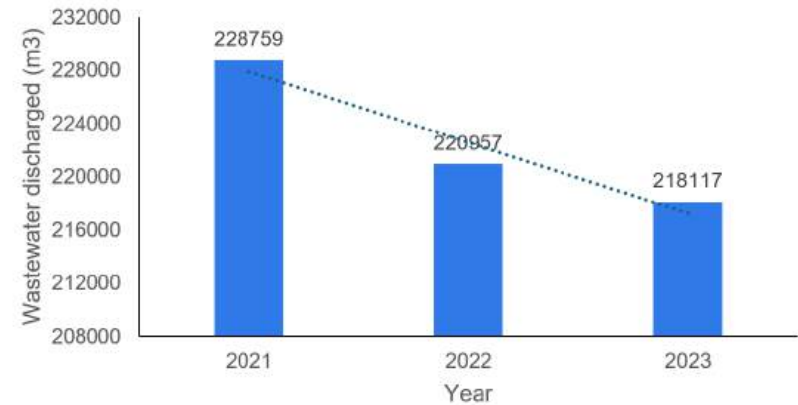


Figure: Industrial Wastewater discharge pattern in 2021, 2022 and 2023.

### Wastewater reuse

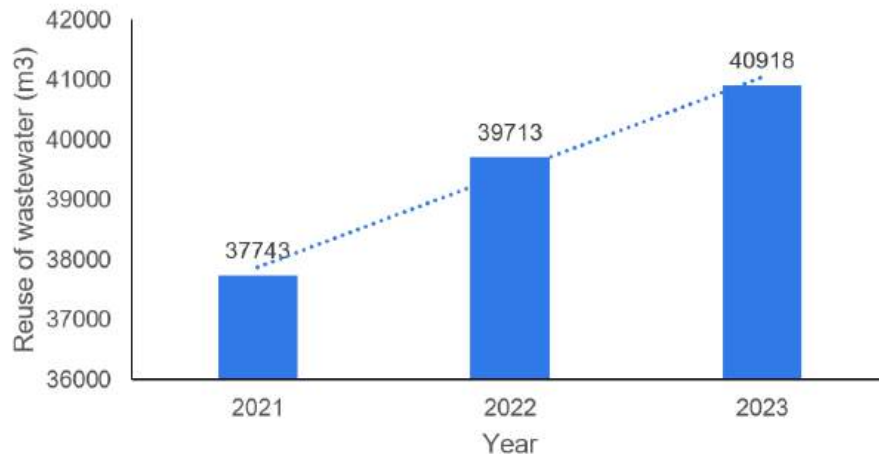


Figure: Wastewater reuse pattern in 2021, 2022 and 2023.

The amount of wastewater generation was 282233 m3 in 2021 which was decreased to 260035 m3 in 2023. As a result wastewater generation has been decreased to 7.9% compared to the 2021 and reduced 2.4% as compared to 2022. The amount of wastewater discharged decreases because of the reuse of treated wastewater for domestic purposes. Sepal Group committed to meet the wastewater quality before discharging to the environment. Sepal Group regularly monitor the quality of wastewater quality in their lab as well as through third party. No wastewater quality parameters were exceeded the standard limits.

## 5.4 Waste Management

By 2030 We aspire to reduce waste generation by 30%.

Total waste generation reduced by 13% in 2023 as compared to 2021 and reduced by 6.2% as compared to 2022.

Total hazardous waste generation reduced by 7.6% in 2023 as compared to 2021 and reduced by 4% as compared to 2022.

At Sepal Group, we use a two-pronged strategy to reduce, reuse, recycle, and recover. Firstly, we strive to use less and waste less. Secondly, we try to reuse, recycle, and recover the waste. It goes without saying that waste will always remain in the production process when completed goods are produced. However, the management of this discarded material is the matter of great concern. Linear systems of waste management leave economic opportunities untapped, put pressure on resources, pollute the environment, and create negative societal impacts. As a commitment to a sustainable future, a group waste management policy has been introduced. Appropriate waste classification, segregation, storage, and disposal are stressed in the policy. In order to help us work toward lowering the amount of waste, we routinely track the amount of hazardous and non-hazardous waste produced via our operation. The amount of hazardous waste, and non-hazardous waste generation in 2021, 2022 and 2023 are presented as follows:

Table 5.5: Waste generation pattern in 2021, 2022 and 2023.

Waste	Unit	Year		
		2021	2022	2023
Non-Hazardous Waste	kg	657435	608976	570735
Hazardous Waste	Kg	17444	16789	16112
Total waste generation	kg	674879	625765	586847

## Waste Generation

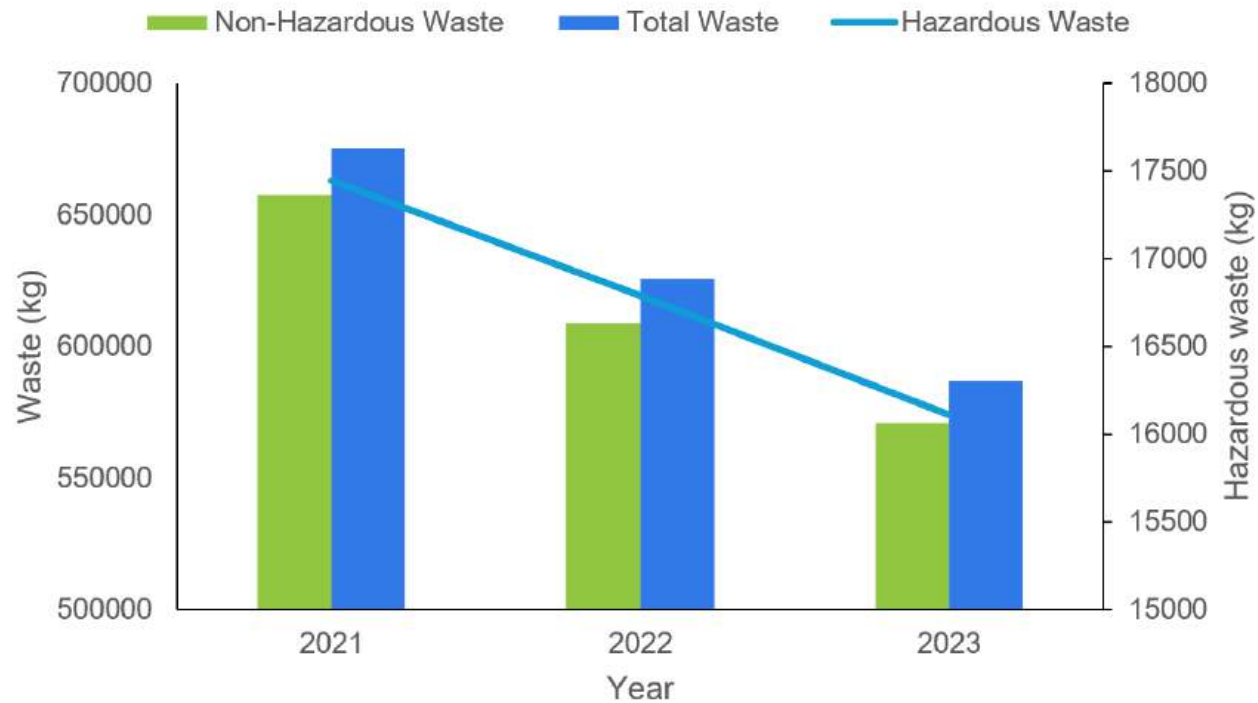


Figure: Waste generation pattern.

Existing Waste Management Practice:

- Proper Classification
- Storing waste appropriately
- Handed over to licensed waste collector.
- Waste generation reduced by reuse, and appropriate training to the employees.

## 5.5 Chemical Management

**We aspire to use 100% ZDHC level-3 chemicals by 2024.**

**74% ZDHC Level-3 Chemical use.**

Sepal Group has set the following sustainability target, Phasing Out All Restricted Substances in Manufacturing and Supply Chain in Compliance with ZDHC (Level 3). To realize the target the company has initiated substantive efforts for defining the list of restricted chemicals for its manufacturing process while the RSL implementation and monitoring program guides the responsible procurement of raw materials free from hazardous chemicals. The company is ultimately aiming to achieve ZDHC by adopting best practices in the industry, collaborative engagements, and implementing distinctive strategies. Our continuous effort has enabled us to use 74% ZDHC level-3 chemicals in 2023 which was 45.5% in 2021. However, the percentage of ZDHC compliant chemicals in 2021, 2022 and 2023 are presented as follows:



Sepal Group is dedicated to reducing and managing the use of hazardous chemicals by, whenever feasible, replacing them with safer alternatives. We will also continue to research and develop the best chemistries on the market. To achieve this commitment Sepal Group adopted a Chemical Management Policy to Ensure use of non-hazardous chemicals or least hazardous chemicals during product design and development. Every time we provide a product to a customer, we have it tested against the RSL parameters by an impartial third party, and during the reporting year, there were no instances of non-compliance.

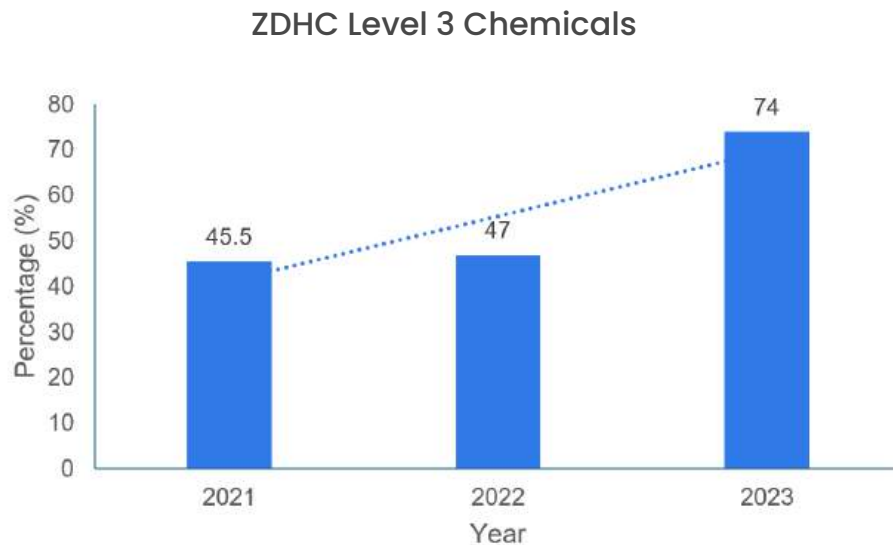


Figure: Percentage of ZDHC Level-3 Chemicals in 2021, 2022 and 2023.

To ensure proper handling of chemicals, we have implemented the following practices as per our chemical management policy and procedures.

- ◆ **Availability of appropriate Personal Protective Equipment (PPE) in chemical storage and using area.**


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- ◆ **Ensure MSDS and labelling for all chemicals.**


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- ◆ **Ensure Secondary containment where applicable.**


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- ◆ **Availability Eye wash and shower station in chemical storage and using area.**


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- ◆ **Chemicals are stored by maintaining chemical Compatibility.**


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- ◆ **Availability of Spill kits.**


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- ◆ **Conduct chemical spill drill regularly.**


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- ◆ **Provide chemical handling training to all related employees.**


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# CHAPTER-6

## SOCIAL RESPONSIBILITY

## 6.1 Training and Education

We always give focus on quality rather than quantity. We believe in skills, that's why we always arrange different type of trainings and educational programs. Total 400 hours has been spent for employees training purposes in 2023. We give variety of trainings such as but not limited to,



### 4 phases of employee onboarding:



We always arrange for a onboarding program for our all new employees and workers. So that they can know about us and we can know about them.

- Fire Safety Training, BRAC Fire Safety Training, & BRAC Fire Safety Training for Security Guards.
- Occupational Health and Safety Training
- Grievance Handling Training
- PPE (Personal Protective Equipment) Training
- Mid-Level Management Training
- Machineries Safety Training
- Housekeeping training, HIRA training, and buyer CoC training.
- Workers Skill development training
- Quality development training
- Environmental Awareness training
- OSH related (PPE, Machine safety Guard, Safety training, Helpline training) training
- Electrical Safety
- Boiler Safety
- Maintenance BRAC Safety Committee Training
- Waste Management Training
- Amader Kotha Helpline Training
- First Aider Training
- Claimed Materials (Organic and Recycled) Training
- Maternity Training
- Childcare giver training.

## 6.2 Child Labor

Since the industrial revolution, child labor has taken many diverse forms. Collaboration between parents, hiring authorities, governments, non-governmental groups, and international organizations is crucial in the fight against child labor. We have been against hiring minors since the start of this project. A clear strategy has been created for the repair of child labor, with this passionate objective in mind. Age verification in compliance with policies and procedures is often undertaken when recruiting new staff members. The organization tries to raise awareness about child labor by providing many training sessions for staff members and employees. Moreover, we neither recruit nor discourage anybody under the age of eighteen.

- ✓ **“ZERO” Tolerance regarding Child labor.**
- ✓ **The facility have proper child labor and remediation policy**
- ✓ **ZERO cases in last reporting years.**

## 6.3 Health and Safety

Families can afford housing, clean water, and education when they have adequate access to healthcare and nutrition. Our healthcare efforts aim to transform lives by promoting healthy children and communities free from poverty and health-related challenges.

The company's joint safety committee, which is made up equally of workers, is based on the basic tenet that include floor level employees would increase employee accountability and lower the risk of safety infractions. We have total 36 members in our committee. III

- ✓ **Health and Safety committee consist of 10 members.**
- ✓ **Medical Support**
- ✓ **Hygiene Products**
- ✓ **Health Camp**
- ✓ **Maternity care and leave.**

Since maintaining a secure workplace is one of the best methods to retain employee happiness and increase productivity, it is imperative for every successful firm. Adequate business operations require a safe, healthy, and environmentally sustainable workplace. In order to maintain a safe workplace, our health and safety policy mandates reducing the possibility of accidents, injuries, and exposure to health hazards for individuals who are either directly or indirectly involved in our activities.

Free Medical Support for Employees and Communities - As a company that values social responsibility, we have made efforts to enhance the health of nearby low-income families. Our team, which is committed to offering free healthcare services to the community and the parents of our employees, consists of two physicians, two nurses, and two medical assistants. In particular for people who cannot afford it.

Providing free healthcare assistance to workers' parents and low-income neighborhood families is an excellent example of how businesses may enhance social welfare. Enhancing community health not only improves individual lives but also benefits society as large.



- ✓ **People have received medical support from this initiative**
- ✓ **Female employees get special support during pregnancy**
- ✓ **Providing free healthcare and medical support to community**

Maternity Leave and Free Medical Support - We are committed to abiding with the labor laws in the nation, especially those pertaining to maternity leave as outlined in Section 4 of the Bangladesh Labor Act, 2006. We ensure that our female employees receive the 16 weeks (or 112 calendar days) of legally required maternity leave in compliance with this legislation.

This method not only promotes gender equality and work-life balance but also has various favorable financial benefits for the organization. In addition to raising job satisfaction and employee retention, it lowers the cost of hiring and training new hires.

We stand out as a company that appreciates and promotes a friendly and inclusive work environment because of our dedication to the happiness and well-being of our employees. This includes a minimum of eight weeks of postpartum leave to allow new moms to recover and care for their babies.

We promote our female employees' rights and well-being by offering appropriate maternity leave, encouraging a good work-life balance, and acknowledging the significance of



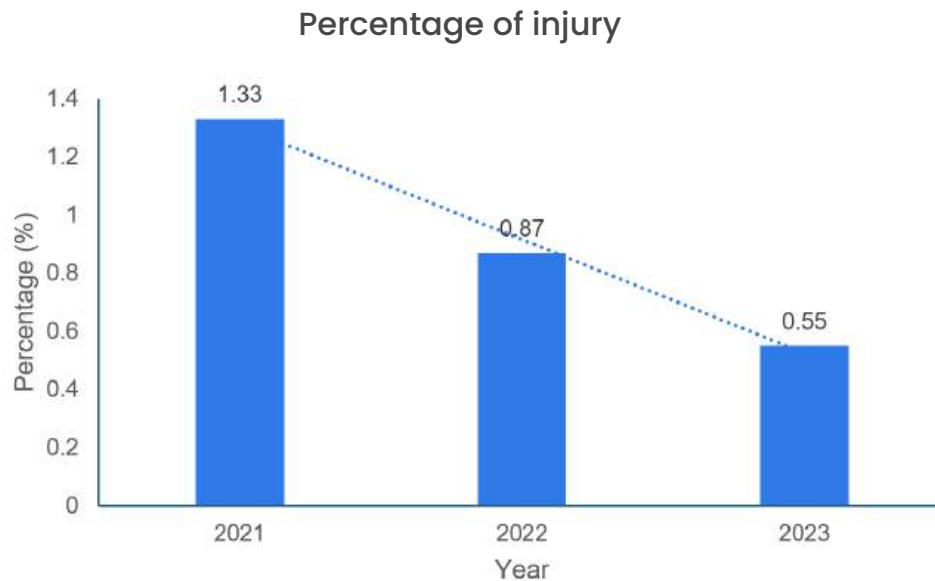
- ✓ **112 days maternity leaves for female employees**
- ✓ **Free medical checkup during pregnancy**
- ✓ **Extra time in lunch hour for pregnant employee**

Health and safety performance is a critical statistic since it is often associated with low rates of occupational diseases, injuries, and absenteeism. It also shows a good trend in staff morale and productivity.

Sharp items like needles, scissors, falling objects, jabbing fingers from sewing machine needles, and cutting feet with scissors can all result in accidents at work. A medical facility with a board-certified physician on staff is located within the industrial site, offering free medical care to employees for non-life-threatening illnesses. To achieve zero workplace accidents or injuries, however, is our goal, and we are making the required efforts. Using the following calculations, the proportion of injuries has been determined.

$$\text{Percentage of Injury} = \frac{(\text{Total number of occurrence} \times 100)}{(\text{Total Number of Employees.})}$$

However, the percentage of occurrence of minor injury or accident in the year of 2021, 2022 and 2023 has been presented as follows:



## 6.4 Other Responsibilities

- ✓ **Childcare Center**
- ✓ **Skill Development**
- ✓ **Inclusive Workplace**

Child Care Center – For the last fifteen years, we have provided access to a childcare center for the children of our employees.

Workers with kids younger than six are eligible to use this center. The center offers full-day care to the youngsters.

Enrolled children receive a top-notch education from our program at no cost to the parents. This is an important benefit, as education can be costly and not available to everyone.



## 6.5 Forced Labor

Sepal Group has adhered to the agreement of the International Labor Organization (ILO) by forbidding coercive or mandatory labor of any form. We consistently assist employees and staff by providing resources like competitive pay, training, and other benefits. Additionally, we think that each employee must choose to take responsibility for their actions. We never use forced labor, not in the sense of bond, indentured, or prison labor. As per policy, the company will never withhold an employee's original papers, nor do we ever demand a deposit as a condition of employment.

- ✓ **Zero tolerance in forced labor.**
- ✓ **Forced labor policy**
- ✓ **No retention of original documents.**
- ✓ **No loan scheme in operation.**
- ✓ **No retention of wages /deposits**
- ✓ **No restrictions on movement.**
- ✓ **No restrictions on workers' freedom to terminate employment.**
- ✓ **Effective grievance redress mechanism.**

## 6.6 Employment

The ability of any organization to succeed is always based on its capability to identify and choose workers who can do the activities necessary to achieve the strategic objective. Building upon this idea, we design and execute policies and initiatives that support the growth of individuals, leadership, and competencies along the whole value chain.

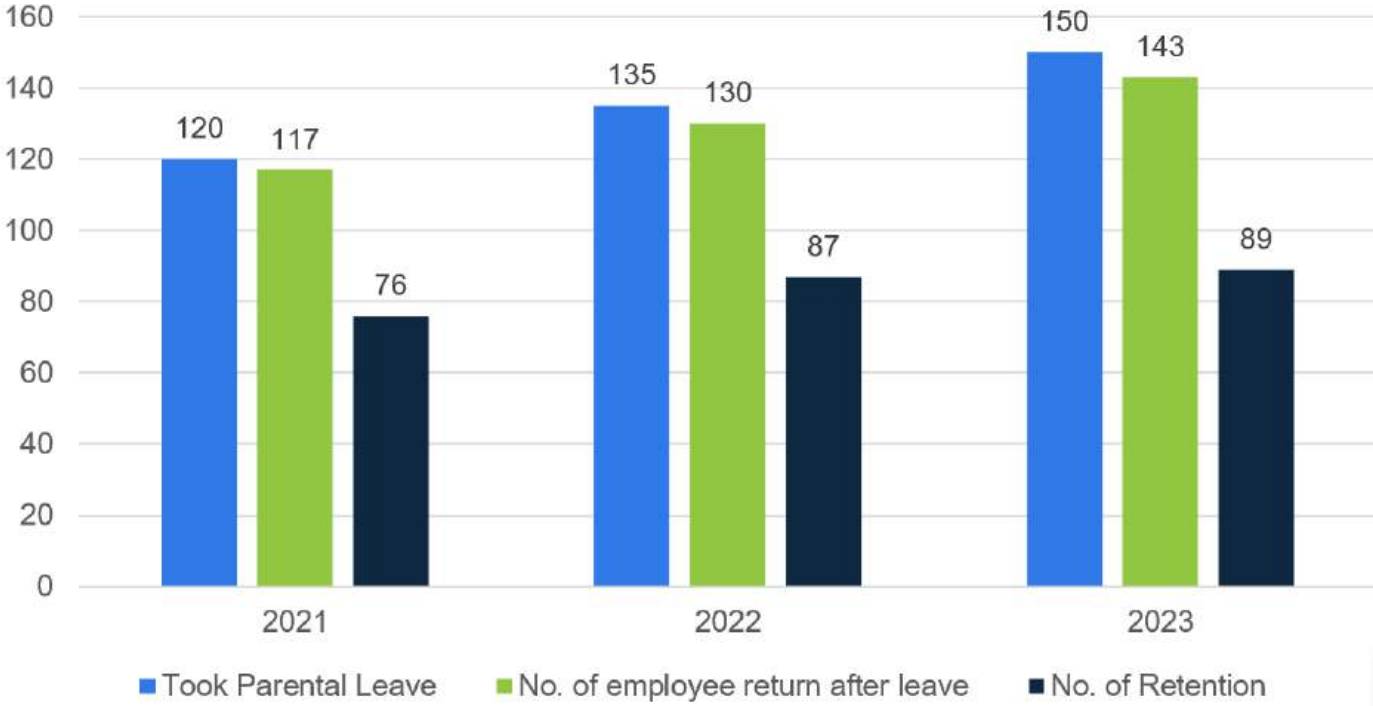
Sepal Group does not use contract or temporary labor; instead, it only hires full-time employees. Through the participation committee, all employees are informed of any major changes in the factory's operations connected to its difficulties, and their feedback is duly considered. The manufacturer supports and makes sure that the equal pay for equal work concept is applied to equal labor performed by men and women. However, the benefits provided to employees are.

- ✓ **Benefits provided to the employees:**
- ✓ **Health care facilities**
- ✓ **Life insurance.**
- ✓ **In-house day care center**
- ✓ **Disability and invalidity coverage**
- ✓ **In-house medical center with professional doctor and nurse**
- ✓ **Parental leave**
- ✓ **Annual picnic**
- ✓ **Retirement provision**
- ✓ **Festival Bonus and attendance bonus**
- ✓ **Fair shop with 15–50% discount.**
- ✓ **Scholarship opportunity for education**

We always strive for daily success and have a substantial staff that strongly believes in respect-based cooperation. We have a winning attitude. We are always looking for intelligent, driven individuals that can do their jobs well. As required by local law, we provide parental support. The following is the 2021–2022–2023 parental leave schedule:



### Parental Leave



We consider our staff members to be essential members of our large family and make sure they have access to a variety of perks to discourage them from leaving. However, some level of employee turnover is inevitable, and we never take offense when an individual chooses to leave. The following is a presentation of employee turnover in 2021, 2022, and 2023:

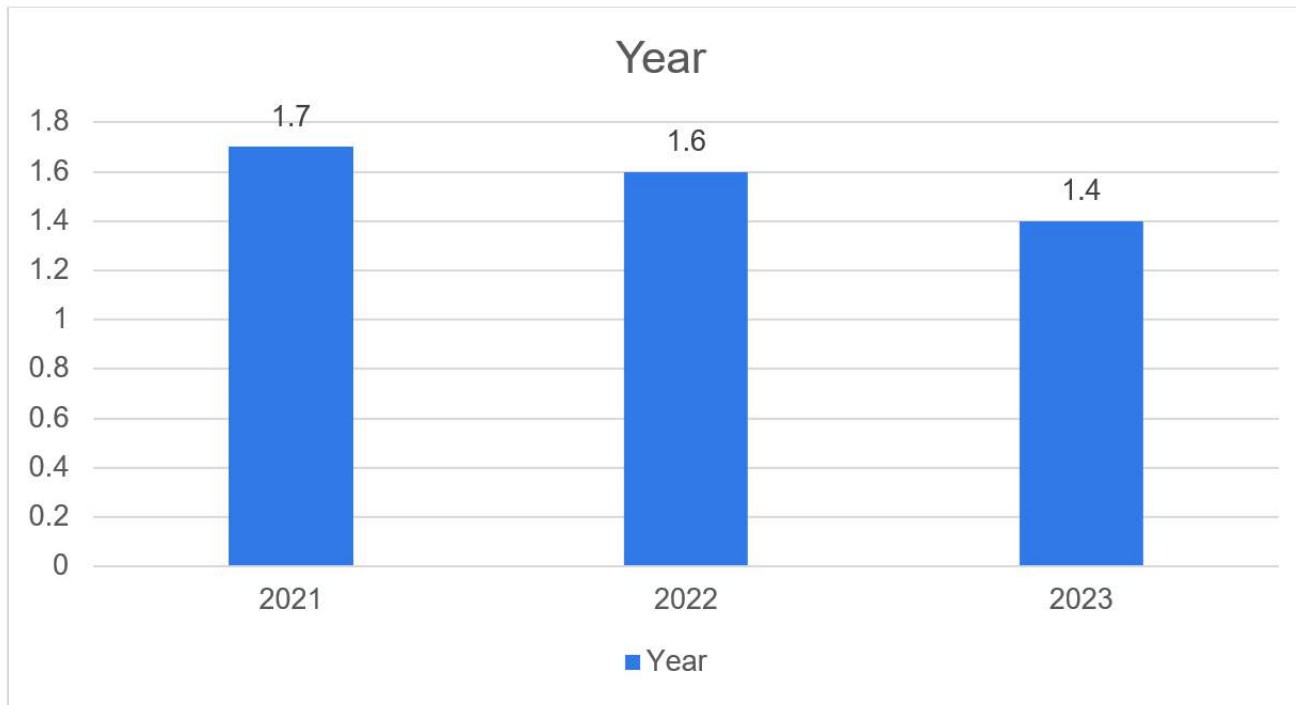


Figure: Employee turnover rate in 2021, 2022 and 2023

## 6.7 Non-Discrimination

Personal traits are not taken into account by the factory when hiring, paying, or promoting its staff. Rather, it solely considers their performance reports when making judgments. We have always had a zero-tolerance policy against prejudice. This tactic ensured that not a single case of discrimination was recorded in the reporting years on the basis of race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership, or political affiliation.

The employment practices of Sepal Group consistently ensure that discrimination of any kind is not tolerated. Through a well-defined code of conduct, we hope to sustain the highest standards of honesty and ethical behavior on both a personal and professional level. Our staff members and employees have been well acquainted with the business vision, policies, and processes since the start of their induction. As equal opportunity employers, we promote women's professional growth, as seen by the 40% of our staff that are female employees, who get equal pay and work settings that accommodate their demands. Furthermore, women make up 40% of the Workers Involvement Committee members.



Every employee receives training on discrimination awareness, covering the ins and outs of establishing a safe workplace. Any employee who feels discriminated against at our facility can register a complaint in confidence since we have effective grievance procedures in place. However, no such complaint was received throughout the reporting period.

## 6.8 Diversity and Equal Opportunity

The Sepal Group states that they are proponents of the progress that comes from bringing together employees from different cultural backgrounds. Our company has always placed a high value on creating a welcoming workplace and considers diversity to be a crucial part of the business strategy. Despite having just one female member out of five, the governing body is led by her. The number of workers broken down by gender and age is shown below:

Gender or age-based salary discrimination does not exist within Sepal Group. According to their grade, all workers receive equal pay for equal labor. Sepal Group pays all of its employees in accordance with Bangladesh's wage gazette.

Category	Garments & Textile		
	< 30 years	30 -50 years	> 50 years
Age Group	< 30 years	30 -50 years	> 50 years
	2400	2160	240
	50%	45%	5%
	<b>Male</b>	<b>Female</b>	
	1440	3360	
	30%	70%	

## 6.9 Safety Performance

We are dedicated to maintaining the labor standard and protecting the health and safety of our employees, and we will do so through the following activities.

**Risk Management** – Before risk management can begin, all current operations must identify potential hazards and take deliberate steps to mitigate them. The safety status is determined by the yearly risk assessment completed by qualified safety personnel. A rating system that takes into account the likelihood and seriousness of the related dangers is used to identify and classify hazardous situations. The relevant stakeholders are informed of the risks that exist in the workplace, and the necessary operational controls are put in place to completely eradicate the risk.

**Accident & Incident Investigation** – In order to determine the fundamental cause of an accident or occurrence, investigations are conducted with consideration for man, material, technique, environment, and machine. To prevent a recurrence, the loopholes found during the study have been corrected in all of our manufacturing facilities.

**Combating Hazard** – The primary duty of the textile and clothing unit is to minimize hazards. Most materials, including completed or semi-finished goods, have a fire risk. Every process employed in the RMG industry is vulnerable to fire. As a result, proper installation of electrical and fire safety equipment is essential. Furthermore, preserving the building's security is of utmost importance.

01 **Root Cause Analysis**

02 **Corrective Actions**

03 **Preventive Actions**



**First Aid & Health Care Center** – Every floor of our production facility has sufficient first aid box, and there are certified first responders on hand to offer timely first aid. Licensed physicians and nurses are on call around-the-clock. Any health-related concerns that employees may have are welcome to bring to the clinic. At the workplace, there are 320 certified internal first aid responders.

## 6.10 Fire Safety Equipment and System

- ✓ Total 960 trained members in Emergency response team.
- ✓ 320 trained fire fighter.
- ✓ 320 trained rescuer
- ✓ 320 trained first aider
- ✓ Adequate fire fighting equipment

In order to enable effective firefighting and rescue operations during an emergency, modern fire prevention systems are installed into each of our production plants. Systems for fire hydrants and addressable fire alarms are made to handle any kind of fire emergency. The sprinkler and smoke systems will sound an alarm automatically if a fire starts. These steps will enable prompt identification of the fire. At none of our manufacturing locations were there any documented fire occurrences throughout the reporting period.

Our building contains a range of fire safety equipment on each floor that enables us to set up a system for both fire prevention and detection.



<b>Different Fire Extinguishers</b>	<b>Breathing apparatus, and Fire Blanket</b>
<b>Auto DCP (6 Kg)</b>	<b>Respiratory Masks</b>
<b>Foam extinguisher</b>	<b>Fire Door</b>
<b>Smoke Detector</b>	<b>Heat Detector</b>
<b>Stretcher</b>	<b>Fire Siren &amp; Gong Bell</b>
<b>Fire Hook</b>	<b>Rope Ladder</b>
<b>Fire Beater</b>	<b>Visible Fire Alarm Switch</b>
<b>Water Drum</b>	<b>Emergency Light</b>
<b>Riser/Hose Reel</b>	<b>Sprinklers</b>
<b>Gloves</b>	<b>Manila Rope</b>
<b>Helmet</b>	<b>Fire Alarm &amp; Switch</b>
<b>Sand &amp; water Bucket</b>	<b>Emergency Exit</b>

## 6.11 Electrical Safety

A committed group of experts from the maintenance division inspects every plant complex on a regular basis to look for any problems related to electrical safety. The crew also follows a checklist that is broken down monthly to ensure that all relevant equipment is routinely inspected. In general, it consists of:

- ✓ Inspecting the Main, Sub, and Light Distribution Boards for earthen defects, dust accumulation, and cable load.
- ✓ Test the emergency escape, smoke detector, fire alarm system, and emergency light on a regular basis.
- ✓ Mending the wire
- ✓ Examining the cable load's temperature. Dusting off the exhaust fan and light.
- ✓ Completed 100% of accord, and alliance related issues regarding electrical safety



## 6.12 Freedom of Association

Sepal Group respects and recognizes employees' right to freely associate.

The freedom of association that industrial workers have, which includes the ability to form unions, is referred to as "worker participation". An effective worker engagement committee is essential for adhering to the Bangladesh Labor Act of 2006, the Labor Rules of 2015, and to achieve a mutually beneficial outcome for workers, staff, and management.

Workers are free to join whatever associations they choose. The Participation Committee (PC) is crucial in closing the communication gap between staff and management. It usually functions for two years after it is established. It may be used to successfully address labor difficulties as well. Elections and legal procedures led to the establishment of the present PC. Furthermore, the proportion of worker representatives to management representatives is higher. The committee convenes on a regular basis to discuss issues pertaining to the present condition of the plant and to handle any potential emergencies. Of the 64 members of the participation committee, 40 percent are female and 60 percent are male. Every two months, the participation committee meets. Nonetheless, the plant has a collective bargaining agreement (CBA).

- ✓ **64 members of workers participation committee.**
- ✓ **60% member are male and 40% member are female.**
- ✓ **Meeting held in every two month.**

## 6.13 Security Practice

- ✓ **Total 30 Security person**
- ✓ **25 Male security and 5 female security.**

Sepal Group provides enough security for each employee and worker in the production site. Sepal Group has indirectly recruited 30 security personnel from a third party, preparing them to handle any security difficulties within the plant. They've had a variety of training programs. Every month, all security staff members got official training from the industry on industrial rules, which included human rights.

# Abbreviation

<b>ESG</b>	Environmental, social and governance
<b>CSR</b>	Corporate Social Responsibility
<b>GRI</b>	Global Reporting Initiative
<b>KVA</b>	Kilo Volt Amperes
<b>GHG</b>	Green House Gas
<b>GRI</b>	Global Reporting Initiative
<b>UN</b>	United Nations
<b>SDGs</b>	Sustainable Development Goals
<b>UNGC</b>	United Nations Global Compact
<b>WRAP</b>	Worldwide Responsible Apparel Production
<b>SEDEX</b>	Supplier Ethical Data Exchange
<b>SMETA</b>	Sedex Member Ethical Trade Audit
<b>BSCI</b>	Business Social Compliance Initiative
<b>GOTS</b>	Global Organic Textile Standard
<b>ZDHC</b>	Zero Discharge of Hazardous Chemicals
<b>BGMEA</b>	Bangladesh Garment Manufacturers and Exporters Association
<b>BEOGWIOA</b>	Bangladesh Export Oriented Garments Washing Industries Owners Association
<b>BOI</b>	Board of Investment
<b>RSC</b>	RMG Sustainability Council
<b>CIP</b>	Continuous Improvement Process
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>DIFE</b>	Department of Inspection for Factories and Establishments.
<b>BOD</b>	Board of Directors
<b>AGM</b>	Annual General Meeting
<b>FY</b>	Fiscal Year
<b>ERM</b>	Enterprise Risk Management
<b>PC</b>	Participation Committee
<b>SOP</b>	Standard Operating Procedure
<b>RMG</b>	Ready-made garment
<b>RFT</b>	Right First Time
<b>LED</b>	Light-Emitting Diode
<b>ETP</b>	Effluent Treatment Plant
<b>MRS�</b>	Manufacturing Restricted Substance List

# Abbreviation

<b>RSL</b>	Restricted Substance List
<b>PPE</b>	Personal Protective Equipment
<b>SDS</b>	Safety Data Sheet
<b>HSC</b>	Higher Secondary Certificate
<b>SSC</b>	Secondary School Certificate
<b>ACCORD</b>	Action for Community Organization, Rehabilitation and Development
<b>ILO</b>	International Labour Organization
<b>EMP</b>	Environmental Management Plan
<b>DoE</b>	Department of Environment
<b>ISO</b>	International Organization for Standardization
<b>CO2</b>	Carbon Dioxide
<b>USD</b>	United States Dollar

## GRI Content Index

Statement of Use	Sepal Group has reported in accordance with the GRI Standards for the year of 2023 with additional previous 2 years.
GRI 1 used	GRI: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
GRI 1: Foundation 2021					
GRI2: General Disclosures 2021	2-1	Organizational details	1.1 Introduction, and 1.2 Geographical Presence	06, 09	No
	2-2	Entities included in the organization's sustainability reporting	About The Report	04	No
	2-3	Reporting period, frequency and contact point	About The Report	04, 05	No
	2-4	Restatements of information	About The Report	05	No
	2-5	External assurance	About The Report	04	No
	2-6	Activities, value chain and other business relationships	1.6 Product and Customers	14	No
	2-7	Employees	1.1 Introduction, and 6.8 Diversity and Equal Opportunity	06, 69	No
	2-8	Workers who are not employees	1.1 Introduction	07, 08	No
	2-9	Governance structure and composition	2.2 Governance Framework	18	No
	2-10	Nomination and selection of the highest governance body	2.2 Governance Framework	18	No
	2-11	Chair of the highest governance body	2.2 Governance Framework	19	No
	2-12	Role of the highest governance body in overseeing the management of impacts	2.3 Actions of governance body	21	No

GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
	2-13	Delegation of responsibility for managing impacts	2.3 Actions of governance body	21, 22	No
GRI2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	2.3 Actions of governance body	21	No
	2-15	Conflicts of interest	2.1 Corporate Governance	18	No
	2-16	Communication of critical concerns	2.3 Actions of governance body	21, 22	No
	2-17	Collective knowledge of the highest governance body	2.2 Governance Framework	18	No
	2-18	Evaluation of the performance of the highest governance body	2.2 Governance Framework	20	No
	2-19	Remuneration policies	2.2 Governance Framework	21	No
	2-20	Process to determine remuneration	2.2 Governance Framework	21	No
	2-21	Annual total compensation ratio	2.2 Governance Framework & 4.2 Economic Significance and Effects	18, 35	No
	2-22	Statement on sustainable development strategy	Message From Managing Director, & 1.7 Long term Plan	02, 17	No
	2-23	Policy commitments	Message From Managing Director, 1.1 Introduction, & 2.4 Ethics and Integrity.	02, 06, 22	No
	2-24	Embedding policy commitments	Message From Managing Director, 1.1 Introduction, & 2.4 Ethics and Integrity.	02, 06, 22	No
	2-25	Processes to remediate negative impacts	2.4 Ethics and Integrity, 3.3 Grievance policy and procedure	22, 32	No
	2-26	Mechanisms for seeking advice and raising concerns	3.3 Grievance policy and procedure.	32, 33	No
	2-27	Compliance with laws and regulations	2.3 Actions of governance body	21, 22	No
	2-28	Membership associations	1.4 Membership in Industry Association	12	No
	2-29	Approach to stakeholder engagement	3.1 Stakeholder Engagement	28	No

GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
GRI2: General Disclosures 2021	2-30	Collective bargaining agreements	6.12 Freedom of Association	74	No
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	4.2 Economic Significance and Effects	35	No
	201-4	Financial assistance received from government	4.2 Economic Significance and Effects	35, 36	No
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	4.3 Contribution to the national economy	37	No
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.3 Contribution to the national economy	37	No
GRI 301: Materials (2016)	301-1	Materials used by weight or volume	5.1 Materials	40, 41	No
	301-2	Recycled input materials used	5.1 Materials	41, 42	No
	301-3	Reclaimed products and their packaging materials	5.1 Materials	43	No
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	5.2 Energy and Emissions-Commitment to Combat Pollution	46	No
	302-2	Energy consumption outside of the organization	5.2 Energy and Emissions-Commitment to Combat Pollution	45, 46	No
	302-3	Energy intensity	5.2 Energy and Emissions-Commitment to Combat Pollution	45, 46	No
	302-4	Reduction of energy consumption	5.2 Energy and Emissions-Commitment to Combat Pollution	44, 46	No
	302-5	Reductions in energy requirements of products and services	5.2 Energy and Emissions-Commitment to Combat Pollution	44, 46	No
GRI 303: Water and	303-1	Interactions with water as a shared resource	5.3 Water and Effluent	50	No


GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
Effluent (2018)	303-2	Management of water discharge-related impacts	5.3 Water and Effluent	49, 50, 52	No
	303-3	Water withdrawal	5.3 Water and Effluent	51	No
	303-4	Water discharge	5.3 Water and Effluent	53, 54	No
	303-5	Water consumption	5.3 Water and Effluent	51	No
GRI 305: Emission (2016)	305-1	Direct (Scope 1) GHG emissions	5.2 Energy and Emissions-Commitment to Combat Pollution	47, 48	No
	305-2	Energy indirect (Scope 2) GHG emissions	5.2 Energy and Emissions-Commitment to Combat Pollution	47, 48	No
	305-4	GHG emissions intensity	5.2 Energy and Emissions-Commitment to Combat Pollution	47, 48	No
	305-5	Reduction of GHG emissions	5.2 Energy and Emissions-Commitment to Combat Pollution	47, 48	No
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	5.4 Waste Management	55	No
	306-2	Management of significant waste-related impacts	5.4 Waste Management	55, 56	No
	306-3	Waste generated	5.4 Waste Management	55, 56	No
	306-4	Waste diverted from disposal	5.4 Waste Management	55	No
	306-5	Waste directed to disposal	5.4 Waste Management	55, 56	No
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	6.6 Employment	65, 67	No
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.6 Employment	65	No
	401-3	Parental leave	6.6 Employment	66	No
GRI 403: Occupational	403-1	Occupational health and safety management system	6.3 Health and Safety	60	No




GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
Health & Safety (2018)	403-2	Hazard identification, risk assessment, and incident investigation	6.9 Safety Performance	70	No
	403-4	Worker participation, consultation, and communication on occupational health and safety	6.3 Health and Safety	60, 61	No
	403-5	Worker training on occupational health and safety	6.3 Health and Safety, & 6.1 Training and Education	60, 59	No
	403-6	Promotion of worker health	6.3 Health and Safety	60	No
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.9 Safety Performance	70	No
	403-8	Workers covered by an occupational health and safety management system	6.3 Health and Safety	61, 62	No
	403-9	Work-related injuries	6.3 Health and Safety	62, 63	No
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	6.1 Training and Education, & 6.4 Other Responsibilities	59, 63	No
	404-2	Programs for upgrading employee skills and transition assistance Programs	6.1 Training and Education	59	No
	404-3	Percentage of employees receiving regular performance and career development reviews	6.1 Training and Education, & 6.10 Fire Safety Equipment and System.	59, 71	No
GRI 405: Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	2.2 Governance Framework	18	No
	405-2	Ratio of basic salary and remuneration of women to men	6.8 Diversity and Equal Opportunity	69	No


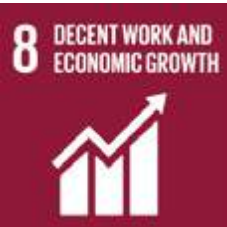






GRI Standard	Disclosure	Disclosure Description	Section/chapter	Report Page No./Response	Omission
GRI 406: Non-Discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	6.7 Non-Discrimination	68	No
GRI 407: Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.12 Freedom of Association	74	No
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	6.2 Child Labor	60	No
GRI 409: Forced labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.5 Forced Labor	64	No
GRI 410: Security Practice (2016)	410-1	Security personnel trained in human rights policies or procedures	6.13 Security Practice	74	No
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	1.6 Product and Customers, & 5.5 Chemical Management	16, 57	No
	416-12	Incidents of non-compliance concerning the health and safety impacts of products and services	1.6 Product and Customers, & 5.5 Chemical Management	14, 16, 57	No

## Mapping with the United Nations Sustainable Development Goals (SDG)

SDG	Chapter/ Section	Page Number
 <p>SDG 3 Good Health and Well-being Ensure healthy lives and promote wellbeing for all at all ages</p>	4.1 Economic development	34
	4.2 Economic Significance and Effects	35
	4.3 Contribution to the national economy	37
	6. 10 Fire Safety Equipment and System	71
	6.11 Electrical Safety	73
	6.3 Health and Safety	62
<p>SDG 4 Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	6.4 Other Responsibilities	63
	1.3 Award, Recognition, Humanitarian, and CSR Activities	10

	6.1 Training and Education	59
<p>SDG 5 Gender Equality Achieve gender equality and empower all women and girls</p> 	6.8 Diversity and Equal Opportunity	69
<p>SDG 6 Clean Water and Sanitation Ensure availability and sustainable management of water and sanitation for all</p> 	6.6 Employment	65
<p>SDG 7 Clean and Affordable Energy Ensure access to affordable, reliable, sustainable and modern energy for all</p>	5.3 Water and Effluent	49
<p>SDG 7 Clean and Affordable Energy Ensure access to affordable, reliable, sustainable and modern energy for all</p>	5.2 Energy and Emissions- Commitment to Combat Pollution	44

		
<p>SDG 8 Decent Work and Economic Growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> 	<p>4.2 Economic Significance and Effects</p> <p>6.3 Health and Safety</p> <p>6.8 Diversity and Equal Opportunity</p> <p>2.3 Actions of governance body</p>	<p>35</p> <p>62</p> <p>69</p> <p>21</p>
<p>SDG 9 Industry Innovation and Infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> 	<p>1.2 Geographical Presence</p> <p>5.2 Energy and Emissions- Commitment to Combat Pollution</p> <p>5.3 Water and Effluent</p> <p>6.9 Safety Performance</p>	<p>09</p> <p>44</p> <p>49</p> <p>70</p>
<p>SDG 10 Reduce Inequalities</p>	<p>6.6 Employment</p>	<p>65</p>

<p>Reduce inequality within and among Countries</p> 	6.7 Non-Discrimination	68
	4.3 Contribution to the national economy	37
<p>SDG 12 Responsible Production and Consumption Ensure sustainable consumption and production patterns</p> 	5.1 Materials	40
	5.2 Energy and Emissions- Commitment to Combat Pollution	44
	5.3 Water and Effluent	49
	5.4 Waste Management	55
	5.5 Chemical Management	57
<p>SDG 13 Climate Action Take urgent action to combat climate change and its impacts</p> 	5.2 Energy and Emissions- Commitment to Combat Pollution	44
	5.4 Waste Management	55
SDG 16 Peace, Justice and Strong	2.2 Governance Framework	18

