JOURNEY TO SUSTAINABILITY:
APPAREL INDUSTRY IN BANGLADESH

BGMEA
April 2017

BANGLADESH RMG: TIMELINE

1978
1985
1995
2005
2010
2013
2016
2021

RMG industry started its journey with $10000 exports made by 1200 workers

Export reached $116 million

0.12 million workers and 384 factories

Export hit $2.2 billion

Eliminated Child Labor through Earn & Learn program

Rise of purpose built compliant factories

Export $6.4 billion

MFA Quota phased out which was predicted to have severe consequences

Rise of purpose built compliant factories

Export $12.5 billion

Ranked 2nd largest RMG exporting country despite global recession

Rana Plaza & Tazreen accidents erupted the issue of workplace safety

Export $21.52 billion

10-years of MFA phase out. Export quadrupled, employment 4.4 mil.

Major progress in safety & workers rights

Export $28.67 billion

Vision has been set at $50 billion exports

Workplace safety, environmental sustainability, & excellence in product & market diversification envisioned

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SNAPSHOT: TEXTILE & CLOTHING INDUSTRY IN BANGLADESH

- Number of Clothing Factories: 3200 around
- Investment: $10 billion around
- Exports to around 130 countries
- 4.4 Million workers
- 413 spinning & 792 textile mills
- 99% accessories made locally
- Export: $28.67 billion

OUR PRIORITIES

- Working Condition & Workers-Management Relations
- Enhancing Competitiveness
- Environmental Sustainability

JOURNEY TO SUSTAINABILITY
WORKPLACE SAFETY

Remediation completed by 77% ACCORD suppliers and 75% of ALLIANCE suppliers

All inspection reports are made publicly available at the website of Department of Inspection for Factories and Establishment (DIFE), Accord and Alliance.

Inspected factories: 3746 (100%)

Fit for Operation: 98.96%

WORKERS-MANAGEMENT RELATION

- Labor Law was amended in 2013 and Labor Rules promulgated in 2015 making these more favorable for workers
- Minimum Wages increased by 223% since 2010
- Workers Welfare Fund created by the Government (US$10 million from RMG)
- Elected Worker’s Participation Committee and Safety Committee are mandatory.
- Bangladesh Government upgrading factory inspection and monitory capacity.
- The Government of Bangladesh has recently formed the Tripartite Consultative Committee (TCC) to address the labor and workplace related issues in RMG sector and is a substantial step towards forming a collaborative and all-inclusive entity to deal with all unresolved issues or disputes issues.
- The total number of trade unions registered as of today is 559, of which 421 were registered since 2013. Of these 559 factories 262 factories are closed.
TRAINING INITIATIVES

• A training program on “Effective Workplace Cooperation” and “Essentials of Occupational Safety and Health (EOSH)” is being conducted by BGMEA, BKMEA and BEF with support from ILO-ITC since 2014 to create a culture of OSH in the factory level. The first and second phase of training the trainers and mid-level management of factories is completed. The 3rd phase is going on to train 800 thousand workers.

• BGMEA with the Government of Bangladesh, Sweden, Denmark, & ILO is running a program titled ‘Promoting Social Dialogue and Harmonious Industrial Relations in Bangladesh Readymade Garment Industry Project’.

• BGMEA provides regular training programs on “Bangladesh Labour Law 2006 and Industrial Relation” for both factory management and workers.

• BGMEA is continuously providing training on “Fire Safety, safe evacuation and first aid” to the workers, supervisors and officers of the member factories, and conduct fire drills.

WORKERS WELL BEING

• Workers Welfare Fund created where the apparel industry will contribute around 10 million dollars this year, which will grow in proportion to the growth of our export.

• BGMEA is developing a central database for the workers of its member factories which will be required to ascertain workers eligible for the welfare.

• Increment of the minimum wage by 5%

• 2 festival bonuses every year made mandatory

• To resolve labor disputes, BGMEA runs an arbitration committee, headed by a retired District Judge, with representatives from 12 workers federations. Since 1998 this arbitration mechanism has resolved 9565 disputes collecting 141 million taka from employers and distributing the same among 37867 workers.

• BGMEA runs Five Schools for the workers’ children and provides books & study materials at free of cost.

• 12 Health Centers for the workers; serves more than 60,000 patients per year

• BGMEA is constructing two full-fledged Hospitals for the workers, one 100 bedded in Chittagong (part of it came in to operation already) and another 150 bedded in Dhaka

• Awareness raising for prevention of HIV/AIDS, Tuberculosis, reproductive health and the use of contraceptive devices
ENVIRONMENTAL SUSTAINABILITY

GLOBAL AWARD WINNER GREEN LANDSCAPING APPAREL FACTORY AT DHAKA

A PLATINUM LEED CERTIFIED WOVEN FACTORY AT DHAKA

A PLATINUM LEED CERTIFIED WASHING FACTORY AT DHAKA

67 LEED certified (13 Platinum & 18 Gold) factories
220 more factories in LEED certification pipeline
World’s highest rated knitwear, woven, washing and Denim mills

PARTNERSHIP FOR CLEANER TEXTILE (PaCT)

• **548 factories** have been taped in CP awareness program
• **140 factories** are engaged in Basic CP assessment
• Basic Cleaner production assessment on how a factory can incorporate cleaner processes that lead to a water-footprint reduction by adopting low or no-cost measures.
• This also includes Operational Health and Safety (OHS) and Water and Sanitation (WASH) improvements.
• **75 factories** are engaged in Deep Dives involved hardcore engineering assessments that take into account of dyeing, finishing, laundry processes and utilities. It helps factories to significantly reduce the water, waste water, sludge, carbon footprint and improve environmental performance and production efficiency.
• **74 Factories** participated in PaCT advantage assessment program.
**PACT ACHIEVEMENTS**

- Water Savings
  - 18.4 Billion Liters

- Energy Savings
  - 1.9 Million MWh/Y

- GHG emission reduction
  - 275000 Tones/Y

- Waste water Reduction
  - 15.9 Billion L/Year

- Factory Savings
  - 31 Million USD/Year

- Investment
  - 12.47 Million USD/Year

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**TOWARD RESOURCE EFFICIENCY & ENVIRONMENTAL SUSTAINABILITY (TREES)**

- Factories which are challenged in the area of environmental sustainability
- Implemented in 17.
- Involves, detailed environmental assessment of factories, energy audit etc.
- Provide action plan to minimize impact and maximize efficiency.
- Provide custom made solutions to improve
  - WaSH (Water Sanitation and Hygiene)
  - Waste management
  - Carbon emission reduction
  - Water footprint
  - Chemical management
  - EMS (Environmental Management System)
  - Other areas as per factory requirements.
**TREES ACHIEVEMENTS**

- **Water Savings**: 90,76,000 L/Y
- **Energy Savings**: 10,12,577 kWh/Y
- **GHG emission reduction**: 323 Tones/Y
- **Factory Savings**: 6008526 BDT/Y
- **Investment**: 78,72,700 BDT/Y

**OTHER STEPS TAKEN TO REDUCING ENVIRONMENTAL FOOTPRINTS**

- Textile Technology Business Centre (TTBC)
- TREES – Towards Resource Efficiency & Environmental Sustainability: Environmental performance improvement project with GIZ
- Textile Sustainability Platform (TSP)
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Zero Liquid Discharge (ZLD)
- Cluster based CETP
- Partnership with world class technology providers
- GREEN Factory building
- Revisiting policies and regulations
Apart from the legal requirements and buyer compliance factories are implementing a numbers of best practices to improve their efficiency and sustainability. Some mentionable practices are –

- Rain Water Harvesting
- Reduce, Reuse, Recycle of water
- Cogeneration
- Condensate recovery boiler
- Water efficient dyes and chemicals
- Water and energy efficient machineries
- Use of renewable energy (solar panel)
- Prismatic skylight
- T5 and LED light
- Sustainability reporting and etc.
## ENHANCING COMPETITIVENESS

### PRIORITIES

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<th>Technology &amp; Efficiency Enhancement</th>
<th>Developing Professionals &amp; Skills</th>
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### SOME MAJOR CONTRIBUTIONS OF THE RMG INDUSTRY TO BANGLADESH ECONOMY

- Lion Share of Exports: 82.01% of the country’s total export earnings
- Employment Generation: Created employment for 4.4 million people, 75% of them are female
- Empowering Women: RMG employs around 3 million women, making them economically empowered, self aware, and independent. In a moderate Muslim country, the industry brought a silent social revolution.
- Alleviating Poverty: The poverty rate has dropped from 40% in 2009 to 22.40% at present, & RMG playing a critical role.
- Contribution to GDP: The RMG sector contributes more than 12.69% to Bangladesh’s GDP
- Less dependent on Aid: Enhanced trade helping the country to reach its economic prosperity
Bangladesh has become a Lower Middle Income Country from an LDC.
Per capita income increased to $1466.
GDP growth reached 7.1% last year and Government has vision to reach 8% GDP growth by 2021.
Poverty rate declined to 22.40%, RMG industry played a vital role for this achievements.
Vision to graduate to a Middle Income Country by 2021.
Becoming a Developed Country by 2041

RMG
BRINGING OPPORTUNITIES

WE REACHED $28.65 BILLION IN 35 YEARS, AND OUR TARGET IS TO REACH $50 BILLION BY 2021.
THIS INDICATES THE BEGINNING OF A NEW JOURNEY WHERE MORE DECENT OPPORTUNITIES WILL BE CREATED FOR ALL

Thank You!!!

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