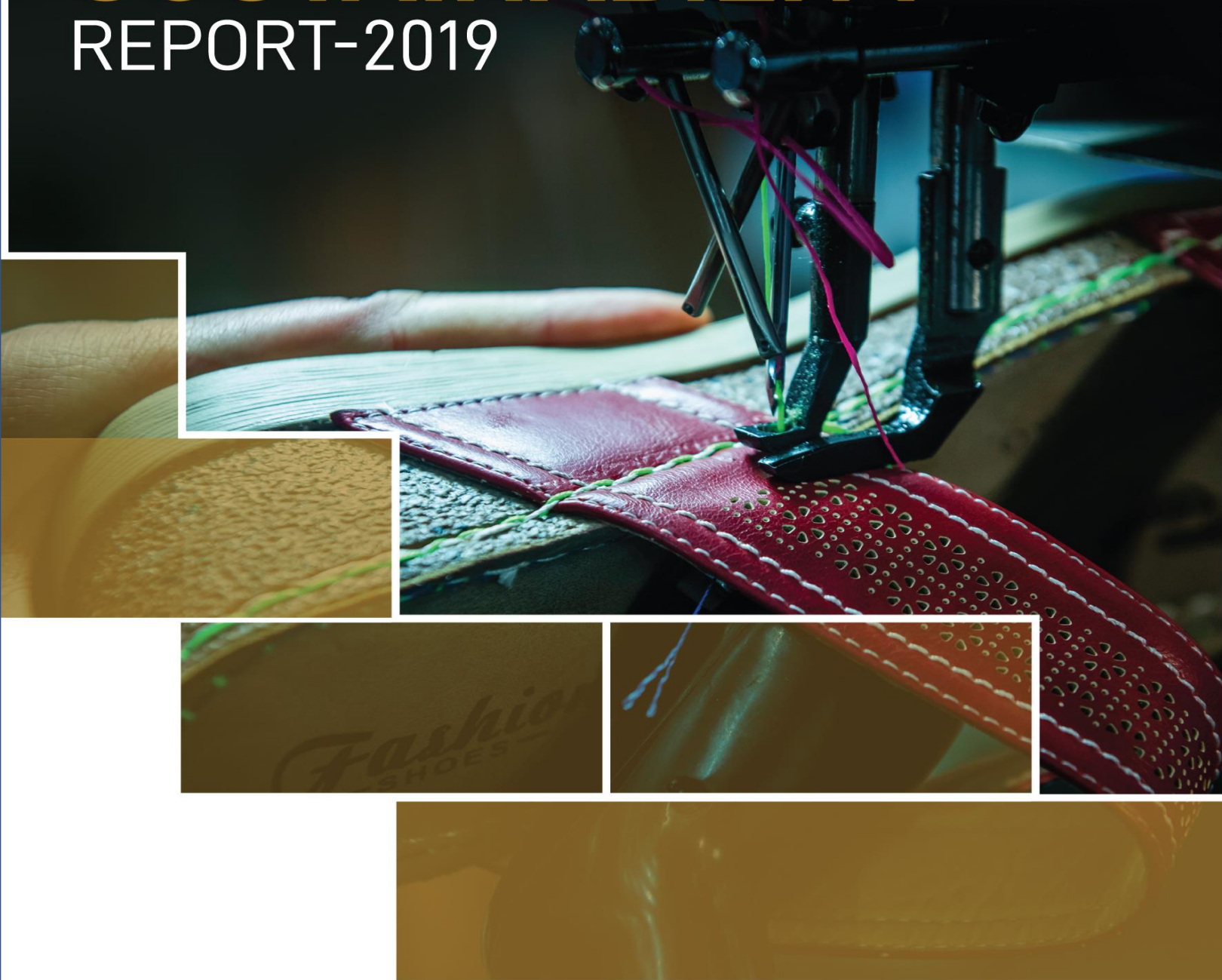


# SUSTAINABILITY

## REPORT-2019



**Leathergoods And Footwear Manufacturers & Exporters  
Association of Bangladesh (LFMEAB)**

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



Picture: LFMEAB team

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## 1. The President's Message

To LFMEAB, sustainability is a set of operational guiding principles for systemic positive transformation from consumers, buyers, brands, manufacturers, and related supply chain stakeholders. Recent *Business Conditions Survey by World Footwear Yearbook* reports that 56% of the respondents believe that consumers prefer shoes with less negative environmental impact but only if that does not result in higher prices. In our larger experience, brands and buyers care about sustainability but are not yet ready to pay a premium price! Thus, sustainability is (and should be) an integrated concept and claims collective commitment to it, not from manufacturers only! In alignment with this, LFMEAB – from its inception in 2003 –has been working for a healthy, competitive, and viable business environment and striving towards a lasting factory to customer relationships in the global value chain (GVC). To this end, as part of voluntary sustainability initiatives, we have adopted the best environmental and social compliance practices even before sustainability gains its current currency.



In recent years, we aspire to become future proof sourcing choices in global leather goods and footwear competitive supply chains. To realize this aim, over the period of 2016-2019, we have implemented, firstly, the EU program: Bangladesh INSPIRED Developing SMEs. Through this initiative, LFMEAB has established two full-pledged Technology Facility Centre and common branding for SME clusters and value chain. Secondly, we have executed environmental management systems and eco-labeling schemes in the SMEs of the leather sector in Bangladesh (ECOLEBAN) to enhance the resource efficiency and sustainability throughout the whole value chain of the leather related products in Bangladesh. Thirdly, we have implemented the Employment Investment Program (SEIP) that trained up apprentices, mid & higher-level officers, and managers. Fourthly, as part of responsible business practice and collective commitment to our society, LFMEAB initiated programs for Beyond Compliance aiming to advance primary health and primary education for the workforce of our member factories.

Finally, under the “Strategy Development Project” of GIZ’s PSES III program (Promotion of Social and Environment Standards in the Industry), we have published this Sustainability reporting for the first time and planning to continue in every alternative year. This Sustainability reporting will be instrumental to assess and understand our economic, environmental, social performances with its enhanced goals as well as inform those to our internal and external stakeholders accordingly. It will further reveal our success stories, enhance employee motivation and internal cohesion, and reflect deeper insight into emerging realities. Importantly, it will pave the platform for healthy conversation, consultation, and coordination between LFMEAB and its wider stakeholders.

In our future programs, for accelerating sustainability goals, we plan for mapping and creating tools that will produce substantial improvement in ensuring access to affordable, reliable, sustainable and modern energy (SDG 7), decent work and economic growth (SDG 8), and sustainable production and consumption (SDG 12) among others.

Lastly, I would like to take this opportunity to thank GIZ team along with its international consultants, GFA Consulting Group GmbH, LFMEAB Sustainability reporting team, and SGS for investing their efforts in LFMEAB's sustainability reporting.

We trust you will find this sustainability reporting useful.

**Md. Saiful Islam**

President, Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

## 2. About LFMEAB

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) is an association established and registered in August 2003. At present, a total number of 183 facilities are the member of LFMEAB. The fundamental objective of LFMEAB is to establish a healthy business environment for a close and mutually beneficial relationship between the local manufacturers & exporters of leather footwear & leather goods and buyers.

### 2.1. Key Activities

To achieve the mentioned target, LFMEAB has identified the following key activities:

#### 2.1.1. GSP endorsement

Generalized System of Preference (GSP) allows Least Developed Countries (LDC) to pay fewer or no duties on exports to the EU and developed countries, giving them vital access to the major market and contributing to their growth. Bangladesh is one of the beneficiaries of GSP. However, there is an associated risk that requires to have in place a mechanism to avert any sort of fraudulent activity in GSP certifications. Therefore, Export Promotion Bureau of Bangladesh (EPB) has delegated LFMEAB the responsibility to check each GSP of its member companies and endorse it. Once LFMEAB validates the export documents, stated product, and GSP paper, any member is eligible to approve the GSP certificate from the EPB.

#### 2.1.2. Export Certificate

LFMEAB provides export certification. When a payment is made using a Letter of Credit to release the amount from the Bank, to apply for a cash incentive or completion of the export, an exporter needs an export certificate.

#### 2.1.3. TT Certificate

TT means a telegraphic transfer, or simply wire transfer. It is the simplest and easiest payment method to use. In most of the cases, buyers who regularly place orders to an exporter might pay through TT, as TT is the method of advance payment, which is a complete risk of the buyers. TT certification and its purposes are the same as the export certificate. However, these two certificates differ based on payment terms and methods.

#### 2.1.4. Capital Machinery Release certificate

To encourage export-oriented sectors in Bangladesh, the government is providing different duty exemptions on capital machinery (i.e. machinery or equipment used for manufacturing or factory purpose). To avail the tax exemption, an exporter needs to provide a bond that they will use for these imported types of machinery for at least 80% export for the next 3 years.

### **2.1.5. Indemnity Bond Release**

Indemnity bond release is the release of the bond which is given to the Bangladesh customs during the initial import of capital types of machinery. To release the indemnity bond, the exporter needs official proof that its company exported at least 80% of the products in the last 3 years using the machinery imported. The role of LFMEAB is to check the documentary evidence and provide a recommendation letter to the customs authority of Bangladesh to release the bond.

### **2.1.6. Bond License**

An exporter may need to import raw materials from abroad for manufacturing purposes. The imported raw materials are usually dutiable, but the Bangladesh government provides duty exemptions under the bond license facility for importing raw materials. In this case, the bonder (exporter) can import dutiable products without tax and store in a specific private space, which is called the bonded warehouse. Specific government requirements and other fees are required to avail the bond license. The bond is initially given for one year and needs renewal after one year and later it needs to be renewed after every two years. LFMEAB provides recommendations for the bond license as per the requirement of both parties: Bangladesh government and exporter.

### **2.1.7. Policy, advocacy, and research for necessary changes in regulatory and legislative obligations**

LFMEAB also works regarding policy and advocacy for betterment of its members and leather products and footwear export industry. Based on necessity, it attempts to bring about policy and regulatory reforms to reduce cost and barriers to business to enhance the competitive capacity. Management maintains close contact and lobby for bringing regulatory changes to easy business operation and reducing cost of doing business. In this endeavor, LFMEAB does evidence-based and informed research and share with Ministry of Finance, National Board of Revenue, Board of Investment, Ministry of Commerce, Bangladesh Bank, and Ministry of Industries, which enables member factories to remain competitive and grow.

### **2.1.8. Ascertainment of coefficient for the member factories**

In coordination with experts of Duty Exemption and Drawback Office (DEDO), technical experts of LFMEAB ascertain the coefficient for member factories by analyzing & calculating the assessment conducted in on-site factory inspection. This coordinated service accelerates the process of ascertainment of coefficient in a time- and cost-effective manner.

## 2.2. Standardized process of becoming a member of LFMEAB

LFMEAB is trying to establish leather goods and the footwear sector as one of the model sectors of Bangladesh in terms of compliance, workplace safety, worker's rights, and environmental safety. To avail membership from LFMEAB, a factory needs to satisfy all the compliance standards, which are compiled by an international organization (e.g. ILO and UNHCR etc.). Once the application is accepted by the LFMEAB office, a compliance team from LFMEAB will visit the factory for an initial assessment and may provide some corrective action plans. Finally, after fulfilling all the requirements by the compliance team (LFMEAB), a company is entitled with the membership of LFMEAB.

## 2.3. CAD-CAM & Laser Cutting Service Center at Gazipur

Equipped with modern machines, software, and trained footwear engineering and technicians, the CAD-CAM facility provides digitized shoe grading service according to the client's needs with new and fashionable outlines and designs to meet the international standard. It also conducts training to develop local designers of the sector.

### 2.3.1. Facilities at a glance

- Shoe design development & pattern making
- Shoe pattern grading
- Different types of punch & logo making on the pattern
- Pattern modification or edition
- Laser cutting service

The Design Center also provides exclusive footwear and leather goods design training for the personnel of the designing department in respective factories:

- **Footwear design & pattern making training:** Oxford shoe, Derby shoe, Moccasin shoe, Casual shoe, and Boot pattern making
- **Leather Goods design & pattern making training:** Wallet, Money bag, Purse, Belt, Small and Medium bags

## 2.4. Knowledge & Resource Centre (KRC)

Knowledge & Resource Centre (KRC) is an online-managed center established to provide up-to-date knowledge and the latest facilities needed in Bangladesh Leather goods and Footwear sector. It is equipped with resources containing global and regional market information, fashion trends and guides, innovative ideas on product and design, compliance guidelines, training manuals, policy briefs, investment outlooks, research materials, and other public and private support systems.

Major service window of KRC: Fashion and Trends, Technology, Market Watch, Skills and Opportunities among others.

### **2.4.1. Basic resources available at KRC**

- Fashion and trends: Keep up-to-date with the ever-changing fashion trends of leather products. The go-to tab is to keep your skills and/or business trending.
- Technology: Discover new green technology, new machinery, accessories, and components and information on ethical sourcing of leather to keep your business cutting edge and green!
- Market watch: All about the world leather market and policies affecting our business, right at your fingertips.
- Skills and opportunities: Discover leather sector careers for a brighter future; learn about training programs to develop your knowledge and skills in a start-up business, compliance, productivity, trade, and green financing.
- Product design and CAD-CAM facility: Equip your business for the next level of global competitiveness with LFMEAB's initiatives to promote our digital design capacities.

### **2.4.2. Available resources at KRC**

- The Framework for leather manufacture- a book by World Trade Publishing Limited
- World Footwear Yearbook 2017, 2018, and 2019.
- Leather & Leather Goods Business Start-up Licenses- A Regulatory Guide (1<sup>st</sup> Edition).
- Investment Prospects in Bangladesh Leather Sector (3<sup>rd</sup> Edition).
- Sourcing Journal (E-magazine) subscription.
- Shoe intelligence magazines.
- Footwear Technical Dictionary.
- Bangla Textbook- Foot Last Footwear: Structure, Types, and Defects.

### **2.4.3. Research window by LFMEAB**

- Competitiveness and export potential of Bangladesh footwear industry
- Implementation of environmental management systems and eco-labeling schemes in the SMEs of the leather sector in Bangladesh
- Environmental Management Systems (ISO 14001:2015) and life cycle approach (LCA, Eco-design) in the SMEs, and promoting "Green" commercialization and consumption using Eco-labelling.
- Support for the development of the value-added leather products (footwear and leather goods) clusters and value chain
- Strengthening the capacity of Leather goods & Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) to better serve its membership
- Skills for Employment Investment Program (SEIP) in sector
- Investment Brochure to unlock the potential of the leather sector by guiding prospective investors.

- First Bangla Textbook- Foot Last Footwear: Structure, Types, and Defects- which will help a designer to perfect their products reducing the rate of rejection.
- Current situation and investment environment of the footwear industry in Bangladesh
- Country report for 38th International Footwear Conference 2019
- Prospects of Bangladesh leather industry: Farm to FASHION products
- Regional trade and investment opportunities
- Investment environment in Bangladesh Leather products & footwear Industry
- Challenges facing the Bangladesh leather industry
- LFMEAB sustainability report 2016-2019

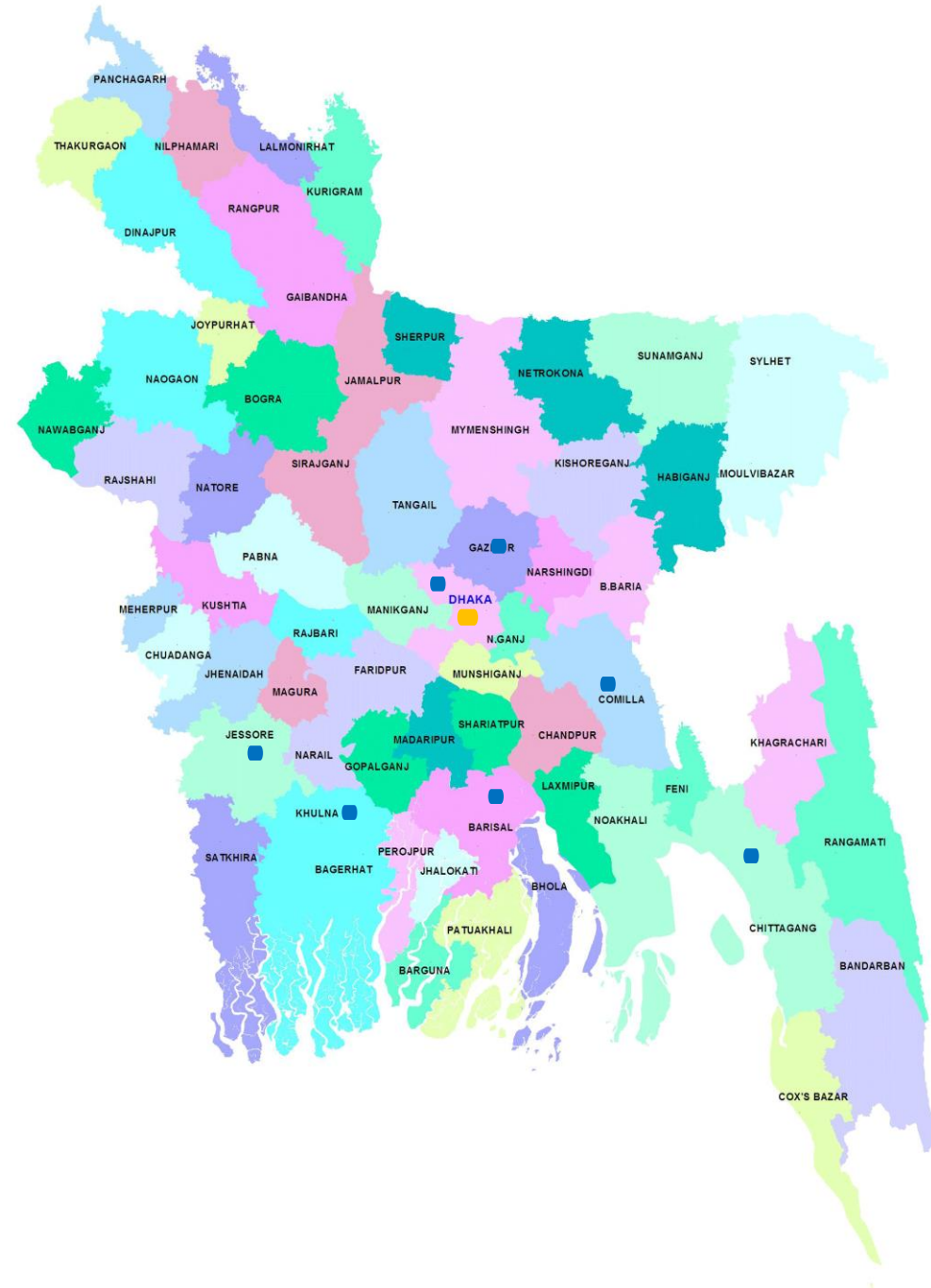
## 2.5. Compliance Cell

To become a reputed sector that can grow with pride and create a positive image among public figures and international buyers, LFMEAB board decided to include compliance as one of its core activities for the member factory. Considering the importance of compliance, LFMEAB initiated Compliance for Success program in 2013. Basic objectives are to assist members to become fully compliant concerning national laws and help them remain sustainable in the global leather goods and footwear supply chain. To ensure the proper and continued compliance, this compliance cell audits the members three times every year and the members are graded into different categories. Depending on the result. The service provided by LFMEAB also differs for different grades. So, having a better compliance record also ensures an easier and better service from the association. The number of assessments done by compliance cells are as follows:

Year	No. of Audits
2016	208
2017	229
2018	196
2019	187

## 2.6. Location of Operation

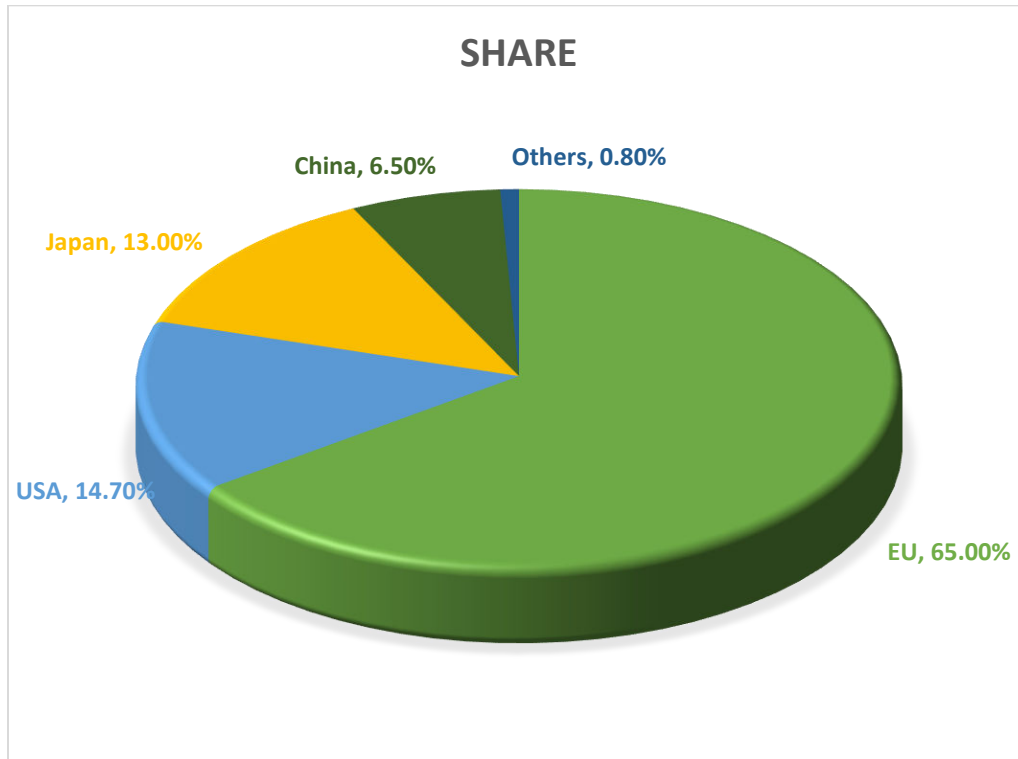
LFMEAB looks after the operations of Dhaka, Gazipur, Savar, Chattagram, Cumilla, Jessore, Barisal, Khulna, and Export Processing Zone (EPZ) areas from the headquarter situated at Kemal Ataturk Avenue, Banani, Dhaka, Bangladesh.



Picture: LFMEAB's Operations in Bangladesh

## 2.7. Shares & Operation

LFMEAB is a Limited company registered in Joint Stock Company that works as a trade association. It serves 106 countries around the world and the shares of LFMEAB members along with other exporters in Bangladesh leather, leather products and footwear sector are as follows – European Union: 60-65%, USA: 14.7%, Japan: 13%, and China: 6.5%, etc.



LFMEAB is a trade body that represents 100% manufactures and exporters of leather products, footwear, and allied factories located or operated in Bangladesh, but there are others who are not members of the association. As of 2019, it has 182 functional members, and around 75% of them are in and around Dhaka and have preferential market access to three billion people.

## 2.8. Partners of LFMEAB

The association monitors and synchronizes its initiative and activities through the annual International Footwear Conference (IFC) of Confederation of International Footwear associations (CIFA), Bangladesh Leather footwear & Leather Goods International Sourcing Show (BLLISS), and through attending trade summits based on needs and priority. It also has the membership of the Confederation of International Footwear associations (CIFA), The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh Employers Federation (BEF), and Exporters Association of Bangladesh (EAB).



Picture: Bangladesh LeatherGoods and Leather Footwear International Sourcing Show



## 2.9. Focus & Core Values of LFMEAB

LFMEAB is an association that is responsible for the growth and sustainability of one of the growing sectors of Bangladesh. Proper strategic direction and a positive attitude towards the business will not only ensure a better business environment but also will help the sector to attract more customers resulting in a national financial gain. Keeping that in mind, LFMEAB plans to have a key impact on overall transparency throughout the supply chain, multi-level communication of sectoral sustainability initiatives, and brand image enhancement. To do so, they need the continuity of sustainability reporting and that requires resource mobilization which can be challenging.

LFMEAB believes that ethical business is the core of achieving their goal and thus their principles and values are:

- Ethical and responsible business,
- Generating social value through business venture,
- Environmental stewardship with particular consideration People, Planet, Prosperity, Peace, and Partnership in every phase of LFMEAB operations,
- No harm principle with all stakeholders and competitors,
- Communication with clarity and transparency with all constituencies,
- Special commitments towards substantially disadvantaged such as people with special abilities,
- Equal treatment irrespective of importance, racial and demographic identities,
- Reverent treatment with members, strategic partners, buyers, suppliers, and intermediaries.

To implement the system and to show their commitment they have published the following policies:

- LFMEAB Gender policy
- LFMEAB Human Resource Manual
- Compliance Guidelines of LFMEAB
- Additionally, they follow the guidelines of Directorate of Trade Organization Cell of Ministry of Commerce, Bangladesh Labor Act 2006 (Amendments up to 2018) and Bangladesh Labor Rules 2015.



Picture: A group of employees proudly holding up their health insurance card.

## 2.10. Structure of LFMEAB

LFMEAB runs with a seven members Executive Body including President who is elected for two years by the general members. Any conflicts of interest are resolved by the Executive Body. They also provide overall directives, rectifications, and policies associated with Sustainability Reporting. The LFMEAB Human Resource Manual is also approved by the Executive Body and fully complying with Bangladesh Labor Act 2006 (Amendments up to 2018) and Bangladesh Labor Rules 2015. LFMEAB operates with 46 employees with five female and 41 male professionals. Among them, four are aged above 50 and the rest are from 30 to 50 years old. The industry currently employs over 200,000 direct local workforces. It also provides hundreds of thousands of employments indirectly. The male to female ratio or age group has not been identified yet. As the numbers keep changing frequently, it is hard to keep track of the change at a certain time. But LFMEAB has decided to arrange the data yearly and it will be declared in the next report.



Picture: General Meeting of LFMEAB

## 2.11. Stakeholders of LFMEAB

LFMEAB works with different organizations, members, brands, and buyers. Their direct stakeholders are-



General members, Government bodies such as Ministries of Commerce, Industries, Finance, Labor, and Environment. Their supply chain entities are Buyers and brands, Suppliers, and Buying houses. Strategic partners are Skills for Employment Investment Program (SEIP), Centre of Excellence for Leather Skills (COEL), “Deutsche Gesellschaft für Internationale Zusammenarbeit” (GIZ), International Labor Organization (ILO), European Union (EU), Leather Sector Business Promotion Council (LSBPC), Footwear Design & Development Institute (FDDI), Indian Footwear Components Manufacturers Association (IFCOMA), Worldwide Responsible Accredited Production (WRAP), Intertek Bangladesh, Swiss Agency for Development & Cooperation (SDC). The stakeholders are directed and decided by the Executive Body based on requirements and priorities. They engage with the stakeholders by facilitating members in terms of business generation, compliance enhancement and market promotion, strategic interventions in the industry to streamline and upgrading, investment, factory set up, traceability, policy support, skill development, etc.



International  
Labour  
Organization



### 3. Reporting Profile

To showcase the transparency and authenticity, LFMEAB publishes regular annual financial statements for its running projects and other expenditures. The statements are audited by a national auditing firm selected at the General Meeting. They have also taken the initiative to publish their first Sustainability Report following GRI guidelines, for the period of 2016-2019 (four years) which will be continued to be published every two years ahead. For any details, customers or stakeholders can connect with the Executive Director of LFMEAB in the below-stated address. This report has been prepared in accordance with the GRI Standards: Core option. This report also incorporates The Sustainable Development Goals (SDG), a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all" set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030. The SDG is a part of UN Resolution 70/1, the 2030 Agenda. LFMEAB believes, being an important association working in the leather industry of Bangladesh, it can play a vital role to impose positive changes not only in the context of the country but also globally. The report is published with the help of GIZ- the national team and international consultants.



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Website: [www.lfmeab.org](http://www.lfmeab.org)

## 4. LFMEAB's Approaches & Strategies Towards Sustainability

From the beginning, LFMEAB has been trying to establish itself as an organization that always looks at the bigger picture. It understands the importance of its input in the leather industry which can prove to be very influential. Now they are working on making this booming sector a sustainable one. So, it has established a sustainability portfolio: Generating profit through promoting *People, Planet, Prosperity, Peace and Partnership*.

### 4.1. Economic Dynamism

The association believes in contributing to a national economic transformation that impacts national economic efficiency & competitiveness and producing quality employment; in a way that compliments both environmental and social sustainability as well as compliments national SDG implementation strategy.

- Revenue growth: reaching \$3 billion annual export earnings by 2024 by increasing 70% members and diversifying market presence from the current 106 to 150 countries by 2024.
- Employment generation: targeted export earnings are likely to create more 200,000 jobs.
- National contribution: The sector contributes from the current 4% to 12% of Bangladesh's total exports which aims 3% of the country's total gross domestic product (GDP).
- Distinct industry brand promotion: Organizing BLLISS beyond Bangladesh and facilitating Leather Cave and Venus for exportable SME clusters.

### 4.2. Carbon Friendly Industry

Facilitating Eco-friendly industry initiatives by mobilizing required resources on industry and firm-level that ensure clean supply chains.

- Transparent and responsible traceability: 50% leather sourcing from the Leather Working Group (LWG) certified national factories by 2024.
- Climate protection: Promoting Green commercial (promoting and assisting for using environmentally friendly materials and process) and consumption; by 2024 – implementing ISO 14001:2015 in 40% members; solid waste reduction 45%, biodegradable and sustainable raw materials use 60%; renewable energy 20%.
- Kaizen: Continuous improvement in organizational environmental protection.
- Environmental energy management: Ensure certification of an environmental management system (EMS) for at least 50% members by 2024.
- Product responsibility: Facilitating recycling, reuse, recovery, and remanufacturing,

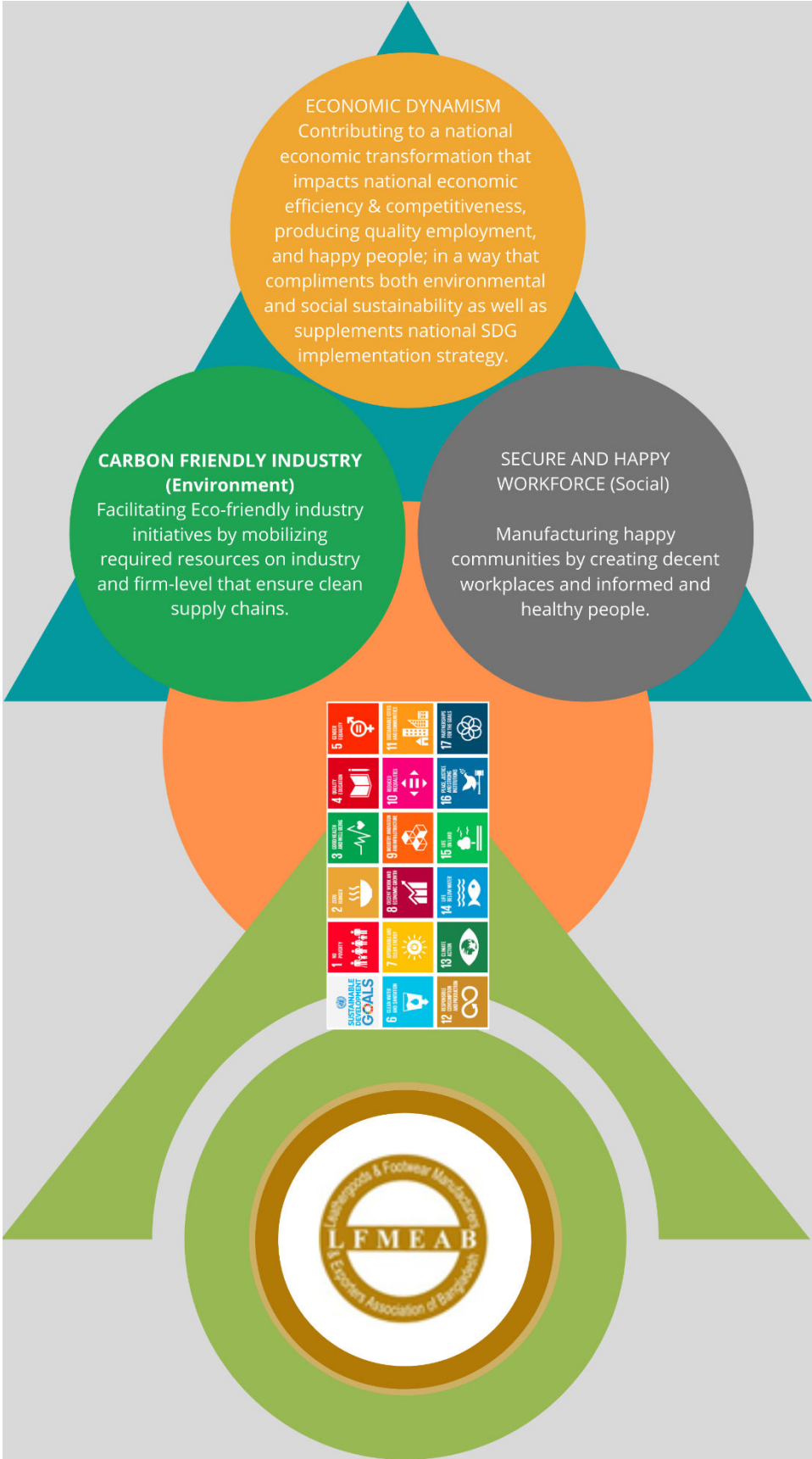
### 4.3. Secure and Happy Workforce

Creating happy communities by ensuring decent workplaces and with trained and healthy people.

- Healthier workplace in member factories: Occupational health and safety (OHS) practice enhancement 55% by 2024.
- Legal regime: Enforcement of equal opportunity and rights and privilege for the workforce; fair labor practice and community engagement; Being compliant with International Labor Organization (ILO) conventions 95% by 2024.
- Beyond compliance: Under the principle of primary education and basic health for the workforce, operating six Community Schools and three Community Clinics in the industry belt; health and medical insurance coverage up 70% by 2024.
- Women Empowerment: Women's productivity and empowerment coverage by 60% by 2024.



Picture: Beyond Compliance Initiatives of LFMEAB

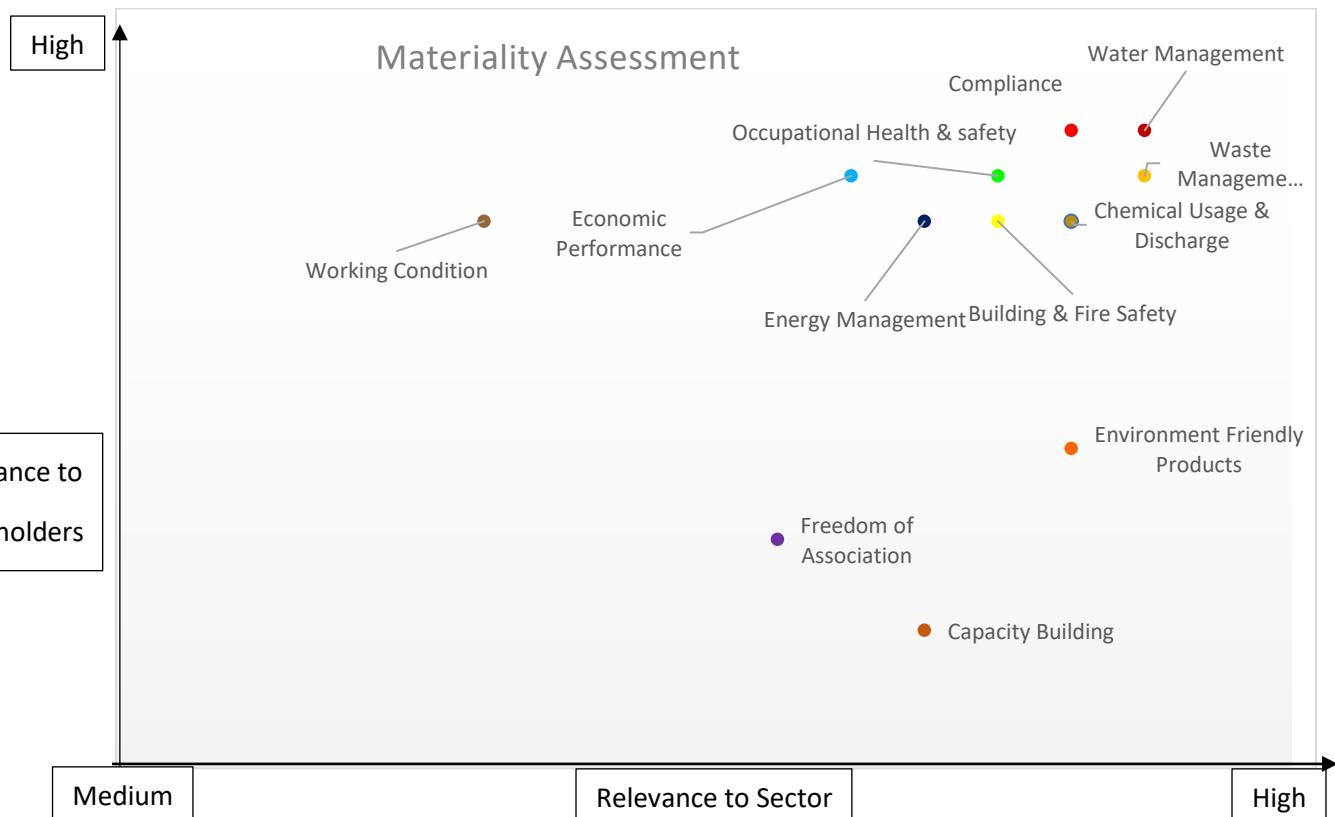


## 5. Material Topics for Sustainability Reporting

In 2019, LFMEAB pursued a systematic process to determine its reporting topics and to give shape to the future sustainability strategy utilizing a materiality process. Stakeholder expectations towards LFMEAB as well as the question of the association's impact lay at the heart of the 2019 analysis.

At the start of the process, the topics for the analysis were identified. Global frames of reference, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), or the CDP (formerly the Carbon Disclosure Project) were utilized for this purpose. On this basis, LFMEAB examined in a workshop with other associations and external experts the degree to which the material topics were relevant. Also, the topics identified at this stage were classified according to the sub-categories of the Sustainable Development Goals (SDG). This made clear which topics contribute to the SDGs and what contribution LFMEAB is making towards achieving the goals.

The results and the materiality matrix were verified with the Management Board of Directors of LFMEAB. The results of the analysis were summarized in a materiality matrix, following the requirements of GRI. The horizontal X-axis shows the influence of external factors on the respective topic for LFMEAB. The vertical Y-axis shows the association's impact on the respective topic. In the sub-chapters of this report, LFMEAB describes how the material topics are managed. At the beginning of each chapter, LFMEAB states what opportunities and challenges are associated with the respective topics, based on the materiality analysis.



## 6. Environmental Sustainability

With the imminent threat of climate change on one hand and the everyday cost of deteriorating habitability on the other, Bangladesh is one of the most environmentally vulnerable countries in the world. The combatting of the pressing needs of the environment cannot be met without an effective legal framework and its proper implementation.

Besides, environmental compliance is now the fundamental requirement of the global market. International brands of Footwear and Leather goods are committed by their continual emphasis on environmentally sustainable business practices. The Footwear and Leather goods manufacturing process causes environmental degradation massively, global warming, natural disaster, water and soil contamination, the uncertainty of health safety, and food safety which are negatively affecting the SDGs (Sustainable Development Goals).

The manufacturing process of footwear and leather goods consumes a significant amount of energy which affects the global temperature indirectly. More consumption of energy generates more amount of carbon emissions which affects the ozone layer and impacts global warming. However, energy is the most important subject to run the manufacturing process of footwear and leather goods.

That is why the environment is a high priority for LFMEAB. LFMEAB is working to decrease their carbon footprint, water consumption, and waste from manufacturing processes through the implementation of an Environment Management System (EMS), Sustainable Consumption and Production (SCP) and Ecolabelling. We dedicate ourselves to conserving energy, managing waste effectively, and replenishing the environment to the best of our capacity by addressing environmental compliance. LFMEAB aims to contribute to the UN SDG's agenda number 6, 11, 12 through environmental relevant initiatives. This makes certain that our industry accomplishes its concern to impending generations. That is why the development of a supply chain management system by addressing traceability system is the plan of LFMEAB to address the SDGs and to reduce the environmental impact.

## 6.1. Management approach

LFMEAB has an objective that, Footwear and Leather goods Industries of Bangladesh will access in the global market by associating good partnership with the international brand by adopting EMS (ISO 14001: 2015). As a continuation of it; LFMEAB works on materials, Energy, and Environmental compliance through the implementation of EMS (Environment Management System), SCP (Sustainable Consumption & Production) and Ecolabelling. Although water has been a material topic for LFMEAB, but this has been identified by the materiality assessment. But LFMEAB is planning to put proper monitoring and controlling procedure of this matter and an update will be included in their next report. All these services were introduced from the last period of 2015 and implementation was started in 2017. These services were addressed as the mission towards the vision of achieving sustainability in the business of footwear and leather goods sector. The aims and objectives of the sub-chapters are as follows:

LFMEAB was been established with the aim and object of uniting all the leather goods & footwear manufacturing companies by encouraging co-operation amongst the members and provide them with a platform to have local and international exposure, creating awareness amongst international buyers and making representations to the government and concerned public bodies on behalf of the members for resolving their regulatory problems”

The management of LFMEAB recommends to the members to reduce the waste of energy as well as the maximum and efficient utilization of energy and use of renewable energy. To address the issues of the environment as well as materials and energy, environmental compliance is mandatory in footwear and leather goods manufacturing firms. However, most importantly, being compliant is extremely important for our planet and it will give a very positive image to our member factories. Potential customers who have a choice between a compliant facility and one that does not care, are most likely to choose a compliant one. In turn, environmental non-compliance directly impacts the business of LFMEAB members, through the vulnerability of business sustainability with customers and the working environment. The LFMEAB management approaches to the members to address the environmental compliance as mandatory obligations to retain the membership. The compliance cell of LFMEAB audits the members every year depending on a compliance checklist which includes environmental, legal, and OH&S issues. To address the selected three boundaries and understanding this global business trends of Footwear and Leather goods, LFMEAB is initiating the new service on EMS through the implementation of ISO 14001: 2015 among the member factories.

## 6.2. Environmental Compliance

Environmental compliance is both very simple and potentially complex at the same time. In basic terms, environmental compliance means meeting the requirements of laws, regulations, and codes designed to protect the environment. LFMEAB has a strategy to determine and have access to the compliance obligations related to the environmental aspects of its member factories. The legal requirements of Environmental compliance are mentioned as Trade License, Factory License, Fire License, No Objection Certificate (NOC) from Department of Environment (DOE), NOC from the local authority, Export Registration Certificate (ERC), Import Registration Certificate (IRC), Association membership certificate, Memorandum and Article of Association, Certificate of Incorporation, VAT Certificate, Registration of BOI, EPB Registration certificate, Building plan which are followed according to the Bangladesh Environmental Conservation Act 1995 and Bangladesh Environmental Conservation Rules 1997.



Picture: Auditing a scrap area with segregation

### 6.2.1. Bangladesh Environment Conservation Act, 1995 (Amended 2010)

The Environment Conservation Act 1995 (ECA'95) is currently the main act governing environmental protection in Bangladesh, which replaced the earlier environment pollution control ordinance of 1992 and provides the legal basis for Environment Conservation Rules, 1997 (ECR'97). The main objectives of ECA'95 are conservation of the natural environment and improvement of environmental standards, as well as control and mitigation of environmental pollution. According to Article-12 of ECA'95, "No industrial unit or project shall be established or undertaken without obtaining, in the manner prescribed by rules, an Environmental Clearance Certificate from the Director-General".

### **6.2.2. Environment Conservation Rules, 1997 (Amended 2002)**

Member factories have to show the credibility of minimum compliance in environmental compliance to be a member of LFMEAB. A separate department named compliance cell is dedicated to the member factories to run the continuous assessment for the monitoring and evaluation for the sustainability of environmental compliance. The cell consists of – a Manager, a Lead Compliance Auditor, Deputy Manager- Compliance, Assistant Manager- Compliance, Sr. Officer- Compliance and Officer -Compliance.

Environmental Conservation Rules, 1997 consists of a set of the relevant rules to implement the Environment Conservation Act, 1995 which specify: Categorized list (Green, Orange-A, Orange-Band Red in terms of hazardous waste generation) of the projects; Procedure to take environmental clearance; Ambient standards concerning water pollution, air pollution, and noise, as well as permitted discharge/emission levels of water and air pollutants and noise by projects Environmental Categories. The procedure for issuing an Environmental Clearance Certificate has been stated in the Rule-7 of the Environmental Conservation Rules, 1997. The validity period is also stated in the Rule-8. In this connection, LFMEAB is working to improve the compliance of its member facilities against the Bangladesh Environment Conservation Act (BECA) 1997 by helping them to identify and implement the requirements of the law as per the organization type.

Besides this, LFMEAB management determines how these compliance obligations apply to the member facilities. To take these compliance obligations into account when establishing, implementing, maintaining, and continually improving its environmental management system. The organization maintains documented information on its compliance obligations. This assessment has been carried out once in every year.

### 6.3. Promotes EMS as A New Service To Its Member Factories

An Environmental Management System (EMS) is a framework that helps an organization to achieve its environmental goals through consistent review, evaluation, and improvement of its environmental performance. EMS is implemented with a set of activities like; Gap analysis, Analysis of stakeholder's needs and expectations, Policy preparation, Policy implementation, Development & Documentation, Training, Assessment, Audit, and Certification.

LFMEAB has motivated and helped to implement EMS in thirteen of its member factories for the last three years to make its members more sustainable and environmentally efficient. This is the first time such an initiative was taken, and these thirteen factories are the first to get an EMS certification. LFMEAB's management approach indicates that the sustainable materials of footwear and leather goods can contribute to the sustainability of the environment and conventional materials can be replaced by biodegradable materials to improve the environmental properties of the product and emphasizes on environmentally sustainable business practices.

LFMEAB puts environmental management at the heart of their operations to achieve sustainable success and cost minimization. The development of their supply chain helps them to fulfill their commitment throughout the whole value chain. To promote a culture of environment-friendliness they have already approached other members to achieve Environmental Management System (EMS) Certification. Member factories are found interested to achieve this certification. LFMEAB plans to work with such factories to help them achieve the certification in near future by providing their expertise to identify environmental aspects, environmental planning, and helping them produce procedures and policies as well as to set specific environmental objectives.



Picture: Implementation of Environmental Management Systems in the SMEs of the Leather Sector

### 6.3.1. Establishing Environmental Management Systems

Environmental Management System (EMS) is now compulsory to associate a partnership with an international brand as well as accessing the international market. Understanding this global business trends of Footwear and Leather goods, LFMEAB is initiating the new services to develop the EMS through the implementation of ISO 14001: 2015. Objectives of LFMEAB are the minimization of waste, reduction of manufacturing cost, and supply chain development as well as cost minimization of Footwear and Leather goods industries of Bangladesh throughout the enrichment of resource efficiency.

Moreover, environmental compliance is now the fundamental requirement of the global market of Footwear and Leather Goods. The global market is now lead by different types of international brands. The brands are committed by their continual emphasis on environmentally sustainable business practices. As an environmentally progressive brand, they are continuously looking to adapt and implement new ideas in the Footwear and Leather goods manufacturing process to reduce their environmental impact. The reason behind it is that environmental degradation massively increases causing global warming, natural disasters, water, and soil contamination, as well as the uncertainty of health and food safety. These brands are highly concerned about the environmental management system for sourcing their products, as part of their business ethics. They are also working closely with raw material and chemical suppliers to offer the most sustainable and environment-friendly products.

A deep analysis to identify the needs and constraints of the sector shows that the core of the problem is a critical lack of expertise and capacity to respond to environmental problems. They lack information, technical and managerial capacities, access to long term finances, and other incentives that would create a conducive business environment to adopt sustainability practices. This may eventually affect their competitiveness in the international markets, where sustainability becomes an important prerequisite for business viability.

International brands put environmental management at the heart of their operations to achieve sustainable success and cost minimization. They are suggesting improving and manage resources more effectively through the establishment of an EMS (ISO 14001: 2015). All inputs including raw materials, water, energy, and chemicals are managed to optimize resource consumption while reducing environmental impact as well as the manufacturing cost of Footwear and Leather goods at the member's factory. International brands are fulfilling their commitment through the development of their supply chain throughout the whole value chain. They are ensuring their EMS strategy by enriching their sourcing policy. They are now disclosing that an EMS is their signature requirement.

There are many reasons why Footwear and Leather goods industries should take a strategic approach to improve its environmental performance through the implementation of ISO 14001: 2015. The user of the standard has reported that ISO 14001: 2015 helps:

- Demonstrate compliance with current and future statutory and regulatory requirements.
- Increase leadership involvement and engagement of employees.
- Improve company reputation and the confidence of stakeholders through strategic communication.
- Achieve strategic business aims by incorporating environmental issues into business management.
- Provide a competitive and financial advantage through improved efficiencies and reduced costs.
- Encourage better environmental performance of suppliers by integrating them into the organization's business systems.
- Achieve higher rate of success with implementing changes.
- Enable quicker improvement of the process.
- Reduce overhead costs and accidental risk.

LFMEAB is cherishing a dream that Footwear and Leather goods Industries of Bangladesh will access in the global market by associating good partnerships with the international brand by adopting such an EMS (ISO 14001: 2015). We know this will take time, but we are working hard to minimize the time and communicate our achievement to the global market to attract new customers.

### 6.3.1.1. LFMEAB Activities regarding EMS

- Procedure and activities of EMS service
- Analysis of environmental aspects (Materials) and the impacts of materials on the environment.
- Documentation and implementation of ISO 14001:2015.
- Analysis of environmental performance based on raw materials.
- Awareness program: Awareness training on materials savings, materials handling, materials sourcing, materials storing.
- Capacity building program: Use of personal protective equipment (PPE), Follow of standard operating procedures (SOP), Chemical handling, and knowledge to minimize waste.
- Consultancy on Material management.



Picture: Meeting with Member Factories about the importance of EMS

### 6.3.2. Implementation of ISO 14001: 2015

Environment Management System (ISO 14001: 2015) was implemented to thirteen small and medium enterprises (SME) of LFMEAB. The implementation was initiated with the product life cycle assessment of selected factories. The SME's are - BLJ Bangladesh Corporation Ltd., ECM Footwear Ltd., Escort Footwear Ind. Ltd., Sonali Aansh Ind. Ltd., Landmark Footwear Ltd., Leatherex Footwear Ltd., US-Bangla Leather Products Ltd., BBJ Leather, Products Ltd., Shoneverse Footwear Ltd., Posh Footwear & Craft Ltd., Five-R Footwear Ltd., Jihan Footwear (Pvt.) Ltd.



The environmental aspects and impacts of each selected SME were identified by considering the needs and expectations of interested parties according to the standard of ISO 14001: 2015. On the basis of the aspect and impact analysis, the objectives & targets were fixed differently for individual factories. LFMEAB provided support to the factories to prepare the “Environmental Policy” by considering the reflection of its environmental objectives and targets. An EMS committee was formed, and a management representative was appointed for the implementation and documentation in each individual factory. The expert team of LFMEAB went through the operation level to ensure the operational control of the manufacturing process by considering the life cycle approaches. Consultation on the use of PPE and SOP was inputted several times for ensuring operational control. The expertise was used for waste minimization to maximize resource efficiency. Additionally, the inventory management system was reorganized by the LFMEAB expert team. A proper waste management system was considered for proper environmental performance. For the

continuation of this environmental management system, a training and awareness program was planned and organized continuously. Besides this LFMEAB organized an internal audit and a precertification audit for the 13 SMEs according to the internal audit plan before the certification audit for ISO 14001:2015 took place.

After the implementation work, 13 SMEs of LFMEAB became certified on ISO 14001: 2015 by a third-party audit and certification organization by the arrangement of LFMEAB and ECOLEBAN. After witnessing the positive outcome of the EMS, now LFMEAB is pursuing other members to be a part of EMS and a positive response has been received. As an association LFMEAB cannot force any organization or cannot make it mandatory for members. But effective communication has been carried out to state the benefits of such international certifications.

About 2,372 people of 13 SMEs are trained up by following from 2017 to 2019:

	Capacity building training			Awareness training			
	Skill development	Resource efficiency	Emergency response	Use of PPE	Maintaining SOP	House keeping	Occupational health & safety
<b>Management persons</b>	78	91	104	80	80	26	80
<b>Workers</b>	156	260	195	390	390	52	390
<b>Total</b>	234	351	299	470	470	78	470

LFMEAB has decided to carry out a similar annual training in the future.

### 6.3.3. Achievements on ISO 14001: 2015 implementation

- Reduction of manufacturing cost due to the reduction of - electric bill by almost four percent water usage by almost six percent, consumption of generator oil and gases by two percent, waste of raw material by almost four percent.
- Reduction of seven percent accident and accidental loss due to good housekeeping.
- Smooth management due to the establishment of a documented and accountable management system.
- Documented and systematic materials inventory and chemical inventory.
- Fulfillment of compliance obligations as well as updated legal documents, emergency plan, and preparedness, supplier code of contact, buyer code of contact.
- Increment of organizational image and brand value.

## **6.4. Ecoleban Project**

The overall objective of the action was to enhance the resource efficiency and sustainability of the leather sector of Bangladesh throughout the whole value chain of the leather related products such as footwear and other leather goods. This project was named ECOLEBAN.

Under the ECOLEBAN project, LFMEAB has implemented an Environment Management System (ISO 14001:2015) in 13 member factories, Sustainable Consumption and Production (SCP) in five SMEs and Ecolabelling in 11 SMEs. ECOLEBAN was started in March 2014 and successfully completed in February 2018. The implementation of the ECOLEBAN project has been closed with a completion ceremony on the presence of Honorable Secretary, Ministry of Industries, Bangladesh, Representative of EU, President of LFMEAB, and President of Bangladesh Tanners Association (BTA).

## **6.5. Sustainable Consumption and Production**

Sustainable Consumption and Production (SCP) was implemented to five SMEs of LFMEAB by 2017.

SCP is about "The use of services and related products, which responds to basic needs and brings a better quality of life while minimizing the use of natural resources and toxic materials as well as the emissions of waste and pollutants.

The implementation of SCP was initiated with the identification of gaps according to the SCP checklist by considering the current practices of the selected five SMEs - Phulhar Footwear Ltd., ECM Footwear Ltd., Italy Footwear Ltd., ABC Footwear Ltd., Rider Leather Bags & Luggage Ltd. The required best practices were selected for the SMEs from the SCP best practices which were classified as world-class best practices. The selection criteria of SCP best practices were designed through the adaptability of individual factories. Finally, selected best practices were implemented to the individual factories by the action taken by the following:

- Documentation and implementation of the best industrial practices.
- Analysis of operational performance (Assessment of raw materials, Energy assessment, Water assessment, Risk analysis, Sound test, Light test, Noise test, Air quality test)
- Awareness program (Awareness training on energy saving, water saving, waste minimization, waste segregation and disposition, housekeeping and emergency preparedness)
- Capacity building program (Use of PPE, Follow of SOP, Knowledge to minimize waste)
- Consultancy on chemical management, waste management, compliance development, operational control, inventory management, emergency preparedness.

### 6.5.1. Results of implementation

About 1,040 people of five SMEs were trained up by following:

	Capacity building training			Awareness training			
	Resource efficiency	Knowledge of SCP	Emergency response	Use of PPE	Maintaining SOP	House keeping	Occupational health & safety
<b>Management persons</b>	40	40	60	50	40	10	40
<b>Workers</b>	100	150	40	150	150	20	150
<b>Total</b>	140	190	100	200	190	30	190

### 6.6. Implementing ecolabelling production process

Depending on the different production processes, different raw materials are used; all input materials are weighed and tracked to control unwanted wastage. Systems such as Lean Manufacturing are included to make proper use of materials thereby reducing waste. All necessary steps were taken to reduce the impact on the environment. To reduce the environmental impact, ecolabelling is a tool that was implemented in 11 factories. This was a short-term project that closed after the implementing in 11 factories. Although it was successful, the project was implemented ahead of time. During that period there was no standard set by the authority of Bangladesh on footwear quality. So, after the completion of the work when the actual declaration was needed, no such declaration of achievement was attained due to a lack of the standard requirement. Thus, the project was self-declared as all necessary tests were done, and the results were found satisfactory by a government-accredited laboratory. An ECOLABEL is a label that identifies the overall environmental preference of a product within a product category based on life cycle considerations. Raw materials are ensured as eco-friendly and durable which are biodegradable and recyclable. In contrast to a self-styled environmental symbol or claim statement developed by a manufacturer or service provider, an ecolabel is awarded by an impartial third party to products that meet established environmental leadership criteria. Ecolabelling is only one type of environmental labeling and refers specifically to the provision of information to consumers about the relative environmental quality of a product. This was initiated with the following factories - ECM Footwear Ltd, Italy Footwear Ltd., Megumi Footwear Ltd., Jennys Shoes Ltd., Earth Footwear Ltd., Sonali Aansh Footwear Ind. Ltd., Escort Footwear Ltd., Phulhar Footwear Ltd., Landmark Footwear Ltd., Leatherex Footwear Ltd.

In the Footwear and Leather goods industry, large amount of solid wastes is generated. Examples of solid waste are cutting waste, scrape leather, shoebox, cartons, stationaries etc. If wastes are not disposed of in a proper way, it will create environmental pollution directly. In this case, following the sustainability approach of LFMEAB, member factories – especially the EMS certified factories – are sorting and segregating the

different types of wastes in segregated waste areas. Besides this, it is also a solution to sell the wastes to the buyers who are recycling and reusing wastes. Member factories are maintaining an agreement with their buyers who are especially committed to confirm the recycling or reusing of waste. As the number of members is high, it is not possible to collect and display the data within the period. But LFMEAB will certainly include the data in the next report.



Picture: Implementation of Eco-labelling Schemes in the SMEs of the Leather Sector

## 6.7. Materials

Various types of materials are used in the manufacturing process of footwear and leather goods among which some contain heavy metals, some generate volatile organic compounds (VOCs) and some are non-biodegradable. Materials containing heavy metals are responsible for skin diseases and negatively impact the human body. VOCs affect the atmosphere and aseptic non-biodegradable materials directly cause soil and water contamination.

As part of the EMS service for sustainability, LFMEAB is working on raw materials to reduce the environmental footprint. The management of LFMEAB approaches particular materials that require less heavy metal and VOCs which have relatively reduced environmental impacts, use of recycled materials & use of seams in possible operations instead of glue. Objectives set by LFMEAB for the facility looking for EMS certification are below. The objectives were monitored during the implementation of the standard and thus the data is not available currently. LFMEAB does not set any objective for them. Rather they work from project to project basis. The following steps were taken during this project-

- Use of seams in possible operations instead of glue
- Use of more sustainable raw materials
- Select materials and design styles that will promote durability and longer use of the product.
- Choosing particular materials that require less heavy metal and VOCs which have relatively reduced environmental impacts
- Use of recycled materials.



Picture: Raw Material Warehouse Inspection

## 6.8. Energy

The footwear sector intends to increase energy efficiency in many ways. It is not only by introducing energy-efficient new technology and machinery but also by training the workers to become more conscious about energy efficiency and reduction of energy wastages.

The present situation of footwear industries faces many challenges. The relocation for newly opened companies has been performed in 2019. The old ones are also being relocated to the same location under government supervision. These companies face difficulties such as problems with unstable oil and gas prices, unavailability of electricity, and proper handling of hazardous wastes.

Energy is an essential point of the industrial sector to achieve sustainability as it is directly related to economy and global climate change. Energy consumption within the association of the members is monitored and tracked to reduce wastage of energy. The following steps are currently being implemented to reduce energy consumption:

- Preparation of energy management policy
- Collecting consumption of water, steam, diesel, gas, and electricity along with monthly production
- Benchmarking and regulating energy consumption in consultation with the production team by doing process re-engineering and innovations

### 6.8.1. Adopting efficient energy use

The management of LFMEAB has accounted for the energy consumption of seven factories as the assessment in the year 2017 before implementing the EMS. After the assessment, the management found all seven factories energy consumption was significant:

2016	BBJ Leather Goods Ltd.	Five-R Footwear Ltd.	Escort Footwear Ltd.	Landmark Footwear Ltd.	Jihan Footwear Ltd.	Sonali Aansh Ind. Ltd.	Us-Bangla Leather Products Ltd.
<b>Total Production (in pcs)</b>	40,234	118,554	500,608	57,512	585,590	837,251	240,234
<b>Electricity Consumption (kWh)</b>	37,524	46,3506	456,210	373,770	213,590	859,910	144,140

In the table, it can be seen the data varies a lot from the factory to factory. This depends on the type of product, machine, technology, and the production process. Unfortunately, no proper monitoring way is

established at the moment. But LFMEAB has come to realize the impact they can have by collecting the data and will have a detailed discussion about it in the next report.

On the basis of the management approach, reduction of energy consumption is an important tool for the sustainability of the footwear and leather goods sector. Energy consumption of each & every machine has been recorded and followed the energy-saving method by fixing small targets gradually:

- Different switches are used for different electric machines, equipment & lights.
- Staff & workers are trained regularly to raise awareness on reducing energy consumption.
- Utilization of daylight is done.
- Load factors are controlled to distribute the energy properly.
- Fluorescent & argon bulb are replaced by the LED light.
- Servo motors are used for manufacturing processes which are consumed less energy.
- Efficient machinery is used for manufacturing processes which are consumed less energy.

Through the implementation of an EMS (ISO 14001:2015), the certified factories have successfully reduced the energy consumption for per unit product manufacturing process.

<b>Average electricity consumption per unit KWH</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
ABC Footwear Ltd.	20.378	33.22	43.372	29.732
BBJ Leather Goods Ltd.	1.562	1.2239	1.2705	1.5023
Shoeniverse Footwear Ltd.		3.9	1.429	0.1055
Escort Footwear Ltd.		9.015	2.7871	2.4326
Sonali Ansh Ind. Ltd.	0.042	0.051	0.039	0.0403

<b>Average Gas (m<sup>3</sup>) consumption per unit</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
ABC Footwear Ltd.	1.375	0.152	0.161	0.121
BBJ Leather Goods Ltd.	0.104	0.056	0.047	0.061
Shoeniverse Footwear Ltd.		0.093	0.057	0.002
Escort Footwear Ltd.		0.066	0.03	0.014
Sonali Ansh Ind. Ltd.	0.203	0.197	0.191	0.192

The data that is given in the table is the actual data collected from the member factory. During data collection, it was found that a lot of the factories were not monitoring the data or keeping the records as necessary. LFMEAB has instructed them to keep all data and submit a summary report of every month's energy consumption against the production analysis report at the end of the year.

## **6.9. Best Practices**

### **6.9.1. Assembly optimization**

The lining is an important part of shoes or leather goods. Synthetic lining is very popular in most of the factories but is not environment friendly. That is why; it should be replaced by organic cotton which is environment friendly.

### **6.9.2. Reuse and recycling solid waste**

In the footwear or Leather goods industry, a huge amount of solid waste is generated such as cutting waste, scrape leather, shoebox, cartons, and stationaries. If those wastes are not stored in a proper way, it will create environmental pollution and increase the production cost indirectly. Proper sorting and segregation of solid wastes in different places according to different items with identification should be maintained. It is a one stop solution to sell solid wastes to buyers who are recycling and reusing leather wastes. This is checked by the compliance cell of LFMEAB during their scheduled audit. The checklist is attached at the end of the report as Annexure A.

### **6.9.3. Emergency preparedness and response**

In order to minimize the risk and potential consequences, an emergency preparedness and response plan should be prepared to cover the followings:

- Planning coordination
- Emergency equipment: Procedures should be prepared for using, inspecting, testing, and maintaining the emergency response equipment.

Regular emergency drill (like- fire drill, evacuation drill, earthquake drill) should be executed.

Proper training should be given to the worker and prepared emergency team on the basis of emergency needs. The compliance cell of LFMEAB during their scheduled audit also audits this process. The checklist is attached at the end of the report as Annexure A.

### **6.9.4. Disposal of chemical waste and packing materials**

Empty chemical containers can pose a safety risk and a health hazard, when not disposed properly. In order to minimize the environmental impacts related to chemical waste, the following principles should be applied:

- Removing empty chemical containers from the store and work areas.
- Safely store the containers in a separate area that the work area.
- Do not mix different waste chemicals into the same waste container or barrel.
- Do not permit waste containers to be used for storing drinking water or food products.

### 6.9.5. Safe chemicals storage

The following issues are taken into account in order to prepare the facility to be adequate and safe.

- Well ventilation should be provided at a low and high level.
- Access should be restricted to authorized, trained personnel.
- Firefighting equipment, e.g. dry chemical powder, should be kept ready in a suitable location, which are easily and conveniently accessible in an emergency.
- A washbasin, eye/face rinsing station and safety shower should be available in or near the chemical store.
- Storage of chemicals should be separated from production areas, occupied buildings, other storage areas, workshops, or areas with a potential source of ignition.
- The floor should be flat (for ease of handling) and non-permeable to prevent soil pollution.

In addition, the following organizational recommendations should be taken into account:

- Keep chemicals that will react separated, e.g. acids away from sodium sulfide and alkali away from ammonium salts: any accidental mixing results in generating dangerous gas: hydrogen sulfide (H<sub>2</sub>S) and ammonia (NH<sub>3</sub>).
- Group and store different chemicals according to their compatibility. For easier stock keeping, provide boards indicating name, maximum, minimum, and current stock for each group.
- For maintaining better storage discipline, allot the specific storage areas for each group and mark the designated areas
- Avoid the storage of chemicals directly on the floor.
- Racks and shelves can store small containers such as dyes and fat liquors samples.
- Heavier chemical containers – particularly those containing liquid chemicals (e.g. acids) – should be stored on wooden or plastic pallets at the floor level.
- Ensure sufficient width for movement of persons and materials (more than one meter for the handling of chemicals, more than two meters for movement of pallet or forklift trucks).

Whenever possible, solvents and other flammable or pyrophoric chemicals should be stored in a separate chemical room.

The compliance against these requirements is checked by the compliance cell of LFMEAB during their scheduled audit. The checklist is attached at the end of the report as Annexure A.

### 6.9.6. Control of chemical hazards

The company should follow the guidelines on procuring, handling and storage of the new chemical product. If additional procedure is needed, they should implement it before they start working with the chemical product.

The company should try to prevent exposure to hazardous chemicals

- Using protective equipment, as
  - Gloves, boots, and aprons should be available for every worker
  - Respirator type masks and glasses should be used when handling powder and liquid chemicals.
- Ensuring good housekeeping practices, such as regular cleaning of work areas, floors, walls and machines, removal of waste, and adherence to safely storing and handling practices.
- Reducing the number of workers in areas with hazardous chemicals and limit access to areas where hazardous chemicals are likely to be present (chemical store, etc.).

The compliance against these requirements is checked every quarter by the compliance cell of LFMEAB during their scheduled audit. The checklist is attached at the end of the report as Annexure A.



Picture: Environmental Policy Display in Local Language for Common Understanding

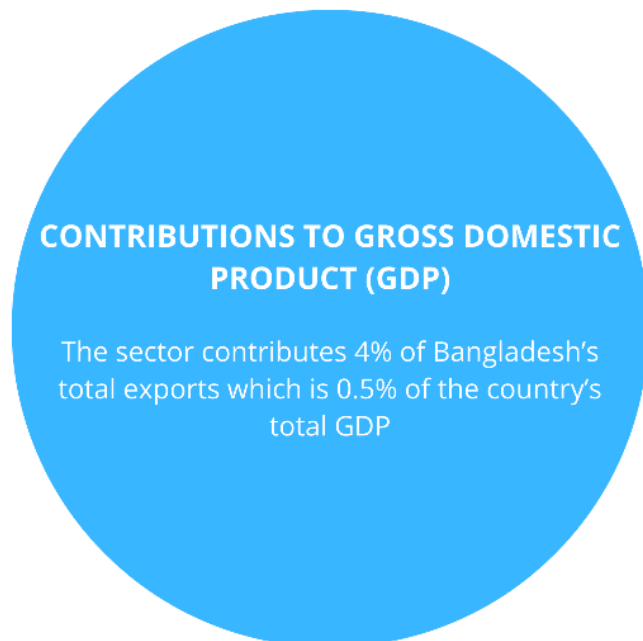
## 7. Economic Performance

Bangladesh's leather, leather products, and footwear export sector is a One Billion Dollar-plus export industry making it the second largest export earner after the Ready-Made Garment (RMG) sector. Being the sector's service providing and trade body organization, LFMEAB strengthens its members and sectoral performance to support and make the sector sustainable in terms of economic performance and quality growth.

### 7.1. Management approach

LFMEAB is a non-profit trade body that works for boosting competitiveness for its members and the entire sector in general. In economic aspects, LFMEAB facilitates economic value generation for its members in two strategies:

- Creating a compliant and competitive business atmosphere for members and industry in Bangladesh and integrating them into the global value chain in a way that will make them more competitive;
- LFMEAB guides and promotes economic value generation that eventually contributes to quality growth in terms of direct economic value such as business revenue, job creation, collective industry growth, market presence, and promotion; as well as, impacting indirect economic value such as poverty minimization and community contribution.



LFMEAB does not generate direct revenue and does not receive direct cash from the government, it operates as creating service and providing service for related stakeholders such as members, government, buyers, brands, investors, and others. However, it has associated impacts – direct and indirect –on an industry level, national level, and to some extent, in global value chains. In terms of the scope/boundary for the material topic, the economic direct value indicates members' (and industry's) export performance, market presence, job creation (in factories, national supply chain, SME level,

and also association) community impacts of its key actors. The organization's involvement with the impacts are catalyst roles and facilitators and importantly acts as a balance between members, industry representative, and public bodies.

## **7.2. Occupancy**

The leather products and footwear export sector has the potential to be a model example of export diversification and massive employment generation. At present, it is a highly labor-intensive industry with more than 60% of the female workforce. The industry currently employs over 200,000 as a direct local workforce. It also provides thousands of employments indirectly. Particularly, LFMEAB member factories directly employ 71,000 workers and under Bangladesh Export Processing Zones Authority (BEPZA) leather products and footwear factories employ more than around 35,000 workers as per record in 2016.

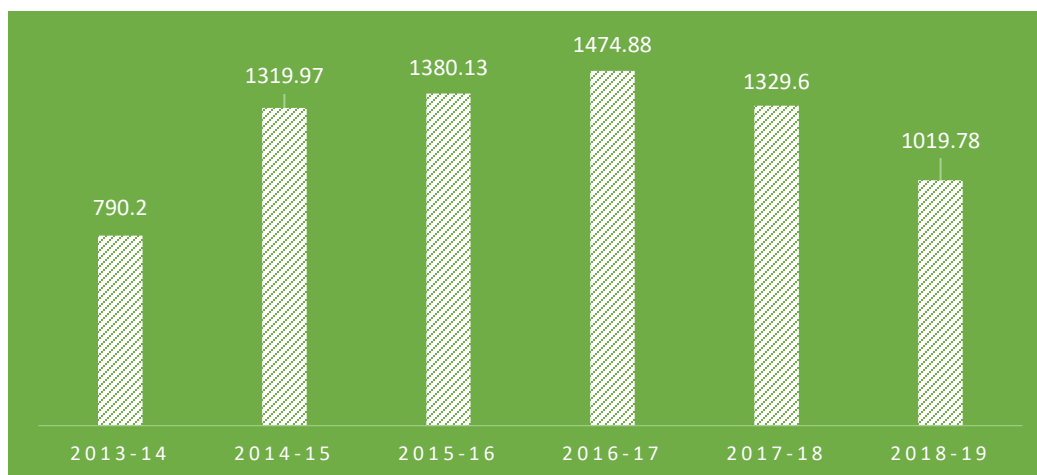
## **7.3. Employment Initiatives**

LFMEAB has generated target specific employment in different collaborative initiatives, such as:

- In entrance level, under Skills for Employment Investment Program (SEIP) for the leather sector with Ministry of Finance and Asian Development Bank (ADB), LFMEAB trained and employed 10,408 workforces out of total 15,000 unskilled, and the semi-skilled workforce of its member factories and further 5,000 workers more are in pipeline to be trained and employed by December 2020;
- In a similar initiative, in managerial level, LFMEAB and Executive Development Centre (EDC)-East-West University (EWU) has been creating skill managerial 300 workforces at mid & higher-level positions;
- 5<sup>th</sup> March 2018, under the MoU between LFMEAB and TBS Group, one of the top five footwear manufacturing and export companies in Vietnam, both agreed to invest 100 million USD in Bangladesh leather and footwear sector, which is going to create 10,000 new jobs.
- Under the EU Inspired collaboration, in 2018 to 2019 LFMEAB has trained 821 members (260 were female) of the workforce with skills to sustain them in their jobs. All trainees were from SMEs where they were working as semi-skilled labor and were placed in improved employment.

## 7.4. Direct Economic Value Generation and Distribution

At present, the industry has preferential market access to three billion people around the world. It has exported leather products and footwear in 95 countries in the financial year 2017-18 while in the financial year 2018-19, it exported in 106 countries around the world. Bangladesh moved towards finished products in the early 1990s aiming for more value addition of its products. Bangladesh leather, leather products, and footwear industry are moving up for value-added expensive products. Over the decades, the leather sector has transformed into exporting from rawhide export to higher value-added finished products export. For example, in the financial year 1972-73, leather products export was less than one percent of total sectoral export whereas in the financial year 2018-19 leather products export shows an exponential increase of almost 80% of total sectoral export. Particularly, it has seen exponential growth in exports of leather goods, with a growth of 92% between 2009 and 2019, this evidence shows that this industry is transforming itself from primary goods to finished products export industry.



Export performance of Bangladesh's leather, leather products, and footwear export sector in last five years in Million US dollars.

Particularly in footwear export Bangladesh has shown substantive position in world footwear export supply chain. In 2018, it was the sixth largest footwear production country in the world with 461 million pairs production record as shown detail in table of Bangladesh footwear industry overall performance in 2018.

Bangladesh footwear industry overall performance in 2018

	Value		Quantity	
	Million USD	World Rank	Million Pairs	World Rank
Exports	968	22	69	20
Imports	80	84	24	73
Production			461	6
Consumption			416	11

**Source:** The World Footwear Yearbook 2019

## 7.5. Brand enhancement: Made in Bangladesh

As part of the branding and marketing strategies in the context of Bangladesh leather products and footwear export industry, LFMEAB has initiated three steps to enhance its brand image and brand identity particularly in the global supply chain:



Logo of LTSE CFC, CFC-1



Logo of BPPS CFC, CFC-

LFMEAB has launched an Investment Brochure in 2019. It is now available at [http://lfmeab.org/wp-content/uploads/2019/10/INVESTMENT-PROSPECTS-LATEST-VERSION\\_LFMEAB.pdf](http://lfmeab.org/wp-content/uploads/2019/10/INVESTMENT-PROSPECTS-LATEST-VERSION_LFMEAB.pdf). With this brochure, LFMEAB wants to unlock the potential of the leather sector by guiding prospective investors. The brochure has been useful as a first-hand document that is attracting local and foreign investors in the sector.

To solidify the position of Bangladesh in the global supply chain map, LFMEAB had initiated the first edition of Bangladesh Leather Footwear & Leather Goods International Sourcing Show (BLLISS) 2017 with the thematic tagline “*Think Ahead, Think Bangladesh*” and subsequently its 2nd edition, BLLISS 2018, the thematic tagline “*Destination Next*”. In 2019, the 3rd edition of BLLISS with the thematic tagline “*Future proof Sourcing*” has been held. This year, BLLISS focused on the readiness of Bangladesh as a future proof sourcing solution. Hence, various brands and buyers from Hong Kong (SAR), Germany, Australia, Italy, Japan, France, United States of America, China, Belgium, United Kingdom, Sweden, India, and Ethiopia visit BLLISS every year, where one could discover quality, reliability, competitiveness, and emergence—a complete package to fulfill the sourcing needs.

Under the initiative of cluster development, LFMEAB has launched Common brands – Leather Cave and Venus in 2018 for exportable SME clusters that established two fully equipped CFCs (Common Facility Center) with training facilities for selected two clusters-Leather Technologist SME Entrepreneurs (LTSE), representing the members of Hazaribag tannery area cluster at the center region, Dhaka having the bright potential to become exporters and Bangladesh Paduka Prostutkarak

Samity (BPPS), which is the largest and oldest footwear cluster consisting of 350 micro, small and medium-sized enterprises (MSMEs).



Picture: International Conference of Confederation of International Footwear Association hosted

## 7.6. Market Diversification, Emerging Markets, And Product Innovation

Conventionally, the sector has made its strong presence in European markets under the preferential market access. At present, Germany, Japan, Netherland, Spain, Italy, UK, Belgium, France, Poland, Russia, and Canada, are the big export markets for Bangladeshi leather goods & footwear.

Gradually, the sector is expanding in non-traditional market access. Sectoral export to non-traditional markets such as to the USA has increased by 26% in 2018 compared to the previous year; while, in Japan, the export of leather goods showed more than 100% growth in just three years from 2016-2018. Up to 2019, around 32 member factories of LFMEAB started exporting to Japan market.

In addition, the growth of the export of leather, leather goods, and footwear to the United Arab Emirates (UAE), Australia, Brazil, Russia, and South Africa has increased exponentially in 2016 to 2019.



Bangladesh has Generalized System Preference (GSP) facility in 38 countries (28 in the EU).

**Emerging Markets for Bangladesh**  
Australia, Brazil, China, Mexico, Turkey, South Africa, South Korea, UAE

From the year 2016 to 2019, LFMEAB members have exported plethora of product lines such as in children footwear: boots & high tops, house slippers, pumps, flats oxfords, brogues, loafers, platform, sandals & flip flops, sports footwear & sneakers; men footwear: boots & high tops, house slippers, loafers, oxfords, brogues, mules, boat shoes & moccasins, sandals & flip flops, sports footwear & sneakers; women footwear: boots & high tops, house slippers, pumps, flats, oxfords, brogues, loafers, platforms, sandals & flip flops, sports footwear & sneakers; while in bags category: briefcases, school satchels & messenger bags, handbags, clutches & shoulder bags, other bags & cases, purses, pouches & wallets, travel bags, toilet bags, rucksacks & sports bags, trunks, suitcases & vanity cases; furthermore, in accessories category: belts and gloves are mentionable among others. However, during the period, product innovation has been in leather shoes, ankle boots, handbags, wallets, belts, gloves, and finished leather that are few top innovative export items from Bangladesh.

## 8. Social Development Work of Member Factories

Bangladesh has recently become a country of medium income. This financial stability has been achieved through the efforts of industries, the government, and the trust shown by buyers. The country is becoming solvent by industrialization. But still, the concept of social security, equal rights, workplace harassment, and occupational health and safety is very poor within the employees and such cases are being reported very frequently. Statistical data show enormous death toll and a huge number of cases regarding human rights that have been raised in the industries of Bangladesh. The lack of understanding and knowledge among people is the reason behind the current scenario.



Picture: Equal Opportunity and Diversity

Occupational Health and Safety and social security is a new era of change for the people in Bangladesh and the workplace environment. Especially after a couple of disasters like Rana Plaza in 2013 and Tampaco Foil in 2016 where thousands of lives were claimed, the laws and the buyers both became very strict and started to take proactive measures. LFMEAB has taken the initiative of reducing such cases as one of its core initiatives. Social sustainability development has become one of the main concerns for LFMEAB. The problem of assessing social progress has been addressed in the social assessment that approaches have been proposed for a meaningful quality of life considering health, social connection, employment conditions, and personal security. LFMEAB delivers a holistic approach that empowers its member businesses to make meaningful improvements that protect the well-being of factory workers, local communities, and the environment.

## **8.1. Management Approach**

To ensure workers' safety and social compliance the association has established several monitoring and control measures such as compliance monitoring for success, monitoring timely and proper payment of wages and salaries, employee welfare, fire safety, electrical and building safety, and occupational health and safety (OHS). Adding to that the association keeps a focused eye on workers' occupational diseases like communicable diseases, visual acuity, women's reproductive health, ergonomic diseases, and others. Additionally, the association also looks after the precautionary approaches by educating workers about national laws, buyers' codes of conduct, human rights, non-discrimination, and inclusion of persons with disability in the workplace. To keep the member factories updated, competitive, and sustainable the association always arranges a contemporary training and education program. To make this sector socially more sustainable the association will work forward for the continuous improvement of the members' factories. Apart from that, the association will arrange training programs for the member factories as per their need. Among the training National Labor law, productivity, Occupational Health and Safety, Chemical management, Social compliance, and other awareness build up programs are most important.

## **8.2. Enforcement of Laws**

LFMEAB for its own organization as well as its member factories strictly followed the rules set by the Bangladesh Government notified by Bangladesh Labor Act-2006. It made mandatory of 16 weeks leave with premium payment for female worker as maternity leave. Paternity leave is not mandatory, and it is considered as the best practice of our member factories named Picard Bangladesh Ltd. facilitating its employees with 5 days' paternity leave. LFMEAB is trying to raise awareness on Paternity Leave to ensure a healthier work life for employees.

With the successful implementation of the initiative and monitoring of the LFMEAB compliance cell, around 50% of the member factories have introduced a functional elected participation committee in 2019. By 2022, LFMEAB has the plan to establish in its sector the 100% functional participation committee as per Bangladesh Labor Rules-2015. The compliance cell of LFMEAB gradually will increase its percentage concerning elected participation committees among the member factories.

The rapid growth in Bangladesh's leather goods and footwear industry has provided vital jobs to women and men and is helping to pull them and their families out of poverty. However, there is an urgent need for decisive and collaborative action to make the working environment a reality.



Picture: Happy workers after casting their vote

### **8.3. Raise in Minimum Wages**

According to the Bangladesh Labor Act-2006, Chapter 11 (Section-138-149), a Minimum Wage Board will determine the minimum wage for the sector in an interval. In 2013, the minimum wage gazette for the footwear sector was published by the Government of Bangladesh. The LFMEAB compliance cell ensures structural minimum wages for male and female workers equally. Moreover, in 2018 another minimum wage gazette was published for the Ready-made Garments workers. LFMEAB with its own initiative requested the Bangladesh Government Minimum Wage Board for establishing the Minimum Wage Board for the Leather Goods and Footwear sector. The Minimum Wage Board of the Bangladesh Government establishes a tripartite board. This board consists of representatives from the owner (Chief Executive Officer – Centre of Excellence for Leather Skills Bangladesh Ltd. – (COEL), worker (Representative of Apex Footwear Ltd.), and the Government of Bangladesh (Minimum Wage Board). Representatives recommend a comprehensive minimum wage with a handsome increase rate for the leather goods and footwear sector, which will publish in 2020 as a Governmental gazette. By this increased rate of wage, the standard of life of the workers in this sector will increase.

## **8.4. Freedom of Association and Collective Bargaining**

The prospects of the Leather sector in Bangladesh is not only depended on the availability of competitive labor and government's liberal policy, but it is also depended on compliance with codes of conduct. LFMEAB is committed to respecting labor rights principles as laid down by the UN Global Compact and the International Labor Organizations (ILO) fundamental conventions. These principles relating to respect the rights to freedom of association and collective bargaining, the elimination of forced labor, child labor, and discrimination in the workplace, are reflected in LFMEAB's social Code of Conduct. For the successful implementation of Compliance of Success Program, LFMEAB established a 70% trade union policy in 2019 for its member factories. According to Bangladesh Labor Act-2006, Chapter-13 (section 175-208) LFMEAB stated the trade union elaborately.

LFMEAB believes in employee involvement, through dialogue with employees or their elected workers' representatives. A framework has been established for the member organization's involvement in promoting partnerships based on good and trusting dialogue.

According to Bangladesh Labor Act-2006 (section 205-208) and the Amendment in 2018, and Bangladesh Labor Rules-2015 (Rules 183-202) there shall be a participatory committee in each industrial setting where 50 workers are employed. LFMEAB has reinforced its commitment to further develop employee involvement in operations throughout the elected participation committee providing employee involvement through dialogue between members of the management and employee representatives. In this connection, before publishing Bangladesh Labor Rules-2015, only very few member factories established the mandatory participation committee for their organization.

## **8.5. Occupational Health & Safety**

Occupational Health & Safety is a major concern for Bangladesh' Industrial zone. Nowadays, factories are giving high priority to prevent occupational diseases and accidents. Keeping this context in consideration, LFMEAB has started an extensive program to make the factory management and the workers aware of this topic. In 2019, LFMEAB has provided training to its 25 member companies about internal audits on occupational health and safety management system (ISO 45001:2018). The goal was to make them able to identify factory hazards and conduct risk assessments. 35 participants received the training.

Apart from this, 40 workers from two factories also received a basic occupational health & safety awareness program from LFMEAB in 2019. With the collaboration of the Bangladesh Occupational Safety, Health and Environment (OSHE) Foundation LFMEAB has successfully completed this awareness program. Four workers received a Training of Trainers program and provided afterwards further training to other workers.

In 2020, LFMEAB has a taken vigorous plan to provide training and awareness programs to establish occupational health and safety in member companies.



Picture: Fire Fighting Mock Drill

### 8.5.1. Safe chemicals handling

Workers must handle chemicals according to some basic rules:

- Never mix chemicals randomly and indiscriminately.
- Always add concentrated acid to water, never water to acid.
- Avoid breathing chemical fumes, dust, or vapors using local exhaust ventilation. As a last resort use appropriate respirators.
- Avoid skin contact with chemicals. Use safety gloves and other personal protective equipment, as required by the applicable material safety data sheet.
- Wash hands with soap or other proprietary cleaners after handling chemicals.
- Wash off chemical spills on skin or eyes immediately with running water.
- Any chemical spillage should be reported to the supervisor, then cleaned up safely and without delay.

The training of workers plays an important role in the control of chemical hazards. People who work with chemicals should be aware of possible health risks caused by chemicals, safe working procedures, care, and use of protective equipment, Emergency, and first-aid measures. Moreover, workers should be trained to identify when control measures fail and to interpret the labels provided on chemical containers.

## 8.6. Best Practice

Picard Bangladesh Ltd. has achieved an ISO-45001 certificate in 2018 and has been awarded as the “Occupational Health & Safety Best Practice Award - 2019” by the Government of Bangladesh.

Three-member companies: Picard Bangladesh Ltd., Apex Footwear Ltd., and Maf Shoes Ltd. have received a safety award 2019 from the Bangladesh Government on the day of “Occupational health and safety day”.

From 2016 to 2017, the association has provided nine pieces of training among 225 participants. From 2018 to 2019 the association provided 11 pieces of training among 460 participants.

Year	Number of Training	Number of Participants
2016-17	09	225
2018-19	11	460

These participants were from different factories and different levels such as management, mid-level management, supervisors, and workers.

The association will provide the training programs to its employees and member factories for their viable improvement in this sector.

Apart from that, LFMEAB has also taken the initiative to ensure an optional medical insurance policy for the workers of the member factories. LFMEAB also works for the smooth transaction of insurance coverage for workers once they claim for the coverage.

## **8.7. Insurance and Health Care Projects**

Bangladesh is a developing country both economically and socially. The Bangladesh Labor Rules 2015 has just been published and a lot of the organizations are still not fully accustomed or familiar with the law and the requirements. They have little understanding of the necessity of all the clauses stated in the law. LFMEAB helps the organization in understanding and implementing the laws. Although the law is clear enough, yet organizations do not understand the necessity of it. One of them is the insurance and health care benefits. LFMEAB helps organizations to understand how the insurance and health care proactively helps an organization to be prepared for any undesired situation and how it benefits the organization in case of any sudden uncontrolled situation.

## **8.8. Compliance with Laws and Regulations**

Workers are the key factor for every industry. Higher production depends on the productivity of the workers. The productivity of the workers is related to workers' good health, hygiene, and wellbeing. If any factory ensures its workers' health and hygiene measures, it will enhance the productivity of the workers. With this objective in mind, LFMEAB has taken some initiatives for its member factories. Through regular audits the association confirms compliance of the members to Bangladesh Labor law, ensuring a healthy and hygienic workplace and compliance with regulations in the social and economic area.

This Compliance for Success (CFS) program helps to improve employment conditions, especially establishing employment contracts, ensure workers' identity cards, and personal service books for workers. According to Bangladesh Labor Act-2006 (section 205-208) and the Amendment in 2018, Chapter-2 (Section 5) Bangladesh Labor Rules 2015 (Rules 19-22), the organization shall provide an appointment letter to its workers and identity card as well as service book. The Leather Goods and Footwear manufacturers sector is facilitated by the LFMEAB compliance cell through advocacy and consultation in different areas to make sure the compliance against local legislations. In 2019, LFMEAB ensured 97% valid appointment letter, identity card, and service book throughout its member factories. LFMEAB compliance cell puts continuous efforts to ensure 100% valid employment letter to its member factories workforce. By regular meetings, consultation and monitoring the remaining 3% will be ensured by the year 2020.

## **8.9. Life and Medical Insurance**

As per Section 99 of the Labor Act, 2006, the industries must ensure group insurance for establishments with more than 100 permanent workers. Under this insurance coverage, the workers' families will get the benefit of a one-time payment of \$ 2,286 for natural or accidental death. And for permanent disability as a result of work-related accident workers will receive a one-time payment of \$ 2,857 for their loss. LFMEAB has its compliance audit team and the team audits member's factories to ensure social compliance with

Bangladesh Labor Act. Through the periodical compliance audits, the association has ensured that all eligible factories have group insurance for its workers. This is a zero-tolerance issue for the members under the compliance audit. If a factory is found with an expired group insurance policy or no insurance policy all member services will be held until they renew or ensure the policy for the workers.



Picture: Happy workforce after receiving Group Insurance Card

## Life and Medical Insurance Coverage



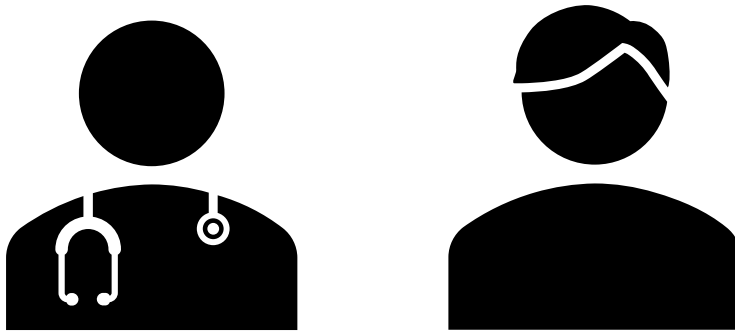
**Number of factories covered : 51**



**Number of workers: 44,000**

## 8.10. Tuberculosis screening tests programs for workers

LFMEAB has taken an initiative to screen Tuberculosis of its member factory workers under the beyond compliance activities. For this purpose, the association has signed a Memorandum of Article with BRAC the leading NGO of Bangladesh to support the member factories to screen this communicable disease of workers. From 2017-2018, the association has covered almost 50% of workers among 67 member factories. After the initial screening, they found 1,415 Tuberculosis presumptive. After confirmation, proper treatment and relocation to work were assured. In 2019, they found six Tuberculosis patients. They are now under a six-month medication process. To cover 100% of the member factories' workers, this program will be continued for the member factories in 2021 so that workers can be safe from communicable disease like Tuberculosis.



**From August 2017 to March 2018, 67 factories were covered and 3,144 workers received Tuberculosis screening.**

### 8.11. Visual acuity test for workers

The association has taken an initiative to test visual acuity of the workers of its member's factories. Bangladesh Eye Hospital is the associate partner of this program. The hospital supports this program for the wellbeing of the workers. The program was designed for the factories in three phases.



Picture: Eyesight Test of worker in progress

To achieve the goal, the Bangladesh Eye Hospital has provided training to the resource pool and factory representatives to conduct initial eye screening of the workers. After initial screening, the Hospital has visited the selected factories with the medical equipment for second screening along with a registered doctor who prescribed the eye power, further medication, or even surgery, if needed. If a worker was found with an eye problem (e.g. Phaco Surgery, need of glasses), the worker was referred to the Bangladesh Trust Eye Hospital for further treatment with a discounted rate. If needed, the factory provided glasses to workers. If workers need further treatment; the association negotiates with the companies to provide 50% cost on behalf of the worker.

This program was initiated for the workers as they work profoundly 8-10 hours every day, they need intensive health checkups for their wellbeing. This ensures a sustainable workforce in the factory and reduces the migration and drop out of the workers from the workplace. The service started in April 2018.

<b>Timeline</b>	<b>April 2018-February 2019</b>
Total number of factories (training provided for initial screening)	17
Total number of internal pre assessor developed	20
Number of factories covered by Bangladesh Eye trust hospital	6
Total Number of workers checked	1,913
Number of workers (problem detected)	282

## 8.12. Usage of Sanitary Napkin and its disposal

Starting from 2017, an awareness campaign was created targeted all female workers of the member factories to build awareness for using sanitary napkins and ensuring its proper disposal. It has a long-term objective to ensure good health and hygiene for all female workers. The initial activity was a pilot program

### Awareness building programs on Health and Hygiene for female workers

Timeline:  
September 2017-April 2018

Total number of factories covered: 6

Total number of involved female workers: 9,414

with the support of ACI, a local organization, to cover at least 10 member factories providing women with sanitary napkins at a discounted price: which not only limits to educating women but also providing opportunities for ensuring their safe health.

LFMEAB will sustain the program among its member factories. And it is also planning to analyze and follow up to encourage women to make proper use of sanitary napkins. For instance, to maintain the privacy of workers, they will raise awareness among management and encourage the management of the factories to keep sanitary facilities available in the female washrooms. Counseling sessions are also planned regularly to aware women regarding the health benefits of the products. Such counseling was

first arranged in 2018. The effectiveness of these initiatives has been visible from the substantial increase in usages of sanitary napkins.

“Picard Bangladesh Ltd., one of LFMEAB’s valued members, is providing free sanitary napkin to its female workers with the concern of their reproductive health “



Picture: A female worker raising her concern during a counseling session

### 8.13. Advisory Services on Adapting Disability-Inclusive Employment Practices

To include people with disabilities within the workforce, in 2018 & 2019 LFMEAB has built partnership with German organization “Deutsche Gesellschaft für Internationale Zusammenarbeit” (GIZ), collaborated with the Centre for Disability in Development (CDD) and Centre for the Rehabilitation of the Paralyzed (CRP). Under the joint project between the Government of Bangladesh and Germany: titled “Promotion of Social and Environmental Standards in the Industry” (PSES), being implemented by the GIZ. The project created opportunities for Training of the Trainers (ToT) on Inclusive Training Methods and Techniques and included sensitization workshops, meetings, and events for the Human Resource (HR) people of the selected factories. Professionals from the Inclusive Job Center (IJC) based in CDD and CRP conducted an accessibility assessment of the factories. CRP also supported the interested factories in the recruitment of persons with disabilities in the factories. The importance of inclusion of persons with disabilities has been brought in the industry through these initiatives. LFMEAB and LFMEAB-SEIP (Skills for Employment Investment Program) project have targeted to ensure jobs for persons with disabilities through job matching and providing them respective skill training to get employed in the factories. GIZ supported LFMEAB to arrange a sensitization program on disability-inclusive workforce and potentials of an inclusive environment in the factory among the HR personals to explain that persons with disabilities can equally contribute to productivity like others. The leather goods and footwear industry are getting interested in the topic of the disability-inclusive workforce and wants to ensure the employment of persons with disabilities.



Picture: Program for Inclusion of People with Special Needs

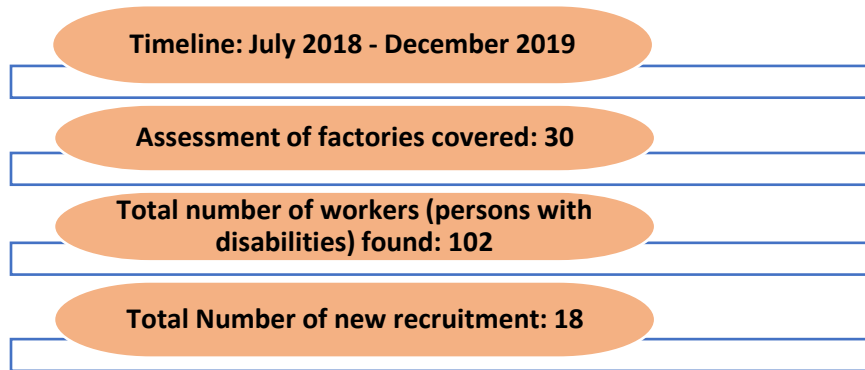


Chart: Progress towards a disability inclusive workforce in the Leather goods and Footwear Industry

## 8.14. Training and Education

A skilled professional is an asset to a country. The higher the number of skilled professionals the better is the growth of the economy. It is simply because the skill can result in efficient and errorless work. As the leather sector is becoming more and more diverse and exploring the international market, it will need trained employees to keep up the pace and quality demand of the international customers. Training and development are the factors that directly affect the success of an organization.

LFMEAB has always intended to build the capacity of its employees and member factories. Assessing the need of the member factories and their continuous improvement, the association has been organizing different types of training, workshops, or academic courses.

The association always pursues its employees to receive the training on contemporary issues related to the sector so that the employees can help the member factories by providing the same training or technical support to make them more sustainable in this business. LFMEAB collaborates with other stakeholders like ILO, GIZ, European Union and others to bring the opportunity for the employees to get the training. Besides, LFMEAB gives monetary support to the employees for the training. In average 315 hours per person training was provided from the year 2016 to 2019.



Picture: Training Session provided by LFMEAB

## 8.15 Promoting an inclusive and diversified workplace

LFMEAB has been working for developing skills and increase employment opportunities for the challenged persons (differently abled person) towards promoting an inclusive and diversified workplace. As part of the facilitation in this regard, in October, 2015, LFMEAB has signed a memorandum of understanding (MoU) with Shuchona Foundation that works to help people with mental disability, neurological disability, autism, and mental health issues. As of 2019, Shuchona Foundation has conducted sensitization assessment on employment of persons with autism spectrum disorder (ASD) in different LFMEAB member factories for improving the conditions for persons with disabilities to gain access to the labour market. Specifically, it has trained 6 Training of Trainers (ToTs) of LFMEAB regarding childcare training for day care center. Under this partnership, LFMEAB has completed ergonomics assessment & modification in 20 factories and found 5 factories have 28 workers with autism.



Picture: Day Care Center

## 9. GRI Content Index

LFMEAB Sustainability Report

Appendix A – GRI Content Index

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102-5	Ownership and legal form	15	
102-6	Markets served	12	
102-7	Scale of the organization	15	
102-8	Information on employees and other workers	15	
102-9	Supply chain		As LFMEAB is a service-oriented association there is no activity regarding this aspect
102-10	Significant changes to the organization and its supply chain		
102-11	Precautionary Principle or approach		
102-12	External initiatives	13	
102-13	Membership of associations	5	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	3	
102-15	Key impacts, risks, and opportunities	5	
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102-16	Values, principles, standards, and norms of behavior	14	
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## 10. Annexure A

<b>LEATHERGOODS AND FOOTWEAR MANUFACTURERS &amp; EXPORTERS ASSOCIATION OF BANGLADESH (LFMEAB) COMPLIANCE CHECKLIST</b>
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<b>Employment Conditions</b>	
01	Appointment letters are issued to workers as per labor law.
02	Identity cards are given to workers as per labor law.
03	Service books are maintained as per labor law.
<b>Working Hours</b>	
04	Daily and weekly general working hours and overtime hours are within legal limit (Working hours including overtime).
05	Break for lunch and resting hour is within legal limit
06	The factory does not employ female workers at night (from 10 p.m. to 06 a.m.) without their consent if required.
07	Overtime work is voluntary.
<b>Leave and Holidays</b>	
08	Weekly holidays are provided as per labor law.
09	Casual leaves are provided as per labor law
10	Annual / earned leaves are provided as per labor law.
11	Sick leaves are provided as per labor law
12	Festival holidays are provided as per labor law.
13	Compensatory leaves for working on weekly holidays and festival holidays are provided to workers as per labor law.
<b>Maternity Benefits</b>	
14	Maternity leave and benefits are provided to all pregnant workers as per law.
15	Calculation of maternity benefits is made as per law.
<b>Wages and Benefits</b>	
16	Grade wise minimum wage of workers/Staff is as per law (Section-"A" and "B")
17	The payment of wages is paid on time as per law (wage for regular working hours and overtime)
18	Overtime wages are paid as per law.
19	Workers are provided pay slips in Bengali during the payment of wages.
20	Deduction from wages for unauthorized absent day(s) is legal.

21	Any other deduction from wages (for not meeting production targets, late coming, etc.) or withholding of wage payment for disciplinary measures are legal
22	Payments of compensation for resignation, termination, dismissal, accident, normal/accidental death, etc. are paid as per law.
23	Workers' Participation Fund and Workers' Welfare Fund exists in the factory and functions as per law.
24	Payment for non-availed annual leave days is made on gross.
<b>Welfare</b>	
25	The dining room is provided as per law.
26	Canteen is provided as per law.
27	Childcare room is provided as per law.
28	Welfare officer has been recruited as per law and their responsibilities are defined.
29	Factory ensure the insurance coverage of all employee if there are employed more then, 100 permanent employees
<b>Occupational Health</b>	
30	First aid arrangements and trained first aiders are available as per law.
31	Washing facilities are provided to the workers as per law.
32	Medical room is provided in the factory as per law.
33	The doctor is available during the working hours as per law.
34	Workplace and factory buildings are maintained as required by the laws in respect of cleanliness.
35	Sufficient workspace for workers is available to work (9.5 cubic meter or 335.50 cubic feet for each worker).
36	Separate and sufficient numbers of clean toilets are available for both male and female.
37	Pure drinking water & test report is accessible and adequate as per law in every work floor
38	Factory has a suitable working environment in respect of ventilation and temperature.
39	There is sufficient lighting for each workplace and free from glare.
40	Health & Safety Check-up
41	Noise level is acceptable.
<b>Occupational Safety</b>	
42	Factory building design and floor layout plan are approved by competent authorities and present condition of the factory building is acceptable.
43	At least two exits are available on each floor for easy evacuation.
44	Emergency exits are not obstructed with rain protectors / raised iron flat bars, not blocked in any way. All exit doors open outwards and are not locked.
45	Handrails of the staircases are constructed as per law.

46	Minimum width of the emergency exits and staircases is being maintained as per law
47	At least one window in each floor is installed without grill/fencing as per law for emergency evacuation.
48	Necessary fire extinguishers are available and effective as per instruction of valid fire license.
49	Necessary fire hose pipes are available and effective (cover all areas of the floors)
50	There is a sufficient number of sprinklers installed inside the factory and store areas as per instruction of valid fire license.
51	The facility has installed firefighting pump with underground water reservoir as per instruction of valid fire license.
52	Aisles and escape routes are marked properly and always kept unblocked for easy evacuation in case of emergency
53	Exit signs are properly marked on the top of each exit door and connected with IPS or battery backup system
54	Public Address (P.A) system is available in all areas of the factory and effective
55	Adequate number of Emergency lights are available and effective with IPS or battery backup system
56	Effective fire alarms are available with IPS or battery backup system
57	Smoke detectors are installed in factory floor and store areas as per instruction of valid fire license.
58	Emergency Evacuation/ Exit Layout Plans are hung in a proper place in the factory.
59	Emergency response plans/ procedures are kept accessible to address any accident, fire or explosion etc.
60	Trained firefighting team is available and easily identifiable in the factory floor. How many are trained firefighters at the factory?
61	A fire drill is conducted regularly with the whole workforce as per requirement of fire license (once in every three months with the support of Fire Service and Civil Defense/ COEL).
62	Evacuation drills are conducted with the whole workforce on a regular basis (once in a month)
63	Factory has valid fire license
64	Other necessary fire equipment like lock cutter, fire beater, fire buckets etc. are available and checked regularly.
65	The rooftop of the factory building is kept and maintained as per law.
66	Risk assessment on fire and/or electrical safety is done by experts / third party on annual basis. Relevant records are available.
67	Accident register
68	Personal Protective Equipment (PPE) such as goggles, glasses, gloves, earplug/muff, gum boots, or protective clothing are provided at factory cost and in fully acceptable condition. Workers use PPEs properly.

69	All employees/workers have received training on health and safety issues relevant to their jobs on a regular basis and training records are maintained properly.
70	An effective Safety Committee is formed as per law to ensure safety at work, which holds regular meetings and keeps minutes of proceedings. A safety officer is designated to look after the safety issues at the factory level.
<b>Electrical Safety</b>	
71	Electrical contacts, cords/cables, switches, fixtures, etc. are secured and properly fixed.
72	Separate room for generator & compressor
73	Generator Certificate
74	Single Line Distribution Diagram, Load Distribution Diagram, Electrical Lay out
75	Machine List
76	Maintenance Record (Generator, Electrical, Machine etc.)
77	Electricians are certified from Bangladesh Electrical Licensing Board/any other competent authority and facility are taking certificate each year from the competent authority.
78	All the machines are properly guarded with safety measures.
79	Boiler operator is trained and has a certificate of competency.
80	Boiler registration from competent authority is available and safely installed, operated and maintained.
<b>Chemical Safety</b>	
81	An updated chemicals/ hazardous materials inventory is prepared and available. Moreover, all Chemicals/ hazardous materials are labelled properly for identification.
82	The facility has permission to use and transport chemicals/ hazardous materials for the production process.
83	Chemicals/ hazardous materials are stored separately in a cool, well-ventilated, dry roofed area to prevent any unexpected hazards.
84	Chemicals/ hazardous materials are kept properly in enclosed containers and drums.
85	Chemicals/ hazardous materials are stored/kept properly with applicable secondary containment (e.g. curbs, dikes, or other containment structures) to prevent a potential spill.
86	Material Safety Data Sheets (MSDS) or other appropriate information sheets (use and handling instructions) are visible properly on the storage container or somewhere nearby with understandable language.
87	Required number of eye wash center is available near chemical handling areas.
88	Fumes, steam and dust are exhausted to the outside (e.g. spot cleaning places).
89	Storage and disposal of empty containers/drums are safe.
90	Spill response kits and other equipment (e.g. clean-up materials, first aid kits, eye wash fountains, etc.) are available on site to respond properly during an emergency.

91	Employees responsible for handling chemicals are well trained and training records are maintained properly.
<b>Industrial Relations</b>	
92	Participation Committee is in place as per law. a) Date of the constitution of the committee. .... b) How work's' representatives are chosen ..... c) A number of representatives from Management: Male: ..... Female ..... Total..... d) A number of representatives from Workers: Male: ..... Female ..... Total..... e) A number of meetings so far held after its constitution..... f) No. of meeting minutes sent to DoL .....
93	Grievance Handling Procedure
94	Workers have the right to form the Trade Union if they want and the employer does not give a restriction on forming the Trade Union. If there is the Trade Union.
<b>Environment</b>	
95	Environmental Clearance Certificate
96	The factory treats the chemical waste water through ETP (Effluent Treatment Plant) regularly before discharging
97	Factory disposes of all wastes in a proper way.
<b>Zero Tolerance</b>	
***	Child labor
***	Forced labor at the workplace.
***	Discriminate any employees in respect of race, color, sex, religion, political opinion, social origin or else.
***	Harassed or abused.
***	Fire License
***	Environment Clearance Certificate
***	Emergency Exit & Stair
***	Trade License
***	Factory Design Layout and Machine Lay out plan Approval
***	TIN Certificate
***	Updated LFMEAB Membership Certificate
***	Group Insurance
***	Fire Drill
***	Minimum Wage Violation

***	Board of Investment Certificate (BOI)
***	Updated Factory License

Note:

- 1) Grading criteria: For "A" - 85 to 100, "B" - 70 to below 85 and for "C" - below 70.
- 2) Any Zero Tolerance (ZT) issue will make the factory to be graded as "D" despite **whatever the score achieved**

## 11. Annexure B

Trade Union Policy of Bangladesh Labor Act-2006

Trade unions of workers and employers: Subject to the provisions of Chapter 13 (Trade Union And Industrial Relations), Bangladesh Labour Act-2006 (Amendment up to 2018):

(a) workers, without distinction whatsoever, shall have the right to form trade union primarily for the purpose of regulating the relations between workers and employers or workers and workers and, subject to the constitution of the union concerned, to joint trade union of their own choosing;

(b) Employers, without distinction whatsoever, shall have the right form trade union primarily for the purpose of regulating the relations between employers and workers or employers and employers and, subject to the constitution of the union concerned, to join trade union of their own choosing; and

(c) Trade unions of workers and employers shall have the right to form and join federations and any such union and federation shall have the right to affiliate with any international organization and confederation of worker's or employers' organization.

(d) Trade unions and employers' associations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmers.