

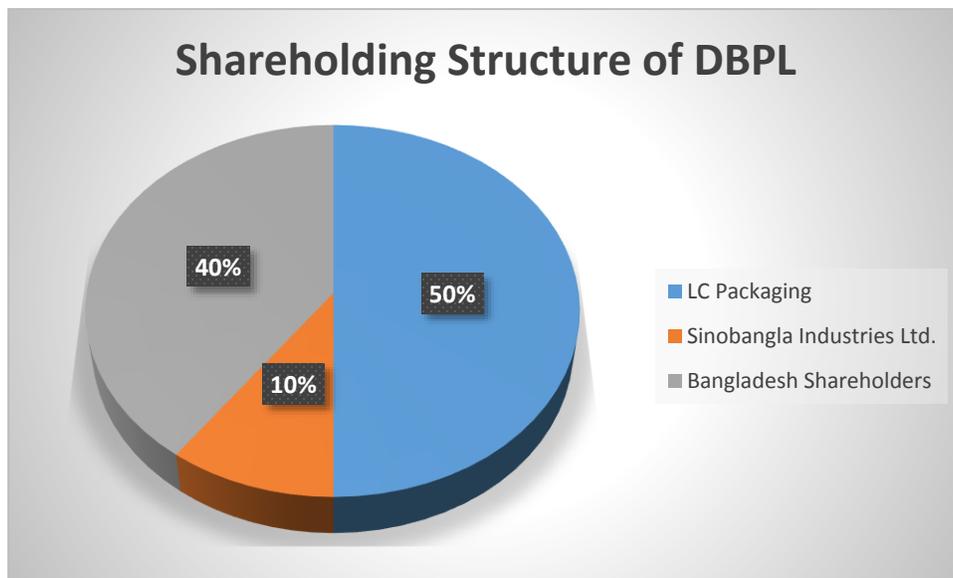
## 1. Commitment to OECD guidelines

Dutch-Bangla Pack Ltd. (DBPL) is committed to long- term and sustainable economic responsibility. We underscore this approach by supporting and integrating in our business operations and strategies the OECD Guidelines for Multinational Enterprises in the areas of Human Rights, Employment and Industrial Relations, Environment, Bribery and Corruption and Consumer Interests.

At DBPL, we do our best to communicate to our stakeholders the actions that we take to continually improve the integration of the recommendations of the OECD Guidelines into our daily operations. We are committed to share this information using our primary channels of communication.

## 2. About the Company

DBPL is a Netherlands-Bangladesh joint venture company established in 2007. Local shareholders hold 50% shares while remaining 50% shares are held by LC Packaging International BV (LC), Netherlands. The Bangladeshi shareholders include four local investors and Sinobangla Industries Ltd. – also a long-standing production partner of LC Packaging in Bangladesh. LC Packaging is one of the largest global traders of packaging materials, with operations in Europe and Africa.



DBPL is the leading producer of FIBCs (Flexible Intermediate Bulk Containers) in Bangladesh. FIBC or big bag, is an industrial container made of flexible fabric that is designed for storing and transporting dry, flowable products, such as sand, fertilizer, and granules of plastic. The company has an annual production capacity of 3,500 tons, equating to roughly 1.5 million pieces of FIBCs.

In anticipation of a growing market, DBPL envisages a planned and dynamic development and expansion process in future. To enhance customer satisfaction, DBPL has developed an integrated manufacturing facility, which currently covers an area of 8,680 sqm. DBPL started its commercial production in 2008, and currently produces the following products: Pharma Clean, Food clean, Intermediate Clean, Industrial Clean, Laminated FIBCs and HDPE/LDPE liners.

The FIBCs produced by DBPL are used as bulk containers for packing various products e.g. pharmaceuticals products, industrial raw materials etc. To enhance its presence in the high segment FIBC product range, DBPL introduced two additional state-of-the-art production facilities in 2010. They are, I) wide width coating plant and II) wide width multilayer liner plant. FIBCs with such features produced by DBPL can be used as bulk containers for liquid packaging (i.e. water, milk, oil), food packaging (processed or semi processed food ingredients products) and pharmaceuticals packaging. To enhance customer satisfaction and adhere to international product and manufacturing standards, DBPL practices a vigorous Quality and Hygiene Policy. To emphasize the commitment of DBPL towards quality, safety and efficiency, the Company has already achieved the ISO 9001, BS OHSAS 18001, ISO 14001, FSSC 22000 and SA 8000 certification standards. With the accomplishment of the aforementioned certificates, DBPL is the first and single FIBC manufacturer in the world to have achieved these certificates in unison.

### **3. Corporate Governance**

#### **3.1 Corporate Structure**

DBPL is a private limited company, formed as an equal joint-venture between Bangladesh and Dutch investors. It was incorporated in 2007 at Dhaka, Bangladesh through the Registrar of Joint Stock Companies. The Company is supervised by the Board of Directors, which includes representation from both the Dutch and Bangladeshi investors. The Company Secretary is responsible for ensuring that DBPL complies with standard financial and legal practice and maintains standards of corporate governance.

#### **3.2 Share Ownership**

Local shareholders hold 50% shares while remaining 50% shares are held by LC Packaging International BV (LC), Netherlands. The Bangladeshi shareholders include four local investors and Sinobangla Industries Ltd. – also a long-standing production partner of LC Packaging in Bangladesh. LC Packaging is one of the largest global traders of packaging materials, with operations in Europe and Africa.

### **3.3 Corporate Governance Policy**

Shareholders have meaningful ability to participate in the major fundamental decisions that affect corporate viability, and meaningful opportunities to suggest or nominate director candidates and to suggest processes and criteria for director selection and evaluation. DBPL adheres to responsible business practices and practice good corporate citizenship. Promotion, adoption and effective implementation of guidelines for the responsible conduct of business and business relationships are consistent with the fiduciary responsibility of protecting long-term investment interests.

The Managing Director is responsible for the successful leadership and management of the organization according to the strategic direction set by the Board of Directors. Specific responsibilities include:

- Participate with the Board of Directors in developing a vision and strategic plan to guide the organization
- Identify, assess, and inform the Board of Directors of internal and external issues that affect the organization
- Act as a professional advisor to the Board of Director on all aspects of the organization's activities
- Foster effective team work between the Board and staff
- Conduct official correspondence on behalf of the Board as appropriate and jointly with the Board when appropriate
- Represent the organization at community activities to enhance the organization's community profile

### **3.4 Internal audit and Risk Management**

The Board undertakes the responsibility for risk oversight. DBPL's Board attempts to understand and ensure risk management practices for the company; regularly review risks and evaluate how management responds to the most significant risks. Specifically, the Company Secretary performs the following functions to effectively manage risk: Contributing to meeting discussions as and when required, and advising members of the legal, governance, accounting and tax implications of proposed policies; monitoring changes in relevant legislation and the regulatory environment and taking appropriate action; liaising with external regulators and advisers, such as lawyers and auditors; taking responsibility for the health and safety of employees and managing matters related to insurance and property; developing and overseeing the systems that ensure the company complies with all applicable codes, in addition to its legal and statutory requirements.

## **4. Human Rights**

### **4.1 Commitment**

DBPL subscribes to the SA 8000 (Social Accountability) certification standard. Through it, DBPL pledges to the UN Declaration of Human Rights, conventions of the ILO, UN and national law, and spans industry and corporate codes to create a common language to measure social performance.

### **4.2 Implementation**

Please see Section 5.4.

## **5. Employment**

### **5.1 Statement on Labor Rights**

DBPL aspires to be a leader in social accountability by promoting a positive culture with respect to human rights and the continuous improvement of working conditions. We support and respect the protection of international human rights within the sphere of our influence and ensure that we are not complicit in human rights abuses. As a socially accountable company, we shall conform to all requirements of SA 8000.

We will strive to continually improve the ways in which we promote, communicate, and manage Social Accountability with our employees, our customers, our suppliers and the community at large. We will ensure that this policy is reviewed periodically, communicated and is accessible to all staff, including directors, executives, management, supervisors and staff, whether directly employed, contracted or otherwise representing the company and is publicly available, upon request. DBPL shall continue to encourage all suppliers and contractors to comply with the same standards.

The specific commitments of DBPL with respect to the requirements of SA 8000 are:

#### **Child Labor**

DBPL shall not utilize child labor and will support the SA 8000 standard's guidelines on child labor.

#### **Forced Labor**

DBPL does not engage in or support the use of forced labor.

#### **Health and Safety**

DBPL is committed to the continuous improvement of the health and safety of its employees. DBPL pledges to provide a safe and healthy workplace; prevent potential occupational accidents; provide personal protection equipment and medical attention in event of work-related injury; appoint senior manager to ensure OSH; establish a Health and Safety Committee, comprised of a well-balanced group of management representatives and workers among others.

#### **Freedom of Association & Right to collectively Bargain**

DBPL recognizes its employees' right to join trade unions of their choice and to collectively bargain. While DBPL recognizes this right, it also strongly focuses on fostering a healthy, safe and pleasant work

environment to minimize any sources of employee discontent. DBPL is committed to providing open lines of communication to management and has developed a grievance procedure that includes all levels of management including the MD.

### **Discrimination**

DBPL does not engage in or support any type of discriminating practices, or harassment in any form to occur. It asks only skills oriented questions when interviewing for hire or promotion. DBPL does not engage in or support activities that would interfere with an employee's right to exercise, observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, sexual orientation, union membership, or political affiliation. DBPL does not allow behavior from its employees that are discriminative or harassing in nature. Gestures, language and physical contact that are sexually coercive, threatening, abusive, or exploitive are prohibited. Employees are informed of this policy during new employee orientation and it is covered in the employee handbook. All allegations of discrimination or harassment are brought immediately to the attention of the Human Resources Department and are investigated immediately.

### **5.2 Size of workforce**

DBPL currently employs approximately 620 employees, out of which 300 employees are female. Roughly, 70 employees are in managerial positions and rest in non-managerial (shop floor) positions. Upon initial recruitment of inexperienced workers, they undergo an initiation and training period of 6 months before they are confirmed as permanent employees. Currently, DBPL employs around 100 trainee employees in its total workforce.

The size of the workforce has remained generally constant over the past 2 years. At the same time, however, the output of the company has increased by roughly 20 %. This has been achieved entirely through improvements in productivity.

The employee turnover remains at a steady level of between 15 – 20%. A large proportion of the employees, especially women, are recruited out of technical training schools. Therefore, at the time of commencement of employment, they are often single. During the course of their employment, they get married and are mostly required to relocate to their husband's household. Oftentimes, this makes it impossible for the employee to continue due to locational constraints. Dismissal remains at a very low level, and total instances over a year does not exceed 5. Dismissals are primarily administered once conventional methods of disciplining (warning, suspension etc.) have been exhausted. Prime reason for dismissal remains severe lack of discipline, or discriminatory practices etc.

### **5.3 Labor Policies**

As an SA 8000 certified company, DBPL is dedicated towards strict adherence to international and national labor policy standards. The Company commits to informing all employees of its policy and position on the

SA 8000 standard. All employees of DBPL will be made aware of the Policy and Company Statement upon implementation. Periodically throughout the year, DBPL will reaffirm its commitment to the SA 8000 policy through employee communications such as emails, noticeboard postings etc.

Furthermore, DBPL is committed to the continuous improvement of the health and safety of its employees and commits itself to the following:

1. Ensure a healthy and safe work environment to employees and provide resources for awareness, preliminary risk evaluation, training and monitoring of health and accident risks.
2. Ensure consistency of DBPL's environment health and safety procedures with international and national legislative requirements, and introduce necessary additional requirements to make certain of a safe and healthy workplace and environment
3. Incorporate environmental occupational health and safety considerations in the planning stage of product and process design
4. Continually strive to eliminate any foreseeable hazards which may result in property damage, accidents, or personal injury/illness
5. Effectively communicate the Environmental, Occupational Health and Safety Policy to the relevant stakeholders of the company to encourage adoption of appropriate preventive practices

### **Disciplinary Practices**

DBPL has a defined disciplinary process. This process is explained to all employees in new employee orientation and is defined in employee handbook. The company does not and will not engage in or support the use of corporal punishment, mental or physical coercion, or verbal abuse. Employees are trained on the progressive disciplinary policy in new employee orientation and it is documented in the employee handbook.

### **Working Hours**

DBPL complies with all applicable national laws and SA 8000 requirements concerning working hours. Our working and overtime hours are set in compliance with the national and SA 8000 requirements.

### **Remuneration**

DBPL ensures that the wages paid to its employees meets the Basic Need Wage according to the SA 8000 standard. DBPL ensures that all wages paid are in a manner that is convenient and safe for all employees.

### **Commitment**

DBPL affirms that it is committed to conform to all requirements of the SA 8000 standard in addition to

all national employment laws. Furthermore, the Company is committed to the continuous improvement of its personnel policies. All personnel policies and the SA 8000 policy are available for review in the Human Resources Department. The SA 8000 policy statement is provided to each employee during new employee orientation.

## **Review**

DBPL commits to review the adequacy, suitability, and effectiveness of the company's SA 8000 policy at least once per year. For instance, during the latest review, a change in legal requirements owing to the revised version of Bangladesh Labor Law prompted DBPL to review the SA 8000 policy accordingly.

## **5.4 Implementation**

To meet its Occupational health and safety objectives, DBPL undertakes a comprehensive Hazard Identification and Risk Assessment (HIRA) exercise, which attempts to assist emergency managers to improve occupational safety and to protect against property and infrastructure damage by providing a tool that can be used to assess the consequences and frequency of a hazard. The purpose of this is to identify which hazards should be the focus of emergency management programs at a particular point in time. When hazards are identified as having a high level of risk, emergency management programs are developed to minimize this risk through prevention, preparedness, mitigation, response and recovery measures. If these measures are successful, then the risk of the hazard will decrease. Upon extensive analysis, DBPL identified three major streams of hazards: natural, technological and human-caused hazards. These are hazards which have occurred or may occur within DBPL and to the degree in which they result in significant damage to people, property, critical infrastructure, the environment or business. Natural hazards are those which are caused by forces of nature (sometimes referred to as 'Acts of God'). Human activity may trigger or worsen the hazard, but the hazard ultimately is viewed as a force of nature. Technological hazards are hazards which arise 'from the manufacture, transportation, and use of such substances as radioactive materials, chemicals, explosives, flammables, modern technology and critical infrastructure'. Human-caused hazards are hazards which result from direct human action or inaction, either intentional or unintentional. Upon hazard analysis, suitable measures are introduced to address these hazards. Measures include infrastructure design (to mitigate natural hazards), product and process design, use of personal protective equipment etc. (to mitigate technological and human caused hazards).

Training of employees is among one of the most effective tools for ensuring occupational health and safety. DBPL has developed and executes an extensive training plan which lists the training topics (which includes topics on employee health and safety), frequency of training, training material, trainer details

etc. According to this training plan, an employee receives more than 120 hours of training per year, amounting to roughly 40 trainings per year. Delivery of training and evaluating the ensuing effectiveness of training is overseen by the Training department, which is incorporated inside the Human resource development division.

One of the major objectives of the HIRA exercise is to eliminate workplace accidents. Being a manufacturing entity, accidents in DBPL are mainly caused by human mistake. For instance, extrusion coating is a critical process in the production scheme, whereby a hot extrudate is poured on the fabric substrate. The operator has to station himself close to the machine to ensure smooth operation. Accidents often occurred due to the spattering of the hot extrudate. To prevent this, DBPL encased the entire process in a protective cage to prevent any outflow of hot extrudate. At other instances, at instances where it is not possible to modify the process, personal protective equipment and procedures are implemented to mitigate the hazard. For instance, in the printing section, where solvent fumes are generated, operators wear masks to prevent inhalation. Furthermore, Standard Operating Procedures (SOPs) are designed for every process of DBPL. Employees are specifically trained according to these SOPs to ensure that they can work in a safe and healthy environment and method.

## **6. Environment**

### **6.1 Environmental Issues**

At first, DBPL identifies environmental aspects of its operations. Environmental aspects are those items, such as air pollutants or hazardous waste that can have negative impacts on people and/or the environment. Once significant environmental aspects are determined, DBPL sets objectives and targets, and devises an action plan for meeting the targets. This includes designating responsibilities, establishing a schedule, and outlining clearly defined steps to meet the targets.

The major environmental issues currently being faced by DBPL are:

- Efficient use of resources (water, energy, raw materials)
- Waste management
- Supervision over use of hazardous substances

### **6.2 Environmental Policies**

The environmental policy of DBPL entails the following:

DBPL recognizes that the delivery of its operations inevitably impact on the environment in a number of ways, for example, through the generation of waste through the production process and the use of energy for heating and lighting. Through a commitment to continuous environmental improvement, DBPL's aim is to ensure that our business operation is undertaken in such a manner as to have minimum impact on the environment. Specifically, DBPL strives to minimize environmental aspects by decreasing wastes, using optimum energy using non-hazardous chemicals instead of hazardous chemicals, produce eco-friendly products that can be recycled and reused, seek continuous improvement in the design and implementation of products and processes, to eliminate or minimize probable health hazards, accident risks and minimize environmental aspects by using new technologies. The basic raw material of DBPL is Polypropylene which is a polyolefin thermoplastic. Generally, polyolefins are recyclable through a re-extrusion and granulation process. Furthermore, DBPL also remains prepared for emergencies and act promptly to eliminate their resulting impacts.

### **6.3 Implementation**

In implementing the ISO 14001 standard, DBPL undertook various measures to achieve reductions in waste management. One such measure is proper segregation of waste products. The usual practice, prior to the implementation of ISO 14001, was to place all types of waste into one container. Waste management principles require separate storage and consequent disposal of waste material at every step of the production process. An intensive training program had to be initiated to make the employees aware of waste management principles. Regular monitoring also had to be undertaken to confirm that employees were not deviating from established rules and regulations. Currently, wastage material are only placed in designated waste containers, which are collected at a designated frequency and stored in a separate warehouse. Later, this waste is recycled through an external recycler.

Another major challenge in the implementation of ISO 14001 standard was to adequately emphasize the adverse environmental impact of improper waste disposal. The usual habit of numerous DBPL's production workers was to dispose waste in the immediate surrounding environment, without considering the harmful environmental impact of their actions. Through regular awareness building and monitoring, DBPL ensured considerable change in their behavioral pattern. Detailed instructions were also implemented to promote employee perception. However, being a continual process, DBPL constantly monitors and controls its production process to ensure proper adherence to the standard.

Similar challenges to precipitate behavioral change were also experienced in the topic of energy efficiency. Through extensive training and awareness building, employees were encouraged to promote energy efficiency in their daily scope of operations. Furthermore, to promote energy efficiency, DBPL has installed solar panels on its roofing, which is used for internal heating. DBPL has also arranged for several Energy audits which attempted to identify scopes for reducing energy consumption without compromising working environment comfort and safety. Based on the feedback of the energy audit, DBPL implemented specific steps, such as converting older T12 fluorescent fixtures to high efficiency T5 or T8 fixtures, daylight harvesting etc. DBPL is also currently evaluating the possibility of installing water absorption chillers that shall reduce energy requirements for air conditioning significantly.

To effectively control the use of hazardous substances, DBPL firstly identifies all hazardous substances that are required for the production process. An initial evaluation is done to ascertain whether any of these substances can be replaced with less harmful alternatives. Consequently, attempts are made to mitigate the risks of contamination and exposure through these hazardous materials by implementing cautionary measures such as secondary containers, encased and designated storage, minimizing storage of hazardous chemicals that are susceptible to human contact etc.

## **7. Bribery and Corruption**

DBPL is committed to conduct all of its business in an honest and ethical manner and ensure that it meets its legal obligations and averts, notices and eradicates corrupt practices, and collaborates to reduce opportunities for bribery and corruption. DBPL requires all staff at all times to act honestly and with integrity and to safeguard the resources for which they are responsible. DBPL does not tolerate any form of corruption and takes the most serious view of any attempt to commit corrupt practices by members of staff, contractors, agents and business partners. Cases of suspected corruption are to be properly investigated and appropriate action taken, including reporting to the appropriate authorities, disciplinary action, prosecution and active pursuit of recovery.

DBPL has not been involved in any legal cases, rulings or other events related to corruption and bribery. Every year, bi-annual internal audits take place. Our books and accounts are subjected to statutory external audit annually. These audits are used as one of the methods of identifying any suspicious payments which could be related to bribery or corrupt behavior. There has been no such incident reported

in the period.

## **8. Consumer Interests and Quality**

The Quality Standards implemented by DBPL, namely ISO 9001 for Quality Management and FSSC 22000 for Food Safety Management, capture the knowledge and expertise of our professionals to ensure a consistent application of what we know. Quality standards incorporating centrally established generic and product-specific requirements are managed through locally defined operating quality manuals. Country specific standards, based upon local regulatory requirements, are also incorporated. Furthermore, the Quality Policy of DBPL is promoted across all levels of employees to encourage them to embrace quality as their personal commitment.

A Process-Based Management System encompassing the whole value chain in which all functions are responsible to define and manage the processes they own which can impact on product safety, compliance and consumer delight. Support Functions provide assistance, expertise and tools in order to meet the Quality management system requirements and to achieve the following quality objectives.

1. Establish a Quality Management System through the effective implementation and certification of the ISO 9001: 2008 standard. Furthermore, develop an Integrated Management System through the combination of ISO 9001: 2008 and OHSAS 18001: 2007 standards.
2. Consistently improve our product and process quality through learning, communication, emulation, innovation and participation in continuous improvement programs.
3. Cultivate and maintain a dynamic and vibrant managerial culture, which incorporates continual feedback and improvement.
4. Endeavor to maximize the product and process quality, leading to increased sales volume.
5. Attempt to minimize the lead time across the entire production process, thus ensuring timely delivery of products and services to meet our customer's requirements
6. Maintain the Quality Department as a partner with Purchasing. Receive raw materials and outside only when accompanied by processed parts appropriate certifications and inspection documentation.
7. Undertake regular training programs to educate employees, thus allowing each employee to recognize their responsibility for ensuring quality.
8. Attempt comprehensive understanding of customers' requirements, and deliver a product to match or even exceed these requirements to achieve customer delight.

9. Reduce waste and inefficiency in the production process.

10. Institute appropriate control procedures and conduct periodic reviews of our attainment of the Quality Policy, consequently taking appropriate measures accordingly.

A Continual Improvement Management Cycle is also implemented to ensure an effective and efficient management of Quality processes, to measure performance, and drive the enhancement of our Quality culture. DBPL regularly engages its customers to discuss opportunities for continual improvement of product and processes. Specifically, during audits of major customers, the DBPL Quality team actively shares and exchanges views on food safety, quality systems etc. to learn and consequently implement the best practices from across industries. A Design and Development procedure is also implemented whereby DBPL engages with various stakeholders (customers, distributors, equipment suppliers etc.) to improve packaging design for achieving reductions in packaging cost. Such engagements in the past has resulted in offering packaging re-designs which allowed customers to reduce packaging costs, or increase safety of existing packaging along others.