

RSC
ANNUAL
REPORT
ANNUAL
2020-21



**DELIVERING
WORLD-CLASS
SUSTAINABLE
WORKPLACE
SAFETY
PROGRAMMES**

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REPORT
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ACRONYMS AND ABBREVIATIONS

AEM	: All Employee Meetings	OSHCM	: Occupational Safety & Health Complaints Mechanism
BGMEA	: Bangladesh Garment Manufacturers and Exporters Association	PPE	: Personal protective equipment
BKMEA	: Bangladesh Knitwear Manufacturers and Exporters Association	Pre-T&CVI	: Pre-Testing & Commissioning Verification Inspection
BSE	: Boiler Safety Engineering	QC	: Quality Check
CAP	: Corrective Action Plan	QAR	: Quarterly Aggregate Reports
CMT	: Cut, Make & Trim	RCH	: Remediation Case Handler
CMT	: Case Management Tool	RMG	: Ready-Made Garments
CSO	: Chief Safety Officer	RSC	: RMG Sustainability Council
DEA	: Detailed Engineering Assessments	SC	: Safety Committee
DIFE	: Department of Inspection for Factories and Establishments	SCST	: Safety Committee and Safety Training
EA	: Engineering Assessments	SCWT	: Safety Committee Walk Through
ESE	: Electrical Safety Engineering	SLD	: Single Line Diagram
FADS	: Fire Alarm and Detection System	SSE	: Structural Safety Engineering
FFC	: Fair Factories Clearinghouse	SUPS	: Fire Suppression System
FLS	: Fire and Life Safety	T&CVIs	: Testing & Commissioning Verification Inspections
FLSE	: Fire & Life Safety Engineering	UD	: Utilisation Declarations
LPS	: Lightning Protection System		
NCL	: Non-Compliance Letters		
NFPA	: National Fire Protection Association		

MESSAGE FROM MANAGING DIRECTOR AND ACTING CHIEF SAFETY OFFICER



“*The RSC aspires to become a unique programme in promoting a sustainable workplace safety culture*”

It is my pleasure to present the RSC's inaugural annual report at a time when Bangladesh is celebrating her 50 years of independence. At this auspicious year, when Bangladesh is being lauded for the achievement of remarkable economic progress in recent decades, we are proud to be part of the progress. The RMG sector has significantly contributed to the growth by being one of the world's largest garment exporters, with the sector accounting for 84 percent of Bangladesh's total exports. We believe that significant efforts made in improving safety conditions for the country's nearly four million garment workers, has played a pivotal role in this success. Bangladesh RMG sector has come a long way, made significant progress in workplace safety programmes with the efforts of the Accord. Now with the continuation of this by the RSC, Bangladesh's RMG sector is peerless and second to none. Bangladesh now stands apart on the global stage for her RMG sector and workplace safety programmes.

This annual report, covering the period of June 2020 to May 2021 documents the foundation of the Ready-Made Garment (RMG) Sustainability Council (RSC) from a concept into an established organisation with collaborations, strategic priorities and a focused agenda to become a leader in delivering worldclass sustainable workplace safety programmes. The RSC is a tripartite (labour-brands-industry) initiative to carry forward the significant accomplishments made in workplace safety in the Bangladesh RMG industry. It aims to deliver **world-class sustainable workplace safety programmes**.

On 1 June 2020, the functions of the Accord Office in Bangladesh transitioned to the RSC with all operations, staff, infrastructure, and functions of the Accord Office in Bangladesh. Since its formation, the RSC has been implementing the workplace safety programmes as per the Accord signatories' obligations based on the approved inspection and remediation standards and procedures. The existing Safety Committee and Safety Training (SCST) programme and the Occupational Safety & Health (OSH) Complaints Mechanism have also been core part of the RSC's functions. The RSC continued to cooperate closely with the Accord Foundation's Secretariat and provided all necessary access to data and information in order to ensure that the brand signatories obligations were met. It is pleasing to note that at the time of compiling this annual report, a new International Accord has been agreed, holding its signatories to their obligations in Bangladesh.

The RSC through its different programmes conducts structural, electrical, fire and life safety and boiler safety inspections, supports and monitors remediation, conducts safety training and operates an independent occupational safety & health complaints mechanism available to workers in RSC-covered factories. The RSC is fully committed to transparency and public accountability as well as devoted to making key aspects of the programme publicly available. It publishes initial inspection reports and remediation progress through up-to-date Corrective Action Plans (CAPs), these cover the inspections, follow-ups, verification and reports on remediation of identified safety hazards at the inspected factories.

Since the commencement of the RSC's operations, we were overwhelmed with the COVID-19 pandemic that continues to wreak havoc, both in terms of the health crisis and challenges with the looming economic downturn that can't be ruled out. During the reporting period, the RSC's operation experienced partial halt several times (June to early September 2020 and March to May 2021) due to nationwide lockdown and movement restrictions. However, after the transition amid the lockdown, the RSC resumed partial activities virtually. Since 6 September 2020, the RSC's programmes have been running in compliance of the COVID-19 Health and Safety measures and arranging inspections in line with government lockdown, restrictions and advice notifications. In recognition of COVID-led halts, the number of initial inspections to onboard new factories has been increased to **20** inspections per month from **10**.

To cope with the 'new normal' due to the pandemic and complete the transition, the RSC has initiated a programme titled '*Grease the Wheel*' with an aim to strengthen the RSC's capacity through encouraging innovation, and inject speed and efficiency with better collaboration to attain sustainable efficacy that produced desired results and outputs. Under the programme, the different departments of the RSC were strengthened with necessary capacity building initiatives to enhance efficiency and delivery of our work. In addition, the programme introduced a series of initiatives to provide refresher training with innovative approaches to ensure that the RSC was capable to deliver improvements, thus enhancing efficacy.

The first year of the RSC also marked the introduction of the '*ICU Deep Dive*' programme for the factories those who were struggling to complete 100% initial remediation through the verification inspections. The programme aims to investigate and understand any potential for improvement that in turn help factories to reach 100% initial CAP completion. Up to May 2021, the programme witnessed an increase in success rate from **38%** in January 2021 to **82%** in May 2021. The RSC-covered factories also gained substantial progress in spearheading the safety remediation. A total of **98** factories were issued with Letters of Recognition (LoR) during the reporting period. To monitor the remediation progress and verify that corrective actions had been completed correctly, the RSC conducted over **1,417** follow-up inspections. In addition, the RSC Engineering departments conducted **192** initial inspections, **335** pre-testing commissioning inspections, **180** testing & commissioning inspections, **72** final verification inspections, **171** special inspections including **22** post incident inspections.

Furthermore, the Boiler Safety programme is set to be fully integrated in the RSC inspection programmes. The RSC's Boiler Safety engineers underwent training from international and local experts. The RSC also has developed a new SOP (Standard Operating Procedure) taking a risk-based approach, and a new boiler safety technical guideline (Standard). What remains to be finalised is the coordination with the Bangladesh Chief Inspector of Boilers (CIOB).

To improve the operational capability of the RSC for better-targeted results, the initial inspection procedure was updated to enhance the efficacy of inspection that comprises the adoption of a pre-inspection meeting with factories requesting all available documents ahead of scheduling an initial inspection. In addition, to make sure that strict and fair inspection prioritisation criteria are followed, the RSC introduced the categorisation based on "*A fair for all*" set of indicators to process each inspection request and provide an approximate inspection window. In the procedure, the priorities were given to factories waiting for the longest and with the highest risk safety concerns.

In the seven and half months of its operation out of twelve months (due to pandemic-caused lockdown and restrictions), the RSC Safety Committee and the Safety Training (SCST) programme conducted a total of **3,549** sessions through video conferences. The SCST programme introduced virtual Safety Committee Walk Through (SCWT) during the lockdown considering the significance of the activity. The application enabled the factories taking corrective action plans for the findings identified by the Safety Committee members and providing SCWT reports to the RSC in a timely manner. Consequently, a total of **344** factories were provided with Letters of Acknowledgement (LoA) during the reporting period.

Through the Occupational Safety and Health Complaints Mechanism (OSH-CM), the workers at the RSC covered factories and their representatives submitted **1,075** complaints during the period, an increase of **42%** from 2019, and the highest to date. Among those, **342** complaints were related to occupational safety and health (OSH), **149** were associated to COVID-19, and the rest were initially identified as Non-OSH complaints.

During the reporting period, the RSC's plans to engage with the national and international stakeholders were mostly annulled due to the pandemic. However, it has gained some notable feats by engaging with stakeholders, i.e. local Trade Unions, MoLE, DIFE, ILO and other Development Partners and Embassies. The RSC by the Articles of Association has to ensure alignment and coordination with the regulatory functions of the Government of Bangladesh related to any of its activities, a Government Coordination Council is still to be established. In the second year, we will strive for continuing our engagement with both local and international stakeholders; developing long term sustainable funding models and strengthening the RSC's operational capabilities. We are taking a goal driven approach to reach 100% initial CAP completeness of the factories. The ultimate goal is for factories to reach the CAP completed status (covering all initial and new findings). Additionally, our list of the second year onwards include developing proficiencies to include promotion of better Industrial Relations (IR), continuous Skills Development, establishing dedicated Environmental Sustainability department including a focus on Water and Carbon, and introducing other Climate Positive initiatives.

Overall, we have been successful in laying out the foundation for a brighter future and I am optimistic that together we will drive forward the plan we have established.

I take this opportunity to thank the RSC staff for their hard work and dedication in what was a difficult year for everyone owing to the challenges posed by the COVID-19 pandemic. The staff demonstrated resilience and strength of character in dealing with the pandemic and also the transition to becoming independent in operations. Their contribution helped to achieve the RSC's progress in its maiden year. I would also like to extend my gratitude to the RSC's Board of Directors for their support and guidance, especially the Executive Committee and over the year the other committees that were formed.

In the following sections, I am pleased to share you with additional information on the focus, programmes, accomplishments, and the activities of the RSC. I hope you find this report informative.

Thank you.



Iqbal Mohammad Hussain



1 OVERVIEW

1.1 About the RSC

The RSC is a tripartite initiative to carry forward the significant accomplishments made in workplace safety in Bangladesh RMG industry. The organisation is governed by a Board of Directors consisting of 18 representatives - 6 from each RSC member organisations.

The RSC was set up by three members representing each of the three constituents:

- Industry: The Shondhi Limited
- Brands: Brands Association for Textile & RMG Sustainability in Supply Chains
- Trade Unions: Trade Union Association for Textile & RMG Sustainability in Supply Chains

The RSC, is a national organisation that aims to maintain and create a safe and trustable RMG industry as the preferred production source for international fashion business promoting development and employment in matters of safety.

The RSC aspires to sustain and continuously develop a safe, humane and sustainable Bangladeshi RMG industry in a tripartite approach, including industry, unions and brands, by jointly implementing a sectorial safety standard minimising health perils and preventing avoidable accidents and empowering factory management and workers through training and capacity building initiatives.

Under two broad programmes entitled *Independent Inspections and Safety Hazards Remediation*, and *Workplace Programmes*, the RSC conducts structural, electrical, fire & life safety and boiler safety inspections, supports and monitors remediation, conducts safety training and operates an independent safety & health complaints mechanism available to the workers in RMG factories. Committed to transparency and accountability, it publishes key aspects of the programmes through its website, including initial inspection reports and remediation progress through up-to-date Corrective Action Plans (CAPs).

The RSC operates within the regulatory framework of Bangladesh. It also co-operates with the relevant regulatory agencies of the Government of Bangladesh to respect mutual interest. The RSC implements its workplace safety programmes at more than **1,600** covered factories and is expected to cover all RMG exporting garment factories gradually. It also aspires to encompass industrial relations, skills development, sustainable business and environmental sustainability initiatives. Through its activities, the covered factories will be able to complete their existing CAPs and ensure that all outstanding safety issues are remediated and verified as correctly fixed and the labour-management safety committees in the factories are equipped and empowered to monitor and address workplace safety on a daily basis.

1.2 VISION, AIM, MISSION AND OBJECTIVES



Vision

A world-class workplace safety programme, enabling sustainable business and developing the supply chain.



Aim

It is our aim to maintain and create a safe and trustable RMG industry as the preferred production source for international fashion business promoting development and employment in matters of safety.



Mission

Our mission is to sustain and continuously develop a safe, humane and sustainable Bangladeshi RMG industry in a tripartite approach, including industry, unions and brands, by jointly implementing a sectorial safety standard minimising health perils and preventing avoidable accidents and empowering factory management and workers through training and capacity building.

SPECIFIC OBJECTIVES OF THE RSC

1. To promote, govern and oversee the implementation of Occupational Safety and Health standards and to verify the compliance with applicable safety standards in the RMG and related industries in Bangladesh especially in the areas of Structural Integrity, Electrical Safety, Fire & Life Safety and Boiler Safety.
2. To conduct inspections in the areas of structural, electrical, fire & life safety and boiler safety as well as inspections to investigate safety complaints, and special inspections following Safety Committee findings and industrial accidents, and eventually regarding industrial relations, skills development and environmental standards; to monitor, verify and recognise remediation.
3. To maintain and further develop an extensive fire and building safety training programme to provide extensive and detailed training on Occupational Safety and Health in the factories.
4. To cover effective safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety and to develop a depository of know-how and information regarding existing safety hazards for the industry.
5. To promote, adopt and require compliance with existing or future national and international laws, regulations and standards for fire and building safety applicable for the RMG and other industries in Bangladesh industry, also through relationships with national and international stakeholders.
6. To maintain and further develop a publicly accessible database with regularly updated aggregated list of all suppliers in Bangladesh with specific details about factory safety standards, inspection reports, remediation status and other relevant non-competitive issues.
7. To supervise exporting RMG industry and related factories and permanently monitor safety, compliance and sustainability of existing and new factories and to provide recognition of safe workplaces for garment employer and employees.
8. To maintain and further develop a worker complaint mechanism operating with independence and free from interference from in-and-outside RSC, ensuring that workers from factories can raise concerns about safety and health risks in a timely fashion, safely and confidentially. To provide for quick and effective remedy protecting anonymity, real and perceived impartiality, protection from reprisal and independent decision-making in complaint resolutions.
9. To promote better Industrial Relations (IR), Skills Development, Welfare and Environmental Sustainability, Pollution Control, and other Climate Positive Initiatives.
10. To appoint qualified Safety Officers and support staff as required to implement the RSC programme, and to appoint a Board of Directors, Advisory Council, an Executive Committee, and other necessary subcommittees to support the RSC governance and implementation of its programmes.

1.3 The transition of Operations in Bangladesh from Accord

“On 14 January 2020, representatives of the BGMEA, and the Steering Committee of the Accord inked an agreement on the transition to the RSC.”

Foundation of the RSC from the Bangladesh-based Accord

RSC was established on 20 May 2020 as a safety monitoring body in the RMG sector in Bangladesh through registering at the Office of the Registrar of Joint Stock Companies and Firms, Bangladesh. Earlier in May 2019, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and the Accord Steering Committee agreed to establish the RSC with a view to ensure that the safety progress made by Accord-covered factories in the previous years is maintained and potentially expanded.

Subsequently, on 14 January 2020, representatives of the BGMEA and the Steering Committee of the Accord inked an agreement on the transition to the RSC. As prescribed in the agreement, the functions of the Accord Office in Bangladesh transitioned to the RSC on 1 June 2020, a company under section 28 of the Bangladesh Company Act 1994. Therefore, the RSC has inherited the operations, staff, policies and infrastructure of the local Accord office in Bangladesh and has been continuing under the same standards with factory inspections, remediation monitoring, and workplace programmes.

Under the agreement, the Accord signatories through their support and participation in the RSC were committed to implement the legally binding obligations of the 2018 Transition Accord agreement between global brands, retailers, and trade unions.

The 2018 Accord on Fire and Building Safety in Bangladesh that entered into effect on 1 June 2018 is a legally binding renewed agreement between global brands & retailers and IndustriALL Global Union & UNI Global Union and eight of IndustriALL's Bangladeshi affiliated unions to maintain and expand the progress achieved under the 2013 Accord.

“The RSC values the contribution of its stakeholders in placing workplace safety as an integral part of the RMG industry in Bangladesh”

1.4 RSC's RESPONSE TO COVID-19

The global coronavirus pandemic has had an unprecedented impact on the Bangladeshi RMG sector. Amid the pandemic, the RSC continued its operations abiding by all the government restrictions. The RSC-covered factories were provided with a COVID-19 checklist (developed in line with WHO guidelines) and requested to utilise the labour-management factory safety committee to communicate these measures to workers. To make sure that the factories adhere to the requirements, the RSC asked for pictorial evidence of the safety measures taken.

From early September 2020, the RSC resumed its structural, electrical and fire and life safety inspections at the covered factories. All the RSC employees were instructed to take necessary safety measures to mitigate the risks of disease transmission during the inspections. In addition, the RSC commenced a fully virtual SCST programme for the factory workers and management.

1.5 ENGAGING WITH EXTERNAL STAKEHOLDERS TO ACHIEVE A SAFE RMG INDUSTRY

The RSC values the contribution of its stakeholders in placing the workplace safety as an integral part of the RMG industry in Bangladesh. The RSC believes that their intensive engagement over the years has resulted in better policies and programmes for all the workers, factory owners and buyers. This has helped in the implementation processes for those focused on transforming the level of safety in the RMG industry in Bangladesh.

1.6 FUNDING

Under a Cooperation Agreement signed between the Accord and the RSC, the Accord Foundation allocated dedicated parts of the funds acquired from its brand signatory members to enable the RSC in commencing its operations. Each signatory company contributes funding to the Accord Foundation in proportion to the annual volume of its garment production in Bangladesh. In its first year of operation, the RSC received USD 4.4 million from the Accord Foundation through quarterly installments. The received amount was USD 2.2 million less than its previously estimated operational costs as the pandemic interrupted the RSC's previously estimated operational expenditure.

1.7 RSC STAFF NUMBERS



Figure 1.1 RSC's Staff Numbers as of 31 May 2021

1.8 RSC REPORTING AND TRANSPARENCY

The RSC maintains its data management through focusing on the three key areas such as *factory related information, inspection and remediation data, and data pertaining to the workplace safety programmes*. The RSC and the Accord have been working together with the Fair Factories Clearinghouse (FFC) in New York to securely manage data and to publish relevant information through the Accord and the RSC websites respectively in line with the commitment to transparency. Since 1 June 2020, the RSC has been implementing the obligations of Accord signatories concerning inspections, remediation, and workplace safety programmes at their supplier factories.

The RSC engineers, remediation case handlers, trainers and safety & health complaint mechanism specialists are responsible for implementing the various safety programmes in accordance with the protocols and the procedures that were previously developed by the Accord.

As part of its commitment to transparency and accountability, the RSC publishes **Quarterly Aggregate Reports (QAR)** on its website with the following information:

- **The list of RMG and Textile factories** covered by the RSC and their safety remediation progress together with the status of the safety training programmes.
- **The list of ineligible suppliers** for business with Accord signatory companies and for failure to implement workplace safety measures.
- **The list of factories handed over** to the Department of Inspection for Factories and Establishments (DIFE).
- **The complaints** raised by workers and their representatives through the RSC's Occupational Safety & Health Complaints Mechanism.



On 1 June 2020, the functions of the Accord Office in Bangladesh transitioned to the RMG Sustainability Council (RSC). The RSC inherited all operations, staff, infrastructure, and functions of the Accord Office in Bangladesh, and continues with factory inspections, remediation monitoring, and workplace programme.

This means that from 1 June 2020 onwards, the Accord signatories' obligations with respect to inspections, remediation and workplace programme at their supplier factories will be implemented through the RSC.



RSC Quarterly Aggregate Report...

On remediation progress and status of workplace programmes...

30 Nov 2020



Safety Remediation Progress...

Progress & completion rates of safety remediation at...

31 Jul 2021



Update Safety Training Program...

1365 Safety Committees have been trained to...

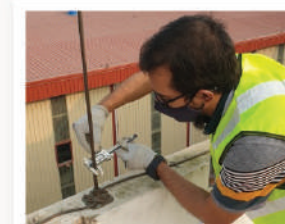
31 Jul 2021



Occupational Safety and Health...

Overview of complaints received through the RSC Occupational...

31 Jul 2021



Status Inspections Programme...

This section represents the total number of inspections...

31 Jul 2021

1.9 INSPECTION AND REMEDIATION PROGRAMME

As the COVID-19 crisis continued to escalate through the second wave, the RSC called upon the factories to initiate a holistic approach for prevention of diseases and raising awareness of the workers adhering to the redefined safety measures that included but not limited to:

- Providing protective face masks to the workers.
- Ensuring facilities for disinfecting hands and shoes at the entrance.
- Maintaining social distancing.
- Establishing and maintaining natural airflow/ventilation.
- Creating awareness on virus spread prevention.

To safeguard its staff at the inspected factories from the spread of the COVID-19 virus, the RSC initiated several additional facilities to the usual inspection procedures i.e. providing transport facility and the mandatory use of personal protective equipment (PPE).

To ensure that the covered factories were ready for inspection, the RSC introduced a checklist and pictorial evidence mechanism. The newly introduced system is a two stage implementation procedure. At the first stage, the factories were provided with a checklist and requested to channel the measures to workers through the labour-management factory safety committees.

To make sure these practical measures were taken and maintained, at the second stage, the factories were required to provide pictorial evidence of the implemented actions to confirm infection-free workplace. After convincing response from the factories, the RSC then dispatched its engineers for relevant structural, electrical and fire and life safety inspections. All the RSC employees were also advised to maintain necessary safety measures to minimise the risks of disease transmission during the inspections.

As of 31 May 2021, **1,632** RSC-covered factories received safety inspections, following the resumption of inspections in September 2020.



Photo:
RSC's safety engineers verifying the installation of the fire pump (part of the Fire Suppression System) at an RSC-covered factory

1.10 WORKPLACE PROGRAMME

All Employee Meeting (AEM), an important tool of the RSC Safety Committee Safety Training (SCST) Programme was suspended in the wake of the COVID-19 pandemic. In addition, the Safety Committee Walk Through (SCWT), another engagement practice of the programme was also put on hold. Considering its effectiveness, the SCST Programme introduced a virtual SCWT. The programme resumed remotely from 20 July 2020. During the reporting period, **3,549** remote sessions were conducted virtually by the SCST, **412** sessions of virtual SCWT were held, and a total of **344** factories were issued with Letters of Acknowledgement (LoA).

On the occupational safety and health front, workers and the representatives at the RSC-covered factories were able to file **1,075** complaints through the mechanism that stands with an increase of **42%** from 2019. Among those complaints, **342** were related to OSH, and the rest were categorised as Non-OSH.

From 1 June 2020 to 31 May 2021, a total of **149** complaints related to COVID-19 were filed through the OSH Complaints Mechanism. The allegations raised in those complaints were related to the following:

During the reporting period, the RSC was able to resolve **127** OSH complaints in its first year and **160** complaints are in the process to be investigated including the rest. The status of the OSH complaints resolution are published accordingly on the RSC website.



Photos: RSC Trainers are delivering Safety Training programmes using online platform to keep the Safety Committee informed about the safety and health hazards

The types of allegations in the Complaints

Non-payment of separation from employment payments	Forced resignation	Non-payment of maternity benefits
Termination of employment	Non-payment of wages	Retrenchment
Lay-off	Under-payment of wages	Risks to health
Worker unrest	Threats	Others

Table 1.1 Types of allegations raised through RSC's Occupational Safety & Health Complaint Mechanism Department

INSPECTIONS

1,696 RSC-covered factories

1,632 factories inspected

64 factories recently listed and scheduled for initial inspections

606 factories no longer covered by the RSC

174 closed

170 relocated

190 made ineligible for business with Accord Brands

72 out of scope

2,302 Total factories inspected or scheduled for initial inspections

2 IMPLEMENTATION PROGRESS AS OF 31 MAY 2021

2.1 Inspection and Remediation Programmes

REMEDIATION

92.67% Initial Progress rate

362 factories completed initial remediation

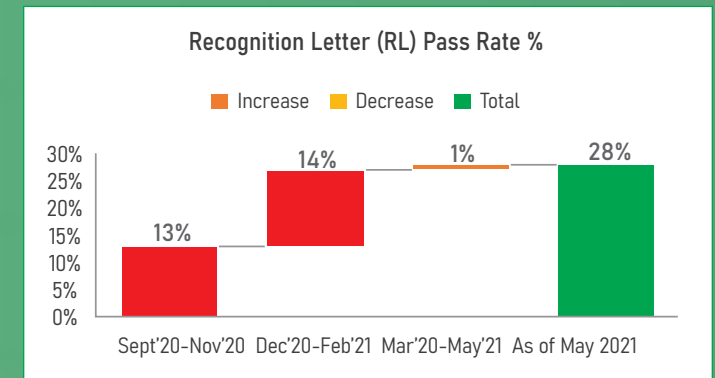
>90% initial remediation at 1,273 factories

76.8% of covered factories got their (D)EAs accepted where required (Required 1,601 factories, Pending acceptance 373 factories)

92.7% of covered factories got their FADS design approved (Required 1,616 factories, Pending acceptance 118 factories)

93.4% of covered factories got their SUPS design approved (Required 1327 factories, Pending acceptance 101 factories)

ICU Deep Drive Programme (For 100% Initial CAP Completion Verification Leading to Letter of Recognition)



2.2 WORKPLACE PROGRAMMES

Safety Committee & Safety Training Programme

1,058

factories Completed the Safety Training for the Safety Committee

281

ongoing the Safety Committee Training Sessions

258

yet to commence the Safety Committee Training Sessions

Almost
2
million

workers informed about workplace safety through All Employee Meetings and Informational Sessions

3,549

virtual sessions were conducted

412

virtual remote Walk-Through sessions

344

factories received Letters of Acknowledgement

Occupational Safety & Health Complaint Mechanism

1,527

safety & health complaints filed by workers and their representatives of which 149 are related to COVID-19

Usually alleged safety & health hazards include:

- Safety Hazards
- Termination of employment
- Forced resignation
- Non-payment of wages
- Forced overtime
- Workplace violence
- Non-payment of maternity benefits



3 INSPECTION PROGRAMME

All the RSC-covered factories are subject to initial inspections and regular follow-up inspections to monitor and verify remedial measures. The RSC recommenced onsite factory inspections from early September 2020 following the strict health guidelines to ensure health safety of the workers and the RSC engineers. Accordingly, the RSC informed the factory owners and the management that the RSC would only conduct inspections at the factories who would provide pictorial evidence of adequate preventive measures to protect workers and the RSC engineers. Upon confirmation from the factories, the RSC resumed the inspection programme.

RSC-Covered factories	
Inspected	1,632
Recently listed and scheduled for initial inspections	64
Total covered factories	1,696
Factories no longer covered	
Closed	174
Relocated	170
Made ineligible for business with Accord company signatories	190 ¹
Out of scope of the Accord/RSC programme	72
Total factories no longer covered	606
Total factories inspected or scheduled for initial inspections	2,302

Table 3.1 Factories inspected or scheduled for inspection under the RSC Programme as of 31 May 2021

From June 2020 to May 2021, the inspections were conducted by the RSC engineers specialised in fire & life safety, electrical, structural and boiler safety works under the supervision of the RSC Acting CSO.

¹ Up to 31 May 2021, out of **190** Ineligible factories, **180** factories were made ineligible due to not showing satisfactory remediation progress within the timelines set for the notice and warning phases. **10** factories were made ineligible due to belonging to the same RMG company group with the non-compliant factory before formation of the RSC.

3.1 Inspection Scheduling and Inspection Priority Category Table

Under strict “A fair for all” inspection prioritisation criteria, the RSC welcomed enquiries from both Brands and Industry in relation to inspection scheduling. The RSC uses the categorisation mentioned in the table below to process each request to provide an inspection window.

Inspection Priority Category Table	
1	Inspections related to Industrial Accidents and Safety Concerns
2	Factories ready for recognition: 100% initial CAP pending verification, FADS/SUPS already Corrected or ready for full T&CVI/Final verification, and Structural remediation completed or ready for retrofitting verification
3A	Factories ready for pre-T&CVI
3B	Factories ready for full T&CVI, but not at 100% PV
4	Factories with key remediation outstanding/major delay: In Stage 1 with PV items, in Stage 2 where all NC timelines have passed, Special Escalation Inspections, and factories with Immediate issues outstanding (IP) or Safe Egress issues outstanding (IP)
5	Initial inspections
6	Structural priority factories: waiting for DEA verification, waiting for retrofitting verification, structural evacuation cases, or Structural items PV and Document status is Accepted
7	Other special inspections: FRF, OSH complaints/verification
8	Factories in linked buildings, compounds, or extension to other priority factories

Table 3.2 Inspection Priority Category Table as of 31 May 2021

Inspection Process for CAP

After the initial inspections (structural, electrical, fire & life safety and boiler safety), relevant inspection reports are shared with the factory owners and other competent officials, the responsible signatory companies (Brands) and the worker representatives. The factory authorities and the brands are tasked with developing a CAP that details what remedial actions will be taken with a clear timeline. The RSC Remediation Case Handlers provide support to the CAP development and implementation and work closely with the RSC engineers to provide any necessary technical guidance as and when required. After the finalisation by the factory authorities and the Brands, CAP is submitted for review and approval.

The CAPs are updated monthly with relevant developments i.e. reports from the factories on repairment of issues, report of follow-up inspections by the RSC engineers etc. The updated CAP for each covered factory is published on the RSC website along with the latest remediation progress. After approval, all 4 inspection reports and the CAP are made publicly available on the RSC website.

3.2 ICU Deep Dive

The “*ICU Deep Dive*” programme aims to investigate and understand any potential for improvement that will help factories to achieve 100% initial CAP completion. The programme is inspired by a continuous improvement cycle (plan-do-check-act).

In addition to the general process, the RSC engineers applied several new steps under the “*ICU Deep Dive*” programme. The new steps included a detailed review of the CAP with an action plan that is then jointly dispatched to the factory management; and a phone call by the assigned Remediation Case Handler (RCH) to obtain information related to difficulties that the factory management are facing in terms of remediation. In addition, factory managements are encouraged to communicate with the RSC engineers to clarify any confusion and misunderstanding or knowledge gaps regarding the individual remediation requirements.

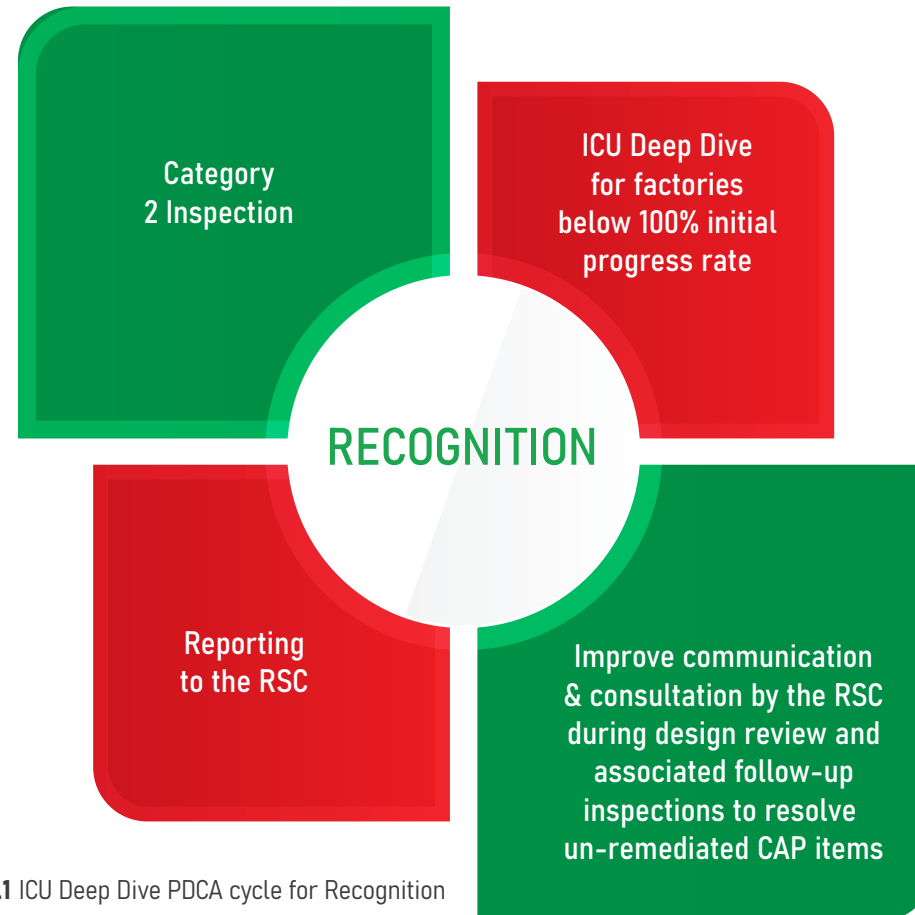


Figure 3.1 ICU Deep Dive PDCA cycle for Recognition

Field	Value
Total number of factories covered in ICU deep dive	165
Number of factories where Deep Dive notification sent 1st time	145
Number of factories where Deep Dive notification sent 2nd time	18
Number of factories where Deep Dive notification sent 3rd time	2
Number of factories received Recognition Letter after Deep Dive	18
Deep Dive Success Rate	82%

Table 3.3 Overview of ICU Deep Dive (September 2020 to May 2021)

Since January 2021, the ICU Deep Dive programme helped the factory management to focus on initial CAP items (high risk in terms of exposure time) that eventually inspired them to obtain the RSC Letters of Recognition (LoR). The Deep Dive accelerated the success rate of the issuance of number of LoR, from **38%** to **82%** since the introduction of the programme up to May 2021, thus marking a significant advancement.

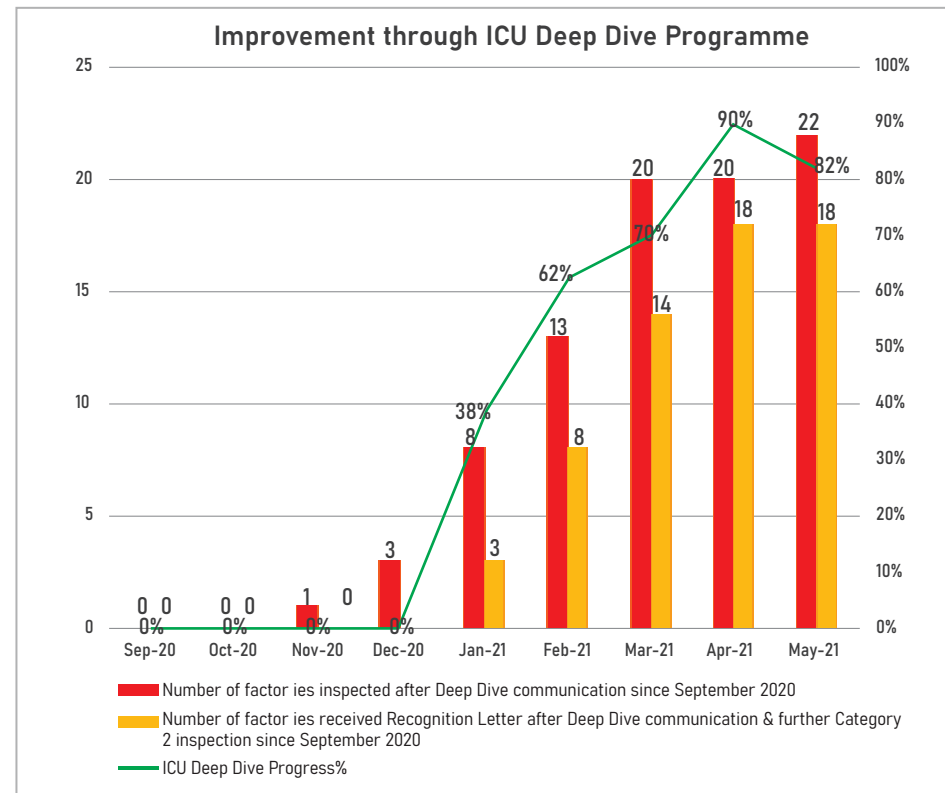


Figure 3.2 Improvement through ICU Deep Dive Programme during the RSC period up to May 2021

The above figure shows all the factories that received second initial 100% verification inspections since the introduction of the ICU Deep Dive programme illustrating an overall timely progress under the programme. The number **22** in May 2021 indicates that **22** factories previously received Deep Dive communication and received a second initial 100% verification inspection in between September 2020 and May 2021. The number of factories receiving LoR after ICU Deep Dive was **18**. The **18** LoR represents that out of these **22** factories, **18** factories were able to correct all the initial CAP items during the second initial 100% verification inspection, which brought the total programme success rate to **82%**. This figure is a cumulative representation of ICU Deep Dive communication and second inspection. The second inspection is following better communication and as expected the LoR pass rate is higher after the second inspection.

Thus, providing an evidenced based confirmation that the ICU Deep Dive programme is working to remediate initial findings/Category 2 factories at a faster rate. The Category 2 inspection or 100% initial CAP pending verification inspections are conducted at factories which reported their FADS/SUPS as already corrected or ready for full T&CVI/Final verification, and structural remediation completed or ready for retrofitting verification. It was observed in some cases that though the factories reported the CAP items as Corrected, the CAP items were not found fully Corrected during the onsite Category 2 inspection.

3.3 INSPECTIONS

During the reporting period, the RSC engineers conducted over **1,417** follow-up inspections at the RSC-covered factories to monitor the remediation progress and verify the subsequent corrective actions. The RSC engineers regularly identify additional safety findings during follow-up inspections. These findings are listed in the factories CAPs as “new findings” and their remediation continues to be monitored.

Apart from the regular follow-up inspections, the RSC’s prescribed inspections programme also covers Special and Verification inspections, including but not limited to the following:

Testing & Commissioning Verification

Inspections (T&CVIs): This was designed to verify if the installation of the fire detection and alarm systems are completed by the factories as indicated in their respective CAP. The T&CVI inspections are carried out to assess if the air sampling system, fire alarm, fire pump, fire sprinklers, and standpipe system are installed correctly. In addition, the RSC also conducts pre-T&C on-site documentation and equipment review of the factories that enables the RSC engineers to determine whether the factory is ready for a full functional T&CVI.

Negative suction non-compliance-related

inspections: It was observed during the previous T&CVIs that a third of the covered factories had installed the pump of the fire protection hydrant/sprinkler system using negative suction which according to the considered inspection standard (NFPA -20) is non-compliant. On-site assessments have since been conducted at the RSC-covered factories to identify solutions to resolve the negative suction situation such as installing a vertical turbine fire pump or changing the position of the water reservoir in the fire pump.

Boiler safety inspection: In recent years, Bangladesh witnessed a number of back-to-back tragic incidents in the form of boiler explosions which underscored the necessity to strategically focus on the Boiler Safety management as part of workplace safety programmes. The RSC in December 2020 launched its Boiler Safety programme to identify potential risks associated with boilers in the RMG factories.

The newly launched Boiler Safety department has been a timebefitting initiative of the RSC as RMG industry bears the significant share of the boiler accidents in Bangladesh . An Accord-led pilot programme (September 2018 - February 2020) also revealed significant boiler safety hazards in the factories. The Boiler Safety department coordinates with relevant stakeholders to support the factories to complete remediation through inspections and capacity building initiatives.

The prioritisation of the inspection of the factories is maintained by the Remediation Case Handlers (RCH) department of the RSC through a strict and fair inspection prioritisation criterion.

The table below shows different types of inspections conducted by the RCH department from June 2020 to May 2021. The newly introduced Boiler Inspection was conducted in **46** factories so far.

Types of inspections	1 June 2020 to 31 May 2021
Initial Inspections (all scopes)	192
FUIs Electrical	640
FUIs Fire	415
FUIs Structural	362
Article 17	0
Boiler Pilot	2
Escalation	66
Factory Remediation Fund	5
Immediate Concern	5
Negative Suction	0
Post Incident	22
Safety Complaint	21
SCWT Finding	0
Settlements	40
Specific Issue	9
Closure	50
DEA	173
Pre-T&CVI Review	335
T&CVI	180
T&CVI Final Verification	72
Total Inspection Conducted	2,590
Nr Unique Factories Inspected	1,271

Table 3.4 Total inspections conducted from 1 June 2020 to 31 May 2021

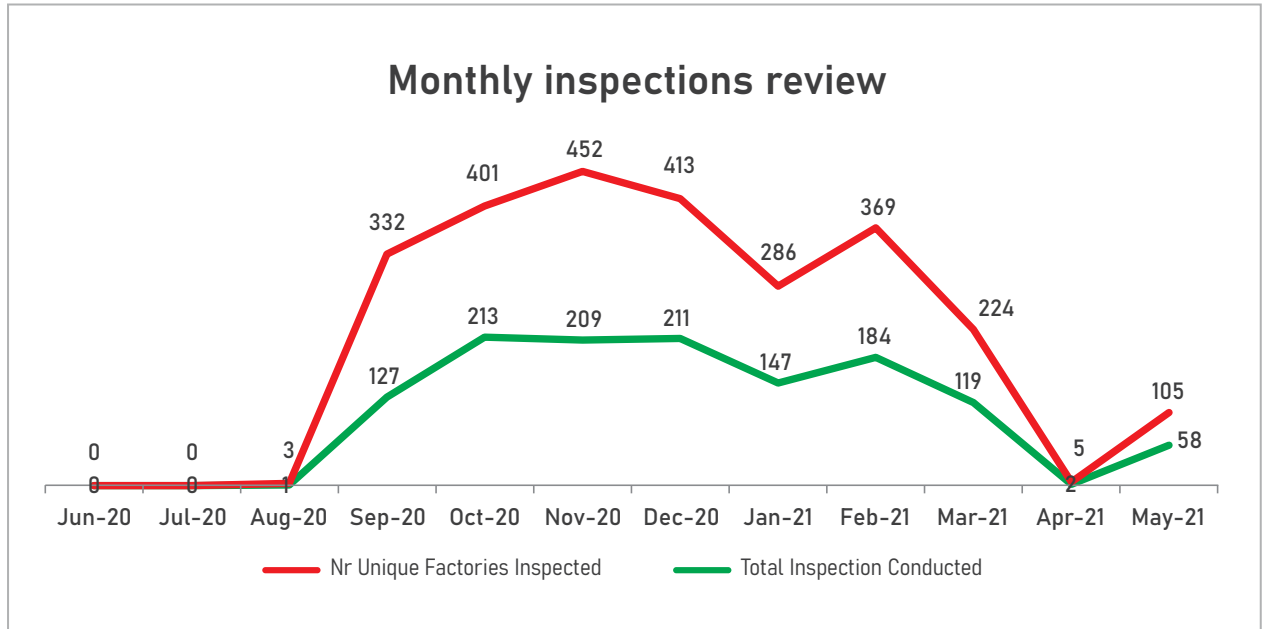


Figure 3.3 Monthly Inspection Overview (June 2020 to May 2021)

During the reporting period, a total of **2,590** inspections at **1,271** factories were carried out by the RSC.

3.3.1 Structural Safety Inspections

The RSC Structural Safety Engineering (SSE) department works to ensure that the appropriate structural safety management is in place at the RSC-covered factories. During the reporting period, the department conducted **614** inspections at the covered factories and worked with the factories and others on the remediation process. The inspections by the department included different types of inspections i.e. initial inspection, follow-up inspection, documents verification inspection, retrofitting verification inspection, inspection on critical findings, post-fire incident inspection, OSH complaint inspection, incidental inspection, FRF inspection and special escalation inspection. Information on the progress of the remediation related to inspection can be found in the Remediation Programme section.

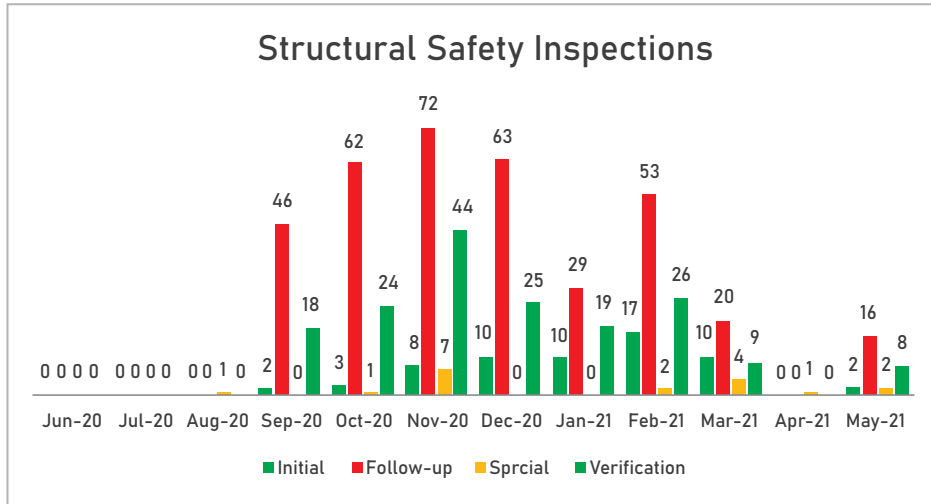


Figure 3.4 Structural Safety Inspections in the first year of the RSC

As part of the RSC’s relentless effort to improve the operational capability of staff for better targeted results, the Structural Safety Engineering (SSE) department updated the initial inspection procedure that came into effect on 1 April 2021 to further enhance the efficacy of initial inspections. The updated procedure comprises the adoption of a pre-inspection meeting with factories and requesting all available documents ahead of scheduling an initial inspection, that allowed the RSC to review all available information beforehand. This also helped the RSC engineers to evaluate the likely status of the factory building thus making for a more informative initial inspection. Furthermore, the data within available documentation supported the RSC to pre-populate the inspection report templates and finally by having upfront documents, the verification of the documents can be achieved at the initial inspection. This facilitated the RSC to avoid any unnecessary follow-up inspections or interventions for factory document verification, thus saving time and creating efficiencies.

3.3.2 Electrical Safety Inspections

To make sure that the RSC-covered factories maintain full compliance with standard electrical safety, the RSC Electrical Safety Engineering (ESE) department conducts electrical safety inspections at the factories through different types of inspections that include initial inspection, follow-up inspection, OSH Complaint Verification, Special Inspection, Post Fire/Incident Inspection and Closure Verification. During the reporting period, the department conducted a total of **729** inspections at the covered factories and worked with the factories and others on the remediation process. Information on the progress of the remediation related to inspection can be found in the Remediation Programme section.

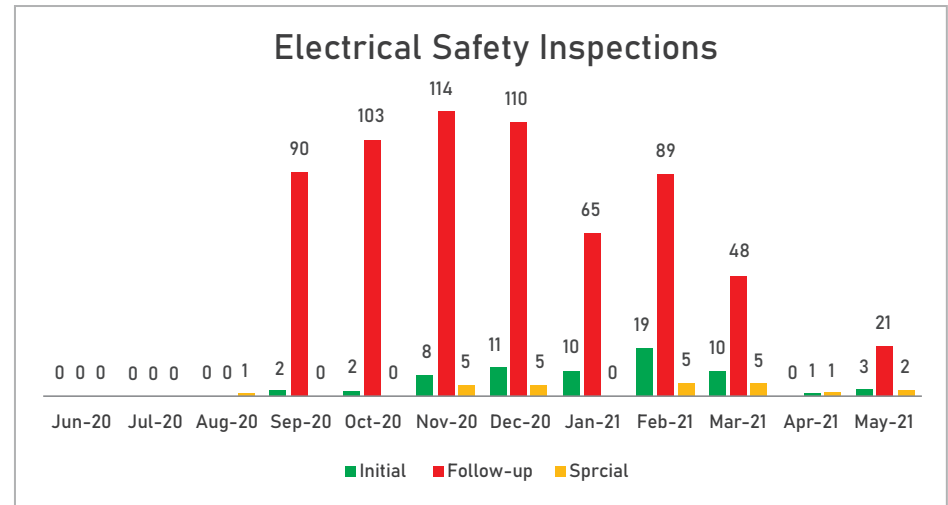


Figure 3.5 Electrical Safety Inspections in the first year of the RSC

3.3.3 Fire & Life Safety Inspections

The Fire & Life Safety Engineering (FLSE) department through its robust inspections plays a big role in confirming that the RSC-covered factory buildings and structures are compliant with standard fire safety regulations by design and construction. Considering the fire and life safety in improving working environments in the factories, the FLSE department conducts different types of inspections i.e. initial inspection, follow-up inspection, pre-T&C inspection, T&C inspection, final verification inspection, closure/relocation inspection, post-fire incident inspection, critical findings inspection, Factory Remediation Fund (FRF) inspection, special escalation inspection, etc. During the reporting period, the FLSE conducted **1,197** inspections at the covered factories and worked with the factories and others on the remediation process.

The following is a graphical representation of inspections conducted by FLSE during the reporting period.

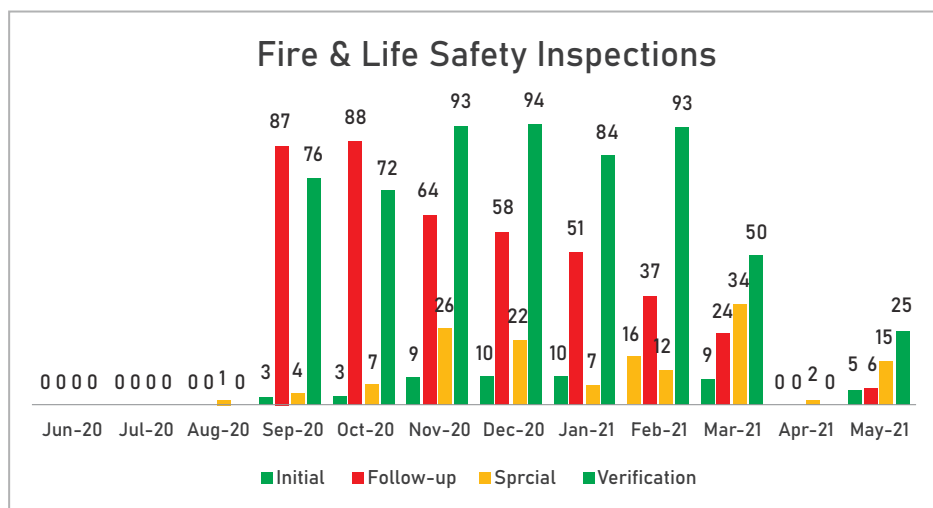


Figure 3.6 Fire & Life Safety Inspections in the first year of the RSC

3.3.4 Boiler Safety Inspections

Launched in December 2020, the RSC Boiler Safety department determines the reasons behind any potential boiler failure in the factories and outlines mitigation measures through initial and follow-up inspections. The department maintains close collaboration with the ILO, the Accord and the Government of Bangladesh's Chief Inspector of Boilers (CloB) along with the Brands and the Unions.

The Boiler Safety department is comprised of **9** engineers currently led by a team leader having experience in boiler operation, maintenance, and troubleshooting. Two of the boiler safety engineers are trained by the German-based consulting firm TÜV-SÜD previously on boiler safety inspection through the Accord-led Pilot programme (September 2018 to February 2020).

On the operations front, the department has taken a number of initiatives including training for the engineers and purchasing required equipment. The RSC has recruited new engineers for the department, collected documents from the factory, initiated data collection for developing a list for inspection prioritisation considering a risk-based approach, and started conducting external visual inspections of boilers at the factories. The MD and acting CSO of the RSC is overseeing the progress of the Boiler Safety department and mentoring and supporting the team with guidance to achieve organisational goals.

The table highlights the status of the external visual inspections for boilers:

Boiler Safety inspection updates	Target	Done	Remaining
Number of factories to be inspected	100	10	90
Factories from Accord CSI's list	75	2	73
Accord pilot programme factory	20	7	13
Other factories based on risk factors	5	1	4

Table 3.5 Boiler Safety Inspection update till 31 May 2021

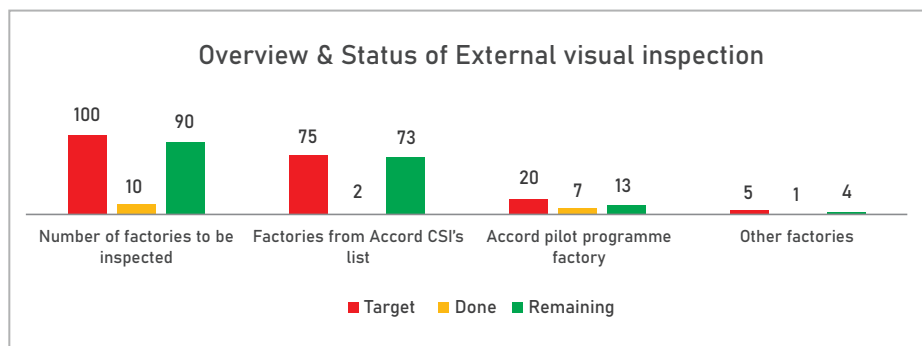


Figure 3.7 Overview and status of external visual inspection of boilers till May 2021

The RSC is now preparing for conducting the technical Boiler Safety inspection – the field tests (Hydrostatic pressure and Internal inspection and External and Functional inspection). Once the training for the Boiler Safety engineers is completed, the RSC will start the field tests for boilers in the covered factories.

3.4 FACTORIES REQUIRING TEMPORARY EVACUATION

According to the updated data in accordance with the RSC provisions **8** factory buildings were identified during initial or follow-up inspections and advised to (temporarily) evacuate as those were prone to imminent risk of structural failure (or electrical or fire hazards). The findings revealed that the structural integrity of the buildings was below the acceptable level for safe use, such as:

- Overstressed columns and/or structural elements.
- Cracks in beams and floor slabs.
- Discrepancies between design information and building structure.
- Inadequate additional construction onto cantilevers.
- Grossly inadequate egress from the building.
- Imminent risk of electrocution from the electrical transformer.

In such cases, the RSC CSO advises the responsible brands, factory owners and relevant authorities that the building is unsafe, and requires evacuation and postpone the production until the building is varified as safe for re-occupancy. The CSO submits the inspection results to the Government of Bangladesh's Review Panel³ as and when required.

³The Review Panel was established through the Ministry of Labour and Employment (MoLE) led National Plan of Action for inspections which lead to determinations that a building evacuation or suspension to operations is required.

In response to such critical cases, the RSC engages with owners, brands, and labour unions in the three vital areas related to expediting remediation, ensuring wages are paid, and verifying employment is maintained. As a follow up, the RSC coordinates with brands, labour union and owners to obtain credible information to ensure that the RSC provisions are being upheld.





4 REMEDIATION PROGRAMME

During the reporting period, the RSC engineers inspected each of the covered factories with a target for a visit in every four months to monitor the completion of safety remediation. By May 2021, the remediation progress of the original findings, stemming from initial inspections, reached to **92.67%** with **362** factories having had completed their initial CAP.

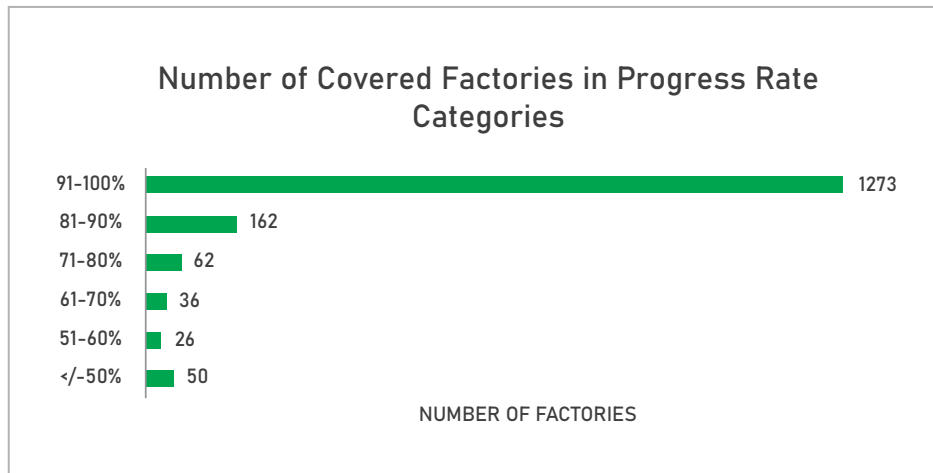


Figure 4.1 Status of initial remediation at **1,609** covered factories as of 31 May 2021 (with an approved CAP)

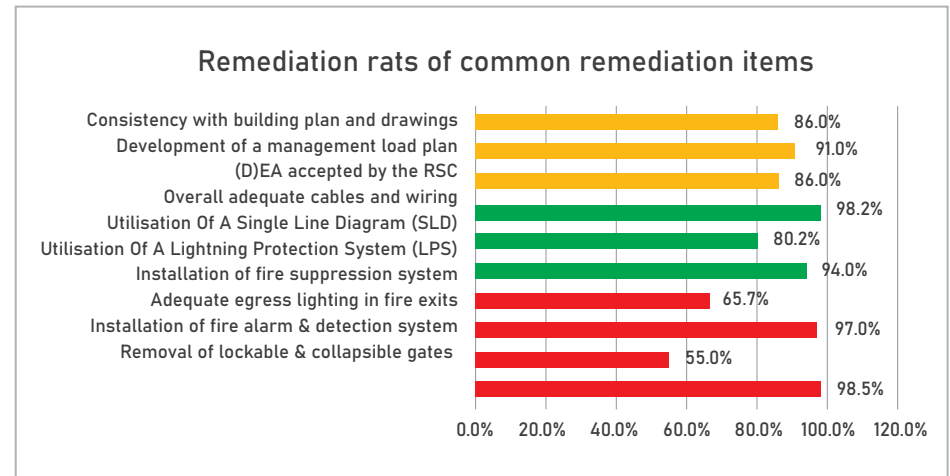


Figure 4.2 Remediation progress rates of common remediation items as of 31 May 2021

4.1 REMEDIATION PROGRAMME: REMEDICATION CASE HANDLER (RCH) DEPARTMENT

The RSC's remediation programme is led by the RCH department. The department plays the 'bridging' role among all the other departments thus managing the coordination process for inspections and remediation progress. It also coordinates with the RSC's prime implementation partner, the Accord secretariat in the Netherlands under the Cooperation Agreement between the organisations.

The other responsibilities of the department to run the Remediation Programme are:

- To ensure inspection prioritisation through a strict and fair criterion.
- To conduct daily monitoring and follow-up on the remediation of the assigned factories through Case Management Tool (CMT).
- To handle technical queries through coordination.
- To provide logistics to the Accord to address the factory finance requests.
- To facilitate meetings with the factory owner/concerns, responsible signatory brands and Accord secretariat to find agreement on a plan to ensure remediation is made financially feasible.
- To update CAPs based on the factory reporting and follow-up inspections.
- To synchronise with the other RSC departments to facilitate technical meetings.
- To oversee relocation & closure cases.
- To address financial issues related to remediation.
- To exercise escalation protocol where the factories do not remediate the safety issues within the agreed timeline.

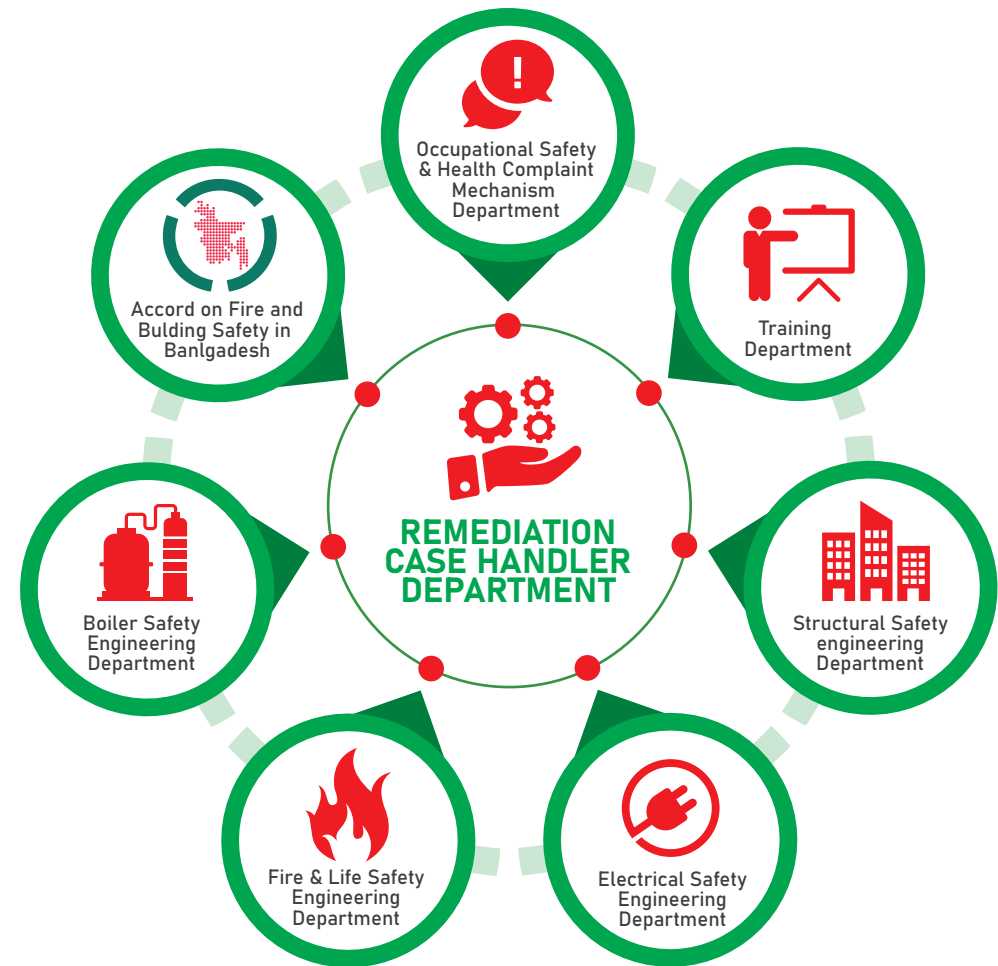


Figure 4.3 RCH Department's interdepartmental coordination & coordination with the Accord on Fire and Building Safety in Bangladesh

4.1.1 Case Management Tool

The Case Management Tool (CMT) is an important software used by the RCH department for daily monitoring and follow up on the remediation of their assigned factories. The CMT automatically flags different anomalies in the remediation programme that enables the RCH department in taking appropriate action to resolve the anomalies.

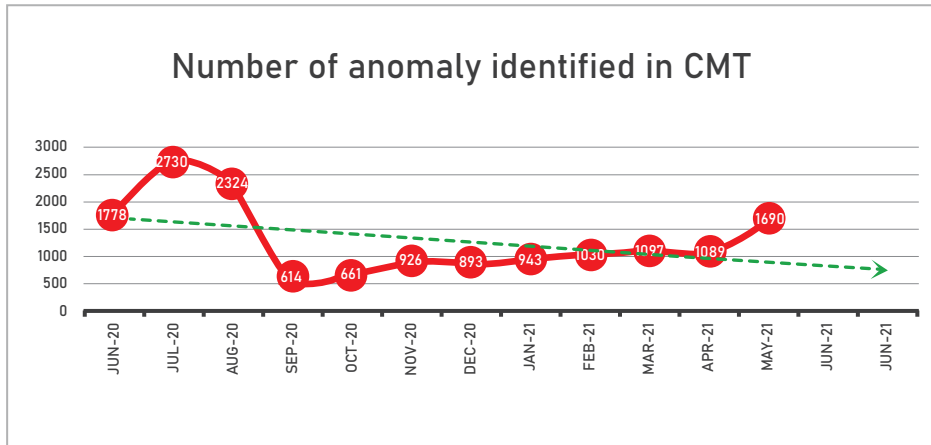


Figure 4.4 Number of anomalies identified in CMT & its trend (June 2020 to May 2021)

The above figure shows that the CMT has been instrumental in declining the number of cases and helping in better case management.

4.1.2 Technical Queries

Whenever a factory faces difficulties in remediating specific CAP items, then the factory and/or the responsible signatory can approach the RSC technical department (Structural, Electrical, Fire & Life safety, Boiler) for specific guidance/advice to mitigate the problem. The factory and/or the responsible signatory brand inform the RCH department regarding the technical difficulties. The RCH department then facilitates communication & meeting with the concerned RSC engineers and initiates to bring a specific resolution. If the RSC engineer becomes unable to provide the resolution and if the issue requires further intervention of higher authority, it is then forwarded to the RSC CSO. Technical queries requiring resolution are called pending technical queries (PTQ). The RSC has developed a robust and rigorous system to facilitate PTQ resolution in a timely manner, the impact of this system is demonstrated below.

Field	Value
New technical queries raised	113
Technical queries resolved	26
Re-opened technical queries	7
Total technical queries raised so far	200
Total technical queries resolved so far	80

Table 4.1 Update of Technical Queries from June 2020 to May 2021

4.1.2.1 RCH Response to technical queries

From June 2020 to May 2021, the RCH technical department helped to resolve new **26** technical cases which are **33%** of the total resolved cases. So far, a total of **80** technical queries were resolved.

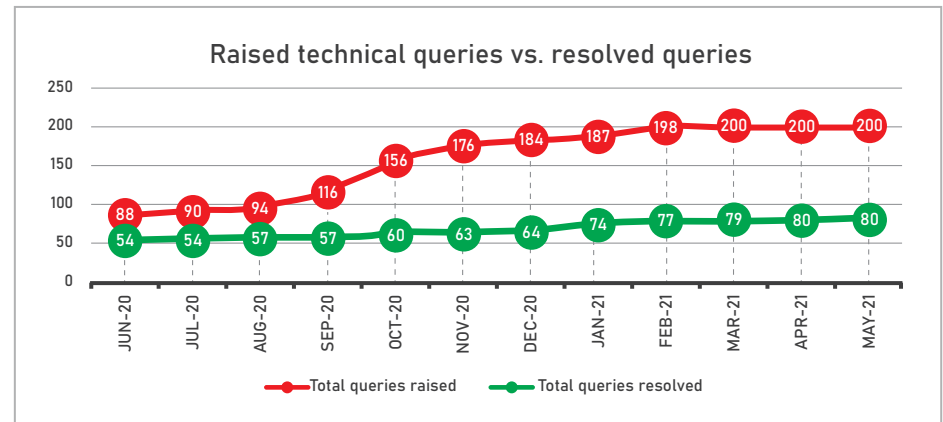


Figure 4.5 Comparison of raised technical queries & resolved queries from June 2020 to May 2021

The RSC is committed to providing resolution of all raised technical queries. As of May 2021, a total of **120** queries are pending for resolution.

4.1.3 Relocation & Closure

The RSC receives information related to Permanent closure/Temporary closure/Relocation through the RSC escalation meetings, emails from the factory or brands, training department, complaint mechanism department, follow-up inspections by the RSC engineers, union/federation and other competent sources.

The RCH department monitors and maintains the Relocation & Closure cases to:

- Ensure factories close/relocate within agreed timelines to avoid an unsafe building remaining open (and to avert escalation and ineligibility wherever possible).
- Implement the protocol on closure & compensation if applicable.
- Ensure workers have been notified of the upcoming closure.
- Collect and record basic closure information for the RSC records.
- Ensure that a closed factory is marked as closed in the RSC FFC database, then removed from the RSC public factory lists and internal 'covered' factory lists.
- Transfer inspection reports and CAP to IG/DIFE.
- Track relocated factories in the RSC/FFC database.

Field	Value
Number of factories that RSC was informed of closure/relocation/ temporary closure and started the procedure	97
Number of factories marked as Pending closure	84
Number of Closure meetings held	101
Number of Closure verification inspection	50
Number of factories reopened from closure	8
Number of factories marked as Closed	26

Table 4.2 Overview of relocation & closure cases (June 2020 to May 2021)

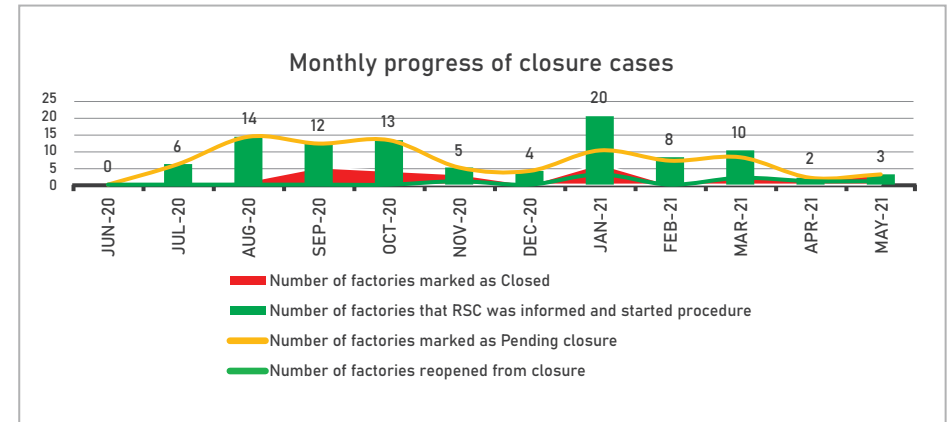


Figure 4.6 Monthly comparison of different steps in relocation & closure procedure from June 2020 to May 2021

4.1.4 Finance Request

To support factories that no longer have a brand signatory company as a customer to support them, a Factory Remediation Fund (FRF) was set up in 2017. In July 2019, the fund became available to all covered factories meeting certain criteria. The fund has been exhausted and is closed for new applications.

The funds made available through the FRF were distributed in several instalments, subject to factory cooperation, proof of payment towards remediation works and verified completion of the remediation commensurate with each preceding instalment. Inspections to verify remediation completion under the terms of the Accord Remediation Fund agreements are conducted by the RSC. Applications for FRF from **21** factories were approved.

Field	Value
Number of new factories raised finance request	32
Number of Finance meetings held	26
Finance resolution provided	18

Table 4.3 Overview of finance cases during the reporting period

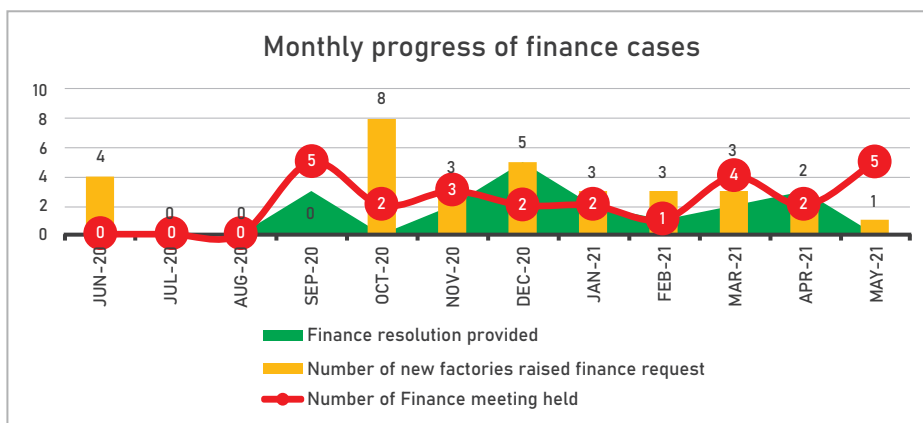


Figure 4.7 Monthly progress of finance cases from June 2020 to May 2021

The graph shows the monthly progress of all finance cases. Since June 2020 to May 2021, total **32** finance cases were raised & resolutions were provided to **18** cases, which leads to **56%** resolution rate.

4.1.5 Non-Compliant Suppliers

Supplier factories failing to participate in the safety programme prescribed by the legally binding 2018 Transition Accord agreement between Global Brands and Unions, are required to go through a notice and warning (Escalation) procedure under Article 16 of the 2018 Accord, and Article 24(q) of the RSC's Articles of Association.

Termination of business with a supplier requires following of three steps of the Escalation Protocol. The decision to escalate any case is based on the assessment of information received by the RSC. The CSO may escalate for other reasons if necessary as he may determine. If an active or inactive supplier fails to comply with the remediation requirements set by the CSO, the RSC notifies the relevant responsible participating companies, who will then address the non-compliance following a step-by-step process (Stage 1, 2 and 3) using the RSC's Escalation Protocol. If a No Brand factory requires escalation to Stage 1, 2 or 3 for failure to cooperate with the RSC inspections programme, the RSC will send the Non-Compliance Letter (NCL) to the No Brand factory and records the applicable stage of escalation in FFC. A factory may be issued multiple NCLs for failure to meet various RSC requirements at different times. A factory is removed from the escalation process (de-escalated) if it addresses all the issues identified in the NCLs.

4.1.6 RSC Escalation Protocol

Non-compliance when not corrected within the designated time leads to the RSC's Escalation Protocol. The protocol was agreed upon by the RSC Board of Directors and outlines three steps to be followed prior to becoming ineligible to do business with a signatory company due to inadequate participation in the RSC programme.

The RSC implements escalation procedures through the following stages:

1. Notification of non-compliance (Escalation Stage 1).
2. Notice and warning letter (Escalation Stage 2).
3. Ineligibility for the business relationship with Accord signatory companies (Escalation Stage 3).

If no action is taken following the first warning (escalation stage 1), the supplier factory is escalated to stage 2 and the lead signatory company in the factory is required to issue a warning letter to the supplier. At this stage, the RSC holds meetings with the factory management and the responsible signatory companies to discuss the issue(s) at hand. If the factory meets all the requirements within the specific timelines of the non-compliance notifications, the factory gets de-escalated. If the requirements are not met, the factory gets escalated to stage 3 and the signatory companies terminate their business relationship with the factory.

A factory becomes eligible for de-escalation if it addresses all the non-compliances mentioned in the escalation letter and no new non-compliance issues arise.

Escalation status	up to 31 May 2021
De-escalated	313
Stage 1	297
Stage 2	113
Stage 3	180 ³

Table 4.4 Factory escalations and de-escalation as of 31 May 2021

Inspection resumed in September 2020 and data related to progress of NCLs was collected then, therefore escalations were issued from October 2020. So far, the RCH department has issued **175** stage 1 escalations (New, Continual & Additional), **73** stage 2 escalations (New & Additional), **7** stage 3 escalations. A total of **57** factories have been de-escalated during this period.

Field	Value
Stage 1 issued	110
Continuation of Stage 1	5
Additional Stage 1 issued	60
Stage 2 issued	31
Additional Stage 2 issued	42
Stage 3 issued	7
De-escalation issued	57

Table 4.5 Total number of escalations & de-escalation issued by the RSC (June 2020 to May 2021)

In accordance with the Memorandum of Understanding signed between the Accord Steering Committee and the BGMEA on 8 May 2019, stage 3 of the Accord Escalation Protocol was complemented by the suspension of issuance of future Utilisation Declarations (UDs) that is mandatory to export apparel from Bangladesh. In the event that the non-compliant factory is part of an RMG group, if the issuance of UD of the non-compliant factory is not suspended by the BGMEA within four weeks of escalation to stage 3,

Accord signatory companies are required to terminate their business relationship with all factories under the same ownership with the non-compliant factory.

Ineligibility requires a minimum period of 18 months and until the ineligible supplier meets the conditions for requalification (i.e. all remediation from initial inspections is verified as completed and an accepted plan for remediation of new findings is in place). On the employment of the affected workers, the RSC works with its labour and company signatories in an effort to ensure that the affected workers are offered employment with safe suppliers.

Factories made ineligible are forwarded to the Inspector General (IG) of the Government of Bangladesh's Department of Inspection for Factories and Establishments (DIFE) and become the full responsibility of the NPoA-DIFE-RCC (National Plan of Action, Remediation Coordination Cell). The RSC also provides the factory's inspection reports and Corrective Action Plans for the IG and the RCC to monitor, support, and verify required remediation is completed and/or to take necessary action if it is not.

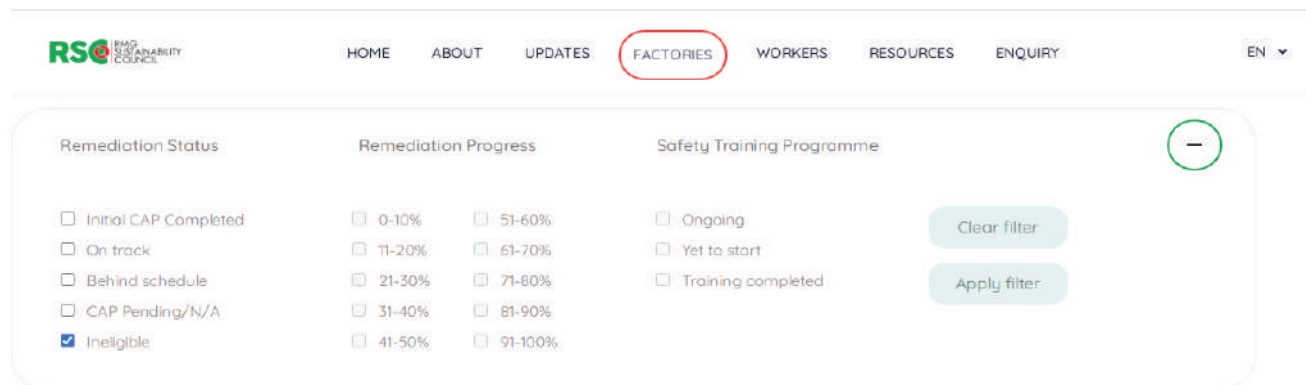


Figure 4.8 The list of ineligible suppliers is made public on the RSC's Factories

³ Total number of Ineligible factories is **190**. Among those, **180** factories were made ineligible for their own non-compliances, **10** factories were made ineligible due to belonging to the same RMG company group with the non-compliant factory before formation of the RSC.

4.2 STRUCTURAL SAFETY ENGINEERING

As part of Remediation Programme, the SSE department conducts the followings:

- Reviews design submissions.
- Provides technical assistance in determining the remedial measure.
- Develops and finalise CAP.
- Recommends escalation.
- Holds technical meetings with factories, consultants and brands to determine the remedial measures.
- Takes measures for delaying remediation actions.

If any potential structural weakness is indicated at the initial inspection, factories are required to conduct a structural (Detailed) Engineering Assessment (D)EA, including as-built drawings, engineering tests, preparing load plans, and developing structural remediation drawings. (D)EAs are conducted by structural engineers hired by factories and submitted to the RSC for review. Once the (D)EAs are accepted by the RSC, the factories are required to complete the structural remediation work.

The RSC maintains a data management system to record the number of factories at each stage in the (D)EA review and approval process. The system was introduced in 2019.

(D)EA Status as of 31 May 2021	
Factories that require to conduct (D)EA	1,601
Pending submission by factory	138
Pending review	29
Accepted, pending on-site verification	91
Fully accepted i.e., on-site verification revealed alignment between (D)EA documentation and the physical building(s)	1,228
Partly accepted, partly pending submission by factory/review	115

Table 4.6 Status of (D)EAs at the RSC-covered factories

During the pandemic that required the engineers to work from home, the RSC arranged engineering software and remote access to allow review of factory design documents from home. This year the department received **628** design documents, including multiple submissions from the same factory, where **159** factories design documents were accepted and subsequently, **723** design documents were reviewed. The acceptance rate of design documents per month witnessed steady increase.

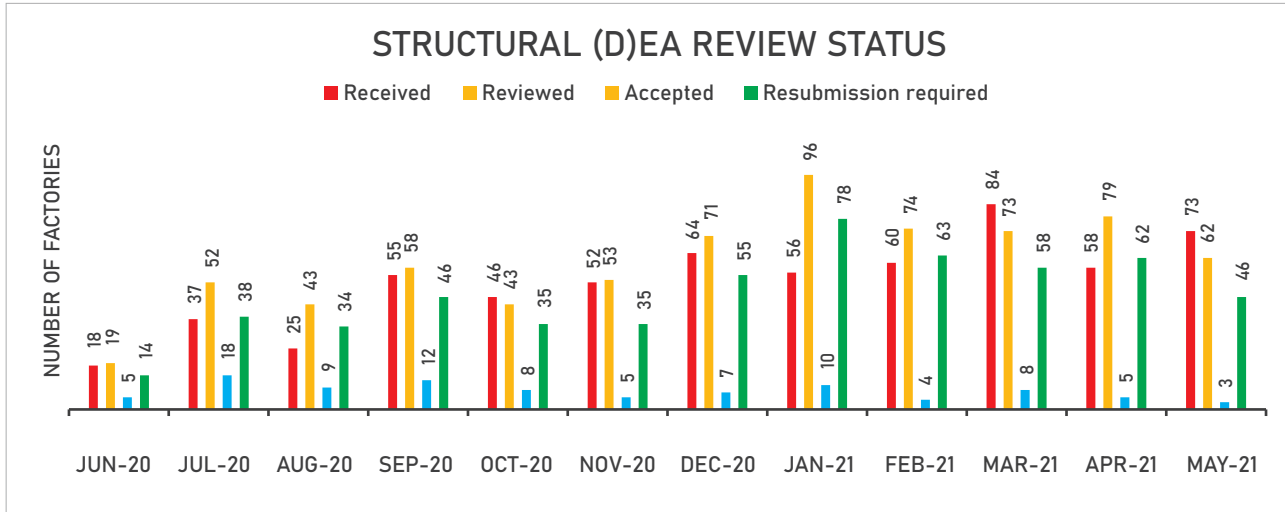


Figure 4.9 (D)EA Design Review Status from June 2020 to May 2021

4.2.1 Redesigned Design Review Process

- To accelerate the acceptance of design review of design documents (D)EA, a new initiative was introduced by the SSE department in March 2021. The initiative focused to reduce the number of factory document submissions and increase the acceptance rate of the documents to within three submissions. The following steps were introduced in the design review process.
 - A mandatory meeting with factory management and the consultant is arranged after each review to explain the review comment and discuss the technical issue.
 - A pre-submission meeting with the factory management and consultant is arranged as required. During the pre-submission meeting, the consultant demonstrates that all review comments are addressed properly in the documents to be submitted. The RSC does not receive the documents for further review if any previously reviewed comment(s) are not properly addressed.
 - If minor comments are found in the design documents after review, a meeting is scheduled instead of sending review comments to the factory, and the document is requested to be submitted within a very short period.

From March to May 2021, a total of **58** factory design documents (D)EA were accepted in three submissions, only **1** factory design document was accepted in four submissions, and **5** factory design documents is still under review after being submitted three times.

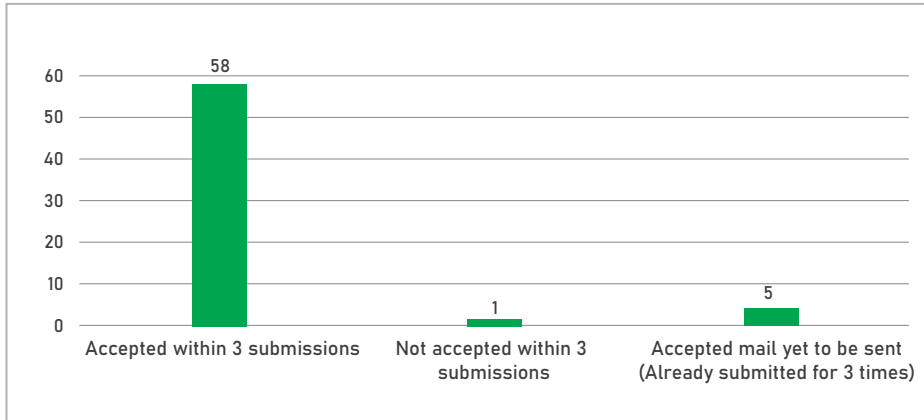


Figure 4.10 Analysis of factories' (D)EA Accepted by number of submissions

The overall review process has sped up as now the majority of documents are accepted in 3 or less submissions, previously the average was **8**. The department has also taken many initiatives over the period for better implementation of the remediation process. Training was arranged for structural safety engineers for capacity building. Besides, many excel spreadsheets have been developed to review the relevant documents with an effort to speed up the review process.

During the reporting period, the department conducted **676** online technical meetings with the factory management and technical persons for their better understanding of how to initiate the required works properly. The approach proved to be effective for remediation.

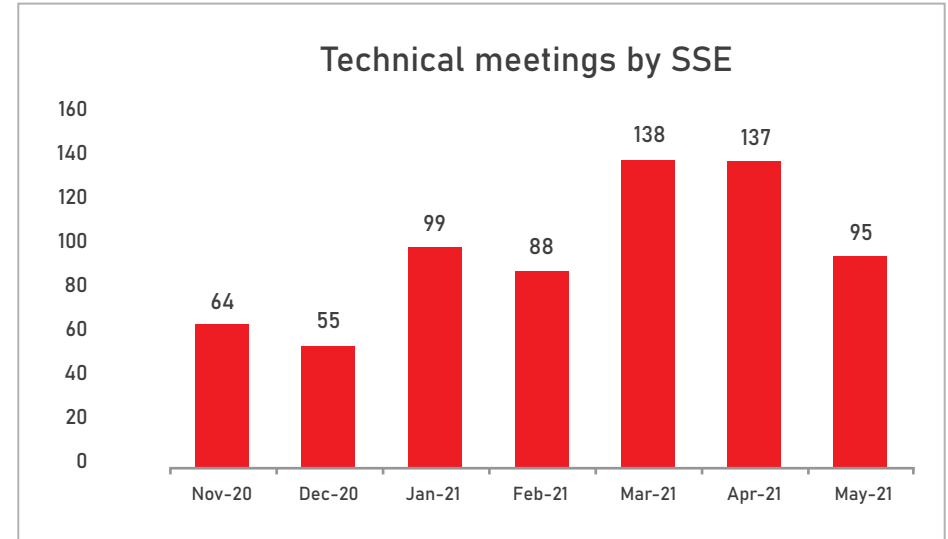


Figure 4.11 Online Technical meetings conducted by SSE

4.3 ELECTRICAL SAFETY ENGINEERING

As part of the remediation programme, the Electrical Safety Engineering (ESE) department reviews particular design namely Single Line Diagram (SLD) that is divided into several phases like SLD distribution, initial review, and Quality Check (QC). In addition, the ESE department reviews the Substation and Generator room layout on a regular basis, and the Lightning Protection System (LPS) during the follow-up inspection. After the inspection, the department prepares reports with recommendations and guidelines to meet the required Standards for the electrical installations.

The other important tasks of the department include resolving external queries from the factories and participating in the initial CAP review process. During the reporting period, a total of **60** of the initial CAP were reviewed and around **3,900** queries were resolved through virtual meetings or e-mail communication. As part of the department's forward-looking objectives, several initiatives were taken on protocol development. To enhance the skills and knowledge of the department's staff, it also arranged a number of internal training sessions for capacity building.

4.3.1 SLD Design Review

Annual update of the SLD review process are shown below. During the period, the ESE department reviewed **459** electrical designs in total.

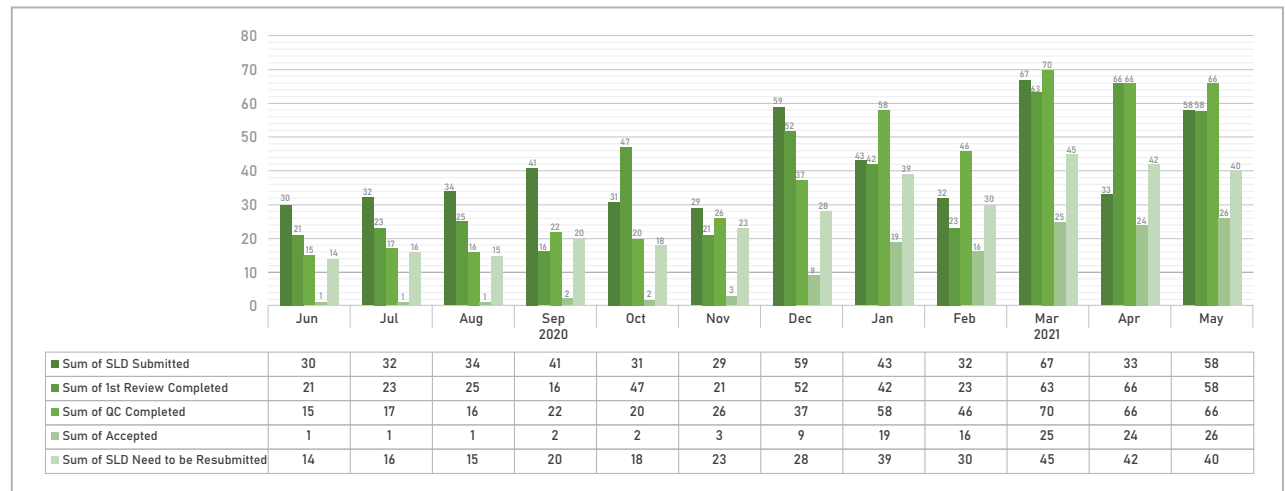


Figure 4.12 SLD Design review from June 2020 to May 2021

4.3.2 Growing proportion of SLD Acceptance

The ESE department strives to building cooperation with factories. Growing proportion of SLD acceptance attests to the increasing engagement. To increase the growth, the department identified the areas of improvement and provided tailored in-house training to the department staff, which included introduction of review comments with examples. Hence, we witnessed an increase in the Acceptance rate.

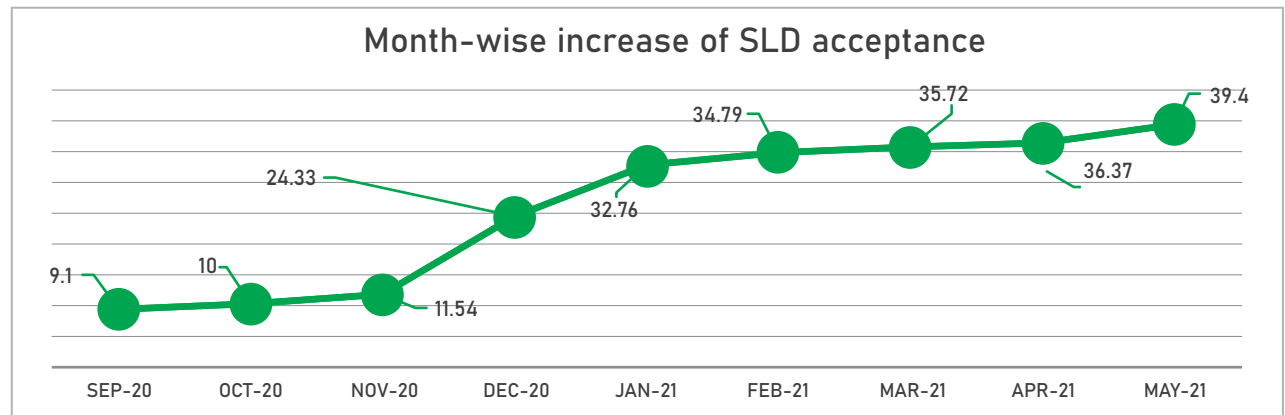


Figure 4.13 Month-wise increase of SLD acceptance from June 2020 to May 2021

Process reform accelerates performance improvement

To achieve a faster SLD review process, the ESE department introduced extended support for the factories. As part of the redesign, factories closer to achieve SLD acceptance were invited to virtual meetings where the ESE department review team shared the identified issues. In such meetings, electrical safety engineers explained the review areas of the SLD to the factory representatives. After the meeting, factory engineers or consultants were provided a few days to address the identified areas. When files were reverted by the factory, these were reviewed again. If the revised files were found free from previous errors, these were then accepted. Thus, the average review time for a particular SLD decreased significantly. Since February 2021, this support was provided to 30 factories and the improvements are reflected in the above chart. Upon successful testing, the department developed a procedure for the process that reduced the acceptance time to half of the time previously needed.



4.3.3 Substation and Generator Layout Review

This year, the ESE department received submissions for a total of **83** Substation and Generator room layout designs from the factories. **72** of them were cleared with acceptance after the review.

During the reporting period, the ESE department conducted **663** online technical meetings with the factory management and relevant technical representatives for their better understanding of how to address the required tasks properly. The approach was found effective in boosting the remediation process.

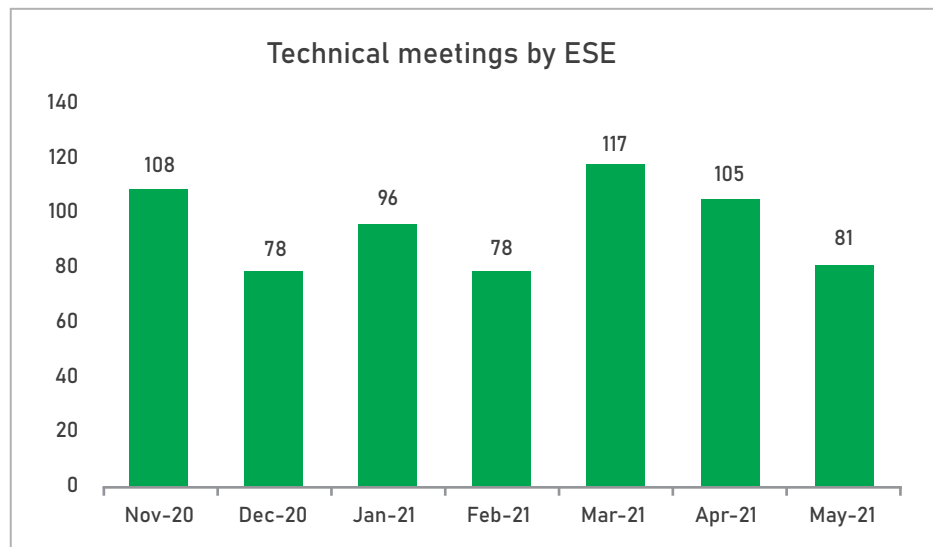


Figure 4.14 Online Technical meetings conducted by ESE

Case Study: The Substation room of a factory was facing challenges such as clearance, inconvenient access to High Transmission (HT) panel and foreign utility pipe was installed near to substation. Through the guidance of our engineers, the factory has achieved solutions to the problems which met the requirement of Standards. On this basis, factory's proposed drawing was accepted by the RSC to mitigate the challenges.

4.4 FIRE & LIFE SAFETY ENGINEERING

The RSC Fire and Life Safety Engineering (FLSE) department plays an important role in strengthening workplace safety of the RMG factories. Apart from conducting inspections, the department deals with a wide range of activities including design review, technical assistance to factories, consultants, brands, updating the CAP technical meetings with factory management and consultants to support and guide technical difficulties. The department also reviews documents of the initial pre-T&C and T&CVI design of fire detection & suppression systems, fire separation design, means of egress arrangement design, etc.

4.4.1 Design Review and Installation

During the COVID-19 pandemic, the FLSE department worked from home (June to August 2020) and reviewed design documents. After the inspections resumed in September 2020, the department started reviewing electronic copies of initial or proposed drawings of factories through virtual meetings. The department also reviewed the initial drawing of the Fire Detection System & Fire Protection System, Negative Suction drawings and sent the review report with observations to the factories which were required to kick-start their system installation process as per the reports. During the period, the RSC received a total of **117** initial designs for Fire Detection Systems and completed **99** design reviews, where **52** initial designs got approval for the further installation process. For the Fire Protection System, the RSC received **86** initial designs submissions in total of which, **77** designs were reviewed, where **41** designs got approval for further installation work.

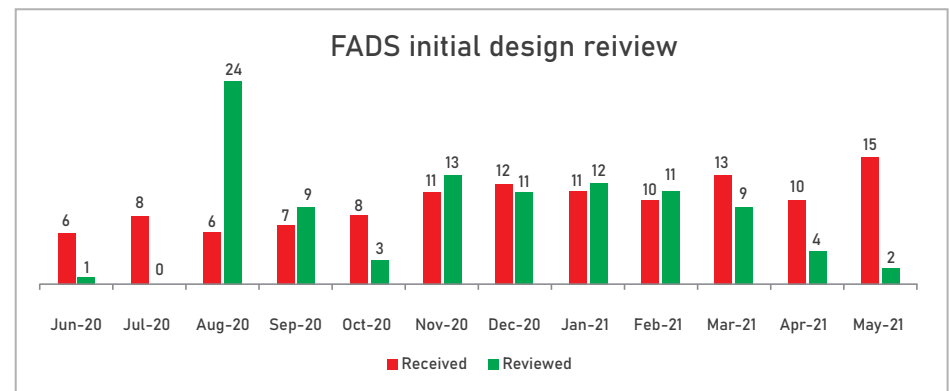


Figure 4.15 FADS initial design review from June 2020 to May 2021

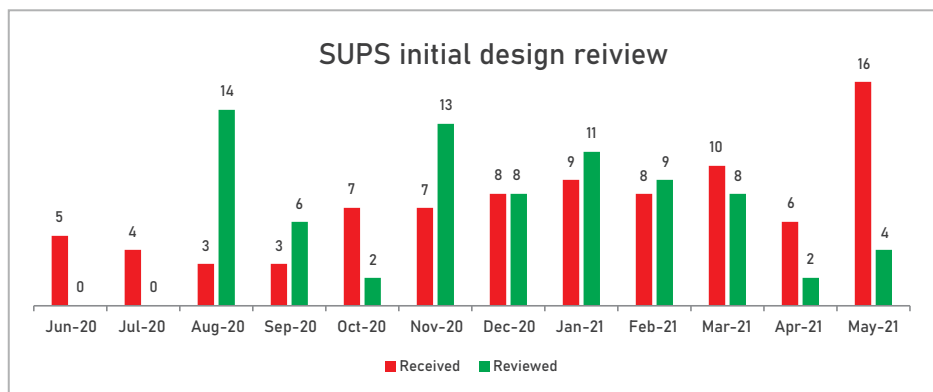


Figure 4.16 SUPS initial design review from June 2020 to May 2021

After completing the installation work, the factories are required to apply for Testing & Commissioning (T&C). The complete installation of the fire detection and protection systems by the factory can be analysed more in-depth by looking at the different stages involved in the installation process.

Once the RSC accepts the design of the fire system, the RSC-covered factories are required to follow the steps described below:

1. Commence the installation of the fire system(s). Components of the fire detection and protection systems can be installed using local components/materials. These are available only when the supporting evidence is provided that confirms they are in compliance with relevant Standards and tested and certified accordingly by a third party accredited independent testing laboratory. For example, compliant cabling, the conduits, the pipes and fittings of a sprinkler system can be purchased locally and installed whilst waiting for the imported components to arrive. For fire system components that need to be imported, the factories need to open a Letter of Credit (LC).

2. Undergo a pre-Testing & Commissioning Verification Inspection (pre-T&CVI) on-site documentation and equipment review. This on-site review supports the engineers to determine whether the factory is ready for a full functional T&CVI or not.

3. Undergo a full T&CVI. The goal of this inspection is to ensure that the systems are fully functional and installed as per Standard. Where possible, engineers conduct the T&CVI of both the fire detection and alarm systems and the fire suppression system during the same inspection at the factory.

FADS & SUPS installation status (Up to 31 May 2021)	Fire Alarm and Detection System (FADS)	Fire Suppression System (SUPS)
Factories where the fire system has been verified as adequately installed to standard and fully-functional	10	90
Factories pending a Final Verification Inspection	26	17
Factories pending Testing & Commissioning Verification Inspection (T&CVI)	222	160
Factories at the stage of pre-T&CVI on-site documentation & equipment review	402	301
Factories where the installation of the system is ongoing	536	512
Factories where the installation is yet to commence	55	65

Table 4.7 Status installation of fire detection and suppression systems at covered factories as of 31 May 2021

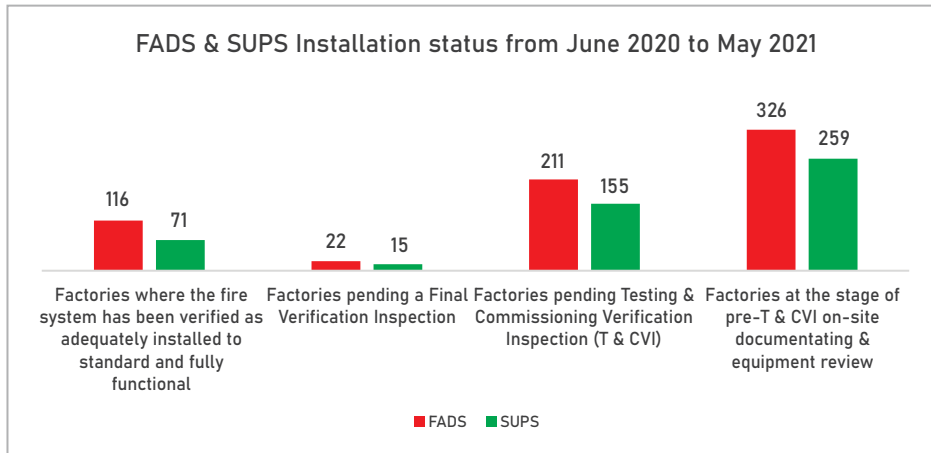


Figure 4.17 FADS & SUPS installation update from June 2020 to May 2021

During the reporting period, the FLSE conducted **642** online technical meetings with the factory management and technical person for their better understanding of how to initiate the required works properly. The approach was found to be effective in getting better results.

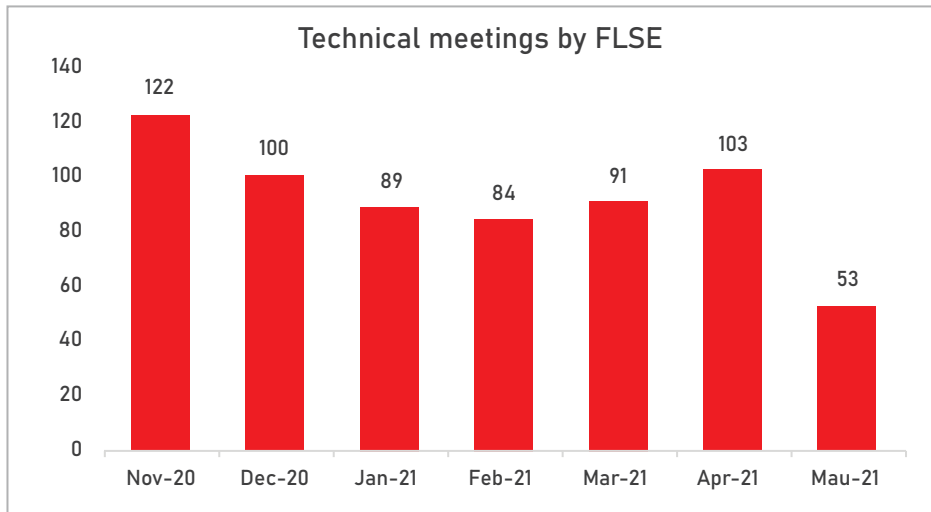


Figure 4.18 Online Technical meetings conducted by FLSE

In addition, the FLSE department also conducted the following activities during the period.

- Worked on the steel structure/passive fire protection verification process.
- Developed implementation guidelines on the TGN⁵ -1 alternate solution 4, addressing the negative suction issue.
- Organised capacity building training.
- Developed supplementary papers on Technical Sub-committee (TSC) - GN issues.
- Developed Gas cylinder checklist and precautional guideline.
- Developed requirements of "Aspiration-Air Sampling pipes/Fire curtain".
- Delivered resolution to technical queries- issues.

Notable Progress by the FLSE department

- The department developed a technical guideline for ensuring passive fire protection of steel structure that assists industries & engineering professionals in providing smooth and sustainable applications and safety
- Considering technical difficulties and making sure that the safety requirements and Standards are maintained, the department developed implementation guidance on overcoming negative suction conditions for fire protection systems. This allowed the factory to achieve the remediation cost-effectively in a shorter time
- The department developed the gas cylinder safety & precautional guidance by focusing on the life safety of occupants and assisting industries with the smooth operation and is being used.
- A technical guidance on the requirement of aspiration-air sampling tube, fire curtains, location of lift landing door was developed.
- **12** technical supplementary papers related to "Technical Sub-Committee discussion and pending task" was prepared by the department.

⁵TGN: Technical remediation Guidance Notes



- The department developed a standard process to address industries technical queries with practical solutions which would save time for remediation and incurred cost.
- The department developed the design guidance of unprotected steel structures of certain heights & stories considering the life safety of occupants.



5 WORKPLACE SAFETY PROGRAMMES

The RSC considers the active participation of workers as an integral part of workplace safety management. It believes that the factories cannot be safe workplaces without the active participation of the workers. At the RSC-covered factories, the RSC implements the workplace safety programmes these cover informing workers about safety and health, their rights, building effective Safety Committees, and providing an OSH Complaints Mechanism.

The RSC protects workers' rights to:

- Refuse work they believe to be unsafe
- Participate in the work of their factory Safety Committee
- File complaints with the RSC when they see a safety problem in their factory
- Not be subjected to reprisal/retaliation for reporting safety-related matters

5.1 TRAINING DEPARTMENT

5.1.1 Safety Committee and Safety Training Programme (SCST)

The RSC Training department provides Occupational Safety and Health (OSH) training and support to the joint factory level Safety Committees through its SCST Programme. The SCST department through its activities works towards enhancing the OSH knowledge of the Safety Committee which is equally represented by workers and management of the factory.

The training and relevant awareness programmes facilitated by the SCST department enable the Safety Committee at the factories to:

- Conduct Safety Committee Walk Through (SCWT) to identify safety hazards, potential risks and develop the remediation plan simultaneously.
- Respond to employee complaints and suggestions about safety and health.

- Review company accident reports to learn how such accidents can be prevented.
- Communicate to workers about safety and health issues.
- Meet at least once every three months to address and advance workplace safety and health matters.

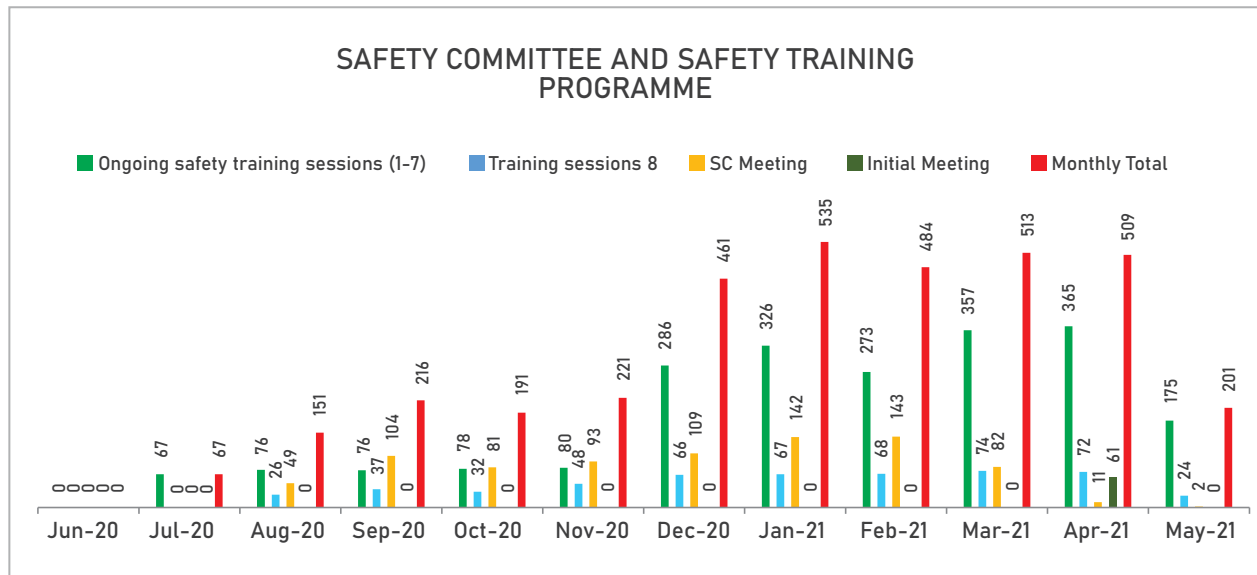


Figure 5.1 Progress of Safety Committee and Safety Training programme at the RSC factories from June 2020 to May 2021

From June 2020 to May 2021, the SCST department conducted a total of **3,549** training sessions and **412** SCWT sessions virtually. In addition to that, **344** factories were issued with LoA during the same reporting period, for successful completion of the RSC SCST Programme.

The SCST programme implements the following activities to enhance the OSH knowledge of the Safety Committee:

1. Initial Meeting with Factory Management and Signatories to introduce the SCST programme and discuss on the roll out plan.

2. Conduct training sessions on Safety Committee covering the role of the Safety Committee in the remediation, complaints handling, joint-problem solving, hazard identification and safety monitoring systems.

3. Conduct 'All Employee Meeting' (AEM) and Safety Informational Sessions to introduce the Safety Committee members, The sessions also cover information on how to identify and reduce common safety hazards, safe evacuation in case of fire or other emergencies, and the RSC's Complaints Procedure.

4. Factory SCWTs to identify actual or potential safety hazards and initiate required remediation. As part of the remediation process, the engineers once informed by the factory management conduct verification inspection(s) as and when required.

5. Provide facilitation support for effective functioning of Safety Committees to enable the Safety Committee expanding their understanding of occupational safety and health issues at the factory.

5.2 OCCUPATIONAL SAFETY AND HEALTH (OSH) COMPLAINTS MECHANISM (OSH-CM) DEPARTMENT

The OSH-CM department independently and autonomously addresses the occupational safety and health complaints collected through the mechanism to provide an effective remedy to workers. The confidential system allows the workers and the representatives to file complaints about safety and health risks that are not being efficiently addressed at the factory. In addition, the system ensures that the workers and the representatives are protected against any retaliation. To file complaints, the system neither requires prior attempt to complain in the factory's grievance mechanism by the complainant nor any other form of recourse. In accordance with the RSC's commitment to transparency, once a complaint has been lodged, a summary of the complaint automatically gets published on the RSC website.

The OSH-CM processes all complaints related to occupational safety and health. Where the safety and health issues concern any individual, groups or all workers, the associated findings and remediation requirements are announced to all the employees at the factory. Complaints that fall outside the scope of the RSC's OSH-CM (i.e. non-OSH complaints), are usually forwarded to the Factory Management, the RSC participating companies/accord brand and labour signatories. Likewise, complainants alleging issues at factories that are not covered by the RSC are provided with the contact information of the DIFE for further communication.

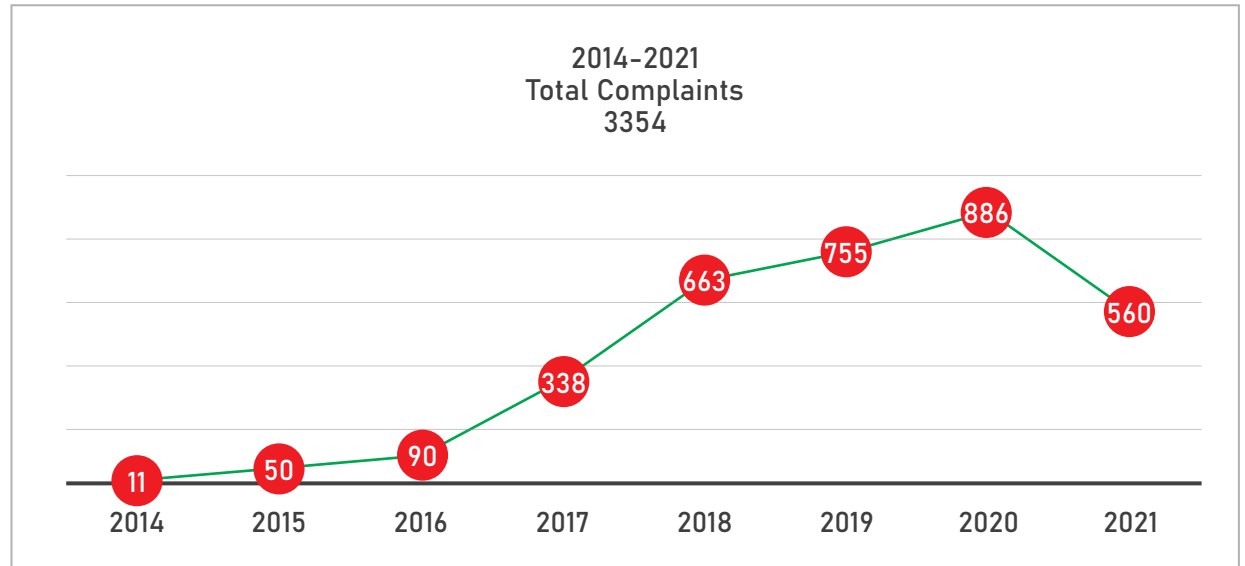
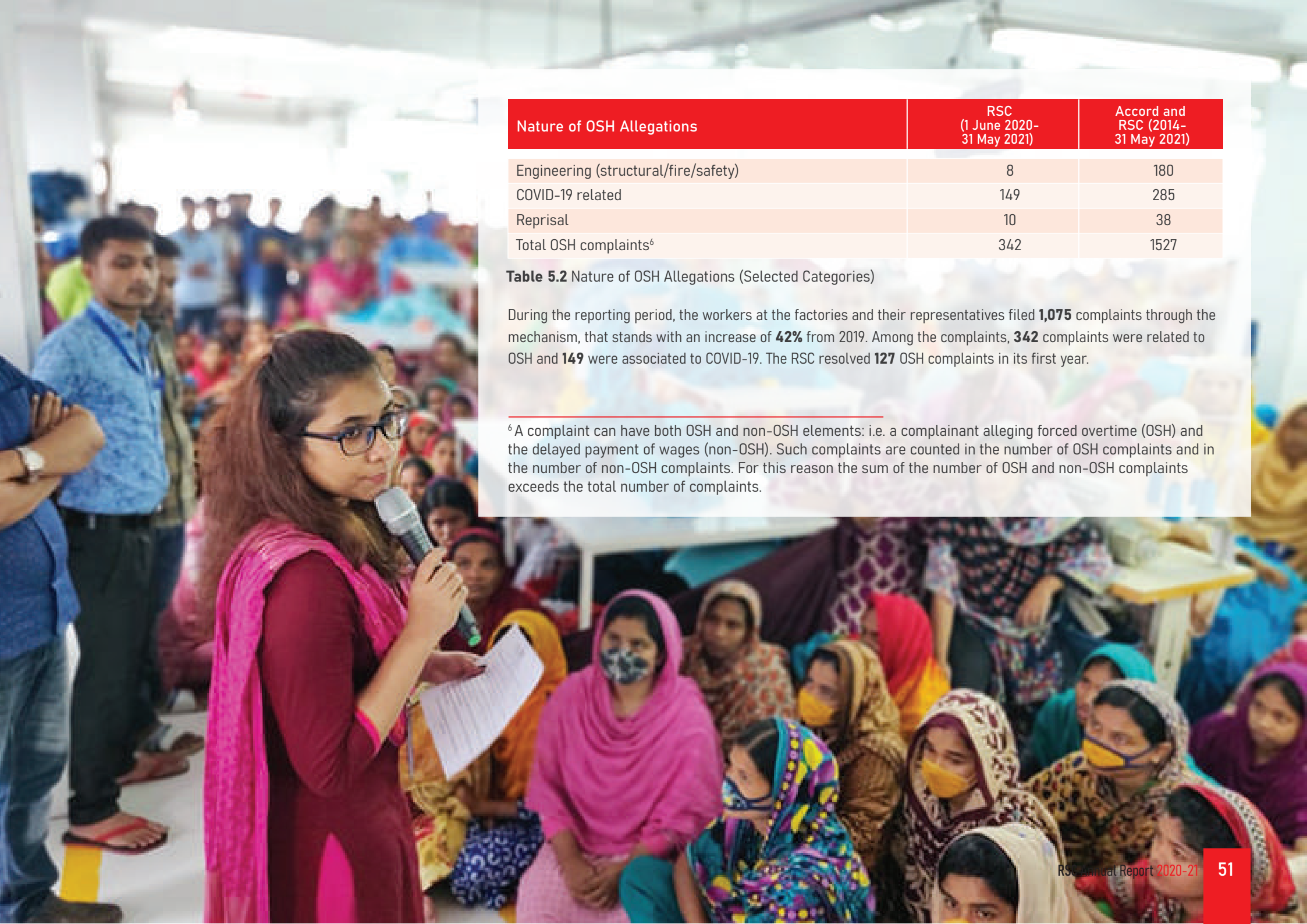


Figure 5.2 Total Complaints filed with the Accord and the RSC: 2014 – 31 May 2021

To resolve the complaints, the OSH-CM department engages with the complainants and relevant factory management. If factory management does not comply with the requirements of the OSH-CM, the RSC/participating companies/accord signatories implement the notice and warning process, leading to termination of the business relationship.

Type of Complaints Filed	RSC (1 June 2020-31 May 2021)	Accord and RSC (2014-31 May 2021)
Occupational Safety and Health (OSH)	342 (32%)	1527 (46%)
OSH complaints in progress	160	
Non-OSH	751 (70%)	1915 (57%)
Total complaints	1075	3354

Table 5.1 Total Complaints Filed – Type of Allegations and OSH Complaints in Progress



Nature of OSH Allegations	RSC (1 June 2020- 31 May 2021)	Accord and RSC (2014- 31 May 2021)
Engineering (structural/fire/safety)	8	180
COVID-19 related	149	285
Reprisal	10	38
Total OSH complaints ⁶	342	1527

Table 5.2 Nature of OSH Allegations (Selected Categories)

During the reporting period, the workers at the factories and their representatives filed **1,075** complaints through the mechanism, that stands with an increase of **42%** from 2019. Among the complaints, **342** complaints were related to OSH and **149** were associated to COVID-19. The RSC resolved **127** OSH complaints in its first year.

⁶ A complaint can have both OSH and non-OSH elements: i.e. a complainant alleging forced overtime (OSH) and the delayed payment of wages (non-OSH). Such complaints are counted in the number of OSH complaints and in the number of non-OSH complaints. For this reason the sum of the number of OSH and non-OSH complaints exceeds the total number of complaints.

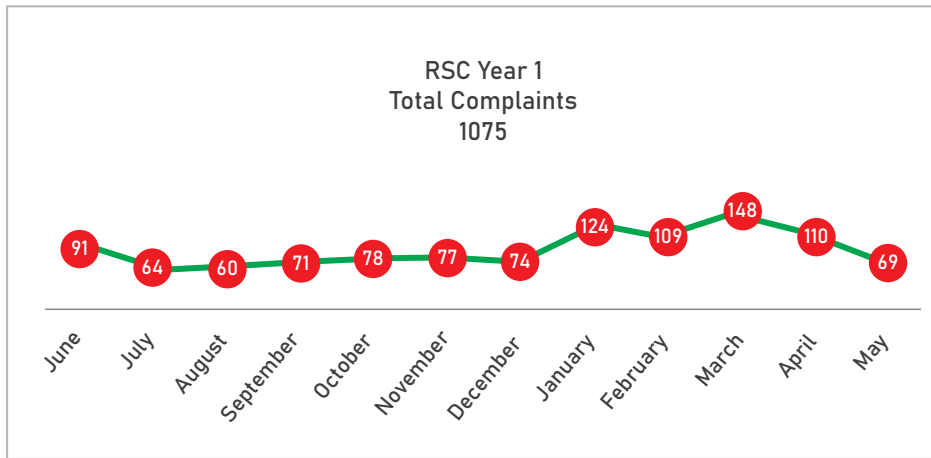


Figure 5.3 Total Complaints filed with the RSC from June 2020 to May 2021

During an investigation under the OSH-CM for in scope complaints, the department determines remediation requirements regarding safety and health. The RSC works with the complainants and factory management to ensure that the requirements are fully implemented (Table 5.3). If the factory management fails to comply, the RSC serves a notice with warning leading to termination of the business relationship if no progress is being made.

Safety and Health Issue	Remedy
Forced resignation under threat of violence	Reinstatement and payment of loss earnings
Hostile work environment created by physical and verbal abuse	Disciplinary action Training
Filing complaints against complainants in reprisal for filing a complaint with the RSC	Withdrawal of the complaints
Non-payment of maternity benefits	Payment of 1st and/or 2nd instalment of maternity benefit
Denial of maternity leave	Continuation of employment
Excessive dust levels	Installation of exhaust fans
Production in a structurally unsafe building	Evacuation of the workers Termination of the business relationship with the factory

Table 5.3 Remedy Attained by the OSH (Selected Examples): 1 June 2020 – 31 May 2021

5.2.1 COVID-19 complaints

From 1 June 2020 to 31 May 2021, workers at factories and their representatives have filed **149** complaints related to COVID-19 at the Occupational Safety & Health Complaints Mechanism. The allegations raised in these complaints are as follows:

COVID-19 related category	Number of complaints
Non-payment of separation from employment payments	75
Forced resignation	30
Termination of employment	27
Non-payment of maternity benefits	27
Non-payment of wages	27
Retrenchment	8
Lay-off	8
Under-payment of wages	3
Risks to health	0
Worker unrest	3
Threats	2

Table 5.4 COVID-19 related complaints from 1 June 2020 to 31 May 2021

The total number of unique COVID-19 complaints is lower than the total number of allegations because some of the complaints included more than one allegation.

FINANCIAL REPORT



KRESTON
INTERNATIONAL

ZAHUR & MOSTAFIZ
Chartered Accountants

AUDITOR'S REPORT
ON
THE FINANCIAL STATEMENTS
OF
RMG Sustainability Council
FOR THE YEAR ENDED 30 JUNE 2020

ZAHUR & MOSTAFIZ
Chartered Accountants
Member firm of Kreston International

Independent auditor's report
To the Shareholders of
RMG Sustainability Council
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RMG Sustainability Council (the Company), which comprise the statement of financial position as at **30 June, 2020** and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the *information included in the Annual report, but does not include the financial statements and our auditors' report thereon.*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ZAHUR & MOSTAFIZ

Chartered Accountants

Member firm of Kreston International

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

ZAHUR & MOSTAFIZ
Chartered Accountants
Member firm of Kreston International

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

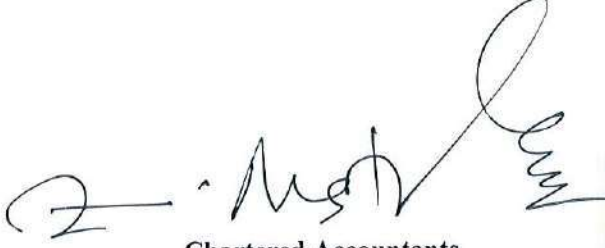
Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh

Date:


Chartered Accountants

ZAHUR & MOSTAFIZ

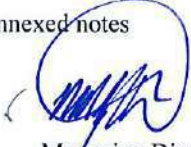
Chartered Accountants

RMG Sustainability Council
Statement of financial position
As at 30 June 2020

Assets	<u>Notes</u>	30-Jun-20 <u>Taka</u>
Non-current assets		
Property, plant and equipment	4	15,598,939
Total non-current assets		15,598,939
Current assets		
Accounts receivable	6	-
Advance, deposits and prepayments	7	10,712,035
Cash and cash equivalents	8	2,533,517
Advance income tax	9	-
Total current assets		13,245,552
Total assets		28,844,491
Equity and liabilities		
Capital and reserves		
Retained surplus	10	10,580,445
Total capital and reserves		10,580,445
Non current liabilities		
Deffered tax liabilities	5	-
Total non current liabilities		-
Current liabilities and provision		
Accruals and other payables	11	17,764,046
Loan from others	12	500,000
Provision for income tax	13	-
Total current liabilities and provision		18,264,046
Total equity and liabilities		28,844,491

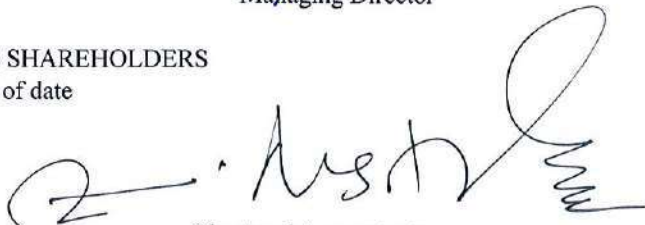
These financial statements should be read in conjunction with annexed notes


General Manager


Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS
See annexed report of date

Dhaka,


Chartered Accountants

ZAHUR & MOSTAFIZ

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RMG Sustainability Council
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	<u>Notes</u>	<u>30-Jun-20</u> <u>Taka</u>
Voluntary contribution(Grant)	14	33,703,526
Operational expenses	15	(23,123,081)
Income over expenditure		10,580,445
Other income	16	-
Surplus		10,580,445
Income tax expenses	17	-
Deffered tax expense	5	-
Surplus after tax		10,580,445
Total comprehensive income for the year		10,580,445

These financial statements should be read in conjunction with annexed notes


General Manager


Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS
See annexed report of date

Dhaka,


Chartered Accountant

ZAHUR & MOSTAFIZ

Chartered Accountants

RMG Sustainability Council
Statement of changes in equity
For the year ended 30 June 2020

Particulars	Retained earnings (Taka)	Total (Taka)
Balance as at 1st June 2020	-	-
Net surplus for the year	10,580,445	10,580,445
Balance as at 30 June 2020	<u>10,580,445</u>	<u>10,580,445</u>



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Chartered Accountants

RMG Sustainability Council
Statement of cash flows
For the year ended 30 June 2020

	30-Jun-20
	<u>Taka</u>
A. Cash flows from operating activities	
Net surplus before tax	10,580,445
Add: <u>Adjustments for non-cash items</u>	
Depreciation on property, plant and equipment	243,161
Amortization on intangible asset	-
	243,161
Cash generated from operations	10,823,606
 Changes in working capital	
Decrease/(increase) in accounts receivable	-
Decrease/(increase) in advance, deposits and prepayments	(10,712,035)
Increase/(decrease) in accrued expenses	17,764,046
Increase/(decrease) in loan from others	-
	7,052,011
	17,875,617
Less: Income tax paid	-
Net cash generated from operating activities	17,875,617
 B. Cash flows from investing activities	
Acquisition of property, plant and equipment	(15,842,100)
Acquisition of intangible asset	-
Net cash used in investing activities	(15,842,100)
 C. Cash flows from financing activities	
Repayments of long term loan	-
Repayments of short term loan	500,000
Net cash used in financing activities	500,000
 Net cash flows (A+B+C)	2,533,517
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	2,533,517



RMG Sustainability Council
Notes to the financial statements
For the year ended 30 June 2020

1 Corporate Information

1.01 Background of the company

The RMG Sustainability Council is a not-for-profit special purpose company limited by guarantee and was registered by the Office of the Registrar of Joint Stock Companies and Firms, Bangladesh under the Companies Act, 1994 on 20 May 2020 to be a permanent safety monitoring body in the RMG sector in Bangladesh. The RSC is a private initiative of the Bangladesh Industry, Global Brands and International and Bangladeshi Trade Unions. The RSC was set up by three incorporating members representing each of the three constituents:

Industry: The Shondhi Limited

Brands: Brands Association for Textile & RMG Sustainability in Supply Chains

Trade Unions: Trade Union Association for Textile & RMG Sustainability in Supply Chains

1.02 Principal activity

The RSC conducts structural, electrical, fire and boiler safety inspections, supports and monitors remediation, conducts safety training and operates an independent safety & health complaints mechanism available to workers in RMG factories in Bangladesh.

2 Basis of preparation

2.01 Statement of compliance

These financial statement are individual financial statements of RMG Sustainability Council and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of RMG Sustainability Council

International Financial Reporting Standards (IFRS)comprise:

- a) International Financial Reporting Standards
- b) International Accounting Standards
- c) Interpretations

Companies also complies with the following laws and regulations:

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax and Supplementary Duty Act, 2012

The Value Added Tax and Supplementary Duty Act, 2016

The Foreign Exchange Regulation Act, 1947



2.02

Sl. No.	IAS/ IFRS	Name of the standards	Applied For
1	IAS-1	Presentation of Financial Statements	Presentation of financial statements
3	IAS-7	Statements of cash flows	Fair presentation of cash flows
4	IAS-8	Accounting policies, changes in accounting estimates and errors	Making fair estimates, adopting accounting policies and correcting accounting unintentional errors
5	IAS-10	Events after the reporting periods	For events occurred after the reporting period
6	IAS-12	Income Taxes	For determining and recording current and deferred tax
7	IAS-16	Property, plant and equipment	For recognizing and presenting property, plant and equipment of the company
8	IAS-19	Employee benefits	For recording employee benefits
9	IAS-21	The effects of changes in foreign	For recording and presenting exchange rate
11	IAS-24	Related party disclosures	For identifying and presenting related party
12	IAS-32	Financial instruments presentation	For presenting the financial instruments of the company
14	IAS-36	Impairment of assets	For testing impairment of the assets of the company
15	IAS-37	Provisions, contingent liabilities and contingent assets	For determining the provision amounta and identifying and presenting contingent assets amd contingent liabilities of the company
16	IFRS-5	Non-current Assets Held for Sale and Discontinued Operations	For recording and presenting Non-current Assets Held for Sale and Discontinued Operations of the company
17	IFRS-9	Financial instruments	For recognizing and presenting financial instruments of the company
18	IFRS-13	Fair value measurement	For fair value presentation
19	IFRS-15	Revenue from contracts with customers	For recognizing and presenting revenue of the company

2.03 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT'000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.04 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.



Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Note	4	Depreciation
Note	14	Income tax provision
Note	12	Accruals and other payables

2.05 Reporting period

The reporting period of the company covers from 1 June, 2020 to 30 June, 2020

2.06 Going concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue adopt going concern basis in preparing the financial statements. The current resources of the company provide sufficient fund to meet the present requirements of its existing

3 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.01 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



3.02 Offsetting

The company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.

3.03 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.



(c) **Depreciation**

Depreciation on other items of property, plant and equipment is recognised on an accumulated depreciation basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current periods are as follows:

	2020	
	Years	Rate
Office equipment	5 years	10%
Furniture and fixture	10 years	10%
Electrical equipment	10 years	10%
Computer and computer accessories	3 years	30%

(d) **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.04 Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

3.05 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

3.05.01 Financial assets

All financial assets are recognised initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

a) **Accounts receivable**

Accounts receivable represent the amount due from different parties for the services of sweeping and cleaning. Trade debtors, which generally have within 90 days terms, are recognized and carried at original invoiced amount.



b) Other receivable

Other receivables are recognized initially at fair value. Subsequent to initial recognition, other receivables are measured at amortized cost using the effective interest method, less any bad debts provisions

c) Deposits

Deposits are measured at payment value which are expected to be recovered after completion a certain period.

d) Advance and prepayments

After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period

e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.

3.05.02 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings. The measurement of financial liabilities depends on their classification.

a) Accounts payable and other financial liabilities

Accounts payable and other financial liabilities (payable to government and autonomous bodies, accrued interest, VAT payables and other liabilities) are recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

3.06 Impairment

Impairment losses are recognized in profit or losses. Impairment losses in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of other assets in the cash generating unit on a prorate basis. An impairment loss in respect of goodwill is not reversed. For other losses, an impairment loss is reversed only to the extent that the assets' carrying amount doesn't exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



3.07 Assets held for sale

Non-current assets that are expected to be recorded primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the company's accounting policies. Thereafter the assets are measured at the lower of the carrying amount and fair value less costs to sell.

3.08 Members' liabilities

Each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a Member and of the charges and expenses of winding up and for adjustment of the right of the contributors among themselves amounting to tk. 100,000/-

Sl. No	Name of the member	Represented by	Designation
1	The Sondhi Limited	Dr. Rubana Huq	Director
2	Brand Association for Textile & RMG Sustainability in Supply Chains	Masarrat Quader Syeda	Director
3	Trade Union Association for Textile & RMG Sustainability in Supply Chains	Christina Hajagos Clausen	Director

3.09 Employee benefits

a) Defined benefit plans (gratuity)

The company's net obligation in respect of defined plans is calculated separately for each plan by estimating benefit that employee have earned in the current period, discounting that amount and deducting the fair value of any plan assets.

3.10 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

Years	Tax Rate
2020	32.5%

The tax rate is 32.5% on taxable profit. Disclosed net profit are adjusted to arrive at taxable profit after considering the certain deduction and allowances admissible as well as certain inadmissibility of expenses according to ITO-1984.



(b) Deferred tax

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.

(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.



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A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the company. These are disclosed in the notes to the financial statements.

3.12 Revenue recognition policy

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue comprises the fair value of the consideration received or receivable for the sale of services rendered in the ordinary course of the business activities. Revenue is shown net of value added tax, return, rebates and discounts and after eliminating sales within the group. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

3.13 Other income

It represent income earned from any activities other than Revenue from port operation services/multi-model and transportation service. It includes interest on bank deposit, sales of scrapes and wastages, claim from insurance and any other activities fallen under any category of revenue recognition.

3.14 Financial expenses

Financial expenses comprise of interest expense on long term loan, short term loan and finance lease. All such cost are recognized in the statemet of profit or loss and other comprehensive income except those are capitalized in accordance with IAS-23: Borrowing cost. Borrowing costs directly attributable to the acquisition, construction or development of an asset/project that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.15 Earning per share

The Basic earning per share has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share , the profit the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



3.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Financial instruments (including those carried at amortised cost)



3.17 Foreign currency transactions

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 the effects of changes in foreign exchange rates.

3.18 Related party transactions

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

3.19 Cash flow statement

Cash flow statement is prepared in accordance with IAS-7 "Cash Flow Statement" under indirect method.

3.20 Responsibility of the preparation and presentation of the financial statements

The management of the Company is responsible for the preparation and presentation of the financial statement.

3.21 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.



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		30-Jun-20
		<u>Taka</u>
4	Property, plant and equipment (Annexure-A)	
	A. Cost	
	Opening balance	-
	Add: Addition during the period	15,842,100
		<u>15,842,100</u>
	Less: Disposal during the period	-
	Closing balance	<u>15,842,100</u>
	B. Accumulated depreciation	
	Opening balance	-
	Add: Charged during the period	243,161
		<u>243,161</u>
	Less: Adjustment during the period	-
	Closing balance	<u>243,161</u>
	Written down value (A-B)	<u><u>15,598,939</u></u>
5	Deferred tax assets/(expense)	
	There is no unprovided deffered tax during the year. As the voluntary contribution received by the entity is exempted from payment of tax, the deffered tax stand nil for the year.	
	Taxable value of property,plant and equipment	12,924,170
	Carrying amount of property,plant and equipment	15,598,939
	Deductible temporary difference	<u>(2,674,769)</u>
	Gratuity provision	-
	Deductible/(taxable) temporary difference	<u>(2,674,769)</u>
	Applicable tax rates	-
	Deferred tax expense at the end of the year	-
	Deferred tax expense at the	-
	Deferred tax (expense)/ income	<u><u>-</u></u>
6	Accounts receivable	<u><u>-</u></u>
7	Advances, deposits and prepayments	
	Advances	Note-7.01
	Deposit	10,712,035
	Prepayment	-
		<u><u>10,712,035</u></u>
7.01	Advances	
	Security expenses	165,000
	Fuel expenses	700,000
	Parking space	41,100
	Store rent	60,000
	Office rent	Note-7.01.1
		9,745,935
		<u><u>10,712,035</u></u>



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		30-Jun-20
		<u>Taka</u>
7.01.1	Advance office rent	
	AJ Heights - Level-12	3,872,979
	AJ Heights - Level-5	2,844,699
	AJ Heights - Level-6	2,545,257
	AJ Heights - Ground floor	273,000
	Chittagong Office	210,000
		<u>9,745,935</u>
7.01.2	Advance fuel expenses	
	Makka CNG Refueling Station	700,000
		<u>700,000</u>
7.01.3	Advance security expenses	
	G4S Secure Solution Bangladesh Pvt Ltd.	165,000
7.02	Deposit	-
7.03	Prepayment	-
	Prepaid insurance	-
8	Cash and cash equivalents	
	Cash in hand	2,533,517
	Cash at bank:	
	Dutch Bangla Bank, A/C-	-
		<u>2,533,517</u>
9	Advance income tax	
	Opening Balance	-
	Add: Tax deducted at source	-
		-
	Less: Income tax adjusted	-
		<u>-</u>
10	Retained earning	
	Opening balance	-
	Net profit for the year carried from profit and loss account	10,580,445
		<u>10,580,445</u>
	Dividend paid	-
	Closing balance	<u>10,580,445</u>
11	Accruals and other payables	
	Audit fee	40,000.00
	Car rent	2,336,000
	Driver's overtime	537,361
	Security expenses	236,452
	Salary and allowances	13,702,087
	Service charge	7,500
	Telecommunication bill	294,005
	Utilities expenses	216,755
	Rent,rates & taxes	20,986
	Withholding VAT expenses	372,900
		<u>17,764,046</u>



ZAHUR & MOSTAFIZ

Chartered Accountants

		30-Jun-20
		<u>Taka</u>
12	Loan from others	
	Loan from BGMEA	[Note-12.01] 500,000
	Loan from Accord	[Note-12.02] -
		<u>500,000</u>
12.01	Loan from BGMEA	
	Opening balance	-
	Add: Received during the period	500,000
		500,000
	Less: Refund during the year	-
	Closing balance	<u>500,000</u>
12.02	Loan from Accord	
	Opening balance	-
	Add: Received during the period	-
		-
	Less: Refund during the year	-
	Closing balance	<u>-</u>
13	Income tax provision	
	Opening balance	-
	Add: Income tax charged during the period	-
		-
	Less: Paid during the year	-
		<u>-</u>
14	Voluntary contribution(Grant)	
	Grant received	33,703,526
	Total surplus	33,703,526
15	Operational expenses	
	Audit fee	40,000
	Car rent	2,336,000
	Conveyance bill	200
	Driver's allowance	537,361
	Depreciation	243,161
	Gas, fuel,toll and parking	72,000
	Insurance	1,164,213
	Internet bill	79,048
	Office rent	2,444,090
	Pre-incorporation expenses	500,000
	Salary and allowance	13,702,087
	Security bill	236,452
	Service charge	311,724
	Store rent	97,000
	Tele communication expenses	294,005
	Utility bill	218,255
	Vehicle maintenance fee	15,714
	Rent,rates & taxes	26,211
	Withholding VAT	805,560
		<u>23,123,081</u>



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		30-Jun-20
		Taka
15.01	Car rent	
	Shuvo Enterprize	80,000
	Khaza Garibe Newaz	134,000
	Meem Enterprize	2,122,000
		<u>2,336,000</u>
15.02	Internet bill	
	Beximco	64,762
	Aamra Network	14,286
		<u>79,048</u>
15.03	Gas, fuel, toll and parking	
	Van parking bill	42,500
	Gas and fuel	29,500
		<u>72,000</u>
15.04	Office rent	
	Aj Heights - Level 13	770,066
	Aj Heights - Level 06	848,419
	Aj Heights - Level 05	748,605
	Office rent - Chittagong	77,000
		<u>2,444,090</u>
15.05	Security bill	
	G4S	165,000
	Ansar	71,452
		<u>236,452</u>
15.06	Service charge	
	Aj Heights - Level 13	90,596
	Aj Heights - Level 06	99,814
	Aj Heights - Level 05	99,814
	Aj Heights - Basement	14,000
	Service charge - Chittagong	7,500
		<u>311,724</u>
15.07	Store rent	
	Aj Heights - Basement	77,000
	Shahnawaz	20,000
		<u>97,000</u>
16	Other income	
	Commission received from Green Delta Insurance	-
		<u>-</u>
17	Income tax expenses	
	Current tax expenses	
	Income tax expenses for the year	-
	Tax on other income	-
		<u>-</u>

(The entity is limited concern by gurantee and established fo rthe charity of 100% export oriented Readymade Garments Industries under the ownership of BGMEA and European Union. As the entity received voluntary contribution from the party concerned, the whole amount is exempted form payment of tax under paragraph-2 of part-A, 6th schedule of ITO 1984).



RMG Sustainability Council
Schedule of property, plant and equipment
For the year ended 30 June 2020

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as at 30 June 2020
	Balance as on 1 June 2020	Additions during the year	Disposal during the year	Balance as at 30 June 2020		Balance as on 1 June 2020	Charges during the year	Adjustments during the year	Balance as at 30 June 2020	
Office equipment	-	1,540,800	-	1,540,800	10%	-	12,840	-	12,840	1,527,960
Furniture and fixture	-	5,330,100	-	5,330,100	10%	-	44,418	-	44,418	5,285,683
Electrical equipment	-	2,302,600	-	2,302,600	10%	-	19,188	-	19,188	2,283,412
Computer and computer accessories	-	6,668,600	-	6,668,600	30%	-	166,715	-	166,715	6,501,885
Total 2020	-	15,842,100	-	15,842,100		-	243,161	-	243,161	15,598,939



RMG Sustainability Council
Schedule of property, plant and equipment
For the year ended 30 June 2020

Particulars	COST				Rate (%)	DEPRECIATION				Written down value as at 30 November 2020
	Balance as on 1 June 2020	Additions during the year	Disposal during the year	Balance as at 30 November 2020		Balance as on 1 June 2020	Charges during the year	Adjustments during the year	Balance as at 30 November 2020	
Office equipment	-	1,540,800	-	1,540,800	10%	-	154,080	-	154,080	1,386,720
Furniture and fixture	-	5,330,100	-	5,330,100	10%	-	533,010	-	533,010	4,797,090
Electrical equipment	-	2,302,600	-	2,302,600	10%	-	230,260	-	230,260	2,072,340
Computer and computer accessories	-	6,668,600	-	6,668,600	30%	-	2,000,580	-	2,000,580	4,668,020
Total 2020	-	15,842,100	-	15,842,100		-	2,917,930	-	2,917,930	12,924,170

ZAHUR & MOSTAFIZ
Chartered Accountants





KRESTON
INTERNATIONAL

ZAHUR & MOSTAFIZ
Chartered Accountants

AUDITOR'S REPORT
ON
THE FINANCIAL STATEMENTS
OF
RMG Sustainability Council
FOR THE YEAR ENDED 30 JUNE 2021

ZAHUR & MOSTAFIZ
Chartered Accountants
Member firm of Kreston International

Independent auditor's report
To the Shareholders of
RMG Sustainability Council
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RMG Sustainability Council (the Company), which comprise the statement of financial position as at **30 June, 2021** and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the *information included in the Annual report, but does not include the financial statements and our auditors' report thereon.*

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ZAHUR & MOSTAFIZ

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Member firm of Kreston International

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh

Date:



Chartered Accountants
DVC-2111040920AS932612

ZAHUR & MOSTAFIZ

Chartered Accountants

RMG Sustainability Council
Statement of financial position
As at 30 June 2021

Assets	<u>Notes</u>	<u>30-Jun-21</u> <u>Taka</u>	<u>30-Jun-20</u> <u>Taka</u>
Non-current assets			
Property, plant and equipment	4	15,035,416	15,598,939
Intangible asset	5	90,000	-
Total non-current assets		15,125,416	15,598,939
Current assets			
Accounts receivable	7	-	-
Advance, deposits and prepayments	8	22,039,360	10,712,035
Cash and cash equivalents	9	124,945,388	2,533,517
Advance income tax	10	-	-
Total current assets		146,984,748	13,245,552
Total assets		162,110,164	28,844,491
Equity and liabilities			
Capital and reserves			
Retained surplus	11	140,141,071	10,580,445
Total capital and reserves		140,141,071	10,580,445
Non current liabilities			
Deferred tax liabilities	6	-	-
Total non current liabilities		-	-
Current liabilities and provision			
Accruals and other payables	12	21,654,743	17,764,046
Loan from others	13	-	500,000
Provision for income tax	14	314,350	-
Total current liabilities and provision		21,969,092	18,264,046
Total equity and liabilities		162,110,164	28,844,491

These financial statements should be read in conjunction with annexed notes

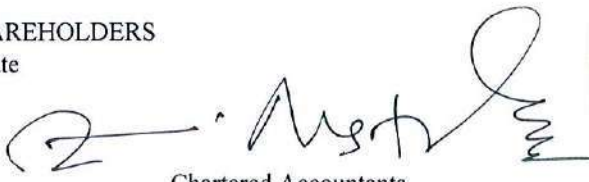

General Manager


Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS

See annexed report of date

Date :
Place : Dhaka


Chartered Accountants
DVC-2111040920AS932612

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Chartered Accountants

RMG Sustainability Council
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	<u>Notes</u>	<u>30-Jun-21</u> <u>Taka</u>	<u>30-Jun-20</u> <u>Taka</u>
Voluntary contribution(Grant)	15	477,736,239	33,703,526
Operational expenses	16	(349,275,837)	(23,123,081)
Income over expenditure		128,460,402	10,580,445
Other income	17	1,571,749	-
Surplus		130,032,151	10,580,445
Income tax expenses	18	(471,525)	-
Deffered tax expenses	6	-	-
Surplus after tax		129,560,626	10,580,445
Total comprehensive income for the year		129,560,626	10,580,445


These financial statements should be read in conjunction with annexed notes


General Manager


Managing Director

AUDITORS' REPORT TO THE SHAREHOLDERS
See annexed report of date

Date :
Place : Dhaka


Chartered Accountants
DVC-2111040920AS932612

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Chartered Accountants

RMG Sustainability Council
Statement of changes in equity
For the year ended 30 June 2021

Particulars	Retained earnings (Taka)	Total (Taka)
Balance as at 1st June 2020	-	-
Net surplus for the year	10,580,445	10,580,445
Balance as at 30 June 2020	<u>10,580,445</u>	<u>10,580,445</u>
Balance as at 1st July 2020	<u>10,580,445</u>	<u>10,580,445</u>
Net surplus for the year	129,560,626	129,560,626
Balance as at 30 June 2021	<u>140,141,071</u>	<u>140,141,071</u>



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Chartered Accountants

RMG Sustainability Council
Statement of cash flows
For the year ended 30 June 2021

	30-Jun-21 <u>Taka</u>	30-Jun-20 <u>Taka</u>
A. Cash flows from operating activities		
Net surplus before tax	130,032,151	10,580,445
Add: <u>Adjustments for non-cash items</u>		
Depreciation on property, plant and equipment	3,115,465	243,161
Amortization on intangible asset	10,000	-
	3,125,465	243,161
Cash generated from operations	133,157,616	10,823,606
Changes in working capital		
Decrease/(increase) in accounts receivable	-	-
Decrease/(increase) in advance, deposits and prepayments	(11,327,325)	(10,712,035)
Increase/(decrease) in accrued expenses	3,890,696	17,764,046
Increase/(decrease) in loan from others	-	-
	(7,436,629)	7,052,011
	125,720,987	17,875,617
Less: Income tax paid	(157,175)	-
Net cash generated from operating activities	125,563,813	17,875,617
B. Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,551,942)	(15,842,100)
Acquisition of intangible asset	(100,000)	-
Net cash used in investing activities	(2,651,942)	(15,842,100)
C. Cash flows from financing activities		
Repayments of long term loan	-	-
Repayments of short term loan	(500,000)	500,000
Net cash used in financing activities	(500,000)	500,000
Net cash flows (A+B+C)	122,411,871	2,533,517
Cash and cash equivalents at the beginning of the year	2,533,517	-
Cash and cash equivalents at the end of the year	124,945,388	2,533,517



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Chartered Accountants

RMG Sustainability Council
Notes to the financial statements
For the year ended 30 June 2021

1 Corporate Information

1.01 Background of the company

The RMG Sustainability Council is a not-for-profit special purpose company limited by guarantee and was registered by the Office of the Registrar of Joint Stock Companies and Firms, Bangladesh under the Companies Act, 1994 on 20 May 2020 to be a permanent safety monitoring body in the RMG sector in Bangladesh. The RSC is a private initiative of the Bangladesh Industry, Global Brands and International and Bangladeshi Trade Unions. The RSC was set up by three incorporating members representing each of the three constituents:

Industry: The Shondhi Limited

Brands: Brands Association for Textile & RMG Sustainability in Supply Chains

Trade Unions: Trade Union Association for Textile & RMG Sustainability in Supply Chains.

1.02 Principal activity

The RSC conducts structural, electrical, fire and boiler safety inspections, supports and monitors remediation, conducts safety training and operates an independent safety & health complaints mechanism available to workers in RMG factories in Bangladesh.

2 Basis of preparation

2.01 Statement of compliance

These financial statement are individual financial statements of RMG Sustainability Council and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of RMG Sustainability Council

International Financial Reporting Standards (IFRS) comprise:

- a) International Financial Reporting Standards
- b) International Accounting Standards
- c) Interpretations

Companies also complies with the following laws and regulations:

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act and Supplementary Duty Act, 2012

The Value Added Tax Rules and Supplementary Duty Act, 2016

The Foreign Exchange Regulation Act, 1947

2.02

Sl. No.	IAS/ IFRS	Name of the standards	Applied for
1	IAS-1	Presentation of Financial Statements	Presentation of financial statements
3	IAS-7	Statements of cash flows	Fair presentation of cash flows
4	IAS-8	Accounting policies, changes in accounting estimates and errors	Making fair estimates, adopting accounting policies and correcting accounting unintentional errors
5	IAS-10	Events after the reporting periods	For events occurred after the reporting period
6	IAS-12	Income Taxes	For determining and recording current and deferred tax.
7	IAS-16	Property, plant and equipment	For recognizing and presenting property, plant and equipment of the company
8	IAS-19	Employee benefits	For recording employee benefits



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Chartered Accountants

9	IAS-21	The effects of changes in foreign exchange rates	For recording and presenting exchange rate effects of the company
11	IAS-24	Related party disclosures	For identifying and presenting related party transactions
12	IAS-32	Financial instruments presentation	For presenting the financial instruments of the company
14	IAS-36	Impairment of assets	For testing impairment of the assets of the company
15	IAS-37	Provisions, contingent liabilities and contingent assets	For determining the provision amounta and identifying and presenting contingent assets amd contingent liabilities of the company
16	IFRS-5	Non-current Assets Held for Sale and Discontinued Operations	For recording and presenting Non-current Assets Held for Sale and Discontinued Operations of the company
17	IFRS-9	Financial instruments	For recognizing and presenting financial instruments of the company
18	IFRS-13	Fair value measurement	For fair value presentation
19	IFRS-15	Revenue from contracts with customers	For recognizing and presenting revenue of the company

2.03 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT'000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.04 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- Note 4 Depreciation
- Note 14 Income tax provision
- Note 12 Accruals and other payables

2.05 Reporting period

The reporting period of the company covers from 1 July, 2020 to 30 June, 2021



2.06 Going concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason, the directors continue adopt going concern basis in preparing the financial statements. The current resources of the company provide sufficient fund to meet the present requirements of its existing business

3 Summary of significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.01 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.02 Offsetting

The company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.



3.03 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When major parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Subsequent costs

The cost of replacing or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation on other items of property, plant and equipment is recognised on a accumulated depreciation basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current periods are as follows:

	2021	
	Years	Rate
Office equipment	5 years	10%
Furniture and fixture	10 years	10%
Electrical equipment	10 years	10%
Office decoration	10 years	10%
Computer and computer accessories	3 years	30%

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.



3.04 Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long - term investments. Long - term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

3.05 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instrument measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

3.05.01 Financial assets

All financial assets are recognised initially at fair value plus in case of financial asset not recorded at fair value through profit and loss, transaction cost that are attributable to the acquisition of the financial assets.

a) Accounts receivable

Accounts receivable represent the amount due from different parties for the services of sweeping and cleaning. Trade debtors, which generally have within 90 days terms, are recognized and carried at original invoiced amount.

b) Other receivable

Other receivables are recognized initially at fair value. Subsequent to initial recognition, other receivables are measured at amortized cost using the effective interest method, less any bad debts provisions

c) Deposits

Deposits are measured at payment value which are expected to be recovered after completion a certain period.

d) Advance and prepayments

After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as property, plant and equipment or inventory etc.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges for the period

e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the company in the management of its short term commitments.



3.05.02 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings. The measurement of financial liabilities depends on their classification.

a) Accounts payable and other financial liabilities

Accounts payable and other financial liabilities (payable to government and autonomous bodies, accrued interest, VAT payables and other liabilities) are recognized when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the group of resources embodying economic benefits.

3.06 Impairment

Impairment losses are recognized in profit or losses. Impairment losses in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of other assets in the cash generating unit on a prorata basis. An impairment loss in respect of goodwill is not reversed. For other losses, an impairment loss is reversed only to the extent that the assets' carrying amount doesn't exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.07 Assets held for sale

Non-current assets that are expected to be recorded primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the company's accounting policies. Thereafter the assets are measured at the lower of the carrying amount and fair value less costs to sell.

3.08 Members' liabilities

18 Board of Directors are undertaken to contribute to the assets of the company in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceases to be a Member and of the charges and expenses of winding up and for adjustment of the right of the contributors among themselves amounting to tk. 100,000/-

Sl. No	Name of the member	Represented by	Designation
1	The Sondhi Limited	Dr. Rubana Huq	Director
2	Brand Association for Textile & RMG Sustainability in Supply Chains	Masarrat Quader Syeda	Director
3	Trade Union Association for Textile & RMG Sustainability in Supply Chains	Christina Hajagos Clausen	Director



3.09 Employee benefits

a) Defined benefit plans (gratuity)

The company's net obligation in respect of defined plans is calculated separately for each plan by estimating benefit that employee have earned in the current period, discounting that amount and deducting the fair value of any plan assets.

3.10 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

<u>Years</u>	<u>Tax Rate</u>
2021	30%

The tax rate is 30% on taxable profit. Disclosed net profit are adjusted to arrive at taxable profit after considering the certain deduction and allowances admissible as well as certain inadmissibility of expenses according to ITO-1984.

(b) Deferred tax

Deferred tax is recognised in compliance with IAS 12 Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.11 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.



(b) Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the company. These are disclosed in the notes to the financial statements.

3.12 Revenue recognition policy

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue comprises the fair value of the consideration received or receivable for the sale of services rendered in the ordinary course of the business activities. Revenue is shown net of value added tax, return, rebates and discounts and after eliminating sales within the group. Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

3.13 Other income

It represent income earned from any activities other than Revenue from port operation services/multi-model and transportation service. It includes interest on bank deposit, sales of scrapes and wastages, claim from insurance and any other activities fallen under any category of revenue recognition.



3.14 Financial expenses

Financial expenses comprise of interest expense on long term loan, short term loan and finance lease. All such cost are recognized in the statement of profit or loss and other comprehensive income except those are capitalized in accordance with IAS-23: Borrowing cost. Borrowing costs directly attributable to the acquisition, construction or development of an asset/project that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.15 Earning per share

The Basic earning per share has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share , the profit the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



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For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets measured at fair value.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

-Financial instruments (including those carried at amortised cost)

3.17 Foreign currency transactions

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

3.18 Related party transactions

Outstanding balances of related parties at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions are entered into by the Company with the related parties during the existence of the related party relationship.

3.19 Cash flow statement

Cash flow statement is prepared in accordance with IAS-7 "Cash Flow Statement" under indirect method.

3.20 Responsibility of the preparation and presentation of the financial statements

The management of the Company is responsible for the preparation and presentation of the financial statement.

3.21 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.



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	30-Jun-21 <u>Taka</u>	30-Jun-20 <u>Taka</u>
4 Property, plant and equipment (Annexure-A)		
A. Cost		
Opening balance	15,842,100	-
Add: Addition during the period	2,551,942	15,842,100
	18,394,042	15,842,100
Less: Disposal during the period	-	-
Closing balance	18,394,042	15,842,100
B. Accumulated depreciation		
Opening balance	243,161	-
Add: Charged during the period	3,115,465	243,161
	3,358,626	243,161
Less: Adjustment during the period	-	-
Closing balance	3,358,626	243,161
Written down value (A-B)	15,035,416	15,598,939
5 Intangible asset (Annexure-B)		
A. Cost		
Opening balance	-	-
Add: Addition during the period	100,000	-
	100,000	-
Less: Disposal during the period	-	-
Closing balance	100,000	-
B. Accumulated depreciation		
Opening balance	-	-
Add: Charged during the period	10,000	-
	10,000	-
Less: Adjustment during the period	-	-
Closing balance	10,000	-
Written down value (A-B)	90,000	-
6 Deferred tax assets/(expense)		
There is no unprovided deferred tax during the year. As the voluntary contribution received by the entity is exempted from payment of tax, the deferred tax stand nil for the year.		
Taxable value of property, plant and equipment	15,125,416	12,924,170
Carrying amount of property, plant and equipment	15,125,416	15,598,939
Deductible temporary difference	-	(2,674,769)
Gratuity provision	-	-
Deductible/(taxable) temporary difference	-	(2,674,769)
Applicable tax rates	-	-
Deferred tax asset at the end of the year	-	-
Deferred tax liabilities at the beginning of the year	-	-
Deferred tax (expense)/ income	-	-
7 Accounts receivable	-	-
8 Advances, deposits and prepayments		
Advances	14,991,035	10,712,035
Deposit	4,000	-
Prepayment	7,044,325	-
	22,039,360	10,712,035

Note 8.01
Note 8.02
Note 8.03



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	30-Jun-21 <u>Taka</u>	30-Jun-20 <u>Taka</u>
8.01 Advances		
Advance engineering equipment	112,500	-
Advance for Software	613,500	-
Advance for training	1,409,703	-
Advance for recruitment	1,893,297	-
Advance for Legal shelter	250,000	-
Security expenses	165,000	165,000
Fuel expenses	700,000	700,000
Parking space	41,100	41,100
Store rent	60,000	60,000
Office rent	9,745,935	9,745,935
	<u>14,991,035</u>	<u>10,712,035</u>
Advance office rent		
AJ Heights - Level-12	3,872,979	3,872,979
AJ Heights - Level-5	2,844,699	2,844,699
AJ Heights - Level-6	2,545,257	2,545,257
AJ Heights - Ground floor	273,000	273,000
Chittagong Office	210,000	210,000
	<u>9,745,935</u>	<u>9,745,935</u>
Advance fuel expenses		
Makka CNG Refueling Station	700,000	700,000
	<u>700,000</u>	<u>700,000</u>
Advance security expenses		
G4S Secure Solution Bangladesh Pvt Ltd.	165,000	165,000
	<u>165,000</u>	<u>165,000</u>
8.02 Deposit		
Tele-communication	4,000	-
	<u>4,000</u>	
8.03 Prepayment		
Prepaid insurance	7,044,325	-
	<u>7,044,325</u>	
8.03.1 Prepaid insurance		
Group insurance	6,842,943	-
Office insurance	201,382	-
	<u>7,044,325</u>	
9 Cash and cash equivalents		
Cash in hand	<u>486,608</u>	<u>2,533,517</u>
Cash in hand - Dhaka Office	476,648	-
Cash in hand - Chittagong Office	9,960	-
Cash at bank:	124,458,780	
Dutch Bangla Bank, A/C- 1101200003223	107,691,212	-
Dutch Bangla Bank, A/C- 1101110002120	16,767,568	-
	<u>124,945,388</u>	<u>2,533,517</u>
10 Advance income tax		
Opening Balance	-	-
Add: Tax deducted at source	157,175	-
	<u>157,175</u>	<u>-</u>
Less: Income tax adjusted	(157,175)	-
Closing balance	<u>-</u>	<u>-</u>



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	30-Jun-21 Taka	30-Jun-20 Taka
11 Retained earning		
Opening balance	10,580,445	-
Net profit for the year carried from profit and loss account	129,560,626	10,580,445
	<u>140,141,071</u>	<u>10,580,445</u>
Dividend paid	-	-
Closing balance	<u>140,141,071</u>	<u>10,580,445</u>
12 Accruals and other payables		
Audit fee	140,000.00	40,000.00
Car rent	2,318,400	2,336,000
Driver's overtime	578,754	537,361
Gas, fuel,toll & parking bill	975,707	-
Rent, rates & taxes	421,928	20,986
Security expenses	244,636	236,452
Salary and allowances	15,797,296	13,702,087
Service Charge	-	7,500
Utilities expenses	338,571	294,005
Telecommunication bill	274,410	216,755
Vehicle cleaning bill	23,760	-
Withholding VAT	541,280	372,900
	<u>21,654,743</u>	<u>17,764,046</u>
13 Loan from others		
Loan from BGMEA	-	500,000
	<u>-</u>	<u>500,000</u>
13.01 Loan from BGMEA		
Opening balance	500,000	-
Add: Received during the period	300,000	500,000
	800,000	500,000
Less: Refund during the year	800,000	-
Closing balance	<u>-</u>	<u>500,000</u>
14 Income tax provision		
Opening balance	-	-
Add: Income tax charged during the period	471,525	-
	471,525	-
Less: Paid during the year	157,175	-
Closing balance	<u>314,350</u>	<u>-</u>
15 Voluntary contribution(Grant)		
Grant received	477,736,239	33,703,526
Total surplus	<u>477,736,239</u>	<u>33,703,526</u>
15.01 Grant received		
Remittance received from Amsterdam	477,736,239	-



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	30-Jun-21 <u>Taka</u>	30-Jun-20 <u>Taka</u>
16 Operational expenses		
Advertisement expenses	20,475	-
Amortization	10,000	-
Audit fee	100,000	40,000
Bank charge	45,630	-
Car rent [Note-16.01]	29,530,375	2,336,000
Computer accessories	319,064	-
Conveyance bill	525,248	200
Depreciation	3,115,465	243,161
Driver's allowance	8,018,955	537,361
Entertainment	156,182	-
Gas, fuel,toll and parking	8,970,169	72,000
Hotel accomodation	307,915	-
Insurance expenses [Note-16.02]	14,714,912	1,164,213
Internet bill [Note-16.03]	922,501	79,048
Legal and professional fees	1,071,376	-
Medicel exp	510,005	-
Miscellenious	95,465	-
Office cleaning	315,928	-
Office maintenance	503,130	-
Office meeting	3,500	-
Office rent [Note-16.04]	29,092,371	2,444,090
Office printing	458,666	-
Office stationery	420,012	-
Office training	327,375	-
Overseas travelling	1,808,105	-
Postage and courier	16,635	-
Pre-incorporation expenses	-	500,000
Recruitment	175,000	-
Registration & renewal fees	4,596,603	-
Repair and maintenance	113,074	-
Salary and allowance	212,881,956	13,702,087
Security bill [Note-16.05]	2,948,552	236,452
Service charge [Note-16.06]	3,703,185	311,724
Software amintenance fee	3,693,038	-
Store rent [Note-16.07]	1,156,300	97,000
Tele communication expenses	3,489,177	294,005
Tours and travel	127,545	-
Utility bill	2,960,501	218,255
Vehicle cleaning fee	210,386	-
Vehicle maintenance fee	188,569	15,714
Visa, workpermit & renewal fees	71,651	-
Rent, rates & taxes	1,034,500	26,211
Withholding VAT	10,546,342	805,560
	349,275,837	23,123,081
16.01 Car rent		
Shuvo Enterprize	952,000	80,000
Khaza Garibe Newaz	1,594,600	134,000
Meem Enterprize	26,983,775	2,122,000
	29,530,375	2,336,000



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	30-Jun-21 <u>Taka</u>	30-Jun-20 <u>Taka</u>
16.02 Insurance expenses		
Group Life Insurance	14,486,098.54	1,164,213
Fire, R&SD, BG Insurance - Dhaka Office and Chittagong Office	228,813.42	-
	<u>14,714,912</u>	<u>1,164,213</u>
16.03 Internet bill		
Beximco	777,142.80	64,762
Amra Network	171,442.00	14,286
	<u>948,584.80</u>	<u>79,048</u>
16.04 Office rent		
Aj Heights - Level 13	9,163,786.40	770,066
Aj Heights - Level 06	10,096,186.00	848,419
Aj Heights - Level 05	8,908,398.40	748,605
Office rent - Chittagong	924,000	77,000
	<u>29,092,371</u>	<u>2,444,090</u>
16.05 Security bill		
G4S	1,980,000	165,000
Anser	968,552	71,452
	<u>2,948,552</u>	<u>236,452</u>
16.06 Service charge		
Aj Heights - Level 13	1,087,152.00	90,596
Aj Heights - Level 06	1,197,765.00	99,814
Aj Heights - Level 05	1,197,768.40	99,814
Aj Heights - Basement	168,000.00	14,000
Service charge - Chittagong	52,500	7,500
	<u>3,703,185</u>	<u>311,724</u>
16.07 Store rent		
Aj Heights - Basement	916,300	77,000
Shahnewaz	240,000	20,000
	<u>1,156,300</u>	<u>97,000</u>
17 Other income		
Interest	1,571,749	-
	<u>1,571,749</u>	<u>-</u>
18 Income tax expenses		
Current tax expenses		
Income tax expenses for the year	-	-
Tax on other income	471,525	-
	<u>471,525</u>	<u>-</u>

Note: The entity is limited concern by gurantee and established fo rthe charity of 100% export oriented Readymade Garments Industries under the ownership of BGMEA and European Union. As the entity received voluntary contribution from the party concerned, the whole amount is exempted form payment of tax under paragraph-2 of part-A, 6th schedule of ITO 1984.



RMG Sustainability Council
Schedule of property, plant and equipment
For the year ended 30 June 2021

Particulars	COST				Rate (%)					Written down value as at 30 June 2021
	Balance as on 1 July 2020	Additions during the year	Disposal during the year	Balance as at 30 June 2021		Balance as on 1 July 2020	Charges during the year	Adjustments during the year	Balance as at 30 June 2021	
Office equipment	1,540,800	-	-	1,540,800	10%	12,840	152,796	-	165,636	1,375,164
Furniture and fixture	5,330,100	-	-	5,330,100	10%	44,418	528,568	-	572,986	4,757,114
Electrical equipment	2,302,600	2,210,764	-	4,513,364	10%	19,188	449,418	-	468,606	4,044,758
Office decoration		341,178	-	341,178	10%	-	34,118	-	34,118	307,060
Computer and computer accessories	6,668,600	-	-	6,668,600	30%	166,715	1,950,566	-	2,117,281	4,551,320
Total 2021	15,842,100	2,551,942	-	18,394,042		243,161	3,115,465	-	3,358,626	15,035,416
Total 2020	-	15,842,100	-	15,842,100		-	243,161	-	243,161	15,598,939



RMG Sustainability Council
Schedule of property, plant and equipment
For the year ended 30 June 2021

Particulars	COST				Rate (%)					Written down value as at 30 June 2021
	Balance as on 1 July 2020	Additions during the year	Disposal during the year	Balance as at 30 June 2021		Balance as on 1 July 2020	Charges during the year	Adjustments during the year	Balance as at 30 June 2021	
Office equipment	1,540,800	-	-	1,540,800	10%	12,840	152,796	-	165,636	- 1,375,164
Furniture and fixture	5,330,100	-	-	5,330,100	10%	44,418	528,568	-	572,986	4,757,114
Electrical equipment	2,302,600	2,210,764	-	4,513,364	10%	19,188	449,418	-	468,606	4,044,758
Office decoration		341,178	-	341,178	10%	0	34,118	-	34,118	307,060
Computer and computer accessories	6,668,600	-	-	6,668,600	30%	166,715	1,950,566	-	2,117,281	4,551,320
Total 2021	15,842,100	2,551,942	-	18,394,042		243,161	3,115,465	-	3,358,626	15,035,416
Total 2020	-	15,842,100	-	15,842,100		-	2,917,930	-	2,917,930	12,924,170

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Annexure- B

RMG Sustainability Council
Schedule of intangible assets
For the year ended 30 June 2021

Particulars	CO ST				Rate (%)	DEPRECIATION				Written down value as at 30 June 2021
	Balance as on 1 July 2020	Additions during the year	Disposal during the year	Balance as at 30 June 2021		Balance as on 1 June 2020	Charges during the year	Adjustments during the year	Balance as at 30 June 2021	
Software	-	100,000	-	100,000	10%	-	10,000	-	10,000	90,000
Total 2021	-	100,000	-	100,000		-	10,000	-	10,000	90,000

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RMG Sustainability Council
Schedule of intangible assets
For the year ended 30 June 2021

Particulars	CO ST				Rate (%)	DEPRECIATION				Written down value as at 30 June 2021
	Balance as on 1 July 2020	Additions during the year	Disposal during the year	Balance as at 30 June 2021		Balance as on 1 June 2020	Charges during the year	Adjustments during the year	Balance as at 30 June 2021	
Software	-	100,000	-	100,000	10%	-	10,000		10,000	90,000
Total 2021	-	100,000	-	100,000		-	10,000	-	10,000	90,000





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