

Exploring the Path to a Sustainable Future

ESG Practices in Bangladeshi Businesses

June 2024



Contents

- 
- 3 Emergence of ESG
 - 4 Understanding ESG
 - 6 ESG: A New Era in Corporate Sustainability
 - 7 A Pioneering Example: DBL Group
 - 8 DBL's Sustainability 5.0 Strategy

- 9 The Significance of ESG Factors
 - 11 Future of ESG
 - 12 SDGs with ESG: A Mutually Beneficial Partnership
 - 13 Examples of ESG in Action
- 

Emergence of ESG

In an era when sustainability is seen as an essential need rather than a transitional development, businesses in Bangladesh are starting to grasp the relevance of ESG practices. More and more businesses in Bangladesh are seeing the environmental and financial benefits of sustainable operations, which include measures to **reduce carbon footprints, increase energy efficiency, rationalize the use of natural resources, and ensure fair labor standards.**



Understanding ESG

The term "Environmental (E)" pertains to the manner in which enterprises engage with and influence the natural environment, including the **atmosphere, biosphere, and lithosphere**. This encompasses activities pertaining to the use of resources, management of waste, consumption, and creation of energy, and the phenomenon of climate change. **In Bangladesh, a nation highly susceptible to the impacts of climate change, ensuring environmental sustainability is of utmost importance.**

Social (S) refers to the interactions and connections that firms establish with their workers, suppliers, consumers, and communities. It encompasses elements like as employment practices, human rights, community involvement, and consumer contentment. **Considering Bangladesh's significant labor-intensive sectors, particularly in the textile industry, social issues are of utmost importance.**

Governance (G) refers to the internal mechanisms, policies, controls, and procedures that a firm employs to manage itself, make sound choices, adhere to legal requirements, and address the interests of external stakeholders. **Robust governance is crucial for preserving investor trust and guaranteeing the enduring viability of an enterprise.**



ESG Snapshot

E

- Managing and conserving natural resources
- Minimizing and managing waste
- Reducing energy consumption and promoting renewable energy
- Actions to reduce greenhouse gas emissions and adapt to climate change



S

- Ensuring fair treatment of employees
- Upholding human rights in operations and supply chains
- Supporting and engaging with local communities
- Meeting customer expectations responsibly



G

- Clear policies guiding business operations
- Internal controls to manage risks and ensure compliance
- Adherence to laws and regulations
- Considering interests of shareholders, employees, customers, and community



ESG: A New Era in Corporate Sustainability

Envision a RMG factory located in the outskirts of Dhaka that uses solar energy to power its sewing machines for the entire factory, or a Dhaka-based corporate headquarters that promotes **inclusive development and gender equality** of its employees. When businesses commit to ESG principles, these things become a reality, not an Utopian dream.

A Pioneering Example: DBL Group

Sustainable sourcing and manufacturing techniques are being spearheaded by the clothing sector, which is a lynchpin of our economy. New standards for corporate responsibility toward the environment are being established by industry heavyweights such as the DBL Group. One company that has taken steps to lessen its impact on the environment is DBL Group. They have installed **solar panels as modes of transition towards Renewable Energy dependency and water recycling systems to ensure a lessened burden on Natural Resource demand and sustainable use of water which is an integral lifeline of environmental balance and ecosystem.**

DBL's Sustainability 5.0 Strategy

DBL Group describes sustainability as "the capacity to endure and thrive." Their Sustainability 5.0 Strategy is built on five pillars: People, Process, Product, Community, and Environment. This framework adopts a comprehensive approach to both social and environmental sustainability.



People

People focuses on empowerment, health, and hygiene



Process

Process encompasses improving efficiency and skill development



Product

Products refer to innovations and the responsible use of materials



Community

Community concentrates on local community education, health, hygiene, and safety



Environment

Environment addresses management of water, energy, emissions, and waste

The Significance of ESG Factors

1 Reputation & Stakeholder Appeal

Companies that prioritize ESG practices tend to be more attractive to investors, consumers, and top talent due to their positive reputation and commitment to sustainability.

2 Community Engagement

Socially responsible practices, such as community-benefiting initiatives and employee welfare programs, enhance the company's relationship with the community and contribute to overall societal welfare.

3 Alignment with SDGs

ESG practices are closely linked to the UN Sustainable Development Goals (SDGs), with companies contributing to global sustainability efforts by embracing ESG principles and aligning their actions with the SDGs.

4 Climate Action and Resource Efficiency

Environmental practices, such as reducing carbon emissions, energy efficiency, and sustainable resource management, are essential for combating climate change and ensuring resource sustainability.

5 Risk Mitigation

ESG principles help businesses mitigate risks associated with environmental degradation, social inequality, and governance failures. By implementing strong ESG strategies, companies can avoid regulatory penalties, reputational harm, and operational disruptions.

6 Financial Success

Companies with robust ESG credentials often experience financial benefits through energy savings, reduced waste generation, and improved operational efficiencies. This demonstrates that sustainable practices and profitability can go hand in hand.

7 Environmental Protection

ESG ensures Environmental Protection by guiding businesses to adopt sustainable practices and mitigate their environmental impact through **Resource Management, Biodiversity Conservation, Pollution Prevention, Sustainable Supply Chain, Regulatory Compliance and Environmental Reporting & Transparency.**

Future of ESG



More companies adopting ESG frameworks to integrate sustainability into their operations



Better ESG reporting using data analytics and digital platforms to enhance transparency and accountability



Expanding ESG initiatives through partnerships to address broader sustainability challenges and leverage expertise

SDGs with ESG: A Mutually Beneficial Partnership

Evidence of ESG practices' wider influence may be seen in their connection with the UN Sustainable Development Goals (SDGs). **Good governance practices sustain peace, fairness, and strong institutions (SDG 16), social programs advance decent employment and economic development (SDG 8), and environmental policies bolster climate action (SDG 13).** Bangladeshi companies are making a big splash in the worldwide effort to achieve the Sustainable Development Goals outlined in the 2030 Agenda by embracing ESG practices, which improve their own long-term viability.

The sustainable agricultural initiatives of the Pran-RFL Group, for instance, contribute to local food security and sustainable livelihoods while also being in line with SDG 2 (Zero Hunger).

Sustainable business practices are not a quick fix; rather, they are an ongoing process. But we are getting closer to a sustainable, resilient, and rich future with every stride that Bangladeshi companies take towards strong ESG standards. The success of our endeavors down this road will depend on the cooperation of corporations, governments, and society at large.



Examples of ESG in Action



Installed solar panels to reduce reliance on non-renewable energy



Implemented water recycling systems to ensure sustainable water use and reduce waste



Focuses on lowering carbon emissions through energy-efficient technologies



Promotes digital inclusion by expanding access to digital services for underserved communities



Maintains robust governance systems to ensure ethical practices and compliance with regulations



Enforces strict ethical standards in business operations to build trust and integrity



Achieves financial success with high standards of governance and social responsibility



Engages in community-benefiting social activities, including education and health initiatives



Partners with suppliers to use sustainably sourced cotton, reducing environmental impact



Implements practices to reduce water consumption in the production process



Provides health insurance for workers to ensure their well-being



Offers educational opportunities for workers' children, improving community welfare



Enhances governance for greater accountability and ethical decision-making



Enhances governance to foster stakeholder trust and ensure legal compliance



Nation's first sustainable trade financing deal and green bond issuance



Committed to net-zero and aligning with UN SDGs in business, operations, and communities

Contributors

Advisors



Sadruddin Imran
Chairman & CEO



Md. Rubaiyath Sarwar
Managing Director



Khondkar Morshed Millat
Lead Consultant,
Green & Sustainable Finance

Researchers



Fatema Tuz Johora
Portfolio Manager



Yeasir Arafat Tuhin
Research Associate



Afifa Mahjabeen
Layout and Graphic Designer

For any research or partnership:

rubaiyath.sarwar@innovision-bd.com
yeasir.arafat@innovision-bd.com
fatema.johora@innovision-bd.com

BANGLADESH

**Innovision Consulting Private
Limited**

Level 3 & 4, House 26, Pragati
Sharani, Road 6, Block J,
Baridhara, Dhaka-1212

 info@innovision-bd.com

UNITED KINGDOM

Innovision Global Consulting Limited

Waterhouse Business Center Unit 95,
Cromar Way, Chelmsford, England
CM1 2QE
United Kingdom

 02-8832178

NIGERIA

**Innovision Global Consulting
International Nigeria Limited**

Suite D65, Cabana Suites, Sheraton
Abuja Hotel, Ladi Kwali Steet, Wuse,
Abuja, Nigeria

 www.innovision-bd.com