



SHOVON KNITWEAR LTD.

Manufacturer & Exporter of Quality Knitwear.

(A concern of Shovon Group of Companies Limited)

MATERIALITY ASSESSMENT



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1. Introduction

Shovon Knitwear Ltd., a company under the **Shovon Group**, is an export-oriented apparel manufacturer committed to producing quality knitwear while integrating responsible business practices throughout its operations and supply chain.

As a forward-looking organization in the apparel sector, Shovon Knitwear Ltd. recognizes its responsibility to address the environmental, social, ethical and governance impacts associated with garment manufacturing.

The company is committed to integrating **Environmental, Social and Governance (ESG)** principles into its business strategy, operational decision-making and supply-chain management. Key areas of focus include responsible material sourcing, energy and water efficiency, climate action, chemical management, waste reduction, occupational health and safety, fair employment practices, human rights, ethical business conduct and supplier responsibility.

Shovon Knitwear Ltd. seeks to continuously improve its sustainability performance through:

- Risk-based identification and prioritization of ESG issues;
- Engagement with employees and other relevant stakeholders;
- Development of policies, procedures and management systems;
- Implementation of measurable improvement actions;
- Monitoring of quantitative KPIs and performance results;
- Corrective and preventive actions;
- Management review and allocation of resources; and
- Periodic review and improvement of sustainability objectives.

Through this approach, Shovon Knitwear Ltd. aims to contribute to a more sustainable and equitable apparel industry while meeting applicable legal requirements, customer expectations and recognized international responsible-business principles.

meet the evolving expectations of global brands, regulators, and conscious consumers.

By embedding sustainability into our business strategy, **Shovon Knitwear Ltd.** Aspires to lead the way in ethical apparel manufacturing, setting new benchmarks for environmental stewardship, social responsibility, and governance excellence in the global textile value chain.

2. Sustainability Governance & Management Approach

Sustainability at Shovon Knitwear Ltd. is managed through an integrated approach covering four key areas:

2.1 Environment

- Energy efficiency and climate change;
- Renewable energy;



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- Water efficiency and wastewater management;
- Chemical management;
- Waste reduction and circularity;
- Air emissions;
- Product environmental performance;
- Resource efficiency and pollution prevention.

2.2 Labor & Human Rights

- Occupational health and safety;
- Fair wages and working conditions;
- Working hours and benefits;
- Employee development;
- Diversity, equality and inclusion;
- Prevention of child and forced labor;
- Prevention of discrimination and harassment;
- Grievance mechanisms and worker voice.

2.3 Ethics

- Anti-bribery and anti-corruption;
- Business integrity;
- Conflict of interest;
- Fraud prevention;
- Whistleblowing;
- Responsible information management;
- Ethical decision-making.

2.4 Sustainable Procurement

- Supplier Code of Conduct;
- Supplier ESG screening;
- Environmental and social due diligence;
- Sustainable material sourcing;
- Supplier certification and traceability;
- Supplier performance monitoring and corrective actions.

The management system follows the continuous improvement cycle:

Risk Identification → Policy & Commitment → Action & Implementation → Measurement → Results → Corrective Action → Management Review → Continuous Improvement



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3. Stakeholder Identification & Engagement

Shovon Knitwear Ltd. recognizes that meaningful stakeholder engagement is important for identifying sustainability risks, understanding expectations and improving ESG performance.

No.	Stakeholder Group	Key Interests / Concerns	Engagement Methods
1	Employees & Factory Workforce	Wages, health & safety, working conditions, career development, grievance handling, human rights	Surveys, worker committees, meetings, grievance channels, training
2	Global Buyers & Retail Clients	Product quality, ESG compliance, responsible sourcing, transparency, environmental performance	Buyer meetings, audits, ESG assessments, reporting
3	Raw Material & Input Suppliers	Responsible sourcing, chemical safety, certifications, traceability	Supplier assessments, questionnaires, audits, certifications
4	Regulatory Authorities & Government Bodies	Legal and regulatory compliance	Inspections, reporting, permits, regulatory communication
5	Local Communities	Employment, environmental impacts, community well-being	Community engagement, CSR initiatives, grievance mechanisms
6	Industry Associations & Certification Bodies	Industry standards and best practices	Certification audits, assessments, training and industry forums
7	Third-Party Auditors & Sustainability Experts	ESG performance, compliance and continuous improvement	Audits, assessments, consultancy and verification
8	Consumers & End	Product safety,	Product compliance,



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	Users	responsible production and sustainability	customer information and buyer requirements
9	Financial Partners & Lenders	Business resilience, governance and ESG risks	Financial reporting, compliance information and ESG disclosures
10	Logistics & Transport Providers	Transportation efficiency, emissions, packaging and compliance	Supplier assessment, logistics monitoring and performance review
11	NGOs & Civil Society	Human rights, environmental protection, community impacts	Consultation, partnerships and stakeholder engagement
12	Industry Peers & Competitors	Best practices, innovation and responsible production	Industry forums, benchmarking and knowledge sharing

Stakeholder Engagement Principle

Stakeholder feedback shall be considered when reviewing material sustainability issues, developing objectives and identifying improvement actions.

Where significant concerns are identified, the company shall evaluate:

Concern → Risk → Root Cause → Action → Responsible Person → Target → KPI → Effectiveness Review

4. Key Sustainability Issues

Based on the company's operational context, stakeholder expectations, industry risks and applicable requirements, the following sustainability issues have been identified as material or potentially material.

4.1 Energy Optimization & Climate Change

Shovon Knitwear Ltd. will improve energy efficiency through efficient machinery, LED lighting, energy monitoring, operational controls and increased use of renewable energy where feasible.

Key actions include:

- Energy-efficient equipment upgrades;
- LED conversion;
- Periodic energy audits;
- Energy consumption monitoring;
- Renewable energy/solar expansion;
- Scope 1 and Scope 2 GHG tracking;



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- Progressive evaluation of relevant Scope 3 emissions.

4.2 Water Efficiency & Effluent Management

The company will promote efficient water use and responsible wastewater management through:

- Water consumption monitoring;
- Water-saving fixtures and processes;
- Leak detection and repair;
- Process optimization;
- Employee awareness;
- Effluent treatment and monitoring;
- Compliance with applicable discharge requirements.

4.3 Workplace Health, Safety & Well-Being

The company will maintain safe and healthy working conditions through:

- Fire and emergency preparedness;
- Regular safety training and drills;
- PPE provision;
- Workplace inspections;
- Ergonomic assessments;
- Occupational health monitoring;
- Indoor air quality monitoring where relevant;
- Incident investigation and corrective action.

4.4 Responsible for Chemical Management

Chemical risks will be controlled through:

- Approved chemical lists;
- SDS availability;
- Appropriate chemical storage;
- Chemical handling training;
- PPE;
- Restricted substance requirements;
- ZDHC/OEKO-TEX/customer requirements where applicable;
- Chemical inventory and consumption monitoring;
- Safe chemical disposal.

4.5 Ethical Procurement & Supply Chain Accountability

Suppliers will be progressively evaluated against relevant environmental, labor, ethical and sustainability criteria.

Actions include:

- Supplier Code of Conduct;
- ESG supplier screening;
- Risk-based supplier classification;



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- Supplier due diligence;
- Certification verification;
- Environmental and social audits;
- Corrective action monitoring.

4.6 Fair Compensation & Labor Rights

The company will support fair and lawful employment practices through:

- Compliance with applicable wage requirements;
- Periodic wage benchmarking;
- Transparent wage documentation;
- Legal working hours and overtime payment;
- Statutory benefits;
- Freedom of association and worker representation;
- Human-rights risk assessment.

4.7 Diversity, Equity & Inclusion

The company will promote:

- Equal opportunity;
- Non-discrimination;
- Respectful workplace behavior;
- Fair recruitment and promotion;
- Prevention of harassment;
- Appropriate awareness and training.

4.8 Textile Waste & Circularity

The company will seek to reduce production waste through:

- Cutting optimization;
- Production waste monitoring;
- Reuse and recycling;
- Responsible waste segregation;
- Recycling partnerships;
- Increased resource efficiency;
- Evaluation of circular production opportunities.

4.9 Sustainable Fiber & Material Sourcing

Where commercially and technically feasible, the company will increase the use of responsible materials such as:

- GOTS-certified organic fibers;
- GRS-certified recycled materials;
- RCS-certified recycled materials;
- Other recognized preferred materials.

The company will maintain appropriate certification and transaction documentation to support material claims and traceability.



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4.10 Microfiber & Synthetic Pollution

The company will monitor relevant risks associated with synthetic materials and wet processing and evaluate feasible measures to reduce microfiber release and environmental pollution.

4.11 Community Impact

The company will contribute positively to surrounding communities through employment, responsible operations and appropriate community-development initiatives.

4.12 Biodiversity & Ecosystem Protection

Relevant environmental and supply-chain risks associated with land use, sourcing and ecosystem impacts will be considered where material to the company's operations.

4.13 Air Emissions & Cleaner Production

The company will monitor and manage relevant air-emission sources through:

- Applicable permits;
- Equipment maintenance;
- Cleaner fuels and technologies where feasible;
- Emission monitoring;
- Preventive maintenance;
- Pollution-control measures.

4.14 Product Sustainability & Customer Health & Safety

Products shall comply with applicable customer, legal and product-safety requirements, including relevant chemical restrictions and standards such as **REACH** and **OEKO-TEX**, where applicable.

4.15 Legal Compliance & ESG Governance

The company will maintain systems for:

- Legal and regulatory monitoring;
- Permit management;
- Compliance evaluation;
- Internal audits;
- ESG risk management;
- Management review;
- Corrective action.

4.16 Logistics & Transportation Efficiency

Where relevant, the company will seek to reduce transportation impacts through:

- Shipment consolidation;
- Route optimization;
- Efficient logistics planning;
- Packaging optimization;
- Evaluation of lower-impact transportation options.



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4.17 Prevention of Child & Forced Labor

Shovon Knitwear Ltd. maintains a zero-tolerance approach to:

- Child labor;
- Forced labor;
- Human trafficking;
- Prison labor;
- Other forms of labor exploitation.

Controls include employee age verification, supplier requirements, due diligence, training, audits and grievance mechanisms.

4.18 Employee Voice & Social Dialogue

The company will promote meaningful employee participation through:

- Worker-management meetings;
- Worker committees;
- Employee surveys;
- Grievance mechanisms;
- Anonymous reporting channels where appropriate;
- Non-retaliation principles;
- Feedback and corrective-action mechanisms.

4.19 Anti-Bribery, Ethics & Transparency

The company will maintain ethical business practices through:

- Code of Ethics;
- Anti-Bribery and Anti-Corruption Policy;
- Conflict-of-interest controls;
- Fraud prevention;
- Ethics training;
- Whistleblowing/reporting channels;
- Investigation and corrective-action procedures.

5. Materiality Assessment

Materiality was assessed based on:

1. Importance to stakeholders;
2. Potential impact on the business;
3. Environmental and social impact;
4. Legal and customer expectations;
5. Potential reputational and financial risks;
6. Relevance to the company's operations and supply chain.



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No.	Material Sustainability Issue	Stakeholder Importance	Business Impact	Priority	Key Concern	Key Management Response
1	Energy & Climate Change	High	High	High	Energy cost and GHG emissions	Energy efficiency, solar, GHG monitoring
2	Water & Effluent	High	High	High	Water scarcity and pollution	Water efficiency, ETP management
3	Health, Safety & Well-being	High	High	High	Injury and occupational risks	OHS system, PPE, training
4	Chemical Management	High	High	High	Worker/product/environmental exposure	Chemical controls, ZDHC/customer requirements
5	Sustainable Procurement	High	High	High	Supply-chain ESG risks	Supplier Code, screening, audits
6	Fair Compensation & Labor Rights	High	High	High	Wage and labor-rights risks	Wage review, legal compliance
7	Diversity, Equity & Inclusion	Medium	Medium	Medium	Discrimination and equal opportunity	DEI and non-discrimination controls
8	Textile Waste & Circularity	High	Medium	High	Waste and resource loss	Reduction, reuse, recycling
9	Sustainable Materials	High	High	High	Material impact and traceability	Certified/preferred materials
10	Microfiber Pollution	Medium	Medium	Medium	Synthetic pollution	Risk assessment and mitigation
11	Community Impact	Medium	Medium	Medium	Community well-being	Community engagement



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12	Biodiversity	Medium	Medium	Medium	Ecosystem impacts	Responsible sourcing
13	Air Emissions	High	Medium	High	Local air quality	Monitoring and cleaner production
14	Product Safety	High	High	High	Chemical/product safety	REACH/OEKO-TEX/customer requirements
15	Legal & ESG Governance	High	High	High	Legal/reputational risks	Compliance monitoring and management review
16	Logistics & Transportation	Medium	Medium	Medium	Transport emissions	Logistics optimization
17	Child & Forced Labor	High	High	High	Human-rights violations	Zero tolerance, due diligence
18	Employee Voice & Social Dialogue	High	High	High	Worker concerns and grievance risks	Worker committees, surveys, grievance mechanism
19	Ethics & Anti-Corruption	High	High	High	Integrity and corruption risks	Anti-corruption controls and training

6. Priority Action Areas

Based on the materiality assessment, Shovon Knitwear Ltd. will prioritize the following areas:

Environmental Priorities

- Energy efficiency and GHG reduction;
- Renewable energy;
- Water efficiency;
- Wastewater management;
- Chemical management;
- Waste reduction and recycling;
- Air-emission management;
- Sustainable material sourcing.

Social Priorities

- Occupational health and safety;



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- Fair compensation;
- Working hours and benefits;
- Employee development;
- Human rights;
- Prevention of child and forced labor;
- Non-discrimination;
- Employee voice and grievance management.

Governance Priorities

- Legal compliance;
- Anti-bribery and anti-corruption;
- Conflict-of-interest management;
- Supplier ESG due diligence;
- Responsible business conduct;
- ESG performance monitoring.

7. Management Action Plan

7.1 Short-Term: 0–2 Years

Priority actions include:

- Strengthen energy, water and waste monitoring;
- Improve chemical management and restricted-substance controls;
- Strengthen supplier ESG screening;
- Implement/strengthen Supplier Code of Conduct;
- Improve employee grievance and feedback mechanisms;
- Conduct regular OHS training and emergency drills;
- Strengthen anti-corruption and ethics training;
- Establish measurable ESG KPIs;
- Conduct periodic employee engagement surveys;
- Establish corrective-action tracking and management review.

7.2 Medium-Term: 2–5 Years

The company will focus on:

- Expansion of renewable energy;
- Energy-efficient equipment upgrades;
- Increased waste recycling and circularity;
- Improved sustainable-material sourcing;
- Digital supplier ESG monitoring;
- Improved GHG and resource-consumption data management;
- Strengthened worker-development programs;
- Enhanced supply-chain traceability;
- Development of measurable ESG improvement targets.



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7.3 Long-Term: 5+ Years

The company aims to:

- Further reduce GHG emissions and resource intensity;
- Increase renewable energy utilization;
- Increase sustainable and recycled material use;
- Strengthen circular production practices;
- Improve supply-chain sustainability;
- Strengthen climate resilience;
- Expand community-impact programs;
- Improve long-term ESG performance and transparency.

8. Objectives, KPIs & Performance Monitoring

The company will establish quantitative objectives and monitor performance using relevant KPIs.

Area	Example KPI	Monitoring Frequency
Energy	Energy consumption per production unit	Monthly
Climate	Scope 1 & 2 GHG emissions	Monthly/Annual
Renewable Energy	% renewable electricity	Monthly
Water	Water consumption per production unit	Monthly
Waste	Waste generated per production unit	Monthly
Recycling	% waste diverted from landfill	Monthly/Quarterly
Chemicals	% approved/controlled chemical inputs	Monthly
OHS	Lost-time injury rate / incidents	Monthly
Training	Training completion rate	Quarterly
Human Rights	Child/forced labor incidents	Continuous/Annual
Grievance	Grievances received and closure rate	Monthly/Quarterly
Supplier ESG	% high-risk suppliers assessed	Quarterly
Sustainable Materials	% preferred/certified materials	Quarterly
Ethics	Ethics training completion	Annual
Anti-Corruption	Reported cases and closure	Quarterly
CAPA	% corrective actions closed on time	Monthly
Employee Engagement	Employee survey score	Annual



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Performance results shall be reviewed against:

Baseline → Target → Actual Result → Variance → Root Cause → Corrective Action → Improvement

9. Monitoring, Reporting & Management Review

Shovon Knitwear Ltd. will periodically review sustainability performance using operational data, audits, employee feedback, supplier assessments, incidents, grievances, regulatory requirements and stakeholder feedback.

Management review shall consider:

- Material sustainability risks;
- KPI performance;
- Progress against objectives and targets;
- Employee feedback;
- Health and safety performance;
- Environmental performance;
- Supplier ESG performance;
- Ethics and compliance findings;
- Corrective actions;
- Recurring or emerging risks;
- Stakeholder concerns;
- Changes in customer, legal and international requirements.

Where performance is below target, management shall establish appropriate corrective or improvement actions with:

Responsible Person + Target Date + KPI + Required Resources + Effectiveness Verification.

10. Sustainability Reporting & Continuous Improvement

Shovon Knitwear Ltd. will maintain appropriate records to demonstrate the implementation and effectiveness of its sustainability strategy.

Relevant evidence may include:

- Sustainability policies;
- Materiality assessment;
- Stakeholder engagement records;
- Risk assessments;
- Environmental and social procedures;
- Training records;
- Energy, water and waste data;
- GHG calculations;
- Supplier assessment records;



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- Employee survey results;
- Grievance records;
- OHS performance;
- Ethics and compliance assessments;
- Corrective-action records;
- Management review minutes;
- Sustainability objectives and KPI results.

The sustainability strategy and materiality assessment shall be reviewed periodically and updated when there are significant changes in:

- Business operations;
- Stakeholder expectations;
- Environmental or social risks;
- Customer requirements;
- Applicable laws and regulations;
- Supply-chain structure;
- Material sustainability impacts.

The company will use the results of monitoring, stakeholder engagement and performance evaluation to strengthen its policies, actions and measurable objectives.