

# RITE



Brandix

Sustainability Report 2019 - 2020

The Brandix Group is one of the leading Apparel manufacturers in the South Asian region, with a vision to be "THE Inspired Solution for Branded Clothing". Founded in Sri Lanka in 1969, we started our first factory in 1972, with just 10 sewing machines. Firmly anchored to our roots in Sri Lanka, we have since then expanded rapidly, extending our reach within the country as well as overseas, employing over 53,000 workers across 23 factories in Sri Lanka, 04 in India and 01 in Bangladesh.

We believe that organizations such as Brandix are instrumental in addressing some of the pressing challenges facing our environment today. Our Sustainability journey commenced over a decade ago and since then, we continue to establish world-class benchmarks for other manufacturing organizations, consistently being at the forefront of efforts to adopt best practices for sustainable manufacturing.



# RITE

## THE RITE WAY – THE BRANDIX PROMISE

Choosing to lead by example, Brandix has consistently been at the forefront of national and global efforts to adopt best practices for sustainable development. We firmly believe it is the RITE way to do business. The RITE way is the Brandix Group's fundamental business ethos, where every one of our employees believes in, works towards, and ensures that their every action symbolizes the Group's core values of Respect, Integrity, Teamwork, and Excellence.

These values are cascaded down and integrated into our Corporate Governance and Risk Management Frameworks, as well as our day-to-day workplace practices through our Sustainability Framework. Underpinned by this structured approach, we have gradually increased our focus in alignment with the Sustainable Development Goals.

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# OUR VALUES

The Brandix values, or the RITE Way, is the Brandix Group's fundamental business ethos, where everyone of our employees believes in, works ensures that their every action symbolizes the Group's core values of Respect, Integrity, Teamwork and Excellence. The RITE values are embedded into the DNA of the organization and represent the corporate culture at Brandix. This is what we call the Brandix Way of Life.

## R.I.T.E. THE BRANDIX WAY OF LIFE



# ABOUT BRANDIX

The Brandix Group was founded in 1969 in Sri Lanka as a limited liability company and following the expansion of its manufacturing presence to India and Bangladesh, has since grown to become one of the leading Apparel manufacturers in the South Asian region.

Today our global footprint consists of a total of 28 state-of-the-art factories across Sri Lanka, India and Bangladesh, collectively providing direct employment to over 53,000 workers.

With our business on an accelerated growth trajectory over the past decade, we have come to understand the importance of doing so sustainably. Inspired by this deep understanding, we now take a holistic approach to define our sustainable development based on the core areas material to our stakeholders, community and the environment.

Over the last few years, Brandix has embarked on a bold journey to transform itself into a truly sustainable manufacturer, remaining committed to transparency in our business practices across human rights, labour practices, the environment and our wider community.

To further support our efforts, we continuously strive to benchmark key aspects of our operations against global partnerships with the Sustainable Apparel Coalition, World Green Building Council (WGBC), International Finance Corporation (IFC) and the United Nations Development Programme (UNDP), as well as through membership of the United Nations Global Compact (UNGC), Ethical Trading Initiative (ETI) and the WRAP Principles.



WORLD  
GREEN  
BUILDING  
COUNCIL



Sustainable  
Apparel Coalition



## OUR BUSINESS

### Apparel

- Brandix Lanka Limited (BLL)
- Brandix Apparel Limited (BAL)
- Brandix Apparel Solutions Limited (BASL)
- Brandix Apparel India (Private) Limited
- Brandix Casualwear Bangladesh Limited

### Non- Apparel (Backward Integration)

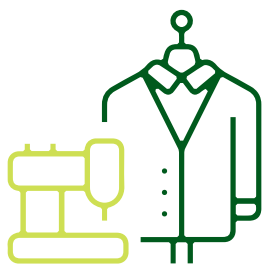
- Brandix Textiles Limited
- Teejay Lanka PLC
- Teejay India (Private) Limited
- Teejay Lanka Prints (Private) Limited

### Services

- Fortude (Pvt.) Limited
- Brandix College of Clothing and Technology
- Brandix India Apparel City (Private) Limited



## FUNCTIONS



**GARMENTS PRODUCED**  
317 Mn. Pieces



**REVENUE**  
782 Mn. USD



### Global Presence

1. Sri Lanka - Headquarters
2. India - Brandix India Apparel City
3. Bangladesh

### Major Markets

4. USA
5. Europe
6. UK
7. China
8. Japan

# THOUGHTS FROM OUR CEO





While the 2019/20 financial year has witnessed Brandix reach new heights in an effort to position ourselves as a truly sustainable manufacturer, we cannot ignore the unprecedented challenges encountered due to the ongoing COVID-19 pandemic. Our Sustainability Report, however, continues to be an opportunity to provide a transparent and comprehensive overview of our strategies to drive sustainable business growth, whilst holistically improving our impact on the environment.

## INSPIRED PEOPLE

Driven by our corporate DNA that stems from our RITE values, we have continued to engage and inspire our employees to perform to their best of their ability, by ensuring fair and ethical labour practices, enabling us to foster a culture of Inspired People. During the year under review, we unveiled iConnect, a versatile and globally recognized HRIS aimed at further strengthening transformation towards a seamless employee engagement process. The system manages the entire employee lifecycle covering aspects of onboarding, performance management, succession and learning & development.

Believing that collaboration for positive change is important to address the broader challenges facing the Apparel industry today, we partnered with several national and international institutions to develop and maintain a robust talent pipeline, via our initiative *Shilpa* and with the Brandix Academy.

The safety of our workforce is number one priority and the Occupational Health & Safety (OHS) focus was directed towards creating an interdependent OHS culture across the Group, by responsibly managing risks and hazards.

## INSPIRED SOLUTIONS

The fashion industry has experienced a noticeable shift in perception in recent times. From water and energy intensive apparel manufacturing, cotton production, to chemical dyes used for textile production and the extensive waste generated by consumers due to the fast-fashion trend, the industry has come under intense scrutiny as the world's second highest polluting industry. As statistics indicate, over the past 15 years, the average number of times a garment has been worn prior to being discarded has reduced by more than 36% and nearly 60% of clothing is landfilled within a year of being created. As sustainability continues to gather momentum among our global stakeholders, retailers and apparel manufacturers have recognized their responsibility in mitigating the impact of their operation on the environmental footprint.

We believe that organisations such as Brandix are instrumental in addressing some of the pressing challenges facing our environment today. Our Sustainability journey commenced over a decade ago and since then, we continue to establish world-class benchmarks for other manufacturing organisations,

consistently being at the forefront of efforts to adopt best practices for sustainable manufacturing. Our new Sustainability strategy will enable Brandix to position itself to lead transformative change across the industry and region and I am proud to say that the results indicate remarkable advancements.

In 2019, our Batticaloa factory was recognized as the world's first Net Zero Carbon Apparel manufacturing facility, as we move towards reducing our dependence on fossil fuels and driving a Net Zero Carbon Apparel sector by 2023. Our solar PV project was expanded across the Group, with half of our energy demand today catered to by on-site renewable energy, resulting in a 21% reduction in our Greenhouse Gas (GHG) emissions. Concurrently, our zealous efforts in improving water efficiency has seen a 61% reduction in water savings. More recently, we have also have taken the first tentative steps to explore integrating the concept of material circularity into our value chain, as a means of reducing our annual waste footprint.

We continue to hold our communities close to our heart and have remained firmly committed to safeguarding their wellbeing. Brandix is a member of the United Nations Global Compact (UNGC) and our report highlights the alignment of our work to the Sustainable Development Goals. I am also pleased to state that our long-standing initiatives in both Sri Lanka and India continue to create a positive impact in the communities in which we operate.

## GOING FORWARD

At Brandix, our values of RITE will continue to drive our approach to foster a culture of Inspired People who in turn deliver Inspired Solutions through all that we do. Whilst I am confident that our investments and the success of our strategies over the past few years have kept Brandix on the right track, I must reiterate that our pursuit of sustainability will remain firmly anchored to our vision of becoming a truly sustainable manufacturer.

We understand that building strategic partnerships is key to enabling positive change along our value chain. The active involvement of both brands and manufacturer, therefore, will inspire us further as we work towards a cleaner industry and a greener planet for the future.

I believe our priorities to drive improvements in social and environmental performance across the Group will remain material, even with the impact of the 2020/21 financial year during this period of uncertainty. Further, I am fully convinced that the Brandix Group's decade-long experience in sustainability will prove to be a considerable advantage, as we undertake these next steps and look to confront the challenges that lie ahead.

# ABOUT THIS REPORT

## SCOPE AND BOUNDARY

Sustainability is embedded in every aspect of the activities, systems and processes across Brandix. Our Sustainability Report serves as a platform to showcase this integrated approach. Accordingly, this report contains information regarding the steps taken to manage the environmental impacts of the business, as well as ongoing efforts to address concerns that are of interest to our main stakeholder groups. The report also summarises the management approaches, policies and procedures that underpin our actions, offering quantitative and qualitative information on how Brandix is systematically addressing key environmental, social and governance (ESG) issues.

This is the 5th Sustainability Report published by Brandix and covers the Apparel manufacturing operations in Sri Lanka, India and Bangladesh over the period 01st April 2019 to 31st March 2020. This Sustainability Report also serves as our 13th consecutive Communication of Progress (COP) under the Ten Principles of the United Nations Global Compact (UNGC), across the areas of Human Rights, Labour, the Environment, and Anti-Corruption.

## REPORTING FRAMEWORKS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, with the selection of reported content based on the requirements of the GRI Standards and the results of our materiality analysis detailed on page 18. The GRI Index included at the end of this report serves as a tool to measure Brandix's performance regarding material issues. In the interest of completeness, macroeconomic factors have been duly considered with an emphasis on national and international factors that have had an impact on the business during the period in review.

For the first time, we have also incorporated a section specifically to demonstrate alignment with the UN Sustainable Development Goals.

In the report, we describe the sustainability strategies we have developed in line with Brandix's sustainability model. Under each pillar, we discuss the topics deemed material as per our Materiality process outlined on Page 18, along with the topic boundaries.

## ASSURANCE

Brandix has adopted a combined assurance approach to confirm the relevance, accuracy and completeness of this report. All information and statistics are subject to multiple verification protocols and further vetted by the internal audit function. Furthermore, our ongoing partnership with Accenture provides a verifiable source for data and information for this report.

In addition, DNV GL Business Lanka (Private) Limited provides an independent assurance regarding conformance to GRI standards and best practices for sustainability reporting. Please refer page 66 of this report to view the external assurance certificate issued by DNV GL Business Lanka (Private) Limited.

## FORWARD-LOOKING STATEMENTS

This report comprises past and present information about Brandix, as well as forward-looking statements based on strategies and management policies as of the publication date. These statements are assumptions based on information available at the time of reporting. Due to a range of variables across economic, legal and other factors, the results or circumstances of future business activities may vary from the forecasts contained herein.

## BOARD RESPONSIBILITY

The Board acknowledges its ultimate responsibility for the collection, preparation and presentation of the information, as well for ensuring completeness and correctness of all data and information presented in this Sustainability Report.

The Board wishes to confirm that the contents of the report has been collectively reviewed in conjunction with the assurance reports obtained from our various internal and external assurance providers.

## RESTATEMENTS

The 2019/20 Report represents our first annual Sustainability Report, as we move from a biennial to annual reporting period to provide a more comprehensive overview of our performance on environmental and social sustainability indicators in accordance with GRI.

## SIGNIFICANT CHANGES IN LOCATIONS OF OPERATIONS

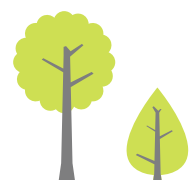
There were no significant changes in locations of operation during the reporting period.

## FEEDBACK OR QUERIES

Any feedback or queries regarding this report can be directed to;

### Brandix Energy and Environment (Brandix HQ)

No: 25, Rheinland Place,  
Colombo 03, Sri Lanka  
Phone: 0114727000  
Email: [sustainability@brandix.com](mailto:sustainability@brandix.com)



# MANAGEMENT PHILOSOPHY

As a leading Apparel manufacturer with a multi-country operating model, Brandix plays a critical role in addressing some of the key sustainability challenges facing the South Asian region and the industry, as we continue to establish world-class benchmarks for emulating sustainability best practices across all aspects of our business.

Our sustainability journey officially began in 2008 when our Green Factory in Seeduwa, Sri Lanka was declared the world's first Apparel manufacturing facility to be rated Platinum under the LEED Green Building Rating System of the US Green Building Council (USGBC), leading the way for Apparel manufacturing in Sri Lanka and beyond. Along this journey, our efforts towards mitigating our impact on the environment have been recognized through numerous national and international accolades, as Brandix set its sights on achieving more ambitious targets for 2023.

Ten years since we ventured into our Sustainability journey, in 2018 our manufacturing facility in Batticaloa, Sri Lanka was recognized as Sri Lanka's highest LEED Platinum rated Apparel manufacturing facility under the USGBC and the second highest rated globally. In another first for Sri Lanka and the global Apparel industry, Batticaloa is the world's first Net Zero Carbon certified Apparel manufacturing facility.

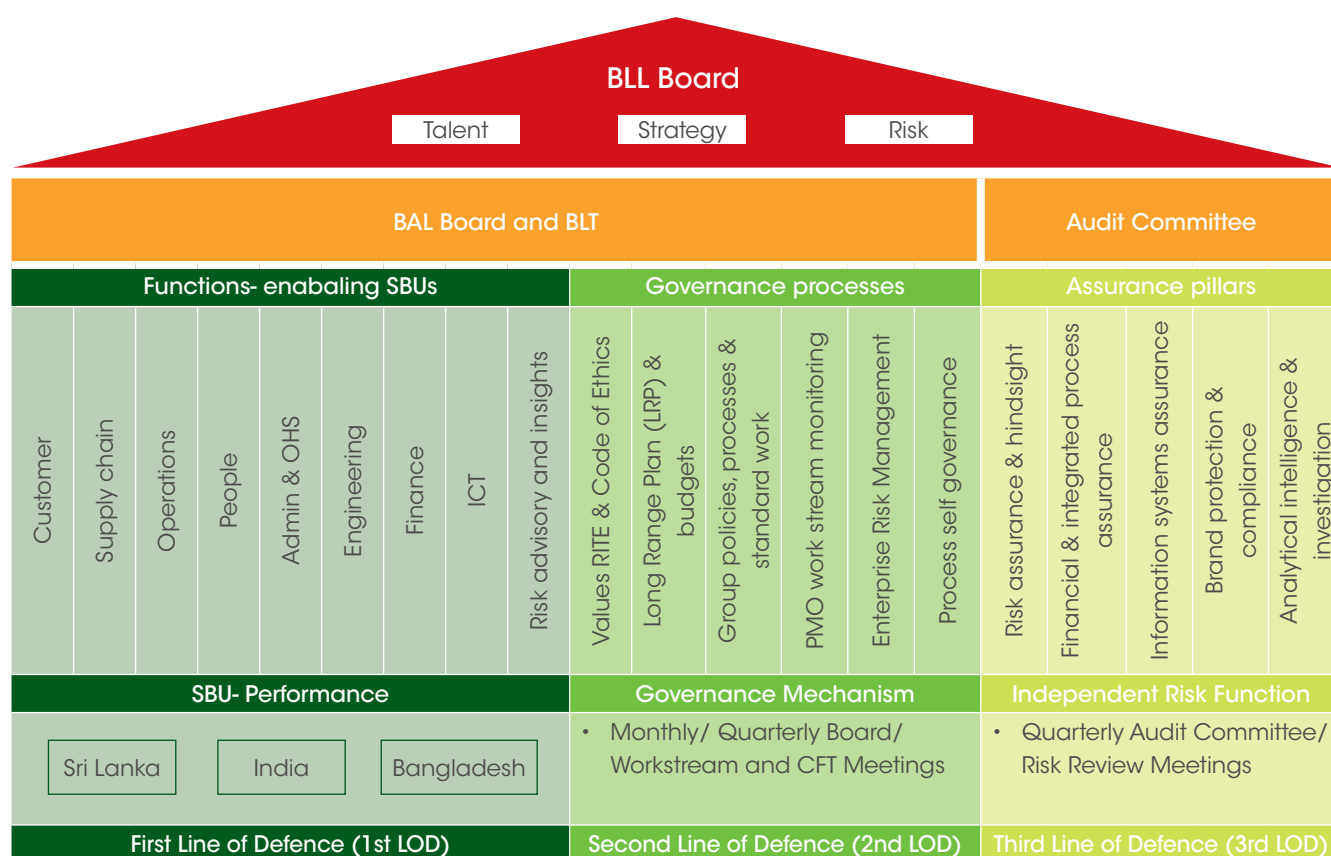
While compliance remains a key pillar in the achievement of our sustainability goals, our approach is now much wider and goes far beyond compliance. Our comprehensive strategy, rolled out in 2019, enables the Group to evolve into a truly sustainable manufacturer, supported by a 360-degree view through which we seek to deepen our understanding of global sustainability trends and explore the latest developments in sustainability best practices. These learnings enable the Group to clearly prioritize its material topics and thereby initiate a systemic transformation that would drive integration at every level of our operations, as well as collaborate with our key stakeholders in reaching our overall sustainability targets.





# GOVERNANCE AND RISK

The success of Brandix is dependent on a strong governance and oversight framework that supports our ability to grow sustainably over time and strengthen our brand reputation as a responsible Apparel manufacturer. We maintain an integrated Environment, Social and Governance (ESG) framework based on the principles of three-lines-of-defence, assigning equal emphasis to the performance and conformance aspects of governance.



## ROLES AND RESPONSIBILITIES

The BAL Board has overall responsibility for identification and integration of material ESG matters in the formulation of the Group strategy. The next tier: the Brandix Leadership Team (BLT) is tasked with providing oversight for the execution of the Group's sustainability strategy and providing guidance for the management and monitoring of material ESG issues. The BLT is assisted by the Functional Teams in the execution of specific ESG policies and practices pertaining to environment, labour, health, well as community and stakeholder relations. As part of their mandate, the Corporate Sustainability team is also expected to liaise with plant-level sustainability champions

in order to determine emerging ground level ESG issues that could materially impact Brandix.

Furthermore, the BLT is required to work with all SBUs to ensure transparent reporting and disclosure of ESG information in line with global best practices.

## RISK MANAGEMENT

ESG risks are managed systematically across Brandix by integrating them at a functional and operational level. This is achieved through a series internal policies and procedures, inclusive of the Code of Conduct, Anti-Corruption Policy, Vendor Code of Ethics and a

# GOVERNANCE AND RISK

comprehensive Compliance framework to align Brandix with global best practices.

The Board of Directors has final authority for monitoring and reviewing governance policies and practices. The Board meets once a month to formulate strategies, monitor their execution and evaluate performance. Additionally, the Board is assisted by the Audit Committee as the third line of defence for verifying the effectiveness of internal control systems and policies and procedures in place.

## Employee Code of Conduct

The Code of Conduct sets forth the expectations of our employees with regards to ethics and integrity, thus serving as a framework to guide them in making decisions consistent with Brandix's RITE values. The Code of Conduct applies at all times, without exception, to all Brandix employees, as well as to the Board of Directors. Employees are required to sign an acknowledgment that they have read and understood the Code of Conduct upon joining Brandix, as well as on an annual basis. Meanwhile all employees are given regular training to educate them on appropriate workplace conduct in line with RITE values.

## Anti-Corruption Policy

Brandix has a zero-tolerance policy for bribery and corruption and has implemented a comprehensive policy to mitigate the risk of improper conduct by employees. While we expect all employees to strictly comply with this policy, failure to do so may result in disciplinary action up to and including termination.

The policy is communicated to our business partners and employees through the Vendor Code of Ethics and Code of Conduct respectively and reiterated through ongoing communication and affirmation to our RITE values.

## Vendor Code of Ethics

Our Vendor Code of Ethics specifies the minimum standards Brandix demands of its suppliers and business partners, including ESG concerns on labour practices, human rights and other key sustainability issues.

## Compliance Charters

Over the years we have voluntarily adopted ESG and Compliance Charters in order to benchmark Brandix's performance against globally accepted best practices.

Industry-specific Compliance Charters	General ESG Charters
The Worldwide Responsible Accredited Production (WRAP) Principles	The UN Global Compact (UNGC)
Ethical Trading Initiative (ETI)	ISO 9001
Higg Index	BCA GreenMark
SA 8000	ISO 14001
Global Organic Textile Standard (GOTS)	Business Social Compliance Initiative (BSCI)
Oeko-Tex	OHSAS 18001
Organic Content Standard (OCS)	Leadership in Energy and Environmental Design (LEED)

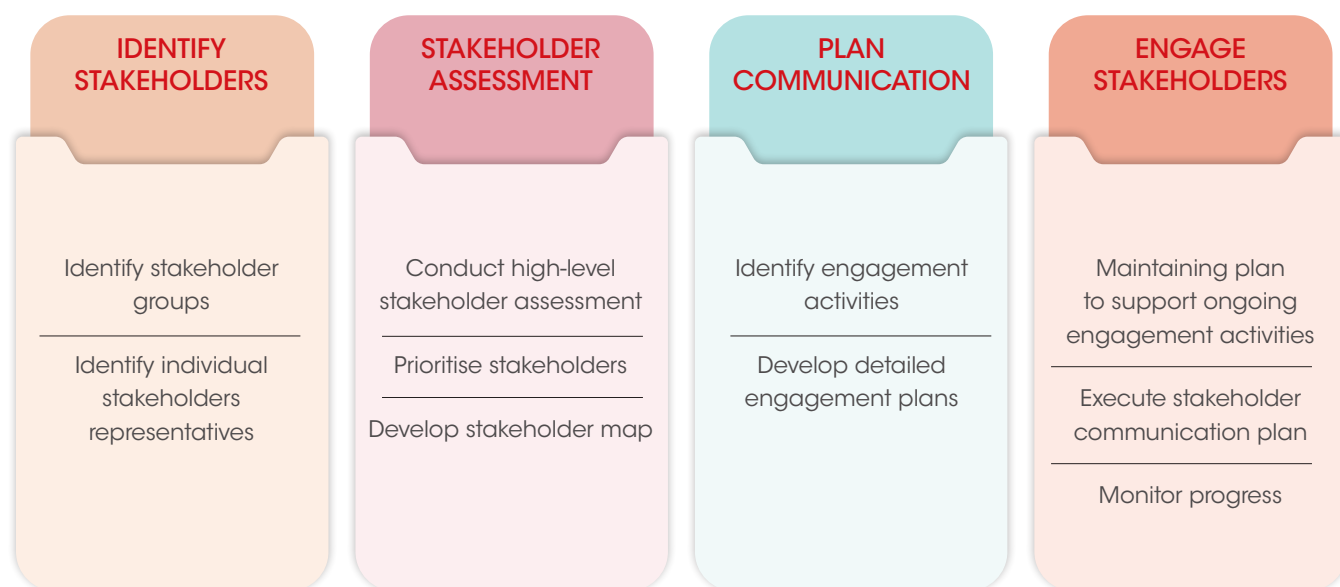
The effectiveness of our compliance is reinforced through multiple audits conducted at routine intervals, such as annual customer audits, independent bi-annual audits by the Corporate Risk & Control audit team and quarterly audits at SBU level, all of which help to identify compliance gaps and facilitate continuous improvement of Brandix's overall performance over time.

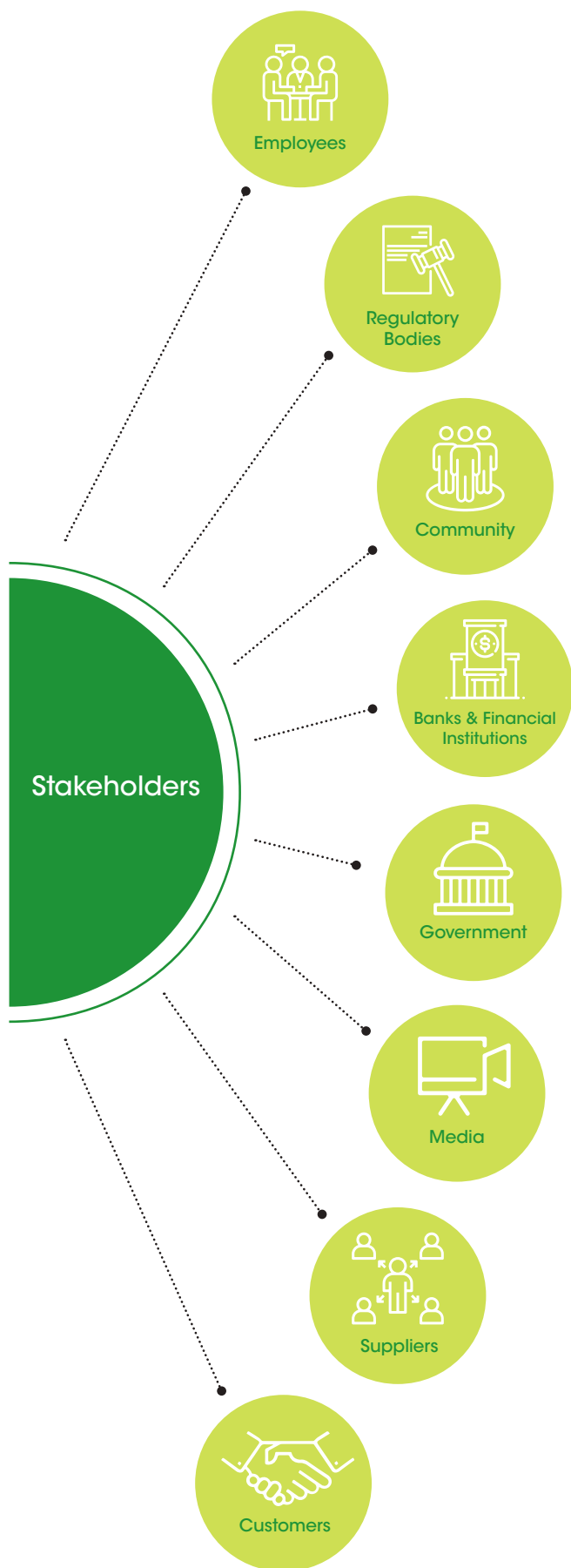
# STAKEHOLDER ENGAGEMENT



At Brandix, we believe that strong and effective communication with our stakeholders is of paramount importance. In this context, continued stakeholder engagement through a mutually beneficial and transparent process allows us to obtain valuable

perspectives and expertise. Connecting with our stakeholders through different channels across our global operating locations enables us to identify emerging priority issues and risks, with an avenue of further strengthening our strategies for greater positive impact.





STAKEHOLDER	HOW WE ENGAGE	
Employees	Great Place to Work survey	
	Employee Satisfaction surveys/ Rasadiya Mangalya	
	Performance reviews, skip level meetings	
	T&D activities, open door policy at all management levels	
	Employee Council meetings	
	Intranet communications through Brandnet/ Success Factors and email/ Viyaman/ Social Media	
Regulatory Bodies	Meetings and correspondence with local authorities, municipal councils and institutions such as BOI, Customs Department etc.	
Community	Project-wise Corporate Social Responsibility programmes	
Banks & Financial Institutions	Meetings, emails, phone/ conference calls	
Government	Advisory meetings and business forums	
Media	Brandix website, social media, press releases, certifications and accreditations	
Suppliers	Key Supplier Audits	
	RM Supplier Self-Assessment	
	Performance and delivery KPI reviews	
	Management level meetings	
	Supplier onboarding/ Supplier Production and Quality Meetings	
Customers	Vendor Summits	
	Customer Feedback Surveys, Vendor Summits	
	In-person meetings - Brandix/ Customer Leadership teams	
	Meetings, emails, phone/ conference calls	
	Calls/ meetings with Leadership/ Management Teams	
	Product & Design Development Reviews/ Customer Touchbases	



	FREQUENCY							KEY CONCERNS RAISED
	BIE	ANN	BIA	QUA	ONG	MON	REG	
	✓							Remuneration & benefits
		✓						Career development
			✓					Training & Development
								Engagement opportunities
					✓			Safety & Wellbeing
								Diversity & Inclusion
						✓		Recognition & Rewards
							✓	Long-term job stability
					✓			Good governance and compliance
					✓			Empowering communities through investments in infrastructure
								Mitigating the environmental impact of the business
							✓	Consistent results and long-term financial stability of the Company
					✓			Creating employment & new business opportunities
								Tax payments
					✓			Business operations in compliance with laws, social & environmental standards
								Products & services
								Corporate Social Responsibility
	✓							Develop partnerships that promote a sustainable supply chain
		✓						
				✓				
						✓		
							✓	
	✓							Quality of products & service
		✓						Optimal pricing
			✓					Socially and environmentally responsible business practices
					✓			Innovative production technology
						✓		
							✓	

**BIE** - Biennially

**ANN** - Annually

**QUA** - Quarterly

**BIA** - Bi-annually

**ONG** - Ongoing

**MON** - Monthly

**REG** - Regularly

# MATERIAL TOPICS

## MATERIALITY ASSESSMENT

To meet our responsibilities towards the environment and society, we focus our sustainability efforts on Environmental, Social and Governance (ESG) topics that are material and relevant to Brandix.

Each year, our material topics are reviewed and evaluated internally to determine the priority issues for Brandix and our stakeholders in line with GRI Reporting Standards. This assessment takes into consideration changes in our business model, immediate operating environment, Group Risk and Compliance profile and concerns raised during our stakeholder engagement processes. Beyond this, we also look at emerging global trends, the UN Sustainable Development Goals and other best practices for the Apparel industry, to identify any new concerns that may warrant a change in our Material Topics.

The results of this year's materiality assessment were largely consistent with that of the previous reporting period. Accordingly, the Material Topics detailed below remain the key pillars that underpin our Sustainability strategy.

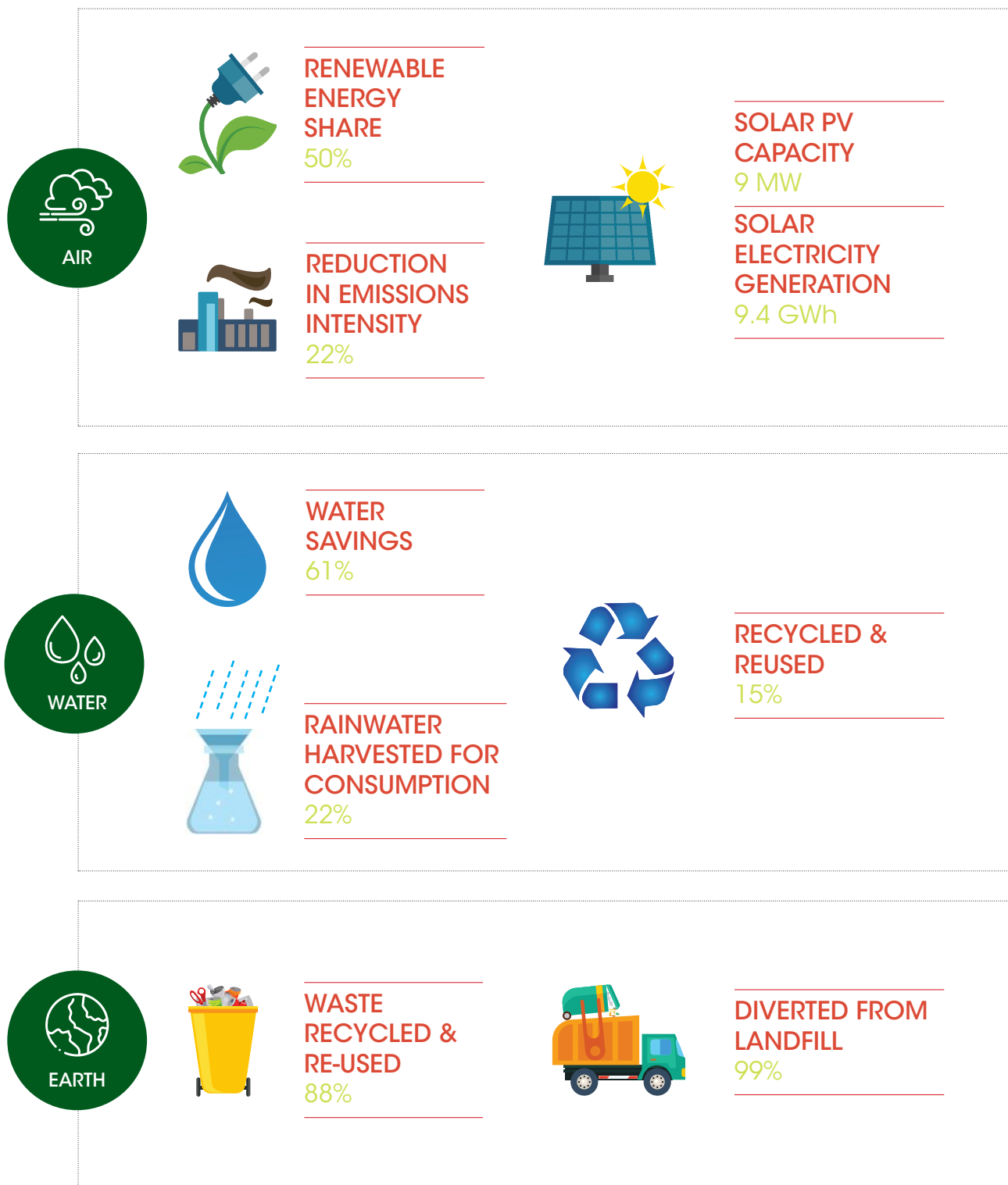
Priority Rank	Material Topic	Topic Boundary	
		Internal	External
1	Occupational Health & Safety	✓	✓
2	Fair & Ethical Labour Practices	✓	✓
3	Compliance	✓	✓
4	Anti-Corruption	✓	✓
5	Energy	✓	✓
6	Emissions	✓	✓
7	Water	✓	
8	Waste & Effluents	✓	
9	Community Development	✓	✓
10	Employee Engagement	✓	
11	Training & Development	✓	
12	Supplier Evaluation	✓	✓
13	Supplier Development	✓	

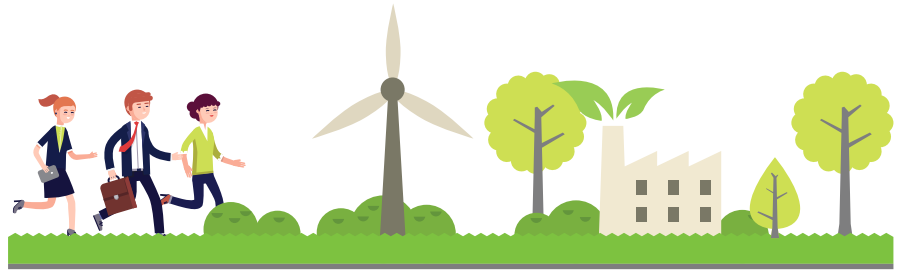


Management Approach	Evaluation
Brandix aims to provide a safe working environment for our employees, contractors and visitors, by responsibly managing risks and hazards and creating an interdependent safety culture across the Group in preventing injuries and health.	GRI 403
Brandix is committed to fostering a culture of "Inspired People" through a robust framework of systems and policies covering all aspects of human resources.	GRI 406, 408, 409,
Brandix has in place an integrated Enterprise-Risk Management framework, supported by a series of internal policies and procedures and a comprehensive compliance framework in alignment with international best practices.	GRI 307
Maintain a strict anti-corruption policy, as well as a zero-tolerance policy for non-compliance, through a comprehensive Governance framework. This policy extends to the Company's business dealings and transactions in all countries which it operates, its subsidiaries and Vendor Partners.	GRI 205
Improve the Group's energy intensity parameters by slowly migrating away from non-renewable energy sources and consistently increasing the dependency on renewable energy	GRI 302
Minimize our environmental footprint by reducing GHG emissions for manufacturing & operational activities	GRI 305
Optimize our water usage by making a concerted effort to improve factory-wide efficiencies	GRI 303
Concerted efforts to ensure waste diverted from landfills, while meeting regulatory requirements in countries of operation. Process improvements to identify mechanisms to reduce, re-use and recycle waste efficiently.	GRI 306
Positively contribute to the community by resolving issues with access to water, sanitation and health. Allows us to retain the commitment of our employees and community groups.	GRI 413
Strive to maintain direct, honest and open relationships with our employees, and inspire and motivate employees to seek out new challenges and provide a channel to celebrate their achievements	GRI 402
Ensure that all our employees have access to learning, development and training opportunities to enhance their individual capabilities and career opportunities.	GRI 404
Evaluation and selection of suitable suppliers and service providers, guided by the "Five Basic Vendor Rights"; namely Right Quality, Right Source, Right Time, Right Quantity and Right Price	
Mentor our suppliers and encourage them to improve their effectiveness and sustainability across their value chains to keep pace with the evolving needs of the Brandix Group	

# ENVIRONMENTAL STEWARDSHIP

## KEY HIGHLIGHTS





### How the Apparel value chain is aggravating climate change - A Case Study

Textile, and by association, the Apparel industry, is one of the most polluting industries globally, second only to that of Oil and Gas. As such, the Apparel value chain nonetheless continues to be responsible for a sizable contribution towards global warming. In fact, experts now suggest that the Apparel industry produces between 5% - 8% of manmade CO<sub>2</sub> emissions annually, significantly higher than that of the aviation and shipping industries combined.

It's estimated that around two-thirds of the harmful climate impact over the lifetime of a garment is through its raw materials - mostly polyester or cotton. Polyester, as a plastic, is made from oil and extracting and processing the raw material make it highly energy intensive. Cotton, being an agricultural crop has a lower carbon footprint than polyester, but the fertilizer used in cotton production releases nitrous oxide, a harmful greenhouse gas thought to have almost 300 times more warming power than CO<sub>2</sub>.

Beyond the raw materials stage, the energy used in manufacturing, transporting, packaging and selling a garment all contribute to its emissions footprint.

Currently, only a negligible percentage of garments and fabrics are being recycled at all, with most being sent to landfills or for incineration. The problem is further exacerbated by the "fast fashion trend" seen in recent years, where people appear to be buying more clothes than ever before, wearing them fewer times, repairing them less and throwing them away sooner.

As a leading Apparel manufacturer in the region, we are keenly aware that our business activities contribute towards climate change issues. It is this knowledge that has made us seek out "Inspired Solutions" to environmental issues connected to the Apparel manufacturing industry, as we look towards leading by example in redefining future global industry standards.

### ENVIRONMENTAL MANAGEMENT APPROACH

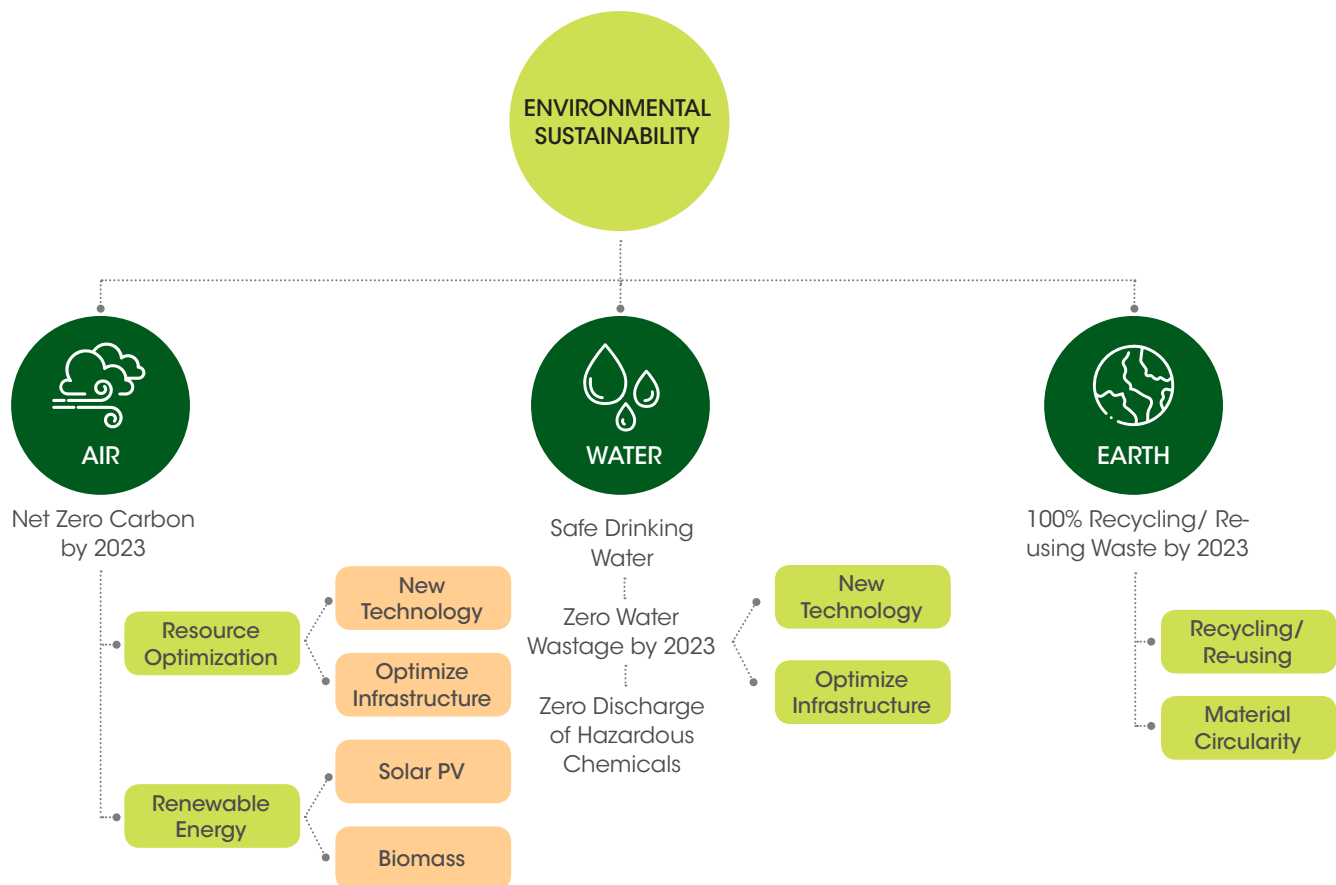
Since its inception, the Brandix Group has continued to reinforce its commitment to the environment by conducting its activities in compliance with legal and regulatory guidelines set out by relevant local authorities in the countries that we operate. In Sri Lanka, the main control body is the Central Environmental Authority (CEA), while the Brandix India Apparel City comes under the purview of the regional and state environmental bodies in Andhra Pradesh and the Central Pollution Control Board of India. The Brandix Bangladesh operation located within the Cumilla BEPZA has been issued the Environmental Clearance by the Department of Environment, Bangladesh.

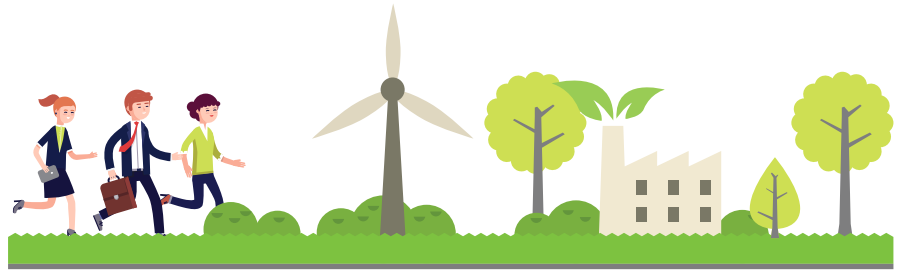
Having embarked on a cohesive Group-wide environmental strategy in 2008, our mandate has since gone beyond mere compliance, in favor of a more holistic approach that focuses on creating deeper systemic change at every level of the organization. Stemming from this, our efforts at an operational level are now driven by a disciplined strategy that prioritizes the environmental impacts arising directly as a result of the Group's operations. Accordingly, our material topics have been identified as Energy, Water, Emissions, Effluents and Waste, aimed at orienting all core operations towards continuous improvement of the Group's environmental performance.

Our Sustainability Framework is across the pillars of Air, Water and Earth and is supported by our investment in robust infrastructure for recording, monitoring and reporting on Key Performance Indicators (KPIs).

# ENVIRONMENTAL STEWARDSHIP

## BRANDIX SUSTAINABILITY FRAMEWORK



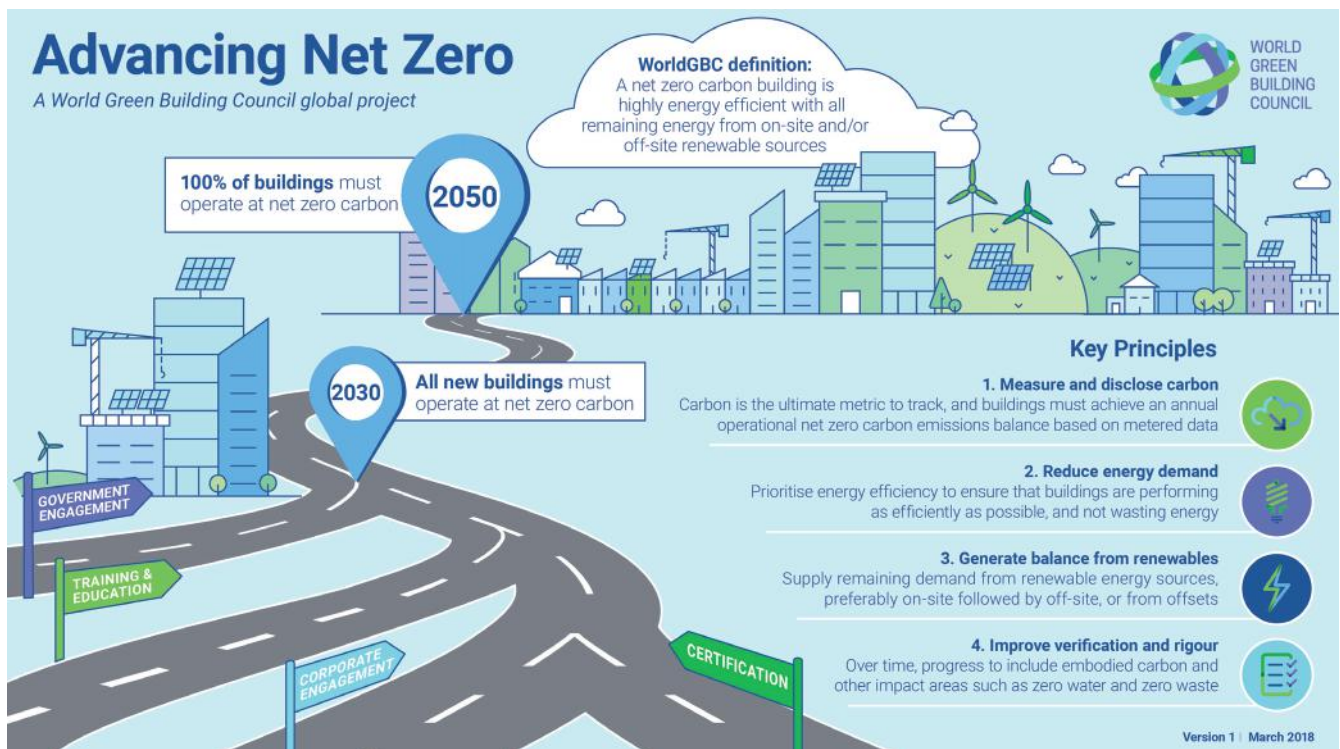


## AIR

As a leading Apparel manufacturing company in the region, we understand our responsibility towards driving a more sustainable future for our organization and our planet. Over the past year we continued our commitment towards enhancing the renewable share of our energy, in the form of biomass and solar, whilst driving resource optimization through investment in state-of-the-art

technology and optimizing infrastructure to ensure energy efficiency.

Continuing resolutely on our path to be a truly sustainable manufacturer, in June 2019 Brandix joined the Net Zero Carbon Buildings Commitment led by the World Green Building Council (WGBC), advocating for companies to reach Net Zero operating emissions by 2030.



The WorldGBC definition of a net zero carbon building is a building that is highly energy efficient and fully powered from on-site and/or off-site renewable energy sources (<https://www.worldgbc.org/advancing-net-zero/what-net-zero>)

Our targets which were previously aimed at achieving Carbon Neutral status by 2020, were revised in line with this Commitment as Brandix became Sri Lanka's first signatory to the Net Zero Carbon Buildings Commitment with the World Green Building Council (WGBC), pledging to achieve Net Zero Carbon operations for all our facilities in Sri Lanka by 2023.

With a 1.65MW solar PV capacity catering to the factory's complete energy requirement, Brandix Batticaloa was recognized as the World's 1st Net Zero Carbon-certified

Apparel manufacturing facility, paving the way for Sri Lanka and the global Apparel manufacturing sector.

### Renewable Energy

Our solar PV project was expanded across Brandix, as we continue to divert from non-renewable to renewable energy sources and transform our factories into Net Zero Carbon buildings. by 2023.

# ENVIRONMENTAL STEWARDSHIP

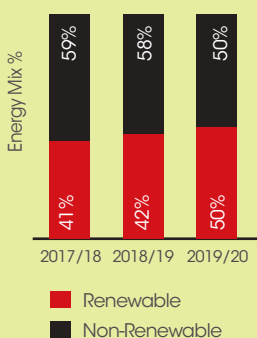
As part of the first phase of our renewable energy drive, the 1.65MW rooftop solar PV plant at our Batticaloa factory delivers an annual energy yield of 2,975 MWh exceeding the annual energy requirement of the factory by 8%. Brandix added 7MW of solar PV across Sri Lanka during the reporting period, with a total of 11 factories contributing 9MW of renewable energy to the national grid. Plans are also underway to increase the Group's solar generation capacity by another 11 MW by 2023 in Sri Lanka and 13 MW by 2025 in India.

Requiring the use of boilers for steam generation during production processes such as heating and ironing, Brandix completed its initiative to phase out the use of furnace oil boilers across the Group during the reporting period. Through the final installation at Brandix Casualwear Ratmalana, all boilers across the Group are now powered through biomass, thus contributing to our renewable energy share. Additionally, the thermal efficiencies of the boilers and steam distribution systems across the Group undergo continuous improvement, through upgrades to insulation, condensed water recovery, boiler tuning and replacement of steam traps.

Brandix also partnered with UNDP to ensure the biomass utilized at our factories is sourced responsibly in line with the SLS 1551 standard. Through this, we expect a lower and more efficient biomass consumption, as well as a reduction in total GHG emissions.

Renewable Energy Mix	2017/18	2018/19	2019/20
Renewable Energy	41%	42%	50%
Non-renewable Energy	59%	58%	50%

## GROUP RENEWABLE ENERGY MIX



## Disclosure 302-1 - Energy consumption within the organization

Renewable Energy (GJ)	2017/18	2018/19	2019/20
Solar	5,690	11,151	32,834
Biomass	197,281	202,845	205,534
<b>Total</b>	<b>202,971</b>	<b>213,997</b>	<b>238,368</b>

## RENEWABLE ENERGY CONSUMPTION GJ

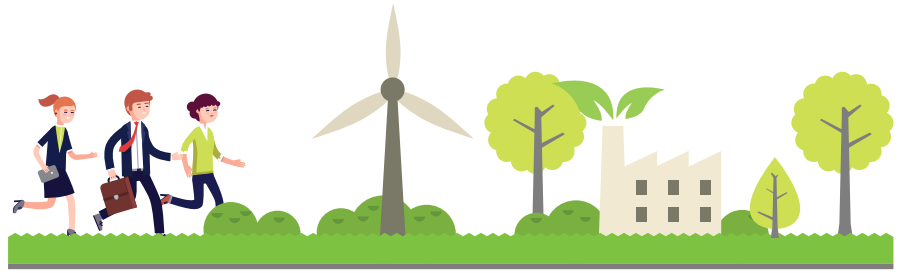


Non-Renewable Energy (GJ)	2017/18	2018/19	2019/20
Furnace Oil	20,206	8,672	5,316
Diesel	16,583	17,120	29,849
Coal	0	0	0
Compressed Natural Gas	80,955	82,913	46,000
Grid Electricity	174,849	184,438	189,153
<b>Total</b>	<b>292,593</b>	<b>293,144</b>	<b>270,318</b>

## NON-RENEWABLE ENERGY CONSUMPTION GJ







## Resource Optimization

Understanding that investment in the right infrastructure can greatly enhance our energy performance, the Brandix Group has been actively engaged in seeking out new technology and innovative solutions to support the achievement of its targets. We continue to undertake energy optimization initiatives, including machinery upgrades and ongoing system improvements in an effort to reduce energy intensity across our operations. At Brandix, we believe that an important constituent of our sustainability journey is working towards improving the lifetime of existing systems and equipment, whilst ensuring optimal energy efficiency and working condition.



### *HVAC Systems*

During 2019/20, we replaced the conventional chiller system at Brandix Fast-Fashion Minuwangoda with a new magnetic bearing variable speed chiller, proven to be 35% more energy efficient.

As we continue the initiative to implement and upgrade to new highly energy efficient chillers, the total number of magnetic bearing chillers across the Group is now 15. Concurrently, we also undertook measures to optimize the chilled water circulation system at our Minuwangoda and Avissawella factories.

A comprehensive review of our existing conditioning systems prompted the decision to begin using direct drive air handling units (AHUs), which are approximately 40% more efficient than conventional units. Following the successful installation of these innovative and energy efficient AHUs at the newly constructed Rambukkana factory, this initiative is being systematically rolled out across the Group.



### *Compressed Air*

A series of internal design and layout changes was made to reposition the compressed air equipment at all factories, thus facilitating the systematic release of compressed air based on the varying demands of the operating cycle at each factory and improving energy efficiency of the compressed air distribution system. During 2019/20, this was completed at our Minuwangoda and Avissawella factories.

Supporting this, over 2,500 innovative compressed air saving devices, which were developed internally by our Automation & Innovation teams, were installed to sewing machinery and further enhancing the energy efficiency of the compressed air system.

With continuous improvement a vital element of our sustainability journey, SEIRI Day is an initiative by the Group Engineering Team aimed at targeting and rectifying system leakages and efficiency improvements. Over an 8-hour time period, we achieved a reduction of over 8% of the compressor capacity, thus saving 288kW of electricity demand and improving the compressed air distribution system across the Group.



### *Lighting*

Our LED lighting conversion initiative was extended to cover our factories in India and Bangladesh. During the reporting period over 18,500 fluorescent (T8 and T5) and CFL lights were replaced with LED across the Group, resulting in an annual energy saving of 940MWh. The project is expected to be completed at the end of 2020/21 reporting period.



### *Sewing Machinery*

During 2019/20, we completed our initiative to replace clutch with energy-efficient servo motors for existing sewing machines, with the upgrade of 238 machines in this regard. Our sewing machines across the Group are now fitted with servo motors, thus ensuring 100% energy efficiency for the production process.

To support the energy saving conversion to servo motors for our sewing machines, the Engineering team implemented a new initiative to extend their useable lifetime. Sewing machines are the driving force of our business and as such, invest in planned preventive maintenance (PPM) and OEM spare parts to ensure its optimal production capacity.

Over time several of these machines will be replaced across the Group, owing to inherent condition due to wear and tear, as well as unavailability of spare parts/ options. During the reporting period, our Engineering team undertook an analysis of the sewing machines requiring replacement across the Group. Of this, 303 machines were selected for upgrade and thus extend their useable lifetime.

# ENVIRONMENTAL STEWARDSHIP

Although an obvious cost saving initiative, with the purchase of new machines for replacement being nearly 83% more expensive, this constitutes an important example of our commitment towards sustainability.



## HVLS Fans

As the name suggests, high volume low speed (HVLS) fans rely on their sheer size to move air for ventilation and are now exceedingly popular in industrial and commercial settings together with existing HVAC systems, as an energy saving measure. With a single HVLS fan constituting an equivalent of 60 conventional ceiling fans, we installed four of these innovative fans at our Rambukkana and Koggala factories over the reporting period.

## Our Energy Scorecard

### TOTAL ENERGY CONSUMPTION FOR 2019-20

477,640 GJ

### RENEWABLE ENERGY SHARE

50%

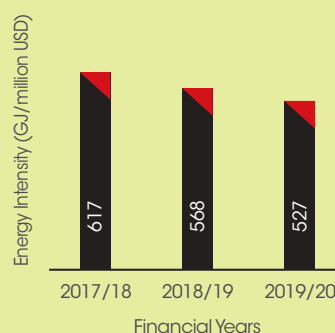
	Consumed (GJ)	Sold (GJ)
Electricity	189,153	N/A
Heating	N/A	N/A
Cooling	N/A	N/A
Steam	N/A	N/A

## Disclosure 302-3 - Energy intensity

## Disclosure 302-4 - Reduction of energy consumption

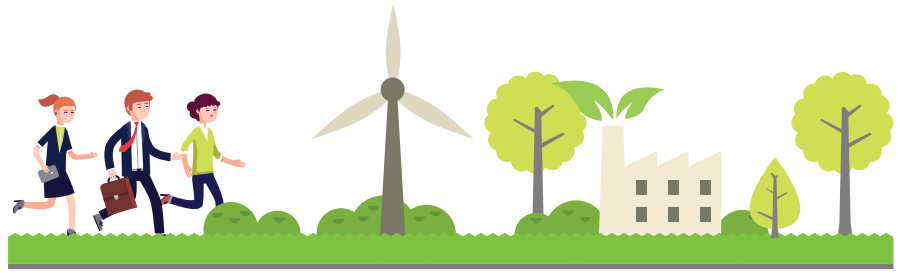
Energy Intensity	2017/18	2018/19	2019/20
Energy Intensity (GJ/ Million USD)	617	568	527
Reduction Percentage			7%

### GROUP ENERGY INTENSITY



## Data Disclosure:

- Where required, the chosen ratio denominator is the organization's revenue in USD.
- All the types of energy used by the organization have been used for the above calculations.
- The ratio uses energy consumed within the organization.
- The base year was chosen as 2017/2018, when our previous sustainability report was published.
- The conversion rates used are as per the guidelines published by the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority- Ministry of Power (India) and Department of Environment (Bangladesh)
- The GHG Protocol was used for GHG emission calculations



In addition to our renewable energy and resource optimization initiatives, we undertook two key initiatives in line with national and international compliance standards for improving our carbon emissions.

#### Phase out of Ozone-depleting substances

In yet another significant development in our emission mitigation journey, Brandix reiterated its commitment to support Sri Lanka's efforts in complying with the Montreal Protocol through the phase out of ozone-depleting substances by 2030. Brandix aims towards phasing out these substances by 2025, well ahead of the expected national target timeline, through a well-detailed action plan. As a guideline, any new cooling systems introduced across the Group will not consist of any ozone-depleting refrigerants.

#### Stack Emissions

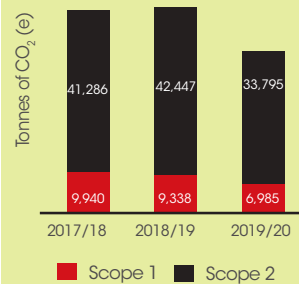
Across our operations in Sri Lanka, we undertook an analysis of our existing stack emissions for boilers and generators, following the release of new compliance guidelines in line with Gazette # 2126/36 issued in June 2019. With effect to this, the necessary infrastructure was upgraded at our factories in Rambukkana, Nivithigala and Kahawatte during the reporting period.

#### Our Emissions Scorecard

Disclosure 305-1 - Direct Energy (Scope 1) GHG emissions  
Disclosure 305-2 - Indirect Energy (Scope 2) GHG emissions

Greenhouse Gases / (metric tons CO <sub>2</sub> e)			
Scope	2017/18	2018/19	2019/20
Scope 1	9,940	9,338	6,985
Scope 2	41,286	42,447	33,795
<b>Total emission</b>	<b>51,226</b>	<b>51,786</b>	<b>40,780</b>
Reduction			11,005
Reduction Percentage			21%

#### GROUP GHG EMISSIONS

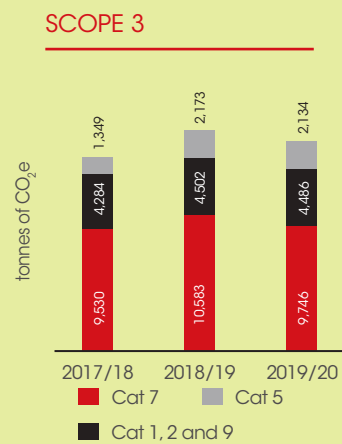


9 MW Solar PV across the Group

# ENVIRONMENTAL STEWARDSHIP

## Disclosure 305-3 - Other indirect (Scope 3) GHG emissions

According to GHG Protocol, Six Categories of Scope 3 Carbon emissions related with our business operation have been identified and reported as follows:



### Upstream categories

1. Purchased goods and services
2. Capital goods
5. Waste generated in operations
7. Employee commuting

### Downstream categories

8. Downstream transportation and distribution

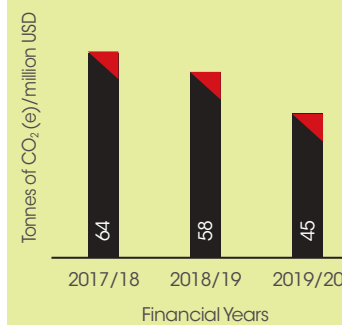
## Disclosure 305-4 - GHG emissions intensity

### Disclosure 305-5 - Reduction of GHG emissions

#### Greenhouse Gases Emissions Intensity/(metric tons CO<sub>2</sub> (e))

Emissions Intensity	2017/18	2018/19	2019/20
Emissions Intensity (tCO <sub>2</sub> e)/ millions US\$	64	58	45
Reduction			22%

#### GROUP CARBON EMISSION INTENSITY

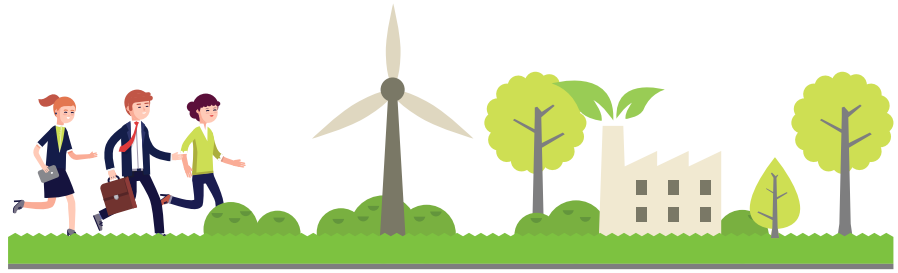


### Data Disclosure:

- The chosen ratio denominator is the organization's revenue in USD, which is the common performance monitoring parameter for manufacturing service sectors.
- The ratio uses energy consumed within the organization.
- All GHG gases have been included in the above calculations.
- All reductions are calculated by comparing values with that of the previous financial year.
- Scope 1 and Scope 2 has been included for the above calculations.
- The Greenhouse Gas (GHG) Protocol was followed for GHG emission calculations.
- The grid emission factors were taken from the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority- Ministry of Power (India) and Department of Environment (Bangladesh)
- Scope 3 emissions do not include air travel/ Transport of goods from cradle to cradle (to/ from Port)/ Public Transport - for Associates in Bangladesh, as well as emissions constituting to landfilling of waste.



Brandix Batticaloa at dusk



## WATER

The Group's water footprint has continued to rise in direct correlation to the growth in business operations. The water used in our operations is classified as Blue Water (surface and ground water consumed during our production processes), Green Water (rainwater consumed in the production process) and Grey Water (fresh water required to assimilate the load of pollutants based on natural background concentrations and existing ambient water quality standards). Each year we review water risks in our portfolio, considering the local availability, quantity, quality and regulatory requirements. Based on these findings we continuously work to increase water efficiency, through investments in new technology, as well as research projects aimed at reducing the volume of Blue Water consumed Group-wide. As part of the same effort, we have consciously sought to reduce occupant water usage across the Group.

Concurrently, we focus on improving the quality of our wastewater in order to increase the volume of water reclaimed into our operations. Our factories in Sri Lanka have either a Sewage Treatment Plant (STP) or Effluent Treatment Plant (ETP) on-site, whilst our Brandix India Apparel City has a 56 MLD (Million Liters/ Day) capacity ETP catering to the needs of the factories located therein. In Bangladesh, where the Brandix plant is located within the BEPZA Export Processing Zone, treated wastewater is released direct to the zone's Common Effluent Treatment Plant (CETP).

Over the past two years we have aggressively pursued rainwater harvesting techniques as a sustainable solution towards increasing the volume of Green Water utilized across our operations. A key initiative in this regard is our expansive rainwater harvesting tank at BIAC. During the year under review, we implemented innovative rainwater harvesting infrastructure at our newest green factory in Rambukkana, with the capability to manage over 90% of run-off. Nearly 330 million litres of rainwater were harvested and utilized for consumption across the Group as a result of these developments.

### Clean Drinking Water for Associates

Following the implementation of in-house water purification systems across the Group, all employees have easy access to safe, purified drinking water at any time, while water quality parameters are regularly assessed to ensure compliance with WHO Drinking Water Quality standards. With this, we continue to improve awareness among our Associates on the importance of regular water consumption in their daily lives.

### Zero Water Wastage

During 2019/20, an initiative was undertaken to upgrade the existing water fittings across the Group to Green Seal/ LEED rated water-fittings. Over 1,400 water fittings were replaced, thus resulting in 61% water savings in comparison to conventional fittings.

Clusters	Water Saving	
	BEFORE Replacement (%)	AFTER Replacement (%)
Brandix Fast Fashion	25%	61%
Brandix Essentials	31%	61%
Brandix Casualwear	21%	59%
Brandix Lingerie	28%	59%
Brandix Athleisure	12%	68%
Brandix Deep Discount	21%	57%
<b>Average Water Saving</b>	<b>25%</b>	<b>61%</b>

We also continued to upgrade and convert our on-site STPs to Zero Liquid Discharge (ZLD) plants. This upgrade conversion was completed at Brandix Essential Rambukkana and Brandix Fast Fashion Minuwangoda over the 2019/20 period.

To ensuring optimal water efficiency across the Group, we monitor our water consumption regularly, with monthly KPI achievement benchmarking. Audits are conducted when and where required to monitor leaks and high consumption for improvement, whilst regular awareness on water efficiency through digital posters are conducted reiterating our commitment to zero water wastage.



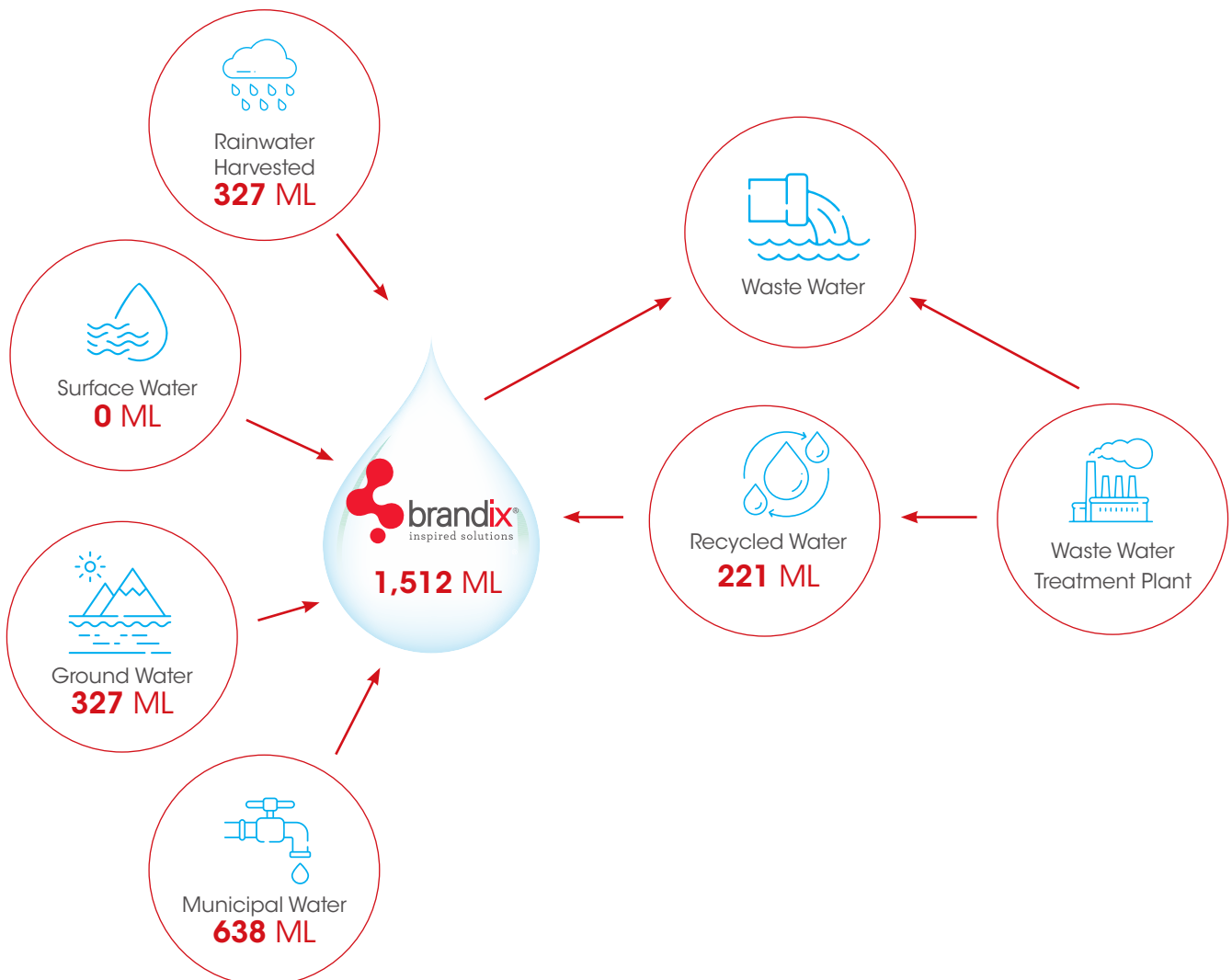
# ENVIRONMENTAL STEWARDSHIP

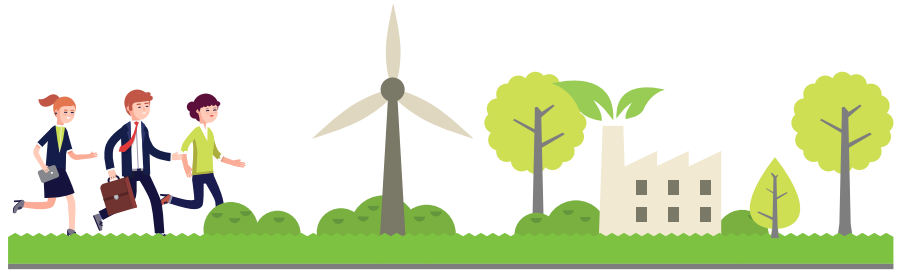
During 2019/20, we conducted an internal competition benchmarking achievement on water KPIs across the Group and commending those factories with improved water reduction strategies. Whilst enabling factories drive towards the achievement of water goals and KPIs, the competition was also a means of engaging Associates on our sustainability journey.

## Zero Discharge of Hazardous Chemical (ZDHC)

Following the compliance of Brandix Finishing Ratmalana with our ZDHC commitment in 2018, our key priority for the reporting period was ensuring continued conformity with national and international standards. In this regard, our monitoring and compliance mechanisms were strengthened through our existing wastewater management processes, as well as the overhaul of the Group Chemical Management System by the Group H&S team.

## Our Water Footprint





## Our Water Scorecard

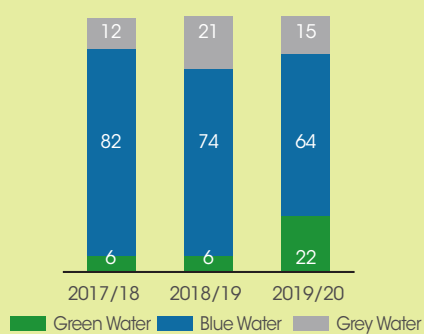
### Performance Outcomes

#### Disclosure 303-5 - Water Consumption

##### Brandix Water Footprint – Volume (ML)

Group Water Consumption	2017/18	2018/19	2019/20
Surface Water (Blue)	650	-	-
Ground Water (Blue)	291	259	327
Municipal Water (Blue)	676	657	638
Rainwater (Green)	113	69	327
Direct - Net Water	1,730	986	1,291
Recycle Water (Grey)	237	259	221
Gross Water usage	1,967	1,244	1,512
<b>Baseline for consumption (last SR)</b>			
Green water %	6%	6%	22%
Grey water %	12%	21%	15%
Blue water %	82%	74%	64%

#### Water Footprint (%)



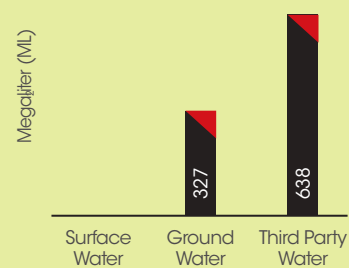
#### Disclosure 303-3 - Water Withdrawal

##### WATER WITHDRAWAL BY SOURCE %



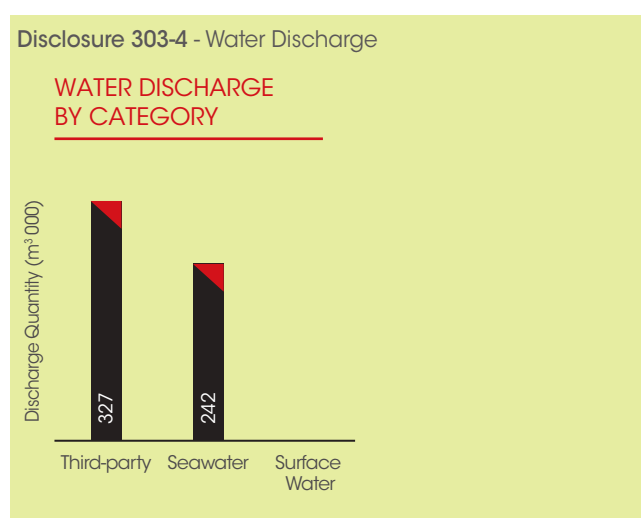
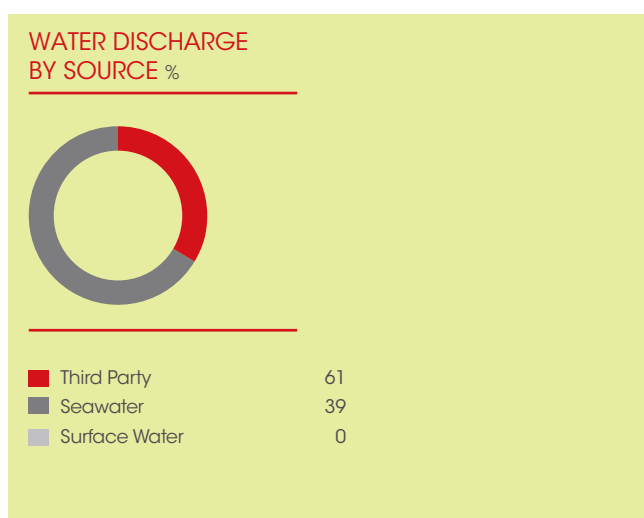
Surface Water	0
Ground Water	25
Third party Water - Municipality	49

##### WATER WITHDRAWAL BY CATEGORY



# ENVIRONMENTAL STEWARDSHIP

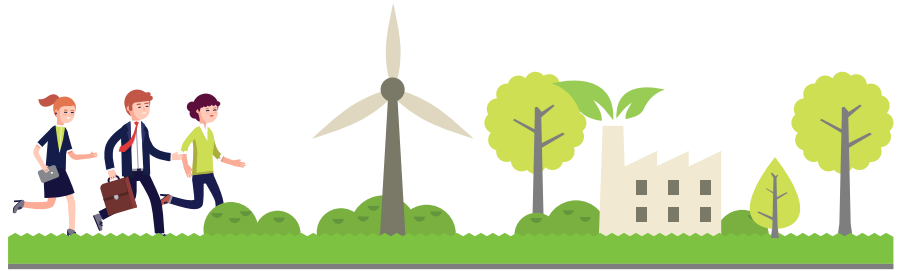
Wastewater generated is discharged in line with our compliance to the applicable regulatory frameworks in the countries we operate, of which a comprehensive overview is provided below. As we progress towards our goal of Zero Water Wastage, the recycling of the treated wastewater at our Apparel factories in Sri Lanka as grey water for flushing and gardening has enabled a significant water saving for Brandix. In India and Bangladesh, treated wastewater is discharged through a marine outfall and CETP respectively in line with applicable discharge regulations.



## Water discharge by quality and destination

Destination	Planned/ Unplanned	Discharge Quantity (m³)			Discharge Point	Units covered	Quality of the water	Treatment Method
		2017/18	2018/19	2019/20				
Visakhapatnam, India	Planned	127,290	178,456	242,259	To CETP & Marine Outfall	BIAC, BAI1, 2 & 3, QCI	Compliance with Indian marine discharge standard	Primary, Chemicals & Biological treatments
Avissawella, Sri Lanka	Planned	40,100	42,214	40,134	To CETP	BFFAV1, BFFAV2	Compliance with CETP discharge standard	Primary & Chemicals treatments
Pannala, Sri Lanka	Planned	520,206	-	-	To Lagoon	BTL	Compliance with Inland Surface water discharge standard	Primary, Chemicals & Biological treatments
Ratmalana, Sri Lanka	Planned	196,158	160,455	207,034	To CETP	BFL	Compliance with CETP discharge standard	Sewage discharge treated by CETP
Koggala, Sri Lanka	Planned	17,145	19,370	18,512	To CETP	BEK		
Wathupitiwala, Sri Lanka	Planned	16,627	18,084	16,291	To CETP	BLI1&2, BLI3, CPU		
Katunayake, Sri Lanka	Planned	14,849	19,370	20,536	To CETP	BALK		
Comilla, Bangladesh	Planned	173,121	114,561	69,691	To CETP	BCB	Compliance with CETP discharge standard	Primary & Chemicals treatments
<b>Total Discharge</b>		<b>1,105,497</b>	<b>552,509</b>	<b>614,457</b>				

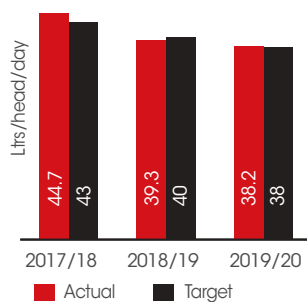




#### Occupant Water Consumption – Group

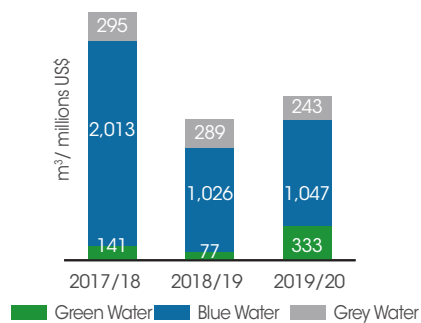
Water Consumption			2017/18	2018/19	2019/20
Occupant Water Consumption	Ltrs/Clocked hour	Actual	9.42	9.34	9.36
		Target	9.50	9.30	9.20
	Ltrs/Head/Day	Actual	44.7	39.3	38.2
		Target	43.0	40.0	38.0

#### OCCUPANT WATER CONSUMPTION LTRS/HEAD/DAY



#### Water Intensity – Group

#### WATER INTENSITY & FOOTPRINT (m³/Millions US\$.)



**TOTAL VOLUME OF WATER WITHDRAWN**  
1,291,375

**TOTAL VOLUME OF WATER RECYCLED AND REUSED**  
220,606

**TOTAL VOLUME OF RAINWATER HARVESTED**  
326,742

**RAINWATER AND RECYCLED WATER SHARE**  
37%

#### Water & Effluents Metrics – Data Disclosure

- Brandix captures, calculates, and reports water and effluent data sourced from direct measurements and/ or third-party invoices, and is collected across the business, via a variety of internal processes and systems (incl. Building Management Systems)
- FY2017/18 has been used as the baseline for comparison
- The chosen consolidation approach is equity share and/or clocked hours, unless otherwise mentioned
- Our operating locations in Sri Lanka, India and Bangladesh Sri Lanka, India and Bangladesh have not been identified as "water-stressed" as per the Water Risk Atlas from the World Resources Institute.

# ENVIRONMENTAL STEWARDSHIP

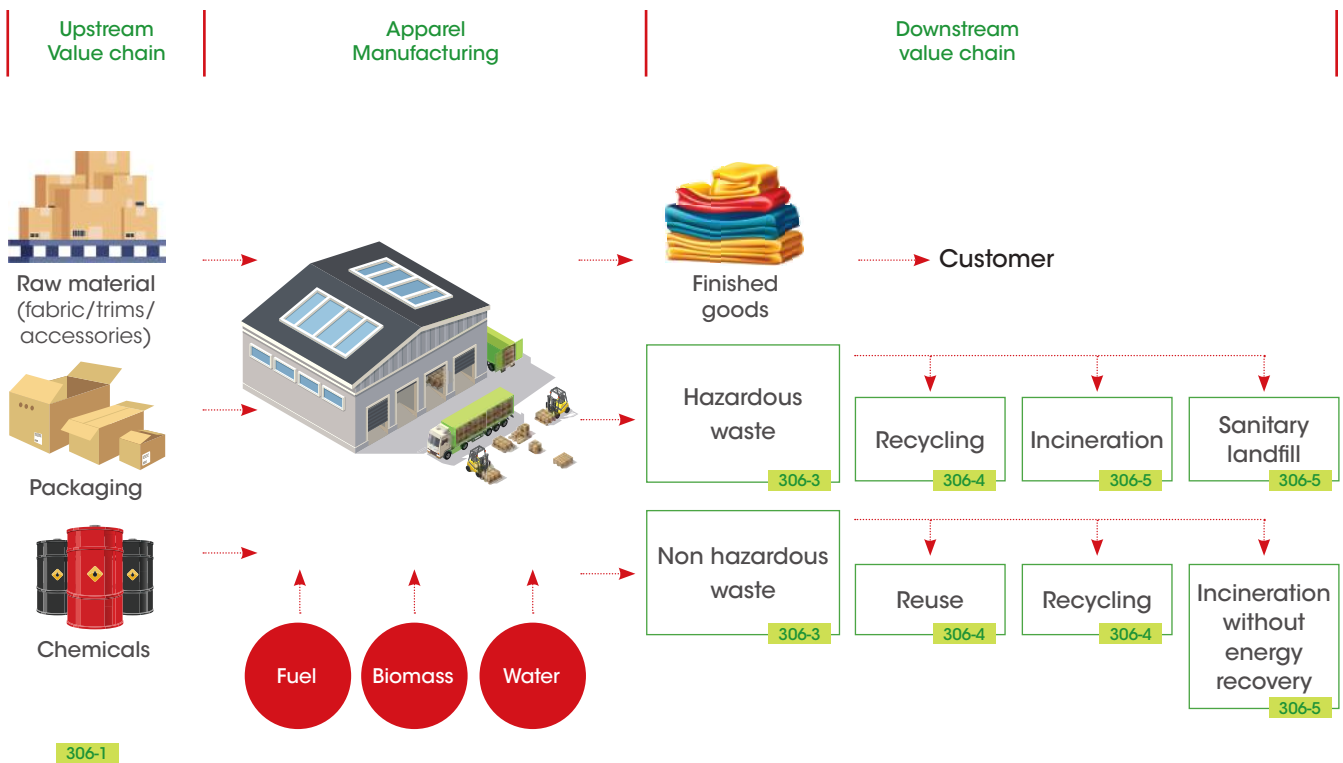
## EARTH

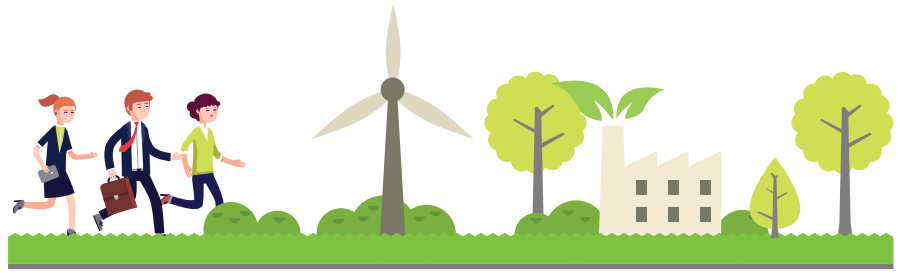
As our business continues to grow, we are keenly aware of the subsequent increase in the daily volume of waste generated through our operations. Managing this quantum of waste effectively and efficiently is considered a key driver in our efforts to position Brandix Group as a truly sustainable Apparel manufacturer.

Throughout our sustainability journey we have developed a deeper understanding of the intricacies surrounding the creation and management of our waste streams across the Group. As we continue to comprehensively assess our material flow across the value chain, we have identified that every aspect of our operations has the potential to create waste and with that, diverse waste mitigation strategies to resolve.

At Brandix, we continue to work tirelessly on measures to recycle and re-use our waste more effectively and reduce waste generated across our factories and offices by implementing better waste management practices. Driven by the approach outlined in our Solid Waste Management Handbook, our waste is recycled through reputed third-party vendors, with waste segregation bins distributed across our facilities. Continuous awareness across the Group ensures our Associates remain engaged on our journey.

Current consumer trends resulting in diverse product customization constitute a challenge towards meeting our goals of recycling and re-using our waste. We believe that a circular approach connecting all aspects across the Group can help us meet our targets more effectively.





Through a holistic overview of our production value chain we have identified the primary materials entering our factories, ranging from raw materials, packaging, fuels and chemicals and the waste mitigation strategies employed. With effect to this, we have identified strategies that allow us to move beyond mitigating the impacts of our waste, as we start to incorporate waste as a resource through material circularity.

### Material Circularity

Fabric waste constitutes the largest component of our waste profile and is typically recycled or incinerated through reputed third party vendors. During the reporting period we embarked on an initiative to integrate material circularity. Through a 3-year strategy to achieve 50% circularity by 2022/23, we sought out several partnerships to add value to this process across the Group through the recycling of identified fabric waste types to yarn, which we hope to re-introduce into our fabric production processes.

Initially implemented in early 2019, we continue to use re-usable fabric bags for the transport and storage of our fabric rolls. These bags are sewn in-house and utilize waste fabric, thus minimizing the need for disposal and creating new ways to integrate waste into our value chain. Additionally, the transport and storage of fabric, labels and accessories are carried out using re-usable crates across the Group.

### Solar Sludge Dryer

As we continue to implement innovative new technology to support us on our journey, we invested in a state-of-the-art solar sludge dryer at BIAC to minimize the hazardous sludge waste generated through our effluent treatment system. Solar heat is captured in a controlled environment and is used to evaporate the moisture content in the sludge generated, creating a viable source of biofuel used for coprocessing at a cement factory located near BIAC. In this regard, we have been able to reduce our generated sludge volume by 72%, drastically reducing the content of hazardous waste requiring disposal.

### Paperless Brandix

Over the reporting period we implemented several initiatives across the Group to reduce the significant quantity of waste generated through recruitment and fabric cutting processes, as well as the posters displayed at our factories

New software implemented has helped enhance fabric utilization during our cutting process resulting in improved marker efficiency, whilst the ongoing implementation of WRAD and iConnect HR systems has enabled us to automate our employee recruitment and on-boarding processes. Our HR digitization processes are covered in more detail on page 41 of this report.

Taking into consideration the need to display key operational information and awareness on ongoing initiatives for our Associates across the Group, we recently implemented digital displays at prominent locations across each of our factories. As such, important announcements, awareness and Group-wide achievements and initiatives to enhance employee engagement have been digitized across these screens.

## WASTE MANAGEMENT GOALS

Recycle and Re-use 100% of Waste by 2023



Solar Sludge Dryer at BIAC

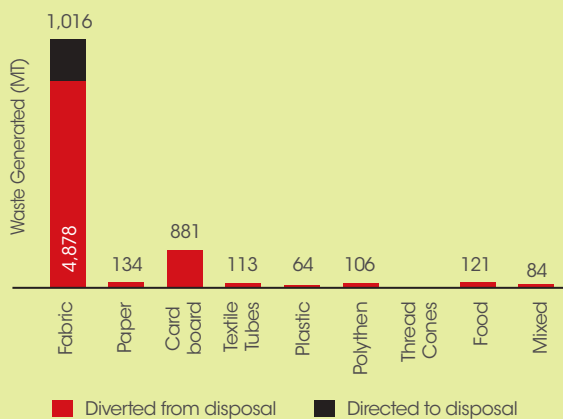
# ENVIRONMENTAL STEWARDSHIP

## Our Waste Scorecard

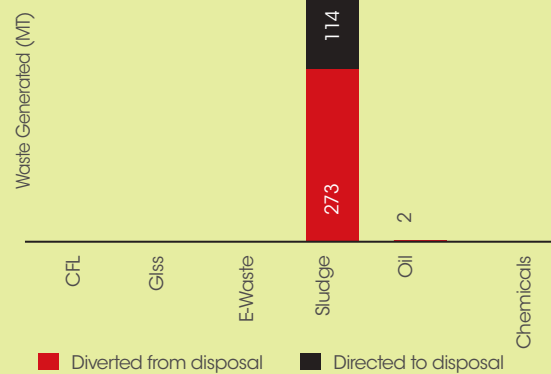
### Performance Outcomes

#### Disclosure 306-3 - Waste generated

##### NON-HAZARDOUS WASTE



##### HAZARDOUS WASTE

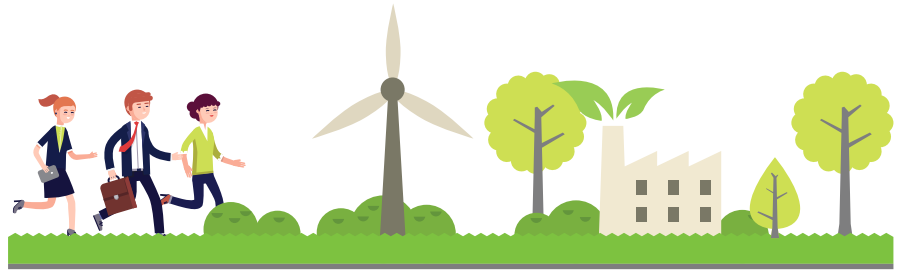


#### Disclosure 306-4 - Waste diverted from disposal

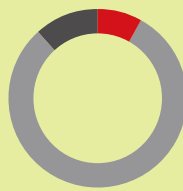
	Onsite	Offsite	Total
<b>Hazardous Waste (MT)</b>			
Preparation for reuse	273		273
Recycling		2.29	2
Other recovery operations	8		8
<b>Total</b>			<b>283</b>
<b>Non-Hazardous Waste (MT)</b>			
Preparation for reuse		716	716
Recycling		6986	6986
Other recovery operations			0
<b>Total</b>			<b>7702</b>

#### Disclosure 306-5 - Waste directed to disposal

	Onsite	Offsite	Total
<b>Hazardous Waste (MT)</b>			
Incineration (with energy recovery)			0
Incineration (without energy recovery)			0
Landfilling		114	114
Other disposal operations		0	0
<b>Total</b>			<b>115</b>
<b>Non-Hazardous Waste (MT)</b>			
Incineration (with energy recovery)			0
Incineration (without energy recovery)		1016	1016
Landfilling			0
Other disposal operations			0
<b>Total</b>			<b>1016</b>

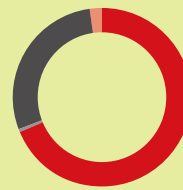


**NON-HAZARDOUS WASTE  
BY DISPOSAL METHOD (MT)**



Re-use	716
Recycling	6,986
Incineration	1,016

**HAZARDOUS WASTE BY  
DISPOSAL METHOD (MT)**



Re-use	273
Recycling	2
Landfill	114
On-site Storage	8

## SUSTAINABLE MANUFACTURING

Globally, there is considerable evidence of the numerous benefits of green buildings to the environment, economy and society, with studies indicating that integrating sustainable design principles into building construction can optimize costs and significantly improve building performance. At Brandix, we believe that sustainable manufacturing can help address climate change through water and energy efficiencies, reduce GHG emissions by generating renewable energy and drive sustainable change in the communities around us.

With effect to this, several of our facilities are LEED certified for their eco-friendly design and architecture. Brandix Casualwear Seeduwa, as far back as 2007, became the world's first Apparel manufacturing facility to be certified LEED Platinum, soon followed by Brandix Essentials Ratmalana and Brandix Essentials Koggala receiving LEED Gold status in 2009 and 2011 respectively. In 2018, our manufacturing facility in Batticaloa was recognised as Sri Lanka's highest LEED Platinum rated Apparel manufacturing facility under the USGBC, and the second highest rated globally. The Brandix Lanka HQ in Colombo, certified as a GreenMark Platinum structure in 2015, has succeeded in raising the bar for the entire Apparel industry in the greater South Asian region. Brandix continues to adopt green building guidelines across new and existing facilities, with LEED Certification a requisite for any new constructions planned.

Our new purpose-built factory in Rambukkana, Sri Lanka is further testament to our commitment to sustainable manufacturing practices; designed and constructed according to USGBC and ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) Building Guidelines.

Commissioned in mid-2019, the factory has been constructed taking into consideration East-West orientation, with double-glazed windows ensuring that nearly 50% of the building's cooling requirements are met through the building envelope itself.

### Key Features:

The factory is fitted with technologically advanced and innovative energy efficient systems such as magnetic bearing chillers, HVLS fans and LED lighting. Solid waste generated is segregated on-site and recycled, whilst a Zero Liquid Discharge (ZLD) STP ensures treated water is recycled and re-used for sanitation and irrigation across the landscaped spaces on the premises. LEED-rated water fittings and a state-of-the-art rainwater harvesting system contribute towards a significant water saving, thus reiterating our commitment towards resource optimization.

The building's interior spaces optimize natural lighting and outdoor views, while efficient and eco-friendly HVAC systems and low-VOC materials used for paints and flooring result in improved indoor air quality. An IoT enabled Building Management System monitors the ambient temperature and CO<sub>2</sub> levels across the facility, thus ensuring a safe and optimal working environment for our employees.

# ENVIRONMENTAL STEWARDSHIP

## SUSTAINABILITY GOVERNANCE

### External Governance

With environmental compliance of paramount importance, our ERM framework considers environmental risk and opportunities as a result of applying the precautionary principle. Through a proactive approach combining comprehensive risk mitigation strategies and strict monitoring by our central Compliance teams, we ensure our facilities comply with the applicable legal and regulatory frameworks in our countries of operation. Our facilities in Sri Lanka consistently maintain the Environmental Protection License (EPL) issued by the Central Environmental Authority, while those in India and Bangladesh are issued with the Consent for Operation and Consent for Establishment and Environment Clearance from the Pollution Control Board and Department of Environment respectively. Over the reporting period, our facilities have not been subjected to fines or penalties pertaining to non-compliance with applicable environmental regulations.

### Internal Governance

With a significant number of initiatives undertaken every year across the Group to improve our sustainability performance, a robust monitoring and evaluation platform is of critical importance.

The installation of highly functional IoT enabled Building Management Systems (BMS) across our facilities has provided us a digital real-time overview of our environmental performance. This allows us to assess our progress and evaluate corrective measures when faced with challenges. Internally developed data capture and benchmarking platforms, through EcoCaliper, Eco Index, EcoEye and Power BI Dashboards, enable us to measure our performance against target KPIs and goals.

Taking this a step further, we are currently evaluating a new digital platform combining the outputs from our internal systems to provide a wider and more comprehensive overview of our environmental performance.

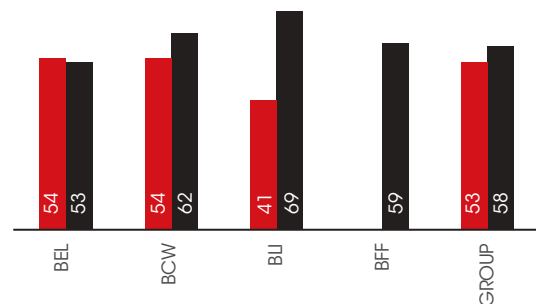
### Environmental Management System (EMS)

Supporting our internal governance mechanisms, an EMS is in practice across the Group with effect to the implementation and performance monitoring of our sustainability initiatives. Currently, Brandix Lingerie, Brandix Finishing and Brandix India Apparel City are certified under ISO 14001:2015 - Environmental Management Systems, as we aim towards Group-wide compliance by 2023.

### HIGG Index

We have continued to conduct self-assessments using the Higg Index developed by the Sustainable Apparel Coalition as a standardized tool for measuring environmental impacts and driving improvement plans across the global Apparel sector.

#### Self Assessment Scores - Posted



Over the 2019/20 period, we have observed a 10% improvement in scores across the Group, as we look to leverage higher scores over the next reporting period.

# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

We realize that our people are, quite simply the Group's most valuable asset and therefore consider it our duty to offer a best in-class work environment and create an unparalleled employee experience, by ensuring fair and ethical labour practices and celebrating employee engagement and development.

		Apparel						
		Staff	Worker	Executive	Staff	Worker	Executive	Total
PERMANENT		1,668	3,117	2,385	3,018	40,959	813	51,960
CONTRACT		617	90	-	263	344	-	1,314

		Staff	Worker	Executive	Staff	Worker	Executive	Total
PERMANENT		620	1,750	1,845	2,470	27,566	708	34,959
CONTRACT		28	57		26	291		402

		Staff	Worker	Executive	Staff	Worker	Executive	Total
PERMANENT		890	1,043	489	531	11,494	104	14,551
CONTRACT		587			237			824

		Staff	Worker	Executive	Staff	Worker	Executive	Total
PERMANENT		158	324	51	17	1,899	1	2,450
CONTRACT		2	33		-	53		88

## EMPLOYEE EXPERIENCE MANAGEMENT APPROACH

Our approach towards talent attraction, development, retention and employee engagement is positioned around the premise of creating a culture of "Inspired People" and based on an appreciation of our employees and their contribution towards the continued success of the Group. At Brandix, we ensure our employees are

treated fairly, with respect and dignity and receive equal opportunities throughout their career, with the support of a robust framework of systems and processes. Our commitment to integrity, driven by our values framework, extends beyond complying with relevant labour law regulations in the countries where we are present to the adoption of global trends and best practices as a responsible Apparel manufacturer.



# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

At Brandix, we ensure that employees performing similar job roles receive equal compensation and benefits, regardless of gender, whilst our remuneration structures and benefit packages are renewed annual and remain competitive vis-a-vis the market. Moreover, as an equal opportunity employer we strive to create an inclusive workplace that consists of people with diverse values, motivations and capabilities, regardless of gender, race, nationality or disability. Given the Group's strict adherence to these protocols, we did not record or identify any significant cases relating to discrimination during the reporting period.

Meanwhile as a member of UNGC, we adhere to international best practices on universal human rights and industry-specific global certifications such as WRAP, BSCI and ETI, further reinforcing our commitment to key human rights and labour principles. Governed by these, a comprehensive framework of systems and procedures is in place to ensure these principles are practiced across all our human capital processes. As such, no Brandix operations have been found to be at risk for incidents of child labour or forced and compulsory labour.

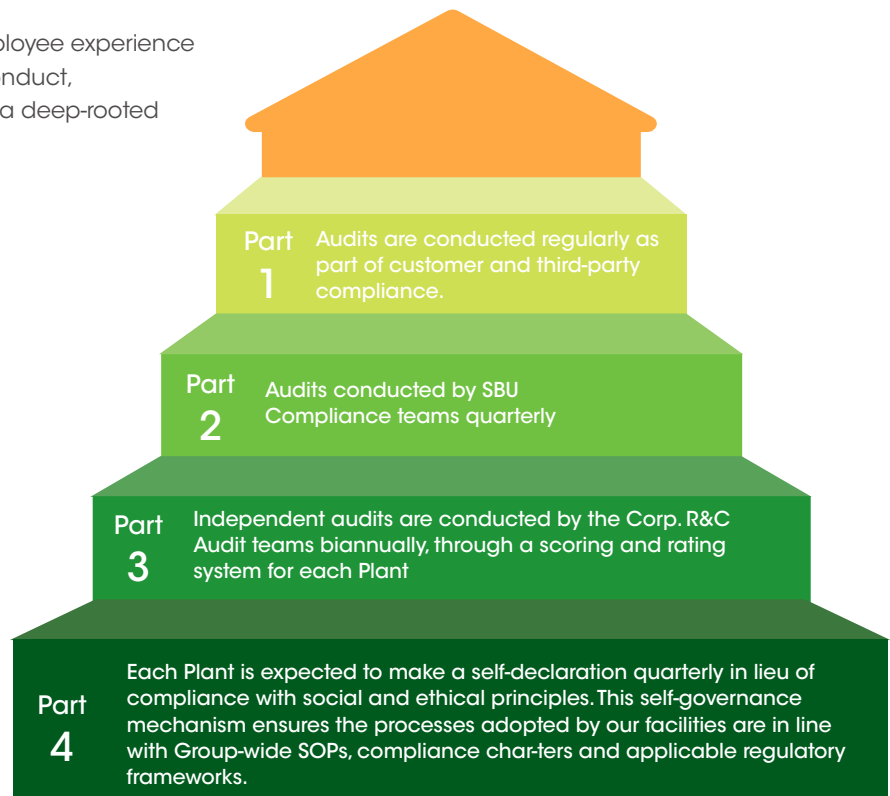
Further reinforcing our approach to employee experience management is the Brandix Code of Conduct, governance and policy framework and a deep-rooted value culture led by R.I.T.E.

## Brandix Code of Conduct

The Brandix Code of Conduct is the formal document that conveys our ethical expectations to guide our employees' behavior towards their colleagues, supervisors and the Group in alignment with our values of R.I.T.E. The Code dictates that employees should always uphold the Group's standards by acting ethically and responsibly in carrying out their designated duties, whilst ensuring best-in-class practices within the organization. The Code applies to our employees regardless of employment status or rank and has been translated into several languages, with key highlights prominently displayed at our operating sites. Leaders across the Group have the added responsibility for demonstrating, through their actions, the importance of this Code by promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to address such issues.

## Governance and Policy Framework

Imperative for creating the foundation for effective management and control of critical human capital processes is a solid governance and policy framework.



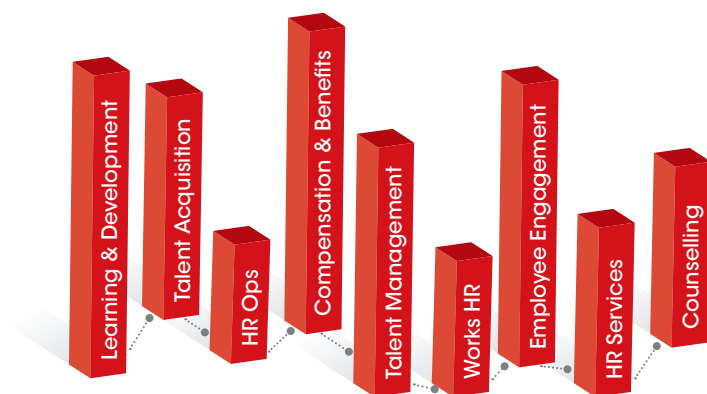


Two key elements of this framework are the Employee Handbook, which covers the rights of an employee and basic principles complied with across our facilities, while the Social Compliance Manual outlines labour and ethical principles practiced at Brandix.

Training is conducted to familiarize employees with the contents of the Code of Conduct, Employee Handbook and Social Compliance Manual upon recruitment, as well as annually. Additionally, all employees are required to sign-off on these policies to ensure strict compliance across the Group.

In recognition of our corporate responsibility and due diligence, the Group's Leadership periodically reviews policies and procedures for continual improvement. Additionally, Brandix has established an internal oversight system through a four-part self-assurance and audit process conducted by the Group Risk & Control team.

The Brandix Group HR model is structured in such a way that 09 specialist pillars provide vital support towards enhancing the overall employee experience, while the Group-wide policy framework provides guidance for the entire employee life cycle management process.



### A deep-rooted value culture

Brandix has a unique corporate culture framed by our core values of R.I.T.E. Our values which have been part of the Group's DNA right from the inception, were revised in 2018 to embody the key convictions that are at the heart of everything we do, with a top-down approach followed to imbue this new value culture across the Group.

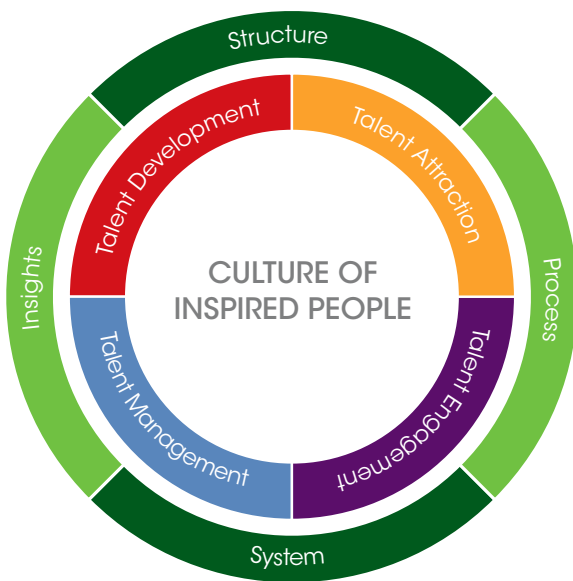
The first phase kicked off in early 2019, with the Group Board and senior management teams spending a considerable amount of time reflecting on these values and taking definitive action to personalize them in their day-to-day interactions. The next phase, which was the formal relaunch of the values, took place in April 2019, where the next tier of leaders embarked on the same journey of reflection and personalization. This was followed by the RITE Pulse, a 360°-impact measurement survey carried out in September / October 2019, the results of which were used to make further refinements ahead of the planned roll out to our Non-Executive employees in The next step was a broad-based awareness building campaign to inspire our employees to truly absorb the RITE values as way of life, driven by a specially curated workshop series. Other mediums, including Viyaman, social media and the Brandix 2020 calendar, were also widely used to continuously remind our employees the true meaning of the RITE values.

From a corporate perspective too, we took action to internalize the RITE values by updating our standard operating procedures. We began by drawing our attention to the RESPECT pillar, where we sought to reinforce our commitment to maintain a work-place that is free of harassment. Using the mandatory Harassment Free guidelines already in place at Brandix India, we began working with external specialists and other industry stakeholders to draft a Harassment- Free Workplace Policy that would cover our operations in Sri Lanka and Bangladesh as well. With much of the work already completed in the early part of 2020, efforts to operationalize the policy were kicked off in March 2020, with the commencement of a series of train-the-trainer workshops to drive full implementation over the next 12 - 18 months.

# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

## STRATEGY AND FOCUS

We focus on a four-pillar developmental framework to create a culture of "Inspired People", with defined initiatives supporting all employees: Executives and Non-Executives, to thrive within the Brandix Group.



## TALENT ATTRACTION

At Brandix, we recognize that our success is largely contingent on having the right people, at the right time for the right job. In line with the Brandix Group's fairness and equity principles, we recruit internally from within Brandix, as well as externally from the wider market.

### Executive Recruitment

Our Internship and Group Management Trainee (GMT) programmes serve as a key conduit for recruitment at entry-level, of which the latter is a fast-tracked programme for high-flyers to join junior- to mid- level roles across the Group. During the reporting year, the GMT programme was re-conceptualized to provide an accelerated foundation training on the Apparel industry through an 18-month all-inclusive learning experience. Fifteen Management Trainees from the 2018 intake were appointed to challenging positions across the Group, upon completion of their training.

We continue to attract talent through our partnerships with universities, educational and vocational institutes. Regular workshops on career guidance and for the improvement of skills such as CV writing and interview facing are conducted, often by our own employees who are alumna of the university or institution. To further strengthen these partnerships, the Group was the sponsor of the "Robocon" 2019 and JESA 2019 (J'pura Employability Skills Awards 2019) initiatives by the Universities of Moratuwa and Sri Jayawardenapura respectively, as well as arranging Orientation tours, which provide the opportunity for university students to witness firsthand the operations at our factories. Given the success of this programme in Sri Lanka, we are now looking to replicate the model in India and Bangladesh.



Robocon 2019



Career Guidance Workshop at KDU



## LEADING THE TRANSFORMATION TOWARDS A WORLDCLASS EMPLOYEE EXPERIENCE

Over the years we have been quick to invest in technology infrastructure that would support our efforts to attract, retain and manage talent more efficiently in order to meet the needs of our growing business. In 2019/20 we achieved a significant milestone in our technology journey with the roll out of SuccessFactors, a globally recognized cloud-based HR system in collaboration with Accenture.

Branded internally as iConnect, the system will seamlessly integrate Brandix's Executive HR processes into a streamlined platform and is part of our journey in creating a future-ready organization, aligned with international best practices.

iConnect has helped us in digitizing & optimizing our Recruitment & Onboarding processes and access a wider talent pool whilst enhancing Candidate experience & engagement. Further this has digitized identifying and addressing L&D needs, Performance Management, Employee Career Management, Succession Planning and leadership development with special focus on Continuous Performance Management. The integrated Manager Self-Service (MSS) portal will enable managers and supervisors to proactively drive a performance-based culture and track individual training needs of team members in line with performance management and succession planning.

iConnect has created an effective employee digital experience, anytime and anywhere through Employee Self Service (ESS) & mobile accessibility, whilst also supporting the creation of a paperless file management platform supporting our digital footprint. Analytics and dashboards will be used for deeper insight to measure the effectiveness of HR practices, impact on business and strengthen HR processes, to provide enhanced visibility for our leadership.

Meanwhile we leverage on our Employee Value Propositions (EVP) to recruit internally or externally to fill higher-level vacancies. Our vibrant EVP, which offers the promise of Total Rewards, Career Development, Values & Culture: RITE values/ Work Life Balance and Leadership journeys, acts as a key enabler in attracting potential candidates from Sri Lanka and beyond and converting/ persuading passive candidates to apply for vacancies.

Our end-to-end recruitment process has been fully automated through the implementation of iConnect which provides an improved candidate experience and accelerates the hiring process. Additionally, iConnect also eliminates the complexities and ambiguity of across the interview process such as for interview scheduling, reviewing feedback and candidate ranking based on a competency assessment model aligned with our leadership attributes. iConnect has allowed Brandix to create a talent community, providing us with an avenue to notify potential candidates of future job opportunities in relation to their competencies.

### Non-Executive Recruitment

In a concerted effort to enhance the talent attraction and management processes, a job-competency mapping exercise was undertaken across our plants in Sri Lanka during the year in review, with the use of a tool developed by the Vocational Training Authority (VTA) and National Apprentice and Industrial Training Authority (NAITA). Following this, a competency-based curriculum framework was developed by the Brandix Academy for Technical Specialists, as well as for Staff and Associate-level employees.

Furthermore, through implementation of the Workforce Recruitment Automation & Digitalization (WRAD) project, the previously paper-based recruitment process was digitized in line with our Sustainability journey.

Through the digitization project, a self-portal mobile application was also introduced to cover employee processes such as monitoring payroll and overtime information in real-time. This initiative was initially implemented in Bangladesh where more than 50% of the workforce use smartphones and is due to be rolled out across our locations in Sri Lanka and India during the 2020/21 financial year.

# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

## TALENT MANAGEMENT

Our Talent Management model comprises two key elements: Performance Management and Learning & Development, applicable to all Brandix employees across the Group. With effect to this, the Group has in place the requisite policies covering performance management, training and employee career development.

### Performance Management

Our performance management system is designed to facilitate an environment for employees to contribute towards the achievement of business and career development goals. The Group's performance management process is conducted biannually for Executive employees and annually for Non-Executives, supported by regular and ongoing feedback and open communication between managers and team members. This process has enabled improved oversight for the Board, BLT and Functional Heads to identify, recognize and reward individuals, whilst giving employees greater control over their personal career progression.

For our Executive employees, the 9-box tool; a globally accepted Employee Potential assessment tool that evaluates an Executive-level employee's future potential along with sustained contribution to the organization, was implemented based on a competency mapping exercise. In line with this, performance appraisals have been re-structured, supported by frequent review and feedback. Regular evaluations have been key in identifying and addressing training needs, proving to be a continuous feeder for our functional Leadership Development Framework. Our Non-Executive employees, such as those in the Mechanics and P.A.C.E. Programmes, undergo annual grade and knowledge assessment reviews leading to career progression.

### Learning & Development (L&D)

We place great importance on L&D and seek to create an environment where our employees are motivated to engage in continuous and ongoing learning throughout their employment lifecycle, creating 'Inspired People'.

Our L&D strategy takes a systematic approach to provide actionable, value-added, and effective learning solutions to enable employees to obtain the skills and competencies needed to drive the Group's strategic goals

and priorities over time. In this regard, our annual training roadmap focuses on four core areas:

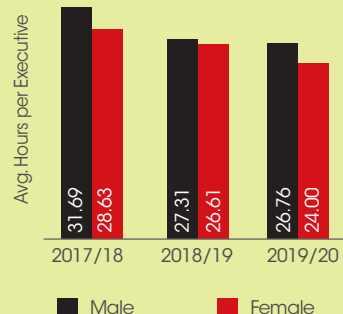
- Leadership Development
- Functional/ Technical
- Brandix Continuous Improvement Programme (BCIP)
- General Skills

On this basis, approximately 288 training programmes were conducted during the year in review, using a combination of internal and external trainers. We continue to review and update our training focus annually to keep abreast of the changes in the business landscape.

For our Executive employees, we continued to expand our e-learning platforms, supported by the implementation of iConnect and the integration of basic training tools for back-end processes such as Finance, Warehousing Operations, Supply Chain Management and Marketing. A new Production Lifecycle Management (PLM) system was also implemented in Sri Lanka during the reporting period, as part of a new knowledge enhancement drive, ensuring continuous learning towards building a sustainable competitive edge in the industry. During the period under review, nearly 60,000 training hours were recorded, at an average of 26 hours of training per employee.

GRI 404-1: Training Hours - Executives

### TRAINING HOURS - EXECUTIVES







For our Non-Executive employees, we have several ongoing learning initiatives, such as Brandix “Shilpa” and P.A.C.E., which provide them with the opportunity to improve their skill levels and thereby enhance their career prospects over time.

### **Brandix “Shilpa”**

Brandix Shilpa is a capacity building programme designed to provide an opportunity for our Associates and youth in our wider community to obtain the necessary skills that will pave the way for them to advance their career goals. Primarily targeting those whose academic achievements have been restricted to O/L or A/L, “Shilpa” aims to create a path for such individuals to aim for a National Vocational Qualification through RPL (Recognition of Prior Learning), leading to NVQ Levels 3 or 4 Certification. Currently, focusing on our Associates in Sri Lanka, the Shilpa initiative is operationalized via 5 projects:

**Project 1:** The TGE (Thirteen years of Guaranteed Education) is an opportunity created under the Ministry of Education targeting school children and school leavers after O/L, who only possess the basic minimum qualifications. In this manner, TGE aims to build a sustainable future for youth who have ‘abandoned hope’ whose career opportunities appear to have diminished, due to the lack of necessary academic credentials.

**Project 2:** To enhance the employability of youth enrolled in Apparel/ Textile trade related courses at VTA and NAITA centers. Through this, youth will be facilitated with on-the-job training to upgrade their skills, with the prospect of employment upon completing the course. In this context, the ‘Shilpa’ project helps to support the dignity of labour by creating a demand for the job opportunities within the Apparel industry, which will ultimately strengthen the Group’s reputation as an Employer of Choice.

**Project 3:** Facilitated by Brandix, Associates who do not possess a secondary education qualification could also opt to complete NVQ Levels 3 or 4 via the RPL assessment. During the reporting period, a total of 42 Associates from the Rambukkana factory have already qualified

for the Level 4 certification, while another batch of 100 Associates from several factories in the Fast Fashion and Essentials SBUs will become eligible for the RPL- NVQ level 4 certification upon completion of their work experience and NVQ L4 competencies by mid-2020.

**Project 4:** Enables Associates currently possessing an NVQ Level 4 certification to progress towards an NVQ Level 5 certification, equivalent to a Diploma, culminating in the eligibility to follow a Degree programme from UNIVOTEC (University of Vocational Technology).

**Project 5:** Represents a transition assistance programme for those seeking to move out of the Apparel sector following retirement or pursue alternative career journeys. With effect to this, we have partnered with several State institutions to offer these Associates the necessary expertise or training in the SME sector or entrepreneurship development.

### **P.A.C.E.**

The P.A.C.E (Personal Advancement & Career Enhancement) programme, initiated with Gap Inc., provides female Associates in the Apparel sector the opportunity to improve their skill set. During the period under review, the programme was further expanded across the Group, with the support of PVH as well.

Eight distinct life-skill modules are covered over 48 hours of training.

Associates who successfully graduate from the programme are afforded the opportunity for furthering their career development within the Group. The Brandix Group has continued to operationalize the P.A.C.E programme in Sri Lanka for the past 8 years with 4,371 female Associates benefiting to-date.

# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

## Communication & Negotiation

Communicating effectively and assertively, understanding verbal and non-verbal communication.

## Problem Solving & Decision Making

Making informed decisions, finding the middle ground, perceiving problems as opportunities.

## Execution Excellence

Applying new things at the workplace.

## Financial Literacy

Opening a bank account, managing personal finances, budgeting, savings plans.

## W.A.S.H

Access to and importance of water, health and sanitation.

## Social Entitlement & Legal Literacy

Understanding law and social programmes.

## General & Reproductive Health

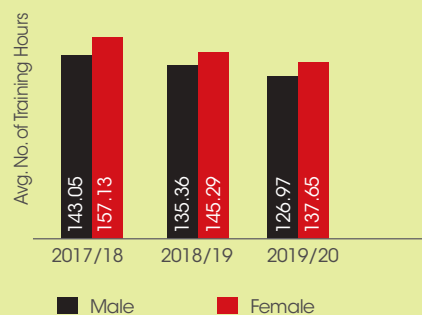
Understanding health risks and health practices.

## Time & Stress Management

Prioritization of goal-setting and stress management.

GRI 404-1: Training Hours – Non-Executives

### TRAINING HOURS – NON-EXECUTIVES



During the period under review, nearly 1,500,000 training hours were recorded, at an average of 132 hours of training per employee.

### TALENT DEVELOPMENT

Given the scope and scale of our operations, a robust talent pipeline is crucial in ensuring the Group continues to grow sustainably in the future.

For our Executives, potential candidates are identified based on the outcomes of the 9-box performance appraisal mechanism, who then undergo a rigorous leadership development process to transform them into leaders who are adaptable, inspired, motivated, and able to guide others to produce tangible results.

The leadership development process is driven by our Leadership Development Framework, which enables the creation of individual journeys that will produce leaders at all levels. The framework focuses on developing leaders across 4 tiers based on key leadership attributes - Driving Results, Inspiring Employees, Exciting and Engaging Customers and Driving Vision and Change. Cascading from this, specially structured development activities including on-the-job training, classroom learning, e-learning tools, job rotation, special assignments, as well as coaching and mentoring are carried out.





We also continue to leverage on the Group's strategic partnership with the Center for Creative Leadership (CCL) to further enhance our leadership training model. The partnership with CCL, now in its 7th year, continues to provide the Group with access to the latest global research and advanced training modules for a unique learning experience.

### Brandix Academy

The Brandix Academy constitutes an important element of the leadership development for our Non-Executives. First established in Sri Lanka within the CINEC Campus, Malabe as the Brandix CINEC Centre for Excellence (BCCE) in 2018, the Brandix Academy was thereafter extended to India in 2019. The most recent undertaking by the Academy is the Brandix Boot Camp that was launched in July 2018, with the vision to enhance competency within a shorter period of time.

The boot-camp is expected to develop the technical & leadership potential of identified high-flying Associates through a highly focused learning & development approach, combining real world technical challenges and a practical operational setting. Through this, individuals will be transformed into highly functional technical specialists, who can be deployed to address any issue anywhere across the Group.

The inaugural bootcamp focused on building a team of specialist Garment Technicians. The programme content was developed following a deep dive to identify critical technical and behavioural competencies for the job role. Concurrently, extensive discussions with internal (Group and Functional leadership) and external (consultants, state and private educational institutions and technical colleges) stakeholders were held to operationalize the programme. Upon successful completion of this 3-week residential programme, participants were awarded a VTA-accredited National Diploma in Apparel Manufacturing Technology. In line with our efforts to create an environment of continuous learning we have made it mandatory for all Boot Camp participants to engage in a specially designed annual Continuous Professional Development (CPD) exercise.

### TALENT ENGAGEMENT

We believe that a work environment that embodies a consultative and participative approach to engaging employees is vital to not only retaining seasoned professionals, but is critical to the attraction of new employees who join the workforce with expectations that they too will be consulted on key issues and decisions impacting their career. Brandix recognizes the rights of our employees and facilitates means of addressing concerns with integrity and respect, such as Employee Councils, the Ombudsman and grievance handling procedures.

Given the unique and diverse requirements across our operations, the responsibility for engaging with Executive employees lies with the Head of the respective SBU. However, each SBU is required to carry out the Group's mandatory employee engagement initiatives (Mega Event for all Executives, Post PRAISE One-on-One, Town Hall/ Management Conference, Religious Celebrations, CEO/ CFT Tea Session, TED & Plant team Interaction, New Recruit On-Boarding, New Recruit 3 Months post check) for which they are expected to maintain an engagement scorecard detailing all activities carried out during the year.

At a Group level, we have a formal schedule of engagement activities for Executive employees throughout their employment lifecycle. These include the annual feedback survey to gauge shortcomings in the performance review process, the 6-month post recruitment employee review and exit interviews.

Employee Councils serve as the primary channel of communication between the Group Management and Non-Executive employees. With each Plant having its own Employee Council, all permanent Non-Executive employees are eligible to apply for membership, together with an Executive Committee consisting of at least one elected representative from each section/production line to act on behalf of the Group. The main task of the Employee Council is to ensure internal disputes are settled efficiently with minimum disruption to the routine work schedule. The Committee is also held responsible for notifying employees of significant operational changes that may take place within this time. As a policy, at least one week's notice is provided to employees prior to the implementation of significant operational changes.

# EMPLOYMENT EQUITY AND PEOPLE DEVELOPMENT

that could substantially affect them. Since its initial implementation in 2005, the Employee Council system has worked exceedingly well with no need for collective bargaining agreements across any of our operations in Sri Lanka, India or Bangladesh. Furthermore, no Brandix operations have been found to have violated the employees' rights regarding freedom of association or collective bargaining.

In addition to the above, employees are provided with access to other avenues to facilitate handling of grievances and disputes, such as an open-door policy, skip-level meetings and the official Ombudsman.

Employees who wish to file a complaint can do so through any one of the following escalation steps:

**Level 1:** Reporting Manager/Supervisor

**Level 2:** Talent Engagement & Development (TED) Manager

**Level 3:** Company CEO

**Level 4:** Corporate HR

Complaints are treated fairly and resolved within a stipulated time frame and in a completely transparent process. In the unlikely event a complaint remains unresolved beyond the stipulated time frame or has resulted in an unsatisfactory outcome, the complainant is free to refer it to the Ombudsman. While the number of incidents reported through this process are monitored internally, they are not made public for reasons of sensitivity.

## Wellbeing & Work-Life Balance

The wellbeing of our workforce is of fundamental importance to the continuity and long-term success of our business. The Group follows a broad-based approach toward ensuring the occupational health and safety of our employees and is described in more detail under the Health and Safety Impact Management section on page 48 of this report.

As an integral component of health, at Brandix we believe that sound mental health will positively impact the lives of our employees and their families, thus contributing to overall productivity and wellbeing. On this basis, through

the Group Counselling pillar, we offer our employees free access to counsellors in addressing mental health, social and work-related issues. Initiated across our Sri Lankan locations in October 2017, the Counselling pillar was extended to our Indian factories in 2019, with the prospect of implementation in Bangladesh in due course.

Mandated to promote mental wellness and to improve morale, work satisfaction and psycho-social resilience of our workforce, the Counselling function works towards ensuring our Brandix team can lead a more balanced life, ultimately contributing towards improved productivity at work. Led by the Group Consultant – Psychologist, a team of trained counsellors focus on improving mental wellness, work/life balance and social challenges using global best practices such as psychometric tools and wrap-around techniques for individual needs assessment. Concurrently, the team continues to raise and increase awareness on identifying symptoms associated with psychological disorders, such as depression and anxiety and the importance of early action to address negative attitudes and behaviors. Additionally, the counselling team extends their expertise for crisis management, such as suicide prevention and emergency situations.

Our Executive employees are also supported with access to health and fitness welfare offers in partnership with reputed institutions to ensure they lead healthy active lives.

## Employee Surveys

At Brandix, we consider employee surveys as powerful tools that provides us with structured feedback on key aspects of human resources practices and proactively manage areas for improvement. To better understand employee perceptions and determine motivation and satisfaction levels among our workforce, the Brandix Group has committed to participate in the Great Place to Work (GPTW) survey biennially for our Executive employees in Sri Lanka, while our Non-Executive employees in Sri Lanka, India and Bangladesh benefit through the annual Employee Engagement (EE) Survey. A mid-year review of the latter is conducted in October to assess the lower scoring employee indicators, thus enabling a comprehensive corrective action plan to be established for improvement.



The findings from the last GPTW survey conducted in December 2019 showed a consistent improvement across all key metrics, proving that our people continue to be satisfied with their current status and their prospects for personal growth within the Group over time.

During the latter part of 2019, we initiated the RITE Pulse Survey as part of a planned effort to ascertain the views of the Management regarding the new Values system, prior to it being rolled out to the rest of our employees. This was followed by a series of special engagement initiatives as part of the RITE Values roll out to Non-Executives in January 2020.

### Communication Channels

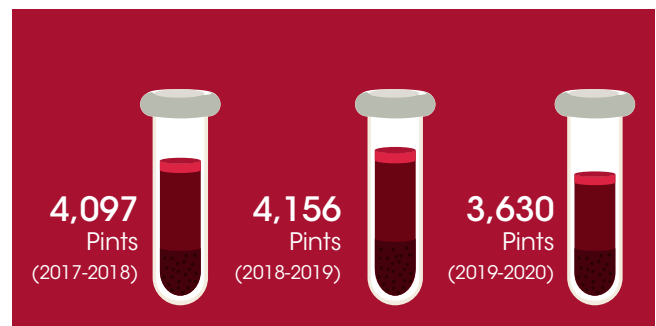
We operate on the belief that regular communication with our employees will keep our workforce engaged, involved and committed to the Group's progress. Our newsletter Viyaman is published three times a year and serves as a medium for our Associates to share their creative work, such as poetry, feature articles and cartoons, whilst also keeping them apprised of key developments. Meanwhile, Brandix FM is the Group's own radio channel and is aired throughout the day at all operational sites in Sri Lanka.

### Rasadiya Mangalya

By providing a platform for all talent recognition programmes conducted across the Group, Rasadiya Mangalya recognizes and rewards high performers and the special achievements of our Non-Executive employees. Since its launch in 2011, Rasadiya Mangalya has seen the attendance of over 6,000 employees annually. The ninth edition of these Awards was held in April 2019, where a total of 101 awards were presented at this event.

### Blood Drive

Now in its thirteenth year of implementation, the Blood Drive is now part of our annual event calendar, offering an opportunity for employees from all Brandix factories around Sri Lanka to volunteer to donate blood.



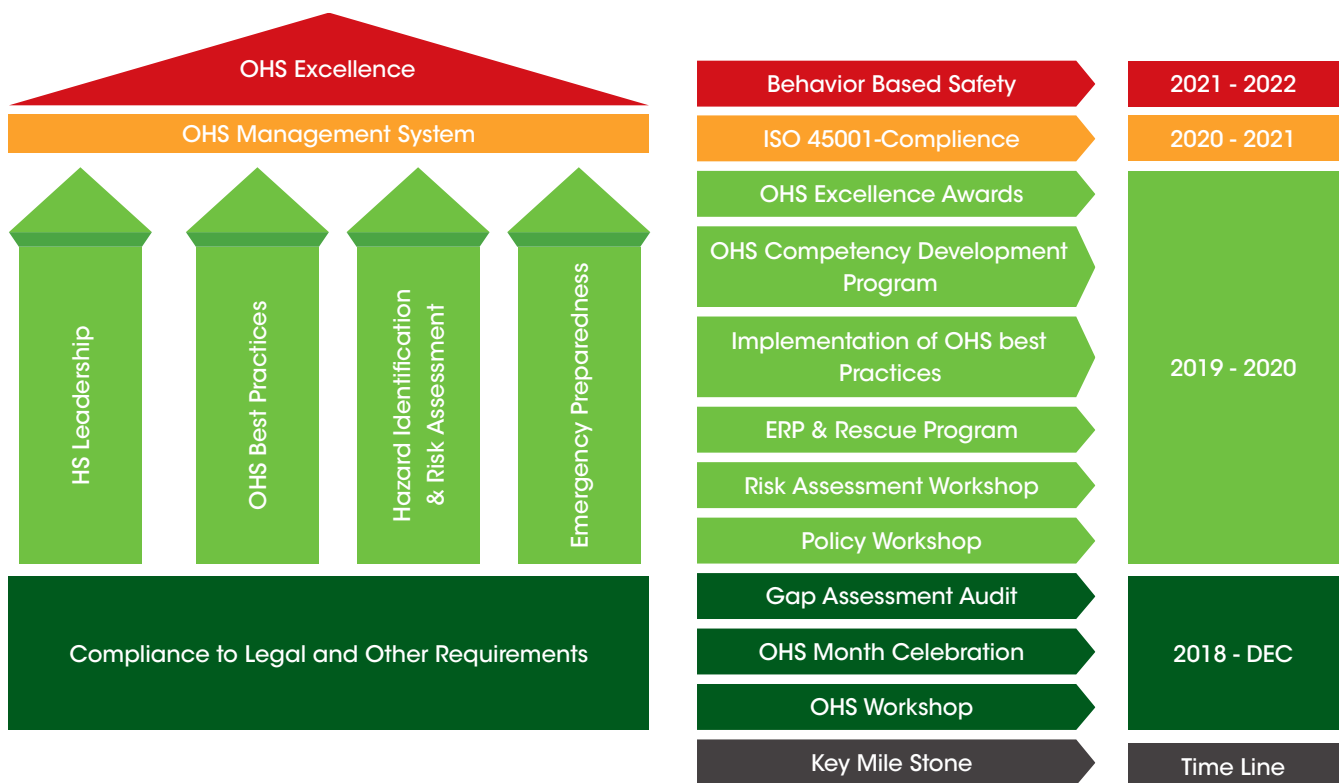
# HEALTH AND SAFETY IMPACT MANAGEMENT

Ensuring a safe and healthy work environment for our employees, contractors and visitors is fundamental to how we operate. With effect to this, Brandix has implemented a comprehensive occupational health and safety (OHS) culture governed by robust policies and processes.

## HEALTH AND SAFETY MANAGEMENT APPROACH

Our Occupational Health & Safety vision is to "responsibly manage risks and hazards, by creating an interdependent OHS culture across the Group, in preventing injuries and health". This vision is implemented through the OHS Road Map, formulated mid-2018 following a comprehensive gap assessment audit across all Brandix operations in Sri Lanka, India and Bangladesh. The OHS Road Map is underpinned by our OHS Policy and executed vis-a-vis a comprehensive OHS Management System (OHSM) framework designed to support our overall goal to achieve OHS excellence over the long term.

## OHS ROAD MAP



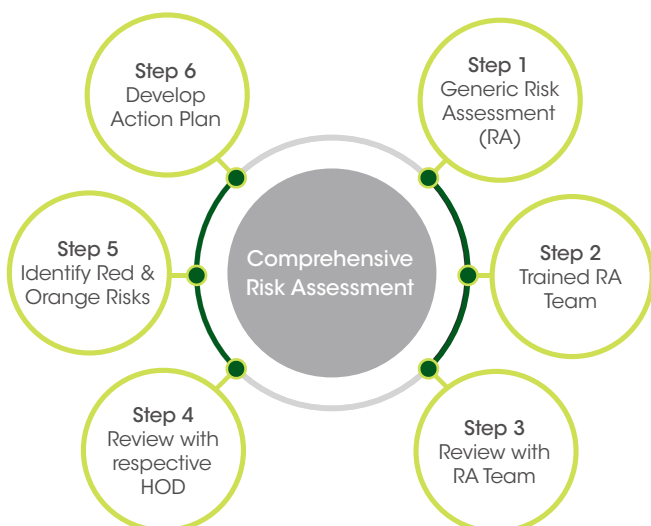


The implementation of the OHSM is consistent with the concept of behavior-based safety, where safety is seen as a collective effort that requires the absolute commitment of everyone at all levels of the organization.

### Safety Culture

The comprehensive OHS system implemented across our facilities are in line with ISO 45001:2018, covering employees, contractors and visitors and allows for a streamlined approach to ensure safety is embedded into every aspect of our operations, as we aim towards Group certification by 2022.

Our hazard identification & risk assessment processes take cognizance of the risk profile of Plant operational activities. A plant- specific risk assessment process outlined through the below steps is carried out annually to define routine and non-routine activities, as well as emergency situations to determine the risk profile of each activity. Activities were then assigned a risk profile ranging from high, medium or low risk depending on the size and scale of the plant, capacity, location and number of employees, thus forming the Risk Assessment Matrix.



Through this matrix, identified high and medium risk events are also included into the Group Risk Register, with development of short- and long-term mitigation and corrective action plans and continual assessment at SBU and Group level.

As part of the behaviour-based safety culture, standardized personal protective equipment (PPE), SOPs and safety guidelines for equipment and routine works are made accessible to our employees in the languages used across our operating locations. Associates are continually made aware and assessed on their correct and effective use of these practices regularly as a governance mechanism for the implementation of our OHS frameworks and system.

Brandix has made it a priority to enable access to a well-equipped Medical Centre managed by competent nursing staff within our factories. Additionally, a doctor visits thrice a week facilitating our Associates with access to basic medical attention. A dedicated emergency vehicle is also assigned and available at each of our facilities in the event of an occupational accident or injury.

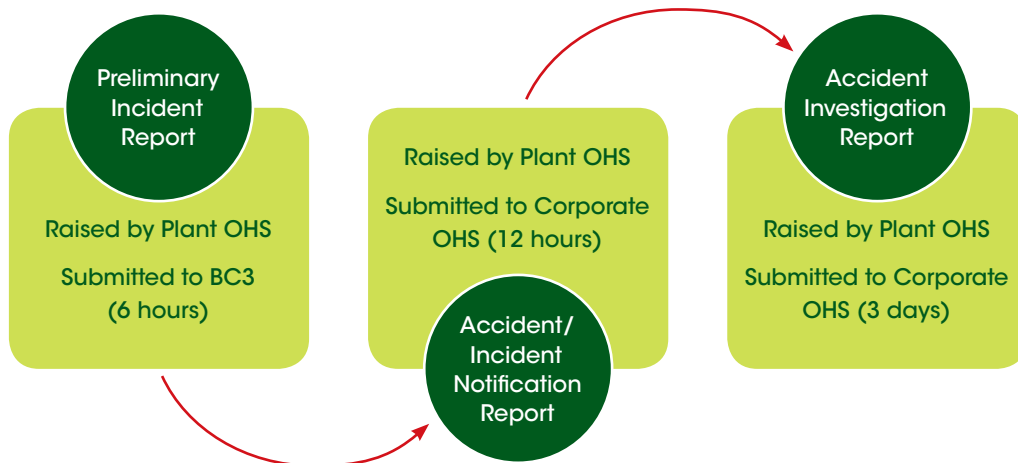
Medical insurance has also been provided to our Executive and Non-Executive (staff-level) employees covering a range of hospitalization requirements and basic life coverage in the event of a death. Furthermore, in partnership with accredited medical institutions and notable medical personnel, we conduct several programmes to promote and raise awareness on health & wellness across our facilities.

Whilst remaining highly committed to enforcing and ensuring Associates comply with our strict guidelines for OHS, we recognize that accidents are sometimes inevitable. Brandix encourages employees to report accidents, even if minor, to facilitate how preventive measures can be improved across our Group OHS policies and framework.

As such, we have implemented a streamlined process to ensure accidents are reported, addressed and investigated in a timely manner, and is applicable to employees, independent contractors and other third parties such as security personnel and janitorial staff within our premises.



# HEALTH AND SAFETY IMPACT MANAGEMENT



Each Plant has a competent Investigation team comprising personnel from the Group Engineering, OHS, HR, Operations and Administrative functions. Tasked with the responsibility of conducting a comprehensive investigation in the event of an accident (inclusive of first aid injuries), the Investigation team's recommendations and corrective action plans are prioritized for implementation.

All factories have a dedicated and competent Plant OHS Executive and a Plant OHS Committee, of which the latter has a 40:60 split between Management and Associates. The Committee, primarily established to monitor the implementation of the OHS system in line with statutory and customer compliance requirements, aims to improve ground-level participation in safety planning, monitoring and reporting, through the below focus areas:

1. Hazard Identification, Evaluation and Control
2. Information and Education
3. Sharing of information on Accident/Incident Investigations
4. Planning of Occupational Health & Safety requirements
5. Provide opportunity to discuss Health & Safety issues

Further enhancing this process, OHS trainings and awareness sessions are conducted regularly across the Group in the primary spoken languages across our operating locations. During the reporting period, over 34,000 employees were trained across a wide range of OHS aspects.

Categories	Avg. No. of Training Hours Per Person	Number of Employees
Personal Protective Equipment- User Training	03	720
Chemical Management	02	720
First Aid	08	17,319
Fire & Rescue/ Fire Warden Course	04	17,319
Ergonomics	03	34,637
Work related stress and stress management	01	10,391
Electrical Safety in the Workplace	02	1,380
Blood-borne Pathogens	2½	1,200
Ladder Safety	04	960
Forklift Operator Competency Training	08	120
Safety Month (Road show/ Events)	02	34,637
ISO 45000 OHS Management System	04	4,000
OHS Policy	01	34,637



## H&S Leadership

While Brandix employees are expected to be responsible for health and safety, the Group's leadership plays a vital role in providing oversight for the effective Group-wide execution of the OHSM. Their mandate is to "promote visible safety leadership and effective safety communication at a site level" by:

- Ensuring all operations are fully compliant with relevant legal and regulatory requirements and OHS best practices
- Appointing OHS Champions to ensure health and safety is integrated as part of the management decision-making process at an operational level
- Setting targets and goals as the basis of ongoing review and improvement of OHS systems across all levels of the business
- Communicating and enforcing the Group's OHS policy and procedures to all relevant stakeholder groups
- Leading by example in embracing the OHS culture as part of their work ethic

The performance of the OHS systems implemented are assessed quarterly by the Board of Directors at Group level, the Cross-Functional Teams (CFTs) at individual SBUs and monthly at Plant level, enabling continual system improvement.

## OHS Best Practices

Over the reporting period, we made important strides in line with our commitment to world-class OHS best practices:

### 1. Fire Safety & Emergency Preparedness

A vital component of our overall approach to safety is our Emergency Preparedness Strategy which focuses on two key pivots: Fire and Personal Safety. Accordingly, each factory is equipped with comprehensive fire protection infrastructure, including Fire Detection and Protection Systems as per NFPA 72 standards and FM listed fire alarm control panel and fire pumps. Additionally, our factory in Bangladesh is compliant under the Accord on Fire and Building Safety in Bangladesh.

An annual Fire Safety Audit by an independent third party offers further validation of existing systems and serves as a platform for ongoing improvements in line with global standards. Each factory has a dedicated Fire Safety team tasked with conducting planned evacuation drills and safety trainings to raise awareness among employees. A minimum of five members of the Fire Safety team are required to remain on-site at any given time to oversee the handling of a fire incident should it occur.

### 2. Electrical Safety

With Apparel manufacturing being a labour intensive industry, ensuring electrical safety is of paramount importance.

The health condition of our electrical systems is verified periodically through internal and external electrical safety audits, while infrared (IR) thermography is utilized to conduct routine inspections across our facilities as a condition monitoring measure.

Over the past financial year we have invested significantly in measures to uplift the operational safety of our systems and equipment, as well as that of our employees. As an auxiliary measure, machine-specific Lockout-Tagout (LOTO) procedures have been implemented to prevent unauthorized or accidental access to power sources during maintenance work. Governing these, a digital checklist platform enhances the visibility and progress of system performance and rectification work in real-time.

By providing the necessary training and development programmes, PPE and tools, our Facility Management (FM) teams have been empowered to conduct their duties in the safest and most effective manner. Additionally, these comprehensive T&D programmes conducted have enhanced their career development by facilitating avenues for our technicians to obtain NVQ-level certifications.



# HEALTH AND SAFETY IMPACT MANAGEMENT

## 3. Chemical Safety

Chemicals are used across the Group for a range of purposes: production (e.g. pad printing), machine maintenance & lubrication, fuel for standby generators, as well for facility maintenance. In compliance with legal and statutory requirements, as well as to minimize the risks of chemical-associated hazards to our employees, communities and the environment we have implemented a streamlined chemical management across the Group. As part of this approach we continue to monitor and assess chemical procurement against MRSL and RSL standards.

During the reporting period, the fire that broke out at Brandix Finishing Ratmalana prompted us to revisit the Group policy on our internal chemical compliance system. As a result, we completely overhauled our Chemical Management System governed by a policy across the procurement, use and disposal of chemicals, as well as revised guidelines for emergency responses. Our OHS and R&C teams continue to assess chemical hazards and reduce and/or eliminate the use of certain chemicals, replacing them with more sustainable alternatives where available.

## 4. Safety Leadership Tour (SLT)

Conducted monthly, the SLT protocol measures key safety metrics, the results of which are docketed on a scorecard and serve as the basis for ongoing improvement. Based on the findings from the initial SLTs, we proceeded to formulate a change management program that would help systematically address the gaps areas.

## 5. Permit to Work (PTW) System

With the establishment of safety guidelines and SOPs for routine works, the PTW system was designed and developed to establish a streamlined process for the completion of non-routine and special works such as maintenance repairs and renovations. Permits are issued and authorized, with identification of hazards, PPE and energy isolations and are applicable to employees, contractors and service providers.

## 6. OHS Excellence Awards Programme

This initiative that recognizes factories that have made significant progress in contributing to the Group's OHS excellence goals. The inaugural Brand Safe Awards was launched in August 2019 with each Plant required to perform a self-assessment of their health and safety performance.

### Assessment Process



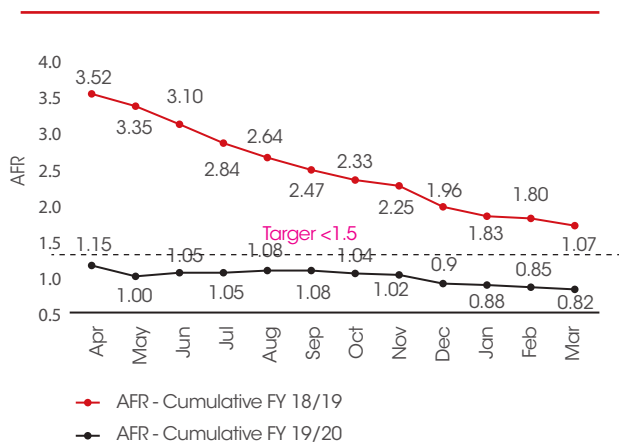


## Our Health and Safety Scorecard

As a result of our continually evolving and stringent OHS framework and safety culture, work-related injuries have indicated a positive downward trend:

Types of Accidents/Incidents	FY 2017/18	FY 2018/19	FY 2019/20
Lost Time Cases (LTC)	10	6	8
Medical Treatment Cases (MTC)	63	43	38
First Aid Cases (FAC)	1259	495	198

### ACCIDENT FREQUENCY RATE (AFR)



Over the past three years, we have not identified any activity with a high risk of specific diseases linked to occupation and no cases of ill-health linked to work were recorded.

## Incident Reporting

### CASE STUDY 1

Fire at Brandix Finishing Ratmalana – 6th April 2019

#### Incident in brief:

A fire was observed by a Boiler Operator in an area where damaged chairs were being stored prior to disposal, directly adjacent to the chemical stores. Although preliminary efforts to control the fire by the Maintenance and Security personnel present were successful, the fire had spread to the chemical stores and thus required intervention by the Moratuwa and Colombo Fire Brigades, as well as the Sri Lanka Air Force. The fire was eventually doused in the early hours of the following day.

#### Findings:

- A lit cigarette butt or matchstick haphazardly thrown, during smoking in the scrap shed area had initiated the fire.
- Lack of effective emergency response coordination
- Inadequate housekeeping with respect to chemical management
- Slow response to resolve unsafe practices such as the delay in disposal of damaged chairs

#### Steps taken to avoid similar incidents in the future:

- Revision of and strict compliance with the Emergency Response Guidelines
- Guidelines and timelines established for disposal of damaged furniture across the Group
- Complete overhaul of the policies and process related to Chemical Management across the Group
- No Smoking Policy reviewed and communicated clearly across the Group, with signage and posters placed for enhanced visibility

### CASE STUDY 2

Fatality at Brandix Apparel Bangladesh Limited – 7th Oct. 2019

#### Incident in brief:

At our ongoing construction site for the new factory in Bangladesh, fatality was recorded due to electric shock. Following some heavy rain, a water pipe had burst and three contractors on site had attempted to cut away at some vegetation blocking the pipe, during repairs. Two of the contractors closest to the over-ground wiring had

# HEALTH AND SAFETY IMPACT MANAGEMENT

suffered electric shock and were immediately admitted to the Cumilla Medical College Hospital, of which one of them had succumbed to injuries upon admission.

## Findings:

- The wiring was placed over the ground, running along the boundary wall.
- There had been rain, causing the area to be wet and muddy
- The contractors had not been wearing PPE

## Steps taken to avoid similar incidents in the future:

- An independent investigation was conducted by the contractor company, with compensation for the deceased's family and medical attention at a private hospital for the 2nd victim provided for
- Wearing of PPE was strictly implemented across the site, with assessment conducted for any violations

## CASE STUDY 3

Fatality at Brandix Fast-Fashion Avissawella Finishing  
Ratmalana – 3rd Feb. 2020

## Incident in brief:

On the day around 8.50am, an employee attached to a 3rd party vendor had entered the premises for the purpose of collecting waste cardboard to be disposed. The waste storage area is located approximately 120 metres from the main factory building, with the cardboard stored on the first floor of this storage building.

Whilst waiting for the transport lorry to arrive, the contractor had commenced moving waste cardboard over the railing on the 1st floor towards the ground and had fallen over a short while later. The victim was transported to the ECU of the Avissawella Hospital, located 1km away. Upon admission to the hospital, the victim had succumbed to his injuries.

## Findings:

- Alternative Emergency Vehicle was not parked at the designated area.
- Unsafe method used to move waste cardboard to and from upper floors of the building.

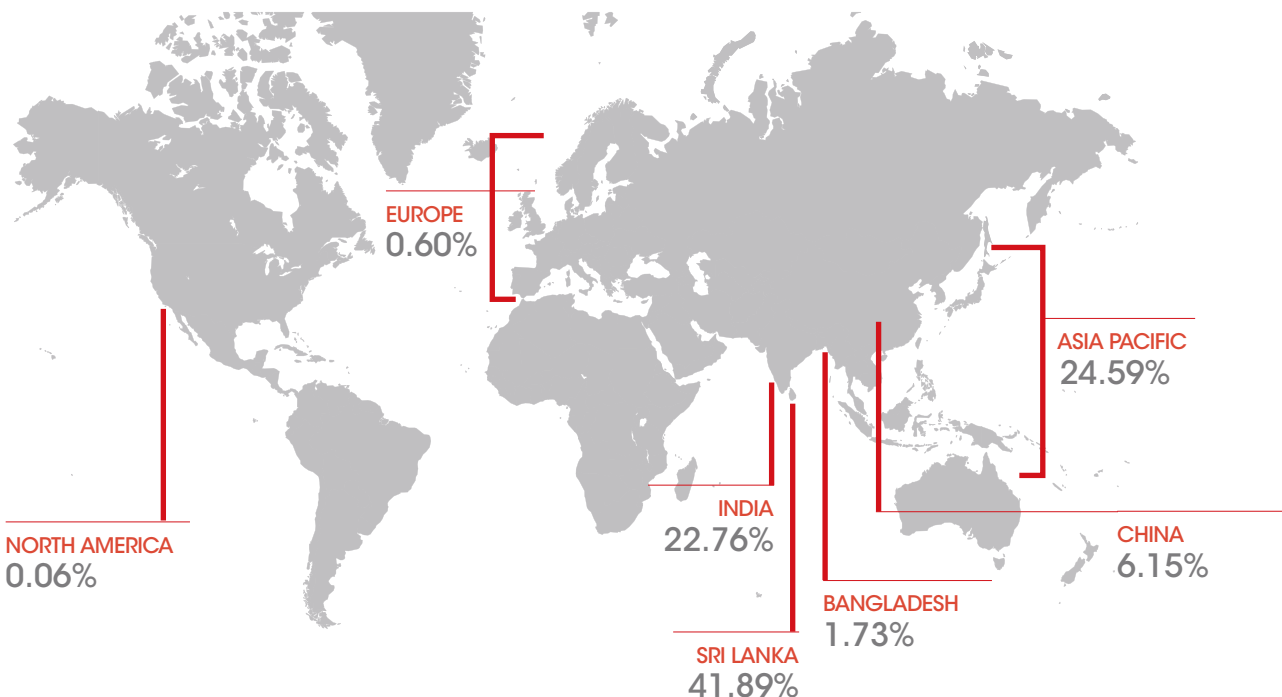
## Steps taken to avoid similar incidents in the future:

- Manual handling of the waste cardboard material was ceased immediately, with a suitable and practical mechanism being implemented for the transport of same (through hoist).
- At the time of the accident the emergency vehicle had been sent to Avissawella Hospital with three patients in direct violation of the Emergency Vehicle Management SOP, with an alternative vehicle not having been parked at the designated location. Response coordination was improved to ensure such violations do not recur.
- Strict implementation and compliance with Work at Height Permits.

# SUPPLY CHAIN INTEGRATION

As a leading Apparel manufacturer to global brands, our supply chain plays a fundamental role in executing our customer promise of "Inspired Solutions". Over the past 40 years, Brandix has developed an extensive and robust supply chain of over 700 vendors globally, across fabric, trims, chemicals, dyes, machinery, spare parts, production equipment, packaging materials and a host of services required for the operations of our facilities.

## PROCUREMENTS SOURCES



## SUPPLY CHAIN MANAGEMENT APPROACH

Building a strong and dependable supply chain is a vital component of the Brandix sustainability roadmap. Our overarching aim is to develop reliable business partners who share our values and commitment, of "Inspired Solutions", to meet client deliverables. Based on this underlying premise, we have prioritized working with existing suppliers to cultivate trust-based relationships for mutual benefit.

The Supplier Relationship Management (SRM) framework, implemented specifically for this purpose, provides a strong foundation to deepen connections with our existing supplier base. This framework is driven primarily by the calendar of meetings which provide an avenue of communication with our suppliers for collective action

across internal and external challenges. These interactions allow us to address concerns, improve supplier capability and working with our supply chain partners to align with new compliance requirements. We also use these interactions to raise awareness within our supplier network on how they may leverage and drive real change across their supply chains for positive impact.

Brandix further reiterates its commitment to existing suppliers through joint projects for mutual benefit. These include partnering with suppliers in the pursuit of research and development and technology solutions with the potential to augment our overall value chain. For example, we have already begun collaborating with several suppliers to develop sustainable packaging solutions based on client requirements.

# SUPPLY CHAIN INTEGRATION

As we continue to develop new partnerships that enhance the diversity of our supply chain, we make a conscious effort to support small businesses and those owned by women and minorities. In an increasingly globalized world, this also allows us to comply with client market requirements, such as those in the USA, as well as boosting innovation & creativity. Regardless of the supplier profile, our procurement framework dictates that all new suppliers are first vetted to determine if they have the capacity and capability to meet the world-class standards required by our clients. Thereafter a fair, impartial and transparent selection process ensures new suppliers are evaluated against key criteria, operational, commercial and sustainability considerations.

It is important to note that while respecting free competition and being open to doing business with new partners, the Brandix Group has in place several distinct policies to prevent sourcing from disputed or highly controversial regions across the world. For example, the Brandix Group does not procure yarn from nations which do not have a clear mandate against child labour, such as those from Uzbekistan, Turkmenistan and the Xinjiang Uighur Autonomous Region in China.

Our vendors are required to declare and ensure such yarn is not used across their supply chains and in production of goods.

Additionally, through Section 1502 of the Dodd-Frank Act passed by the Congress of USA, any vendor is required to declare if any minerals such as Gold, Tin, Tantalum & Tungsten (3TG) used in production are sourced from the Democratic Republic of Congo + 9 neighboring countries (Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia). While striving to avoid sourcing of same, these declarations are included in the documentation shared with our Customers for greater visibility.

## Vendor Code of Ethics

Fully comprehending that our supply chain partners play a critical role in protecting the Brandix brand reputation, we only work with suppliers whose ethics and social ethos are consistent with our own. Governed by the Vendor Code of Ethics, which specifies our organization's stance with respect to labour practices (such as minimum wage

requirements, anti-harassment, non-discrimination and health and safety), human rights (inclusive of no child, forced or bonded labour), ethical considerations (such as anti-bribery and anti-corruption), as well as other key environmental compliance matters.

The Vendor Code of Ethics is the main pillar of the vendor on-boarding process and it is mandatory that all suppliers and vendor partners read, understand and sign this Code to indicate their formal agreement with upholding all expected standards and comply, without exception, with the policies outlined therein.

Should any changes be made to the Code on our end, all suppliers are required to renew their commitment to the updated version.

Due diligence procedures are carried out to ensure all suppliers comply with the code, while detected violations are dealt with through a formally documented process.

## Self-Assurance

To further improve the sustainability of our supply chain, we encourage our principle suppliers to be more transparent regarding sustainability considerations in their operations and across their own value chains. The self-assurance form is accompanied by an internally developed scorecard which enables each supplier to be rated based on the information disclosed.

Initially implemented for our Top 100 Raw Material suppliers, the self-assurance form captures key social and environmental compliance metrics relevant to their business, with proof of compliance and adherence to best practices.

## Supplier Audits

Constituting an important aspect of our supplier due diligence mechanism, supplier audits typically take the form of an unannounced site visit by representatives from the Group Supply Chain team and serve as a key tool in validating the information received through the supplier self-assessment mechanism. Existing key suppliers meanwhile are audited biennially, which allows us to verify the accuracy of their claims, but is also part of a broader effort to improve their alignment with the Brandix Group's vision.



Over the reporting period, no critical non-compliance areas were observed through this process, with enhanced visibility provided through the self-assurance and Vendor Code of Ethics signed by all business partners.

### Supply Chain Governance

Governance is seen as a key lever in our overall supply chain management approach, which has led us to centralize all activities under the purview of the Group Supply Chain (SC) team. Led by the Group Head of Supply Chain, the team provides leadership for formulation of policies, while exercising strict procedural control and necessary oversight to continuously strengthen our supply chain. In this context, the management of the SRM framework, screening and approval of suppliers in line with the Group's Procurement Policy, supplier on-boarding, implementing the Brandix Vendor Code of Ethics, managing the supplier self-assurance and the supplier audit processes are all handled by the Group SC team.

It is also the responsibility of the Group SC team to provide guidance to teams at each factory, to ensure the Group's procurement policy guidelines are implemented at operational level, without exception.





# COMMUNITY INVESTMENT

Employing over 50,000 people across the South Asian region, we believe in leading by example in building stronger and more empowered communities who can contribute positively towards the development of their respective local economies and ultimately the progress of their nations.

## COMMUNITY INVESTMENT APPROACH

A strong sense of community has been a part of the Brandix Group's corporate identity from the very beginning. These communities are defined by the presence of our employees and the surrounding localities within a 5-10km radius of our factories.

This definition of "Community" is central to our work and forms the basis of our Corporate Social Responsibility strategy, which reflects our explicit commitment to focus on enabling meaningful change to the quality of life for our communities. Our efforts are framed by four key pillars: Provide, Educate, Research and Engage.

Through a survey conducted internally, we learnt that water access was an issue faced by 85% of our Associates, of which nearly 90% were women. As such, the primary focus of our CSR agenda for Sri Lanka has been on providing access to water.

## PROVIDE

Through our extensive focus on structured projects and initiatives designed to provide sustainable solutions to our Associates, their families and communities, we developed "Care For Our Own" and "Model Village" to address water and sanitation issues.

### "Care For Our Own" (CFOO)

CFOO is the flagship initiative by the Brandix Group to improve access to clean water for our Associates. Since launching in 2006, over the past fourteen years more than 4,500 beneficiaries across 300 communities have benefitted under this, aligned with Sri Lanka's national targets for the UN's SDG 6.

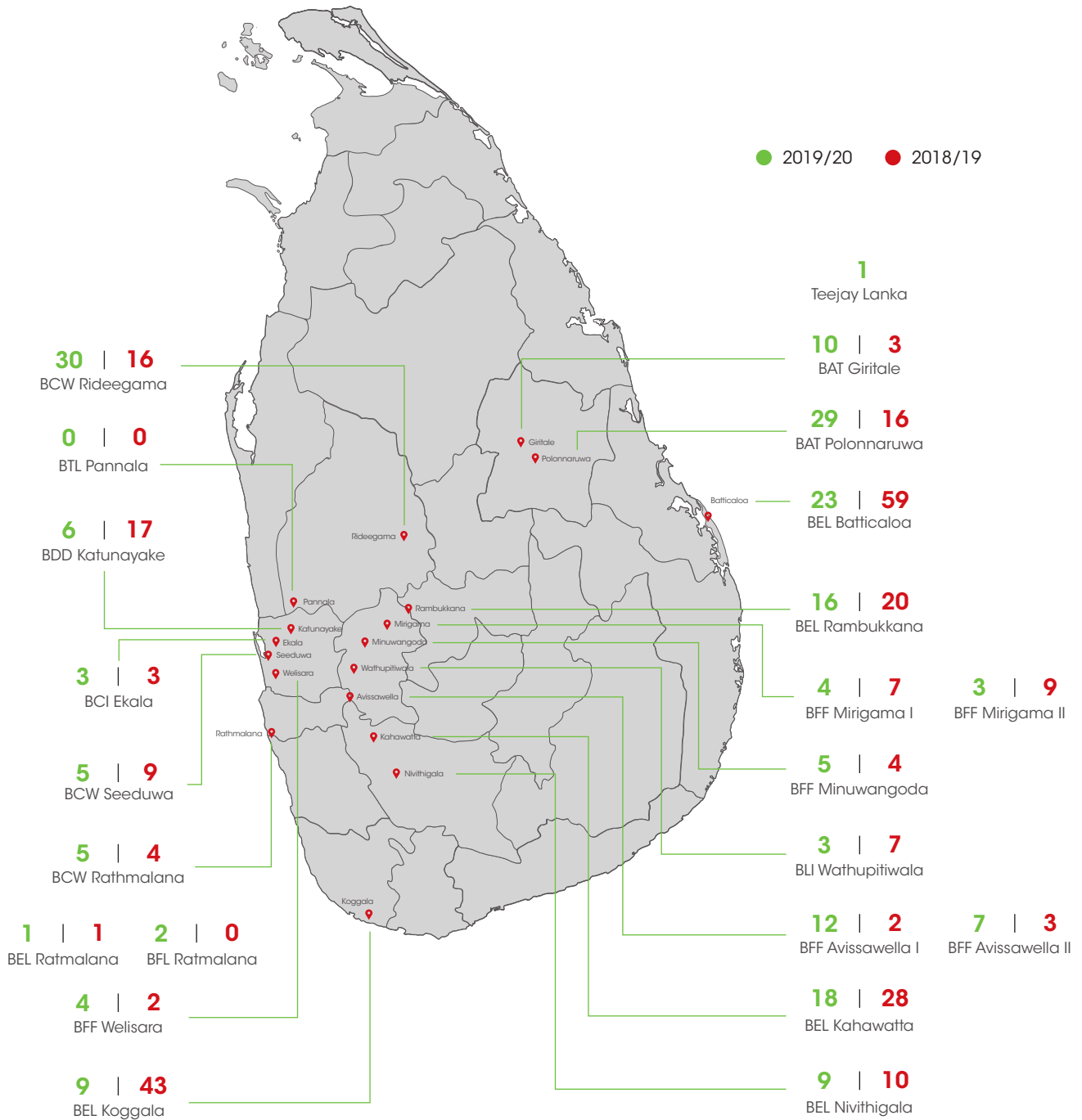
In 2019/20, we completed 205 projects, which have helped enhance the quality of life for an additional 1,100 people across Sri Lanka.



Beneficiaries of Care For Our Own





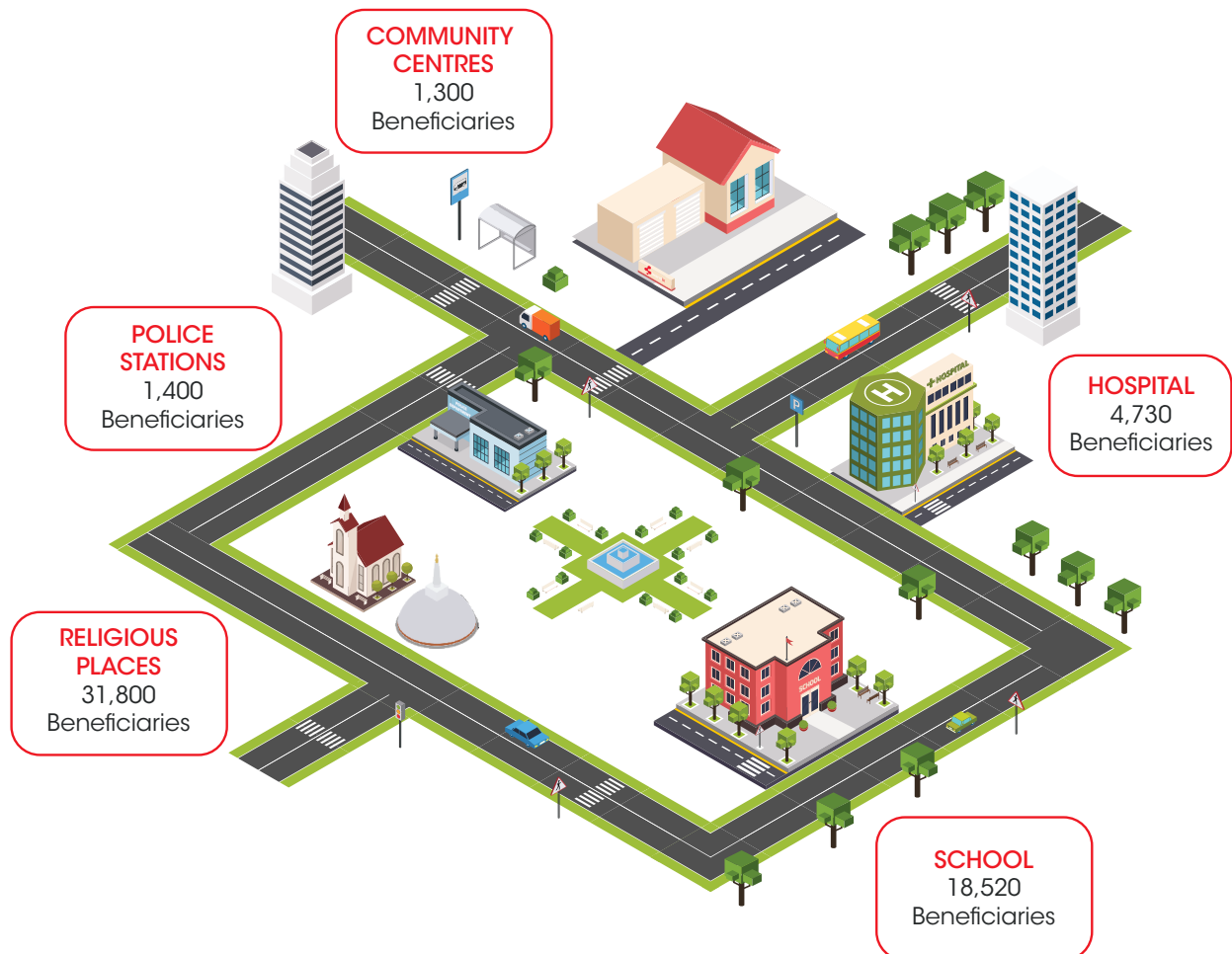


# COMMUNITY INVESTMENT

## "MODEL VILLAGE" PROJECT

The "Model Village" project is yet another effort by the Group to strengthen water and sanitation infrastructure at a community level. Originally implemented across important institutions within a 5km radius of our factories, the radius has since been extended to 10km, following the immense success of this initiative.

For the reporting period, under Model Village our work focused on the locations of Batticaloa, Rambukkana, Ridigama, Mirigama and Kahawatte, completing 89 projects across these communities.



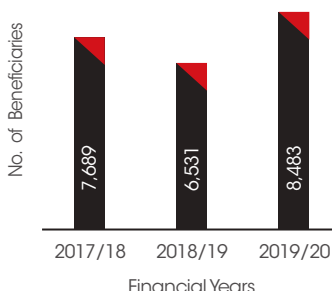


## EDUCATE

Our P.A.C.E. Programme, together with Gap Inc. and PVH, has enabled Brandix to empower our female Associates, build their professional skills and enable them to make a difference in the lives of their families and communities. For more information on the impact of this programme, as well as the number of graduates and training modules, please refer to our Training and Development section on page 44 of this report.

### Ran Dharu Thilina

Launched in 2006 across 22 factories in Sri Lanka, the “Ran Dharu Thilina” programme has proven to be an important initiative since its launch, targeting the children of our Associates from nursery age to Grade 5. Each child receives a pack comprising the necessary school items required for his/ her academic year. To date over 28,000 children have benefitted under this programme. In 2019/20, Brandix Group partnered with Atlas Axilla Co. (Pvt) Ltd., Sri Lanka’s leading stationer, to distribute stationery items to 8,501 children.



## RESEARCH

Through this pillar, our CSR team seeks out value-adding partnerships to improve the sustainability of our solutions and help tackle broader social issues over time.

### Water Resources Research & Training Centre

Established in 2007, in Anuradhapura, in consultation with the Water Resources Board (WRB), this Centre continues to conduct training and awareness programmes on educating and training youth and communities on the consequences of consuming contaminated water.

## ENGAGE

Under this pillar, we strive to create an engaged, loyal and committed workforce of “Inspired people” by driving a spirit of engagement at Brandix.

Through identified projects under our Model Village locations, we implemented community projects to enhance our employee engagement potential, as well as create a sense of togetherness across the Group.

During FY 2019/20 we undertook 07 projects that saw the engagement of over 200 employees across the Group.

SBU	Date	Location
BCW Rideegama	22/9/2019	Koswatta Maha Vidyalaya
	3/11/2019	MOH - Gokerella
BEL Batticaloa	14/12/2019	Divisional Hospital - Thandiyady
BEL Kahawatta	26/10/2019	Yainna Vidyalaya
BEL Rambukkana	18/1/2020	Base Hospital - Rambukkana
BFF Mirigama	29/9/2019	Kahadawa Primary School
	24/11/2019	Police Station - Mirigama

# COMMUNITY INVESTMENT

## INDIA

The CSR Strategy for Brandix India Apparel City (BIAC) is aimed at improving the quality of life for the communities situated in and around its vicinity, empowering rural women and enhancing the overall sustainability of the BIAC Park ecosystem.

While our strategy for Sri Lanka is aimed at addressing issues with water access, we realized that the true necessity for our communities in India was access to health. As such, our strategies were tailored for each location based on the need.

### Eye Camps

Held on the first and third Sunday every month, more than 300 individuals benefit monthly through the implementation of our Eye Camps, having been granted the opportunity for free eye screening through our partnership with the Shankar Foundation. Beneficiaries with refraction errors are additionally supported through the provision of correction glasses, whilst those with further complications are directed to the Base Hospital for further medical intervention.

### Women's Welfare Health Camps

General health and hygiene themes are vitally important, yet heavily stigmatized in rural India. In alternation with the Eye Camps, we implemented Welfare Health Camps on the second and fourth Sunday of the month, aimed at improving health and hygiene awareness for adolescent girls and women.

These camps are conducted by a medical team, inclusive of a Gynaecologist, General Practitioner and Nutritionist, accompanied by a nurse and lab technician from Life Spring Maternity Hospital. With the support of Vizag Hospital and the Cancer Research Centre (Mahatma Gandhi Cancer Hospital), cancer screenings, pap-smears, X-rays, mammograms, ultrasounds and other related tests are conducted.

#### EYE CAMP STATISTICS

	2017/18	2018/19	2019/20	Total
No. of Camps Conducted	22	23	22	76
No. of Participants	7,398	9,597	8,737	29,242

#### HEALTH CAMP STATISTICS

	2017/18	2018/19	2019/20	Total
No. of Camps Conducted	8	24	22	54
No. of Participants	819	2,761	5,772	9,352

## BANGLADESH

In line with our Group-wide sustainability agenda we look towards implementing projects in Bangladesh, ensuring we have a larger impact on the communities we live and work in globally.



Eye Camps at BIAC



Women's Health Camps at BIAC



The implementation of our CSR Strategy is based on 3 key elements:

- **Community Relations**

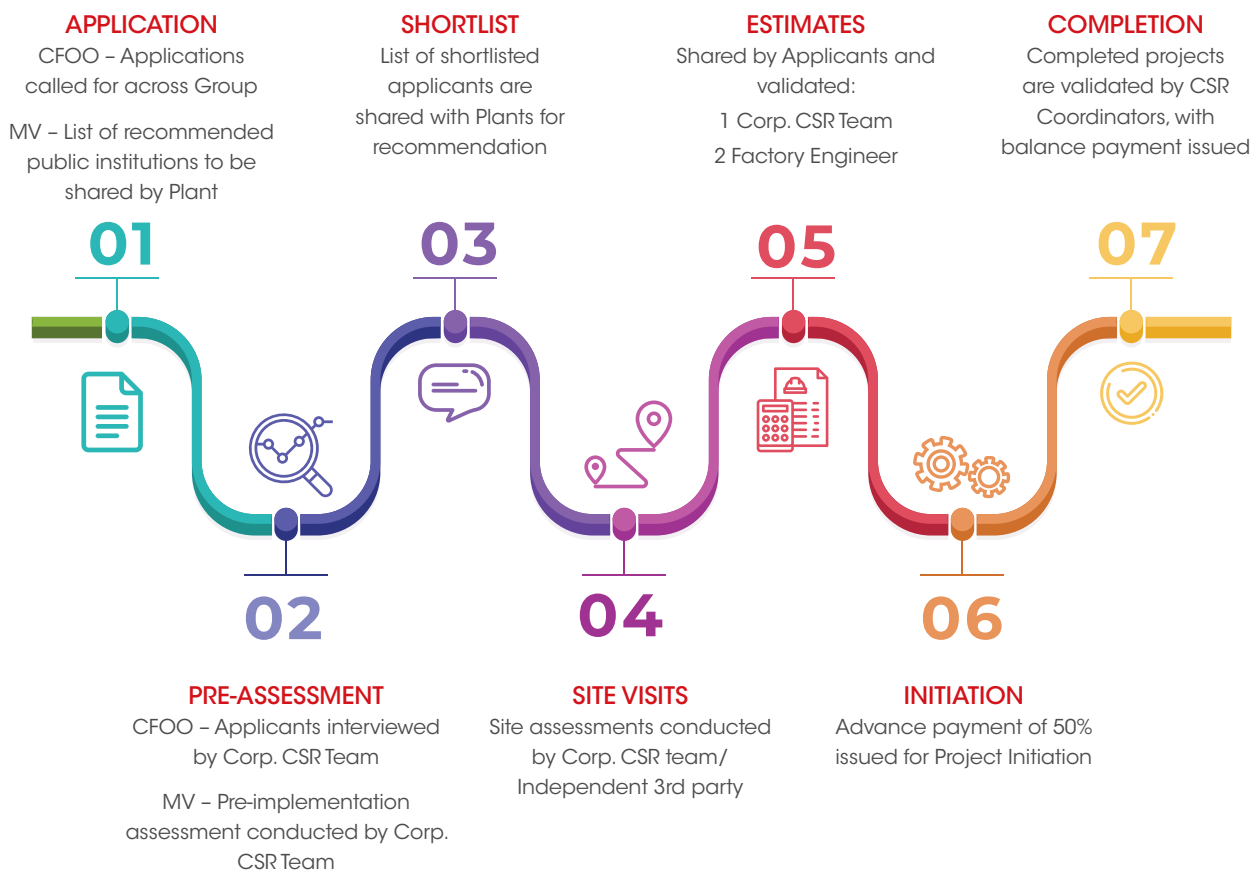
We strive to build and maintain strong ties with the communities in and around our operational locations, which we believe are vital for the exchange of ideas and the resolution of grievances, such as lack of access to clean drinking water and sanitation. The CSR Coordinator at each factory is responsible for developing and maintaining strong relationships with our community stakeholders, driven by a set of guidelines created specifically for this purpose.

- **Employee Volunteerism**

As a key component of our CSR Strategy, we encourage our employees to volunteer their time to participate in our community programs, under our "Engage" pillar, providing them the opportunity to actively contribute towards broader socioeconomic change.

- **Project Management and Governance**

A comprehensive project management framework manages the Group's major community initiatives such as "Care For Our Own" and "Model Village".






Satisfaction surveys are conducted one year after the completion of each project, through which we aim at assessing the impact of our initiatives such as Care For Our Own and Model Village. Over the past several years no major grievances have been observed, while minor issues are addressed together with the beneficiaries. Our CSR initiatives, together with other aspects of the Group's HR Talent Engagement pillar contribute to the overall employee experience at Brandix, as a result of which Associate retention has indicated a positive upward trend over the past several years.

# CONTRIBUTION TO THE SDGs

The Brandix Group supports the implementation of the 17 Sustainable Development Goals (SDGs) that were adopted by the 193 United Nations Member States in September 2015. The SDGs represent an important step toward a shared understanding of the challenges that we need to tackle worldwide to enable sustainable development. They cover the entire scope of sustainability topics that are relevant to all stakeholders – from industrial and developing countries through to emerging economies, as well as companies, NGOs, and participants from all industries and sectors along the value chain. By providing a level of mutual understanding

on the international level, these goals help to structure discussions on a national and industry level, whilst serving as guidelines for various organizations to identify priorities and collaborate through partnerships.

At Brandix, we believe that the goals provide a shared focus that can empower collaborative action and accelerate progress toward sustainability. While our business activities support the SDGs through different means, we have opted for a more focused approach to undertake specific initiatives in areas through which we make a more meaningful contribution to the SDGs.

UN SDG	Our Priorities	Special initiatives for 2019/20	Ongoing Projects
 6 CLEAN WATER AND SANITATION	<ul style="list-style-type: none"> <li>• Zero Water Wastage</li> <li>• Clean Drinking Water for Associates</li> <li>• Waste &amp; Effluents</li> <li>• Community Development</li> </ul>	<ul style="list-style-type: none"> <li>• Solar sludge-dryer to reduce the generation of hazardous waste</li> <li>• Investment in rainwater harvesting technology</li> <li>• Upgrade to Green Seal/ LEED-rated water fittings</li> <li>• Wastewater recycling and re-use</li> </ul>	<ul style="list-style-type: none"> <li>• Care For Our Own</li> <li>• Model Village</li> <li>• Kelani River Multi-Stakeholder Partnership</li> <li>• Zero Liquid Discharge</li> </ul>
 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> <li>• Fair and Ethical Labour Practices</li> <li>• Occupation Health &amp; Safety</li> <li>• Employee Engagement</li> <li>• Supplier Evaluation &amp; Development</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of iConnect, a fully-fledged digital HRIS</li> <li>• Launch of the 9-box performance evaluation tool</li> <li>• 1,560,000 training hours</li> <li>• Vendor Evaluation Process</li> </ul>	<ul style="list-style-type: none"> <li>• P.A.C.E</li> <li>• Brandix Shilpa</li> <li>• Brandix Academy</li> <li>• Group Counselling</li> </ul>
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> <li>• Resource Efficiency/ Optimization</li> <li>• Sustainable Manufacturing Facilities</li> <li>• Material Circularity</li> <li>• Cleaner Production</li> <li>• Paperless Brandix</li> <li>• Zero Water Wastage</li> <li>• Recycling &amp; re-using Waste</li> <li>• Zero Discharge of Hazardous Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrade of existing infrastructure to improve energy and water efficiencies</li> <li>• LEED Certification</li> <li>• Implementation of latest efficient technology</li> <li>• Upgrade to Green Seal/ LEED-rated water fittings</li> <li>• Elimination of hazardous chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Replacement of CFL with LED lighting</li> <li>• Digitalization</li> <li>• Magnetic bearing chillers</li> <li>• Direct-drive AHUs</li> <li>• Sky-lighting</li> <li>• HVLS Fans</li> <li>• ZDHC</li> <li>• Food Waste Composter</li> </ul>



UN SDG	Our Priorities	Special initiatives for 2019/20	Ongoing Projects
	<ul style="list-style-type: none"> <li>• Net Zero Carbon Apparel sector by 2023</li> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Phase out Ozone-depleting substances by 2025</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership with UNDP for responsibly used fuelwood</li> <li>• Upgrade of existing infrastructure to improve energy efficiency</li> <li>• Implementation of new energy-efficient technology</li> </ul>	<ul style="list-style-type: none"> <li>• Solar PV Project</li> <li>• Replacement of CFL with LED lighting</li> <li>• Magnetic bearing chillers</li> <li>• Direct-drive AHUs</li> <li>• Stack emission compliance</li> </ul>
	<ul style="list-style-type: none"> <li>• Occupational Health &amp; Safety</li> <li>• Net Zero Carbon Apparel sector by 2023</li> <li>• Community Development</li> <li>• Employee Engagement</li> <li>• Training &amp; Development</li> <li>• Zero Discharge of Hazardous Chemicals</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships with key national and international public, private and community-level organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Brandix Group Internship Programme</li> <li>• Management Trainee Programme</li> <li>• Brandix Shilpa</li> <li>• Brandix Academy</li> <li>• Kelani River Multi-Stakeholder Partnership</li> <li>• Responsibly sourced fuelwood</li> <li>• Solar PV Project</li> </ul>

At Brandix, we consider the SDGs as critical indicators in shaping our ambitions and targets as we transition towards becoming a truly sustainable manufacturer. While we have made significant progress towards Goals 6, 8, 12, 13 and 17 during the current reporting period, our work will continue to impact the SDGs and as such, we have prioritized Goals 3, 4, 5 and 7 for further alignment. A re-evaluation of Brandix's alignment with the SDGs will be conducted prior to the next reporting cycle of 2020/21.

UN SDG	Our Priorities
	<ul style="list-style-type: none"> <li>• Net Zero Carbon Apparel sector by 2023</li> <li>• Renewable Energy</li> <li>• Energy Efficiency</li> <li>• Phase out ozone-depleting substances by 2025</li> </ul>
	<ul style="list-style-type: none"> <li>• Fair and Ethical Labour Practices</li> <li>• Occupation Health &amp; Safety</li> <li>• Net Zero Carbon Apparel sector by 2023</li> <li>• Zero Water Wastage</li> </ul>
	<ul style="list-style-type: none"> <li>• Community Development</li> <li>• Employee Engagement</li> <li>• Training &amp; Development</li> </ul>
	<ul style="list-style-type: none"> <li>• Fair and Ethical Labour Practices</li> <li>• Community Development</li> <li>• Employee Engagement</li> <li>• Training &amp; Development</li> </ul>

# INDEPENDENT ASSURANCE STATEMENT

**DNV·GL**

## SCOPE AND APPROACH

DNV GL AS represented by DNV GL Business Assurance Lanka Private Limited ('DNV GL') has been engaged by the Management of Brandix Group ('Brandix', or the 'Group', Company Registration Number PB 85) to undertake an independent assurance of the Company's performance disclosures in its Sustainability Report 2019-2020 ('the Report') in its printed format. The disclosures in this Report have been prepared based on the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards ('GRI Standards') and its Core option of reporting. The intended user of this Assurance Statement is the Management of Brandix. Our assurance engagement was planned and carried out during February 2020 – September 2020 in two stages – assurance of Brandix's Sustainability Report 2017-2019 and assurance of the Sustainability Report 2019-2020.

We performed a Type 2 Moderate Level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS) with 2018 Addendum and DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised\* and the GRI's Principles for Defining Report Content and Quality.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance using DNV GL's. In doing so, we evaluated the qualitative and quantitative disclosures presented in the Report using GRI's Principles, together with Brandix's protocols for how the data was measured, monitored, recorded and reported. The performance data and information in the agreed scope of work included the qualitative and quantitative information on sustainability performance which have been disclosed in the Report based on GRI Standards covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2019 to 31st March 2020.

The scope and boundaries of the sustainability performance disclosures is as set out in the Report in the section 'Report Scope' and excludes joint ventures

not covered under Brandix Apparel Limited. The reported data on economic and financial performance of Brandix within the Report is not included in our scope of work and is based on financial disclosures and data which has been subject to a separate independent statutory audit process.

## RESPONSIBILITIES OF THE MANAGEMENT OF BRANDIX AND OF THE ASSURANCE PROVIDER

The Management team of Brandix has the sole accountability for the preparation of the Report and are responsible for the information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. In performing assurance work, our responsibility is to the management of Brandix; however, this statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of Brandix.

DNV GL provides a range of other services to Brandix, none of which constitute a conflict of interest with this assurance work. DNV GL was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and Management report highlighting our assessment findings for future reporting.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from any misstatements. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work at Brandix's Head Quarters in Colombo and manufacturing facilities in Sri Lanka, Bangladesh and India during the first stage of our assurance engagement. Due to the outbreak of the COVID-19 pandemic, we carried out remote interactions with the senior management of Brandix as one-to-one in person discussions and onsite assessment was

<sup>1</sup> The VeriSustain protocol is available on request from [www.dnvgl.com](http://www.dnvgl.com)

\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

not feasible in the second stage of our assurance engagement. We adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company and its key stakeholders. We undertook the following activities:

- Reviewed Brandix's approach to stakeholder engagement and materiality determination and their outcomes as brought out in the Report. We did not have any direct engagement with external stakeholders;
- Remote assessments and interviews with selected senior managers and other representatives at Brandix, including data owners and decision-makers from different functions to validate the disclosures made in the Report as part of the second stage of our engagement. We were free to choose interviewees and interviewed those with overall responsibility to deliver Brandix's sustainability objectives;
- During the first stage of our assurance engagement, we carried out site visits to sample manufacturing operations in Sri Lanka, India and Bangladesh - BLI 1, 2 and BLI 3 (Brandix Lingerie at Wathupitiwela), BEK (Brandix Essentials at Koggala), BCR (Brandix Casualwear at Ratmalana), BAI 1 (Brandix Apparel India 1 at Visakhapatnam) and BCB (Brandix Casualwear Bangladesh at Comilla) - to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose sites we visited;
- Performed sample-based reviews of the mechanisms for implementing the sustainability related policies of Brandix as described in the Report;
- Verified the information and claims made in the Report, and assessed the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by Brandix related to the disclosures made in the Report;

- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report related to the identified material topics;
- Evaluated the Report's adherence to the requirements of the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope and boundary of the agreed assurance engagement.

## OPINION AND OBSERVATIONS

On the basis of the verification undertaken, nothing has come to our attention that causes us to believe that the Report does not properly describe Brandix's adherence to the GRI Standards: Core option of reporting including GRI 102: General Disclosures 2016 and disclosures related to the following GRI Topic-specific Standards and related requirements as per GRI 103: Management Approach 2016, which have been chosen for reporting performance related to the identified material topics:

- GRI 205: Anti-Corruption 2016 – 205-2;
- GRI 302: Energy 2016 – 302-1, 302-3, 302-4;
- GRI 303: Water 2018 – 303-1, 303-2, 303-3, 303-4, 303-5;
- GRI 305: Emissions 2016 – 305-1, 305-2, 305-3\*, 305-4, 305-5;
- GRI 306: Waste 2020 – 306-1, 306-2, 306-3, 306-4, 306-5;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 402: Labor/Management Relations 2016 – 402-1;
- GRI 403: Occupational Health and Safety 2018 – 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-10;
- GRI 404: Training and Education 2016 – 404-1, 404-2, 404-3;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-2;
- GRI 406: Non-Discrimination 2016 – 406-1;
- GRI 408: Child Labor 2016 – 408-1;
- GRI 409: Forced or Compulsory Labor 2016 – 409-1;
- GRI 410: Security Practices 2016 – 410-1;
- GRI 413: Local Communities 2016 – 413-1.

\*Brandix considers emissions due to Purchased Goods and Services, Capital Goods, Waste generated in Operations, Employee Commuting and Downstream Transportation and Distribution as part of its Scope 3 emissions.

# INDEPENDENT ASSURANCE STATEMENT

**DNV·GL**

Without affecting our assurance opinion, we provide the following observations:

## **AA1000 Accountability Principles Standard (2018) Inclusivity**

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability. Brandix identifies employees, regulatory bodies, community, banks and financial institutions, government, media, suppliers and customers as its significant stakeholders. The Report brings out the engagement plans and processes that Brandix has established to interact with these stakeholders and identify their key concerns.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.**

## **Materiality**

The process of determining the issues that is most relevant to an organization and its stakeholders. The Report brings out Brandix's process of identifying its material topics, and processes to evaluate and review these topics on an annual basis based on inputs from stakeholders, Group Risk and Compliance, changes in business model, and global and industry trends.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality or has missed any significant material topics,** however, Brandix may further strengthen its materiality determination process by considering impacts of topics over the short, medium and long term time horizons.

## **Responsiveness**

The extent to which an organization responds to stakeholder issues.

The Report brings out disclosures related Brandix's sustainability strategies, policies, governance mechanisms and management approach as well as the Company's responses to the various concerns raised by its stakeholders. The responses to concerns raised

by stakeholders through the Company's stakeholder engagement plans and performance and progress versus the identified material topics are brought out within the Report.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.**

## **Impact**

The level to which an organisation monitors, measures and is accountable for how its actions affect its broader ecosystems. The Report discloses Brandix's impact on the environment, society and key stakeholders due to operations, and the processes that the Company has in place to monitor, assess and evaluate these impacts through performance metrics at various operational levels.

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.**

## **SPECIFIC EVALUATION OF THE INFORMATION ON SUSTAINABILITY PERFORMANCE**

We consider the methodology and the process for gathering information developed by Brandix for its sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. Nothing has come to our attention that has proved to us that information provided to us was unreliable, or that the the Report is not a faithful description of Brandix's reported sustainability activities for the reporting period.

## **Reliability**

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified at Brandix's Head Quarters and manufacturing facilities visited by us during the first stage of our assurance engagement were found to be accurate and reliable. Some of the

data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

#### **Additional principles as per DNV GL VeriSustain Completeness**

How much of all the information that has been identified as material to the organisation and its stakeholders is reported upon.

The Report focuses its disclosures on the Environmental, Social and Governance topics that are material to the Brandix Group's apparel manufacturing operations in Sri Lanka, India and Bangladesh, and brings out the related sustainability performance and disclosures in line with the GRI Standards: Core option of reporting.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness with respect to scope, boundary and time.

#### **Neutrality**

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the Company's performance against the identified material topics and responses to key concerns of stakeholders in a neutral and balanced tone in terms of content and presentation applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported disclosures.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For and on behalf of DNV GL AS



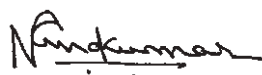
**KIRAN RADHAKRISHNAN**

Lead Verifier,  
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**ROHITHA WICKRAMASINGHE**

Operations Manager – Sri Lanka  
DNV GL Business Assurance Lanka (Private) Limited



**VADAKEPATTH NANDKUMAR**

Assurance Reviewer,  
DNV GL Business Assurance India Private Limited, India

29th September 2020, Colombo, Sri Lanka



**AA1000**  
Licensed Assurance Provider  
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# GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s)
<b>General Disclosures</b>		
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	102-2 Activities, brands, products, and services	Page 5
	102-3 Location of Headquarters	Page 5
	102-4 Location of Operations	Page 5
	102-5 Ownership and Legal Form	Page 4
	102-6 Markets Served	Page 5
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	102-8 Information on employees and other works	Pages 37-47
	102-9 Supply chain	Pages 55-57
	102-10 Significant changes to the organization and its supply chain	Pages 55-57
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	102-11 Precautionary Principle or approach	Page 10
	102-13 Membership of Organizations	Pages 4, 12
	102-14 Statement from senior decision-maker	Pages 6-7
	102-16 Values, principles, standards and norms of behaviour	Page 3
	102-18 Governance structure	Pages 11-12
	102-40 List of stakeholder groups	Pages 13-15
	102-41 Collective bargaining agreements	Page 46
	102-42 Identifying and selecting stakeholders	Pages 13-15
	102-43 Approach to stakeholder management	Pages 13-15
	102-44 Key topics and concerns raised	Pages 13-15
	102-45 Entities included in the consolidated financial statements	Page 4
	102-46 Defining report content and report boundaries	Pages 8-9
	102-47 List of material topics	Pages 16-17
	102-48 Restatements of information	Page 9
	102-49 Changes in reporting	Pages 8-9
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	102-51 Date of most recent report	Pages 8-9
	102-52 Reporting cycle	Pages 8-9
	102-53 Contact point for questions regarding the report	Page 9
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	102-55 GRI content index	Pages 70-73
	102-56 External assurance	Pages 66-69



GRI Standard	Disclosure	Page number(s)
<b>Anti Corruption</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 11-12, 16-17
	103-2 The management approach and its components	
	103-3 Evaluation of the Management Approach	
GRI 205: Anti-corruption 2016	"205-2 Communication and training about anti-corruption policies and procedures"	Pages 11-12
<b>Environmental Performance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 10, 16-17, 28-36
	103-2 The management approach and its components	
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 22
	302-3 Energy intensity	Page 24
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 16-17, 37-47
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	103-3 Evaluation of the Management Approach	
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Page 45

# GRI CONTENT INDEX

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<b>Occupational Health &amp; Safety</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 16-17, 48-54
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GRI 403: Occupational Health & Safety 2018	403-1 Occupational health and safety management system	Pages 48-54
	403-2 Hazard identification, risk assessment, and incident investigation	Page 49-50
	403-3 Occupational health services	Pages 48-54
	403-4 Worker participation, consultation, and communication on occupation health & safety	Page 50
	403-5 Worker training on occupational health and safety	Page 50
	403-6 Promotion of worker health	Page 49
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pages 48-54
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 16-17, 42-45
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pages 42-44
	404-2 Programs for upgrading employee skills and transition assistance programs	Pages 42-45
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 42
<b>Human Rights</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 16-17, 43-39
	103-2 The management approach and its components	
	103-3 Evaluation of the Management Approach	
GRI 405: Diversity & Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Pages 37-39
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 46
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Page 38
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	Page 38

GRI Standard	Disclosure	Page number(s)
<b>Security Practices</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Page 49
	103-2 The management approach and its components	
	103-3 Evaluation of the Management Approach	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 49
<b>Local Communities</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Pages 16-17, 58-63
	103-2 The management approach and its components	
	103-3 Evaluation of the Management Approach	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 58-63

# UN GLOBAL COMPACT – COMMUNICATION ON PROGRESS

The Ten Principles of the UN Global Compact		Relevant Section in the Report
<b>Human Rights</b>		
Principle 1	Business should support and respect the protection of internationally proclaimed human rights	Governance & Risk, Employment Equity and People Development, Environmental Stewardship, Health & Safety Impact Management and Supply Chain Integration
Principle 2	Business should make sure that they are not complicit in human rights abuses.	Governance & Risk, Employment Equity and People Development, Environmental Stewardship, Health & Safety Impact Management and Supply Chain Integration
<b>Labour</b>		
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employment Equity & People Development
Principle 4	Business should support the elimination of all forms of forced and compulsory labour	Employment Equity & People Development
Principle 5	Business should support the effective abolition of child labour	Employment Equity & People Development
Principle 6	Business should support the elimination of discrimination in respect of employment and occupation	Employment Equity & People Development
<b>Environment</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges	Environmental Stewardship
Principle 8	Business should undertake initiatives to promote greater environmental responsibility	Environmental Stewardship
Principle 9	Business should encourage the development and diffusion of environmentally friendly technologies	Environmental Stewardship
<b>Anti-Corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Governance & Risk, Employment Equity and People Development and Supply Chain Integration

## NOTES

# NOTES







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