

RITE



Brandix Lanka Limited
Sustainability Report 2015 - 2017

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 41,000 workers across 28 factories in Sri Lanka, 05 in India and 01 in Bangladesh to date.



RITE

THE RITE WAY – THE BRANDIX PROMISE

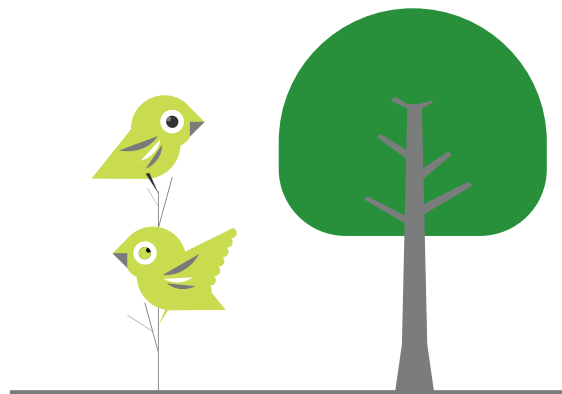
Choosing to lead by example, Brandix has consistently been at the forefront of national and global efforts to adopt best practices for sustainable development. We firmly believe it is the RITE way to do business. The RITE way is the Brandix Group's fundamental business ethos, where every one of our employees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

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 four-pillar Sustainability Framework. Underpinned by this structured approach, we have gradually increased our focus on each core area; People, Planet, Supplier, and the Community, in synchronization with the Sustainable Development Goals.



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In the two years since our last report was published, we have taken great, impactful business strides to bring us closer to the Group's vision of becoming a truly sustainable Apparel manufacturer, wherever we conduct our operations.



ABOUT THIS REPORT

REPORT PROFILE

This is the Brandix Group's third Sustainability Report, demonstrating our ongoing commitment to transparency and accountability to our stakeholders. This report covers the period from 1st April 2015 to 31st March 2017 and explains in detail how we address the most significant environmental and social impacts arising from our operations in Sri Lanka, India and Bangladesh.

We have maintained our biennial reporting cycle, with our last report covering the period of 1st April 2014 to 31st March 2015. Please refer the "About Brandix" section on Page 6 of this report for a complete list of the entities covered.

SCOPE AND BOUNDARY

In this report, we describe the sustainability strategies we have developed in line with the Brandix Group's four-pillar sustainability model. Under each pillar, we discuss the topics deemed material as per our Materiality process outlined on Page 14, along with the topic boundaries. Derived through frequent and ongoing dialogue with our stakeholders, these material topics determine our sustainability context and go on to underpin the sustainability goals set out under each of the four pillars.

BRANDIX GROUP SUSTAINABILITY MODEL



REPORTING FRAMEWORKS

In the interest of completeness, this Sustainability Report has been prepared in line with the Sustainability Reporting Guidelines of Global Reporting Initiative (GRI) Standards: "Core" option, with the relevant GRI indicators being used to demonstrate the progress made by Brandix on each material aspect over the past two years.

The report also seeks to demonstrate the Brandix Group's performance in relation to the United Nations Sustainability Development Goals (SDGs). Where applicable, these are indicated by way of the relevant SDG icons.

In the report, we describe the sustainability strategies we have developed in line with the Brandix Group's four-pillar sustainability model. Under each pillar, we discuss the topics deemed material as per our Materiality process outlined on Page 14, along with the topic boundaries.

ASSURANCE

The Group has adopted a combined assurance approach, where internal management evaluation and audit verification have been used to ensure the accuracy of the report, while independent external assurance by DNV GL Business Lanka (Private) Limited provides further validation regarding conformance to GRI standards and best practices for sustainability reporting. Please refer page 53 of this report to view the external assurance certificate issued by DNV GL Business Lanka (Private) Limited.

Feedback

Any feedback or comments regarding this report can be directed to:

Corporate Social Responsibility Division (Brandix HQ)

No: 25, Rheinland Place,
Colombo 3.
Phone: 0114727000
Email: info@brandix.com

BOARD RESPONSIBILITY

The Brandix Board acknowledges its responsibility for ensuring the integrity of this Sustainability Report and confirms that the contents of the report have been collectively reviewed in conjunction with the assurance reports obtained from our various internal and external assurance providers, including the Risk Management and Internal Audit functions.



Brandix employees donating blood at the Brandix Blood Drive



A few beneficiaries of the Brandix water initiatives

About Brandix

SUSTAINABILITY HIGHLIGHTS 2015 - 2017

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 its roots in Sri Lanka, the Group has since then expanded rapidly, extending its reach within the country as well as overseas, and today employs over 41,000 workers across 28 factories in Sri Lanka, 05 in India and 01 in Bangladesh.

While growth has been an overarching priority for the Group, doing so sustainably is of equal importance. We strongly believe that it is our responsibility to maintain an equitable balance between the resources we use and the resources we put back. As such, we strive to lead by example in realizing our vision to be the most sustainable Apparel manufacturer in South Asia.

For us, sustainability is understanding how our work, our attitude, and our lifestyles relate to human values, impact our environment, and enhance economic development through the governance and management of the environment across the sectors we work within.

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Among the first and ardent proponents of sustainable practices, our commitment to sustainability is further enhanced through internationally accepted best practices for sustainable development. Being a member of the UNGC - Sri Lanka Global Compact further reinforces our commitment to sustainable business practices in areas such as human rights, labour standards, the environment, and anti-corruption. Further, to measure our performance at every stage in their sustainability journey, we have adopted the Higgs Index developed by the Sustainable Apparel Coalition. Through this process, we ascertain a holistic overview of our business and make meaningful improvements at every tier in the value chain, to protect the well-being of our employees, suppliers, communities and the environment.



OUR BUSINESS

Apparel

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

Non-Apparel (Backward Integration):

- Brandix Textiles Limited
- Teejay Lanka PLC (formerly Textured Jersey Lanka)
- Teejay India (Private) Limited (formerly Ocean India)
- Teejay Lanka Prints (Private) Limited (formerly Quenby Lanka Prints)
- T&S Buttons

Services:

- Fortude (Pvt.) Limited (formerly Brandix i3)
- Brandix College of Clothing and Technology
- Brandix India Apparel City (Private) Limited

Functions:

- Fabric Knitting
- Dyeing and Finishing
- Apparel Manufacturing
- Apparel Washing and Dyeing
- Fabric Printing
- Apparel Design
- Research and Development
- IT Solutions

Products:

- Woven Bottoms
- Lounge and Sleepwear
- Underwear
- Bras
- Woven and Knit Fabrics
- Accessories





Garments Manufactured : 505 million pieces
 Printing Fabric : 3,856,316 million meters
 Fabric Manufactured : 101,191,734 million meters

TOTAL EMPLOYEES
 41,847

NET SALES
 USD 1,465 million

TOTAL OPERATING LOCATIONS
 34

Types of Customers

Fashion Brand
 Retailers
 Discounters

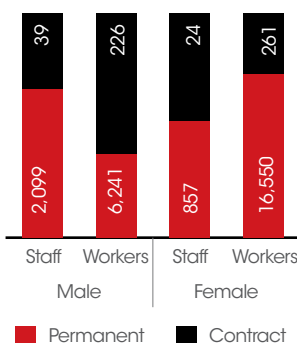
Sectors

Apparel
 Textiles
 Accessories

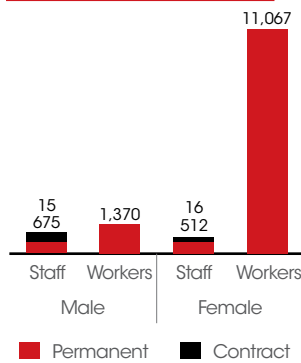
MEMBERSHIPS

- Sri Lanka Apparel Exporters Association
- The Ceylon Chamber of Commerce
- European Chamber of Commerce of Sri Lanka
- The Employers' Federation of Ceylon
- Joint Apparel Association Forum (JAAF)
- American Chamber of Commerce
- CSR Lanka
- United Nations Global Compact
- Global Water Partnership

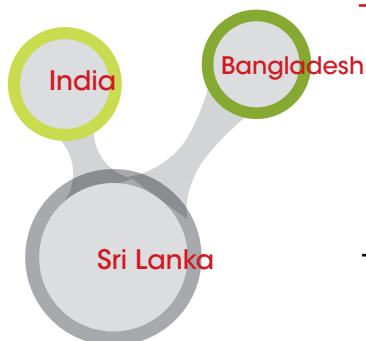
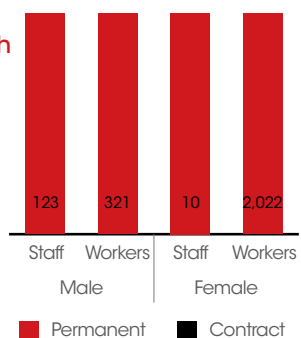
SRI LANKA



INDIA



BANGLADESH



KEY HIGHLIGHTS

Social

- Nearly 96% of procurements sourced from China, Sri Lanka and India
- Robust supplier evaluation and development programmes
- Standardized reporting criteria for OH&S incidents
- Formal implementation of the Workplace Code of Conduct
- Care For Our Own beneficiaries - 612
- Communities impacted through Model Village - 76
- Beneficiaries of Ran Daru Thilina - 7,600 children
- Embarked on the Kelani River Multi-stakeholder Partnership (KRMP) project with IUCN

Environment

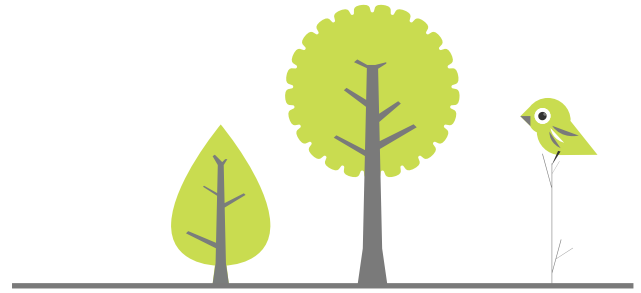
	2015/16	2016/17
Reduction in emissions intensity	9.2%	5.6%
Renewable share of energy	27.7%	26.1%
Solar energy (GJ)	996	2,056
Water recycled	238,400 (7.97%)	274,279 (10.21%)
Rainwater harvested	376,352 (12.59%)	380,630 (14.17%)

- Waste recycled - 99.74%
- Waste diverted from landfill - 99%
- Reduction in food waste per meal - 24.1%

CHIEF EXECUTIVE OFFICER'S MESSAGE

THE BRANDIX APPROACH TO SUSTAINABILITY





It is with pleasure that we present to you the third Sustainability Report of the Brandix Group. In the two years since our last report was published, we have taken great, impactful business strides to bring us closer to the Group's vision of becoming a truly sustainable Apparel manufacturer, wherever we conduct our operations. Notably, we have increased the emphasis on sustainability to ensure the Group continues to grow and thrive amidst the challenges facing the global Apparel sector.

This approach has helped Brandix to achieve a healthy growth year-on-year.

Whether we are advancing economic growth, setting up a new operation or helping local communities improve their living standards, we remain cautious about the effects climate change has on our planet, and as such, continue to explore ways to connect the dots between climate change, health and safety, water scarcity, energy and emissions, and equal opportunities for our employees.



SIGNIFICANT ACHIEVEMENTS 2017

PEOPLE

Introduced 'RITE', the Brandix Group's fundamental business ethos, where every employee believes in, works towards, and ensures that their every action symbolizes the Group's core values.

WATER

'Care For Our Own' impacted the lives of over 1,600 Brandix Associates and their communities through investments made towards micro water supply projects across Sri Lanka.

WASTE

Brandix works with authorized waste disposal vendors in each country and ensures that 100% of waste generated by the company is disposed of responsibly.

ENERGY

To improve energy intensity in the long-term, the company has begun investing in renewable energy sources, specifically solar, with solar plants installed at three facilities: Brandix Essentials Koggala, Brandix India Apparel City and Brandix Essentials Batticaloa.

CARBON

Commenced the installation of a 1.65MW rooftop solar power plant at the newly commissioned factory, Brandix Essentials Batticaloa to attain carbon neutrality.

"We, at Brandix, have introduced sustainable, environment-friendly initiatives across all our plants and factories to ensure that our every action is neutralized by our deeds."

Ashroff Omar, Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S MESSAGE

MAKING CLIMATE CHANGE FASHIONABLE

We, at Brandix, have introduced sustainable, environment-friendly initiatives across all our facilities to ensure that our every action is neutralized by our deeds.

Whether we are advancing economic growth, setting up a new operation or helping local communities improve their living standards, we remain cautious about the effects climate change has on our planet, and as such, continue to explore ways to connect the dots between climate change, health and safety, water scarcity, energy and emissions, and equal opportunities for our employees.

To reaffirm this, I would like to point out that Brandix India Apparel City - our 1,000-acre self-sufficient industrial park in Andhra Pradesh - has been equipped with a 135-acre green belt, whilst the rest of the facility's infrastructure conforms to the strictest environmental standards for energy, water and effluent management.

RAISING THE BAR

Sustainability is far from being an unfamiliar concept to us at Brandix, and we are proud to say that we have pioneered sustainable practices that go as far back as the nineties, practices which were unheard of at the time, even among large corporates.

We began measuring our carbon footprint, as far back as 2007, which helped establish Brandix as one of the first manufacturers in Sri Lanka to venture down this path. In 2008, Brandix became the first Apparel manufacturer in Asia to receive a LEED certification, setting the trend for other countries in the region to follow suit. Our Brandix Green Plant in Seeduwa was awarded LEED Platinum rating in 2018; the first Apparel factory to do so in the world. Thereafter, three other Brandix factories have received the LEED certification.

Further, in 2011, the Brandix Eco Centre became the first Apparel manufacturing facility in the world to obtain the prestigious ISO 50001 Energy Management Systems certification. In addition to this, Brandix won the 'Plan A Supplier of the Year' award in the General Merchandise category from Marks & Spencer at the Plan A Conference held in London in April 2012, and an 'Eco Factory Attribute' from M&S for our manufacturing facility in Bangladesh. This is the first time an Apparel factory has achieved this status in Bangladesh.

These accolades have inspired us to continue to raise the bar in our sustainability goals, thereby helping us improve the scalability of our business by setting world-class parameters and targets for sustainable business growth.

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



Our environmental initiatives remained on track and continued to deliver the desired results. I am happy to report that the Brandix Group's energy intensity indicators have been steadily improving over the past three years, testifying to the success of our efforts to migrate to renewable energy.



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, Inspiration, Togetherness, and Ethics.

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 four-pillar Sustainability Framework. Underpinned by this structured approach, we have gradually increased our focus on each core area; People, Planet, Supplier, and the Community, in synchronization with the Sustainability Development Goals.

Our environmental initiatives remained on track and continued to deliver the desired results. I am happy to report that the Brandix Group's energy intensity indicators have been steadily improving over the past three years, testifying to the success of our efforts to migrate to renewable energy. Further, I am proud to announce that we took the initial steps in our journey to attain carbon neutrality through the installation of a 1.65MW rooftop solar power plant at our newly commissioned factory, Brandix Essentials Batticaloa. Being Sri Lanka's largest and only 100% carbon neutral manufacturing facility, I believe the Batticaloa factory will spearhead our goal to be 'Carbon Neutral by 2020'.

We made significant progress in our community activities as well during this period. The Group's flagship project

'Care For Our Own' reached an important milestone, impacting the lives of over 1,600 Brandix Associates and their communities through investments made towards micro water supply projects across the country. Our Model Village initiative also gathered momentum in 2017, and in keeping with our goal to rehabilitate community infrastructure, we upgraded existing water supply systems and provided water supply and sanitation facilities to a large number of schools, hospitals, religious institutions, and community centres located within a 5 km radius of several Brandix facilities located across Sri Lanka.

MOVING FORWARD

Going forward, we will look to consolidate our operations across our factories in India, Bangladesh and Sri Lanka, whilst further exploring the expansion of our markets in Europe and the Far East. Our focus would be on environmental efficiencies, modern technologies and better business practices that will help augment the Group's capacity in the coming years.

Moreover, as our business continues to grow, our future strategies would revolve around expanding our operations even further with the aim of bringing about positive change for the region.

Given our journey and continued focus to bring about an inspired change to our planet, I believe the Brandix Group has the potential and passion to stimulate innovation, and accelerate the transition to a more sustainable world.



The Brandix factory in Bangladesh



Beneficiaries of the Brandix 'Care For Our Own' initiative

STAKEHOLDER ENGAGEMENT

The individuals, groups and organizations we have identified as being significantly affected by our operations are outlined below. Their perspectives provide us with advice and encouragement, and challenge our thinking, giving us greater clarity on the impacts of our business activities from both the small and large-scale perspectives. Through our various communication platforms, we regularly engage with our stakeholders to build an understanding of priority issues and refine our shared vision for sustainable growth.

Our Stakeholder Engagement mechanism is an evolving process that is above all aimed at ensuring that sustainability is prioritised.

Stakeholder	Method of Engagement	Frequency	Key Concerns Raised
Customers	Emails	Regularly	<ul style="list-style-type: none"> • Innovative production technology • Best practices for quality, safety and environmental management • Ethical business conduct • Reputation for on-time delivery
	Meetings	Weekly, Monthly and Quarterly	
Suppliers	Emails	Regularly	<ul style="list-style-type: none"> • Develop partnerships that would promote a sustainable supply chain • Investment in knowledge transfer and skills development to ensure supplier development
Employees	Telephone Calls	As needed	<ul style="list-style-type: none"> • Remuneration and benefits • Long-term job stability • Career progression • Diversity and inclusion • Training and development • Engagement opportunities • Recognition and rewards • Safety and well being
	Meetings	Monthly	
	Other	Quarterly Internal Magazine	



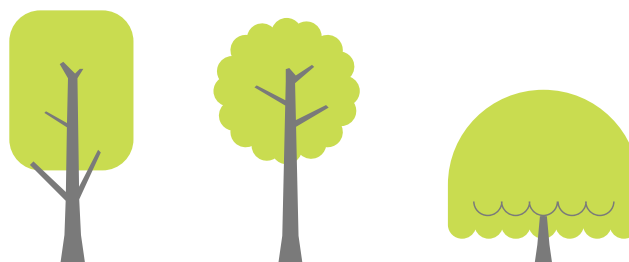
Stakeholder	Method of Engagement	Frequency	Key Concerns Raised
Shareholders	Meetings	Weekly, Monthly and Quarterly	<ul style="list-style-type: none"> • Strong Governance mechanism and Risk Management strategies to improve overall performance • Consistent profitability • Statutory compliance and transparent reporting structure
	Reports	Quarterly	
	Telephone Calls	As needed	
	Emails	Regularly	
Local Communities	Community Events	As needed	<ul style="list-style-type: none"> • Minimize the negative environmental impact of the business • Investments in community infrastructure • Community empowerment
Government	Meetings	Regularly	<ul style="list-style-type: none"> • Good governance and compliance • Creating employment and new business opportunities
	Telephone Calls	As needed	
	Emails	As needed	
Banks	Meetings	Regularly	<ul style="list-style-type: none"> • Consistent results and long-term financial stability of the Company
	Telephone Calls	As needed	
	Emails	As needed	

MATERIAL MATTERS

Our Material Matters are determined based on a bottom-up approach facilitated by informal/ formal discussions with the management and functional work streams, as well as by engaging with our key stakeholders. We have determined the boundary for each material topic based on their respective impacts and Brandix value drivers.

These are ongoing processes through which we identify material social and environmental topics resulting from our business as an Apparel manufacturer. We have reviewed our materiality determination process, consolidated and re-stated topics considered relevant by Brandix. Stemming from this, we are then able to determine a suitable management approach to align our strategies and take appropriate action to reach the desired outcomes.

Material Topic	GRI Standard	Inside Organization	Outside Organization	Management Approach
Fair and Ethical Labour Practices	406, 408, 409	✓	✓	Internal oversight system to monitor compliance with local labour regulations and ILO standards on human rights, with at least one person assigned to monitor and support system implementation at each site
Occupational Health and Safety	403	✓	X	Be recognized by our employees, customers and other interested parties as a responsible Apparel manufacturer that produces and delivers products in a manner that cause zero injury or occupational illnesses to our Associates, contractors and visitors
Training and Development	404	✓	X	Ensure that all our employees have access to learning, development and training opportunities to gain the knowledge and skills needed to carry out their designated role within the Group
Employee Engagement		✓	X	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
Compliance	307, 419	✓	✓	Environmental and socio-economic concerns are integrated into our day-to-day operations in compliance with all national laws and regulations in the countries that we operate in



Energy	302	✓	✓	Improve the Group's energy intensity parameters by slowly migrating away from non-renewable energy sources and consistently increasing the dependency on renewable energy
Emissions	305	✓	✓	Operate more efficiently to reduce GHG emissions per unit of production
Water	303	✓	✓	Optimize our water usage by making a concerted effort to improve factory-wide efficiencies
Waste	306	✓	✓	Reduce the volume of waste we generate, thereby eliminating the volume sent to landfills each day
Environmental Impact Assessment - Supplier	308	X	✓	Supplier self-assessment form to determine the environmental impact of supplier operations
Social Impact Assessment - Supplier	414	X	✓	Supplier self-assessment form to determine the social impact of supplier operations
Supplier Evaluation		✓	✓	Evaluation and selection of suitable suppliers and service providers, and approving suitable parties to contract with, guided by the "Five Basic Vendor Rights"; namely Right Quality, Right Source, Right Time, Right Quantity and Right Price
Supplier Development		✓	✓	Mentor our suppliers and encourage them to improve their effectiveness and keep pace with the evolving needs of the Brandix Group
Community Development	413	✓	✓	Make a clear and positive contribution to the community through systematic interventions that will enhance the wellbeing of underserved communities in areas where the Brandix Group has a presence
Anti - Corruption	205	✓	✓	Maintain a strict anti-corruption policy, as well as a zero tolerance policy for non-compliance

GOVERNANCE

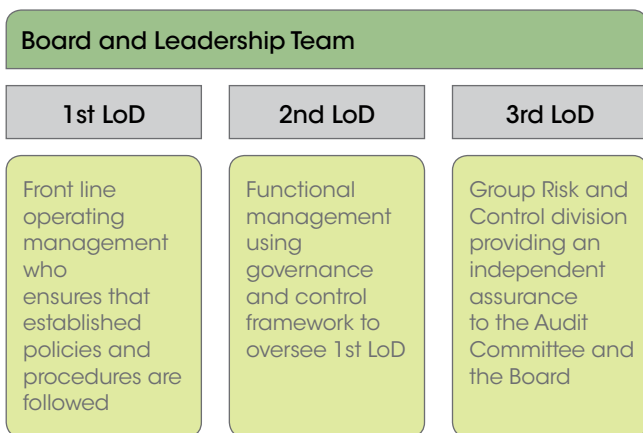
Our Governance framework integrates processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

THE RITE FOUNDATION

Corporate Governance is the foundation that enables the Brandix Group to achieve its corporate mission to maximize economic, environmental and social returns to stakeholders over the long term. Strong governance also ensures that our business activities meet local laws and regulations, and that the Group acts in accordance with professional and ethical standards in order to achieve sustained, healthy and long-term growth.

Our Governance framework integrates processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

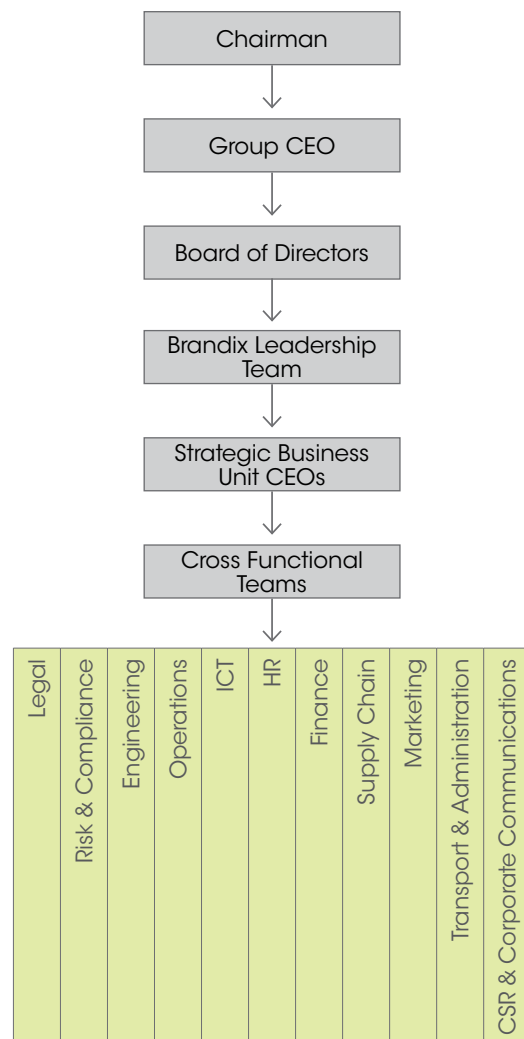
We use the "Three Lines of Defense Model" in structuring Governance risk and control responsibilities across the business, with the Board of Directors being the ultimate authority providing oversight for each of the three lines of defense.



A STRONG BOARD

At the core of the Group's Governance structure is a strong, effective and qualified Board of Directors, who are committed to maintaining rigorous Corporate Governance, sound internal controls and a structured Risk

Management framework to earn the confidence of our employees, customers and the community.



The Brandix Group Board comprises of professionals from across society, backgrounds and professional qualifications, bringing critical business experience and expertise to the Group.

The Board has final authority when monitoring and reviewing the Group's Corporate Governance policies and practices. The Board meets once a week to formulate strategies and monitor their execution, evaluate performance on financial and sustainability parameters, and determine the long-term direction of the Group in response to changes in the macroeconomic climate.

An Independent Chairman sits at the head of the Board, and guides Board members and the Senior Management team towards discharging their leadership responsibilities in achieving business objectives. The executive responsibility for operational oversight lies with the Group CEO.

The Role of the Board Audit Committee

The Board appointed Audit Committee comprises of two Independent Non-Executive Independent Advisors. The mandate of the Board Audit Committee is to review and verify the accuracy and transparency of all activities of the Group. The Audit Committee assists the Board in monitoring the integrity of the financial statements, compliance with company policies, legal and regulatory requirements, and effectiveness of internal control systems with a view to safeguarding interests of shareholders and all other stakeholders. As such, the Board Audit Committee has the authority to call for any information it requires from any Director, member of management or any employee.

The Audit Committee also directs, instructs and guides the Internal Audit function in discharging its responsibilities laid down under the Internal Audit Charter.

Under the supervision of the Board Audit Committee, the Group's Internal Audit function acts as an independent and objective assurance and consulting activity that provides a framework through which to roll out ongoing improvements to our business operations. Supported by the Audit Committee-approved annual Internal Audit Plan, the Internal Audit function contributes towards the accomplishment of corporate objectives and improving the long-term scalability of the business, through a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's Governance, Risk Management and Internal Control systems.

The scope of Internal Audit encompasses but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's Governance, Risk Management, and Internal Controls, but also extends to assessing the integrity of financial statements.

BRANDIX LEADERSHIP TEAM (BLT)

Bringing together the Apparel Leadership Team & Corporate Leadership Team, the newly renamed BLT will

be accountable to deliver on the Board-approved annual business plan and the three year Long Range Plan (LRP).

Using our PDCA philosophy of continuous improvement, the BLT is expected to lead all SBUs towards strategy execution, ensuring transparency of information and best practices to support sustainable growth and good governance.

The BLT's focus on strengthening the concept of "One Brandix One Company" will drive succession planning of critical talent and skill development through job rotation across the Group. They will leverage our relationship with Accenture to achieve best in class value through analytics, automation and outsourcing capabilities. The Board will rely on the BLT to be appraised of issues that could have a bearing on the Group's results, reputation and stability.

The BLT will also work closely with the Functional Directors and the Functional Heads in managing the respective work streams with the objective of embedding a world-class process-driven culture across our Group.

BEST PRACTICES

Our internal governance structure - from the Board of Directors to the teams at the factory floor, are aligned with the values and principles we operate by. Further, the Brandix Group has voluntarily embraced certain key elements of international best practices on Corporate Governance, although it is not required by law given that the Group is a private and family owned business.

Accordingly in 2017, we extended good governance practices on the factory floor through the roll out of the Factory Control Assessments (FCA). Developed in line with internationally accepted best practices for Internal Controls, the FCA aims to promote a culture of control-consciousness on the factory floor by providing a review mechanism to mitigate ground-level operational risk.

In the interest of establishing good governance and transparency across all our manufacturing locations by educating and empowering our Associates to drive a self-disciplined control culture, the FCA roll out was carried out in one language.

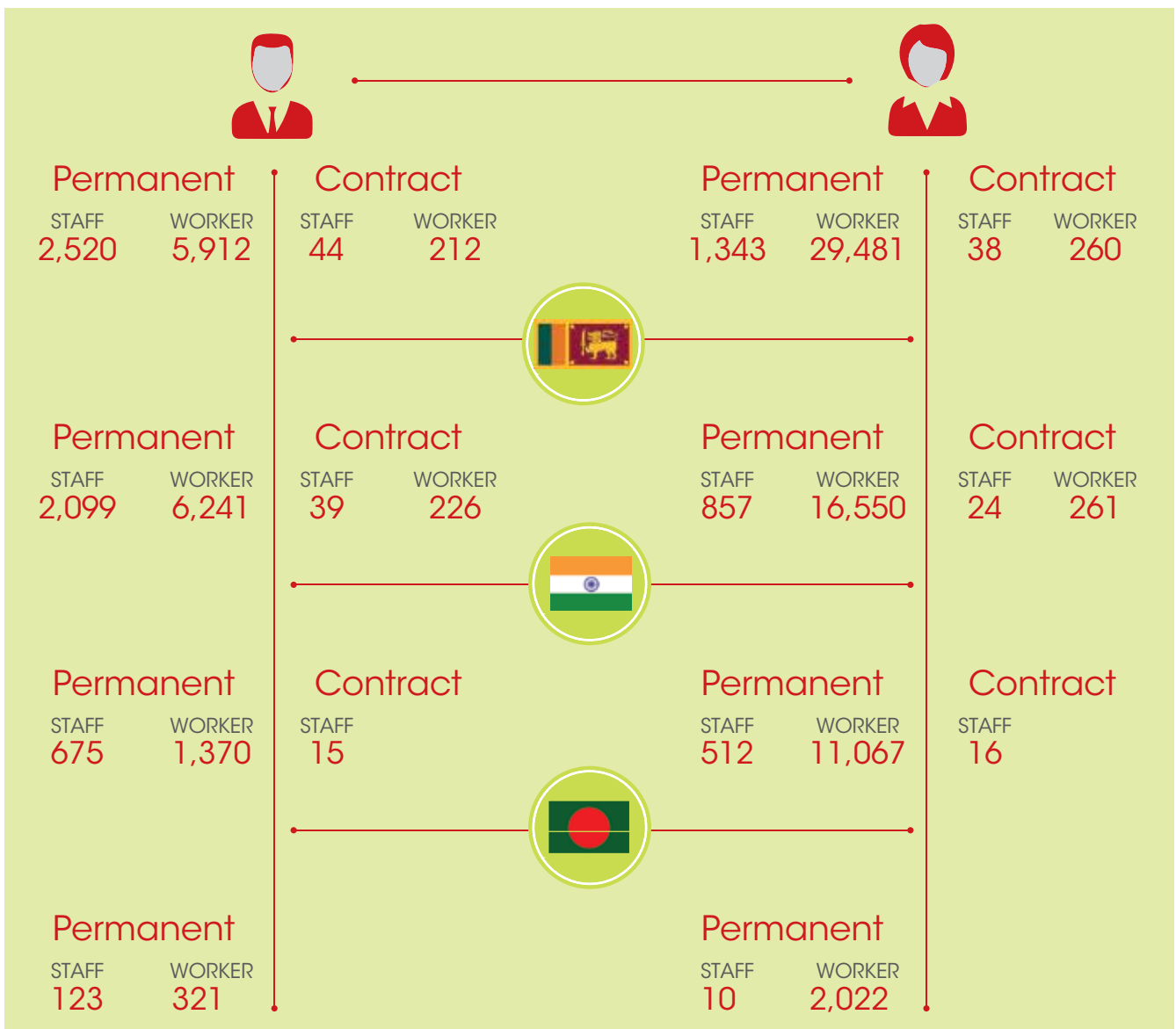
PEOPLE

THE RITE MIX

People are the lifeblood of our business. It is their hard work that has made Brandix what it is today – Sri Lanka’s single largest Apparel exporter. In fact, we readily acknowledge that our team of over 41,000 people across Sri Lanka, India and Bangladesh are the true architects of our success story.

We believe that each employee brings his or her unique talents and ideas to work every day to help achieve the goals outlined in our mission statement. It is why we

All Brandix employees are entitled to our performance management mechanism, which is based on the underlying premise that; “employees are driven by a result-oriented mindset”. The performance management mechanism goes hand in hand with our structured succession plans that are made available to any employee who exhibits the tenacity for career progression.





remain firm in our commitment to create an engaged, loyal and committed workforce. At Brandix, we call this the RITE way, where each and every one of us believes in, works towards, and ensures that our every action symbolizes our core values of Respect, Inspiration, Togetherness and Ethics. These values are imbued into the day-to-day work life and give us the impetus to make the RITE choices, the RITE decisions, and foster the RITE attitude to take Brandix forward.

OUR STRATEGY

Our intention is to promote an inclusive work culture that gives people the confidence to realize their full potential, professionally and personally. As such, we do not discriminate against race or religion, caste, creed or any other status protected by law. Moreover, we strictly believe that employment should be at the free will of the employee and no individual will be coerced to remain in employment should they not wish to do so. Child labour is strictly prohibited across all our operating locations at Brandix. At the time of recruitment, we strictly verify the legal age of a candidate through their NIC, ensuring no children are recruited.

We are an equal opportunity employer and offer equal salary and remuneration to both men and women. Further, the principles of equality and diversity are applied at every stage of the employment process, including recruitment, selection, evaluation, promotion, training and development of all employees. As a result, we have succeeded in maintaining a strong gender balance across our operations in Sri Lanka, India and Bangladesh.

All Brandix employees have access to a robust benefit package, which is well in excess of the minimum requirements laid out by law. We believe that a formal and transparent procedure on executive remuneration is a prerequisite to promote our long-term success. As such, we have set up a Compensation Committee, headed by an independent Chairman and comprising of the Group Finance Director and two Non-Executive advisors, to assist our Board of Directors in fulfilling their responsibilities in respect of key compensation policies for our executives and senior management team. In deference to the Group's equality goals, we have also appointed specific officers to ensure unbiased execution of our benefit plan across all our plants.

We do not hire temporary or part time employees, but do engage in fixed term contract employment to meet the needs of our business operations from time-to-time. Employees engaged on this basis are also entitled to all benefits provided to permanent employees.

All Brandix employees are entitled to our performance management mechanism, which is based on the underlying premise that; "employees are driven by a result-oriented mindset". The performance management mechanism goes hand in hand with our structured succession plans that are made available to any employee who exhibits the tenacity for career progression.

Maintaining direct, honest and open relationships with our employees is very important to us. Our open-door policy ensures every one of our employees is heard and understood. However, if an issue cannot be resolved satisfactorily through discussion, employees have the choice of escalating the matter to the official Ombudsman for appropriate action.

BEST PRACTICES

Human Rights

Brandix has established an internal oversight system to monitor compliance with local labour regulations and ILO standards on human rights, with at least one person assigned to monitor and support system implementation at each site.

Further, all employees are trained on their workplace rights and expected to behave ethically at all times. This includes creating awareness among employees to prevent discrimination, corruption, harassment and abuse of employees.

Workplace Code of Conduct

Our Workplace Code of Conduct, formally implemented in 2015, outlines our commitment to providing good working conditions and fair wages for all employees. While specific to Brandix, the Code aligns with all applicable labour laws in each of the countries in which we maintain a presence, as well as with the ILO standards. It also confirms our position on international human rights and ethical behaviour. The Code is posted prominently at all our operating sites and is translated into the languages of all employees at each location.

PEOPLE

Our ongoing commitments include; providing a safe, healthy, ethical and respectful working environment for our employees, promoting employee growth through training and development, connecting with our employees through effective communication mechanisms, and nurturing them to make a positive impact on themselves, their families, and the wider communities.

Symbolic of the Group's ongoing commitment to strengthen best practices, six Brandix factories in Sri Lanka and two in India have formally adopted the ETI (Ethical Trading Initiative) Base code, an internationally recognized code of labour practice based on the ILO conventions.

Brandix maintains a strict anti-corruption policy as well as a zero tolerance policy for non-compliance. Supported by our Social Compliance Manual, team leaders at each factory are expected to enforce these principles among their teams. The Brandix core values are prominently displayed at each factory along with posters that serve as a constant reminder of the Brandix way of operating. These are combined with regular training to educate the team on applicable laws and raise awareness regarding the importance of business ethics. There were no reported incidents of anti-corruption or non-compliance of laws or regulations, during the reporting period. Further no Brandix operations were found to be at risk for child labour or forced and compulsory labour.

ONGOING COMMITMENTS

We have established a set of key priorities that serve as the backbone of our employee care programme. This systematic approach gives a better perspective of employees' different needs and helps in the implementation of targeted employee care initiatives.

Our ongoing commitments include; providing a safe, healthy, ethical and respectful working environment for our employees, promoting employee growth through training and development, connecting with our employees through effective communication mechanisms, and nurturing them to make a positive impact on themselves, their families, and the wider communities.



Occupational Health and Safety

Being a manufacturing organization, the provision of a healthy, comfortable and safe environment for our employees is fundamental to how we operate. At Brandix, we take pride in this safety culture, which has prompted investments to set up and maintain an in-house medical facility, manned by qualified doctors and staff at each of our 34 factories.

None of our employees are involved in occupational activities that pose a high risk of specific diseases. Regardless, we are fully committed to developing and applying effective Occupational Health and Safety (OH&S) systems, standards and practices that take cognizance of the risks associated with our business activities. Areas covered under the group OH&S programme include training and safety induction, the proper use of in-house machinery, identifying and reporting hazards, first aid, fire evacuation drills, accidents from chemical hazards, dust and noise control, and indoor air quality, among others.

To apply these principles in practice, we have implemented detailed Safety Management Systems (SMS) and Standard Operating Procedures (SOPs) at each plant. Safety protocols at all factories are monitored regularly and undergo stringent safety system inspections biannually. Internal teams and external organizations are commissioned to conduct regular audits to validate the effectiveness of the systems and processes in place.



Occupational Health & Safety Policy

The Brandix Group is committed to providing superior quality garments on time and within the stipulated budget, meeting or exceeding customer's requirements and satisfaction. This will be achieved by continual improvements through a Health & Safety (H & S) Management System with constant reviews and effective implementation. We strive to be recognized by our employees, customers and other interested parties as a responsible Apparel manufacturer that produces and delivers products in a manner that have zero injury or occupational illnesses to our associates, contractors and visitors, without losses to company assets and conserve the environment.

The Brandix Group is also committed to conduct its operational activities in compliance with all applicable legal, customers' and other requirements relevant to Health & Safety. All Brandix Group personnel have been made aware of the Health & Safety Policy and their responsibility towards the commitment.

Ashroff Omar
Group Chief Executive Officer

Going beyond these Group norms, the OH&S programmes at Brandix Lingerie Wathupitiwela and Brandix Casualwear Seeduwa are further strengthened by the Occupational Health and Safety Assessment Series standard OHSAS 18001.

Brandix Apparel India 03 has adopted SA 8000; Social Accountability Standard (2017 - 2020), where continuous surveillance audits stress the importance of ongoing process improvements.

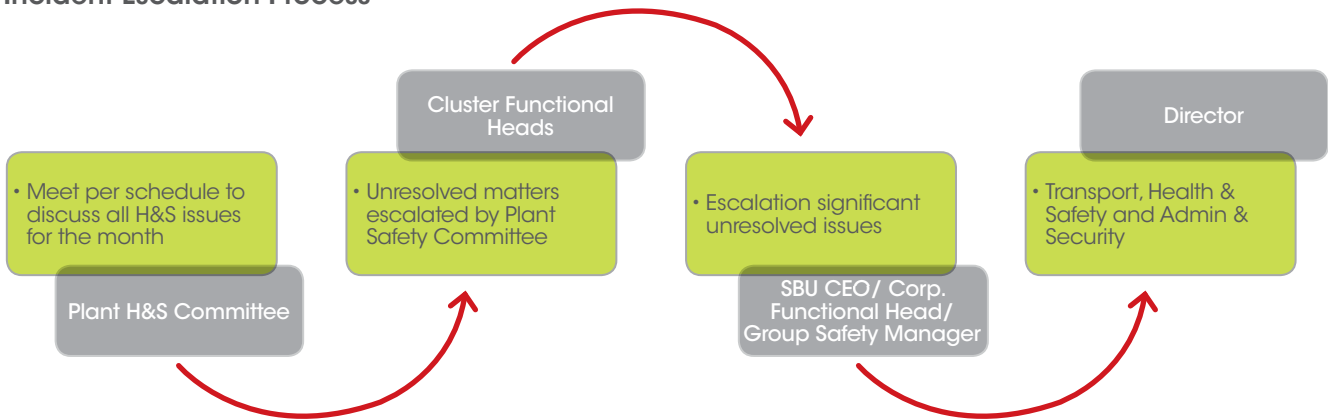
All Brandix factories have a Health and Safety (H&S) committee, representing 100% of the workforce. The committee comprises a cross functional team, chaired by the Plant Operations Manager at each site. The Plant Safety Officer, also a member of the committee, is assigned to track all accidents and incidents, conduct safety reviews and report on performance against internal targets. The Safety Committee is held fully accountable for workforce safety at each factory and as such is required to meet at least once a month to review the current safety record, with reported breaches being escalated for further action vis-à-vis the Incident Escalation Process.



Employees of Brandix putting the 'Health & Safety Policy' into practice

PEOPLE

Incident Escalation Process



Across the Group, the majority of workplace accidents for the reporting period were classified as minor, usually involving interface with machine moving parts, such as in sewing machines, and these are addressed systematically. However, two major incidents were recorded for the reporting period:

CASE STUDY 1

Food Poison Incident at Brandix Fast Fashion Avissawella - 01st December to 10th Dec 2016

Incident in brief

Employees at the factory complained of multiple symptoms including; diarrhea, vomiting feeling, faintish, stomach cramps and fever. Minor cases were treated at the plant medical center and severe cases were referred to Avissawella General Hospital.

Personnel reported with symptoms of diarrhea	- 445
Referred to General Hospital	- 168
Admitted to hospital	- 31

Findings

As per the post-incident report issued by the SGS, the food and fruit juice samples were found to contain pathogenic microbiological contamination. The root cause was not established. However, possible causes were identified - transmission through animal droppings, canteen staff and fresh and dry rations

Steps taken to avoid similar incidents in the future

- Educate employees on personal hygiene practices
- The daily canteen checklist to be checked by Canteen Manager/Executive and verified by the Plant Safety Officer.
- Conducted a Gap Analysis/HACCP (Hazard Analysis Critical Control Points) study in order to find out

the deviations of the existing canteen facility and implement best practices.

- Canteen agreements to be entered into only with ISO 22000 standard certified service providers.
- Request canteen service providers to conduct independent hygiene audits annually, with the report to be submitted to the Plant Safety/Cluster Safety Management team.
- The fruit stall was discontinued due to the service provider failing to meet the Group's required hygiene standards.

CASE STUDY 2

Fire at Brandix Intimate Apparel - Katunayake 13th April 2015 at 7.30 am

Incident in brief

Three days after the plant was closed for the Sinhala & Tamil New Year, a fire broke out inside the production floor. The entire building was destroyed, including significant loss and damage to equipment, machinery and raw materials used for production. An attempt to extinguish the fire was made by the Security Team at the plant, as well as the BOI Fire & Rescue Service. However, the fire had escalated beyond their control, after which the Airport and Air Force Fire Units were deployed to bring the situation under control.



Findings

Investigations into the incident revealed the following:

- Fire detection and alarm systems were out of order
- Fire protection system was inadequate
- Shut down procedure had not been properly implemented
- Fire Vigilant duties have not been practiced by security personnel

Steps taken to avoid similar incidents in the future

Following the incident a comprehensive fire safety programme was rolled out to upgrade all fire systems and safety systems at Brandix Intimate Apparel - Katunayake and all other factories in the Group in an effort to benchmark international standards. The programme included the following activities:

- Implemented Fire Detection System as per NFPA 72 Standard, including the installation of UL and FM Listed Fire Alarm Control Panel
- Upgraded Fire Protection systems in line with NFPA 72 standard, including the installation of UL and FM Listed Fire Pumps
- Conducting an annual Fire Risk Assessment by qualified personnel
- Introduced a comprehensive 3rd Party Electrical Safety Audit, with Internal Audit conducted by Group Electrical Engineer
- Introduced a comprehensive Factory Shut Down Procedure
- Introduced and implemented factory closure spot checks
- Ongoing practical training for security personnel conducted by Health & Safety Managers/Officers
- Daily checking of the serviceability of fire systems by Plant Health & Safety Officer and security personnel
- Daily checking of the serviceability of fire systems by Brandix Command and Control Centre at Head Office

All our factories and offices are under constant surveillance to safeguard against external threats. We have entered into contractual agreements with a number of reputed security service companies to provide 24/7 security services at all our facilities. All security personnel are expected to adhere to the Brandix Security Manual to ensure they perform their duties cognizant to our security parameters. To further support this, we provide security personnel with relevant training during their induction period, as well as on-site monthly training on customer relations.

HEALTH AND SAFETY GOALS

- ➔ Production & delivery of products, in a manner that incurs zero injury or occupational illnesses to our associates, contractors and visitors.
- ➔ Highest international standards of occupational health, safety and environmental protection.

PERFORMANCE OUTCOMES

Disclosure 403-2 - Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Types of Injury	Jan to Dec 2014	Jan to Dec 2015	Jan to Dec 2016	Jan to Jun 2017
Minor Accident/ Incident	1,401	2,525	2,170	1,022
Major Accident/ Incident	50	25	17	04

In 2017, the Group commenced a new initiative to report Group-wide incidents under the following:

NO. OF 1ST AID CASES (FAC)

974

NO. OF MEDICAL TREATMENT CASES

36

LOST TIME FOR INJURY (LTI)

4 (major incidents)

FATALITIES

ZERO

PEOPLE



Training and Development

At Brandix, we pride ourselves to be a learning organization. We are committed to ensuring that all our employees have access to learning, development and training opportunities to gain the knowledge and skills needed to carry out their designated role within the Group. We believe that through training and development, employees can sharpen their competencies in order to support the Group's strategic objectives and future growth trajectory. In line with our 70:20:10 training model, all Brandix employees undergo training for their job-specific functions. In addition to job-specific training, we facilitate employee growth by investing in additional training to enhance leadership skills thereby, transitioning our management teams to lead our next-generation workforce.

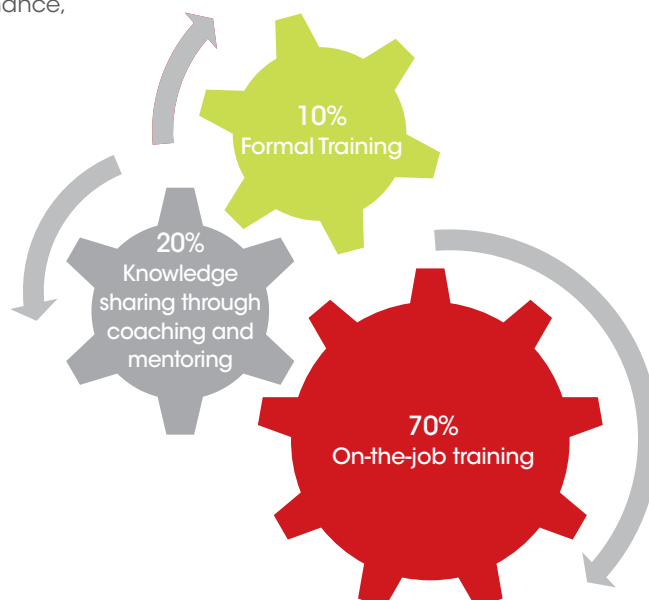
Regular reviews are conducted to assess the level of investment in staff training and development. We are thus able to determine if adequate time and resources are being invested in training and ascertain if the current training and development plan is delivering the expected benefit to both the staff member and the business. The effectiveness of training programmes are evaluated through post-training feedback forms, which are used to document new skills learnt, their relevance to the particular job role and effectiveness in the day-to-day application. The forms also provide trainees with the opportunity to review the trainers' performance,

Our leadership training modules are broadly classified as Executive and Non-Executive. The Executive leadership training agenda is made up of a range of robust training modules that allow different Executive-level employees to upgrade their competency and acquire functional and leadership skills.

training tools used, and training environment along with suggestions for improvement. The data gathered through these feedback forms facilitate ongoing enhancements to our training agenda.

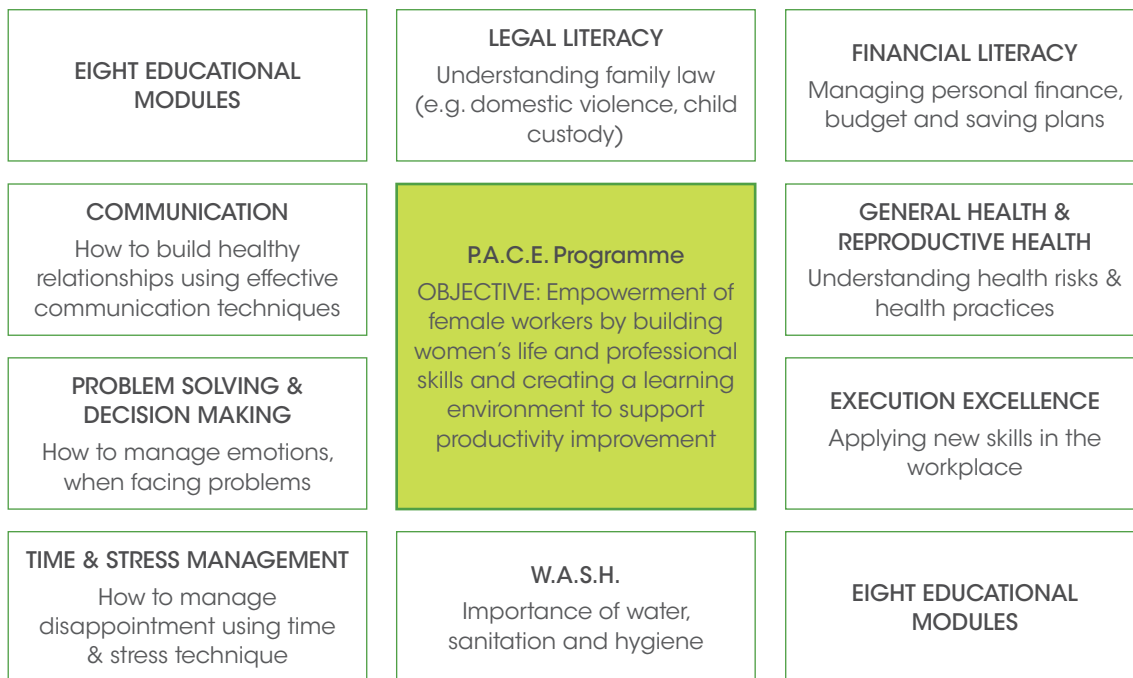
Our leadership training modules are broadly classified as Executive and Non-Executive. The Executive leadership training agenda is made up of a range of robust training modules that allow different Executive-level employees to upgrade their competency and acquire functional and leadership skills. For general Executives, the emphasis is on building a critical skills set including; Communication & Negotiation, Planning & Execution, Strategic Thinking & Decision Making, Working under Pressure, Problem Solving, Team Work and Team Management.

Work stream Executives at Brandix Engineering, IT and Merchandizing have access to leadership development through practical exposure via conferences, forums and public workshops, audit and technical trainings.





Our Executives also benefit from leadership exchange programmes through our partnership with the Centre for Creative Learning (CCL), an organization that serves over 30,000 individuals and 2000 companies annually, including over 80 Fortune 500 companies across verticals such as public, private, non-profit and education.



Meanwhile, female Non-Executive employees have access to P.A.C.E., a Personal Advancement & Career Enhancement programme, initiated by Gap Inc., and activated by Brandix in 2015. It involves 65-80 hours of module-based instruction on building women's lives and enhancing professional skills. Once the employees complete the life-skills modules, they are given the opportunity to participate in enhanced technical skills training.



P.A.C.E. classroom session



Outstanding performers of P.A.C.E.

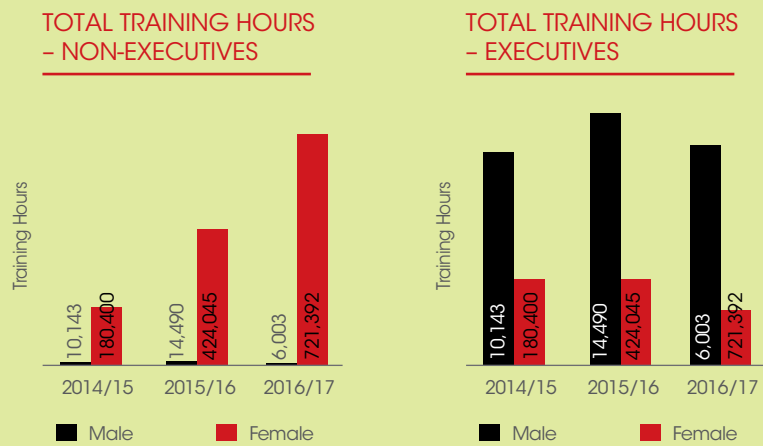
PEOPLE

TRAINING AND DEVELOPMENT GOALS

- ➔ Maintain post-training retention rate at over 90%.
- ➔ Ensure year-on-year increase in number of female promotions.

PERFORMANCE OUTCOMES

Disclosure GRI 404 -1 - Training & Education



* The data for 2014/15, which was used in the previous Sustainability Report, has also been included here to offer a baseline comparison for the subsequent years.

Disclosure 404-2 - Programmes for upgrading employee skills and transition assistance

	Male		Female	
	2015/16	2016/17	2015/16	2016/17
Target Group:	Female Associates		Female Team Leaders, Group Leaders and training instructors in five SBUs;	
			<ul style="list-style-type: none"> •BEL-Rambukkana •BEL- Koggala •BFF-Mirigama 1 •BFF Mirigama 2 •BFF Minuwangoda 	
Total Cadre	1494	Total Team Leaders (Inclusive Male)	213	
P.A.C.E Graduates	150	P.A.C.E Team Leaders	209	
Pace Retention	75%	P.A.C.E Team Leader Retention (As at August 2017)	90%	
P.A.C.E Promotions	71 Associates	P.A.C.E Promotions	2 Team Leaders promoted as Group Leaders	1 Group Leader promoted as Technician



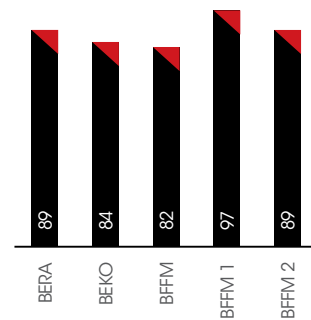
Female Mechanics Training Programme

As a Group that is committed to equal opportunity employment, Brandix offers its Executive and Non-Executive staff numerous opportunities for career progression. Highlighting this commitment, Brandix took another significant step in its ongoing efforts to promote gender equality across the Group through targeted initiatives to train female Mechanics through a special in-house training course on sewing machine maintenance and repair.

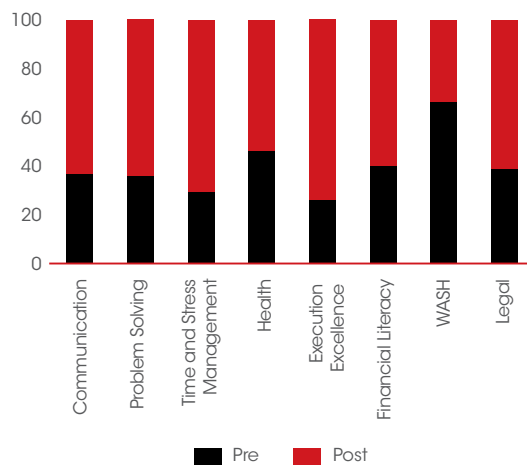
Penetrating what was once a male dominated field, the 19 female Associates from four business clusters of the Brandix Group completed the intensive four-month training programme that covered 10 types of sewing machines and encompassed a comprehensive range of technical skills.

The 19 female Mechanics that completed the course were examined via a practical test, a written test, and by their manuals and record keeping. Notably, seven of the female Mechanics obtained a High Distinction pass, while eight others received a Distinction. Aged 18 to 30 years, these Associates who were earlier employed as Sewing Machine Operators, Quality Controllers and Helpers, have now been promoted to the position of Junior Mechanic with higher salaries and improved prospects for progression in their companies. With further training available within the Group, they may aspire to positions such as Maintenance Executive, Plant Engineer, etc. in the future.

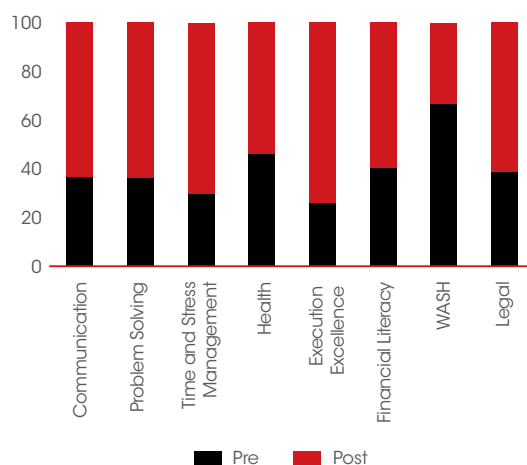
P.A.C.E. PROGRAMME RETENTION - FACTORYWISE (2016/2017)



P.A.C.E. KNOWLEDGE IMPROVEMENT (2015/2016)



P.A.C.E. KNOWLEDGE IMPROVEMENT (2016/2017)



PEOPLE

PERFORMANCE OUTCOMES

Disclosure 404-3 - Percentage of employees receiving regular performance and career development reviews

Executive	FY 2015/16		FY 2016/17	
	Male	Female	Male	Female
Total H/C	1,851	521	1,885	566
Trained H/C	1,741	571	1,269	392
%	94	110	67	69

Non-Executive: Refer P.A.C.E. programme data above



Employee Engagement

We believe a work environment that embodies a consultative and participative approach to engaging employees is vital to not only retain employees, but is also critical

to the Group's external positioning as an employer of choice.

Led by our RITE values, we strive to maintain direct, honest and open relationships with our employees. We have found that open communication also creates a platform to solicit innovative ideas, helps increase awareness and provides an opportunity to reinforce our corporate culture.

Employee Councils have functioned as the main channel of communication between employees of the Group's management since 2005. The primary objective of the Employee Council is to work together to improve the welfare of all members of the association and ensure internal disputes are settled efficiently with minimum disruption to the routine work schedule.

All permanent employees (excluding Executives) are eligible to apply for membership of the Employee Council, while an Executive Committee consisting of at least one elected representative from each section/production line, acts on behalf of the Group. The committee is elected for a term of twelve months and is 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 and their elected representatives the Employee Council, prior to the implementation of significant operational changes that could substantially affect them.

All complaints are treated fairly and resolved within a stipulated time frame. Our dispute resolution mechanism is a completely transparent process, whereby the complainant is kept apprised regarding the progress at each stage of the resolution process.

Testifying to the effectiveness of the Employee Council as an employee communication and engagement tool, no collective bargaining agreements are enforced at any of our sites in Sri Lanka, India or Bangladesh, despite an over 41,000-strong permanent workforce across the Group. In this context, no Brandix operations were found to have violated the employees' rights with regard to freedom of association or collective bargaining.

However, during the period under review, the Indian Central Government issued a directive to change the rules pertaining to the withdrawal of the Provident Fund (PF) at the time of resignation of employees, resulting in them having to wait till the age of 58 to withdraw their employer's contribution towards the PF, triggering many demonstrations and strikes in several states and also at Brandix India Apparel City (BIAC) on 15th April 2019, during which the Associates expressed their displeasure at the directive.

Whilst the strike resulted in the Government reworking the rules to the original directive, we proceeded to take mitigative steps in the wake of this incident, with the aim of further reinforcing our processes that were already in place to address such concerns. These included continued collaborative discussions with the Associates to voice out their concerns, introduction of Telugu (local



language) speaking senior leadership to BIAC, creation of a Telugu speaking local talent pool, attracting local talent to fill vacancies in operating units minimalising expatriates, and Telugu language learning classes for non-Telugu speaking Associates, to name a few.

Additionally, employees who wish to file a complaint can do so through the communications liaison unit, or in writing through any one of the following escalation steps:

LEVEL 1 ESCALATION:
Reporting Manager /Supervisor

LEVEL 2 ESCALATION:
TED

LEVEL 3 ESCALATION:
Company CEO

LEVEL 4 ESCALATION:
Corporate HR

All complaints are treated fairly and resolved within a stipulated time frame. Our dispute resolution mechanism is a completely transparent process, whereby the complainant is kept apprised regarding the progress at each stage of the resolution 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, an impartial dispute resolution practitioner whose major function is to provide an independent opinion towards resolving the dispute. In following this path, the employee is deemed to have understood that the decision of the Ombudsman is final.

Aside from these formal channels, our employees can engage with their colleagues at all levels through a range of informal activities designed to foster team spirit and a sense of camaraderie among Brandix employees.

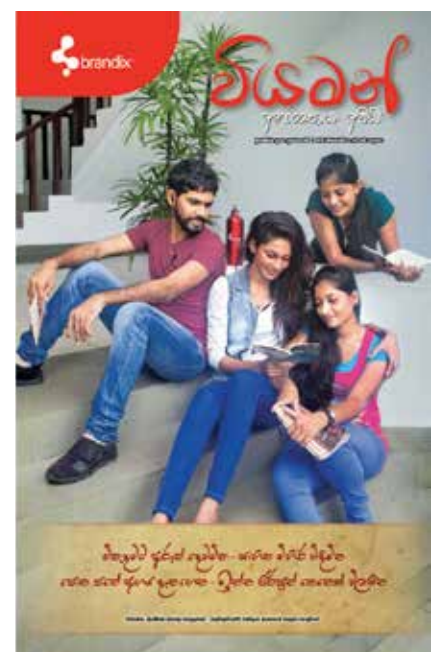
In an organization where we consider our people our core strength, we constantly look for newer and more proactive ways to inspire and motivate employees to seek out new challenges, and provide a platform to celebrate their achievements.

The Brandix Group’s quarterly newsletter ‘Viyaman’ knits together the diverse parts of the Group in a cohesive medium that communicates these aspects to each and every individual of the Brandix family.

Above all, ‘Viyaman’ is a voice for the members of the Brandix family - it is a forum through which they can express their thoughts and feelings, celebrate their success and events in their lives, and thereby strengthen the unity among them. As such, the publication consists largely of creative work produced by the Associates themselves, including poetry, feature articles, short stories and cartoons.

Special supplements on various themes are inserted with the newsletter from time to time. Furthermore, the newsletter gives prominence to the CSR activities conducted by the Group, whilst also featuring stories of extraordinary individuals hidden within the fabric of Brandix.

Today, with a print-run of 30,000 copies, ‘Viyaman’ is regarded as the largest privately circulated in-house magazine in Sri Lanka; published primarily in the Sinhala language, along with a few Tamil articles. Associates at Brandix receive the newsletter free of charge. In keeping with Brandix eco-friendly initiatives, ‘Viyaman’ is printed on FSC certified paper using vegetable-oil based ink, while an online PDF version is made available to all Executives at Brandix.



PEOPLE

'Rasadiya Mangalya' Annual Awards 2017

The annual Brandix 'Rasadiya Mangalya', was held for the 7th consecutive year to recognize 27 employees from Sri Lanka and 10 from overseas locations as Employees of the Year (EOYs) and eight others – five from Sri Lanka and three from overseas – as Supervisors of the Year (SOYs), for their contribution to the Group's progress in 2016.

Each EOY and SOY received a trophy of appreciation as well as a company-sponsored study tour to China, India or Bangladesh, and in Sri Lanka for those attached to the Group's overseas plants.



The event also included awards for mechanical excellence with Rs.2 million in cash prizes handed out to three individual Mechanics and their respective teams that secured the first three places in the annual Brandix 'Mech Challenge' – a Group-wide competition in mechanical proficiency.

'Rasadiya Tharu' Talent Competition 2017

The Group's annual talent competition, now in its 4th consecutive year, "Rasadiya Tharu", provides a platform for employees to showcase and be recognized for their talents.

The 2017 event consisted of three separate competitions - 'Rasadiya Gee Tharuwa' (Singing Star), where four finalists were selected from 250 participants who competed in the preliminary rounds of the competition; 'Rasadiya Narthana Tharu' (Dancing Stars), where six troupes of dancers were shortlisted from 18 teams that participated in the preliminary rounds of the contest and 'Rasadiya Nivedana Tharu' (Announcing Star), a new competition introduced in 2017 where three finalists were selected from 60 that vied for the prize, performing on stage before panels of celebrity judges.





At the end of an evening of high quality entertainment viewed by 5,000 Brandix Associates, the coveted title of Brandix 'Rasadiya Gee Tharuwa' for 2017 was won by Sanjeeva Pushpakumara of Brandix Casualwear, Ratmalana, while the Brandix 'Rasadiya Narthana Tharu' title was won by the dance troupe of Brandix Fast Fashion, Avissawella, and the Brandix 'Rasadiya Nivedana Tharu', was won by H. G. Ajith Priyantha of Brandix Athleisure, Polonnaruwa.



'Rasadiya Kusalanya' (Mercury Trophy) Volleyball Championships 2017

The 'Rasadiya Kusalanya' (Mercury Trophy) tournament is the largest competition of its kind conducted by a single corporate entity in Sri Lanka. Conducted for the Non-Executive employees, the Brandix Rasadiya Kusalanya tournament is considered a significant contributor to the popularisation of volleyball and the development of players from rural areas, while promoting employee interaction and team spirit within the Group. In all, more than 350 players representing 17 men's teams and 12 women's teams competed in the preliminary rounds of the annual tournament's seventh edition, demonstrating the depth of the Brandix Group's commitment to the national sport.

Competitive volleyball of the highest order was witnessed when the men's and women's finals were held at the Sugathadasa Indoor Stadium on 8th April 2017, while the preliminary rounds had been conducted on 25th March 2017.



As in past years, the awards for the annual Brandix 'Rasadiya Kusalanya' Volleyball tournament for Non-Executive staff were also handed out at 'Rasadiya Mangalya'.

PLANET

RITE BY NATURE

It is a common misconception that the world can stay fashionable only at the expense of the environment. In a way, this statement is justified. For it is the Apparel industry that accounts for 10% of global carbon emissions, is the second largest global industrial polluter (second only to oil), and contributes millions of tons of textile waste that end up in landfills all over the world each year.

For our part however, we believe high quality fashion can be created and produced in an environmentally conscious way. In striving to do RITE by nature, we have made eco-friendliness an integral part of the fashion we create.

OUR STRATEGY

At Brandix, we take very seriously our responsibility to maintain an equitable balance between the resources we use and the resources we put back in. Fuelled by a strong corporate consciousness, we pledge to invest in innovative technologies and processes that minimize the environmental impact of our operations.

Accepting our responsibility to help lighten our environmental footprint, we have in place a broad 10-year strategy (2010 - 2020) accompanied by a set of actionable targets to spearhead our journey towards becoming a fully environmentally sustainable operation by 2020. The strategy embodies our commitment to manage our environmental performance so as not to

At Brandix, we take very seriously our responsibility to maintain an equitable balance between the resources we use and the resources we put back in. Fuelled by a strong corporate consciousness, we pledge to invest in innovative technologies and processes that minimize the environmental impact of our operations.

disrupt the unique biodiversity of the countries in which we operate.

To gauge our progress, we have implemented the Brandix Eco Index, a tool that helps evaluate our environmental performance across our factories and SBUs and makes necessary improvements to our processes on an ongoing basis.

Research & Development and Training are the other key pillars that support our environmental management strategy. Our investments in research and development are twofold; to generate environmentally sound products and to identify new manufacturing technologies that lessen the environmental impact of our activities. Meanwhile, regular training initiatives are conducted to raise environmental awareness among our employees, and encourage them to contribute positively towards lessening the Group's environmental footprint.





ENVIRONMENTAL COMPLIANCE

At Brandix, Environmental Compliance is of paramount importance and as such, concerns are integrated into our day-to-day operations. Strict monitoring by our central Compliance team ensures our operations comply with national laws and regulations in the countries that we operate. Our factories in Sri Lanka have secured the Environmental Protection License issued by the Central Environmental Authority (CEA). Our Indian factories have obtained the Consent for Operation and Consent for Establishment – issued by the Pollution Control Board in India, while the Bangladesh operation has the Environment Clearance Certificate issued by the Department of Environment in Bangladesh.

We are pleased to note that during the reporting period, we have not been subjected to any significant fines and/or penalties pertaining to non-compliance or breach of environmental regulations.

At a Group level, we strive to further upgrade the level of our environmental management programme through the adoption of voluntary standards. The key effort in this regard is EcoEye - the Brandix Group's energy management programme developed in line with ISO 50001 - Energy Management Standard and the Group Carbon Footprint Calculation process performed in accordance with the GHG Protocol, an internationally recognized benchmark for accounting and reporting on greenhouse gas emissions.

We are also currently in the process of conducting an Environmental Aspect Impact Assessment (EAIA) to identify all the environmental impacts (negative or positive) at every step of our manufacturing process. With the EAIA methodology, we begin by looking at all our production activities, such as cutting, sewing, ironing, washing, wet processing, etc., and the impact on energy, water use or discharge and waste caused by each activity.

Based on this, each activity is then assigned a risk score. Activities such as wastewater treatment and hazardous waste management that need to comply with environmental regulations are automatically recognized as having significant risk. Through this process, we gain a broader insight into the Group's environmental performance, enabling the implementation of precise corrective or preventive measures that will result in positive outcomes in the future.

Meanwhile, as further proof of our holistic approach to environmental management, three of our factories - Brandix Lingerie Wathupitiwela, Brandix Finishing Ratmalana, and Brandix India Apparel City, are ISO 14001:2015 Environmental Management Systems certified. A number of other factories have achieved LEED certification for their eco-friendly structural design, architecture and construction processes. Brandix Casualwear Seeduwa, as far back as 2007, became the first Apparel factory in the world to be certified LEED



A representation of eco-friendly structures at Brandix



The exterior of the Brandix Welisara Centre

PLANET

The Brandix Energy and Environment Division has set standard procedures and best practices to sharpen our focus under each of these environmental pillars, with all procedures formally documented in the Brandix Energy Manual, Water Management Handbook and the Solid Waste Management Handbook.

Platinum, soon followed by Brandix Essentials Ratmalana and Brandix Essentials Koggala with both receiving LEED Gold status in 2009 and 2011 respectively. LEED (Leadership in Energy and Environmental Design) is a rating system devised by the United States Green Building Council (USGBC).

The Brandix Lanka headquarters in Colombo meanwhile, 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.

ONGOING COMMITMENTS

To ensure effective sustainable development across all our operations, we focus on environmental aspects that Brandix deems material to its business as an Apparel manufacturer. Therefore, at ground level, Energy, Water and Waste are clear operational priorities for us. The Brandix Sustainability Team has set standard procedures and best practices to sharpen our focus under each of these environmental pillars, with all procedures formally documented in the Brandix Energy Manual, Water Management Handbook and the Solid Waste Management Handbook. These are made available to employees at every one of our factories.

More recently, we have identified emissions as yet another material environmental concern, stemming from the Brandix Group's growing energy demand in the last five years, mainly due to our expanding business needs. We are aware that emissions cause irreparable damage to the environment leading to climate change and global warming. As such, we believe it is important to act responsibly and do our part by managing our emissions more efficiently so as to minimize the impact our growing business is likely to have on climate change.

Energy



Given that Energy is our foremost environmental concern, we put in a considerable effort to manage our consumption levels. Our overarching goal is to improve the Group's energy intensity parameters. Underpinning our efforts in this regard is EcoEye; the Brandix Group's energy and environment system through which we expect to meet our target of carbon neutral operations by 2020.

Led by EcoEye's step-by-step approach, we have begun slowly migrating away from non-renewable energy sources and consistently increasing our dependency on renewable energy, through the use of biomass as an energy source for our boilers.

Across our Sri Lanka operations, we have shifted to biomass wherever possible, and use coal only where there is a lack of a sustainable supply of biomass. Until we resolve this, we continue to maintain the policy of using biomass for boilers that have a capacity of less than six TPH (tonnes per hour) and coal for those over six TPH.

In India, there is an ample supply of biofuel resources enabling us to meet our entire energy requirement through biofuel. However, because our biofuel is procured from third party vendors, we are especially cautious that the biofuel we purchase is sustainably sourced and does not result in deforestation.

Meanwhile, our operations in Bangladesh continue to use liquefied natural gas as it is available to the end user as a primary fuel and has a lesser impact on carbon emissions when compared to other non-renewable supplies.

However, to improve our energy intensity in the long-term, we have more recently begun investing in renewable energy sources, specifically solar. Solar plants installed at three of our facilities: Brandix Essentials Koggala, Brandix India Apparel City and Brandix Essentials Batticaloa, currently generate sufficient solar power to meet 10% of the Group's annual energy requirement.



The first major step in our journey to attain carbon neutrality was the installation of a 1.65 MW rooftop solar power plant at our newly commissioned factory: Brandix Essentials Batticaloa. Capable of meeting 100% of the factory's energy requirement, the installation represents a feather in our cap, as it is the largest solar PV installation in the country. The project was commissioned in May 2017 and while it is not covered under the reporting period, it demonstrates our journey towards achieving our 2020 energy targets.

Eco-Caliper

Eco-Caliper is the energy-monitoring package used by the Brandix Sustainability Team to gather utility consumption data from factories, SBUs and the rest of the Group. Connecting all the Building Management Systems (BMS) and Mini Energy Monitoring Systems installed at Brandix factories across the Group, the Eco-Caliper is a dynamic tool used to monitor utility and usage patterns. Under the Eco-Caliper system, energy baselines are defined for every factory based on the historical data available, while energy consumption data is collected and analysed along with the type and model of equipment or machines used by each factory, ensuring that factories are always benchmarked against similar operations.

ENERGY GOALS

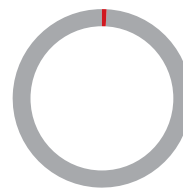
→ Carbon Neutral Operations by 2020

PERFORMANCE OUTCOMES

Disclosure 302-1 - Energy consumption within the organization

Renewable Sources	GJ
Solar	3,052
Biomass	428,377
Total	431,429

RENEWABLE ENERGY CONSUMPTION GJ



■ Solar	3,052
■ Biomass	428,377

NON-RENEWABLE ENERGY CONSUMPTION GJ



■ Furnace Oil	370,481
■ Diesel	60,232
■ Coal	607,432
■ Liquefied Natural Gas	130,257

Non-Renewable Sources	GJ
Furnace Oil	370,481
Diesel	60,232
Coal	607,432
Liquefied Natural Gas	130,257
Total	1,168,404



A glimpse of the 1.65 MW rooftop solar power plant at the newly commissioned factory, Brandix Essentials Batticaloa

PLANET

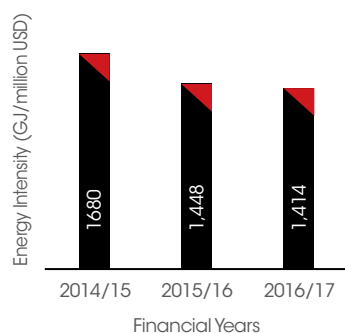
	Consumed (GJ)	Sold (GJ)
Electricity	495,297	N/A
Heating	N/A	N/A
Cooling	N/A	N/A
Steam	N/A	N/A

TOTAL ENERGY CONSUMPTION
2,095,050 GJ

RENEWABLE SHARE
26.97%

- All conversion factors and emission factors were taken from the Sustainable Energy Authority, Sri Lanka and World Nuclear Association.
- The Greenhouse Gas (GHG) Protocol was followed in doing these calculations.

ENERGY INTENSITY



- The chosen ratio denominator is the organization's revenue in USD.
- All the types of energy used by the organization has been used for the above calculations.
- The ratio uses energy consumed within the organization.

Disclosure 302-4 - Reduction of energy consumption

Renewable Sources	2014/15	2015/16	2016/17
Per USD Energy (kJ/USD)	1,680.64	1,448	1,414
Reduction (Absolute)- (kJ/USD)		232.953	34.079
Reduction (Percentage)		13.9%	2.4%

- All the types of energy used by the organization have been used for the above calculations.
- The base year was chosen as 2014 / 2015; when our previous Sustainability Report was published.
- The conversion rates used are as per the guidelines published by the Sustainable Energy Authority, Sri Lanka.



Emissions

Emissions are a co-dependent aspect of energy consumption. Energy consumed in our day-to-day operations accounts for more than 90% of our direct greenhouse gas emissions. Which is why at Brandix, we are dedicated to reducing emissions from our operations, for we believe that in this way we can contribute towards the global campaign to mitigate the risks of climate change and global warming.

Since adopting the GHG Protocol in 2015, we now track our emissions (Scope 1, 2 & 3), with 2014/15 used as the baseline year. Our emissions estimates include carbon dioxide, methane and nitrous oxide - reported in units of carbon dioxide equivalent (CO₂e).

Having tracked our emissions for two consecutive years, we have understood that as our business expands, it is imperative that we operate more efficiently in order to reduce GHG emissions per unit of production.

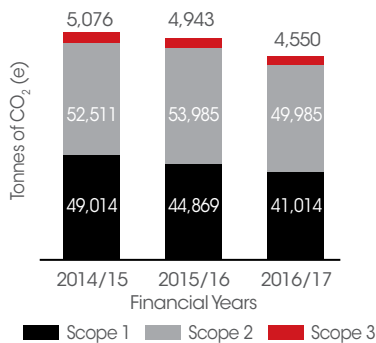


Based on this premise, we now take proactive steps to reduce our emission rate through ongoing investments in new energy efficient technology as evidenced by our commitment to migrate to renewable energy sources such as solar energy. We are also continuously researching new innovative techniques, which we can use to improve our processes and streamline energy usage in the production floor. All such actionable initiatives are rolled out and monitored in practice through EcoEye, the Brandix Group's environmental management system.

EMISSION TARGETS

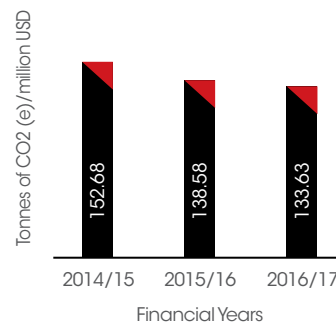
→ Carbon Neutral Operations by 2020

ENERGY INTENSITY



- The base year was chosen as 2014 / 2015, as our previous Sustainability Report was published then.
- The Greenhouse Gas (GHG) Protocol was followed in doing these calculations.
- The grid emission factors were taken from the Sustainable Energy Authority, Sri Lanka.
- The chosen consolidation approach is equity share.
- Scope 3 emissions cover the transportation of our Associates

GREENHOUSE GASES EMISSIONS INTENSITY



- The chosen ratio denominator is the organization's revenue in USD.
- Scope 1, Scope 2 and Scope 3 have been included for the above calculations.
- The ratio uses energy consumed within the organization.
- All gases have been included in the above calculations.

Disclosure 305-5 - Reduction of GHG emissions

Year	Reduction (tonnes of CO ₂ (e))	Reduction (tonnes of CO ₂ (e)/USD)	Percentage
2015 / 2016	2,804	14.14	2.63
2016 / 2017	8,248	4.95	7.95

- All gases have been included in the above calculations.
- All reductions are calculated by comparing values with that of the previous financial year.
- Scope 1, Scope 2 and Scope 3 has been included for the above calculations.
- The Greenhouse Gas (GHG) Protocol was followed in doing these calculations.
- The grid emission factors were taken from the Sustainable Energy Authority, Sri Lanka.

PLANET



Water

Water is a scarce resource in India and Bangladesh, two of the countries we operate in. Sri Lanka too has been feeling the effects of water shortages caused by

extreme drought conditions that have plagued the country in recent years. Since our water requirements are met through municipal sources in these countries, we are aware that our growing business is likely to put a strain on local water resources surrounding each of our factory sites. It is why, we at Brandix, are taking aggressive action to control the Group's impact on the local water environment.

Having understood that reducing water consumption within our manufacturing processes is a considerable challenge given our growing business, in the interest of taking more affirmative action, we have further categorized our water footprint as follows:

- Blue Water – the volume of surface and ground water consumed during our production processes
- Green Water – The volume of rainwater consumed in the production process
- Grey Water – The volume of fresh water required to assimilate the load of pollutants based on natural background concentrations and existing ambient water quality standards

We remain fully committed to rationalize our use of Blue and Green Water by making a concerted effort to improve

We remain fully committed to rationalize our use of Blue and Green Water by making a concerted effort to improve factory-wide efficiencies and reduce the amount of water used during the manufacturing process.

factory-wide efficiencies and reduce the amount of water used during the manufacturing process. Regular internal/ external audits and a bi-annual leak detection programme ensure our water consumption is managed efficiently at all times. Moreover, we continue to invest in new technologies and upgrade infrastructure to minimize both our hazardous and non-hazardous waste generated during the manufacturing process, in turn optimising our Grey Water consumption.

Wastewater recycling is also an important part of our water management strategy. In the recent past, we have made considerable investments to implement processes that allow us to reclaim and reuse water. Accordingly, residual water that remains following production is now reused wherever possible and practical. The water that cannot be reused in this manner is channelled to an on-site water treatment plant, where the quality of treated water returned to source is strictly monitored to ensure conformity to country-specific environmental standards. More recently, we have begun focusing on rainwater harvesting techniques, bolstered by a 400 million litre capacity tank at our Apparel Park in India.



The rainwater harvesting facility at Brandix India Apparel City (BIAC)



Water Quality Assessment in progress at BIAC



Concurrently with these efforts, we conduct regular awareness campaigns to reinforce among our employees, the importance of conserving water at all times. In doing so, we encourage our employees to put forth ideas and innovations for water saving techniques that are likely to have a positive impact on the Group's long-term water footprint.

WATER GOALS

- Clean drinking water for all employees
- ZERO Water Wastage
- ZERO Discharge of Hazardous Chemicals
- Maintaining occupant water consumption standard at 10L/ clocked hour-across Apparel manufacturing plants

PERFORMANCE OUTCOMES

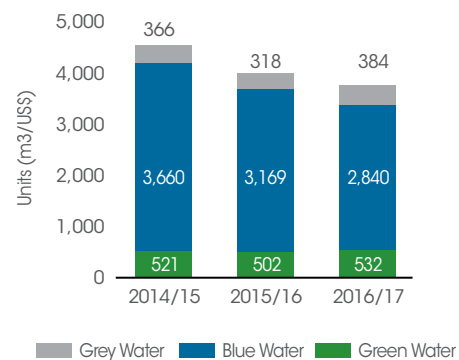
Disclosure 303-1 - Water withdrawal by source

Brandix Water Consumption - Volume (m³)

	FY 14/15	FY 15/16	FY 16/17
Surface Water	983,013	1,054,831	852,535
Ground Water	485,013	303,185	298,143
Rain Water	363,469	376,352	380,630
Municipal Water	937,123	1,017,435	879,861
Direct - Net Water	2,768,618	2,751,803	2,411,169
Recycle Water	255,604	238,400	274,279
Gross Water	3,024,222	2,990,204	2,685,448

Baseline for comparison (last SR)

WATER RECYCLED AND REUSED



TOTAL VOLUME OF WATER WITHDRAWN

4,405,991m³

TOTAL VOLUME OF WATER RECYCLED AND REUSED

512,679m³

TOTAL VOLUME OF RAINWATER HARVESTED

756,982m³

% OF WATER RECYCLED AND REUSED

11.64%

% IMPROVEMENT (RECYCLED WATER)

74.2% (from last SR)

% OF RAINWATER HARVESTED

17.18%

PLANET

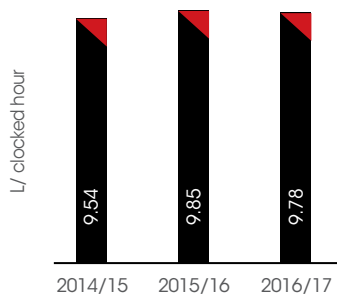


The Water Treatment facility at BIAC



Additional Information

GROUP OCCUPANT WATER CONSUMPTION



We have identified that of the total water consumed by the Apparel sector of the Brandix Group, 35% is water used in our factories for certain areas of the manufacturing process, as well as for boilers and chillers (process consumption), while 65% is used for day-to-day consumption and sanitation requirements of our employees (occupant consumption). With occupant consumption accounting for a major chunk of our water footprint, we have put in place the Brandix "Care for Water" initiative, where one objective is to benchmark occupant water consumption at 10 litres per clocked hour for all factories. The key driver of this effort is the Brandix Water Handbook, which sets out our water policy for all Group employees.

Waste



At Brandix, we have always looked at waste from a broader perspective, for we believe that if waste is not managed responsibly, it causes environmental, social and health problems, which negatively impacts our employees and our communities. It is why we are striving to reduce the volume of waste we generate, thereby minimizing the volume sent to landfills each day. By making this a priority, we are seeking to achieve zero-waste-to-landfill status for the entire Brandix Group by 2020.

The key catalyst in this endeavour is our Solid Waste Management Handbook, which spells out the Standard Operating Procedure and best practices for waste collection, segregation and storage of all key waste categories.

Honouring the commitment for responsible waste disposal, Brandix works with authorized waste disposal vendors in each country. We ensure that 100% of waste generated by Brandix is disposed of in this manner, which is monitored centrally by our Administrative and Compliance teams to ensure strict adherence to national laws and regulations for waste generation and disposal.

WASTE MANAGEMENT GOALS

→ Recycle and Re-use 100% of Waste

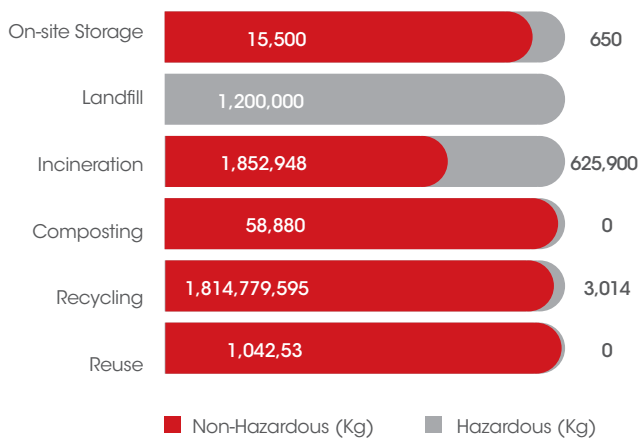


PERFORMANCE OUTCOMES

Disclosure 306-1 - Water discharge by quality and destination

Destination	Planned/ Unplanned	Discharged Qty (m3)	Discharge Point	Units covered	Quality of the water	Treatment method
Visakhapatnam, India	Planned	298,392	To CETP & Marine Outfall	TJI, BIAC, BAI1, BAI2, BAI3	Compliance with Indian marine discharge standard	Primary, Chemical & Biological treatments
Avissawella, Sri Lanka	Planned	348,638	To CETP	TJL, TJP, BIAV1, BIAV2	Compliance with CETP discharge standard	Primary treatment & Chemical treatment
Pannala, Sri Lanka	Planned	507,600	To Lagoon	BTL	Compliance with Inland surface water discharge standard	Primary, Chemical & Biological treatments
Ratmalana, Sri Lanka	Planned	210,334	To Lagoon	BFL	Compliance with Inland surface water discharge standard	Primary, Chemical & Biological treatments
Koggala, Sri Lanka	Planned	19,627	To CETP	BEK	Compliance with CETP discharge standard	Sewage discharge treated by CETP
Comilla, Bangladesh	Planned	133,590	To CETP	BCB	Compliance with CETP discharge standard	Primary treatment & Chemical treatment

WASTE BY TYPE AND DISPOSAL METHOD



TOTAL WASTE (KG)

1,822,590,074

LANDFILLED WASTE

1,200,000

PERCENTAGE

0.07%

SUPPLIER

THE RITE PARTNERS

Suppliers are a critical component of our value chain, for it is the reliability and continuity of our supply chain that underpins our ability to consistently deliver on our brand promise.

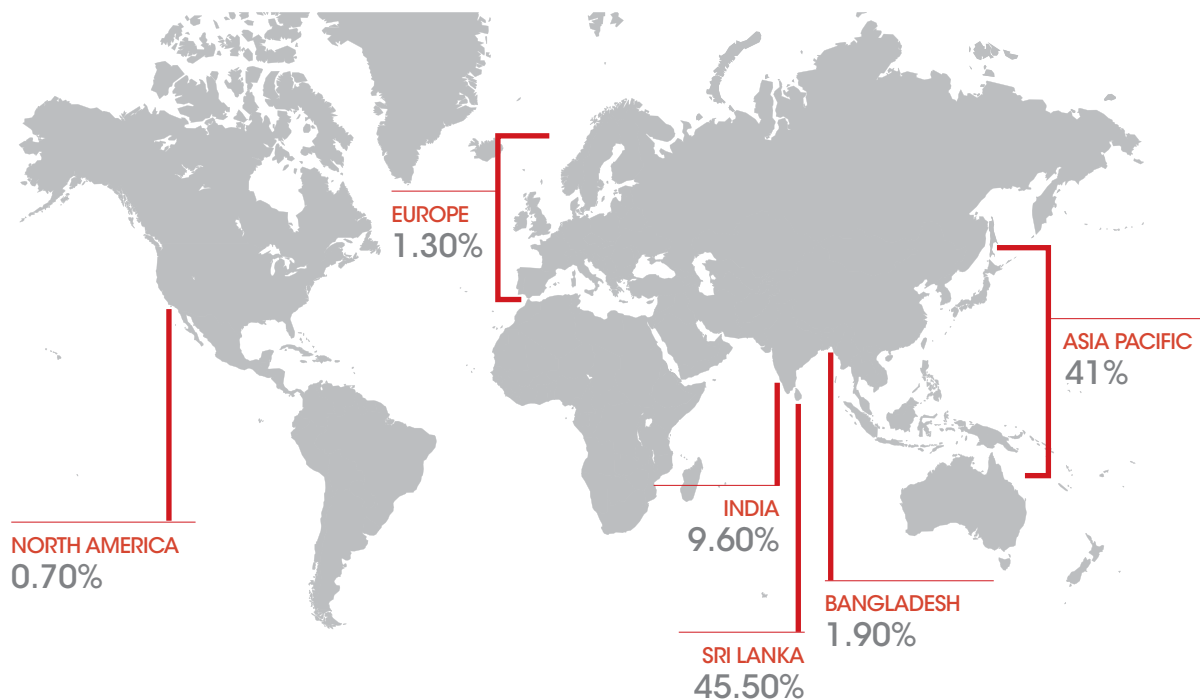
Our supply chain is vast and comprises of both Apparel and Non-Apparel suppliers from across the globe. Also included in our supply chain are large numbers of contractors, traders, resellers and service providers, all of whom contribute towards the Brandix promise of Inspired Solutions.

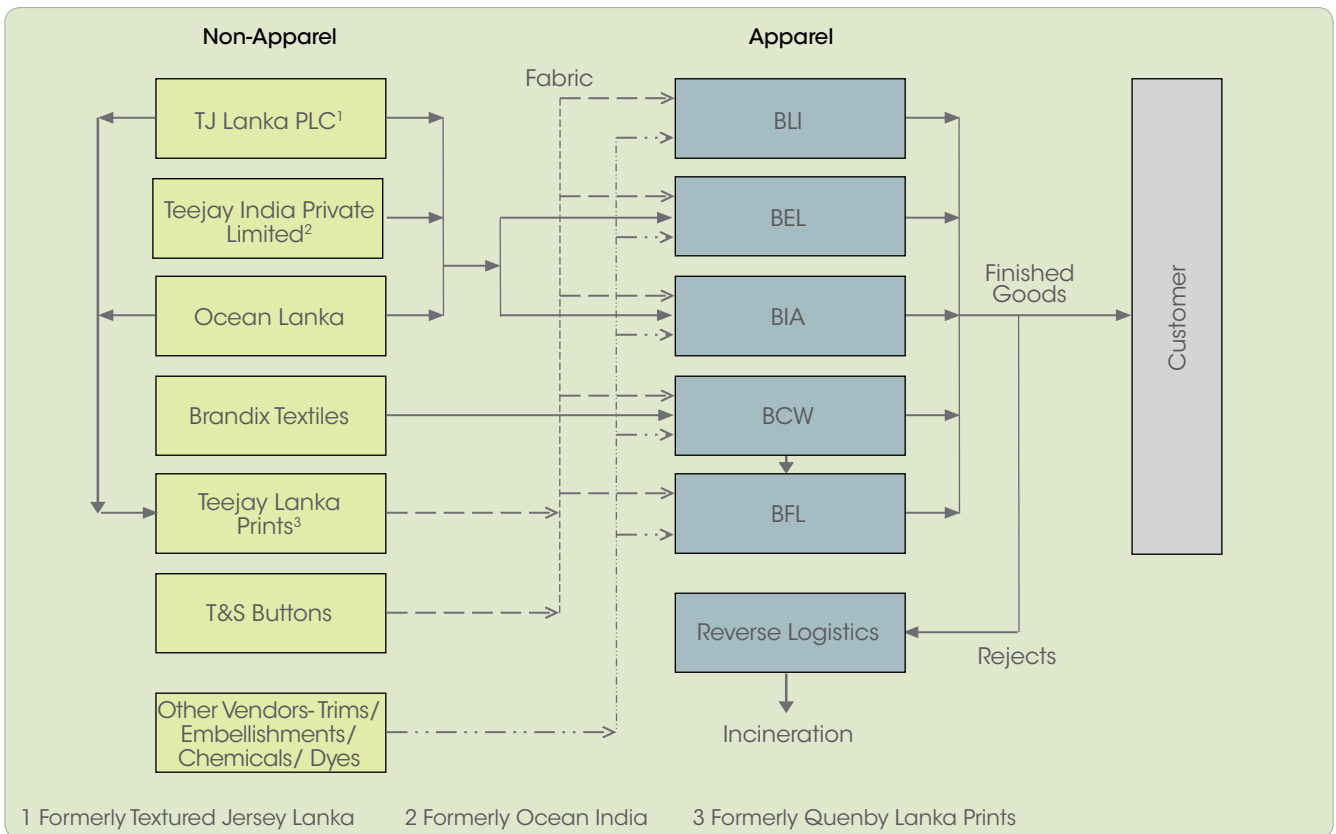
Our supply chain has been developed to enable us to deliver an intimate service and phenomenal products to our customers. While we ensure our supply chain undergoes continuous improvement, the structure has not changed significantly from the previous reporting period.

Our supply chain is vast and comprise of both Apparel and Non-Apparel suppliers from across the globe. Also included in our supply chain are large numbers of contractors, traders, resellers and service providers, all of whom contribute towards the Brandix promise of Inspired Solutions.

Notably however, all Apparel manufacturing factories within the Group were merged to a single entity: Brandix Apparel Solutions Limited, while the Brandix Intimate Apparel cluster was sub-divided into Fast Fashion, Athleisure and Deep Discount.

PROCUREMENTS SOURCES





OUR STRATEGY

At Brandix, we are committed to building long-term relationships with our suppliers. Our goal is to develop a shared mindset about sustainability issues, to build supplier ownership of our sustainability vision, strategy and performance, and to work more closely with suppliers towards these shared priorities.

Further, we encourage them to align with our best practices for social and environmental management, in turn assuring a sustainable future for all.

BEST PRACTICES

We follow a Vendor Code of Ethics that is applicable when onboarding a supplier. The code specifies the minimum requirements that the Brandix Group requires of its suppliers and business partners. This ensures that the suppliers we work with commit to our minimum ethical, social, and environmental management standards.

Social issues addressed in the code include; child labour, forced and compulsory labour, health and safety,

workers' rights, discrimination, and bribery and corruption. The prescribed practices are based on extracts from internationally agreed standards including the Universal Declaration of Human Rights, the United Nations Convention on the Rights of the Child, and International Labour Organisation (ILO) Conventions.

Once again, going beyond these norms, one of our factories' Brandix Athleisure Polonnaruwa, has subscribed to the Business Social Compliance Initiative (BSCI), a broad based business-driven platform for social compliance monitoring and qualification of the supply chain.

ONGOING COMMITMENTS

The relationships we seek to build with our suppliers are long term in nature and as such are based on mutual trust, transparency and accountability. To develop this culture, we focus on two key areas that we consider to be critical towards ensuring a sustainable supply chain, namely: Supplier Evaluation and Supplier Development.

SUPPLIER



Supplier Evaluation

We select suppliers and business partners based on their ability to deliver the requested product or service, whilst meeting our legal and ethical standards. Our Supply Chain function

which is responsible for the evaluation and selection of suitable suppliers and service providers, and in approving suitable parties to contract with, is guided by the "Five Basic Vendor Rights"; namely Right Quality, Right Source, Right Time, Right Quantity, and Right Price.

As part of the evaluation process, all new suppliers are also expected to complete a supplier self-assessment questionnaire designed to give us a deeper understanding of how the prospective supplier manages their impacts on human rights including labour rights, environmental and

Our Supply Chain function which is responsible for the evaluation and selection of suitable suppliers and service providers, and in approving suitable parties to contract with, is guided by the "Five Basic Vendor Rights"; namely Right Quality, Right Source, Right Time, Right Quantity and Right Price.

anti-corruption principles. This helps us identify and work with only those who are the best fit for Brandix.

Moreover, through this process, we were able to determine that during the reporting period, none of the Brandix suppliers were found to have violated labour rights, or environmental and anti-corruption practices as stipulated by the UNGC principles.

SUPPLIER EVALUATION TO SAFEGUARD OUR BUSINESS



CLASSIFY

All suppliers are classified according to risk within quality, human and labour rights, environmental impact and anti-corruption practices

EVALUATE

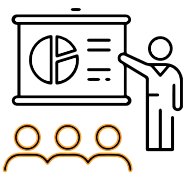
We evaluate our most critical and strategic suppliers that represent less than 10% of our suppliers

OBLIGATE

All suppliers are obligated to prevent corruption, provide safe and healthy workplaces, minimize impacts on the environment and respect human & labour rights via mutually binding agreements

MONITOR

We continuously monitor our suppliers to ensure that we are made aware of significant changes, have adequate controls in place and follow up on audit results



Supplier Development

We are invested in working with our suppliers to understand how ongoing changes in their businesses may impact our operations, as well as the society and environment. Once we

understand this, we work together to find solutions.

We mentor our suppliers and encourage them to improve their effectiveness and keep pace with the evolving needs of the Brandix Group. We also offer support through specific training programmes that encourage them to improve their social and environmental performance. In this way, our suppliers benefit from lower factory operating costs, reduced risk of disruption and an improved reputation as cleaner and more socially responsible businesses, in turn ensuring they remain sustainable in the long term.

Supplier performance is evaluated every quarter, through a score-card, and subsequently reviewed with the Senior Management of Brandix and the respective suppliers. The review allows both parties to develop stronger partnerships to meet current and future requirements, as well as performance improvements.

COMMUNITY

CARE FOR OUR OWN

612 beneficiaries

MODEL VILLAGE

76 communities

RAN DARU THILINA

7,600 children

KELANI RIVER MULTI-STAKEHOLDER PARTNERSHIP (KRMP) PROJECT

With IUCN

THE RITE THING TO DO

We believe investing in the communities is the most effective way in which we can make a positive impact on society. Led by the Brandix Group's RITE (Respect, Inspiration, Togetherness and Ethics) principles, we strive to contribute to the vitality and wellbeing of communities surrounding our work sites through the provision of stable job opportunities, improved sanitation facilities, and overall higher living standards.

As a responsible corporate citizen, we also want to share our success to bring lasting socioeconomic change that will prevent social exclusion and eliminate inequalities across a broader social spectrum.

OUR STRATEGY

We are keen to make a clear and positive contribution to the community through systematic interventions that will enhance the wellbeing of underserved communities in areas where the Brandix Group has a presence. In this context, we aim to address acute social needs that are considered national priorities in the countries in which operate.

As a responsible corporate citizen, we also want to share our success to bring lasting socioeconomic change that will prevent social exclusion and eliminate inequalities across a broader social spectrum.

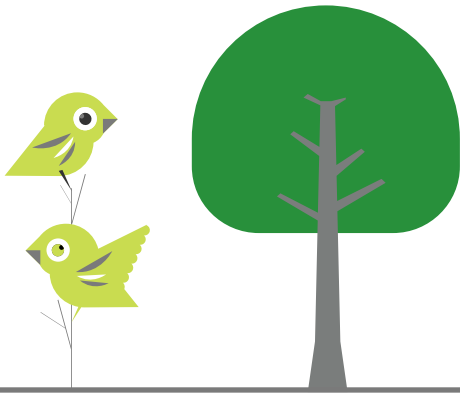
Further, striving to align our community investment strategy to achieve the following UN Sustainable Development Goals (SDGs), we have implemented a Group-level framework to drive our community investments.



To map our short, medium and long-term commitments, we follow a simple four-point model that underpins our community efforts vis-à-vis four key focus areas; Provide, Educate, Research and Disaster Management.

By investing in these areas, we seek to reach out to as many people as possible through each project we undertake. Further to ensure that resources allocated for each project achieve the expected results, systematic monitoring followed by careful evaluation of project outcomes are done to measure their actual impact vis-à-vis the desired targets. Our community investment strategy is brought to life by two co-dependent aspects: community engagement and employee volunteerism.

- Community engagement ensures Brandix stays connected with the various local communities in and around its work sites. We have always sought to foster strong relationships with the community by promoting meaningful dialogue with all community stakeholders, for we believe that only by working together can we achieve meaningful sustainable development in the long term.
- Employee volunteerism is an integral part of our community engagement strategy. It paves the way for our employees to connect with their local communities, understand their needs, and respond positively in order to make a meaningful contribution for the betterment of society.



Care For Our Own

"Care For Our Own", the flagship project of Brandix (Sri Lanka) is an ongoing initiative to meet the immediate water needs of our employees. The project was first initiated in 2006 after we discovered that many of our employees and their communities were facing grave issues in their quest to access clean water for their daily needs. Burdened by the lack of a ready water source nearby, it was found that our Associates had to often trek long distances (more than 5 kms) and then queue up for long periods to draw water from community wells.

As such, over the years, we have continued to expand our investment in the project by building infrastructure to touch the lives of more people every year.

Project beneficiaries are selected through a highly transparent process, with eligibility being determined through the data provided by the Bindu Foundation, a grass-roots level organization that works towards uplifting the lives of underserved communities across the country. Our employees are requested to provide the Foundation information regarding the needs of their communities along with supporting data. This grass-root level review enables us to reach out to individuals, townships, schools and hospitals that need it most.

"CARE FOR OUR OWN" - Track Record

Locations	Beneficiaries	
	2015/16	2016/17
BAT Katunayake	4	5
BAT Polonnaruwa	46	39
BCI Ekala	1	7
BCW Girithale	20	5
BCW Ratmalana	9	8
BCW Rideegama	31	12
BCW Seeduwa	8	5
BEL Batticaloa	31	24
BEL Hambantota	18	-
BEL Kahawatte	23	27
BEL Koggala	13	12
BEL Nivithigala	24	15
BEL Rambukkana	37	38
BEL Ratmalana	2	1
BFF Avissawella I	20	4
BFF Avissawella II	8	6
BFF Minuwangoda	8	2
BFF Mirigama I	6	10
BFF Mirigama II	13	8
BFF Welisara	5	1
BFL Avissawella	5	-
BFL Ratmalana	4	1
BLI	17	11
BTL Pannala	6	7
Teejay Lanka	5	-
Total	364	248



Beneficiaries of the Brandix 'Care For Our Own' initiative

COMMUNITY

At the conclusion of each project, a socioeconomic impact assessment is carried out to determine how the project has enhanced the lives of the beneficiaries, with the findings being tabulated for future use.



Beneficiaries of the Brandix 'Care For Our Own' initiative

Overall post-project socioeconomic impact - Improvement

EASE OF PERFORMING DAILY ACTIVITIES

51%

PRODUCTIVITY

51%

INCOME AND SAVINGS

63%

FAMILY HARMONY

62%

SOCIAL RELATIONSHIPS

23%

CHILDREN'S EDUCATION

65%

GENERAL HEALTH

41%

EMOTIONAL WELLBEING

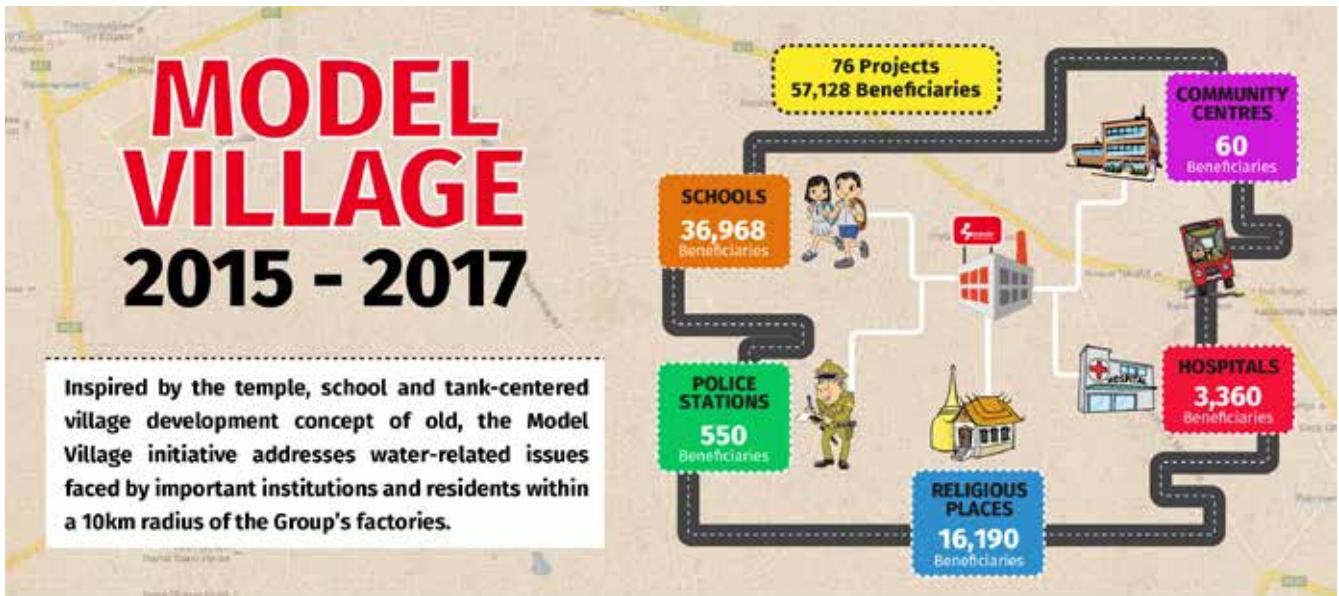
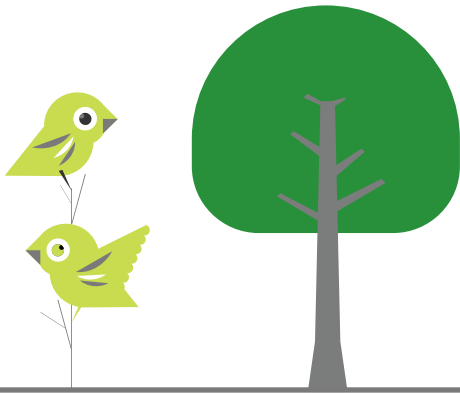
24%

SELF-ESTEEM

24%

TESTIMONIALS

1. Paramalingam Rasikala – BEL Batticaloa – “Thanks to Brandix, my family and 10 other families in my area now have continuous access to water.”
2. Diviya – BEL Kahawatte – “The ease of accessing water means that I have more time to go for sewing classes to develop my skills in cutting and embroidery.”
3. Palitha S. Geeganage - BFL Ratmalana – “Thanks to the new well, I have peace of mind knowing my family won't need to travel late at night to fetch water anymore.”
4. Jenarin Sellar – BEL Batticaloa – “We used to travel to numerous houses for water. Now that I have my own well, I'm repaying the favor by offering water to 7 other families in my community.”
5. E.A.D.H. Chathurangi – BAT Polonnaruwa – “During the dry season, finding water was difficult. Thanks to Brandix, now we just need to go to our well.”



Model Village

Launched in 2015, the "Model Village" project is inspired by the ancient Sri Lankan concept of village life revolving around the tank, the temple and the school. The aim of the project is to empower communities in areas where the Brandix Group has a manufacturing presence.

The first phase of the project aims to resolve water-related issues faced by people residing within a five-kilometre radius of the Group's factories. Based on a study to identify shortcomings facing each community, the Group is invested in providing these communities with access to an uninterrupted water supply along with efforts to upgrade existing infrastructure in schools, hospitals, places of worship, and other community facilities.

The second phase of the project seeks to make a broader social impact by addressing water supply and sanitation conditions of communities located within a ten-kilometre radius of the specific Brandix factory site.



Beneficiaries of the Model Village project

COMMUNITY

Habitat for Humanity

Responding to the call for assistance in the face of extreme weather conditions in May 2016 causing severe floods and landslides in 12 districts, the Brandix Group collaborated with the "Habitat for Humanity Sri Lanka" Foundation to provide financial assistance to reconstruct houses of the Group's own employees whose homes were completely destroyed in the aftermath of floods and landslides. Further assistance was also provided to repair another 47 homes of employees whose houses were partially damaged.



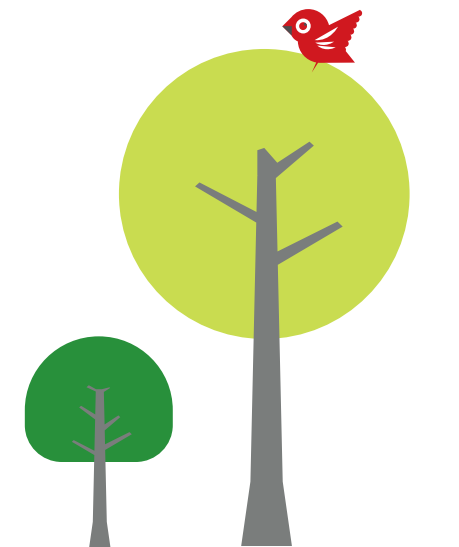
Ran Daru Thilina

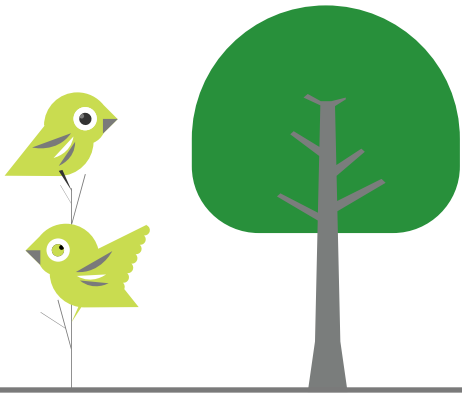
The Brandix 'Ran Daru Thilina' initiative encompasses the children of 4,971 Brandix Associates employed at 22 Apparel manufacturing locations in Sri Lanka. Benefitting children from nursery age to Grade 5, with each child receiving a pack comprising items required for his or her academic year, the programme has proven to be a source of relief since its launch in 2016.

Over 7,600 children have received gifts of stationery, essential school requisites, and a school bag each for the new school year under this employee welfare initiative.

Among the items in each pack were exercise books, drawing books, colouring and standard pencils, pencil sharpeners, erasers, bottles of glue, and rulers, packs for younger children also included modelling clay, scissors and crayons.

The beneficiary families of the Brandix 'Ran Daru Thilina' programme are located across the country, in areas that include Batticaloa, Giritale, Polonnaruwa, Nivithigala, Koggala, Rambukkana, Kahawatte, and Pannala, to name a few. In addition, the 'Ran Daru Scholarships' scheme offers financial assistance to children of Associates who





Children of Brandix Associates who received the 'Ran Daru Thilina' packs

have excelled at the Grade 5 scholarship examination. The main aim of the scheme is to assist these children to continue their education.

A similar programme has also been implemented by Brandix Apparel India, which is located within the Brandix India Apparel City in Andhra Pradesh.

Blood Drive

Yet another ongoing commitment by the Brandix Group, the Blood Drive, is an entirely employee driven initiative. Having understood that a sustained and consistent supply of blood to the National Blood Transfusion Service (NBTS) is a national priority, employees of the Brandix Group donated 4,090 units of blood in 2016-17, a move that reaffirms the Group's status as the largest corporate blood donor in Sri Lanka for the seventh successive year. In appreciation of the Group's enduring commitment to the cause of blood donation, the NBTS recently presented Brandix with a special plaque for being the largest corporate blood donor in the country during the last 12 months.

The highest annual volume donated by the Group to the NBTS to date, was blood collected at 27 manufacturing locations in Sri Lanka over a period of several months.

With this latest donation, the cumulative figure for blood donation by employees of Brandix over the past years reached 24,513 units.

Some of the highest contributing locations for the Brandix blood donation campaign in the concluded year were Brandix Lingerie Wathupitiwala with 448 units, followed by Brandix Essentials Koggala with 356 units and Brandix Athleisure Polonnaruwa with 333 units. 17 of the 27 locations covered by the collection campaign donated more than 100 units each.



Brandix receiving a special plaque from the National Blood Transfusion Service

COMMUNITY

Being geographically widespread, the Brandix campaign increases supplies of blood in many areas, including those that do not usually receive donations of significant volume compared to areas like Colombo. Brandix blood donation campaigns are also significant as they are conducted on weekdays instead of the general norm of weekends. This is particularly helpful in sustaining blood platelets, which have a lifespan of five days for use during the course of the week. According to the NBTS, donations of this scale over a significant time period are necessary to meet the organisation’s requirements across the island.

Kelani River Multi-stakeholder Partnership (KRMP)

The KRMP is a sustainable development initiative to balance the development of livelihoods, community and industry, as well as ensure the safety of drinking water sources for the communities who live along the Kelani River. The Kelani River basin is home to 25% of Sri Lanka’s population and provides drinking water for a rapidly expanding population of over 3 million, for the Colombo and Greater Colombo areas. Simultaneously, the river basin supports industry, agriculture, plantations and several thousands of livelihoods. Despite its significance to Sri Lanka, it is the most polluted river basin in the country, thereby threatening the safety of drinking water sources.

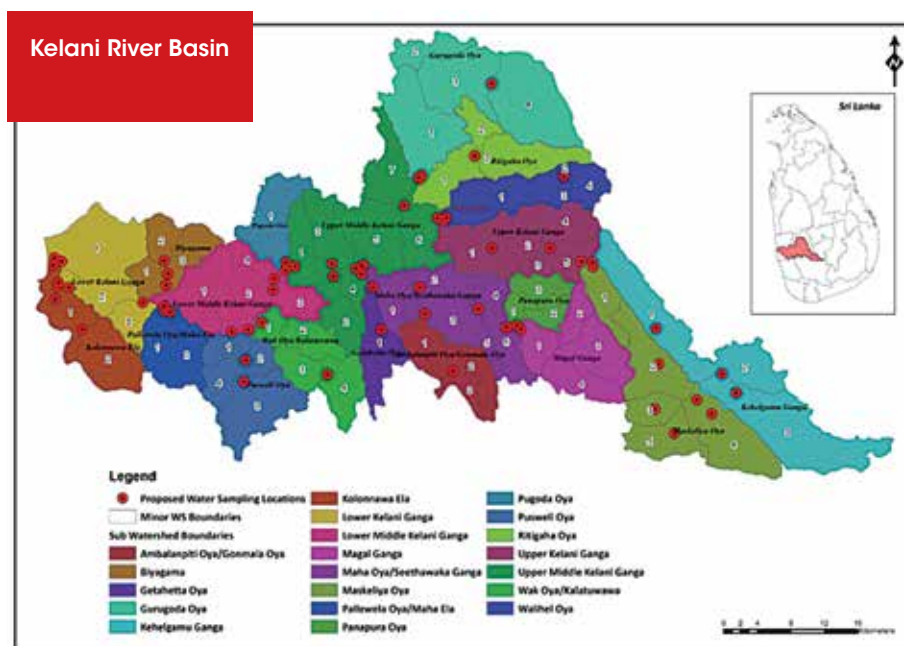
Due to the complexity and multi-sector nature of the issues involved in the Kelani River Basin, the International Union for Conservation of Nature (IUCN), in early 2016, initiated the KRMP project as a private-public-community partnership to ensure the river basin’s sustainable development for present and future generations, with funding from UNICEF, under the guidance of the Central Environment Authority (CEA) and with the participation of over 50 agencies.

The KRMP approach has been endorsed by the Government of Sri Lanka, through several Ministries and Government Agencies.

The Brandix Group’s interest in the project stems from our commitment to ensure water security for the communities in and around our operating locations across Sri Lanka.

In the initial phase, Brandix partnered with the IUCN to operationalise the KRMP in November 2016, to prepare the required information and establish the baselines for stakeholder-led watershed planning and conservation.

The project has successfully established the baseline and characterized the 71 minor watersheds across the entire river basin, to prioritise point sources and stakeholder led management initiatives. The project also envisages the installation of real time monitoring of pollution along the river, through the identified discharge points.



INDEPENDENT ASSURANCE STATEMENT

DNV·GL

SCOPE AND APPROACH

DNV GL represented by DNV GL Business Assurance Lanka (Private) Limited has been commissioned by the management of Brandix Lanka Limited ('Brandix' or 'the Company') to carry out an independent assurance engagement for the non-financial - qualitative and quantitative information (sustainability performance) reported in Brandix's Sustainability Report 2017 ('the Report') in its printed format, for the period 1st April 2015 to 31st March 2017. The sustainability disclosures in this Report have been prepared by Brandix considering the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and in accordance 'Core' option of reporting.

We performed our verification (Type 2, Moderate level) activities based on AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS) and DNV GL's assurance methodology VeriSustainTM, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and GRI Guidelines. Our assurance engagement was planned and carried out during November 2017 – May 2018.

The intended user of this assurance statement is the Management of Brandix ('the Management'). We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement.

The reporting Topic Boundaries of sustainability performance are based on a materiality assessment process carried out by the Company and covers Brandix's operations in Sri Lanka, India and Bangladesh. This is as set out in the Report in the section 'Scope and Boundary' and 'Material Matters'.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and the process did not involve engagement with external stakeholders.

RESPONSIBILITIES OF THE MANAGEMENT AND OF THE ASSURANCE PROVIDERS

The Management of Brandix have the sole responsibility for the preparation of the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. In performing our assurance work, our responsibility is to the Management; however, our statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL provides a range of other services to Brandix, none of which in our opinion, constitute a conflict of interest with this assurance work.

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 material misstatements. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. 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

As part of the assurance a multi-disciplinary team of sustainability and assurance specialists performed work at Brandix's Head Office, and we visited sample operations in Sri Lanka and Bangladesh. We undertook the following activities:

- Review of Brandix's approach to stakeholder engagement and materiality determination process and the outcome as reported in this Report. We did not have any direct engagement with external stakeholders;
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support issues disclosed within the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;

INDEPENDENT ASSURANCE STATEMENT

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- Site visits to sample manufacturing operations in Sri Lanka (Katunayake, Mirigama-1 and -2, and Wathupitiwela) and Bangladesh (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;
- Review of supporting evidence for key claims and data in the Report;
- Review of the processes for gathering and consolidating the specified performance data related to identified material topics and, for a sample, checking the data consolidation from completeness principle.
- An independent assessment of Brandix's reporting against the GRI Standards and the reporting requirements for the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, and other financial data are based on audited financial statements issued by the Company's statutory auditors.

OPINION

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe Brandix's adherence to the GRI Standards: Core option of reporting including the GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and disclosures related to the following GRI Standards which have been chosen by Brandix to bring out its performance against its identified material topics:

Economic

- GRI 205: Anti-corruption 2016 - 205-1;

Environmental

- GRI 302: Energy 2016 - 302-1, 302-3, 302-4;
- GRI 303: Water 2016 - 303-1, 303-2, 303-3;
- GRI 305: Emissions 2016 - 305-1, 305-2, 305-3, 305-4, 305-5;
- GRI 306: Effluents and Waste 2016 - 306-1, 306-2, 306-5;
- GRI 307: Environmental Compliance 2016 - 307-1;

Social

- GRI 402: Labour/Management Relations 2016 - 402-1;
- GRI 403: Occupational Health and Safety 2016 - 403-1, 403-2;
- 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 and Compulsory Labour 2016 : 409-1;
- GRI 413: Local Communities 2016 - 413-1.

OBSERVATIONS

Without affecting our assurance opinion, we also provide the following observations evaluating the Report's adherence to the AA1000AS principles:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

Material topics have been identified by Brandix based on formal and informal interactions from the Management, internal functional teams and key stakeholders. The process of materiality determination may be further enhanced by considering the impacts of material issues over the short, medium and long term, and inputs from benchmarking with peers and geolocation-specific dynamics.

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out Brandix's ongoing processes of engagement with its key stakeholder groups, and how significant concerns regarding material topics are considered in the Company's policies and strategies. Brandix may further interact with its key external stakeholders during its materiality determination process, to formally document and consider their inputs, in future reporting periods.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report fairly brings responses to key stakeholder concerns through disclosures on policies, strategies, management approaches and governance mechanisms which have been established to manage its material topics. The Company may further strengthen its management systems related to health and safety, and may further set short, medium and long-term targets for other material topics related to social aspects, including labour practices.

Reliability

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

The robustness of the data management and aggregation systems was evaluated during our verification visits to the Brandix Head Office and sampled manufacturing sites. The sample data and information verified as part of our assurance was found to be reliable. Nothing has come to our attention to suggest that reported data has not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been communicated for correction.

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. We observed

that the Report presents a faithful description of the reported sustainability activities for the reporting period.

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?

The Report has fairly brought out Brandix's significant environmental and social disclosures against topics identified as material across its boundary and supply chain, including performance indicators, and disclosures on management approach covering the strategy, management approach, monitoring systems against the identified GRI Standards including key requirements related to the Core option of reporting.

Neutrality

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

The disclosures related to sustainability issues and performances are reported in a neutral tone, in terms of content and presentation; however, the Report could further bring out responses related to the challenges faced during the reporting period at its various geographical locations of operations.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and further opportunities for improvement reported to the Management of Brandix and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management's objectives:

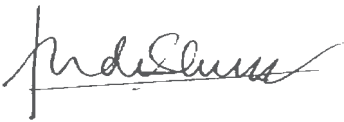
- Brandix may consider presenting its disclosures on sustainability performance on a more frequent basis, to assist its key stakeholders in arriving at informed decisions based on industry and market dynamics, further helping enhance their contributions to the value creation process.

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- Awareness levels of key personnel on material topics relevant to operations and business may be further strengthened through frequent engagement processes such as awareness sessions and training programmes.

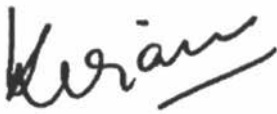
For DNV GL



Rathika de Silva

Country Head

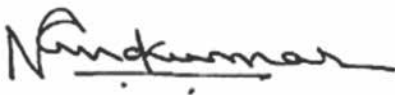
DNV GL Business Assurance Lanka (Private) Limited,
Colombo, Sri Lanka



Kiran Radhakrishnan

Lead Verifier - Sustainability Services

DNV GL Business Assurance India Private Limited, India.



Vadakepatth Nandkumar

Assurance Reviewer

Head - Regional Sustainability Operations - Region India
and Middle East

DNV GL Business Assurance India Private Limited, India.

30th May 2018, Colombo, Sri Lanka.



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www.dnvgl.com

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	102-5 Ownership and Legal Form	Page 5
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