RITE

brandix®
inspired solutions

Brandix Apparel Limited
Sustainability Report 2017 - 2019

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 51,000 workers across 23 factories in Sri Lanka, 04 in India and 01 in Bangladesh.

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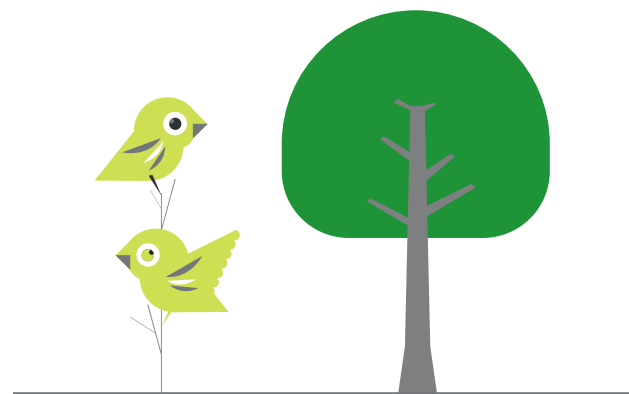
In the two years since our last report was published, we have taken great, impactful business strides to bring us closer to the Group's vision of becoming a truly sustainable Apparel manufacturer, wherever we conduct our operations.

ABOUT THIS REPORT

REPORT PROFILE

This is the Brandix Group's fourth Sustainability Report, demonstrating our ongoing commitment to transparency and accountability to our stakeholders. This report covers the period from 1st April 2017 to 31st March 2019 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 2015 to 31st March 2017. Please refer the "About Brandix" section on page 6 of this report for a complete list of the entities covered.

SCOPE AND BOUNDARY

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. 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

- PEOPLE
- PLANET
- SUPPLIER
- COMMUNITY

REPORTING FRAMEWORKS

The content of this sustainability report has been developed in line with the Sustainability Reporting Guidelines of the 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 02 years.

In the interest of completeness, due consideration has also been given to macroeconomic factors, with special emphasis on national and international aspects that have had an impact on the business during the reporting period.

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.

Furthermore, the partnership between Brandix Group and Accenture, a leading global management consulting firm, for business process outsourcing (BPO) services, has allowed a verifiable source for data and information for this Report.

ASSURANCE

The Group has adopted a combined assurance approach to verify the content of this report. Accordingly, all data received from individual functions have been vetted by the management and further confirmed through internal audits to ensure accuracy and completeness.

Additionally,, DNV GL Business Lanka (Private) Limited has conducted an independent validation to verify the conformity with GRI standards and best practices for sustainability reporting. Please refer page 59 of this report to view the external assurance certificate issued by DNV GL Business Lanka (Private) Limited.

BOARD RESPONSIBILITY

The Brandix Board acknowledges its responsibility for selecting or developing, and upholding, the assessment criteria, which it believes provides an objective foundation for measuring and reporting. This includes the assessment, collection, quantification, and reporting of data, and for the completeness, accuracy, and validity of the calculations for the period under review.

To confirm the integrity of this sustainability report, the Board has collectively reviewed its contents in conjunction with the assurance reports obtained from various internal and external assurance providers.

FEEDBACK

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

Brandix Energy and Environment (Brandix HQ)
No: 25, Rheinland Place,
Colombo 3.
Phone: 0114727000
Email: sustainability@brandix.com

Brandix employees donating blood at the Brandix Blood Drive

Recipients of the Brandix Ran Dharu Thilina

ABOUT BRANDIX

SUSTAINABILITY HIGHLIGHTS 2017 - 2018

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 1969 as a limited liability company, we started our first factory in 1972, with just 10 sewing machines. Firmly anchored to its roots in Sri Lanka, where our Headquarters are located, the Group has since expanded rapidly, extending its reach within the country as well as overseas, and today employs over 51,000 workers across 23 factories in Sri Lanka, 04 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.

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.

Among the first and ardent proponents of sustainable practices, our commitment 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. Additionally, we have adopted the Higgs Index developed by the Sustainable Apparel Coalition, to monitor our sustainability performance. 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. We have also partnered with several national and international organizations, such as UNDP and IUCN in this regard.

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
Teejay India (Private) Limited
Teejay Lanka Prints

Services:
Fortude (Pvt.) Limited
Brandix College of Clothing and Technology
Brandix India Apparel City

Functions:
Fabric Knitting
Apparel Manufacturing
Apparel Washing and Dyeing
Fabric Printing
Apparel Design
Research and Development
IT Solutions
Wet Processing

Products:
Casual Bottoms
Intimate Apparel
Underwear
Lounge & Sleepwear
Bras
Woven & Knit Fabrics

GARMENTS MANUFACTURED
580 million pieces

TOTAL EMPLOYEES
51,787

NET SALES
USD 1,696.8 million

TOTAL OPERATING LOCATIONS
32

COUNTRIES OF SIGNIFICANT OPERATION
Sri Lanka, India, Bangladesh & Haiti

Types of Customers
Fashion Brand
Retailers
Discounters

Sectors
Apparel
Textiles
Accessories

Markets Served

1. United States
2. Netherlands
3. Slovenia
4. France
5. Canada
6. Japan
7. Spain
8. United Kingdom
9. China
10. India

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 (UNGC)
→ Global Water Partnership
→ United Nations Development Programme (UNDP)
→ International Union for Conservation of Nature (IUCN)
→ National Cleaner Production Centre (NCPC)
→ #SheWorksSriLanka with IFC
→ Sustainable Apparel Coalition
→ US Green Building Council (USGBC)
→ Green Building Council of Sri Lanka (GBCSL)

HIGHLIGHTS 2017-2019

KEY HIGHLIGHTS

Social

→ More than 91% of procurements sourced from China, Sri Lanka and India

→ Robust supplier evaluation and development programmes

→ Standardized reporting criteria for OH&S incidents

→ CFOO beneficiaries – 728

→ Communities impacted through Model Village – 163

→ Beneficiaries of Ran Dharu Thilina – 6,531 children

Environment

	2017/18	2018/19
Reduction in emissions intensity (tCO$_2$(e)/US$)	617	578
Renewable share of energy	40%	41%
Solar Energy (GJ)	5,690	11,151
Water Recycled (m³)	236,691 (12%)	258,586 (21%)
Rainwater Harvested (m³)	113,015 (6%)	69,223 (6%)
Waste Recycled	85%	80%
Waste diverted from Landfill	91%	91%

ORGANIZATION & SUPPLY CHAIN

→ All Joint Venture partnerships are not covered under Brandix Apparel Ltd., and hence, will not be considered in this report.

→ During the reporting period, as our business expanded, several operational changes were made:

2017/18

→ Quantum Clothing India Ltd. operates under Brandix Lingerie cluster

→ Brandix HQ – legal entity changed from Brandix Lanka Limited (BLL) to Brandix Apparel Limited (BAL)

2018/19

→ Brandix Textile Ltd. – entered a Joint Venture with Best Pacific Textiles, and has now been renamed to Best Pacific Textiles Limited

→ Brandix Apparel India 3 – shifted clusters from Deep Discounter cluster to Essentials

→ Brandix Katunayake – shifted clusters from Athleisure to Deep Discounter

CHIEF EXECUTIVE OFFICER'S MESSAGE

THE BRANDIX APPROACH TO SUSTAINABILITY

CHIEF EXECUTIVE OFFICER'S MESSAGE

Since our last report, I am pleased to announce that we have taken some important strides in our sustainability journey. Building on our longstanding efforts, we decided to place social and environmental principles at the heart of our Company, to accelerate our efforts towards a more sustainable reality. This report is our opportunity to share an honest and transparent account of the strides we have made over the past two years to holistically improve our impact on the environment.

SUSTAINABLE GOVERNANCE

Enhancing our integrated Governance framework, we launched 'One Brandix - One Governance', an initiative to bring in best-in-class Governance practices to our business functions and operations. Developed in line with internationally accepted best practices for Risk Management and Internal Control, 'One Brandix - One Governance' creates a common platform to manage Enterprise-wide Risk Management and Process Governance, and ensure that risk at every level is dealt with proactively. This framework thereby promotes good governance and transparency across all levels of management and manufacturing locations, by educating and empowering our Associates to drive a self-disciplined control culture. It also provides a review mechanism to mitigate ground-level operational risk. I firmly believe that this uniform and systematic approach makes it possible for all of us to work cohesively towards the same goal.

ENVIRONMENTAL EQUITY

The rapid growth in our business in the recent past has only served to fuel the Brandix Group's desire to improve its environmental performance. In this regard, we set ourselves ambitious targets and progressively increased our investments towards meeting our Sustainability goals.

Under Energy and Emissions, all our factories in Sri Lanka will be Net Zero Carbon by 2023, in line with our commitment to the World Green Building Council (WGBC).

Our 5-year energy strategy was rolled out in mid 2017, detailing how we will systematically transform our facilities in Sri Lanka into Net Zero buildings, through on-site renewable energy and by being highly energy efficient. I am proud to announce that we achieved our first key milestone in this regard with the opening of the Batticaloa factory in July 2018, which was the first Brandix facility to be Net Zero certified.

"Building on our longstanding efforts, we decided to place social and environmental principles at the heart of our Company, to accelerate our efforts towards a more sustainable reality."

Ashroff Omar, Chief Executive Officer

Under Water and Effluent Management, we have made notable strides by optimizing our water consumption across the Group, as well as improving our alignment with the Zero Discharge of Hazardous Chemicals (ZDHC) programme, the global standard for the measurement of industrial wastewater discharges in the textile industry.

Waste recycling was another priority area in the period under review. Apart from our regular Waste Management initiatives, we began exploring the concept of a Circular Economy to help integrate material waste back into our supply chain in the form of raw material.

PEOPLE AND CULTURE

Our People Development agenda for the reporting period was designed to create a sustainable foundation to support the Group's long-term growth objectives. We revisited our core values statement and reinforced RITE – Respect, Integrity, Teamwork and Excellence - with the intention of fostering a more value-driven corporate culture that unifies the entire Group under the "One Brandix" umbrella. I am happy to report that the Board and Leadership teams across the Group have spent the past months reflecting on these values and have taken definite action to personalize these values in their day-to-day operations.

Equally importantly, we began the task of developing leaders to further reinforce the "One Brandix" vision. To support our efforts, we reformed our Performance Management criteria through the Brandix Leadership Framework and broadened the scope of our training agenda through the Centre for Creative Leadership (CCL), a top-ranked learning institute based in the USA.

As always, the safety of our people continues to be of paramount importance. As such, our focus on Occupational Health & Safety (OHS) was directed towards food safety and ensuring the highest international standards for H&S across all our facilities. In this regard, we made a decisive change to discontinue sourcing meals from third parties and instead, implement the necessary kitchen infrastructure in line with global best practices.

COMMUNITY STEWARDSHIP

Our community strategy continues to remain firmly anchored to four pillars: Provide, Educate, Research and Disaster Management. Through these pillars, we focus on supporting the Group's vast number of employees and the communities they live in, mainly through our longstanding initiatives - Care For Our Own (CFOO), Model Village and Ran Daru Thilina. During the reporting period, these projects have benefitted over 30,000 Associates and their families and communities.

STRATEGIC PARTNERSHIPS

We understand that collaboration for positive change is important to address the broader sustainability challenges facing the apparel industry today. As such, we embarked on new partnerships with the United Nations Development Programme (UNDP) and the International Union for Conservation of Nature (IUCN) to further enhance our environmental performance. Meanwhile, our partnership for #SheWorksSriLanka with International Finance Corporation (IFC), enables us to collaborate with like-minded corporates to further strengthen our focus on gender equality through international best practices.

LOOKING AHEAD

While I am happy with the progress made over the past two years, I remain mindful that there is much work to be done if Brandix is to transform into a truly sustainable apparel manufacturer. As we continue resolutely on the path to achieving our ambitious goals in alignment with our Long-Range Plan (LRP), we remain fully focused on our transition into a world-class sustainable apparel manufacturer by 2025, delivering Inspired Solutions through all that we do.

STAKEHOLDER ENGAGEMENT

As Brandix continues to grow, so have the individuals, groups and organizations impacted through our our operations. Their perspectives provide us with advice and encouragement and challenge our thinking, giving us greater clarity on the impacts of our business activities we continue to regularly engage with our internal and external stakeholders, through several means of communication platforms, in order 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 prioritization of sustainability.

The concerns raised by our stakeholders have been addressed across our Report in detail, providing a more contextual overview.

Brandix is in the process of conducting a comprehensive stakeholder engagement study, with the results expected to determine material issues and consolidate how we address priority concerns raised. The outcome of this study will be detailed in our next Sustainability Report for FY 2019/20.

Stakeholder	Method of Engagement	Frequency	Key Concerns Raised
Customers	Telephone Calls	Regularly	• Innovative production technology
	Emails		• Best practices for quality, safety and environmental management
	Meetings	Weekly, Monthly and Quarterly	• Ethical Business Conduct
			• Reputation for on-time delivery
Suppliers	Emails	Regularly	• 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	• Remuneration and benefits
	Meetings	Monthly	• Long-term job stability
	Other	Quarterly Internal Magazine	• Career progression
			• Diversity and inclusion
			• Training and development
			• Engagement opportunities
			• Recognition and rewards
			• Safety and well being

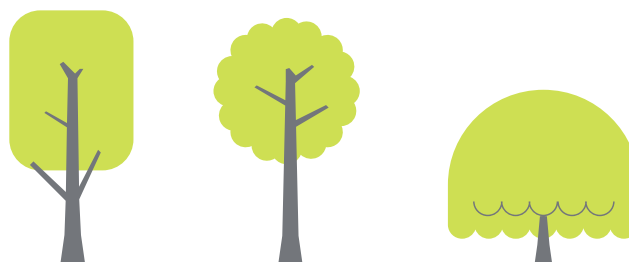| Stakeholder	Method of Engagement	Frequency	Key Concerns Raised
Shareholders	Meetings	Weekly, Monthly and Quarterly	• Strong governance mechanism and Risk management strategies to improve overall performance
	Reports	Quarterly	
	Telephone Calls	As needed	• Consistent profitability
	Emails	Regularly	• Statutory Compliance and transparent reporting structure
Local Communities	Community Events	As needed	• Minimize the environmental impact of the business
			• Investments in community infrastructure
			• Community empowerment
Government	Meetings	Regularly	• Good governance and compliance
	Telephone Calls	As needed	• Creating employment and new business opportunities
	Emails	As needed	
Banks	Meetings	Regularly	• 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 priority 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 have determined a suitable management approach to align our strategies and initiate appropriate action.

Our material topics remain unchanged, while we look towards refreshing our perspective through a comprehensive assessment with our internal and external stakeholders, to be detailed in our next Sustainability Report for FY19/20..

Material Topic	GRI Standard	Inside Organization	Outside Organization	Management Approach
Occupational Health and Safety	403, 103	✓	X	Be recognized by our stakeholders as a responsible apparel manufacturer, actively addressing risks across occupational health, building and machine safety.
Training and Development	404, 103	✓	X	Ensure that our employees have access to learning, development and training opportunities to enhance their individual capabilities and career opportunities.
Employee Engagement	402, 404, 405, 103	✓	X	Strive to maintain direct, honest and open relationship with our employees, and inspire and motivate employees to seek out new challenges and provide a channel to celebrate their achievements
Non-Discrimination	406, 103	✓	✓	Guided by the UNGC Principles on Labour, specifically Principle 6: Non-discriminatory employment, Brandix does not discriminate against any person based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation or any other personal characteristics or beliefs. A strict policy and procedural framework is in place to ensure these rules are applied to all HR processes, including hiring, compensation, access to training, promotion, suspension, termination, retirement or other employee related issue. All policies & procedures are documented, implemented and communicated across the Group.

Material Topic	GRI Standard	Inside Organization	Outside Organization	Management Approach
Child Labour	408, 103	✓	✓	Guided by the UNGC Principles on Labour, specifically Principle 5: Child Labour, Brandix completely prohibits the use or recruitment of child labour and as a policy only those of full legal age are permitted to work in the Company. A detailed procedure has been set out to ensure this rule is applied at the time of recruitment of new employees, with HR and Risk & Compliance teams are required to provide oversight, to ensure consistent application, without exception, across the Group.
Forced or Compulsory Labour	409, 103	✓	✓	Guided by the UNGC Principles on Labour, specifically Principle 4: Forced or Compulsory Labor, Brandix strictly prohibits the use of Prison, Indentured, Bonded, Involuntary, Slave Labour or Labour obtained through Human Trafficking across manufacturing operations. Employment is offered for available vacancies with the person's consent, while Associates have the right to terminate their employment in accordance with their terms of employment. Brandix prohibits coercing employees in any way, or unnecessarily limiting employees' freedom of movement. A strict policy and procedural framework is in place to ensure these rules are followed at all times, with the HR and Risk & Compliance teams required to provide oversight, to ensure consistent application, without exception, across the Group.
Compliance	307, 419, 103	✓	✓	Environmental and socio-economic concerns are integrated into our daily operations, in operations in compliance with applicable laws and regulations laws and regulations in the countries that we operate
Energy	302, 103	✓	✓	Improve the Group's energy intensity parameters by migrating away from non-renewable energy sources and consistently increasing the dependency on renewable energy

MATERIAL
MATTERS

Material Topic	GRI Standard	Inside Organization	Outside Organization	Management Approach
Emissions	305, 103	✓	✓	Operate more efficiently to reduce GHG emissions per unit of production by: 1. Identifying and implementing energy improvement measures through installation of technologically advanced and resource efficient equipment. 2. Investment in renewable energy for electricity generation.
Water & Effluents	303, 103	✓	✓	Optimize our water usage by making a concerted effort to improve factory-wide efficiencies
Waste	306, 103	✓	✓	Concerted efforts to ensure waste diverted from landfills, while meeting regulatory requirements in countries of operation. Process improvement to identify excessive use of waste, thereby promoting waste reduction measures, whilst also adhering to waste hierarchy principles to reduce, reuse and recycle our waste efficiently.
Supplier Evaluation	102, 103	✓	✓	Evaluation and selection of suitable suppliers and service providers, with approval to contract with, 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 and encourage our suppliers towards improving their effectiveness and keeping pace with the evolving needs of the Brandix Group.
Community Development	413, 103	✓	✓	Our Community strategy is linked to our Sustainability framework, as we focus on systematic interventions to enhance the well-being of the communities in which we work. Focusing on resolving water related issues within these communities, allows us to retain the commitment of our employees and other local stakeholders..
Anti -Corruption	205, 103	✓	✓	Maintain a strict anti-corruption policy, as well as a zero-tolerance policy for non-compliance, through a comprehensive Governance framework. This policy extends to the Company's business dealings and transactions in all countries which it operates, its subsidiaries and Vendor Partners.

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 mission to maximize economic, environmental and social returns to stakeholders maximize long-term. Strong governance also ensures that our business activities comply with applicable local laws and regulations, and that the Group acts in accordance with professional and ethical standards to achieve and sustain healthy and long-term growth.
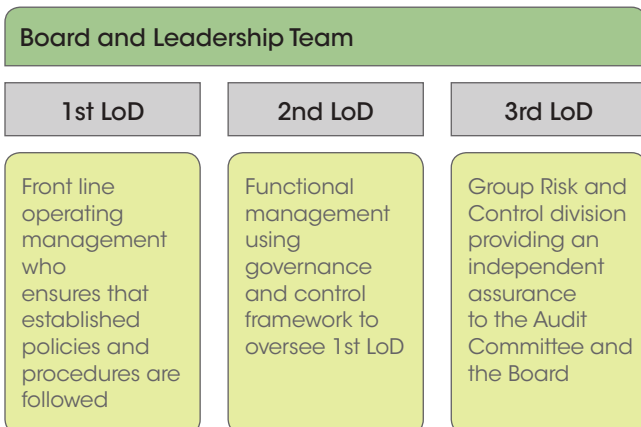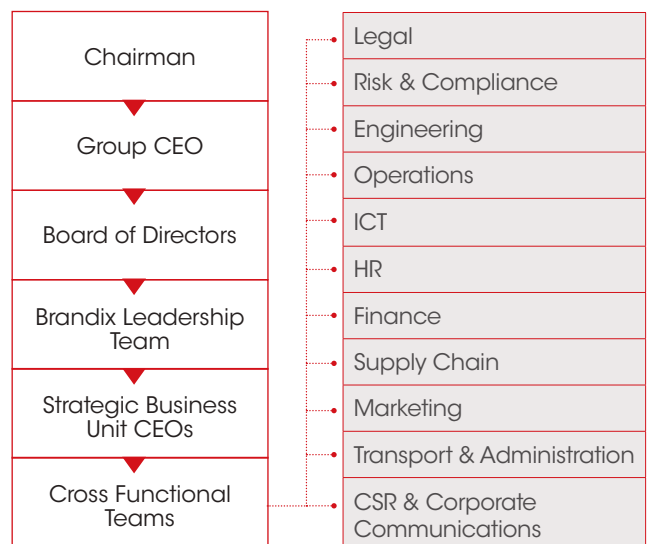
Our governance framework integrates processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

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.

Board and Leadership Team

1st LoD	2nd LoD	3rd LoD
Front line operating management who ensures that established policies and procedures are followed	Functional management using governance and control framework to oversee 1st LoD	Group Risk and Control division providing an independent assurance to the Audit Committee and the Board

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.

Chairman	→	Legal
Group CEO		Risk & Compliance
Board of Directors		Engineering
Brandix Leadership Team		Operations
Strategic Business Unit CEOs		ICT
Cross Functional Teams		HR
		Finance
		Supply Chain
		Marketing
		Transport & Administration
		CSR & Corporate Communications

The Brandix Board is comprised of professionals 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 month** to formulate strategies, 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.

GOVERNANCE

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 employee.

The Audit Committee also directs, instructs and guides the Internal Audit function in discharging of 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 audit framework plan, the Internal Audit function contributes towards 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 BLT is accountable to deliver on the Board approved annual business plan and the 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 Company. 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 Functional Heads in managing the respective work streams, with the objective of embedding a world-class process-driven culture across our Group.

GOVERNANCE & RISK MANAGEMENT

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. In addition, Brandix has voluntarily embraced certain key elements of international best practices on Corporate Governance, although not required by law, given that the Group is a private and family owned business.
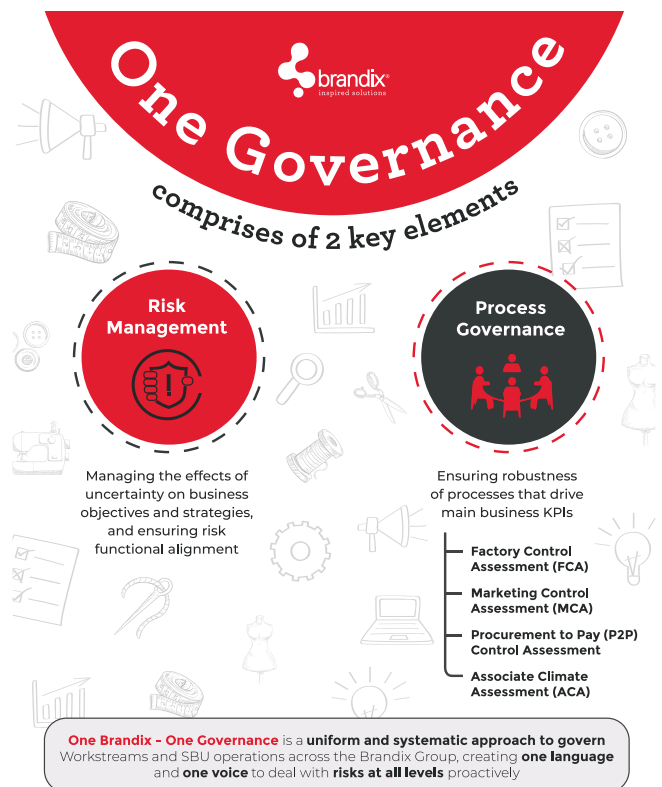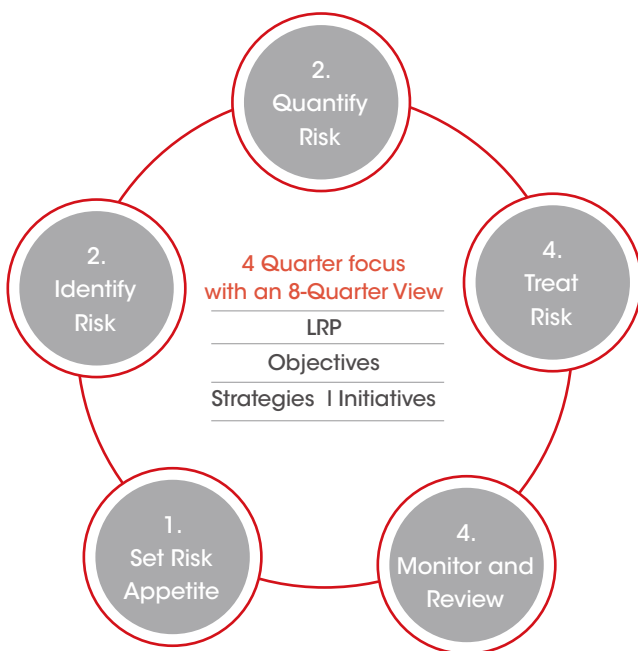
Further enhancing our integrated Governance framework, in 2017 we launched the 'One Brandix - One Governance' framework, transforming the way the Group is governed. The "One Governance' framework encompasses all our operating locations and has been designed taking into consideration the necessary regulatory requirements.

Adapting a holistic approach, the, framework drives systematic systematic governance of all business functions and related SBUs operations across the Group, ensuring greater consistency and transparency to maintain optimal management efficiency. To facilitate this, the 'One Brandix - One Governance' framework creates a common platform to proactively address risk at all levels of the business, through a combination of both Enterprise-wide Risk Management (ERM) and the Process Governance mechanism.

These frameworks have been developed in line with internationally accepted best practices for Risk Management and Internal Controls, thereby promoting a culture of control consciousness, through the provision of a review mechanism to mitigate ground-level operational risk. Additionally, the 'One Brandix - One Governance' model drives the principles of good governance and transparency across all levels of management and encourages our Associates to adopt a culture of self-discipline based on accountability and ownership.

The "One Governance" framework complements the company's ERM framework, that works to proactively identify and respond to risks arising from internal and external business environments. The Brandix Group mission and strategies, Long Range Plan and annual budgeting process set the context for the ERM framework, which is fully embedded into our business planning and decision-making processes. Our risk champions across SBUs and functions are expected to scan the environment to identify both positive and negative uncertainties, that could affect the achievement of business objectives. Using a five-step approach, key risk and mitigation plans are deliberated by a cross- functional team, led by the CEO of each SBU on a quarterly basis. Furthermore, the Group Risk and Control division is tasked with regularly reviewing the effectiveness of the risk management process and evaluating the Group's risk profile, with all such findings being escalated to the Board at the quarterly board Risk reviews.

4 Quarter focus with an 8-Quarter View

LRP

Objectives

Strategies I Initiatives

One Governance

comprises of 2 key elements

Risk Management

Managing the effects of uncertainty on business objectives and strategies, and ensuring risk functional alignment

Process Governance

Ensuring robustness of processes that drive main business KPIs

- Factory Control Assessment (FCA)
- Marketing Control Assessment (MCA)
- Procurement to Pay (P2P) Control Assessment
- Associate Climate Assessment (ACA)

One Brandix – One Governance is a **uniform and systematic approach to govern** Workstreams and SBU operations across the Brandix Group, creating **one language** and **one voice** to deal with **risks at all levels** proactively
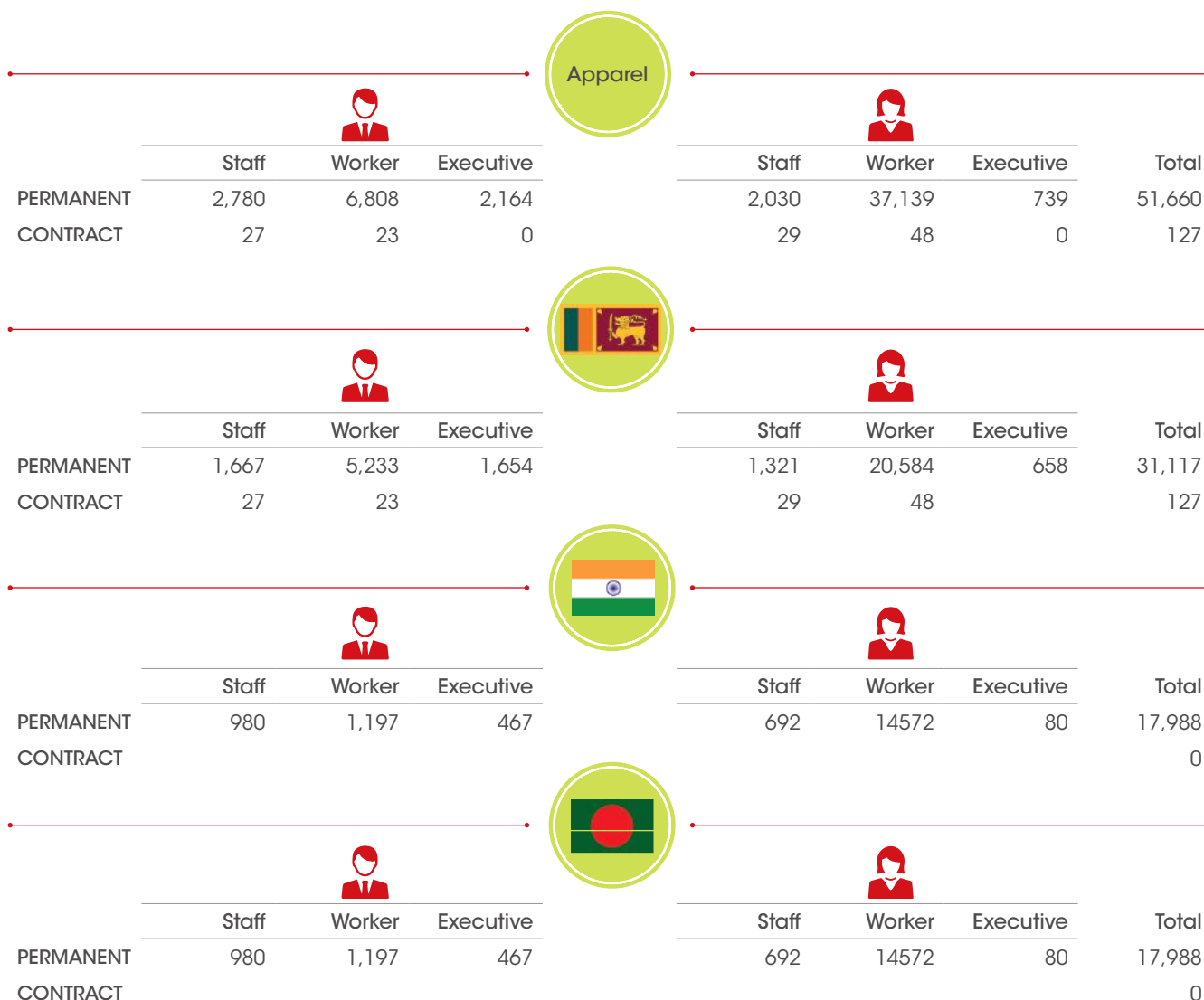
PEOPLE

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 almost 52,000 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 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.

Apparel

	Staff	Worker	Executive		Staff	Worker	Executive	Total
PERMANENT	2,780	6,808	2,164		2,030	37,139	739	51,660
CONTRACT	27	23	0		29	48	0	127

Sri Lanka

	Staff	Worker	Executive		Staff	Worker	Executive	Total
PERMANENT	1,667	5,233	1,654		1,321	20,584	658	31,117
CONTRACT	27	23			29	48		127

India

	Staff	Worker	Executive		Staff	Worker	Executive	Total
PERMANENT	980	1,197	467		692	14572	80	17,988
CONTRACT								0

Bangladesh

	Staff	Worker	Executive		Staff	Worker	Executive	Total
PERMANENT	980	1,197	467		692	14572	80	17,988
CONTRACT								0

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, encuring no children are recruited.

We are an equal opportunity employer and offer equal salary and remuneration to both men and women across all our operational locations, which are reviewed annually. 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 each and 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 respects local labour regulations, as well as internationally recognized Human Rights, as established in the Universal Declaration on Human Rights and the International Labour Organization's core conventions. Recognizing its corporate responsibility to respect these principles through on-going human rights due diligence, Brandix has established an internal oversight system, where the Group HR and Risk & Compliance (R&C) teams monitor compliance with local labour regulations and ILO standards on human rights. They are also tasked with ensuring our policies and procedures are reviewed periodically for continual improvement. In the period under review, we began working specifically on enhancing our policies on abuse and harassment.

At least one person is appointed to monitor and support system implementation at each SBU. To verify ongoing compliance at SBU's, quarterly audits are carried by a special team at each SBU, while an independent bi-annual audit is done by the R&C team.

Some of our facilities have also been certified by independent external bodies, such as WRAP, ETI and BSCI, which further reinforces our commitment to human rights best practices.

Meanwhile, all employees are always trained on their workplace rights and the importance of treating their colleagues respectfully, further reinforcing the Brandix values of R.I.T.E.

PEOPLE

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 behavior. The Code is posted prominently at all our operating sites and is translated into the languages of employees at each location.

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. All policies & procedures are documented, implemented and communicated to all employees and combined with regular training to educate the team on applicable laws and raise awareness regarding the importance of business ethics. This includes creating awareness among employees to prevent discrimination, corruption, harassment and abuse of employees. Furthermore, the Brandix core values of R.I.T.E. are prominently displayed at each factory, along with posters that serve as a constant reminder of the Brandix way of operating.

Supported by our Social Compliance Manual, team leaders at each factory are expected to enforce these principles among their teams. All employees are expected to practice these values and any violations of these values are not tolerated. As part of our due diligence activities, all policies and procedures are re-visited periodically for continual improvement. Compliance is also monitored through quarterly and bi-annual audits, as well as adherence to certifications such as WRAP and ETI.

No Brandix facility was found to have violated these policies during the reporting period. As such, 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.

Diversity and Equal Opportunity

We advocate equal opportunity at every stage of the employment life cycle and maintain a non-discriminatory approach throughout the employment process, including recruitment, training, promotion, suspension, termination, or retirement of employees. We value our employees and offer equal pay for both men and women in comparable roles and ensure that all Brandix employees receive equal opportunities for growth and development, without discrimination. Furthermore, based on Brandix's commitment to competitive remuneration, we review our pay structures and promotion procedures annually, in line with industry standards and globally accepted best practices. Our goal is to recognize and reward our employees to ensure they feel empowered and motivated to work towards achieving the Brandix Group's long-term corporate goals.

ONGOING COMMITMENTS

We have established a set of key priorities that serve as the backbone of our employee care programme. This systematic approach provides 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.

At Brandix, we aspire to create and maintain a fulfilling workplace for all employees to work in. Through our partnership with Great Place to Work® in Sri Lanka, we continue to implement an employee survey called the Trust Index©, which is the global premier employee survey developed by the Great Place to Work® Inc. This survey serves as a tool to obtain structured feedback from employees on key aspects of workplace relationships, allowing us to better appreciate our strengths and identify areas for improvement.

Employee responses are treated with confidentiality, resulting in an impartial review of our workplace culture. Conducted biennially, our scores are continuously revised to meet higher standards, in line with international best practices.

Occupational Health and Safety

Being a manufacturing organization, the provision of a healthy, comfortable and safe environment for our employees, contractors and visitors 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 32 factories and offices.

None of our employees are involved in occupational activities that pose a high risk of specific diseases. Regardless, we are aligned with ISO 45001:2018 standards, thus ensuring effective Occupational Health and Safety (OH&S) systems, standards and Standard Operating Procedures (SOPs) are implemented at each facility. Safety protocols at all facilities are monitored regularly and undergo stringent safety systems inspections biannually. Internal teams and external organizations are commissioned to conduct regular audits to validate the effectiveness of the systems and processes in place.

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 dedicated OHS personnel, as well as an OHS Committee representing 100% of the workforce. The committee comprises a cross functional team, chaired by the Plant Operations Manager at each site. The Plant H&S 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 OHS 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.

All our factories and offices are under constant surveillance to safeguard against external threats. We have entered into contractual agreements with several reputed security sservice 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

➔ Managing risks and hazards in our business by creating an Interdependent OHS culture across the Group by facilitating safe work environment, thus ensuring the prevention of injuries and ill health

➔ 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
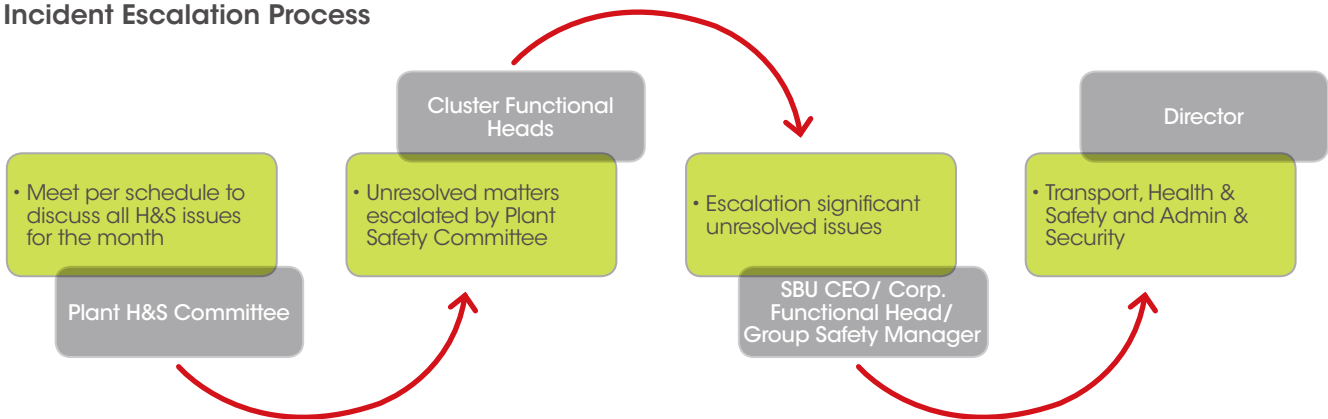
Category	2015-17	2017-19	2018-19
FAC	974	1259	495
MTC	36	63	43
LTA	4	10	6
Total	1014	1332	544

WORK-RELATED FATALITIES
ONE

PEOPLE

Incident Escalation Process

Plant H&S Committee
- Meet per schedule to discuss all H&S issues for the month

Cluster Functional Heads
- Unresolved matters escalated by Plant Safety Committee

SBU CEO/ Corp. Functional Head/ Group Safety Manager
- Escalation significant unresolved issues

Director
- Transport, Health & Safety and Admin & Security

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. All incidents and accidents are recorded in the Incident Register, maintained at the Medical Centre and with the H&S Officers for each Plant. These are then further reviewed regularly for action, where required. However, several incidents were recorded for the reporting period;

CASE STUDY 1
Food Poisoning
1. Brandix Fast-Fashion Minuwangoda (BFFM) – Sept. 22nd, 2018
2. Brandix Casualwear Ridigama (BCRd) – August 30th, 2017

Incident in brief
A total of 405 and 96 employees, at BFFM and BCRd respectively, reported to the on-site medical centre complaining of sudden illness with stomach pain, symptoms of diarrhea and vomiting. Of those affected, 309 from BFFM and 64 from BCRd were referred to the nearby hospital for further treatment. The majority of these patients were discharged on the same day.

The subsequent investigation into the incidents determined that most of the affected had consumed food from the factories, which were supplied by a 3rd party caterer. A few associates had also consumed food from external street vendors.

Findings
Investigations into the incident by SGS (Pvt.) Ltd. revealed the following:

- Food samples from the caterer and street vendors determined the presence of coliforms and E. coli.
- E. coli was also present in samples obtained from the coconut scraping machine and cooking pots, indicating the kitchen was contaminated with pathogenic microbes.

Steps taken to avoid similar incidents in the future
- Strictly follow HACCP guidelines for the structure and operation of the in-house kitchens
- Conducted a gap analysis/HACCP (Hazard Analysis Critical Control Points) study to find out the deviations of the existing canteen facility and implement best practices
- Mandatory annual hygiene audit to be conducted for service provider, inclusive of verification by an external 3rd party.
- Small time vendors who sell short eats/ juices will not be allowed across all facilities
- All food being transported between locations to be properly sealed to avoid contamination
- Maintain a stock of traveler's quilts to be available at Medical Centers to be used during emergencies and prevent patients resting on the floor
- Ensure food is served in appropriate equipment
- Emergency response plan to be reviewed and a proper contact tree established to handle emergencies
- A dedicated refrigerator/freezer to be available for storage of food samples. This needs to be under lock and key
- Ongoing practical training for Security Personnel conducted by health & safety
- Recommended the use of the dishwasher for cleaning pots/plates and cutlery etc.

CASE STUDY 2
Food Poisoning - Brandix Lingerie Wathupitiwala – Jan. 19th, 2019

Incident in brief

A total of 15 employees who had consumed the tuna fish curry at lunch reported to the on-site medical centre complaining of nausea, itching, skin rash, fever, headache and vomiting. Of these 10 were admitted to the nearest hospital and discharged on the same day.

Findings

Investigations into the incident by Medical Research Institute (MRI) Sri Lanka revealed the following:

- Food samples did not meet recommended food safety parameters.
- It was further revealed that there were high levels of the enzyme histidine decarboxylase present in the fish, which was caused by continuous freezing and thawing of raw fish

Steps taken to avoid similar incidents in the future

- The guidelines followed from the previous incidents outlined above were applied.
- Tightening food hygiene procedures by issuing a new SOP for end-to-end food handling, preparation and service.
- The preventive maintenance of the chillers and freezers to detect any temperature fluctuations
- Raise awareness among employees regarding food allergies
- Display a cautionary notice in all food serving stations "if you have any food related allergies, seek clarifications from the Manager/ Supervisor Cafeteria".

CASE STUDY 3
Oil spill - Brandix Casualwear Ratmalana – Apr. 10th, 2017

Incident in brief

As a policy, no furnace oil is retained in the on-site tanks overnight. Therefore, as part of the end-of-day process, furnace oil is removed from the tanks and stored in old chemical barrels of capacity 120 & 200 Litres).

On the day of the incident, several such barrels had spilled out on to the drain line of secondary containment and later into the storm water drain, which is connected to the main public drainage system. As such, furnace oil was found in the nearby Lunawa lagoon.

Findings

Investigations into the incident revealed the following:

- Lack of an adequate control mechanism for storage of excess furnace oil
- Miscommunication regarding Spill Management Procedure to relevant personnel

Steps taken to avoid similar incidents in the future

- A dedicated Plant Risk Assessment team was appointed
- Strengthening of overall procedural controls
- Awareness building to improve staff readiness and ensure quick and effective spill management processes are implemented

CASE STUDY 4
Fatality - Brandix Centre of Inspiration, Ekala – Oct. 8th, 2017

Incident in brief

A Supervisor of the Maintenance Department fell from the roof of the Fabric Stores, while supervising repairs to the roof. He subsequently succumbed to his injuries while undergoing treatment at the ICU of the Ragama Hospital.

Findings

Investigations into the incident revealed the following:

- Lack of an adequate safety controls
- Inadequate supervisory oversight
- Poor emergency response procedure

Steps taken to avoid similar incidents in the future

- Appointment of a dedicated on-site H&S Officer
- Mandatory periodic risk assessments to be conducted, with the involvement of independent experts/to assess the effectiveness of the current system and identify areas for improvement
- Strengthen overall procedural control and increase managerial oversight
- Establish clear guidelines for handling special high-risk projects
- Improve reporting frameworks to provide regular updates to the Central Command and Control Center
- Period First Aid training with special emphasis on situational responsiveness
- Implementation of Work Permit Systems, to ensure high-risk activities are conducted with necessary safety controls and hazard identification.

PEOPLE

TRAINING AND DEVELOPMENT

At Brandix, we pride ourselves to be a learning organization. We are committed to ensuring that 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 thereby, transitioning our management teams to lead our next-generation workforce.

Our people development agenda for the reporting period was designed to support the Brandix Group's Long-Range Plan. As a first step, we revisited our core values statement, which was done with the intention of creating a more value-driven corporate culture that unifies the entire Group under the "One Brandix" umbrella. Taking a top-down approach, the CEO and the Board were tasked with reflecting and emulating the new value culture. Meanwhile, to embed our new value-driven culture more deeply at all levels of the business, we began reforming our learning and development model. In the first phase of this exercise implemented during the reporting period, we prioritized three key areas;

Skills Development

Skill development activities for the period, were focused primarily on building a reliable talent pipeline at the middle management level. Taking the first steps in this regard, we revamped our performance assessment initiative, to to identify skill gaps among Executive-level employees. This was coupled with up-skilling programmes, to enhance employees' capacity both in terms of technical and soft skills. With this initiative, we expect to maintain a 1:1 bench strength for all critical positions.

Leadership Development

Looking at leadership development in a more holistic manner, we embarked on an ambitious initiative to develop our leaders more cohesively to our "One Brandix"

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.

vision. This meant moving away from the fragmented model used in the past to develop leaders for various departments, and instead, systematically developing leaders consistently aligned to the Brandix vision. To support this effort, we introduced the 9-box evaluation tool, to benchmark the desired leadership attributes throughout an employees' leadership journey. All training and development activities were also assigned, based on this framework, and executed using the 70:20:10 training model, where 70% was on-the-job training, 20% through knowledge sharing, mentoring and coaching, with the remaining 10% through formal classroom training.

Additionally, we also looked to further strengthen our formal leadership development training, through the adoption of globally accepted best practices for learning and development. Steps taken in this regard included several strategic partnerships with leading global learning institutes, among them the Centre for Creative Leadership (CCL), a top-ranked learning institute based in the US.

Sustainable Learning

To ensure our learning activities continue to support the evolving needs of our business, we focused on making our learning and development model more sustainable over time. We believed that this could be achieved primarily by developing a strong pool of internal trainers, which would in turn help to reduce the dependency on external trainers. Taking proactive steps to build a pool of internal trainers, we leveraged on our partnership with the CCL, to improve internal expertise in multiple areas, including technical and soft skills training, coaching and mentoring.

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, 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.

Meanwhile, female Non-Executive employees have access to PACE, the 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 provided the opportunity to participate in enhanced technical skills training.

The 8 education models covered in the programme are;

- **Communication & Negotiation:** Communicating effectively and assertively, understanding verbal and non-verbal communication.
- **Problem Solving & Decision Making:** Making informed decisions, finding the middle ground, perceiving problems as opportunities.
- **Execution Excellence:** Applying new things at the workplace.

- **Financial Literacy:** Opening a bank account, managing personal finances, budgeting, savings plans.
- **W.A.S.H.:** Importance of water, health and sanitation.
- **Social Entitlement & Legal Literacy:** Understanding law and social programs.
- **General & Reproductive Health:** Understanding health risks and health practices.
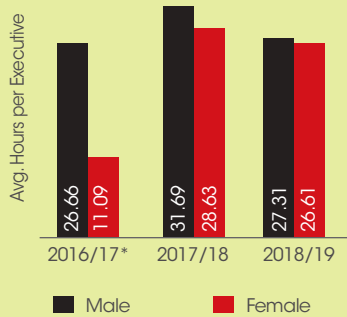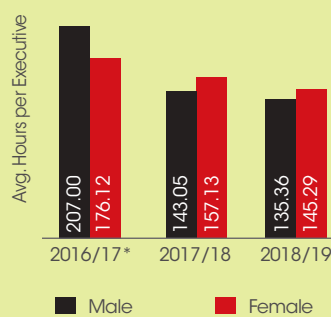- **Time & Stress Management**

PEOPLE

P.A.C.E. Graduates

P.A.C.E. Graduates

PERFORMANCE OUTCOMES
Disclosure GRI 404 -1 - Training & Education

TOTAL TRAINING HOURS – EXECUTIVES

Avg. Hours per Executive

	Male	Female
2016/17*	26.66	11.09
2017/18	31.69	28.63
2018/19	27.31	26.61

TOTAL TRAINING HOURS – NON-EXECUTIVES

Avg. Hours per Executive

	Male	Female
2016/17*	207.00	176.12
2017/18	143.05	157.13
2018/19	135.36	145.29

The data for 2016/17, which was used in the previous Sustainability Report, has also been included here for offering a baseline comparison for the subsequent years

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

All Executive staff undergo annual performance and career development reviews through a self- and supervisor assessment, whilst Non-Executives in the Mechanics and P.A.C.E. programmes undergo annual grade and knowledge assessment reviews, thereby allowing for career progression. P.A.C.E. graduates have enjoyed a promotion rate of 72% during the reporting period.

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 relationship 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 to the Employee Council, prior to the implementation of significant operational changes that could substantially affect them.

Testifying to the effectiveness of the Employee Council as an employee communication and engagement too, no collective bargaining agreements are in force at any of our sites in Sri Lanka, India or Bangladesh, despite a 52,000-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.

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 appraised regarding the progress at each stage of the resolution process.

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

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 appraised 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. While the number of incidents reported through this process are monitored internally, they are not made public for reasons of sensitivity.

Aside from these formal channels, our employees can engage with their colleagues at all levels, through a

PEOPLE

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 Newsletter 'Viyaman', published three times a year, knits together the diverse parts of the Group in a cohesive medium that communicates these aspects to each 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 successes and events in their lives and thereby strengthen the unity among them. As such, the paper 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 done 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's 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.

Blood Drive

Yet another ongoing commitment by the Brandix Group, the Blood Drive, is an entirely employee driven initiative. It is noteworthy that the consistent commitment shown by all employees, has enabled Brandix Sri Lanka to be recognized as one of the largest corporate blood donors to the National Blood Transfusion Service.

NO. OF PINTS OF BLOOD
2016/17 - 4,090
2017/18 - 4,096
2018/19 - 4,156

"Rasadiya Mangalya" Annual Awards

The annual Brandix 'Rasadiya Mangalya', an event held for the 8th and 9th consecutive years during the reporting period, offers a platform for all talent recognition programmes conducted by the Brandix Group.

The Group's annual talent competition, "Rasadiya Tharu", provides a platform for employees to showcase their talents and be recognized.

The main event consisted of three separate competitions - 'Rasadiya Gee Tharuwa' (Singing Star), where four finalists were selected from over 250 participants who competed in the preliminary rounds of the competition, 'Rasadiya Narthana Tharu' (Dancing Stars), where six troupes of dancers shortlisted from the 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.

The 2018 and 2019 editions concluded with the finale of the 'Rasadiya Gee Tharuwa', the 'Rasadiya Narthana Tharu' and the 'Rasadiya Nivedana Tharu' competitions that recognise the aesthetic talents of Brandix Group employees. The finale event; an evening of high-quality entertainment is watched by nearly 5,000 Brandix Associates, where the coveted titles for the above competitions, as well as those for the "Rasadiya Kusalanaya", Mech Challenge, EOY (Employee of the Year) and SOY (Supervisor of the Year) are awarded.

The 'Rasadiya Kusalanaya' (Mercury Trophy) volleyball tournament is the largest competition of its kind conducted by a single corporate entity in Sri Lanka. Conducted for the Non-Executive employees, this 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, demonstrating the depth of the Brandix Group's commitment to the national sport.

Each EOY and SOY received a handsome 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 won the first three places in the annual Brandix 'Mech Challenge' – a Group-wide competition in mechanical proficiency.

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 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

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.

manage our environmental performance so as not to disrupt not to 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 make 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 reducing the Group's environmental footprint.

Brandix Seeduwa Green Plant
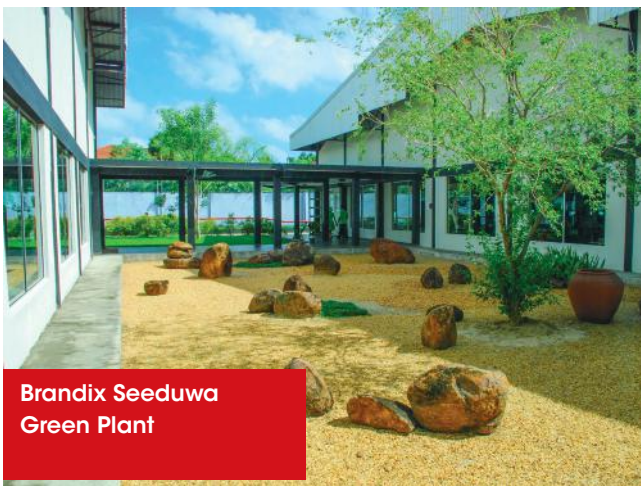
ENVIRONMENTAL COMPLIANCE

At Brandix, Environmental Compliance is of paramount importance, and as such, concerns are integrated into our day-to-day operations. At Brandix, applying the precautionary principle is a key part of our ERM framework, which identifies environmental risk and opportunities, and allows us to develop management plans for mitigating related risks. Strict monitoring by our central Compliance team ensures our operations comply with the applicable 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 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 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 conduct the Environmental Aspect Impact Assessment (EAIA) to identify the positive and negative environmental impacts 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.

SUSTAINABLE MANUFACTURING

Meanwhile, as further proof of our commitment to sustainable manufacturing, several of our factories are ISO 14001:2015 Environmental Management Systems certified. A number of other factories have achieved LEED certification for their eco-friendly structural design,

1.65MW rooftop solar PV at Brandix Batticaloa

Eco-friendly lighting at Brandix Batticaloa

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architecture and construction processes. Brandix Casualwear Seeduwa, as far back as 2007, became the first apparel factory in the world to be certified LEED Platinum, soon followed by Brandix Essentials Ratmalana Brandix Essentials Koggala, 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 HQ 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.

In July 2018, Brandix Essentials Batticaloa achieved the highest LEED Platinum rating in Sri Lanka, which, is also the second-highest LEED Platinum-rated manufacturing facility in the world.

Our Batticaloa factory is testament to our commitment to following sustainable manufacturing; designed according to US Green Building Council and ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) building guidelines. An innovative design and double-glazed windows ensure that nearly half of the cooling requirement is met through the building itself.

A 1.65MW rooftop solar PV plant generates electricity far exceeding the factory's complete energy demand, whilst further insulating against building heat loss. To further optimize resources, we have installed the most energy and water efficient and technologically advanced systems. Magnetic bearing chillers can save up to 37% on energy, whilst direct drive servo motors for sewing machines save over 65% of energy compared with traditional clutch motors. The factory is completed fitted with 100% LED lighting and solar tubes, ensuring 50% energy savings compared to conventional lighting systems.

Solid waste is segregated and recycled, whilst a zero-discharge sewage treatment plant ensures treated water is recycled and re-used for sanitation and irrigation purposes.

LEED rated water fittings and appliances ensures that over 60% water savings are achieved through consumption with conventional water systems, which truly emphasizes our commitment to ensuring resource optimization.

An IoT enabled building management system continuously monitors the ambient environment, with a special focus on temperature and CO_2 levels, ensuring the optimal environment for occupant health, safety and comfort.

Brandix Batticaloa

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 a ground level, Energy, Water and Waste are clear operational priorities for us.

More recently we have identified Emissions as 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.

The rapid growth in our business in the recent past has only served to fuel the Brandix Group's desire to improve its energy performance. Over the years we have set ourselves ambitious energy targets and progressively increased our investments in energy management activities, in pursuit of our goals. Our targets, which were previously aimed at achieving carbon neutral status by 2020, were further revised in 2019, in line with the Group-wide commitment to the Net Zero Energy building standard by 2023, using onsite generated renewable energy sources. Our 5-year energy strategy was rolled out in mid-2017, detailing how we plan to systematically transform our apparel manufacturing facilities into Net Zero Carbon buildings.

As outlined by this strategy, our efforts for 2017 - 2019 were focused as outlined below:

Reforming Energy Infrastructure

Solar Energy Project

Since first launching our solar energy project in 2015, we have progressively increased our investment towards reaching our 8.0 MW target. The 1st major step on our journey to attain carbon neutrality was the installation of a 1.65MW rooftop solar power plant at our Brandix Essentials Batticaloa factory. Capable of meeting 100% of the factory's energy requirement, the installation represents a feather in our cap, as it represented the largest solar PV installation in the country at the time.

During the reporting period, we also completed new roof top installations at the below locations:

SBU	Factory
Brandix Essentials	Koggala, Batticaloa
Brandix Casualwear	Seeduwa, Ekala
Brandix Fast-Fashion	Mirigama
Brandix Lingerie	Wathupitiwela, Biyagama
Brandix Athleisure	Polonnaruwa

As at 31st March 2019, the total number of solar-powered facilities under BAL is now 11, contributing 9.0 MW to the national grid.

Replacing Furnace oil boilers with Biomass boilers

Reiterating our ongoing commitment to promote renewable energy, we continued phasing out the use of furnace oil boilers, that were still in use at a few of our factories in Sri Lanka. Boilers are typically used to generate steam for key production processes, such as dyeing, drying, heating, ironing etc., and as a result, are responsible for a large chunk of the energy requirement at each factory. Shifting to biomass boilers brings several key advantages, such as lowering the Group's non-renewable energy footprint and greatly improving the efficiency of the steam generation process.

During the 2017 - 2019 period, we discontinued use of the furnace oil boilers at Brandix Casualwear Ridigama and Brandix Finishing Ratmalana, and installed biomass boilers in their place.

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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.

Energy Optimization

- LED lighting conversion program:

  This was implemented across the Group during the reporting period, where a total of 22,589 fluorescent lamps were replaced with LED lights. This exercise has been responsible for an annual energy saving of 940MWh. Another project to replace T5 fluorescent and Compact Fluorescent Lamps also commenced in March 2019 and is expected to be completed during the 2019-20 Financial Year.

- Replacing old chiller systems with Magnetic bearing variable speed chillers

  We continued with our efforts to replace conventional chillers with magnetic bearing chillers, in order to reduce the cooling energy load. The new chillers have a much higher part load efficiency and no losses experienced due to oil clogging, saving over over 37% energy, when compared with conventional chillers. During the 2017 - 2019 period, we replaced the conventional chiller installations at Brandix Fast Fashion Avissawella, Brandix Essential Rambukkana, Brandix Lingerie Wathupitiwala and Brandix Centre of Inspiration Ekala, bringing the total number to 14 as at 31st March 2019.

- Standardizing the compressed air plant layout

  A series of internal design and layout changes were made to reposition the compressed air equipment at all factories, in order to facilitate the systematic release of compressed air, based on the varying demands of the operating cycle at each factory. The main aim here was to optimize the generation and distribution of compressed air system, thereby improving efficiency of the process.

Strengthening Energy Monitoring Systems

Real time monitoring of the BMS (Building Management System)

The project to implement real time monitoring of the BMS, commenced at the Brandix Seeduwa factory, where a dedicated monitoring unit was set up within the factory premises, to monitor onsite mechanical and electrical equipment, such as ventilation, lighting, power, fire, and security systems. The project was subsequently rolled out to all our factories in Sri Lanka, India and Bangladesh. In parallel, real time monitoring centrally was also introduced.

Eco-Caliper

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

Investment in Power BI

As part of our long-term strategy to transform all our factories into smart production facilities, we invested in Power BI, an advanced AI-based analytical software tool to disseminate energy data captured within Eco-Caliper and Eco-Eye, the Group-wide energy monitoring package. Information presented by way of Power BI's dashboards aim to empower the Management to take proactive energy control measures. Moreover, crucial information regarding demand patterns and usage metrics provided by Power BI have enabled us to develop internal benchmarks for each factory as well as establish broader regional targets across the Group.
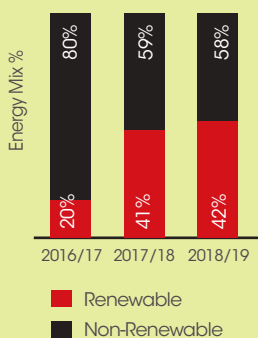
ENERGY GOALS

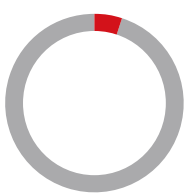➜ Carbon Neutral Operations by 2020

PERFORMANCE OUTCOMES

Disclosure 302-1 - Energy consumption within the organization

GROUP ENERGY MIX

Energy Mix %

Year	Non-Renewable	Renewable
2016/17	80%	20%
2017/18	59%	41%
2018/19	58%	42%

■ Renewable
■ Non-Renewable

RENEWABLE ENERGY CONSUMPTION GJ

Solar	11,151
Biomass	202,845

NON-RENEWABLE ENERGY CONSUMPTION GJ

Furnace Oil	8,672
Diesel	17,120
Coal	0
CNG	82,913
Electricity	184,438

TOTAL ENERGY CONSUMPTION FOR 2017-19

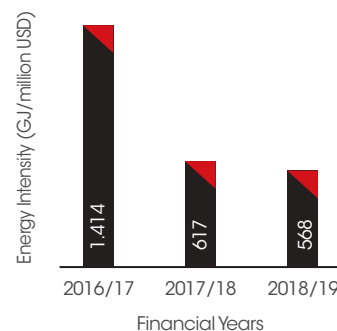1002,705 GJ

RENEWABLE ENERGY SHARE

41.6%

	Consumed (GJ)	Sold (GJ)
Electricity	350,175	N/A
Heating	N/A	N/A
Cooling	N/A	N/A
Steam	N/A	N/A

Disclosure 302-3 - Energy intensity

	2016/17	2017/18	2018/19
Energy Intensity (GJ/Million USD)	1,414	617	568

GROUP ENERGY INTENSITY

Energy Intensity (GJ/million USD)

2016/17	2017/18	2018/19
1,414	617	568

Financial Years

- 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

	2016/17	2017/18	2018/19
Per USD Energy (kJ/USD)	1414	617	568
Reduction (Absolute)- (kJ/USD)		797	49
Reduction (Percentage)		56%	8%

- All the types of energy used by the organization have been used for the above calculations.
- The base year was chosen as 2016 /20 17 when our previous sustainability report was published.

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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 ($CO_2(e)$).

Having tracked our emissions for several years, we have understood, that as our business expands, it is imperative 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 on the production floor. All such actionable initiatives are rolled out in practice through Eco-Eye, the Brandix Groups' environmental management system.
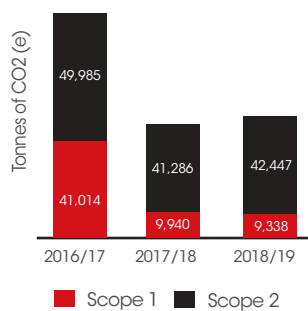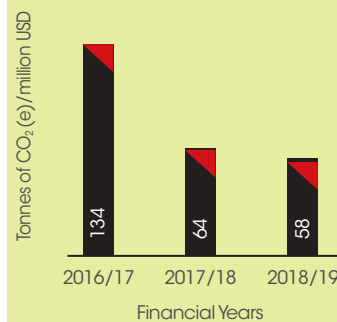

Brandix Welisara

EMISSION TARGETS
➔ Carbon Neutral Operations by 2020

GROUP GHG EMISSION

Tonnes of CO2 (e)

2016/17	2017/18	2018/19
49,985	41,286	42,447
41,014	9,940	9,338

■ Scope 1   ■ Scope 2

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

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

		tons $CO_2(e)$	
Scope 3 - Reporting Category		2017/18	2018/19
Category 7	Employee Commuting	9,530	10,583
Category 6	Business Travel		
Category 1	Purchased Good & Service		
Category 2	Capital goods transport	4,284	4,502
Category 9	Downstream transportations & distribution		
Category 5	Waste generated in business operation	1,349	2,173
	Total Scope 3 emission	15,163	17,258

Disclosure 305-5 - Reduction of GHG emissions

GROUP CARBON EMISSION INTENSITY

Tonnes of CO_2 (e)/million USD

2016/17	2017/18	2018/19
134	64	58

Financial Years

- The chosen ratio denominator is the organization's revenue in USD, which is the common performance monitoring parameter for manufacturing service sectors.
- Scope 1and scope 2 have been included for the above calculations.
- The ratio uses energy consumed within the organization.
- All GHG gases have been included in the above calculations.

Disclosure 305-5 - Reduction of GHG emissions

	2016/17	2017/18	2018/19
Emissions Intensity			
Emissions Intensity (t CO_2(e)/ US$)	134	64	58
Reduction (Absolute)- (tons CO_2(e)/USD)		70	6
Reduction		52%	9%

PLANET

Energy & Emissions Metrics – Data Assertion

- Brandix captures, calculates, and reports direct and indirect GHG emissions data in accordance with the principles and guidance outlined in the Greenhouse Gas (GHG) Protocol

- Carbon dioxide emissions and equivalents resulting from the activities and business units described above have been determined on the basis of measured or estimated fuel and electricity usage, multiplied by relevant, published carbon emission factors.

- All GHG gases have been included in the above calculations.

- FY16/17 has been used as the baseline for comparison

- Scope 1 and Scope 2 data are sourced from direct measurements and/ or third-party invoices, and is collected across the business, via a variety of internal processes and systems (incl. Building Management Systems)

- The grid emission factor/ conversion rates were obtained from guidelines issues by the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority- Ministry of Power (India) and Department of Environment (Bangladesh)

- The chosen consolidation approach is equity share, unless otherwise mentioned

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 continued working throughout the reporting period to achieve the Brandix Group Water goals with special emphasis on three specific goals:

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

Clean drinking water for all employees

Broadening our approach to water management, we began working towards providing purified clean drinking water for all our Associates by 2020. As a first step towards achieving this, we initiated an ambitious project to standardize the drinking water supply across the Group. Stemming from this, the following initiatives were rolled out at all factories across the Group:

- Commissioning of in-house purification systems, which use a 3-tier water treatment methodology to deliver safe drinking water that is equivalent to mineral water quality.

- Strict monitoring of water quality parameters to ensure the suitability of drinking water in line with WHO Drinking Water standards

- A total of 460 water dispensers were installed across the Group, ensuring all employees have easy access to safe, purified drinking water at any time.

- Launched a Group-level campaign, to raise awareness among Associates regarding the health benefits of regular water consumption throughout the day.

Zero Water Wastage

We continuously monitor our water consumption on a regular basis, with monthly reports benchmarked for KPI achievement. Parallelly, we implement water efficiency improvements through awareness, digital posters and competitions across the Group commending water reduction initiatives.

Water Quality Assessment in progress at BIAC

Whilst monitoring our water usage, we observed that dish washing was using a considerable proportion of our water resources, and as such, we standardized the usage of dishwashers across our kitchens/ canteens, to ensure minimal water wastage for plate/ dish washing.

Other key initiatives towards water optimization were the standardization of water fittings across the Group to ensure water efficiency benchmarks, as well as the implementation of the pioneering Zero Liquid Discharge (ZLD) plant in Batticaloa, ensuring this factory has zero water wastage; a model for our factories to emulate. Here, the recycled water is utilized towards sanitation and irrigation across the factory's landscaped gardens.

We continue to conduct audits to monitor leaks and high consumption factories, whilst also ensuring adequate water capacity for occupant consumption, through standardizing the water storage capacity across the Group, further reiterating our commitment to water optimization.

Zero Discharge of Hazardous Chemicals

With our wastewater management hardware already in place, the key priority for the reporting period was to strengthen monitoring and control mechanisms.

Brandix continues our commitment to the ZDHC programme, which monitors discharge of 17 priority chemical groups across our fabric mills, dye houses and laundries, ensuring these facilities have zero discharge of these chemicals into water bodies. During the reporting period, we are proud to say that we have achieved this target well ahead of our committed deadline in 2020, with Brandix Finishing Limited in Ratmalana complying with the programme in 2018.

Further, our work on the Kelani River Multi-stakeholder Partnership (KRMP) extended into Phase II, where we are currently finalizing the below aspects to strengthen the monitoring of effluent discharge into critical water bodies, through a study with academic experts:

- Introduction of an online effluent monitoring system for the Industrial parks

- Designing an MOF pipeline & disposal system for the Industrial parks

PLANET

PERFORMANCE OUTCOMES
Disclosure 303-1 - Water withdrawal by source

Brandix Water Consumption – Volume (m³)

	2016/17	2017/18	2018/19
Surface Water	852,535	650,258	0
Ground Water	298,143	284,071	259,024
Rain Water	380,630	111,814	69,215
Municipal Water	879,861	689,285	649,918
Direct - Net Water	2,411,169	1,735,428	978,157
Recycle water	274,279	233,242	252,244
Gross Water	**2,685,448**	**1,968,670**	**1,230,401**

Baseline for comparison (last SR)

TOTAL VOLUME OF WATER WITHDRAWN
3,211,366 m³

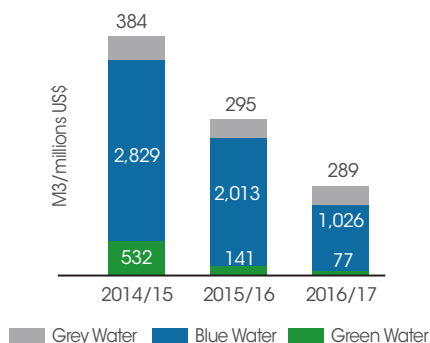### TOTAL VOLUME OF WATER RECYCLED AND REUSED
495,276 m³

TOTAL VOLUME OF RAINWATER HARVESTED
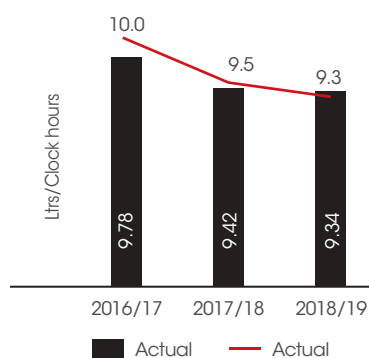= 182,239 m³

% OF WATER RECYCLED AND REUSED
= 15.4%

% IMPROVEMENT (RECYCLED WATER)
32.5% from last SR

% OF RAINWATER HARVESTED
5.7%

WATER INTENSITY BY WATER FOOTPRINT

	2014/15	2015/16	2016/17
Total	384	295	289
Grey Water			
Blue Water	2,829	2,013	1,026
Green Water	532	141	77

M3/millions US$

☐ Grey Water   ☐ Blue Water   ☐ Green Water

OCCUPANT WATER CONSUMPTION

Ltrs/Clock hours

	2016/17	2017/18	2018/19
	10.0	9.5	9.3
Actual	9.78	9.42	9.34

■ Actual   — Actual

Water & Effluents Metrics – Data Assertion

- Brandix captures, calculates, and reports water and effluent data sourced from direct measurements and/ or third-party invoices, and is collected across the business, via a variety of internal processes and systems (incl. Building Management Systems)

- FY16/17 has been used as the baseline for comparison

- The chosen consolidation approach is equity share and/or clocked hours, unless otherwise mentioned

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.

Honouring the commitment to 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.

Our focus for the reporting period was directed specifically towards addressing the issues surrounding food, packaging, production and plastic waste categories.

Streamlining Food Waste

Having discovered that our meal service model was the reason behind the progressively high volumes of food waste in the canteens, we made several important changes to the way we prepare, cook and serve staff meals. As a first step, it was decided that staff meals should be freshly cooked daily, at the in-house factory kitchen. Following this decision, the practice of sourcing meals from outside vendors was discontinued in 2017. In order to provide our staff with freshly cooked meals every day, we then proceeded to standardize the Group-wide kitchen infrastructure in line with the global accepted GMP food safety standards. This was done with three key objectives in mind:

1) Establish a benchmark to standardize Group-wide food preparation systems

2) Standardize the food quality across the Group and

3) Minimize food waste at factory-level from preparation to consumption.

To support the third objective, supervision was tightened and a series of new food waste KPI's were introduced, to monitor the volume of food waste at every stage, with the factory management held accountable for the outcomes at their respective factories.

Recycling Packaging Waste

We phased out the use of polythene used to wrap large fabric rolls and instead began using special fabric bags, which were sewn in-house. Further, all factories were instructed to employ re-usable crates for the transport of raw materials (fabric, labels and accessories) within the factory premises.

Eliminating Plastic Waste

To support our ongoing campaign to eliminate PET bottles at all factories, we commissioned an in-house drinking water treatment facility to provide clean drinking water for our employees and visitors to our factories. In this manner we have been able to eliminate the need for carrying PET bottles, which has also helped in reducing the Group's plastic waste footprint to a large extent.

Beyond Recycling – Material Circularity

Moving away from conventional recycling solutions for our fabric waste, we embarked on an ambitious new initiative to integrate such waste back into your supply chain in the form of raw material. Based on the principles of circularity, we set out a 3 - year plan, outlining a series of actionable initiatives that would spearhead our journey towards achieving circularity by 2023. As a first step, we began conducting our own research to explore the possibility of regenerating or recycling our fabric waste in a suitable manner, so that it could be redirected back into our supply chain. We also sought out value adding partnerships that would assist in the achievement of our circularity goals.

WASTE MANAGEMENT GOALS
➔ Recycle and Re-use 100% of Waste

PLANET

PERFORMANCE OUTCOMES

Disclosure 306-1 - Water discharge by quality and destination

Destination	Planned/ Unplanned	Discharge Quantity (m³)			Discharge Point	Units covered	Quality of the water	Treatment Method
		2016/17	2017/18	2018/19				
Visakhapatnam, India	Planned	298,392	127,290	178,456	To CETP & Marine Outfall	BIAC, BAI1, 2 &3, QCI	Compliance with Indian marine discharge standard	Primary, Chemicals & Biological treatments
Avissawella, Sri Lanka	Planned	348,638	40,100	42,214	To CETP	BFFAV1, BFFAV2	Compliance with CETP discharge standard	Primary & Chemicals treatments
Pannala, Sri Lanka	Planned	507,600	520,206	-	To Lagoon	BTL	Compliance with Inland Surface water discharge standard	Primary, Chemicals & Biological treatments
Ratmalana, Sri Lanka	Planned	210,334	196,158	160,455	To CETP	BFL	Compliance with CETP discharge standard	Sewage discharge treated by CETP
Koggala, Sri Lanka	Planned	19,627	17,145	19,370	To CETP	BEK		
Wathupitiwala, Sri Lanka	Planned	12,388	16,627	18,084	To CETP	BLI1&2, BLI3, CPU		
Katunayake, Sri Lanka	Planned	15,229	14,849	19,370	To CETP	BALK		
Comilla, Bangladesh	Planned	133,590	173,121	114,561	To CETP	BCB		Primary & Chemicals treatments
Total Discharge		1,545,798	1,105,497	552,156				

The Water Treatment facility at BIAC

PERFORMANCE OUTCOMES
Disclosure 306-2 - Waste by type and disposal method

Disposal Method	Non-Hazardous (kg)	Hazardous (kg)
Reuse	6,352,422	5,653
Recycling	10,140,480	8,937
Composting	0	0
Incineration	1,593,141	83,680
Landfill	0	1,676,950
On-site Storage	822	36,650

WASTE CATEGORY

- Hazardous 9%
- Non-Hazardous 91%

GROUP WASTE DISPOSAL

	2017/18	2018/19
	850	827
	642	1,045
	8,247	8,261

Metric tonns

- Landfilling
- Incineration
- Re-use & Recycling

TOTAL WASTE (KG)
19,908,735

LANDFILLED WASTE (KG)
1,676,950

LAND FILLING %
8.4%

While we are aware of the deep complexities surrounding waste generation, owing to expansion of operations and the challenges of manufacturing consumer products, we have remained committed to refining and adopting less wasteful practices across our factories and offices.

Over the reporting period, nearly 92% of all solid waste generated was diverted from landfill, as we remain on track to achieving our goal of reducing and re-using 100% of our waste.

Owing to the replacement of CFL lighting across the Group with LED, a significant quantity of hazardous waste was generated. During the implementation of this project, we ensured this waste was recycled in a safe and responsible manner. However, our Sri Lanka operations faced a significant constraint when the third-party recycling plant suspended operations due to difficulties with processing waste mercury. While the Sri Lankan government is actively working to resolve this, we have ensured CFL waste is securely stored at a central location, ensuring no leachate of any heavy metals into the ground and/or water bodies. Alternatively, we are actively pursuing means of recycling this waste in a responsible manner, keeping in line with national and international laws.
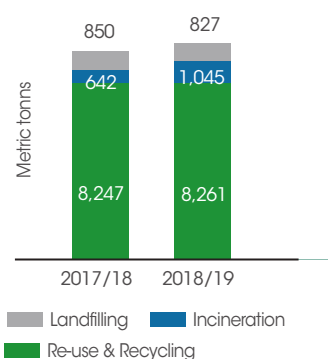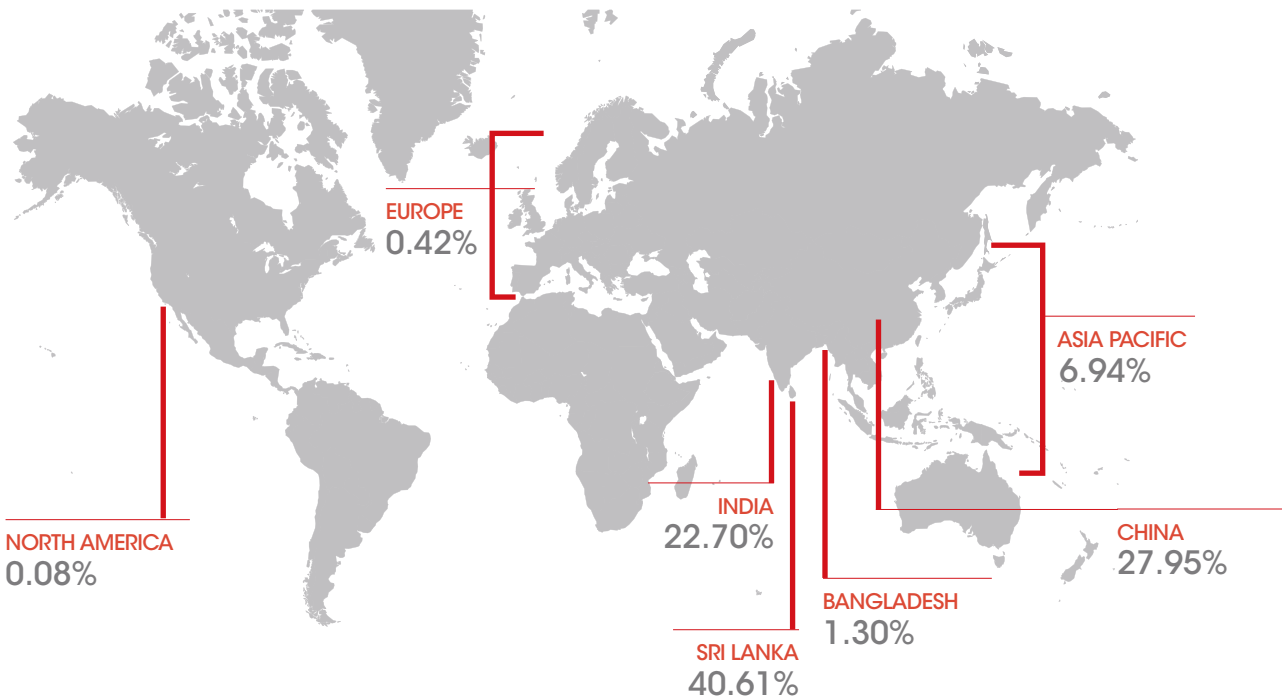
SUPPLIER

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 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.

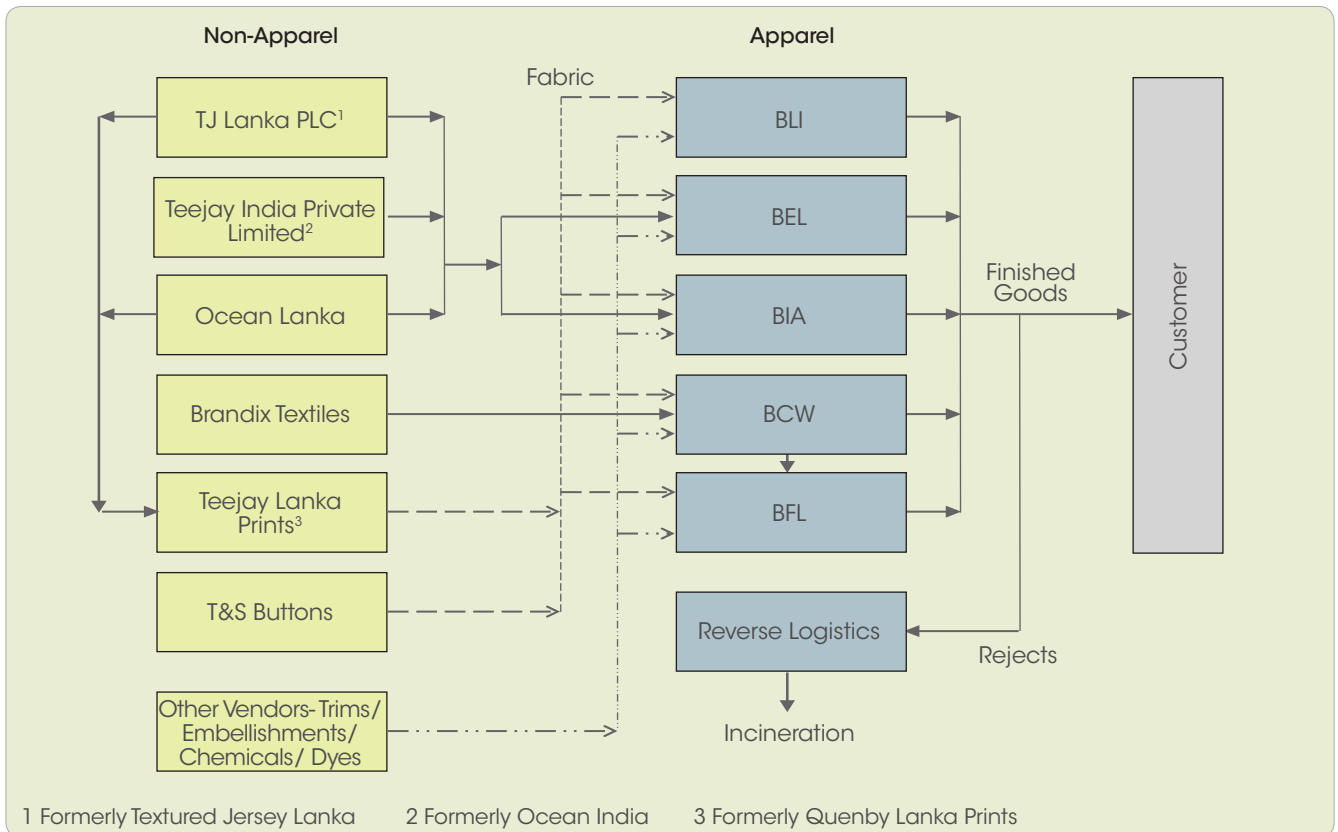**Our supply chain is vast and comprise of both Apparel and Non-Apparel suppliers from across the globe. Also included in our supply chain are large numbers of contractors, traders, resellers and service providers, all of whom contribute towards the Brandix promise of Inspired Solutions.**

PROCUREMENTS SOURCES

EUROPE
0.42%

ASIA PACIFIC
6.94%

NORTH AMERICA
0.08%

INDIA
22.70%

CHINA
27.95%

BANGLADESH
1.30%

SRI LANKA
40.61%

Non-Apparel		Apparel

Non-Apparel

TJ Lanka PLC[1]

Teejay India Private Limited[2]

Ocean Lanka

Brandix Textiles

Teejay Lanka Prints[3]

T&S Buttons

Other Vendors- Trims/ Embellishments/ Chemicals/ Dyes

Fabric

Apparel

BLI

BEL

BIA

BCW

BFL

Reverse Logistics

Incineration

Finished Goods

Customer

Rejects

1 Formerly Textured Jersey Lanka   2 Formerly Ocean India   3 Formerly Quenby Lanka Prints

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.

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 Discounter.

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, 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.

SUPPLIER

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

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 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 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 gives us a deeper understanding of how the prospective supplier manages their impacts on human rights, including labour rights, environmental and anti-corruption principles. This helps us to identify and work with only those who are the best fit for Brandix.

Moreover, through this process, we aim to ensure suppliers do not violate labour rights, environmental and anti-corruption practices, as stipulated by UNGC Principles.

SUPPLIER EVALUATION TO SAFEGUARD OUR BUSINESS

1 CLASSIFY

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

2 EVALUATE

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

3 OBLIGATE

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

4 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 society and the 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.

Working together with out suppliers to deliver Inspired Solutions

KEY DEVELOPMENTS FOR 2017 - 2019

A new protocol was implemented for the Group's top 50 suppliers, based on social and environmental compliance principles.

Under the new protocol, suppliers are required to confirm adherence to several parameters, such as forced/compulsory labour, child labour, abuse and harassment, non-discrimination, fair and equal wages and working hours. Additionally, suppliers are required to disclose any social compliance / international product certifications achieved, such as ETI, WRAP and Oeko-Tex, as well as confirm adherence to any international practices on human and labour rights, such as metals sourced from conflict zones.

The protocol also requires confirmation of valid environmental protection licenses, as well as fire and electrical safety standard certifications.

The new mechanism was developed in the form of a declaration, that is signed off by suppliers, stipulating they have met all disclosure requirements. The declaration will be rolled out to more of our suppliers in the future.

This declaration is in addition to the Vendor Code of Ethics, which applies to any and all suppliers we work with.

COMMUNITY

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 community strategy continues to remain firmly anchored to four pillars: Provide, Educate, Research and Disaster Management. Through the first two pillars: Provide and Educate, we focus on supporting the Group's vast number of employees and the communities they live in, while the Research and Disaster Relief pillars tackle broader social issues facing the country. Below is a summary of the progress made during the 2017-2019 period;
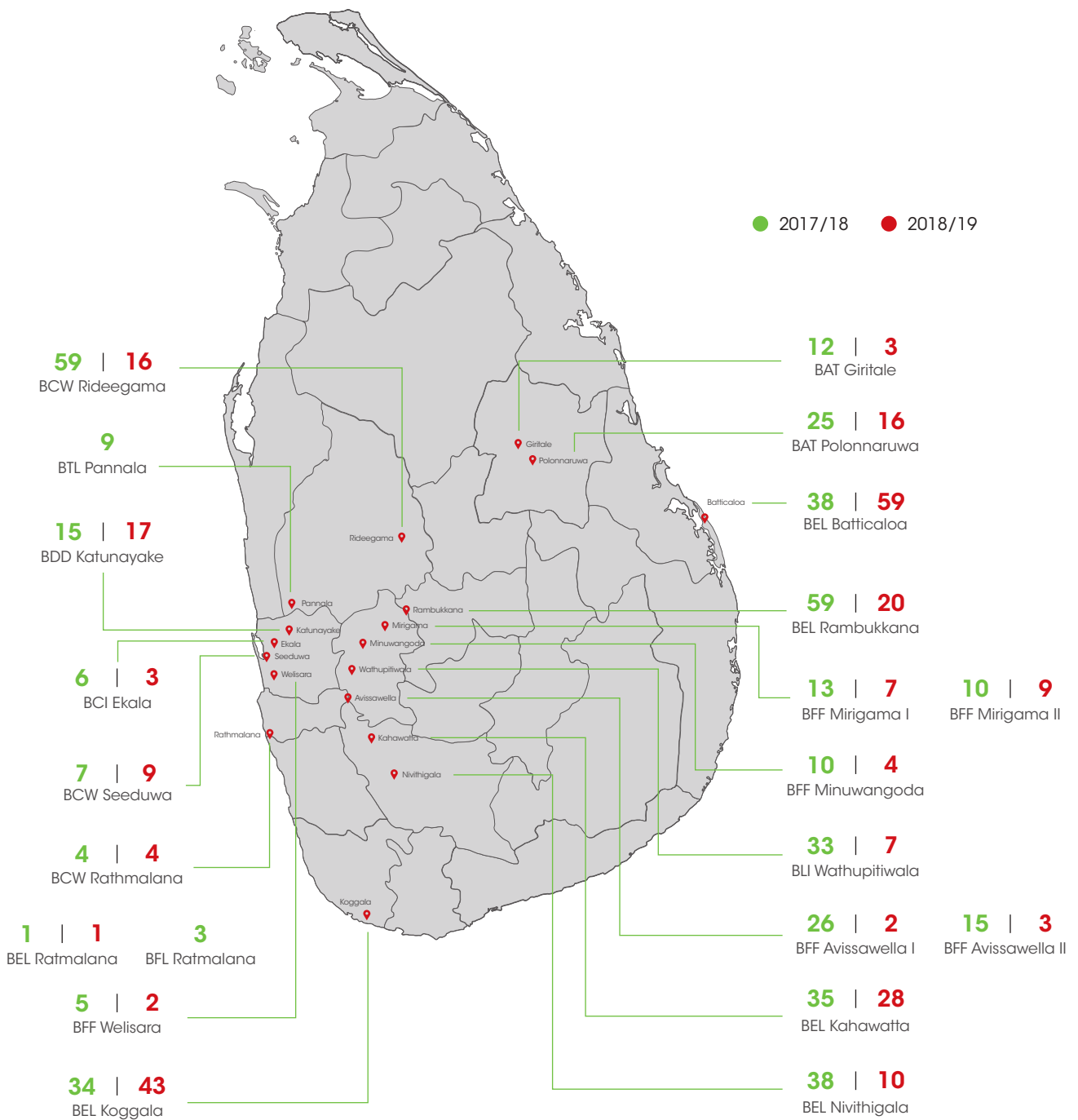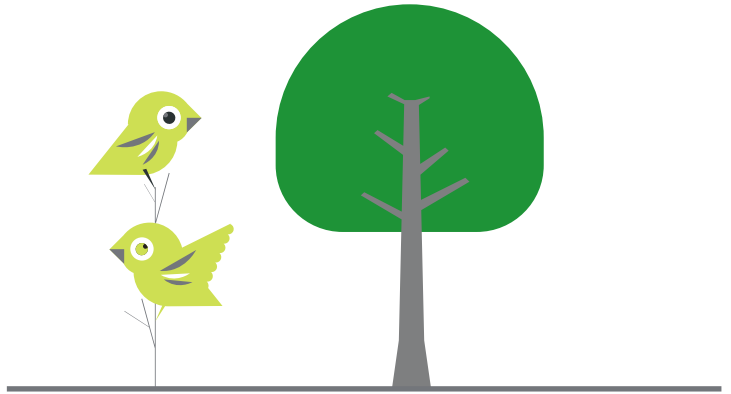
SRI LANKA

Care For Our Own

"Care For Our Own" (CFOO), is the flagship project of Brandix (Sri Lanka), as an ongoing initiative to meet the immediate water needs of our employees. Since commencing in 2006, the initiative has focused on improving access to water for our employees and their families and communities, who often trek long distances and through challenging terrain; and queue for extended periods of time to draw water from community wells.

All projects are strictly coordinated from end to end. Project beneficiaries are selected through a highly transparent process, where Associates are requested to submit their applications, together with an estimate of the desired water solution. The CSR team conducts independent interviews with all Associates and identifies a list of priority beneficiaries, based on extenuating circumstances, which is then evaluated by the SBU teams. An independent third-party assessment of the sites is carried out by the CSR team, which also requires the sign off from the Plant Engineering team, prior to project implementation. Independent assessments are carried out by the CSR team through mid- and final completion phases, ensuring projects are completed as per initial guidelines.

During the reporting period, CFOO has completed 728 projects, substantially more than the 612 completed over the previous two-year period, as we remain committed to supporting our Associates and their families have access to safe, clean drinking water.

Beneficiaries of CFOO

Beneficiaries of CFOO

59 | 16
BCW Rideegama

9
BTL Pannala

15 | 17
BDD Katunayake

6 | 3
BCI Ekala

7 | 9
BCW Seeduwa

4 | 4
BCW Rathmalana

1 | 1   3
BEL Ratmalana   BFL Ratmalana

5 | 2
BFF Welisara

34 | 43
BEL Koggala

● 2017/18   ● 2018/19

12 | 3
BAT Giritale

25 | 16
BAT Polonnaruwa

38 | 59
BEL Batticaloa

59 | 20
BEL Rambukkana

13 | 7   10 | 9
BFF Mirigama I   BFF Mirigama II

10 | 4
BFF Minuwangoda

33 | 7
BLI Wathupitiwala

26 | 2   15 | 3
BFF Avissawella I   BFF Avissawella II

35 | 28
BEL Kahawatta

38 | 10
BEL Nivithigala

Giritale
Polonnaruwa
Batticaloa
Rideegama
Pannala
Rambukkana
Katunayake   Mirigama
Ekala   Minuwangoda
Seeduwa
Welisara   Wathupitiwala
Avissawella
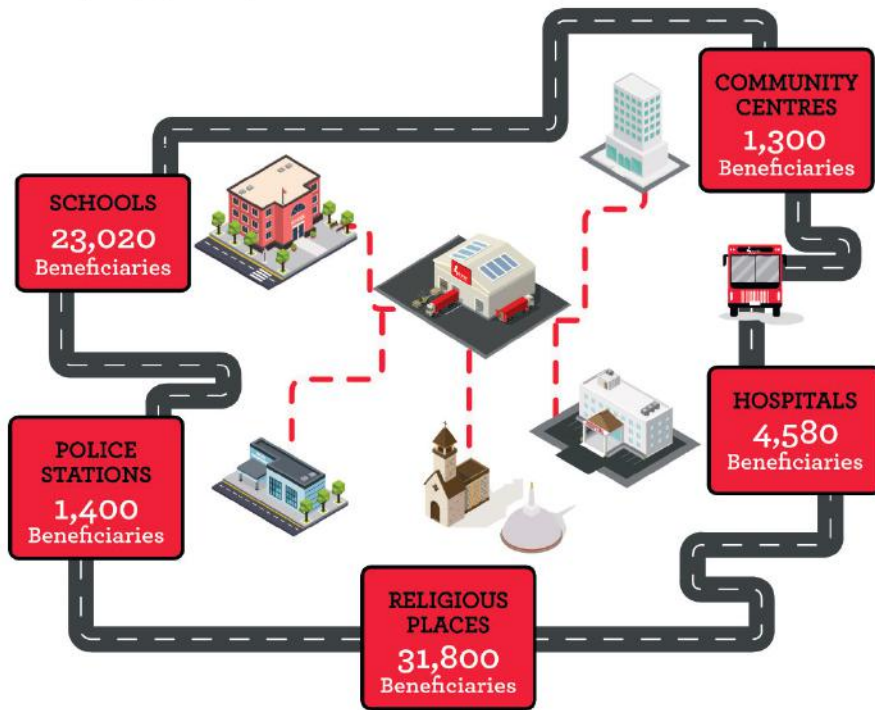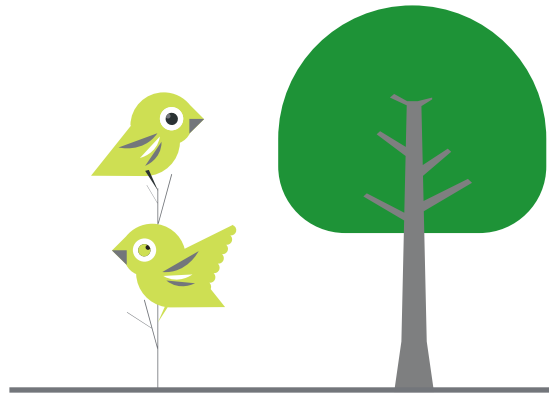Rathmalana
Kahawatta
Nivithigala
Koggala

COMMUNITY

MODEL VILLAGE PROJECT

The Model Village project is another ambitious undertaking by Brandix, to resolve water and sanitation related issues across important public institutions, such as schools, hospitals and police stations, for the benefit of the communities who live in the areas surrounding our factories. When the project first commenced in 2015, we focused on assisting communities within a 5Km radius of our factories, but have since expanded the project to increase the outreach to communities within a 10Km radius of our factories. Each project is strictly managed by the CSR team to ensure the desired outcomes are met.

During the evaluation process, the factories are expected to make recommendations regarding deserving institutions in their vicinity, who would benefit from the project. The CSR team then performs an independent review of the recommended sites, with the report being submitted to the respective factory for review and confirmation, prior to being implemented. Once each project is completed, an independent assessment is carried out by the Corporate CSR team to ensure the project has been carried out as per the initial guidelines and to verify the outcomes.

On this basis we have been able to bring about more meaningful change to a wider audience over the past two years.

COMMUNITIES IMPACTED WITHIN A FIVE-KILOMETER RADIUS OF THE FACTORY SITE						
Factory Site	School	Religious Places	Hospital	Police Station	Community	TOTAL
Avissawella Zone	6	5		1	2	14
BAT Giritale	3				1	4
BCI Ekala	6	1				7
BCW Ridigama	9	5	2	2		18
BCW Seeduwa	3	2				5
BDD Katunayaka	6	1				7
BEL Batticaloa	3		1		1	5
BEL Kahawatta	7	3		1	1	12
BEL Koggala	4	9				13
BEL Nivithigala	2	2			1	5
BEL Rambukkana	5	8	1	1	1	16
BFF Minuwangoda	4	2	1		1	8
BFF Mirigama	5		2			7
BFF Welisara	2	6				8
BLI	14	2	2			18
BTL Pannala			1			1
Ratmalana Zone	2	4	3	2	1	12
	82	51	13	7	10	163

|	
SCHOOLS 23,020 Beneficiaries	**COMMUNITY CENTRES** 1,300 Beneficiaries
POLICE STATIONS 1,400 Beneficiaries	**HOSPITALS** 4,580 Beneficiaries
RELIGIOUS PLACES 31,800 Beneficiaries	

RAN DARU THILINA

Since the inception of the programme in 2016, over 28,000 children of our Brandix Associates, from Pre-school to Grade 5, have received assistance through the Ran Daru Thilina program, which pro-vides them with study essentials for the entire school year.

WATER RESOURCES RESEARCH & TRAINING CENTRE

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

NUMBER OF BENEFICIARIES

No. of beneficiaries

2016/17	2017/18	2018/19
5,713	7,589	6,531

Financial Years
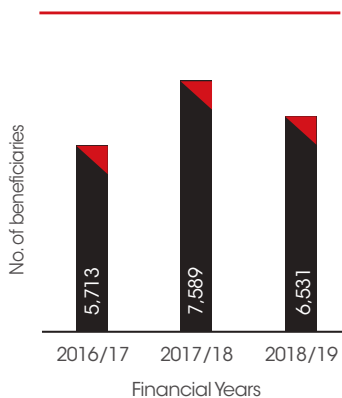
COMMUNITY

INDIA

Annual Health Screening

In India, we identified that awareness on essential health care, such as eye care and women's health, was poor, in the surrounding communities where our Associates are from. In order to engage with these communities, we implemented eye and health camps, which offer essential health screenings, and improve access to better health care and equipment. Since its inception in 2017, these camps have been exceedingly popular amongst these communities, drawing a growing number of participants.

EYE CAMP STATISTICS		
	2017/2018	2018/2019
No. of Camps Conducted	22	23
No. of Participants	7,398	9,597

HEALTH CAMP STATISTICS		
	2017/2018	2018/2019
No. of Camps Conducted	8	24
No. of Participants	819	2,761

BANGLADESH

Annual Health Screening

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

Health camps in India

INDEPENDENT ASSURANCE STATEMENT

DNV·GL

SCOPE AND APPROACH

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

We performed a Type 2 Moderate Level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS) with 2018 Addendum and DNV GL's assurance methodology VeriSustain™1 , which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI's Principles for Defining Report Content and Quality.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance using DNV GL's. In doing so, we evaluated the qualitative and quantitative disclosures presented in the Report using GRI's Principles, together with Brandix's protocols for how the data was measured, monitored, recorded and reported. The performance data and information in the agreed scope of work included the qualitative and quantitative information on sustainability performance which have been disclosed in the Report based on GRI Standards covering economic, environmental and social performance for the activities undertaken by the Company over the reporting period 1st April 2017 to 31st March 2019.

The scope and boundaries of the sustainability performance disclosures is as set out in the Report in the sections 'About the Report' and 'Scope and Boundary' and excludes joint ventures not covered under Brandix Apparel Limited.

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

RESPONSIBILITIES OF THE MANAGEMENT OF BRANDIX AND OF THE ASSURANCE PROVIDER

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

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

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

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1 *The VeriSustain protocol is available on request from www.dnvgl.com*

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

INDEPENDENT ASSURANCE STATEMENT

DNV·GL

BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work at Brandix's Head Quarters in Colombo and manufacturing facilities in Sri Lanka, Bangladesh and India. We adopted a risk-based approach, i.e. we concentrated our verification efforts on the issues of high material relevance to Company and its key stakeholders. We undertook the following activities:

- Reviewed Brandix's approach to stakeholder engagement and materiality determination and their outcomes as brought out in the Report. We did not have any direct engagement with external stakeholders;

- Interviewed selected senior managers and other representatives at Brandix, including data owners and decision-makers from different functions to validate the disclosures made in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver Brandix's sustainability objectives;

- Site visits to sample manufacturing operations in Sri Lanka, India and Bangladesh - BLI 1, 2 and BLI 3 (Brandix Lingerie at Wathupitiwela), BEK (Brandix Essentials at Koggala), BCR (Brandix Casualwear at Ratmalana), BAI 1 (Brandix Apparel India 1 at Visakhapatnam) and BCB (Brandix Casualwear Bangladesh at Comilla) - to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose sites we visited;

- Performed sample-based reviews of the mechanisms for implementing the sustainability related policies of Brandix as described in the Report;

- Verified the information and claims made in the Report, and assessed the robustness of the data management system, data accuracy, information flow and controls for the reported disclosures. We examined and reviewed supporting evidence such as documents, data and other information made available by Brandix related to the disclosures made in the Report;

- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report related to the identified material topics;

- Evaluated the Report's adherence to the requirements of the GRI Standards: Core option of reporting.

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

OPINION AND OBSERVATIONS

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

- GRI 205: Anti-Corruption 2016 – 205-3;
- GRI 302: Energy 2016 – 302-1, 302-3, 302-4;
- GRI 303: Water 2016 – 303-1, 303-3;
- GRI 305: Emissions 2016 – 305-1, 305-2, 303-3, 303-4, 305-5;
- GRI 306: Effluents and Waste 2016 – 306-1, 306-2;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 402: Labor/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 or Compulsory Labor 2016 - 409-1 ;
- GRI 413: Local Communities 2016 – 413-1;
- GRI 414: Supplier Social Assessment 2016 – 414-1;
- GRI 419: Socioeconomic Compliance 2016 – 419-1

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

AA1000 Accountability Principles Standard (2018)
Inclusivity
The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability

The Report indicates customers, suppliers, employees, shareholders, local communities, government and banks as stakeholders who are significantly affected by Brandix's operations, and brings out the various channels for engagement as well as key concerns raised by the stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

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

The Report brings out the material issues identified by Brandix through ongoing formal and informal discussions with the Management and functional departments, and engagement with key stakeholders. The Report indicates that Brandix has reviewed the process and found no significant changes in material topics from the last reporting period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality or has missed any significant material topics, however, Brandix may further strengthen this process by considering impacts of material issues over the short, medium and long terms, sustainability context for each location of operation and benchmarking topics with peers.

Responsiveness
The extent to which an organization responds to stakeholder issues

The Report describes the issues of priority identified by Brandix through its stakeholder engagement processes, and the Report brings out disclosures on the strategies, policies, management approaches and governance mechanisms which have been put in place to bring out responses to these key concerns raised by stakeholders,

and to manage the identified material topics using appropriate GRI Standards. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Impact
The level to which an organisation monitors, measures and is accountable for how its actions affect its broader ecosystems

The Report brings out the impacts of Brandix on the environment, society, and key stakeholders due to its various operations. The Report adequately describes Brandix's processes to monitor and evaluate these impacts related to its identified material topics through appropriate performance metrics and information. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

SPECIFIC EVALUATION OF THE INFORMATION ON SUSTAINABILITY PERFORMANCE
We consider the methodology and 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; personnel responsible could demonstrate the origin and interpretation of the data and its reliability. Nothing has come to our attention to suggest that the Report does not present a faithful description of the reported non-financial disclosures for the reporting period.

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

The majority of data and information verified at Brandix's Head Quarters and manufacturing facilities visited by us were found to be accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. These identified errors were communicated and subsequently corrections made in the reported data and information. Nothing has come to our attention to suggest that the Report does not

INDEPENDENT ASSURANCE STATEMENT

DNV·GL

meet the requirements related to the Principle of Reliability, nor that the reported data has not been collated properly from information reported from operational levels.

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 brings out disclosures required for the GRI Standards: Core option of reporting considering the boundaries identified for each topic based on respective impacts across the Brandix Group and its value chain and Brandix's value drivers. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness with respect to scope, boundary and time.

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

The disclosures related to sustainability performance during the reporting period are presented within the Report in a neutral tone in terms of content and presentation. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.
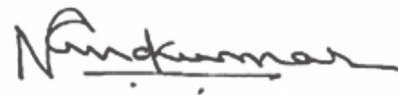
For and on behalf of DNV GL AS

KIRAN RADHAKRISHNAN
Lead Verifier,
DNV GL Business Assurance India Private Limited, India.

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

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

21st May 2020, Colombo, Sri Lanka

AA1000
Licensed Assurance Provider
000-10

DNV GL Business Assurance Lanka Private Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)
UNIVERSAL STANDARDS		
General Disclosures		
GRI 102:	102-1 Name of the organization	Page 4
General Disclosures 2016	102-2 Activities, brands, products, and services	Page 6
	102-3 Location of Headquarters	Page 6
	102-4 Location of Operations	Page 6-7
	102-5 Ownership and Legal Form	Page 6
	102-6 Markets Served	Page 7
	102-7 Scale of the organization	Page 6-7
	102-8 Information on employees and other works	Pages 20-31
	102-9 Supply chain	Pages 46-49
	102-10 Significant changes to the organization and its supply chain	Page 8
	102-12 External initiatives	Page 7
	102-11 Precautionary Principle or approach	Page 33
	102-13 Membership of Organizations	Page 7
	102-14 Statement from senior decision-maker	Pages 9-12
	102-16 Values, principles, standards and norms of behaviour	Page 1
	102-18 Governance structure	Pages 17-19
	102-40 List of stakeholder groups	Pages 12-13
	102-41 Collective bargaining agreements	Page 29
	102-42 Identifying and selecting stakeholders	Pages 12-13
	102-43 Approach to stakeholder management	Pages 12-13
	102-44 Key topics and concerns raised	Pages 12-13
	102-45 Entities included in the consolidated financial statements	Page 6
	102-46 Defining report content and report boundaries	Pages 4-5
	102-47 List of material topics	Pages 14-16
	102-48 Restatements of information	Pages 14-16
	102-49 Changes in reporting	Page 8
	102-50 Reporting period	Page 4
	102-51 Date of most recent report	Page 4
	102-52 Reporting cycle	Page 4
	102-53 Contact point for questions regarding the report	Page 5
	102-54 - Claims of reporting in accordance with the GRI standards	Page 4
	102-55 GRI content index	Page 59-61
	102-56 External assurance	Pages 55-58

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)
ECONOMIC STANDARDS		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 24
ENVIRONMENTAL STANDARDS		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 37
	302-3 Energy intensity	Page 37
	302-4 Reduction of energy consumption	Page 37
GRI 303: Water 2016	303-1 Water withdrawal by source	Page 42
	303-3 Water recycled and reused	Page 42
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