



**ESG REPORT 2022/23**

# Inspiring Beyond



# Stitching the Future: The Resilience and Impact of Brandix Rambukkana in Sri Lanka

In the heart of Rambukkana, Sri Lanka, where the rhythmic hum of machinery mingles with the spirit of its people, unfolds the remarkable story of Brandix Rambukkana. As the second-largest apparel manufacturing plant in the Brandix group, it is more than just a hub of innovation; it's a beacon of progress, community empowerment, and a commitment to a sustainable future.

The journey commenced in 1992 when the plant, then known as PTK Enterprises, took its first steps under the government's ambitious 200 garment manufacturing project. Over the years, it evolved, finding its place under Lanka Equities in 1994 and eventually becoming an integral part of Brandix Lanka Ltd in 2009.

This facility, with its specialisation in manufacturing intimates, goes beyond the traditional narrative of production. It is a symbol of holistic development, creating, manufacturing, and marketing end-to-end apparel solutions while actively contributing to sustainable community development.

The plant's growth is not merely numerical; it's a story of evolution and progress. From four modules and 250 employees in 1992, it expanded to an impressive 144 modules with 3250 employees in 2019, marking a monumental step forward for Rambukkana. The journey involved a substantial investment of over \$19 million, transforming the plant and revolutionising the local landscape.

Brandix - Rambukkana forms a strong bond with the community, extending a helping hand to communities, places of worship, schools, hospitals and government institutions through the Brandix model village concept. Addressing critical water-related issues within a 10 km radius, the plant stands as a testament to responsible corporate citizenship.

Education being a cornerstone of this narrative, Brandix - Rambukkana actively participates in shaping a brighter future through knowledge by providing stationary packs to thousands of school children, and Randaru Scholarships and University Scholarships.

The commitment to education extends to higher learning, with over 100 employees graduating from National Vocational Qualifications (NVQ) under the Shilpa Program. The Personal Advancement and Career Enhancement (P.A.C.E) programme empower female team members, fostering an environment of constant skill enhancement.

Diversity takes center stage with 40 differently-abled employees forming a unique sewing module. Their talents, showcased on International Sign Language Day, earned the plant a national tribute for its sponsorship contribution.

As the story progresses into the future, the plant becomes a model of sustainability with 2 MW solar, zero liquid discharge, rainwater harvesting infrastructure, condensed water recovery, green building features, solar tubes, low emissivity glass, and equipped with a building management system.

The impact on the local economy is significant, bringing approximately \$800,000 per month to Rambukkana, Kegalle, and Mawanella areas. Employment surges to 4200, making it the largest production facility in Sabaragamuwa province. A testament to healthy community relationships.

Even amidst the challenges of the COVID-19 pandemic, Brandix - Rambukkana stands resilient. Rigorous safety measures, vaccination initiatives, and community support define this chapter. The plant emerges as a pillar of strength, during the pandemic, caring for team members and their families, ensuring job security, providing dry ration packs, and introducing an Economic Relief Fund for associates.

The positive impact extends across society, bringing advantages not only to the employees but also to indirect stakeholders such as third-party suppliers. The continuous collaboration with the community, public and private sector cultivates a strong foundation of trust.

As the sun sets over the production lines, Brandix Apparel Solutions in Rambukkana stands as a symbol of resilience, community engagement, and trust. It's a story where every stitch in the fabric weaves a narrative of inspiration and lasting impact, setting the stage for a prosperous and sustainable future.



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## Message from Group CEO



**As we progress towards our vision of Net-Zero carbon onsite manufacturing by 2030, each deliberate step reinforces our commitment to a path that Nurtures Our Planet, enriches our communities, and maintains the integrity of our shared future.**

*Dear Stakeholders,*

As we reflect on over fifty years at Brandix, our journey has woven a legacy of innovation and responsibility, reaching beyond the traditional scope of apparel manufacturing. Poised to embrace the next half-century, our path is charted with a harmonious blend of technology, transparency, and sustainability, mirroring the care and dedication we infuse into our global apparel solutions.

Our history of sustainability tells a story of our commitment to Nurturing Our Planet. Achieving the world's first LEED Platinum rating for an apparel manufacturing facility and pioneering as the first Net-Zero Carbon apparel manufacturer stand as milestones on our path to Net-Zero carbon emissions across all operations by 2030. With robust infrastructure and a strategic roadmap, we are poised to realize this vision in Sri Lanka by March 2024, and globally thereafter.

The implementation of our ESG management framework and the introduction of the Sustainability Performance Analyzer Tool embody our vision of a future enriched by transparent, sustainable, and technology-driven operations. These tools signal a new era of operational excellence, where technology empowers us to be transparent in our efforts and accountable for our impact on our people and the planet.



*Ashroff Omar pictured during the official launch of RITE Values on January 1, 2020*

## Message from Group CEO



Our commitment to our people is reflected in our education, equity, diversity, and inclusion initiatives. Today, Brandix is proud to host over 7000 female employees in Women Empowerment programs, fostering career advancement and growth within our ranks. These initiatives have garnered Brandix accolades, including the Overall Women Friendly Workplace Award and the Sustainable Development in Exports Award in 2022.

Moreover, our smart factory initiatives strike a balance between efficiency and empathy. By harnessing technology, we have empowered employees with disabilities to engage in factory roles without risk to their well-being, while automation advancements have led to increased efficiencies and higher salaries. It is through such innovations that we align every aspect of our business with our RITE values, Respect, Integrity, Teamwork and Excellence.

As we progress towards our vision of Net-Zero carbon onsite manufacturing by 2030, each deliberate step reinforces our commitment to a path that Nurtures Our Planet, enriches our communities, and maintains the integrity of our shared future.

I invite you to join us on this transformative journey, as we continue to innovate and inspire, driving prosperity in a world where apparel manufacturing is a force for good.

**Signature**

**Date:**

# Managing Director's Review



This year, Brandix once again made history when it signed the Climate Pledge, becoming the first apparel manufacturer in the Asia-Pacific region to do so. Our commitment to reach Net-Zero status across all facilities globally by 2030 stands as a vital component of this pledge.



As we reflect on the past year, I am proud to report how Brandix embodied sustainable values throughout its business despite exigencies in the global market. Brandix remains steadfast to fulfilling its purpose to deliver 'Inspired Solutions through Inspired People'.

People, Planet and Process form three of the operating pillars at Brandix, as part of its long-term strategy. A comprehensive ESG Management Framework termed 'ESG Integration' provides the blueprint for integrating sustainable practices across the organization and are detailed on page 31 in this report. Through this framework, we address our GRI 2-22 and GRI 2-23 commitments, ensuring our strategies remain relevant and future focused.

As part of this process, Brandix conducted a Materiality Assessment to focus on key areas concerning the environment, and refined policies and processes to ensure we exceed sustainability objectives. Being a leader in technology-adoption and innovation, Brandix also introduced a Sustainability Performance Analyser

Tool to drive timely internal reporting, providing quarterly insights to Senior Management against our targets. Employee performance and benefits have also been linked to ESG performance, reinforcing our commitment to these values at every level.

### Empowering People

Brandix places great emphasis on the safety and well-being of all our employees. We adopted a multi-pronged approach spanning occupational health and safety, employee engagement, fair and ethical labour practices, learning and

### TOTAL TRAINING HOURS



10,792 Hrs  
Training Hours per Employee - 0.25

development to address all employee needs and concerns. This strategy employed structured policies to institute global best practices within the organisation, ensuring a workspace free of abuse, discrimination, gender-based violence and sexual harassment, within an inclusive environment that promotes equal opportunity for growth. Additional details of these policies and actions could be found on pages 56-57 in this report.

Furthermore, the company enhanced its career progression and skills development programmes during the year under review, offering well-defined opportunities for internal advancement across all levels. These initiatives are strengthened by our Equity, Diversity and Inclusion practices that promote gender equality, generational diversity, and inclusivity.

### Nurturing the Planet

Over the years, the Brandix Group has garnered a reputation for pioneering environmental sustainability in the industry, being the first-ever LEED Platinum Rated Apparel Manufacturing Facility in the world in 2008, and the first Net-Zero Carbon certified apparel manufacturing facility in the world in 2019.

This year, Brandix once again made history when it signed the Climate Pledge, becoming the first apparel manufacturer in the Asia-Pacific region to do so. Our commitment to reach Net-Zero status across all facilities globally by 2030 stands as a vital component of this pledge.

The scarcity of essential resources and escalating cost of goods came into greater focus during the year, and we

continued to rely on and enhance the principles of material circularity and waste management across operations.

Renewable energy consumption and generation was expanded during the year contributing towards an overall Group footprint of 18 MW. Additionally, Brandix renovated three wastewater recycling plants and two sewage treatment plants, whilst expanding rainwater harvesting, tree planting and energy optimization initiatives to cement our commitment towards Nurturing Our Planet.

These efforts were reflected in the Group's HIGG Index average score which improved significantly during the year to reach 86% against the preceding year's 74%, with four facilities scoring above 90%, demonstrating a high level of commitment across our value chain.

### Building Sustainable Partnerships

Collaboration is the cornerstone of performance. Our partnerships are founded on sustainability, excellence and ethical conduct. These values are engrained across our supply chain with all partners coming within the fold of the Group's Vendor Code of Conduct. We encourage partners to perform self-assessment under the HIGG index and report on operational and environmental performance. Our customers demand sustainable and ethical sourcing, and we ensure all partners comply with global standards.

Alongside, Brandix launched a range of initiatives to optimise supply chain operations with greater focus on regional sourcing to meet demands in a timely and efficient manner. Our continued investments in technology

## Managing Director's Review



have significantly improved lead times and agility, in addition to greatly reducing waste.

### Supporting Communities

The past year tested the resilience of our workforce. Due to the socio-economic crisis, many vulnerable sectors of society were exposed to significant risks, and Brandix took several steps to safeguard our Associates, their families and the communities we serve during these trying times. Our combined efforts have enriched the lives of over 120,000 beneficiaries in the locations we operate.

Our community and people engagement efforts are structured around three pillars: Provide, Educate and Engage. Under the Provide pillar we continue to empower our Associates with clean drinking water and sanitation, healthcare and food security, whilst university scholarships, English language education programmes and donation of school essentials come within the sphere of Education. As witnessed in previous years, Brandix extends these facilities to the wider community in which it operates, and continuously interacts with communities to better understand

their needs under the Engage pillar and ensure each intervention is purposeful.

Furthermore, during the year under review, Brandix in partnership with local and international development partners took several steps to strengthen food security and restore stability to the agricultural sector through the provision of primary inputs and working capital. Over 14 programmes across several districts have empowered more than 800 farmers, with a view to securing their livelihoods and food safety in the nation.

### Sustaining our Future

As highlighted throughout our report, Brandix views the future with optimism and embraces sustainability as an enabler of greater synergies and positive outcomes. We are proud to be a world leader for green manufacturing in apparel, and our pledge to offset our carbon footprint two decades ahead of the Paris Agreement mandate is testament to our commitment. Brandix will work hard to ensure its vision for positive transformation encompassing technology and sustainability will come true and invest in people and processes to rally leadership and support for this global cause.

#### RENEWABLE ENERGY CAPACITY



18 MW

Across Brandix

#### HIGG INDEX SCORES



86%  
in 2022

4 facilities scored above 90%

Signature

Date:

## ESG Director's Review



Acknowledging the impact our operations have on the environment and society, we understand the risks and opportunities they present. Our commitment to Environmental, Social, and Governance (ESG) principles is embedded in our strategic approach. ESG, as a strategic enabler driving customer solutions and operational excellence, is championed at the highest levels of our organisation by The Brandix Executive and Lanka Boards, ensuring accountability and a low tolerance for ESG risks.



### Our Legacy and Values

We are Brandix, weaving a legacy of inspired solutions for over five decades. Our essence lies in RITE values - Respect, Integrity, Teamwork, and Excellence - the driving force shaping our culture. These values empower our team, propelling us to create solutions that not only serve our customers but also fuel our growth.

### Our Impact

Our growth isn't just financial; it's a commitment to creating a positive impact on our team, their families, the communities we touch, and the environment that inspires us. We understand the interconnectedness of everything we do. Our actions for our team resonate in the community, just as our contributions to the community and the environment circle back to influence our team and, ultimately, our business outcomes.

Spanning Sri Lanka, India and Bangladesh, our footprint in apparel manufacturing extends across 22 facilities, covering over 350,000 square meters. To run these operations, we require more than 1,300 GJ of energy, consume 4300 cubic meters of water, and use 120 tons of fabric to produce over a million pieces of apparel every day. We directly employ 43,285 team members, representing various ethnicities, and indirectly support an additional 173,140. This means our activities have a direct impact on over 216,425 beneficiaries, which amounts to over half a million people.

### Our Strategic Approach

Acknowledging the impact our operations have on the environment and society, we understand the risks and opportunities they present. Our commitment to Environmental, Social, and Governance (ESG) principles is embedded in our strategic approach. ESG, as a strategic enabler driving customer solutions and operational excellence, is championed at the highest levels of our organization by the

Brandix Executive and Lanka Boards, ensuring accountability and a low tolerance for ESG risks.

ESG risk and opportunities are seamlessly integrated into our Brandix Enterprise Risk Management (ERM), with oversight from both our risk and audit committee. Our ESG governance is integrated into our overall governance framework, providing assurance to our customers, regulators, and other stakeholders.

In our pursuit of sustainability this year marks a milestone. We've revamped our management framework to embrace an ESG-focused approach. The framework, driven by a Materiality Assessment and ESG Key Performance Indicators, directs us towards impact minimization and risk management. A Sustainability Performance Analyzer now complements our existing tools, ensuring data-driven interventions.

Our ESG strategy centers on three strategic intentions:



- To be a NET ZERO impact producer of apparel.
- To EMPOWER LIVES and INSPIRE GROWTH
- To enable the RITE way through an inclusive approach to governance that provides assurance to all stakeholders of ethical and sustainable practices.

## ESG Director's Review

We integrated ESG within our business operations using a simple and sequential approach via an ESG Management Framework.

The establishment of ESG goals and quarterly assessments through ESG KPIs guides the identification of sustainability interventions. These data-driven initiatives contribute to positive impacts on ESG KPIs, enhancing overall company performance.

### Our ESG report

As the ESG Director of Brandix, I am delighted to introduce the 2022/23 ESG Report, a testament to our unwavering commitment to environmental stewardship, social responsibility, and governance excellence. This report is not just a documentation of our achievements but a reflection of our dedication to setting new standards in sustainability within the apparel sector.

This marks the inaugural annual progress communication since the implementation of the new ESG Management Framework. The report is prepared In-Accordance with GRI Standards, Materiality Assessment and Policies adhere to GRI Universal Standards specifically GRI 3, whereas ESG KPIs align with GRI Topic Standards. An ESG steering committee has been appointed to monitor not only ESG KPIs but also the effectiveness of the ESG Management Framework. Chaired by the Director ESG, the committee includes leaders from Risk, Compliance, Social and Environmental sustainability, Occupational Health and Safety and Human Resources.

In this comprehensive report, we provide a detailed account of our progress in addressing the most

material ESG topics that impact our business and stakeholders. We recognize the evolving landscape of sustainability reporting and understand the need for adherence to global standards. This report is a comprehensive narrative of our journey towards sustainability, encompassing our accomplishments, challenges, and the opportunities that lie ahead.

One of the standout achievements of the reporting year is our pioneering entry into the Climate Pledge, making Brandix the first apparel manufacturer in the Asia-Pacific region and the foremost Sri Lankan organization to join this global initiative. The Climate Pledge, with its ambitious goal of achieving net-zero carbon emissions by 2040, aligns seamlessly with our vision for a sustainable future. We take pride in announcing that five of our manufacturing facilities in Sri Lanka have attained net-zero carbon status, underscoring our commitment to combating climate change at the operational level.

Furthermore, our dedication to renewable energy is exemplified by the fact that we have maintained our renewable energy share to an impressive 43.2% across the entire Brandix Group. This significant milestone not only speaks to our commitment to reducing our carbon footprint but also positions us as a leader in the adoption of sustainable energy practices within the industry.

In our quest for holistic environmental sustainability, we have also made substantial progress in water management, achieving a commendable 36% green water percentage. Additionally, we have

successfully recycled or reused 90% of our solid waste, showcasing our commitment to circular economy principles. Maintaining a high average Higg Index score of 86% underscores our dedication to global standards and best practices in environmental performance, a commitment we carry forward into the future.

Beyond our environmental endeavors, our commitment to social sustainability remains steadfast. Our strategic approach, encapsulated in the pillars of Provide, Educate, and Engage, reflects our dedication to empowering the lives and well-being of our employees, customers, and communities. From providing training and development opportunities for our workforce to supporting local communities through robust CSR programs, we strive to create a positive and lasting impact.

However, we acknowledge that there is more work to be done on our journey to becoming a net-zero impact producer of apparel. As we celebrate our achievements, we also remain focused on our strategic goals, engaging with stakeholders, and upholding our core values of Respect, Integrity, Teamwork, and Excellence.

In line with our commitment to transparency, this report delves into the intricate details of our governance structure. With a two-tier board and three sub-committees focused on talent, risk, and audit, we ensure a robust and transparent governance framework. Our enterprise risk management approach, ESG integration strategy, and proactive stakeholder engagement are detailed, highlighting our commitment to ethical conduct and risk mitigation.

Our operations, relying on a network of over 300 global suppliers, demand careful consideration of their impact on people, communities, and the environment. Our supplier engagement processes, focusing on environmental and social aspects, are evolving for full deployment.

Our journey, starting in 2007, is a commitment to sustainability, empowerment, and positive impact. ESG isn't an isolated endeavor; it's ingrained in our culture, an integral part of our day-to-day operations. In essence, our journey is a tapestry of commitment to sustainability, empowerment, and positive impact.

We believe our actions should resonate not only within our business but also with the people we collaborate with, the communities we touch, and the environment that fuels our inspiration.

**Signature**

**Date:**



## About Brandix



At the heart of Brandix lies a singular purpose: **'To Deliver Inspired Solutions through Inspired People.'**

Guided by the RITE values of **Respect, Integrity, Teamwork,** and **Excellence**, the organisation is empowered to fulfil this overarching mission. These values cultivate a workforce of Inspired People, delivering innovative solutions worldwide,

and contributing to the creation of a successful organisation that leaves a positive impact on both people and the planet. Imbued within the Employee Code of Conduct, Supplier Code of Conduct, and various policies and procedures, these core values serve as a blueprint, translating purpose into meaningful action.



We will treat others with respect and dignity no matter what our differences are.



We will demonstrate honesty, fairness, openness, and ethics in our interactions behaviours, and practices.



We will work and grow together while supporting each other through collaboration and openness.



We will persevere for excellence through accountability for performance, innovation, learning, and continuous improvement.



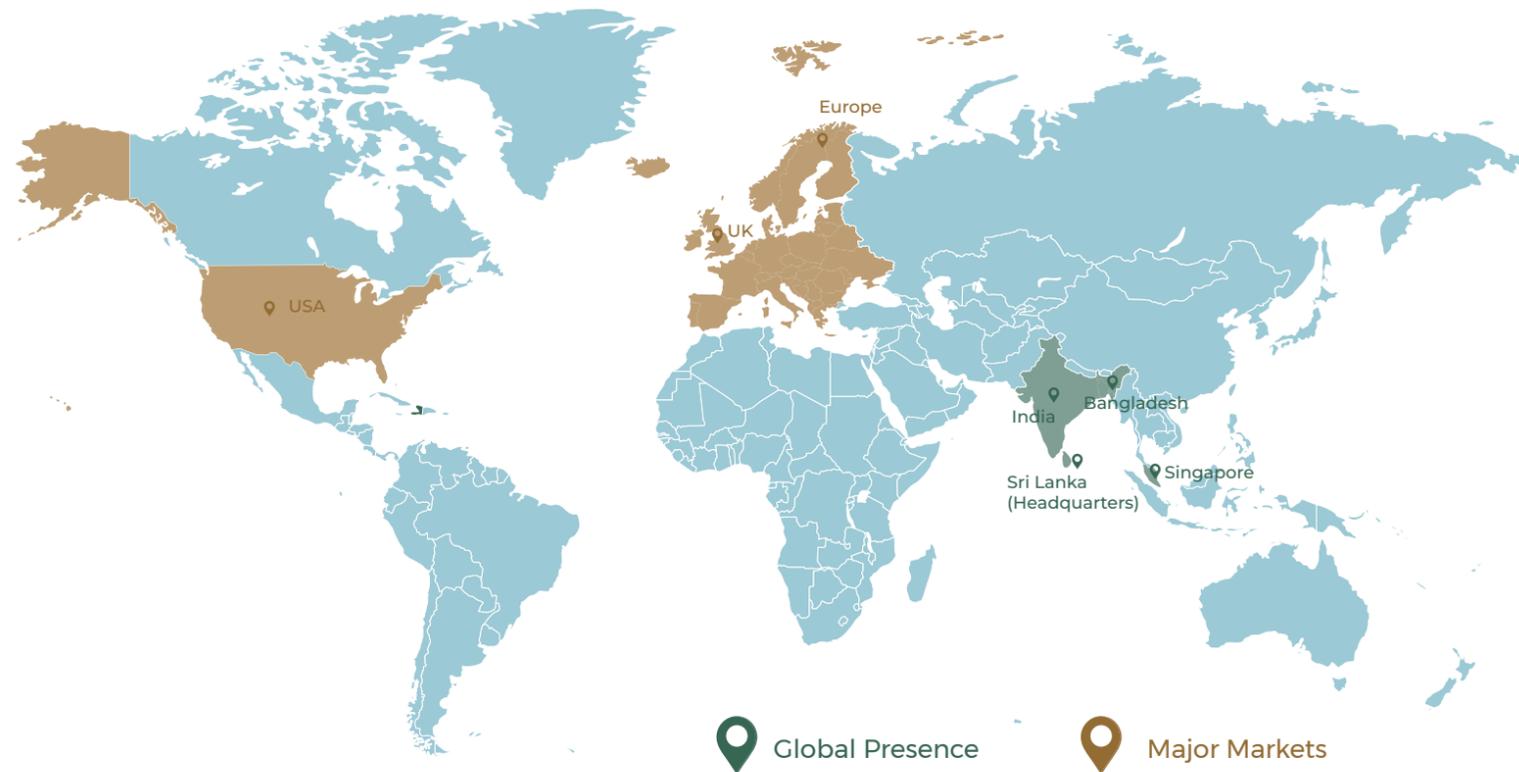
## About Brandix

### The Brandix Story

Embarking on its journey in 1969, Brandix's narrative unfolds, and in 2002, it officially took the form of Brandix Lanka Limited in Sri Lanka. This group stands tall as a trailblazer, playing a pivotal role in shaping the landscape of the local apparel industry. The registered office, a beacon of its presence, stands at No: 25, Rheinland Place, Colombo 03, Sri Lanka.

The evolution of Brandix has been marked by a distinguished reputation as a leading player in the global apparel value chain, originating from Asia. With each passing year, the company has witnessed substantial growth and expansion, not only within Sri Lanka but also in the broader context, reaching into the South Asian region through strategic investments in India and Bangladesh.

Presently, Brandix proudly caters to some of the world's most esteemed apparel brands, boasting a network of 22 manufacturing facilities spread across the Indian subcontinent. The Brandix story is one of continuous growth, global influence, and a commitment to excellence in the apparel industry.



Brandix India Apparel City, Visakhapatnam, India

### A COMMITMENT TO SUSTAINABILITY

In our steadfast commitment to sustainability, Brandix assumes a prominent and influential role in the industry, embodying robust values that extend to environmental, social, and governance domains. The company takes on the responsibility of addressing critical sustainability issues within the apparel manufacturing sector, leveraging its influential position for positive change.

A report from the United Nations Environment Programme (UNEP) underscores the global fashion sector's significant impact, contributing to 2-8% of the world's greenhouse gas emissions and playing a substantial role in pollution, water extraction, biodiversity impacts, and social injustices on a global scale. The report further reveals that the industry is accountable for 9% of annual microplastic losses to oceans and consumes a staggering 215 trillion liters of water annually.

In response to these pressing concerns, Brandix proactively initiates strategic measures, unveiling a comprehensive framework that seamlessly integrates sustainable principles and governance excellence throughout its operations. This deliberate approach aims not only to minimize the company's adverse effects on the environment and local communities but also to serve as a catalyst for positive transformation within its sphere of influence. Brandix's commitment to sustainability extends beyond rhetoric, paving the way for tangible actions towards a more responsible and conscientious industry.

## About this Report



### Scope and Boundary

The report provides a review of Brandix's activities with respect to environmental stewardship, social responsibility and contribution towards the nation's economic growth, and outlines the material topics related to Brandix's commitment towards sustainable, responsible operations.

Since 2011, Brandix has published a Sustainability Report, which in turn has enabled greater accountability and cultivated more structured, quantifiable approach towards defining its sustainability journey over the years. This year the Brandix Sustainability Report strives to cover the broader areas of Sustainability stemming from a comprehensive ESG Management Framework

**This report is the Group's 8th Sustainability report, and pertains to Brandix operations in Sri Lanka, India and Bangladesh during the period spanning 01st April 2022 to 31st March 2023**

### ESG Integration

This Sustainability Report serves as a communication of progress of Environmental, Social and Governance performance, by the Brandix Group, in order to keep its stakeholders apprised of the organisation's progress in the aspects of ESG.

The organisation's sustainability strategy, ESG policies, methods of stakeholder engagement and its approach towards identifying material sustainability topics are outlined in the section titled 'ESG Integration'. 'Material Topics' refer to the key sustainability topics determined and addressed by Brandix's ESG Management Framework.

The execution of the ESG strategies, and the management approach the Company follows to mitigate its negative ESG impacts and the resultant 'Sustainability Performance' during the year is outlined in various disclosures pertaining to each material sustainability topic.

Additionally, the report contains Brandix's approach towards Corporate Governance and Risk Management, which serves as the foundation of Brandix's ESG Management Framework.

### Reporting Frameworks and Standards

Brandix Lanka Limited has reported in accordance with the GRI Standards for the period 1st April 2022 to 31st March 2023, and the sustainability disclosures of this report are prepared considering the GRI Universal Standards released in 2021 and the latest revisions to the GRI Topic based standards.

To further reinforce its commitment towards sustainability and key ESG matters, the Brandix Group aligns with a range of global standards and sustainability best practices. (refer page 61).

### Assurance

The information and data outlined herein have been derived from various interviews with the respective functional heads and managers and

internal reports and documentation which have been validated prior to their incorporation into the report. All contents have been approved by the Brandix Group's Internal Audit function. The Group's ongoing partnership with Accenture further serves as a verifiable source for the data and information utilised in this report.

All information contained in this report has also been reviewed internally by the Company's senior management. Brandix continued to adhere to its policy of undertaking external assurance for its annual Sustainability Reports, and in this regard obtained the services of DNV represented in Sri Lanka by DNV Business Assurance India (Pvt) Ltd to undertake an independent assurance based on AA1000AS – Type 2 moderate level. The assurance statement of the external party is contained on page 81 of this report.

All indicators, measuring methodologies, assumptions and estimations utilised in the preparation of this report have been prepared in accordance with GRI standard guidelines as well as standard industry practices. Any restatements to the presented numbers and statements and their underlying reasons have been clearly stated under the relevant sections of this report.

### Applying the Precautionary Principle

The operational decisions of Brandix are guided by the precautionary principle, with resource consumption, environmental pollution, and climate change identified as areas of high priority.

At a minimum level, Brandix ensures it maintains full compliance with all laws and regulations applicable to the

business. However, Brandix strives to benchmark industry standards and other global best practices beyond statutory obligations to retain a leading position in the industry.

### Reporting Improvements

- Enhanced ESG management framework encompassing a wider range of material topics as part of an objective process

### Restatements

Based on the 'Sri Lanka Energy Balance' published by the Sri Lanka Sustainable Energy Authority (SLSEA), the Grid Emission Factor for the usage of electricity in Sri Lanka was updated for the reporting years 2020/21 and 2021/22.

The Fuel Emission Factor for the usage of Natural Gas was updated for the reporting years 2020/21 and 2021/22 in alignment with DEFRA (Department of Environment, Food and Rural Affairs).

### Planned reporting improvements for 2023/24 and beyond:

- Expanded categories of Scope 3
- Alignment to TCFD Reporting Framework and IFRS reporting Standards as applicable for a private limited company
- Improvement of Supply chain assessments

### Forward Looking Statements

While this report contains an account of past and present events and activities of the Brandix Group, it includes forward-looking statements that reflect the opinions and assumptions of the Group and its management, based on prevailing dynamics and information available at the time of publication. By their nature, these forward-looking statements are

subject to change owing to significant risks and uncertainties outside of the Group's control. Consequently, readers are advised to consider that future outcomes or results may differ from that which is indicated within the report. Brandix does not undertake any responsibility for any deviations from such forward-looking statements and will not update or revise the same upon the emergence of new information, future events or otherwise.

### Board Responsibility

The Brandix Group acknowledges responsibility for the preparation, collation and presentation of the data and information within this report, and for ensuring the completeness and

accuracy thereof. The Board confirms that all contents within this report have been collectively reviewed, together with the assurance reports obtained from various internal and external assurance providers.

### Feedback or Queries

Please direct any feedback or queries regarding this report to:

### Brandix Sustainability

**Address:** No: 25, Rheinland Place, Colombo 03, Sri Lanka

**Phone:** 0114727000

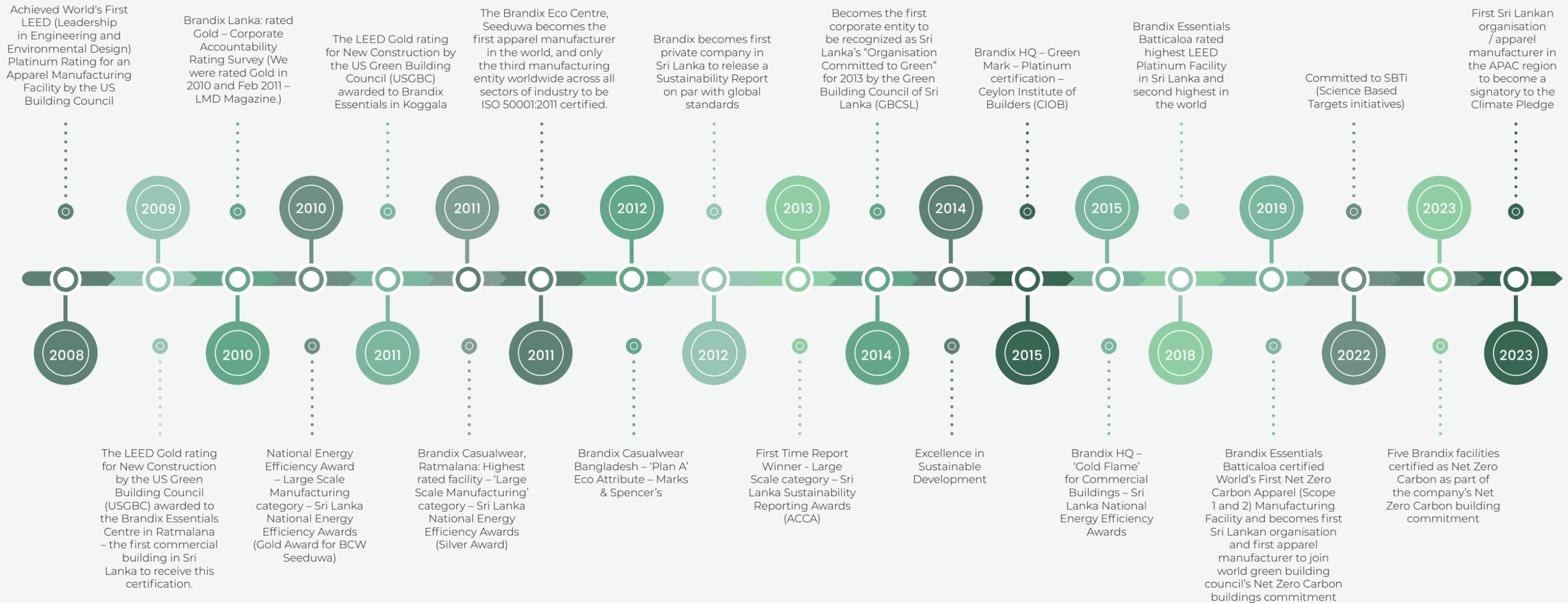
**Email:** esg@brandix.com



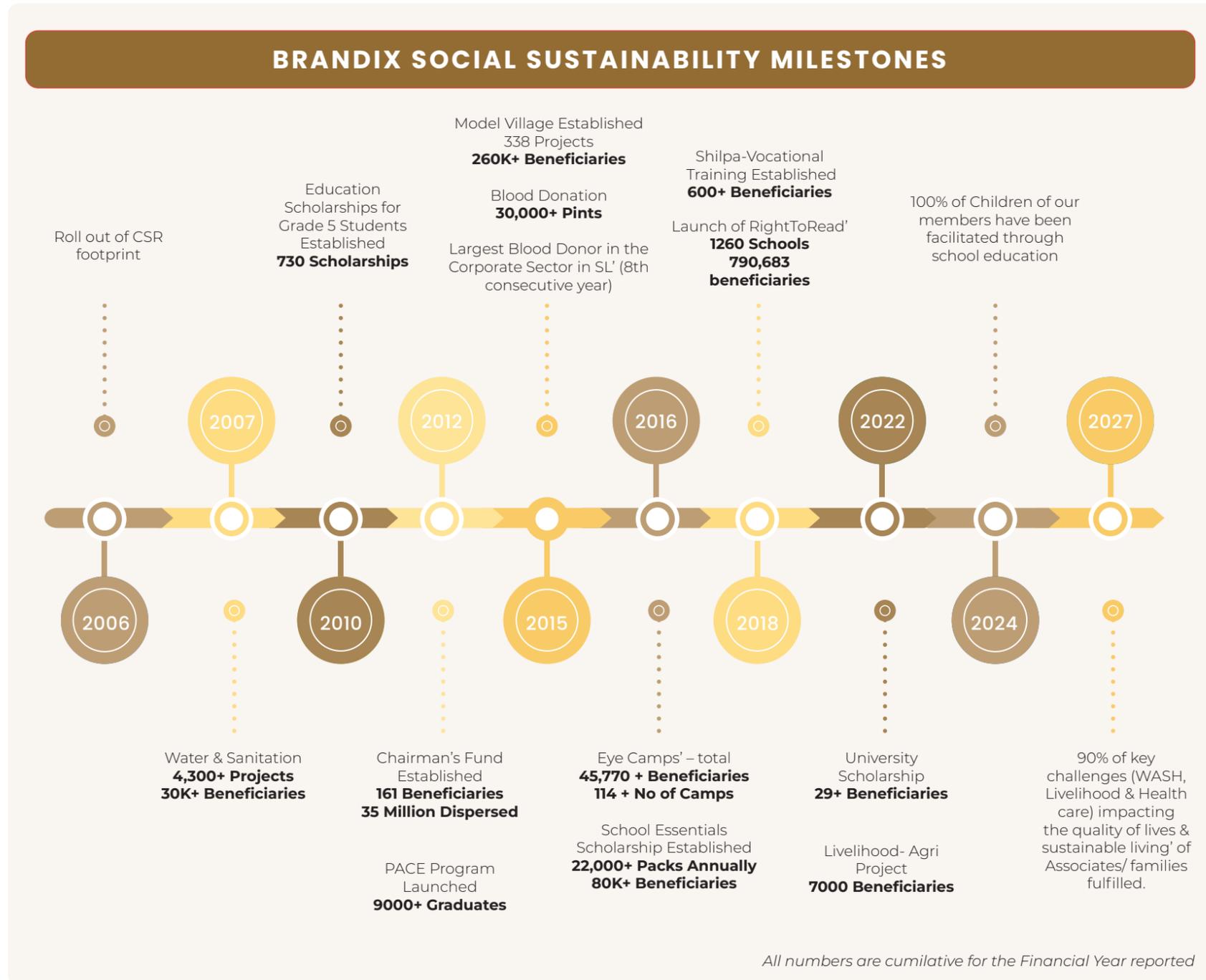
*Transformative company wide initiative in 2019 to achieve Net Zero Carbon status across all Apparel Manufacturing location in Sri Lanka*

## Milestones – Environmental Sustainability

### BRANDIX ENVIRONMENTAL SUSTAINABILITY MILESTONES



## Milestones – Social Sustainability



## Memberships & Associations

To support overall engagement with industry stakeholders and peers, Brandix works in close partnership with trade associations and business chambers to drive common goals that would promote industry growth and create a culture of sustainable development that would pose wide-ranging benefits to all stakeholders.

### Our Memberships & Partnerships

Brandix participates actively as a member in the following trade industry organisations:



Brandix maintains partnerships with the following organisations:



### Our Charters & Certifications



**WRAP**  
Worldwide Responsible Accredited Production



**LEED**  
Leadership in Energy & Environmental Design



**SMETA**  
Sedex Members Ethical Trade Audit



**GreenMark**  
CIOB Green Building Gold Certification



**SA 8000**  
Social Accountability



**SLCP**  
Social Labour Convergence Program



**BSCI**  
Business Social Compliance Initiative



**GSV**  
Global Security Verification



**GOTS**  
Global Organic Textile Standard



**GRS**  
Global Recycle Standard



**ISO 14001**  
International Standard Organisation



**OCS**  
Organic Content Standard



**ISO 9001**  
International Standard Organisation



**OEKO TEX**

# Performance Highlights



**TOTAL SOLAR CAPACITY INSTALLED**



**18** MW

Renewable Energy Share - 43.2 %

**GROUP AVERAGE HIGG INDEX SCORE**



**86** %

**GROUP GREEN WATER PERCENTAGE**



**36** %

Rainwater Harvested & Recycled Water

**WASTE REUSED AND RECYCLED**



**90** %

**SUSTAINABLE MATERIALS PROCURED**



**27** %

**CARBON FOOTPRINT**



**26,596** tCO<sub>2</sub>e

(Scope 1 and 2)

**TRAINING HOURS PER EMPLOYEE**



**0.25** Hrs

**CSR 'PROVIDE' BENEFICIARIES**



**201,590**

**CSR 'EDUCATE' BENEFICIARIES**



**832,683**

**INJURIES**



**80**

**BREACHES OF CUSTOMER PRIVACY**



**Zero**

**NO. OF INCIDENTS OF CORRUPTION AND ANY FINES PAID DURING THE FINANCIAL YEAR**



**Zero**

**NO. OF EMPLOYEES OR OUTSOURCED WORKERS DISMISSED/ DISCIPLINARY ACTION WERE TAKEN FOR CORRUPTION DURING THE FINANCIAL YEAR**



**Zero**

**NO. OF EMPLOYEES & OUTSOURCED WORKERS PAID BELOW THE MINIMUM WAGE OF THE RESPECTIVE COUNTRY DURING THE FINANCIAL YEAR**



**Zero**

**NO. OF EMPLOYEES & OUTSOURCED WORKERS FOR WHOM EMPLOYEE PROVIDENT FUND (EPF) / EMPLOYEE TRUST FUND (ETF) OR EQUIVALENT WAS CONTRIBUTED TO DURING THE FINANCIAL YEAR**



**All**

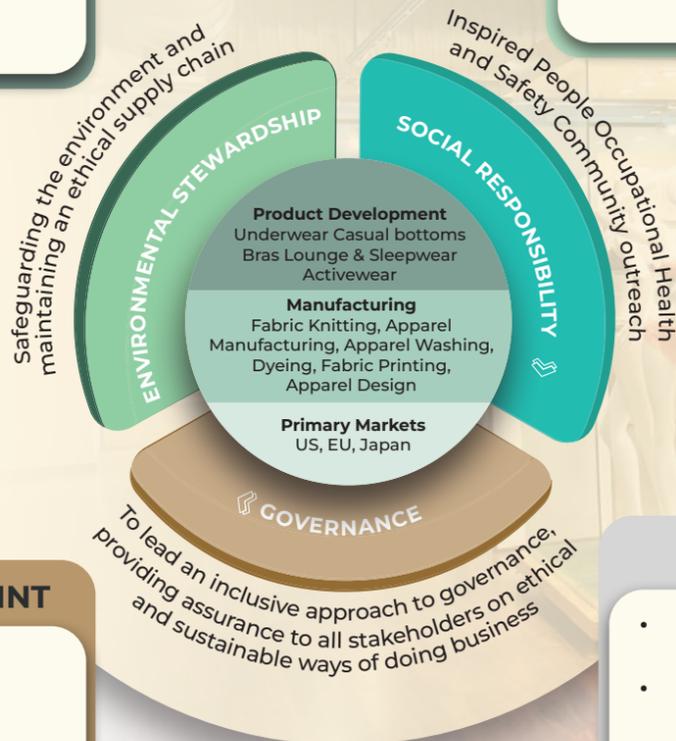
# Business Model

## OUR SUSTAINABILITY AGENDA

- **Environmental Stewardship:**
  - 6 net zero carbon facilities
  - 23.3% of water consumption from rainwater
  - 90% waste recycled and reused
- **Community Engagement:**
  - 200,000+ beneficiaries under "PROVIDE" pillar
  - 40,000+ beneficiaries under "EDUCATE" pillar

## CARING FOR OUR OWN

- **Inspired people built on RITE Values: Respect (R), Integrity (I), Team Work (T), Excellence (E)**
- **43,285 direct team members and 173,140 Indirect members**
- **Fostering an inclusive culture**
- **Empowering through training and development**
- **Employee welfare**
  - Chairman's fund for critical medical needs
  - Educational scholarships to employees' children



## MANUFACTURING FOOTPRINT

- **3 geographies, 22 manufacturing locations**
- **LEED certified facilities**
- **18 MW solar capacity installed across 23 facilities**

## INVESTMENT PORTFOLIO

- **Verticle Integration**
  - Teejay, Ocean Lanka, Best Pacific
- **Training and Development**
  - Brandix Corporate Campus
- **Digitization**
  - Fortude
- **Innovation**
  - Inqube

# Corporate Governance

To enable the RITE way through an inclusive approach to governance that provides assurance to all stakeholders of ethical and sustainable practices.

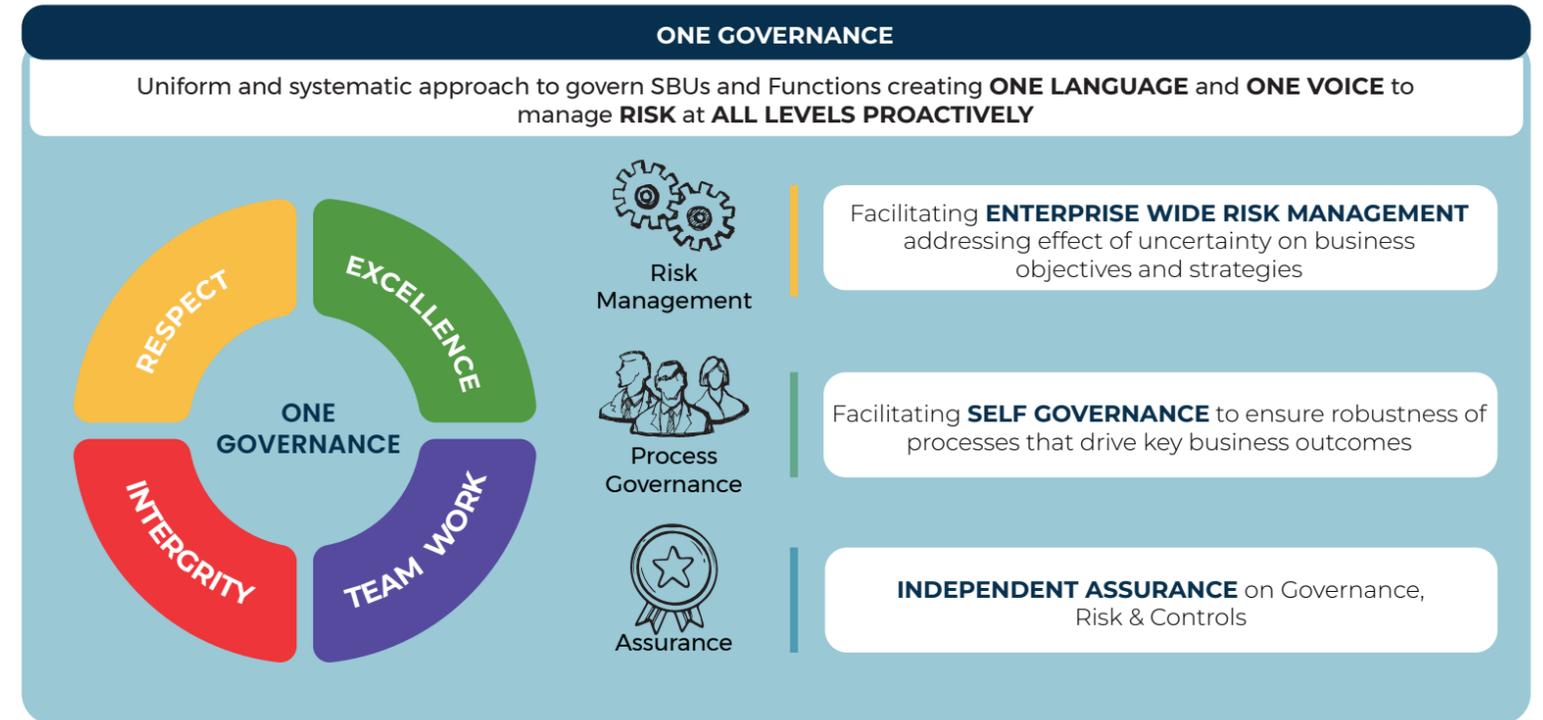


Built on the RITE VALUES, Brandix's governance framework integrates Enterprise-wide risk management (ERM), Environmental, Social & Governance (ESG) and Independent Internal Audit under ONE GOVERNANCE platform with independent board oversight from Risk and Audit Committee providing ASSURANCE to all our stakeholders that we run the business ETHICALLY and SUSTAINABLY to create long term value.

## ONE GOVERNANCE FRAMEWORK

The Group defines governance as interconnected processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organisation toward the achievement of sustainable corporate performance. It has evolved over the years, transforming into an integrated governance framework that serves as a strategic enabler in delivering key business outcomes.

To uphold corporate responsibility and compliance the Brandix Group has integrated its policies, governance processes and controls relating to the management of environmental and social risks and opportunities. This is represented under the "Governance" of ESG.



**Brandix's Corporate Governance process is based on the precautionary principle with respect to operational and investment decisions.**

Brandix gives equal prominence to any grievances held by internal or external stakeholders, which can be directly communicated to the highest governance body of Brandix as indicated in the safe-to-speak up policy which is enclosed in the company's official website. The grievance handling mechanism at Brandix is outlined in detail with respect to each material topic in the disclosures on Brandix's management approach.

The Disclosures of Management Approach and the process utilised to embed ESG policies within the organisation can be accessed online at: <https://brandix.com/inspired-solutions/we-are-brandix/sustainability>

# Corporate Governance



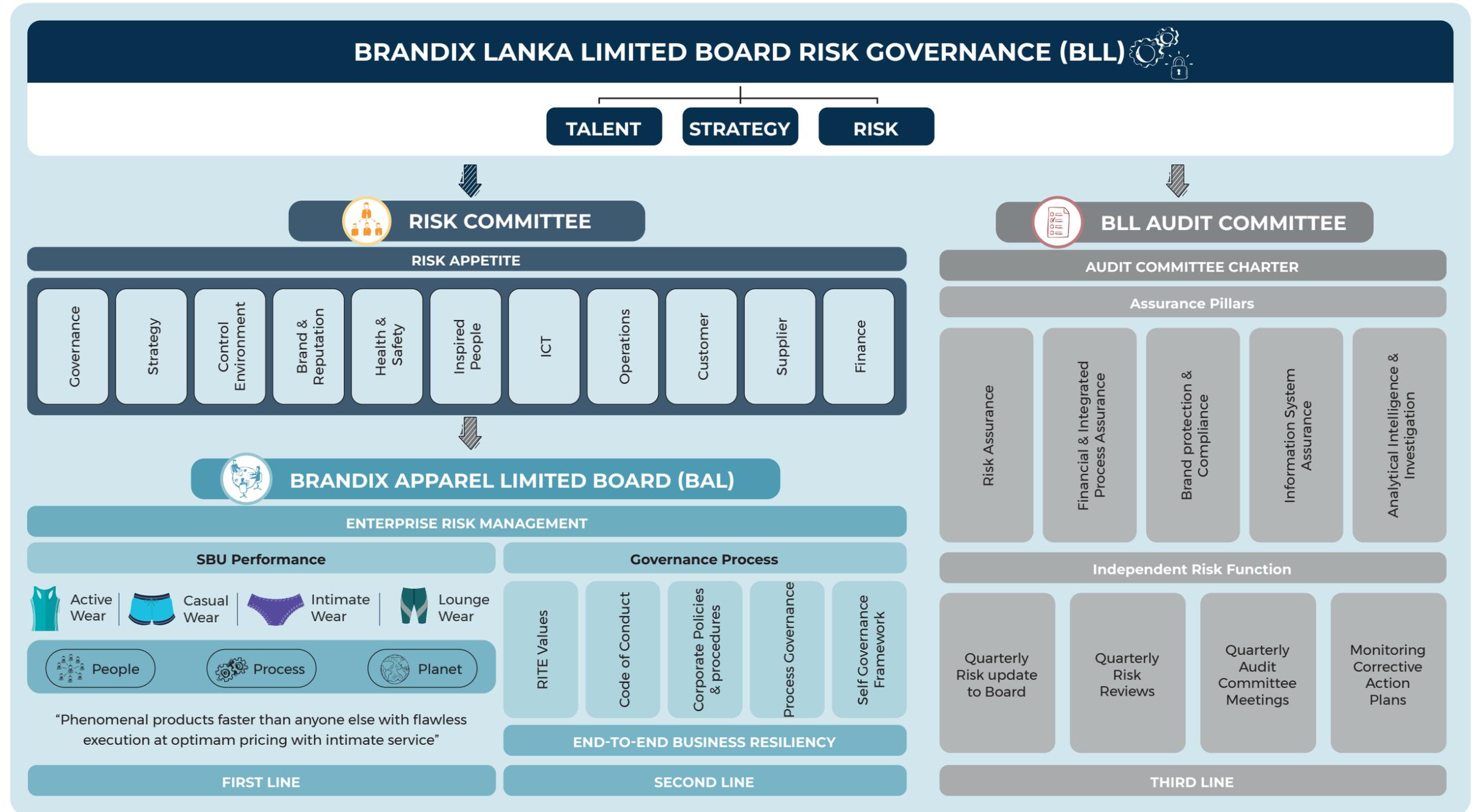
The Corporate Governance Framework at Brandix comprises structured principles, policies, and practices delineating responsibilities, decision-making, and accountability. This framework ensures transparency, integrity, and accountability, aligning the organisation with the best interests of its stakeholders. By providing clear guidance on leadership, risk management, and ethical standards, the Corporate Governance Framework safeguards the organisation’s reputation and fosters confidence among investors, employees, and the broader community. It serves as the foundation for sustained growth, responsible business conduct, and enduring value creation.

## GOVERNANCE STRUCTURE

With the intention of upholding the highest standards for ethical business practices, Brandix maintains a two-tier Board structure:

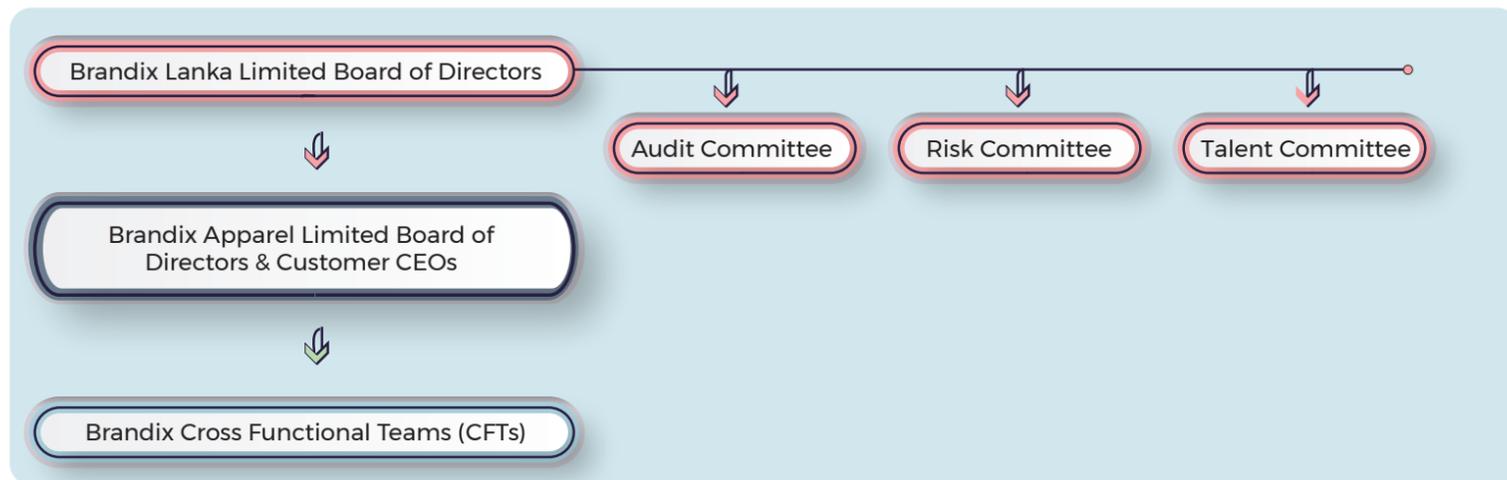
The two tier Board Structure is augmented by the “Three Lines Model” in structuring governance related roles and responsibilities across the business.

The following diagram summarises the overall governance structure of Brandix:



# Corporate Governance

## BRANDIX GOVERNANCE HEIRARCHY



### BRANDIX LANKA LIMITED (BLL) BOARD OF DIRECTORS

Board Composition:



9 Directors (08 Male 1 Female)



**7**  
Non-Executive Directors

**2**  
Independent Non-Executive Directors

Meeting Frequency: Quarterly

### BRANDIX APPAREL LIMITED (BAL) BOARD OF DIRECTORS

Board Composition:



13 Directors (12 Male, 1 Female)



**13**  
Executive Directors

Meeting Frequency: Monthly

### BRANDIX LANKA LIMITED (BLL) BOARD OF DIRECTORS

Serves as the highest governing body, and provides Talent, Strategy and Risk oversight to the Brandix Apparel board through separate sub-committees, including talent, risk and audit committees. These sub committees are chaired by nonexecutive directors.

The board has delegated some of their functions to three sub-committees. Members of these Sub-Committees focus on a designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

### BRANDIX APPAREL LIMITED (BAL) BOARD OF DIRECTORS

Consists of executive directors possessing extensive industry and functional business expertise with an emphasis on delivering sustainable economic performance. The BAL Board oversees the group management team, ensuring operational excellence and compliance with corporate policies and processes. Whilst being tasked with developing and executing strategic plans, ensuring the achievement of long-term plans and formulating annual budgets, within the predefined risk appetite established by the BLL Board.

### BOARD PERFORMANCE EVALUATION

The performance of the BAL Board is evaluated semi-annually by the BLL Board using a scorecard that takes on a holistic approach focusing on Strategy, Business Performance, Talent and Risk.

The membership of the Board Sub-Committees is tabulated below:

	Risk Committee	Talent Committee	Audit Committee
Aslam Omar (Non-executive)			✓
Ajit Johnpillai (Non- executive, BLL Board)		✓	✓
Nihal Fonseka (Non- executive, BLL Board)			✓
Hasib Omar (Non- executive, BLL Board)	✓		
Sabeen Omae (Non- executive, BLL Board)		✓	
Jeevan William (Non- executive, BLL Board)	✓		
Natasha Boralessa (Executive, BAL Board)	✓		
Roland Smith (Executive, BAL Board)		✓	

To effectively address and mitigate potential conflicts of interest, Brandix adheres to the Director's Duties outlined in the Companies Act No. 07 of 2007, including Sections 192 (disclosure), 200 (interest in shares), and 197 (prohibition on disclosing information acquired as a director for other purposes). As a part of complying with provisions of the Companies' Act and corporate governance best practices, corporate legal division conducts a background check at the time of onboarding a new director on possible conflicts of interest.



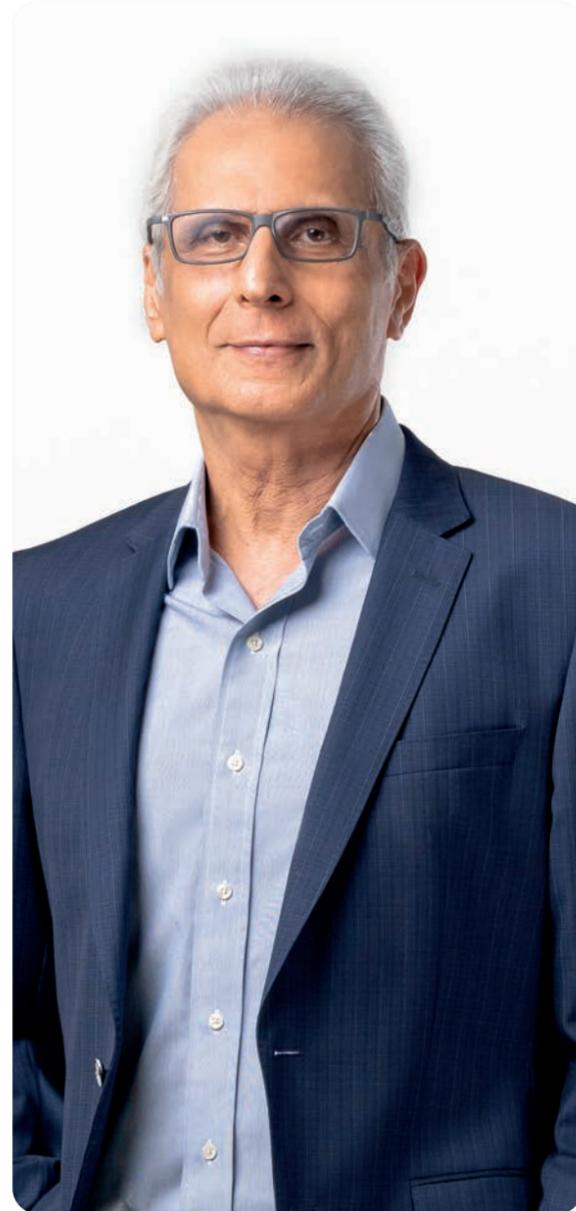
Brandix Centre, Colombo, Sri Lanka

# Corporate Governance

## The Brandix Lanka Limited (BLL) Board



**Priyan Fernando**  
Chairman



**Ashroff Omar**  
Group Chief Executive Officer



**Ajit Johnpillai**  
Non-Executive Director



**Nihal Fonseka**  
Independent Non-Executive Director



**Hasib Omar**  
Non-Executive Director

## Corporate Governance

### The Brandix Lanka Limited (BLL) Board



Serves as the highest governing body, and provides Talent, Strategy and Risk oversight to the Brandix Apparel board through separate sub-committees, including talent, risk and audit committees. These sub-committees are chaired by non-executive directors.



**Sabeen Omar**  
Non-Executive Director



**Sadiq Omar**  
Non-Executive Director



**Jeevan William**  
Independent Non-Executive Director



**Hasitha Premaratne**  
Executive Director

# Corporate Governance

## The Brandix Apparel Limited (BAL) Board



Consists of executive directors who bring together a wealth of industry and functional business knowledge with an emphasis on delivering sustainable economic performance.



**Ashroff Omar**  
Group Chief Executive Officer



**Hasitha Premaratne**  
Managing Director



**Nadun Fernando**  
Director Operations



**Roland Smith**  
Director HR



**Afham Ali**  
Director Supply Chain Management



**Arjuna Sirinanda**  
Director Digital



**Natasha Boralessa**  
Director ESG



**Asanka Wimalaratna**  
Customer CEO

## Corporate Governance

### The Brandix Apparel Limited (BAL) Board



These leaders, drawing from many years of extensive experience, serve as invaluable assets to the decision-making process. Their collective expertise enhances the quality of every business decision, and they consistently uphold the highest standards of governance, ensuring a judicious and strategic approach to steering the organisation.



**Rajiv Malalasekera**  
Customer CEO



**Alok Malhotra**  
Customer CEO



**Lalith Bandara**  
Customer CEO



**Sahad Mukthar**  
Chief People Officer



**Suwan Perera**  
Group Chief Financial Officer

# Corporate Governance

## SUB COMMITTEES OF BRANDIX LANKA BOARD

Risk Committee	
<b>Purpose</b>	To aid the Brandix Lanka Board in fulfilling its governance and other obligations pertaining to the oversight of the Brandix Group's risk management practices.
<b>Chair</b>	Independent Non-Executive Director
<b>Membership</b>	Consists of a non-executive director from the Brandix Lanka Board and an executive director from the Brandix Apparel Board. Head of Group Risk and Control acts as the secretary to the risk management committee
<b>Responsibilities</b>	Providing guidance to the Board on risk governance aligned with the Board's defined risk appetite and tolerance and presenting recommendations to the Board regarding the comprehensive risk management of the Brandix Group. Additionally, advising on the implementation of a formal and transparent procedure for effective risk management.
<b>Meeting Frequency</b>	Monthly



**Jeevan William**  
Independent Non-Executive Director



**Hasib Omar**  
Non-Executive Director



**Natasha Boralessa**  
Director ESG

Talent Committee	
<b>Purpose</b>	To aid the Brandix Lanka Board in fulfilling its responsibilities related to the oversight of the Brandix Group's key talent policies.
<b>Chair</b>	Non-Executive Director
<b>Membership</b>	Consists of a non-executive director from the Brandix Lanka Board and an executive director from the Brandix Apparel Board overlooking the HR Function.
<b>Responsibilities</b>	Offering recommendations to the Board regarding potential adjustments to the talent policy of the Brandix Group. Conducting a thorough review of talent gaps and succession plans, providing guidance on compensation and rewards for BAL members, and overseeing compliance with the Brandix Group's talent policy.
<b>Meeting Frequency</b>	Quarterly



**Ajit Johnpillai**  
Non-Executive Director



**Sabeen Omar**  
Non-Executive Director



**Roland Smith**  
Director HR

Audit Committee	
<b>Purpose</b>	To aid the Brandix Lanka Board in establishing clear and transparent structures for financial reporting, corporate reporting, internal controls, and risk management.
<b>Chair</b>	Independent Non-Executive Director
<b>Membership</b>	Consists of two non-executive directors who are professionally qualified accountants. The Head of the Risk and Control function serves as the Secretary of the Audit Committee, while Brandix's Group CEO and Finance Director will attend the Audit Committee meetings as invitees. The other members of the Board of Brandix Lanka will be invited as appropriate.
<b>Responsibilities</b>	Facilitating the Board in overseeing the accuracy of financial statements and adherence to company policies, legal obligations, and regulatory standards to protect the interests of shareholders and stakeholders. This responsibility encompasses the examination of the internal control system and identification of risks associated with group activities, all while fostering constructive relationships with internal and external auditors.
<b>Meeting Frequency</b>	Quarterly



**Nihal Fonseka**  
Independent Non-Executive Director



**Aslam Omar**  
Non-Executive Director



**Ajit Johnpillai**  
Non-Executive Director

# Corporate Governance

**Internal Audit**

**Purpose** The Brandix Group is committed to adopt international best practices of corporate governance and has accordingly set up an internal audit function which serves as an independent and an objective assurance and consulting activity of the Brandix Group. Internal audit function assists Brandix in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal control.

**Scope** Annual audit plan is based on an enterprise-wide risk assessment and incorporates wider spectrum of audits including financial, integrated process audit, IT and operational audits. Internal audit function plays a critical role in improving the integrated governance architecture of the group by closely working with the business team to introduce/ review the self-governance framework under "One Brandix- One Governance initiative". All related party transactions undergo a thorough examination during the quarterly review of the consolidated financial statements by the Group Risk & Control team. Subsequently, the reports are disseminated to the Audit Committee for further scrutiny. Instances that give rise to conflicts of interest are governed by the Employee Code of Conduct, which undergoes annual renewal. The internal audit function also closely works with ESG team in providing advisory and assurance support to manage ESG related risks. The monitoring and reporting of compliance with essential laws and regulations occur during the quarterly Audit Committee meetings. Notably, there were no significant instances of non-compliance reported throughout the fiscal year.



# Enterprise Risk Management



The Enterprise Risk Management (ERM) process at Brandix is anchored in the board's risk appetite framework, fostering a systematic approach to risk identification, quantification, and mitigation. This structured process ensures comprehensive risk management aligned with organisational objectives.

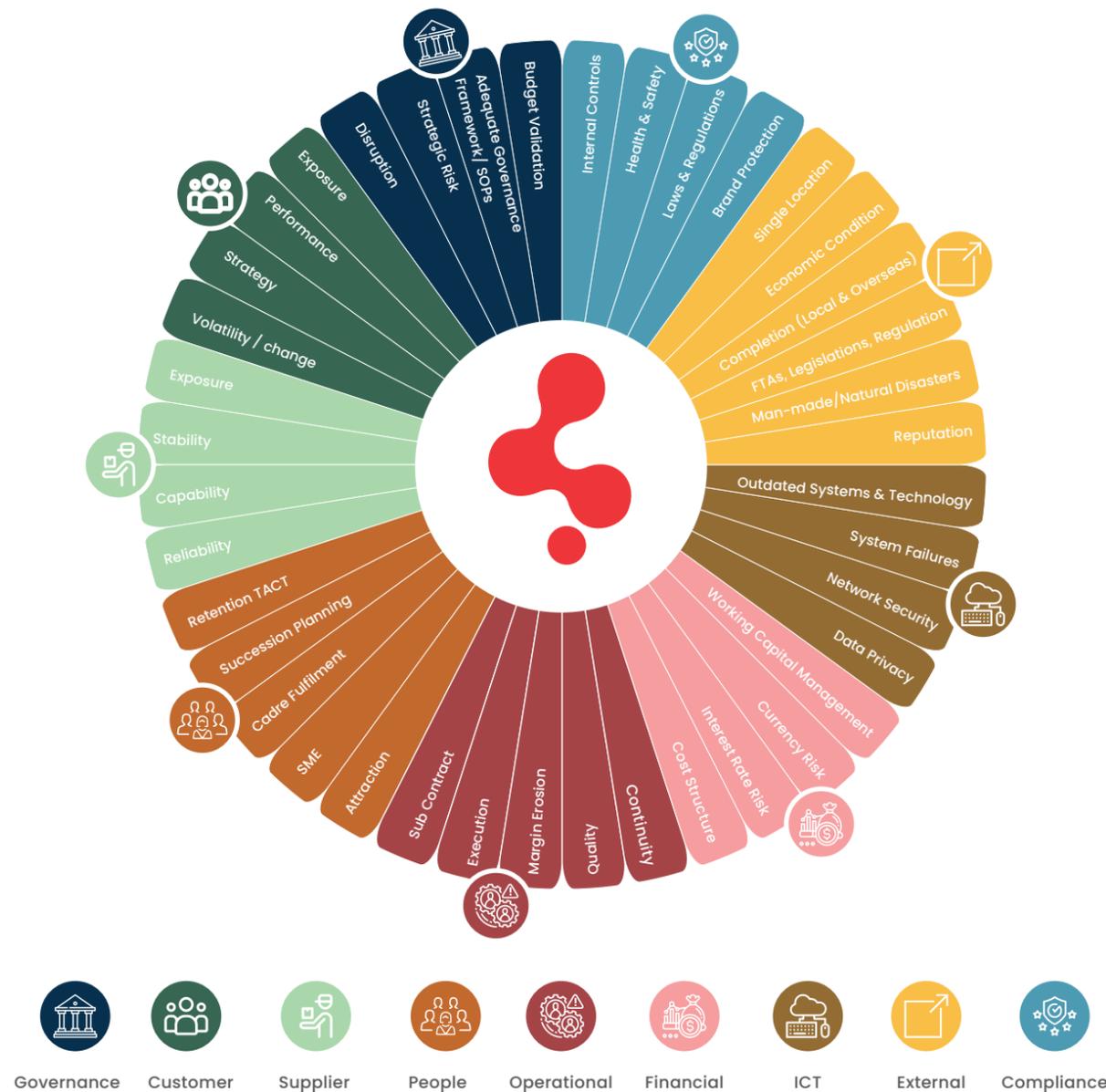
## RISK MANAGEMENT POLICY

Brandix is committed to implementing a robust enterprise-wide risk management process to enhance value for customers, employees, value chain partners, and the broader community. This approach to Risk management is instrumental in advancing strategic growth objectives and contributing to sustainable development goals while safeguarding the organisation's reputation.

The governing board's approved Risk Appetite Framework guides sustainable business practices by specifying preferred, accepted, or avoided risks aligned with the core business model. Integrated into key value drivers, this framework incorporates "governance" and "control environment" as overarching elements, placing Brandix's "RITE Values," Code of Conduct, and corporate policies at the core of business conduct. ESG is explicitly recognised as a low appetite Risk in Brandix's risk appetite, reflecting the Group's dedication to managing ESG-related risks and opportunities.

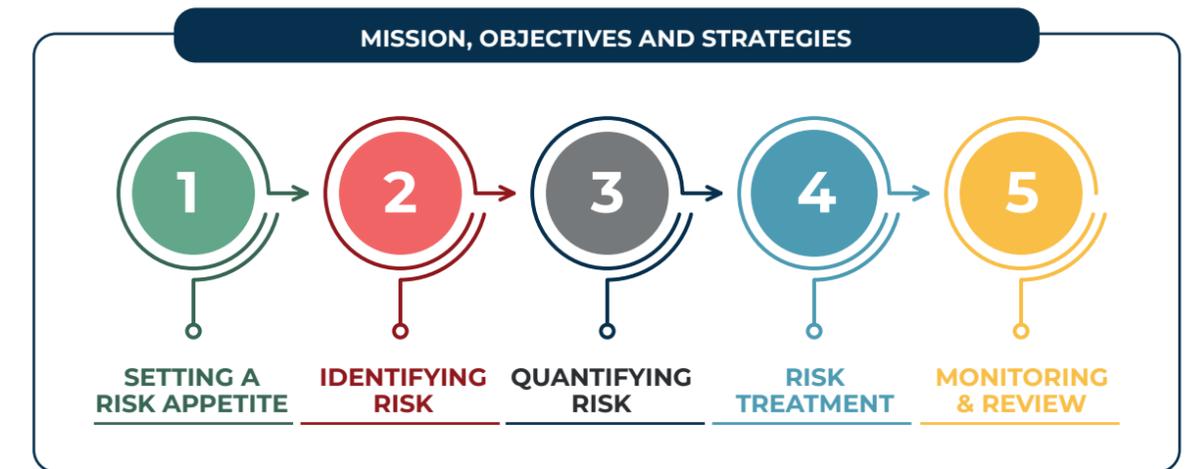
Brandix's ERM division ensures that all plants, divisions and functions are covered within its internal audit process that seeks to identify risks and non-conformance to company policies laws and regulations including those related to corruption

## Brandix Risk Universe



## RISK MANAGEMENT FRAMEWORK

The Brandix Group's approach to risk management is based on a comprehensive Enterprise Risk Management Guidelines developed based on COSO ERM Framework and ISO31000, risk management standard and is an integral part of the risk management policy.



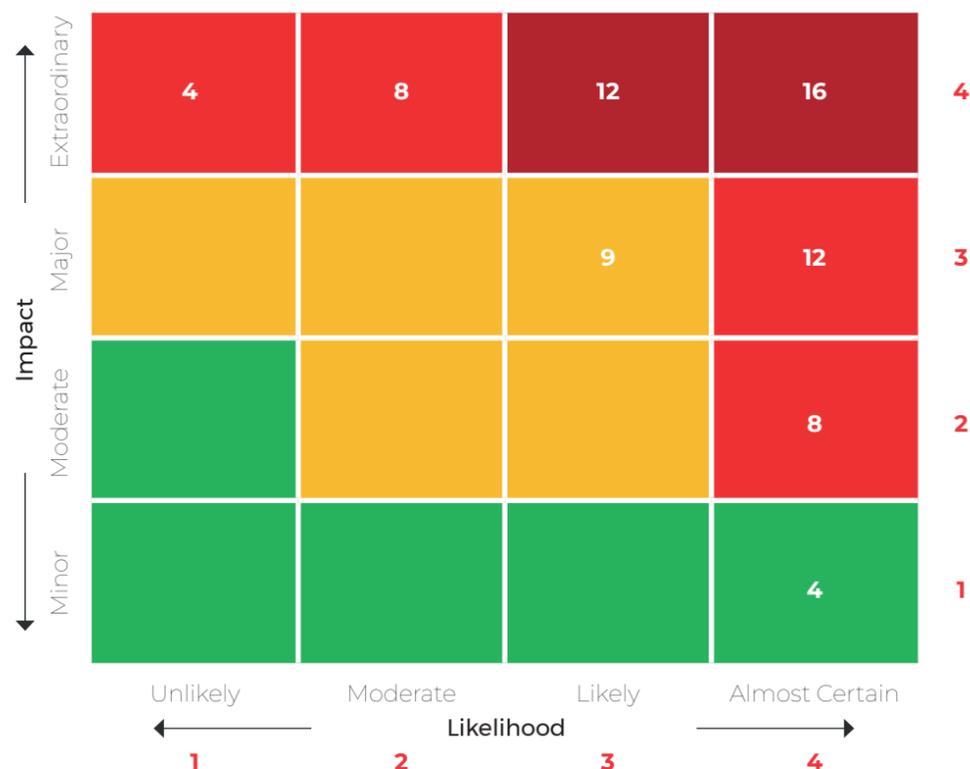
## ERM PROCESS

- Based on the board risk appetite framework, risk champions at each SBU facilitate annual risk identification process
- Fraud risks, including corruption, are incorporated into the risk appetite framework, forming an integral part of the risk management process and the annual internal audit plan
- Risks identified are quantified based on multi faceted impact criteria and the likelihood of materialising
- Risk champions work with cross functional business leadership team to finalise risk mitigation strategies
- Group Risk and control function consolidates enterprise level risks which require board attention and facilitate quarterly risk deliberation at Brandix Apparel Board level
- Brandix Lanka Risk Committee review enterprise risks on a quarterly basis and escalate risks that require the attention of Brandix Lanka Board
- Group R&C function conducts an independent evaluation of the effectiveness of risk management process semi annually using the risk maturity criteria.
- The annual assessment of risk maturity provides recommendations to improve risk management process at each SBUs

# Enterprise Risk Management



The following Enterprise Risk Report, serves as a cornerstone for stakeholders seeking insights into Integrated Risk management process exemplifying our commitment to transparent communication and preemptive risk mitigation. By articulating key risks and their consequential implications, the report serves as a guide for judicious decision-making and underscores our dedication to upholding a resilient and sustainable business.



	Risk Event / Opportunity	Risk Rating	Mitigation Actions in place
<b>Economic</b>	Uncertainty over prospects for future macroeconomic growth in Sri Lanka including inflation, interest rate and currency risks and the impact of geopolitical risks which could result in business disruptions and increased costs of operation.	●	Developing business continuity plans to address disruptive events with high impact and likelihood. Periodic review of business continuity plans on developing disruptive events by a Cross-Functional Team established at group level. Scenario planning in preparing for adverse business scenarios and formulating alternative business strategies.
	Slow-down in global economic growth fueling low consumer demand across customer regions, leading to order drops and pressure on profit margins.	●	Strengthening relationships with our customers and offering innovative product and solutions. Rationalisation of product-plant-matrix based on the multi-country footprint.
<b>Information Security &amp; Technology</b>	Cybersecurity risks such as customer information and intellectual property leakages will lead to data breaches, financial losses, and reputational damage.	●	National Institute of Standards & Technology (NIST) framework has been implemented to understand, manage, and reduce the cybersecurity risks and protect the networks and data. The existence of a comprehensive incident response plan. The real-time monitoring of cyber security events with potential incidents notified for necessary action.
	IT systems failure risks leading to financial losses and business disruptions.	●	Disaster recovery sites in operation to ensure continuous system availability. Periodic monitoring of adequacy of IT infrastructure and review of system performance.
<b>People</b>	Economic crisis and regional competition for talents leading to loss of critical talents which could affect strategic growth plan of the group.	●	Strengthening the succession planning to ensure successor readiness for all key positions. Implement employee engagement initiatives to foster inclusive work environment and creating Employee Value Proposition to attract and retain talent Continuous employee engagement initiatives, employee Pulse Check surveys, dedicated counsellor for each location to focus on the physical and mental well-being of all our employees.
<b>Occupational Health &amp; Safety</b>	Risk of injury and fatalities to staff, contractor's personnel, and visitors.	●	Systematic and embedded HIRA (Hazard Identification Risk Assessment) and risk management. Systematic and embedded capability development of OHS, SME and all employees based on a capability and training need assessments. Tracking of work-related injuries and fatalities at both staff and contractor personnel level and follow strong RCA, Actioning and lesson learnt across the group
<b>Supply Chain</b>	Risk of disruptions due to geopolitical uncertainties including pandemic/ natural disasters, adverse weather conditions and the economic crisis.	●	Use of risk alert and risk monitoring mechanism of all geography's covering Brandix location and Port's related to our supply chain to ensure that we have visibility of any deviation/ disruptions. Driving near-shore sourcing strategy (localisation).
<b>Regulatory</b>	Financial and reputational risks arising from noncompliance with growing regulatory requirements in relation to ESG including supplier due diligence across the value chain.	●	Periodic self-assurance on social compliance and independent audits. Supply chain governance focusing on supplier due diligence, and audits. Transparency in communication of ESG related risks and opportunities. Abuse and harassment free policy operated through a robust governance framework which investigate into any incidents of abuse and harassment affecting our employees and take remedial measures.

# Enterprise Risk Management



This milestone of reporting on Climate Change underscores our commitment to transparent, sustainable and forward-thinking approach to climate-related risks and opportunities



Brandix India Apparel City, Visakhapatnam, India

	Risk Event / Opportunity	Risk Rating	Mitigation Actions in place
<b>Climate Change</b>	<b>Transition Risks</b> Geopolitical events resulting in an unstable crude oil market, increasing fossil fuel regulations and the transition of manufacturing processes and facilities to low carbon technologies contributes to the complex risk landscape as it results in rising costs to the business.	●	Net zero impact producer to ensure a significant reduction in scope 1 and scope 2 emissions in alignment with the SBTi across all Brandix factories in Sri Lanka, India, and Bangladesh. Energy Efficient facilities – Adopting green building features in line with the LEED guidelines. Resource optimisation measures in relation to HVAC (Heating, Ventilation & Air conditioning) & lighting.
	<b>Transition Opportunities</b> Led by the eco-conscious consumer behaviour of the Gen-Z and millennials the increase in demand for sustainable fashion is creating new market opportunities for “end of life products” focusing on material circularity, longevity, sustainable and ethical manufacturing practices.	●	Partnering with customers to reduce the usage of virgin raw material to minimize the environmental impact associated with the disposal of waste through material circularity programs. Exploring opportunities to provide long term sustainable solutions for materials & chemicals used in the manufacturing process Manufacturing locations certified with the highest standards of social and environmental standards compliance practices with global certifications including WRAP and Higg Index. Robust governance framework on monitoring of Key Sustainability Performance Indicators including periodic internal and external audits.
	<b>Physical – Acute Risks</b> Unforeseen heat waves and heavy rainfall causing floods and landslides, could impact and hinder the lives of the 51000+ employees of Brandix & disrupt operations.	●	Continuous employee engagement initiatives, employee Pulse Check surveys, dedicated counsellor for each location to focus on physical and mental well-being of all our employees Formulation of business continuity plans and deployment of, crisis management teams to proactively anticipate and mitigate business disruptions caused by natural disasters.
	<b>Physical – Chronic Risks</b> Uncertain climate changes could lead to risks of operational disruptions and adverse impact on the livelihood of our associates due to lack of water from prolonged dry seasons/ droughts.	●	Eliminating the use of ground water sources and increasing our share of green water by investing in rainwater harvesting infrastructure at our plants CSR initiatives to uplift the quality of life of our team members and the community by addressing societal challenges including providing access to clean drinking water to our team members and their families and to the community. Wastewater recycling initiatives and condensed water recovery projects at multiple Brandix locations.

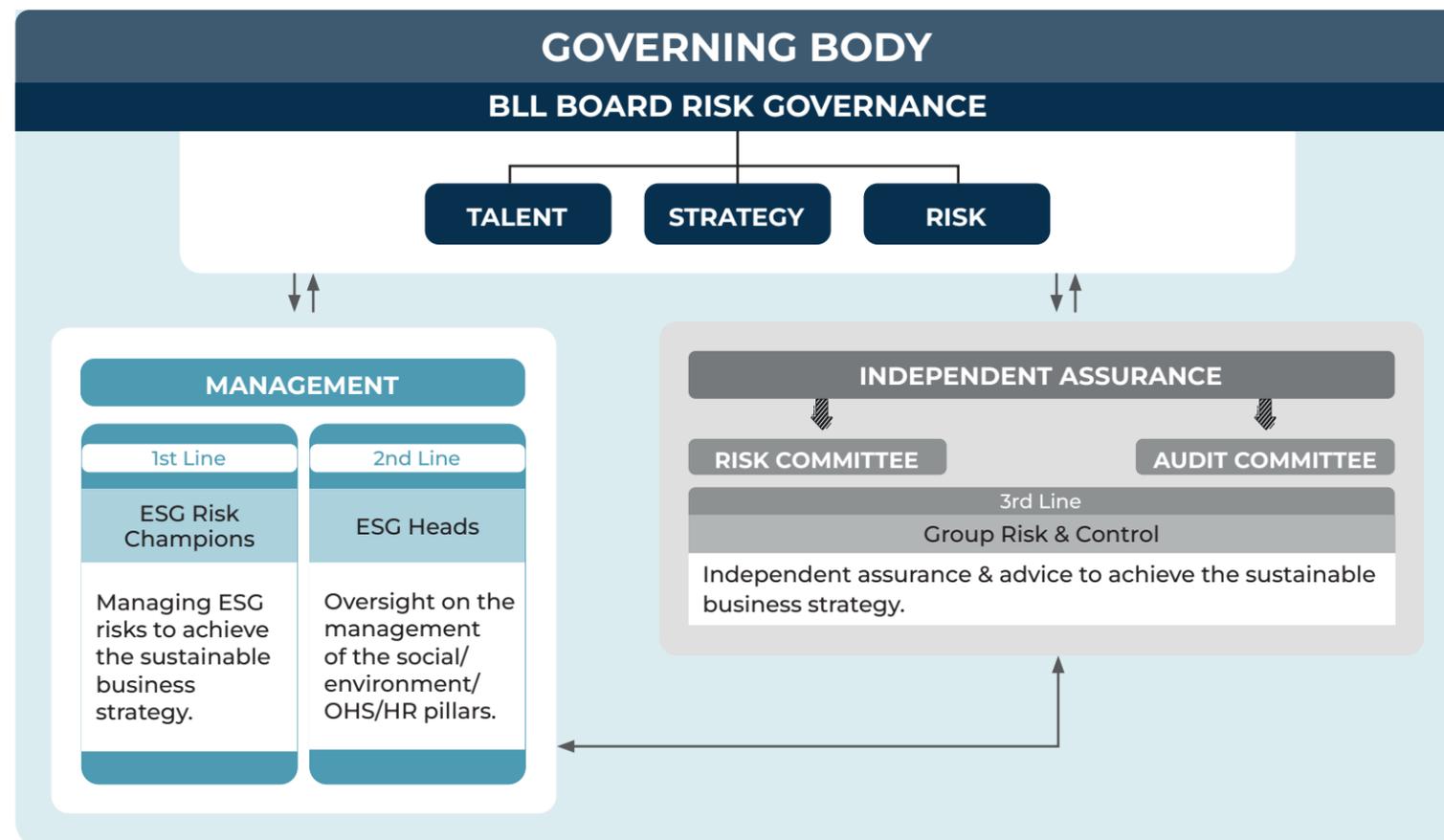
The risk rating provided for climate-related risks and opportunities has been established primarily focusing on the impact to business and likelihood of occurring during the reporting period. Nevertheless, the above risks have been identified across all three-time horizons as directed by the TCFD. These timeframes have been defined in line with the Group's LRP cycle.

Short Term (12 months) | Medium Term (2-3 years) | Long Term (5 years).

# Enterprise Risk Management

## ESG & ERM INTEGRATION

The "Three Lines Model" is used to structure ERM related first and second line responsibilities and to integrate ESG risk and opportunities in the enterprise wide risk management process.



## 3 LINES MODEL

### 1 First Line Responsibilities

The first line of responsibility for handling risks and opportunities, including those related to ESG within the board's appetite, rests with appointed ESG champions at each location. These champions operate within standard operating procedures and the overarching sustainability/ESG policy framework outlined in the ESG integration section of the report. Their duties include monitoring Key Performance Indicators (KPIs) against established targets.

ESG champions, specialising in environmental, social, and occupational health and safety (OHS) matters, have been designated at each location. Periodic self-assessment on Social Compliance and OHS ensures independent assurance of Environmental and Social Sustainability.

### 2. Second Line Responsibilities

The second line responsibilities as an oversight role of the operating management lies with corporate functional heads of each main business function.

- Risk Champions appointed for each SBU monitors the business risks including ESG related risks identified as part of annual budget on a quarterly basis with the leadership team of the each SBUs.
- The Group environmental sustainability team governs the operation of the KPI's relevant to all the environment related areas under ESG and conduct environmental audits
- Corporate OHS team governs the self-assurance process for OHS related controls at each location and conduct OHS Audits.
- Group compliance function conducts independent compliance audits to assess any other risks that affect customer/regulatory requirements.
- The Group's supply chain function oversees suppliers' adherence to regulatory standards and requirements in both customer locations and shipping destinations.
- The Group work's HR function conducts a quarterly PULSE survey to assess employee satisfaction in terms of the working conditions, relationship with supervisor and any other grievances.

### 3. Third Line Responsibilities

Group Risk and Controls division reviews the risk assessments of each SBU and consolidates enterprise level risks which require the attention of the Board based on the board risk appetite and reports to the risk committee.

The Internal Audit division of group Risk and Control function undertakes independent process, financial and IT audit, and report to the audit committee.

# ESG Integration



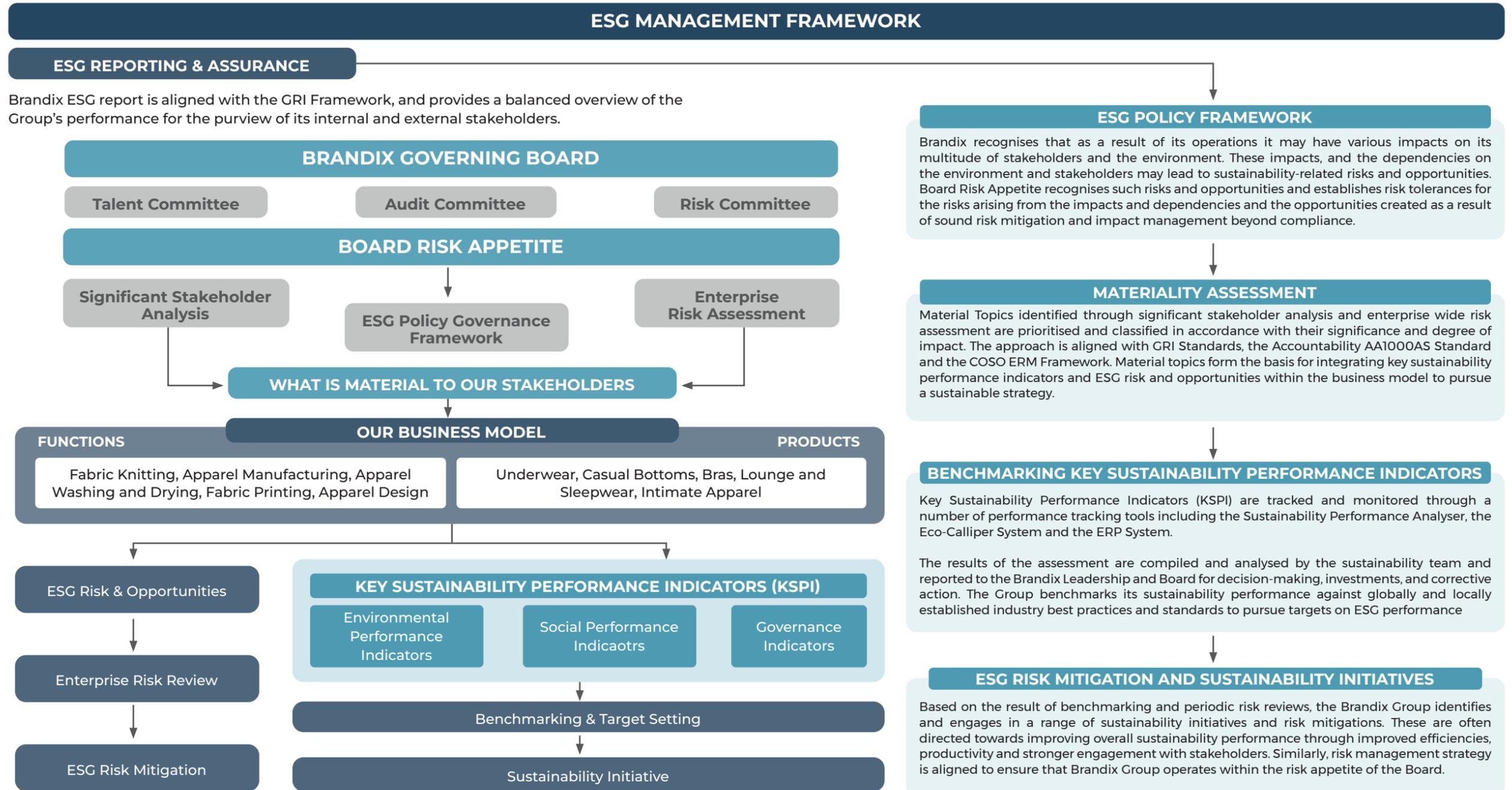
Brandix ESG framework is integrated to the overall governance structure with the oversight of the 3 dedicated committees

## 1. The Brandix ESG Framework

The Group's sustainability strategy is governed by a comprehensive ESG Management Framework that includes materiality assessments, policy frameworks, standard operating procedures and management approaches that ensure the prudent management of key topics that influence the company and its stakeholders. The Framework's effectiveness is reinforced by sustainability performance management systems and internal and external assurance processes. The Group relies on independent third-party assurance to verify the sustainability information disclosed through this report (refer page 81).

Throughout the year, Brandix's Senior Management team actively engaged with external consultants to stay updated on evolving sustainability reporting standards, including European directives, new IFRS standards, and Global Reporting Initiative developments. The Group Chairman conducts annual reviews of the framework, structure, and processes, along with Key Sustainability Performance Indicators (KSPIs) for each pillar (Environment, Social & Governance) in collaboration with the ESG Director and relevant pillar heads.

The Sustainability Policy and ESG Management Framework deployed at Brandix seeks to manage company operations within this Board Risk Appetite. Additionally, ESG-related risks and opportunities are deliberated upon during quarterly updates to the Board.



# ESG Integration

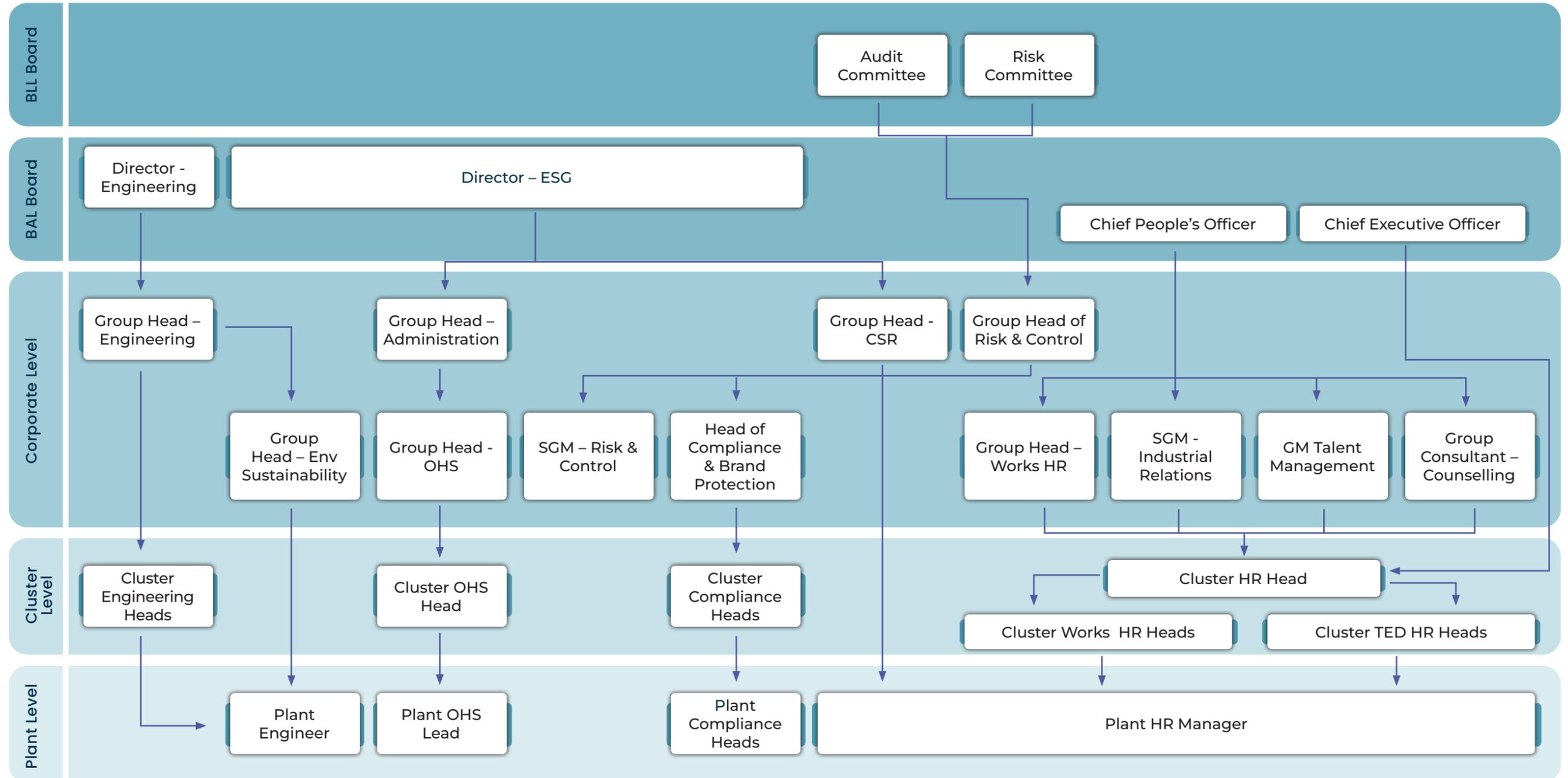
## 2. ESG Structure

The following diagram depicts the ESG governance framework at Brandix with the Director ESG spearheading the Planet lever on behalf of the BAL Board. Her leadership provides strategic oversight and guidance to representatives of the pillars of ESG.

There are dedicated heads at group level, cluster level and plant for all strategic pillars, environment, HR, OHS, CSR, Social Compliance. The Group Risk and Control Function directly reports to risk and audit committee, for the management of ESG related risks and opportunities whilst closely working with the central ESG team.

To ensure Brandix stays proactive in the intricate and dynamic ESG risk landscape, the sustainability initiatives identified through materiality assessments are prioritised for Board endorsement in accordance with the significant stakeholder analysis, conducted on a frequent basis.

Additionally, the management of all ESG risks forms a crucial component of the BAL Board scorecard, filtering down to cluster and plant level owners across all ESG pillars.



# ESG Integration

## 3. Stakeholder Engagement

The Brandix Group defines its stakeholders as individuals, organisations or entities that impact or are impacted by its business and operations. Owing to a widespread presence across three key geographic locations within the South Asian region, the Group primarily focuses on building strong longstanding relationships, relying on transparency, accountability and ongoing discussions and dialogue to build and maintain trust.

The Group leverages stakeholder engagement to drive the development of a relevant and continuously evolving business and sustainability strategy. Insights on stakeholder needs and concerns ensure a broader and more accurate understanding of present and emerging risks and opportunities, contributing towards a more resilient and sustainable business and strategy.

Brandix identifies its internal and external stakeholders based on the business model and its environment including industry standards, and regulatory and compliance requirements.

The Group's stakeholders are subsequently mapped on an impact-influence matrix to determine their prioritisation, which in turn serves as the underlying premise for identifying the right method and frequency of engagement, while assigning responsibilities for the executing and monitoring the effectiveness thereof. Brandix defines its significant stakeholders as those that are impacted by the operations of the company, and also those who have the ability to impact the operations of the company.

Through the above process, Brandix has identified and prioritised the following significant internal and external stakeholder groups, with interactions occurring at multiple levels across the Group, via both formal and informal structures.

Stakeholder	Frequency & Method of Engagement					
	Ongoing	Regularly	Monthly	Quarterly	Bi-annually	Annually
<b>Customers</b>	1. Meetings, email, phone / conference calls 2. Product & Design Development Reviews / Customer Touch-bases.		1. Calls / meetings with Leadership & Management Teams 2. Review of Customer Scorecard KPI achievements	1. Customer Visits 2. Seasonal Design Reviews 3. Customer Scorecard and review of KPI achievements	In-person meetings – Brandix & Customer Leadership teams	Customer Feedback Surveys, Vendor Touchbase with Strategy sessions
<b>Employees</b>	T&D activities, Open door policy at all management levels, Skip level meetings	Intranet communications through Brandnet / Success Factors and email communications / Viyaman / Social Media	Employee Council meetings		Performance Reviews	Employee satisfaction surveys / Rasadiya Mangalya
<b>Suppliers</b>	Supplier Capability & Capacity Assessments (Supplier Evaluations)	Supplier onboarding/ Supplier Production & Quality Meetings	Management level meetings, Supplier Situation Touch-base	Supplier Collaboration Reviews	Supplier Social Compliance Audits (Third Party)	RM Supplier Self-Assessment
<b>Communities</b>	Meetings (onsite, remotely), CSR initiatives under pillars of Provide, Educate, Research & Engage	Stakeholder engagement with internal and external stakeholders	Monthly forum with CSR teams in SBUs	1. Board Update & Review (Workstream Review) 2. Quarterly forum with CSR & Operations teams in SBUs	Employee satisfaction surveys	Impact Surveys for projects
<b>Regulatory Authorities</b>	Code of Conduct Audits				Systems Certification Audit	Certifications and Accreditations
<b>Banks and Financial Institutions</b>		Meetings, email, phone / conference calls		Quarterly meeting, Quarterly consolidated accounts		Review meeting for past results and on year forward view, Annual Audited accounts
<b>Media - Local and International</b>	Website, social media platforms, press releases, media correspondence and engagement activities, public relations and advertising, thought leadership panels and forums					
<b>Labour Advocates / NGOs</b>	Meetings and disclosures					

# ESG Integration



ESG integration involves a targeted focus on materiality topics, aligning our business with significant issues for stakeholders, ensuring responsible and sustainable practices

## GRIEVANCE HANDLING MECHANISM

**Employees:** Employee Councils, suggestion boxes, an open-door policy, direct email access to the Safe-to-Speak Up Committee, management policies and the organisational hierarchy enables employees to address concerns and resolve issues/ conflicts in a fair and transparent manner. Employees may use these methods to communicate both specific workplace-related grievances as well as any environmental grievances, feedback, or areas for improvement to the management teams.

**Community:** The company tracks and monitors the community engagement carried out at each operating location, regardless of whether such an engagement was carried out formally through independent third parties, or informally by the location management. Any identified grievances are classified as environmental, social and economic grievances, and location-specific CSR programmes as well as the central BAL level CSR programmes are conducted based on the. The community members engaged, the grievances identified, and CSR programmes undertaken to alleviate and resolve such grievances are tracked through the Sustainability Performance Analyser Tool on a quarterly basis and reported to senior management for review and direction.

**Environmental Impact:** The Group has in place mechanisms to receive feedback and any grievances from its stakeholders on environmental impacts arising from its operations. As a B2B entity located in across Sri Lanka and in India and Bangladesh, Brandix maintains strong levels of engagement with its customers and their environmental requirements, whilst strongly adhering to the statutory requirements of the country and ensuring the environmental requirements of the end consumers, in addition to that of regulatory bodies such as the local Environmental Authorities, and the communities residing in the areas of operations.

The Group intends to maintain a logbook at the point of entry of all locations for the members of the community to lodge any grievance held with the respective location. Environmental grievances are additionally identified through its internal assessment of stakeholder concerns as well as through direct continuous engagement with its customers. The Compliance Team of each location/SBU serves as the first point of contact for any environmental grievances or point of contact for customers, regulatory authorities and members of the community. Any issues are then escalated through the relevant operations team and to the respective CEO of the location, and if required to the senior management team of BAL as relevant.

Further details can be found on Page 65



# ESG Integration

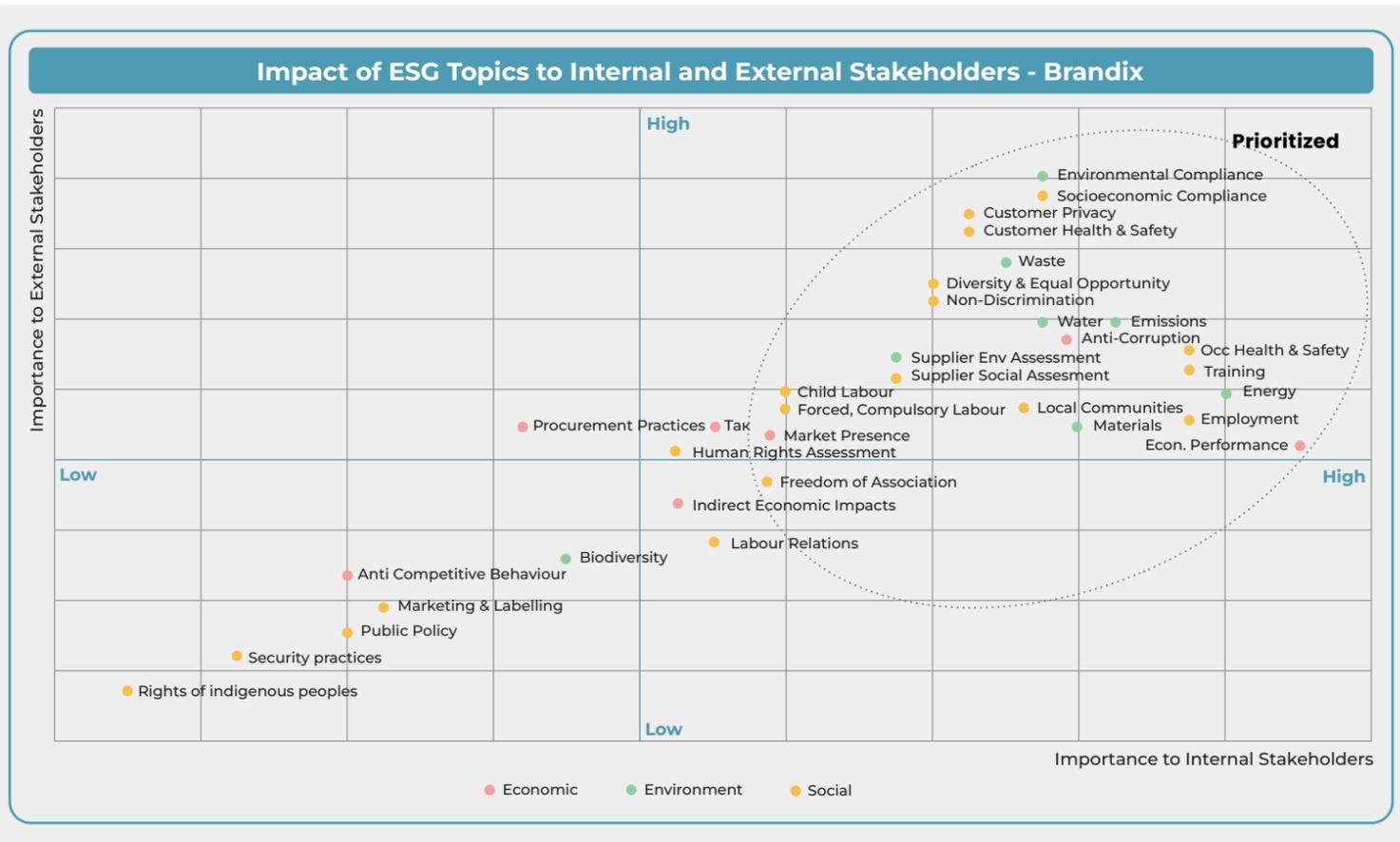
## 4. Materiality Assessment Methodology

Brandix's ESG strategy is underpinned by the identified material topics that are considered important and pose an impact towards the company and its stakeholders. During the

year, the Brandix Group conducted a comprehensive internal materiality perception analysis to determine material topics via discussions with all clusters within the Group to identify GRI Standards that are relevant to their operations.

The process enabled the Group to prioritise 19 Material Topics with relevant underlying GRI Standard Topic-Specific Disclosures for internal and external reporting, set out below. There are 10 new material topics in comparison to the previous year.

Key Sustainability Performance Indicators	
	GRI Standards Topics
1	GRI 201: Economic Performance
2	GRI 205: Anti-Corruption
3	GRI 301: Materials
4	GRI 302: Energy
5	GRI 303: Water & Effluents
6	GRI 305: Emissions
7	GRI 306: Waste
8	GRI 308: Supplier Assessment - Env
9	GRI 401: Employment
10	GRI 403: Occupational Health & Safety
11	GRI 404: Training
12	GRI 405: Diversity & Equal Opportunity
13	GRI 406: Non-Discrimination
14	GRI 408: Child Labour
15	GRI 409: Forced, Compulsory Labour
16	GRI 413: Local Communities
17	GRI 414: Supplier Social Assessment
18	GRI 416: Customer Health & Safety
19	GRI 418: Customer Privacy



# ESG Integration

## 5. Disclosure of Management Approach (DMA)

The Management Approach Disclosures which forms the basis for sustainability reporting process can be accessed via (<https://brandix.com/inspired-solutions/we-are-brandix/sustainability>). This forms part of the overall sustainability reporting process of the company based on the Global Reporting Initiative (GRI) Standard guidelines and obtains independent third-party assurance of the sustainability information disclosed through its sustainability reports. A summary of management approach disclosures are provided in the below section.

### ECONOMIC PERFORMANCE

Built on the RITE VALUES, Brandix's governance framework integrates Enterprise-wide Risk Management (ERM) and Environmental, Social & Governance (ESG) under the ONE GOVERNANCE platform with independent board oversight providing ASSURANCE to all stakeholders that the business is run ETHICALLY and SUSTAINABLY to create long term value.

Under the economic and governance pillar, the company has in place a sound governance framework supported by ESG related policies and procedures with the oversight of audit and risk committee at the highest level of governance. As depicted below, the anti-corruption policy is supported by enterprise-wide risk assessment and internal audits and compliance audits conducted by the Group Risk & Control division.

Brandix strives to ensure that the economic value addition to stakeholders occurs along with compliance to all local regulations,

timely settlements of taxes and payments to the regulatory bodies and Government Institutions, deterrents, and processes to avoid corruption, and timely payments to all its stakeholders such as financiers, suppliers and employees.

#### Economic Policy & Management Approach

**Anti-Corruption Policy:** Brandix takes a zero-tolerance stance towards anti-corruption and bribery whilst promoting the highest level of ethical practices through the R.I.T.E. values which is embedded in Brandix DNA

- Enterprise Risk Assessment covering fraud risk and corruption
- Employee Code of Conduct
- Vendor code of ethics Periodic Self and third part audit for significant Suppliers
- Process self audit
- Internal Audit, compliance audit and audit committee. reporting on fraud risks, statutory payments and fraud risk reporting

### ENVIRONMENTAL STEWARDSHIP

Brandix is dedicated to minimising environmental impacts resulting from its operations, prioritising compliance with relevant regulations in the countries it operates. Acknowledging the significance of environmental stewardship and climate change to its customers, the company follows a comprehensive Environmental Policy. This policy guides Strategic Business Units (SBUs) in establishing environmental management systems to identify risks, improve processes, and monitor data for informed decision-making. Specific policies on energy and emissions, water management, and waste management support the Environmental Policy. Brandix's supply chain policy complements the execution of the company's Environmental Policy through the emphasis on efficient use of raw materials to reduce operational impacts on natural resources, minimise material wastage, and achieve financial savings. The company considers environmental and energy management as top corporate priorities, striving for an energy-conscious and environmentally responsible approach across all business aspects."

#### Environmental Policy:

Strives to conduct all aspects of business in an environmentally responsible manner.

#### Supply Chain and Procurement Policy:

Procure raw materials transparently from suppliers meeting customer requirements and committed to social and environmental standards.

#### Energy & Emissions Management Policy:

- Aiming to achieve Net Zero Carbon status across all manufacturing locations (Sri Lanka, India & Bangladesh) by 2030

- Focus on conserving energy to reduce operating costs and minimise environmental impact.
- Adopting green operating practices to achieve absolute carbon footprint reduction.

#### Water Management Policy:

- Vision for zero water leakages in operational and office locations.
- Minimise the use of blue water sources and promote rainwater harvesting and recycling and reuse of treated grey water.
- Ensure all water discharged meets regulatory quality and quantity levels.
- Conformance to ZDHC (Zero Discharge of Hazardous Chemicals) guidelines applicable to wet processing facilities.

#### Environmental Stewardship:

- Implement Sustainability Standard Operating Procedures (SOPs) for legal compliance.
- ESG champions at each location monitor sustainability performance indicators
- Environmental Management System for ISO14001 certification.
- Adherence to Higg FEM across all manufacturing locations
- Conduct compliance audits focusing on environmental risks.
- Establish stakeholder engagement and grievance handling mechanisms.
- Employee engagement and grievance handling through worker council, climate survey, and suggestion box

### LABOR PRACTICES AND SOCIAL PRACTICES

Brandix's Workplace Policy emphasises the RITE Way, representing the company's core values of Respect, Integrity, Teamwork, and Excellence. Every employee is expected to embody and work towards these values, making them fundamental to the Group's business ethos.

#### Occupational Health and Safety:

- Wherever we operate, we are committed to complying with all relevant laws and regulations. Our internal policies, standards, and procedures will take precedence where they exceed but not contradict these legal requirements
- OHS risk management through the OHS Control Framework.
- Focus on risk impacting human safety and health, and high severity risks disrupting business

#### Training and Development:

- Investment in programs for workforce training and development.
- Emphasis on developing technical and soft skills for individual and organisational objectives.
- Dedicated Learning & Development function.

#### Non-Discrimination Policy:

- Commitment to a safe and secure workplace free from discrimination, harassment, and abuse.
- Zero tolerance for any form of discrimination.

#### Child labour/Forced labour Policy:

- Zero tolerance towards child labor.

- No hiring of persons below 18 years, extending to stakeholders.
- Ensures no forced labour, coercion, or corporal punishment.

#### Policy on Local Community Engagement:

- CSR policy focuses on empowering and improving the quality of life for associates, families, and communities.
- Aims to inspire communities and enrich lives in the locations of operation.

#### Customer Related Policies:

- Product Safety:
- Critical aspect of company services and customer solutions.
- Integral to meeting customer requirements and expectations.

#### Brand Protection Policy:

- Demonstrates a commitment to safeguarding customer intellectual properties and brand reputation.
- Takes requisite measures to ensure brand protection.

#### Economic Compliance & Service Quality:

- Regular risk assessments conducted.
- Establishes a culture of safety and compliance for process excellence.

## ESG Integration



At Brandix, our commitment extends to shaping an ESG governance structure that aspires to be an industry benchmark, assuring all stakeholders. This endeavor is underpinned by our dedication to upholding the latest and best practices in corporate governance.

### GOVERNANCE – WAY FORWARD PLAN

Focus Area	Initiative
	Brandix endeavors to proactively identify and monitor significant trade suppliers, ensuring the mitigation of ESG-related risks and the exploration of opportunities within the upstream supply chain.
	Brandix is committed to develop an all-encompassing end-to-end self-assessment tool for all ESG risk owners. This initiative is geared towards reinforcing the governance process for the effective management of ESG-related risks and opportunities. The primary objective is to meet the stringent requirements of customers and adhere to ESG-related laws and regulations.



# Environmental Stewardship

TO BE A NET-ZERO IMPACT PRODUCER OF APPAREL



Brandix Centre, Ratmalana, Sri Lanka

**TOTAL SOLAR CAPACITY INSTALLED**



**18** MW

**GROUP AVERAGE HIGG INDEX SCORE**



**86** %

**GROUP GREEN WATER PERCENTAGE**



**36** %

**WASTE REUSED AND RECYCLED**



**90** %

**SUSTAINABLE MATERIALS PROCURED**



**27** %

**CARBON FOOTPRINT**



**26,596** tCO<sub>2</sub>e

Pillar	Goals	KPI	Baseline (2019/20)	Target	Current Progress (2022/23)
Air	Net Zero Carbon Emission by 2030	Emission Intensity (grams/US\$)	39.9	0	46.3
Water	Net Positive Water Operations by 2030	Green Water & Recycle Water share (%)	26%	50%	36%
Earth	100% Recycling or Re-use of Solid Waste by 2025	100% Recycling or Re-use (%)	85%	100%	90%
	30 % Raw materials sourced Sustainably by 2025	Sustainable Raw material (%)	22.7%	30%	26.6%



Human-induced climate change has already triggered various extreme weather events worldwide, resulting in significant environmental and human losses. The consequences extend to food and water security, human health, and the socioeconomic structure in regions globally, affecting vulnerable groups that historically contributed least to climate change (refer to the risk grid on page 29 for climate-related risk details).

These varied factors emphasise the urgent need for apparel manufacturers to swiftly and decisively address their combined impact. In light of the escalating challenges posed by resource depletion and climate change, and acknowledging the industry's environmental footprint, Brandix is proactively implementing measures to safeguard the environment. This commitment aligns with our strategic goal of becoming a "Net Zero Impact Producer" of apparel, with a three-fold emphasis on air, water, and earth.

## Did You Know ?

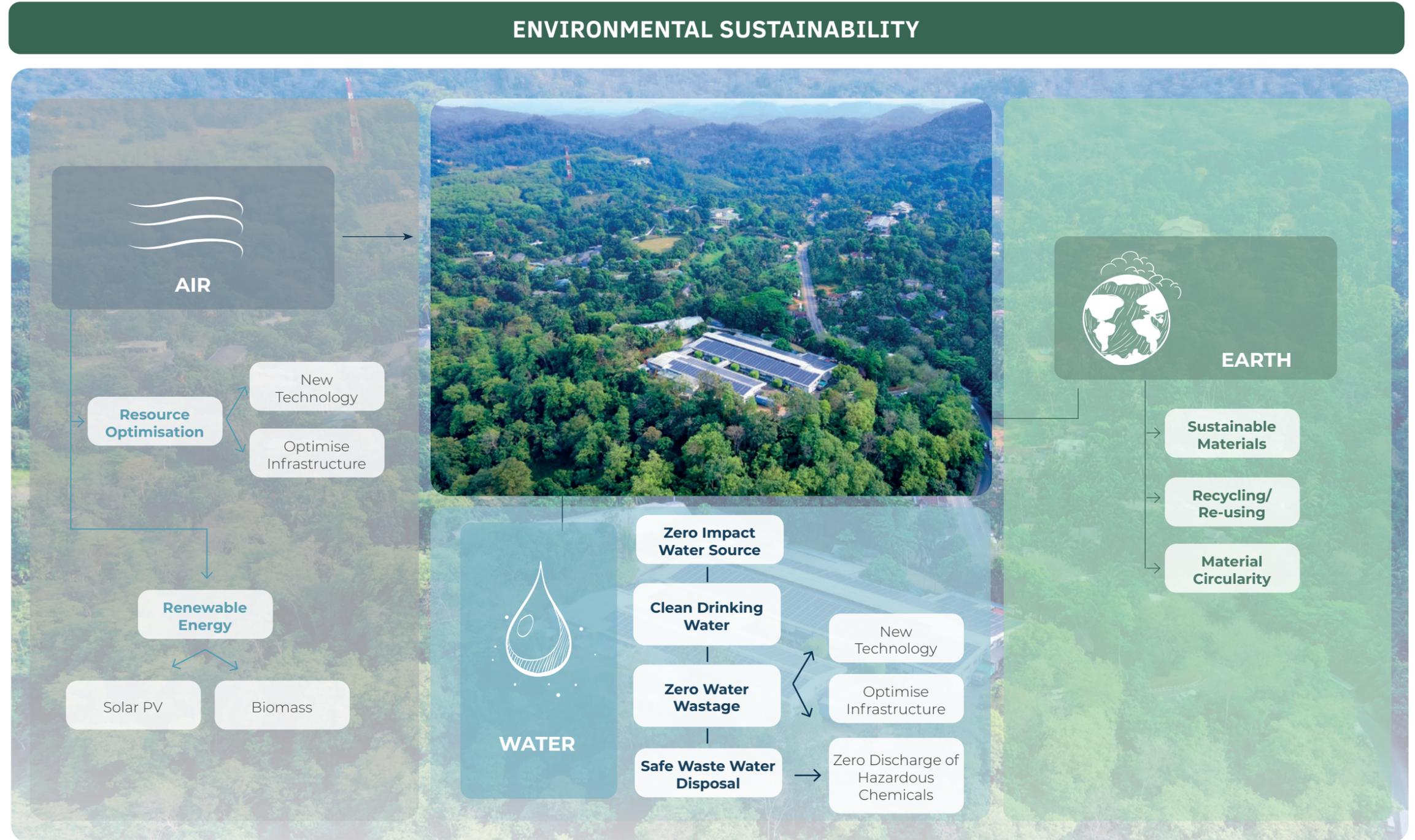
The Brandix facility in Batticaloa is the World's First Net Zero Carbon Apparel Manufacturing Facility.

It is also Sri Lanka's Highest LEED Platinum rated Green Building.

# Environmental Stewardship



Brandix is proactively implementing measures to safeguard the environment. This commitment aligns with our strategic goal of becoming a “Net Zero Impact Producer” of apparel, with a three-fold emphasis on air, water, and earth.



# Environmental Stewardship



Human-induced greenhouse gas emissions have undeniably affected the planet, leading to a notable increase in global surface temperatures by 1.1°C between 2011 and 2020.

Leading the way with ambitious climate control targets, the organisation demonstrates a steadfast commitment to reducing greenhouse gases through

responsible consumption and climate action. The Air Pillar takes center stage in the Group's environmental sustainability framework, with a primary emphasis on resource optimisation and the integration of renewable energy sources.



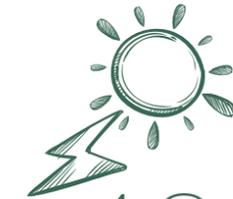
Brandix Centre, Welisara, Sri Lanka



**18 MW**  
Group Solar Capacity

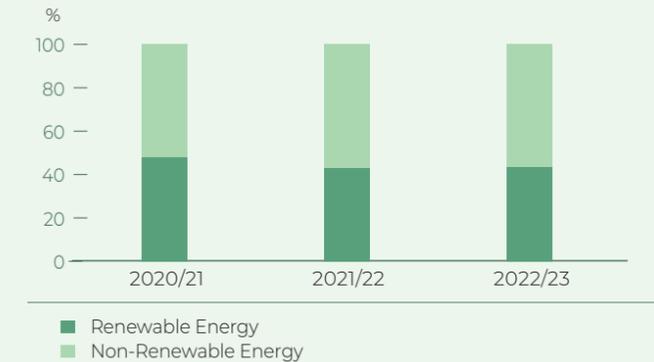


**7 MW**  
Rooftop Solar PV Installation in the reporting year



**40 %**  
Solar Energy % of Electricity

## Group Energy Mix



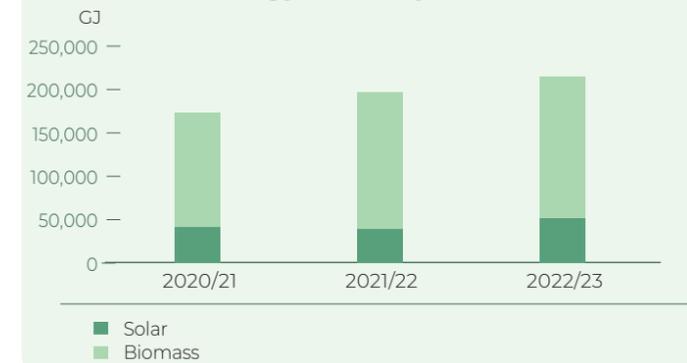
Depicts the share of energy obtained from renewable sources

## Group Energy Intensity



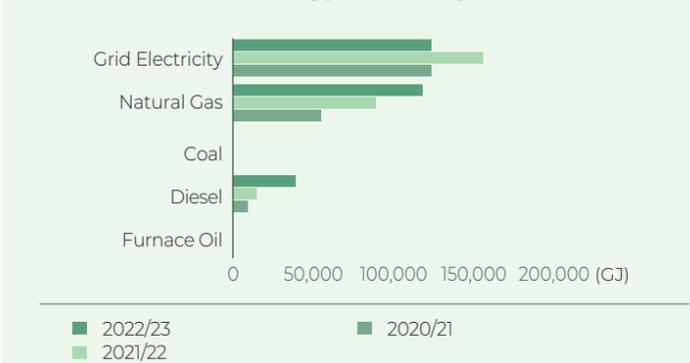
Year on Year Energy Intensity of the organisation, an increase of 27% was observed in comparison to FY 2021/22

## Renewable Energy Consumption



Depicts the consumption of renewable energy for the company year on year

## Non-renewable Energy Consumption



Depicts the consumption of non-renewable energy for the company year on year

## Environmental Stewardship



Brandix Koggala, Sri Lanka

Total Power Consumed in GJ	2022/23
<b>Direct Energy</b>	370,538
Diesel	38,993
Petrol	-
Furnace Oil	-
Jet A-1	-
Natural Gas	117,655
Renewable Energy	213,890
Solar	50,210
Biomass	163,680
<b>Indirect Energy - National Grid</b>	124,315
<b>Group Energy Consumption (GJ)</b>	<b>494,853</b>

### RESOURCE OPTIMISATION

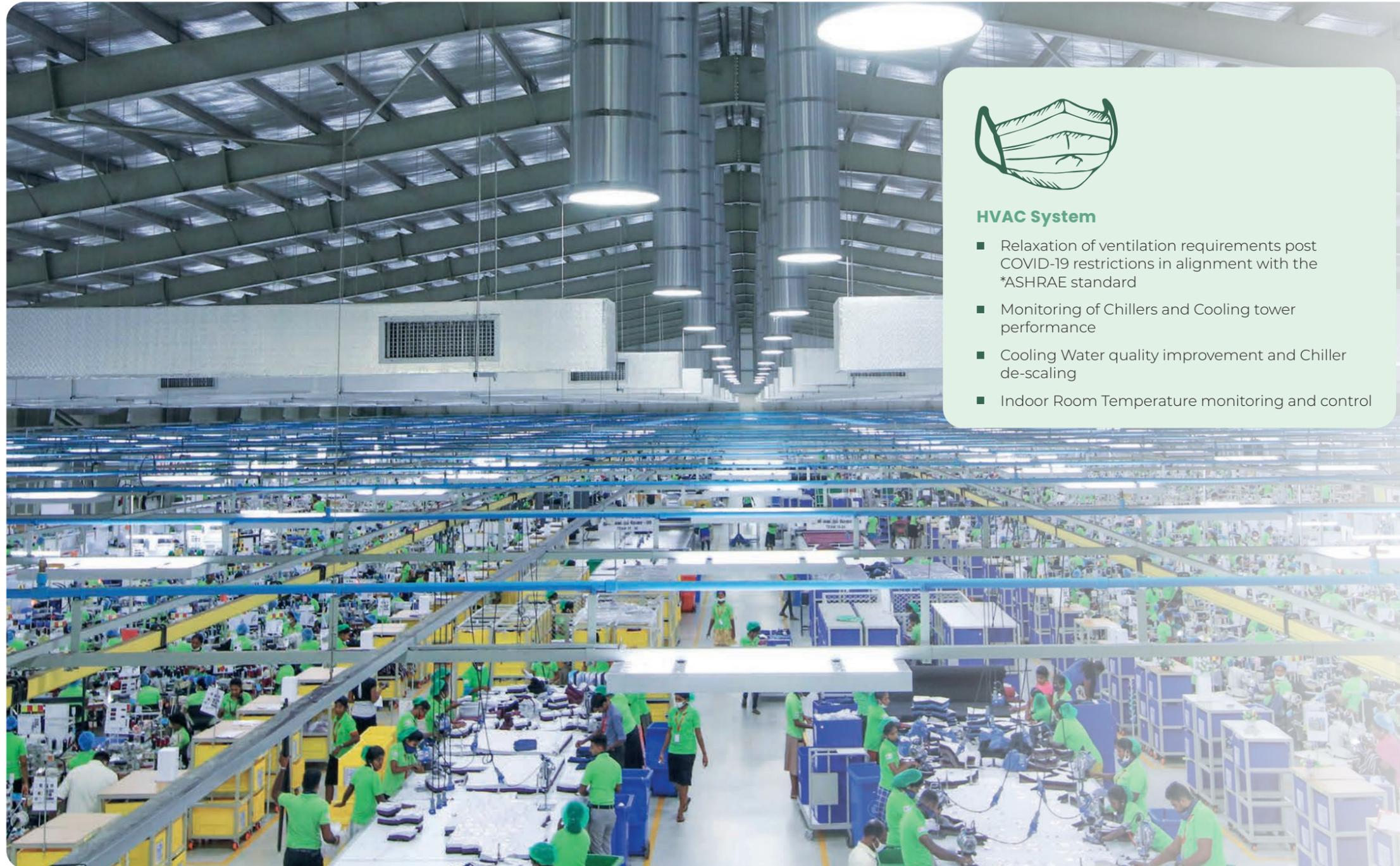
Owing to the constrained environment, new investments and technology to support resource optimisation remained limited, however, as in the past, the Group continued to focus on energy optimisation initiatives and process improvements to ensure prudent usage and drive minimal negative impact across its operations.

Brandix is committed to advancing its resource optimisation endeavours through various initiatives. These include the implementation of magnetic bearing chillers, solar tubes, high volume low speed fans, compressed air leak detection, variable frequency drivers, variable speed drivers and Building Management System in resource optimisation for the reporting year is detailed in the next page.



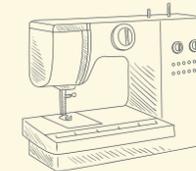
Brandix Rambukkana, Sri Lanka

# Environmental Stewardship



### HVAC System

- Relaxation of ventilation requirements post COVID-19 restrictions in alignment with the \*ASHRAE standard
- Monitoring of Chillers and Cooling tower performance
- Cooling Water quality improvement and Chiller de-scaling
- Indoor Room Temperature monitoring and control



### Compressed Air

Existing Air Saving Device (ASD) mechanism was further enhanced via an in-house solution as part of the group's automation plan expanding to a wider range of sewing machine types



### Emissions

Emission control devices were installed in all diesel generators group-wide to reduce point source emissions

Emission control devices were installed to avoid Volatile Organic Compounds (VOC) emissions covering non-point source emissions



### LED Lighting

As part of the group's CFL/Fluorescent replacement process, 96% of fluorescent/CFL lights are replaced with efficient LED lighting



### Phasing out Ozone Depleting Substances

The Group continued its efforts towards phasing out the use of R-22 refrigerants. During the reporting period, 81.8 tCO<sub>2</sub>(e) was emitted constituting to the refilling of 45.2kg of R-22. Additionally, six units containing R-22 were removed and replaced with Zero ODS / Low GWP refrigerants

\*American Society of Heating, Refrigerating and Air Conditioning Engineers

## Environmental Stewardship

# OUR NET ZERO JOURNEY

Getting to net-zero carbon by 2040 will require commitments from every industry and region and we're proud to have Brandix join as the first signatory to The Climate Pledge from Sri Lanka



Sally Fouts,  
Global Leader, The Climate Pledge at Amazon.



Brandix Batticaloa, Sri Lanka

In alignment with our steadfast dedication to sustainability, our company is proud to present its commitment to achieving Net Zero Carbon Emissions. Notably, we have become the inaugural apparel manufacturer in the APAC region and the first Sri Lankan organisation to join the Climate Pledge, marking a significant milestone in our environmental stewardship efforts. While the Climate Pledge calls for companies to attain net zero carbon emissions by 2040, our company has set an ambitious target, aspiring to reach Net Zero Carbon across all operating locations by 2030.

Building upon the commitment made to the World Green Building Council in 2018 as part of their Advancing Net Zero Programme, Brandix is diligently progressing towards the attainment of Net Zero Carbon status across all manufacturing facilities in Sri Lanka by the conclusion of the 2023/24 fiscal year. Our comprehensive five-year roadmap outlines a strategic plan aimed at achieving substantial reductions in Scope 1 and 2 emissions across our factories in Sri Lanka, India, and Bangladesh, adhering to the guidelines set forth by the UNFCC GHG Protocol.

Emphasising our dedication to science and technology driven practices, the Brandix Group is resolute in establishing Science Based Targets, with the ultimate objective of achieving Net Zero Carbon Emissions by 2030. In a pioneering move, **FIVE of the company's manufacturing facilities in Sri Lanka have been certified as Net Zero Carbon (Scope 1 & 2) for the fiscal year 2022/23**, positioning Brandix Group's commitment. This commitment underscores our proactive approach in striving towards Net Zero Carbon Emissions by 2030, two decades ahead of the schedule outlined in the Paris Agreement.



WORLD GREEN BUILDING COUNCIL

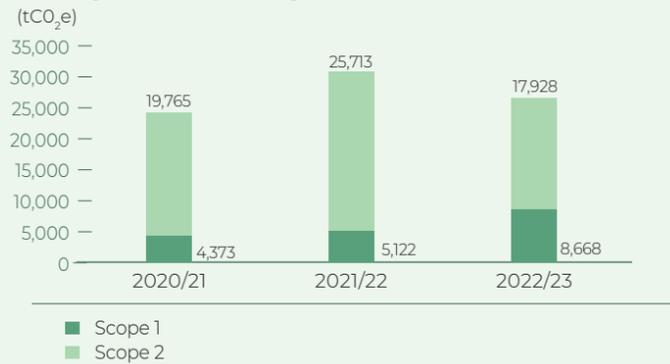


SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

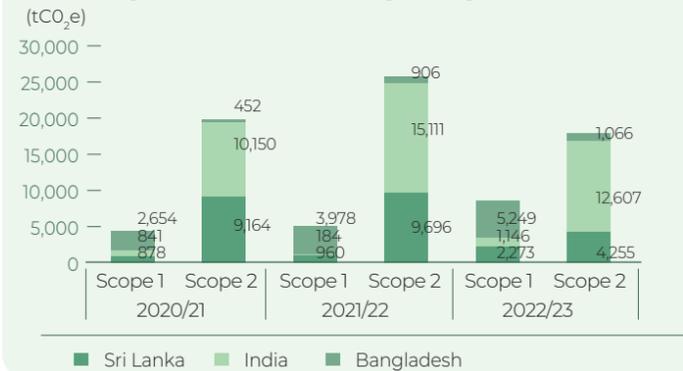
# Environmental Stewardship

## Group GHG Inventory



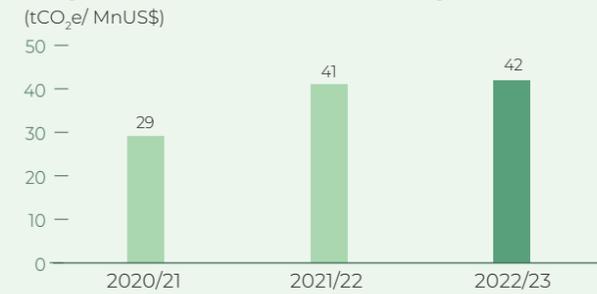
Depicts the company's Scope 1 and 2 inventory showing a 13.7 % reduction in comparison to the previous reporting year of 2021/22.

## Countrywise GHG Inventory (Scope 1 & 2)



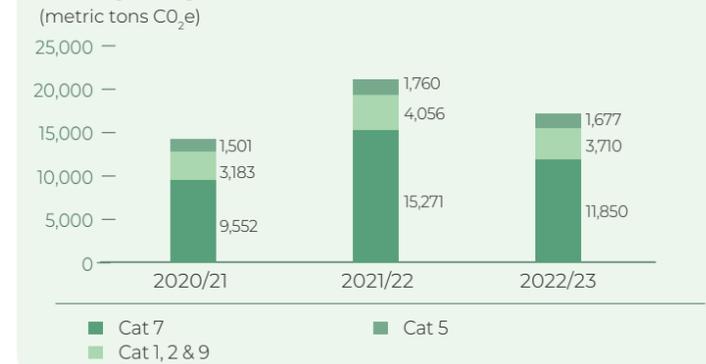
Depicts the company's Scope 1 and 2 inventory year on year based on geographic location

## Group Carbon Emissions Intensity



Year on Year Carbon Emissions Intensity of the organisation, an increase of 6 % was observed in comparison to FY 2021/22

## Group Scope 3 GHG Emissions



Depicts the company's Scope 3 inventory year on year on selected categories limited only to transport related emissions

## Data Disclosure:

- The chosen ratio denominator is the organisation's revenue in USD, which is the common performance monitoring parameter for manufacturing service sectors.
- The ratio uses energy consumed within the organisation.
- All GHG gases have been included in the above calculations.
- All reductions are calculated by comparing values with that of the previous financial year.
- Scope 1 and Scope 2 have been included for the above calculations.
- Data for Scope 1 and Scope 2 are as per entities defined on the report
- The Greenhouse Gas (GHG) Protocol was followed for GHG emission calculations.
- The grid emission factors were taken from the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority-Ministry of Power (India) and Department of Environment (Bangladesh)
- Scope 3 emissions have been limited to emissions arising from transport and limited from the reporting organisation's inbound to outbound port.
- Fuel emission conversion factors have been extracted from DEFRA for 2022.
- The Company uses the Greenhouse Gas (GHG) protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) as its basis for measuring carbon emissions. The Company's carbon footprint is calculated using carbon emission factors as per the IPCC guidelines for national greenhouse gas inventories, published by the Institute of Global Environmental Strategies (IGES).

### Scope 3 Categories Reported

- Purchased goods and services
- Capital goods
- Waste generated in operations
- Employee commuting
- Downstream transportation and distribution

Country	Scope 1 (tCO <sub>2</sub> e)					Scope 2 (tCO <sub>2</sub> e)	
	Diesel	Furnace Oil	Natural Gas	Refrigerant	Fire Extinguisher	Grid Electricity	Solar
<b>Sri Lanka</b>	2,196.8	-	-	76.2	0.1	12,519.1	8,264.1
<b>India</b>	719.7	-	-	426.3	0.1	14,807.5	2,200.4
<b>Bangladesh</b>	1.44	-	5,247.5	-	-	1,066.1	-
<b>Total Emissions</b>	2,917.9	-	5,247.5	502.5	0.2	28,392.7	10,464.6
<b>Group Emissions</b>	<b>8,668</b>					<b>17,928</b>	



Brandix Wathupitiwela, Sri Lanka

# Environmental Stewardship



Biomass Tree Plantation programme conducted at Rambukkana for World Environment Day 2022 which included planting 3,000 Gaaya trees across a 14 acre land in collaboration with UNDP Sri Lanka and the Department of Forest Conservation.



Energy Source	Changes	Reason For Changes
Grid Electricity Consumption	↓ 14%	Energy Saving Initiatives Scheduled Power cut due to Energy crisis in Sri Lanka & India
Diesel Consumption	↑ 171%	Scheduled Power cut due to Energy crisis in Sri Lanka & India
Natural Gas Consumption	↑ 33%	Capacity expansion of new production facility in Bangladesh
Biomass Consumption	↑ 3.7%	Increased Demand
Solar Energy	↑ 32%	Addition of 8MW solar capacity & solar generation
Refrigerant refilling	↑ 590%	Overhauling of a chiller in an India facility
Energy Intensity	↑ 27%	Due to above reasons as well as less production capacity utilisation and revenue
Emission Intensity	↑ 5%	Due to above reasons as well as less production capacity utilisation and revenue

As a response to the challenges anticipated in biomass supply due to climate change, a pilot biomass plantation program was launched in Rambukkana, Sri Lanka, in accordance with our Memorandum of Understanding (MOU) with the United Nations Development Programme (UNDP). This initiative aims to ensure a sustainable biomass supply in the country.

## Resilience towards Energy Security

The Group's solar installation initiatives significantly strengthened the organisation's resilience in the face of the energy crisis prevalent in Sri Lanka during the reporting year. Amid fuel shortages and rising energy costs, the industry faced substantial challenges in energy consumption and operational continuity. However, due to substantial investments in renewable energy, Brandix sustained uninterrupted operations, optimising non-renewable energy use and contributing to renewable energy generation on the national grid. Refer page 40 for details.

# Environmental Stewardship



Brandix recognises water as a limited resource, particularly in light of climate change, and endeavours to reduce its impact on water withdrawal while conserving both domestic and process usage. The Group maps its water footprint based on its sources into three categories.



**13 %**  
RECYCLED WATER SHARE IN 2022/23

**14 %**  
REDUCTION IN GROUND WATER WITHDRAWAL IN 2022/23

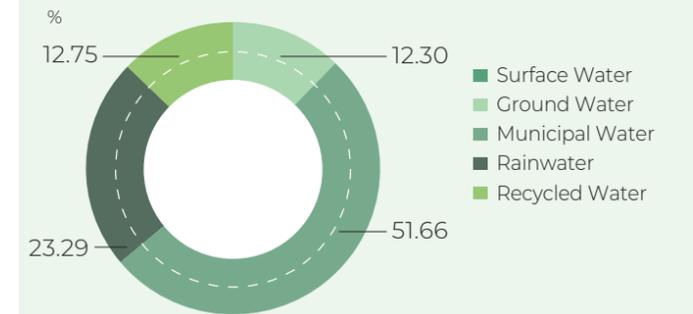
## Group Water Consumption by Source



Depicts the water consumption of the organisation by type of source

Ground water usage was reduced by 14% due to increased usage of municipal water. Recycle water consumption reduced due structural changes. Rain water consumption was reduced in India due to reduction in water consumption by water saving initiatives

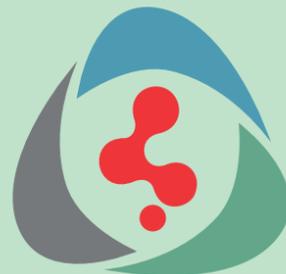
## Water Withdrawal by Source



Depicts the water withdrawal of the organisation via different sources

## Water Footprint

**GREY WATER**  
Water volume required to assimilate a pollutant load that reaches a water body



**BLUE WATER**  
(Surface and ground water consumed by operations)

**GREEN WATER**  
(Rainwater consumed by operations)



Brandix India Apparel City, Visakhapatnam, India

## Brandix adopts a five-fold focus on water to strengthen its water management and minimize impact to the environment.

### ZERO IMPACT WATER SOURCE

Brandix relies on water as a resource for its operational requirements as well as staff consumption and sanitation. Recognizing the importance of water as a shared resource, Brandix strives to conserve, recycle and harvest rainwater as part of its water and effluent management policies. Water is obtained from ground and rainwater harvesting and recycled and treated effluent for specific purposes such as gardening and cleaning. Brandix strives through its community and stakeholder engagement processes to identify potential risks in high water stress areas arising from its supply chain and communities and strives to create awareness with regard to water conservation amongst these external stakeholders as well as its employees.

Brandix is committed to reducing its impact on water withdrawal from diverse sources and has established long-term goals to eliminate groundwater extraction, emphasising rainwater harvesting and exploring alternative sources. Alongside rain water capacity expansion in Brandix India Apparel City (BIAC), infrastructure for rainwater harvesting was upgraded at the Rambukkana facility. The existing blue water storage capacity was increased at the Rideegama and Welisara facilities.

In the reporting year, the Ekala facility in Sri Lanka, previously reliant on groundwater, introduced a new municipal surface water source.

No surface water withdrawal during reporting period at any of Brandix locations.

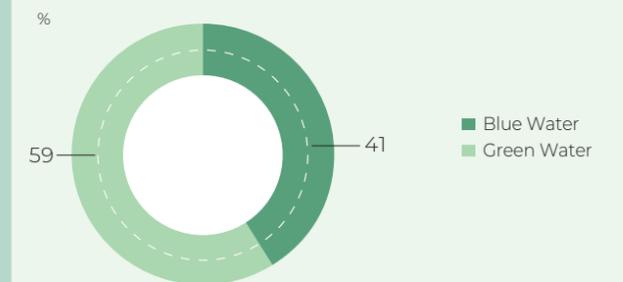
## Towards a green water park

At present, the BIAC Park in India relies on harvested rainwater & surface water ensuring zero groundwater tapping, making it a zero groundwater extraction apparel park.

Rainwater harvesting capacity was increased to 500 Million Liters by renovating upstream water pond in non-processing area.

In 2022/23, approximately 682 ML of rainwater (green water) was harvested, making up 41% of the total annual water consumption.

### Water Withdrawal (ML)



# Environmental Stewardship



water, provision of dishwashing facilities, monitoring and control measures, and awareness programs on the importance of water conservation.

During the reporting year, The Group took steps to reinstall the efficient water fittings that were in place prior to the onset of the COVID-19 pandemic. The push-taps were previously removed across the Group's facilities in order to adhere to safety protocols, which led to an increase in water consumption during the preceding year.

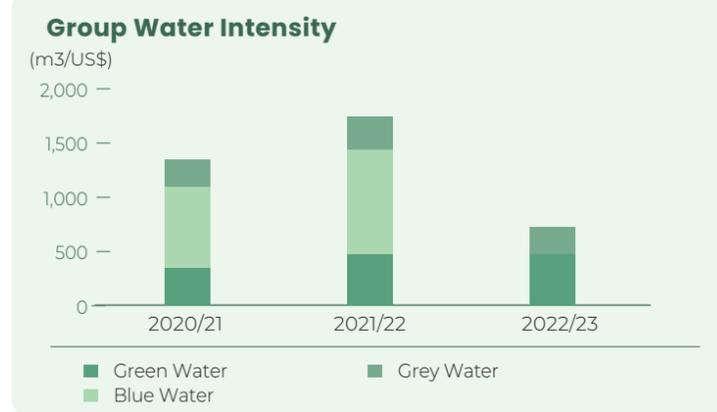
### SAFE WATER DISPOSAL

All wastewater produced at Brandix facilities undergoes treatment and is released in compliance with the relevant regulatory standards in the regions where the Group operates. Sewage Treatment Plants (STP) are present at Brandix plants situated outside economic zones for on-site wastewater treatment, while operations within economic zones discharge wastewater to Central Effluent Treatment Plants.

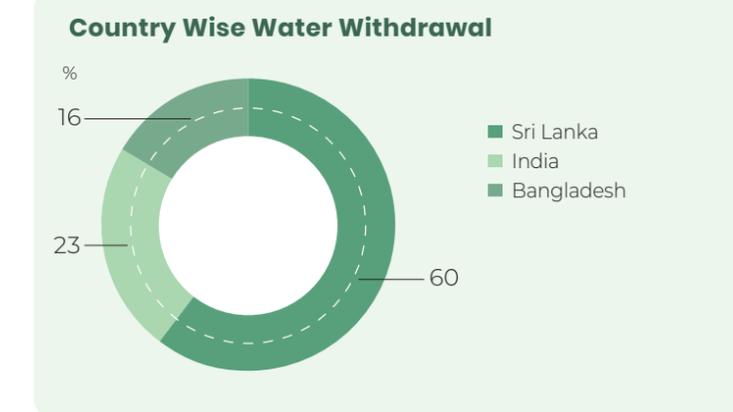
Investments were made to improve water recycling facilities in Ridigama, Ekala, Batticaloa and Nivithigala, augmenting the overall percentage of recycled water for the Group. With this addition, all STPs in Sri Lanka were upgraded as part of the group wide STP enhancement initiative. Zero spillages were reported by Brandix for the reporting year with no discharge quantity or quality violations.

### ZERO DISCHARGE OF HAZARDOUS CHEMICALS

The Group ensures that no water bodies are contaminated through its activities. All wet processing facilities have taken steps to comply with the Zero Discharge of Hazardous Chemicals standard, which calls for the elimination of all hazardous chemicals from the ZDHC list.



Year on Year Water Intensity of the organisation, an increase of 16 % was observed in comparison to FY 2021/22



Year on Year Carbon Emissions Intensity of the organisation, an increase of 6 % was observed in comparison to FY 2021/22

During the reporting year BIA was successful in avoiding 104 tons of sludge as a result of improved biological efficacy of the biocatalyst treatment. The improved treatment process has provided a notable 17 % reduction in sludge generation since its inception 5 years ago.

4.4%  
reduction in sludge generation in the reporting year

### CLEAN DRINKING WATER

Adhering to the WHO's Drinking Water Quality Standards, UV purification filters installed at every Brandix facility guarantee access to clean, purified drinking water for all employees. Building on these measures, Brandix continues to refrain from the use of single-use PET bottles across the Group.

Amid the economic crisis in Sri Lanka, the Group faced challenges arising from substandard inlet water entering selected facilities. This necessitated the implementation of additional disinfection through a chlorination system at all Sri Lankan facilities, further enhancing and ensuring water quality during the reporting year.

### ZERO WATER WASTAGE

Ongoing programs across all Brandix facilities encompassed the continuation of initiatives such as the implementation of efficient water and sanitary fittings, recovery of condensed

Location	Planned/Unplanned	Discharge Quantity (m3)			Discharge Point	Units covered	Treatment Method	Discharge Water Quality Standard
		2020/21	2021/22	2022/23				
Visakhapatnam, India	Planned	157,255	243,299	246,831	To CETP & Marine Outfall	BAI1, BAI2, BAI3, QCI, BII & BIAC	Primary, Chemicals & Biological treatments	Compliance with APPCB and CPCB standards
Avissawella, Sri Lanka	Planned	42,861	65,305	67,353	To CETP	BFFAV1 & BFFAV2	Primary & Chemicals treatments	In compliance with Gazette Notification No. 2264/17 dated 27.01.2022 under The National Environmental Act, No. 47 of 1980
Rathmalana, Sri Lanka	Planned	91,482	163,413	188,352	To CETP	BFL, BER & BCRDF	Primary, Chemicals & Biological treatments	
Koggala, Sri Lanka	Planned	16,571	19,731	16,671	To CETP	BEK	Sewage discharge treated by CETP	
Wathupitiwala, Sri Lanka	Planned	16,281	20,844	24,970	To CETP	BLI1&2, BLI3 & CPU	Sewage discharge treated by CETP	
Katunayake, Sri Lanka	Planned	27,660	33,956	35,302	To CETP	BEKt	Sewage discharge treated by CETP	
Biyagama, Sri Lanka	Planned	4,346	6,114	6,605	To CETP	BLSC	Sewage discharge treated by CETP	
Comilla, Bangladesh	Planned	67,260	77,048	175,066	To CETP	BCB & BABL	Primary & Chemicals treatments	Compliance with CETP discharge standard
<b>Total Discharge</b>		<b>423,716</b>	<b>629,710</b>	<b>761,150</b>				

The Brandix water management policy ensures that the company manages its effluent discharge in accordance with the quality levels required by the regulatory standards stipulated by the country in which each plant operates in.

Efforts in this regard ensure that the organisation receives the Environmental Protection License (EPL in SL) or equivalent for India and Bangladesh,

and renewed on an annual basis. Brandix's water management policy stipulates that all withdrawn water must be directed to either the on-site Sewage Treatment Plant (STP) or in the case of industrial parks, to the Central Effluent Treatment Plant (CETP). To ensure that the quality of the discharged water aligns with the stipulated levels outlined by regulations, the output from the Company's Sewage Treatment

Plants are monitored and tested independently.

Independent third parties conduct treated water quality testing at regular intervals and address all EPL or equivalent requirements. All effluents discharged during the year under review were confirmed to adhere to the quality levels of the EPL or equivalent, and no violations in this regard were reported.

# Environmental Stewardship



Earth



The Global Fashion Industry generates approximately 92 million tonnes of textile waste annually, the equivalent of a garbage truck filled with clothes is discarded in landfills every second. It is projected that by 2030, over 134 million tonnes of textiles will be discarded annually.

To mitigate the apparel industry's contribution to global waste, Brandix Group actively promotes initiatives aimed at enhancing the organisation's ability to reuse and recycle, diverting a significant amount of waste from disposal and reducing its environmental impact.



Brandix Rambukkana, Sri Lanka

The Earth pillar encompasses the Group's efforts related to waste management and the responsible use and disposal of resources.

Brandix generates both hazardous and non-hazardous waste in conducting its operations, requiring the organisation to remain conscious of the impact its waste disposal poses to the environment.

The Company's waste segregation process ensures that the company's impact on the environment is minimized, by avoiding the disposal of unsorted waste in landfills, while enabling the organisation to easily identify and facilitate the disposal of waste through approved waste recyclers. The Company's approach to hazardous waste is governed by the Scheduled Waste Management regulations and equivalent in the countries of operations, which broadly stipulate the specific treatment requirements of such waste items. Waste such as contaminated cotton waste, ETP sludge is dispatched to the reputed agencies for responsible disposal through co-processing. Brandix's hazardous waste comprises electronics, batteries, used oils and lubricants, oil and grease-mixed cotton waste, empty chemical containers, etc. The Company's non-hazardous waste streams include textile waste, food waste generated from the canteens, plastics, polythene, paper, cardboard etc. Waste segregation process and bins are in place across all facilities of Brandix with training provided to employees and outsourced workers on segregation at source.



27%  
OF SUSTAINABLE  
MATERIAL SOURCED

## SUSTAINABLE MATERIAL

The Group continues to engage in sustainable sourcing through the sourcing of materials such as BCI, Organic cotton, CMIA, recycled polyester, and recycled paper, among others.

## WASTE MANAGEMENT

Throughout the reporting period, we advanced the segregation of fabric waste beyond the conventional categorization by type. This initiative represents a progressive stride in aligning with the organisation's material circularity strategy.

### Waste - Non-Hazardous

- Fabric**  
81% recycled, 11% recovered to energy and 8% co-processed in the cement industry
- Paper**
- Cardboard**
- Textile Tubes**
- Plastic**
- Polythene**
- Thread Cones**
- Food**
- Mixed**
- Needle/Metal**
- Glass**

### Waste - Hazardous

- CFL/Fluorescent**
- E-Waste**
- Sludge**  
54 % recovered through solar sludge drying and 46 % co-processed in the cement industry
- Oil**
- Chemicals**
- Empty Chemical Containers**
- Sanitary Waste**
- Medical Waste**

Recycled Reused Energy Recovery Co-processed / Incineration

Materials used by weight or volume	2022/23 Values '000'
Fabric (in '000 Yards)	61,909
Sewing Trims - Elastic (in '000 Yards)	113,364
Sewing Trims - Lace (in '000 Yards)	30,403
Sewing Trims - Labelling (in '000 Pcs)	288,646
Packing Trims - Cartons (in '000 Pcs)	3,861
Packing Trims - Polybags (in '000 Pcs)	49,917
Packing Trims - Stickers (in '000 Pcs)	147,132
Factory Consumables - A4 Paper (in kg)	35,191
Spare Parts - Sewing Machines (in '000 Pcs)	245
Chemicals (in '000 kgs)	584

During the reporting year, the solar sludge drying unit installed in BIAC was successful in reducing the weight of sludge by 76 % as part of its efficient moisture removal process.

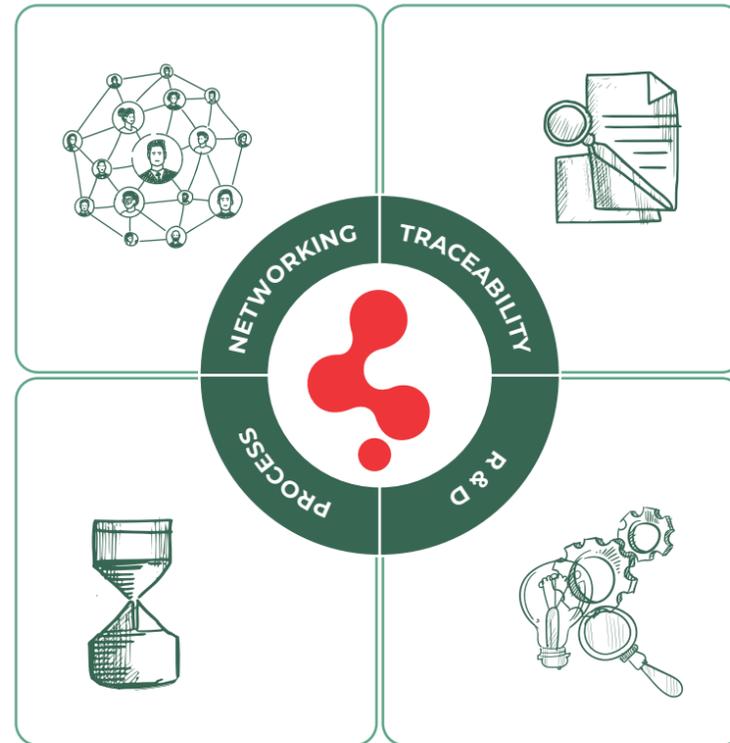
# Environmental Stewardship

## Did You Know ?

Brandix recycles and/or reuses almost 90 % of all its solid waste.

The group adopts a zero landfill policy and ensures no waste is sent to landfills.

During the reporting year, the group piloted a traceability solution with two of its key customers to enhance end to end supply chain visibility.



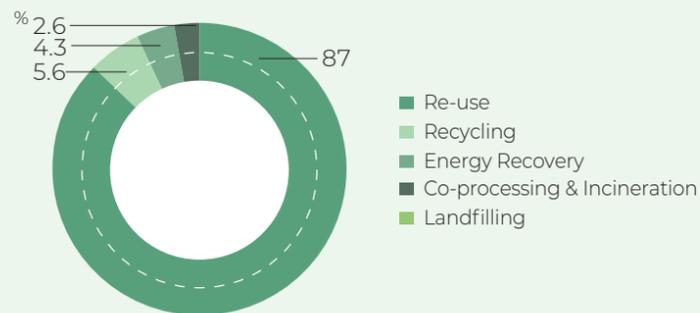
Overall Recycling and Re-use of waste improved from 89.6 % to 90.1 % during the reporting year

### MATERIAL CIRCULARITY

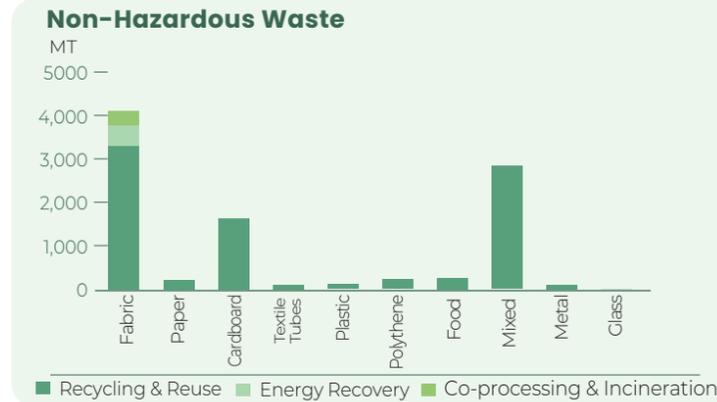
As part of the company's initiatives to promote material circularity, two key pilot programs were initiated in collaboration with primary Brandix customers. These initiatives focused on enhancing the segregation of fabric waste based on composition, as well as implementing a traceability solution for tracking waste.

Majority of our fabric waste contains spandex mixed with the cotton and polyester and the purified cotton by removal of spandex will help to invest large scale material circularity facility therefore a research program has been initiated to separate spandex fibres from cotton with the support of University of Moratuwa.

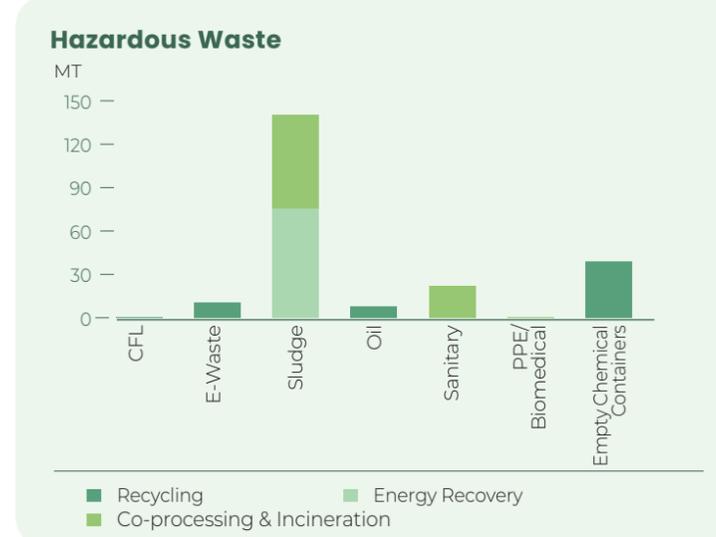
### Waste Disposal Methods 2022/23



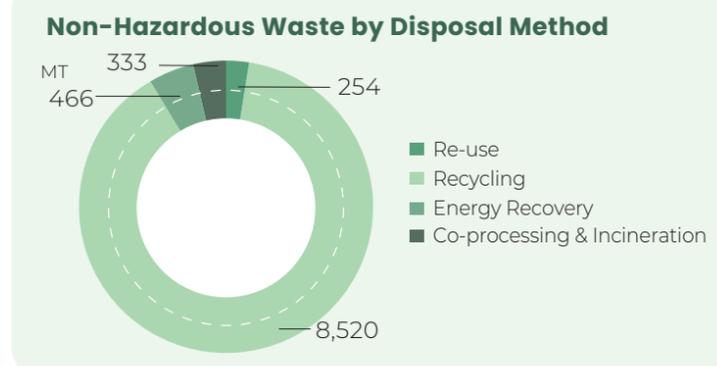
Depicts the total waste disposal footprint of the group for the reporting year



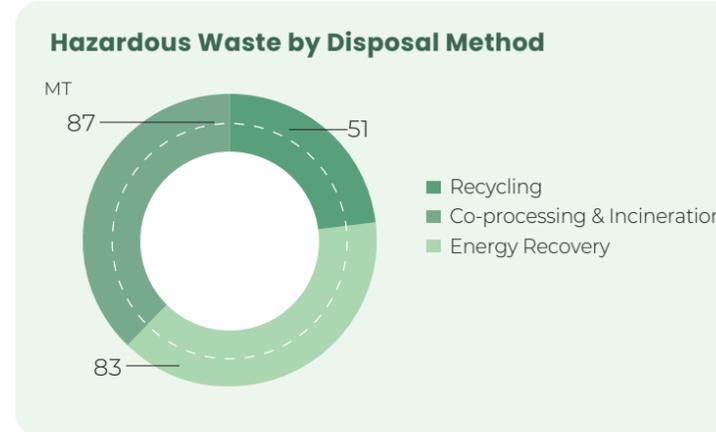
Depicts the non hazardous waste generation footprint



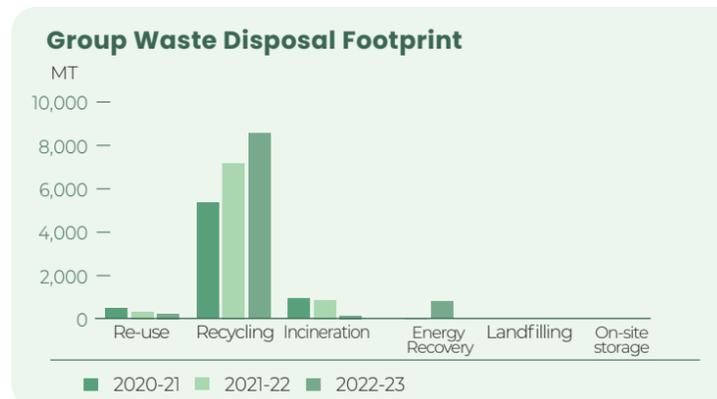
Depicts the hazardous waste generation footprint



Depicts the non hazardous waste disposal footprint



Depicts the hazardous waste disposal footprint



Depicts the total waste disposal footprint of the group for the reporting year

### PAPERLESS BRANDIX

Striving for a virtual transformation under the digitisation/ smart factory program, we aim to transition to a paperless environment across all our facilities. The implementation of a pilot project resulted in one factory reducing its paper consumption by 98.6 % during the reporting year. This successful initiative is set to be expanded across all Brandix locations.

## Environmental Stewardship

### Green Cover at BIAC

As part of the Company's transition to sustainable development, initiated in FY 2020/21, the company began planting saplings with the goal of planting 100,000 new saplings by FY 2024/25, including those suitable for human and animal consumption such as Mango, Guava, Custard Apple, Cashew, Jack fruit, Sapota, Banana and Lime.

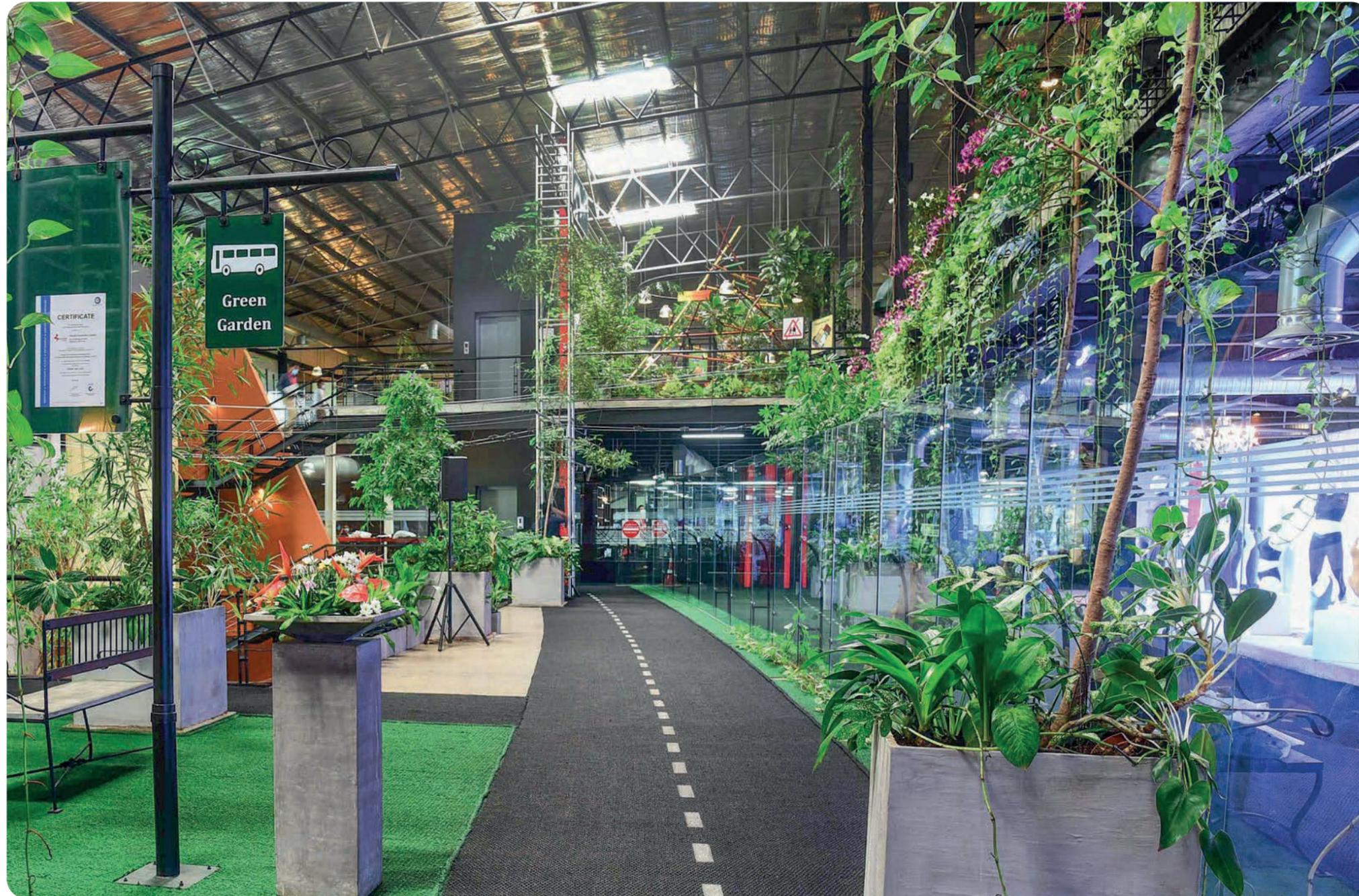
The Green belt acts as an efficient carbon sink for the park, sequestering a sizeable quantity of carbon assisting BIAC towards offsetting carbon emissions generated by its operation.

**1,000,000+**  
plants covering  
116 acres

**25,000<sup>≈</sup>**  
**tonnes** of  
CO<sup>2</sup> emissions  
sequestered  
annually

**20,000**  
new saplings  
planted in  
FY 2022/23

# Environmental Stewardship



Brandix Centre, Ratmalana, Sri Lanka



ESG indicators identified in the materiality assessment are now part of each team member's performance metrics, aiding structured decision-making up to the board level.

### Environmental Governance and Performance Management

Sustainability indicators, including environmental indicators, undergo periodic data collection, comparative analysis, and management reviews.

Brandix employs the Ecolapier & Sustainable Performance Analyzer (SPA) data platform, IoT based Building management System and Internal audits to enhance visibility and monitor its comprehensive sustainability management framework. Standard Operating Procedures (SOP) ensure precision in sustainability data gathering.

The environmental sustainability division collaborates with various Brandix locations, departments, and functions, such as engineering, administration, operations and health and safety, to gather location-specific data for key sustainability performance indicators. Senior Management conducts quarterly reviews, implementing corrective actions and improvement initiatives promptly.

The Group's environmental management systems and policies drive continuous improvement and impact assessment. Internal and External audit mechanisms enhance accountability and responsible management. Brandix is integrating

function-wise Key Performance Indicators (KPIs) under a separate ESG function, concurrently integrating the ESG framework into the overall Enterprise Risk Management (ERM) framework. ESG indicators identified in the materiality assessment are now part of each team member's performance metrics, aiding structured decision-making up to the board level.

To assess and benchmark environmental performance globally, Brandix utilises the Higg Index Environmental Performance Tool, currently implemented and assessed across all plants in Sri Lanka, India, and Bangladesh.

During the reporting year, there were no instances of non-compliance or associated fines reported.

# Environmental Stewardship



The Group's average Higg Index score displayed a significant improvement of 16%, increasing from 74 to 86 year-on-year. 4 facilities scored above 90%, denoting the Group's commitment towards environmental responsibility across the value chain.



Higg Index is an industry-specific tool encompassing 7 key environmental areas



## Group Higg Index Score Breakdown



Year on Year Higg Index Score based on Cluster

## Country Wise Higg Index Score



Year on Year Average Group Higg Index Scores



Brandix Wathupitiwela, Sri Lanka



# Environmental Stewardship

## Brandix Sustainability Summit 2022

Brandix conducted its second consecutive Sustainability Summit in 2022, focusing on critical Environmental, Social, and Governance (ESG) issues prevalent globally. The summit emphasized the urgent necessity to equally prioritize the triple bottom line of People, Planet, and Profit.

The hybrid event took place at Brandix Centre in Ratmalana, gathering a diverse audience, including business leaders, government representatives, NGOs, and other stakeholders. The discussions revolved around essential imperatives in the journey towards a sustainable future.

International speakers at the summit included Claire Kells, Senior Manager Corporate Engagement - UN Global Compact; Ruby Ojha, Senior Environmental and Social Development Specialist – International Finance Corporation (IFC), a member of the World Bank Group; and Tejas Sampat, Senior Director,

Corporate Responsibility (SA) and Global Sustainability (Offshore) - PVH Corp. Each speaker addressed the summit's objective of the immediate need for action, combining global expertise and international frameworks with local solutions to ensure a lasting, tangible impact.

*Since 2006, Brandix has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment, and anti-corruption*



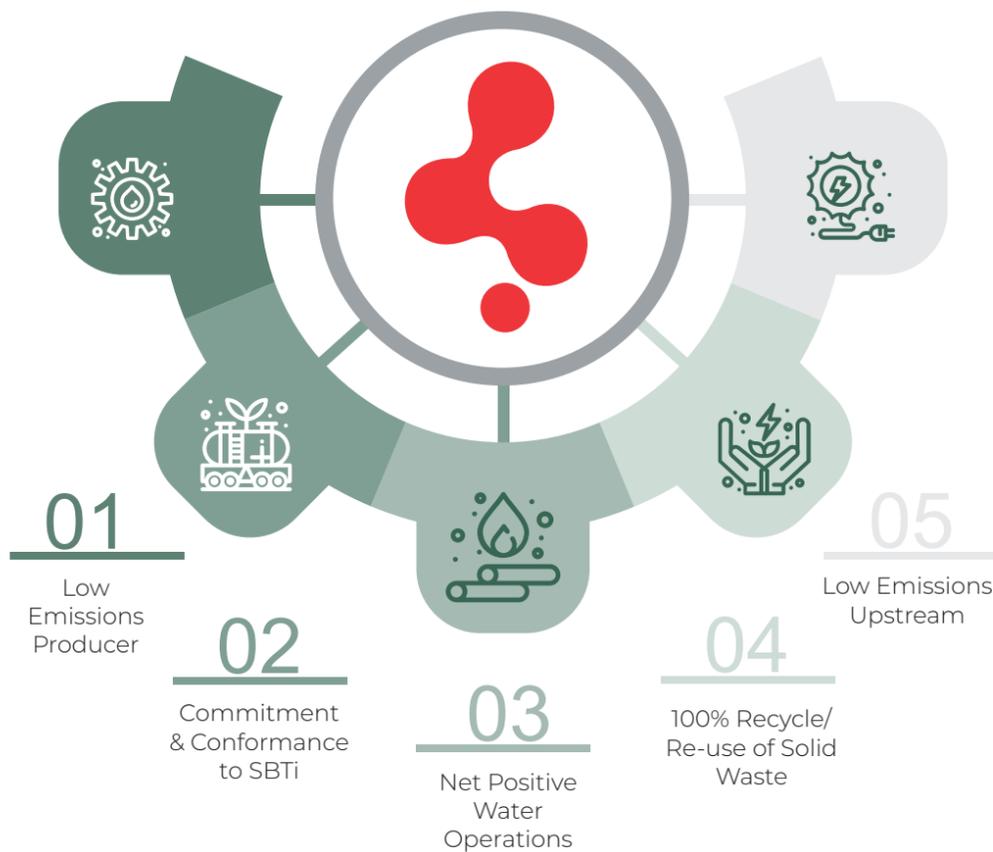
Brandix Centre, Ratmalana, Sri Lanka

# Environmental Stewardship



As part of the company's future strategic environmental sustainability plans, Brandix has prioritized 5 key environmental levers centered around being a "Net Zero Impact Producer" across the three pillars of Air, Water and Earth

## Way Forward Plan Net-Zero Impact Producer



- 

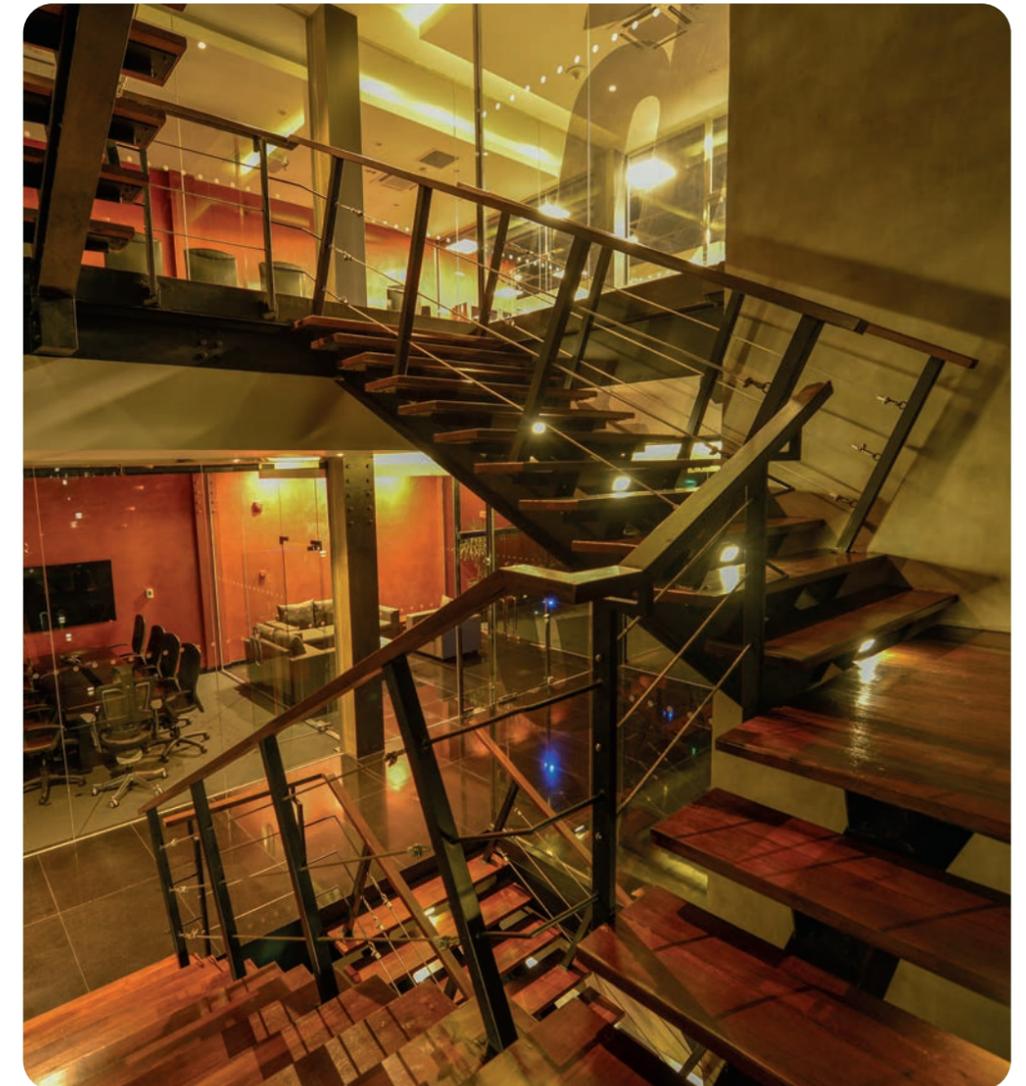
Investing in enhancing renewable energy generation and increasing the Group's renewable energy mix in the journey towards reaching net zero carbon across operations (Scope 1 and 2)
- 

Validated Scope 1, 2 & 3 targets in line with SBTi guidelines
- 

Eliminating the use of groundwater and enhancing the usage of green-water through upgrading the rainwater harvesting infrastructure of facilities and increasing the usage of recycled water
- 

Enhancement of existing waste management practices to further eliminate incineration to ensure all waste is either re-used and/or recycled
- 

Driving down the Group's Scope 3 emissions by focusing on supplier impact, and minimising upstream emissions.



Brandix Centre, Colombo, Sri Lanka

# Environmental Stewardship

## Digital Transformation

One of the key imperatives at Brandix during the financial year was the initiation of a detailed digital transformation roadmap that amalgamates the best of technology with people-centricity to drive a sustained approach towards value creation across the organisation and its stakeholder groups. Technology is a key enabler that spans the entire value chain, and Brandix continuously strives towards a building digitally empowered workforce to inspire positive change across people and planet.

### STRATEGIC FOCUS AREAS:

#### Cloud First

Transitioning to an internationally renowned cloud-based service to leverage on their net zero activities and minimise the Group's carbon footprint.

#### Zero Paper

Working towards a virtual, paperless environment across all facilities.

The introduction of a pilot project saw one factory reduce consumption from 54,000 sheets to 750 sheets during the year, and this will continue to be rolled out across Brandix.

#### Energy Efficiency

Investing in the latest energy-efficient infrastructure and systems to improve productivity and minimise consumption.

#### Information Security Resilience

The first apparel organisation to obtain the NIST certification, equipped with robust, proactive governance mechanisms and policies to safeguard valuable data.

### FUTURE:

A shift to Industry 4.0, leveraging on the strengths of IoT, artificial intelligence and machine learning to create a flexible, agile and productive environment.



# Social Sustainability

To EMPOWER LIVES and INSPIRE GROWTH



As an organisation operating in three geographical regions, Brandix impacts a diverse and multicultural group of stakeholders. This includes over 43,285 team members, their families, and the broader community where they reside and work. The interconnected nature of this expansive network plays a pivotal role in driving organisational profit and growth, which in turn supports Environmental, Social, and Governance (ESG) solutions. These solutions aim to instigate positive change and transformation within the broader sphere of the Group's influence. The complexity of the societies involved is harmonised through the adoption of the Group's RITE values, providing a unifying framework. These values empower each stakeholder to align with the overarching vision of "Inspiring Beyond." The strategic intent of empowering lives and fostering a better future is translated into the Group's social sustainability priorities, which revolve around - Employees, Customers and the Community. We adopt a holistic approach recognising Social Sustainability as a fundamental driver in achieving environmental sustainability & economic empowerment.



Our inspired associate Tharaka, who is partially blind



The strategic intent of empowering lives and fostering a better future is translated into the Group's social sustainability priorities, which revolve around - Employees, Customers and the Community.

## Employees Inspired Employees

The foundation of the Brandix Group lies in a culture of 'inspired people' dedicated to delivering 'inspired solutions,' thereby ensuring success with our customers. This culture is nurtured by the RITE values - Respect, Integrity, Teamwork, and Excellence - which form the core of our organisational ethos. Central to our approach is the cultivation of 'Inspired Employees' who not only contribute

to the organisation but also enhance the well-being of the surrounding community. The overarching objective is to develop employees who are not only self-driven, insightful, and forward-thinking but also aligned with Brandix's vision of delivering 'Inspired Solutions through Inspired People.'

Brandix is committed to benchmarking global best practices for human rights, as evident in our continued alignment with the United Nations Global Compact (UNGC) principles since our

membership in 2006. We unequivocally reject any form of child or forced labour across our operations and supply chain. Child labour is strictly prohibited in all geographies where Brandix operates, and we maintain a zero-tolerance policy within our supply chain. Regular audits and self-declarations from value chain partners further ensure compliance. The subcontract personal referred by Brandix consists of Security Personnel, Janitorial & Canteen Services. During the year there were zero incidences of child labour, forced and compulsory labour within our operations, and there were no identified incidents of Child labour, forced and compulsory labour within our tier 1 suppliers, as confirmed through supplier self declarations and stated conformity to the Supplier Code of Conduct.

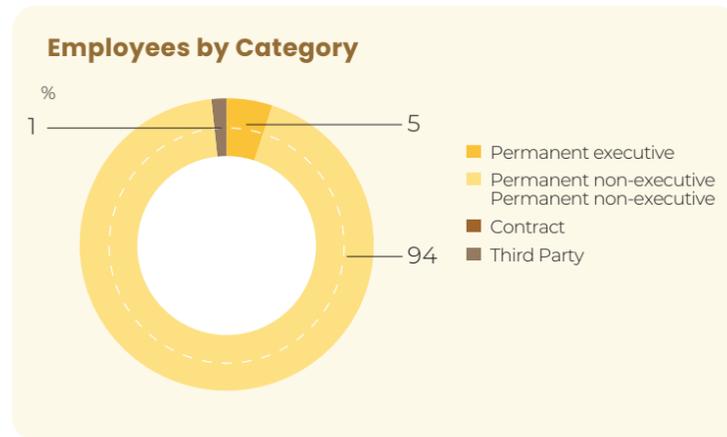
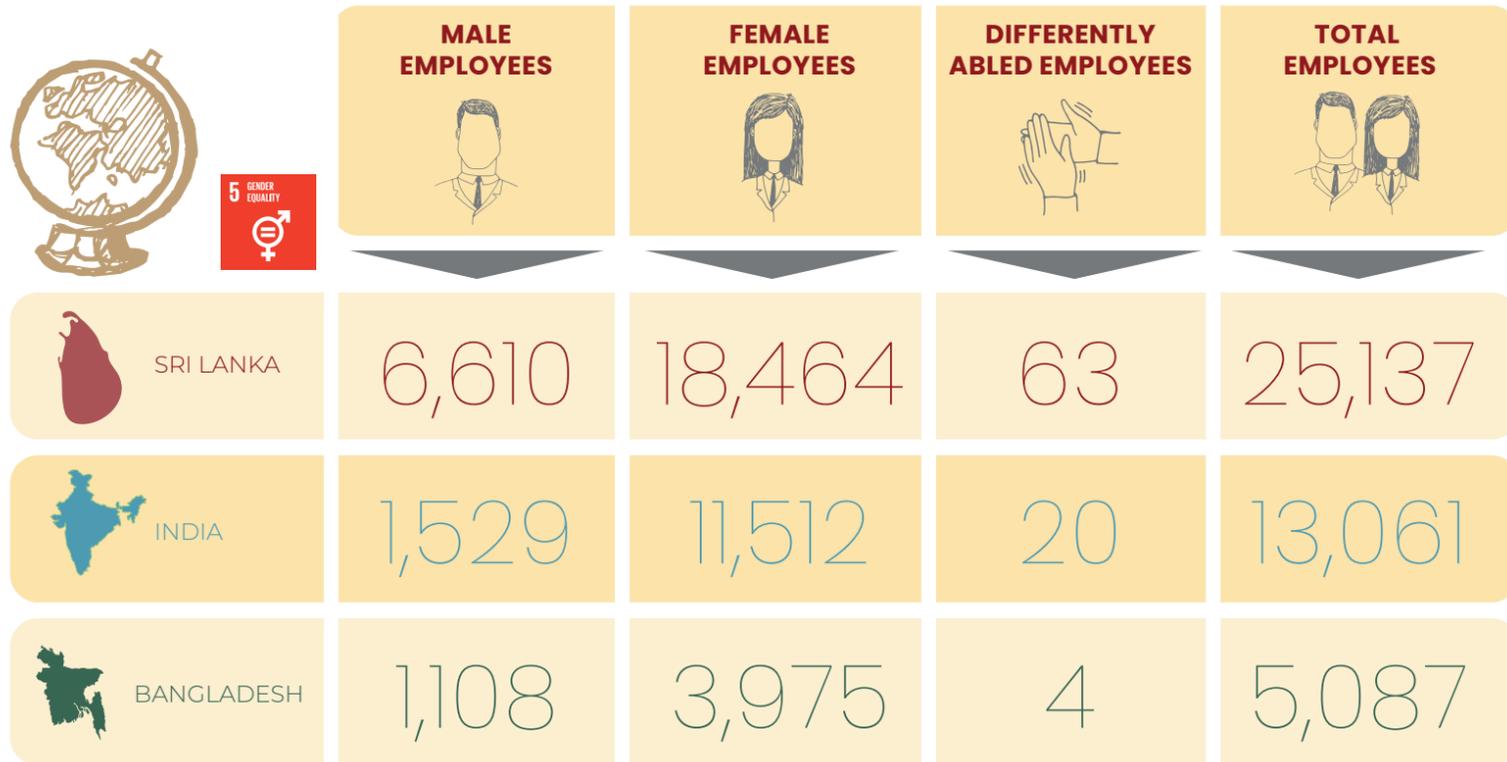
Additionally, the Group voluntarily adopts industry-specific global certifications such as WRAP (Worldwide Responsible Accredited production), BSCI (Business Social Compliance Initiative), and ETI (Ethical Trade Initiative), underscoring our dedication to fair and equitable treatment for all employees. Our Employee Value Proposition (EVP) initiatives, designed to holistically support employees throughout their journey with Brandix, position us as one of the most sought-after employer brands in the wider South Asian region. The EVP is anchored in fundamental principles, including fostering meaningful and purposeful employment, prioritizing employee well-being and strong connections, and providing genuine pathways for career and personal development under the theme of 'Growth.'

Brandix provides 84 working days in Sri Lanka, 112 days in Bangladesh & 182 days in India as maternity leave, as per the respective country laws.

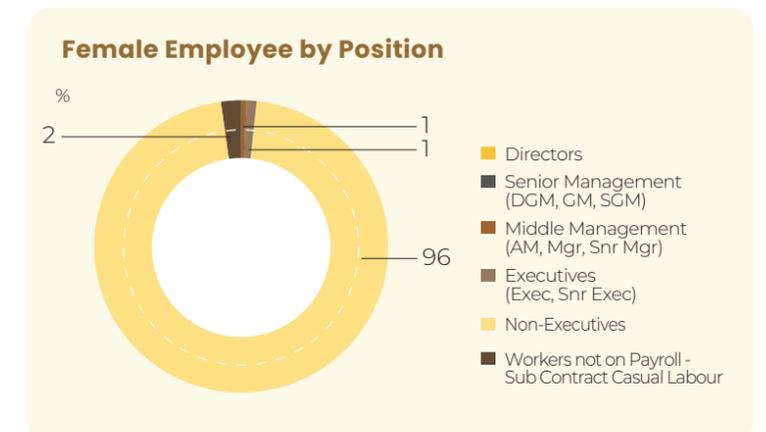
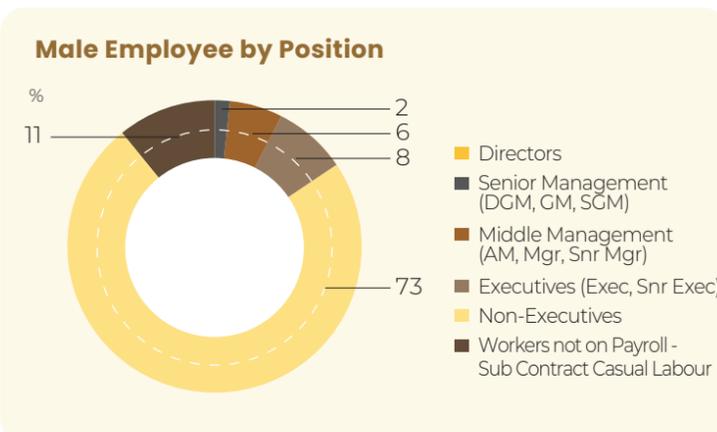
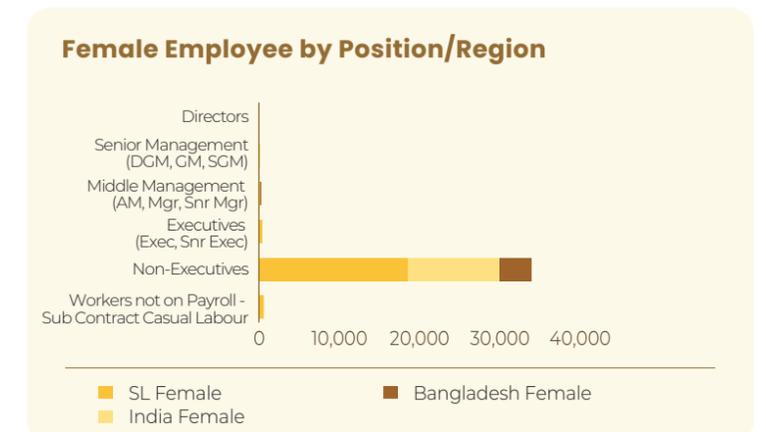
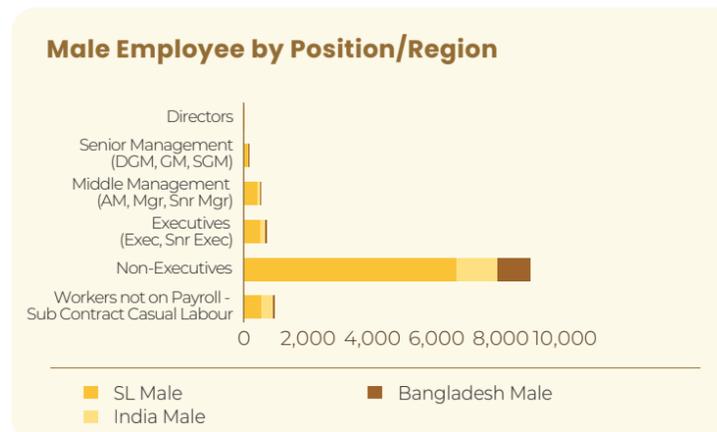
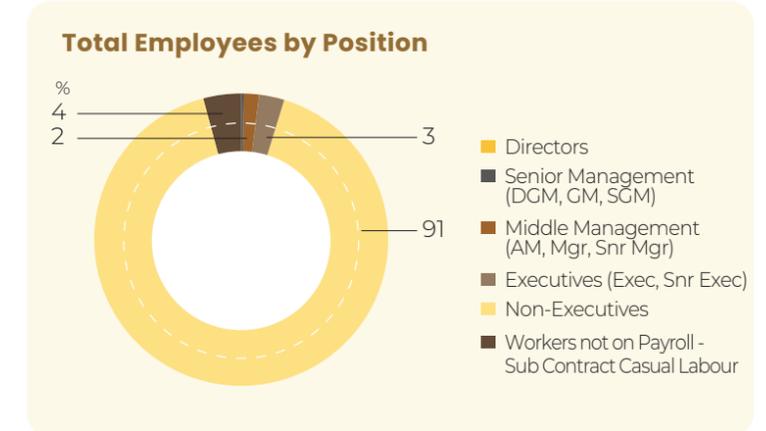
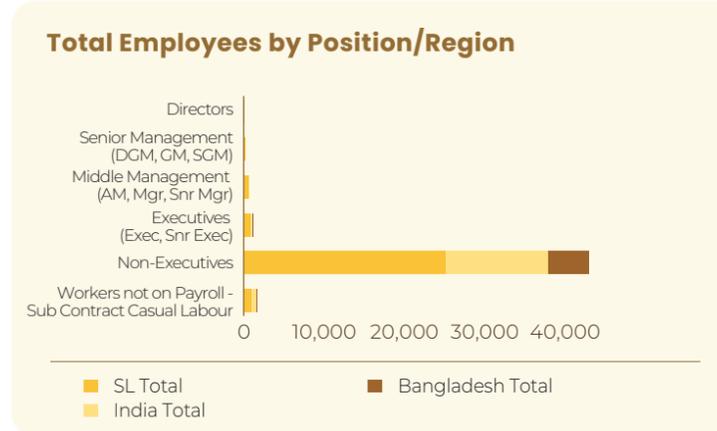


Winning the Women Friendly Workplace Awards 2023

# Social Sustainability



During the reporting year, Brandix employed a total of 1603 subcontracted workers, comprising 957 males and 646 females. These subcontracted workers are engaged in non-core operations such as janitorial, security, and canteen services. The employment of subcontracted personnel by Brandix is based on a headcount needs basis and is reported at the end of each period. There were no significant variations in the number of contractors during the year.



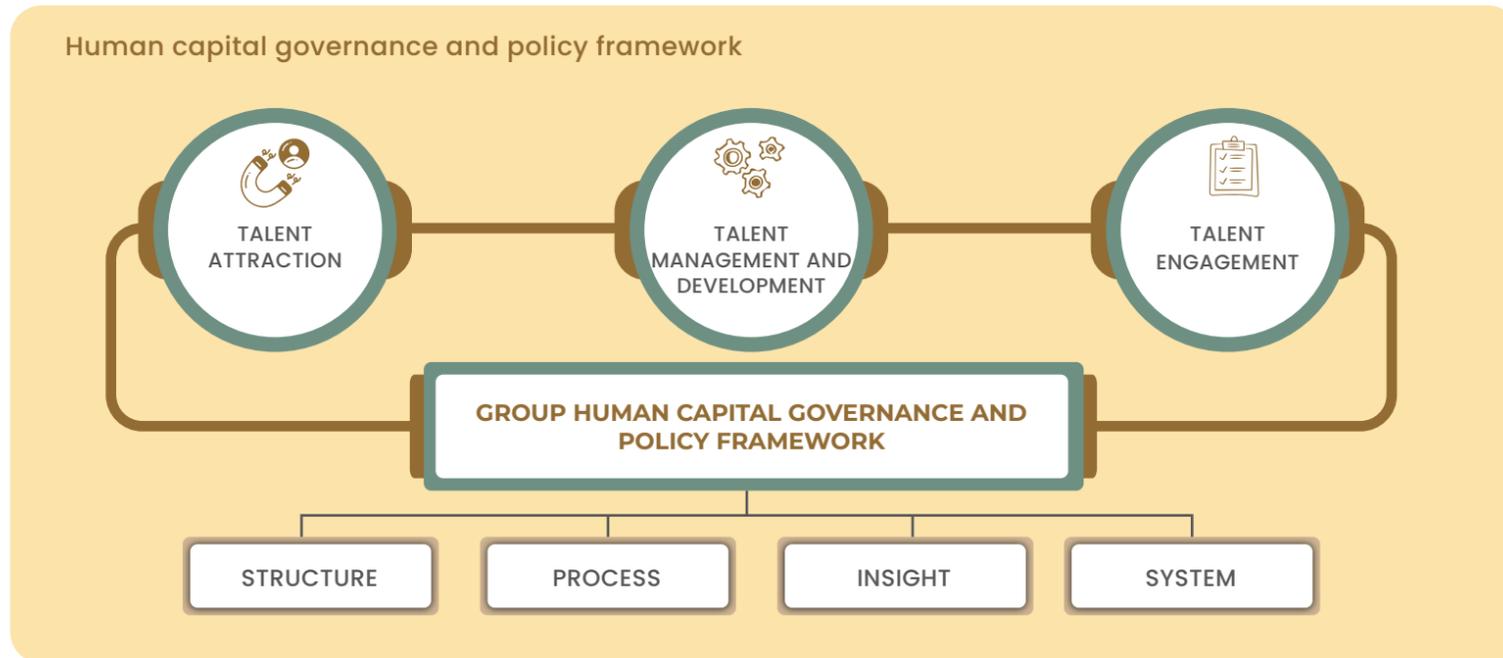
# Social Sustainability

## Inspired Employees

Brandix strives to create a culture that realises its vision of delivering 'Inspired Solutions through Inspired People'.

This is achieved through a People strategy primarily centred around key elements in the Employee Life Cycle, encompassing talent attraction, talent

management, talent engagement and talent development, supported by a comprehensive human capital governance framework



## TALENT ATTRACTION

Securing the appropriate talent is an essential factor for facilitating the long-term success of the Group. To enhance the talent attraction function, the Group has previously instituted a Technical Competency Framework (TCF). This framework is designed to identify the technical and support skills deemed necessary for each role within the organisation.

The Group actively builds an external pipeline using globally recognised assessment tools such as Harrison's

Talent Assessment Tool and the Hogan Assessments. These tools help identify and evaluate applicants' behavioural traits, setting benchmark competency standards for senior roles. Prospective candidates undergo assessments to gauge their alignment with these standards, allowing the organisation to establish an external talent pipeline for key roles, starting from managerial positions and above.

To address the growing demand for cost-effective talent development, the Group prioritises the Graduate Trainee (GT) and Internship programs. These

initiatives serve as effective platforms for cultivating a skilled talent pool.

In 2021, the Group introduced a digital onboarding experience through the HR Information System (i-Connect) platform, further refined in 2022. This digital onboarding process ensures a seamless integration for new recruits. A digital survey tool collects feedback from new hires within two weeks of completing onboarding, with recent surveys indicating a 90% satisfaction score regarding the efficiency of the Group's hiring and onboarding procedures.



# Social Sustainability

## New Hire Composition - Gender/Age/Region

Description	Sri Lanka	India	Bangladesh	Total
Total New Hires	2,826	1,335	5,427	9,588
Male New Hires	820	222	842	1,884
Female New Hires	2,006	1,113	4,585	7,704
New Hires aged below 30	2,057	838	4,299	7,194
New Hires aged between 30 and 50	732	497	1,127	2,356
New Hires aged above 50	37	0	1	38

## New Hire Attrition Composition - Gender/Age/Region

Description	Sri Lanka	India	Bangladesh	Total
Total New Hires who leave during the quarter	402	202	1,227	1,629
Male New Hires who leave during the quarter	134	47	132	266
Female New Hires who leave during the quarter	268	155	1,095	1,363
New Hires who left during the period, aged below 30	149	142	979	1,128
New Hires who left during the period, aged between 30-50	101	60	248	349

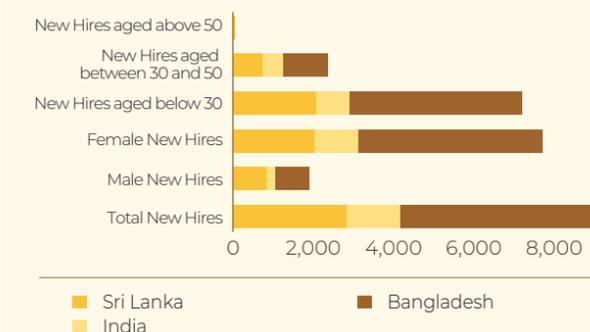
## Attrition Gender/Age/Region

Description	Sri Lanka	India	Bangladesh	Total
Total Number of Personnel Leaving Employment	5,600	2,862	4,282	9,882
Total Male employees who left during the quarter	1,240	421	681	1,921
Total Female employees who left during the quarter	4,360	2,441	3,601	7,961
Employees who left during the period, aged below 30	52	1,728	3,348	3,400
Employees who left during the period, aged between 30 and 50	1,890	1,134	934	2,824
Employees who left during the period, aged above 50	3,658	0	0	3,658

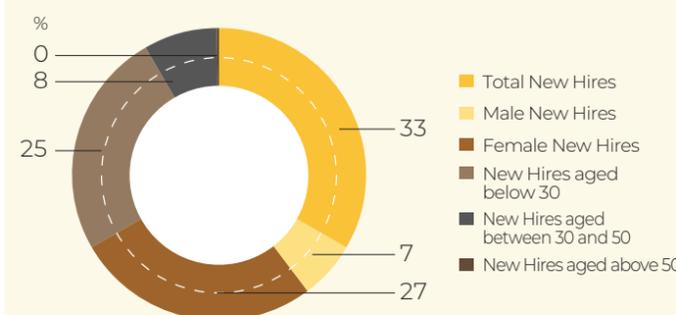
### Attrition Gender/Age/Region



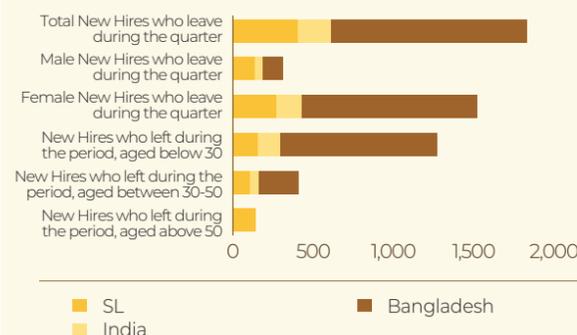
### New Hire Gender/Age/Region



### New Hire by Gender/Age



### New Hire Attrition Gender/Age/Region



### Compensation and Benefits

The Brandix Group consistently updates its remuneration structures and benefit packages bi-annually, aligning them with industry and global benchmarks. Adhering to equity principles, the compensation and benefits provided by Brandix ensure equal remuneration for men and women in similar job roles, with a firm stance against any

form of gender-based discrimination. Additionally, the Group prefers to keep the remuneration packages of its staff confidential.

To further support its workforce, the Group introduced an 'Economic Relief Allowance' extended to all non-executive personnel, including associates and staff. Additionally,

executive employees received higher increment percentages compared to previous years. These allowances and increments were implemented alongside the existing performance-based bonus payout, demonstrating the Group's commitment to recognising and rewarding employee contributions.

# Social Sustainability

## TALENT MANAGEMENT AND DEVELOPMENT Non-Executives (Associates and Staff)

The Brandix Group places significant emphasis on Learning and Development (L&D) activities for non-executive associates, meticulously planning programs that align with the organisation's commitment to cultivating 'Inspired Employees.' These activities are designed with a focused and structured approach, addressing the development needs of associates and staff. The goal is to facilitate career progression and ensure a seamless transition.

All training activities for associates are facilitated by the collective efforts of the Group's L&D function and the Brandix Corporate Campus (BCC). The activities are based on the

assessment of current and future competency gaps which support the development and implementation of a comprehensive training curriculum that addresses all training needs.

Brandix ensures that fair equitable and timely performance-based remuneration occurs for its employees, including benefits in line with the labour laws & regulations in the respective countries such as:

**Sri Lanka** - Employees' Provident Fund (EPF)/ Employees' Trust Fund (ETF)

**India** - Provident Fund / Employee State Insurance (ESI)

**Bangladesh** - Provident Fund



The following programmes support the organisation's L&D efforts:



Associate To Staff Development Programme (ATS)



Brandix Shilpa



First batch of India PACE Trainers

### ATS - Associate To Staff Development Programme

The Associate to Staff (ATS) Development Programme is an internally led initiative tailored for high-potential associates. It aims to deepen their understanding of tools, systems, processes, and leadership skills required for supervisory roles. In the fiscal year 2022/23, 85 employees successfully completed the ATS program.

### Brandix "Shilpa"

Brandix's "Shilpa" initiative focuses on skill development and employability for associates through 'gap-filling' programs and National Vocational Qualification (NVQ) facilitation. A key strategy involves sustaining a collaborative partnership with the Vocational Training Authority (VTA) to provide on-the-job training and employment opportunities for NVQ-qualified youth at Brandix. In the preceding fiscal year, Brandix qualified for financial support under the Skills Sector Development Project, leading to the launch of an up-skilling program in Industrial Engineering (IE) and Garment Tech. The in-house-developed curriculum by Brandix Corporate Campus (BCC) received validation from the Tertiary Vocational & Education Commission and the Ministry of Skills Development & Vocational Training as an equivalent to NVQ level 04 certification, resulting in the qualification of 134 Garment Technicians and Industrial Engineers.

### P.A.C.E. (Personal Advancement and Career Enhancement)

The P.A.C.E. program, initiated by GAP Inc., focuses on supporting women associates in the apparel industry, promoting female empowerment. This program, conducted by dedicated internal resource personnel, was first launched in 2012 and has since expanded to reach over 9,000 female associates across all Brandix Group facilities in Sri Lanka, India, and Bangladesh.

### GRADUATE TRAINEE PROGRAMME



63  
NEW GRADUATE  
TRAINEES  
IN 2022/23

209  
INTERNSHIP  
PROGRAMME

## Social Sustainability



Staff To Executive Development Programme (STEP)

### STEP – Staff to Executive Development Programme

Brandix's Staff to Executive Development Programme (STEP) is a well-defined path for high-potential staff members to acquire leadership skills and business insights essential for transitioning to an executive level. During the same fiscal year, four batches, comprising 104 personnel, successfully completed the STEP program.

### Mechanics Training

In response to the growing demand for skilled mechanics, Brandix introduced the Mechanics Training program, spanning its plants in Sri Lanka and India. In the fiscal year 2022/23, a total of 83 mechanics benefitted from this vital training intervention, contributing to the organisation's commitment to skill development and excellence in its operations.



Training for Mechanics



#### ATS DEVELOPMENT PROGRAMME



85

EMPLOYEES COMPLETED IN 2022/23

#### STEP PROGRAMME



104

EMPLOYEES COMPLETED IN 2022/23

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



9,000+

FEMALE ASSOCIATES BENEFITTED ACROSS THE GROUP

#### MECHANICS TRAINING



83

MECHANICS BENEFITTED IN 2022/23

# Social Sustainability

## Executive Talent Management

For executives, Learning and Development (L&D) activities hinge on the bi-annual performance management process and Continuous Performance Feedback (CPF). The CPF, illustrated on a 9-box grid, maps technical competencies and learning potential. Continuous feedback, overseen by the Board, Brandix Leadership Team, and Functional Heads, ensures ongoing attention to

employees' developmental needs. The Group's Talent Development & Pipeline Building Framework underpins L&D initiatives for the Executive team.

The evolving needs of the business in the current context are met through a focus on three key areas, namely:

- Behavioural (Soft) Skills
- Leadership Skills
- Functional / Technical Skills



Leadership skills are built along a well-structured, tiered leadership programme, set out below:



Program	Participated 22/23	Graduates 22/23
EDP	93	66
MDP	105	84
LDP	79	



## Executive Development Program (EDP)

The targeted program aims to enhance high-potential executives' leadership skills, preparing them for middle-manager roles. Led by internal and external facilitators, it includes module content, an assessment centre and post-program coaching by the Group's internal coach pool. Launched in India in 2019, the program expanded to Sri Lanka, demonstrating a broad-based approach. In 2022, 93 participants joined, with 70 completing and 66 graduating from the program.

## Management Development Programme (MDP)

Launched in 2022, the Management Development Programme (MDP) targets Level 2 Managers—Assistant Managers, Managers, and Senior Managers—aiming to refine their leadership skills. Participants are selected based on competency assessments, identifying skill gaps and

aligning with their career aspirations. The twelve-month course includes a development center, 360-degree assessment, MBTI Personality assessment, four training modules, four individual coaching sessions, and participation in Group CSR activities. The Group, in collaboration with external experts, ensures rigorous assessments and training. In the fiscal year, 105 Level 2 managers enrolled, with 89 completing and 84 graduating from the MDP program.

## Leadership Development Programme (LDP)

High-potential senior leaders undergo Hogan's assessment, followed by a debrief from an expert facilitator who provides specific feedback on areas of development. Individuals are then assigned internal or external coaches to guide their leadership development. In the past year, 79 assessments were conducted, each accompanied by a debrief session.

## Social Sustainability



**Brandix has always taken into account its employees' well-being through a more holistic approach, which has led to a greater emphasis on general wellness over the years, with Group counselling teams serving an increasingly essential role in this regard.**

### Coaching & Mentoring

10 executives from the Group were certified as debriefers of the Hogan personality assessment tool, with an additional 10 executives certified by the ICF (International Coaching Federation). 30 mentors have also been trained internally through the RISE for her (High Potential Female Mentoring Program) to provide mentorship to selected individuals within the organisation. In addition, senior leaders serve as mentors for selected individuals as per the requirement, with their insights and expertise delivered via structured sessions. These initiatives were established in order to enable and build a coaching culture within the Group.

### Key Technical and Other Training Programmes

The Group strategically aligns technical training with business needs through the annual Training Needs Analysis (TNA) and competency assessments during mid-year and final-year reviews. Compliance-related assessments, particularly on Brandix's i-Connect platform, address mandatory requirements. In the reviewed year, the mandatory compliance assessment expanded to executives in India and Bangladesh, involving 307 and 61 participants, respectively. Webinars, including "Dashboard in a Day" and sessions on "Project Alchemy" and

Analytics, conducted virtually, engaged 401 and 270 participants, respectively. Interactive sessions and "Gemba Walks" enhanced digital literacy for teams, with 141 participants. Health and safety training covered various aspects through drills, meetings, and awareness sessions facilitated by plant medical personnel.

### Inspired Conversations

The Group introduced the 'Inspired Conversations' module, comprising three sub-modules: 'Listen More, Listen Better,' 'Stay Curious a Little Longer,' and 'Support One Another.' Module 1 emphasizes understanding effective listening, awareness-building, and overcoming barriers. Module 2 focuses on developing curiosity by teaching question-asking skills and supporting others to find solutions. Module 3 centres on empathy's role in effective support and provides guidance on delivering feedback empathetically. With 12 internally trained facilitators, 490 executives completed the program in the fiscal year 22/23, with plans to extend training to the entire executive cadre in the upcoming year.

### Smart and Inspiring Managers Academy (SIMS Academy)

As a part of Brandix strategy in improving Operational excellence across the Group, a tailor-made program was established in the year

under review with the focus of developing 'Smart and Inspiring Managers (SIMS)'. The target group for the SIMS Academy was 23 Plant General Managers of all SBUs across the Group, with the programme designed to nurture several critical areas such as Apparel Value Chain Process Insights and Integration, Automation and Advanced Technologies, Finance Literacy, Production Planning & Control and Customer Excellence with the foundation of the programme focusing on RITE values, with each competency addressed through a series of curated workshops.



# Social Sustainability



Empowering employees through inclusive policies and robust grievance mechanisms, Brandix values a workplace where freedom of association through Councils, respect, and mental well-being create a culture of collaboration and growth.

## Training Hours

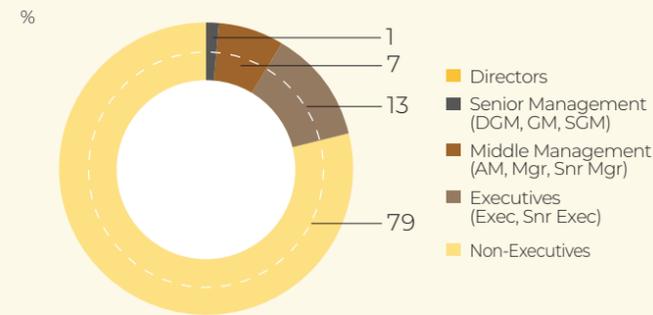
Based on identified training needs, MDP and EDP interventions which are the key pipeline development programmes for Executive-level employees continued to be applied in the current year.

Reinforcing the Group's efforts to foster more inclusivity into the talent management approach for Executives, a new Group-wide initiative was commenced to promote women in leadership and increase female representation at a senior management level over the next 3 years.

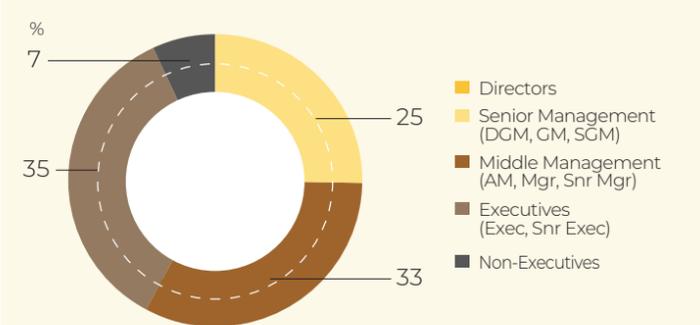


10,792	0.25	2,832	0.31	7,960	0.23
Total Training Hours	Training hours per employee	Total Training Hours - Male	Training hours per male employee	Total training hours - female	Total training hours - female

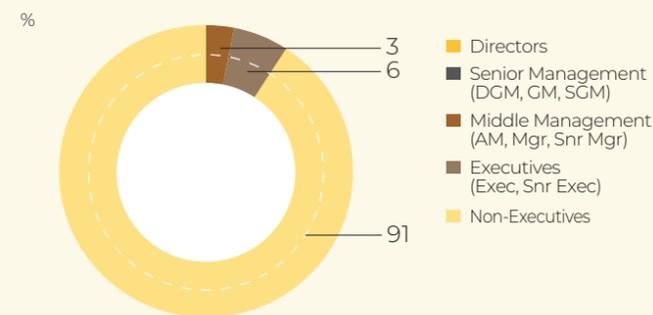
### Training Hours by Gender/Position



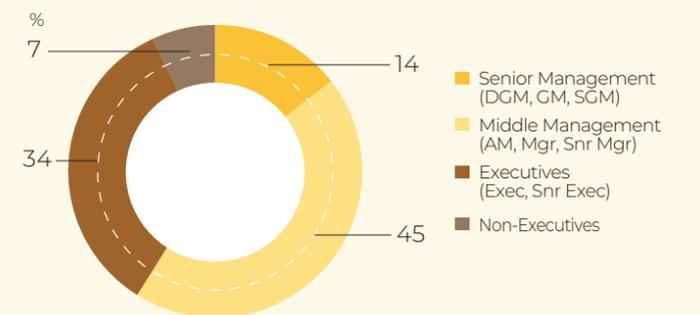
### Training Hours per Person by Gender/Position



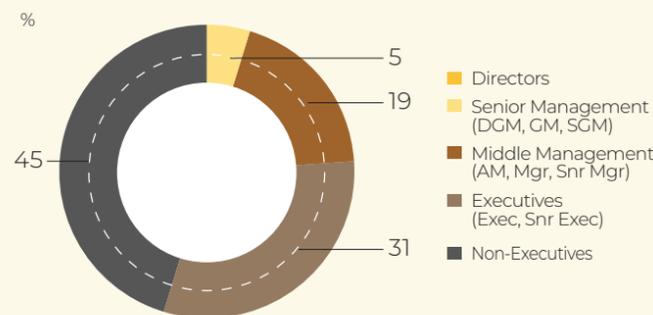
### Female Employee Training Hours by Position



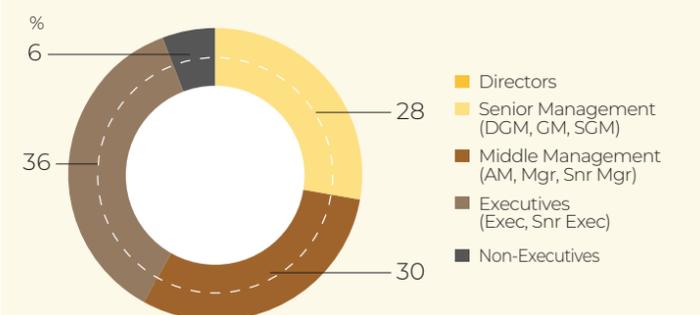
### Female Employee Training Hours per Person by Position



### Male Employee Training Hours by Position



### Male Employee Training Hours per Person by Position



# Social Sustainability

## Talent Engagement

The right of employees to freedom of association is guaranteed by the written collective bargaining and freedom of association policies at Brandix. In the absence of a trade union, the company established a parallel mechanism called the "Employees Council," whose members are chosen at-large by the workforce. All location employee councils are registered with the Board of Investment, which also oversees the election of members. Employees are free to bring up complaints or suggestions through their council representative, via the management, or through suggestion boxes. Employees council meetings are held on a monthly basis to discuss all complaints, suggestions, and other issues, and to record meeting minutes with the appropriate follow-up procedures.

## Employee Councils (EC)

Employee Councils are established at every Group factory, serving as the primary platform for associates to engage with management. They represent employees' rights, including labour and human rights, fostering involvement in decisions concerning welfare. Compliance with legislation is ensured when appointing EC members, with a focus on gender diversity. ECs play a crucial role in maintaining positive management-employee relationships, averting internal disputes. While Brandix supports the right to Freedom of Association, no collective bargaining agreements are required, and the company maintains a documented position allowing employees to join unions. Brandix actively monitors Freedom of Association violations in the supply chain through ethical codes, self-declarations, and third-party certifications.

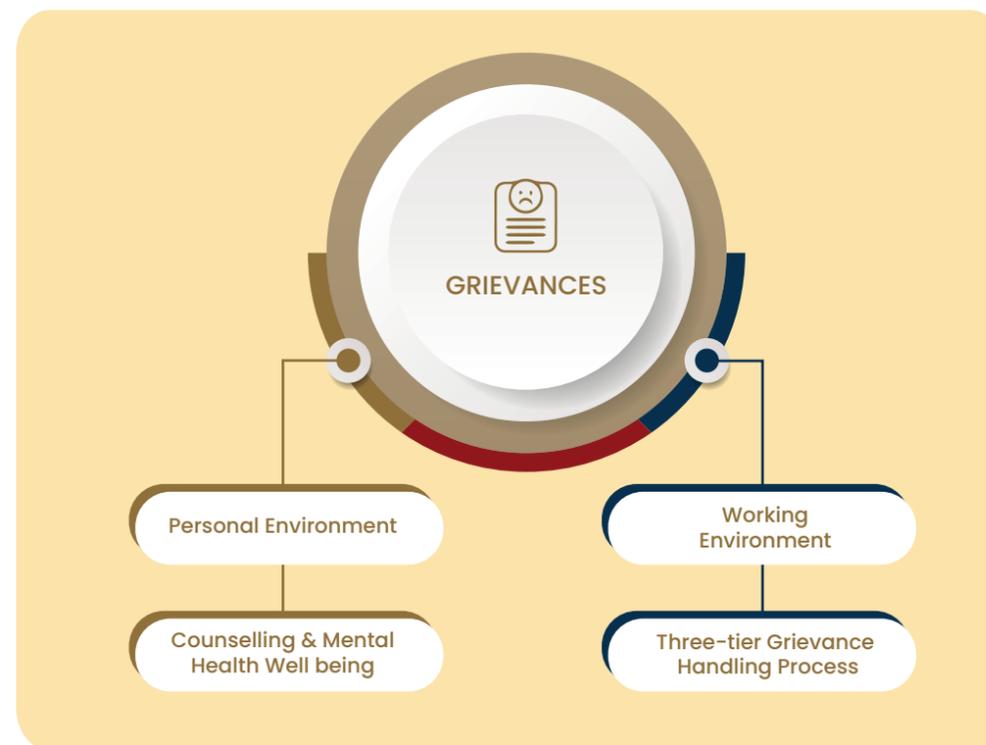
## Grievance Management

Brandix and third-party employees have access to additional channels for resolving grievances. The Abuse and Harassment-Free Workplace Policy is successfully implemented across Group locations, emphasising RESPECT from the RITE acronym. This policy, aligned with global best practices, enforces zero tolerance for abuse or harassment, providing clear guidance to prevent gender-based violence, discrimination, and sexual harassment in the workplace.

The policy's grievance process involves investigation and redressal, including disciplinary sanctions for violations. Associates can file complaints with their factory's Factory Internal Committee (FIC), consisting of a cross-functional team with equal gender representation. Allegations are formally investigated by a three-member FIC panel. Alternatively, complaints can be directed to the Cluster Internal Committee (CIC) or the Policy Governance Board (3 Tier grievance handling process). FICs and CICs are established, and personnel are trained with technical assistance from the UNFPA to ensure members can address concerns and conduct impartial investigations.

After implementing a functional grievance process, routine audits were introduced to ensure the effectiveness of FICs and CICs, evaluating committee members' competency for impartial investigations. The Abuse and Harassment (A&H) policy is well-communicated, understood by all personnel, and backed by comprehensive training. In cases where complaints remain unresolved, employees have the option to escalate directly to the Ombuds office, bypassing other routes.

The newly implemented Safe to Speak up policy was launched for employees to escalate matters/ actions which are not aligned with the RITE Values or the Code of Conduct of the company. The Ombuds office serves as the escalation body for such complaints.



Across the Group's facilities, any personal issues or concerns received by the Ombuds office are reviewed and addressed in a confidential manner by an Independent 3 member team. While the total number of grievances registered to the Ombuds office is monitored and documented internally, it is not publicly announced owing to the sensitivity of the information.

With over 43,285 workers deployed across multiple geographies and locations, and given the nature of our operations Brandix is cognisant that its non-discrimination and equal opportunity

policies and grievance reporting mechanisms need to be robust. During the year we received 119 complaints of discrimination from staff using various channels available to them such as through their direct supervisor, FIC and CIC which ensure the implementation of the Group's Abuse & Harassment (A&H) Policy, Safe to Speak Up policy further supported by the Ombuds process. 103 of the complaints received were fully investigated and necessary disciplinary actions have been taken against those found to be in violation of the A&H policy.

## Suggestion Box

Suggestion boxes are available at each of the Group's facilities, through which employees are encouraged to express their ideas or raise concerns. The factory management respond with their comments, which are subsequently published on the factory notice boards on a weekly basis.

## Counselling and Mental Health

Brandix has always taken into account its employees' well-being through a more holistic approach, which has led to a greater emphasis on general wellness

over the years, with Group counselling teams serving an increasingly essential role in this regard.

In the fiscal year 2022/23, the Group Counselling team conducted numerous training and awareness-raising initiatives, including sessions on Domestic Violence and Suicide Prevention.



*In 2016, the BIAC Anti-Sexual Harassment at Workplace Policy (based on the POSH Act 2013) was implemented across Brandix India's factories and offices. In 2021, the Brandix India model was adapted as the Abuse & Harassment Free Workplace Policy across the entire group with an enhanced scope. For the 2022-23 period, Brandix India was recognized among the Top 25 Safest Workplaces in India as part of KelpHR POSH Awards, for the best practices aimed at fostering a safe and inclusive work environment. At Brandix, we believe this is an ongoing journey for excellence to thrive.*

## Social Sustainability

### Diversity and Equal Opportunity

#### A Deep-Rooted Commitment towards Equity, Diversity & Inclusion (EDI)

Brandix is dedicated to fostering diversity and inclusion through its IDEA (Inclusion, Diversity, and Equity Accelerator) Council. The Group actively promotes gender equality, striving for a diverse, safe, and inclusive workplace for all age groups. Recognising the vital role of supportive infrastructure, tangible elements like flexible schedules and mental health support are provided. With 78% female representation, the Group aims to empower women in leadership roles. Female representation on Governing Board is 11% and Executive Board is 7%.

Employee Resource Groups (ERG) play a crucial role in empowering women by addressing daily challenges. Brandix has well-defined procedures to mitigate biases, ensuring transparency in hiring, rotations, transfers, and promotions. Women enjoy equitable representation in the Group's leadership development programs. The "RISE for HER" mentoring initiative, launched in 2022, supports women in their career development journey, providing networking opportunities and resources for life events and child development programs to foster a balanced work-life environment.

Brandix prioritises a workplace marked by respect, security, and inclusivity. Comprehensive policies, including a speak-up policy and measures against workplace abuse and harassment, are implemented. The company has a robust, multi-level governance framework for addressing grievances. Regular mandatory training equips all Brandix employees with the tools needed to uphold these standards throughout the company.

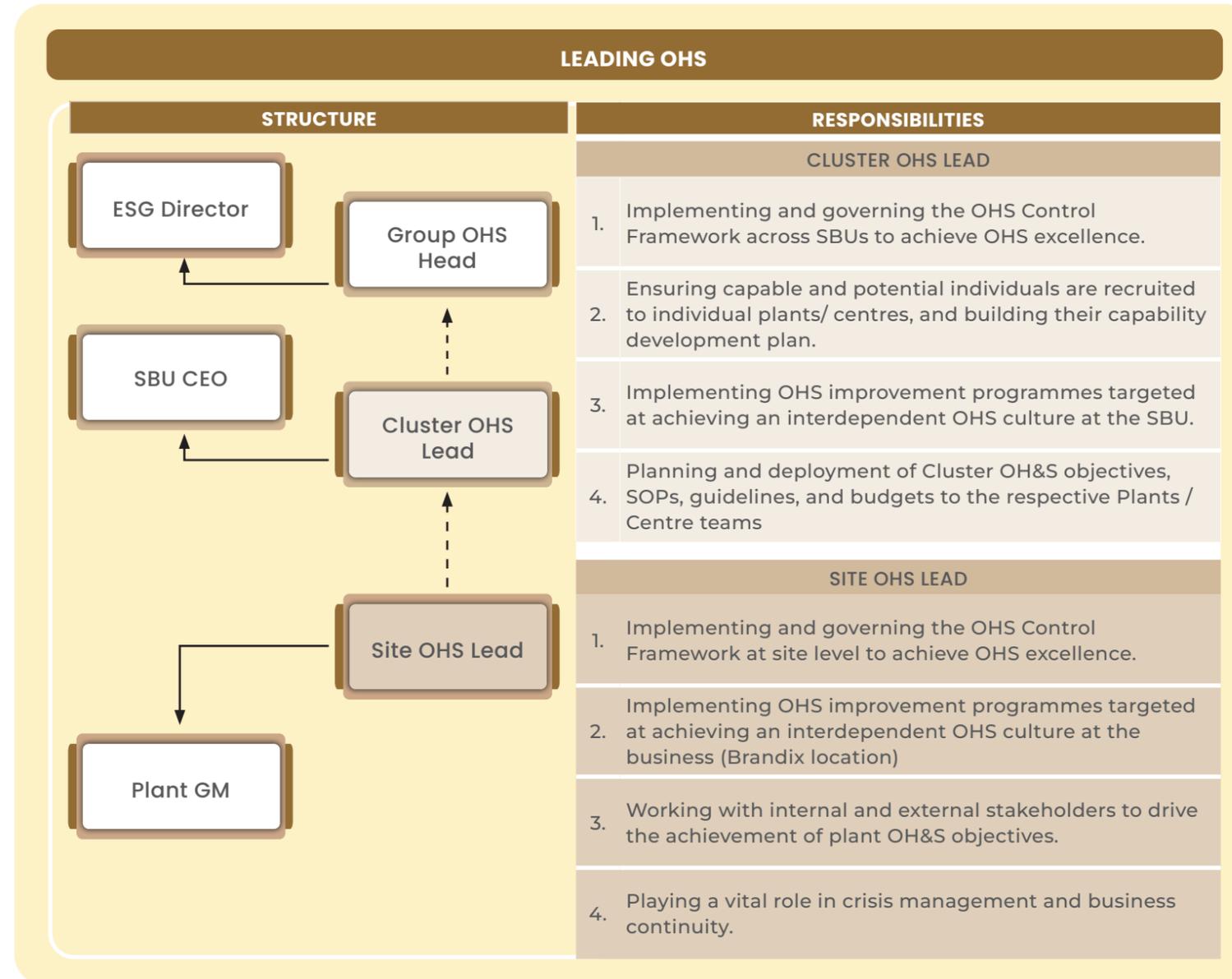


# Social Sustainability

## Occupational Health and Safety What we do at Brandix

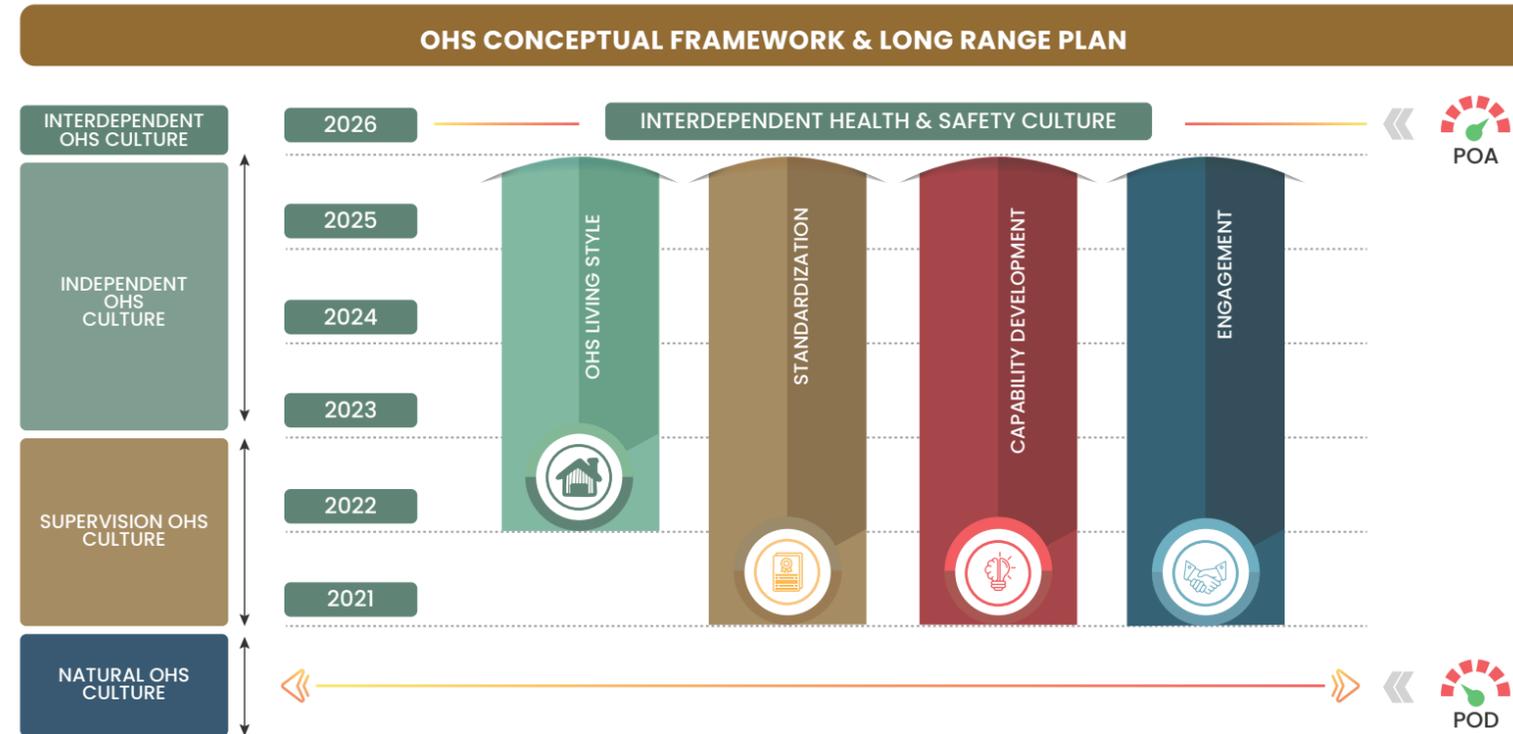
The Brandix Group considers it a foremost priority to maintain the highest standards of employee health and safety across its operations, and tirelessly works towards safeguarding the workforce from accidents and work-related illnesses.

The Group's endeavours to improve employee health and well-being are centered around providing a healthy and safe environment that fosters the ability for teams to retain to optimal functionality over time. Inspired by the Brandix Occupational Health and Safety (OHS) concept, the organisation has continued to deploy resources in addition to establishing rolling objectives throughout the years to attain "an Accident-free Healthy & Safe Environment" in the countries in which it operates.



# Social Sustainability

## Occupational Health and Safety



The OHS Conceptual framework supported by its strategy sets out Brandix's OHS goals up to 2026, with the end result being the gradual transition from a supervision OHS culture to an interdependent OHS culture which aims to reach the end state of "Vision Zero to Energise the Business".

**Vision Zero is about working towards:**

- Zero accidents
- Zero occupational illness
- Zero customer audit failures
- Zero dangerous occurrences
- Zero regulatory sanctions

This ambitious plan is built around four key pillars, namely Standardisation of Safety Systems, Capability Development, Engagement and OHS Living Style, and is underpinned by a commitment towards digitalisation. This plan articulates the Group's commitment towards Excellence, as described in the Group's RITE values.

**Standardisation of Safety Systems**

Brandix Group consistently prioritises the adoption of global standards and OHS best practices, aligning with ISO 45001:2018 since 2019 for its entire workforce. Identifying 31 Group-wide OHS standards to implement over five years, 8 standards were released during the year, reaching a total of 16, constituting 50% of the expected footprint. These standards cover leadership, control frameworks, health, hygiene, and safety.

Leadership	Control Framework	Health & Hygiene	Safety
OHS Control Framework	Risk Assessment & Risk Management	Clinical Quality	Food Safety & Hygiene
OHS Resources, Capabilities & Training	Adverse Event Investigation and Reporting	Health Surveillance	Electrical Safety
	Performance Monitoring & Audit	Health Promotion	Machinery Safety
	Emergency Preparedness & Response	Chemical Management	Lock Out & Tag Out
			Permit to Work & Safe System of Works
			Pressure Systems Safety



# Social Sustainability

## Capability Development

The Capability Development pillar was implemented concurrently with the standardisation program, demonstrating the Group's proactive commitment to cultivating essential skills and expertise in Occupational Health and Safety (OHS). This initiative aims to ensure that all Brandix employees possess the competence needed to carry out their job responsibilities in a healthy and safe manner. A training calendar, guided by assessments of capability needs driven by regulatory standards and customer

requirements, serves as the governance mechanism to ensure that every employee is appropriately equipped with OHS capabilities.

Each factory maintains an individualised training calendar, formulated based on a training needs assessment. The calendar encompasses 35 Occupational Health and Safety (OHS) subject matters, strategically designed to address 94 job roles spanning from the site General Manager to Machine Operators. Notable examples of the 35 OHS subject matters

include basic first aid, ergonomics, work at height, and forklift operator training.

The "Leading OHS" capability enhancement program is a comprehensive effort intended to elevate the competencies of over 1,750 executives and higher-level employees. Launched by the Group OHS team, the program comprises ten self-learning modules strategically integrated with knowledge-sharing workshops. These self-learning modules are accessible through the i-Connect e-learning platform. In the reporting year, seven online modules and two workshops were conducted, with the remaining three online modules and one workshop scheduled to overlap into the next financial year.

## Engagement

The third pillar of the Group's Long-Range Plan (LRP) focuses on Employee Engagement. Sites have the autonomy to choose suitable programs from a provided list, aligning them with cultural boundaries. These selected events are implemented across each site's entire workforce, including contractors and visitors, promoting a healthy and safe operating environment. Key engagement events include:

1. Monthly CEO OHS Forum
2. Safety Week
3. Empowering OHS Committee and First Aid Team
4. GEMBA with Purpose
5. Annual OHS Forum
6. Safety share to start every meeting
7. Tea with GM
8. Employee wellbeing
9. Hazard reporting month competition

Progress of Leading OHS Modules Completion								
M1: Introduction to Leading OHS	M2: Accidents, Safe Behaviors and My Role	M3: Fire & Loss Prevention	WS1: Need for Action	M4: Risk Assessment & Risk Management	M5: Safe Systems of Work	M6: Chemical Hazards	M7: Physical Hazards	WS2: Courage, Commitment & Authenticity
89%	88%	88%	70%	61%	55%	49%	44%	71%

Monthly CEO Forum, Safety Week, and Hazard Reporting are universally mandated. The hazard reporting program is tied to set KPIs and incentivised with rewards and recognition.

Year	FY 2021/22	FY 2022/23
No of Hazard Reports	8,780	16,225

analyzed to identify areas of concern, guiding the deployment of health promotion programs. Quarterly analyses are conducted, highlighting the top three health issues, and action plans are implemented to address them. The Q1 2022/23 analysis is presented below, outlining site-specific health concerns.



A targeted health promotion campaign is initiated at the plant level, with central group-level follow-up. Examples of these programs include:

- Awareness campaigns for gastric health, pregnant and feeding mothers.
- Education on Nutritionally Balanced meals
- BMI champion program.
- Dental/Eye/Medical camps
- Health emergency drills.

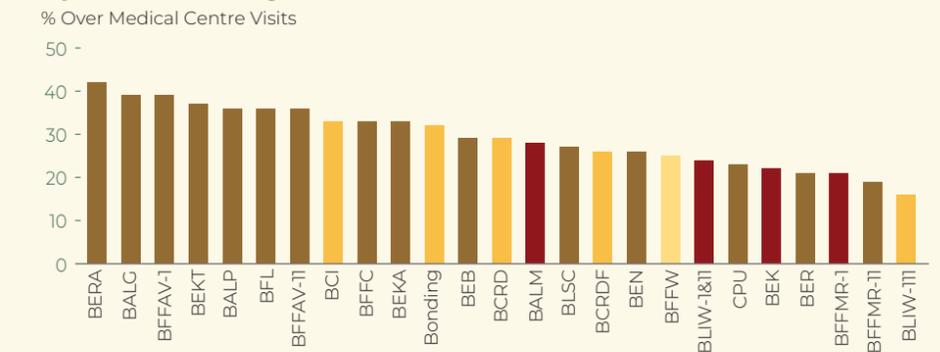


## Health Facilities & Health Promotions

Each site hosts a well equipped Medical Centre, including permanent nursing staff and hired doctors overseen by a corporate-level medical administrator holding an MD qualification registered with SLMC. The Medical Centre provides essential services such as health surveillances (e.g., audiometry testing for those exposed to high noise and lung function tests for employees exposed to chemicals and dust), injury and emergency support, treatment for non-occupational illnesses, and health promotion initiatives.

Health promotion activities at each site follow the corporate OHS standard on health promotion (STD303) and serve as employee engagement initiatives. Regular employee visits to the Medical Center are closely monitored and

## Top Health Challenges Identified in Each Plant



• Customized 25 health plans created based on the primary, secondary & tertiary prevention principles using top 3 health problems

• Actions are followed up weekly at corporate level

Gastric pain	15
Headache	5
Menstrual cramps	4
Phlegm	1

# Social Sustainability

## OHS Living Style

OHS Living Style is the fourth pillar in the Group's Long-Range Plan (LRP). Unlike the preceding pillars that primarily focus on workplace safety, the OHS Living Style pillar aims to inspire employees to adopt safety as a 24/7, 360-degree philosophy influencing and shaping their life goals and lifestyle choices. Brandix is currently directing its efforts towards three primary initiatives within this pillar. "Safety for all" and "Best practice sharing" have already been put into action, whereas the project "OHS Culture Framework for Apparel Industry" is slated for implementation in the financial year 2024/25.

### Safety for all (CSR footprint)



### Best practice Sharing



### OHS Culture Framework for Apparel Industry



### OHS Scope & Incident Statistics

Brandix adopts a proactive stance in averting or lessening notable adverse impacts on occupational health and safety associated with its operations, products, and business affiliations, encompassing the relevant hazards and risks for various groups of individuals:

- a. Individuals at workplaces where Brandix has control over the workplace and the work itself; such groups of individuals typically include the employees of Brandix working at Brandix premises.
- b. Individuals at workplaces where Brandix overseas the workplace, but the individuals are not employees of Brandix : such groups of individuals typically include sub-contractor's personnel working at Brandix premises.

The following scope will be incorporated into the future OHS plans.

- c. Individuals at workplaces where Brandix lacks control over both the workplace and the work itself. Such individuals typically form the staff of the Suppliers of Brandix, and since Brandix lacks control over such individuals, the method of engagement would be via supplier engagements, audits and via our Supplier Code of Conduct.

Injuries & Illness - Employees	2022/23
Sri Lanka-Region 1	15
Sri Lanka-Region 2	32
India-Region	22
Bangladesh -Region	-
Marketing Centers	11
Other	-
BRANDIX	80



# Social Sustainability

**Community**  
Brandix recognises that its communities are an extension of its 16 manufacturing locations across Sri Lanka, India and Bangladesh. The core objective of the Group's social sustainability strategy is to boost the socioeconomic development of these communities, leaving them in a better state than when Brandix initially entered. Team members at each location play crucial roles in their communities, and the Group

firmly believes that actions benefiting its people inherently impact the community, contributing to business growth. Social sustainability initiatives, categorised into three strategic pillars- Provide, Educate, Engage-embrace the slogan of 'providing inspired solutions.' These efforts are tailored to the specific needs of the workforce, their families, and communities, with a focus on empowering lives and fostering growth.



### SOCIAL IMPACT: PURPOSEFUL INTERVENTIONS

**PROVIDE:**

**TOTAL IMPACT:**  
201,590 + Individuals  
102 + projects

**COMMUNITY ENGAGEMENT:**  
604,770 Individuals

**Water projects**  
ensuring our employees and their communities have access to safe drinking water and clean sanitation facilities.

**42 Households**  
**168 beneficiaries**

**Model Village Projects**  
Focus on empowering lives & sustainable living for our communities (within 10km -15km radius from our facilities) - diversified its services towards through infrastructure, WASH (Water-Air-Sanitation-Hygiene) projects

**157,200 + beneficiaries**  
**21 projects**

**Eye Camp**  
Organised in India & Bangladesh on necessary treatment, eyewear, medicine and surgeries are provided free of charge to any member in the community

**24 Eye Camps**  
**12,241 + Beneficiaries**

**Community Blood Donation**  
1 out of every 100 blood donors in Sri Lanka is from Brandix. This is an employee-driven initiative across 08 districts

**5700 + Blood Pints of Blood Donated by Brandix Employees**  
**16,000 beneficiaries**

**Livelihood Projects**  
Supporting our agriculture sector & farming community by providing seeds, fertilizer and knowledge and entrepreneurship development programs

**500 Acres Cultivated in 11 Districts in Sri Lanka ,**  
**982 + Farmers,**  
**15,000+ families**

3 GOOD HEALTH AND WELL-BEING

6 CLEAN WATER AND SANITATION

10 REDUCED INEQUALITIES

17 PARTNERSHIPS FOR THE GOALS



## Social Sustainability



### SOCIAL IMPACT: PURPOSEFUL INTERVENTIONS

#### EDUCATE:



#### TOTAL IMPACT:

832,683 + Individuals  
1320 + projects

#### COMMUNITY ENGAGEMENT:

93,336 Individuals

#### School Essentials

Providing School stationery packs annually for children of our Associates to facilitate primary and secondary education and ensure continuous

**26,803 Beneficiaries**  
(India - 9959+SL 16844)

#### Educational Training & Awareness

Awareness on hygiene best practices and safety culture for the communities and Legal Aid Clinics

**13,000 + Beneficiaries + 40 projects**

#### Education Scholarship

Provided to students in the Brandix Children of our Brandix family members Grade 5 Scholarships, School Essentials from Pre school-Grade 13

**45+ beneficiaries**

#### University Scholarship

Provided to students excelling at Advance Level (A/Ls) in the Community: University Scholarships

**18 University Undergraduates Benefitted**

#### P . A . C . E

Module-based learning program focused on building women's life and professional skills.

**2000+ beneficiaries**

#### Shilpa

Vocational training as a gap filling program for associates to earn a higher qualifications to facilitate career growth.

**134 Associates Benefitted**

#### Right to Read

Enhancing quality education with easy access to English language learning through 'Read to me' English tool.

**Impacted more than 790,683 students in 1260 Schools**



# Social Sustainability

## SOCIAL IMPACT: PURPOSEFUL COLLABORATIONS

ENGAGE:

PARTNERSHIPS & ENGAGEMENT

**National Water Supply & Drainage Board -**  
Water connections and sanitation facilities

**National Blood Transfusion Service -**  
Facilitation of a healthy nation

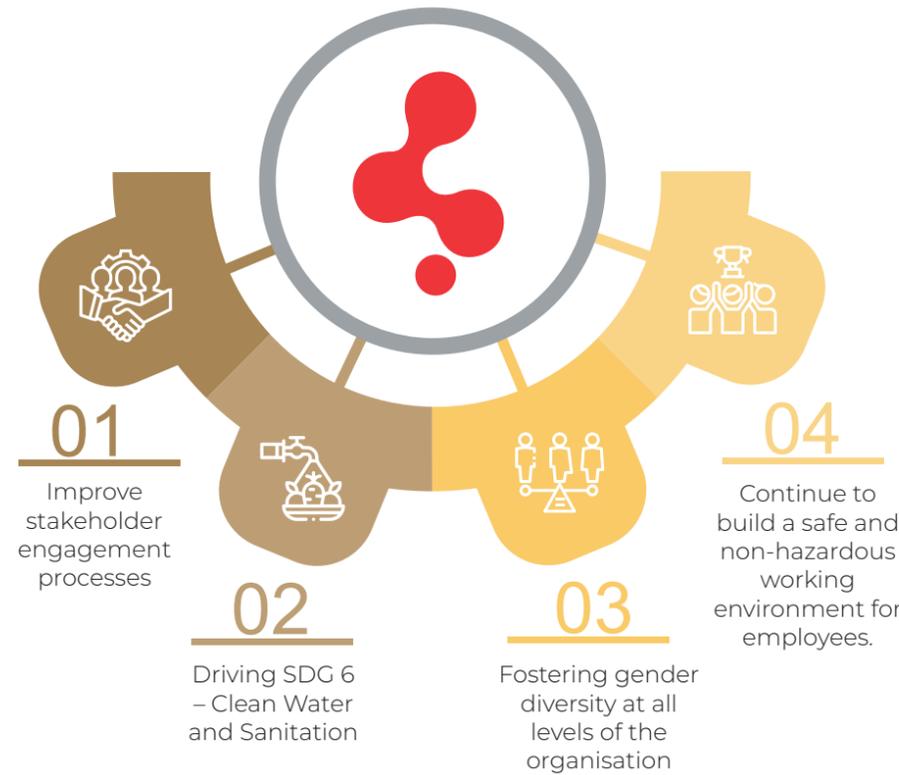
**Kansarmen Sri Lanka Foundation -**  
Model Village Schools (water and sanitation project)

**Sri Lanka Rain Water Harvest Forum -**  
Sustainable water solutions

**UNDP Sri Lanka -** Livelihood (Agri project, Entrepreneurship Development)

**Global Water Partnership -** Clean drinking water solutions (Youth Water Challenge initiative FY23/24)

## FUTURE FOCUS



Focus Area	Initiative
	Setting up social sustainability committees in strategic locations
	Waste management and recycling of waste in the immediate community to improve the quality of water.
	Reducing environmental pollution by eliminating dumping and minimising the release of hazardous chemicals and minerals.
	Inclusive talent practices including a dedicated drive for professional development exemplified by the Group's flagship leadership programmes, i.e., the Executive Development Programme (EDP), Management Development Programme (MDP), and the RISE for Her Mentoring programme.
	Establishing a culture of mutual empowerment and ensuring a psychologically safe environment for all employees.
	Placing significant emphasis on the establishment of support mechanisms and networking platforms tailored to promote gender diversity.
	A stringent and firm action plan has been established under the 4 strategic pillars of the OHS Long Range Plan (LRP).
	Reduce number of OHS incidents by 18-20%.
	Transform the OHS Culture from Dependent Level to Independent Level by 2023/24.
	The targets set for FY 2023/24 are in line with the end state of "Vision Zero to Energize the Business" where "Zero" means "Zero occupational illness", "Zero dangerous occurrences", "Zero regulatory sanctions" and "Zero customer audit failures".
	Creating an Interdependent OHS Culture by 2026/27.

# Social Sustainability

## Supply Chain

Supply chain stands as a fundamental cornerstone supporting the Group's daily operations. The robustness and dependability of Brandix's supply chain networks play a key role in the organisation's ability to consistently uphold customer commitments and drive sustainable growth.

## Responsible Sourcing and Procurement

Brandix places emphasis on ethical sourcing and continued drive towards sustainability in its supply chain processes. This endeavour is implemented via multiple strategies.

Since 2015, Brandix has actively regionalised its sourcing, reducing its dependence on imports. This strategic shift boosts Brandix's commitment to sustainability in multiple ways. Firstly, raw materials take less time being transported, thereby negating the waste via emissions and additional cost. Further, it helped the organisation to conform to certain regulations that are set by either Customers or jurisdictions to which it exports. These regulations cover a range of ESG concerns including forced labor prevention, increased usage of sustainable material and prevention of restricted substances.

Transparency across the supply chain is a growing requirement and concern in today's world. Brandix collaborates with customers and suppliers in implementing targeted processes to ensure that end to end traceability is made visible on sources of all materials and services that go into a product.

The product development team in Brandix has been successful in promoting the use of more sustainable material in product design. As a result, a clear rise is witnessed in use of BCI (Better Cotton Initiative) cotton, Organic cotton, Recycled cotton and polyester and recycled paper as raw materials.

Brandix has a separate vertical in its structure to govern product and process regulatory requirements as specified by either our Customer or the country we export to. This unit proactively monitors to ensure that suppliers actively agree to all process conditions stipulated. Product regulatory checks are also carried out to ensure that no restricted substances are part of the supply chain. Oekotex certification and AFIRM Restricted Substances List (AFIRM RSL) are reference points used in this governance.

The HIGG Index remains active, allowing suppliers to report on their environmental performance. The Group supports suppliers by offering technical guidance and sharing best practices related to the HIGG Index adoption.

## Supplier Assessments, Development and Governance

Brandix evaluates its supplier base along transparent and objective measures. The supply chain partners are tiered in line with these assessments. Deeper engagements are pursued with strategic partners via proactive demand planning and upstream risk identification and mitigation processes.

Brandix works with 700 supply chain partners and all new supply chain partners introduced during the year have been assessed for environmental and social criteria as part of the supplier onboarding process. Additionally, 100 existing suppliers were also assessed on environmental and social criteria during the year, via the Brandix Supplier Assessment questionnaires which are in turn complimented by the Vendor Code of Ethics, representing 7% of the total supplier base. Over the past three years, a cumulative total of 300 existing suppliers have been assessed in the above manner on environmental and social criteria, constituting 43% of the total supplier base

<b>Category Management</b>	The broad mandate encompassing clear guidelines and formal procedures for managing tier 1 suppliers over the long term.
<b>Supplier Performance Management</b>	Solely focused on the top 6 fabric suppliers who contribute towards over 50% of the Group's annual fabric needs, ensuring they remain in complete alignment with the Group's sourcing requirements.
<b>Demand</b>	In order to help suppliers plan their production capacity and support the Brandix Group's OTD (On-Time-Delivery) commitments to its customers, supply integration works closely with key fabric suppliers to understand and predict risks. It also advises suppliers on appropriate risk mitigation strategies.
<b>Expedition Process</b>	Detailed inspection procedures to assist all significant fabric suppliers in adhering to customer-specific ex-mill sourcing standards for the yarn profile, knitting, dyeing, printing, and finishing processes, as well as general quality inspection.
<b>Green Channel Enablement</b>	This tool is used to eliminate non-value-adding activities at the raw material inspection, with only suppliers who consistently receive audit scores of 80% or higher when measured against a variety of criteria being considered eligible to use the Green Channel.
<b>Supplier Compliance</b>	Routine due diligence checks to ensure suppliers follow industry standards and regulatory guidelines for products, such as OEKOTEX, RSL, MRSL, and CMRT (Conflict Minerals Reporting Template), as well as customer sourcing guidelines.

## Customers

### Customer Health and Safety

Brandix has established processes to consciously identify and comply with all test protocols relating to raw materials and finished products. Most of these tests are handled via independent accredited laboratories that have acceptance in the industry. Test protocols are well documented and transparent. The decision on the type of tests is decided during the design and development phase of the product lifecycle. During the reporting year Incidents of non-compliance concerning the health and safety impacts of products and services were not reported.



# GRI Content Index

<b>Statement of use</b>	Brandix Lanka Ltd has reported in accordance with the GRI Standards for the period April 1, 2022 to March 31, 2023.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>General Disclosures</b>						
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	Page 11				
	2-2 Entities included in the organization's sustainability reporting	Page 11				
	2-3 Reporting period, frequency and contact point	Page 12				
	2-4 Restatements of information	Page 12				
	2-5 External assurance	Page 76				
	2-6 Activities, value chain and other business relationships	Page 17, Page 74				
	2-7 Employees	Page 56-58,				Goal 1 Goal 5
	2-8 Workers who are not employees	Page 57				Goal 8 Goal 10
	2-9 Governance structure and composition	Page 18-26				Goal 8 Goal 16
	2-10 Nomination and selection of the highest governance body	Page 20				
	2-11 Chair of the highest governance body	Page 20 - 21				
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 20				
	2-13 Delegation of responsibility for managing impacts	Page 31-32				
	2-14 Role of the highest governance body in sustainability reporting	Page 30 - 32, Page 12				
	2-15 Conflicts of interest	Page 26				
	2-16 Communication of critical concerns	Page 31, Page 34				
	2-17 Collective knowledge of the highest governance body	Page 31				
	2-18 Evaluation of the performance of the highest governance body	Page 20				
	2-19 Remuneration policies	Page 25, 59				
	2-20 Process to determine remuneration	Page 25				
	2-21 Annual total compensation ratio	Page 59				
	2-22 Statement on sustainable development strategy	Page 4-9				

# GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>GRI 2: General Disclosures 2021 Contd.</b>	2-23 Policy commitments	Page 6, Page 12, Page 36				Goal 5, Goal 8, Goal 12, Goal 13, Goal 14, Goal 15, Goal 16
	2-24 Embedding policy commitments	Page 30 - 32, Page 36				
	2-25 Processes to remediate negative impacts	Page 34				
	2-26 Mechanisms for seeking advice and raising concerns	Page 34				
	2-27 Compliance with laws and regulations	Page 16, Page 51				
	2-28 Membership associations	Page 15				Goal 17
	2-29 Approach to stakeholder engagement	Page 33				
	2-30 Collective bargaining agreements	Page 65				Goal 8
<b>Material Topics</b>						
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	Page 31, Page 35				
	3-2 List of material topics	Page 35				
<b>Economic performance</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				
	201-3 Defined benefit plan obligations and other retirement plans	Page 16, Page 60				
<b>Anti-Corruption</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 16
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Page 36				
	205-3 Confirmed incidents of corruption and actions taken	Page 16				
<b>Materials</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 12
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Page 48-49				

# GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Energy</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 7 Goal13
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Page 41				
<b>Water and Effluents</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 6 Goal 14
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	Page 46				
	303-2 Management of water discharge-related impacts	Page 47				
	303-3 Water withdrawal	Page 46				
	303-4 Water discharge	Page 47				
	303-5 Water Consumption	Page 46				
<b>Emissions</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 7 Goal13
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Page 44				
	305-2 Energy indirect (Scope 2) GHG emissions	Page 44				
	305-3 Other indirect (Scope 3) GHG emissions	Page 44				
	305-4 GHG emissions intensity	Page 44				
	305-5 Reduction of GHG emissions	Page 44				
	305-6 Emissions of ozone-depleting substances (ODS)	Page 42				
<b>Waste</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 12 Goal 14 Goal 15
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Page 48, 49				
	306-2 Management of significant waste-related impacts	Page 48, 49				
	306-3 Waste generated	Page 48, 49				

# GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Supplier Environmental Assessments</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 12 Goal 17
<b>GRI 308: Supplier Environmental Assessments 2016</b>	Disclosure 308-1 New suppliers that were screened using environmental criteria	Page 36, 37, 74				
<b>Employment</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 8 Goal 10
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	Page 58 -59				
	401-3 Parental Leave	Page 56				
<b>Occupational Health and Safety</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 3 Goal 8
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Page 67 - 70				
	403-2 Hazard identification, risk assessment, and incident investigation	Page 67 - 70				
	403-3 Occupational health services	Page 67 - 70				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 67 - 70				
	403-5 Worker training on occupational health and safety	Page 67 - 70				
	403-6 Promotion of worker health	Page 67 - 70				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 67 - 70				
	403-9 Work-related injuries	Page 67 - 70				
<b>Training and Education</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 8
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	Page 62-64				
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 62-64				

# GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>Diversity and Equal Opportunity</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 5 Goal 8
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Page 66				
<b>Non Discrimination</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 5 Goal 8
<b>GRI 406: Non Discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	Page 65				
<b>Freedom of Association and Collective Bargaining</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 8
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 65				
<b>Child Labour</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 8 Goal 16
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	Page 36, 56, 74				
<b>Forced or Compulsory Labour</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 8
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 36, 56, 74				
<b>Local Communities</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Goal 11

## GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION (URL/Page No)	OMISSION			Alignment to UNSDG Goals
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Page 12, 73				Coal 1 Coal 2 Coal 6 Coal 10 Coal 11 Coal 17
<b>Supplier Social Assessments</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				Coal 12 Coal 17
<b>GRI 414: Supplier Social Assessments 2016</b>	414-1 New suppliers that were screened using social criteria	Page 36, 37, 74				
<b>Customer Health and Safety</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				
<b>GRI 416: Customer Health and Safety 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Page 74				
<b>Customer Privacy</b>						
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	<a href="https://brandix.com/inspired-solutions/we-are-brandix/sustainability">https://brandix.com/inspired-solutions/we-are-brandix/sustainability</a>				
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 16				

# Independent Assurance Statement

## Introduction

DNV represented by DNV Business Assurance Lanka (Private) Limited ('DNV') has been engaged by the management of Brandix Apparel Limited ('Brandix' or 'Brandix Group', Corporate Registration Number PB 85) to carry out an independent assurance engagement for the Group's ESG Report 2022-23 in its printed format ('the Report'). The current report released by Brandix relates to the period 01st April 2022 to 31st March 2023 and covers its operations in Sri Lanka, India, and Bangladesh reported as part of boundary of the report.

The sustainability disclosures in this Report have been prepared by Brandix in accordance with the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards 2021 ('GRI Standards'). The reporting topic boundaries of sustainability performance are based on the materiality assessment carried out by Brandix covering internal and external impacts of identified material topics for its operations and as brought out in the Report in the sections 'Our Report' and 'Materiality'.

We planned and performed our work using DNV's assurance methodology VeriSustain™, to obtain the evidence we considered necessary to provide a basis for our assurance opinion for providing a Limited level of Assurance. DNV VeriSustain™ is based on our professional experience and international assurance practice, and

the international standard in Assurance Engagements, ISAE 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information. DNV evaluated both the qualitative and quantitative disclosures presented in the Report, together with Brandix's procedures for ensuring the accuracy and reliability of disclosed information. Our assurance engagement was planned and carried out in July 2023- February 2024.

The intended user of this assurance statement is the Management of Brandix. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and this process did not involve engagement with any external stakeholders.

## Responsibilities of the Management of Brandix and of the Assurance Provider

The Management of Brandix has the sole responsibility for the preparation of the Report as well as the processes for collecting, analysing and reporting the information presented in the Report and also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on sustainability performance and management approach. In performing this assurance work, DNV's responsibility is to the Management

of Brandix; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of Brandix.

DNV'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 is complete, sufficient, authentic and free from material misstatements or errors. The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

We understand that any reported data on economic performance, and other financial data within the Report are based on financial disclosures and data which has been subjected to a separate independent statutory audit process and is not included in our scope of work.

## Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, and as part of the assurance engagement, a multi-disciplinary team of sustainability and assurance specialists conducted on-site assessments and interactions with key internal stakeholders at the Company/ Group's Headquarters at Colombo and at a selected sample of four (4) Apparel Manufacturing plants of Brandix, are

Withipitiwela, Rideegama, Mirigam-II, Sri Lanka, and Vizag in India. We adopted a risk-based approach, that is, we concentrated our on-site verification efforts on the issues of high material relevance to the Brandix Group and its key stakeholders. We undertook the following activities:

- Review of Brandix's approach to stakeholder engagement and materiality determination process and the outcome as presented in this Report. We did not have any direct engagement with external stakeholders.
- Interviews with managers responsible for management of sustainability issues and review of selected evidence to support issues disclosed within the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Brandix Group's sustainability objectives.
- Assessment of site-level sustainability data to review process and systems for preparing the data and implementation of sustainability strategy. We were free to choose sites for conducting our assessment, and the four (4) sample sites were selected on the basis of their materiality, considering economic, environmental and social impacts as well as ensuring sufficient representation of Brandix Group's operations.
- Review of supporting evidence for key claims and performance data in the Report on a sample basis;

- Sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report. Our verification processes were prioritised according to the materiality of topics identified by the Brandix Group as part of its reporting process.
- An independent assessment of Brandix's reporting against the GRI Standards and the reporting requirements for the GRI Standards 2021.

## Opinion

On the basis of the verification undertaken, nothing has come to our attention to suggest that suggests that the disclosures in the report are not fairly stated and have not been prepared, in all material aspects, in reference to reporting criteria ie GRI Standard 2021, , including GRI 2: General Disclosures 2021, GRI 3-3: Management of Material topics and disclosures related to the following GRI Standards which have been chosen by Brandix to bring out its performance against the identified material topics:

- GRI 201: Economic Performance 2016- 201-3;
- GRI 205: Anti-corruption 2016 – 205-1,205-3;
- GRI 301: Material 2016 – 301-1;
- GRI 302: Energy 2016 – 302-1;
- GRI 303: Water and Effluents 2018 – 303-1, 303-2, 303-3, 303-4; 303-5;

- GRI 305: Emissions 2016 – 305-1, 305-2, 305-3,305-4,305-5,305-6;
- GRI 306: Waste 2020 – 306-1, 306-2, 306-3;
- GRI 308: Supplier Environmental Assessment 2016 – 308-1
- GRI 401: Employment 2016- 401-1,401-3
- GRI 403: Occupational Health and Safety 2018 – 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9;
- GRI 404: Training and Education 2016 – 404-1, 404-3;
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1;
- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016 407-1;
- GRI 408: Child Labor 2016 – 408-1;
- GRI 409: Forced or Compulsory Labor 2016: 409-1;
- GRI 413: Local Communities 2016 – 413-1;
- GRI414: New suppliers that were screened using social criteria 414-1;
- GRI 416: Customer Health and Safety 2016- 416-1;
- GRI 418: Customer Privacy 2016 -418-1.

## Observations

Without affecting our assurance opinion, we provided the following observations against the principles of VeriSustain™.

# Independent Assurance Statement



## Stakeholder Inclusivity

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

The Report brings out the stakeholders who have been identified as significant to Brandix as well as the modes of engagement established by the Brandix to interact with these stakeholder groups. Brandix identifies and prioritizes its formal and informal processes of engagement with its significant stakeholders based on significance of actual and potential impacts of the Brandix's activities and this process are brought out withing the Report.

*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 are most relevant to an organization and its stakeholders.

The Report explains out the materiality assessment process carried out by the Brandix which has considered concerns of internal and external stakeholders, and inputs from peers and the industry, as well as issues of relevance in terms of impact for Brandix's business. The list of topics has been prioritized, reviewed, and validated, and The Company has indicated that there is no significant change in material topics from the previous reporting period.

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

## Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report adequately brings out the Brandix Apparel Ltd.'s policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups using selected GRI Standards and other global standards which as of relevance to the Brandix and its stakeholders.

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

## Reliability & Accuracy

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

The Report brings out the systems and processes that the Brandix Apparel Ltd. has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our remote assessments with Brandix's management teams and process owners at the Head Office and sampled sites

within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed post correction.

*Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.*

## Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The Report brings out the Brandix's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its branch locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of the GRI's Principle of Completeness.

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

## Neutrality/Balance

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

The Report brings out the disclosures related to Brandix's performance during the reporting period in a neutral

tone in terms of content and presentation, while considering the overall macroeconomic and industry environment.

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

## Sustainability Context

Sustainability Report provides an accurate and fair representation of the level of implementation of related ESG policies and meets the content requirements of the GRI Standards 2021.

## Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct<sup>1</sup> during the

assurance engagement and maintain independence as required by relevant ethical requirements relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation

of any statements or data included in the Report except for this Assurance Statement and Management Report for internal use of the Company. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

For DNV

**Panda, Tapan Kumar**  
Digitally signed by Panda, Tapan Kumar  
Date: 2024.03.14 14:34:22 +05'30'

Tapan Kumar Panda  
Lead Verifier, DNV Business Assurance Private Limited, India.

  
Digitally signed by Tikare, Prakash  
Date: 2024.03.14 15:19:09 +05'30'

Prakash Tikare  
Area Manager India & Sri Lanka  
DNV Business Assurance Lanka (Private) Limited

  
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Anjana Sharma  
Assurance Reviewer, DNV Business Assurance Private Limited, India

**Verifiers:** Karthik Ramaswamy.  
Anurag Karande.

14 March 2024 Colombo, Sri Lanka

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<sup>1</sup>The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com) (<https://www.dnv.com/about/in-brief/corporate-governance.html>)



ESG Catalysts: A Fusion of Diverse Mavericks Igniting Change. Our ESG Team - Where Chaos Meets Collaboration, Nurturing the Planet, and Empowering People with Passion and Purpose!

**L to R**

Vinura Jayewardene | Michelle Jayamanne | Asanka Palamakumbura | Malika Samaraweera |  
Indunil Suranga | Natasha Boralessa | Jeesa Meepagala | Nirmal Perera | Jarook Mohamed



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