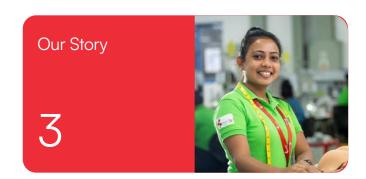
BRANDIX ESG REPORT 2023/24

# THREADS FOR TOMORROW





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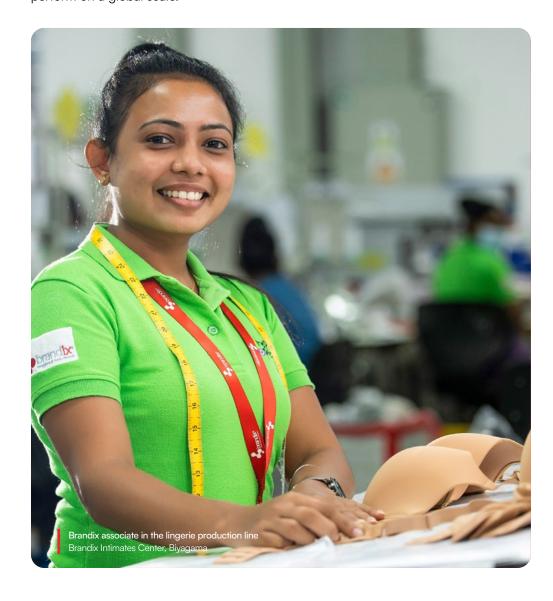
Independant Assurance Statement

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#### To Deliver Inspired Solutions through Inspired People

At Brandix, our vision to inspire is a passion that ignites our drive to excel in the industry and empower a growing global workforce. Guided by the Brandix RITE values — Respect, Integrity, Teamwork, and Excellence — we strive to spark innovation with a lasting impact on people and the planet, while propelling our business to grow and perform on a global scale.



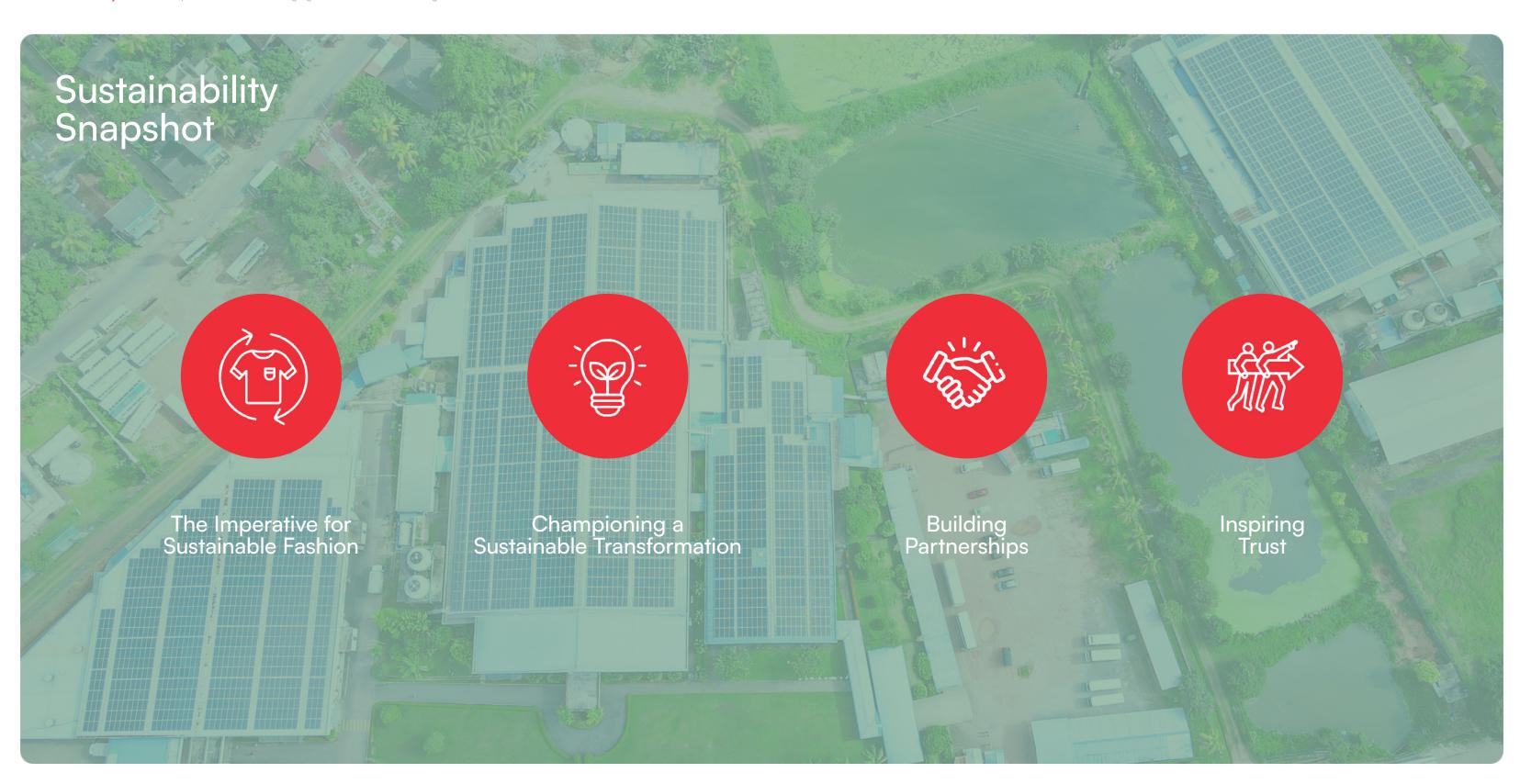
Our values are the inspiration behind our business. They form the foundation of our culture, through the Employee Code of Conduct; extend our standards to the value chain, via a Supplier Code of Conduct; and energise the policies and procedures we follow.



Our journey began in 1969, when we first entered the apparel manufacturing industry. By 2002, the Company had blossomed into Brandix Lanka Limited - a valued pillar of Sri Lanka's apparel sector and the national economy, and a forerunner of what we are today.

Our evolution is a reflection of dedication, which has earned us a distinguished reputation as a leading player in the global apparel value chain, proudly originating from Asia. Each year has been a chapter of growth and expansion. Strategic investments in India and Bangladesh have enabled us to reach new heights across the South Asian region. Today, while headquartered in Sri Lanka, we have a footprint in five countries, with a network of 22 manufacturing facilities across South and South-East Asia, and are privileged to partner with some of the world's most esteemed apparel brands.







# Sustainability Snapshot



## The Imperative for Sustainable Fashion

The fashion industry is a large contributor to global greenhouse gas emissions, with its resource use, waste footprint and wide-reaching supply chain associated with significant socioeconomic and environmental risks.

Unsustainable and fast fashion can lead to even higher emissions in the years ahead. While traditional raw materials can be linked to high water use, biodiversity loss, and societal risks; the widespread use of synthetic materials is linked to microplastics — potential pollutants that are also injurious to human health. Evolving complexities in the supply chain are also raising the risk of social and labour issues. These are all factors the fashion industry has to grapple with, on a vast global scale.



## Championing a Sustainable Transformation

We understand the importance of addressing critical sustainability challenges and leveraging our position in the industry to inspire action.

Operational decisions are guided by the precautionary principle; with resource consumption, environmental pollution, and climate change identified as areas of high priority. While maintaining compliance with relevant laws and regulations, we strive to benchmark industry standards and other global best practices beyond statutory obligations. A rigorous Environmental, Social, and Governance (ESG) framework, integrating the Brandix values, is foundational to our pursuit of sustainability in the industry. It inspires business priorities and strategies, informs risk management protocols, and guides our efforts to integrate sustainability, responsible governance, and operational excellence throughout our operations.

# Sustainability Snapshot



## **Building Partnerships**

Brandix actively collaborates with peers, partners, collectives, and other stakeholders in the industry to address sustainability challenges and drive collective progress.

We are active participants with the following associations and multinational bodies working to improve sustainability in the apparel industry and wider corporate community.

- Joint Apparel Association Forum (JAAF)
- Export Development Board (EDB)
- United Nations Development Programme (UNDP)
- United Nations Global Compact (UNGC)



## **Inspiring Trust**

We believe that trust is the cornerstone of our relationships with stakeholders — whether they be customers, partners, regulators, or employees.

Brandix upholds the following international standards, accreditations, and charters related to sustainability; supported by stringent audits, verification, and certification.

- Social labour Convergence Program (SLCP)
- Ethical Trading Initiative (ETI)
- Business Social Compliance Initiative (BSCI)
- Worldwide Responsible Accredited Production (WRAP)
- Sedex Members Ethical Trade Audit (SMETA)
- Higg Index
- Global Security Verification (GSV)

- Global Recycled Standard (GRS)
- Recycled Claim Standard (RCS)
- Organic Content Standard (OCS)
- OEKO TEX Standard 100
- Global Organic Textile Standard (GOTS)
- Leadership in Energy and Environmental Design (LEED) Certification
- CIOB GreenMark Certification

• SA8000: 2014 Social Accountability

• ISO 9001: 2015 Quality Management

• ISO 14001: 2015 Environmental Management



Model

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**Our Business** 

Apparel Value Chain

The Apparel Value Chain of Brandix is delineated into three pivotal stages: upstream, manufacturing, and downstream. During the upstream phase, we capitalise on our strategic investments with leading fabric manufacturers to procure raw materials, adhering to our vertical integration strategy. The manufacturing stage is dedicated to product development, where we create samples that adhere to customer technical specifications or align with market trends. We primarily operate under a made-to-order business model, meticulously planning production, sourcing raw materials, and executing processes such as cutting, sewing, embellishment, finishing, and packing.

This comprehensive approach ensures the delivery of finished garments precisely on the agreed-upon delivery date following customer order placement.

#### Our Governance Structure —

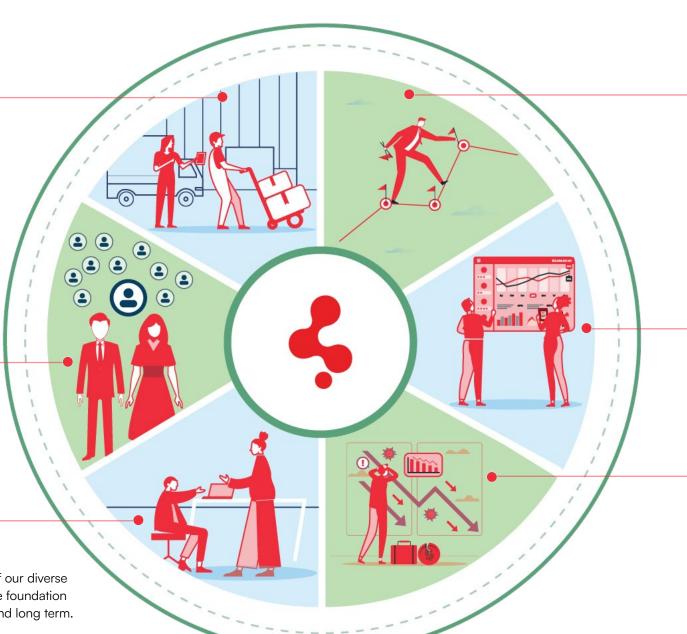
The RITE value serves as the cornerstone of our integrated governance framework, which constitutes the Governance pillar of the ESG framework. This governance structure is overseen by the Audit and Risk Committee, each chaired by two independent Non-Executive Directors.

For further details, please refer to page 20 of the Integrated Governance Model.

## Our Purpose, Strategy and Enablers \_

With the purpose of delivering "Inspired solutions through inspired people," our strategic pillars are firmly rooted in customer excellence, category leadership, and operational excellence, ensuring profitable growth while addressing the needs of our diverse stakeholders. The synergy of People, Process (Digitalisation), and Planet serves as the foundation of our strategy, empowering us to create sustainable value over the short, medium, and long term.

Our purpose and strategy position us as the Inspired Solution for Branded Clothing, shaping the future of apparel through empathy, innovation, and excellence.



The following provides context that is an essential introduction to our business model.

#### **Risk and Opportunities**

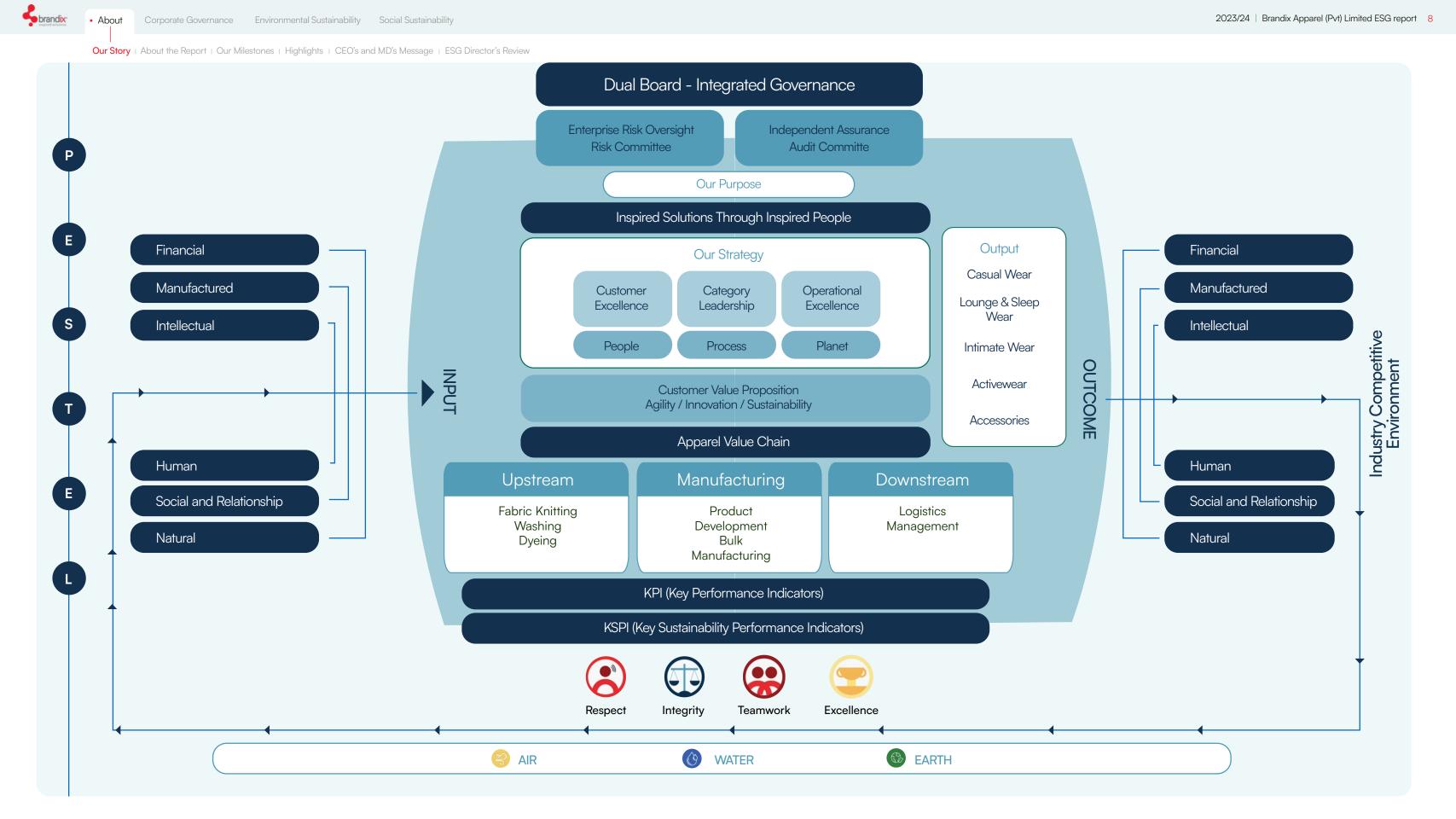
We have integrated assessment of Sustainability related risk and opportunities / SRRO (ESG risk) as a part of our Enterprise Risk Management(ERM) process where ESG risk owners periodically identify, asses ESG related risks for the deliberation in periodic management discussions Refer page 28)

#### Performance

We have implemented a holistic approach to performance management which explicitly incorporates ESG related metrics with the overall performance management system, which cascades down from Board-level to the rest of the Organisation.

#### Outlook

We operate in an intensively competitive and volatile environment characterised by many challenges and uncertainties, including global economic downturn, shift in customer preferences, and geopolitical tensions; all of which have the potential to disrupt the Business model. Refer the Risk Report on page 35 for further details about challenges and uncertainties.



# About this report

We are proud to present our 9th annual Sustainability Report, published in May 2025. This report pertains to the operations of Brandix, a privately owned apparel manufacturer, with manufacturing locations in Sri Lanka, India, and Bangladesh. All locations have been considered in the report. Brandix has reported in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024.

The report provides a detailed account of our sustainability performance across the three pillars: Environment, Social, and Governance. It describes our strategies and approach to environmental stewardship, social responsibility, and responsible governance; details new developments in our sustainability journey; discloses our progress against a number of sustainability indicators and the overarching goals we have set ourselves; and discusses our plans for the future. The report covers a wide range of ESG topics; draws from internationally accepted reporting frameworks and best practices; and includes insights into our internal governance structure, internal audit, independent assurance, and risk management practices that form the foundation of sustainability at Brandix.

Information presented in this report is based on extensive data collection, thorough internal documentation, comprehensive analysis, and stringent oversight from our management teams. The report's contents have undergone rigorous validation by our Internal Audit function, ensuring accuracy and reliability. The Board has collectively reviewed all content within the report, together with the assurance reports obtained from internal teams and external assurance providers. While all information contained in this report has been appraised by Senior Management; Brandix continues to adhere to its policy of undertaking external assurance for its annual Sustainability Reports. In this regard, we have 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. Assurance statement of the external party is contained on page 78 of this report.

#### Restatements

Environmental data for the reporting years 2021/22 and 2022/23 have been restated to reflect more accurate and updated information, following data validation and improvements in measurement methodologies.

#### Feedback

Please direct any feedback or queries regarding this report to the Brandix Sustainability team via



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Legal name and Registered address Brandix Lanka (Pvt) Ltd.

25, Rheinland Place, Colombo 03, Sri Lanka

## **ESG Leading Recognition**



**Global Reporting** Initiative



Sustainability Accounting Standards Board



International Sustainability Standards Board



Sustainability Disclosure Standards

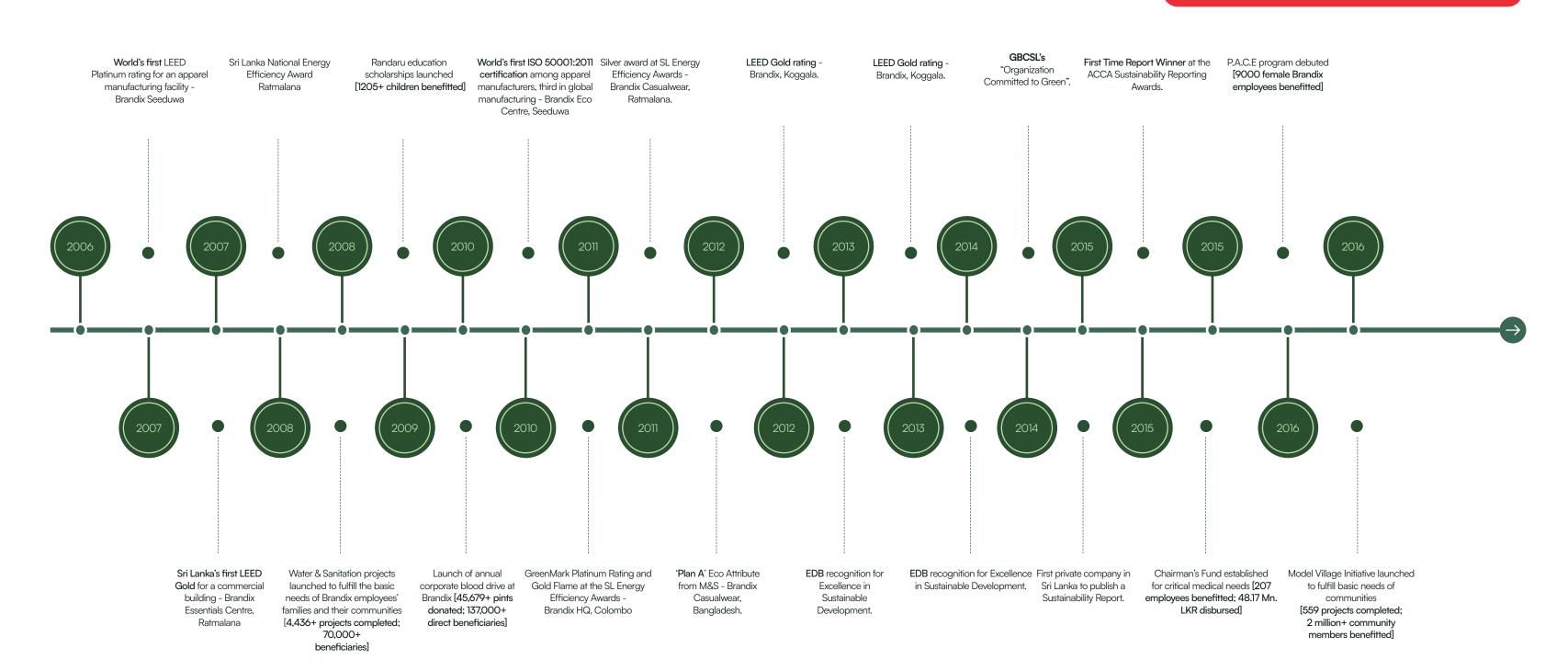


Integrated Reporting



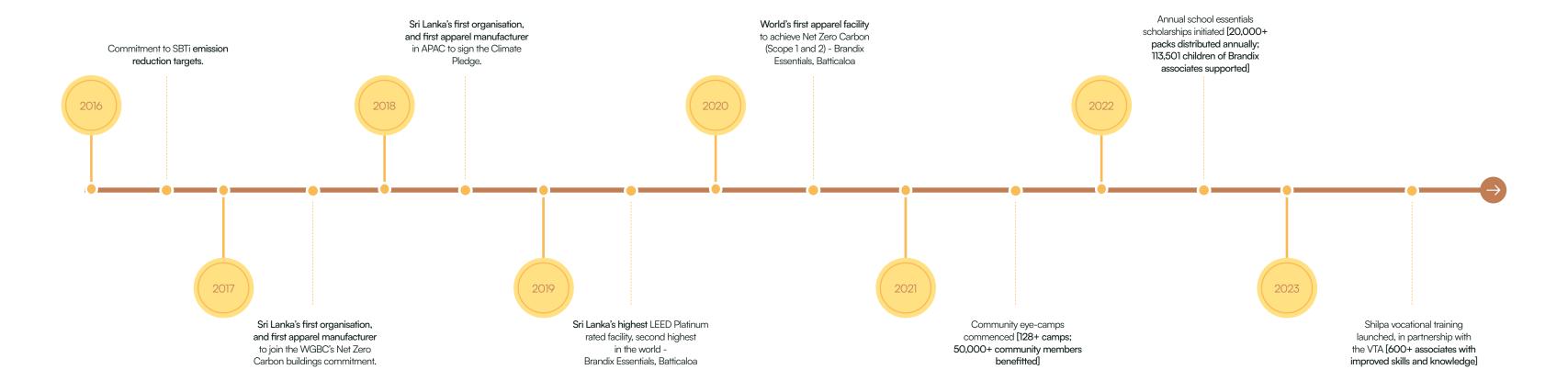
# Milestones 2006-2016

\* All figures indicated are cumulative to the financial year reported.



# Milestones 2016-2023

\* All figures indicated are cumulative to the financial year



# Highlights

## Achievements at a Glance



41%

renewables in our energy-mix (2022/23 - 51%)

25%

green water and recycled grey water in our water-mix (2022/23 — 36%)

93%

waste reused or recycled (2022/23 - 90%)

91%

Group-level average Higg FEM Score (2022/23 — 86%)

40%

of raw materials sourced sustainably (2022/23 - 27%)





zero

non-compliance with social or environmental regulations

zero

high-consequence injuries

zero

customer complaints

# Highlights

## Our Accolades

## **Presidential Export** Awards 2021/22

Contributor to Sustainable Development in Exports Sri Lanka





## CIOB Green Awards. Platinum Award 2023

Leadership Towards Sustainability, Platinum Award



## ISGSD Sri Lanka. Gold Award 2024

Low Carbon & Climate Resilient **Production Award** 



## ISGSD Sri Lanka, Platinum Award 2024

Overall Excellence. Platinum Award



## **Presidential Environment Award** 2024

Apparel Industry Category, Bronze



## National Occupational Safety & Health Excellence Award 2023

Brandix Meerigama received Bronze at the National Occupational Safety & Health Excellence Awards 2022, with Brandix Wathupitiwala winning a special award for line management empowerment.



## **BIAC & EHS Award** 2024

Brandix India Apparel City (BIAC) was recognized with the Greentech Global Environment, Health, and Safety (EHS) Award 2024 for "Best Practices in Environmental Protection", presented at a ceremony in Bangkok, Thailand.



## Greentech Environment **Award 2023**

Brandix India was honored with the Greentech Environment Award 2023 in the "Environmental Excellence" category, awarded to our team at Sonmarg, J&K.



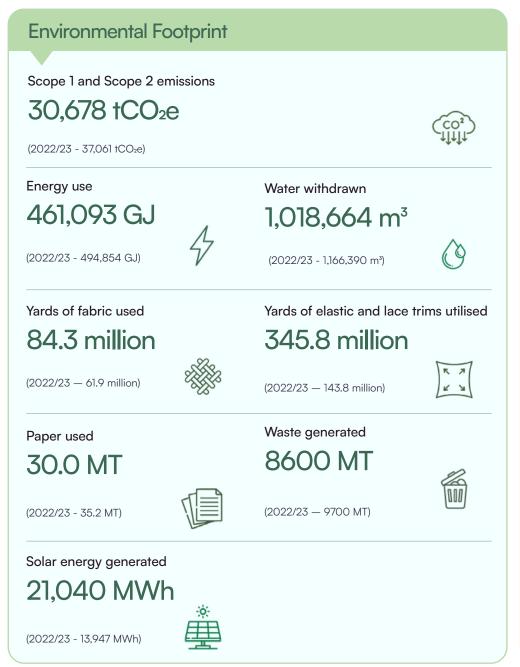
## National Industry Excellence Awards 2023

Brandix was honored with the Gold Award at the National Industry Excellence Awards 2023, presented by the Industrial Development Board of Ceylon.

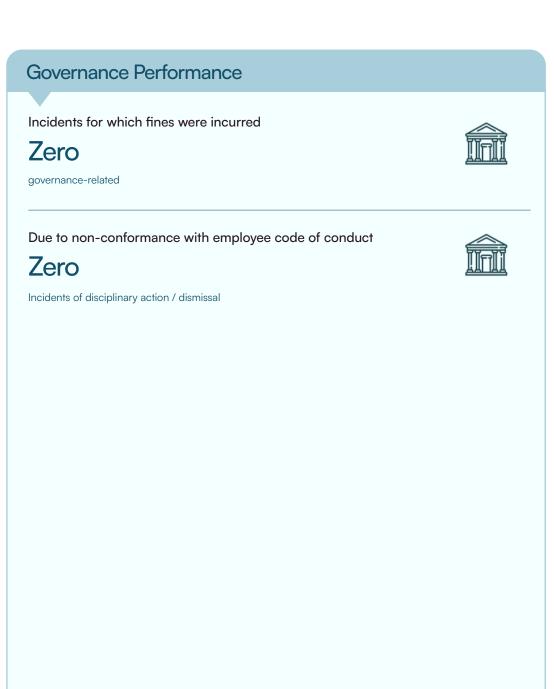


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# Highlights



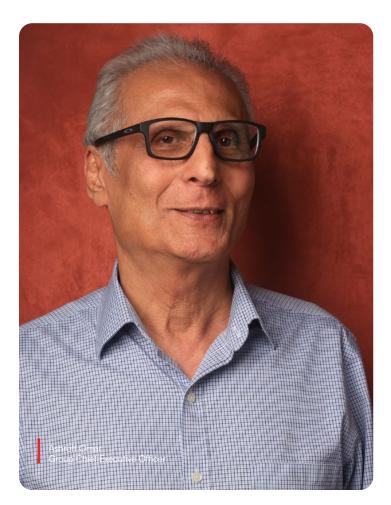




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# A Message From Our Group CEO and MD

Brandix is at the forefront of pushing for this change and developing inspired solutions for the future.



The financial year 2023/24 opened to a turbulent global landscape. Inflationary pressures and economic uncertainties dampened consumer spending, while geopolitical tensions continued to disrupt supply chains.

In our operating regions of Sri Lanka, India and Bangladesh, political instability, infrastructure challenges and changing government policies added further complexity to our business environment. However, the final quarter of 2023 offered a glimmer of hope with early signs of stabilisation in developing regions.

## Weaving the Threads of Tomorrow

With this backdrop of a world in flux, the fashion industry is also undergoing a paradigm shift. Consumers are increasingly prioritising sustainability and ethics, while key markets like the US and EU are introducing stricter environmental regulations, labour laws and trade policies. Businesses are being pushed to innovate and adapt quickly, while maintaining affordability. Within these challenges are myriad opportunities; the focus on responsible consumption is a prospect for the apparel sector to reinvent itself, chart a more sustainable course, and realise a multitude of positive effects for our planet and society.

Brandix is at the forefront of pushing for this change and developing inspired solutions for the future. We have always been driven by a determination to achieve the highest sustainability standards, and a dedication to inspiring the growth and development of our people and communities. We believe the progress Brandix has made in its sustainability journey, and the steps we are taking today to become a **Net-Zero environmental** impact apparel manufacturer; enable us to support the apparel industry in its transition to be more sustainable.

This journey we are on, to become more sustainable, is one we take

very seriously. Our Governing Board and Executive Board are driving this strategic vision across our operations, and are directly involved in overseeing and monitoring the Group's progress against sustainability metrics. The Board and Board Committees deliberate quarterly on evolving sustainability-related risks and opportunities facing our enterprise. This gives us the opportunity to adapting our business model to meet the evolving needs of customers and consumers, and to comply with new and changing regulatory controls. Our ESG Governance structure, detailed on page 20, describes the framework in place for Board and senior management oversight on sustainability-related matters. A new development during the year was instatement of an ESG Steering Committee, representing Environment, CSR, OHS, and HR, and chaired by an executive Board member; to streamline Group-level oversight on ESG performance.

In 2023/24, Brandix strategically shifted from a business unit-based model to a customer-centric model. This empowers our diverse teams to leverage regional opportunities and offer tailored solutions that better address the unique sustainability scenarios and opportunities of each location. This transition has enhanced the Group's overall agility and responsiveness, enabling us to effectively meet the evolving needs of our stakeholders. Alongside this shift, we continue to invest in our digitalisation journey to leverage synergies and maximise the benefits of technological advancements in the industry. We are already seeing the benefits of these investments, which have streamlined operations, improved our engagement with suppliers, and enhanced our ability to serve our customers.

We believe that being prepared for tomorrow, requires action today. For this purpose we adopted a comprehensive ESG management framework, in 2022/23, to guide our actions and keep track of our progress. Founded on sound materiality assessments that have informed our sustainability policies, the framework ensures we are incorporating ESG-considerations into our operations, policies, and procedures. The process of materiality assessment and risk

Our ESG framework is integrated with our business model and is a fundamental part of how we operate.

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identification enables our Board and senior decision-makers to be aware and briefed on the Group's sustainability impacts, as well as Sustainability-Related Risks and Opportunities (SRROs). The framework introduced last year was further consolidated across all business units this year, and broad-based to meet the demands of our new structure. Our ESG framework is integrated with our business model and is a fundamental part of how we operate. It is part of our daily business practice, from our Group and cluster-level organisation, to the teams at our facilities.



Corporate Governance Environmental Sustainability Social Sustainability

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## Committed to our **People and Communities**

At Brandix, our employees are our greatest asset and we are dedicated to fostering a culture that upholds our RITE values: Respect, Integrity, Teamwork, and Excellence. To safeguard the wellbeing and development of our team, we prioritise occupational health and safety, employee engagement, fair and ethical labour practices, and learning and development. We strive to ensure our workplaces are on par with global best practices by maintaining a strict zero-tolerance policy for abuse, discrimination, gender-based violence and sexual harassment.

As we pursue digital excellence, we are creating more inclusive work spaces where everyone can thrive. Our smart factory initiatives not only improve efficiency but also open up opportunities for employees with disabilities to reach their full potential without compromising their wellbeing. Increasing productivity allows us to share the benefits with our team through improved remuneration and benefits.

During the year under review, we upgraded our IDEA (Inclusivity, Diversity and Equity Accelerator) strategy to further solidify our commitment. Each year, we invest in the training and development of our staff, giving members at all levels opportunities to grow their skills and advance their careers. The Brandix Group recently implemented a 3-year plan to increase female representation in senior management through mentorship and networking initiatives: RISE for HER and RISE UP. Brandix Sri Lanka successfully increased women in management from 13% to 20% in 2023/24. We are now setting

gender targets for Brandix India and working to address low female representation across all our locations. Our dedication to gender equality was recognised by the UN Women's Empowerment Principles (WEP) tool, where we were proud to receive a 65% score.

13% to 20% Increase in women in management



Brandix strives to nurture the growth and development of not just our team but also their families and the communities in which we operate. Our community development initiatives are centred on the pillars: Provide, Educate and Engage. In 2023/24, we partnered with multiple local and international development organisations to implement programmes aimed at improving access to clean water, sanitation and healthcare. Further, we focused on strengthening livelihoods, promoting education and creating opportunities for growth within communities.

## Building on a Sustainable Legacy

We are proud to have a long history of pioneering environmental sustainability in the apparel industry. From being named the world's first LEED Platinum-rated apparel manufacturing facility in 2008 to the world's first Net-Zero Carbon certified apparel manufacturing facility in 2019. In 2022, we made a significant commitment by signing the Climate Pledge and becoming the first apparel

2008

World's first LEED Platinum-rated apparel manufacturing facility



2019

The world's first Net-Zero Carbon certified apparel manufacturing facility



manufacturer in the Asia-Pacific region to do so. Our dedication to circularity was rewarded when we exceeded our target of sourcing 30% of sustainable raw materials in 2025, by achieving 40% in the reporting year. Reaching this phenomenal milestone would not have been possible without the partnerships we have built with like-minded brands and key suppliers, as well as process improvements in our own facilities.

Our focus on transparency and traceability is driven by a belief that consumers deserve to know the journey of their products, from raw materials to finished goods. We work closely with our customers and suppliers to implement targeted processes that achieve this goal. We continued to invest in renewable energy and energy optimisation initiatives while expanding rainwater harvesting and waste management across our operations. These efforts contributed to a significant improvement in our Higg Index average score, which climbed from 86% to 91% in the reporting year.

86% to 91% Higg index average score improvement



## Partnering for a Better Planet

At Brandix, we believe in building a sustainable future together, a community working towards a common goal. Our partnerships are built on trust, collaboration, and a shared commitment to sustainability, excellence and ethical conduct.

Our expansive global network, comprising over 700 business partners and suppliers; necessitates a rigorous focus on social and environmental impact. We are diligently evolving our supplier engagement processes to ensure compliance with international standards across our extended value chain. The integrity of our supply chain is governed by the Brandix Group's Vendor Code of Conduct. We encourage our partners to conduct self-assessments using the Higg Index to measure their operational and environmental performance.

By prioritising regional sourcing and fostering strong relationships with our partners, we are not only optimising our supply chain and cutting lead times but also supporting local economies and reducing our environmental footprint. Together, we are weaving a tapestry of sustainability, one thread at a time.

## Our Vision for the Future

Looking ahead, we envision a future filled with both challenges and opportunities. We remain steadfast in our commitment to a healthier planet, investing in our people and processes to drive positive change.

For over fifty years, Brandix has weathered storms and emerged stronger. Our expertise, agility, and unwavering commitment to our values position us to navigate the complexities of the global landscape and continue to deliver exceptional value to our stakeholders.

As we embark on a new chapter in manufacturing, we are grateful for the opportunity to work together to create a brighter tomorrow for generations to come



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# ESG Director's Review

Our approach to sustainability is anchored in a comprehensive ESG Framework, which integrates ESG considerations across our policies, strategies, governance structures, processes, and everyday practices.

While systematising our efforts and setting high standards for ourselves, our employees, and our partners; our approach is also engaged and collaborative.



Brandix believes in a world where everyone can thrive. We are deeply committed to improving the lives of our team, their families and the communities around us, while upholding our responsibilities as stewards of the environment. These commitments are the threads of tomorrow that weave a sustainable future for both people and the planet.

While our operations demand significant resources; we are proud to work with a number of innovative customers and business partners to proactively address the environmental impact of the apparel sector. As a manufacturer with a growing multi-national footprint across Sri Lanka, India, and Bangladesh, with 22 facilities spanning almost 400,000 square meters, we are committed to creating meaningful employment opportunities and supporting the livelihoods of employees and suppliers across the apparel value chain. We are privileged to have a diverse workforce of almost 45,000 who call Brandix home.

Our impact extends beyond the Brandix team to families, communities, and economic systems in and around our operations; creating a ripple effect that impacts over half a million people.

As we build on our legacy of over five decades, we are guided by three strategic intentions for sustainability, as outlined in our Environmental, Social, and Governance (ESG) strategy.

- To be a net-zero environmental impact producer of apparel
- To empower lives and inspire growth
- To enable inclusive governance based on our RITE values

This report explores our progress against these overarching goals, the inevitable challenges encountered, and our focus for the years ahead.

## An Integrated and Engaged Approach to Sustainability

Our approach to sustainability is anchored in a comprehensive ESG Framework, which integrates ESG considerations across our policies, strategies, governance structures, processes, and everyday practices. While systematising our efforts and setting high standards for ourselves, our employees, and our partners; our approach is also engaged and collaborative. We continuously engage with our customers, suppliers, employees, and communities; responding to their needs and concerns, and fostering an environment where we can move toward common goals.

These engagements, both formal and informal, have helped Brandix identify a number of topics that are material to our stakeholders and to our business. As detailed in the section on ESG Integration (page 25), we have utilised the concept of double-materiality to assess both the impact our operations have on stakeholders, and how sustainability-related risks and opportunities (SRROs) have the potential to impact our operations and financial performance. Plans are underway to enrich this analysis through a third-party independent stakeholder engagement study that would be carried out in subsequent years.

Identified SRROs are incorporated into the Group's Risk Register by the ERM Division; allowing teams to establish risk mitigation plans that contribute to business resilience - by considering risks and opportunities that arise from external dependencies as well. While analysing the implications of reporting developments, such as IFRS S1 and S2, we have set our sights on the next step — assessing the financial implications of managing these SRROs.

Accurate and verifiable data is essential for making informed decisions, tracking our progress, and upholding transparency and accountability in communicating with stakeholders. To achieve this, we leverage standardised tools and platforms that enable precise data collection, consult experts, conduct internal audits, and seek external verification of our performance. Standard Operating Procedures (SOPs) establish rigour for gathering sustainability-related data, and enable greater visibility and accountability across the Group.

This process is complemented by internal facility-level audits carried out by ESG consultants, and a comprehensive year-end audit undertaken by an independent assurer. Coupled with the modern information systems at our disposal, these comprise a

reliable platform for monitoring and reporting ESG and Sustainability performance.

It also empowers our decision-makers, through insightful analysis and consistent reporting along our chain of governance; ensuring leadership teams are informed and equipped to guide our sustainability journey.

This integrated process ensures that sustainability is a strategic imperative at every level of our organisation. We have policies in place for each material topic and our ESG goal-setting and quarterly KPI assessments provide a framework for identifying and prioritising sustainability initiatives. In addition, data-driven insights from this process inform resource allocation and performance optimisation; ultimately contributing to overall business success.

The report explores these processes, and our performance, in detail under each strategic pillar - Environmental (page 38), Social (page 51), and Governance (page 19).



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## People at the Heart of Our Business

Our business success is deeply intertwined with the wellbeing of our team, their families and the communities we serve. Guided by our RITE values, which form the foundation of the Brandix culture, we strive to create inspired solutions that not only drive our business forward but also foster a safe, inclusive and empowering work environment where everyone has the opportunity to reach their full potential.

We continue to align our policies with global best practices and look to create modern and conducive workplaces that inspire our teams. Upholding DEI has always been a fundamental pillars of our sustainability efforts at Brandix, with targeted processes and programmes that support women at every level of our enterprise.

From targeted up-skilling and mentoring, to comprehensive programmes that support the diverse roles women play in the workplace and community; these programmes are empowering our women, contributing to their wellbeing, and inspiring them to reach their full potential. Two of our signature programmes, RISE for HER and RISE UP, have bolstered our female succession readiness rate contributing to increased diversity at management levels across the Group. Looking to keep improving, we launched the Brandix Inclusivity, Diversity, Equity to Accelerate (IDEA) strategy in 2023/24 and upgraded our Employee Value Proposition to reflect a new Diversity, Equity, and Inclusion (DEI) policy. Additionally, we revamped our Occupational Health and Safety (OHS), Employee

Engagement, and Learning and Development (L&D) programmes to ensure they meet the evolving needs of our diverse team.

In 2023/24, we maintained our commitment to employee development through a variety of training programmes, averaging 7.29 hours of **training per employee.** As the Sri Lankan economy entered its recovery phase, we prioritised the growth and development of our staff-level employees. By allocating more resources to programmes that enhanced development and empowerment, we aimed to support those who are most vulnerable in challenging times. Our equitable and inclusive L&D strategy ensured that all employees, regardless of gender, had equal access to training opportunities. Creating safe workplaces remains a priority at Brandix; actioned through implementation of our Long Range Plan (LRP) for Occupational Health and Safety (OHS). 2023/24 saw the Group record fewer incidents and maintain a Recordable Injury and Illness Rate (RIIR), of 0.225, well within our targets.

Our commitment to empowering people at the heart of our business extends to the apparel value chain that supplies and empowers our business. In 2023/24 we updated our Vendor Code of Ethics (VCE) and strengthened the Group's supplier assessment process. We maintained close engagement with our vendors and business partners to uphold the highest labour standards for workplace safety, employee wellbeing, and freedom of association; while taking every precaution to address and eliminate any potential risk of child labour or forced labour within our supply chain.

## **Strengthening Our Communities**

To maximise the positive impact of our interventions, we refined our social sustainability focus to address the basic needs of the communities where most of our employees' families live. This includes providing access to clean drinking water and suitable sanitation facilities. In 2023/24, Brandix invested USD 570,515 to improve access to basic needs, healthcare facilities, build food security and advance educational opportunities in the communities we serve.

570,515 USD Investment in upliftment of communities



Since 2007, our efforts under the Provide pillar have directly benefited almost 1 million individuals and indirectly improved the lives of over 2.6 million community members in Sri Lanka, India, and Bangladesh. Our education and learning initiatives have benefitted over 5.8 million people. Our annual employee-led Brandix blood donation drive has been a testament to the compassion and generosity of our team. For 12 consecutive years, this initiative has earned us the title of being the largest corporate blood donor in Sri Lanka. With 1 out of every 100 blood donations in the Country coming from a Brandix employee, this is one of our proudest accomplishments.

#### Our Planet in Our Hands

As one of Sri Lanka's leading apparel manufacturers, we produce over a million pieces of apparel each day. While it is challenging to balance resource-intensive manufacturing process against the pressing environmental challenges facing our planet; we also view this as an opportunity to demonstrate leadership in sustainable practices. Practices that are led by approach to environmental sustainability that focuses on three key pillars: Air, Water, and Earth.







Our energy and emission footprints are significant; totalling 461,093 GJ and 30,678 tCO<sub>2</sub>e in 2023/24. However, we continued to make progress in our journey towards Net Zero Carbon Emissions by 2030. In 2023/24, we achieved a 17% reduction in absolute Scope 1 and 2 emissions compared to the previous year. This reduction was made possible by our proactive drive to adopt renewable energy, make facility-level improvements in alignment with LEED guidelines and maximise resource-efficiency across all our processes. By investing in on-site solar and increasing our utilisation of sustainable fuel, we have maintained the share of renewables in our energy mix to 41%. These and other advances have enabled 6 of our Sri Lankan facilities to maintain net-zero carbon status in 2023/24.

Looking at the wider range of environmental impacts due to manufacturing, we track our environmental performance via the industry-standard Higg Platform. Our facilities achieved an average score of 93% in 2023/24; maintaining a trend of improvement over the last years. 70% of our facilities achieved outstanding verified scores above 90%, with all others scoring above 85%, for which we credit the strong collective efforts of Brandix

teams across our facilities. Under the Earth Pillar; 2023/24 saw our leading customers and suppliers work hand-in-hand with Brandix product teams to increase the share of sustainable materials that go into crafting the apparels we produce. With 40% of all raw materials sourced sustainably, we exceeded and advanced on our target of 30% by 2025. Additionally, through technology adoption, proactive partnerships, and innovative process controls, we were able to uphold our policy of zero landfilling, while also recycling or reusing 95% of all waste across our operations.

Raw materials sourced sustainably



Our water withdrawal for the year amounted to 1,018,664 m<sup>3</sup> down 11% YoY as we reduced water-use through rigorous plant optimisation, water-saving investments, and continuous engagement with our teams to reduce water-wastage. However, progress toward our ambitious goal of net-positive water operations proved very challenging. Reduced rainfall hampered rainwater availability and led to a reduction in the share of green water in our water-mix. In 2023/24, we managed to meet only a quarter of our water demand from sustainable sources, down from a 36% the previous year. Despite this setback, utilisation of rainwater and recycling of greywater, used in landscaping and sanitation at our facilities, remain as key components of our zero-impact water

Throughout 2023/24, Brandix continued to prioritise digitalisation and operational optimisation. We adopted IoT and digitalisation technologies to enhance our smart factory systems and continued to make optimal use of our integrated Building Management Systems (BMSs) for effective monitoring. This strong focus on resource optimisation led to improvements at facility level, including in some of our most resource-intensive systems such as lighting and HVAC.

As ESG Director, it gives me great pride to invite you to explore the Brandix Sustainability Report for the 2023/24 financial year. This report showcases our dedication to environmental stewardship, social responsibility, and our ongoing efforts to shape a more sustainable future for apparels.

To enable the RITE way through an inclusive approach to governance that provides assurance to all 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.

## Our corporate governance approach enshrines the precautionary principle to guide operational and investment decisions.

It also values the needs, opinions, and input of our stakeholders; who are integral to the success of the business. Our open-door policy, promoted and protected through our safe-to-speak-up policy, encourages all stakeholders to raise concerns directly to our highest governance body. Additionally, the Group's grievance-handling mechanism (page 31), comprises a structured approach that ensures stakeholder concerns are suitably heard, assessed, and addressed.

## One Governance

Uniform and systematic approach to govern SBUs and functions creating one language and one voice to manage Risk at all levels proactively.



Our corporate governance approach enshrines the precautionary principle to guide operational and investment decisions. It also values the needs, opinions, and input of our stakeholders; who are integral to the success of the business. Our open-door policy, promoted and protected through our safe-to-speak-up policy, encourages all stakeholders to raise concerns directly to our highest governance body.

Additionally, the Group's grievance-handling mechanism (page 31), comprises a structured and participatory approach that ensures stakeholder concerns are suitably heard, assessed, and addressed. We track the Company's performance on non-discrimination, as a metric, which is included in quarterly reviews conducted by the Board.



#### **Governance Structure**

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

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

## Changes to our Governance Structure

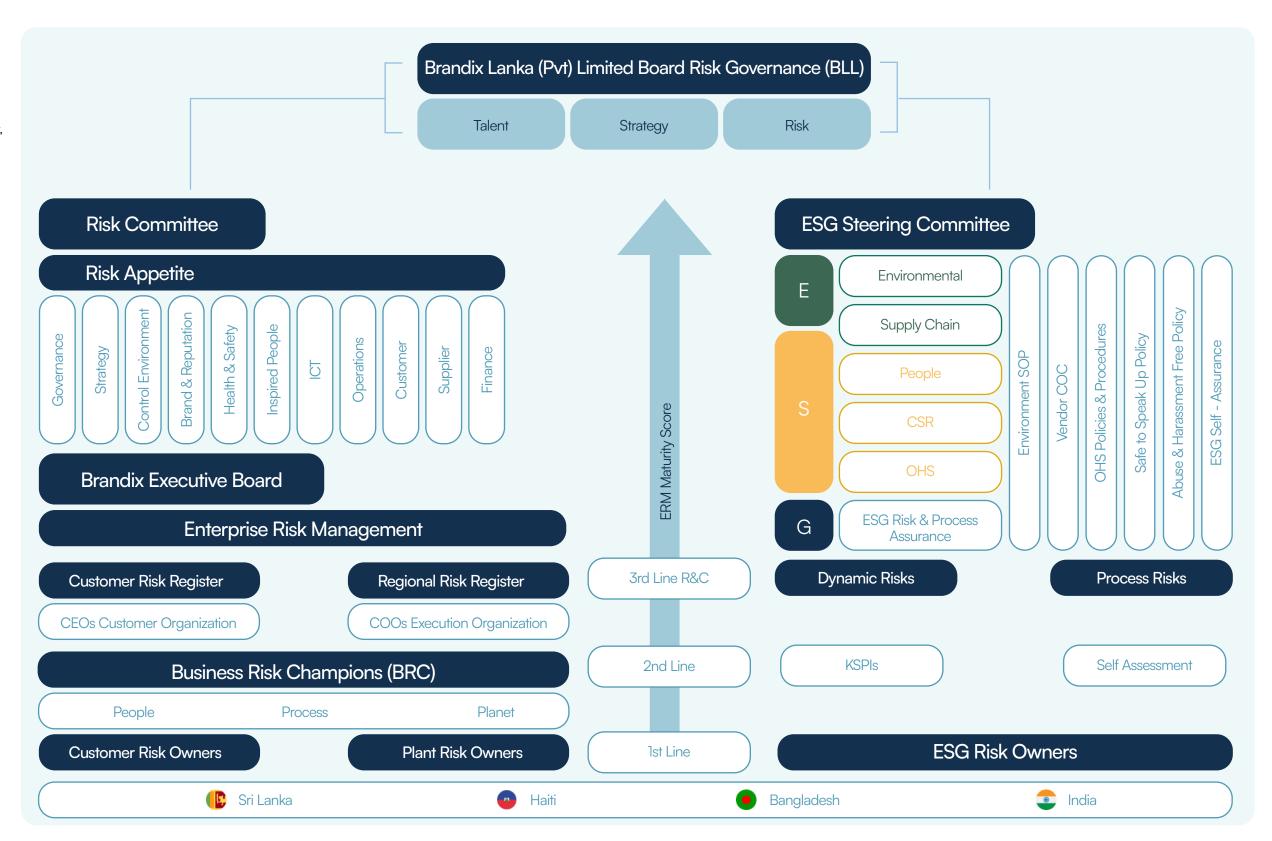
In 2023/24, we strengthened our governance framework to align with evolving business needs. The reframed governance structure has the Brandix Executive Board (BEB) replacing the previous Brandix Apparel (Pvt) Limited (BAL) Board as the chief body tasked with functional and operational management. This restructuring aligns with our transformative vision for Brandix Strategic Business Entities (SBEs) in our major operational geographies; to grow, expand, and leverage new opportunities.

Under the reframed governance structure, Chief Executive Officers (CEOs) for each customer unit and Chief Operating Officers for each geographical region are responsible for managing risks, relevant to their respective organisations, within the Board risk appetite.

The risk management process is facilitated by the business risk champion appointed for each customer unit and region.

The Group Risk and Control unit liaises with business risk champions in consolidating enterprise level risks that require Board attention.

In addition, risks related to people, process, and planet, are reviewed and monitored at Group-level by respective functional heads.



## Governance Hierarchy

Brandix Lanka (Pvt) Limited Board of Directors **Audit Committee** Brandix Apparel (Pvt) Limited Board of **Directors & Customer CEOs** Risk Committee

The Brandix Lanka (Pvt) Limited (BLL) Board functions as the Group's highest governing body, offering overall direction and oversight with dedicated Board Committees in place. The Brandix Executive Board (BEB) is the primary governing body responsible for functional management of our operations.

**Brandix Cross Functional Teams (CFTs)** 

## Brandix Lanka (Pvt) Limited (BLL) Board

The BLL Board consists of seven non-executive directors possessing extensive industry and functional business expertise with an emphasis on delivering sustainable economic performance. They serve as the highest governing body, and provide talent, strategy and risk oversight to the Brandix Executive Board (BEB) through separate sub-committees; including Talent, Risk, and Audit Committees, which are chaired by non-executive directors.

Independent non **Executive Directors**  At BLL Board-level - clear division of responsibilities between the Chairman and Group CEO, each with unique roles and responsibilities, ensures balance of power and authority; with the non-executive Chairman being responsible for providing independent oversight and leadership for effective functioning of the Board. While the GCEO is responsible for the strategic direction and overall oversight of the business.

Talent Committee

At the Brandix Executive Board level, balance of power and authority is ensured through distinctly different leadership roles fulfilled by two individuals - the Group CEO and the Managing Director. The Group CEO serves as the Chairperson of BEB, ensuring effective functioning of the Board, whilst the Managing Director provides leadership to the Board in terms of strategy, governance, policy, performance monitoring, and accountability.

Selection of new board members is based on collective deliberation by the Board, with guidance of the Chairman, and based on the principle that combined knowledge and experience of the Board matches the strategic demands facing the Company.

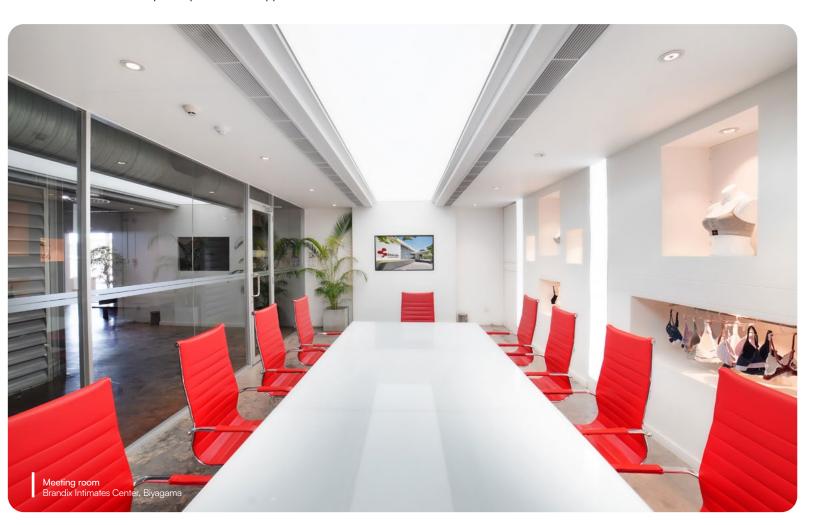
The Group's independent Enterprise Risk Management (ERM) and Internal Audit (IA) functions report to the Risk Committee and Audit Committee respectively; which include members from both

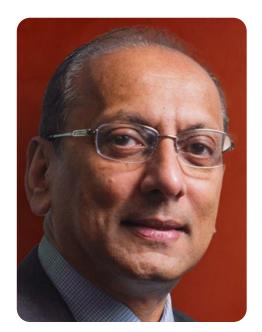
the BLL Board and the Brandix Executive Board. A newly established ESG Steering Committee, consisting of functional heads of relevant ESG pillars and chaired by an executive Board member; pools expertise, allows for collaborative analysis, and streamlines decision-making across the Group. The ESG SteerCo is critical to integrating ESG considerations that consider the impacts of the Group's operations as well as sustainability related risks and opportunities across all business units.

The Board of BLL and the Brandix Executive Board have delegated the responsibility of the Group's ESG Management Framework and its sustainability performance to the ESG Steering Committee.

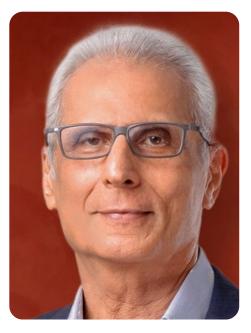
These governing bodies also oversee the management of the Group's environmental and social impact topics, and are appraised of the various risks and opportunities that arise from such impacts, along with mitigation action plans, through periodic updates and regular oversight of the ESG Steering Committee. During the period under review, the Board enhanced its collective knowledge on ESG and sustainability matters through engagement with internal and external subject matter experts.

This included a review of the Group's ESG Report and related Key Sustainability Performance Indicators (KSPIs) by the Chairman and non-executive Board members.





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



Sabeen Omar Non-Executive Director



Sadiq Omar Non-Executive Director



Jeevan William Independent Non-Executive Director



Hasitha Premaratne **Executive Director** 

## Brandix Lanka Limited (BLL) **Board of Directors**

The Brandix Lanka Limited (BLL) Board functions as the highest governing body, offering strategic guidance and oversight for talent management, risk mitigation, and financial controls to the Brandix Executive Board (BEB) through dedicated sub-committees chaired by non-executive directors.

#### **BLL Board Sub-Committees**



Jeevan William Independent Non-Executive Director (Chair)



Hasib Omar Non-Executive Director



Afham Ali Director Supply Chain Management



Aiit Johnpillai Non-Executive Director (Chair)



Sabeen Omar Non-Executive Director



**Roland Smith** Director HR



Nihal Fonseka Independent Non-Executive Director [Chair]



**Aslam Omar** Non-Executive Director



Ajit Johnpillai Non-Executive Director

#### Risk Committee

pertaining to oversight of risk management for the Group.

The committee aids the BLL Board in fulfilling its governance and other obligations

Providing guidance on risk governance aligned

with the Board's risk appetite and tolerance.

 Presenting recommendations to the Board regarding comprehensive risk management for the Brandix Group and advising on the implementation of a formal and transparent procedure for effective risk management.

Meeting Frequency

Core

**Functions** 

Monthly

## **Talent Committee**

The Talent Committee reviews the remuneration of the Brandix Executive Board and C-Suite roles, ensuring that it is competitive within the industry to attract and retain top talent. Although the Committee did not engage with external consultants during the reporting period, its function and the remuneration determination process ensured stakeholder and shareholder participation. The variable remuneration component for the Executive Board and C-Suite is tied to an organisational performance scorecard comprised of clearly-defined performance pillars; this includes financial performance indicators, Enterprise Risk Management maturity score, Internal Audit score, and Key Sustainability Performance and Compliance indicators (KSPIs), measured through an ESG composite score. There are no provisions for claw-backs at Brandix, and any retirement benefits are as per national regulations. Further, long-term performance measures have been established and are monitored as a part of the Group's Long-Range Plan, which provides a basis for the annual performance targets. Performance of other management levels and employees are assessed semi-annually and/or annually through the HR performance appraisal function.

#### Core **Functions**

- Providing recommendations to the Board on potential adjustments to the Brandix Group's talent policies
- Conducting comprehensive reviews of talent gaps and succession plans.
- Offering guidance on compensation and rewards for BEB Board members.
- Offering guidance on compensation and rewards for BEB Board members.

Meeting Frequency

Quarterly

## **Audit Committee**

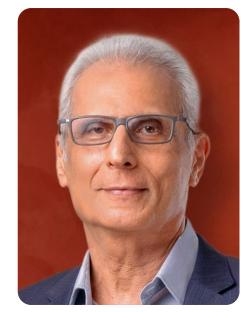
The committee supports the BLL Board in establishing transparent structures for financial and other corporate reporting, corporate governance, internal controls and risk management. The committee comprises two non-executive directors who are qualified accountants, with the Group Head of Risk and Control serving as secretary. Brandix's Group CEO and Finance Director attend meetings as invitees, with other BLL Board members invited as appropriate.

#### Core **Functions**

- Facilitating Board review of financial statements for accuracy and compliance with company policies, legal requirements and regulatory standards to safeguard shareholder and stakeholder interests
- Examining internal control systems
- Identifying and mitigating risks associated with Brandix Group activities.
- Fostering constructive relationships with internal and external auditors

Meeting Frequency

Quarterly



Ashroff Omar Group Chief Executive Officer



Hasitha Premaratne
Group Managing Director



Nadun Fernando
Director Operations



Roland Smith
Director HR



Afham Ali Director Supply Chain Management



**Arjuna Sirinanda**Director Digital



Suwan Perera
Director Finance



Sahad Mukthar Director ESG



Asanka Wimalaratna Customer CEO/Director



Rajiv Malalasekera
Customer CEO/Director



Alok Malhotra
Customer CEO/Director



Lalith Bandara
Customer CEO/Director

## Brandix Executive Board (BEB) Board of Directors

The Brandix Executive Board brings together industry veterans, combining extensive business knowledge with a focus on sustainable growth. Their years of experience provide invaluable decision-making skills, ensuring prudent and strategic direction with adherence to the highest governance standards

## **Board Appointment and Evaluation**

Board members are appointed by shareholders, with the Chairman providing guidance to ensure alignment with the Company's strategic needs. To enhance governance and effectiveness, a periodic self-evaluation is conducted, identifying areas for improvement.

Independent board members regularly convene separately with the Chairman, without the presence of family members, to assess collective board performance and explore opportunities for enhancement. Similarly, family board members regularly hold independent discussions with the Chairman to review board effectiveness and identify areas for improvement.

To mitigate potential conflicts of interest, Brandix adheres to the Director's Duties outlined in the Companies Act No. 07 of 2007. This includes sections 192 (disclosure), 200 (interest in shares), and 197 (prohibition on disclosing information acquired as a director for other purposes).

Additionally, as part of complying with provisions in the Companies' Act and corporate governance best practices, the Group's legal division conducts rigorous background check when appointing new directors.

## **ESG** Integration



## **ESG Framework**

The Brandix ESG Management Framework is a cornerstone of our governance structure; overseen and implemented through both dedicated committees and teams that are intrinsic to our core business. The framework enables the Group to manage its impacts and mitigate its risks; for which end materiality assessments are undertaken, utilising a double materiality approach. These analyses enable Brandix to identify significant impact topics as well as the sustainability related risks and opportunities that arise from impacts and dependencies.

### **ESG Policy Framework**

Brandix recognises that as a result of its operations it may have various impacts on its multitude of stakeholders and the environment. These impacts, and the dependencies on the environment and stakeholders may lead to sustainability-related risks and opportunities. Board Risk Appetite recognises such risks and opportunities and establishes risk tolerances for the risks arising from the impacts and dependencies and the opportunities created as a result of sound risk mitigation and impact management beyond compliance.

#### Materiality Assessment

Material Topics identified through significant stakeholder analysis and enterprise-wide risk assessment are prioritised and classified in accordance with their significance and degree of impact. The approach is aligned with GRI Standards, the Accountability AA1000AS Standard and the COSO ERM Framework. Material topics form the basis for integrating key sustainability performance indicators and ESG risk and opportunities within the business model to pursue a sustainable strategy.

## Benchmarking Key Sustainability Performance Indicators

Key Sustainability Performance Indicators (KSPI) are tracked and monitored through a number of performance tracking tools including the Sustainability Performance Analyser, the Eco-Calliper System and the ERP System. The results of the assessment are compiled and analysed by the sustainability team and reported to the Brandix Leadership and Board for decision-making, investments, and corrective action. The Group benchmarks its sustainability performance against globally and locally established industry best practices and standards to pursue targets on ESG performance.

## ESG Risk Mitigation and Sustainability Initiatives

Based on the result of benchmarking and periodic risk reviews, the Brandix Group identifies and engages in a range of sustainability initiatives and risk mitigations. These are often directed towards improving overall sustainability performance through improved efficiencies, productivity and stronger engagement with stakeholders. Similarly, risk management strategy is aligned to ensure that Brandix Group operates within the risk appetite of the Board.

The Group's sustainability policy framework ensures effective management of the aforementioned impacts, risks, and opportunities; as we incorporate ESG considerations into our operational policies and management approach, adopt standard operating procedures across our facilities, and integrate sustainable practices across our operations.

Integrating ESG into our risk management processes is another key element that ensures sustainability is a strategic priority for Brandix. Through our approach to ESG and ERM integration, described in detail on page 29, we strive to identify and address ESG-related risks and opportunities, while managing risk within the Group's Risk Appetite, as set by the Board. The Board receives quarterly updates on enterprise risk, which include the opportunity to review and deliberate on ESG-related risks and opportunities.

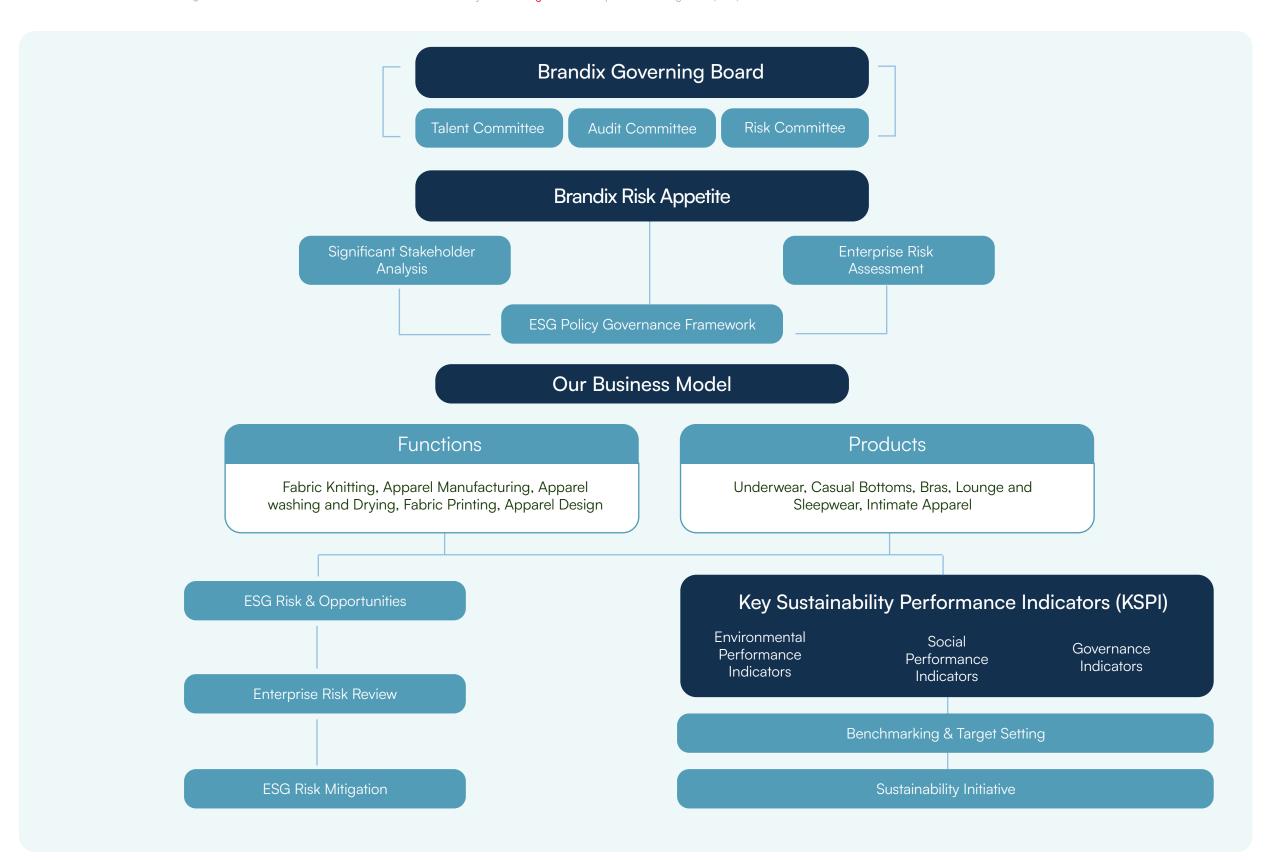
The Group Chairman conducts annual reviews of our ESG framework, structure, and processes as well as the Group's ESG and Sustainability performance and disclosures to the Group's stakeholders via its annual sustainability reports. This includes evaluating Key Sustainability Performance Indicators (KSPIs) for each pillar (Environment, Social, and Governance) in collaboration with the ESG Director and relevant department heads. Additionally, our management teams actively engage with external consultants to stay updated on evolving standards;

including national and regional directives and international standards such as





developments. This commitment to accountability and transparency extends to our sustainability reporting, where we leverage independent third-party assurance to ensure the accuracy and reliability of our disclosures.



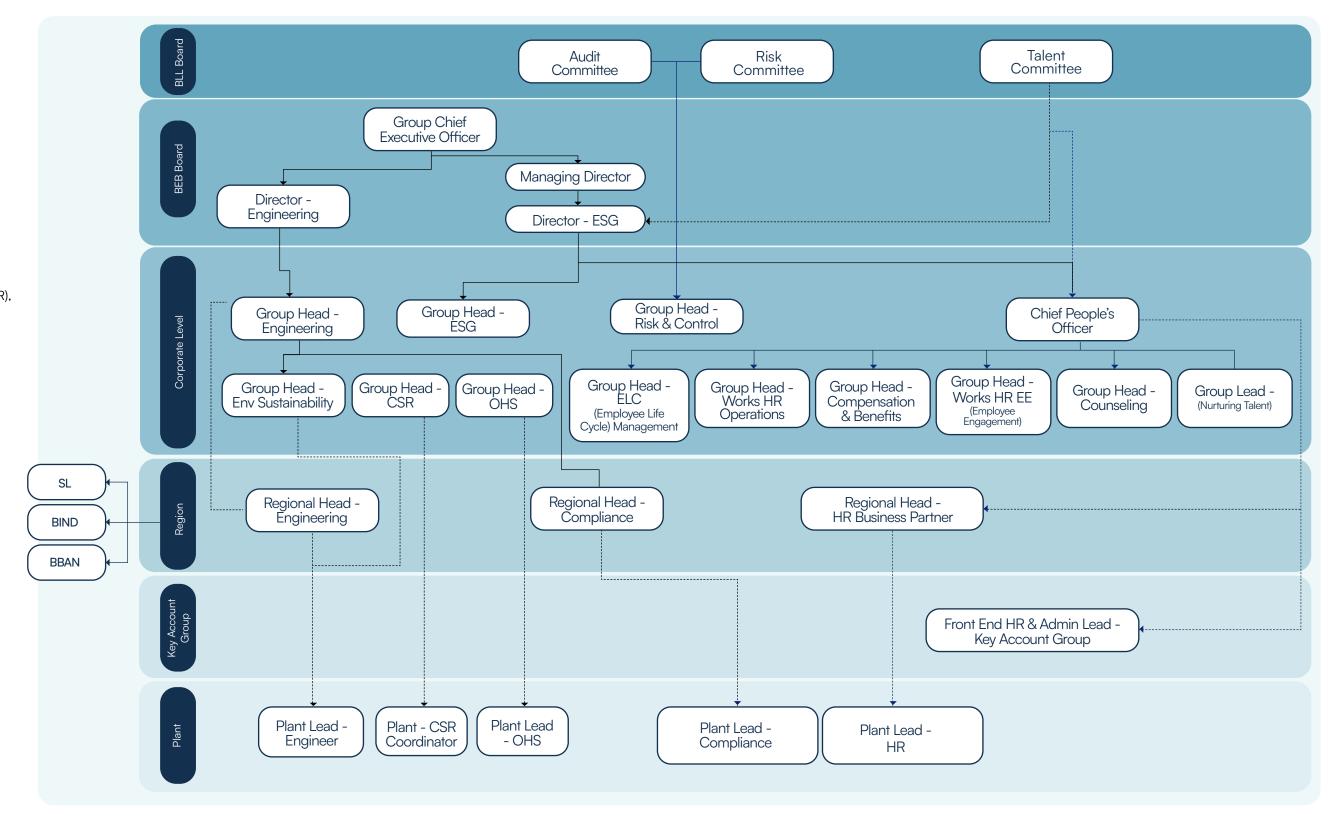




# 02 ESG Governance Structure

Our ESG governance framework is led by the Director - ESG, This structural integration of ESG management oversight provides both visionary guidance and robust controls that guide our ESG initiatives. The governance structure also allows for proactive management of ESG-related risks, as described in the ESG and ERM integration section (page 29).

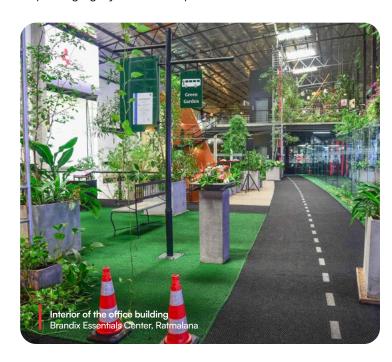
From the Group and cluster level, to our Strategic Business Entities (SBEs), and down to each plant; we have dedicated heads in place for each of the key ESG pillars: Environment, Human Resources (HR), Occupational Health and Safety (OHS), Corporate Social Responsibility (CSR), and Social Compliance. This ensures focused leadership and expertise in these areas.

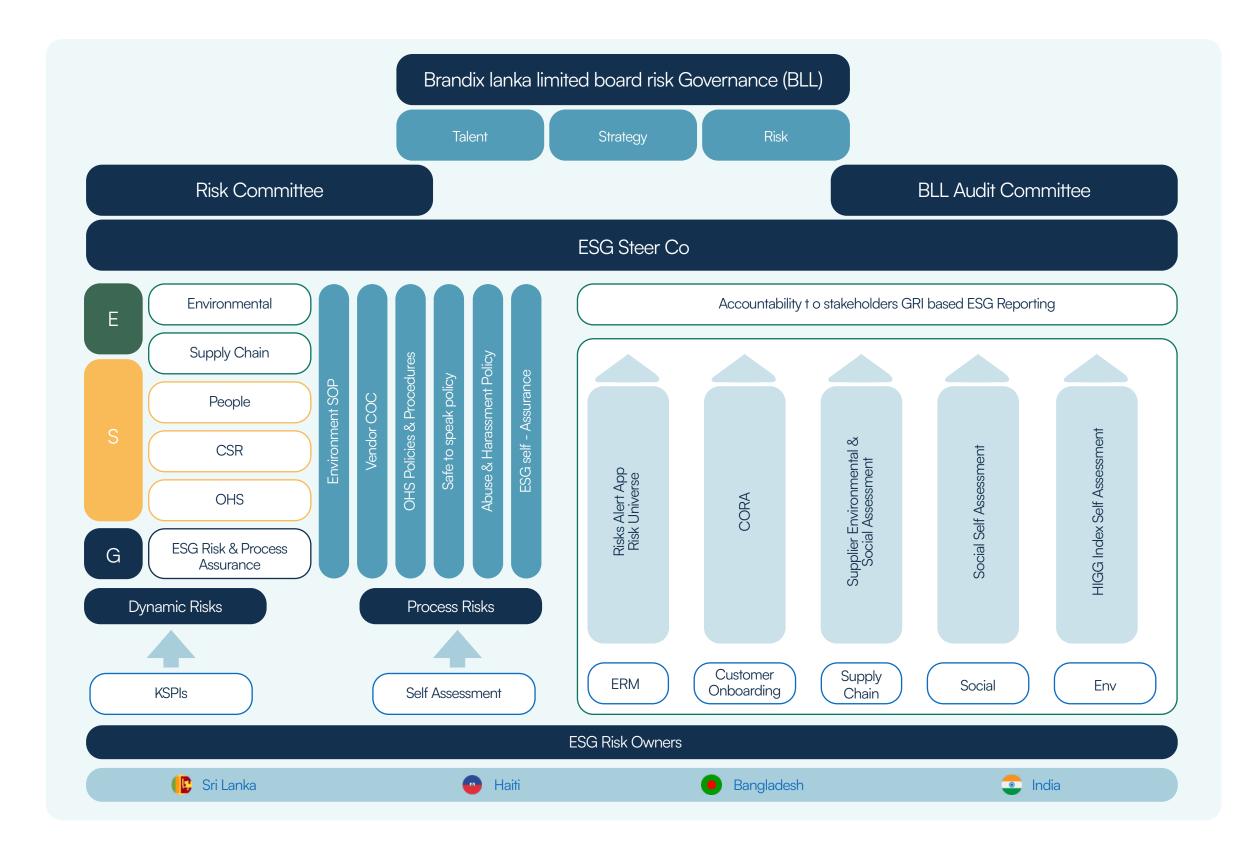


In 2023/24, the Group's newly established ESG Steering Committee (ESG SteerCo) came into force; providing a common platform for both strategic decision-making and proactive management of ESG related risks and opportunities. The SteerCo consist of heads of relevant pillars representing Environment, CSR, OHS, and HR. Depending on agenda items, the heads from Marketing, Supply Chain, Finance, and Risk and Control are invited to the meetings.

The SteerCo is governed by the Group's existing ESG-related policy framework covering respective pillars included in the diagram below. The committee leverages ERM and process governance tools, including the risk-alert app, customer onboarding risk assessment (CORA), and ESG self-assessment tool. Group Risk and Control reviews the Disclosure of Management Approach (DMA), which forms part of the overall sustainability reporting process of the company based on the Global Reporting Initiative (GRI) Standard guidelines.

From the perspective of enterprise risk, the ESG SteerCo strengthens the Group's second line; allowing for collective analysis of evolving regional, customer, and ESG-related risks that cover the three strategic enablers - people, process and planet. The committee enables collaborative decision-making on risk mitigation and management; eliminating silos and improving agility of the enterprise







## **ESG** and **ERM** Integration

Our robust risk management framework, grounded in the Three Lines Model, ensures that Environmental, Social, and Governance (ESG) factors are effectively integrated into the decision-making process. The model is described in detail in the section on Enterprise Risk Management (ERM), on page 33.

The Group Risk and Control (R&C) Function, while reporting directly to the Risk and Audit Committee, works closely with the newly established ESG SteerCo and the central ESG team to identify, assess, and manage ESG-related risks and opportunities. ESG factors are also integrated into our performance evaluation framework: from the Brandix Executive Board (BEB), down to cluster and plant level riskowners.

In 2023/24, we made progress in strengthening the governance structure to incorporate ESG-factors including Sustainability Related Risks and Opportunities, their risk ratings, and mitigation action plans in our overall ERM programme. ESG risks and opportunities with enterprise-wide impact are consolidated in the Brandix Risk Universe.

They are discussed during monthly Risk Committee meetings, and through quarterly and semi-annual updates to both the Brandix Executive Board and the Brandix Lanka Limited Board. These improvements support the governance structure required by IFRS S1 and Corporate Governance best practices. We are also in the process of performing a gap analysis to understand the implications of IFRS S1 and S2 that would be applicable to private companies from 2028 onward.background check when appointing new directors.



## Materiality Assessment

We routinely carry out materiality assessments that help identify the most significant issues impacting our Group and stakeholders. Following the internal materiality perception analysis carried out in 2022/23 which was undertaken using a double materiality approach, we were able to identify 19 material impact topics as detailed below, and also identify the risks and opportunities arising from such impacts and dependencies of environmental and social resources. We have tuned our internal and external reporting to measure progress against the following GRI Standard Topics that encapsulate these material topics and have commenced tracking performance against the IFRS S2 standard as well. We plan to revisit these material topics and carry out a more detailed and in-depth assessment in the next reporting cycle.

We identify our Material Topics through internal analysis of significant stakeholders and enterprise-wide risk assessment, which are prioritised and classified in accordance with their significance and degree of impact. The approach is aligned with GRI 3 Standard and the Accountability AA1000AS Standard, while the risks and opportunities arising from such impacts are identified, assessed, and managed in alignment with the COSO ERM Framework. The following Material topics form the basis for integrating Key Sustainability Performance Indicators (KSPIs) and ESG risk and opportunities within the business model.

The above mentioned Material Topics form the basis of the Group's KSPIs that are tracked via the Ecocaliper and Sustainability Performance Analyser (SPA) dashboards. These KSPIs are based on the GRI Standards and are intended to communicate critical concerns, pertaining to the performance of the Group's on a variety of material impact topics, risks, and opportunities, to senior management for immediate course corrective action if necessary.







## Stakeholder Engagement

ESG integration across our operations extends to consideration of the needs of our stakeholders, as identified through the comprehensive materiality assessment process, and aligning our business focus and practices with these material issues. As such, our commitment to sustainability is deeply rooted in our interactions with these key stakeholder groups.

We take a stakeholder-centric approach, informed by a thorough stakeholder analysis, which ensures our efforts align with the most pressing concerns of our stakeholders. As a manufacturer, our employees, communities, partners in the apparel value chain, and customers, are some of the critical stakeholders who influence our business success, and are impacted by our operations. Therefore, we take a collaborative approach to engaging with these stakeholders and prioritise building strong, long-lasting relationships that focus on mutual advancement.

Additionally, the Group's stakeholders are mapped on an impact-influence matrix to determine suitable channels and frequency of engagement. We engage with our stakeholders through a variety of formal and informal channels, ensuring that their voices are heard and their concerns addressed. This ongoing dialogue helps us gain valuable insights into their needs, as well as emerging trends, risks, and opportunities in the industry and wider economy. In the long-run, this process of engagement with stakeholders and integration of their concerns, ensures we obtain a broader and more accurate understanding of present and emerging risks and opportunities; thereby contributing to the resilience and sustainability of our business.



0.1.1.1.	Frequency & Method of Stakeholder Engagement					
Stakeholder	Ongoing	Regularly	Monthly	Quarterly	Bi-annually	Annually
Customers	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	Customer Visits     Seasonal Design     Reviews     Customer Scorecard     and review of KPI     achievements	In-person meetings — Brandix & Customer Leadership teams	Customer Feedback Surveys, Vendor Touch base with Strategy sessions
Customers	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		Performance Reviews	Employee satisfactio surveys / Rasadiya Mangalya
Suppliers	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
Communities	Meetings (onsite, remotely), CSR initiatives under pillars of Provide, Educate & 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
Regulatory Authorities	Code of Conduct Audits				Systems Certification Audit	Certifications and Accreditations
Banks and Financial Institutions		Meetings, email, phone / conference calls		Quarterly meeting, Quarterly consolidated accounts	Systems Certification Audit	Review meeting fo results and on year forward view, Annu Audited accounts

## 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 organizational 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 grievance as well as any environmental grievances, feedback, or areas for improvement tot the management teams.

## Community:

The company tracks and monitors the community Engagement carried out at each operation location, regardless of whether such and 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 indentified, 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.

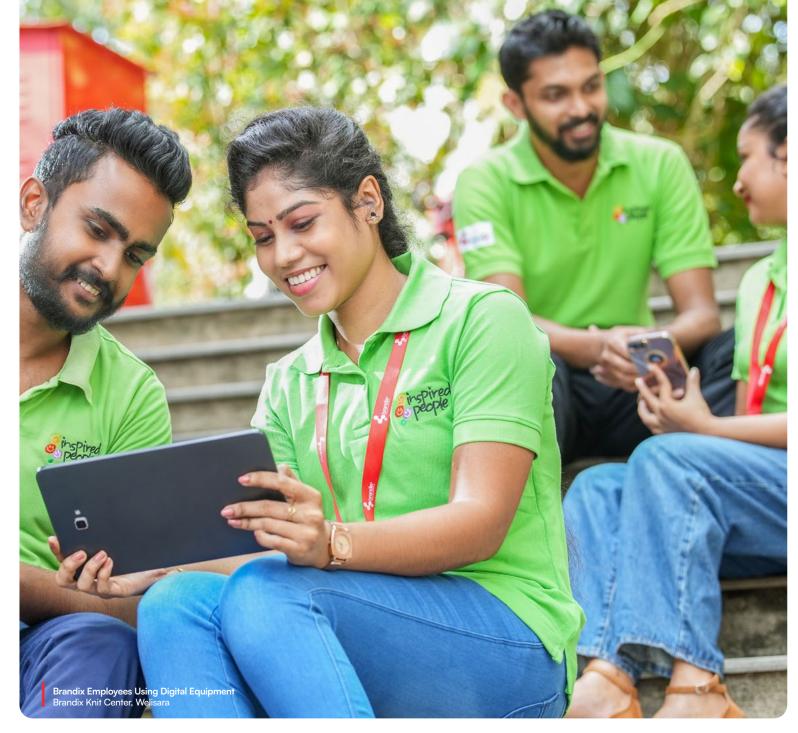
## **Environmental Impact:**

The group has in place mechanisms to receive feedback and any grievances from its stakeholders on environmental impacts arising from it's 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 to maintain a logbook at the point of entry of all locations for the members of the community to lodge any grievance held witht the respective location. Environmental grievances are additionally identified through its internal assessment of stakeholder concerns as well as through direct continuous engagemennt with its customers. The Compliance team of each location/SBU serves as the first point of the 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.

Brandix continuously engages with designated government authorities, expert non-governmental agencies, and a variety of academic institutions, private enterprises, and independent bodies (see pages 06, and 75). These partnerships incorporate external perspectives, ensure accountability in business conduct, and provide vital insights that inform the Group's sustainability efforts.







## Disclosure of Management Approach

As part of our sustainability reporting process, we describe in detail the management approach undertaken by Brandix with regard to the material topics identified through our stakeholder engagement and materiality assessment process. These disclosures are part of our commitment to transparency as we strive to adopt and exemplify best practices for sustainability reporting set out by the Global Reporting Initiative (GRI) Standards.

While the below provides an overall summary of the policy commitments encapsulated in the DMA, a full disclosure can be found at https://brandix.com/sustainability/

All our policies are aligned with national regulations (such as the Shop & Office Act, Central Environmental Authority guidelines, etc.), which in turn are informed by international standards and best practices. Policies are communicated amongst staff via induction programmes, targeted awareness-raising activities, and the Company's intranet platform Brandnet.

The aforementioned Brandix ESG Management Framework ensures the embedding of these policy commitments into our operations, driving sustainability performance through quarterly management reviews. Decision-makers avail themselves of current information based on verified data obtained through the Group's ERP systems and its data collection systems such as EcoCaliper and Sustainability Performance Analyser (SPA). quarterly management reviews. Decision-makers avail themselves of current information based on verified data obtained through the Group's ERP systems and its data collection systems such as EcoCaliper and Sustainability Performance Analyser (SPA).

## **Economic Performance**

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 RITE 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-audits and third-part audits 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 Entities (SBEs) 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. The Brandix 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
- 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.

#### Social & Labour Practices

The 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 severi-

#### ty risks disrupting business Training and Development:

- Investment in programmes 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,
- Zero tolerance for any form of discrimination.

#### Child labour/Forced labour Policy:

- Zero tolerance towards child labour.
- 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 aspects 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.

#### Internal Audit and Assurance

Our Internal Audit (IA) function plays a vital role in ensuring the integrity and effectiveness of governance, risk management, and internal control systems at Brandix. This independent and objective function provides assurance to the Board and executive management by evaluating our operations against international best practices and regulatory standards.

The IA function is helmed by the Group Head of Risk and Control, who reports directly to the Audit Committee. The Committee's oversight role has been strengthened by the establishment of a new Charter outlining four key areas of focus; ensuring robust oversight of the Group's internal control systems.

A comprehensive Annual Audit Plan, covering all areas of focus, guides the IA function as it collaborates closely with business teams to review and enhance the Group's self-governance framework. As part of corporate governance best-practices, the function conducts thorough examinations of all related party transactions during the quarterly review of consolidated financial statements.

Apart from evaluation of potential conflicts of interest, as set out in the Brandix Employee Code of Conduct, the function also monitors and reports on organisational compliance with essential laws and regulations; ensuring that our operations adhere to the highest standards.

We are proud to report that there were no significant instances of non-compliance reported during the fiscal year. Similarly, there were no instances of corruption during the reporting year. With regard to ESG integration, the Internal Audit function works closely with the ESG team to provide advisory and assurance support to better manage ESG-related risks and opportunities.





## **Enterprise Risk Management (ERM)**

The Brandix Enterprise Risk Management (ERM) framework is grounded in a robust Risk Appetite Framework and comprehensive Risk Management Policy established by the Board. The ERM process takes a structured approach that enables systematic identification, quantification, and mitigation of risks; ensuring the Group's wider risk management efforts are aligned with organisational objectives.

The Risk Management Policy enshrines enterprise-wide risk management process that enhance value for customers, employees, supply chain partners, and the broader community; while advancing strategic growth objectives and safeguarding the organisation's reputation.

The Board-approved Risk Appetite Framework guides Brandix business practices by specifying preferred, accepted, or avoided risks that are aligned with the core business model. This framework integrates key value drivers, governance best practices, and control

environment as overarching elements; placing the Brandix RITE Values, Code of Conduct, and corporate policies as drivers of business conduct. ESG is explicitly recognised as a low-appetite risk within the framework, reflecting the Group's dedication to managing ESG-related risks and opportunities.

The Group's ERM Division, led by the Group Head of Risk and Control, reports directly to the BLL Board's Audit and Risk Committees, and drives enterprise-wide Risk Management throughout Customer organisation / Operation organisation.

#### **ERM Framework and Process**

Our approach to risk management, as set out by the Risk Management Policy, is guided by a comprehensive set of ERM Guidelines grounded on the COSO ERM Framework and ISO31000 Risk Management Standard.

- Based on the board risk appetite framework, risk champions at each SBE facilitate the 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 multifaceted impact. criteria and the likelihood of materialisation.
- Risk champions work with the SBE leadership team to finalise risk mitigation strategies.
- Group R&C function consolidates enterprise level risks that require board attention and facilitate quarterly risk deliberation at the Brandix Executive Board level.
- Brandix Lanka Risk Committee reviews enterprise risks on a monthly basis and escalates risks that require attention of the Brandix Lanka Board.
- Group R&C function conducts an independent evaluation of the effectiveness of risk management processes, semi-annually, using risk maturity criteria.
- The annual assessment of risk maturity provides recommendations to improve risk management processes at each SBE.



We follow a 3-lines model to structure and enhance risk management and governance across our business. The model outlines three distinct lines, with clearly defined roles and responsibilities for each line, which creates a functional and well-integrated framework within which enterprise risk management can be operationalised.

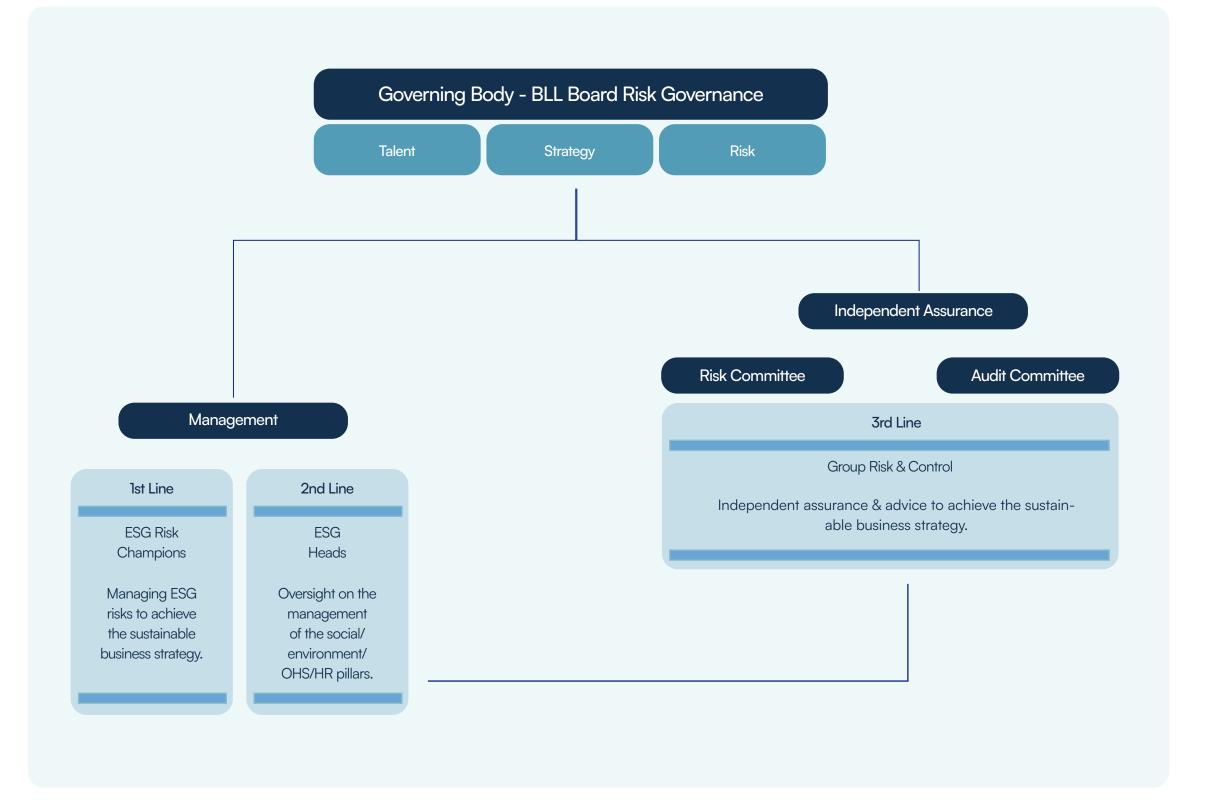
The Three Lines Model provides a structural framework with delineated responsibilities. By integrating ESG-related responsibilities, functions, cadre, and processes into our ERM framework and process, we facilitate the identification and successful management of ESG-related risks and opportunities across our operations and enterprise.



The BLL Board serves as the apex governing body in the ERM Framework, with the dedicated BLL Risk Committee functioning as the primary body in communication with the Group Risk and Control (R&C) function.

The Brandix Executive Board (BEB) oversees enterprise-level risks that consider customer-centric elements (related to the customer risk register) and operational / executive elements (related to the regional risk register). Enterprise risks are also identified in relation to the Group's three strategic enablers - People, Process and Planet; which include ESG-related risks and opportunities.

#### Customer risk owners and plant (operational) risk owners at each facility, differentiated by channel. The first line includes ESG champions, specialising in environmental, social, and occupational First line of health and safety (OHS) matters, designated at each location. responsibility Monitoring KPIs against established targets. Periodic self-assessment on Environmental and Social Compliance, Second line of Consists of business and regional risk champions, including CEOs and responsibility COOs, who enable cascading of risk management to SBE-level, under each of the five channels. CEOs function as risk-owners for customercentric risks, while COOs are designated risk-owners for operational risks. The second line is strengthened by a newly instituted ESG Steering Committee (ESG Steerco), consisting of functional HoDs. • Risk Champions monitor business risks including ESG-related risks, and discuss with the SBE leadership team on a quarterly basis. • 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 Works HR function conducts a quarterly PULSE survey to assess employee satisfaction in terms of working conditions, supervisory relationships, and any grievances. Consists of the Group Risk and Control (R&C) team, reporting to the BLL Third line of Risk Committee. responsibility • The R&C's Internal Audit function undertakes independent audits and assurance, with a direct reporting line to the BLL Audit Committee. • The Group R&C reviews risk assessments conducted at SBE-level, consolidates enterprise level risks that require attention of the Board, and escalates risk-related matters as appropriate; based on the Board-defined risk appetite.



## Risk Report 2023/24

Our Risk Report contains a detailed view of the Group's key risks and opportunities, their implications, and practices in place to manage and mitigate these risks. The report is designed to provide stakeholders with transparent insights that would enable informed decision-making.



## **Brandix Risk Universe**

#### Governance

- Budget Validation
- Adaequate Governance Framework / SOPs
- Strategic Risk
- Disruption



#### Customer

- Exposure
- Performance
- Strategy
- Volatility / Change



#### Supplier

- Exposure
- Stability
- Capability
- Reliability



#### People

- Retention TACT
- Succession Planning
- Cadre Fulfillment
- SME
- Attraction



## Operational

- Sub Contract
- Execution
- Margin Erosion
- Quality
- Continuity





#### Financial

- Cost structure
- Working Capital Management
- Currency Risk
- Internet Rate Risk



### ICT

- Outdated Systems & Technology
- System Failures
- Network Security
- Data Privacy



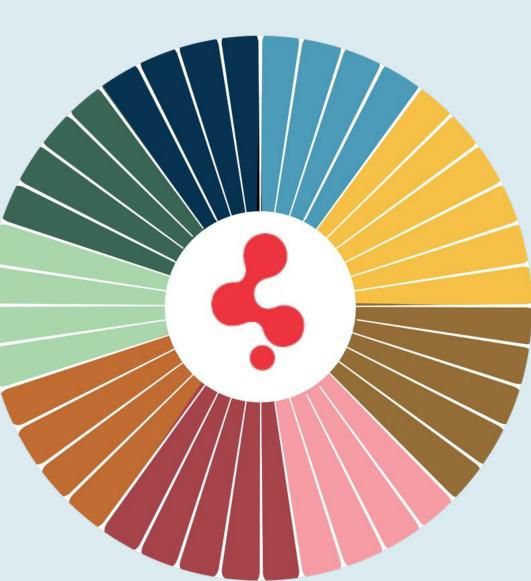
#### External

- Single Location
- **Economic Condition**
- Completion (Local & Overseas)
- FTAs, Legislation, Registration
- Man-made/Natural Disasters
- Reputation

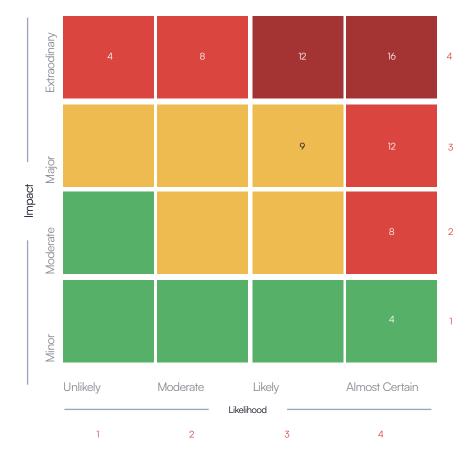


## Compliance

- **Brand Protection**
- Internal Controls
- Health & Safety
- Lows & Regulations



## Risk Rating and Response



Risk Category	Risk / Opportunity	Risk Rating	Mitigation Actions in Place
Economic and Market related risk	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.	•	<ul> <li>Rationalisation of product-plant-matrix based on the multi-country footprint.</li> <li>Scenario planning in preparing for adverse business scenarios and formulating alternative business strategies.</li> </ul>
	Slow-down in global economic growth fueling low consumer demand across customer regions, leading to order drops and pressure on profit margins.	•	<ul> <li>Strengthening relationships with our customers and offering innovative products and solutions.</li> <li>Incubating new customers and categories.</li> <li>Executing transformative initiatives to rationalise overheads and reduce cost structures.</li> </ul>
Information Security, Technology, and Personal Identifiable	Cybersecurity Risk: Data breaches could lead to financial loss and reputational damage. Data privacy risk - loss of personal data of employees / customer / suppliers.	•	<ul> <li>Implemented NIST Framework to reduce cybersecurity risk.</li> <li>Regular cybersecurity awareness campaigns.</li> <li>Advanced threat detection systems and training.</li> <li>Initiated a governance and monitoring mechanism on personal identifiable information.</li> </ul>
Information related risk	IT systems failure risks leading to financial losses and business disruptions.	•	<ul> <li>Disaster recovery sites for continuity.</li> <li>Periodic IT infrastructure monitoring.</li> </ul>
People related risk	Economic crisis and regional competition for talents leading to loss of critical talents which could affect strategic growth plan of the group	•	<ul> <li>Strengthening succession planning to ensure successor-readiness for all key positions.</li> <li>Implement employee engagement initiatives to foster inclusive work environment and creating Employee Value Proposition to attract and retain talent.</li> <li>Continuous employee engagement initiatives, employee Pulse Check surveys, and dedicated counsellor for each location to focus on the physical and mental well-being of all our employees.</li> </ul>
Supply chain related risk	Financial, reputational, and operational risks arising from non-compliance with growing regulatory/ customer compliance requirements in relation to Environmental and social factors affecting the sourcing of raw material.	•	<ul> <li>Periodic self-assurance on social compliance and independent audits.</li> <li>Supply chain governance focusing on supplier due diligence and audits.</li> <li>Assess supplier environmental performance through a self-assurance programme.</li> </ul>
Occupational Health & Safety (OHS) related risk	Risk of injury and fatalities to staff, contractor's personnel, and visitors.	•	<ul> <li>Systematic and embedded Hazard Identification Risk Assessment (HIRA) and risk management.</li> <li>Systematic and embedded capability development of OHS, SME and all employees based on capability and training need assessments.</li> <li>Tracking of work-related injuries and fatalities at both staff and contractor personnel level.</li> <li>Follow strong RCA, actioning, and lessons-learned across the group.</li> </ul>



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.



12 Months Short Term

2-3 years Medium Term

5 Years Long Term

Climate Change Risks	Risk / Opportunity	Risk Rating	Mitigation Actions in place
Transition Risk	Growing customer expectations for emission cuts throughout the value chain underscore the need to advance technology. Not upgrading the existing technology could hinder attempts to decrease waste and improve operational efficiency.	•	<ul> <li>Net zero environmental 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.</li> <li>Energy Efficient facilities — Adopting green building features in line with the LEED guidelines.</li> <li>Resource optimisation measures in relation to Heating, Ventilation, and Air Conditioning (HVAC).</li> </ul>
Transition Opportunities	Led by eco-conscious consumer behaviour of 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, sustainability and ethical manufacturing practices.		<ul> <li>Partnering with customers and strategic supply chain partners to reduce usage of virgin raw materials and minimise the environmental impact associated with the disposal of waste through material circularity programmes.</li> <li>Explore long-term sustainable solutions for materials and chemicals, with a significant increase in implementation from 26.64% in 2022/23 to 39.72% in 2023/24, reflecting notable progress.</li> <li>Exploring opportunities to provide long term sustainable solutions for materials and chemicals used in the manufacturing process.</li> <li>Manufacturing locations certified with the highest standards of social and environmental standards compliance practices with global certifications including WRAP and Higg Index.</li> <li>Robust governance framework on monitoring of Key Sustainability Performance Indicators including periodic internal and external audits.</li> <li>Utilise 3D sampling to reduce water, energy, and material waste.</li> </ul>
Physical — Acute Risks	Unforeseen heat waves and heavy rainfall causing floods and landslides, could impact and hinder the lives of the 44,000+ employees of Brandix and disrupt operations.	•	<ul> <li>Continuous employee engagement initiatives, employee Pulse Check surveys, and dedicated counsellor for each location to focus on physical and mental wellbeing of all our employees.</li> <li>Formulation of business continuity plans and deployment of crisis management teams to proactively anticipate and mitigate business disruptions caused by natural disasters.</li> </ul>
Physical — Chronic Risks	Uncertain climatic changes could lead to risk of operational disruption and adverse impact on the livelihood of our associates due to lack of water from prolonged dry seasons / drought.	•	<ul> <li>Eliminating the use of ground water sources and increasing our share of green water by investing in rainwater harvesting infrastructure at our plants.</li> <li>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, their families, and the community.</li> <li>Wastewater recycling initiatives and condensed water recovery projects at multiple Brandix locations.</li> </ul>

Social Sustainability

# Environmental Sustainability



#### TO BE A NET-ZERO IMPACT PRODUCER OF APPAREL

The journey towards becoming a net-zero impact producer is one we are deeply committed to. As a leading apparel manufacturer, we strive to balance the needs of a dynamic business environment and the pressing environmental issues facing our planet. We consider this a challenge but also an opportunity; for collective and decisive action across the apparel value chain. This section details the Brandix environmental sustainability strategy focused on three pillars — Air, Water, and Earth; and the progress we have made during the year: from minimising emissions and reducing energy consumption, to transforming our water footprint andresponsibly managing chemicals and waste from our operations.



	Goal	KPI	Target	2021/22	2022/23	2023/24
2) AIR	Net Zero Carbon Emission by 2030	Emission Intensity (tCO <sub>2</sub> e/USDMn)	0	52	58	55
water	Net Positive Water Operations by 2030	Green Water & Recycle Water share (%)	50%	45%	36%	25%
EARTH .	100% Recycling or Re-use of Solid Waste by 2025	Percentage of waste recycled or re-used (%)	100%	89%	90%	93%
EARTH	30% Raw materials sourced Sustainably by 2025	Percentage of sustainable raw materials used for production (%)	30%	23%	27%	40%

During the year under review, we made significant progress in achieving bold environmental targets, related to waste and sustainable materials - under the Earth pillar. Despite slow progress and performance lags against some of our most challenging and ambitious goals, under the Air and Water pillars, we retained these target KPIs and continued to invest in achieving the highest standards for sustainability that Brandix has set for itself.

## AIR

Net Zero in Sri Lanka, with investments underway to extend this achievement to our global footprint by 2030.

At the end of 2023/24, six of our facilities are already certified as net-zero carbon. With 18.5MW of installed solarpower generation capacity, renewables now make up 41% of our energy-mix. Exploring opportunities for renewable energy at our operations in India and Bangladesh, we are confident of increasing this share in the years to come.

## WATER

Halfway to achieving our goal of Net positive water operations by 2030, with continuous phase-out of groundwater use via alternate green water sources.

Where we stand today: Successful plant optimisation and water-saving initiatives are reducing water-demand. Despite fluctuations in rainwater availability that have hampered progress, we have cut groundwater withdrawal by half in just five years, and are scaling up greywater recycling and rainwater harvesting infrastructure to drive progress toward our goal.

## **EARTH**

Exceeded our target for raw material sourcing, a year in advance. On track to achieve our waste target, spurred on by partnerships and innovation.

Our landmark achievement in sourcing sustainable materials is built on a solid foundation. We successfully incorporated 90% of cotton cut-waste into the product portfolio and quadrupled the volume of recycled input materials in just four years — all while reducing total material-use due to resource-optimisation and design improvements. Addressing our waste footprint; strong employee engagement, rigorous waste segregation, and innovative projects see us on the verge of achieving our 2025 target of 100% solid waste recycled or re-used.

## **Environmental Governance**

A robust framework for environmental governance ensures we minimise our impact, suitably address risks, and grasp opportunities to drive sustainability across our operations and the broader value chain. This includes key policies and guidelines that steer our operations and establish a strong foundation for environmental practices at our facilities.

## **Environmental Policy Framework**



**Energy and Environment** 



**Chemical Management Policy** 



Water Management **Policy** 



Energy, Water, Waste and Chemical Management Guidelines



**Emission Management** 



**Green Purchasing** 

At facility level, we have dedicated environment management representatives in place and a designated Environmental Management System (EMS) team that drives action on the ground. Environmental standards are mainstreamed via introduction of Key Sustainability Performance Indicators (KSPIs), based on GRI Standards which were identified in the Group's materiality assessment process. Supported by regular reviews, these are part of the performance management process for relevant employees: from environmental management and engineering teams, up to the Group's Board of Directors.

Successful implementation of our environmental governance framework and process led to zero instances of non-compliance or fines with regard to environmental regulations during the reporting period. Climate change poses significant risks to the apparel industry, with manufacturers facing a variety of physical and transitional risks that could affect business in the short and longer-term.

These risks range from the impact of climate change induced extreme weather events: on facilities, employees, communities, and supply chains; to changes in the operational environment that would influence consumer-demand, technological change, and regulatory controls. As part of our environmental governance process, we integrate climate change risk in our Enterprise Risk Management (ERM) process and work to proactively disclose and manage these potential risks.

Refer the ESG Integration section (pages 25 to 33) for a holistic and in-depth discussion of how we action environmental stewardship and integrate ESG in our broader policies, processes, governance, and ERM or Internal Audit functions.

Environmental tools and platforms in use

## **EcoCaliper**

Utility consumption data collection and monitoring integrated with factory BMSs for real-time monitoring.

## Sustainable Performance Analyser (SPA)

Custom tool that streamlines collation of KSPIs that empowers decision-makers with accurate, up-to-date information.

## **Tracking our Progress**

Reliable environmental data is essential to inform management decision-making, make tangible progress toward our sustainability goals, and provide transparent information to our stakeholders.

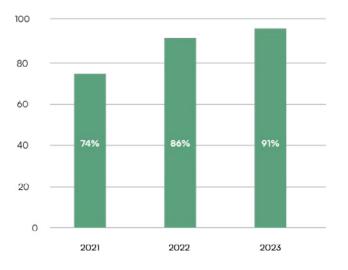
We track a comprehensive suite of Key Sustainability Performance Indicators (KSPIs) through a number of standardised tools and platforms that support precise data collection, comparative analysis, and insightful reporting for management review and decision-making. Standard Operating Procedures (SOPs), establish rigour for our sustainability data gathering and enable greater visibility and accountability across the Group. Our senior management actively review collated data quarterly, taking any necessary corrective actions and planning requisite improvement initiatives based on findings.

In order to ensure accuracy of information, we aggregate real-time data from IoT-based Building Management Systems, carry out routine plant visits and compliance checks, and verify data on a daily basis. This rigorous process is complemented by standardised internal and external audits, including for compliance and certification against international standards and benchmarks such as the Higg Index, ISO 14001, and others.



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

## **Group Higg FEM Performance**

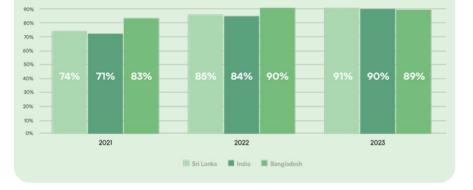


Higg Index is the go-to benchmarking tool for measuring sustainability in the apparel industry. We utilise a suite of Higg modules to benchmark the environmental performance of our facilities, and our Group, at a global level. These include the Higg Facility Environmental Module (FEM), which encompasses key areas of environmental sustainability; including energy, emissions, water, waste, wastewater and chemicals management.



During 2023/24, we recorded a partialy verified Group-level average Higg FEM score of 91%, up from 86% the previous year. Almost all facilities showed considerable improvement in their scores during the year, testament to the strong collective commitment of Brandix teams across Sri Lanka, India, and Bangladesh.

#### Group Higg FEM Performance by Country



## **Embracing Digital Transformation**

Since embarking on our comprehensive digital transformation roadmap during the previous year, we have continued to leverage new technology, while adapting our processes and work-culture with a people-centric approach. From paperless processes at our support offices, to Smart Factory initiatives and IoT integration on the factory floor, we are transforming our operations to deliver more value to our stakeholders, while improving our environmental performance.

## Digitalisation focus areas

## Cloud-First

Transitioning to cloud-based services

Rollout of the Brandix Cloud-First Strategy continued in 2023/24, with approximately 70% of applications lifted and shifted to the cloud by year-end, and plans in place to achieve 100% cloud adoption within the next 1.5 years.

Transition to a cloud environment has contributed to reductions in energy use, emissions, and operational costs, while also offering a host of operational advantages; including improved agility, security, and coordination.

## Zero-Paper

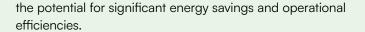
Working toward a digital, paperless, work environment

Point-controls, together with low-code / no-code automation, and device integration is complementing the Group's Smart Factory set-up and cloud-first transition. This enabling environment has minimised paper-based workflows and significantly reduced paper consumption during the year.

#### **Smart Factories**

Investing in the latest technology, infrastructure, and equipment to boost resource efficiency

Brandix Smart Factory initiatives apply Industrial IoT to monitor resource consumption and utilisation in real-time. Successful piloting in selected locations has demonstrated



This is paving the way for a broader rollout across the Group in 2023/24 and beyond; informed by data gathered and analysed through the pilot projects.

## Information Security Resilience

Equipping robust systems and processes for IT security and data privacy.

Implementation of the NIST cybersecurity framework, coupled with continued transition to a cloud-first model; has improved information security across the Group.

See (page 77) for details of the Group's Cybersecurity Posture in 2023/24.

## Digital Colour Approval for Fabric

Brandix has partnered with strategic customers to introduce a digital fabric colour approval process, reducing the need for physical sample shipments, proactively aligned with the Group's digitalisation roadmap.

## **3D Digital Product Creation**

By utilising advanced 3D Digital Product Creation tools, Brandix has streamlined the product development process, significantly reducing the need for physical samples. This digital approach accelerates customer communication, enables more design iterations, and reduces physical fit sessions.

These initiatives have not only increased efficiency, reduced waste, and shortened lead times; they have also brought down operational costs and contributed to substantial savings in water, energy, and emissions throughout the development cycle.







Corporate Governance • Environmental Sustainability

Environmental Sustainability

Social Sustainability

Air | Water | Earth

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**Material Topics Discussed** 

GRI 302: Energy GRI 305: Emissions

The stark reality of climate change is undeniable. Rising global temperatures, a direct consequence of human-induced greenhouse gas emissions, pose a significant threat to our planet's health. The global apparel sector consists of a large network of entities — from retail brands, to manufacturing partners, and raw material producers; all of whom have a role to play in reducing emissions.

As a manufacturer, we are not only working to reduce our own carbon footprint, but also engaging with partners and suppliers in the value chain to tackle emissions across the lifecycle of apparel.

In 2022, we committed to absolute emission-reduction targets in line with the Science-Based Targets initiative (SBTi). The following year we signed the Amazon Climate Pledge; reinforcing our commitment to achieving net-zero carbon emissions, even earlier than stipulated by the Paris Agreement. Moving toward these targets, we are in the process of carrying out a full Scope 3 screening and inventory, and validating our emission-reduction targets against SBTi guidelines after technical screening. The following section presents our progress against these targets and commitments, and our performance during the year; with regard to the Group's energy-use, GHG and other significant emissions (such as ODSs), and compliance with emission-related regulations and licences (dealing with NOx, SOx, VOCs, and PM).

Decarbonising the global apparel sector is not easy to achieve; it requires concerted coordination, transformational innovation, and continuous improvement. However, a shift is underway, and we are proud to work with leading brands and partners who are prioritising this change. In minimising the carbon footprint of manufacturing

operations, we have focused our initial efforts on addressing Scope 1 and Scope 2 emissions. Our decarbonisation strategy addresses two levers that have the greatest potential to decarbonise production and reduce emissions: embracing renewable energy, and optimising our processes and resource use.

## Our journey to net-zero

Renewable energy

Resource

optimisation

Investing in renewable energy generation and increasing adoption of cleaner fuel sources, like biomass.

Adopting new technology and optimising our facilities, machinery, equipment, and processes; to reduce energy use

- 18.5 MW onsite installed solar power generation capacity.
- 41% renewables in our total energy-mix
- 6 facilities certified as net-zero carbon
- Adoption of IoT and digitalisation for smart factory systems
- Integration with Building Management Systems (BMSs) for monitoring and optimisation
- Resource optimisation improvements across all systems (including lighting, HVAC, compressed air, motor, steam, and pump).

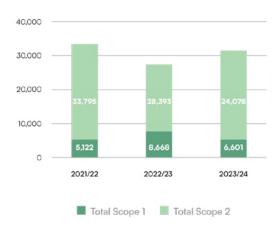
In 2023/24, we achieved a 17% reduction in absolute Scope 1 and 2 emissions, compared to the previous year; driven by adoption of on-site renewable energy, building improvements in alignment with LEED guidelines, minimising wastage of compressed air, improvements in HVAC and lighting, and incorporation of abatement devices to reduce emissions from diesel usage. With six Sri Lankan

and minimise waste.

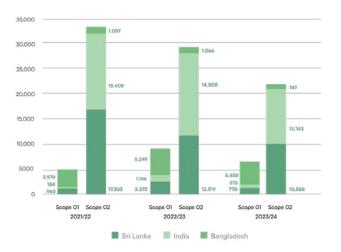
facilities maintaining net-zero carbon status in 2023/24, Brandix Sri Lanka operations now account for just 37% of total emissions.

Our annual GHG emissions are highly contingent on market demand and related production volumes. However, many direct emission reduction initiatives rolled out during the previous years, or brought into effect in 2023/24, contribute to ongoing emission reduction.

#### Group GHG Emissions Scope 1 + 2 (tCO2e)

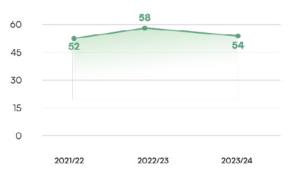


## GHG Emissions Scope 1 + 2 by Country (tCO2e)



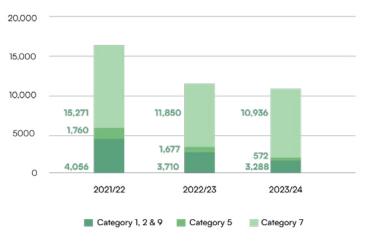
Scope 1 emission reduction was propelled by initiatives including fuel switching: phase out of furnace oil and scale-up of biomass utilisation; and technological investments and equipment upgrades to HVAC, lighting, and operational machinery. Adoption of on-site renewable energy generation, with excess solar energy sold back to the grid, has supported Scope 2 emission reduction.

#### Group Emissions Intensity (tCO2e/MnUSD)



With completion of the Brandix solar project in Sri Lanka, we are focusing on scaling up renewable energy generation at our Indian operations. As renewable energy adoption accelerates, we anticipate significant emission reductions in the coming years. Structural country-specific limitations, such as reliance on natural gas for energy in Bangladesh, contribute significantly to the Group's overall Scope 1 footprint. However, the Bangladesh Government's charting of a low-carbon development path with plans to scale up renewables, could unlock new opportunities for emission reduction in the years ahead.

## GHG Emissions Scope 3 (tCO2e)



\*Scope 2 emission estimation based on Market based approach as per GHG protocol

	Scope 1 (tCO2e)						
Country	Diesel	Grid Electricity					
Sri Lanka	415.97	-	353.65	0.13	10,588.43		
India	133.02	-	239.81	0.32	12,742.64		
Bangaladesh	15.74	5,095.90	346.29	-	746.55		
Total	564.73	5,095.90	939.75	0.44	24,077.62		
Group		24,078					

## **Resource Optimisation**

During the year 2023/24, we instituted a number of upgrades to our facilities — including energy-efficient lighting, air-saving devices, HVAC improvements, installation of diesel power rings for emission control, and process improvements to aid reduction in energy demand.

## **HVAC**



Improvements to chiller management system and cooling tower performance

Continued optimising of HVAC system through maintenance and water-quality improvement

Indoor room temperature monitoring and control

## **Emission Control Devices**



Continued adoption of Emission Control Devices across the group were maintained to reduce both point and non-point source emissions

# Compressed Air



As part of Brandix' wider automation efforts, an in-house solution to enhance the optimization of compressed air through air saving devices was continued

## **Smart Factories**



IoT devices across equipment and machinery for real-time consumption and utilisation data

# Lighting



More than 95% of CFL and Fluorescent lighting replaced with energy-efficient LED lighting.

Continued utilization of solar tubes and sky lighting to maximize use of natural light and reduce usage of energy

## Builling Management System

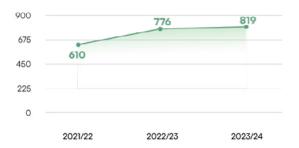
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Integrated BMSs allow for better monitoring and control

Social Sustainability

#### Group Energy Intensity (GJ/MnUSD)



## Creating model facilities: working toward net-zero manufacturing

Since achieving the world's first LEED Platinum Rating for an apparel manufacturing facility, as far back as 2008, our factories have exemplified much more than production. They are designed, managed, and operated with sustainability in mind — and are an integral component of our journey to net-zero.

Brandix joined the World Green Building Council's Advancing Net Zero Programme in 2018; setting an ambitious target of reaching Net Zero Carbon for all manufacturing facilities in Sri Lanka. Today, 6 of our 11 manufacturing locations in the Country (Sri Lanka) are Net Zero Carbon certified. 5 facilities have obtained LEED certification for green buildings, including Sri Lanka's highest-rated green facility — Brandix Essentials Batticaloa. We are in the process of pursuing certification for two more of our latest facilities in Sri Lanka and Bangladesh.

We aspire for our facilities to be models of sustainable manufacturing. From passive green design features like natural ventilation, daylight integration, and moisture management, to our ongoing investments in renewable energy generation and energy-efficient technologies; we are reducing energy-demand and minimising reliance on fossil fuels.

Going beyond infrastructure, we are leveraging smart systems and processes for real-time monitoring, analysis, and datadriven decision-making; supported by well-equipped teams and a people-centric culture that prioritises and incentivises sustainable practices.

## Renewable energy

With onsite solar power generation capacity of 18.5 MW, and increased adoption of cleaner energy sources like biomass, Brandix maintained a high 41% share of energy from renewable sources during the year. A decrease in the renewable energy mix was observed compared to the previous reporting year due to the decreased demand for steam generation and the subsequent usage of biomass coupled with the increased use of grid electricity. Second phase of the Brandix Solar project in Sri Lanka was successfully completed in 2023/24, with a feasibility study carried out to assess the potential of further expanding solar capacity. In scaling toward our goal of net zero across all manufacturing locations, we are exploring opportunities for renewable energy at our operations in India and Bangladesh.

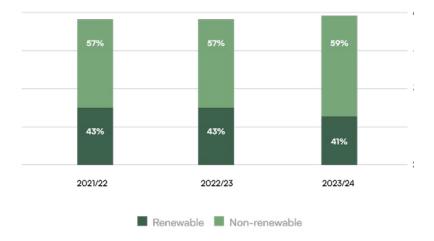
Waste minimisation efforts and innovative fuel-quality improvements for biomass contributed to reduced usage during the year, while decline in steam requirement, and overall reduction in energy demand were additional contributory factors. However, this renewable energy source still constitutes around 25% of our energy-mix and meets most of thermal energy needs. We are engaging biomass suppliers on sustainable sourcing and encouraging adoption of the SLS 1551:2016 standard related to Sustainably Produced Fuel Wood.

Natural gas and purchased electricity continue to be our primary sources of non-renewable energy, constituting more than half of our energy-mix. Group-wide efforts to improve energy security and reduce diesel usage led to a tremendous 81% reduction in diesel consumption during the year, to where it comprises just 2% of our energy-mix in 2023/24, down from around 8% the previous year. Steady and uninterrupted grid power supply reduced reliance on back-up power, while ongoing tune-ups and installation of fuel rings for enhanced combustion efficiency have also helped reduce diesel consumption.

	2021/22	2022/23	2023/24
Installed solar capacity (MW)	11	18	18.5

## Total Energy Consumed in GJ 312.372 Direct energy 7.547 Diesel Petrol 0 Furnace Oil 0 Jet A-1 0 Natural Gas 114,256 Renewable Energy 190,570 Solar 75,746 Biomass 114.824 Indirect Energy - National Grid 148,720 **Group Energy Consumption (GJ)** 461.093

## **Group Energy Mix (%)**





#### Commitment to cleaner air

Guided by the Group's environmental governance framework and policies, facility-level Environmental Management Systems (EMSs) have processes in place to monitor air quality and ensure that particulate matter and other significant emissions comply with regulator-stipulated limits.

We have a refrigerant phase-out plan in place to reduce and eliminate Ozone Depleting Substances (ODSs), such as R-22 refrigerants, from the Group's inventory. The plan is in accordance with local regulations, directives, and phase-out timelines.

While actively phasing out ODSs, we also implement a comprehensive strategy to monitor and manage fugitive emissions. Alongside continuous monitoring, we carry out regular inspections and preventive maintenance programmes, install abatement mechanisms, and adopt robust leak detection and correction measures across our facilities. ODS emissions increased significantly from the previous reporting year due to the overhaul and replacement of select cooling equipment as part of the group's plan to phase out ODSs.

Significant Air Emission Reduction: We are actively working to reduce other significant air emissions associated with our operations. This involves continuous monitoring and improvement of processes, investment in cleaner technologies, and adoption of best practices across our facilities.

Category	2022/23	2023/24
Emission of Ozone Depleting Substances (ODS) (tCO;e)	81.8	512.5

Establishing a green belt for cleaner air

Drastic ecosystem degradation, habitat loss, and reduction in green cover are prevalent across the globe. These changes are compounding the effects of deteriorating air quality caused by pollution, as natural air filtration and oxygen producing ecosystems are being eliminated by human activity.

Part of our efforts under the Air pillar, include environmental sustainability programs that endeavor to re-establish, restore, or recreate green cover in and around the areas we operate.

#### India

Our facilities in India, based at Brandix India Apparel City (BIAC), are part of a larger Special Economic Zone (SEZ) designated by the government, and one of the largest industrial zones in the state of Andhra Pradesh. We initiated efforts, in 2020/21, to establish and maintain a belt of green cover including productive fruit trees suitable for consumption by native fauna and local communities. Restoration of green cover in the area would also contribute to improving ambient air quality for communities living in the area.

The programme continued in 2023/24, as we planted 25,000 new saplings during the year; with a total of 62,000 planted since 2020. These and other efforts are helping maintain a green belt consisting of over 1,000,000 plants across 116 acres.



25,000 new saplings during

2023/24;

62,000 planted since 2020



## Data disclosure

- Emissions data below considers all GHGs. 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 and reporting 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).
- Calculations consider grid emission factors as published by the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority, Ministry of Power (India), and the Department of Environment (Bangladesh).
- Fuel emission conversion factors have been extracted from DEFRA.
- All reductions are calculated by comparing values with that of the previous financial year.
- All emissions figures below relate to entities included in the organizational boundary, as defined in the report.
- The denominator chosen for intensity calculations is the organisation's revenue in USD, which is the common performance monitoring parameter for manufacturing service sectors.

Environmental Sustainability | Air | Water | Earth









## 2023/24 Highlights

- Waterless Biowash dyeing introduced at Brandix wet processing units.
- Facility drinking water quality strengthened through additional disinfection and regular quality-monitoring.
- Brandix Mirigama water recycling infrastructure upgraded to support reuse for flushing.
- Water conservation measures and controls improved; including regular leak detection, continuous employee awareness, implementation of dry-washroom concept, and efficient water fittings and equipment.
- Water discharge parameters maintained well within stipulated standards.

Water is the lifeblood of our planet; sustaining ecosystems, communities, and industries like ours. It is critical to many of our operational processes, but also fundamental to the health, wellbeing, and livelihoods of our employees and the communities in which we operate.

Considering the lifecycle of clothing, the global fashion industry is very dependent on water — from extraction of raw materials to the production of fabric and textiles that make up every piece of apparel. Beyond water extraction, responsible treatment of wastewater is paramount to ensuring the protection of water bodies and aquatic ecosystems.

This is why our approach to water stewardship addresses not only our water footprint, but also the management of water across our processes, through to treatment and discharge. We have set a bold target — achieving net-positive water operations by 2030; reflecting an essential step change that is required to protect the Earth's limited freshwater resources. As climate change induced

pressures mount, our goal is urgent and also challenging, but one we are fully committed to achieving.

#### How do we action water stewardship?

To achieve net-positive water operations by 2030, we implement a multi-pronged approach to water and effluent management. Our water management guidelines are revised to adapt our net-positive water operation strategy. This includes continuously reducing our withdrawal of groundwater, and significantly increasing the use of green and recycled water in our operations — up to 50% of our water-mix. It also entails stringent processes to eliminate the discharge of hazardous chemicals, and proactive measures to engage with stakeholders and safeguard water resources.

Consistent with our water management policy and guidelines; groundwater withdrawal occurs at only select sites, and third-party (municipal) water is only obtained from regulator-authorised utility companies such as the National Water Supply and Drainage Board (NWSDB) in Sri Lanka, the Bangladesh Export Processing Zone Authority (BEPZA), and the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in India. Similarly, water is only discharged after treatment at on-site Sewage Treatment Plants (STPs) or Effluent Treatment Plants (ETPs) in compliance with local regulations.

## Brandix pathway to Net-positive Water operations

## Zero-impact water sourcing

Reducing our dependence on freshwater (blue water)



- Minimising groundwater withdrawal
- Pursuing alternative water sources, such as rainwater (green water)
- Large-scale storm and rainwater harvesting and storage capacity across multiple facilities
- Investing in infrastructure for recycling of grey water
- Water recycling capacity of 650m³/day across 8 Sewage **Treatment Plants**

#### Zero water wastage

Saving water at our facilities and in our processes



- Optimising our processes
- Implementing water-saving initiatives
- Investing in efficient fittings and equipment
- Raising awareness and promoting a culture of water conservation

#### Clean drinking water

Guaranteeing access to potable water for our people

Providing clean drinking water at our facilities

#### Zero discharge of hazardous chemicals Effective treatment and safe discharge of effluent



- Complying with local and international water quality and discharge limits
- Eliminating hazardous chemicals from our processes
- Monitoring and independently verifying effectiveness of effluent treatment

#### Safeguarding shared water resources



- Identifying and managing water-related risks
- Engaging with communities and other stakeholders
- Working with suppliers in the apparel value chain

## Progress toward net-positive water operations

Reducing our dependence on freshwater, we have consistently reduced groundwater extraction over the past years; in line with our commitment to eliminate groundwater use entirely.

However, reduction in rainfall during the year had a significant impact on rainwater availability, especially at our Indian operations. State-level data from Andhra Pradesh indicates the region experienced deficient rainfall deviation, with Visakhapatnam being one of the worst affected - recording a 20% reduction against the normal. This change caused our rainwater usage to drop by more than half in 2023/24, and led to reversal of progress, as our share of green water and recycled grey water reduced to 24% of overall water usage.

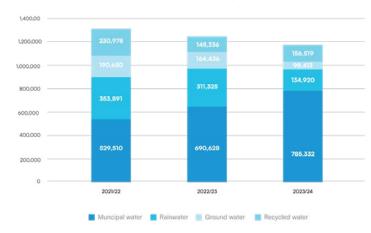
Despite this setback, we remain resolute in our efforts and continue to invest in rainwater harvesting and water recycling capacity in order to achieve our overall goal. Building on investments made the previous year, 2023/24 saw additional rainwater harvesting infrastructure installed at two of our Sri Lankan facilities, and wastewater recycling capacity upgraded at two plants, with plans underway for further upgrades to complete by the end of 2024 - in line with our

Group-wide STP enhancement initiative. These contributed to more than 156,000 m<sup>3</sup> of recycled grey water included in our water-mix for the year — being utilised for purposes such as landscaping, sanitation, and cleaning.

## **Zero Impact Water Sourcing**

During the year 2023/24, our total water withdrawal stood at 1,018,664 m<sup>3</sup> and gross water usage amounted to 1,175,183 m<sup>3</sup>. Success of plant optimisation and water-saving initiatives, contributed to reducing the Group's gross water usage by 12%; and successful wastewater recycling programmes helped reduce water withdrawal by 13%, when compared to the previous year.

#### Group Water Usage (m³)

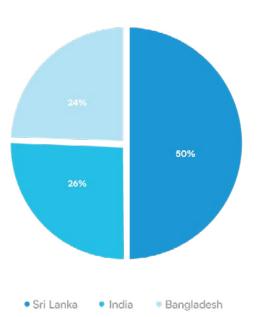


Alongside the Group's overall reduction in water usage, our groundwater use in 2023/24 saw a year-on-year decline of 40%, reaching the milestone of almost 65% reduction against our 2019 baseline. The Group maintained zero groundwater withdrawal at facilities in India and Bangladesh, and continued making progress on groundwater elimination programmes at Sri Lankan plants.

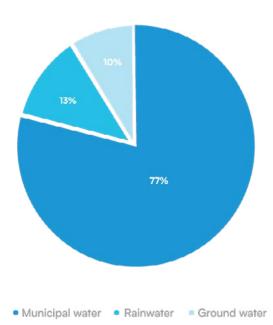
However, significant reduction in rainwater availability affected the Group's water-mix, with increased reliance on municipal (third-party) water during the year in order to meet water demand.

Social Sustainability

#### Water Withdrawal by Country



## Water Withdrawal by Source



Rainwater is a key component of our zero-impact water strategy, with our facilities in Rambukkana, Avisawella, Ratmalana, Welisara, and India, utilising a combination of rooftop rainwater harvesting and stormwater runoff collection. Structural elements installed at these locations also support rainwater percolation and groundwater recharge. During the year, we added 2,800m<sup>3</sup> of rainwater harvesting capacity across two facilities, bringing our total rainwater harvesting capacity to 503 million litres.

#### BIAC: Model Greenwater Industrial Park

Visakhapatnam, in India, has seen climate-change induced rainfall shortages, more intense heatwaves, and longer hot seasons over the last few years. This in turn has led to rapid depletion of surface water reservoirs and groundwater reserves; placing increased pressure on the state's water supply infrastructure.

Operating one of the largest dedicated apparel and textile manufacturing parks in Asia, we have looked to rainwater harvesting, and a number of other sustainability features, as part of our commitment to deliver inspired solutions to these challenges. Our facilities at BIAC incorporate a large system of stormwater ponds in addition to rooftop rainwater collection, which allow harvesting and storage of rainwater on a large scale. Located near the coastline, all rainwater harvested in this manner recovers and redirects vital freshwater resources that would otherwise be lost to the sea.

In 2023/24, these installed systems succesfully harvested, treated, and supplied 204 ML of rainwater for multiple purposes across the industrial park; enabling almost half (49%) of the entire Park's water demand to be met from zero-impact water sources. While maintaining zero groundwater withdrawal, BIAC's rainwater harvesting pond incorporates rubble pitches and other structural components that serve to replenish groundwater aguifers and improve water availability for communities and industries in the area.

To further reduce our reliance on traditional water sources and progress toward the Group's sustainability goals, we are in the process of implementing a Reverse Osmosis (RO) recovery system at BIAC. When complete, this system will enable the Park to recycle 350 million litres of wastewater annually. This grey water will be used in washrooms and landscaping throughout the park, enhancing resource efficiency and sustainability. Additional

sustainability investments at BIAC; such as solar sludge drying, solar PV renewable energy generation, and waste recovery; are increasing resource efficiency, reducing waste, and supporting the transition to cleaner energy while minimising emissions. These and other environmental sustainability contributed to BIAC receiving the Greentech Environment Award for Environmental Excellence, in 2023.

## Clean Drinking Water

Prioritising the wellbeing of our employees, we provide access to clean drinking water at every Brandix facility. In-house Multimedia Filtration (MMF) with UV disinfection is installed to ensure World Health Organisation (WHO) standards for safe drinking water are upheld, without compromise. Our facilities in Sri Lanka offer an additional layer of protection with a chlorination system. Furthermore, Brandix remains committed to environmental responsibility by eliminating single-use PET bottles across the Group.

## **Zero Water Wastage**

Our approach to zero water wastage looks to unlock efficiencies in our most water-intensive production processes, maximise water-use across our domestic and non-production functions, and promote environmentally conscious water saving practices amongst staff.

Wet operations, which include dyeing and washing processes consume large amounts of freshwater, but they are also hard to transform — with stringent technical and product-related requirements, price-pressures, and cost limitations related to overhaul of machinery and equipment. Despite these challenges, we are taking concerted steps to improve water-use efficiency in our wet operations. In 2023/24, the utilisation of low liquor-ratio dyeing and waterless biowash washing processes at our facilities led to an 11% YoY reduction in process-water demand.

The majority of water used by the Group, for domestic or industrial processes, is released through designated channels after requisite treatment. It is returned to the environment and remains available to ecosystems, communities, and industries in the region.

# Group Water Intensity (m³/MnUSD)

Working to build a culture of water conservation, we encourage our employees to use natural resources responsibly; conducting regular awareness programmes on the importance of water conservation and water-saving methods. During the year 2023/24, we trained 57 operators from our facility-level Sewage Treatment Plants (STPs) to ensure proper wastewater operations. All our locations utilise water-efficient sanitary fittings and water recovery systems. Water meters installed at all withdrawal sources are monitored daily, enabling our engineering teams to identify discrepancies and respond quickly to potential risks.

Green Grey Blue

Our teams also carry out regular leak detection and monitoring scans, which serve to minimise wastage of water across our operations, from withdrawal or input, through to discharge. We carry out regular preventive maintenance for all drinking water facilities, through the iAudit application, enabling accurate inspection and timely corrective action.

In 2023/24, we installed flow reducer rings on canteen and washroom taps at our Indian facilities, and saw a notable 10% reduction in annual water usage.



## Safe water disposal and effluent discharge



Our commitment to environmentally responsible practices ensures all wastewater from Brandix facilities undergoes rigorous treatment, compliant with relevant regional regulatory standards. For facilities located outside of economic zones, on-site Sewage Treatment Plants (STPs) guarantee proper treatment before release. Within economic zones, we leverage established Central Effluent Treatment Plants (CETPs) for the same purpose. Wastewater testing is carried out quarterly - by independent third-party testing bodies. Processes are in place for immediate response to any cases of non-compliance. Discharge tolerance levels are established by the relevant regulatory authority. All effluent from Brandix facilities is treated, at minimum, to comply with these standards.

Our wet processing operations are highly reliant on water, and utilise carefully sourced chemicals and dyestuff that are essential for fabric and apparel manufacture. Our responsible and sustainable use of chemicals involves adopting internationally recognised standards, following rigorous chemicals management processes, and incorporating effective effluent treatment. These practices ensure the safety of our people and prevent contamination of nearby water bodies.

All Brandix wet processing facilities adhere to the stringent Zero Discharge of Hazardous Chemicals (ZDHC) standard, meeting Level 1 of the "Supplier to Zero" certification which works to eliminate hazardous chemicals from the apparel value chain. Testing is carried out annually and related facilities are in compliance. The Brandix Water Management Policy has adopted these standards and ensures effluent treatment and discharge is in line with regional standards. stipulated local limits, and ZDHC Wastewater Guidelines (WWG). Our facilities also maintain and renew requisite environmental licenses and certifications; such as the Environmental Protection License (EPL) in Sri Lanka, and equivalent licenses in India and Bangladesh.

Industrial wastewater from our wet operations undergoes multiple stages of treatment to ensure discharged effluent is in line with stipulated standards. Our Indian operations utilise a marine outfall for treated wastewater discharge, with continuous marine studies ensuring this process poses minimal risk to the marine ecosystem. Independent third parties regularly monitor and test the quality of treated wastewater to ensure it consistently meets regulatory standards. During the year 2023/24, zero spillages were recorded and there were no reported non-compliances, related to discharge quantity or quality.

## Safeguarding shared water resources

Our water management policy clearly defines the Group's responsibility to manage water as a shared resource. In addition to existing processes for responsible water-withdrawal and discharge, inspired by our overarching goal to achieve net-positive water operations, we prioritise engagement and collaboration with communities and other stakeholders to ensure equitable and secure access to clean water, especially in regions of high water-stress.

We determine areas of water-stress based on the World Resources Institute's Aqueduct Tool, and maintain consistent reporting on water-related indicators via the Higg Index tools. Our manufacturing facilities in the Indian subcontinent include operations in India and Sri Lanka — identified as medium-high water-stress regions, and Bangladesh — noted for high water-stress. This standardised process for identification of water-stressed regions, and our analysis of water-related enterprise risks and impacts, helps formulate and implement impactful strategies to minimise our impact on aquatic ecosystems and water resources.

We work with significant suppliers to ensure adherence to Zero Discharge of Hazardous Chemicals (ZDHC) guidelines and promote water conservation programmes — tracking supplier environmental performance via the Higg platform. The Supply Chain section, on page 76, details our approach to supplier management and compliance. To learn more about our community-engagement initiatives to improve access to water and promote conservation of water resources. (Refer page 70)



Location	Planned/ Unplanned	2021/22	2022/23	2023/24	Discharge Point	Treatment Method	Discharge Water Quality Standard
Visakhapa- tnam, India	Planned	243,299	246,831	213,524	To CETP & Marine Outfall	Primary, Chemical & Biological	Compliance with APPCB and CPCB standards
Avissawella, Sri Lanka	Planned	65,305	67,353	83,128	То СЕТР	Primary & Chemical	In compliance with Gazette Notification No.2264/17 dated 27.01.2022 under The
Rathmalana, Sri Lanka	Planned	163,413	188,352	103,432	То СЕТР	Primary & Chemical	National Environmental Act, No.47 of 1980
Koggala, Sri Lanka	Planned	19,731	16,671	13,959	То СЕТР	Primary & Chemical	
Wathupitiwala, Sri Lanka	Planned	20,844	24,970	22,404	То СЕТР	Primary & Chemical	
Katunayake, Sri Lanka	Planned	33,956	35,302	28,283	То СЕТР	Primary & Chemical	
Biyagama, Sri Lanka	Planned	6,114	6,605	7,926	То СЕТР	Primary & Chemical	
Cumilla, Bangladesh	Planned	77,048	175,066	185,966	То СЕТР	Primary & Chemical	Compliance with APPCB and CPCB standards





The apparel industry's impact on terrestrial ecosystems is inextricably linked to the challenge of dealing with textile waste. Post-consumer waste — clothing discarded by consumers after use, historically makes up a large component of the industry's waste footprint. However, as the global fashion industry has expanded in scale, complexity, and competitiveness; pre-consumer waste — generated across the supply chain during manufacturing, also presents a mounting challenge. Waste related to apparel manufacturing can include a wide variety of streams; from fabric waste and ETP sludge directly generated by the production process, to food and other municipal solid waste generated by facilities and operations.

As a large apparel manufacturer, we are actively working to improve the management of waste and safeguard our planet; by directly addressing pre-consumer industrial waste, and through innovation and engagement with customers and partners who are pioneering solutions to post-consumer apparel waste.

The Earth pillar of our sustainability strategy focuses on sustainable sourcing of materials, efficient use of resources, and responsible waste management — ultimately contributing to material circularity and the circular economy. To drive progress and inspire action under the pillar, we have set ourselves two ambitious goals - to achieve 100% recycling or re-use of solid waste, and to reach 30% raw materials sourced sustainably, by 2025.



## **Material Circularity**

Social Sustainability

Consumers, retailers, and regulators are increasingly conscious of the environmental impact of apparels, and un-sustainability of the traditional linear economy characterised by a take-make-dispose model. While the shift to a circular economy remains at a nascent stage for most products and industries, some innovative global brands and clothing retailers are spearheading this change in the apparel industry.

Even though many challenges persist, with regard to the global economic system, current corporate business models, and the complexity of supply chains involved in producing and delivering goods; circularity in apparels is a transformative idea with the enormous potential.

As such, material circularity is a critical component of a sustainable future

for the apparel industry, and an area we place great emphasis on, as part of our efforts to inspire greater sustainability in apparel manufacturing.

Our approach to material circularity revolves around four pillars: Networking — to build strong partnerships with customers, collectors, recyclers, and suppliers; Traceability — to improve accuracy and visibility for materials used in apparels, and ultimately improve recyclability of products; Research and Development — essential innovation that is improving the utility of recycled input materials, exploring alternative materials, and developing solutions to close the loop; Process — incorporating circular design principles to reduce losses across the product lifecycle, improve durability and longevity of apparels, and introduce solutions for repair and re-use that would keep materials in circulation for longer.

# Sourcing Sustainable Materials

Sustainable materials play a vital part in the circularity of apparels; from introducing environmentally friendly input materials, integrating recycled post-consumer materials into the fabrication of new products, and ensuring the sustainability of raw material extraction and production across the supply chain.

As part of our material circularity strategy, we work closely with customers and suppliers to develop innovative solutions and source sustainable materials for apparels wherever possible. Guided by an ambitious goal of 30% Raw materials sourced sustainably by 2025, we are increasing the share of recycled, or sustainability-certified materials in the products we produce.

Brandix achieved a groundbreaking milestone with

Raw materials sourced sustainably in 2023/24

advancing on our timeline and exceeding our target of 30% by 2025.

Where possible, we prioritise raw materials carrying internationally accepted sustainability certification and accreditation; such as those from the Better Cotton Initiative (BCI), Organic Cotton, and Cotton Made in Africa (CMIA). In addition, we are beginning to incorporate Regenerative Cotton: grown using principles and practices of regenerative agriculture, which improve soil health and biodiversity.

Partnerships with pioneering brands, relationships with key suppliers, and process improvements in our own facilities were critical to this achievement. Over the last four years we have seen considerable growth in availability of certified sustainable materials from supplies, interest and requests from customers, and acceptance / demand from consumer markets. In volumetric terms, sustainably sourced materials in our products have almost doubled between 2020/21 and 2023/24, even as total material-use has seen a steady reduction due to resource optimisation and design improvements.

#### Brandix pillars for circularity What it means for our customers and end-consumers We network and collaborate with leading We prioritise sustainable fabrics; maximise Networking Sourcina customers, global recyclers, emerging recycled inputs; and actively partner with sustainable investors, and innovative research agencies. customers, producers, and recyclers to materials and These partnerships are investing in new source new and innovative alternatives to supporting closed-loop technology, groundbreaking solutions, and traditional materials. solutions sustainable fabrics; looking to achieve scale and feasible commercial application. We work with trusted suppliers, adopt traceability measures, and leverage globally We work across the apparel value chain, recognised certifications, to strengthen and adopt new technologies, and pilot waste uphold a sustainable supply chain. Resource traceability and product traceability initiaoptimisation tives. Traceability Continuous improvements of systems, pro-Our design and merchandising teams are Incorporating circular design equipped and empowered to work with forcesses, and capacity is part of our strategy - ensuring we are at the forefront of circular ward-thinking customers to pursue circular **Process** solutions, and well-equipped to support our concepts in product design. customers.

Targeted efforts and technological developments in recycling during this period have enabled us to achieve a dramatic 4x increase in recycled input materials. Additionally, we have been successful in incorporating almost 90% of cotton cut-waste into the product portfolio through recycling initiatives. Recycled materials now make up 16% of our material-use by volume, up from a mere 0.4% in 2020/21.

21% of raw material use is Better Cotton Initiative (BCI) or Cotton Made in Africa (CMIA) certified; two industry-accepted certifications for sustainable or preferred materials. These and other encouraging developments in the sustainable materials space are setting a positive trajectory for further improvement in the years to come.

Financial year	2021/22	2022/23	2023/24
BCI	3.61%	8.12%	12.14%
CMIA	12.58%	7.11%	8.62%
Organic	1.53%	0.79%	1.96%
Recycle	4.94%	10.62%	16.17%
Regenerative	-	-	0.83%
Other	77.34%	73.37%	60.29%

## Supporting closed-loop solutions

We are actively working to develop closed-loop solutions that minimise waste and promote the reuse and recycling of materials. By partnering with recyclers, connecting suppliers of yarn and fabrics, or testing and incorporating recycled input materials; we are building networks that support recycling and creating channels to reintroduce recycled materials into the apparel lifecycle.

At the same time, we are partnering with leading academic and research institutions to pursue innovative R&D that is breaking ground on recycling of natural cellulosics, synthetics, and man-made cellulosic materials. Our collaboration with the University of Moratuwa (UOM) and Sri Lanka Institute of Nanotechnology (SLINTEC) have yielded promising results, and we are in the process of transitioning from pilots to commercial scaling of these innovative solutions that improve recyclability.

## Incorporating circular design

Wherever possible, we incorporate circular design philosophies in the merchandising and production process — working with our customers to design apparels that have extended lifespan or improved recyclability. Guided by a make and remake concept that guides design thinking, our teams work to stay abreast of evolving technologies and solutions for material circularity.

## Reducing our footprint

Fabric is the primary raw material utilised in the apparel industry. Material use is directly tied to customer demand, order quantities, and resulting production volumes; which dictate the type and volume of fabric consumed by our operations. Further, the design and composition of products has a significant influence on the variety and volume of trims included during manufacturing.

Despite these underlying limitations, our initiatives focus on reducing fabric use, and waste, wherever possible; through careful material selection, plant optimisation, innovative manufacturing methods, and digitalization-related process improvements. Growth in production volumes, experienced during the year 2023/24, is reflected in increased material consumption.

Material use	2022/23 Values 000'	2023/24 Values 000'
Fabric (in '000 yards)	64,215	84,372
Sewing Trims - Elastic (in '000 yards)	114,078	274,168
Sewing Trims - Lace (in '000 yards)	30,402	71,638
Sewing Trims - Labelling (in '000 pieces)	295,385	365,475
Sewing Trims - Cartons (in '000 pieces)	4,039	4,925
Sewing Trims - Polybags (in '000 pieces)	51,916	71,206
Sewing Trims - Stickers (in '000 pieces)	150,283	217,090

## Paperless Brandix

Digitalisation efforts, coupled with targeted actions under the Paperless Brandix initiative, continued to yield significant reduction in paper-use across our workplaces. Successful roll-out of the initiative in 2023/24 helped the Group reduce paper consumption by almost 15% yearon-year — the equivalent of saving around **120 trees**. This concerted effort at reducing our footprint has seen impressive results - with paper waste declining by almost 97% in just three years: From 2021/22 when it comprised 20% of our waste footprint, to where it now makes up just 0.6% in 2023/24.



Following the success of the pilot project at a Brandix facility in 2022/23, which resulted in a remarkable 99% reduction in facility-level paper consumption, we have continued to expand the Paperless Brandix initiative across all operating locations. The

programme has controlled paper-use at source - more than halving the number of printers in use, and equipped staff through the Digital Transformation strategy (described on page 40) and Smart Factory initiatives. Introduction of process automation, information systems with employee self-service functionality, and improved device integration have created an enabling environment; which in turn has contributed to reduction of paper-use across the Group.

## Waste Management

On a planetary scale, a large percentage of all solid waste generated by the global economy still goes to landfills; or worse, is disposed via open dumping. Badly managed waste can lead to biodiversity loss, ecosystem degradation, and release greenhouse gases that contribute to climate change.

The global fashion industry is playing its part in tackling the issue of waste with a concerted effort across the apparel value chain.

As a manufacturer, our waste management programmes and processes are actively reducing waste generated and deriving new value for textile and apparel waste — resulting in diversion of waste from landfills. Our target - to achieve 100% recycling or re-use of solid waste, by 2025. To achieve this goal, we have implemented a rigorous waste segregation process across all our facilities; which is monitored by the Brandix Reverse Logistics, Corporate Sustainability, and Corporate Admin teams.

Segregation at source and

Regular waste collection by contracted collectors

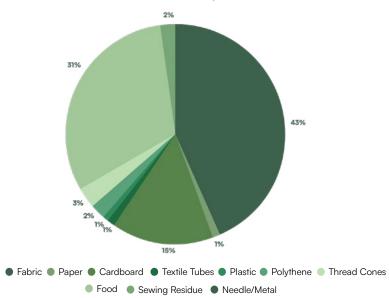
and continuous monitoring at collection points

The process ensures that waste is sorted and disposed of through approved channels, enabling effective recycling and resourcerecovery, while preventing the contamination of landfills. Where disposal is handled through a third-party, the Company ensures that the service providers are in possession of necessary environmental licenses and compliant with all relevant laws and regulations

Environmental Sustainability | Air | Water | Earth

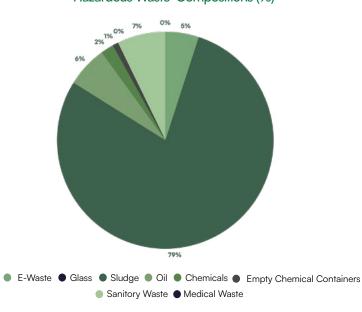
pertaining to waste management. A similar system is in place for hazardous waste, ensuring we adhere to strict criteria and partner with reputable agencies for proper treatment and disposal as per regulations.

#### Non-Hazardous Waste Compositions (%)



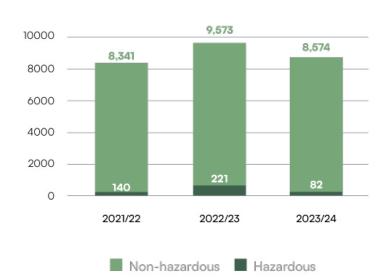
On average, Textile Waste, Sewing Residue and Cardboard constitute the majority (93%) of non-hazardous waste generated by our operations; while ETP sludge accounts for around 86% of hazardous waste generated.

#### Hazardous Waste Compositions (%)

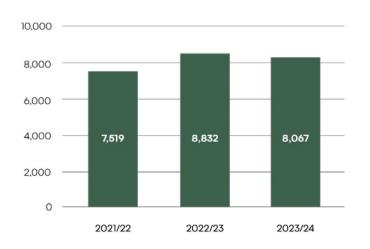


In 2023/24, our efforts saw the Group maintain zero landfilling across all operations. Tracking progress against our target; 93% of all waste across Brandix operations was recycled or re-used in 2023/24, up from 90% the previous year. In addition, around 6% of waste was directed to Energy Recovery processes through on or off-site co-processing and Waste to Energy (W2E) initiatives.

#### Waste Generated (MT)



#### Waste Recycled or Re-used (MT)



During the year we piloted a creative and innovative de-branding process, approved by select customers, which supported our efforts to recycle a portion of branded waste that was previously assigned for incineration. This and other ongoing efforts have enabled Brandix to significantly reduce the volume of raw material waste designated for incineration, by more than 67%, in just three years.



## How we practice responsible waste management

Proactive waste reduction	Rigorous waste segregation	Increased waste traceability	Innovative resource recovery	Continuous employee engagement	Regular waste audits and monitoring
Initiatives in place to optimise resource efficiency, reduce resource consumption, and maximise re-use.	Waste segregation practices in place at all facilities.	Piloting traceab ility solutions, in partnership with customers, for tracking waste.	Recycling, upcycling, and downcycling; coupled with co-processing and waste-to-energy (W2E) initiatives.	Employee Engagement, Awareness and Training	
		Improvem	ents in 2023/24		
Efforts initiated to reuse PVC textile tubes and thread cones.  Paperless Brandix digitalisation programme roll-out.	Enhanced textile waste segregation by raw material (nylon, polyester, spandex, etc.)	New customer partnership programmes for waste traceability.	Initiative to separate Spandex from Cotton.	Enabling systems, coupled with awareness of employees and support-staff leading to reduced mixed (heterogenous) waste generation.	

# Social Sustainability















Brandix, with operations across three geographic regions, impacts over 40,000 team members, their families, and the communities they call home. This multicultural, interconnected network is the heart of our success, fuelling both our growth and our dedication to creating positive change.

Through our Sustainability and social responsibility initiatives, we strive to be a catalyst for transformation, fostering a better future for all stakeholders within our sphere of influence. This vision translates into tangible action through our focus on social sustainability.

We invest in our employees, cultivate strong relationships with customers, and empower the communities where we operate. We recognise that social wellbeing is a vital building block for a truly sustainable future, paving the way for community development, environmental progress, and economic prosperity.



# 2023/24 Highlights

13.000+ new hires









benefiting over 100,000 individuals.

Zero fatalities and high-consequence injuries

0.225 Recordable Injury and Illness Rate (RIIR)

100% of new suppliers assessed against environmental and social criteria

**Zero** incidences of non-compliance related to H&S of products and security of customer data



## Inspired People

Our inspired teams are the heart of Brandix. It is through their dedication that we are able to deliver Inspired Solutions to our valued customers. Our RITE values - Respect, Integrity, Teamwork, and Excellence, unify our focus and bridge cultural and societal complexities; empowering teams and individuals to contribute to our overarching vision: Inspiring Beyond.

Brandix is committed to empowering curious, self-driven individuals who have a thirst for innovation and progress, but most importantly share our values. Individuals with conscience, global perspective and the capabilities to craft world-class solutions that inspire.

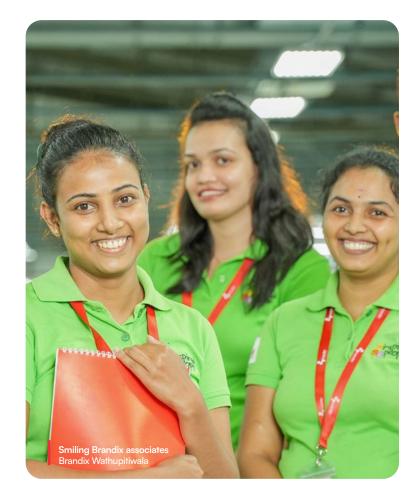
Our Employee Value Proposition (EVP) aims to attract, and retain top performers; develop their skills and capabilities; create an engaging and fair work environment that celebrates diversity and creates space for their voices; fostering an inspirational, value-based, RITE culture; providing for their safety; promoting their wellbeing; and investing in the societies and communities they call home.



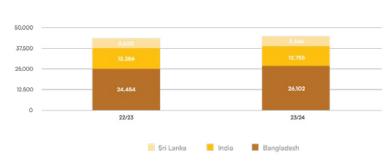
#### Growth and Development Connection and Care Capability Promoting a culture of Engagement Promoting a culture of trust: Vision for Communicating clear BRAVING. building learning. growth vision and mission. Volunteerism Demonstrating impact Providing resources and Engaging in open and of work and employee Career **Appreciation** opportunities for skill action. honest communication. paths development and growth. Encouraging autonomy and ownership of work. Job Culture and Open communication — Encouraging work-life rotation Leadership goal setting, feedback, and balance. Fostering volunteerism coaching. for a sense of purpose. and collaboration. Exposure Wellbeing Fostering a growth mindset. Promoting team **Encouraging innovation** cohesion — through and creative prolemstronger relationships and solving. collaboration.

## Our Team in 2023/24

The 2023/24 fiscal year ushered in a new era for Brandix as we transitioned to a more customer-centric approach. This shift that would better meet our customers evolving needs, also placed a renewed focus on inspiring and empowering our people, making it a key goal of the Group's HR strategy.



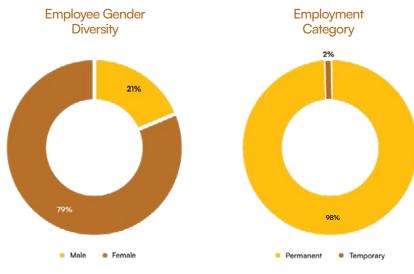
#### **Total Workforce**

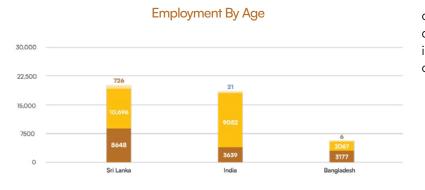




The Group workforce grew by around 3% during 2023/24, primarily reflecting expansion of cadre at our Sri Lankan operations, by 9%. Our total workforce in Bangladesh remained stable during the year, while cadre at our Indian operations reduced by 4%. In 2023/24, we continued to provide permanent employment contracts for the majority (98%) of our employees.

Gender and age diversity of our workforce also remained stable at Group-level, when compared to the previous year. We saw 79% female representation across the workforce, and maintained an almost 40-60 split between employees under 30, and those aged 30 to 50.

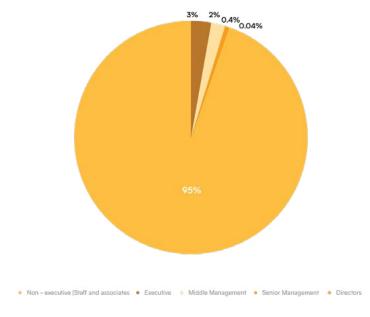




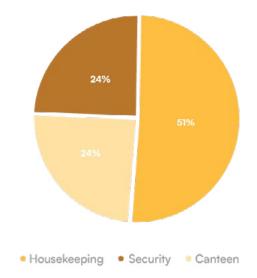
>50 =>30 - 50 =<30

Our total workforce figures are inclusive of personnel employed at InQube, a global apparel Innovation company closely partnered with Brandix. While this company does not fall within the reporting boundary of the annual Sustainability Report, their employees are covered by our social sustainability policies, strategies, and programmes at Brandix; including those relating to talent attraction, talent development, talent engagement, and occupational health and safety.

#### **Employment Position**



As our operations grew during the year, so did the requirement for ancillary and support services. In 2023, a total 1,371 sub-contractor personnel were involved in non-core operations such as housekeeping, security, and canteen services in and around our facilities. Considering the stable organic growth of the business during 2023/24, there were no significant year-on-year fluctuations in the number of sub-contractor personnel involved in our operations.



2022-2023	SL	IND	BD	
Sub-Contracted casual labour - Male Sub-Contracted casual labour - Female	521 400	186 172	48 44	
Total employees	921	358	92	

\*The head-count figures represented above are considered based on full-time equivalent (FTE), and calculated at the end of the reporting period.

## **Embracing Change for Employee Success**

To ensure our employees could smoothly navigate the structural changes of 2023, our operational HR strategy prioritised several key areas: change management, performance management, talent development — including functional skill building — HR analytics and employee wellbeing.

A robust change management plan, built on three pillars:

Inspired People | Communities | Supply Chain

Communicate, Collaborate and Commit, ensured our team felt supported during the transition. We empowered leaders through initiatives like the "Perfect Handover Workshop" and "Change Capable Leader Sessions," fostering a growth mindset and equipping them to effectively guide their teams. "High-Performance Team" sessions facilitated a deeper understanding of roles within the new structure — Direction, Alignment and Commitment (DAC), encouraging individuals to stretch their capabilities, strengthen team dynamics and enhance performance. In tandem with development programmes, Brandix hosted both global and local town hall meetings, fostering open communication and two-way dialogue with leadership.

Recognising the need to align performance with our new structure, we revamped the Performance Management System (PMS) to include new goals that enable smooth operation in the post-change environment. Additionally, we implemented continuous performance and feedback tools — On Success Factors — to foster a culture of ongoing development.

Talent management was made a strategic priority. We identified critical roles using a data-driven approach, focusing on both business value and individual role importance. Our talent mapping exercise, conducted in line with the talent identification process, identified high-potential employees. We complemented this with succession planning for critical roles, ensuring a smooth handover process. Furthering our culture of coaching and mentoring, we engaged 12 International Coaching Federation (ICF)-certified coaches to conduct one-on-one coaching sessions for our key talent.

Our "RISE for Her" mentoring program, commended for its impact on professional and personal development, successfully launched with a pilot cohort of;

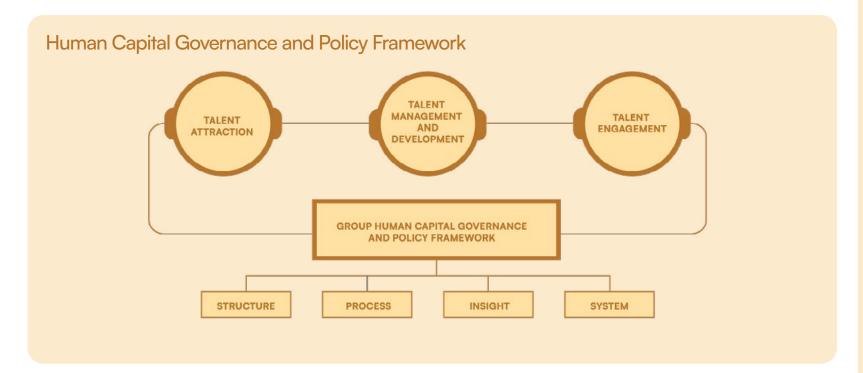
**Participants** 



Mentoring circles have also been introduced to encourage peer-to-peer learning and sharing of experiences.

To support our employees as they take on expanded roles and pursue new goals, functional capability development was made a key focus. This involved identifying business-critical capabilities and addressing gaps with the Brandix Institute of Sales' core and mastery programs, which utilise blended learning techniques.

with local labour laws, and upheld through active engagement at Employee Councils. Brandix also undertook supplier self-assessment reviews of its significant suppliers during the year. As per supplier selfdeclarations by such significant suppliers, there were no forced labour or child labour incidences in those supplier operations, and no violation of workers' rights to freedom of association or collective bargaining.



## **Brandix People Strategy**

The Brandix culture strives to deliver 'Inspired Solutions through Inspired People'. Our dynamic People Strategy, actioned through a comprehensive human capital governance framework, ensures we achieve excellence in every stage of the employee lifecycle, from talent attraction to management, development and engagement.

Successful implementation of our strategy, inculcation of our value-based culture, and enforcement of strict controls across our facilities ensured there were no incidences of child labour, or forced and compulsory labour within our operations during the year under review. Additionally, employees' rights to freedom of association or collective bargaining was protected in compliance

## Talent Attraction and Retention

Brandix prioritises attracting high-potential talent to optimise performance and ensure cultural fit. Our forward-thinking technical competency framework helps us map and identify ideal candidates. We continuously enhance this framework by strengthening technical assessments and collaborating with the Brandix Corporate Campus (BCC) to develop online tools and in-house assessment centres. Additionally, we are exploring the potential of AI to ensure unbiased and efficient hiring processes. Academia plays a central role in our talent attraction strategy; we actively collaborate with local and international educational institutes in our operating regions.

## Sustainability on the Track: Championing the Next Generation of Engineers

In 2023, Formula Student, Europe's premier educational engineering competition, challenged teams to design, build, and race a single-seater race car. Formula Student is a real-world test where students get hands-on experience with business planning, project management, while applying their theoretical knowledge.

Brandix proudly sponsored the University of Moratuwa students' participation in the competition, recognising it as a crucial stepping stone for engineering graduates entering the workforce. These brilliant young minds showed off their innovation, digital skills, and commitment to sustainability by creating "Falcon E1," an electric race car.

The organisation behind Formula Student, The Institution of Mechanical Engineers (IMechE), is a charity working towards a sustainable world, while maximising benefits to society.



To build a strong external talent pool, the Brandix Group utilises globally recognised assessment tools like the Harrison's Talent Assessment Tool and Hogan Assessments. These tools help us identify and evaluate candidates' behavioural traits and set benchmark competency standards for senior roles, managerial and above.

Furthering our digitalisation journey, in 2023, we implemented an Al-powered attrition predictor tool that analyses employee data including performance, compensation and benefits and sentiment. This allows us to take proactive measures for improving employee retention, whilst ensuring employee privacy and confidentiality in surveys conducted.

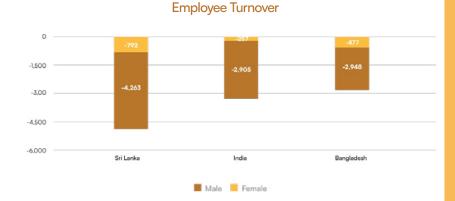
Brandix understands the importance of a positive onboarding experience. We provide new employees with the necessary resources and a welcoming environment to help them integrate smoothly. Celebrating milestones like a first salary and offering financial guidance at the associate level are just a few ways we support our people and their personal development.

As the business environment showed signs of improvement in 2023/24, the Group resumed hiring. We hired 13,134 personnel — an almost 40% increase against the previous year. At the same time, employee turnover reduced by around 15% as 11,642 cadre left during the year. The Group turnover rate reduced in 2023/24, with no significant fluctuation in staff numbers during the year. At approximately 30%, turnover rate is well below the industry average — testament to our inclusive talent development and engagement initiatives, and the value-based culture at Brandix that is actively rolled out to all staff. Meanwhile, our hiring rate in 2023/24, climbed to 34% from 25% the previous year.



Plant mergers and optimisations in Sri Lanka were the primary drivers of employee turnover during the year. In Bangladesh, the cadre increased due to ramping up in the new factory, Brandix Apparel Bangladesh Limited.





## Compensation and Benefits (C&B)

At Brandix, we believe in recognising and rewarding the valuable contributions of our people. Our compensation packages are built on the principle of equitable pay for all, regardless of gender. We stand firm against discrimination in any form.

C&B packages are updated annually, to ensure they reflect global industry standards, while being tailored to job scope, individual skills, and competencies, regardless of employment type. Details of staff remuneration remain confidential.

In response to Sri Lanka's heightened cost of living, the 'economic relief allowance' for all non-executive personnel, which was introduced in 2022, continued during the year under review. An economic relief allowance was incorporated into the monthly compensation package for executives in 2023/24.

Staff discounts and HR services were accessible to all employees, particularly in challenging times. Existing performance-based bonus programmes were also in effect during the year, providing recognition for outstanding contribution.

Additionally, we make it a priority to provide employees fair and equitable performance-based remuneration with benefits that comply with local labour laws and regulations.



The Chairman's Fund

Randaru Scholarships

Employee Provident Funds

Non-executive employees of Brandix are eligible to apply for financial assistance of up to LKR 1 million for critical medical

needs. This support extends to spouses, children, dependent siblings, and, for unmarried employees, their parents. ------

Brandix is proud to support the educational aspirations of our non-executive employees' children. The Randaru Scholarship programme recognises academic excellence at three key milestones: the Grade 5 Scholarship Examination, Ordinary Level Examination and university. Ongoing support is provided throughout a student's university journey. University scholarship financing varies based on field of study, with the highest grants awarded to Engineering and Medical students.

employees facing critical medical situations.

In the 2023/24 fiscal year, the Chairman's

Fund disbursed LKR 6.2 million to 12

In the 2023/24 fiscal year, Brandix awarded scholarships to 90 deserving students through the Randaru Scholarship program:

Grade 5 Scholarship Examination: 38 recipients Ordinary Level Examination: 20 recipients University Entrance: 32 recipients

Brandix contributes to provident funds (retirement schemes) for employees across the Group. In Sri Lanka, this amounts to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF). In India — the Provident Fund and Employee State Insurance (ESI). And in Bangladesh, the Provident Fund.

household essentials at discounted rates as a support to those most affected by living costs.

Brandix has a staff insurance scheme in place for all staff and executive-grade employees, which includes: accident cover, life cover, and cover for surgical and hospital expenses. This benefit is provided at no cost to the employee. Employees who are working in the factories and product development centres are also provided transport and subsidised meals. An employee services arm also provides access to

## Talent Management and Development





At Brandix, we believe in a culture of continuous learning. While the overall number and types of training programs remained relatively consistent in 2023/24, we adapted our learning and development (L&D) delivery channels to better serve our regional structure.

Decentralisation empowers our regional HR business partners and L&D leads to oversee training within their specific geographic areas, which allows a greater focus on local needs. Central oversight remains for specific, high-impact programmes like Executive Top and Critical Talent (TACT) Management and Personal Advancement and Career Enhancement (P.A.C.E), guaranteeing a strong foundation for growth across the organisation.

For accurate data gathering, we have introduced comprehensive data capturing methods. Coupled with digital analytics, they provide us with a deeper understanding of the effectiveness of our L&D initiatives. This valuable data allows us to continuously refine our approach and tailor training programs for maximum impact.

During the year 2023/24, we rolled out a number of training programmes

7.29



average hours of training per employee

This figure is reflective of improvement to the business environment. Our equitable and inclusive L&D strategy ensured there was no significant variance between training hours provided to employees, based on gender.

## Cultivating Leaders and Building Expertise — The Brandix Corporate Campus (BCC)

The Brandix Corporate Campus (BCC) plays a pivotal role in leadership development within our organisation. Through close collaboration with L&D and business leaders, BCC co-creates and delivers a suite of programs, ranging from Associate to Staff (ATS) and Staff to Executive (STEP) development to Executive Development Programs (EDP) and Management Development Programs (MDP). These programs equip high-potential employees with the skills and knowledge necessary for career progression. Building on the success of our leadership programs, which

empowered over 330 participants in the reporting year, BCC is continuously expanding its offerings. 2024/25 promises a wider range of leadership development initiatives to further equip our talent pipeline. Building on the commitment to strengthening our skilled workforce,

The Brandix Institute of Sales, BCC's first programme for functional training, focuses on capability building for Sales and Marketing teams across all levels. Over 100 individuals have benefitted from this programme during the reporting year. To address the evolving needs of the Company, BCC is exploring the expansion of similar capabilitybuilding initiatives for Operations and Supply Chain functions in the coming year.

BCC works closely with the respective HR departments to address their unique requirements for technical, behavioural, and leadership development interventions. BCC also utilises multiple pre- and postassessments to evaluate technical, behavioural, and leadership competencies.

Since 1996, BCC has leveraged its network of internal and external industry experts to build a legacy as an apparel training provider. BCC is proud to offer their employees valuable opportunities for further education and professional development through BCC's part-time Diploma programs, which simultaneously enrich the Brandix culture of continuous learning.

Aligned with our core value of creating "Inspired Employees," Brandix offers structured programs for associates and staff. These programs address development needs identified through competency gaps and equip teams with the skills and knowledge to excel. A thorough training curriculum, delivered by the Group L&D function together with the BCC, supports our goal.

#### Brandix "Shilpa"

"Shilpa" uses targeted "gap-filling" programs and National Vocational Qualification (NVQ) facilitation through our partnership with the Vocational Training Authority (VTA) to equip associates with the skills and knowledge they need to excel in their current roles and explore future opportunities.

We are also proud to offer an upskilling programme in Industrial Engineering (IE) and Garment Technology, which offers an equivalent to NVQ level 4 certification that was developed by the Brandix Corporate Campus (BCC). During the year, 291 associates successfully completed the programme.

#### **Mechanics Training**

we continued the Mechanics Training Programme across our Sri Lankan and Indian plants. This programme directly addresses the growing demand for qualified mechanics, equipping 130 individuals in 2023/24 with the necessary skills to excel in their roles.

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

The P.A.C.E. program, initiated by GAP Inc. and fuelled by the continued support of PVH Corp., has surpassed a decade of empowering women at Brandix. This global programme focuses on supporting female associates in the apparel industry, equipping them with expertise in communication, problem-solving, financial literacy, and health awareness, which empowers them to excel both personally and professionally.

Brandix' dedication to female empowerment translated into a remarkable achievement in 2023/2024. A dedicated team of 138 internal trainers facilitated 166,000 training hours, enabling 4,527 associates across Sri Lanka, India, and Bangladesh to complete the program.

We are proud to stand out as the only organisation delivering P.A.C.E. in all our facilities.

## Graduate / Beneficiary numbers Shilpa 291 associate graduates 130 graduates Mechanics Training P.A.C.E 4527 beneficiaries **GEAR** 25 graduates ATS Develoment Programme 291 associate graduates 130 graduates

## ATS - Associate to Staff Development Programme

Brandix's Associate to Staff (ATS) development programme is a key initiative for cultivating future leaders from within. Highpotential associate-level employees are selected to participate in this program. Throughout the program, they develop the necessary tools, systems understanding, process expertise, and leadership skills to excel in supervisory roles.

In 2023/24, a total of 90 associates successfully completed the ATS program, benefiting from the guidance of highly skilled internal and external facilitators.

## STEP - Staff to Executive Development Programme

Brandix's legacy Staff to Executive (STEP) Development Programme propels high-potential staff to take the next step in their careers. Continuous reskilling and assessments foster the development of essential interpersonal skills, financial management expertise and provide exposure to real-world executive challenges. In the past year, 52 staff members successfully graduated from the STEP program, joining a pipeline of talented individuals prepared to excel in executive roles.

## **Executive Talent Management**

A bi-annual performance management process combined with ongoing feedback (CPF) ensures executives receive regular development guidance. The CPF (Continuous performance feedback) system, visualised on a 9-box grid, assesses both technical competence and potential for growth. With oversight from the Board, Leadership Team, and Functional Heads, this continuous feedback loop guarantees that executives' developmental needs are consistently addressed.

The Group's Talent Development and Pipeline Building Framework provides a strong foundation for executive L&D initiatives. Recognising the immediate needs of the business, Brandix prioritises three key development areas:

- Behavioural or soft skills
- Leadership skills
- Functional or technical skills

Our flagship leadership programmes: the Executive Development Programme (EDP) and the Management Development Programme (MDP) are carefully crafted to cultivate a powerhouse pipeline of future leaders. They are the springboards that propel highpotential individuals towards shaping the future of the Company.

## Executive Development Programme (EDP)

Brandix's signature Executive Development Programme (EDP) prepares high-potential executives for success in midmanagement roles. Led by a combined force of internal and external experts, the curriculum offers engaging modules, an assessment centre and ongoing support through post-programme coaching by the Group's internal coach pool.

EDP was launched in India five years ago and its success drove expansion to Sri Lanka; cementing the Company's commitment to broad-based leadership development.

## Management Development Programme (MDP)

The Management Development Programme (MDP) at Brandix was initiated in 2022 to cultivate leadership capabilities of Level 2 Managers: Assistant Managers, Managers, and Senior Managers. A personalised selection process involves assessing each individual's career aspirations, as well as competency assessments to pinpoint skill gaps. The Group collaborates with leading external experts, to deliver rigorous training and assessments.

Over the course of 12 months, MDP covers:

- A development centre
- A 360-degree assessment
- A MBTI personality assessment
- 4 training modules
- 4 individual coaching sessions
- Group CSR activities

## Leadership Development Programme (LDP)

The LDP first leverages Hogan assessments to identify high-potential senior leaders. Nest, expert debrief sessions help unlock individual strengths and growth areas. Finally, participants are paired with an internal or external coach for personalised guidance.



## Coaching and Mentoring

We strive for leadership excellence through coaching, additionally, several executives have achieved ICF certification, solidifying their coaching expertise. Mentors receive in-house training to provide invaluable guidance to selected individuals as part of the RISE for HER programme. Senior leaders also actively mentor high-potential individuals, sharing wisdom through structured sessions. These initiatives build a thriving coaching culture at Brandix.

## Inspired Conversations

Brandix's "Inspired Conversations" programme equips executives with the skills to become more effective and empathetic communicators. This three-part module delves into:

Module 1 — Listen More, Listen Better: Dives into active listening techniques, helping develop awareness of communication barriers and overcoming them for effective understanding.

Module 2 — Stay Curious a Little Longer: Sharpens questionasking skills, inspiring a spirit of curiosity and empowering others to find solutions.

Module 3 — Support One Another: Explores the role of empathy in building strong workplace relationships, and explores techniques for delivering feedback with sensitivity and understanding.

## Smart and Inspiring Managers Academy (SIMS Academy)

Brandix's SIMS Academy is a strategic initiative to drive operational excellence across the Group. This tailored programme equips managers with essential skills in:

- Apparel value chain process insights and integration
- Automation and advanced technologies
- Finance literacy
- Production planning and control
- Customer excellence

Rooted in Brandix's core RITE values, the programme utilises curated workshops to develop the competencies needed for managers to become truly "Smart and Inspiring."

## Key Technical and Other Training Programmes

Brandix bridges the skills gap with targeted training. Annual Training Needs Analyses (TNAs), alongside competency assessments during mid-year and final-year reviews, ensure technical training aligns with our business needs. Brandix's i-Connect platform streamlines compliance-related assessments, ensuring all employees are up-to-date on mandatory regulations.

## A Dynamic Performance Management

Brandix has taken significant strides in enhancing its performance management system (PMS) to create a more dynamic and data-driven talent development process. To improve transparency and accuracy we are adopting a digitised system, propelling Brandix's entire talent management system towards a robust digital platform. The upgraded PMS features a more user-friendly interface, which fuels a more open and supportive feedback culture that allows employees at all levels to receive and offer constructive feedback, making it a more collaborative experience for everyone.

A key component of the performance management system this year has been the active implementation of the 9-box talent mapping process. This allows us to identify, develop, and reward talent with focused efforts. Additionally, the PMS now incorporates Talent Conversations, ensuring rigorous follow-up and action plans to address identified skill gaps.

In acknowledging the diverse needs of our workforce, Brandix has further expanded the PMS to encompass staff-level employees, ensuring alignment with specific goals and fostering talent development across the non-executive workforce.

In 2023/24 the hiring rate of executives decreased slightly due to the prevailing economic climate. Brandix strategically adapted, deciding against rehiring where desired natural attrition occurred; instead, job roles and scopes have been thoughtfully consolidated to ensure smooth flow of processes. Additionally, our new Customer-centric Organisational model allows Brandix to remain agile and well-positioned for continued success.

The regional structure further strengthens this adaptability, allowing Brandix to offer a tailored approach to the unique needs of each market we serve.



## Talent Engagement

At Brandix, we believe every voice matters. We offer multiple avenues for employees to raise concerns or share ideas, fostering a collaborative work environment.

While there are no formal collective bargaining agreements and trade unions across our operations, our commitment to freedom of association is enshrined in our written collective bargaining and freedom of association policies, which seek to engage all our staff. No significant changes were made to the collective bargaining policy of the Group during the reporting year. Brandix is in the process of updating supplier assessments to evaluate the risk for curtailment of freedom of association and collective bargaining in the operations of significant suppliers.

Employee Councils: In the absence of a trade union, Brandix has established an Employee Council system. All councils are registered with the Board of Investment, ensuring transparency in member elections.

Open Communication Channels: Employees can freely express concerns or suggestions through their council representatives, directly to management, or via suggestion boxes.

## **Employee Councils**

Mandatory at all our Sri Lankan plants, employee councils let employees actively engage with senior management, building a sense of ownership and shared success.

Employees themselves elect council representatives, ensuring a transparent and democratic process. Elections are held every two years, with the option of secret or open ballot voting. Monthly meetings held at each plant bring together council members, senior management, and employees for open dialogue and collaborative problem-solving. All proceedings are recorded, and a dedicated online dashboard tracks the resolution of any outstanding issues. We strive to address employee concerns promptly and in doing so, strengthen employee engagement and job satisfaction.

The company offers comprehensive training to council members; equipping them with the knowledge, skills and positive attitude necessary to effectively represent their fellow employees. The training programme focuses on:

Building competency of council members, including presidents and secretaries, to excel in their roles.

Raising awareness of their responsibilities and the impact they can create.

Building solidity between the employee council and plant leadership.

Providing valuable opportunities to sharpen their communication and problem-solving skills.





## **Employee Engagement Surveys**

Regular surveys, of our non-executive staff, are conducted across all Brandix plants to gauge employee engagement and job satisfaction. Using this data, we are better able to address concerns and boost overall morale.

## **Annual Employee Engagement Surveys**

These comprehensive surveys provide a detailed look at employee sentiment across all Brandix plants. The online questionnaire explores 14 dimensions, including supervisor reviews, leave policies and grievance management procedures. With a 25% random sample participation rate from our non-executive workforce, this survey ensures a representative voice is heard.

## **Quarterly Pulse Checks**

Complementing the annual survey, Brandix conducts quarterly pulse checks. These brief, online surveys focus on 12 core areas directly impacting employee experience, like supervisor reviews and food services. This avenue includes all non-executive employees and allows us to stay attuned to employee concerns on a more frequent basis.



## **Suggestion Boxes**

We provide suggestion boxes at all our facilities, offering a convenient way for employees to share their suggestions or raise concerns. Factory management actively reviews all submissions and their responses are published on the factory notice boards each week.

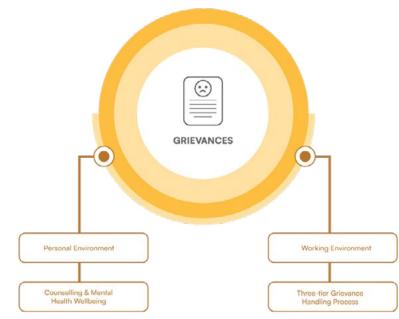
## Counselling and Wellbeing

When it comes to the health and wellness of our workforce, Brandix takes a holistic approach by focusing on mental and emotional health alongside physical wellbeing. Our counselling teams play a pivotal role by designing and delivering training and awareness-raising programmes.

## How does Brandix handle grievances?

Brandix prioritises a safe and inclusive work environment for all employees, including third-party personnel. Our Abuse and Harassment-Free Workplace Policy (A&H Policy) at Brandix, which aligns with global best practices, upholds a zero-tolerance approach to abuse and harassment. The policy is in effect across all our Group facilities, embodying the "Respect" element of our RITE values. Clear guidelines are outlined for preventing gender-based violence, discrimination and sexual harassment in our work places.

The A&H Policy offers a clear grievance handling process that includes investigations, redressal and appropriate disciplinary actions to address violations. Under our 'Respectful Workplace Drive', a redressal toolkit is being developed for rollout in the first quarter of the upcoming financial



## A&H complaints are governed though a 3-tiered escalation process

Factory Internal Committees (FICs): Associates have access to the FIC, which consists of a cross-functional team with equal gender representation. Complaints are formally investigated by a 3-member FIC panel.Regional Internal Committees (RICs): Handles escalated concerns. Policy Governance Board: Serious complaints can also be directed to the Policy Governance Board.

## The Safe to Speak Up (STSU) Policy

Our recently launched STSU policy empowers employees across the Group to raise concerns about any actions or matters that they believe violate our RITE Values or Code of Conduct. The Ombud's Office serves as the independent body for employees to confidentially report these concerns. A team of 3 individuals (comprising 2 external and 1 internal member) reviews and addresses all concerns received. While the total number of grievances received by the Ombud's Office are recorded, Brandix does not publicly disclose this information due to its sensitive nature.

During the reporting year, training on this policy was completed for the executive and above cadre. Training for non-executive staff is scheduled for roll-out shortly.

## Strengthening our processes

We are committed to ensuring the efficacy of our grievance handling system. Regular audits assess the competency of internal committee (ICs) members and identify areas for improvement. Furthermore, all personnel on these committees receive technical assistance training from the UNFPA, equipping them to conduct fair and objective investigations.

In 2023, all IC members underwent comprehensive retraining. Additionally, Brandix is currently revamping structures of the ICs, including workforce representation and governance. Regular training and composition reviews ensure these committees reflect our diverse workforce and bolster to our efforts for continuous improvement.

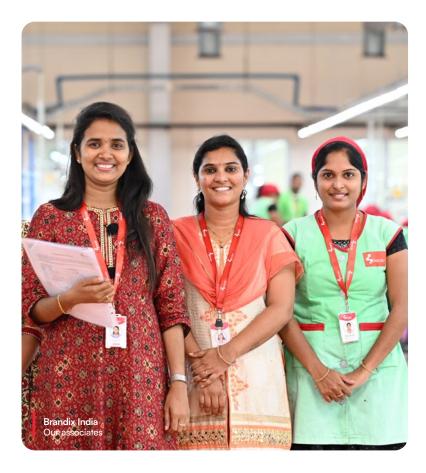
During the year, Brandix also conducted "Respectful Workplace Workshops" for all People Leaders. These sessions focused on building understanding of employee needs and identifying key areas for improvement in fostering a more positive and inclusive work environment for everyone.

We are constantly working to strengthen our non-discrimination and equal opportunity policies. In 2023/24, we received 191 discrimination complaints filed through various channels, including direct supervisors, FICs and CICs. Following a thorough investigation process, 172 of the complaints were resolved. In instances where our A&H Policy was violated, appropriate disciplinary actions were taken.

## Diversity and Equal Opportunity at Brandix

We strive to create a workplace where everyone feels valued, respected and empowered. Our IDEA (Inclusivity, Diversity, Equity to Accelerate) Council plays a pivotal role in driving these initiatives forward. We actively promote equality across all genders, abilities and backgrounds.

The launch of the Group EDI (Equity, Diversity, and Inclusion) policy in the reporting year reflects our leadership's firm commitment to IDEA. We are confident that by embracing these principles and fuelling a purpose-driven employee lifecycle, we can continuously elevate our Employee Value Proposition (EVP) and solidify our position as a leading employer within the region.



## Crafting an IDEA

In 2023, Brandix launched IDEA strategy: our commitment to building a workplace where everyone feels valued, respected and empowered to reach their full potential.

#### Inclusion:

We create a culture where everyone feels welcome and supported.

## Diversity:

We celebrate the richness of our workforce and the unique perspectives each person brings.

#### Equity:

We ensure a level playing field for all employees, regardless of background.

#### Acceleration:

We provide opportunities for every individual to thrive.

## Actioning IDEA

Strategic pillars have been identified to focus our efforts: Gender Equity, Respectful Workplace, and Generations. Central committees are leading the development and piloting of initiatives within each area.

Gender Equality: As a signatory to the United Nations Gender Equality Pledge and the first Sri Lankan private sector entity committed to the UN programme on Gender Based Violence and Women in Leadership, Brandix is a leader in this space. We achieved a score of 65% on the UN Women's Empowerment Principles (WEP) tool, demonstrating a strong foundation for our strategies.

Progress in Sri Lanka: Brandix Sri Lanka has achieved significant progress, increasing the percentage of women in management roles from 13% to 20% in 2023/24. We are currently setting gender targets for Brandix India and working to identify and address areas with low female representation across all our locations.

Supporting Working Parents: A new paternal leave policy is being developed to support new fathers. Sri Lanka's executive workforce will participate in a pilot program, paving the way for potential expansion to all employees and promoting a healthy work-life balance for all.

Rise Together: Throughout the year, we celebrated the richness of our workforce and contributed to uplifting our corporate culture.

Our provision of maternal leave is compliant with local labour laws, and proactively provides mothers with much-needed leave with all suitable projections for their employment security and career progression. A total of 30,183 women were entitled to maternal leave during 2023/24. Of these, 896 availed themselves of maternal leave and 639 had returned to work by the end of the year.



## Investing in Her Potential: RISE for HER and RISE UP

The Brandix Group is constructing a leadership landscape that is not defined by gender. To make this vision a reality, we have actioned a 3-year plan to increase female representation at senior management levels. Two of our signature programmes, RISE for HER and RISE UP, are already making a difference through targeted mentorship and networking opportunities.

RISE for HER: This innovative mentorship programme pairs experienced female leaders with high-potential women for six months of personalised guidance. Mentors address both professional and personal challenges, helping mentees overcome barriers to advancement. This programme

has been instrumental in identifying and removing obstacles faced by women in the workplace. Currently, a second batch of 77 female employees, are participating in the RISE for HER programme.

RISE UP Networking Events: Designed to connect and empower women in leadership, these events provide a platform for female managers and above to network in a relaxed setting. Recognising the importance of broader perspectives, we have recently expanded the audience to include high-potential female assistant managers and influential male leaders. This fosters a collaborative environment where open communication leads to a better understanding of women's experiences and ultimately, stronger female empowerment and retention within the company.

#### Building a Strong Pipeline of Female Leaders

To ensure a robust pipeline of future female leaders, Brandix focuses on several key initiatives:

Succession Planning: We actively cultivate female talent at all levels through tiered training programs. Our current female succession readiness rate in Sri Lanka sits at 21%

Women's Success Stories Campaign: This ongoing campaign showcases the achievements of female leaders across diverse functions. By highlighting their success, we aim to inspire other women and make traditionally underrepresented roles more attractive.

Entrepreneur Market: To shine the spotlight on women-owned businesses, we hosted our first Female Entrepreneur Market on Women's Day 2024. We plan incorporate this initiative into our future Women's Day celebrations and expand participation to include male employees, furthering equality within the company.

Training and Development: Our ongoing legacy programmes — MDP, EDP, ATS, and STEP — have demonstrated significant participation and success.

During the year 2023/24, we maintained 11% female representation in our Governing Board. We continue to be committed to empower women to take leadership roles across our operations, and are confident that our current female succession readiness rate of 21% will contribute to increased diversity at management levels in the future.

In 2023/24, 97 persons with disabilities were employed across the Brandix Group. We are continually working to improve our processes and facilities to grow the diversity and inclusivity of our culture. During the year, we took the following steps:

## Data-Driven Approach:

Key metrics such as disability status are captured by our comprehensive ESG dashboard along with gender, position, age, training hours, recruitment and turnover. This data allows us to identify areas for improvement and measure the effectiveness of our initiatives.

## **Employee Resource Groups:**

We actively support Employee Resource Groups (ERGs) like the "We Care Buddy" group, which are working to expand diversity and representation within the Company.

#### **Unconscious Bias Training:**

In recognition of the impact of unconscious bias, we are rolling out educational programs to address this issue and ensure a fair and equitable work environment for all.

#### Generations Initiative:

Focused on fostering understanding between generations in the workplace 2023/24, this initiative will see further development in the coming fiscal year.

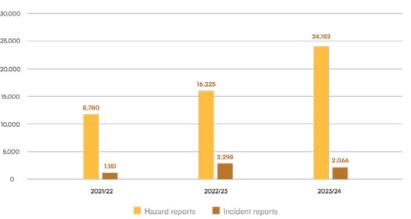
## Occupational Health and Safety

Maintaining the highest standards for health and safety across our operations extends beyond our employees; to ensure safety of the non-core indirect workforce in our facilities, and to influence and promote safer practices amongst suppliers we engage.

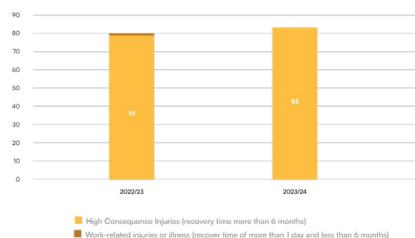
#### OHS Performance at a Glance

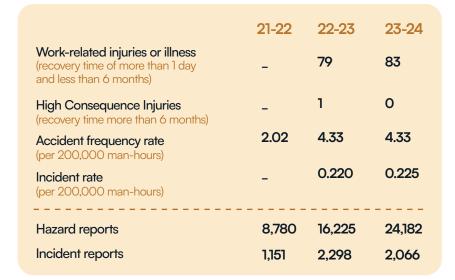
Successful implementation of our OHS strategy saw the Group maintain zero fatalities across all facilities during the year. We recorded fewer incidents and saw only a marginal change in the Recordable Injury and Illness Rate (RIIR), 0.225, for 2023/24. Progressing against our Long Range Plan (LRP) for OHS, we strengthened our OHS governance, added new standards, and continued to train and engage our teams to create a safer and healthier work environment for our teams. During the year, we carried out a Hazard Identification and Risk Assessment (HIRA) study across our facilities, with particular focus on newly introduced machinery. Key risks were identified and required corrective action or risk mitigation measures were carried out.

#### Proactive Hazard and Incident Reoprting



## Work-related Injuries and Incidents Rate





## Main Work-Related Injuries and Illnesses reported

Trimmer cut	19%
Scratch / mark	18%
Open would	14%
Needle prick	14%
Muscle / joint pain	9%
Laceration	8%







We are committed to safeguarding the health and safety of all individuals impacted by our operations, and we employ an approach that encompasses these three key stakeholder groups.

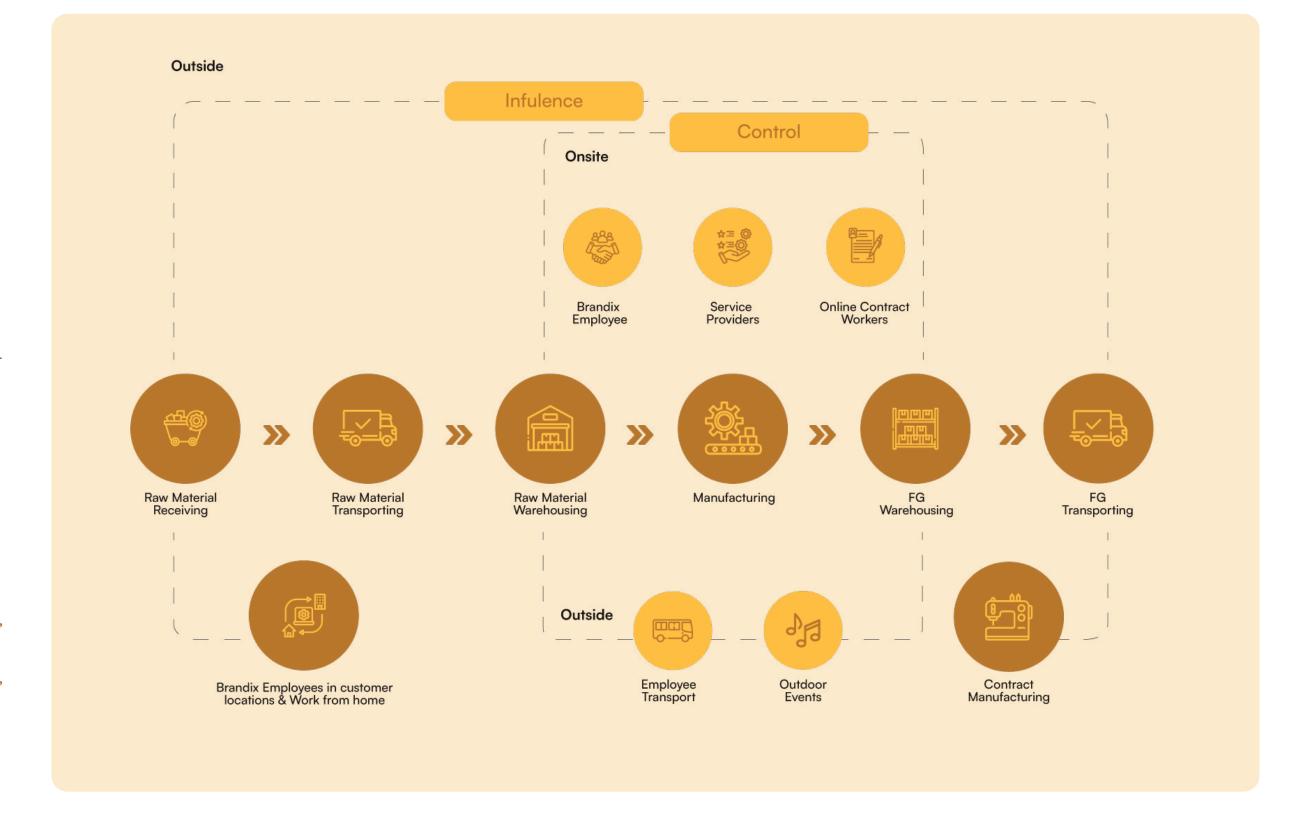
Brandix Employees: We prioritise the health and safety of our employees, where the Company has direct control of the workplace and work tasks. 100% (39,007) employees at Brandix facilities are covered by the Group's OHS Management system.

Indirect Workforce: We extend our commitment to those not directly employed by Brandix, such as subcontractors; who access work spaces where the Company has direct control.

Suppliers: While lacking direct control over both workplaces and work tasks, we leverage supplier engagements, audits, and our Supplier Code of Conduct to promote safe practices throughout our supply chain.

The scope of the OHS operation encompasses all factories and centres within the Group, and is defined based on the activities, products, and services that can impact the Group's OHS performance. In establishing these boundaries, we ensure compliance with applicable legal and customer requirements. Additionally, this scope extends to third-parties working with us. Our involvement with external parties is determined by the level of interaction, identifying areas under our control and those where we exert influence. This approach ensures the promotion of health and safety both within and outside the plants, aligning with our organisational core ideology

We follow a robust OHS framework and strategy, apply rigorous standards for safety, invest in necessary infrastructure and comprehensive training, work proactively to eliminate accidents, and take every measure to prevent work-related illnesses while maintaining the highest OHS standards across all operations.



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holders to drive achievement of plant OHS

4. Playing a vital role in crisis management and

objectives.

business continuity.

Brandix OHS standards and practices go beyond mandatory requirements set by the Sri Lanka Shop and Office Act, Factories Ordnance, and other rules and regulations in our areas of operation. Our standards are aligned to the internationally accepted and widely used Occupational Health and Safety Administration Series (OHSAS) Standards and the most stringent standards for OHS set by our customers. These standards are developed by in-house Subject Matter Experts (SMEs) that operate within a Group-wide Centre of Excellence (CoE) team. The team sets standards and monitors progress of implementation, as described in the section on Standardisation of Safety Systems (page 64). Our OHS standards exceed compliance-based requirements and entrench a higher standard of H&S across facilities, on a voluntary basis.

## **OHS Governance**

In 2023/24, the Group moved away from the previous SBU model, toward a governance framework of Strategic Business Entities (SBEs). In line with this shift, we revamped our OHS governance structure where Plant OHS Leads now report directly to the Plant General Manager and indirectly to the Group Head of OHS. Shift plants operate with two OHS heads, while single-shift plants have one. Occupational Health Nurses report directly to the Plant OHS Lead.

All factories have dedicated medical centres in place, which are run by qualified nurses. Additionally, visiting doctors have been contracted to provide support as required. These medical facilities are made available to all employees, sub-contractors' personnel, and outsourced workers.



# Group OHS Head 1. Implementing and governing the OHS Control Framework across SBEs to achieve OHS excellence. 2. Ensuring capable and potential individuals are recruited to individual plants/centres, and building their capability development plan. Plant OHS Lead 1. Implementing and governing the OHS Control Framework at site-level to achieve CMS excellence. 3. Implementing OHS improvement programmes targeted at achieving an interdependent OHS culture at the SBE. 2. Implementing OHS improvement programmes to achieve an interdependent OHS 4. Planning and deployment of Cluster OH&S objectives, SOPs, guideculture at the facility/plant. lines, and budgets to the respective Plants/ Centre teams. 3. Working with internal and external stake-

## **OHS Risk Assessment and Management**

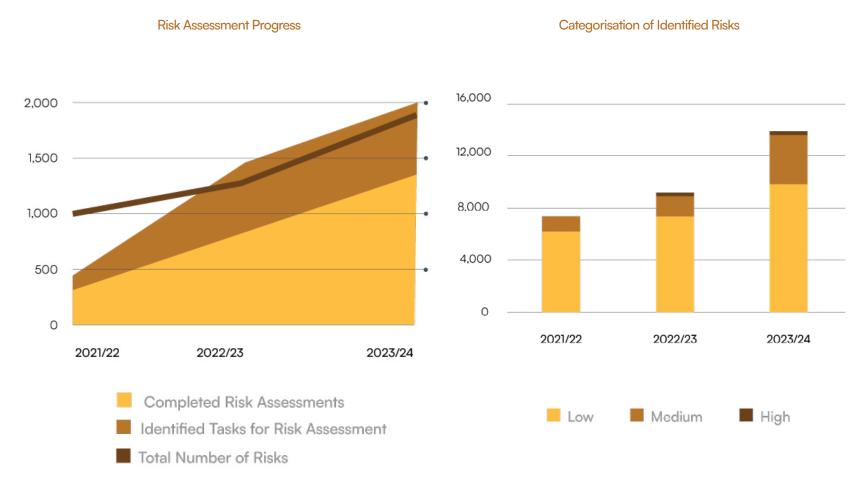
At Brandix, we conduct OHS risk assessments and manage identified risks according to an internal standard established for the Group - STD203: Risk Assessment & Risk Management. This systematic and standardised process ensures OHS risks are thoroughly assessed, controlled, and monitored; in order to uphold health and safety of employees and others affected by our operations, while also protecting company assets and reputation. Effective risk management also reveals new opportunities for efficiency improvements with the end goal of seamlessly integrating risk management into all activities and functions.

## Process of site-level risk assessment to identify and manage work-related hazards

Collaboration and Competence: We identify and evaluate potential hazards through a collaborative approach involving each pertinent department and function. Department heads, line leaders and other impactful functions such as engineering, quality, compliance, and human resources are involved in the process; with respective department heads holding ultimate responsibility for implementation of detailed OHS risk assessments. Risk assessors are suitably trained and made aware of the Brandix Risk Assessment and Management standard - STD201, in order to accurately identify and assess hazards.

Standardisation: Risk identification is carried out through a standardised process that identifies and analyses hazards under 14 major-hazard areas and 150 sub-hazard areas. Assessments are enriched by direct observation of work activities, or through detailed video analysis of work activity. Risks are analysed and prioritised based on their potential impact and severity, allowing us to allocate resources effectively.

We have made significant progress in OHS risk assessment implementation. As of FY 2023/24, Brandix teams had completed over 68% of planned risk assessments, identifying over 14.000 risks across the business.





	21-22	22-23	23-24
High	79	282	175
Medium	1,191	1,718	3,299
Low	6,232	7,441	10,625
Total Number of Risks	7,502	9,441	14,099

Non-routine risk identification and assessment: Employees are encouraged to report safety hazards through hazard reporting systems in place at each site. Hazard reporting is incentivised and supported by integration with individual KPIs. Reports are collected and analyses through a system of manual and semi-automated mechanisms at different plants.

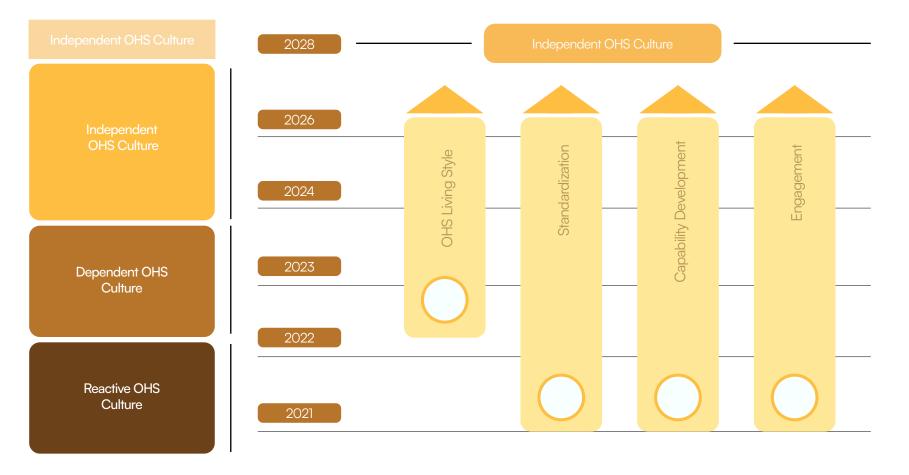
Reported incidents are collated in a central web-based system for analysis and follow-up. Where pertinent, Cluster Managers mandate and lead Root Cause Analyses (RCA) to identify the underlying causes of incidents. Thereafter, action is taken to remedy the issue and prevent similar incidents from occurring in the future. Wherever necessary, further formal assessments help establish additional controls that are then fed into the Group's Standard Operating Procedures (SOPs).



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## **OHS Conceptual Framework and** Long-Range Plan (LRP) to 2028



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

We are working towards making 'Vision Zero' a reality by 2028. With the Group moving away from the previous SBU model to a governance framework centred on Strategic Business Entities (SBEs), we have revamped the OHS structure and function and extended our Vision Zero target from 2026 to 2028. The adjustment reflects organisational transformation and the ongoing OHS Living Style cultural transformation that the Group's OHS-function is tasked with.

This OHS framework, built on four pillars— Standardisation, Capability Development, Engagement, and OHS Living Style—outlines a clear path to achieving our OHS goals. By

leveraging digital technologies, sharing bestpractices, maintaining proactive engagement with our teams, and inculcating a culture of safety; we aim to transition from a dependent OHS culture to a collaborative, interdependent model that better aligns with our RITE values.

## Standardisation of Health & Safety Systems

Since 2019, Brandix has aligned with the ISO 45001:2018 standard for Occupational Health and Safety. Our framework covering 4 key areas — leadership, control frameworks, health and hygiene, and safety — guides a comprehensive roadmap for implementing 31 Group-wide OHS standards over seven years.

Strategic approach drives continuous improvement in workplace safety and health. During the year under review, we introduced two new standards, totalling 18 standards, which surpasses 50% of our target.

The table below lists out the 18 OHS standards developed as of end FY 2023/24.

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



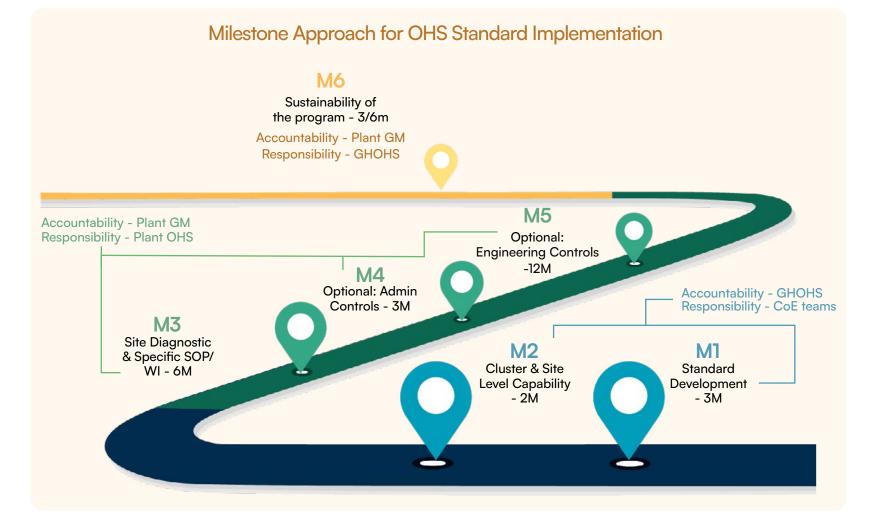
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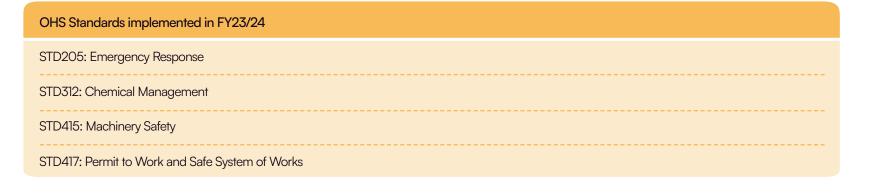
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## Milestone Approach

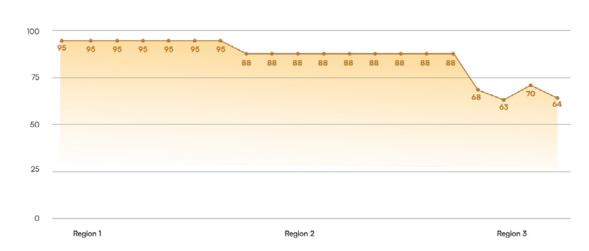
Brandix OHS uses milestones for issuing OHS standards until they are implemented at site level. To drive progress and accountability, each Brandix site is assigned specific OHS milestones with monthly performance tracking. In FY 2023/24, we successfully implemented

four new OHS standards, increasing the total from 10 to 14. This achievement is reflected in the improved performance metrics across all plants, as illustrated in the following table.

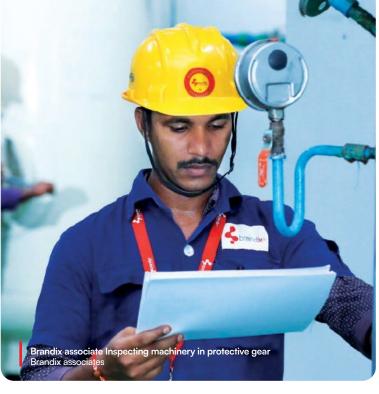




#### Implementation of OHS Standards across the group - FY23/24



Region	Facility	Achievement
Region 01	Knit Centre	95
	Awissawella	95
	Mirigama 1	95
	Mirigama 2	95
	Woven Centre	95
	Finishing - Ratmalana	95
	Ridigama	95
Region 02	Finishing - Ratmalana	88
	Essential Centre	88
	Batticaloa	88
	Nivitigala	88
	Rambukkana	88
	Katunayake	88
	Intimate Centre	88
Region 03	India 1	68
	India 2	63
	India 3	70
	India 4	64



Our OHS audit process is conducted semi-annually at each plant: assessing adherence to OHS standards, including the completion of gap assessments and subsequent corrective action plans (3Ws). Additionally, the maturity level of the 6 standards implemented in 2021/22 is evaluated at each plant during the audit. This data-driven approach enables us to monitor progress and identify areas for improvement.

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## Our Approach to Chemical Management

Stringent chemical management processes are in place at all manufacturing locations, with priority given to wet-processing operations that utilise industrial chemicals in the fabric/ textile manufacturing process.

Our chemical management process has been established to minimise and manage potential hazards and risks related to employee health and safety, environmental effects, financial impact, and customer health and safety, resulting from the chemicals. The system ensures comprehensive oversight and control; from chemical approval prior to purchase, to the safe disposal of waste generated during production.

Ongoing processes for employee capability development, including annual training and routine drills, are crucial to ensure safe and responsible chemical handling and management, and are detailed in the following section. Training programmes for chemical management cover every aspect; from safe handling, delivery and unloading, to proper storage and usage. We implement strict labelling protocols for both primary and secondary containers to provide clear information about contents and hazards associated with each chemical. Secondary containment measures are also in place to prevent spills and leaks; safeguarding our facilities, the environment, and the communities in which we operate.





## Steps 1 and 2

We have a chemical introduction and approval process in place, which is governed by a centralised chemical hazard analysis team. The team constantly reviews and updates approved chemicals based on review of MSDS/SDS, RSL/MRSL status, and by conducting risk assessments that consider health and safety, environmental aspects, and legal compliance.

## Steps 3 to 8

Chemical transportation and storage is a key element in the Brandix chemical management process that ensures all chemicals are transported according to international and local requirements and stored in well-developed and standardised chemicals storage. Further, details of all chemicals are added to the chemical inventory which organises and tracks chemicals throughout their lifecycle, within our processes. It includes all details from procurement, storage, handling, use, clean-up, and disposal.

All chemicals received at our plants are labelled in the native language for ease of understanding. Labels are written or printed clearly and graphical information, including pictograms, concerning any hazardous chemical is affixed to, printed on, or included on the immediate container or outside packaging of containers. Necessary information regarding signal words, hazard and precautionary statements, product identifiers, and supplier identification are also included for both primary and secondary containers.

Step 8 relates particularly to responsible disposal of hazardous solid waste and effluent. Our processes and performance in these areas are detailed under the Environmental Sustainability section — Earth (page 48) and Water (page 45) sections, respectively.



Brandix introduced capability development concurrently alongside the OHS standardisation pillar. This proactive approach aims to equip all employees with the essential skills and knowledge to maintain a safe and healthy work environment. Our goal is to empower every individual to contribute to our "Vision Zero" journey.

To ensure a safe and healthy workplace for all, each Brandix factory maintains a customised training calendar, formulated based on a thorough Training Needs Assessment (TNA), encompassing regulatory standards, customer requirements, and 35 critical OHS subject-areas strategically designed to address 94 varied job-roles. While there were no changes to the OHS regulatory environment in Sri Lanka, Bangladesh or India during the year; the Group continues to monitor and tune the training calendar according to new equipment and machinery, operational changes, and other developments such as incident reports and staff feedback gathered through employee consultations.

The 35 OHS focus-areas range from low-severity aspects such as basic first aid and ergonomics, to high-severity areas such as work-at-height and forklift operator training. This approach ensures all employees - from General Managers to machine operators, and service providers like security, bus drivers, housekeeping and canteen staff, are equipped with the necessary skills to contribute to a safe and healthy work environment.

## Capability Development for 2023/24

The Brandix workforce, including service providers and contractors, were divided into four categories for training purposes.

Executives

Staff and **Associates** 

**OHS Team** and Subject Matter Experts

OHS Committee

(SMEs)

Leading OHS programme (2 core modules + 1 workshop)

Based on training needs assessments, targeted training in legal, customer, and job-specific OHS requirements

Based on training needs assessments, targeted training in legal, customer, and job-specific OHS requirements

Committee Capability Development (CCD) programme, including translation of "Leading OHS" materials into Sinhala and Tamil (10 modules 2023 — 2024)

Progress on training initiatives is closely monitored at both the plant and corporate levels. The corporate OHS team tracks the training calendars for executives and OHS specialists. OHS teams at plant level, oversee the progress of staff and associate training, aligning with the established calendar.

To ensure consistent occupational health and safety standards across the organisation, Brandix has extended its OHS management system to include Inqube, a joint venture. This includes corporate-level training programmes, audits and best practices. Other joint ventures have access to Brandix OHS standards via the BrandNet platform, their implementation is voluntary. In the 2023/24 financial year, Inqube employees — OHS, engineering and administrative staff — participated in training on machinery safety and chemical management.



## **Leading OHS Programme Progress**

The Brandix Leading OHS programme expands the capabilities of all employees at executive level and above. This initiative combines nine self-learning modules accessible through the iConnect e-learning platform with interactive knowledge-sharing workshops.

The Leading OHS programme comprises a series of nine carefully curated e-learning modules, combining key areas of Health and Safety pertinent to executive and above employees, with elements of the Group's broader OHS framework. It is a vital component for building a culture of Health and Safety within the Group and directly contributes to our goal of developing an OHS Living Style. The programme's hybrid/blended learning techniques incorporate routine workshops that serve to answer queries, encourage discussion, introduce practical examples, crystallise various points of learning, and analyse overall effectiveness of the training.

Since the programme was initiated in 2022/23, the modules have been launched in a staggered manner, with workshops organised on a regular basis.

## Capability Development Training Progress -**OHS Specialists**

Our OHS Specialists and Subject-Matter Experts (SMEs) represent duty-holders and competent personnel tasked with OHS compliance and performance at a facility-level. Alongside OHS Specialists and SMEs, they include employees from a variety of divisions; such as engineering, administration, warehouse, and human resources, all of which contribute to achieving the Group's overarching OHS goals.



## Capability Development for Occupational **Health Nurses**

In March 2024, we completed the second phase of our "Occupational Health Awareness Training for Nurses" programme, which followed the initial training cohort from the previous fiscal year. The three-day session enhanced the skills and knowledge of a further 19 nursing professionals.

Module		M2: Accidents, Safe Behaviour, and My Role	M3: Fire and Loss Prevention	M4: Risk Assessment and Risk Management	M5: Safe System of Work	M6: Chemical Hazards	M7: Physical Hazards	M8: Health at Work	M9: OHS Control Framework	WS1: Need for Action	WS2: Courage, Commitment and Authenticity	WS3: Leading OHS - Taking Personal Action
Completion rate (2022/23)	89%	88%	88%	61%	55%	49%	44%			70%	71%	
Completion rate (2023/24)								51%	49%			70%

Training Type	Resources Person	Duration	OHS Team participation	Eng. Team participation (SME)	Admin. Team participation (SME)
Machinery Safety & LOTO	External	8Hrs	27	53	-
Chemical Management	Internal	8Hrs	21	-	25
Designing of Fire Detection and Alarm Systems at Institute of Engineers Sri Lanka (IESL)	External	6*4Hrs	09	-	-

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## Engagement

Brandix sees employee engagement as a cornerstone of Vision Zero. Plants have autonomy in selecting and implementing appropriate programmes from the pre-approved list, ensuring alignment with local cultural nuances.

- Monthly CEO OHS Forum
- Safety Week
- Empowering OHS committee and first aid team
- **GEMBA** with Purpose
- **Annual OHS Forum**
- Safety share to start every meeting
- Tea with GM
- **Employee Wellbeing**
- Hazard reporting month competition

These initiatives take into account all stakeholders, including contractors and visitors, when fostering a positive and safe work environment.

Brandix mandates monthly CEO forums, annual Safety Weeks, and a robust hazard reporting system across all operations. The latter is incentivised through key performance indicators (KPIs) and rewards to encourage active participation.

Our engagement with regard to H&S of personnel extends to significant suppliers, who undergo a rigorous vetting process at onboarding; including self-assessment through a Supplier Assessment Questionnaire and agreement with the Brandix Vendor Code of Ethics (VCE). The supplier management process, described in detail in the Supply Chain section (pages 76 to 77), includes compliance review, certification management, and performance monitoring against a number ESG KPIs; including metrics specific to OHS.

## Hazard Reporting

Since 2021, we have witnessed hazard reporting steadily increasing; a positive trend that correlates with our investment in capability development and engagement programmes.

We have classified hazard reporting as a sub KPI of the Site Safety Index; measured by the number of hazards reported, closed and closed within the stipulated 60-day timeframe. To incentivise proactive reporting, a negative impact is applied for unresolved hazards. The annual hazard reporting rate, calculated as a percentage of the total workforce at each plant reached 70% in 2023/24, up from 30% in 2021. Every reported hazard shows our employees to be active partners in safeguarding our working environment, and brings us closer to our vision of a zero-incident workplace.

#### Incident Reporting

Brandix has cultivated a culture of open reporting, encouraging employees to speak up when incidents occur. Our approach led to a spike in reported incidents from FY 2021/22 to FY 2022/23, with a slight decline in FY 2023/24. We attribute the downward trend to successful incident investigation and resolution through root cause analysis (RCA) and corrective action by leadership at the plant level.

## **Engagement in OHS Management**

Aside from OHS-specific engagements listed below, the Brandix Grievance Handling Mechanism rolled out across the Group serves as a conduit for strong employee engagement with regard to H&S concerns. The GRM, described on page 58, includes employee councils, suggestion boxes, and an open-door policy supported by the Safe-to-Speak Up campaign that encourages direct communication with supervisors or senior management.

Activity	Meeting Frequency	Ultimate Decision- making Authority
Inclusive Decision-Making:     Monthly site OHS committee meetings     bring both leadership and shop-floor staff together.	Monthly	Plant GM
2. Collaborative Risk Assessment Process: Employees at every level are actively involved in identifying and assessing workplace hazards.	Live	Site OHS Lead
3. Employee-led Initiatives Employee Councils and Food Committees are also provided platforms at site-level for raising OHS concerns and suggesting improvements.	Monthly	Plant GM
4. Encouraging Engagement: Initiatives like the OHS tagline competition — which drew 194 participants — empower all employees to contribute to a safer work- place.	Once	Group Head of OHS

## Medical Facilities and Health Initiatives

Each Brandix facility operates a well-equipped medical centre staffed by nurses who are permanent employees of the Company and externally contracted doctors. A medical administrator with an MD qualification registered with the Sri Lanka Medical Council oversees the centres.

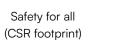
A range of services is offered, including health screenings (such as audiometry for noise exposure and lung function tests for chemical and dust exposure), injury and emergency care, and treatment for non-occupational illnesses. Focused on health and wellbeing of employees, our centres offer gymnasium facilities, with the Welisara Centre also offering a swimming pool facility.

To promote a holistic approach to health and boost employee engagement, we offer health promotion initiatives aligned with our corporate OHS standard (STD303). By closely monitoring employee health trends through regular assessments, we gain valuable insights that shape our targeted wellness programmes. Quarterly reviews identify top health concerns, enabling us to implement effective action plans.

## **OHS Living Style**

Beyond the workplace, Brandix is working to foster a culture where safety is a way of life. Our OHS Living Style pillar, the fourth of our Long-Range Plan, aims to instil safety consciousness in our employees' personal lives. To achieve this, we have set in motion two initiatives: "Safety for All" and "Best Practice Sharing." A third project "OHS Culture Framework for the Apparel Industry," is in the planning stages and set for launch in the coming year.







**Best Practice** Sharing



**OHS Culture Framework** for Apparel Industry



## Safety for All — Initiatives for 2023/24

## Hari Para Campaign:

A month-long, centrally coordinated campaign was run across our sites to raise awareness about road safety.

#### **Blood Donation Awareness:**

Basic tips on health and safety when donating blood were provided at multiple locations.

## Beach Clean-up:

To build awareness of ocean plastics and contribute to a healthy planet, a programme at Angulana beach was centrally organised with plant OHS teams participating.

## Culture Building:

A three-month culture development project was run across Brandix Centres to promote a safety-conscious mindset.

#### **Disaster Preparedness:**

Radio programmes on natural disaster awareness were organised; with the Meerigama plant winning Bronze at the National Safety Awards.

## Importance of Seat-belts & Helmets

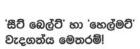
#### Seat-belts

Reduce the risk of fatal injury by 45% Moderate to critical injury by 50% Fines will be Rs. 1,000 to Rs. 4,000

#### Helmets

Reduce the risk of head injury by 85% Fines will be Rs. 1,000 to Rs. 3,000

This is a Legal Requirement



#### 'සීට් බෙල්ට්' (ආසන පටි)

මාරන්තික අනතරු 45% කින් අඩ කරයි සාමනස අනතුරු 50% කින් අඩු කරයි දඬය රු.1000 සිට රු.4000 දක්වා

#### 'හෙල්මට්' (හිස් වැසුම්)

හිසට ව්යහැකි අනතුරු <mark>85%</mark> කින් අඩු කරයි දඬය රු.1000 සිට රු.3000 දක්වා

ආසන පටි සහ හෙල්මට් පැළදීම නීතිමය අවශනතාවයකි



## No Cellphones while Driving

- · Using your phone while driving is both illegal and dangerous
- · In case of emergencies, pull over safely to respond to calls or texts
- · Stop the vehicle to check maps
- · Even hands-free devices can pose distractions and risks

Fines of Rs. 2,000 apply for phone use while driving



#### **Don't Drive too Fast**



Speeding is Responsible for 30% of road traffic deaths

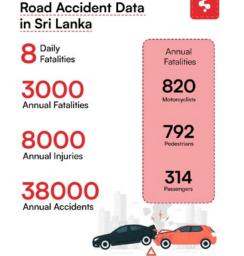
## Speed limits - Outside the city

- · Heavy vehicles 60 km/h
- Cars 70 km/h · Motorcycles - 70 km/h

#### Speed limits - Urban areas

- · Heavy vehicles 40 km/h
- Cars 40 km/h
- · Motorcycles 40 km/h





ional Health & Safety (OHS) Tear

an an

## Best Practice Sharing — Initiatives for 2023/24

Our medical centre operations were onboarded to a digital platform on a Group-wide scale. All medical data is now centrally recorded; supporting better data accuracy and validation, end improving monitoring, reporting, and benchmarking.

## Industry Learning and Training Initiatives — 2023/24

## **Sponsoring National Platforms:**

Stay Focused

21% of fatal accidents are

linked to drowsy driving

· Have something hot to eat

or drink, then res

. Take a short nap in a safe, well-lit are

Brandix takes an active role in national initiatives to promote workplace safety and health. During the reporting year, we were a proud sponsor of the National OHS Symposium organised by the Workplace Safety and Health Association together with the Ministry of Labour. Additionally, we sponsored the National OHS Conference, hosted by the National Institute of Occupational Safety and Health (NIOSH), to contribute to advancing industry best practices.

## Community Health:

The Brandix Rambukkana plant collaborated with the local Ministry of Health office on a dengue prevention campaign, reflecting our dedication to community health.

## Educating our Youth:

With the intention of sharing knowledge and empowering young minds, we engaged 146 students from two local schools — Pinnawala Central College and Walgama School — at our Rambukkana plant in OHS awareness programmes.

## Academic Partnerships:

Focusing on inspiring the next generation of safety professionals, we worked with several universities to offer real-world learning experiences. Our efforts included hosting engineering undergraduates from the

University of Peradeniya for factory visits and OHS risk assessments at our Rambukkana plant. Additionally, we supported the research projects of over 100 students from the Universities of Moratuwa, Wayamba and the Kurunegala Campus at our Ratmalana centre and Rambukkana plant educating them on our OHS management system.

## Shaping Sri Lanka's OHS Landscape:

Brandix OHS experts participated in a committee meeting on HIV/AIDS at the Polonnaruwa Regional Directorate of Health Services; delivered lectures on workshop safety at Ceylon Agro Industries Limited and ISO 14001 at Sabaragamuwa and Kelaniya Universities. Additionally, Group-level OHS experts conducted training on risk assessment for the Silver Mill Group and played a pivotal role in the review of Sri Lanka's National OHS Policy.

## Promoting Health - Initiatives in 2023/24

Six medical clinics were organised across our Sri Lankan operations, in collaboration with local health authorities and private hospitals. The clinics offer a range of services, including eye care, women's health, and general wellness checks. To ensure inclusivity, specialised programmes tailored to the needs of service contractors have been rolled out across all locations. We also introduced vision tests for all bus drivers who undertake staff transportation.

In addition, regular awareness sessions, conducted via public address systems by plant nursing teams, have been instrumental in educating employees about health and wellness.

Topic	No of Sessions
Non-communicable disease awareness	85
Communicable disease awareness	55
Health promotion	43
Awareness for pregnant and feeding mothers	39
Occupational awareness	20
General OHS awareness	57
Total no. of sessions (health promotion and health surveillance)	299

## **Communities**

Our communities in Sri Lanka, India, and Bangladesh are integral to what we do at Brandix. By investing in their wellbeing and development, we empower these individuals, while strengthening the social fabric around us.

Our journey to make a difference began in 2007. With a single, focused goal — to provide access to clean water we embarked on a mission to uplift the lives of those who belong to the communities in which our 16 manufacturing facilities are located.

In 2020, with the world facing an unimaginable reality, the most vulnerable communities were left struggling to survive. Brandix recognized the urgent need to do more and stepped up to the challenge. We redefined our social sustainability strategy to align with the UN's Sustainable Development Goals (SDGs), establishing three pillars: Provide, Educate, and Engage. We broadened our scope to include: improving living conditions, creating livelihood opportunities for growth and development, and investing in educational interventions to empower the workforce of tomorrow. Initiatives are tailored to

address the specific needs of our workforce, their families and our shared communities; fostering sustainable growth, for both our communities and our business.

The Engage pillar serves as a bridge between Brandix and our stakeholders. By nurturing relationships with communities, facilitating partnerships and strengthening customer connectivity, we are weaving a tapestry of positive change. We are not just meeting needs; we are inspiring hope.







Community

## Provide

Facilitate sustainable livelihoods and enhance quality of lives of our own families & communities

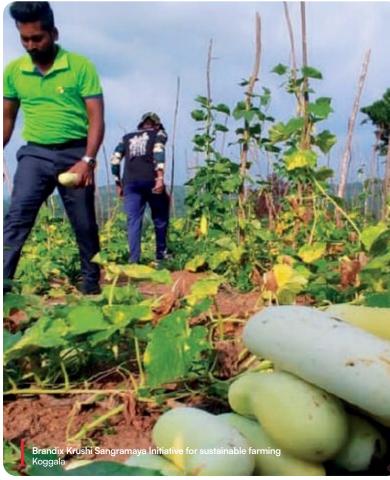
## Educate

Enable sustainable education solutions for our own families and communities leading to learned future generations

## Engage

Facilitate collaborations, partnerships and community engagement





## Assessing the Value We Bring: Social Impact Assessments (SIAs)

Based on the outcome of Social Impact surveys and Need Assessments, initiatives are prioritised and planned under the 3 core strategic pillars every year.

Additionally, formal and informal discussions are also carried out with external and internal stakeholders. Externally, officials of government administrative structure, private sector and informal sector are consulted and internally, engagement with staff and their families carried out to validate the needs and gaps identified to ensure a maximum impact to the society at large.

In 2023/24, fuelled by the spirit of "empowering lives and inspiring growth" we refined our social sustainability focus, to prioritise communities where the majority of our employees' families live. We began formalising and expanding the scope of our SIA process.

Community engagement workshops and discussions with community leaders have been planned for FY 2024/25 to gauge feedback, grievances and also identify community needs. This renewed commitment strengthens our efforts to ensure access to basic needs by 2027, including safe drinking water, sanitation, livelihood and healthcare in 24 geographical locations across our operating regions.



## Investing in Our Communities

Our dedication to community development is a reflection of our values and our commitment to creating a sustainable future. Brandix community investments across Sri Lanka, India, and Bangladesh, realised through our three strategic pillars, either meet or exceed expectations of local standards and national statutory guidelines; including India's National Voluntary Guidelines (NVG) on responsible business.



## Cumulative Investment up to FY 23/24

Pillar/Location	Sri Lanka (USD)	India (USD)	Bangladesh (USD)	Total Investment (USD)
Provide	2,301,129	333,575	27,269	2,661,973
Educate	1,508,399	103,318	455	1,612,172
Total Investment (USD)	3,809,528	436,893	27,724	4,274,145

## Total Investment in FY 23/24

Lanka (USD) India (	USD) Banglade	sh (USD) Total Inve	stment (USD)
695 56,82	1 27,269	127,784	
2,237 50,03	8 455	442,730	•
5,932 106,8	59 27,724	570,515	
,(	695 56,82 2,237 50,03	695 56,821 27,269 2,237 50,038 455	695 56,821 27,269 127,784 2,237 50,038 455 442,730

#### A Culture of Volunteerism

At Brandix, volunteerism is a reflection of our soul. In giving back to the communities we call home, our employees find fulfillment and enrichment, while strengthening our collective connection to the world around us.

In FY 2023/24 we introduced a volunteer mechanism initiative named as 'Manusath Champions', to create a platform for our own members to volunteer in our community projects with a monitoring and a recognition framework in place to track volunteering hours and effort that each volunteer contributes. This initiative has provided valuable insights into the dedication and commitment of our team. A total of 3,482 employees participated in volunteer activities, contributing a combined total of 7,875 volunteer hours during the

A cricket tournament with children of the Deaf School in Sri Lanka, blood donation with the Ministry of Health and National Blood Transfusion Center and a tree planting campaign were key highlights of our volunteer initiatives.

In FY 2024/25, Brandix has committed to making an even greater impact:

## Going Digital to Make a Difference:

A digital platform is in development to efficiently track volunteer hours and streamline the process.

## Recognising Our Volunteers:

A volunteer point scheme with a rating matrix will be rolled out to encourage participation.

## Championing Change with "Manusath Champions":

This initiative includes community service projects, environmental conservation efforts and educational support activities, which aim to boost volunteerism within the Company.

## Feedback that Matters:

Regular feedback and updates will be gathered from both volunteers and the community to continuously refine our processes and ensure that our initiatives are meeting their needs.

## Provide

We strive to facilitate sustainable livelihoods and enhance the quality of life for our families and communities.













**PROVIDE** 







Total Impact

Cumulative Number of Beneficiaries - 3,505,306

> Direct - 896,566 Indirect - 2,608,740

**Total Community** Interventions

Pillar/Location	Total Projects	Direct Beneficiaries
Water projects Enabling access to safe drinking water and sanitation.	40	216
Livelihood Projects		
Entrepreneurship Development as a supplementary income source	2	51
Natural Disaster Relief providing emergency relief during disasters.	7	24,250
Model Village Boosting community wellbeing (10-15km radius) through diversified social initiatives - WASH (Water-Air-Sanitation-Hygiene) Projects, fostering sustainable living.	45	101,855
Healthcare Projects		
Eye Camps Bringing free essential treatments, eyewear, medication, and surgeries, to our communities in India and Bangladesh.	14	7,408
Annual Blood Drive Bringing free essential treatments, eyewear, medication, and surgeries, to our communities in India and Bangladesh.	29	10,974
Health Camps Making health care accessible through essential medical screenings, consultations, and awareness programmes.	12	34,455

In 16 years, Brandix has successfully implemented 5520 projects under the Provide pillar, directly benefiting more than 896,566 individuals and indirectly touching the lives of over 2.5 million community members in Sri Lanka, India and Bangladesh.

The number of beneficiaries from projects under the Provide pillar increased by 14.5% in comparison to the previous year 2022/23.



### Learning without Limits: High Fives and High Tech Deaf and Blind School

Brandix teamed up with the wonderful people at the Ratmalana School for the Blind to level up their learning game! We are on our own digital transformation journey and we wanted to share the love. We gave their IT Lab a total tech makeover, plus impressive digital tools for the students. We didn't forget the teachers either — they took part in an advanced Training of Trainers (TOT) programme to help them rock this new tech world.

But it was not just about tech and equipment, so we held workshops to build leadership skills and spread knowledge. We organised fun engagement events to bring everyone together — teamwork makes the dream work, right?

This is all about giving these incredible students the chance to shine, without limits! Brandix believes education should be open to everyone, and we're proud to continue investing in their future!

### School for the Blind

75 students and 22 teachers directly impacted

#### School for the Deaf

120 students and 27 teachers directly impacted



### One Pint at a Time: The Annual Brandix Blood Drive

For an incredible 12 years running, Brandix has worn the badge of honour as Sri Lanka's biggest corporate blood donor. This passion project is driven by our amazing team and extends to 8 districts across the Island. That dedication means I out of every 100 blood donations in the country comes from a Brandix employee. Each donation is a powerful act of compassion because we believe in taking care of the communities where we live and work. That's why our team consistently steps up, letting the numbers speak for themselves

45,679 blood pints donated since 2007 3,658 pints donated in 2023 Over 137,000 direct beneficiaries and counting!



## Turning the Tide on Clean Water: Brandix takes on SDG 6

Clean water shouldn't be a privilege, it's a basic right. Our commitment to a sustainable future includes access to clean water and sanitation for everyone. In 2023, aligning with SDG 6, Brandix launched a heartfelt initiative to bridge the gap in access to clean water and sanitation for our communities.

We're partnering with the Sri Lanka Rainwater Harvest Forum and the National Water Supply and Drainage Board to transform lives. Our pilot rainwater harvesting projects in Giritale and Pollonnaruwa are already making a difference for over 23 families and 92 individuals.

This initial success is just the beginning, motivating us to reach more communities with clean water and sanitation facilities.



Inspired People I Communities I Supply Chain

# Educate

We empower future generations to thrive and succeed by enabling access to sustainable education solutions.





















Total Impact

Cumulative Number of Beneficiaries - **5,871,061** 

Direct - 1,469,239 Indirect - 4,401,822

**Total Community** Interventions

Initiative in 2023/24	Total Projects	Direct Beneficiaries
School essentials Providing essential school supplies annually to primary and secondary school children of our associates to enable uninterrupted education.	26,202	26,202
Educational Scholarships Offering educational support to children of our employees, from preschool to Grade 13; including Grade 5 scholarships.	135	135
<b>University scholarships</b> Empowering students who excel at A/L examinations with university scholarships.	11	11
Right to Read Project Enabling easy access to English language learning tool "ReadtoMe".	556	565,026

brandix\*

# Lighting up the Future: The RightToRead Project

The RightToRead project, a collaborative effort between Brandix Apparel (Pvt) Limited and the Ministry of Education, aims to address the low English literacy rate in Sri Lanka. By providing interactive smartboards and an English reading development software called ReadToMe, the project seeks to enhance the English reading skills of school students across the country.

The initiative is driven by the recognition of English as a globally spoken language, offering numerous benefits to individuals and society. English proficiency can empower children, contribute to a more informed society, improve educational and employment prospects, facilitate global connectivity, and foster cultural exchange.

The project's success relies on the active involvement of school English teachers, who have been trained by Brandix on the ReadToMe technology. The distribution of smartboards to 1800 benefactor schools by Brandix has also revolutionized education in Sri Lanka by empowering teachers, enabling innovative teaching methods, and providing rural schools with access to information and improved learning resources.

To ensure the project's effectiveness, the Right To Read team has established partnerships with provincial education officials to promote local ownership and accountability. By monitoring school-level targets, the team aims to guarantee consistent ReadTo Me usage and positive outcomes.

# The Impact



18% School Coverage across the island





1800 Schools



\$1.7 million invested



5000+ teachers trained

1.3 million students (30%

of student population)



86% of teachers think Read to Me is an effective tool to improve English reading skills and a helpful teaching

Since 2007, Brandix has created opportunities for over 1 million individuals directly and indirectly benefited over 4 million through education and learning initiatives.

# Engage

We prioritise continuous engagement with our communities, to better understand mutual needs and implement purposeful interventions, which leads to empowerment and upliftment.

## Social Impact and SROI calculation on Community projects

Ongoing dialogue with both external and internal stakeholders throughout a project's journey - from identification and implementation to completion and monitoring - ensures collaboration, shared ownership and meaningful impact.

Partner Organization		Initiative
Global Water Partnership Asia	Global Water Partnership (GWP) Network — GWP Regional Office - South Asia	Sustainable water solutions
	National Water Supply and Drainage Board	Water and sanitation facilities
LIXVID	Sri Lanka Rainwater Harvest Forum	Sustainable water solutions
Kansarmen St Foundation Life through Water and Santiation	Kansarmen SL Foundation	Model Village schools — water and sanitation facilities
U N D P	UNDP - Private Sector facility	Livelihood — agriculture projects and entrepreneurship development
<b>N</b>	National Enterprise Development Authority	Livelihood — entrepreneurship development
unicef 🧐	UNICEF	Enabling equal opportunity for children for education and child-friendly environment
<b>crean</b> tech	Cleantech	Model Village — waste management and recycling
	National Apprenticeship aand Industrial Training Authority (NAITA)	Shilpa
SOBAL COM	United Nations Global Compact Network Sri Lanka	Equality, diversity & inclusion training
WOMEN E	UN Women	Equality, diversity & inclusion training



The apparel industry's supply chain is a complex network that extends from raw material extraction and production, through to sourcing, manufacture, product delivery, and finally - end of life solutions.

We work with over 700 suppliers, including both upstream and downstream vendors; in order to source a wide variety of products and materials, leverage innovative solutions, and deliver high quality products to our customers.

Building strong and enduring relationships with suppliers, fostering collaboration, and ensuring compliance are indispensable to our sustainability strategy and performance. A robust, dependable, and sustainable supply chain is a necessity — not only for business success, but also to minimise the environmental footprint of apparels, uphold ethical practices, and ensure safe working conditions for thousands working in the industry.

# Our Supplier Network

Our approach to responsible, ethical, and sustainable sourcing is codified in a number of strategies that guide our procurement process, incentivise supplier engagement, standardise compliance, improve transparency, enable better management of sourcing risks, and even inform product development and merchandising.

To ensure effective management, we have identified a number of significant suppliers, accounting for 80% of our total spend. This approach allows us to focus our efforts on suppliers with the greatest impact on our operations and sustainability goals.

# Responsible Sourcing and Procurement

The Brandix core values, coupled with our commitment to ethical practices, environmental stewardship, and social responsibility; shape our sourcing and procurement processes.

# Regionalised Sourcing

The Brandix sourcing strategy incorporates local and regional sourcing where possible, aligned with our regional

(SBE-based) business model. While complying with customer-specific requirements; localised sourcing serves to minimise transport-related costs and emissions, reduces lead times, and simplifies regulatory

# Transparency and Traceability

We believe that traceability is an essential element that underpins any claim of sustainability in the industry. It instils confidence and trust between consumers, brands, and partners across the value chain; while also improving compliance and catalysing better environmental and social outcomes. Improved data gathering can also allow for more accurate assessment of the environmental and social impact of apparels throughout their lifecycle; thereby creating a platform continuous improvement.

While achieving full traceability and transparency can be challenging, advancements in technology and increased awareness across the value chain are driving progress in this area. As a manufacturer, we collaborate with both customers and suppliers to promote end-to-end traceability for primary materials and significant services that go into manufacturing products.

Brandix works with leading global fashion retailers, to extend traceability to Tier 1 and Tier 2 suppliers through targeted processes and continuous monitoring. This and other similar initiatives are setting new standards for transparency in the value chain, while aligning with pioneering new global legislation that is addressing social sustainability in an evolving global economic system.

Traceability plays an important role in how we uphold our commitment to ensure consumer health and safety, as discussed in the Customers section (page 77). We require all pertinent suppliers to adopt OEKO-TEX Standard 100 certification, or equivalent standards for material testing, which certifies that apparels are free of harmful substances and safe for consumer use. Transparency is prioritised through certification-tracking, testing, and compliance checks across our suppliers.

## Sustainable Materials

Procurement guidelines and supplier management also plays a role in the sourcing and scale-up of sustainable materials in our products Refer our Earth pillar for more information (page 48). Our product development team works with customers to promote sustainable materials, such as BCI cotton, organic cotton, or recycled cellulosic and synthetic materials. At the same time, proactive supplier management and assessments ensure a pool of certified raw material suppliers who are able to meet the highest standards for quality and reliability.

## Priority raw materials

Brandix is currently in the process of formulating a comprehensive analysis into its priority raw materials and the SRROs associated with those respective materials.

# Supplier Management and Engagement

Effective supplier management and engagement are essential for the success of any business, and are particularly impactful in the apparel and textile industry, with its far-reaching and complex supply chain.

Our Supply Chain teams are tasked with supplier selection, supporting supplier development, ensuring adoption of processes and tools, and maintaining engagement for collaboration. We have a dedicated unit in place to oversee three dimensions of compliance.

 Product Regulatory Compliance - Supplier compliance and adherence to product and process regulatory requirements. This unit actively monitors suppliers for compliance with OEKO-TEX and other related certifications and the AFIRM Restricted Substances List.

2 Adherence to Destination Country Law.

OB Customer Compliance Requirements that go beyond local regulatory requirements.

As suppliers play a key role in achieving our business and sustainability goals, we continuously monitor the performance of our significant suppliers against a number of metrics, including a number of Key Sustainability Performance Indicators (KSPIs) integrated into the Higg platform's modules. We utilise the Higg suite of tools in our supplier engagement strategy; and actively support our significant suppliers in adopting the Higg FEM and or FSLM to track and improve their environmental and social performance. We provide technical guidance, share best-practices, and routinely monitor supplier performance against the Higg FEM and Higg FSLM. Part of the due-diligence we undertake involves environmental and social assessments carried out as part of the onboarding process for suppliers — ensuring all new suppliers were screened against environmental and social criteria.

In 2023/24, we upgraded our vendor onboarding and reactivation workflow to streamline the onboarding process. The system now routes to the Brandix Supply Chain Compliance Team as the first point of review — for validation of compliance documentation. Only after successful compliance review, does the supplier onboarding proceed to the next step — to be assessed by the Category Lead, based on the supplier's alignment with category-specific requirements. This updated process ensures thorough evaluation and adherence to both compliance and category-specific standards.



Inspired People | Communities | Supply Chain

## Supplier Assessment and Compliance

Our engagement with the global fashion industry requires an expansive and highly diverse supply chain. While the industry has an array of positive indirect and spillover benefits, including employment and economic empowerment, it also carries the potential for significant negative environmental and social impacts. These impacts can occur throughout the supply chain, from raw material production to manufacturing, transportation, and end-of-life management.

Our commitment to minimising environmental impacts from operations, extends to the partner and supplier network. Our supplier management, engagement, assessment, and compliance processes, described above, work together to minimise the potential for environmental pollution and proactively address greenhouse gas emissions, while ensuring compliance with national and other relevant regulations.

Similarly, our emphasis on social sustainability includes minute attention on the potential social impacts across the supply chain. From the Brandix Vendor Code of Ethics (VCE) and continuous supplier assessments, to ongoing monitoring via internationally accepted accreditations — our efforts focus on upholding human rights, preventing exploitation, promoting inclusion and equity, and providing a safe work-environment for workers employed by our suppliers.

Creating a more sustainable and resilient value chain requires proactive evaluation, assessment, and monitoring. These checks and balances not only foster trust and accountability, but also allow for better management of potential risks; protecting our brand reputation and ensuring supply chain partners uphold Brandix core values and sustainability commitments.

### The Brandix Vendor Code of Ethics (VCE)

At Brandix, we collaborate closely with suppliers to uphold our Vendor Code of Ethics (VCE), a comprehensive framework that mandates high standards in human rights, labour conditions, environmental responsibility, and ethical practices across our supply chain.

The VCE explicitly prohibits child and forced labour, champions employee rights including freedom of expression, association, and collective bargaining, and fosters equal opportunity while addressing discrimination and workplace harassment. It also enforces strict compliance with occupational health and safety, labour laws, and employment standards.

We continuously monitor regulatory trends and assess risks related to materials, geographies, and other key factors, enabling timely updates to our VCE which will help to screen the correct supplier. Recent updates address heightened risks of forced and child labour in specific regions and materials, ensuring our code remains robust and responsive to evolving industry challenges.

## In 2023/24, 89% of new suppliers were screened on environmental and social criteria, as part of the VCE mechanism, prior to the onboarding process.

During the reporting year, Brandix further enhanced the supplier assessment questionnaire, including additional ESG aspects and improving coverage on governance and risk; with changes that will come into effect from the following year.

During the year under review, we had no recorded non-conformance with the Brandix VCE, as identified through audits or assessments.

### Customers

The Brandix promise, delivering inspired solutions, relies on collaborating with our customers to make a sustainable positive impact. Our culture is built on strong partnerships and exercising responsibility that extends across the apparel value chain.

We work to empower our customers in serving their endconsumers; sourcing sustainable materials, pioneering innovative solutions, improving agility and efficiency in the supply chain, upholding compliance with the highest international standards, and guaranteeing the safety and quality of products we produce.

## Health, Safety, and Quality

Brandix maintains stringent standards for product quality and safety throughout the entire product lifecycle. We have established rigorous processes to identify and comply with all relevant test protocols for both raw materials and finished products. A majority of these tests are

conducted by independent accredited laboratories that are widely recognised in the industry. Our testing protocols are transparent and well-documented. The type of tests are determined during the design and development phase.

Comprehensive testing is conducted at several stages of the production process. Fabric-level testing ensures that materials meet required standards and can withstand conditions like dry cleaning, perspiration, crocking, bleaching, abrasion, shrinkage and elongation. Final product testing verifies safety, durability, and quality expectations, including flammability, dimensional stability, tensile strength, and stretch properties.

To further guarantee that the textiles used in our products are free from harmful substances and safe for use, Brandix ensures mills are OEKOTEX certified.

There were no reported incidents of non-compliance with regulations or voluntary codes related to the health and safety impacts of Brandix products during the 2023/24 financial year.

A commitment to customers and their end-consumers means we are concerned about emerging issues facing the planet and its people. One such issue is microfibre pollution; a topic gaining visibility as scientific studies and medical research explore the effects of microplastics on human health.

Our in-house innovation team is working to find ways to reduce microplastics or eliminate microfibre shedding throughout the production process. This includes exploring new bio-based materials, optimising existing processes, and developing innovative filtration technologies. These and other ongoing innovations, being pioneered through research and development, are expressed in the Earth pillar of our sustainability strategy.

The section on Material Circularity (page 48) explores systems we have in place to drive circularity and sustainability in the life-cycle of products; with the end goal of ethical, safer, and more sustainable products for end-consumers and a healthier planet for everyone.

# Security

The Group has implemented a strict system to maintain customer privacy, particularly concerning branded garments. This system ensures that every meter of fabric issued for cutting is reconciled with its usage. Additionally, every manufactured garment

undergoes a comprehensive reconciliation process, and all panels dispatched for embellishment are subject to a one-to-one reconciliation.

Garments that are not shipped, leftover trims, and branded fabric identified through reconciliations are dealt with by a specialised department that ensures secure and responsible disposal / destruction after obtaining necessary approval.

Brandix did not record any issues in the reporting year with respect to breaches of customer confidentiality or losses of customer data, nor did it receive any fines from regulators.

### Our Cybersecurity Posture in 2023/24

Cybersecurity is fundamental to our ESG strategy, reinforcing our commitment to sustainability, responsible governance and transparency. By safeguarding the data of our customers, employees, and business partners; we not only improve the reliability and security of our operations, but also practice accountability and uphold the trust of our stakeholders.

Brandix adheres to international best practices, such as the NIST cybersecurity framework. Our achievement of NIST-CSF Tier 3 Maturity Level 2023 distinguishes us as the first apparel manufacturing organisation in Sri Lanka to attain this standard. These guidelines shape our policies, enabling us to effectively manage risks, protect sensitive information, and respond to cyber threats.

In the reporting year, we implemented advanced threat detection systems, enhanced network defences, and conducted organisation-wide cybersecurity awareness training.

These initiatives resulted in a significant decrease in phishing incidents. Collaborating with leading cybersecurity firms for regular vulnerability assessments further strengthens our cyber defences. Our dedicated cybersecurity team conducts regular risk assessments and monitors emerging threats. This process is overseen by our board of directors, reflecting a top-down approach to maintaining a secure environment.

Our future plans include investment in artificial intelligence and machine learning to further strengthen threat detection capabilities, while continuing to invest in employee education and engagement to foster a culture of cybersecurity awareness within the organisation.

# **GRI Content Index**

Statement of use GRI 1 used Applicable GRI Sector Standard(s) Brandix Lanka (Pvt) Ltd. has reported in accordance with the GRI Standards for the period April 1, 2023 to March 31, 2024. GRI 1: Foundation 2021 N/A

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		OMISSION				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosure	S		1			
GRI 2: General	2-1 Organizational details	About the report				
Disclosures 2021	2-2 Entities included in the organization's sustainability reporting		<del>{</del>			
	2-3 Reporting period, frequency and contact point	About the report; External assurance statement				
	2-4 Restatements of information	- Cialomerii				
	2-5 External assurance	Our story	<del>1</del> 			
	2-6 Activities, value chain and other business relationships					
	2-7 Employees	 				
	2-8 Workers who are not employees					
	2-9 Governance structure and composition					
	2-10 Nomination and selection of the highest governance body	Inspired People — Our team in 2023/24;				
	2-11 Chair of the highest governance body	Annexures — Employee data				
	2-12 Role of the highest governance body in overseeing the manage-					
	ment of impacts	i ! !				
	2-13 Delegation of responsibility for managing impacts	; ; ;				
	2-14 Role of the highest governance body in sustainability reporting					
	2-15 Conflicts of interest	Governance structure				



			O	MISSION	
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
General disclosure	es				
GRI 2: General	2-16 Communication of critical concerns	CEO's and MD's Message			
Disclosures 2021	2-17 Collective knowledge of the highest governance body	Corporate Website; ESG Integration —			
	2-18 Evaluation of the performance of the highest governance body	Disclosure of Management Approach (DMA); Governing Sustainably; Our			
	2-19 Remuneration policies	Story	- <del> </del>		
	2-20 Process to determine remuneration	Corporate Website; ESG Integration —			
	2-21 Annual total compensation ratio	Disclosure of Management Approach (DMA); Governing Sustainably — ESG			
	2-22 Statement on sustainable development strategy	Integration	- <del> </del>		
	2-23 Policy commitments	ESG Integration — Stakeholder engagement			
	2-24 Embedding policy commitments	Governing Sustainably — One governance framework	-		
	2-25 Processes to remediate negative impacts				
	2-26 Mechanisms for seeking advice and raising concerns	Governing Sustainably — Internal audit			
	2-27 Compliance with laws and regulations	and assurance			
	2-28 Membership associations	Our story			
	2-29 Approach to stakeholder engagement	ESG Integration — Stakeholder			
	2-30 Collective bargaining agreements	engagement			
		Inspired People — Talent Engagement			
Material topics					
GRI 3: Material	3-1 Process to determine material topics	500 L			
opics 2021	3-2 List of material topics	ESG Integration - Materiality assessment			

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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	OMISSION REASON	EXPLANATION
Governance Economic perfor	mance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Enterprise Risk Management - Risk Report 2023/24			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
GRI 201:	201-2 Financial implications and other risks and opportunities due to climate change	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
Economic Performance 2016	205-2 Communication and training about anti-corruption policies and procedures	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
	205-3 Confirmed incidents of corruption and actions taken	Highlights			

GRI STANDARD/				MISSION	
OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Environment					
Materials			1		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
GRI 301: Materials 2016	301-1 Materials used by weight or volume 301-2 Recycled input materials used	Earth - Reducing our footprint Earth - Material Circularity			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Governing Sustainably			
GRI 302:	302-1 Energy consumption within the organization	Air - Renewable energy			
Energy 2016	302-2 Energy intensity	Air - Resource optimisation			
	302-4 Reduction of energy consumption	Air - Resource optimisation			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Environmental Sustainability - Water			



				OMISSION	
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Water and effluents					
		ı	1		
GRI 303: Water	303-1 Interactions with water as a shared resource	Environmental Sustainability - Water			
and Effluents	303-2 Management of water discharge-related impacts	Water - Safe water disposal and effluent discharge			
2018	303-3 Water withdrawal	Water - Zero impact water sourcing; Annexures -			
	303-4 Water discharge	Environmental Data	 		
	303-5 Water consumption	Water - Safe water disposal and effluent discharge; Annexures - Environmental Data			
		Water - Zero impact water sourcing; Annexures - Environmental Data			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Environmental Sustainability - Air			
GRI 305:	305-1 Direct (Scope 1) GHG emissions				
Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Air - Our journey to net-zero			
	305-3 Other indirect (Scope 3) GHG emissions				
	305-4 GHG emissions intensity				
	305-5 Reduction of GHG emissions				
	305-6 Emissions of ozone-depleting substances (ODS)	Air - Commitment to cleaner air			







GRI STANDARD/	DICCI OCLIDE	LOCATION	REQUIREMENT(S)	OMISSION	EVDI ANIATIONI
OTHER SOURCE	DISCLOSURE	LOCATION	OMITTED	REASON	EXPLANATION
Social					
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Inspired People			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Inspired People - Talent attraction and retention			
	401-3 Parental leave	Inspired People - Diversity and equal opportunity			
Occupational heal	th and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Inspired People - Occupational Health and Safety			
GRI 403:	403-1 Occupational health and safety management system				
Occupational Health and Safety	403-2 Hazard identification, risk assessment, and incident investigation				
2018	403-3 Occupational health services	Inspired People - Occupational Health and Safety			
	403-4 Worker participation, consultation, and communication on occupational health and safety				

GRI STANDARD/	DISCLOSURE	LOCATION	REQUIREMENT(S)	OMISSION REASON	EXPLANATION
OTHER SOURCE	DISCLOSURE	LOCATION	OMITTED	REASON	EXPLANATION
Occupational hea	alth and safety				
GRI 403:	403-5 Worker training on occupational health and safety				
Occupational	403-6 Promotion of worker health				
Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Inspired People - Occupational Health and Safety			
	403-8 Workers covered by an occupational health and safety management system				
	403-9 Work-related injuries				
	403-10 Work-related ill health				
Training and edu	oction				
Trailing and edu	Callori				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Inspired People - Talent management and development			
GRI 404:	404-1 Average hours of training per year per employee				
Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Inspired People - Talent management and development			
	404-3 Percentage of employees receiving regular performance and career development reviews				



**OMISSION GRI STANDARD/** REQUIREMENT(S) **DISCLOSURE** LOCATION **REASON EXPLANATION** OTHER SOURCE **OMITTED** Diversity and equal opportunity **GRI 3:** Corporate Website; ESG Integration - Disclosure of Material Topics 3-3 Management of material topics Management Approach (DMA); Inspired People -Diversity and equal opportunity 2021 GRI 405: Inspired People - Our Team in 2023/24 Diversity and 405-1 Diversity of governance bodies and employees Equal Inspired People - Compensation and Benefits (C&B) 405-2 Ratio of basic salary and remuneration of women to Opportunity 2016 Non-discrimination **GRI 3:** Corporate Website; ESG Integration - Disclosure of **Material Topics** 3-3 Management of material topics Management Approach (DMA); Governing Sustainably; Inspired People - Talent Engagement 2021 GRI 406: 406-1 Incidents of discrimination and corrective Non-discrimination Inspired People - Compensation and Benefits (C&B) actions taken 2016 Freedom of Association and Collective Bargaining **GRI 3:** Corporate Website; ESG Integration - Disclosure of Material Topics 3-3 Management of material topics Management Approach (DMA); Social Sustainability -Inspired People; Social Sustainability - Supply Chain 2021



GRI STANDARD/				DMISSION	
OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Freedom of Associ	ation and Collective Bargaining				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Inspired People - Talent Engagement			
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Inspired People; Social Sustainability - Supply Chain			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Inspired People - Brandix people strategy; Supply Chain - Supplier assessment and compliance			
Freedom of Associ	ation and Collective Bargaining		i		
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Inspired People; Social Sustainability - Supply Chain			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Inspired People - Brandix people strategy; Supply Chain - Supplier assessment and compliance			

				OMISSION	
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Communities - Investing in our communities			
Supplier social ass	essment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Inspired People; Social Sustainability - Supply Chain			
GRI 414: Supplier	414-1 New suppliers that were screened using social criteria				
Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain - Supplier assessment and compliance			

				MISSION	
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Customer health a	nd safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclo- sure of Management Approach (DMA); Social Sustainability - Customers			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Social Sustainability - Customers			
Customer privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Website; ESG Integration - Disclosure of Management Approach (DMA); Social Sustainability - Customers			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social Sustainability - Customers			



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# Independent Assurance Statement

Brandix Apparel (Pvt) Limited ('Brandix', Corporate Registration Number PB 85) hereafter mention as 'Brandix' or 'the Company') commissioned DNV Business Assurance India Private Limited ("DNV"," us" or "we") to conduct an independent assurance of its non-financial sustainability disclosures in its ESG Report FY 2023-24 (hereafter referred as 'Report').

# Scope of Work and Boundary

"The agreed scope of work is a Type 2 Moderate Level of assurance of GRI disclosures (as mentioned in Annexture-I) in the Report, for the reporting period 01/04/2023 to 31/03/2024. The reported topic boundaries of non-financial performance are based on the internal materiality assessment covering the Company's operations as brought out in the section 'materiality assessment' of the report.

Boundary covers the performance of Brandix operations in India/ Global that fall under the direct operational control of the Company's Legal structure. Based on the agreed scope with the Company, the boundary of assurance covers the operations of Brandix across all locations in India, Sri Lanka& Bangladesh

## Reporting Criteria and Standards

The disclosures have been prepared by Brandix

- "In accordance" to requirements of Global Reporting Initiative (GRI) standards 2021.
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- ISO 14064-1:2018 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

## Assurance Methodology/ Standard

DNV carried out assurance engagement in accordance with DNV's VeriSustainTM protocol (V6.0), which is based on our professional experience and international assurance practice, and Accountability's AA1000 Assurance Standard (AA1000AS v3).

DNV's VeriSustainTMProtocol (V6.0) has been developed in accordance with the most widely accepted reporting and assurance standards. Apart from DNV's VeriSustainTM protocol (V6.0), DNV team has also followed ISO 14064-3 - Specification with guidance for the verification and validation of greenhouse gas statements; ISO 14046 - Environmental management - Water footprint - Principles, requirements, and guidelines, to evaluate disclosures wrt. Greenhouse gases and water disclosures respectively.

## Our 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 and 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. DNV has complied with the Code of Conduct during the assurance engagement.

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements.

This engagement work was carried out by an independent team of sustainability assurance professionals. During the reporting period i.e FY 2023-24, DNV, to the best of its knowledge, was not involved in any non-audit/non-assurance work with the Company and its Group entities which could lead to any Conflict of Interest. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality towards stakeholders interviewed during the assurance process.

### Basis of our conclusion

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Brandix. We carried out the following activities:

## Type 2 Moderate Level of Assurance

Reviewed the disclosures in the report. Our focus included general disclosures, GRI topic specific disclosures and any other key metrics specified under the reporting framework

Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.

Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting requirements.

Collect and evaluate documentary evidence and management representations supporting adherence to the reporting requirements.

Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected GRI disclosures.

DNV audit team conducted on-site audits for corporate office and sites.(Mirigama-1, Koggala, Rambukkana, Vizag-Unit 1) Sample based assessment of site-specific data disclosures was carried out. We were free to choose sites for conducting our assessment. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the

Company's business and its key stakeholders.

Reviewed the process of reporting as defined in the assessment criteria.

DNV teams conducted the:

Verification of the consolidated reported performance disclosures in context to the Principle of Completeness as per VeriSustainTM Protocol, V6.0 for Type 2 Moderate Level of assurance for the disclosure.

### Our Conclusion

On the basis of the assessment undertaken, for GRI disclosures as mentioned in Annexure I, nothing has come to our attention tosuggest that the disclosures are not fairly stated and are not prepared, in all material aspects, in accordance with the reporting criteria.

AA1000 Accountability Principles Standard (AA1000APS, 2018)



### 01. 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 Company to interact with these stakeholder groups. The key topics of concern and needs of each stakeholder group which have been identified through these channels of engagement are further brought out in 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 the materiality assessment process carried out by the Company which has considered concerns of internal and external stakeholders, and input 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 Company's policies, strategies, management systems and governance mechanisms in place to respond to topics identified as material and significant concerns of key stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness. However, going forward Brandix may, based on its strategic priorities, identify and articulate its medium and long-term sustainability targets and report its performance against these targets. Type 2- Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.



#### Impac

The level to which an organisation monitors, measures and is accountable for how its actions affect its broader ecosystems. The Report brings out the key performance metrics, surveys and management processes used by Brandix to monitor, measure and evaluate its significant direct and indirect impacts linked to identified material topics across the Company, its significant value chain entities and key stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.



## Reliability/Accuracy

The accuracy and comparability of information presented in the report, as well as the quality of the underlying data management systems. The Report brings out the systems and processes that the Company 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, process owners at the Corporate 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.

# Additional Principles as per DNV VeriSustainTM Protocol (V6.0)



### 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 Company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of 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.

Type 2- Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

### Inherent Limitations

DNV's assurance engagement assumes that the data and information provided by the Company to us as part of our review have been provided in good faith, is true, complete, sufficient, and authentic, and is free from material misstatements. The assurance scope has the following limitations:

The assurance engagement considers an uncertainty of  $\pm 5\%$  based on materiality threshold for estimation/measurement errors and omissions.

DNV has not been involved in the evaluation or assessment of any financial data/performance of the Company. DNV's opinion on financial disclosures relies on the third-party audited financial reports of the Company. DNV does not take any responsibility of the financial data reported in the audited financial reports of the Company.

The assessment is limited to data and information within the defined Reporting Period. Any data outside this period is not considered within the scope of assurance.

Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.

The assurance does not cover the Company's statements that express opinions, claims, beliefs, aspirations, expectations, aims or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.

The assessment does not include a review of the Company's strategy or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.

The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are not considered in this engagement.

Aspects of the Report that fall outside the mentioned scope

and boundary are not subject to assurance. The assessment is limited to the defined parameters.

The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Company is responsible for ensuring adherence to relevant laws.

## Responsibility of the Company

Brandix has the sole responsibility for the preparation of the Report and is responsible for all information disclosed in the Report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and ensuring the quality and consistency of the information presented in the Report. Brandix is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

## **DNV's Responsibility**

In performing this assurance work, DNV's responsibility is to the Management of the Company; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

DNV disclaims any liability or co-responsibility for any decision a person or entity would make based on this assurance statement.

#### Use and distribution of Assurance statement

This assurance statement, including our conclusion, has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this assurance



statement. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Company's website for the current reporting period. The use of this assurance statement shall be governed by the terms and conditions of the contract between DNV and Brandix. DNV does not accept any liability if this assurance statement is used for any purpose other than its intended use, nor does it accept liability to any third party in respect of this assurance statement.

The use of this assurance statement shall be governed by the terms and conditions of the contract between DNV and Brandix.

DNV does not accept any liability if this assurance statement is used for any purpose other than its intended use, nor does it accept liability to any third party in respect of this assurance statement.

For DNV Business Assurance India Private Limited,

DNV Business Assurance India Private Limited,

Kumar

Tapan Kumar Panda

Digitally signed by Panda, Tapan Panda, Tapan Kumar Date: 2025.04.26 11:22:29 +05'30'

Digitally signed by Tikare, Prakash Date: 2025.04.28 11:41:06 +05'30'

Prakash Tikare

Area Manager-India Subcontinent & ME DNV Business Assurance India (Private) Limited Sharma, Digitally signed by Sharma, Anjana Date: 2025.04.28 10:45:13 +05'30'

Anjana Sharma

Technical Reviewer

DNV Business Assurance India Private Limited, India.

Assurance Team-

Lead Verifier

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Ms. Kim So Hyun

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