

DRIVEN BY PURPOSE





DRIVEN BY PURPOSE

Brandix's legacy, present, and future are built upon a diverse, strategic, and comprehensive product portfolio that empowers us to drive social and environmental responsibility with purpose.

This year, our commitment was reflected in more ways than one, and this report demonstrates how our Company viewed challenges as opportunities to leverage and redefine our corporate strengths, values and purpose of existence to serve and sustain our people and planet.

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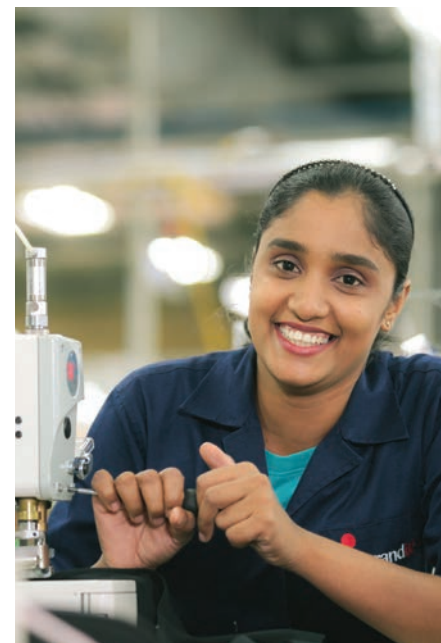
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OUR REPORT

SCOPE AND BOUNDARY

This Sustainability Report is published by the Brandix Group for the purpose of informing its stakeholders regarding the ongoing improvements to the Company's sustainability performance in the areas of Environmental, Social and Governance (ESG).

Since 2011, Brandix has been reporting its sustainability performance through the publication of a Sustainability Report. The current report, which is the 7th Sustainability Report released by the Company relates to the period 01st April 2021 to 31st March 2022 and covers Brandix operations in Sri Lanka, India, and Bangladesh.

Several organizational changes occurred during the reporting period and will impact the scope of this Report:

- One manufacturing facility located in Minuwangoda, Sri Lanka is part of a joint venture partnership. With functional control maintained by the partner entity. The aforementioned facility will be excluded from the scope of the 2021/22 report.
- A new manufacturing facility located in Vishakapatnam, India has been added to the scope of the 2021/22 report.



REPORTING FRAMEWORKS

This Sustainability Report has been prepared in accordance with the internationally recognized Global Reporting Initiative (GRI). The GRI 2021 guidelines have been used as the basis for key sustainability themes such as materiality determination and stakeholder engagement as well as for data measurements, calculation methodologies, assumptions, and estimations under the relevant sections.

To further reiterate its commitment to sustainability, the Brandix Group also aligns with a range of global standards and sustainability best practices. The adoption of these standards and best practices have helped to broaden the Group's sustainability context by deepening the emphasis on certain key ESG matters. For more details, please refer to Sustainability Principles on page 11 of this report.



OUR REPORT

DNV Business Assurance Lanka (Private) Limited provides an independent assurance regarding conformance to GRI 2021, AA 1000v3 standards and best practices for sustainability reporting. Please refer to page 80 of this report to view the external assurance certificate issued by DNV Business Assurance Lanka (Private) Limited.

ASSURANCE

Information and data captured in this report has been derived from various internal reports which have been validated by the respective functional heads and managers prior to being incorporated into the narrative. All report content is finally approved by the Brandix Group Internal Audit function. The Group's ongoing partnership with Accenture also provides a verifiable source for data and information for this Report.

In addition, DNV Business Assurance Lanka (Private) Limited provides an independent assurance regarding conformance to Global Reporting Initiative (GRI) 2021, AccountAbility's AA1000 Assurance Standard (AA1000) v3 standards and best practices for sustainability reporting. Please refer to page 80 of this report to view the external assurance certificate issued by DNV Business Assurance Lanka (Private) Limited.

FORWARD LOOKING STATEMENTS

This report contains not only past and present facts about the Brandix Group and its activities, but also forward-looking statements that reflect the opinions of the management and assumptions made based on the information at the time of publishing the report. These forward-looking statements are, by their nature, subject to significant risks and uncertainties which may cause future outcomes or results to differ from that indicated herein. Hence it should be noted that Brandix does not undertake to update or revise such forward-looking statements, whether as a result of new information, future events or otherwise.

BOARD RESPONSIBILITY

The Brandix Group Board acknowledges its ultimate responsibility for the collection, preparation, and presentation of the information, as well for ensuring completeness and correctness of all data and information presented in this Sustainability Report. The Board wishes to confirm that the contents of the report have been collectively reviewed in conjunction with the assurance reports obtained from our various internal and external assurance providers.

FEEDBACK OR QUERIES

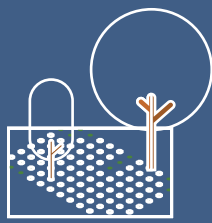
Any feedback or queries regarding this report can be directed to:
Brandix Sustainability (Brandix HQ)
No: 25, Rheinland Place, Colombo 03, Sri Lanka
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Email: sustainability@brandix.com



OUR VALUES

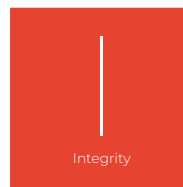


At Brandix, we have one common purpose - 'To Deliver Inspired Solutions through Inspired People.' Our RITE Values empower us to become Inspired People that deliver Inspired Solutions to world-renowned apparel brands every day. These Inspired Solutions help us become a Winning organization that inspires a positive difference across our Communities and our Planet.



Respect

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



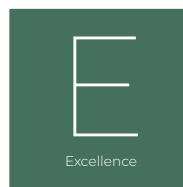
Integrity

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



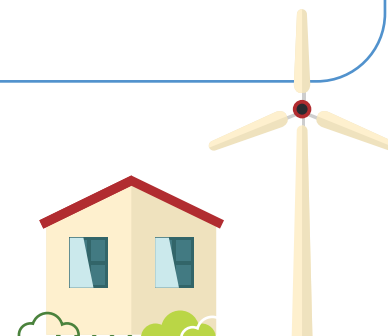
Teamwork

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



Excellence

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





KEY HIGHLIGHTS FOR THE REPORTING YEAR

11.87 MW



TOTAL INSTALLED
SOLAR CAPACITY

44.8%



GROUP
GREENWATER %

89.6%



WASTE RECYCLED
AND REUSED %

74



GROUP AVERAGE
HIGG INDEX SCORE

18.0



TRAINING
HOURS PER
EMPLOYEE

22.7 %



SUSTAINABLE
MATERIAL
PROCURED

105 BENEFICIARIES



BENEFITED UNDER
THE CSR PROVIDE
PILLAR

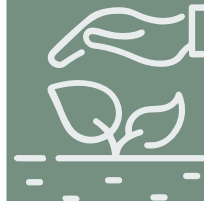
10,000+

BENEFICIARIES



BENEFITED
UNDER THE CSR
EDUCATE PILLAR

30,000



SAPLINGS
ADDED TO BIAC
GREEN BELT



ABOUT BRANDIX

Functions



Fabric
Knitting



Apparel
Manufacturing



Apparel
Washing and
Dyeing



Fabric
Printing



Apparel
Design

Products



Underwear



Casual
Bottoms



Bras



Lounge &
Sleepwear



Intimate
Apparel

Our Business

Apparel

- Brandix Lanka Limited (BLL)
- Brandix Apparel Limited (BAL)
- Brandix Apparel India (Private) Limited
- Brandix Casualwear Bangladesh Limited
- Brandix Intimate India (Private) Limited
- BrandM Apparel Haiti Limited
- InQube Global (Private) Limited

Non - Apparel (Backward Intergration)

- Best Pacific Textiles Limited
- Teejay Lanka PLC
- Teejay India (Private) Limited
- Teejay Lanka Prints (Private) Limited

Services

- Fortude (Private) Limited
- Brandix India Apparel City (Private) Limited

Partnerships





328Mn Units
Garments Manufactured



44,930
Employees



USD
747Mn
Revenue



**Sri Lanka,
India,
Bangladesh
& Haiti**

Countries of Operation

Brandix Lanka Limited was incorporated in Sri Lanka in 1969 and is widely regarded as one of the pioneer architects responsible for elevating the local apparel industry to what it is today. Over the past 50+ years Brandix operations in Sri Lanka have grown vertically and laterally. More recently our footprint has extended to the wider South Asian region through our investments in India and Bangladesh. With our 30 manufacturing facilities across the Indian subcontinent serving some of the most prestigious apparel brands in the world, Brandix has carved out a name as one of the leading Asian-origin suppliers in the global apparel value chain.

Given our commanding position, we believe Brandix is ideally placed to lead by example in addressing key sustainability issues attributed to the apparel manufacturing industry. A study by the United Nations Environment Programme (UNEP) indicated that the global apparel industry is responsible for nearly 10% of global greenhouse gas emissions and a major polluter of natural water bodies. Brandix for its part has remained proactive in its efforts to grow sustainably by systematically reducing the negative impact on the environment and the wider community. Our accomplishments over the years - becoming the World's First LEED Platinum Rated Apparel Manufacturing Facility in 2008 and being declared the World's First Net-Zero Carbon Apparel Manufacturing Facility in 2019, are all crucial milestones that testify to our commitment to fulfil this promise.

Major Markets

- USA
- Europe
- UK
- China
- Japan

Global Presence

1. Sri Lanka (Headquarters)
2. India
3. Bangladesh
4. Haiti
5. Cambodia



A MESSAGE FROM OUR GROUP CHIEF EXECUTIVE OFFICER

“Guided by our RITE values of Respect, Integrity, Teamwork, and Excellence, Brandix has integrated sustainability into the very fabric of our business. With determination and a steadfast commitment to progress, we have pushed forward, embracing new strategies and approaches to ensure that every aspect of our operations is as sustainable as it can be.

Today, I am proud to say that we are an entirely more sustainable organization than we were just a year ago. However, our journey is far from over. Let us continue to strive for excellence, working together to build a brighter, more sustainable future for all.”

ASHROFF OMAR

Group Chief Executive Officer



A MESSAGE FROM OUR GROUP CHIEF EXECUTIVE OFFICER

ADVANCING OUR CLIMATE ACTION STRATEGY

Our strategy focuses on reducing CO₂ emissions through energy efficient production and transitioning to renewables. This is the basis of managing the organization's direct (scope 1 & 2) emissions. This past year, Brandix further enhanced its renewable energy transition by investing in rooftop solar decks at select remaining Brandix manufacturing facilities in Sri Lanka and India. These new installations increased the Group's collective installed solar capacity to 11.87MW, allowing us to meet approximately 33% of the total annual electrical energy requirement of the Company. These efforts will enable the Brandix Sri Lanka operations reach the final phase of its Net Zero Carbon transition, with the formal certification process due to be concluded by mid-2023. We also made progress in the Net Zero Carbon implementation for India and Bangladesh, which gives me reason to believe that Brandix is on track to be certified Net Zero Carbon across all our facilities worldwide.

With the Net Zero certification confirming that direct emissions (scope 1 and 2) are well managed, we took the natural next step to tackle scope 3 emissions by

adopting SBTs (Science Based Targets). This is a Group-wide effort that will be driven by an ambitious 5-year roadmap to holistically monitor and manage scope 3 emissions across the entire value chain.

CREATING A MORE EQUITABLE AND INCLUSIVE WORK ENVIRONMENT

We strengthened our policy frameworks with the release of the Abuse and Harassment-free Workplace Policy to prevent gender-based violence, discrimination, and sexual harassment in any and all forms at the workplace. The policy is benchmarked on global best practices and includes a fully functional grievance process for reporting incidents along with an investigation and redressal mechanism.

As a signatory of the United Nations Global Compact (UNGC), Brandix always strives to operate in alignment with the Sustainable Development Goals (SDGs). This Policy is a significant step towards achieving SDGs 5 and 8, 'Gender Equality' and 'Decent Work & Economic Growth' respectively, and we will endeavour to consistently better our efforts in these areas as we progress.





A MESSAGE FROM OUR GROUP CHIEF EXECUTIVE OFFICER

DRIVING SUSTAINABILITY PRINCIPLES ACROSS THE VALUE CHAIN

As a sustainable business practices pioneer, we began sharing our technical knowledge and best practices to inspire others to adopt the same sustainability principles. Admittedly our past efforts in this regard have been rather ad-hoc; however, from 2021 we took a more formal approach to encourage our tier 1 suppliers to undertake the HIGG index self-assessment to report on their operational environmental performance. I am pleased to say that approximately 80% of our top 100 tier 1 suppliers (by spend) have now commenced reporting on the HIGG Index with their scores being closely monitored by the Brandix Sustainability team.

A MORE HOLISTIC APPROACH TO COMMUNITY EMPOWERMENT

Since its inception, Brandix has taken great pride in building empowered communities that are an asset to the nation. The company's three-pronged Social Sustainability strategy focuses on providing, educating, and engaging underserved communities to make a positive impact on society.

We have completed over 3700 water projects and 358 Model Village projects to improve access to clean drinking water in rural communities across Sri Lanka. Brandix has several initiatives to support the education of children within our internal and external communities. These initiatives include providing schoolbags, books, and other necessities, scholarships, study packs, and university scholarships to support high performers in their tertiary education.

DIGITAL TRANSFORMATION FOR A MORE SUSTAINABLE INDUSTRY

Brandix is implementing Industry 4.0 to optimize manufacturing and industrial processes. By using digital technologies, such as the Internet of Things (IoT), Artificial Intelligence (AI), and big data, to optimize manufacturing and industrial processes we are seeing increased efficiency, reduced waste, and overall improved sustainability.

WAY FORWARD

Brandix's commitment to sustainability is continuously evolving. We expect to use a combination of proactive and reactive strategies to drive key sustainability themes as needed across the company. To reinforce the principle of continuous improvement we will work to progressively integrate sustainability indicators into our planning, managing and tracking processes, which will allow us to measure, report and improve on our performance against global sustainability parameters.



SUSTAINABILITY PRINCIPLES

At Brandix, Sustainable business practices are an integral part of the way we operate, with the environmental, social and governance requirements applicable to our business underpinning our efforts to produce a consistent improvement in our sustainability performance over time.

Towards this end, we strive to benchmark key aspects of our operations against global standards.

To anchor these principles more firmly into our business operations on a daily basis, we have adopted a five-point sustainability approach.





SUSTAINABILITY PRINCIPLES

Towards this end, we strive to benchmark key aspects of our operations against global standards, such as Ethical Trading Initiative (ETI), the WRAP (Worldwide Responsible Accredited Production) Principles, Leadership in Energy and Environmental Design (LEED), International Organization for Standardisation (ISO) etc.

To anchor these principles more firmly into our business operations on a daily basis, we have adopted a five-point sustainability approach.



OUR CHARTERS & CERTIFICATIONS



WRAP

- BEL Koggala, Rambukkana, Kahawatte
- BFF Welisara, Mirigama I & II, Avissawella
- BLI Wathupitiwela, BII India
- BCW Bangladesh (BCB)



SMETA

- BEL Koggala, Nivithigala, Rambukkana, Kahawatta, Katunayake, India 1
- BCW Bangladesh (BCB), Ridigama, Rathmalana
- BLI Wathupitiwela



SA 8000

- BEL India 3



BSCI

- BEL Batticaloa, Rambukkana, Katunayake
- BFF Welisara
- BLI Wathupitiwela, BII India



GOTS

- BEL Batticaloa, Rambukkana, Katunayake
- BFF Mirigama 2
- BCW Bangladesh (BCB)
- BLI Wathupitiwela, BII India



SUSTAINABILITY PRINCIPLES

OUR CHARTERS & CERTIFICATIONS



ISO 14001

- BCW Rathmalana
- BLI Wathupitiwela
- BIAC Brandix India Apparel City



ISO 9001

- BLI Wathupitiwela



LEED

- BEL Batticaloa, Koggala, Rathmalana, India 1



GreenMark

- Brandix HQ



SLCP

- BCW Ridigama, Rathmalana, Bangladesh (BCB & BABL)
- BEL Koggala, Batticaloa, India 2, India 3
- BLI BII India

OUR CHARTERS & CERTIFICATIONS



GSV

- BLI Wathupitiwela, BII India
- BCW Ridigama, Rathmalana



GRS

- BCW Bangladesh (BCB)
- BLI Wathupitiwela
- BFF Mirigama 2



OCS

- BLI Wathupitiwela
- BEL Katunayake



OEKO TEX

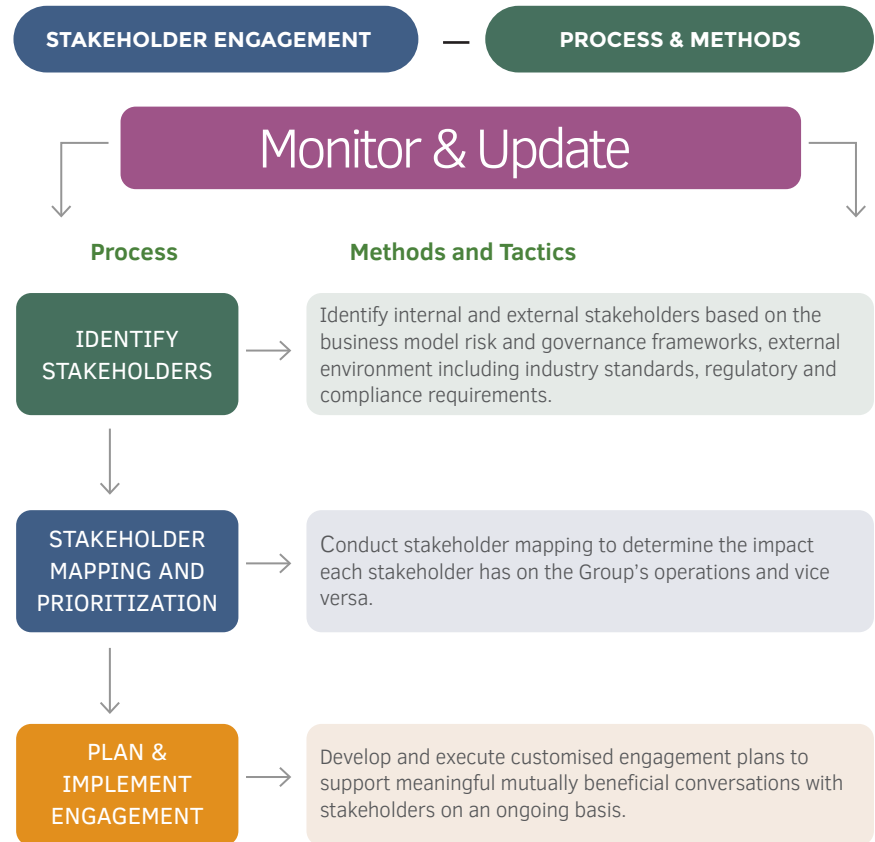
- BCW Bangladesh, Rathmalana
- BLI Wathupitiwela, BII India



STAKEHOLDER ENGAGEMENT

- how we listen and engage

Our stakeholders are those individuals and organizations that affect or are affected by our business and operations. With significant operations across three geographical locations, we focus on building strong trust-based relationships with our stakeholders through honest and transparent dialogue. Our goal is to ensure stakeholder engagement contributes to the evolution of our business strategy and look to our stakeholders to support our understanding and broaden our awareness regarding the risks and opportunities for our business. Stakeholder interactions take place at multiple levels across Brandix through a combination of both formal and informal structures.





STAKEHOLDER ENGAGEMENT

- how we listen and engage

FREQUENCY

● Biennially ● Annually ● Bi-annually ● Quarterly ● Ongoing ● Monthly ● Regularly



CUSTOMERS

Routine Engagement Mechanism

- Vendor Summits
- Customer Feedback Surveys, Vendor Touchbase with Strategy sessions
- In-person meetings - Brandix/ Customer Leadership teams
- Meetings, emails, phone/ conference calls
- Calls/ meetings with Leadership/ Management Teams
- Product & Design Development Reviews/ Customer Touch-bases

Matters Discussed

- Strategic business partnering
- Raw Material and Product innovation
- Collaborations on product and manufacture
- Risk Mitigation - Product Deliveries Product Pricing / Manufacturing Capacities
- Social & Environmental initiatives and partnerships

EMPLOYEES

Routine Engagement Mechanism

- Great Place to Work survey
- Employee satisfaction surveys/ Rasadiya Mangalya
- Performance reviews, skip level meetings skip level meetings happen throughout the year
- T&D activities, open door policy at all management levels, Skip level meetings
- Employee Council meetings
- Intranet communications through Brandnet/ Success Factors and email communications/ Viyaman Social Media

Matters Discussed

- Remuneration & benefits
- Career development
- Training & Development / Engagement opportunities/
- Safety & Wellbeing/ Diversity & Inclusion/ Recognition & Rewards/ Long-term job stability



STAKEHOLDER ENGAGEMENT

- how we listen and engage

FREQUENCY ● Biennially ● Annually ● Bi-annually ● Quarterly ● Ongoing ● Monthly ● Regularly



BANKS AND FINANCIAL INSTITUTIONS

Routine Engagement Mechanism

- Review meeting for past results and one year forward view, Annual Audited accounts
- Quarterly meeting, Quarterly consolidated accounts
- Meetings, emails, phone/conference calls

Matters Discussed

- Future growth and utilization of funds - value generation
- Impact of future pandemics and resilience
- Consistent economic performance
- Adherence to financial and taxation regulations

SUPPLIERS

Routine Engagement Mechanism

- Supplier Social Compliance Audits (Third Party)
- RM Supplier Self-Assessment
- Supplier Collaboration Reviews
- Supplier Capability and Capacity Assessments (Supplier Evaluations)
- Management level meetings, Supplier Situation Touch-base
- Supplier onboarding/ Supplier Production and Quality Meetings

Matters Discussed

- Development of long-term partnerships for sustainable supply chains
- Adherence to contractual obligations



STAKEHOLDER ENGAGEMENT

- how we listen and engage

FREQUENCY

● Biennially ● Annually ● Bi-annually ● Quarterly ● Ongoing ● Monthly ● Regularly



REGULATORY AUTHORITIES

Routine Engagement Mechanism

- Certifications and Accreditations
Licenses & approvals & site inspections /Meetings and disclosures.
- System Certification Audits
- Code of Conducts Audit

Matters Discussed

- Business operations in compliance with laws, regulations, social and environmental standards

UNION ACTIVISTS / NGO'S

Routine Engagement Mechanism

- Meetings and disclosures

Matters Discussed

- Ethical labour practices in line with global and national regulations and standards
- Compensation and rewards
- Collective bargaining



STAKEHOLDER ENGAGEMENT

- how we listen and engage

FREQUENCY



Biennially



Annually



Bi-annually



Quarterly



Ongoing



Monthly



Regularly



MEDIA - LOCAL & INTERNATIONAL

Routine Engagement Mechanism

- Website, social media platforms, press releases, media correspondence and engagement activities, public relations and advertising, thought leadership panels and forums

Matters Discussed

- Brand reputation and public perceptions
- Awareness and engagement
- Commitment to CSR and Environmental Sustainability

COMMUNITIES

Routine Engagement Mechanism

- Impact surveys for projects
- Board Update & Review (Workstream Review), Quarterly forum with CSR & Operations teams in SBUs
- Employee satisfaction surveys
- Meetings (onsite & remotely), CSR initiatives under pillars of Provide, Educate, Research & Engage
- Monthly forum with CSR teams in SBUs
- Stakeholder engagement with internal and external stakeholders

Matters Discussed

- Positive social community impact
- Supporting sustainable community development
- Employee attraction and retention



MATERIALITY

Materiality determination is seen as the fundamental step toward identifying and addressing the most critical Environmental, Social and Governance (ESG) topics relevant to Brandix.

Continuing from last year, the 11 identified material topics from the 2020/21 reporting period remained consistent for the current reporting cycle with no significant changes identified to the list or its prioritization.

FY 2022/23 will see an enhanced materiality assessment with the aim of expanding the scope of material topics covered across the company's governance framework.





MATERIALITY

| Material ESG Topic | Reason for Materiality | Topic Boundary | Management Approach | Evaluation |
|--|---|---------------------|--|------------------------|
| Energy & GHG Emissions | Supports the national environmental goals | Internal / External | Support transition towards the use of renewable energy sources, and reduce manufacturing impact on GHG emissions through resource optimisation | GRI 302, 305, 3-3 |
| Water Stewardship | Supports the national environmental goals | Internal / External | Reduce the reliance on on blue water sources for manufacturing operations through usage of green and grey water, water efficiency measures and treatment of wastewater in line with local regulatory standards | GRI 303, 3-3 |
| Waste | Supports the national environmental goals | Internal / External | Minimize the overall Group-wide environmental footprint through concerted efforts to recycle and reuse waste and implementing process improvements to reduce waste generation | GRI 306, 3-3 |
| Occupational Health & Safety | Increases employee confidence | Internal / External | <p>Maintain a safe and healthy working environment across our facilities for employees, in line with local and global best practices</p> <p>Produce and deliver products through operations that cause zero injuries or occupational illnesses to employees, contractors and visitors</p> <p>The importance of health and safety was highlighted in 2020 and 2021 owing to COVID19 environment which required the apparel industry to function through stringent controls and safety protocols</p> | GRI 403, 3-3 |
| Fair & Ethical Labour Practices | Builds trust among employees | Internal / External | Maintain operations in compliance with local regulations and international best practices on human rights across prevention of child labour, forced and compulsory labour, non-discrimination, fair wages and compensation and zero tolerance against any form of harassment | GRI 406, 408, 409, 3-3 |
| Sustainable Community Development | Helps reduce socioeconomic disparity | External | Proactive community engagement initiatives aligned with the Sustainable Development Goals (SDGs) and Principles of UN Global Compact to ensure positive social impact for the families of our employees and the communities we operate in, by addressing their needs | GRI 413, 3-3 |



MATERIALITY

| Material ESG Topic | Reason for Materiality | Topic Boundary | Management Approach | Evaluation |
|--|--|---------------------|---|-------------------|
| Talent Development & Engagement | Contributes towards the achievement of corporate objectives | Internal | Ensure employees are inspired and motivated through direct and transparent relationships, celebrating achievements and providing access to learning and development to enhance their personal and professional careers | GRI 402, 404, 3-3 |
| Supply Chain Management | Improves consistency and reliability of products resulting in enhanced customer confidence | Internal / External | Developing long-term partnerships with suppliers, guided by the “Five Basic Vendor Rights”; namely Right Quality, Right Source, Right Time, Right Quantity and Right Price | GRI 3-3 |
| Supplier Capability Development | Contributes towards the achievement of corporate objectives | Internal / External | Build sustainable relationships with suppliers to assess and improve economic, social and environmental performance | GRI 308, 414 |
| Environmental & Social Compliance | Strengthens brand credibility | Internal / External | Integrate environmental and socio-economic concerns into our operations in compliance with applicable national laws and regulations in the countries we operate in, as well as international certifications and standards (e.g. WRAP) | GRI 307, 3-3 |
| Anti-Corruption | Strengthens brand credibility | Internal / External | Maintain a strict anti-corruption policy, as well as a zero-tolerance policy for non-compliance | GRI 205, 3-3 |

ESG Classification

— ENVIRONMENTAL

— SOCIAL

— GOVERNANCE



CONTRIBUTION TO THE SDGs

Having commenced our sustainability and ESG reporting in 2012, the Brandix reporting strategy has evolved into a model based on GRI Standards in alignment with the UNGC Principles and the UN's Sustainable Development Goals (SDGs). At Brandix, we believe that the SDGs represent an important step towards a shared understanding of global challenges to enable sustainable development, as well as creating sustained value for our business and stakeholders. While our business activities support the SDGs through different means, we have opted for a focused approach through which we make a more meaningful contribution to the SDGs.

OUR MATERIAL IMPACT AREAS

Occupational Health & Safety



Fair & Ethical Labour Practices



Environmental & Social Compliance



OUR STRATEGIC PRIORITIES

- Employee Health & Safety

- Occupational Health & Safety
- Inspired Employees
- Governance & Risk

- Net Zero Carbon Operations
- Resource Efficiency/Optimization
- Sustainable Manufacturing Facilities
- Cleaner Production
- Zero Water Wastage
- Recycling & Re-using Waste
- Zero Discharge of Hazardous Chemicals



CONTRIBUTION TO THE SDGs

OUR MATERIAL IMPACT AREAS

Anti-corruption



OUR STRATEGIC PRIORITIES

- Governance & Risk

Energy & GHG Emissions



- Net Zero Carbon Operations
- Resource Efficiency/ Optimization
- Cleaner Production
- Renewable Energy
- Phase out Ozone-depleting substances by 2025

Water Stewardship



- Resource Efficiency/ Optimization
- Zero Water Wastage
- Zero Discharge of Hazardous Chemicals
- Sustainable Communities

OUR MATERIAL IMPACT AREAS

Waste



OUR STRATEGIC PRIORITIES

- Recycling & Re-using Waste
- Zero Discharge of Hazardous Chemicals
- Material Circularity

Sustainable Community Development



- Sustainable Communities

Talent Development & Engagement



- Inspired Employees

Supply Chain Management



- Our Supply Chain



GOVERNANCE AND RISK

In the current financial year, some notable steps were taken to further strengthen the “One Governance” model, with special emphasis on improving the effectiveness of the Enterprise-wide Risk Management programme and the Process Governance system.

Another milestone achieved in aligning ERM to global best practices was the formation of the Risk sub-committee, chaired by an independent Director. The purpose of the Risk sub-committee is to provide oversight to ensure the management of SBU and Functional risk is consistent with the overall Group ERM framework and also to facilitate ongoing discussion of key risks and mitigating relevant strategies at board meetings.

In the current financial year, some notable steps were taken to further strengthen the “One Governance” model, with special emphasis on improving the effectiveness of the Enterprise-wide Risk Management programme and the Process Governance system.

ENTERPRISE-WIDE RISK MANAGEMENT (ERM)

The main modification to the ERM programme was the introduction of a risk maturity model to assess the level of maturity of each SBUs and Function in adopting in managing risk events and in achieving ERM process robustness. Hindsight analysis of this nature provides valuable insights to facilitate ongoing realignment of risk parameters at a granular level by driving continuous improvement in the respective risk management processes to reach the next level of risk maturity.

Another milestone achieved in aligning ERM to global best practices was the formation of the Risk sub-committee, chaired by an independent Director. The purpose of the Risk sub-committee is to provide oversight to ensure the management of SBU and Functional risk is consistent with the overall Group ERM framework and also to facilitate ongoing discussion of key risks and mitigating relevant strategies at board meetings.

PROCESS GOVERNANCE

Improvements to the existing Process Governance mechanism were aimed at strengthening the self-governance culture among all employees. A workflow management tool was made available via the Group e-learning platform containing specific guidelines to enable SBU and functional-level employees to understand their responsibility for self-governance within their respective job scope.

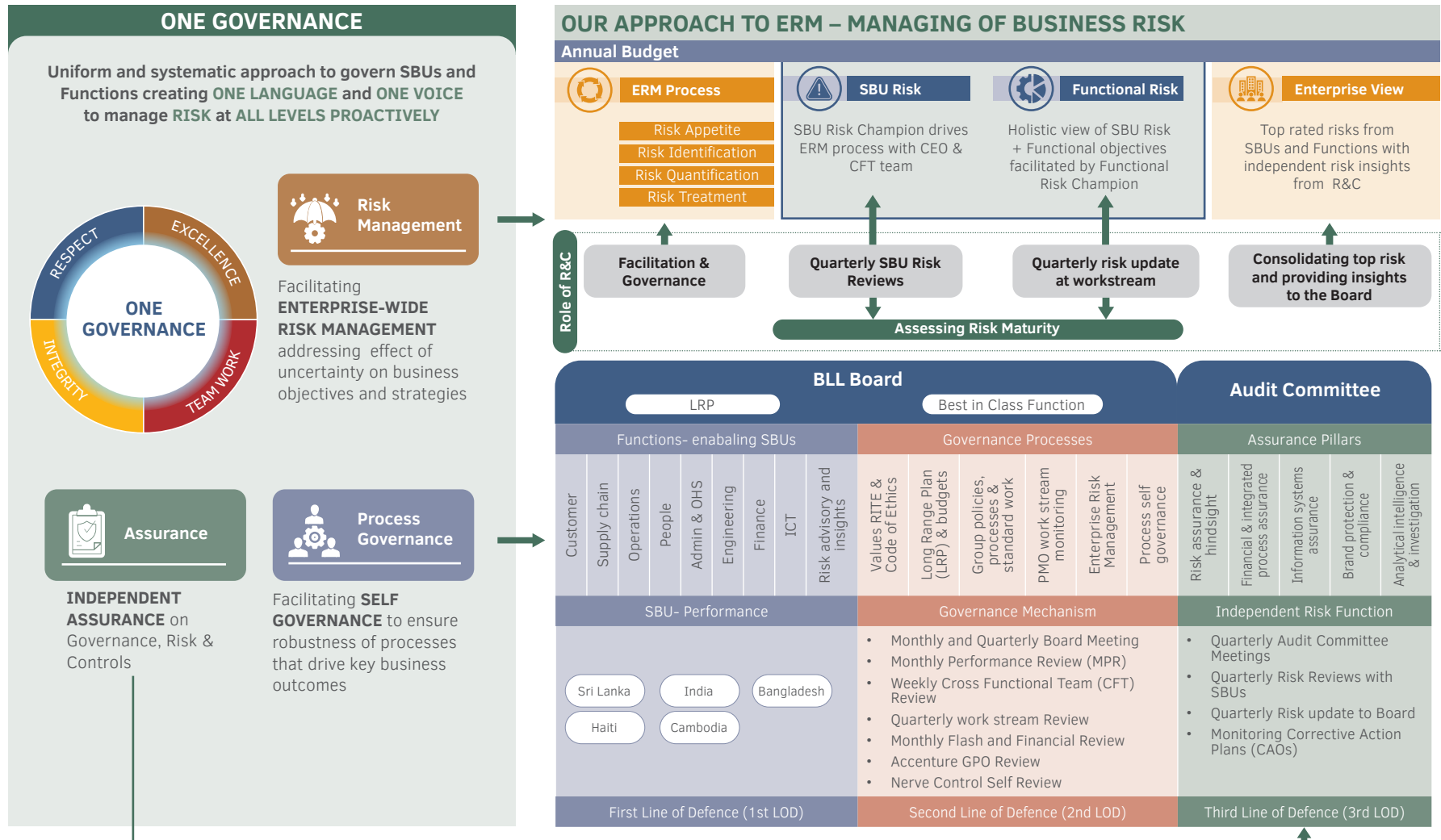


GOVERNANCE AND RISK





GOVERNANCE AND RISK





SAFEGUARDING OUR ENVIRONMENT

The group further intensified its renewable energy footprint, increasing the cumulative solar capacity of the Group to 11.87 MW through solar installation at one facility in Sri Lanka and two in India. With this addition, the installed solar PV has allowed the Group to meet approximately 33 % of its total annual electrical energy requirements. Brandix hopes to further build up on the focus towards renewable energy by adding a further 9.5 MW of solar PV in Sri Lanka by 2023 and 9.7 MW of solar PV in India phase-wise over the next few years.

For nearly two decades now, the Brandix Group has remained firm in its commitment to support environmental sustainability by working to progressively improve the Group's overall environmental performance.

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Efforts over the years have seen the Group systematically expanding the scope of the environmental activities undertaken as part of its Environmental Sustainability Framework. Towards this end, the Group continues to invest in targeted initiatives to address the most critical environmental concerns associated with the Group's core business as an apparel manufacturer.

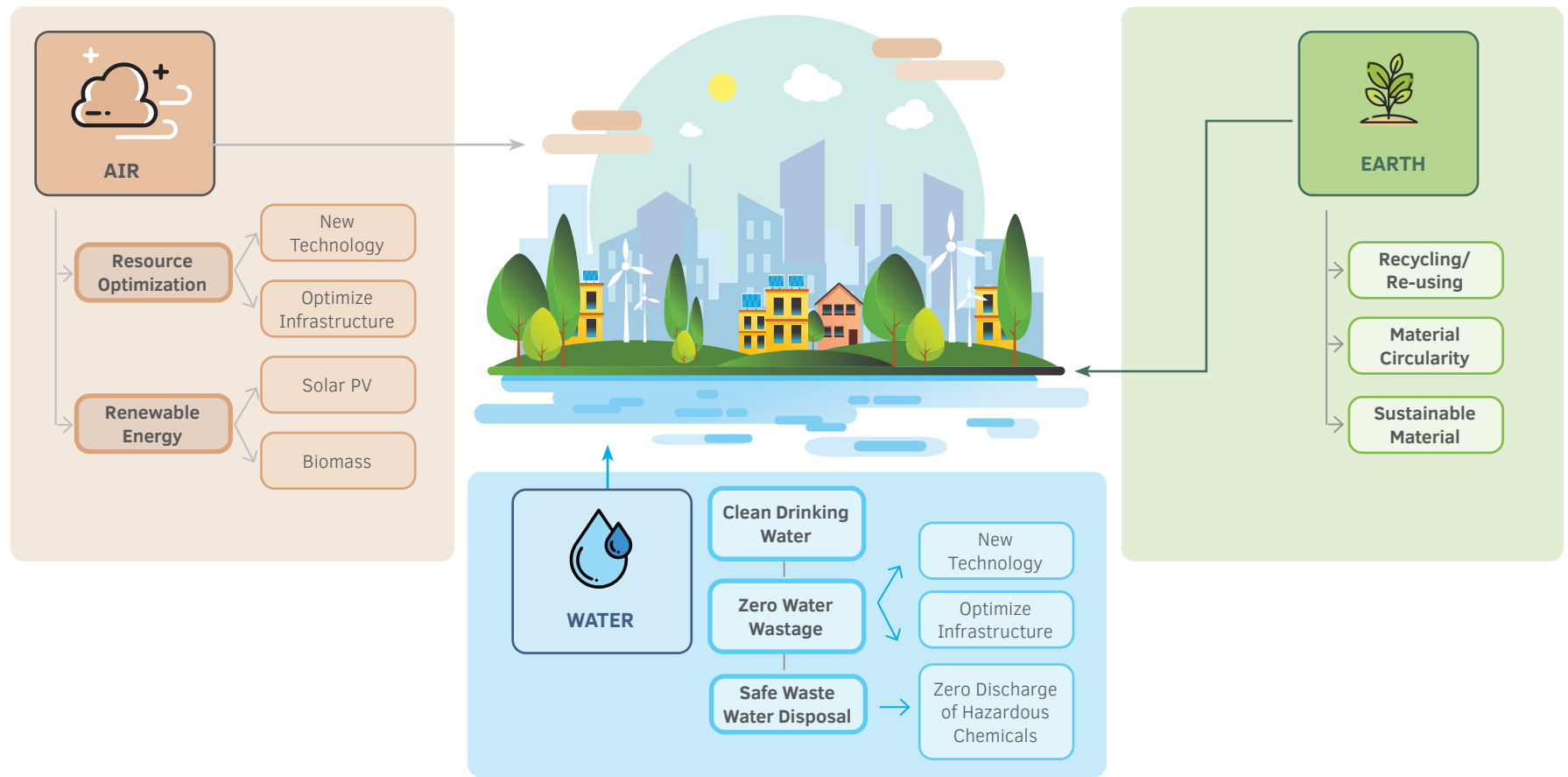




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BRANDIX SUSTAINABILITY FRAMEWORK

ENVIRONMENTAL SUSTAINABILITY





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AIR



The Air Pillar has long been the main focus of our environmental sustainability framework, which has led us to set out a series of ambitious climate control targets to exemplify our commitment to environmental advocacy. Stemming from the commitment we made to the World Green Building Council in 2018, we set out a 5-year road map to ensure a significant reduction in scope 1 and scope 2 emissions (as defined by the UNFCC GHG protocol) across all Brandix factories in Sri Lanka, India and Bangladesh which would ultimately result in the Net Zero Carbon certification for the company's apparel manufacturing facilities in Sri Lanka.

We have made good headway in this regard through our emphasis on energy efficient production coupled with the orderly transition to renewables as the main energy source for all manufacturing processes. A culmination of such efforts over the past four years have enabled the Group to reach the final stage of its Net Zero Carbon journey in Sri Lanka, and on course to obtain the certification for all Brandix apparel manufacturing factories in the Country by end-2023/24.

Meanwhile, Net Zero Carbon implementation programmes for India and Bangladesh, which commenced simultaneously in 2020 were further expedited in the current financial year with the aim of concluding the certification process for India by 2025 and for Bangladesh by 2027.

Inspired by the success of our Net Zero journey, embarked on a bold initiative to further advance our climate control credentials through the adoption of the SBTi (Science Based Target initiative) to manage scope 3 emissions across the Group. To support this Group-wide effort, a 5-year plan has been drawn up to set up the ecosystem needed to holistically monitor and minimize scope 3 emissions across the Group value chain.

As part of our Net zero carbon plan to ensure that 100% of its energy requirements are met through sustainable sources, Brandix India aims to invest in renewable energy through commissioning 12 MW of solar PV through a combination of rooftop, floating, and ground mounted installations which will help to cut approximately 18,000 tonnes of CO₂ emissions annually.





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Investments in Renewable Energy

The group further intensified its renewable energy footprint, increasing the cumulative solar capacity of the Group to 11.87 MW through solar installation at one facility in Sri Lanka and two in India. With this addition, the installed solar PV has allowed the Group to meet approximately 33 % of its total annual electrical energy requirements. Brandix hopes to further build up on the focus towards renewable energy by adding a further 9.5 MW of solar PV in Sri Lanka by 2023 and 9.7 MW of solar PV in India phase-wise over the next few years.



The biomass conversion project also concluded in the latter part of 2020 following the commissioning of a biomass boiler at the Brandix Ratmalana plant. The biomass conversion project was aimed at reducing the use of non-renewable fossil fuels (mainly furnace oil) in the manufacturing operations of Brandix factories in Sri Lanka.

With all the necessary infrastructure now in place, we implemented the second phase of the project which involved the responsible sourcing of biomass.

Resource Optimisation Initiatives

Energy Efficient Lighting

Proceeded with the LED lighting installation program to reach a Group-wide completion rate of 91% as at 31st March 2022

Installation of solar tubes to harness natural light.

Compressed Air Utilization

Utilized an average of 1084 air saving devices monthly to regulate the use of compressed air in the sewing process.

Phasing Out Ozone - Depleting Substances

Continued with the Group-wide effort to phase out the use of devices operating on R22 refrigerants, in the reporting period, a total of 7 units were replaced.

Challenges

For the reporting period of 2021/22, several constraints led to the apparent increase in the Group's energy and emission intensities. Despite a decrease in the Group's Scope 1 inventory, an increase in Scope 2 was observed, subsequently increasing the overall emissions intensity.



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Limitation on Rooftop Installation - in line with the national energy policies, the group was limited in the installation of rooftop solar power beyond the maximum contract demand of the respective facilities.

COVID-19 HVAC Requirements – aligning with the Group's OHS protocol, the increase in number of air changes resulted in an increased cooling load of facilities which in turn increased the overall energy usage of facilities.

Power Outages – as a result of the scheduled power outages in India and Sri Lanka, the use of diesel in generators increased, thereby having a direct impact on the Group's Scope 2 emission footprint.

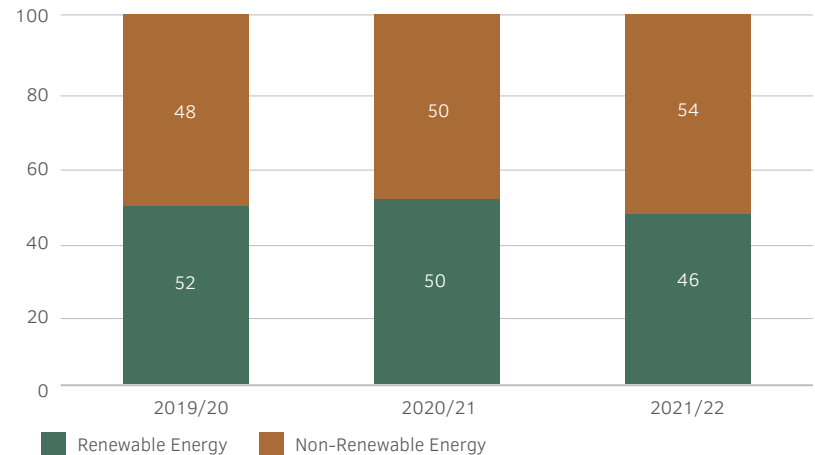
Dehumidification Requirement – the installation of dehumidifiers in select facilities owing to a product requirement resulted in a significant increase in electricity usage of the respective facilities, thereby contributing to the group's overall energy consumption.

Canteen Process Upgradation – as part of the Group's canteen process improvement, several equipment across Brandix facilities were upgraded to ensure an improved quality of refreshments provided to team members. As a result of the increased number of equipment and increased energy consumption, the overall facility electricity consumption in turn showed an increase.

Our Energy Scorecard

Disclosure 302-1 - Energy consumption within the organization

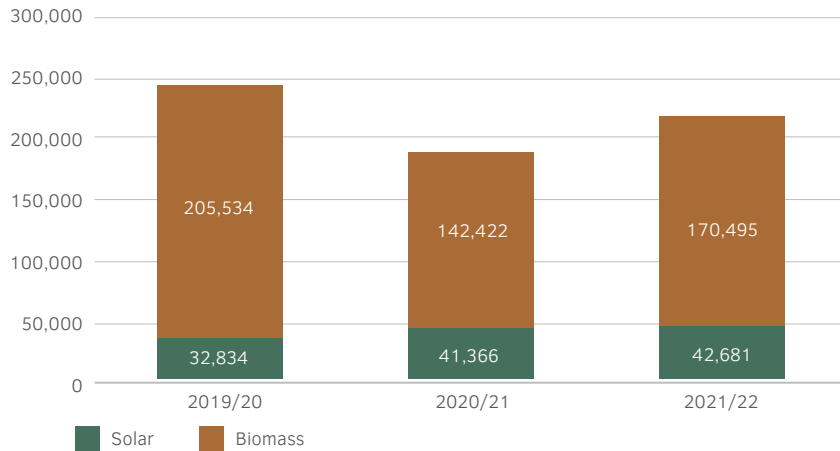
Group Energy Mix (%)



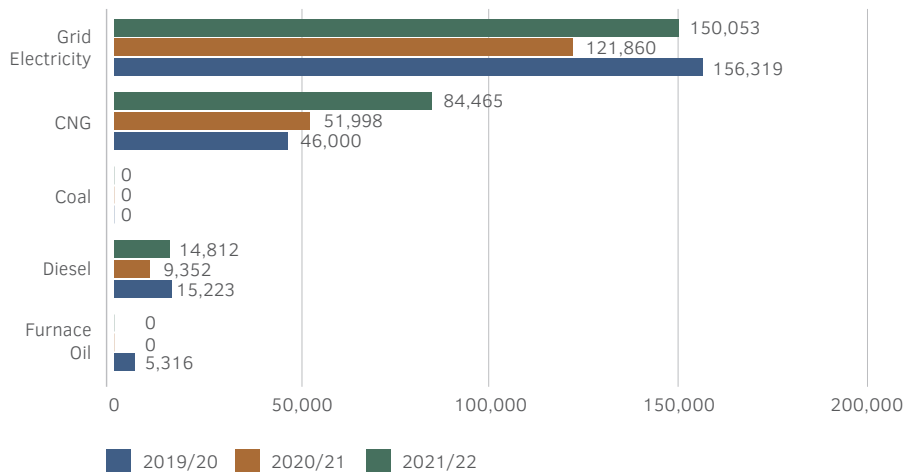


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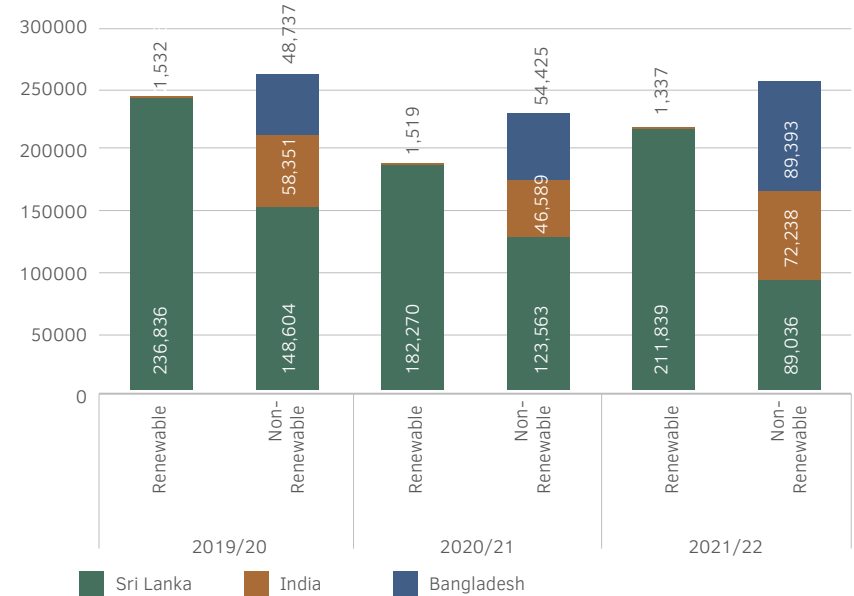
Renewable Energy Consumption (GJ)



Non-renewable Energy Consumption (GJ)



Country Wise Energy Consumption (GJ)



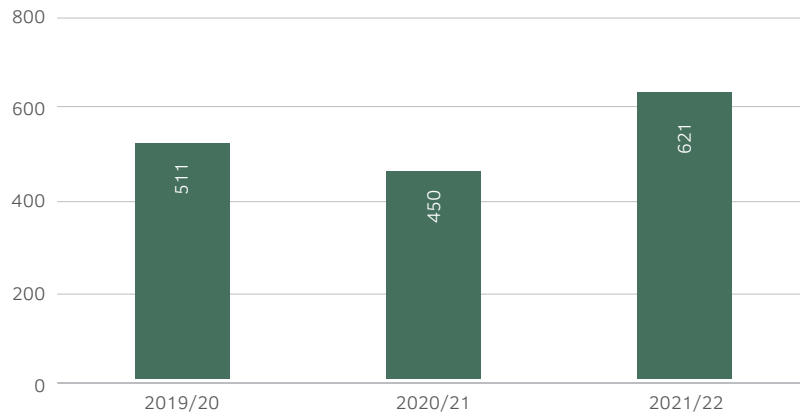


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Disclosure 302-3 - Energy intensity

Disclosure 302-4 - Reduction of energy consumption

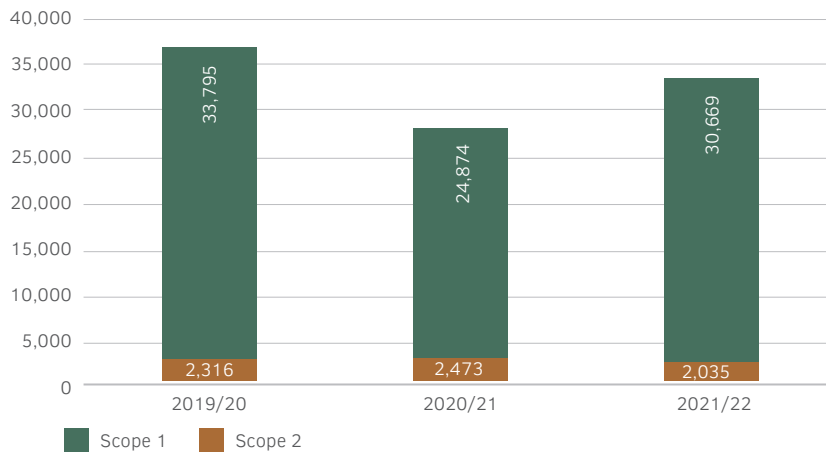
Group Energy Intensity (GJ/ Million USD)



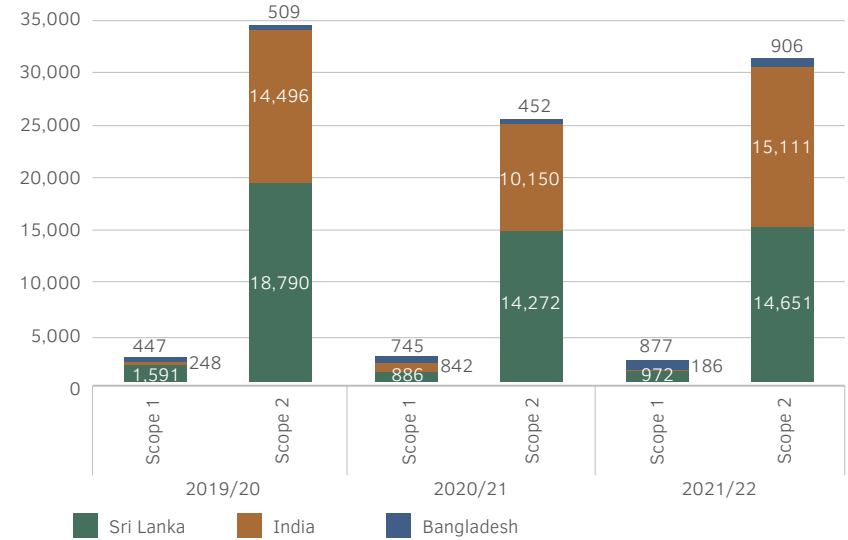
Disclosure 305-1 - Direct Energy (Scope 1) GHG emissions

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

Group GHG Inventory (tCO₂e)



Country Wise GHG Inventory (tCO₂e)

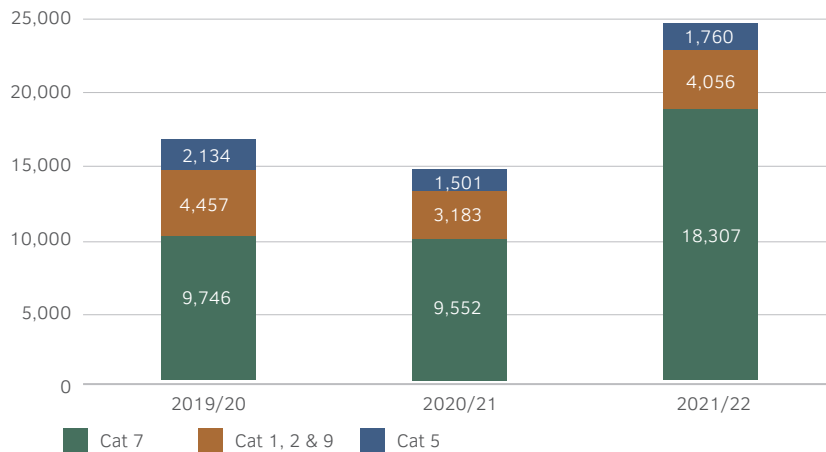




SAFEGUARDING OUR ENVIRONMENT

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

Group Scope 3 GHG Emissions (tCO₂e)



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

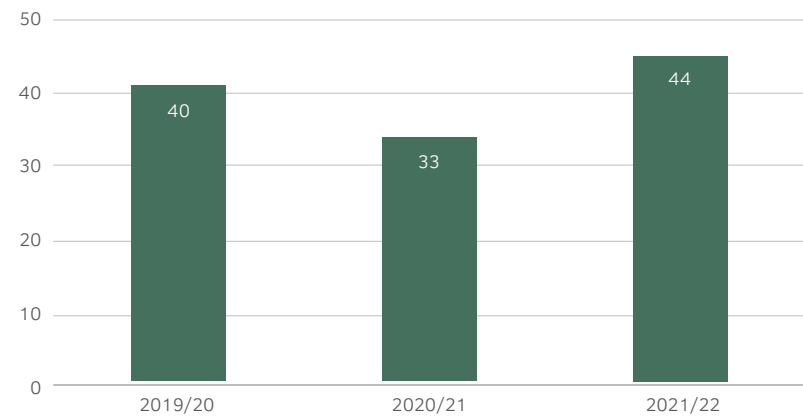
Scope 3 Categories

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

Disclosure 305-4 - GHG emissions intensity

Disclosure 305-5 - Reduction of GHG emissions

Group Carbon Emissions Intensity (tCO₂e/ Million USD)



Data Disclosure

- The chosen ratio denominator is the organization's revenue in USD, which is the common performance monitoring parameter for manufacturing service sectors.
- The ratio uses energy consumed within the organization.
- Scope 1 and Scope 2 have been included for the above calculations.
- Data for Scope 1 and Scope 2 are as per entities defined in this report
- The Greenhouse Gas (GHG) Protocol was followed for GHG emission calculations.
- The grid emission factors were taken from the Sustainable Energy Authority (Sri Lanka), Central Electricity Authority- Ministry of Power (India) and Department of Environment (Bangladesh)
- Fuel emission conversion factors have been extracted from DEFRA for 2021.



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WATER

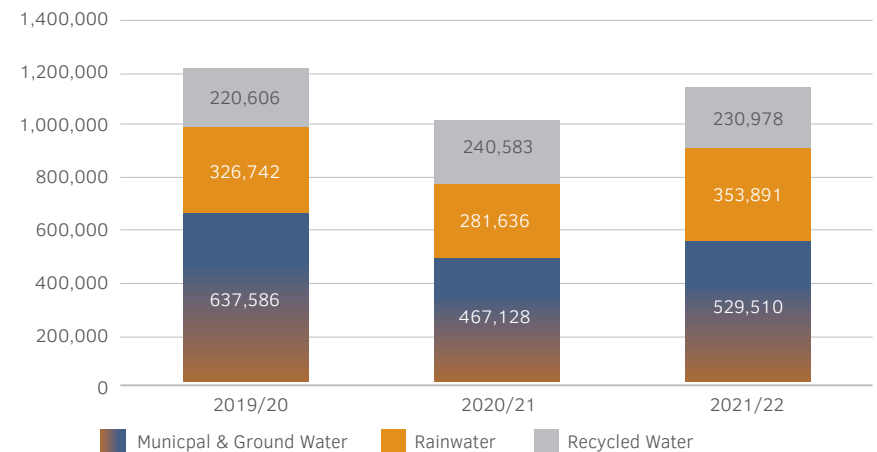


Brandix considers water as a scarce resource. The focus has been to conserve the withdrawal of water for its domestic and process water usage.

Our Water Footprint

Our interactions with water have been classified broadly into three categories: Blue Water (surface and ground water consumed by operations), Green Water (rainwater consumed by operations) and Grey Water (fresh water required to absorb the pollutants based on natural background concentrations and existing ambient water quality standards). All water withdrawn by Brandix is from non-water stressed areas.

Group Water Footprint (%)





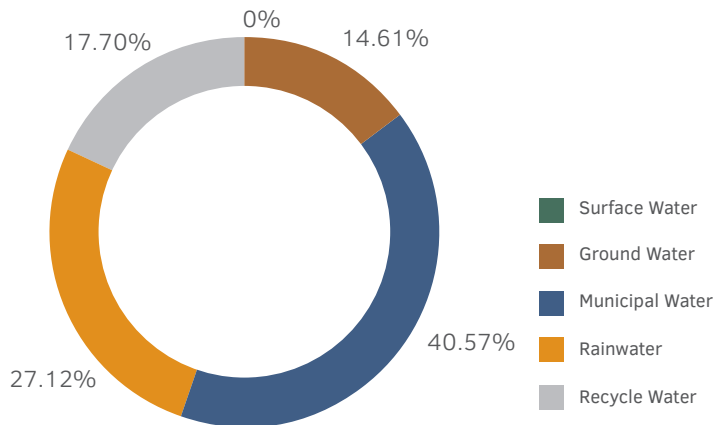
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Our focus increased from Three-fold to Five-fold in our water pillar to strengthen our water management while minimizing the impact to the environment.

1) Zero Impact Water Source

Water withdrawal occurs via various sources in nature, and our approach to water has always been to minimize the impact with respect to water withdrawal sources. Our priority is harvesting rainwater and minimizing ground water withdrawal. In recent years we have eliminated six ground water sources by switching to more environmentally conscious water sources.

Water Withdrawal by Source (%)

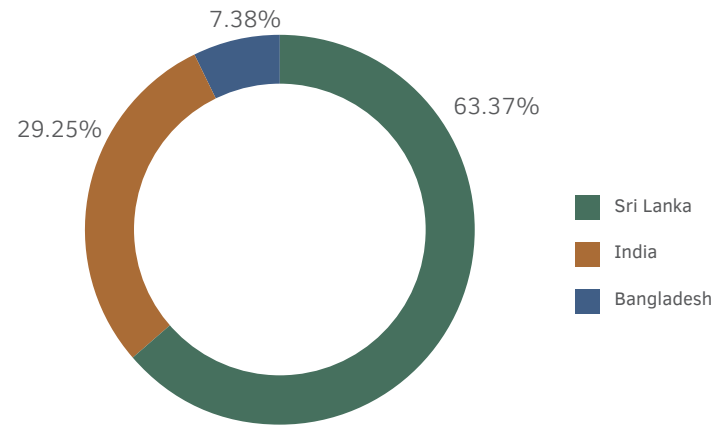


Impact:

Increase in Green Water Footprint – 26%

Reduction in Ground water withdrawal – 1.5%

Country Wise Water Consumption (%)



Water Management at BIAC

At BIAC park in India, Rainwater is harvested through the park's combined 400 million litres (ML) capacity ponds, which is adequate to fulfil about 30% of the park's annual water usage. In total, over the past three consecutive years BIAC has harvested approximately 1271 ML of rainwater (green water) against total water consumption of 4293 ML, accounting for 29.6% of total consumption. During the financial year 2021/22, approximately 344 ML of rainwater (green water) was harvested, constituting to 23% of the total Annual Consumption. The park also ensures Zero groundwater extraction.

We also focused on augmenting the Group's overall rainwater harvesting capability. New investments were made to expand the onsite rainwater harvesting capacity at BIAC - India coupled with a series of special initiatives to improve the efficacy of existing rainwater harvesting ponds. It is hoped that once completed, these measures will be able to meet at least 30% of the consumption needs of the park.



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2) Clean Drinking Water

“Providing clean drinking water to all our employees” which was a key strategy under the water pillar has been continuously prioritized upon achieving this goal in the past. UV purification filters installed at all Brandix facilities have ensured access to clean purified drinking water to all our employees in alignment with the WHO’s Drinking Water Quality Standards. Owing to these measures, Brandix has been successful in eliminating the use of on-site single use PET bottles from all our facilities across the group.

3) Zero Water Wastage

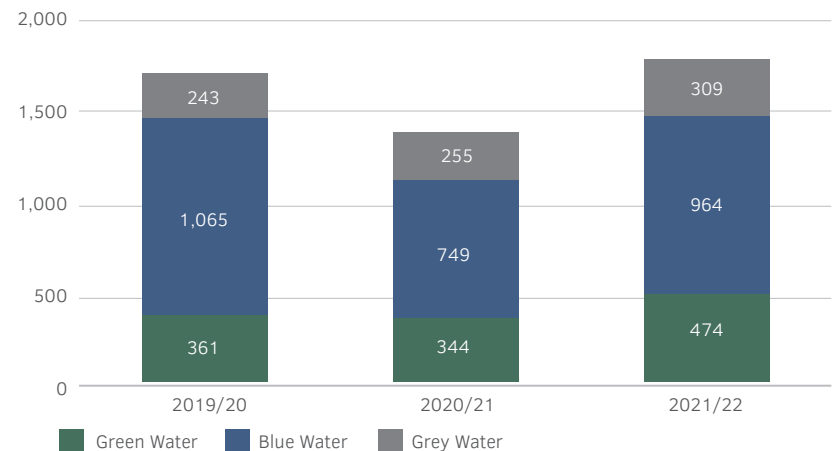
Another key initiative implemented in the current year was the condensed water recovery project at Brandix India 1, Brandix India 2, Rambukkanna, and Koggala factories. At the Rambukkanna factory, steps were taken to channel rainwater for the cooling towers of the air conditioning infrastructure. These initiatives together led to average monthly water savings of 17,136 m³ compared to the previous year.

4) Safe Disposal of Wastewater

Wastewater generated at our facilities is treated and discharged in compliance with the relevant regulatory frameworks in the countries we operate in. Brandix facilities located outside of economic zones are equipped with Sewage Treatment Plants (STP) for the on-site treatment of wastewater, while those of our facilities located within zones are discharged to Central Treatment Plants as applicable.

To demonstrate our ongoing commitment towards reducing wastewater discharge from our day-to-day operations, we launched a special programme to rehabilitate the existing sewage treatment infrastructure and increase recycling capacity at Brandix factories in Sri Lanka. Phase 1 of the project was completed by end March 2022, where the sewage treatment plants at the Mirigama 01 and Kahawatte factories were fully renovated with work on the remaining three plants scheduled to be concluded by end-2022. With addition of kitchen operation at Batticaloa factory, the recycling capacity is increased with the enhancement of recycled water quality.

Group Water Intensity (m³/Million USD)



BIAC’s onsite effluent treatment plant, is equipped to process 22 ML of wastewater per day. The park is in the process of implementing a reverse-osmosis system that will allow the park to recycle approximately 350 ML of wastewater (grey water) annually, which accounts for approximately 20% of the park’s annual consumption.

5) Zero Discharge of Hazardous Chemicals.

All wet processing plants have taken initiatives to eliminate the hazardous chemicals listed under ZDHC list by 2019 and all plants are in compliance with Zero Discharge of Hazardous Chemicals.



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Disclosure 303-4 - Water Discharge

Water Discharge by Quality and Destination

| Destination | Planned/ Unplanned | Discharge Quantity (m³) | | | Discharge Point | Units Covered | Quality of the Water | Treatment Method |
|--------------------------|-----------------------|-------------------------|----------------|----------------|--------------------------|-----------------------------|--|--|
| | | 2019/20 | 2020/21 | 2021/22 | | | | |
| Visakhapatnam, India | Planned | 242,259 | 157,255 | 243,299 | To CETP & Marine Outfall | BIAC, BAI1, BAI2, BAI3, QCI | Compliance with APPCB and CPCB standards | Primary, Chemical & Biological Treatment |
| Avissawella, Sri Lanka | Planned | 40,134 | 42,861 | 65,305 | To CETP | BFFAV1, BFFAV2 | In compliance with Gazette Notification No. 1534/18 dated 01.02.2008 | Sewage discharge treated by CETP |
| Rathmalana, Sri Lanka | Planned | 207,034 | 91,482 | 163,413 | To CETP | BFL, BER, BCRDF | | Primary, Chemical & Biological Treatment |
| Koggala, Sri Lanka | Planned | 18,512 | 16,571 | 19,731 | To CETP | BEK | | Sewage discharge treated by CETP |
| Wathupitiwala, Sri Lanka | Planned | 16,291 | 16,281 | 20,844 | To CETP | BLI1&2, BLI3, CPU | | Sewage discharge treated by CETP |
| Katunayake, Sri Lanka | Planned | 20,536 | 27,660 | 33,956 | To CETP | BEKt | | Sewage discharge treated by CETP |
| Biyagama, Sri Lanka | Planned | 6,338 | 4,346 | 6,114 | To CETP | BLSC | | Sewage discharge treated by CETP |
| Comilla, Bangladesh | Planned | 69,691 | 67,260 | 77,048 | To CETP | BCB | Compliance with CETP discharge standard | Primary & Chemical Treatment |
| Total Discharge | | 614,457 | 423,717 | 629,710 | | | | |

Water & Effluents Metrics – Data Disclosure

- Brandix captures, calculates, and reports water and effluent data sourced from direct measurements and/ or third-party invoices, and is collected across the business, via a variety of internal processes and systems (incl. Building Management Systems)
- FY2019/20 has been used as the baseline for comparison
- The chosen consolidation approach is equity share and/or clocked hours, unless otherwise mentioned
- Our operating locations in Sri Lanka, India and Bangladesh have not been identified as “water-stressed” as per the Water Risk Atlas from the World Resources Institute.



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EARTH

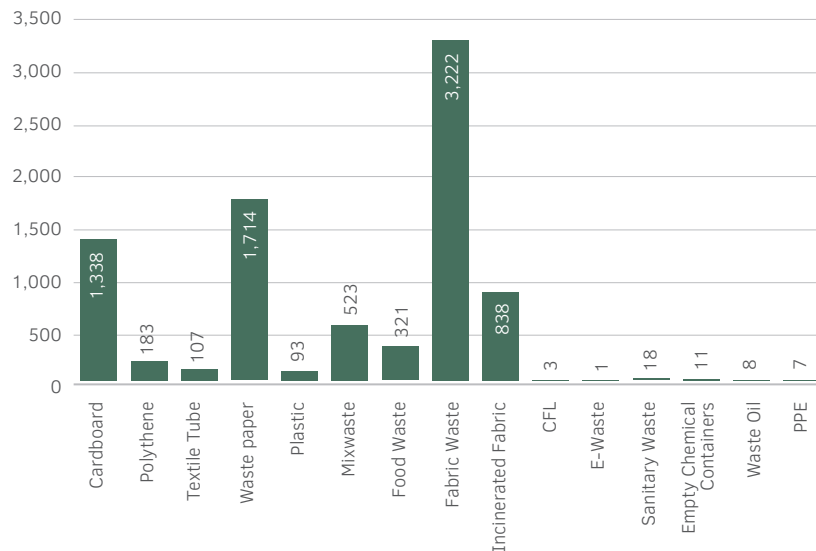


The Earth pillar reflects the Brandix Group's approach to responsible management of all major waste types.

Fabric Waste

Constituting to almost 50 % of the overall waste footprint of the group, fabric waste is the single largest waste category across the group. Further categorized into non-branded and branded waste, Brandix has been successful in ensuring that all non-branded waste was diverted for recycling through the company's waste management partners.

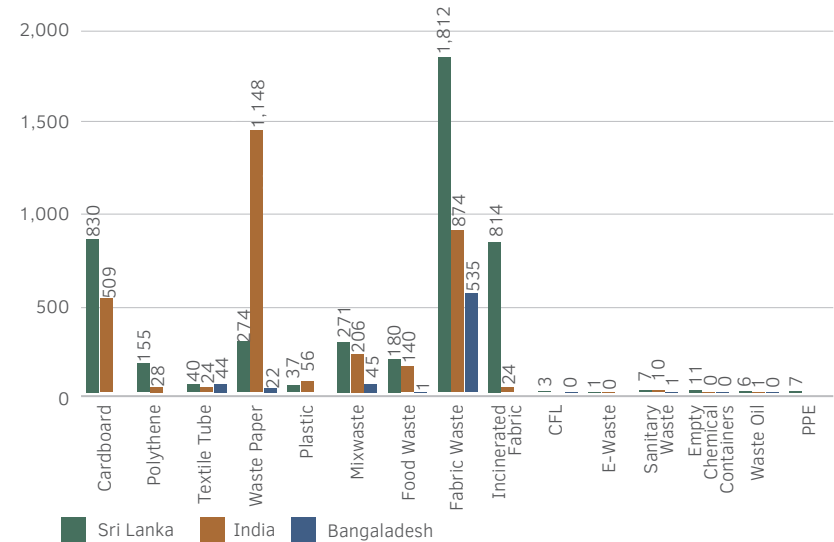
Group Waste Generation (MT)



The branded contingent of fabric waste which along the years have been diverted to incineration has now completely been diverted to a more environmentally feasible option within the waste disposal hierarchy via co-processing to generate energy.

As the next phase, Brandix looks to engage with brands as well as commercial recyclers to further improve the disposal of branded waste from waste-to-energy to upcycling.

Country Wise Waste Inventory (MT)



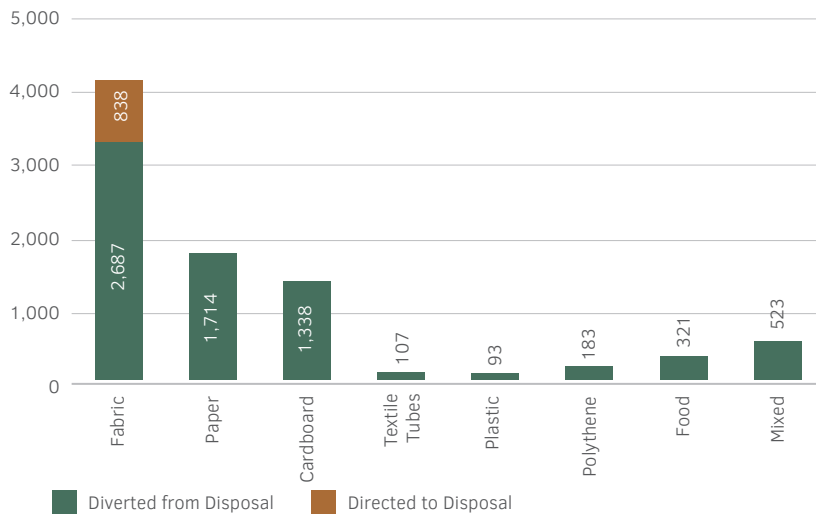


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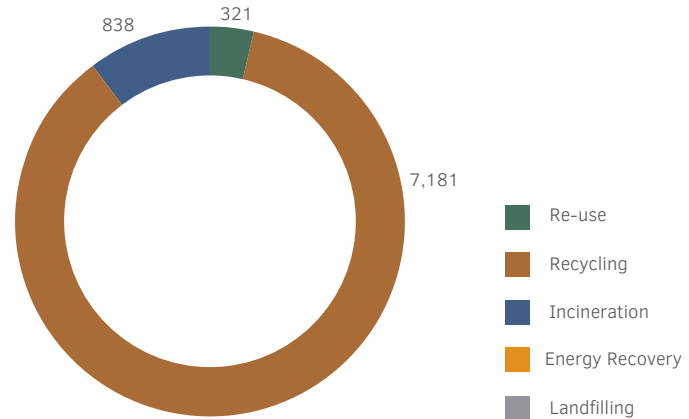
Disclosure 306-4 - Waste diverted from disposal

Disclosure 306-5 - Waste directed to disposal

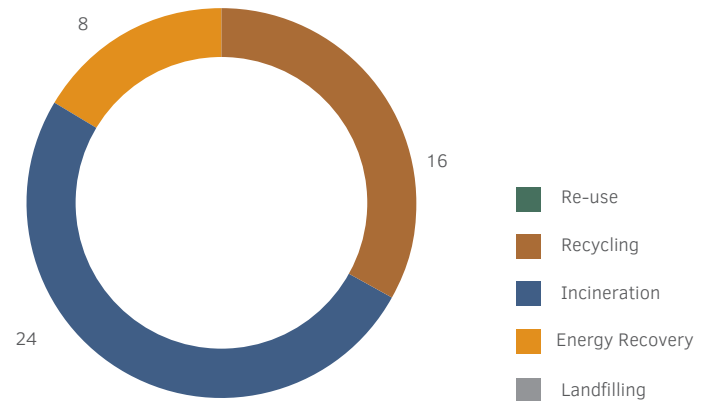
Non-hazardous Waste (MT)



Non-hazardous Waste by Disposal Method (MT)



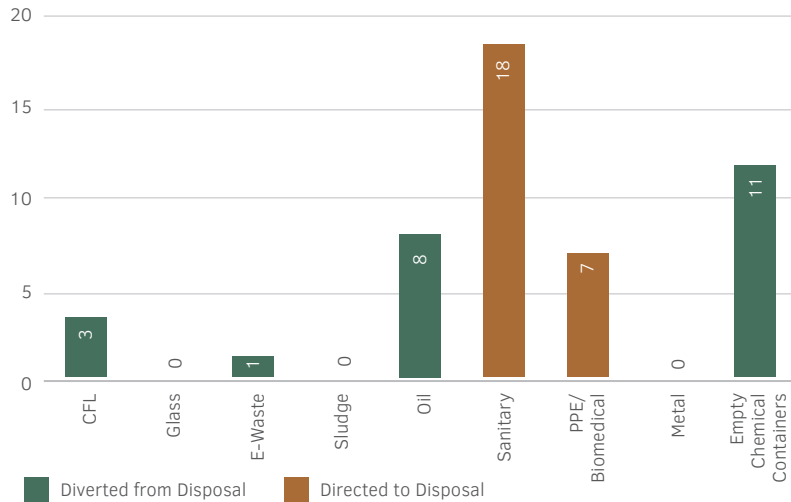
Hazardous Waste by Disposal Method (MT)



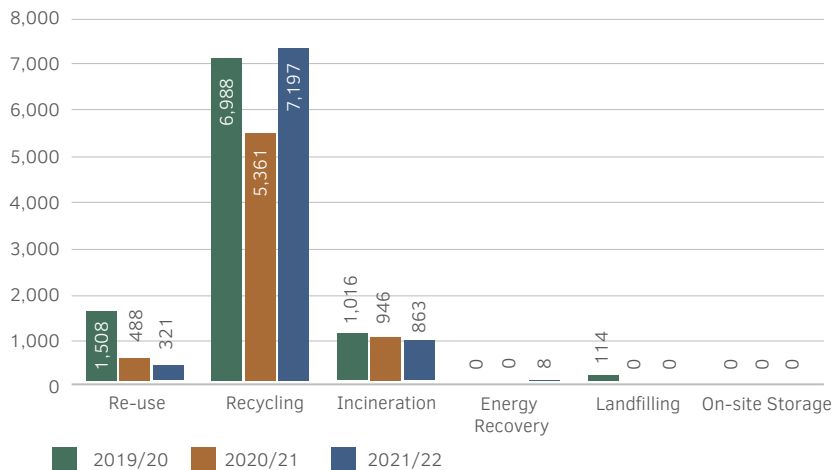


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Hazardous Waste (MT)

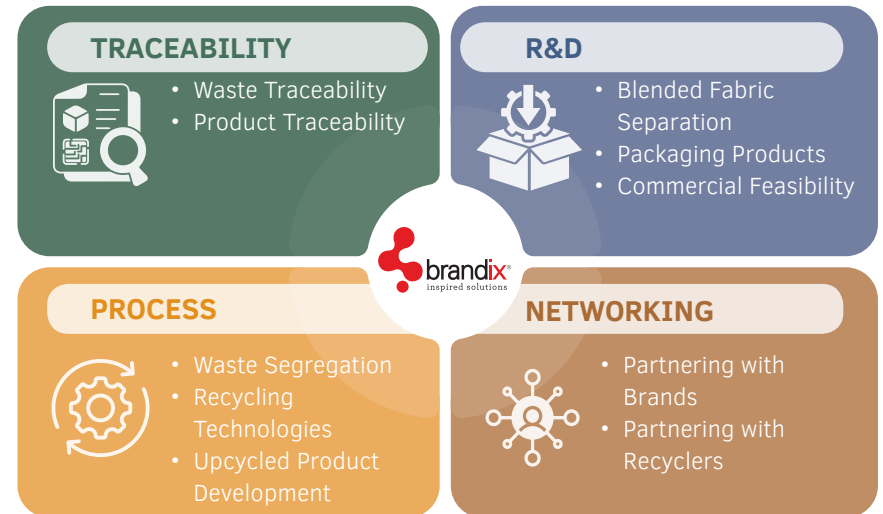


Group Waste Disposal Footprint (MT)



Material Circularity

As a step in further enhancing the group's waste disposal footprint, Brandix set forth the company's four pronged Material Circularity Strategy.

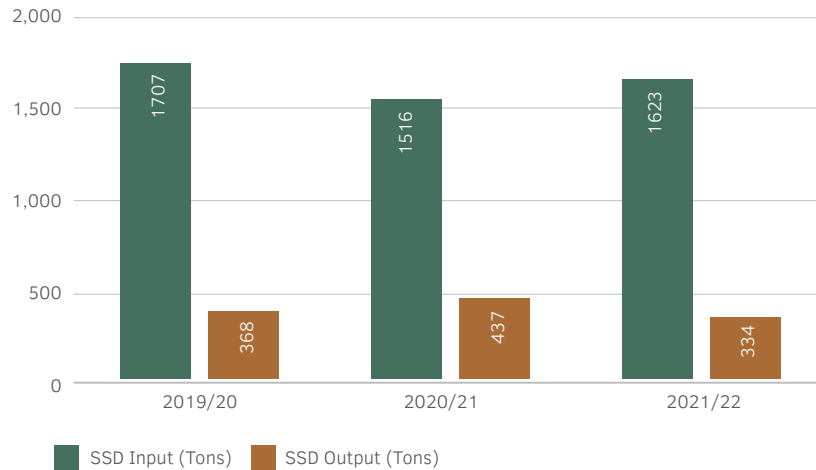


With 89 % of all solid waste currently being recycled, Brandix hopes to increase that percentage to 100 % and recycle and/or re-use all of its solid waste by 2025. Based on this foundation, the company's goal is to achieve material circularity through upcycling its waste.



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Solar Sludge Dryer Footprint (MT)



Waste Management at BIAC

Supported by consistent efforts over the years to promote waste recycling, BIAC has now been declared a Zero-Landfill apparel park. BIAC's waste management journey commenced in 2018 with the integration of Biocatalyst treatment protocol to improve processing efficiency of the onsite effluent treatment plant in order to reduce the large volumes of sludge generated on a daily basis. Over the past four years, the Biocatalyst treatment has been responsible for reducing approximately 1581 tons of sludge generated by the BIAC's effluent treatment plant.

In 2019, a solar sludge drying unit was commissioned as a sustainable solution for reducing the moisture content in the sludge. By simulating the greenhouse effect, the solar sludge drying mechanism helped to increase the calorific value of the sludge making it eligible to be utilised as an alternate fuel for co-processing. In FY 2021/22, approximately 1623 tons of sludge was reduced to 334 tons using the solar sludge drier, denoting an overall reduction of 79.4%.





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Higg Index

With the continued implementation of the Higg Index monitoring tool developed by the Sustainable Apparel Coalition, the overall performance of the Brandix Group saw a 12.3 % increase in comparison to 2020.

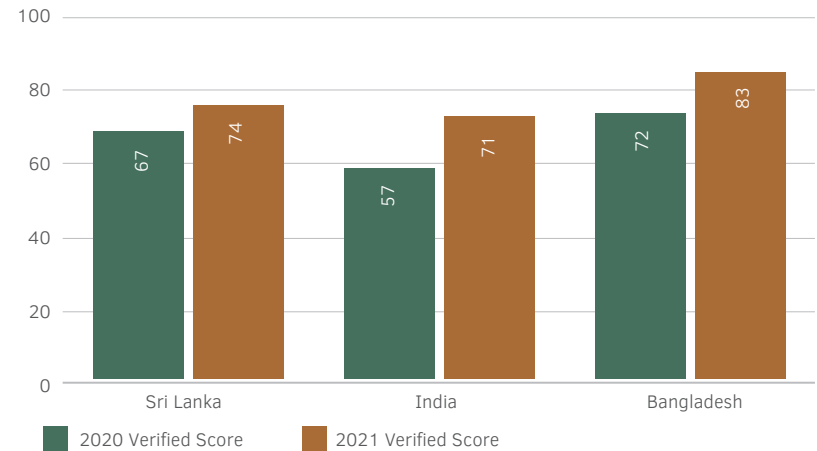
2020 Group Average
65

2021 Group Average
74

Group Higg Index Score Breakdown (%)



Country Wise Higg Index Score (%)





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CASE STUDY - BIAC: INDIA DEMONSTRATES LEADERSHIP IN SUSTAINABILITY

CARBON OFFSETTING PROGRAMME

BIAC has developed a green cover over 100 acres long with unutilized land space that houses over 1,000,000 plants that offset $\approx 25,000$ tonnes of CO₂ emissions annually. As part of our transition to sustainable development, BIAC began planting another 100,000 saplings in the dedicated green belt area in the Atchutapuram region of Southern India. Fruit bearing species such as mango, guava, custard apple, cashew and lime were planted for both human and animal consumption along with species rich in medicinal value, such as Terminalia arjuna, Spethodea campanulata, Thespesia populnea, Peltophorum ferrugineum, Sterculia foetida, Cassia fistula, Azadirachta indica, Jacaranda mimosifolia, Bauhinia blakeana, Terminalia catappa, Mimosa elengi, Neolamarckia cadamba and Acacia auriculiformis. These plants have broad leaves which helps them develop thick canopy and thereby attract several avi-faunal groups, which in turn enhance the ecosystem diversity. Neolamarckia cadamba is one such species that was handpicked as it is known to be a keystone species and greatly attracts birds. The Green belt shall act as efficient carbon sinks, sequestering significant amounts of carbon and assisting BIAC in becoming carbon neutral.

Brandix India Apparel City (BIAC) is one of Asia's largest vertically integrated apparel and textile manufacturing parks. With environmental sustainability ingrained in BIAC since its inception, pledged to serve the planet via the Brandix Group's three major pillars: Air, Water, and Earth.

Harvesting
Rainwater



Zero Water
Wastage



Recycling
& Reusing
Wastewater

Zero Landfill
Apparel Park



Sustainable
Communities





INSPIRED EMPLOYEES

Our efforts to create a “culture of inspired people” is underpinned by a 4-pronged strategy (talent attraction, talent management, talent engagement and talent development) and framed by a Group-wide human capital governance and policy framework. This approach is further strengthened by the Group’s commitment to benchmark global best practices for human rights. In 2006, Brandix became a member of the United Nations Global Compact (UNGC) and since then has continued to reiterate its commitment to align with UNGC principles on business and human rights and its principles of due diligence. Additionally, the voluntary adoption of industry-specific global certifications such as WRAP, BSCI and ETI further reinforce our commitment towards fair and equitable treatment of our employees.

Brandix has always taken great pride in building “Inspired Employees” who are an asset to the business and a strength to the communities they serve. In essence our goal has always been to develop employees who are not only self-driven and forward thinking but also remain firmly anchored to the Group’s RITE values - Respect, Integrity, Teamwork and Excellence.





INSPIRED EMPLOYEES

TOTAL EMPLOYEES



12,184

MALE



38,967

FEMALE



7,979

3,076

1,129

SRI LANKA



20,762

14,488

3,717

INDIA

BANGLADESH



TOTAL REPRESENTATION BY POSITION

- PERMANENT EXECUTIVE
- PERMANENT NON-EXECUTIVE
- CONTRACT
- 3RD PARTY



37,164

581

356

864

1,611

8,958

742

873



REPRESENTATION BY COUNTRY



SRI LANKA

| Female | | Male |
|--------|-------------------------|-------|
| 530 | Permanent Executive | 1244 |
| 19,448 | Permanent Non-Executive | 5,967 |
| 163 | Contract | 216 |
| 621 | 3rd Party | 521 |



INDIA

| Female | | Male |
|--------|-------------------------|-------|
| 45 | Permanent Executive | 281 |
| 14,054 | Permanent Non-Executive | 2,005 |
| 195 | Contract | 526 |
| 194 | 3rd Party | 264 |



BANGLADESH

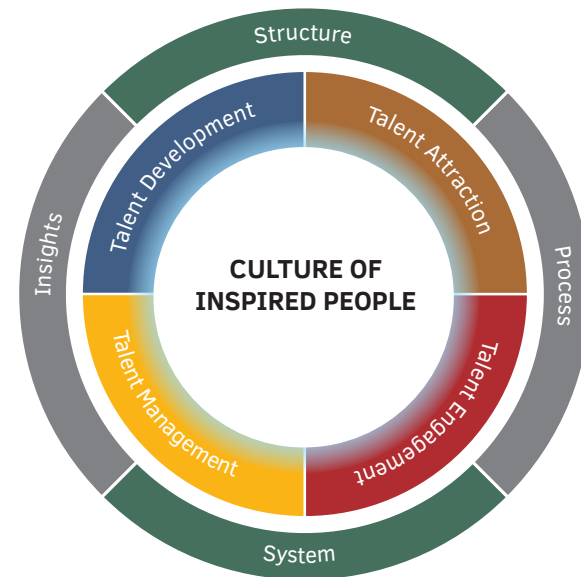
| Female | | Male |
|--------|-------------------------|------|
| 6 | Permanent Executive | 86 |
| 3,662 | Permanent Non-Executive | 986 |
| - | Contract | - |
| 49 | 3rd Party | 57 |



INSPIRED EMPLOYEES

Our efforts to create a “culture of inspired people” is underpinned by a 4-pronged strategy (talent attraction, talent management, talent engagement and talent development) and framed by a Group-wide human capital governance and policy framework. This approach is further strengthened by the Group’s commitment to benchmark global best practices for human rights. In 2006, Brandix became a member of the United Nations Global Compact (UNGC)

and since then has continued to reiterate its commitment to align with UNGC principles on business and human rights and its principles of due diligence. Additionally, the voluntary adoption of industry-specific global certifications such as WRAP, BSCI and ETI further reinforce our commitment towards fair and equitable treatment of our employees.





INSPIRED EMPLOYEES

In the current financial year, we took a major step to evaluate how equipped our existing Employee Value Proposition (EVP) is to produce “Inspired Employees” especially in light of the new developments arising from the COVID-19 pandemic. Seeing how the rapid advancement in digital technology during the pandemic was influencing the entire employment landscape, we revisited our traditional EVP cognisant to these new and emerging trends. Based on our findings, we sought to revamp our EVP to holistically address the needs and expectations of employees in the current context. Accordingly, the new and updated EVP is based on the following fundamental principles;

- **Inspiring careers** - to offer real opportunities for career advancement
- **Rewarding Contribution** - to ensure compensation, rewards and recognition is linked to employee contribution
- **Inspired Culture** - to encourage employees to embrace a common purpose in line with the “One Brandix” philosophy
- **Work-Life-Balance** - to support the employees desire to strike a balance between their career and personal life and pursue their personal interests
- **Emotional Wellbeing** - to offer support for emotional wellbeing

By demonstrating the willingness to support employees more holistically throughout their employment journey, the new EVP also seeks to position Brandix among the most sought-after employer brands in the wider South Asian region.

TALENT ATTRACTION

As in any organization, attracting the right talent is crucial to the long term success of the Brandix Group. To further refine our talent attraction framework and update our EVP we undertook a competency mapping exercise for all executive positions. The primary technical competencies along with secondary skills required for each job role were established. The main goal of this exercise was to determine the roles that require specialised competencies and others that can be performed by candidates who possess multidisciplinary skills. All findings from this competency mapping exercise were formally documented to support future assessments and recruitments.





INSPIRED EMPLOYEES

Recruitment

The emphasis on cost effective solutions to build the internal talent pool saw Brandix deepening its commitment towards the Graduate Trainee (GT) programme and the Internship programmes which have both proven to be highly effective platforms for building a fit-for-purpose talent pool. In line with this strategy, the intakes on both programmes were increased significantly with 108 new GT's and 298 interns recruited in FY 2021/22.

Efforts to build an external talent pipeline also gathered momentum. Using the Harrisons Talent Assessment Tool and the Hogan Assessments we proceeded to map the behavioural sequence of applicants and establish benchmark competency standards for all senior positions. By matching potential candidates against benchmark competency standards in this way, we succeeded in building a 1:1 external talent pipeline for all key roles from Manager and above. Having this ready talent pool has allowed us to further reduce the average recruitment lead time to approximately 25 days from 45 days in the previous year.

The digital on-boarding experience which was launched via the i-Connect platform in the latter part of 2020 was further enhanced in 2021 where the candidate experience survey, which was previously done manually, was digitised through the platform. The digital survey tool was introduced to obtain feedback from new recruits within 2-weeks of the completion of their on-boarding. Findings from the most recent surveys suggest a 95% satisfaction score with reference to the on-boarding process.

Compensation and Benefits

A competitive remuneration and benefit package is a fundamental part of the Brandix EVP. We ensure that our remuneration structures and benefit packages are renewed bi-annually in line with industrial and global benchmarks. As per our equity principles, our compensation and benefit structures offer men and women performing similar job roles equal compensation and benefits.

In the current financial year considering the challenges faced by the employees owing to the economic crisis in Sri Lanka, a much higher increment percentage was granted in comparison to the previous years. This is in addition to the bonus payout.

Throughout this past year, we continued care for employees affected by COVID-19. COVID positive employees were granted paid leave to complete their mandatory quarantine, while pregnant employees, employees with pre-existing chronic conditions and those who choose not to attend work due to other COVID related concerns were all advised to stay home, with full salaries and allowances paid for the duration of their home stay. As and when needed we continued to provide necessary medical facilities and economic relief incentives to employees affected by COVID, while dry ration packs were prepared and distributed to all non-executives.

TALENT DEVELOPMENT

Non-Executives (Associates)

L & D activities for our non-executives or Associates are carefully planned out and reflect our commitment to develop "Inspired Employees" at all levels of the business. The Brandix Academy, as the key facilitator of all training related activities for Associates is tasked with establishing the training needs of the Associate cadre based on the current and future competency gaps and for developing and implementing a suitable training curriculum to satisfy these training needs. The Brandix Academy is further responsible for building an up-to-date internal trainer pool to meet the evolving needs of the Group as well as to enhance the scalability in training.



INSPIRED EMPLOYEES



Brandix “Shilpa”

Brandix “Shilpa” is designed to give Associates the opportunity to develop skills and enhance employability by obtaining a VTA or NAITA accredited National Vocational Qualification (NVQ) Level Certification. One of the key strategies of this is to sustain the collaborative partnership with VTA in creating opportunities for youth qualified in NVQ through on-the-job training and employment opportunities at Brandix.



The scope of the Brandix “Shilpa” programme was further expanded in the previous financial year through a partnership between Brandix and the Ministry of Skills Development and Vocational Training in Sri Lanka that led to the launch of the SSDP (Skills Sector Development Programme).

Funded through an Asian Development Bank grant, the first phase of the SSDP involves a special 3-year training programme to develop certified Garment Technicians. The customised curriculum for the programme was developed in-house by Brandix Academy and Brandix Corporate Campus (BCC) and validated by the Ministry of Vocational Training as equivalent to NVQ level 04 certification. Currently the SSDP has 159 registered participants who have completed their first year of training.



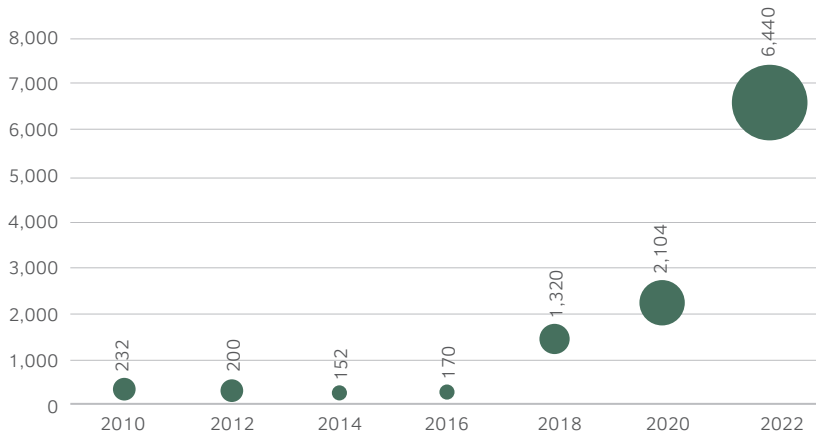
INSPIRED EMPLOYEES

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

The P.A.C.E programme initiated by GAP Inc. is a female empowerment initiative designed for Associates in the Apparel industry. Training is carried out by a pool of especially trained internal resource personnel.

First launched at the Brandix casualwear facility in Ratmalana in 2012, the programme which has since been extended to all Group facilities in Sri Lanka, India and Bangladesh has directly benefited 6,000+ female Associates Group-wide.

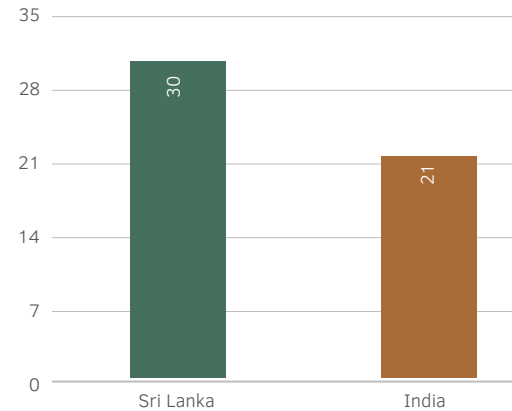
Number of PACE Graduates



Mechanics Training

The Mechanics Training programme is another key training intervention introduced in response to the growing demand for skilled mechanics. First launched in 2013 to cover Brandix plants in Sri Lanka, the Mechanics Training programme was subsequently rolled out at Brandix operations in India. In FY 2021/22, a total of 51 mechanics benefitted from the programme.

Number of Mechanics Trained





INSPIRED EMPLOYEES

TRAINING

The Group Talent Development & Pipeline Building Framework serves as the foundation for L & D activities for the Executive cadre. In order to meet the evolving needs of the business in the current context, L&D for Executives in FY 2021/22 focused on 3 main areas. Leadership Skills, Functional / Technical Skills and General (soft) Skills

Management Development Programme (MDP)

The MDP was initiated in early 2022 as a targeted training intervention to hone the leadership skills of Level 2 Managers (Assistant Manager, Manager and Senior Manager). Participants for the MDP were selected based on a detailed competency assessment to determine skill gaps and ongoing conversation to understand their career aspirations. The MDP is structured as an intense twelve month course, which requires trainees to complete a development center, a 360 assessment, MBTI Personality assessment, 4 training modules, 4 individual coaching sessions and get involved in any one of the Group's CSR activities / projects. The Development Center was carried out by internal certified assessors where the Group partnered with a reputed third-party expert to source external resources to carry out the assessments, training and coaching segments of the MDP. The progress of MDP trainees are reviewed regularly by the panel of external trainers and coaches along with Group Learning & Development to encourage continuous and ongoing excellence. The intake to the MDP saw 103 members from Level 2 management starting their training in March 2022.

India saw the success of the Executive Development Programme (EDP) in 2019 when we launched in line with India localisation plans. Progressing further, in Sri Lanka, the EDP is planned to commence from FY 2022/23 for identified potential talent in Level 1.

Technical and Other Training Programmes

Our investment in technical training is systematically linked to business needs via the annual Training Needs Analysis (TNA) and competency assessments conducted on various topics.

Since mid-2021 a majority of the training courses and competency assessments were conducted online through the i-Connect platform. Key competency assessments conducted in FY 2021/22 included the Factory Control Assessment (FCA), Compliance assessment, Disciplinary procedures assessments with related training conducted in Leading OHS, M3 Training etc.

Empower Me; recorded sessions continued to be hosted on the i-Connect platform

Excalibur Project

Introduced during FY 2020/21, the Excalibur project provided an opportunity for team leaders and subject matter experts identified through the 9-box process to become trainers and/or contribute towards the development of learning content. Excalibur was designed to build internal knowledge and experience sharing capacities and widen employee cohorts and as Brandix continues to build on this internal capability. In FY 2021/22, 22 executives graduating from the Excalibur program were certified internally as trainers. We hope to continue this initiative in FY 2022/23

Other Training Initiatives

The Group tied up with LinkedIn learning to enable top and critical talent across all levels to benefit from the latest global learning tools to develop their behavioural and soft skills.



INSPIRED EMPLOYEES

Train-the Trainer Programmes

10 of our executives were certified as debriefers of the Hogan personality assessment tool and another, 10 executives were certified by the ICF (International Coaching Federation)

TALENT MANAGEMENT

Our commitment to talent management reflects the importance we place supporting our employees' career goals by giving them the tools and opportunities to grow with the Group.

Non-executives

Continuing with efforts to establish a suitable pipeline development model for the non-executive cadre we made good progress in implementing the ATS (Associate-to-Staff) and STEP (Staff-to-Executive-Promotion) programmes to give non-executive employees the opportunity to target broader and more ambitious career goals over time. ATS and STEP which were at the final stages of development in March 2021, were both rolled out to coincide with the 2021/22 performance evaluation cycle. The STEP programme was launched in India as well, with 19 employees identified and trained and of which 14 employees have already been promoted. STEP is scheduled to be implemented in Bangladesh in 2022.

**Number
of Facility
Technicians
Trained**

229



Female

6,274

**Number of
Machine
Operators
Trained**

Male

1,565

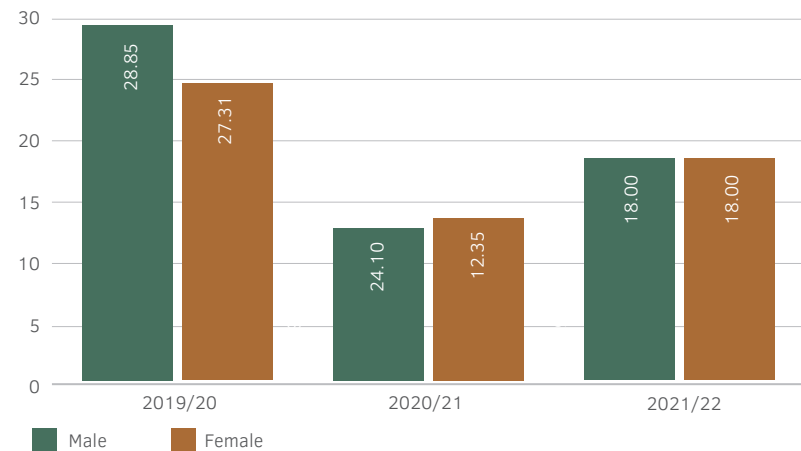
Executives

L&D activities for our executive cadre are determined mainly by the bi-annual performance management process coupled with Continuous Performance Feedback (CPF) that maps the technical competencies and learning potential of each employee via the 9-box grid. These measures are further supported by regular and ongoing feedback along with oversight by the Board, the Brandix Leadership Team as well as the respective Functional Heads to keep an eye on the developmental needs of employees, on an ongoing basis.

GRI 404-1: Training Hours – Executives

| | FY 2019/20 | FY 2020/21 | FY 2021/22 |
|--------|------------|------------|------------|
| Male | 26.99 | 12.35 | 18.00 |
| Female | 24.10 | 13.19 | 18.00 |

Training Hours - Executives





INSPIRED EMPLOYEES

Based on identified training needs, the EDP (Executive Development Programme) - the key pipeline development programme for Executive-level employees continued to be applied in the current year. Additionally, the launch of the MDP (discussed above) in March 2022 also marks another important milestone in the talent management journey for Executive cadre employees.

Reinforcing our efforts to bring more inclusivity into our talent management approach for Executives, we began a new Group-wide initiative to promote women in leadership and increase female representation at a senior management level over the next 3 years. To support same we launched RISE, a women's empowerment initiative in September 2021 to encourage women leaders within the Group to share their experiences and insights of their journey so far with other women Executives.

TALENT ENGAGEMENT

With the gradual relaxation of COVID-19 related social distancing rules, in addition to the online connectivity we began to resume many of the pre-pandemic activities aimed at promoting in-person interactions with employees.

Employee Councils (EC)

EC's established at each of our factories are the main platform for our Associates to engage with the management. In this regard, EC's serve as the main body representing the rights of employees, including labour and human rights and promoting employee participation in decision making on matters that impact them. When appointing EC members, we comply with all applicable regulations in the Countries we operate in. Moreover, given that our factory cadre is predominantly female, we ensure that a majority of EC members (at least 75%) comprise women. On this basis, the EC's continue to play a vital role in building and maintaining good relations between the Management teams and workforce which has helped to prevent industrial disputes due to internal factors over the last 20 years.

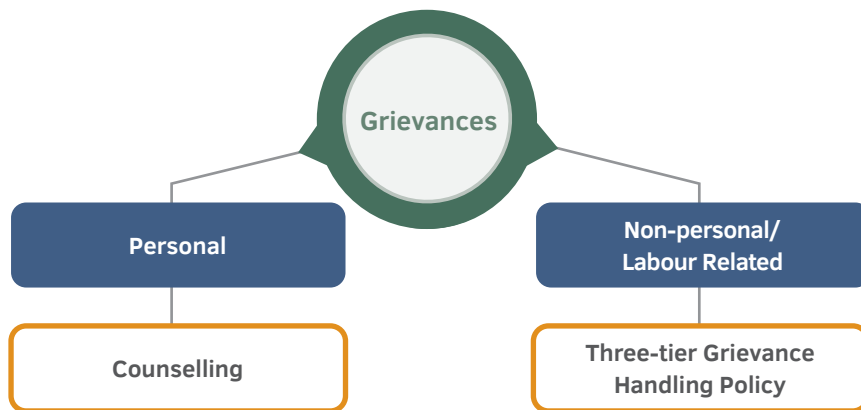
Since its initiation in 2005, the EC system has worked well for our employees with no need for collective bargaining agreements across any of our operations. However, Brandix maintains a well-documented Freedom of Association position which enables employees to join a union should they wish to. In addition to this, neither Brandix nor any other authority have received any complaint from any union of preventative measures against the organization. Brandix keeps no records of participation of employees in trade unions if any.



INSPIRED EMPLOYEES

Grievance Management

In addition to the EC, Brandix and third-party employees working at our facilities are provided with other avenues to facilitate handling of grievances and disputes.



Through the formal three-tier grievance handling policy, employees have access through the following escalation steps:

1. Plant Level - Reporting Manager / Supervisor
2. Cluster Level - Talent Engagement & Development (TED) Manager / Cluster HRM / Cluster CEO
3. Group Level – Corporate HR Team

This is supported by a detailed mechanism to address and resolve issues, inclusive of provisions to protect anonymity in raising grievances, an escalation matrix and how employees may raise grievances.





INSPIRED EMPLOYEES

Additionally, our employees are able to escalate grievances directly through the Corporate Leadership Team, the contact numbers of whom are available at each of our facilities. Grievances received through these channels are handled with utmost professionalism and resolved fairly and transparently within a stipulated timeframe.

In the unlikely event, a complaint remains unresolved beyond the stipulated time period or has resulted in unsatisfactory outcomes, the grievance could be escalated to the Ombuds-office. Employees are also entitled to bypass all other channels and report their grievances directly to the Ombuds-office.

Of the grievances received by the Ombuds-office, matters pertaining to personal issues are addressed by the qualified Counselling team across our facilities and kept confidential. However, professional grievances are escalated by the Counsellors to the Management as needed to ensure employee well-being. While the overall number of grievances reported to the Ombuds-office are monitored and recorded internally, they are not publicly declared for reasons of sensitivity.

Communication and Awareness

A notable communication and awareness initiative undertaken in the current year was the campaign to further inculcate the RITE values. The campaign was launched primarily to educate employees on the new Abuse and Harassment-free Workplace Policy rolled out across the Group in the latter part of 2021. Phase 1 of the campaign which began in December 2021 saw several awareness sessions conducted for Executives. Under phase 1 of the awareness campaign, a total of 74 SBU-level awareness sessions were conducted for the benefit of 1729 executives across the Group, to educate them on all aspects of the Abuse and Harassment free Workplace Policy. Phase 2 of the campaign is expected to be rolled out in FY 2022/23 focusing on the associates of Brandix.

The Abuse and Harassment-free Workplace Policy through its emphasis on the respectful treatment of all employees, seeks to articulate the Group's

commitment to RESPECT, which represents the "R" in the RITE acronym. The Policy, which sets the tone of Zero tolerance towards abuse and harassment of any nature has been developed in line with global best practices to provide clear guidelines for the prevention of gender based violence, discrimination and sexual harassment in any and all forms at the workplace. A key feature of the policy is its fully functional grievance process to facilitate reporting incidents combined with an investigation and redressal mechanism (including appropriate disciplinary measures in the case of violations).

Accordingly, Associates can make a formal complaint to the Factory Internal Committee (FIC) at their respective factory. The FIC is made up of a cross functional team drawn from factory management and represented equally by men and women. Allegations made are formally investigated by a 3-member panel drawn from the FIC. Complaints can also be made to the CIC (Cluster Internal Committee). Here too, allegations will be investigated by a 3-member CIC panel. Alternatively, employees can opt to bypass both the FIC and CIC and make their complaint directly to the Policy Governance Board - a Group-level committee comprising senior leadership. If they so wish, any employee also has the option to make a complaint to the Ombuds-office (as described above).

The year under review saw the establishment of FIC's and CIC's, and the completion of training for all committee personnel by end March 2022. Brandix contracted with the UNFPA to obtain the technical support for these initial training and capacity building efforts aimed at ensuring committee members have the appropriate skills and knowledge to disseminate complaints and conduct impartial investigations. Following the establishment of the fully functional grievance process at all factories, a programme of routine due diligence audits were also introduced to provide independent assurance regarding the efficacy of the FIC's and CIC's and to assess the competency of committee membership in conducting impartial investigations.



INSPIRED EMPLOYEES

Suggestion Box

Suggestion boxes are in place at each of our facilities whereby employees are encouraged to share their suggestions or escalate concerns, to which the factory Management would respond with their comments and display it weekly on the factory notice boards.

“Real Talk Show”

A platform to encourage Executive-level employees to engage in open dialogue with key external and internal stakeholders, the “Real Talk Show” was conducted with the scheduled time slot, topic and the panel of speakers announced well in advance to enable employees to submit their questions ahead of time. The segment was first launched in 2020 during the pandemic but has since been established as a permanent initiative to give Executive employees the opportunity to engage more meaningfully on key issues that concern them.

Chatbot

The Brandix Group internal social media page was updated with a new chatbot installed to inform employees on Company matters and strengthen employee engagement.

Counselling & Mental Wellbeing

At Brandix, we have always considered the wellbeing of our employees more holistically, which over the years has led us to increase the emphasis on overall wellness with our Group counselling teams playing an increasingly important role in this regard.

In FY 2021/22, the Group counselling team undertook two special projects for Associates. The programmes were based on key topics that were gaining prominence in the current context – Domestic Violence and Suicide Prevention.

Employee Welfare

CHAIRMAN'S FUND

Non-executive employees are entitled to receive up to LKR 1,000,000 as a non-recoverable financial support for their critical medical requirements. This scheme extends to employee's spouses, children, siblings under the guardianship of the employee and parents of unmarried employees.

EDUCATION SCHOLARSHIPS

The children of our employees are also entitled to receive a scholarship from Brandix for excellence at the Grade 5 Scholarship, Ordinary Level examination and University education. Recipients benefitting under the latter will continue to receive the scholarship throughout their university education. A total of 850 scholarships have been awarded as at end FY 2020/21.

The Domestic Violence Awareness Project is aimed at:

- Promoting awareness on domestic violence, available laws and regulations and increase self-esteem
- Providing support and offer community resources for employees to seek professional help
- Training & awareness for employees on identified core issues, coping with abuser(s), family and children.
- Including talk sessions by experts from the medical and legal fields, the Domestic Violence awareness programme was rolled out across all plants in Sri Lanka and India.



INSPIRED EMPLOYEES

The Suicide Prevention awareness campaign was run as a pilot project at the Brandix Batticaloa factory in collaboration with local stakeholder groups in the area. The Finance Management Project to encourage Associates with developing and practising healthy and sustainable financial management habits saw the Counselling team conducting a total of 15 sessions conducted across our facilities in Sri Lanka and India.

Regular Counselling sessions which have been in place in Sri Lanka and India for some time, were introduced to the Brandix Bangladesh operations as well in the current year. The 'We Care' – special initiative for Executives was also further enhanced with the creation of a new social media page dedicated to providing regular mental health awareness information and tips on promoting self-care, managing fear/anxiety and dealing with stigma.



In the past year, we further improved existing crisis management systems. A new post-incident follow up procedure was introduced to further strengthen the critical incident management protocol on par with global best practices. The new procedure was rolled out at our plants in Sri Lanka and India under the supervision of the Group Counselling Head. Two-way connectivity between the Group Counselling Head and Factory leadership was further strengthened through the introduction of bi-monthly meetings to discuss potential issues.

| Country | No. of Sessions |
|------------|-----------------|
| Sri Lanka | 27,193 |
| India | 8,628 |
| Bangladesh | 46 |

WORK-LIFE BALANCE

The Brandix Group HR Services pillar focuses on supporting employees to achieve a healthy work-life balance through a variety of support and services such as telemedicine, health and convenience service, among others.

Work From Home (WFH) Policy

Having already done a bulk of the work to establish the necessary facilitation infrastructure, the formal WFH Policy was rolled out in 2021 encapsulating the essential framework to allow executives to either work at home or select hybrid work arrangements on a more permanent basis, if they so wish. The policy included comprehensive guidelines on setting up workspaces at home / external locations, do's and don'ts and how managers / supervisors and employees could adapt and work together to achieve the expected deliverables, whilst keeping in mind new stressors developing as a result of the pandemic. Workshops and awareness sessions were carried out continuously to educate employees and help them make the transition to working at home / hybrid working, if needed. Employees opting for working at home / hybrid work were regularly surveyed to obtain their feedback



INSPIRED EMPLOYEES

and insights on such matters as working conditions, engagement with supervisors, working hours, holiday working. Survey findings were analysed and presented to respective SBU heads for corrective action. On this basis, several improvements including the new Group-wide rule declaring all meetings be scheduled during regular working hours were made to further refine the WFH Policy.

Going forward, we are exploring the possibility of extending the scope of the WFH Policy to offer flexi-time options as well.

HR PROCESSES

With the successful Group-wide roll out of the SuccessFactors (iConnect) platform helping to standardise more than 98% of core HR processes across all Brandix locations in Sri Lanka, India and Bangladesh, the emphasis on digitising HR monitoring and reporting processes was intensified in the current financial year. As part of the increased digital adoption, the HR management information systems were upgraded with new dashboards and data analytics introduced to capture critical HR-related KPI's cluster-wise, SBU-wise etc. Going forward, we expect to further improve HR management information systems with the use of predictive analytics to map out future trends. We are also looking to invest in RPA technology to digitise routine HR processes.





OCCUPATIONAL HEALTH & SAFETY

We take our responsibility for the health and safety of our employees very seriously and do everything possible to safeguard them against both accidents and work-related illnesses.

Our efforts to promote the health and well-being of our employees is based on creating a safe workplace that will allow teams to perform consistently well over time. Inspired by the Brandix Occupational Health and Safety (OHS) philosophy, we have over the years continued to mobilise resources and set ourselves rolling targets to achieve “an Accident-free Healthy & Safe Environment” in the Countries where we operate.

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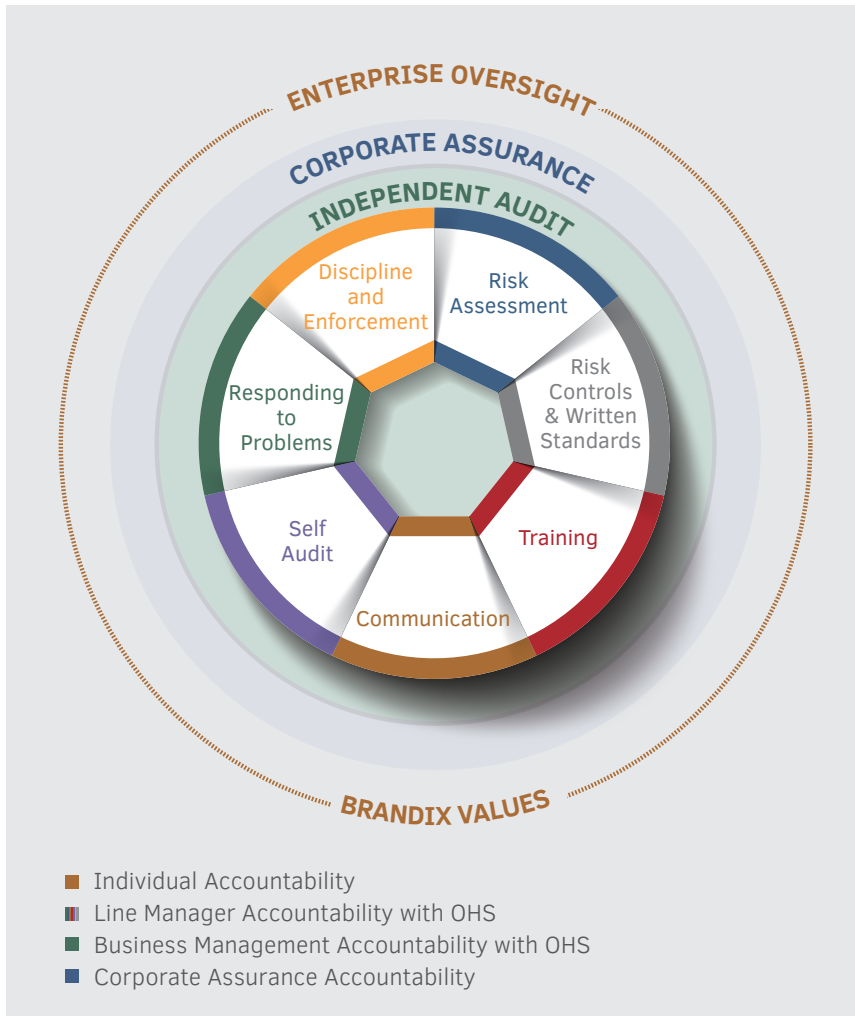
In FY 2022/21, we took a major step forward in advancing our OHS journey through the launch of a Long Range Plan (LRP) to outline our goals for the next five years. Built around four pillars (Standardisation of Safety Systems, Capability Development, Engagement and OHS Living Style), the LRP seeks to create a safe working environment and imbue the safety culture more deeply across our operations and our people. Through these efforts, we hope to create and to sustain an interdependent Group-wide OHS culture that articulates our commitment to “Excellence” as encapsulated by the Brandix Group RITE values. In turn we hope it will bring us closer to our ultimate goal of positioning Brandix among the leading OHS champions in the global apparel supply chain.

STANDARDISATION OF SAFETY SYSTEMS

Having always prioritised the adoption of global standards and OHS best practices, our OHS management system has been aligned to the ISO 45001: 2018, since mid-2019. Accordingly, our OHS framework has been pivoted towards addressing the Group’s significant safety concerns as an apparel manufacturer.



OCCUPATIONAL HEALTH & SAFETY



An equally important aspect of our OHS programme is the emphasis on building a behaviour-based safety culture. The LRP which would see the introduction of 37 Group-wide OHS standards over the next 5 years, marks an important step in streamlining our efforts to build and sustain the behaviour-based safety culture. In this way, the LRP will create a framework to bring greater uniformity and consistency in building the behaviour-based safety culture in practice.

The Group-wide roll out of the LRP over the next five years will be driven by the newly formed Centre for OHS Excellence. The OHS Excellence team is made up of experts from Brandix Group OHS team and other specialists from manufacturing, operations, procurement, HR etc.

Under the oversight of the OHS Excellence team, Phase 1 of the standards implementation programme commenced with the Group-wide launch of the following 8 standards in early 2022;

- **STD 102:** OHS Control Framework
- **STD 103:** OHS Resources, Capabilities and Training
- **STD 201:** Risk Assessment & Risk Management
- **STD 203:** Adverse Event Investigation & Reporting
- **STD 411:** Food Safety & Hygiene
- **STD 414:** Electrical Safety
- **STD 416:** Lockout & Tagout (LOTO)
- **STD 424:** Pressure System Safety



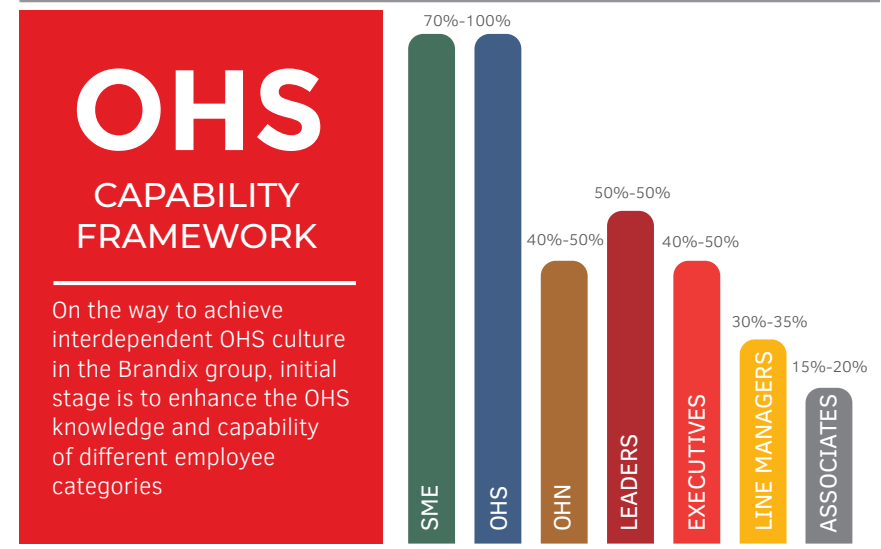
OCCUPATIONAL HEALTH & SAFETY

CAPABILITY DEVELOPMENT

The Capacity Development pillar was launched to coincide with the standardisation programme, and reflects our dynamic approach to building the necessary capabilities to ensure all Brandix employees have the right skills and the maturity to practise the behaviour-based safety culture in their day to day work environment.

As a precursor to formulating a suitable training agenda, a competency mapping exercise was conducted to determine core competencies for the successful implementation of each standard, followed by a competency assessment to identify if current skill levels of employees were adequate or if they require additional training. Based on the findings of the competency assessment programme, a training matrix was drawn up to ensure identified skill gaps will be systematically addressed via a 3-year training calendar. In some instances specific training objectives were linked to the IDP's (Individual Development Plans) of employees to motivate them to pursue career advancement in various OHS disciplines. On the other hand, these efforts also pave the way for Brandix to build a multifaceted team of experts for the advocacy of the behaviour-based safety culture across Group operations.

Moving ahead to implement the training matrix we launched the "Leading OHS capability uplifting program" - as a turnkey project aimed at uplifting the capability of executive and above category. Rolled out by the OHS Excellence team, the programme includes 10 self-learning modules routinely interspersed by knowledge sharing workshops. The self-learning modules were made



accessible online via the i-Connect e-learning platform in the last quarter of FY 2021/22. A collective total of 2,186 executive level employees from our plants in Sri Lanka, India and Bangladesh successfully completed phase I of the programme by undertaking and completing the first 3 online learning modules and attending the first workshop session. Approximately 82% of this Group has progressed to phase II of the "Leading OHS capability uplifting program" programme.



OCCUPATIONAL HEALTH & SAFETY

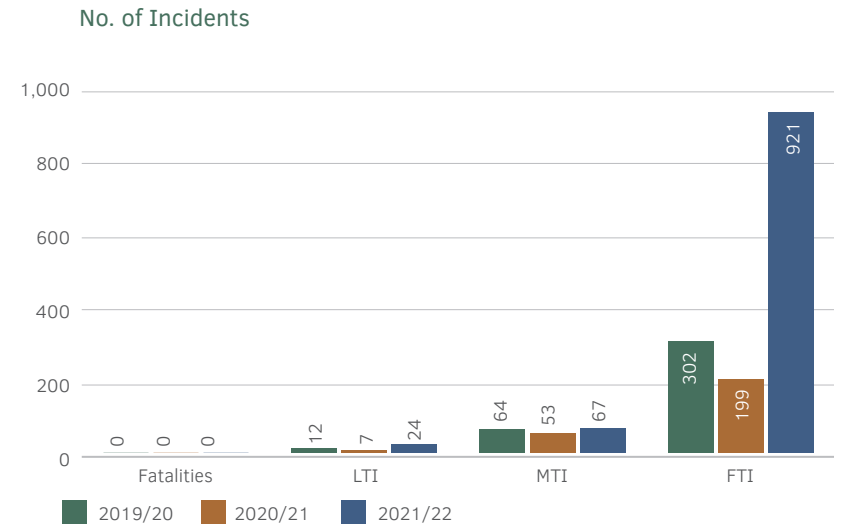
“Leading OHS Capability Uplifting Program Overview

| | | |
|-----|------------|--|
| 1. | Module 1 | Introduction to Leading OHS |
| 2. | Module 2 | Accidents, Safe Behaviours and My Role |
| 3. | Module 3 | Fire & Loss Prevention |
| 4. | Workshop 1 | Leading OHS – Need for Action |
| 5. | Module 4 | Risk Assessment and Risk Management |
| 6. | Module 5 | Safe Systems of Work |
| 7. | Module 6 | Chemical Hazards |
| 8. | Module 7 | Physical Hazards |
| 9. | Workshop 2 | Leading OHS – Courage, Commitment & Authenticity |
| 10. | Module 8 | Ergonomics and Human Factors |
| 11. | Module 9 | Health at work |
| 12. | Module 10 | OHS Internal Control Framework |
| 13. | Workshop 3 | Leading OHS – Taking Personal Action |

ENGAGEMENT

The third pillar of our LRP - Engagement focuses on promoting early detection and reinforcing the importance of proactive hazard reporting. The main aim here is to equip employees with the skills to detect unsafe conditions that may lead to injuries. In this regard, a series of plant-specific reward-based programs were run to motivate more employees to get involved in detecting and reporting on potentially hazard causing conditions. To ensure continuous reinforcement, reporting oversight was also further strengthened with the incorporation of hazard reporting KPI's as part of the performance evaluation criteria for managers.

On this basis, we noted a significant increase in the no of cases reported.





OCCUPATIONAL HEALTH & SAFETY

OHS LIVING STYLE

OHS Living Style is the fourth and final pillar of our LRP. While the previous three pillars focus on safety amidst the backdrop of the work environment, the objective of the OHS Living Style pillar is to encourage employees to embrace 24/7, 365 safety as a philosophy that influences their life goals and lifestyle choices.

The framework to enact the OHS Living Style is still in the planning stage with our OHS Excellence team undertaking several parallel initiatives to determine the scope and scale of the activities needed. Aside from this, Brandix has also tied up with the University of Moratuwa to work on a suitable culture transformation

initiative to reshape employee mindset to reinforce the importance of safety advocacy beyond the workplace and help them understand how the 24/7, 365 safety culture can enhance the quality of life for their families and the communities in which they live.





OUR SUPPLY CHAIN

Well connected teams from Corporate supply chain and SBUs enable effective and efficient functioning in supply chain by implementing important supply chain management tools like demand planning, supplier integration, risk forecasting and mitigation, etc. These efforts are further supported by a range of digital tools for more proactive risk monitoring to identify emerging geopolitical and environmental risks that may have a bearing on the sustainability of our supply chain from time to time.

Our supply chain is one of the fundamental building blocks that supports the Brandix Group business model. In fact, our ability to consistently honour customer commitments and continue to evolve sustainably, both depend largely on the strength and reliability of our supply chain networks.

In the past our supply chain revolved mainly around China as our primary source for raw materials. However, since 2015 we have made a deliberate effort to diversify our supplier networks in search of reliable sources in closer proximity to our manufacturing facilities.

Our decision to cut sourcing from China was also influenced by growing concerns regarding human rights violations in the Xinjiang Uyghur Autonomous Region in China, which has long dominated the leading source of cotton for the global apparel manufacturing industry. Following the signing into law of the Uyghur Human Rights Policy Act by the US Congress and the Xinjiang Production and Construction Corps (XPCC) related sanctions coming into effect in mid to late 2020, the Brandix Group amended its Vendor Code of Ethics (VCE) to include two clauses; one explicitly prohibiting all suppliers from the use of forced labour in their operations and the second preventing suppliers, vendor partners and all other participants in the supply chain from any involvement with XPCC and/or its affiliates. Brandix continues to ensure its commitment to these principles by ensuring all suppliers include a mandatory XPCC-sanction declaration, as part of their Vendor onboarding.

As a further step to ensure our supply chain is aligned with the requirement of eliminating cotton produced in Xinjiang region in China we are working closely with our Customers and Suppliers on traceability programs to obtain visibility and records of proof on the flow of raw material across the value chain. Forming partnership with a pioneer organization in cotton DNA testing has strengthen our commitment towards eliminating Xinjiang cotton from our supply chain where we will be selecting samples of fabric on a logically driven selection criteria and send for cotton DNA testing to determine the origin of cotton used in fabric that we source from our selected Supplier base.



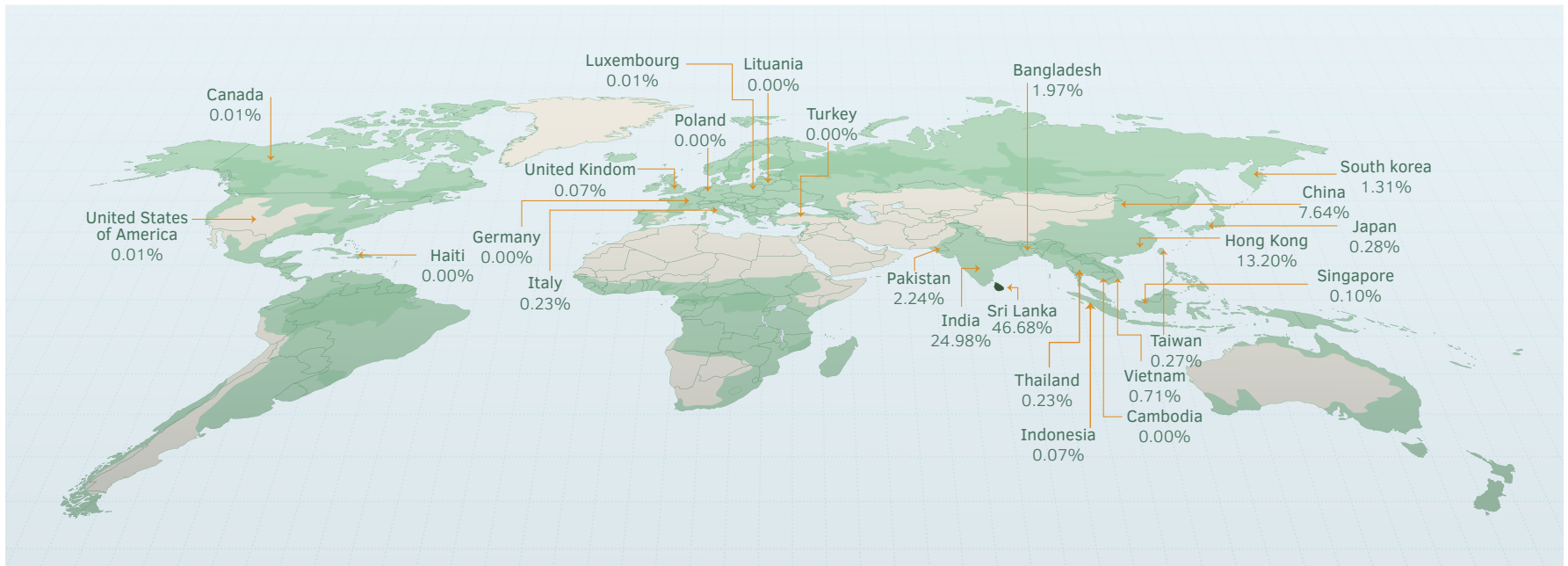
OUR SUPPLY CHAIN

The COVID-19 pandemic also further clarified our decision to move away from China to focus on regionalization of our supply chain within the Indian subcontinent. A culmination of these efforts have seen a clear shift away from sourcing from China, with a bulk of the Group's tier 1 suppliers (suppliers of fabrics and trims) based in Sri Lanka, India, Bangladesh and Pakistan.

Meanwhile, with many of our major customers now calling for advocacy, sustainability and better practices in RM sourcing Brandix Group has begun

exploring opportunities to source sustainable and ethically via material sourcing strategies like BCI, Organic cotton, CMIA, recycled polyester, recycled paper, etc across the wider Supplier base .

In general, tier 1 suppliers represent 20% of suppliers who collectively account for 80% of the Group's average annual raw material procurement expenditure and given their obvious importance in our value chain, we have established a comprehensive Supplier Management Framework for the management of tier 1 suppliers and beyond with the focus on our top strategic Suppliers.

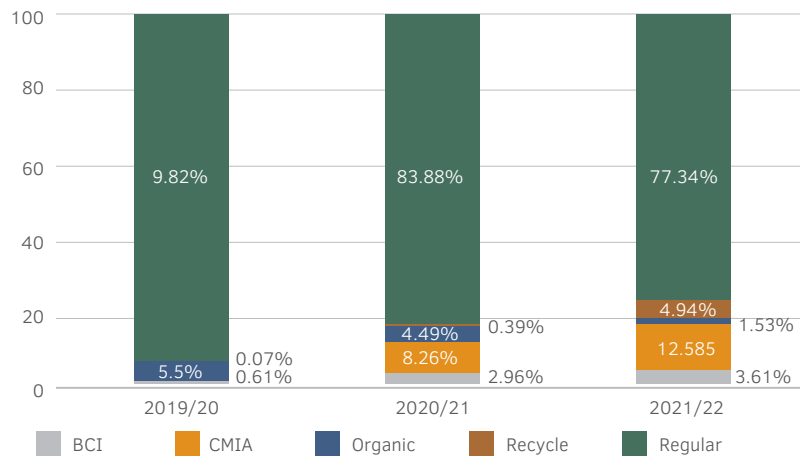




OUR SUPPLY CHAIN

Well connected teams from Corporate supply chain and SBUs enable effective and efficient functioning in supply chain by implementing important supply chain management tools like demand planning, supplier integration, risk forecasting and mitigation, etc. These efforts are further supported by a range of digital tools for more proactive risk monitoring to identify emerging geopolitical and environmental risks that may have a bearing on the sustainability of our supply chain from time to time.

Regular vs Sustainable Material



Category Management

The overarching mandate that sets out clear guidelines and establishes formal procedures for the long term management of tier 1 suppliers and beyond.

Supplier Performance Management

Focuses exclusively on the top 6 fabric suppliers who are responsible for supplying more than 50% of the Group's annual fabric requirement, to ensure they remain fully aligned to support the Group's sourcing needs at all times

Demand

Supply Integration - work closely with key fabric suppliers to understand and predict risks and advise suppliers on appropriate risk mitigation strategies to help them plan their production capacity to support the Brandix Group's OTD (On-Time-Delivery) commitments to its customers

Expedition Process

Stringent inspection protocols to help all our key fabric suppliers to comply with customer-specific ex-mill sourcing standards for the yarn profile, knitting, dyeing, printing and finishing processes as well as overall quality inspection

Green Channel Enablement

This is a tool used to eliminate non-value adding activities at raw material inspection. Only suppliers with a consistent audit score of 80%+ assessed across several criteria are entitled to benefit from the Green Channel.

Supplier Compliance

Routine due diligence activities to confirm suppliers' adherence to social and environmental best practices, product regulatory guidelines like OEKOTEX, RSL, MRSL etc and customer sourcing guidelines like CMRT (Conflict Minerals Reporting Template)



OUR SUPPLY CHAIN

Key Supply Chain Management Initiatives for FY 2021/22

INTRODUCTION OF UPSTREAM RISK ASSESSMENT

The Upstream Risk Assessment process, which falls under the Category Management pillar, was updated for selected customers to ensure upstream risks are kept under constant review. Weekly product specific reviews were introduced as part of a proactive approach to identify and correct potential quality gaps and take early action to prevent issues arising due to misalignment of technical parameters. Findings from these assessments were shared with relevant suppliers along with recommendations to help them resolve issues.

STRENGTHENING THE GREEN CHANNEL ENABLEMENT PLATFORM

The Green Channel Enablement platform, which was introduced in 2019 and has since proven to be a critical tool in eliminating non value added processes & raising the standards of tier 1 suppliers to correspond to the quality and delivery expectations of our customers. Only platinum rated suppliers - those who achieve a consistent average score of 80%+ in our rigorous program of audits are entitled to be eligible for the Green Channel Platform. We have a process of continuous improvement to enhance our suppliers' alignment to the green channel route of fabric manufacturing process. Towards this end, we conducted a series of online training workshops to help our supplier teams to build their internal skills. This was followed by a comprehensive assessment to determine if supplier teams have gained the competency levels needed to drive quality and timeliness within their operational processes. Through these efforts, we were able to increase the platinum rated supplier base considerably.

PROMOTING COMPLIANCE ACROSS THE SUPPLIERS VALUE CHAIN.

Brandix Group has always remained unequivocal in its commitment to social and environmental compliance at all levels. Over the past few years Brandix has successfully inspired the importance of adhering to the global standards of social and environmental compliance among our vendor partners in tier one and beyond, having made a conscious effort to cascade the importance of compliance and its impact on the value addition culture across a broader network by reaching out to downstream players along our value chains.

INTRODUCTION OF THE HIGG INDEX SCORECARD FOR TIER 1 SUPPLIERS

Taking a giant step forward to promote environmental sustainability best practices among our supplier base and encourage reporting transparency on these aspects, we began encouraging our tier 1 suppliers to undertake the HIGG index self-assessment as a baseline to report on the environmental performance of their operations. The first phase involved getting our tier 1 suppliers already reporting on the Higg index to consent to their scores being closely monitored by the Brandix Sustainability team.

The next phase involved providing necessary technical advice and sharing of best practices to encourage more of our suppliers to adopt the High index. It is hoped with more suppliers on-boarded to the HIGG Index self-assessment program in due course, will allow us to definitively integrate environmental ethics into the standard operational code of our tier 1 suppliers to help them align with the Brandix Group environmental sustainability principles.



COMMUNITY OUTREACH

Since its inception, Brandix has taken great pride in building empowered communities that are an asset to the nation. Over the years we have mobilized resources to provide people with the tools to overcome systemic challenges that have continued to hinder their progress. These efforts are brought to life through the Brandix Group's three-pronged CSR strategy to PROVIDE, EDUCATE and ENGAGE for the benefit of underserved communities.

STRATEGIC PRIORITIES

Since its inception, Brandix has taken great pride in building empowered communities that are an asset to the nation. Over the years we have mobilized resources to provide people with the tools to overcome systemic challenges that have continued to hinder their progress. These efforts are brought to life through the Brandix Group's three-pronged CSR strategy to PROVIDE, EDUCATE and ENGAGE for the benefit of underserved communities.



- Care For Our Own
- Model Village
- Diya Siththam
- Tree Planting
- Krushi Sangramaya
- Blood Donation



- Ran Daru Thilina
- Ran Daru Scholarships
- Ran Tharu Abhiyogaya
- Ran Daru Abhises
- Book Depository Project
- PACE
- Shilpa



- Stakeholder RI
- Partnerships (External)
- Strategic Community
- Nihanda Mehewara
- Research & Sustainable Solution



COMMUNITY OUTREACH

PROVIDE

Care For Our Own



Care For Our Own is one of two flagship initiatives undertaken by Brandix to improve access to clean drinking water to rural communities across Sri Lanka. To that end, the programme focuses on our own Associates and the community in which they live. Since its launch in 2007, approximately 3700 water projects have been conducted across rural areas in Sri Lanka in both individual and community capacity to provide clean water for drinking and other household needs.

In FY 2021/22, 85 CFOO projects were initiated based around Brandix locations across Sri Lanka in the categories of normal well, deep tube well, water connections etc.



Model Village



The Model Village programme is the other major CSR initiative undertaken by Brandix to signal its longstanding commitment towards resolving water-related issues faced by communities across Sri Lanka. Launched in 2015, the Model Village programme is structured as a community capacity building initiative to rehabilitate and maintain community-level water and sanitation infrastructure.

Over the past seven years, a total of 358 Model Village projects have been completed including 20 in FY 2021/22. These projects have directly benefited over 271,000 people in rural communities across the district of Batticaloa, Colombo, Galle, Gampaha, Kegalle, Kurunegala, Polonnaruwa, Rathnapura.





COMMUNITY OUTREACH

In recent years, the scope of the Model Village programme has been further extended to include various community capacity building efforts that complement the overarching goal of the programme. The key initiative in this regard has been the “Diya Siththam” programme to raise awareness on basic clean water and hygiene concepts. First launched in 2016, the “Diya Siththam” programme has since been held annually to commemorate World Water Day falling on 22nd March. The 2022 edition of the “Diya Siththam” programme was conducted in partnership with the National Water Supply and Drainage Board and run throughout the month of March to educate students at rural schools on the importance of clean drinking water and good sanitation practices



Community Projects

| Name of Project | No of Beneficiaries |
|---|-------------------------------|
| Construction of washroom at the VOG unit at Avissawella General Hospital | 1500 patients p/month |
| Improvements to ICU Units – with 08 Non-Invasive Ventilators Kegalle District General Hospital. | 49 patients p/month |
| Improvements to ICU Units – with 04 Non-Invasive Ventilators Mawanella General Hospital. | 20 patients p/month |
| Donation of 18 oxygen concentrator units to the Intermediate Care Centre (ICC) in Seeduwa. | 1500 patients at a given time |
| Construction of the Police post at Maduragoda Police station. | 30 beneficiaries |
| Donation of 04 Water Dispensers for the Regional Labour Commissioner’s Office in. Regional Labour Commissioner’s Office in Kurunegala | 3000 beneficiaries per month |
| Donation of 100 beds & mattresses to Galle RDHS | Apprx 300 patients per month |
| Donation of a direct oxygen supply at 5 bed heads to COVID-19 ward, Kahawatta Base Hospital | Apprx 50 patients per month |
| Construction of roof of PCR Laboratory, Wathupitiwala Base Hospital | Apprx 50 patients per month |
| Donation of 25 bed side lockers & 25 saline stands., Hingurakgoda Hospital | Apprx 300 patients per month |
| Disaster Relief for 40 families in Kegalle community | 300 individuals |



COMMUNITY OUTREACH

Community Support - Brandix India

| Name of Project | No of Beneficiaries |
|--|--------------------------------------|
| Campaign to raise awareness about "Personal Hygiene Habits" amongst the teenage population | 12,500 students, 40 schools |
| Collaborated with Akshaya Patra Foundation to support in providing nutritional health for lactating mothers and pregnant women | 3091 women, 201 Anganwadi Centres |
| Donation of essential COVID-19 equipment, including Ventilators & Oxygen Concentrators | 250,000 people |
| COVID-19 Vaccination drive for communities in and around Atchuthapuram Mandal. | 1263 people |
| Donation to the ICHA Foundation School to purchase necessary infrastructure | 20 children |
| Eye Camps | 3 eye camps - 864 beneficiaries |
| Donation to set up a "COVID Care Centre" at the Vivekananda Medical Trust | Donated to Vivekananda Medical Trust |
| Donation to the Shankar Foundation to purchase advanced cataract surgery equipment | Donated to Shankar Foundation |
| Donation to the BVK College to purchase 30 computers | Donation - BVK College |
| RO Plant to provide safe and clean drinking water to the people of Pudimadaka & Jalaripalem | 3500 families |
| Swachh Pudimadaka | 3500 families |

| Name of Project | No of Beneficiaries |
|---|---------------------|
| Donation of equipment to Primary Healthcare Centres (PHCs) | 3 PHCs |
| Drinking Water Supply for Pudimadaka ZPH School | 600 students |
| Donation to the Atchuthapuram Library to purchase essential equipment | 50 readers per day |





COMMUNITY OUTREACH

EDUCATE



There are few main initiatives under the Group's EDUCATE pillar to support the children of our Associates as well as the children from Model Village locations across four key verticals.

Progress under these initiatives for the reporting period are given below;

- **Thilina** - Nearly 10,000 children of Associates received schoolbags, books, and other necessities for the entire school year.
- **Scholarships** – 81 students who have excelled in Grade 5 Scholarship Examination, G.C.E. O/L Examination & G.C.E. A/L Examination received assistance.
- **Study Packs** - 885 study packs were donated to Ran Tharu Kumara Kumariyo winners, in partnership with Atlas Axillia Co. (Pvt) Ltd
- **University Scholarships** – University Scholarship program was launched in 2021 to support high performers in G.C.E A/L to pursue tertiary education by providing them with a monthly stipend throughout their four years in university. The pilot program was initiated in 2021 where a scholarship was awarded to a student from Batticaloa while 17 other scholarships were granted in 2022 for high performers at the GCE A/L 2020 exam under phase 1

ENGAGE



Marking a significant step in our journey to strengthen community engagement, the existing grievance mechanism was further updated with the inclusion of the post-project Social Impact Assessment to capture quantitative and information from all relevant stakeholders. The purpose of the Social Impact Assessment is to establish if the project has been successful by measuring the actual impact against the desired outcomes set out under the stakeholder relationship index drawn up at the project planning stage. In this way the Social




Impact Assessment process serves as a platform to identify shortcomings for the purpose learning and of driving continuous improvement

The Social Impact Assessment process is accompanied by a clear governance structure, where the overall responsibility for the process falls under the purview Plant-level HR function, while the actual execution is handled by a committee comprising the Plant HR manager, CSR Coordinator and Employee Council representatives.





COMMUNITY OUTREACH

| Programme | Scope | Findings from Social Impact Study |
|--|---|---|
|  Care For Our Own | 85 projects completed including normal wells, deep tube wells, water connections etc. | <p>Social Impact Assessments were conducted for projects completed from 2007-2020. Out of 3125 beneficiaries, 704 responses were received (95% out of 744 active employees). Only 49 (7%) employees were not satisfied with the drinking water solution provided, with the main grievances highlighted as;</p> <ul style="list-style-type: none"> • Lack of water • Quality of water • Infrastructure issues |
|  Model Village | A total of 20 projects were conducted for 2021/22 in the categories of water facility improvement, sanitary facility improvement, general facility improvement etc. | <p>Social Impact Assessment was completed for 7 projects to date and it was found that all projects have successfully achieved the intended project objectives resulting in considerable benefits to the community in terms of enhancing quality of life, productivity improvement as well as cost and time savings.</p> |
|  Thilina | <p>8354 Student Beneficiaries of 6928 Brandix Associates were provided stationery packs.</p> <p>In addition, 1000 students in the community around Avissawella area benefitted through the project.</p> | <p>Social Impact Assessments were done for 6,928 Associates [8,354 children] and 3,342 (48%) responses were received. Out of the responses, 182 (6%) of Associates were unsatisfied with the school essentials provided, with the main grievances highlighted as;</p> <ul style="list-style-type: none"> • Mismatch in the number of books relevant to respective grades • Insufficient number of pages in the books • Inadequate quantity of other school essentials provided |



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INDEPENDENT ASSURANCE STATEMENT

DNV

INTRODUCTION

DNV represented by DNV Business Assurance Lanka (Private) Limited ('DNV') has been engaged by the management of Brandix Apparel Limited ('Brandix' or 'Brandix Group', Corporate Registration Number PB 85) for the Brandix Group to carry out an independent assurance engagement for the Group's Sustainability Report 2021/22 in its printed format ('the Report'). The current report, which is the 7th Sustainability Report released by Brandix relates to the period 01st April 2021 to 31st March 2022 and covers its operations in Sri Lanka, India, and Bangladesh.

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

We performed our assurance (Type 2, Moderate level) activities based on AccountAbility's AA1000 Assurance Standard v3, and DNV's assurance methodology VeriSustain^{TM1}. In doing so, we evaluated both the qualitative and quantitative disclosures presented in the Report, together with Brandix's procedures for ensuring the accuracy and reliability of disclosed information. Our assurance engagement was planned and carried out in November 2022 – March 2023.

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

RESPONSIBILITIES OF THE MANAGEMENT OF BRANDIX AND OF THE ASSURANCE PROVIDER

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

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from material misstatements or errors. The assurance engagement considers an uncertainty of $\pm 5\%$ based on materiality threshold for estimation/measurement errors and omissions. We did not engage with any external stakeholders as part of this assurance engagement.

¹ The VeriSustain protocol is available on request from www.dnv.com and is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 (ISAE 3000) Revised (Assurance Engagements other than Audits or Reviews of Historical Financial Information) and GRI's Reporting Principles. GRI's Principles for defining Report Content and Quality.



INDEPENDENT ASSURANCE STATEMENT

DNV

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

BASIS OF OUR OPINION

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, and as part of the assurance engagement, a multi-disciplinary team of sustainability and assurance specialists conducted on-site assessments and interactions with key internal stakeholders at the Company/Group's Headquarters at Colombo and at a selected sample of four (4) Apparel Manufacturing plants of Brandix, that is Avissawella, Mirigama-1 and Rambukkana in Sri Lanka, and Vizag in India. We adopted a risk based approach, that is, we concentrated our on-site verification efforts on the issues of high material relevance to the Brandix Group and its key stakeholders. We undertook the following activities:

- Review of Brandix's approach to stakeholder engagement and materiality determination process and the outcome as presented in this Report. We did not have any direct engagement with external stakeholders.
- Interviews with managers responsible for management of sustainability issues and review of selected evidence to support issues disclosed within the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Brandix Group's sustainability objectives.
- Assessment of site-level sustainability data to review process and systems for preparing the data and implementation of sustainability strategy. We were free to choose sites for conducting our assessment, and the four (4) sample sites were selected on the basis of their materiality, considering economic, environmental and social impacts as well as ensuring sufficient representation of Brandix Group's operations.
- Review of supporting evidence for key claims and performance data in the Report on a sample basis;
- Sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report. Our verification processes were prioritised according to the materiality of topics identified by the Brandix Group as part of its reporting process.
- An independent assessment of Brandix's reporting against the GRI Standards and the reporting requirements for the GRI Standards 2021.



INDEPENDENT ASSURANCE STATEMENT

DNV

OPINION

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly adherence to the GRI Standards 2021, including GRI 2: General Disclosures 2021, GRI 3-3: Management of Material topics and disclosures related to the following GRI Standards which have been chosen by Brandix to bring out its performance against the identified material topics:

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

OBSERVATIONS

Without affecting our assurance opinion, we also provide the following observations evaluating the Report's adherence to the Reporting Principles of the GRI Standards and principles of AA1000APS:

Inclusivity

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

The Report brings out the key stakeholder groups identified by Brandix, that is, its customers, employees, banks and financial institutions, suppliers, union activists, non-governmental organizations, regulatory authorities, media and communities. The formal and informal modes of stakeholder engagement that exist at various levels across Brandix's operations are explained within the Report, including the key stakeholder concerns that were considered to develop sustainability initiatives.

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

Materiality

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



INDEPENDENT ASSURANCE STATEMENT

DNV

The Report brings out the processes undertaken by Brandix towards identifying and addressing its key material topics based on internal and external business impacts, global frameworks and outputs from stakeholder engagement. Based on a revalidation of its eleven (11) material topics identified in 2020/21, Brandix Group has confirmed that these topics remain consistent and there were no significant changes identified. However, the company has committed to conduct enhanced materiality assessment for FY 2022/23.

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 brings out the Brandix's strategies, management approach including performance indicators, targets and goals through qualitative and quantitative disclosures based on selected GRI topic-specific standards related to its identified material topics. The Report also explains how the key responses and challenges related to identified stakeholder concerns contribute towards its identification of business risks and opportunities, and overall sustainability strategy.

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

Impact

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

The Report brings out descriptions of Brandix's processes towards identification, monitoring and evaluation of significant impacts related to its identified material topics. The Report explains how potential and actual impacts are considered towards framing and adapting the overall business strategy, stakeholder engagement processes and governance mechanisms of the business units.

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

Specific Evaluation of the Information on Sustainability Performance

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



INDEPENDENT ASSURANCE STATEMENT

DNV

Reliability

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

The Report brings out the processes that Brandix has established to collate and analyse sustainability data related to its identified material issues from its Apparel Manufacturing sites. Most of the qualitative and quantitative disclosures verified at the four (4) Apparel Manufacturing sites were derived from internal data systems and found to be accurate. The majority of data and information verified through our on-site assessments and reviews with the data owners at the sampled operation sites were found to be accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been identified, communicated and corrected.

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

Additional principles as per DNV VeriSustain

Completeness

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

The Report brings out Brandix's sustainability performance considering the selected scope of reporting i.e. social, environmental and governance for the reporting period, covering its apparel manufacturing operations in Sri Lanka, India and Bangladesh. Further the key requirements of the GRI Standards 2021 of reporting such as management of material topics and performance indicators relevant to Brandix's material topics and covering its chosen scope and boundary, are brought out within the Report.

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

Neutrality

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

The Report articulates the various sustainability-related risks and challenges, stakeholder concerns and expectations, and overall performance in a fairly neutral tone, in terms of content and presentation, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported disclosures.

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



INDEPENDENT ASSURANCE STATEMENT

DNV

STATEMENT OF COMPETENCE AND INDEPENDENCE

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 – Conformity Assessment Requirements for bodies providing audit and certification of management systems, 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.

For DNV

We have complied with the DNV Code of Conduct² during the assurance engagement and maintain independence where required by relevant ethical requirements including the AA1000AS v3 Code of Practice. This engagement work was carried out by an independent team of sustainability assurance professionals. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. We did not provide any services to Brandix in the scope of assurance for the reporting period that could compromise the independence or impartiality of our work.

Digitally signed
by Karande,
Anurag
Date: 2023.03.10
08:29:35 +05'30'

Anurag Karande

Lead Verifier,

DNV Business Assurance India Private Limited, India.

10 March 2023, Colombo, Sri Lanka.

Wickramasi
nghe,
Rohitha
Digitally signed by
Wickramasinghe,
Rohitha
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Rohitha Wickramasinghe

Operations Manager – Sri Lanka

DNV Business Assurance Lanka (Private) Limited

Kakaraparthi,
Venkata
Raman
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Venkata Raman
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Venkata Raman Kakaraparthi

Assurance Reviewer,

DNV Business Assurance India Private Limited, India

² The DNV Code of Conduct is available on request from www.dnv.com



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UN GLOBAL COMPACT - COMMUNICATION ON PROGRESS

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





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