



BRANDIX LANKA LIMITED

Communication on Progress

Year: 2010

STATEMENT OF CONTINUED SUPPORT

In 2006, Brandix became a signatory to the United Nations Global Compact—a reiteration of our commitment to responsible development.

Our common passion to uphold the 10 principles of the UNGC and to achieve the Millennium Development Goals such as poverty eradication, reduction in environmental degradation, gender equality, and specifically ‘reducing by half the proportion of people without access to safe drinking water’ by the year 2015 is reflected in our company’s values that proactively drives economic, environmental, social and ethical imperatives.

We continue to remain committed to the UNGC principles.

Mr Ajit Johnpillai - Director

1st March 2010

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Brief description of nature of business

Brandix is Sri Lanka's largest export apparel, with export revenue of US\$350 million in 2007-2008. Comprising of 25 fully-integrated manufacturing facilities backed by strategically located international sourcing offices, the Brandix Group employs over 25,000 in Sri Lanka and has manufacturing operations in Bangladesh and India. The Group pioneered the concept of 'total solutions' in Sri Lanka's apparel sector and specialises in casual bottoms, intimate and active wear, textiles, knitted fabrics, sewing and embroidery thread, accessories and hangers and also offers wet processing and finishing and fabric printing. Brandix is a preferred solutions provider to some of the world's leading apparel brands, including Gap, Marks & Spencer, Victoria Secret, NEXT, Lands End, Ann Taylor, Abercrombie & Fitch and Tommy Hilfiger.

PRINCIPLE 1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
Actions	<p>Actions taken</p> <p>Commitment: Our company is committed to support and respect the protection of locally & internationally proclaimed human/employee rights.</p> <p>For this, we rely on the ILO conventions, national & international laws & regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc. We have built our policies and procedures incorporating all these regulations/conventions/standards in order to maintain the highest possible on this aspect.</p> <p>System: Our management strategy is a combination of WRAP & SA8000 standards; WRAP helps us to maintain higher ethical standards in our workplace, while SA 8000 supports us to ensure the human rights protection at our supplier/sub-contractors work places.</p> <p>Activities: Compliance to every prevailing law in this regard is our focus. Some of our initiatives are</p> <ul style="list-style-type: none"> 01. Monthly basis, risk assessment and corrective actions 02. Communication of our activities via effective channels 03. External party observations/suggestions and relevant corrective actions 04. Employee- Management consultative forums 05. Maintenance of open door policy 06. Maintaining the maximum number of grievances handling channels 07. Maintenance of transparent disciplinary action policy
	Outcomes

PRINCIPLE 2	BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES
Actions	Actions taken
	Please refer Principle no.01
Outcomes	Measurement of (expected) outcomes and value added for our company
	Please refer Principle No.01

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Actions	Actions taken
	<p>Commitment: Our company is committed to support and uphold the Freedom of Association and the effective recognition of the Right to Collective Bargaining. For this, we rely on the ILO conventions, national & international laws & regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc. We have built our policies and procedures incorporating all these regulations/conventions/standards in order to maintain the highest possible on this aspect.</p> <p>System: Employee- management consultation is our strategy. Employee/s participation will be taken for almost all the business decisions.</p> <p>Activities: Joint consultative meetings are conducted at least once a month. Most management suggestions/employees suggestions are reviewed at this forum before making any decisions. Employee concerns and expectations are included in the future planning. As a policy, we always try to ensure maximum support for local and international projects on upholding principle no: 3. (example: we were a key member of ETI/ Sri Lanka tri-partite pilot project, labour rights related NGOs & Trade Unions were other parties.)</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>Our achievement again is a improved employee-employer relationship, which resulted</p> <ol style="list-style-type: none"> 01. Less AB 02. Less LTO 03. Competitive work-force 04. Reduced Loss hours 05. Higher productivity/Higher Quality product 06. Ability to meet evolving marketing conditions 07. Improved employer-employee relationship 08. Higher income to all associates 09. Appreciation from our valuable customers

PRINCIPLE 4	BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR
Actions	<p>Actions taken</p>
	<p>Commitment: Our company is committed to eliminating all forms of forced and compulsory labour.</p> <p>For this, we rely on the ILO conventions, national & international laws & regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc.</p> <p>System: Our management strategy is a combination of WRAP & SA 8000 standards; WRAP helps us to maintain a workplace free from any form of forced labour, while SA 8000 helps us to ensure our supplier/sub-contractors work places are free from forced or compulsory labour.</p> <p>Activities: Below are some of our activities</p> <ol style="list-style-type: none"> 01. Self application of all available vacancies 02. Employment conditions are pre-agrees and available to both parties. 03. Employee participation on decision making 04. Employees are free to elect persons to represent them in joint consultative forums 05. Frequent awareness on employee salary/other benefit calculations 06. Internal & external risk assessments on a monthly basis 07. Corrective actions as required by risk assessments.
Outcomes	<p>Measurement of (expected) outcomes and value added for our company</p>
	<p>Our commitment led us to become one of the most demanded employers in the trade/region. We are recognised as one of the most ethical manufacturers of the region. Therefore, we constantly receive good responses/comments from NGOs, TUs Government Officers etc.</p> <p>We are also recognised as one of the most valuable supplier within or product range. As a result of this there was an increase demand for our product, which led us to expand our company.</p>

PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
Actions	<p>Actions taken</p> <p>Commitment: Our company is committed to support the effective abolition of child labour. For this, we rely on the ILO conventions, national & international laws & regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc.</p> <p>System: Our minimum age for recruitment is 18 years. We consider anyone between the age of 16-18 years as young employees and they are employed under a special provision. All the young persons found within the work place are promoted for further studies with necessary financial support.</p> <p>Activities:</p> <ol style="list-style-type: none"> 01. Risk assessments are helping us to identify current & potential child labour in our suppliers/sub-contractor's work places. 02. Programs to ensure compulsory education/safety of children who are found at our suppliers/sub-contractor's workplace. 03. Supporting the development of schools and educational programs 04. Supporting professional career development of youth.
	Outcomes

PRINCIPLE 6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION
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Actions	<p>Actions taken</p> <p>Commitment: Our company is committed to the elimination of discrimination in respect of employment and occupation.</p> <p>For this, we rely on the ILO conventions, national & international laws & regulations, the standards such as Ethical Trading Initiative ETI, GSP/UK, and World-wide Responsible Apparel Production WRAP, Social Accountability 8000 (SA8000) etc.</p> <p>System: Our management strategy is a combination of WRAP & SA 8000 standards; WRAP helps us to maintain a work place free from any form of discrimination, while SA8000 supports us to ensure the elimination of discrimination in our suppliers/sub-contractor’s work place.</p> <p>Activities:</p> <ol style="list-style-type: none"> 01. Equal opportunity for all application, selection process 02. Available job vacancies are advertised to the public. 03. Employee selection, training, advancement, employee benefits is not based on personal characteristics such as age, ethnic group, religion, cast, gender, marital status, sexual orientation, political or union affiliation etc. 04. Employee selection, training, advancement, employee benefits are based on proper judgment of performance only. Performance is evaluated on more objective factors to avoid subjective decisions. 05. Performance evaluations are done by trained staff based on written procedures. 06. Appealing systems are available to all employees, if they are not satisfied with the results of the performance evaluations. 07. Activities to support employee’s freedom on ethnic and religious events.
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Outcomes	<p>Measurement of (expected) outcomes and value added for our company</p> <p>We are recognised as one of the most ethical manufacturers of the region. Therefore, we constantly receive good responses/comments from NGOs, TUs Government Officers etc.</p> <p>We are also recognised as one of the most valuable supplier within or product range. As a result of this there was an increase demand for our product, which led us to expand our company.</p> <p>Our program for developing youth has enabled us to recruit higher calibre/trained persons to our organisation, which in turn gives us support in achieving our organisational goals.</p>
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PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
Actions	Actions taken
	<p>Commitment: We are committed to ensuring that our business decisions will balance economic progress while driving a sustainable development through a responsible consciousness for the environment and the community.</p> <p>System: Since the inception, Brandix have remained conscious of environmental imperatives. We have consciously adopted innovative approaches and technologies to minimise the impact our manufacturing processes would have on the environment.</p> <p>Activities: Brandix helps build a more just and sustainable world by being at the forefront nationally and globally in efforts to adopt eco-friendly manufacturing, a claim backed by the Group's achievement of having one of its manufacturing plants becoming the first Platinum rated Green Factory in the world under the LEED (Leadership in Energy & Environmental Design) of the US Green Building Council (USGBC) in September 2008.</p>
Outcomes	Measurement of (expected) outcomes and value added for our company
	<p>It's effort to adopt Green manufacturing processes in one of its biggest plants that has substantially reduced its carbon footprints by 80%, generate significant savings in energy 7 water conservation – 46% & 58% respectively- and zero solid waste landfill, eco-friendly indicators as yet unmatched by any redesigned Green plant anywhere in the world.</p>

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Actions	<p>Actions taken</p> <p>Commitment: The Brandix Group’s raison d’être of “inspired solutions for branded clothing” encompasses all aspects of its business including its commitment to CSR in all its manifestations.</p> <p>We believe are stakeholders are as passionate about our commitment to the complex issues of water and environment management as we are. Since its importance our manufacturing processes we have over the past few years focused our attention on “Water” as a giver of life and drawn in our associates, their families, suppliers and business partners into the initiatives we have employed around the country.</p> <p>System: Brandix has always worked on the platform of conscious responsibility. Our position as the largest exporter in the country and an industry leader adds more responsibility, transparency and accountability to our role and emphasizes the need for sincerity, ethics and integrity in the way we do business.</p> <p>With water birthed the issue of environmental management and the crucial link, we as a industry leader know the importance of adopting these sustainable environmental practices. Hence the Group has committed US\$25 million over the next 4 years to convert all its factories to Green manufacturing and thereby reduce the entire carbon footprint to 35%.</p> <p>Activities: Water was not easily accessible to our associates and obtaining clean potable water was imperative. Water thus became the primary platform, resulting in projects of diverse scales being completed. The company have to date completed 900 water related projects from micro to large. The quality of life of thousands of rural families has improved significantly with the completion of these projects.</p> <p>An articulation of our “Water is Life” theme for community projects, this programme dubbed “Care for our Own” will benefit our Associates and their families and funded mainly by the Group and its business partners.</p>
	Outcomes

PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Actions taken	<p>Actions taken</p> <p>Commitment: We strongly believe that it is our responsibility to maintain equitable balance between the resources we use and the resources we put back in. Clean technology, waste management and environmental preservation have been inextricably integrated into our overall business. Believing strongly that clean technology can drive our ultimate goal of being a completely green business concern; we have strived over the years to ensure imperatives that would infuse clean technology into our processes and operations.</p> <p>System: Brandix is currently in the process of rolling out a 4 year plan that would take us towards our goal of becoming a totally “Green company”. Our carbon footprints will set the way forwards via milestones annually. We are always exploring numerous options of renewable energy and to pursue better environmental practices. Investments in hydro and solar power to reduce dependency on the national grid are options that are being followed.</p> <p>Activities: All SBUs instil a comprehensive policy on waste management, communicated to every associate, which in effect enables a sense of ownership towards the overall policy and procedures. Driven by Environmental Committees, inclusive systems and processes are in place and continuously monitored and improved to ensure the SBUs comply with the numerous certifications and standards granted by the Group. Recycling, non-polluting initiatives and the message of good waste management and environmental consciousness are permeated to all associates.</p>
	Outcomes

PRINCIPLE 10	BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
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Actions	Actions taken	
		<p>Commitment: Our company is committed to working against corruption in all its forms, including extortion and bribery.</p> <p>For this we have our own code of ethics and fully respect to our customers/suppliers code of ethics in this regard.</p> <p>System: “Integrity” is recognized as the first value of our company/associates. Our strategy is to follow the best management systems with higher level of transparency. Strict adherence to written policies in all operations helps us for transparent transactions. Independent audit system supports us to identify further steps for improvement.</p> <p>Activities:</p> <ol style="list-style-type: none"> 01. Induction sessions help us to deliver the company expectation of ‘integrity’ to all new employees. 02. Frequent awareness sessions to improve the employee’s knowledge of the company’s policy/procedure and transparency. 03. Strict adherence to company finance and other policies. Such policies are available in the company intranet for easy access. 04. Frequent communication of our company values to our customers and suppliers. 05. Frequent internal and 3rd party audits to ensure the correct implementation of our policies and procedures. 06. Strict follow up of audit recommendation to ensure further enhancement of transparency of transactions.
Outcomes	Measurement of (expected) outcomes and value added for our company	

How do you intend to make this COP available to your stakeholders?
Through our annual report, company website and quarterly CSR newsletter.