

	HELA APPAREL HOLDINGS PLC		
	POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY	Version No: 01	Issue Date December 30, 2024
Approved by Board of Directors on 18 th December 2024			

1. INTRODUCTION

1.1 Hela Apparel Holdings PLC and its subsidiaries (hereafter “the Hela Group”) are committed to creating a positive socio-economic impact and addressing the pressing environmental and societal challenges within the communities it serves. By employing a holistic strategy towards environmental, social and governance (ESG) matters, the organisation’s overarching goal is to uphold the highest standards of verified social and environmental integrity, ensuring public transparency and legal accountability.

2. ESG STRATEGY

2.1 The Hela Group is in the process of developing a comprehensive ESG strategy to manage its impacts and support the global transition to a low carbon economy.

2.2 The Group’s approach is guided by its strategic ESG priorities, which include the following: (i) Responsible Sourcing; (ii) Sustainable Community Development; (iii) Sustainable Culture; (iv) Water; (v) Safety & Security; (vi) Social Compliance; (vii) Bio-Diversity & Wildlife; (viii) Zero Waste & Environmental Literacy; (ix) Justice, Diversity, Equity & Inclusion; (x) Stakeholder Influence; (xi) Process Improvements; (xii) Sustainable Data Management; (xiii) Employee Relations & Development; (xiv) Technology & Innovations; (xv) Circularity; and (xvi) Net Zero

2.3 The ESG strategy will comply with national and international laws, standards, customer codes, and support the advancement of the UN Sustainable Development Goals.

3. ENVIRONMENTAL SUSTAINABILITY

3.1 The Hela Group benchmarks its operations against global best practices for environmental management. The Group is also guided by mandatory environmental compliance requirements stipulated as part of the contractual obligations established by its customers.

3.2 The Group’s environmental sustainability agenda is led by the Group’s Sustainability Team. The Group CEO receives regular updates from the Head of Sustainability, who also briefs the Board of Directors on the Group’s Environmental sustainability strategy.

3.3 A comprehensive and uniform approach to recording, monitoring, and optimising the use of natural resources, as well as managing environmental impacts, is provided by the Group’s fully integrated Environmental Management System (EMS). Specific performance indicators have been integrated into the system for each pillar, driving concerted efforts towards enhancing resource efficiency.

3.4. The Group monitors environment-related matters through an internally developed Eco-Tracker, where all environmental data, such as energy usage, water consumption and waste generation are captured for each manufacturing facility. A report comprising critical comments is sent to the Audit & Risk Committee on a need basis and the findings are presented to the Board by the Head of Sustainability. Performance dashboards are made routinely available to the management to carry out regular reviews, serving as a tool to support continuous improvement.

3.5 The environmental sustainability strategy is prioritized by the following sustainability goals;

a) To actively monitor and reduce the Hela Group's carbon footprint and work towards a net zero carbon future.

b) To develop and implement comprehensive waste management systems and promote the development of circular products.

c) To optimise the consumption of resources, energy, water, and chemicals through effective environmental management practices.

g) To ensure that the Group's supply chain prioritises responsible sourcing and ongoing environmental and social improvements.

h) To encourage employees to develop a culture that supports sustainable manufacturing.

i) To encourage key stakeholders to embrace sustainability practices and work collectively to enhance material positive environmental and social practices within the apparel industry.

4. SOCIAL RESPONSIBILITY

4.1 The Hela Group is committed to enhancing socioeconomic development in its operating countries by empowering both its employees and communities through comprehensive support and engagement initiatives.

4.2 Social matters and Corporate Social Responsibility (CSR) Initiatives are primarily the responsibility of the Human Resources and Social Capital functions, and are guided by an extensive policy framework. The Board exercises oversight of these functions, supported by the Remuneration Committee.

5. CORPORATE GOVERNANCE

5.1 The Hela Group's Board of Directors has established robust governance practices and frameworks that underpin its operations. Aligned with the Group's core values, these practices drive a culture of enhanced accountability, strong risk and performance management, and strategic agility. By supporting integrated thinking, the framework balances the interests of the Group, stakeholders, and society, fostering the creation and protection of sustainable value.

5.2 This approach is supported by a number of external and internal frameworks:

5.2.1 Mandatory External Regulations

a) Sri Lanka Companies Act No. 7 of 2007

- b) Listing Rules of the Colombo Stock Exchange
- c) Securities and Exchange Commission of Sri Lanka Act. No 19 of 2021

5.2.2 Voluntary Standards:

- a) UN Global Compact
- b) Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)

5.2.3 Internal Frameworks:

- a) Articles of Association
- b) Board and Sub-Committee Charters
- c) Policies and Code of Conduct

6. REVIEW OF POLICY

6.1 The Board shall periodically review this Policy to confirm that it is operating effectively and whether any changes are required.