The Chain of Value



CORPORATE SUSTAINABILITY REPORT 2011



Maga Engineering (Pvt) Ltd Corporate Sustainability Report 2011

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SUSTAINABILITY THROUGH CORE BUSINESS





As aspiring construction engineers of the early 1980s, we had the opportunity to work alongside several premier construction companies of the world at the time. From the inception, what drew us towards this sector was the impact and value that was created through the process of construction. Both direct and prolonged, this value took the shape of tangible and intangible benefits created and passed on from one location to the next, one person to the next – one generation to the next. Through the years, we carried with us this knowledge about the impact of construction. In turn, this knowledge played a key role in our intuitive journey during our formative years, as well as our more structured progression later, towards enveloping all of our activities within the sphere of sustainable development.

At that time, we felt that the construction industry in particular had the power as well as the required framework to create a prolonged spark within the value chain of an economy or a nation. This was true of Sri Lanka's major infrastructure development projects of the 1980s, and it is just as true today. Construction activities have invariably given rise to urbanization, resettlement of communities, damage to the natural environment and depletion of non-renewable resources. Yet we currently possess not only a heightened awareness, but the means to better control some of these adverse impacts. Whilst adopting universal standards in the workplace and social accountability, we now look forward to an era of research & development to lessen our environmental footprint.

Maga is presently home to over 6,500 engineers, project managers, designers, planners, quantity surveyors, administrators, foremen, technicians, craftspeople and their families. Over the years, 'Maga' has grown into a symbol of trust, signifying the care and assurance we give to our stakeholders, as well as the reliance they place in us. In return for our commitment, they have recognized 'Maga' as a trusted partner and a vital link in the infrastructure development value chain.

Our Sustainability Report for the year 2010/11 travels along this same value chain, in an attempt to highlight the positive impact generated around its stronger links, as well as review our efforts to strengthen key segments.

CHAIRMAN'S MESSAGE



The construction industry provides the much needed physical infrastructure required to facilitate the provision of basic needs of people. It also provides employment to circa 9-10 percent of Sri Lanka's workforce. The contribution to the Gross Domestic Production (GDP) by the construction industry of Sri Lanka during 2010/11 was close to LKR 400 Billion. Being Sri Lanka's market leader in construction, we share the responsibility of representing a sector which drives forward a vital segment of the nation's economy.

Our commitment to economic, social and environmental accountability was further consolidated last year, when Maga became the first construction company and one of the first privately-owned companies in Sri Lanka to report its sustainability performance under the Global Reporting Initiative (GRI) guidelines. This was further solidified by Maga retaining its Platinum rating and Top 4 ranking in the country's Corporate Accountability Index.

In the face of this success, we are deeply aware that improving the lives of people in the long-run through employment generation and development of the built environment comes at an increasing cost to natural resources and ecosystems. We understand that sustainable development can only be carried forward through commitment to a vision which will ring true across eras – a vision which aims to balance development goals with the equity of future generations.

Looking back, despite the slow recovery of the global economy, we have consolidated our revenue growth by an impressive 29% through growth in key rehabilitation sectors, namely roads and water supply. The major risks to our operations remain the dearth of a skilled workforce, implications arising from material and resources depletion and competition from international contractors. Yet we are positive in turning these risks into opportunities via our growth momentum and sustainability initiatives, which are anchored by the knowledge and experience of the Maga community.

2010 bought noteworthy success in relation to achieving previously set targets of the organization. With regard to ensuring compliance, Maga was successful in obtaining accreditation under international standards for health, safety & environmental management in late 2010 (i.e. OHSAS 18001:2007 and ISO 14001:2004). The implementation of these standards has given us further direction through their structured approach to manage employee wellbeing, safety and our environment. It has given us impetus to continually improve and review our performance under specific parameters. "Our engagement in Lean Production as well as development programs across the operational and social value chain has enabled us to deliver prolonged returns to our stakeholders. It is also heartening to note that we have been able to provide employment to over 900 new recruits from the former conflict-affected regions."

Notable infrastructure facilities that came into realization during the reporting period include the state-of-the-art Head Office for People's Leasing PLC, improvement of road networks of over 400km (including the 78km Tsunami-affected area rehabilitation of Siyambalanduwa-Akkaraipattu road) and the Sri Sambuddha Jayanthi Mandira in Colombo, one of the largest Buddhist Information Centers in the world. Our engagement in Lean Production and development programs across the operational and social value chain has enabled us to deliver prolonged returns to our stakeholders. It is also heartening to note that we have been able to provide employment to over 900 new recruits from the former conflict-affected regions.

In this year's report, the company has been able to expand reporting areas to include several new economic, social and environmental Performance Indicators. This is also Sri Lanka's first sustainability report formulated under the new guidelines of the GRI's Construction and Real Estate Sector Supplement (CRESS) published on 22 September 2011. Maga also subscribed to the United Nation's (UN) Global Compact initiative, and is currently preparing its first Communication on Progress (COP) to the UN. During the year, we have reviewed our accounting system in relation to International Financial Reporting Standards (IFRS), in an effort to make the system more robust and up-to-date.

Through our 2012 Aims, our series of 2015 Goals and our 2021 Vision, we have further translated our short, medium and long-term strategy into achieving specific objectives. Our 2012 Aims range from reinforcing our workplace practices under universal social accountability standards, to heightening our focus on anti-corruption measures. With our 2015 Goals, we aim for substantial growth in our revenue, new market segments and our training & development investment, whilst decreasing our major injury rate and reducing our Carbon Footprint. Our 2021 Vision centers on a feed-forward stakeholder engagement process which addresses, in advance, the future needs of our stakeholders and provide holistic infrastructure solutions – starting from needs assessment and conceptual design – to the long-term management and maintenance of the built environment around us.

M.G. Kularatne Chairman & Managing Director 20 October 2011









Organization Profile

Founded in 1983, Maga Engineering (Pvt) Ltd (Maga) is one of the premier engineering and construction companies in Sri Lanka. In the delivery of large-scale infrastructure projects, it is the national leader in terms of both volume and industry recognition. The company's unwavering commitment to quality and timely delivery has garnered the company the National Business Excellence Award in the Construction Sector for the past 4 years, the Sri Lankan Institution of Engineers' (IESL) first ever Engineering Excellence Award in 2008 and a record 43 National Construction Awards (highest award in Sri Lankan construction) across three decades. We are the only construction company to achieve Business Superbrands status in Sri Lanka.

Head Office and Regional Offices

The company's Head Office is at 200, Nawala Road, Narahenpita, Colombo 05, Sri Lanka. The company has regional offices in the Southern (Hambantota), Central (Kandy), North Central (Anuradhapura) and Northern (Pallai) provinces.

Products & Services

Maga specializes in civil engineering contracting. This involves the design, construction, rehabilitation, upgrading and maintenance of buildings, roads, highways, expressways, bridges, water supply & drainage schemes, and marine and civil structures. The company also carries out property development and the leasing and supply of several construction equipment and products. It currently operates only in Sri Lanka. The company is a private limited liability company.

Maga's core business is delivered through the process of projectbased construction management. This process carries a project from its conceptual stage to construction, commissioning and the maintenance phases. Majority of the design, construction and rehabilitation work components relating to the above are carried out by Maga's internal workforce. As a General Contractor, certain specialized work (mechanical & electrical systems etc) are delivered through specialized subcontractors and/or suppliers, evaluated and chosen under relevant pre-qualification criteria and managed under comprehensive supervision guidelines.





Sector	Customers	Geography
Education Facilities	Public/Private/NGO	Southern Province
Healthcare facilities	Public/Private/NGO	Western Province
Office Buildings	Public/Private	Western Province, Central Province
Commercial Facilities	Private	Western Province
Residential Buildings	Private	Western Province
Industrial Facilities	Public/Private	Western Province
Roads & Bridges	Public/Private	Western Province
		Northern Province, North Western
		Province, Central Province, Southern
		Province, Uva Province, Eastern Province,
		North Central Province
Water Supply & Drainage	Public	Central Province, Uva Province, Western
		Province
Construction Products	Public/Private/NGO	Western Province, North Central
		Province, Southern Province, Eastern
		Province, Central Province







Markets

Our management and growth strategy is based on broad basing our organization by serving a diverse customer base across several markets. They include education, healthcare, trade, information technology, real estate (residential & commercial) industrial, transport, agriculture, ports & harbours and water supply & drainage sectors.

The company serves customers in the public, private and non-governmental sectors and operates in all 9 provinces of the country. Its customer base comprises investors, developers, government and public institutions, healthcare and educational institutions and the public at large who are the end-users of the buildings and infrastructure facilities.

Scale of Operations

Membership of Professional Bodies

Maga is currently a member of the following external organizations:

- International Federation of Asian and Western Pacific Contractors' Associations
- Institute for Construction Training & Development, Sri Lanka (SL)
- National Construction Association, SL
- Major & Specialist Constructors, SL
- Sri Lanka Standards Institution, SL
- Chamber of Construction Industry, SL
- Ceylon Institute of Builders, SL
- Institution of Engineers SL
- National Chamber of Commerce, SL
- Lanka Readymix Concrete Association, SL
- Ceylon Chamber of Commerce, SL

No of Employees	6,691 (Direct)	2,470 (Indirect)
Revenue	LKR 11,622.5 million	
Total Capitalization	LKR 5,202.8 million	
Composition of Capitalization	Debt LKR 1,446.7 million	Equity LKR 6,382.7 million
Quantity of Products & Services	Construction of Buildings / Civil Structures	13 nos
	Construction/Rehabilitation of Roads	426 km
	Construction/Rehabilitation of Bridges	29 nos
	Construction of Water Supply Schemes	o3 nos
	Gross Lettable Area Under Construction	115,135 sqm
	Production of Readymix Concrete	55,432 cum
	Production of Asphalt Concrete	175,157 MT

Maga Corporate Sustainability Report 2011

Awards Won During the **Reporting Period**

- LMD's Most Respected Business Entities, 2011
- Corporate Accountability Index, 2011 - Platinum Rating
- National Chamber of Commerce Business Excellence Awards, 2010: Construction Sector - Winner
- National Construction Association of Sri Lanka (NCASL) National Construction Awards 2010 Buildings Sector - Winner
- National Awards for Construction Excellence by Institute of Construction Training & Development (ICTAD), 2010 for Fairmount Residencies, Rajagiriya
- Six National Awards for Construction Performance by Institute of Construction Training & Development (ICTAD), 2010:
- (1) Matara Wellawaya Road
- (2) A-32 Road (Package II)
- (3) Improvements to Palavi -Kalpitiya Road (Package II)
- (4) Improvements to Palavi -Kalpitiya Road (Package III)
- (5) Greater Kandy Water Supply Project, Ampitiya Improvement
- (6) Hambantota Port Bypass Road

GOVERNANCE





Governance

Meeting stakeholder expectations through fair and transparent conduct is the foundation of our philosophy on corporate governance. Through an uncompromising yet robust framework, we aim to systematically manage risks and advance our business operations, whilst contributing to socio-economic development. This framework formulates and implements internal controls for compliance, whilst directing and overseeing strategies designed to improve our performance. Our governance structure comprises our Board of Directors and Senior Management, who are aided by internal and external auditors.

Governance Structure

The Board of Directors

The Board of Directors consists of eight Executive Directors and one Independent, Non-Executive Director. The Board makes decisions concerning overall strategy, investments, major projects, organizational structure, compliance and conduct. They meet once a month to discuss business strategy, management policies, critical risks and opportunities which may also require Board Resolutions. Through the senior management of the relevant business units, the Board monitors and oversees business execution and the progress of management plans, sustainability initiatives and growth strategies.

Special Committees

The Board of Directors has established four special committees for Audit & Compliance, Sustainability Review, Project Review and Remuneration. These committees periodically report to the Board and possess the Board's mandate to make decisions. The Audit and Compliance Committee: The committee assists the Board in monitoring the company's accounting, financial reporting, Quality (QMS) and Health, Safety & Environment Management (HSEMS) systems against internal and external regulations. It also evaluates the effectiveness of internal controls, appoints internal and external auditors and reviews their performance with respect to principles of objectivity, independence and corporate best practices. It consists of four Executive Directors, One Independent Non-Executive Director and Senior Management representatives from audit and operational teams.

The Remuneration Committee: The committee carries the responsibility of making recommendations to the Board on decisions relating to the employment of the Senior Management, salary structures and incentive programs. It administers the formulation of performance-based increments, sometimes utilizing market surveys to make decisions on applicable levels of remuneration. It consists of one Independent, Non-Executive Director and two Executive Directors.

The Project Review Committee: Consisting of five Executive Directors and senior representatives from business units, this committee takes decisions on investments, assesses risks, formulates strategies of risk management and reviews the progress of major construction and infrastructure development projects. It also evaluates the viability of proposals for prospective projects of the company.

The Sustainability Review Committee: The committee comprises five Executive Directors and representatives from internal auditors, senior management and executives from business units. It oversees the implementation of sustainability strategies of the company. It is responsible for the identification of relevant risks, opportunities and trends as well as for the formulation and evaluation of Performance Indicators detailed in this report. The committee's careful composition has given rise to a robust team from diverse backgrounds and sections of the organization, with a view to finding practical solutions which generate positive impacts across the value chain.

Composition of Board of Directors

The Board holds the ultimate responsibility to the stakeholders. The nature of our business and scale of our operations demand expertise in diverse fields. Our Directors hail from diverse backgrounds and possess experience and capability in the fields of Construction Management, Engineering, Finance, Economics and Law.

M.G. Kularatne - Chairman & Managing Director
M. Piyadasa - Chief Executive Director
M.G. Chandrasekera - Executive Director (Finance)
Derrick de Silva - Executive Director (Administration)
C.A. de Silva - Executive Director (Engineering)
Mega Kularatne - Executive Director (Development)
G.V.S.K. Kumarasiri - Executive Director (Roads & Bridges)
A. Thiruvalluvar - Executive Director (Construct. Management)
W.M.S.L.B. Ratnayake - Independent, Non-Executive Director

Role of the Chairman / CEO (Managing Director)

The roles of the Chairman and CEO are carried out by the same individual. The Board believes this has given rise to a greater degree of integration between the organization's operational structure, macro 'vision' and shareholder aspirations.

The Chairman/CEO presides over the Board whilst the business execution of the Company is headed by a Chief Executive Director. This has created a system where the Chairman/CEO is responsible for overall company vision whilst corporate governance and business execution is overseen by the Chief Executive Director and the Board.

Through the presence of a strong Board of Directors and Senior Management to govern and manage each business sector, the Chairman/CEO's role has been confined to overseeing the Board's performance. The mandate of the Board and the Senior Management to take independent decisions has been ensured by the diverse composition of its committees, which have enabled us to avoid conflicts of interest and compromise of good governance.

Competence, Performance and Compensation

Remuneration of Executive Directors consists of a fixed element and a variable element. The performance-related remuneration is designed to merge individual, company and stakeholder interests and act as an incentive to achieve optimum performance.

The Board reviews both short-term (monthly reviews) and long-term (annual reviews) performance of the Senior Management. The Board is responsible to ensure that the Senior Management possesses the skills necessary to implement business strategy. If certain gaps in their professional development are identified, they are advised and encouraged to acquire these qualifications and skills through the relevant training & development programs.

The performance-based compensation of the governance body ensure both short-term and long-term employee wellbeing through compensation in terms of salary, incentives, healthcare and emergency aid and consistent opportunities for career development and progression, together with post-employment benefits.

Appointment of Senior Management

The Board relies on auditors to review company performance and the Senior Management to implement internal control systems. Therefore new appointments to Management are made after careful scrutiny of the requisite skills, knowledge and expertise. Managers are given the opportunity, through orientation sessions and external training programs, to learn about the business, industry, company culture and the relevant laws, regulations and standards.

Objectivity and Conflicts of Interest

The Chairman/CEO ensures that there is effective participation and contribution from all Directors prior to making key decisions and that every Non-Executive Director and Executive Director is provided with an opportunity to present his view on the matters discussed. He also ensures that the Board is in complete control of the Company's affairs and that its decisions are implemented .

Risk Management

Strategies of risk management are discussed at the Monthly Progress Review Meetings chaired by the Board of Directors. The meetings promote open discourse with respect to identifying major risks and mitigation measures. They take into consideration risks in operations as well as the risks in venturing into new projects. It also offers a forum for the Senior Management to discuss project-based operational strategies in risk management, based on the precautionary principle to protect our employees, end-users and other stakeholders from plausible risks and exposure to harm.

The risk management process is complemented by the Audit & Compliance and Project Review Committees, who have been given guidance to prevent or mitigate potential risks through a combination of internal controls (in prevention) and swift decision making (in corrective action).

Code of Ethics

Maga's Code of Ethical Conduct given to all employees is a risk management tool which details the company's stance on corporate conduct, conflict of interest, confidentiality, fair dealing, protection and use of assets, compliance with laws, rules and regulations. It encourages the report of illegal or unethical conduct.

Performance of the Board of Directors

The Board undergoes performance appraisal in the following areas:

- Its engagement with stakeholders on critical issues
- Development of corporate strategy based on above engagement
- Implementation of the aforementioned strategies
- Its efforts to direct, monitor and develop Senior Management
- Effectiveness of its efforts in corporate governance
- Overall performance of the company

ORGANIZATION STRUCTURE





Organization Structure

Each business department and division at Maga is headed by a Departmental/ Divisional Manager who is aided by other support departments and divisions. This has ensured clear delegation of authority and responsibility to each business segment. Each business unit carries out a structured risk management process based on the nature, size and geographic location of its business, and reports its findings to the Board for approval before embarking on projects and activities.

The major business departments and divisions of Maga are Buildings & Structures, Roads & Bridges, Water Supply & Drainage, Marine Structures, Property Development and Sale of Construction Products. Assistance to the business departments/divisions are provided by the following support divisions: General Administration, Finance Management, Tendering & Estimation, Procurement, Management of Sub Contractors, Inspection & Testing, Services & Maintenance, Calibration, Human Resource Management, Health & Safety Management, Training, Stores Management, Document Control, Record Control, Auditing and Management Review.

Employee Involvement And Consultatation

As a mechanism for employees to provide feedback and recommendations to the Senior Management, we have created working committees which are made up of representatives from the management, executive levels and workers. These committees function as vehicles that collectively address problems identified through various forums, and bring them to the notice of Senior Management and the Board of Directors (if the need arises). Currently there are committees centered around improving material purchasing, project cost management and reporting, addressing workplace grievances and implementing '5S' systems.

Maga has a communication system that allows employees direct access to the Chairman and the Board of Directors to report unethical behavior and suspected criminal activity. The company strictly prohibits retaliation or harassment against whistleblowers. Employees are constantly encouraged to contact the highest authority on incidents of unethical conduct.

SUTAINABILITY FRAMEWORK



Our sustainability philosophy is based on achieving organizational and societal growth together: i.e. to create growth and development within the organization in the course of providing high quality built environments and social infrastructure. Maga's sustainability framework aims to merge four key attributes that govern the company's operations with five key sustainability ideals.

These sustainability ideals are: 1) sustaining the quality of our products and services thus ensuring our economic responsibility to deliver optimum value to our stakeholders; 2) the development and sustenance of the Maga community, the livewire of the organization; 3) enhancing compliance and conformity to norms and ideals within the company through ethical conduct and health & safety management; 4) creating sustainable built environments whist reducing our environmental footprint; and 5) strengthening our relationships with all stakeholders and local communities. Our sustainability framework has been formulated on the basis of this philosophy and thus guides all activities of the company.

Impacts on Sustainability

Our operations have economic, social and environmental consequences. The following section summarizes our key sustainability impacts at present.

Economic Impacts

- Provision of buildings & infrastructure and impact on Gross Domestic Production (GDP) and Per Capita Income
- Infrastructure development in urban areas to generate industrial development and logistical/operational cost savings
- Infrastructure development in rural areas to generate agricultural and industrial development
- Indirect economic impacts through the economic value chain springing from the development of infrastructure

Social Impacts

• Improving the quality of life of the members of the society through the provision of infrastructure

- Disruption to life of local communities in the course of executing large-scale construction/development projects
- Generation of employment opportunities, community development
- Improving health, welfare and educational facilities

Environmental Impacts

- Depletion of natural resources
- Environmental pollution through carbon emissions
- Impacts to natural ecosystems, animal habitats and biodiversity hotspots
- Savings gained through sustainable buildings and more energy-efficient production techniques

We constantly strive towards heightening the positive impacts, whilst reducing the negatives, through the following process of engagement:

- Considering the needs of the stakeholders by engaging in continuous dialogue with them
- Influencing both internal and external stakeholders to commit/comply with sustainable development
- Ascertaining from suppliers as to how and where their materials are sourced, and highlighting the benefits of renewable resources
- Ensuring, through regular training programs, that site operatives understand the importance of minimizing waste, energy use and pollution during construction
- Engaging with local communities
- Implementing project-specific action plans to reduce energy, waste and pollution.

Key trends relevant to Maga include:

- Infrastructure development in the Northern and Eastern provinces of Sri Lanka at present
- The availability and cost of raw materials and water as the population grows and key natural resources dwindle
- The physical and economic impacts of climate change
- Increasing cost of energy
- The engagement and retention of skilled workers

We are involved in the construction of new assets (eg. buildings and water supply schemes) as well as in the upgrading and rehabilitation of infrastructure (eg. roads, expressways and bridges). While the overall approach to sustainability is essentially the same, in the construction of new assets, our focus lies in assessing their feasibility in order to facilitate the creation of a built environment which will best merge in sync with its surroundings. In the rehabilitation and upgrading of infrastructure, the focus lies on enhancing the prolonged benefits to the end-users of these infrastructure facilities.

There are several sustainability aspects which require continuous review, planning and action. The table that follows details the key trends, risks and challenges in relation to the current socio-economic and environmental backdrop as well as our strategies and action plans.

Trends, Risks and Impacts on Sustainability

Trends, Risks and Impacts

Economic Outlook:

The uncertain outlook of the global economy and the extent of any changes to government and international regulations, taxation and interest rates may impact our ability to win and deliver projects.

Change of Government Policy on spending: A majority of our operations are dependent on government policy with regard to improving infrastructure and services. Any reduction in funding would be likely to adversely affect our operations.

Competition

Failure to win new work in a competitive market could reduce our revenue, profitability and growth.

Legal Non-compliance

The potential for losses from uncertain legal actions or possible losses arising from the misinterpretation of prevailing laws, regulations and contracts

Customer Or Supply Chain failure:

If a subcontractor/ supplier fails to deliver the required quantity/quality and/or fails financially, leading to financial and reputation loss. If a client fails financially the company could suffer financial losses.

Human Resources:

Failure to attract, develop and retain management and crafts personnel needed for sustained growth may limit our ability to expand as expected.

Projects that are not delivered on time, and to the required cost, quality, health, safety and environment standards do not meet employer requirements. Failure to follow company standards, policies procedures and guidelines could affect company reputation and expose it to financial liabilities eventually affecting its operational and financial performance and growth.

Strategies for Mitigation

We constantly monitor the opportunities available and develop relationships with customers across a range of markets in both private and public sectors. A review of risks at various levels of within the business ensures the formulation of prompt mitigation strategies. The Senior Management reviews these risks regularly.

Key factors that might affect our future workload are kept under review by higher management and shortfalls are identified. New market segments are constantly explored as opportunities for growth when the progress of certain market segments is hindered due to lack of funding. Managing the organisation's cash flow is vital due to the delays in project progress payments currently encountered in the industry.

Our reputation and experience in delivering quality, along with Lean Production ensuring competitive prices thus the best returns to our investors/developers will be the key to gaining new work. We will ensure new work by completing current projects on time and to the required standards of safety and quality, thus winning the confidence of future clients.

A legal review team periodically goes through potential risks due to legal actions and potential misinterpretation of laws, and external professionals are used when required. Maga has recognized its responsibilities as a leading taxpayer and employer, and all statutory requirements are met in all transactions.

Our database of pre-qualified subcontractors and suppliers are reviewed on regular basis and amended where appropriate with alternative suppliers included under each major category. Alternative measures are in place both at project and corporate levels for potential failures in the supply chain. The company constantly reviews the financial performance of subcontractors and suppliers in order to identify any cause for concern. The company keeps a track record of the client's financial strength as part of project evaluation and at times requests verification of client's financial capacity.

We monitor employee turnover closely and assess reasons for resignation. We also have a performance evaluation system in order to give the best benefit to employees who perform up to and above required standards. Employment contracts and remuneration packages are reviewed regularly against the prevailing market conditions and benchmarked against competitors. Leadership and development programs are promoted within the company.

To mitigate the cost risk, experienced and qualified staff is used to prepare bids for projects and these are subject to internal review and approval by top management prior to submission. A clear understanding of the customer requirements and good relationships with subcontractors and suppliers is the foundation for this approach.

Monthly Progress Review Meetings (MPRM) discuss project progress, quality, financial, safety and environmental performance and risks and concerns. Internal auditors are used to monitor quality and conformance to health, safety & environmental standards. Maintaining quality is identified as key and the above assessments concentrate on the identification of shortcomings and recommend methods of correction/rectification.

Health and safety visits by our Health, Safety and Environment (HSE) teams take place regularly. In addition, HSE training is carried out regularly in order to reduce the risk or human error. Any breaches in HSE procedure are reported quickly and acted upon.

All employees, suppliers and subcontractors are required to comply with all applicable laws, regulations and standards related to the protection of the environment.

Report Parameters

We have followed our annual sustainability reporting cycle for this report, namely from 01 July 2010 to 30 June 2011. The most recent previous report was published on 30 September 2010. This report is titled our 2011 Sustainability Report as it presents our performance for 2010/11 and our strategies for 2011/12.

The contact person for any queries regarding the report or its contents is Mega Kularatne, Director Development who can be contacted on +9411 2808835 or through mega@maga.lk. This report is available online at http://www.maga.lk/

Defining Report Content

This report describes in detail our sustainability framework and our goals, policies and performance under five key areas: Economic Responsibility, Human Resources, Enhancing Compliance, Environmental Management and Stakeholder Engagement. The report essentially expands on the content of last year's report, detailing our performance in the aforementioned period through several Performance Indictors based on Materiality and as per the guidelines of the Global Reporting Initiative (GRI). The report is further strengthened by the addition of several new Performance Indicators. We believe the report complies with a Disclosure Level B of the Construction and Real Estate Sector Supplement (CRESS) of the GRI in terms of both content and performance indicators.

Several key strategies have been adopted in our management approach on sustainability and the Performance Indicators presented throughout this report are a measure of efficiency of these strategies. These strategies are complemented by Maga's policy framework relating to each section in question, and the company's future goals and targets connected to these strategies. All data measurement techniques, basis of calculation, assumptions, techniques and underlying estimations applied to the compilation of information and indicators in this report are in accordance with the indicator protocols and 'Guidance on Defining Report Content', the associated Principles and the Technical Protocol – Applying the Report Content Principles.'

This report has been formulated to address the most critical sustainability concerns of the company and its stakeholders which have surfaced through a Materiality Analysis carried out as per GRI and AA1000 guidelines. This analysis has considered aspects that have the potential to generate the most significant impact or influence on the company as well as its stakeholders.

Our approach to Materiality Analysis comprised the following:

- Reviewing stakeholder groups and compiling issues raised through engagement and by interest groups and media
- Reviewing issues raised from internal risk assessments and through recommendations of the Sustainability Committee
- Reviewing requirements of voluntary & regulatory initiatives
- Reviewing sustainability concerns of the industry in general
- Rating the level of importance to Maga and all stakeholders through the application of Materiality Tests
- Rating the level of awareness and importance to each

All stakeholders have been identified through the above process of evaluating our impact on them, as well as assessing their impact on our operations (This process is explained in greater detail in this report under *Stakeholder Management*). The concerns of greatest significance to our stakeholders, and how we have addressed these concerns, are explored further through this report.

Scope and Boundary of the Report

This report covers all divisions and departments of Maga Engineering (Pvt) Ltd, and all activities within the company over which it has substantial control and influence. It covers both our main and supporting business processes, thus there are no specific limitations on its scope or boundary.

Financial and economic performance data have been derived from our audited financial statements for the year. Data relating to information and performance indicators on human resources, safety compliance and environmental performance have been compiled by the relevant business units. Data measurement and calculation have been based on GRI (G3) compilation guidelines given under the relevant Indicator Protocols.

During the reporting period, Maga has carried out two projects as Joint Ventures with other companies. The full scope of these projects is considered in the report. Some of the activities of the projects are carried out by sub-contractors, both general and specialized and some of the functions are outsourced. The operations and contributions of these sub-contractors are included in the report. This is a standalone report which is a progression from our Sustainability Report of 2010.

Structure of the Report

The report uses an assemblage of policy coverage, actions plans and Performance Indicators grouped to highlight Maga's holistic approach to sustainability, whilst maintaining readability and the structure of our previous reports. As such, it does not strictly adhere to the structure of Indicators as found in the GRI G3 sustainability Reporting Guidelines. The GRI Index found on page 52 of this report contains reference details for easy navigation through particular sections of the report.

Significant Changes During the Reporting Period

Given the nature of our business, there have been several changes in the geography of our production and activity centers. Aside from this, there have been no significant changes with respect to the company's overall scope and location of operations. Furthermore, no corporate restructuring, acquisitions, maintenance and alteration operations have taken place. Share capital structure or capital formations have not changed significantly.



ACHIEVEMENT OF PREVIOUSLY SET TARGETS

The following table summarizes the progress achieved with regard to targets set in our 2010 report. Notable strides were taken with respect to human resources and workplace diversity initiatives (e.g. employment generation in former conflict-affected regions) as well as enhancing compliance (e.g. certification of our Health, Safety & Environmental systems).

Target	Key Deliverable in 2010/11	Current Status
Retention and Absorption of staff-grade employees	To absorb 50 staff-grade employees to the Permanent Cadre	46 staff-grade employees absorbed during the reporting period
UN's Global Compact	Official communication of participation	Completed. Currently preparing "Communication on Progress" (COP)
Performance- Management System	1st year of implementation of new system	Currently being monitored and reviewed
Workplace Diversity	Action to facilitate disadvantaged communities from former conflict-affected regions so as to accommodate geographical/gender distribution of employment	916 new recruits from the war-torn regions of Kilinochchi, Vavuniya, Jaffna, Mullativu and Batticoloa (Please see: Case Study - Workplace Diversity)
ISO 14001 and OHSAS 18001 certifications	Executing the final phase of certification	Certification successfully obtained in November 2010, and the ISO systems are currently being implemented across all projects of the company
Social Accountability for the Workplace	Work towards obtaining SA8000	Gap analysis on workplace policy, procedures and practices conducted and initial documentation/framework being prepared
Expanding Reporting Areas as per GRI Guidelines	To introduce five new Performance Indicators	Nine new Performance Indicators introduced in this year's report (Please see: GRI Index)
Obtaining External Assurance for reporting	External assurance for several non-financial indicators	A framework to support the process of Extenal Assurance is currently being developed. A review of our processes of data collection, aggregation, validation and reporting with regard to several non-financial Performance Indicators has been carried out.



STAKEHOLDER ENGAGEMENT

Our Mission

We are excellence driven and committed to ensure the satisfaction of the needs of stakeholders with the utmost care, by constantly providing quality products and services at affordable prices, thus creating a fair and growing return to our organization, an inspiring workplace and a continued sense of security to our employees, enabling us to contribute to society in elevating the quality of life.

Stakeholders are persons, groups or organizations who affect or can be affected by our operations. Through a comprehensive impact assessment, we have identified eight key groups of stakeholders deemed as having a significant bearing on us – and vice versa – 1) customers, 2) employees, 3) shareholders, 4) government & regulatory agencies, 5) local communities and society, 6) suppliers and subcontractors, 7) investors, financing institutions, 8) Non Govermental Organisations (NGOs), pressure groups and the media.

Customers, employees, government and regulatory authorities, local communities, society, suppliers, subcontractors, NGOs, pressure groups and media are engaged at both organizational and project levels. Financing institutions and investors and shareholders are primarily engaged at the organizational level.

Customers

Frequency of engagement: Very high

Methods of Engagement

We conduct regular progress review meetings, with the aim to ensure the 'Fitness for Purpose' of our products with the use of upto-date construction and building standards, and routinely review buildability, durability and workmanship related concerns with the help of the above process. Customer privacy and data is given highest priority and no complaints of breaches concerning the same were recorded during the period.

Employees

Frequency of engagement: Very high

Methods of Engagement

We communicate with employees through weekly and monthly meetings, biannual performance appraisals, periodic surveys, training programs and '*Maga Puwath*', a newsletter by employees for employees. Through our Open Communication Policy, employees have the opportunity to meet the Senior Management at any given time. Our Code of Ethical Conduct and Induction Programs aim to ensure all employees are familiar with culture of the organization.

Our 2021 Vision

To engineer Maga's growth through a feed-forward stakeholder engagement process which assesses, in advance, the future needs of our stakeholders and enables us to develop and implement holistic design-build-operate-maintain solutions for a sustainable built environment.



Shareholders

Frequency of engagement: High

Methods of Engagement

This is ensured through regular Board Meetings which promote structured dialogue with shareholders built on the mutual understanding of objectives. This is complemented by reports on company performance and internal & external audit reviews.

Government & Regulatory Agencies

Frequency of engagement: High

Methods of Engagement

Through both communication at organizational and project level, we maintain active relationships with government agencies who regulate and invest in infrastructure development and agencies who ensure industry practices meet necessary standards. Some of our major stakeholders in this sector are the Road Development Authority (RDA), National Water Supply & Drainage Board (NWSDB), Ministry of Ports & Highways, Ministry of Finance & Planning, Institute for Construction, Training & Development (ICTAD), Sri Lanka Standards Institute (SLSI), Institution of Engineers Sri Lanka (IESL) and National Contractors Association of Sri Lanka (NCASL).

Stakeholder	Concern	Action/Program	Progress
Clients/developers, consultants, regulatory authorities	Achieving the required quality of products with a reduced amount of time, cost, material and energy usage	Lean production	On-going
	Sustaining the quality of our products through the value chain of subcontractors and suppliers	Comprehensive pre-qualification processes in assessing subcontractor and supplier capability, stringent monitoring of their production processes and programs to promote local subcontractors and suppliers	On-going
Funding agents and other investors	Improving the safety & health standards of the construction workforce	Implementation of the final phase of Health and Safety Action Plan for Excellence which began in 2008: OHSAS 16001	Completed
	Necessity of mitigating environmental impacts in a systematic way, Concern regarding energy and waste intensive operations	Lessening such impacts as much as possible using innovative techniques (eg. at asphalt/concrete plants and crusher plants), whilst communicating to relevant parties the actions taken	On-going
		Implementation of ISO14001:2004	Completed
Employees	Continuous training and development to suit career path progression	Training Academy programs together with external training programs	12% increase in Total Average Training hours
Board of Directors and senior management	Upgrading the knowledge base and skill levels to match the demands of the future Ability of performance evaluation system to identify performance deficiencies	Implementation of new performance management systems	Completed
All	Ethical conduct	Reviewing and reinforcing the code of ethical conduct Newly structured induction programs	Completed
Pressure groups, NGOs	Gauging the indirect economic impact of our activities, thereby allowing us to focus on enhancing positive impacts whilst reducing or negating adverse impacts	Study of indirect impact across all projects	Completed
Local communities, environmental authorities, NGO and local community	Welfare of local communities	HIV prevention programs, health and welfare programs	On-going
based organizations, local communities Shareholders, Directors	Strengthening ties with local communities	Contributing to the development of social infrastructure facilities of the region	On-going

Our Social Policy

We recognize that we must integrate our business values and operations to meet the expectations of our stakeholders and that our social, economic and environmental responsibilities to these stakeholders are integral to our business; we aim to demonstrate these responsibilities through our actions and within our corporate policies; we positively respond to all feedback that we receive from our stakeholders and, where possible, maintain open dialogue to ensure that we fulfill the requirements outlined within this policy; and we aim to be open and honest in communicating our strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.

Local Communities and Society (End-Users)

Frequency of engagement: High

Methods of Engagement

Our project level teams are responsible to identify and direct community concerns to the attention of the Senior Management for evaluation and recommendation for action. These teams also work with the regional communities on specific programs contributing to local infrastructure, health & safety awareness and disease prevention. These communities also gain direct benefits through local recruitment and local sourcing of material and machinery.

Stakeholder: Suppliers & Subcontractors

Frequency of engagement: High

Methods of Engagement

We evaluate and pre-qualify our specialist contractors and suppliers on fulfilling compliance and then enter into formal contractual agreements with them, incorporating applicable standards in quality, health, safety and environmental sustainability. We also carry our regular progress review meetings to monitor and manage their performance, conduct and product conformity.

Stakeholder: Investors & Financial Institutions

Frequency of engagement: Medium

Methods of Engagement

Communication is done through feasibility studies, project/financial proposals and pre-proposal and progress review meetings.

NGOs, Pressure Groups & Media Institutions

Frequency of engagement: Moderate

Methods of Engagement

We conduct and participate in regular meetings with community based organisations, religious dignitaries, NGOs, other non-profit organizations and media. We sometimes issues Press Releases on critical issues or major upcoming activities.









ECONOMIC RESPONSIBILITY

Our Quality Policy

We are dedicated to provide quality products and services satisfying the needs and expectations of each customer with a creative, self-motivated and dedicated team united under a rewarding and healthy environment ensuring continual improvement, with a view to establishing a lasting social and environmental sustainability.

Management Approach

Our economic responsibility to our stakeholders is founded on the following facets which form the basis of our management approach:

- 1) Economic Performance
- 2) Quality Management
- 3) Ethical Conduct
- 4) Financial Discipline
- 5) Economy (Price/Value Ratio) of Production
- 6) Product Functionality
- 7) Sustainable production technologies
- 8) Minimization of material and resource wastage
- 9) Sound supplier relations
- 10) Supply Chain Management
- 11) Technology Transfer
- 12) Transparent Reporting

As our operations have a direct economic impact on shareholders, employees and suppliers, we have reviewed our direct and indirect economic performance with respect to each of the above. We strive to ensure both in-house and external product design give rise to products fit for their intended purpose and do not bring direct or indirect harm to their end-users. This is ensured through continuous dialogue with architects and designers with respect to product functionality at both technical and managerial levels, along with independent assessments of product designs to be in line with industry practices and standards.

Our construction activities are carried out in strict compliance with international design and construction standards which include British, European, American, Australian, Indian and Sri Lankan Codes of Practice. Depending on the project, we abide by construction contract management standards under FIDIC (Conditions of Contract formulated by International Federation of Consulting Engineers), ICTAD (by Institute of Construction, Training & Development), as well as the World Bank and the Asian Development Bank (ADB) Safety & Environment Management guidelines. During the reporting period, there have been no incidents of non-compliance or fines in respect of laws and regulations on the provision and use of products and services. Furthermore, no non-compliance with regulations concerning product and service information and labeling, marketing communications, including advertising, promotion and sponsorship were identified. 2015 Goals: To continually improve 'Lean Production' and achieve 'Zero Waste' across the organisation, by optimizing all production processes based on measurable Quality Objectives, thus enabling optimum value generation.

- To increase Direct Economic Value Generated by 50% (Base Year: 2011) [GRI KPI EC1]
- To increase the Percentage of Revenue from New Market Segments by 15% (Base Year: 2011)

Optimum value generation in the process of creating products or providing services is achieved by maximizing value-addition and minimizing waste. Through our Quality Management System (QMS), a quality control process is dedicated to eliminate waste and minimize the economic value that is unused, and a quality assurance process is geared to maximizes value-addition. Our QMS is complemented by our strategies for risk management overseen by Audit & Compliance and Project Review Committees (Please see: Risk Management, Page 7).

Our Quality Management System (QMS), developed in accordance with ISO 9001:2008 standards, cover our main business processes. Maga's Senior Management is committed to develop and implement this QMS and to continually improve the effectiveness of the system. In order to achieve this the company.

- communicates to employees the requirement of customer satisfaction
- analyzes potential technical problems arising during the implementation of QMS;
- ensures the availability of resources to meet the abovementioned requirements;
- formulates a Quality Policy and makes revisions;
- establishes Quality Objectives;
- periodically reviews the structure of the company and the effectiveness of the QMS and
- abides by the related regulatory and statutory requirements.

Due to the nature of its business, Maga invests heavily in the purchase (capital expenditure) and maintenance of plant and equipment. Our policy is to reduce obsolescence and ensure production efficiency through regular investments, whilst maintaining true value of assets through accurate depreciation.

Our management approach on Economic Responsibility with respect to regulatory and strategic risk management (page 7), social policy coverage (page 16), legacy of infrastructure and indirect economic impacts (page 21-24) and strategic market presence (page 05) are described under the respective sections.



Direct Economic Value Generated & Distributed

Our contribution to the larger economy is represented by the wealth created by the organisation for its stakeholders. It is illustrated through information on the creation and distribution of economic value generated.

During the reporting period, Maga has generated LKR 11,846.20 Millon in direct economic value and distributed LKR 10,101.71 Million in economic value. Compared to the previous year, this is an increase of 27.6% in value generated and 31.4% in value distributed respectively.

Maga's Direct Economic Value Generated corresponds to approximately 4.5% of the Gross Domestic Production of the formal construction sector of Sri Lanka in 2010/11 (i.e. LKR 270 Billion).

Component	2010/11	2009/10 (LKR Millions	2008/09 5)
Direct Econ. Value Generated	11,846.20	9,281.79	9,213.03
Economic Value Distributed Employee Wages & Benefits Payment of Providers of Capital Payments to Government Community Investments	1,436.36 175.79 420.26 19.86	1,101.70 212.57 384.40 17.91	1,201.09 263.64 307.26 19.84



Green Building Council of Sri Lanka (GBCSL)

Maga plans to take forward its focus on sustainable buildings, displayed most notably in constructing the Nelung Arts Center and MAS Intimates 'Thurulie', the world's first purpose-built LEED Platinum Certified apparel manufacturing factory. The company is honoured to be one of the founders of the Green Building Council of Sri Lanka (GBCSL).

The GBCSL has now been granted "Emerging Member Status" by the World Green Building Council.

The GREENSL® Rating System for Built Environment, developed by the Green Building Council of Sri Lanka, is a voluntary scheme where developers, designers and constructors can work in unison towards a set of performance standards for commercial, institutional, highrise or residential built environments of all sizes. The aim of the rating system is to promote high performance, healthy, durable, affordable, and environmentally sound practices for new and existing buildings.

GREENSL® Rating System for Built Environment addresses the following eight aspects:

- Management (MN)
- Water Efficiency (WE)
- Materials & Resources (MR)
- Innovation & Design (ID)
- Sustainable Sites (SS)
- Energy and Atmosphere (EA)
- Indoor Environ. Quality (EQ)
- Social & Cultural Awareness (SC)

The GREENSL® Rating System is avaiable to be downloaded on the world wide web: www.srilankagbc.org/green_star.html

Direct Economic Impact

1) Shareholders

Lean production initiatives across the operational hierarchy in optimizing value generation has resulted in an increase in our retained earnings by 24% compared to the previous year. We have disbursed over 25% of the distributable profit as dividends and complied with new Inland Revenue regulations.

2) Employees

Maga has aligned employee rewards to organizational performance and has provided superior rewards to superior performers with the 'pay for performance' culture. This has led to increased productivity and better performance, greater employee recognition and consequently better rewards and the alignment of employee, management and stakeholder interests. At the same time, Maga is committed to ensure its compliance with all statutory laws and regulations and that all dues as per these requirements are paid within the specified time frames.

Employees' Provident Fund (EPF)

Employees are eligible for this contribution as per the Employees' Provident Fund Act No. 15 of 1958 and its subsequent amendments. Maga contributes 12% and the employee contributes 8% of the gross pay which is deposited in the fund managed by the Central Bank.

Employees Trust Fund (ETF)

Employees are eligible according to the terms of the Employees' Trust Fund Act No. 46 of 1980 and its subsequent amendments. The company contributes 3% to the Employee's Trust Fund managed by the Department of Labour, Sri Lanka.

Gratuity

Employees are entitled to a retirement gratuity, payable under the Payment of Gratuity Act No. 12 of 1983. Employees with more than 5 years of service receive half a month's salary for every year of service on retirement or termination of service.

3) Suppliers & Subcontractors

In selecting suppliers and subcontractors, the magnitude of the work in question, standards expected by the client, technical complexity of the work, past performance, reliability, experience as well as financial capabilities are verified. This ensures that we work with suppliers and subcontractors who understand the nature of their products & services, recognize the responsibility to protect the environment and address employees and local communities needs.

Local Sourcing

Maga practises local sourcing as a strategy to maintain a reliable supply chain, as well as to support and invest in local economies, especially in the case of remotely located projects. The managers of projects outside the Western Province are encouraged to procure at least 60% of material and machinery from their respective local community. During the reporting period, the company has sourced 60-65% of its material, machinery and intermediary products from respective local suppliers of the project areas.







Assistance Received from Public Agencies

The following notable contributions have been made by the government and the public sector towards the upheaval of the construction sector in the recent past.

- Reduction of National Building Tax (NBT) from 3% to 2%
- Reduction of corporate income tax from 15% to 12%
- Withdrawal of 1/3 of the withholding tax on VAT
- Withdrawal of NBT on subcontract work carried out by domestic construction companies
- Withdrawal of 1% withholding tax on specified payments.
- Reduction of Value Added Tax (VAT) rate from 20% to 12% effective from 23 November 2010
- Depreciation allowance on plant and machinery increased from 25% to 33.33%
- Debit tax removed from 01 April 2011
- Concessions granted on the importation of construction equipment

Message from the Chief Executive Director



The rehabilitation of A-9, A-35, A-34, A-32 main highways and 170km of urban and intercity roads under the Northern Road Connectivity Project (NRCP) will be a turning point for the people living in the formerly war torn Northern Province as it transforms the hitherto abandoned vast stretches of road tracks into highways of international standards. The Government of Sri Lanka and the Asian Development Bank have recognized the urgent needs of the people in these areas and have provided the finance required for these projects. Maga is playing the major role in the execution of these projects, with the rehabilitation of almost half the length of these roads.

Though development of road infrastructure plays a key role in the progress and economic growth of an area, the indirect benefits accrued with these improvements are often not accounted for. Having lived under difficult conditions for over thirty years, the first priority for most of those living in the project areas are to find shelter and food. Secondly, due to prolonged conflict and isolation they have abandoned their farmlands, their main source of income, and have become dependents of State subsidies. Lowered Literacy rate coupled with lack of opportunities for learning vocational skills has resulted in the deprivation of accrued benefits from infrastructure projects. With this in mind, we have embarked on measures that could provide both direct and indirect benefits to those living in the project areas.

Most of those seeking jobs from the project areas have been employed as unskilled workers due to lack of skills and knowledge. Thus we have begun Construction Skills Development program to train local applicants with a target of employing 50% of the skilled workmen from project areas. We have also encouraged local suppliers of materials to re-establish their production facilities and enter new markets by procuring all masonry and timber elements from them. We have commenced clearing the surroundings of schools and abandoned playgrounds using our construction equipment thus providing educational and sports facilities of high safety. Since these development projects attract local migrant workers, traders and industrialists, it is necessary to educate the people in these areas on the ill effects generally associated with migration. In this regard, we plan to conduct awareness programs on social welfare giving particular attention to prevent/ manage HIV and other communicable diseases.

Completion of these roads will provide faster and cheaper access to education, medical, banking & financing facilities, vibrant markets for agricultural products, lower input costs for farming and infrastructure for the leisure industry. The skill levels of the local communities need to be elevated to enable them to take advantage of the new opportunities and face the future with confidence. The measures taken by us to provide employment and skills training to local recruits, assistance to educational institutions and awareness programs on social welfare will no doubt lay the foundation for a brighter future for those living in former conflict-affected areas.



Indirect Economic Impact

Majority of our work fall under the category of infrastructure development, including roads, bridges, water supply facilities, schools, hospitals and sports facilities and therefore have significant indirect economic impacts. Most infrastructure development projects have been designed to maximize the economic impact to the local communities with the help of feasibility studies.

During the reporting period of 12 months, we have been involved in infrastructure development services relating to a total spending/ investment of approximately LKR 10 billion. Majority of these investments in infrastructure and local community development have been carried out under the categories of commercial or public investment. For the reporting period, these economic contributions have involved the construction/rehabilitation work on 13 buildings and civil structures, 426km of road, 29 bridges and 3 water supply schemes. In the proceeding section, we aim to highlight the notable infrastructure and services provided during the reporting period, along with their impact across the value chain.

1) Water Supply Infrastructure

In consideration of shortage of potable water in the Kandy area, the Japanese International Cooperation Agency (JICA) at the request made by the Government of Democratic Socialist Republic of Sri Lanka conducted a feasibility study during the period from February 1998 to February 1999 to enhance drinking water supply and improve sanitation in the Greater Kandy area. The outcome of this conceptual preliminary design study resulted in a formulation of a concrete water supply master plan for the planning horizon of Year 2015. All identified work under Phase I could not be implemented due to scarcity of funds. All such work that could not be implemented i.e. 15 Service Reservoirs, improvement to treatment plant and distribution network are included under Stage II. The project scope aims to improve the service level in following areas under the Greater Kandy region: Kandy Municipality Council (KMC) Area, Ampitiya, Rajapihilla, Kulugammana, Nugawela and Harispaththuwa. The project is scheduled for completion in March 2012. The major components of the project are as follows:

Service Reservoirs - 8 Nos	Pump Stations - 4 Nos
Pump Installations - 8 Nos	Pump Improvements – 3 Nos
Transmission Scheme - 20 km	Distribution Scheme - 70 km

Benefits of the Project (Number of People Served)

Served Area	With Improved Service	New Supply	TOTAL
Within KMC	80,000	11,000	92,000
Outside KMC	135,000	26,000	161,000
TOTAL	215,000	37,000	253,000

"Since these development projects attract migrant workers, traders, and industrialists, it is necessary to educate the people in these areas on the ill effects generally associated with migration. In this regard, we plan to conduct awareness programs on social welfare"

2) Rehabilitation of Tsunami Affected Areas

Matara Wellawaya Road

The project comprised the rehabilitation work of the A-2 Road from Matara to Wellawaya funded by European Union` in association with Asian Development Bank under the Tsunami Affected Area Rehabilitation Project (TAARP). The project was home to over 75 graduate engineers and provided employment to over 750 staff and workers from the region.

Part of the A-002 main highway, this stretch of 158km road from Matara to Wellwaya is a vital link that connects the southern coast with the eastern coast, and is the main highway carrying traffic from the Western Province to the Southern and Uva provinces, whilst acting as an important link between the west and east coasts. The project won the praise of the European Union, its main funding agency, for leading the way amongst the local contractors of the region with respect to quality of work and timely delivery.

The road was successfully completed and handed over to the Road Development Authority, six weeks ahead of schedule, at a final cost of LKR 5.6 billion. The much improved road will now facilitate the rapid economic growth of the region and act as a crucial link connecting the cities of Matara and Wellawaya to Hambantota, a swiftly emerging maritime hub of the Southern coast.

Siyambalanduwa Pottuvil Akkaraipattu Road

The project centered around the improvement of A-4 Road from Siyambalanduwa to Pottuvil to Akkaraipattu under the Tsunami Affected Area Rehabilitation Project (TAARP) funded by European Union in association with Asian Development Bank.

Part of the A-004 main highway, this 78km road rehabilitation was completed in August 2010. The road is one of the main highways carrying traffic from the Western, Southern and Uva Provinces to the Eastern province. As such, it acts as a vital link between the west and east coasts.

New bridges were also constructed where necessary, while others were reconstructed, repaired or widened. Construction work on a total of 40 bridges was carried out under the project. The project also involved the construction of a 3-span, 75m reinforced concrete bridge at Sinnamohattuwaram and a 5-span, 125m reinforced concrete bridge at Periamohuttawaram. Majority of the labour force comprised of workers from the local communities.

The project was successfully handed over to the Road Development Authority on 26 August 2010, 1 month ahead of schedule, at a final cost of LKR 4.2 billion.

Singapore-Sri Lanka Friendship College at Weeraketiya

The college is situated in the Tsunami-affected the region of Weeraketiya and has a capacity of 1,200 students from the sixth grade(year 7) to the twelfth grade (year 13). The project was carried out in collaboration with the Singapore Red Cross Society (SRRC) and Singapore Sinhala Association (SSA).

3) Healthcare Facilities

Maga has been involved in the development of 12 major healthcare facilities. The most notable of these facilities have been the 350bed, 350,000 sqft Apollo Hospital in Colombo which added a new dimension to the health care industry in Sri Lanka, the Ceylinco Radiation Treatment Centre, another landmark health care facility in Colombo and the Neuro Trauma Unit at the National Hospital of Colombo.

Facility	Specialty	Capacity
1. Neuro Trauma Unit	Neuro-surgery	300-bed
2. Radiation Treatment Unit	Cancer Treatment	16-bed
3. Ninewells Care	Mother & Baby Care	35-bed
4. General Hosp. Ratnapura (Improv.)	General	60-bed
5. Lanka (Apollo) Hospital	General	350-bed
6. Colombo South Teaching Hospital	General	300-bed
7. Faculty of Dental Sc., Peradeniya	Dentistry	
8. General Hospital (Rehabilitation)	General	
9. Bio Medical Engineering Services	Research	
10. Medical Research Institute	Research	
11. Pharmaceutical Formulation Centre	Pharmacology	
12. Sri Jayawardenapura GH (Partial)	General	

4) Social & Community Facilities

Sri Sambuddha Jayanthi Mandiraya

Sri Sambuddha Jayanthi Mandiraya is a Buddhist Publication and Information Centre situated in Colombo, which came to life in May 2011, to coincide with the commemoration of "Sri Sambuddha Jayanthi" which marks the 2600th year of the Enlightenment of Lord Buddha.

The complex comprises an information center, a language laboratory, an audio-visual studio, units for Buddhist research and missionary activities and a 600-seat capacity conference hall and is one of the largest Buddhist publication and information centres in the world.

The facility operates under the The Buddhist Cultural Center, which has been instrumental in protecting and preserving the teachings of Lord Buddha through the publication of Buddhist literature throughout the past.

The Buddhist Cultural Centre expects to carry out more projects for dhamma school children as well as for the other youth by providing training programs and educational material. It also aims to provide financial assistance and materiel needs for temples in rural areas with resource limitations.



DEVELOPMENT OF LOCAL COMMUNITY INFRASTRUCTURE

Through periodic assessments carried out at regional community areas, we have identified critical needs with respect to the rehabilitation and provision of local infrastructure which are needed to sustain these communities. These projects are often initiated by the project management teams and are reviewed by our Sustainability Review Committee in order to maintain equity and transparency. Few of the notable examples of these projects that have taken place during the reporting period and their impact are detailed below:

Rehabilitation of Puraana Viharaya, Nawala

Completed refurbishment of Nawala Sri Diyawannarama Puraana Viharaya including boundary heavy duty concrete wall for the existing dagaba to avoid earth slips.

Impact : Improved facility for 7,500 pilgrims of the area.

Improvement of Access Roads & Garden, MOH Office, Nochchiyagama

MOH Office garden and access road improvement, Nochchiyagama

Impact : Improved infrastructure for more than 3,000 people in the region.

Tree Plantations, Halambeewa Village













Launched a tree planting program with the support of the communities of the region. The program began on o6th of May 2010, targeting the enhancement of quality and aesthetic value of the region through the promotion of a green environment.

Impact: Growth of 400-500 Mee saplings (Madhuca longifolia) in the region.

Rehabilitation of Hulmilukalama Road

Rehabilitation was done together with villagers within seven days.

Impact: Water facilities for cultivation to 1500-2000 villagers

Development of the Public park, Karuwalagaswewa

A new public park was constructed for the Pradeshiya Sabha of Karuwalagaswewa

Impact: Recreational facilities for pilgrims to Anuradhapura.

Construction of access road to Air Defense Radar Squadron, Weerawila

The urgent necessity of this access road was intimated by the Sri Lanka Air Force, and it was completed within a period of 2 months.

Economic Responsibility



HUMAN RESOURCES

Our Workplace Policy

We are committed to create a workplace where the performance and behaviour of our employees are governed by a strong organisational culture supported by the procedures laid down by the Management. The company culture revolves around the continuous improvement of quality in all aspects and at all stages of construction, collective decision-making, friendly but firm disposition towards employees, employee welfare and fostering an informal organizational environment. Our workplace policy enables the best people to produce their best work in a safe and healthy workplace free from discrimination and harassment, whilst redressing their grievances and providing for their welfare.

Personnel Administration

Our human resources vision is centered on the sustenance and growth of our business and employees through a workplace where equity, diversity and innovation are fostered. We pay attention to three areas in particular – type of employment, remuneration and employee turnover.

Types of Employment

Category	Permanent	Contract	Total
Directors	09	00	09
Senior Managers	33	03	36
Managers	28	16	44
Engineering Staff	49	85	134
Technical Staff	48	308	356
Supervisory Staff	44	201	245
Administrative Staff	43	141	184
Accounting Staff	48	72	120
Manual Grades	5,563		5,536
Subcontractors		2,470	2,470
Total	5,865	3,296	9,161

2012 Aim

To obtain SA8000 Certification for decent working standards and social accountability in the workplace

[GRI - Social PI: Labour Practices & Decent Work]



Staff

There were 1128 staff-grade employees as at 30 June 2011. Compared to last year, this is an increase in the number of staff-grade employees by 43.3% (i.e. 341 nett addition of staff-grade employees, increasing last year's total of 787). Furthermore, we have been successful in absorbing 43 staff-grade employees to our permanent cadre during the period of the report. This falls under our stated target of last year of absorbing high performers to the permanent cadre (target: 50).

Manual Grades

There were 5,563 manual-grade employees at 30 June 2011. This is a nett increase of 31.5% of manual-grade employees, compared to the last reporting period (i.e. 4,229 manual-grade employees). All manual-grade employees are permanent, despite minor labour migrations which have occurred during the year.

Local Hiring

Maga promotes local hiring due to benefits to the organization (eg. saving in accommodation and transport) as well as to the communities (employment generation, sustenance of supply chains). As at 30 June 2011, 22% the Senior Management hailed from the local region of the respective projects (an increase of 9% compared to the last reporting period). Approximately 55% of the direct labour force hailed from local regions. Data on local hiring of subcontractors was unavailable at the time of reporting.

Employee Remuneration

Maga's remuneration policy aims to attract and retain high performers through competitive rewards linked to individual and business performance, market conditions and shareholder interests. Remuneration of all grades of employees is overseen by the Remuneration Committee.

The remuneration process for 2011 started with the performance review which was carried out in January, whose findings were discussed at the Remuneration Committee meetings. The staff grades were granted an average salary increment of 21.4% and the non-staff grades were granted an average increment of 7.6% for the year. These aforesaid increments aimed to ensure performance compensation and recognition, as well as the sustenance and development of our workforce.

The starting salary structure is based on the entry qualifications and the salary increments thereafter are based on performance and experience. Further to our findings last year, we have been able to minimize the difference in salary between men to women through periodic salary revisions, as well as a consistent recruitment policy when it comes to new recruits. Yet, minor differences in the basic salary of women to men was still present, due to the higher remuneration for physically demanding work at construction sites, a higher percentage of which is typically carried out by men.

Category	Ratio of basic salary of men to women
Directors	N/A
Senior Managers	1:1
Managers	1.1 : 1
Supervisory staff	1.1 : 1
Technical Staff	1.1 : 1
Clerical Staff	1:1





Employee Turnover

The employee turnover may indicate an organization's contribution to the overall economic development through retention and continuous development of a skillful workforce. The last four years have seen a continuous increase in nett staff-grade employment – 19.8% in 2008/09, 6.8% in 2009/10 and a notable 43.3% for 2010/11. During the reporting period, there have been no retrenchments, and contracts of employees recruited on fixed-term/project basis have been extended via employment at other ongoing projects/activity centres.

Further to the above, we have been able to slightly decrease the number of resignations/retrenchments despite the significant rise in new recruitments during the reporting period. In the case of transfers, resignations/retrenchments or any other instances resulting in significant operational changes, a minimum four weeks notice is typically provided to employees and/or their elected representatives.

Employee Movements During the Last Four Years Only for staff grades



Performance Management

100% of our employees both male and famale receive regular performance and career development reviews. Performance reviews are carried out at the time of employment confirmation, at the end of fixed-term contracts and at yearly reviews, under the following aspects.

Performance Development is a key aspect of our Performance Management System and training is provided whenever performance gaps are identified.







Our Human Rights Policy

We are committed to maintain an organizational culture which upholds internationally recognized human rights while actively engaging in the prevention of human rights a-buses and violations.

We continually identify, evaluate and manage human rights impacts on all stakeholders, and play an active role in the achievement of human rights within our direct spheres of influence, as per the following:

- Uphold the human rights of our employees, including non-discrimination, prohibition of child and enforced labour and freedom of association
- Set up and maintain fair and appropriate procedures to evaluate and select suppliers and subcontractors, and review their performance with fairness
- Have open discourse with stakeholders and engage in community activities
- Respect the values, customs and culture of local communities amongst whom we operate
- Contribute to the promotion of human rights by improving socioeconomic and environmental conditions and function as a catalyst in these communities
- Uphold ethical conduct and integrity in doing business and support governing authorities where necessary in enforcing high ethical standards for businesses.

2015 Goal

To increase the Percentage of Significant Suppliers and Contractors that have Undergone Screening on Human Rights and Sustainability Issues up to 70% by 2015 [GRI KPI – HR2]

Our Equal Employment Opportunity & Affirmative Action Policy

We ensure that all decisions on employees are in line with our company principles, policies and procedures and are devoid of discrimination, enabling all employees to gain equal access to opportunities within the organization based on individual merit. Accordingly, we ensure that equal opportunity is given to qualified individuals from all backgrounds during the selection, recruitment, assignment, training and development, remuneration, promotion, transfer, reinstatement and termination. We actively prohibit discrimination based on an individual's age, sex, colour, race, religion, marital status, nationality, medical condition, disability or other legally protected characteristics or conduct.

We believe in treating all employees fairly, and actively engage in developing and utilizing their full potential. We trust that our human resource practices, equitable access to employment opportunities and continuous training will bolster employee motivation, confidence and morale. We believe in the creation and propagation of income generation opportunities for all segments of society within our developing economy. For that reason, we are committed to taking affirmative action in the workplace to promote social equity, and strive to employ and develop qualified individuals from disadvantaged sections of the society.

Our Open Communication Policy

We promote a culture of teamwork, where all employees work in unison for the attainment of common goals with the use of open and honest communication through upward, downward, and lateral communication channels across different levels of organisational hierarchy. We foster the sharing of new ideas and success stories, invite feedback on deficiencies and encourage open discourse in search of recommendations for continual improvement.

Workplace Diversity

Maga is committed to maintain a diverse workplace that promotes mutual respect and professionalism, free from all forms of discrimination, harassment and violence, and thus having a positive influence on creativity, satisfaction and motivation whilst empowering and enhancing the performance of the employees.

There has been one noted incident of discrimination during the period in question. Our senior management had promptly reviewed the incident through a routine review process and remedial action was implemented within a period of two weeks. The incident has been resolved and is no longer subject to action. As a future preventive measure, awareness programs for employees of the relevant business division has been planned.

None of our operations during the reporting period has involved incidents of child labour, forced labour or compulsory labour.





The size of an organisation's work force provides insight into the scale of impact created by labor related issues. We have carried out a study on the geographical distribution of our total workforce and the findings are presented through the Case Study that follows.

Case Study: Workplace Diversity

Ensuring that our workforce is populated with local residents benefits the local communities as well as helps the organisation to better understand local needs. Diversity within a management team can also enhance the organization's ability to solve problems.

We have divided our workforce distribution against the districts of the country and shown the percentage of local recruitment (including that of our senior management). As seen below, a total of 905 newly recruited employees (i.e. 34% nett of new recruits of 2,675 for the reporting period) have hailed from former conflict-affected regions of the country. We are excited to note this as a significant investment in local communities of the said regions. We plan to increase the number of new employees from these areas during the next reporting period, as the organisation and local communities progress further on adjusting to infrastructure development in these areas.









Local Vs Non-Local Workforce Distribution (by District)



Breakdown of Employees per Category According to Gender and Age Group

		Brea		mpioyees	per cutego.	y need an	S to denaci	und nge e	noup		
Category (Total)	Below 19 years		20 – 29 years		30 - 39	30 – 39 years		40 – 49 years		Above 50 years	
	М	F	М	F	М	F	М	F	М	F	
Directors (08)	-	-	01	-	-	-	-	-	08	-	
Senior Managers (36)	-	-	-	-	03	-	18	-	15	-	
Managers (44)	-	-	04	-	09	02	17	-	12	-	
Engineering Staff (134)	-	-	69	01	33	01	15	02	13	-	
Technical Staff (601)	-	-	228	34	113	58	67	04	97	-	
Administr. Staff (304)	-	-	128	25	74	6	37	04	30	-	
Manual Grades (6,563)	56	-	1,783	29	1,839	89	1,718	67	950	32	
Total (7,691)	56	-	2,213	89	2,071	156	1,872	77	1,125	32	
Total (7,691)	50	6	2,30	02	2,	227	1	,949	1	,157	

Human Resources

Our Training & Development Policy

Maga is committed to train and develop current and future employees, whilst developing the capacity of in house trainers and infrastructure needed to meet the rising human resources needs of the organization.

Training & Development

Maga strongly believes in training and wants employees to be able to develop with Maga, both personally and professionally. To achieve this Maga offers an integrated program of classroom training, onthe-job learning, individual coaching and mentoring.

The Company is committed to providing an environment which enables continuous learning, growth and personal achievement of all employees. In translating this commitment into action, the Company is also reliant on employee commitment and their willingness to learn and take up new roles and responsibilities and seek opportunities for self-development. During the reporting period, our Training & Development efforts focused on nine important areas:

- 1. Induction of new employees
- 2. Supervisory Skills Development
- 3. Craftsmen Training
- 4. In-Plant training for Undergraduates and Diploma students
- 5. Management Training
- 6. Practical Training for Electrical Trainees
- 7. Mentoring program with University of Moratuwa
- 8. CPD of Engineers
- 9. External Training

Induction Program

The Company recognizes that a well formulated induction process is vital to ensure that new employees are made to feel welcome. The aim of this process is to enable new recruits to adjust as quickly as possible to the new working conditions and to achieve work efficiency in the shortest possible time. The company's induction program contains the following:

- 1. First day induction process
- 2. General induction check list to be covered in the first four weeks
- 3. Three to six month review as part of a probationary period

All corporate training events are evaluated to ascertain their effectiveness. The evaluation system looks at the outcomes of training from several perspectives. The immediate effects and long term views of both Managers and participants are taken in order to assess the benefits of the training activities undertaken.

Course evaluation forms are given to course participants at the completion of each training event and feedback is given to the managers who have requested the training activity. The feedback is offered on quality of content, course delivery and administration. For the reporting period of 01 July 2010 to 30 June 2011, attendees rated 12% of the training events as excellent, 76% as good to very good and 12% as fair and 0% as poor.

2015 Goal:

To increase the amount of training (in hours) provided to employees by 30% by 2015 (Base Year: 2011) [GRI KPI – LA10]

Management Trainee Program (MTP)

The MTP is a corporate training program for fresh graduates. It is a six-month program which comprises classroom training, job rotation opportunities and net working across Maga's business and operational divisions. Selected Management Trainees are exposed to vital management knowledge and skills through intensive training.

Apprenticeship Training to Village Youth

As a leading employer, Maga sponsors a wide range of apprenticeships across a broad range of disciplines such as carpentry, masonry, welding, bar bending, rigging, surveying and leveling. This unique program provides training and employment opportunities to village youth and is a special training project launched in collaboration with the National Apprentice and Industrial Training Authority (NAITA). As a first step NAITA will provide all technical and instructional support to conduct a 03 month intensive course of study in each discipline. Thereafter Maga will provide enterprise-based on the job training to selected trainees. This unique program would enable us to provide a significant number of apprenticeships ultimately by providing the opportunity for them to attain National Vocational Qualification (NVQ) Level 3 in their chosen trade.

Collaboration with the Chamber of Construction Industry (CCI) of Sri Lanka

In April 2011, Maga launched a program to provide on the job training to 62 students who had completed a basic electrical course conducted by the Kebithigollewa Vocational Training Center managed by CCI under USAID funds. These trainees live in Kebithigollewa, a village which had been subjected to several terrorist attacks during the civil war. After successfully completing three months of on-the-job training, currently they are employed in the Northern and North Western provinces.

Supervisory Skills Development

Maga launched a "Supervisory Skills Development" program through recruitment of Trainee Construction Supervisors. Under this training scheme the Company recruited youth who had passed GCE (A/L) in the physical science stream and provided them with six-months supervisory skills training. After an intensive orientation of two weeks, these trainees were subjected to comprehensive 'on-the-job' training through attachment to different projects and activity centers.

The Company also developed a comprehensive course in Basic Electrical Work with a view to train village youth and provide employment opportunities to them. This course is to commence in mid-2011.

Industrial Training

Every year, Maga provides Industrial Training to university undergraduates and to students from various higher educational institutions and professional bodies. The two major partner organizations of this program are the University of Moratuwa and the University of Peradeniya in the field of Civil engineering. In addition, the Company provides industrial training opportunities for undergraduates and other students in Quantity Surveying, Mechanical Engineering, Construction Supervision and Draftsmanship. The table below summarizes a wide range of industrial training opportunities provided.

Field of Study	Upto 3 months	3-6 months	6-12 months	Total
Civil Engineering	51	66	6	123
Mechanical Engineering	-	3	-	3
Quantity Surveying	-	74	9	90
Construction Supervision	2	31	30	63
Surveying	-	-	3	3
Draughtsmanship	3	5	1	9
M&E Services	5	3	-	7
Capentry	7	-	-	7
Masonry	-	3	1	4
Welding & Motor Mechanical W	Vork -	5	1	6
Accountancy	-	-	1	1
Management Trainees	-	1	1	2
Health, Safety & Environment	-	1	1	2
Lab Technology	-	-	1	1
Store Keeping	-	-	1	1
Electrical Work	-	12	-	12
TOTAL	75	204	56	335







Continuing Professional Development (CPD)

Maga believes that the professional development of managers, engineers and technical staff is central to improving our performance and meeting customer needs. We are committed to the continuous growth and development of our engineering staff across a wide range of aspects.

Our Design Department has been recognized by the Institute of Engineers of Sri Lanka as an approved training center to provide professional engineering training to graduate engineers to attain Professional Engineer status. Last year three civil engineers obtained Professional Engineering qualification, with three more engineers currently undergoing training to become Chartered Engineers. Maga also provides sponsorships together with working-hours flexibility for its staff to obtain postgraduate qualifications. Currently nine of our employees are following masters degrees relevant to their profession.

Program	Institution	
Design & Construction of Highways and Bridges	The University of Moratuwa	
Highway Material Testing	The University of Moratuwa	
Construction Supervisory Skills Development	ICTAD	
Management Development	In-house	
Cable Management	ICTAD	
Lead Auditor Course (OHSAS 18001)	SLSI	
Quality Management System	SLSI	
Occupational Health & Safety	SLSI	
Environmental Management	ICTAD	
Hydraulic Systems	CETRAC	
Earthquake Resistance Design of High-rises	The University of Moratuwa	
Design of Water Retaining Structures	The University of Moratuwa	
Seminar on Occupational Health & Safety	Industrial Safety Equipment Pvt Ltd	



Average Hours of Training


ENHANCING COMPLIANCE

Our Workplace Motto

We strive to achieve 'Constancy to Purpose' in the workplace, through unrelenting and unwavering adherence to the Company objectives.

Our Financial Policy

We believe in ethical and transparent financial conduct based on sound accounting practices implemented in accordance with universally accepted accounting principles, thus enabling the maintenance of true and accurate financial records of our transactions, assets and liabilities whilst facilitating sound monitoring and consistent reporting of our financial performance. We have zero tolerance on unethical and unlawful actions such as illegal disbursements, procurement, manipulation and bribery.

2012 Aim

To train 100% of management-grade employees in the company's Anti-corruption Policies and Procedures



Statutory and Regulatory Compliance

Financial Compliance

The legal compliance for financial management is imposed by six legislations, i.e. Inland Revenue Act No 10 of 2006, Value Added Tax Act No. 14 of 2002, Economic Service Charge Act No. 13 of 2006, Stamp Duty Act No. 43 of 1982, Nation Building Tax Act No. 09 of 2009 and Finance Act No. 05 of 2005. We have carried out all payments in full and submitted all reports on time during the period of reporting and there have been no fines or non-monetary sanctions for non-compliance with regulations.

Labour Compliance

The legal compliance for labour management is imposed by another six legislations, i.e. Shop and Office Employees Act No. 19 of 1954, Wages Board Act, Employees Provident Fund Act No. 15 of 1958, Employees Trust Fund Act No. 46 of 1980, Payment of Gratuity Act No. 12 of 1983, Workmen's Compensation Act and Maternity Benefits Act. We have complied with all the requirements of the above legislations and during the reporting period there have been no fines or non-monetary sanctions for non-compliance with regulations.

Environmental Compliance

The legal compliance for environmental management is imposed by mainly three legislations, i.e. National Environment Act No. 47 of 1980, Mines and Minerals Act No. 33 of 1992 and Explosives Ordinance. For our operations we have to obtain Environmental Protection License (EPL) for concrete plants, asphalt plants and metal quarries and mining licenses and explosives permits for metal quarries During the reporting year, there have been no incidents of fines or non-monetary sanctions for non-compliance with regulations.

Requirements of compliance in terms of pollution causing elements in discharged-water quality, noise levels and dust levels are met in operations for which we have obtained the EPL.

Anti-Corruption Measures

All of Maga's business units are periodically analyzed for risks relating to corruption, in line with the organisation's zero tolerance stance on all forms of corruption, including those by our suppliers, subcontractors and business partners within the sphere of our substantial influence and control.

65% of our management-grade employees have been trained on the company's anti-corruption policies and procedures. We note that there were no incidents of corruption during the reporting period. The organisation has also not been subjected to any significant fines or non-monetary sanctions for non-compliance with laws & regulations relating to anti-corruption.

Our Health, Safety & Environment Policy

We are committed to excellence in Health, Safety and Environmental practices requiring all our operations to: protect the health and safety of employees and others involved in its operations and the sustainability of the environment with which it interacts; operate business with a deep concern for health and safety in an environmentally responsible manner; comply with all legal and other requirements to which the Company subscribes on health, safety and environment; promote awareness among all its employees on health, safety and environmental aspects, their impacts and control measures; and ensure continual improvement of health, safety and environmental performance.

2015 Goal

To reduce the Major Injuries Rate below 0.1

(Note: Injury Rate = Injuries per 1,000,000 cumulative working hours) [GRI KPI – LA7]

HSE Action Plan for Excellence

Our 3-year Health, Safety and Environmental Management System (HSE) Action Plan for Excellence 2008-2010 was launched in October 2008, to coincide with the National Quality Week and National Health and Safety Week. The HSE logo was developed as a tool to unify this effort and to brand the HSE initiatives. The Plan laid out a road map for formal implementation of HSE practices for the ensuing three years, which included Laying the Foundation, Building the Framework and Ensuring Compliance. The Plan aligned our HSE concerns with our business drivers and our responsibilities as a major corporate citizen of the country. It reiterated our commitment to protecting our people, the environment and the communities in which we operate.

In 2008, we had completed the formulation of our HSE policy and operational standards. Building the HSE framework was completed in 2009, along with gap analysis and the adequacy audit conducted by the certifying body. The final phase of obtaining the certification for compliance with ISO 14001:2004 and OHSAS 18001:2007 standards at the end of 2010 was our overall aim. The HSE Operational Standards were released on of January 2009. While laying down the policy and broad objectives for HSE Management, the Standards covered several aspects of operations that were not addressed in the Quality Management System. The Standards set out the rationale, purpose, scope and requirements of 12 important aspects of HSE practice. This framework was adopted by all operations of the organization with interest and enthusiasm and laid the foundation for the implementation of a structured HSE Management System (HSEMS).

After one year of implementation of the Operational Standards, in January 2010, the management decided to obtain accreditation for the HSE practices by seeking ISO 14001 and OHSAS 18001 certification. Having established the system, we then proceeded to documentation and implementation.

At the inception, it was decided not to acquire the services of external consultants, but to utilize in-house expertise for the development of the Management Systems. Within a very short period of six weeks, we were able to complete the preliminary documentation and start the process of certification. After the compliance audit in March 2010, the Management System was implemented at projects and activity centers from April 2010.

After four months of implementation, we observed that the system was mature enough to go for certification and in September 2010 the system was subject to external auditing. After rectification of some minor non-conformities, the system was certified to be in compliance with ISO 14001:2004 and OHSAS 18001:2007 on 19 November 2010.



Environmental Aspect Impact Register (EAIR) and Health & Safety Hazard Risk Register (HSHRR)

Control measures were identified under ten broad categories:

- Emissions to air: Exhaust of vehicles, dust from construction
- Releases to water: industrial & domestic wastewater
- Releases to land: construction waste ,domestic & stationary waste-way communication system.
- Use of raw materials and natural resources: sand, soil, aggregates, Iron
- Use of energy: electricity, diesel, petrol, furnace oil
- Energy emissions: noise, heat, vibration, radiation
- Waste and by-products: filler of asphalt plants, concrete waste
- Goods and services used by Maga: Air Conditioning
- Goods and services provided by Maga: Ready mixed concrete
- Damages to the community of flora and fauna

Roadmap

- 1) Planning Environmental and legal review. Environmental impact aspect identification
- 2) Implementation Documenting HSE manuals, HSE Procedure manuals and implementing procedures.
- Checking and monitoring Monitoring, measurement, internal audits, external audits
- 4) Corrective, preventive action and management review

Environmental Goals

- Prevent / minimize environmental pollution by managing waste generation and disposal
- Reduce consumption of resources by improving the efficiency of use and practising the sustainable usage of resources
- Consider environmental criteria in procurement of goods and services and in design and development of products & services
- Minimize Environmental pollution by reducing emissions

Health & Safety Goals

- Eliminate all work related illnesses
- Improve mental and physical well-being of employees
- Introduce systems to control hazardous activities and agents

HSE Awareness, Training and Development Programs

Regular awareness programs were conducted to ensure employee competency under the following areas:

Торіс	No. of Programs
 Introduction to HSEMS & HSE Policy 	16
 ISO 14001:2004 Standard 	11
 OHSAS 18001:2007 Standard 	11
Operational controls, Legal requirements	03
 Electrical Safety 	03
 Prevention of HIV/AIDS 	04
 Emergency preparedness 	04
 Safety and Environment 	10

Steady progress was made in our programs of Healthy Heart (objective: improving the cardio-vascular health of our employees), Work in Comfort (anthropometry, ergonomic discomfort surveys, ergonomic assessment and improvement of workstations, training on posture and movements) and Green Automobile (categorizing of vehicle fleet as per emission status).

ISO14001 & OHSAS18001 Certification Process

1) Operating Procedure

After reviewing our application and Pre-Assessment Questionnaire, the Sri Lanka Standards Institute (SLSI) requested Maga's HSE Manual, Aspect Impact Register (AIR), Hazard Identification & Risk Assessment (HIRA) and associated documents.

2) Adequacy Audit

A detailed appraisal of HSE Manual and Associated documents was carried out by SLSI and comprehensive report on Adequacy audit was sent to Maga indicating the non-conformities (NCs).

3) Stage 1 Audit

After rectification of the deficiencies highlighted in the adequacy audit, the SLSI nominated impartial & competent audit team to conduct Stage 1 audit taking into consideration the size and complexity of Maga. Stage 1 was carried out on 06 & 08 October 2010.

The Stage 1 Audit had the following objectives:

- Audit the Management System documentation
- To evaluate site specific conditions
- To review understanding of the standards applicable
- To collect necessary information on statutory and regulatory aspects and compliance for the scope of HSE management system
- Evaluate the Internal Audit and Management review
- Review readiness for the Stage 2 Audit

4) Stage 2 Audit

The purpose of the Stage 2 audit was to evaluate the implementation, including effectiveness, of Maga's HSE management system. After all deficiencies highlighted during the Stage 1 Audit had been rectified, SLSI carried out the Stage 2 Audit on 26 October 2010 and 02 November 2011.

The stage 2 comprised the following:

- Evidence of conformity to all requirements of HSEMS
- Performance on monitoring, measuring, reporting and reviewing
- Legal compliance
- Operational control procedures
- Internal auditing and Management review
- Management Responsibility

5) Certification

After successfully taking corrective and preventive measures for all nonconformities (NCs) within a two week period, Maga's EMS was certified under ISO 14001 (Certificate No. SC/EMS/0070 Valid up to 18 November 2013) and its HSMS was certified under OHSAS 18001 (Certificate No. SC/ OHSAS/0013 valid up to 18 November 2013) on 19 November 2010.



Health & Safety Performance



Safety Record: Injury Frequency Rate

* injuries per 1,000,000 cumulative working hours

There were no injuries or fatalities to non-workers at projects (both on site or off-site), activity centers or at locations of assets during the reporting period.

Up to 25% of our workforce is represented in formal Management-Worker Health & Safety Committees which jointly help monitor and advise on occupational safety programs at operational levels (i.e. at each of our projects, activity centers, regional offices and head office).



Health & Safety of Infrastructure Assets

Through our Aspect Impact Register (AIR) and Hazard Identification & Risk Assessment (HIRA), the health and safety impacts of the infrastructure assets constructed and managed by Maga are assessed in each of the following life cycle stages.

Category	Yes	No
New Construction	•	
Management	•	
Development/redevelopment	•	
Acquisition & disposal	•	
Design & planning	•	

100% of Maga's significant products and services are subjected to compliance with all health & safety procedures laid down by the company's HSEMS.

Process improvements achieved through HSEMS

We were able to achieve the following process improvements through the implementation of the new HSEMS:

- 1) Survey of Calibration equipment and machinery to:
 - Identify all Plant, Equipment & Machinery which require calibration
- Identify the physical location of each item
- Start "In House" calibration in part
- 2) The Head Office Fire Prevention program was launched with a fire team consisting of representatives from various departments/sections. Fire extinguisher locations were identified and installed with standard colour coding. Evacuation paths and assembly points were also identified and displayed.
- Vehicle inspection check lists have been introduced to identify the failures of Hired Vehicles at projects to reduce vehicle accidents
- 4) All Subcontract Agreements were reviewed and amended as necessary to include compliance with Maga's EMS & OHSAS requirements.
- 5) It is mandatory to use Personal Protective Equipment (PPE) in any construction work. A self-declaration has been prepared and given to all employees
- 6) "Maga Best Practices" introduced for Plumbing, Plastering, Painting and Chemical Handling, Carpentry and Steel work
- 7) Monthly Progress Review Report on QMS, EMS, OHSAS & CSR were introduced to all projects in order to obtain information on the above to be discussed at Monthly Progress Review Meetings
- Continuation of 5S System implementation at the Head Office with Zonal Managers and team leaders
- A Health Screening Program was conducted with the help of Aasiri Surgical Hospital PLC in June 2011 (under the 'Healthy Heart' initiative)
- 10) Steel Nets and Eye Wash Units were installed at our Concrete Batching Plants as a further safety/first aid measure

SLSI has selected Maga as a model company on the integrated management system introduced to Sri Lanka with the collaboration of APO (Asian Productivity Organisation).







ENVIRONMENTAL PERFORMANCE

Our Environmental Policy

Maga is committed to total compliance with all state and local environmental laws, specifications, standards, and guidelines. Maga is committed to utilizing energy and materials which have the minimum impact on the environment. It is essential that each employee carrying out work involving air emissions, wastewater disposal, disposal of sewage, hazardous materials and other regulated pollutants know and comply with all applicable environmental laws and guidelines. No employee of Maga shall be a party to concealing improper discharge, disposal, or storage of hazardous material or other pollutants.

Management Approach

By organizing and implementing our Environmental Management System (EMS) in line with ISO 14001:2004, we were able to:

- Identify and control the environmental impacts of our activities, products and services;
- Improve our environmental performance continually and
- Implement a systematic approach to setting environmental objectives and targets

Obtaining certification involved two aspects, as it covers both internal and external aspects of the organization. Internally, the EMS enables us to provide assurance to the management that they are in control of the organizational processes and activities which have an impact on the environment as well as assure employees that they are working for an environmentally conscious organization. Externally EMS enables us to provide assurance on environmental issues to external stakeholders, comply with environment related government regulations, support the organization's stated targets about its own environmental policies, plans and actions and to provide a framework for demonstrating, assessing and certifying conformity through our supplier/subcontractor value chain.

2015 Goals

- To reduce Emissions Intensity* by 5% by 2015 [Base Year: 2011] [GRI KPI - EN16, EN17]
- To reduce Water Use Intensity* by 5% 2015 [Base Year: 2011] [GRI KPI - EN21]



Environment Management at Maga is currently carried out on five fronts – Energy (reducing direct and indirect energy consumption), Materials (selection of materials, reduce, reuse and recycle), Water (water withdrawal and recycling), Emissions and Waste (waste management, reducing, reusing and recycling, GHG Audits and spatial pollution) and Biodiversity (preserving and restoring biodiversity, and causing minimum harm to existing flora and fauna).

Environment Management Action Plans (EMAPs) were implemented at all major projects and activity centers, Head Office and regional offices. These EMAPs enabled us to monitor and review our energy, material and water consumption, emission and waste generation and the action taken to preserve biodiversity. Our findings, i.e. our environmental performance, is presented in detail in the proceeding section.

- * Emissions Intensity = GHG Emissions per unit of Ecnomic Value Generated OR GHG Emissions per workforce member
- **Water Use Intensity = Water used per Unit of Economic Value Generated OR Water utilized by one workforce member

Ecnomic Value Generated = Please see Page 21

Energy

Global climate change is perhaps the most pressing environmental concern of the present day. A wide range of greenhouse gases must be considered in respect of climate change, yet Carbon Dioxide comprises over half of all greenhouse gas emissions. The Construction sector is responsible for a large part (estimated to be around 30-40%) of the total global emissions of greenhouse gases. This relates to operational emissions (heating, lighting, air conditioning, etc.) as well as emission from production, maintenance and demolition. As such, we have recognized the urgent need to reduce greenhouse gas emissions from our operations.

Energy consumption has a direct effect on operational costs and is exposed to fluctuations in both the supply and price of energy. The carbon footprint of an organization is shaped in part by its choice of energy source. Through our Environment Management System (EMS), we have conducted an energy audit in order to calculate the direct and indirect energy consumption used in our operations for the second year running. Under the newly certified EMS, all our operational/activity centers report their energy usage to a central system which monitors the organisation's energy consumption. (Note: Table below does not include energy consumption of our subcontractors & suppliers who do not come under our direct sphere of influence: i.e. work under our supervision. Furthermore, on site production of electricity from renewable sources has been negligible and therefore not reported).





Source	Units	20	10/11	2009	9/10	2008/09			
		Quantity	Energy (GJ)	Quantity	Energy (GJ)	Quantity	Energy (GJ		
Direct energy – Fossil	fuel								
Diesel	Litres	10,141,307	391,454	6,064,325	232,870	4,842,214	172,117		
Petrol	Litres	143,336	4,873	133,783	4,575	107,027	3,660		
Indirect energy – Elect	ricity from National Gr	id							
Hydro (40%)	kWh	662,438	2,385	615,280	1,969	525,582	1,681		
Thermal (60%)	kWh	993,657	3,577	918,792	2,940	788,373	2,522		
Total (GJ)		40	402,289		242,354		9,980		
Energy Intensity (GJ /LKR)		0.	0.00034		0.00026		0.00020		
Energy Intensity (GJ /L (i.e. Energy Use per ur			00034	0.0	00026	0.0	00		

* Please see: Page 44

Biodiversity

Ecosystems comprise dynamic relationships of plants, animals, micro-organisms and the non-living environment. Many of our technological advances in the fields of agriculture, medicine and alternative energy, depend on natural resources to provide a starting point. The loss of plant and animal species limits the future potential for medical and agricultural research. More intensive development and waste generation can have significant impacts on biodiversity.

As per our Environmental Management System, under Operational Control Procedure HSEP/4.3/002, all our operations and services have provisions to prepare an Environmental Aspect and Impact Identification (EAII) in order to identify significant environmental impacts. This helps us to identify whether we are operating in areas of high biodiversity. We also strive to protect and restore habitats and species of particular relevance. For this reporting period we have not owned, leased, managed or operated in any areas regarded as of high biodiversity value. Through our Operational Procedure for EMS, we use Environmental Management Action Plans (EMAPs) to identify significant Environmental Aspects.

Through these EMAPs we have identified several biodiversity needs for our Puttalam – Nochichiyagama Road Project, where specific attention was drawn to conserve wetlands, water bodies and water logged areas near the road to protect flora and fauna. In addition, we have also identified the requirement to protect as well as restore natural habitats whenever possible. In this connection, please see our Case Study for Restoration of Borrow Pits used to Produce Subbase Materials to Puttalam-Nochichiyagama Road Project.







Case Study: Minimizing the Environmental Impact on Soil Borrowing Activities

Introduction

Infrastructure development in all its forms, while adding value, has certain negative impacts on the existing environment. The concept of sustainable development seeks to preserve the environment in the course of developing it. In order to face the above challenge, we focused on minimizing the environmental impact from our soil borrowing activities. A study was conducted on the rehabilitation activities carried out soil borrowing lands at Nochchiyagama.

Background

The land subjected to the study is a borrowing land for the road project of Puttalam-Anuradhapura located in Pahariya Grama Niladhari Division of Puttalam District of North Western Province. It is a public land of area 10.08 acres under the divisional secretariat of Kaluwalagaswewa.

Status of Land Before Borrowing

Geography

Land is about 40-60 m height above sea level and is in close proximity to 3 small lakes. The land has previously been in use as a cultivation land and a borrow pit.

Flora

The area was a scrub jungle with Ahu, Acacia, Maila and Mana as dominant vegetation. There were four large Palu trees and one Ehetu tree of which DBH (Diameter at Breast Height) was more than 2 m.

Potentia	Impacts	Identified

1. Danger to feeding habitats of fauna	2. Danger of soil erosion due to wi
3. Generation of dust	4. Reduction of land fertility

5. Water stagnation

Operation

All necessary land clearance authorizations and certification were obtained and the borrow pit was in operation from September 2009 to May 2010 and produced a total of 52,970m of soil for construction work.

Rehabilitation

The land in question ceased to operate as a borrow pit in May 2010, and we began the rehabilitation work straight after.

- Large trees facing a possible threat of being uprooted as a result of erosion by borrowing were protected by filling and supporting roots.
- Top soil layer removed from the land was reinstated.
- A tree planting program was implemented and a total of 300 plant species were planted to avoid desertification due to the clearing of vegetation.

Conclusion

According to the observations and assessments on the after effects of borrowing from the land, the efforts to minimize the identified and expected environmental impacts were successful to a substantial extent. The land has adapted and merged with the undisturbed land which surrounds within a reasonable period of time. It can be concluded that the identified environmental impacts were minimized, however longer-term effects will emerge only after a prolonged period of time, therefore efforts to continually monitor will be implemented.

Emissions and Waste

Greenhouse Gas (GHG) Audit

CO2 (Carbon Dioxide) is identified as the major contributor of Greenhouse Gas (GHG) emissions from our operations. During the reporting period there have been no emissions of Ozone-Depleting Substances (ODS) such as CFCs and HCFCs. Furthermore, gases such as NOx, SOx and other air emissions have not been released to the atmosphere through the course of our operations.

Our GHG in year 2010/11 is estimated to be 28,508,423.00 kg CO2-e (units in kilograms of CO2 equivalents emitted) which yields a per capita value of 0.0024 kg CO2-e per unit of Economic Value Generated (i.e. our revenue). In comparison with the previous reporting period, this is an increase of energy used for one unit of Economic Value Generated. This has been the result of the high usage of fossil fuels due to the expansion of more energy-intensive revenue segments such as highway construction.

Waste

We are committed to reducing waste generation. There is increasing focus on better management of waste through recycling and reusing whilst reducing costs associated with waste disposal. We have integrated the 'Reduce, Reuse and Recycle' ("3R") philosophy into our corporate culture and management systems by raising employee awareness on waste management through internal communication, '5S' programs and training initiatives.

Our aim is to reduce material use wherever possible, as well as encourage our employees to reuse and recycle. We are currently looking in to the possibility of incinerating selected waste at an energy-capturing plant.

Source Units 20		201	010/11 200		9/10	200	2008/09		
		Quantity	GHG emission	Quantity	GHG emission	Quantity	GHG emission		
			(kg CO2-e)		(kg CO2-e)		(kg CO2-e)		
Diesel	Litres	10,141,307	27,061,349	6,064,325	16,373,682	4,842,214	14,445,513		
Petrol	Litres	143,336	335,251	133,783	307,701	107,027	246,162		
Electricity	kWh	1,158,131	1,075,169	1,531,320	1,041,297	1,458,491	991,774		
Construction Materials*			38,364		38,934		35,216		
TOTAL			28,508,133		17,761,614		15,718,665		
Emissions Intensity (kg CO2	-e / LKR)								
(i.e. GHG emissions per unit	of Economic Value	e Generated)	0.0024		0.0020		0.0017		

*Materials include steel, cement, bricks, aggregate and sand

**Please see: Page 21



GHG Emissions (kg CO₂ -e)

GHG Emissions (kg CO₂ -e) by Source

Materials

We practice a holistic approach to choosing (i.e. sustainable procurement) and using (i.e. waste management) materials. It is important to keep virtual track of the amount of materials used for our operations since around 50% of all global resources go into construction and infrastructure development, and 60-75% of construction costs of a project are contained in materials.

We have conducted a comprehensive listing of material consumption for the reporting period. In the approaching year we expect to extend out materials audits to cover 90% of all material types used at our projects.

Material	Steel (MT)	Cement (MT)	Bricks (nos)	Aggregate (cum)	Sand (cum)	Asphat (MT)	Bitumen (litre)	Cotton Waste(kg)	Petrol (litre)	Diesel (litre)	Paint (litre)
Road Projects	804	6,390	17,000	9,882	22,341	*	1,125,295	2,536	81,408	2,971,727	142
Building Projects	2,950	2,648	3,809,000	706	8,308	*	-	985	1,204	383,997	13,389
Water Supply Projects	90	280	66,000	7,194	1,992	-	65,800	-	7,754	14,061	150
Asphalt/Aggregate Plants *	-	125	42,000	618,657	308	277,909	11,900,625	2,721	1,023	5,674,708	289
Readymix Concrete Plants	-	26,908	-	72,329	37,475	-	-	223	3,610	568,073	-
Central Workshop	-	-	-	-	-	-	-	-	47,639	256,812	-
Main Offices	-	-	-	55,164	-	-	-	-	669	271,930	-
TOTAL	3,844	36,351	3,934,400	763,932	70,424	277,909	13,091,720	6,465	143,337	10,141,308	13,970



Our Waste Management Procedure

In our HSE Procedure Manual, we have developed an Operational Control Procedure specifically for Waste Management – HSEP/4.4.6/01 in which we have named several objectives: minimizing wastage of resources; reducing waste generation; reusing, recycling and practicing sound waste management procedure thus minimizing environmental pollution. Under this procedure we have categorized different types of waste under Construction Waste, Hazardous Waste and Record Room Waste (Paper Waste, Cardboard), E-Waste.

Recycle Management Strategies

We have begun using our EMS to monitor and record the recycled materials used in our operations. In our operational procedures the reuse and recycle of materials has been identified and guidelines have been issued to quantify the recycling amounts in the coming years. Chemical spillages at our operations are virtually non-existent. In the unlikely event that they do occur, we have identified under our HSE Procedural Manual – HSE Procedure – Emergency Preparedness and Response - HSEP/4.4/004, where for each project we can identify potential risks and environmental accidents and prepare mitigation plans in responding to them.

There are no pending cases, or fines and penalties that have been imposed on the organization due to non-compliance with environmental laws and regulations.

Environmental Management Investment

We have calculated our expenditure to assess the efficiency of our environmental initiatives, which provides a valuable input for costbenefit analysis. The expenditure incurred during our ISO 14001: 2004 certification process for year 2010-2011 was LKR 9.3million.

Water

It is important to understand the overall scale of impacts and risks associated with water use within an organisation. The total volume of water procured in essence gives an indication of the relative consumption and importance of water to different sectors within the organisation.

Under ISO 14001:2004, we have introduced Operation Control Procedure for the use of Water (HSEP/4.4.6/06), which governs the control and usage of water by minimizing waste, optimizing the efficiency of utilization and preventing or reducing ground pollution. The data below pertains to water purchased and sourced for all operations under Maga's direct sphere of control.

In order to maintain high standards of quality, safety and wellbeing, water for our our construction sites and activity centers is sourced from the national water supply grid managed by the National Water Supply & Drainage Board (NWSDB) of Sri Lanka. During the reporting period, we have not utilized any other sources or forms of water (i.e. groundwater, black water grey water, treated waste water, desalinated water etc.) for our operations. As such, there have been no water sources (groundwater or otherwise) affected by withdrawal of water due to our activities.



Water Use Intensity of Different Operations

Road	Proi	ects

- Water Supply Projects
- Readymixed Concrete Plants
- Asphalt & Crushre Plant

Operation	Consumption (cum)
Road Projects	13,766
Building Projects	23,535
Water Supply Projects	4,941
Readymix Concrete Production	25,926
Asphalt Concrete Production	6,782
Central Workshop	778
Head Office & Regional Offices	15,873
TOTAL	91,601



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The 2011 Corporate Sustainability Report of Maga Engineering (Pvt) Ltd. has undergone a third-party level check by STING Consultants, against the requirements of the GRI G3 Guidelines along with the Construction and Real Estate Sector Supplement, at B Level. The Self-Declared B level of this Report is hereby confirmed to be accurate.

The aim of this statement is to confirm to readers the extent to which the GRI G3 Guidelines have been applied in the preparation of this report. This does not represent in any way, an opinion on the value or quality of the report and its content, or of the sustainability performance of the reporting organization.

Tiara Anthonisz Head of Strategic Corporate Responsibility STING Consultants

31st October 2011

BIO-DIVERSITY

Tabbowa

A Sanctuary of Natural Beauty



The panoramic view of huge Tabbowa reservoir from km 16th Km post on Puttalam-Anuradpura road attracts attention of every traveler. The lake surrounds by 2,193 ha forest which is declared open as a sanctuary on 22nd of July 2002 under the Fauna and Flora Protection Ordinance of Sri Lanka and managed by the Department of Wildlife Conservation. The sanctuary harbors many water birds, fishes and diverse groups of terrestrial fauna and flora. During January/February the lake surface is fully covered with flowers of Aponogeten sp. (Kekatiya) and Nymphaea sp.(Lotus). Among the water birds especially Pheasant-tailed Jacana (Hydrophasianus chirurgus), Cormorant (Phalacrocorax niger), Egrets (Egretta garzetta), Painted Storks (Mycteria leucocephala) Common Snipe (Gallinago gallinago) are common during this period. The tank ecosystem provides food and cover for these species. This is the best breeding season for many of these water birds.



The sanctuary harbors many wildlife species including the Elephant (Elephas maximus). The other common species are , Axis Deer (Axis axis), Sambar Deer (Cervus unicolor), Golden Palm Cat (Paradoxurus zeylonensis), Python (Python molurus), Viper (Daboia russelii) endemic Sri Lanka Jungle Fowl (Gallus lafayetii), and Sri Lanka Grey Hornbill (Ocyceros gingalensis). In addition variety of butterflies, land snails, and the amphibians could be easily observed within the sanctuary. If you have enough patience and time, you may get a chance to see the big cat in the wild - the most secretive animal - the Leopard (Panthera pardus).







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FR = fully reported; PR = partially reported; NR = not reported



