

Communication
on Progress
2010

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It is with great pride that MAS Holdings presents to you our 7th consecutive Communication on Progress for the year 2010.

As a company, we have built our corporate image upon community endorsement, continuously looking for innovative and progressive ways to build and improve the infrastructure of the communities we operate in. We do this because of our strong belief in investing in our employees, their families, their communities, their environments and their future.

Our Communication on Progress for the year 2010 shows our commitment to the Global Compact principles on Human Rights, Labour, Environment and Anti-Corruption. We have also highlighted several projects undertaken by MAS Holdings that further supports the cause of these ten principles.

We understand that our foremost duty is towards our people and rebuilding our nation, and it is with this core set of values that we firmly reiterate our commitment to the UN Global Compact and its principles.

Dian Gomes
Group Director
Head, Group HR, Branding and CSR
MAS Holdings (Pvt.) Ltd.



THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

As a business that is committed to creating sustainable livelihoods to declare their dedication to sustainability and corporate citizenship, MAS Holdings has adhered to the regulations of the United Nations Global Compact (UNGC) by submitting the annual Communication On Progress (COP).

An accountability policy to the UNGC, this COP presents our company's commitment to the Ten Principles on Human Rights, Labour Conditions, Environment and Corruption.

OUR APPROACH TO HUMAN RIGHTS AND LABOUR PRINCIPLES

MAS Holdings is South Asia's largest apparel group, providing integrated solutions covering the entire value chain, from product design, development, manufacturing and raw-material supply. MAS has stood out as a trusted supplier and partner of some of the best known fashion and retail brands in the world, offering seamless concept-to-delivery solutions to global clients. From its very roots 25 years ago, we have approached its business from a strong ethical standpoint, and at present we have reached a strong employee base of over 45,000 associates. This principled approach towards our business emanates from the belief of 'doing the right thing' championed by its founder and Chairman, Deshmanya Mahesh Amalean. The apparel industry has been often accused of lapses in Labour conditions, especially in Forced and Child Labour and also at times on violating Human Rights. The industry is labour intensive, especially in the apparel manufacturing phase. The pressure for low-cost products from the customers coupled with price competition from other countries create conditions ripe for exploitation of labour laws and norms. It has been noted by many observers and research that even the basic conditions are not met and/or violated by many countries in general and by many companies.

MAS has always worked in a different mould, where employees are treated with fairness and dignity, and became an integral part in the company's success. We stood apart from other competing countries simply due to this different approach towards labour.

It also emerged from the strong legal and cultural context of the labour rights in Sri Lanka. Sri Lanka is a signatory to the UN Universal Declaration of Human Rights, with guaranteed constitutional protections and is also the only outsourced manufacturing nation who has adopted up to 39 ILO conventions. Sri Lanka also has a robust and accessible legal system with a strong tradition of upholding human and labour rights. MAS, whilst adhering to all laws of the land and norms, extends its own positive action programmes and builds industry best practices as part of regular business of the company.

MAS has also worked hard to extend its positive influence across the industry, being a pioneer supporter of Sri Lankan apparel industry's Garments Without Guilt (GWG) initiative where all major Sri Lankan apparel manufacturers came together to create a minimum standard for human and labour rights running closely parallel to principles of UN Global Compact. These principles are translated into action and monitored with third party verification by SGS.

HUMAN RIGHTS

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 - make sure that they are not complicit in human rights abuses.

The first and second UNGC principles are ingrained in MAS Human Resource policies and laws of Sri Lanka. These policies include Policy on non-harassment and abuse, policy on non-discrimination and grievance handling procedures. All employees receive employee handbooks detailing their rights and responsibilities including mechanisms for action should they face any violation of their rights. MAS ensures that all its business units comply with the UNGC principles 1 and 2 by requiring all business units to fully adhere to the laws of the land and human resource policies and procedures. Adherence to these is monitored and evaluated both internally and externally on a continued basis.

A social compliance audit is carried throughout all MAS business units in Sri Lanka annually, based on a model developed by the Fair Labour Association (FLA) of USA. This audit is conducted by an internal audit team of MAS. In addition, all MAS apparel business units in Sri Lanka are audited for the Garments Without Guilt standard, WRAP or ETI/GSP standards and in some instances FLA standards. MAS' customers also audit MAS facilities on social compliance in often unannounced visits.

Thus far, no violation with respect to human rights have emerged or reported within the company. No violation with respect to human rights have emerged through the audit processes. No court action has been filed or pending related to Human Rights against the company.

LABOUR STANDARDS

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

It has always been important for MAS to ensure that our employees have an effective voice at work to contribute positively towards the organization, ability to negotiate work relations efficiently & be an integral part of the decision-making process affecting the terms & conditions of their employment. MAS values the ability to create a collaborative work environment that allows direct & constructive dialogue between the employees and the Management without any fear of harassment and/or discrimination. To meet these aspirations, MAS has created 'Joint Consultative Committee' (JCC) consisting of freely elected representatives from the workforce who meet on a monthly basis with the management to discuss issues.

JOINT CONSULTATIVE COMMITTEES

The JCC regulations stand as of 2009 as given below, since the procedure has proven to be highly successful. The regulations will be revised as and when deemed necessary.

The Joint Consultative Committees (JCCs) at MAS Holdings are an important mechanism for giving employees a voice. While formal employee unions are not present, the company encourages freedom of association and operates with an open door policy. Joint Consultative Committee, present at every MAS facility acts as the forum through which employees are able to air their issues and grievances and allow any problems to be addressed. In addition it allows employees to play an active role in furthering the organization.

The JCC meets once a month and the meetings are attended by employee representatives (elected annually by the employees), representatives from the Human Resource division of the plant and representatives from the senior management. Issues affecting the organization and future plans and direction are also discussed besides handling other employee issues. Minutes are maintained and are made available for review. Suggestion boxes are also used to get employee feedback to be discussed at the JCC.

In addition to tackling grievances effectively, JCCs are also responsible for tackling a variety of projects over the course of the year for the wellbeing of the employees. JCC decisions tend to be well respected as the employee representatives are elected to their post, giving them the legitimacy to act on the employee interest. The elections are held during the Annual General Meeting, and the process is supervised by external parties including representatives from the Labour Department. JCC has helped the organization develop and thrive and simultaneously ensuring the employee interests are addressed.

Principle 4 - the elimination of all forms of forced and compulsory labour;

As a pioneer in ethical employment, MAS ensures that no form of forced or bonded labour is utilized in their facilities. All employees are given letters of employment or contracts depending on the type of employment. These ensure that terms of employment including pay, benefits and work conditions are spelled out clearly. Our HR policies cover freedom of movement and sets our procedures for recruitment, overtime/holiday work, night work and leave entitlements. MAS adheres to all labour laws within the countries it operates in. The audit processes check and ensure that these policies and requirements are complied fully.

Principle 5 - the effective abolition of child labour

No form of child labour is used by MAS in our operations. All MAS facilities have policies that governs the recruitment procedure that requires all hires to be above the minimum age limit of the existing national standard. MAS also requires all sub-contractors that provide services within the facilities to adhere to the same guidelines.

MAS COMPLIANCE

MAS is committed to ensuring our business will take place in ethical, moral, and responsible working environments. All MAS suppliers/ service providers must comply with the laws, rules and regulations of their country, province and locality. MAS is proud to be associated with recognized accredited initiatives like Ethical Trading Initiative (ETI), Worldwide Responsible Accredited Production (WRAP), Fairtrade, and Fair Labor Association (FLA).

We utilize global benchmarks and provide tools for the continuous improvement of workplace conditions in areas such as Forced Labor, Harassment & Abuse, Wages & Benefits, Working Hours, Child Labor, Discrimination, Women's Rights, Freedom of Association, Disciplinary Practices, Record Keeping & Documentation, Health & Safety and Security.

MAS clearly demonstrates its proactive role in compliance by adhering to legal and customer requirements. MAS has a zero tolerance policy against child labor, harassment & abuse, forced labor, discriminatory practices and infringement of women's rights as established by law. All suppliers and sub contractors must sign a service agreement to work with MAS and must provide full access to their facility and documents for verification of compliance.

MAS compliance is driven by divisional Compliance Managers and a Compliance officer present at each business unit which, undergoes a series of internal and external audits annually. These audits focus on five main areas; labour standards, brand protection, trade compliance, supply chain security and health & safety. Apart from the Compliance officer each business unit includes a Safety officer as well as an Environmental, Health & Safety team.

MAS Internal Compliance Audit introduced in 2009, based on FLA standards, was continued in 2010 in 23 apparel units unifying the practices across the group. All Sri Lankan business units carry Garments Without Guilt certification. The discrepancy in MAS business units between 2009 and 2010 with this certification is due to the merging of two plants. Based on specific customer/divisional requirements, each business unit goes through a set of audits of which WRAP and/or ETI acts as the baseline. A cluster of MAS facilities were removed from ETI and FLA certification hence, the numbers show a greater difference in comparison to 2009.

Each plant undergoes spontaneous and announced audits by customer compliance teams annually. In addition pre-audits will be introduced to the business units in 2011. ISO 14001 was implemented in two factories in 2010 with two others in the process of being certified. OSHA 18001 certification was obtained by another plant while one factory proudly boasts the recognition of both standards. 2011 and 2012 will see all MAS business units gaining these certifications. Three more plants have been certified with Fairtrade Cotton Production with one more joining the ranks in 2011. MAS plants possess WRAP A certification indicating the highest standards in implementation. The two primary facilities that produce apparel for Nike possess 'A' Grade Supplier Status with Nike.

Number of apparel business units in 2010	21
Number of apparel business units covered through the MAS Internal Compliance Audit	23
Number of apparel business units with WRAP A Certification	17
Number of apparel business units with ETI Approval	10
Number of apparel business units with Garments Without Guilt certification	17
Number of apparel business units participating in Fair Labour Association Accreditation	5
Number of apparel business units with no external certifications	0

Principle 6 - the elimination of discrimination in respect of employment and occupation.

Our commitment to equal treatment of individuals regardless of race, colour, sex, national origin, age, religion, marital status, sexual orientation, gender identity & expression, position they hold, disability or any other factors that are not work related has formulated the No Discrimination Policy. All decisions such as hiring, wages, benefits, promotion, termination and retirement are solely based on merit. Any violations of the above policy can be addressed through our Grievance Procedure, and action will be taken against violators according to our Disciplinary Procedure.

MAS is one of the first companies to add the 'disabled friendly' tag to all of its recruitment advertising, working jointly with the Employers Federation of Ceylon (EFC).

MAS initiated two positive action programmes to address the specific needs of redress structural disadvantages. MAS was a key stakeholder in introducing the Marks & Start programme in Sri Lanka along with Marks & Spencer plc and Motivation (a charity working for rights of people with disabilities). In 2004, MAS launched its flagship employee empowerment programme focusing on women; working on their career advancement, work-life balance, skill enhancement and recognition.

MAS has been working closely with the UN, EFC and Chamber of Commerce on Gender Equity. An initiative undertaken, encourages companies in Sri Lanka to adopt Sexual Harassment Policies in their organizations. Within MAS, a comprehensive policy document is in its final phase of evaluation.



CELEBRATING EXCEPTIONAL WOMEN WITH MAS WOMEN GO BEYOND

From a total number of over 45,000 employees at MAS Holdings, 85% belong to our ever growing female workforce, and this is why we as a company felt the need to support and uplift women who are committed to the development of the company they work for, as well as themselves. Making MAS Holdings a forerunner of ethical business in the global stage, we brought forward a powerful initiative to reward 'Women of Excellence', marking a new era for the apparel industry, changing the perception and social stigma surrounding 'sweat shops' in to one that is appreciative of progressive community growth.



THE PROGRAM HAS INITIATIVES ON FOUR KEY STRATEGIC AREAS

- Education for Career Advancement – Programmes under this category prepare MAS women for leadership positions within the organizations, starting from the blue collar jobs. IT training and English language skills prepare them for future progression while programmes on leadership and motivation, financial management and business etiquette give them confidence to move forward in their careers.
- Work Life Balance – Promoting balance between her work life with that of her family and most importantly her own. This category covers programmes on sexual and reproductive health, company sponsored health week and clinics, counselling programmes and programmes on beauty culture.
- Skills Development – The facilities have multiple programmes that help develop their intrinsic skills and talent, ranging from arts & crafts to performance arts and culinary. Some women have taken the full benefit from the training and have become entrepreneurs of their own business. Company events give opportunities to showcase their talents in art as well as performances.
- Rewarding Excellence – Awards of recognition are presented to female employees on their overall contribution to the organization as well as their work ethic and motivational skills. The annual Empowered Woman of the Year award celebrates the exceptional achievement of one woman from each facility at a gala ceremony.

Programme Category	Employee Participation for 2010
Education for Career Advancement	16,650
Work-life Balance	88,575
Skill Enhancement	21,835
Rewarding Excellence	38,785

These numbers indicate the total impact of all programmes conducted at different plants

MAS went through an appraisal and re-visioning of the programme after a period of five years, which resulted in tightening the programme definitions to focus on initiatives that are conducive to empowerment of women. Within the new parameters, the following table indicates the number of employees who benefited from various types of programmes.

A 'Go Beyond Champion' at each apparel business unit co-ordinates programmes that are structured around the needs and wants of the women working at the facilities. MAS also partners with other organizations such as Unilever and HSBC to provide some programmes.

A key new initiative for 2010 was the awareness and training programme on HIV/AIDS implemented in collaboration with the International Labour Organisation (ILO). Through this programme awareness building workshops were conducted for employees at all levels which focused on HIV and AIDS and its health, social and economic impacts. With a view to building in-house capacity and to ensure sustainability, the instruction of trainers as well as training of peer educators was conducted.

In 2010, MAS Active received the Gold Award from Ann Taylor, a key customer, for the project "Psychological Relief Through Counselling" implemented by the Women Go Beyond Programme.

In order to enhance the effectiveness of the Women Go Beyond programme, MAS Holdings has increased the Women Go Beyond core team by bringing in new employees with expertise in the areas of gender and social development.

Moving forward, the strategic framework of the Women Go Beyond programme for 2011-2013 will be aligned with the United Nations Global Compact –UNIFEM Women's Empowerment Principles.

MARKS & START

In 2003, MAS piloted the Marks & Start programme with Marks & Spencer (M&S) for the first time in South Asia, creating opportunities as well as a mechanism to bring people with disabilities into mainstream employment. Marks & Start is M&S' flagship community program, also a part of their 'Plan A' which addresses environmental and social issues. Apart from creating employment opportunities for people with disabilities, this programme also focuses on homeless, young, and single parents. For these groups of people, 'employability' gives a boost of confidence.

In Sri Lanka, ignorance and disability go hand-in-hand. Women with disabilities face 'double discrimination', and this was one target group that really needed our support. The apparel industry is the largest employer of women in Sri Lanka, and in 2003, the Marks & Start programme was launched at Slimline, a MAS apparel factory. The programme was conducted in partnership with Motivation UK, a British based charity working for the rights of people with disabilities and Rehab Lanka, a Sri Lankan NGO helping to skill people with disabilities.

The initial project kicked off in 2004 at the Slimline plant in Pannala, and focused on training women as sewing machine operators. They were supported by 'buddies' to help them transition to a work-oriented life in the factory. The programme was opened up for other suppliers to Marks & Spencer, using the model developed at Slimline. Now, with 12 suppliers for M&S on board, the programme has reached a total number of 320 people with disabilities currently working in 17 factories from Sri Lanka.

The programme also provides special assistance for skill development, organizes outings and cultural events for their benefit.

In 2010, a total number of 29 employees with disabilities were recruited to MAS factories through the Marks & Start programme. With this addition, MAS currently employs a total number of 74 people with disabilities through the Marks & Start programme.

THE INDOMITABLE SPIRIT — MAS IN SPORTS

Alongside MAS Holdings' rise to global fame as the largest apparel manufacturer in the South Asian region, there lies a story untold – that of its remarkable contribution to sport. Ours is a company that routinely goes out of its way to support men and women with active sporting careers. It is a company that creates opportunities for rural, underprivileged youth to rise to global fame through sports. A company with an elemental need to defy the norms and frameworks of the measurements of success. This is why we are known as a breeding ground for not mere athletes, but champions.

2010 was a year in that saw a tremendous surge in sports at MAS. We emerged boxing champions at the National Boxing Championships 2010 with the Slimline and MAS Southern Clubs grabbing the Men's and Women's titles respectively. Indumathie, a passionate young woman never let her amputation below the arm stop her from realizing her dream. She participated in the 100M, 200M and Long Jump events at the Paralympic Games 2010. Other noteworthy performances were also witnessed in sports such as karate, rugby, cricket and swimming, with MAS athletes competing at mercantile, club and national levels. Three MAS employees who are national cricketing heroes have also been chosen to represent the Sri Lankan national cricket team at the 2011 ICC World Cup.

Sport has played a large part of framing the spirit and culture at MAS, and a mindset that is fiercely competitive but also graceful in defeat. Our approach to sports is also about creating opportunities enabling the underprivileged to rise to global fame. Our commitment towards sustaining our employees and their futures comes from deep within. Our factories offer world class training facilities and foreign coaches, and provide necessary sporting gear and travel funds among other basic necessities. Programmes on Language, Information Technology and Career Skills Development have also been drawn up for a number of athletes. We have also opened our facilities and expertise to schools in our respective communities, where our trainers and boxing coaches work closely with schools to spot, train and nurture talent.



ENVIRONMENT

Principle 7 - Businesses should support a precautionary approach to environmental challenges;
Principle 8 - undertake initiatives to promote greater environmental responsibility; and
Principle 9 - encourage the development and diffusion of environmentally friendly technologies.

With the international economic situation improving towards end 2009, the MAS Apparel Board looking to shift gears identified Environmental Sustainability Systems as a strategic priority to move MAS into the future.

With this in mind a team was brought together from across MAS lead by Shirendra Lawrence a member of the Apparel Board. This team of about 20 individuals comprises of both technical & non-technical resources ranging from the engineering fields to finance to law.

The Vision of this initiative is to “To establish MAS globally as a leading apparel supplier, in the field of Sustainability”. Keeping this in mind the team has identified 8 main workstreams with the following objectives for each.

MAS began central measurement and monitoring of energy and water use of its facilities in 2009 and set initial targets to reduce energy use by 10% and water use by 20% within 3 years. Specific targets will be set after detailed analysis in 2010. To achieve these targets, MAS is upgrading infrastructure focusing on lighting and thermal comfort, standardizing energy management practices and building competency of energy managers across all business units. Centralised reporting mechanisms were introduced to understand how energy is used in the company and to take steps towards reduction.

1. Sustainability Standards	Create a framework for MAS Apparel to achieve its vision in sustainability by introducing a set of STDS
2. Eco Product	Conceptualize, design & develop Sustainable Products
3. Waste Management	Develop Source Reduction & Resource Recovery Programme
4. Energy Management	Optimize energy usage
5. Water Management	Optimize water usage
6. Carbon Emission Management	To minimize the carbon footprint of MAS product value chain and move towards a carbon positive future
7. Sustainability Culture	Develop a culture - conducive for sustainability initiatives & make sustainability a 'way of life' at MAS
8. Sustainability Branding	Enhance global positioning of MAS on sustainability

Under each of these workstreams specific programs have been initiated. An Environmental Sustainability Policy has been formulated for MAS and published. ISO 14001 has been identified as the Environmental Management System to be implemented across MAS facilities. Currently most of the manufacturing units are working towards ISO 14001: 2004 certification which will help us establish a comprehensive environmental management system in all of our plants. With the increase in energy prices across the world, and the demand on supply, MAS has initiated many projects to make the Company energy efficient. Some of the projects we have identified are energy monitoring & measuring, introducing energy efficient fittings, cooling system optimization etc. Energy Management forms one of the major components of the MAS Environmental Sustainability Strategy. Tied closely to Energy Management is our Emissions Management program where we have calculated our Carbon footprint and are exploring various opportunities to reduce same in the future. Our water management program concentrates on using water efficient fittings, rain water harvesting, better behavioural water usage practices, better use of ground water etc. Good waste management is a challenge in Sri Lanka due to the lack of supporting infrastructure especially in the disposal of hazardous waste. Currently we are evaluating various waste disposal companies who can provide us suitable waste disposal services. While we are working with some companies on disposal of non hazardous waste, hazardous waste disposal continues to be a challenge.

While we have launched specific projects across the company, one thing that we are very clear of is the importance of establishing a culture conducive to sustainability within the organization as well as in the communities we operate in. With this in mind we are embarking on many projects that will take the message across to all levels of employees in the organization.

While we are working with some of our key customers and key suppliers in creating carbon Neutral products, the work done so far are in the preliminary stages.

Once the MAS Environmental Sustainability Initiative is well established and we reap the results, we will be publishing our first public sustainability report.

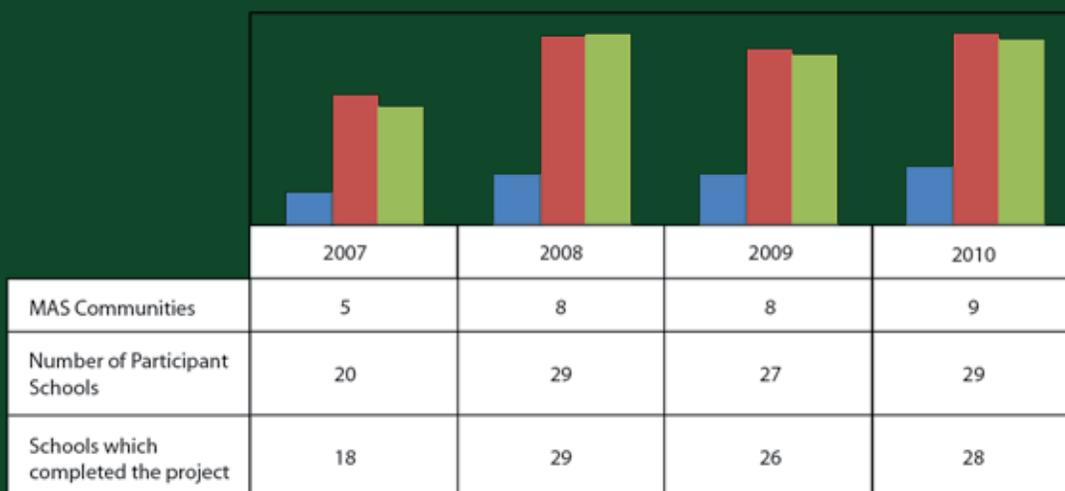


MAS

ECO GO BEYOND

Eco Go Beyond is a key strategic corporate responsibility initiative launched in 2006, which focuses on sustainable development education and mindsets. Whilst sustainability is emerging as a key global concept it is not taught as part of Sri Lanka's school curriculum; the UNESCO/UNEP sustainable consumption report of November 2000 reiterates this. The model and curriculum was developed by accessing expertise in the field from the United Nations Environment Programme (UNEP), Youth Exchange (YXC) and the Consumer Citizenship Network's (CCN) LOLA toolkit. This initiative is endorsed and supported by the Ministry of Education in Sri Lanka. We came up with the concept of creating an understanding of applicability to youth as tomorrow's leaders.

After being piloted in 2006 Eco Go Beyond was launched in 2007 as a full-fledged community outreach programme of MAS Holdings in 2007 and has been operational for 4 years. The programme has expanded and evolved within this time. The project content evolved from either social/environmental/economical projects in 2007 to Triple Bottom line projects in 2008 to Community based Triple Bottom Line Projects in 2009 and 2010.



Programme 2010

In 2010 MAS conducted this programme in 28 schools in 9 MAS communities (Slimline, Slimtex, Bodyline 1, Bodyline 2, Linea Aqua, Linea clothing, MFP, Synergy and Unichela Koggala). All the projects submitted by schools last year were community based. As in 2009 the Eco Go Beyond Leadership Camp was held in MAS Fabric Park (MFP) where participant numbers were increased from 2 to 4 per school.

The winning project for 2010 was that which was submitted by Siyane National School in Dompe. Their project was titled 'Securing the future through child nutrition' and this entailed choosing ten families from the community where nutrition was inadequate, updating the families on nutrition with the help of the public health inspectors of the area and furthermore supplementing the said families with nutritional needs through school based donations.

In second place was Maputugala Maha Vidyalaya of Horana. With the self-explanatory title of 'Making Handcraft items using discarded cloth' their project created a path of additional income for ten households through the vocational training given in making items from rags. They also established a sales point for these items. Dombagoda Maha Vidyalaya a debutant to the programme was placed third with their project of 'Plantain plantation to assist community'. This project achieved sustainability on the two platforms of utilizing previously abandoned land and also creating additional income to an impoverished community.

Programme Outline 2011

Taking into consideration the evolving trend on the subject and the development of the schools, the following programme changes have been formulated. The programme will be a sustainable development education programme along the lines of an Environmental Management System (EMS). The full implementation of which will be 3 years 2011-2013. This will be school based to once again fortify the participant schools. In 2011 the initial step will encompass measuring and determining the current situations in schools with regards to solid waste management, energy and water consumption, green cover, productivity, nutrition and lifestyles. Programme period will be Feb-Oct 2011.



THE REJUVENATION & REVITALIZATION OF BUNDALA NATIONAL PARK

MAS Holding's commitment to conserving the environment is a key building block of our DNA. Our conservation initiatives are both internal and external projects that we execute with passion. The Bundala Project has been underway since 2006 and is a prime example of MAS's pledge to protect and develop the environment and surrounding communities.

The Bundala National Park spans 6212 hectares of land and is a vital wintering site for migratory birds and was declared a protected area in 1969. However, the encroaching growth of plants such as "Proposis Juliflora" and Cactus lead to the gross desecration of the park's ecosystem. The spread of these pests lead to detrimental implications for the plants and animals that are indigenous to the park.

The Bundala Project is the brainchild of MAS Linea Aqua and is a unique eco rejuvenation project. This environmental protection plan focused on reversing the harmful effects caused by the aggravated growth of hostile plant species.

The success of this project is largely attributed to the close knit teamwork that has gone into coordinating, managing and executing the task. MAS Linea Aqua employees had the sole responsibility of collecting funds through sponsors, finding workers for the project, managing the labor and ensuring that the overall project ran smoothly.

In 2006, MAS Linea Aqua made a commitment to clearing and restoring 200 hectares of the Bundala National Park back to its original healthy state. The main target of this project was to restore the park to its natural beauty; however, as a result of this project the surrounding communities gained various benefits. This project has provided locals with employment opportunities in the form of working towards the cause and additional indirect employment as the tourism industry in the area continues to develop.

As of 2006, a total of 115 hectares have been cleared up at the Bundala National Park, with 15 hectares being cleared in 2010 alone. In addition to clearing this area, a replanting initiative has also commenced. This initiative will ensure that the growth of the area's flora & fauna is catalyzed. Workers have begun replanting trees and plants that are native to the area. Up to date, a sample of over 600 plants have been replanted in a sample area of one hectare, if this initiative proves to be successful it will be continued throughout the course of this project.

As we work towards the last leg of the project, the real benefits of this project are visible to those who have seen the positive transformation that this park has undergone through the years. The return of flora, fauna and vitality to this national treasure is of immeasurable value and it makes us proud to have undertaken this project.



இந்தரூ காசிவ ருணா கிவிடூ
புந்தல தேசியபூ ங்கா
Bundala National Park Entrance



UPDATE ON THE KALU GANGA PROJECT



As was mentioned in the MAS Holdings COP Report for 2009, we initiated a project that revitalized the Southern Bank of the Kalu Ganga, bordering the rural village of Bolessagama in Kalutara District. This village was adversely affected by heavy floods due to soil erosion, more so during the past year due to the unpredictable weather patterns.

The village community falls below the poverty line, and the community school, the Bolessagama Maha Vidyalaya is situated right on the Kalu Ganga river bank. MAS employees of the Unichela plant has in previous occasions assisted the students as well as the community by providing them with basic necessities during difficult times, even enhancing their education and living standards. The teachers and students have done a considerable amount during the past few years to alleviate this issue by planting trees along the river bank, but lack of funds and suitable plants diminished the efforts. Unichela joined hands with the village community to plant Kumbuk trees along the river bank, progressively reducing soil erosion, in turn securing the lives of those living in surrounding areas. The Pilot Project was the plantation of the trees along the river bank, and several smaller projects were carried out in parallel, such as awareness and educational campaigns, volunteer recruitment, preparation of fertilizer, and tree planting competitions on the river bank to create more enthusiasm among the students. We consulted botanical specialists for project assistance.

Though still at the initial stages of the project, we have continuously driven awareness campaigns that would hold the interest of the community. In 2010, we awarded certificates to those students who have made an extra effort to sustain the plants across their own assigned plots of land; 300 plants were assigned to the care of students, and we were encouraged by the attention they have given to the project. The trees that died due to external damage and bad weather conditions were also replaced last year. Estimations show that it will take approximately 7-8 years for these trees to control soil erosion. We continue to monitor the project during the next year, making sure that the community garners the best results for a sustained future.

THE MODEL FARM PROJECT - PANADURA



Towards the end of 2010, the employees of the Unichela plant ventured on a new project, that of initiating a Model Farm to create awareness among school students. This farm was built within the Diamond Jubilee College premises in Panadura, and acts as an educational and practical example of how home farming can serve as a sustainable life-source to the community, and to students of all schools in the Kalutara district. Since the project is still in its initial stage, we hope to be further involved with the students throughout 2011.

THURULIE - GLOBAL RECOGNITION

In 2008, MAS Intimates Thurulie became the world's first purpose built eco-manufacturing plant. Working in conjunction with M&S 'Plan A', Thurulie was designed for a low ecological footprint with 40% reduction of energy and 50% reduction of water use compared to a conventional factory. Fully powered by renewable energy sources, the facility was certified the world's first LEED Platinum New Built Factory by the US Green Building Council.

In 2010, MAS Intimates Thurulie was feted with the coveted Globe Award for Sustainability Innovation for 2010. The jury, consisting of a group of eminent global personalities chaired by Philip DesAutels, Manager of Academic Evangelism, Microsoft, and researcher at Bentley University selected MAS Intimates Thurulie as a prime example of innovation that converges sustainable development with successful business ethics.

The Globe Sustainability Innovation Award is presented in four categories: Sustainability Research, Sustainability Innovation, Sustainability Reporting and Sustainable City. Six criteria were used to evaluate and judge the candidates nominated for the Sustainability Innovation Award, namely Prime (genuine innovation), the economic viability, social viability, ecological viability, renewability, and ethical viability. The Globe Award Ceremony was held in Stockholm alongside the Globe Forum Business Sustainability Conference in April 2010.



ANTI-CORRUPTION

Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery.

Corruption at any level is not overlooked at MAS, and this is why the company has developed systems and processes to ensure the same. MAS uses a supplier accreditation process that ensures corruption does not come into play when negotiating suppliers and rates. Recruitment, promotion and increments are based on performance and merit, used with rigorous performance management systems. The company collaborates closely with customers and brands on brand protection initiatives to ensure that defective and excess products are managed properly ensuring brand integrity of customers of MAS. Working closely with their suppliers, MAS also has a non-encroachment approach to recruitment where without formal approval of Supplier Management no candidate can be cross interviewed.

THE WAY FORWARD

Sustainability has always been part of the MAS culture where it has gone hand in hand with our commitment to our employees and communities we are based in. MAS continues to strengthen its commitment to sustainability by integrating the key elements into its decision making process and metrics.

The Sustainability Report scheduled to be released in 2010 was deferred to encompass our extended sustainability goals and deeper engagement stemming from our sustainability plan reported in the environment section above.

MAS has always strived to achieve the ten principles of the Global Compact through not only our day to day operational practices but also through specific target projects and programmes. The Global Compact gives us the ability to be exposed to the wider global sustainability objectives and to align ourselves to these in a more meaningful manner. As signatories we will continue to strive for greater excellence as a corporate citizen.

