

Enabling an Information Society

Dialog Telekom PLC Sustainability Report 2008



At **Dialog Telekom PLC**, our allegiance to the management of the Triple Bottom Line (TBL) through monitoring and reporting of sustainability indicators, reflect the maturing of a corporate that understands it is not only about the financial bottom line, but also about how this is achieved.

Dialog Telekom sees this as a responsibility; to carry through our innovativeness towards developing and enhancing business integral TBL systems to ensure our sustainability in new ways, in addition to subscribing to globally recognised norms. Monitoring of Performance Indicators according to the GRI (Global Reporting Initiative) G3 guidelines¹ enables Dialog Telekom to elicit comparable information on the interplay between economic, environmental, and social performance of the organisation.

The following report portrays a picture of the organisation’s performance in 2008 in a transparent and balanced manner, to enable an unbiased assessment of overall TBL performance for the benefit of our stakeholders.

¹For full explanations of the indicators or for more information on the GRI, please refer the GRI G3 Sustainability Reporting Guidelines document or visit the GRI website (<http://www.globalreporting.org/Home>).



CONTENTS

USING THIS REPORT	03	ENVIRONMENT	23
MESSAGE FROM THE GROUP CHIEF EXECUTIVE	04	SOCIAL	30
INDEPENDENT ASSURANCE AND RATING	06	OUTREACH CR	40
MILESTONES ACHIEVED IN CORPORATE		THE CHANGE TRUST FUND AND PHILANTHROPY	54
RESPONSIBILITY FOR 2008	08	TARGETS FOR 2009	61
REPORT BOUNDARY AND SCOPE	10	GRI CONTENT INDEX	62
BUSINESS INTEGRAL CR	18	GLOSSARY	66
ECONOMIC	20	LIST OF TABLES, CHARTS, DIAGRAMS AND BOXES	67

REPORT PROFILE

This report covers the activities of Dialog Telekom PLC for the financial year ending 31 December 2008. Initiatives and activities undertaken prior to this period have been mentioned where relevant so as to provide clarity on context. This is Dialog Telekom's maiden Sustainability Report subscribing to the GRI G3 guidelines although the company has been reporting on Corporate Responsibility (CR) on a yearly basis since the 2005 (inaugural) Annual Report, as a public quoted company.

Dialog Telekom will continue to report publicly on Sustainability with an enhanced approach under GRI guidelines, from 2008 onwards on an annual basis.

Any queries regarding this report or content can be directed to the E-mail address:
responsibility@dialog.lk

Further information to that provided within the scope of this report on Dialog Telekom's CR thrust maybe found at the website
www.dialog.lk/responsibility

Dialog Telekom PLC's maiden Sustainability Report is in accordance with the Global Reporting Initiatives G3 Guidelines. This report has been verified independently by Det Norske Veritas AS, and carries a GRI Application Level of A⁺ (Third party checked) rating. This Report should be read along with Dialog Telekom PLC's 2008 Annual Report for a complete representation of GRI core indicator information. This report also serves as Dialog's UN Global Compact Communication on Progress Report (COP) for the 12 month period ending 31 December 2008.


		2002							
		In Accordance	C	C+	B	B+	A	A+	
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured			
	Third Party Checked								
	GRI Checked								

Diagram 1. Report Application Levels

USING THIS REPORT

This is Dialog Telekom PLC's first attempt at a Sustainability Report in accordance with the GRI G3 guidelines. The report structure does not strictly adhere to the order of the indicators as included in the GRI Sustainability Reporting Guidelines; rather, the report composition uses an assemblage of related indicator clusters in a meaningful way to the organisation, to enhance readability. The GRI content index found on page 62 of this report also allows easy navigation to the relevant pages of the report that contain details pertaining to the aforementioned disclosure.

As sustainability principles have been integrated within the Dialog Telekom Group, certain GRI standard disclosures are included in specified sections of the Annual Report, rather than duplicating information in this report. These are clearly indicated in the GRI index table and will not be found in the body of this report. This report contains forward-looking statements characterised by the use of words and phrases such as 'anticipate', 'project', 'may', 'believe', 'predict', 'expect', 'continue', 'will', 'estimate', 'target' and other similar expressions. Our business operates in an ever-changing macro environment and is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements.

Such statements reflect the expectations of the Group and may or may not turn out as predicted. Readers may enhance their judgment on the issues included in this report by supplementing their understanding through information provided in the Dialog Telekom PLC 2008 Annual Report².

²The Dialog Telekom Annual Report can be accessed on line at <http://www.dialog.lk/about/investors/financials/annual-reports/>

MESSAGE FROM GROUP CHIEF EXECUTIVE

"Our unfeigned CR focus pivots on a philosophy of innovative inclusion based on agendas of value and materiality to stakeholders across the economic pyramid in a manner which delivers sustainable development"



Dr. Hans Wijayasuriya

GROUP CHIEF EXECUTIVE

Our unfeigned CR focus pivots on a philosophy of innovative inclusion based on agendas of value and materiality to stakeholders across the economic pyramid in a manner which delivers sustainable development.

We are mindful of the delicate balance we need to strike between delivering strong financial growth with development that is sustainable. More importantly, we see this challenge as an opportunity to draw on our innate forward-looking organisational culture to deliver socially innovative and inclusive multi-sensory ICT services, which lead towards the digital empowerment of all Sri Lankans, resulting in the actualisation of an information society.

Emergent empirical evidence on sustainability suggests that information societies are 'greener societies', by far, thereby shifting doubts on the enabling potential ability of ICTs to leapfrog development goals beyond notions of conjecture. The most significant impact of ICTs is indirect, by transforming the way individuals, enterprise and other parts of society work, communicate and interact. The beneficial impact of pervasive ICTs on productivity and access to information, which helps to lower information asymmetry and thereby poverty at the base of the pyramid, is of particular interest to our future sustainability thrust.

The evolution of a Triple Bottom Line approach to managing sustainability performance at Dialog Telekom has been a gradual yet exhaustive process that surpasses anecdotal CR rhetoric. In 2008, we remained steadfast to our commitment that ensured corporate responsibility at Dialog begins by managing our organisations own footprint. This first Sustainability Report, therefore, marks a beachhead in the evolution of CR endeavours at Dialog, leading towards greater transparency and opportunity.

In 2008 we strived to reach an equilibrium between integral and outreach focussed CR activities. The integral CR focus refers to 'how we do business' as a responsible organisation and pervades our business 'operations', while our outward CR thrust supports National Development Goals through 'strategic community investments' that ultimately fulfill the overarching Millennium Development Goals.

Overall, the goal for Dialog's CR programme in 2008 was to inform and nurture an organisational culture that cares and respects the rights of society and those of future generations. This maiden Sustainability Report illustrates our performance with respect to this endeavour and also records our renewed commitments for 2009 alongside key performance measures.

2008 saw the company embark on many ambitious programmes with strong sustainability underpinnings. Foremost among these is the pioneering Green Power Trial in collaboration with the GSMA Development Fund that aims to pilot a multi-vendor hybrid renewable energy base station project across ten sites in Sri Lanka. Dialog also made vast strides in establishing data capture tools in accordance with the Global Reporting principles, to ensure key sustainability gaps and opportunities are captured proactively. This maiden Sustainability Report provides a balanced account of our achievements in this sphere and underscores our commitment to deliver on our vision to empower and enrich Sri Lankan lives and enterprises, paving the way towards an Information Society.

Dialog also reaffirmed its commitment to the Global Compact and released its first Communication on Progress to the United Nations Global Compact in 2008. We will continue our support for the UN Global Compact and continue to champion the Communications Sector as a member of the United Nations Global Compact Sri Lanka Steering Committee in 2009.

In 2008 we invited our stakeholders to share with us their views, with regard to our Triple Bottom Line performance as a responsible business entity. Their feedback framed the 'material issues and opportunities' for Dialog and provided alignment to our proposed CR focus for 2009 and beyond. This stakeholder driven roadmap will enable Dialog Telekom to deliver social and economic dividends in support of National Development Goals, whilst pursuing prudent and ethical business processes that factor sustainability along the Triple Bottom Line within its operations. We will use this constructive stakeholder feedback to refine our Triple Bottom Line thrust in 2009, in order to address the most material issues that impact sustainability.

The year 2008 was a challenging one in terms of maintaining our profit leadership status against a changing competitive landscape and macro-economic fluctuations. Multiple economic variables coupled with rising costs have adversely affected our bottom line performance in 2008. While we brace ourselves for a challenging year ahead, amidst a volatile macro-environment, our CR thrust will be underpinned in the main by integral CR business practices and our innovative connectivity based social development initiatives. We are steadfast in our conviction that CR perceived in this manner will be an integral element in our efforts to re-establish Dialog's profit leadership status in 2009.

Our interpretation of nascent CR strategy will draw a strong distinction between philanthropy and integral CR. At a time when corporate giving will have to be rationalized, we believe, CR delivered in this way is more prudent and sustainable, since it is integral to the ongoing business. Viewed in this context, socially responsible corporate decision-making at Dialog will range from investment decisions all the way to innovation that challenges us to deliver low- cost multi-sensory connectivity and to minimise entry barriers confronting traditionally marginalised segments of society.

Against the present macro-economic conditions, Dialog's holistic approach to CR is fundamentally dependent on maximising value for all stakeholders thereby enhancing our license to operate competitively and sustainably.

We will continue to refine our CR thrust through 2009 by listening to our stakeholders, enhancing integral and outreach initiatives, nurturing our supply chain and downstream businesses, empowering and developing our employees through the provision of equal opportunities and ensuring our products and services are developed and marketed in a responsible manner to ultimately enrich and empower all Sri Lankans, equitably.



Dr. Hans Wijayasuriya

Group Chief Executive

01 March 2009



INDEPENDENT ASSURANCE STATEMENT

INTRODUCTION

Det Norske Veritas AS ('DNV AS') has been commissioned by the management of Dialog Telecom PLC ('the Company') to carry out an assurance engagement on the Company's 2008 Sustainability Report ('the Report') in its printed format against the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0 (G3).

Dialog Telecom PLC is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of Dialog Telecom PLC only and in accordance with terms of reference agreed with the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete, sufficient and true.

SCOPE OF ASSURANCE

The scope of work agreed upon with Dialog Telecom PLC included the following:

- Verification of the entire Report covering social, environmental and economic indicators for the period 1st January 2008 to 31st January 2008.
- The boundary of the Report covers all strategic business units (SBUs) under Dialog Telecom PLC, Colombo including subsidiaries Dialog Broadband Networks (Pvt.) Ltd (DBN) and Dialog Television (Pvt.) Ltd (DTV).
- The verification was carried out in two stages: First we undertook verification of the systems, processes and application of the GRI reporting principles, and then we focussed on the Report and its content with reference to GRI G3 and AA1000AS (2003).
- DNV carried out the first stage of verification during August 2008 and the second stage on site verification was carried out during March 2009.
- The report was verified for GRI Application Level "A".

VERIFICATION METHODOLOGY

Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting. The Report has been evaluated against the following criteria:

- Adherence to the principles of Materiality, Completeness, Neutrality, Reliability, Responsiveness and Stakeholder Inclusiveness, as set out in the DNV Verification Protocol for Sustainability Reporting, and
- The GRI 2006 Sustainability Reporting Guidelines Version 3.0, its Application Levels and AA1000 AS (2003).

As part of the verification DNV AS has challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by Dialog Telecom PLC.
- Visited the Head-Office and SBUs including subsidiaries located in and around Colombo (i.e. Corporate Finance, Human Resource Management & Development, HR Operations, Dialog Academy Corporate Planning, Corporate Development, Quality Systems, Management Information Systems, Risk Management, Network Planning, Site Acquisition and Projects, Legal & Regulatory Affairs, DTV, a switching station and an e waste storage site).
- Conducted interviews with 26 key representatives (including data owners and decision-makers from different divisions and functions) of the Company;
- Performed sample-based reviews of the mechanisms for implementing the Company's own sustainability-related policies, as described in the Report, and for determining material issues to be included in the Report;
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report;
- Reviewed the process of acquiring information and economic data from the financial data presented in the 2008 certified consolidated balance sheet.
- Witnessed two stakeholder engagement sessions, in the role as observer.

CONCLUSIONS

In DNV's opinion, the Report is an accurate and fair representation of the Company's sustainability-related strategies, management systems and performance. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':



Materiality: Acceptable. The internal processes are considered adequate in bringing out issues of significance, and these issues are fairly covered in the Report.

Completeness: Good. The Report covers performance against the GRI G3 core and additional indicators that are material within the Company's reporting boundary.

Neutrality: Good. The Company has reported sustainability related issues in balanced manner, in terms of content and tone. Both positive & negative material issues are reported.

Reliability: Acceptable. The Company has developed its own data management system (CR Navigator) for capturing and reporting its sustainability performance. Some technical inaccuracies, related to calculation of environmental indicators, were identified and have been subsequently addressed.

Responsiveness: Acceptable. The Company has adequately responded to the stakeholder concerns through management systems and related documentation; however, it needs to enhance its communication process for sustainability issues across the organisation on an ongoing basis.

Stakeholder Inclusiveness: Good. The Company has effectively identified the expectations of stakeholders, partly through internal mechanisms and partly through an external agency in order to strengthen its dialogue with different groups of stakeholders.

The Company has self-declared that it meets the GRI Application Level "A", and DNV AS confirms that the GRI Application Level "A" has been met.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities reported back to the management of Dialog Telecom PLC. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- Implementation of systematic internal review and auditing of internal data management system will help further improve the reporting process by increasing the reliability of reported data.
- Further strengthening of the materiality assessment approach to identify issues which go beyond the GRI indicators (including the GRI Telecoms Sector Supplement) and developing performance metrics for material issues will enable benchmarking with sector peers.
- Extending stakeholder consultation and communication, specifically on the sustainability context, to a wider range of stakeholder groups to further improve understanding of the expectation and needs and incorporate these as inputs as part of the strategic planning process.
- Identifying significant operations at risk (if any) due to human rights issues in its non-local supply chain will strengthen the vendor evaluation system.

DNV'S INDEPENDENCE

DNV AS was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV AS did not provide any services to Dialog Telecom PLC during 2008 that could conflict with the independence of our work. DNV AS maintains complete impartiality toward stakeholders interviewed during the verification process. DNV AS expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For

Det Norske Veritas AS

Signed

Signed

Vadakepatth Nandkumar
Lead Verifier
Det Norske Veritas AS, India

Dr Helena Barton
Service Area Manager: CR Report
Verification
Det Norske Veritas AS

Bangalore
19-05-2009

CR ACHIEVEMENTS AND RECOGNITION

Dialog Telekom has been recognised, consistently, as a leader in the mobile industry for its innovative spirit and focus particularly in terms of leveraging GSM technologies for the benefit of the community. This focus has made Dialog the only company in the World to be awarded three consecutive GSMA world awards for leveraging GSM technology in the community.

GSM World Award 2001

2001 GSM World Award for the idea behind the Change Trust Fund initiative, a unique system where Dialog post-paid customers are given the opportunity to donate half a per cent (0.5%) of their monthly bill up to a maximum of Rs. 25/= with the company matching the contribution, which would be used for charity.

GSM World Award 2002

2002 GSM in the Community Award on Wireless Accessibility for SMS 112, a SMS based emergency call facility for the hearing and speech impaired.

GSM World Award 2003

2003 GSM in the Community Award on Best Use of Wireless in Emergency Situations for Dialog's blood appeal, matching and donor management system



In 2008 Dialog Telekom PLC was awarded two accolades for its consistent and inclusive CR outcomes.



CR Awards and Recognition in 2008

Excellence Awardee at the Asian CSR Awards 2008:

Dialog Telekom PLC received an Excellence award at the Asian CSR Awards in the 'Concern for Health' category for its state-of-the-art Ratmalana Audiology Centre programme. The Asian CSR Awards is recognized as the leading awards programme on Corporate Social Responsibility (CSR) in Asia and is an inherent component of the annual, regional Asian Forum on Corporate Social Responsibility (AFCSR) conference and Expo. AFCSR 2008 was co-presented by the Asian Institute of Management's RVR Centre for Corporate Social Responsibility (AIM-RVR Center) and Singapore Compact for CSR.

Rated No.1 for Corporate Social Responsibility by AC Nielsen (LMD 2008 Most Respected Survey)

Dialog Telekom PLC was named the No.1 organisation for Corporate Social Responsibility by the LMD magazine which commissioned a study undertaken by AC Nielsen an independent research organisation in 2008. The study was conducted among a sample of business leaders in Sri Lanka and saw Dialog progress from the No.2 spot in 2007 to the No.1 in 2008.

Awarded a Silver Award for CSR Brand of the Year 2008 by the Sri Lanka Institute of Marketing.

MILESTONES ACHIEVED IN CORPORATE RESPONSIBILITY IN 2008



Digital Learning Bridge/
Nenasa: Signing of MoU with
Ministry of Education & NIE



Listening Library &
Therapeutic Centre gifted to
Ranaviru Sevana

Staff e-Bills
launched



SMS Blood service improved & re-launched



M-Waste collection reaches 10,000
units

January

February

March

April

June

July



Mobile Environment
Education Programme
launched



Group Legal Policy
& Procedure Manual
launched

One Change
project completed



One Change Trust Fund
project completed



Ganemulla Commando Regiment
Water Therapy unit gifted

Two Change projects completed

Change Trust Fund
Annual General
Meeting held and
two projects
completed

Three Change
project completed

REPORT BOUNDARY AND SCOPE

Effort has been made to ensure completeness of the report with regard to dimensions of scope and boundary for the reporting period. This report covers the performance of the following entities for the reporting period January 1 to December 31 2008:

For the entity Dialog Telekom PLC (hereinafter referred to as the 'Company') and for the Dialog Telekom Group (hereinafter referred to as the 'Group'), derived from a consolidation of Company performance with those of its subsidiaries Dialog Broadband Networks (Pvt) Ltd (DBN), and Dialog Television (Pvt) Ltd (DTV).

REPORT SCOPE AND OUR STAKEHOLDERS

The issues covered in the report are the most material issues to Dialog Telekom in the context of sustainability. Parameters such as short term risks to the Group, impact on strategic objectives, impact on stakeholders, proximity to best practices and effect on social norms were used to determine materiality, in accordance with the AA1000 Assurance Standard. The issues raised during stakeholder engagement with the highest ratings were also identified as appropriate to be given prominence in reporting. In order to ensure a balanced and reasonable

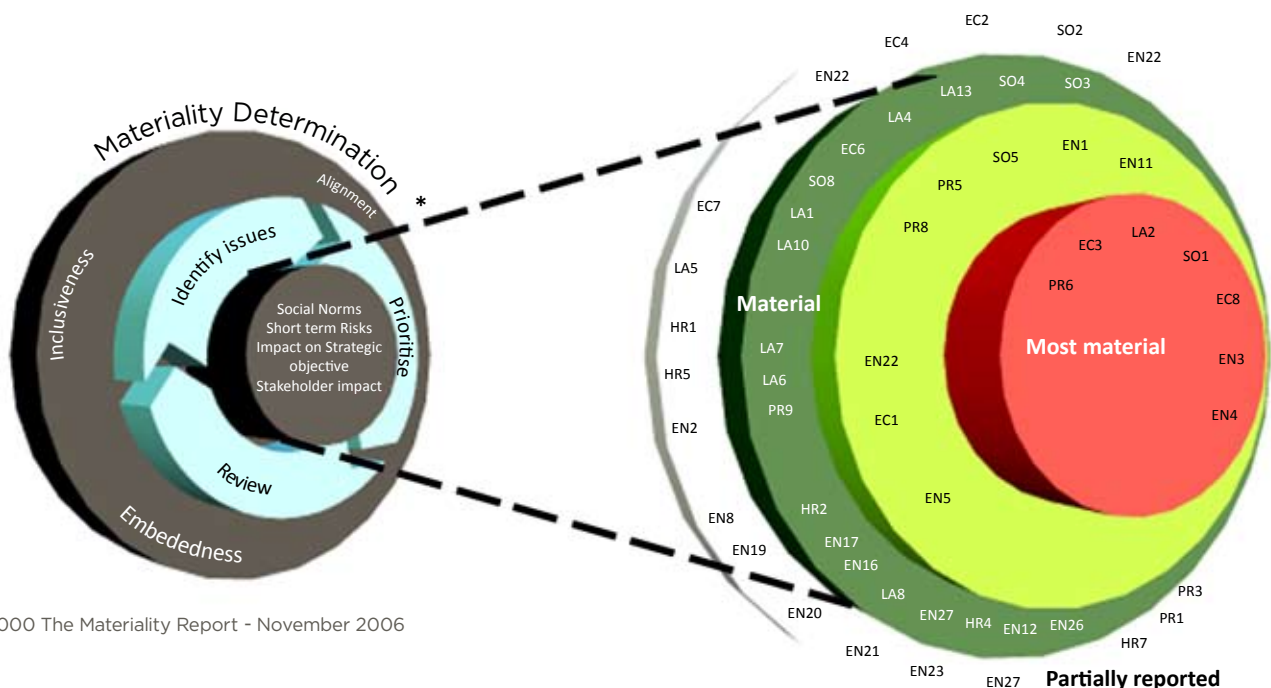
representation of the organisation's performance, this materiality determination was used to select the depth of content covered. Diagram 3 illustrates the selection of material issues and methodology of giving prominence to associated standard disclosures in this report.

The stakeholder feedback process was conducted by an independent research agency in order to ensure impartiality. This played a part in avoiding any bias that could have arisen half Dialog Telekom representation had



Diagram 2. Milestones Achieved in CR

been present during the interactions. The study was conducted in accordance with the AA1000 assurance standard in order to be compliant with the globally accepted Global Reporting Initiative (GRI) framework, which provides the basis for this Sustainability Report.



* AA1000 The Materiality Report - November 2006

Diagram 3. Materiality Rating Test

The Stakeholder Segments used for the purpose of reporting and included: Customers, Employees, Regulators and Government, Business Partners, NGOs and Pressure Groups as well as Opinion Leaders (comprising Professionals and Academics) to lend their voice on behalf of the wider community. The selected research agency shared their findings of the study on 2 December 2008 with members and representatives of the Dialog CR Group Leadership Committee.

The findings provided insightful stakeholder perspectives that contributed to determining the most material issues for inclusion in the Sustainability Report as well as input for areas that the Group would focus strategically in terms of CR practice in 2009, thereby ensuring relevant stakeholder perceptions are factored in to Dialog's Sustainability agenda.

Market research requirements consisting of Strategic understanding, Idea development, Mix evaluation, Market activation and Market monitoring provided the basis for identification and selection of stakeholders consulted for market research purposes.

In addition to the stakeholder consultation carried out for the purpose of the report as mentioned above, the Group also engages with stakeholders encompassing Investors, Dealers & Distributors, Corporate entities, Customers and Employees, for these research purposes. Table 1 below indicates the type of engagement carried out for research purposes. Information on surveys conducted by Dialog Telekom to gain accurate insight in to customer perceptions of service provided is covered under PR5, in the product stewardship section of this report. Further details pertaining to engagement with investors can be found in the Corporate Governance section of the Annual Report.

<http://www.dialog.lk/about/investors/financials/annual-reports/>



Type of Stakeholders	Sub categories	Engagement/Research
Customers	Retail customers, Corporate customers	Brand Health Track – Advance Tracking Programme (ATP)
		Customer Satisfaction Survey
		Understanding Sustainable Performance
		Youth Panel
Shareholders	TMI	
	Other Share Holders	
	Financial lending institutes	
Workforce	Employees (4000+)	Understanding Sustainable Performance
Suppliers	Local	
	Foreign	
General public		Understanding Sustainable Performance
Other stakeholders	Government & Regulatory	Understanding Sustainable Performance
	Distributors & Retail network	Trade Needs, Trends & Satisfaction Tracking Study
	Other Telecom Operators	
Communities		Understanding Sustainable Performance

Table.1 Stakeholder Engagement and Research

CHANGES FROM PREVIOUS REPORTS

This is Dialog Telekom's first attempt at a sustainability report subscribing to the GRI G3 guidelines. Where assumptions are used about data presented or any restatements of information (from the previous Corporate Responsibility sections of the Annual reports issued by the company) are made, they are clarified in the relevant section of the report. The report has been compiled by the Dialog Telekom Group Corporate Responsibility unit, with input from the Dialog CR Group Leadership Committee, selected internal stakeholders, divisional experts in identified topics and 'indicator owners'.

CR MANAGEMENT APPROACH AND BUSINESS CASE

Our CR philosophy is based on our commitment to ensure that the pervasive nature and enabling potential of ICTs reach all local communities within which we operate.

Dialog's CR strategy has a short term as well as a long term dimension in order to address the varied relevant expectations of stakeholders, as is the case generally, in the Global South. Dialog ensures that the ambit of CR is based on an inclusive business model, which implies that our commercial operations and strategic community investments take into account legitimate stakeholder impacts and concerns across all strata of society. The precautionary principle is thereby an intrinsic element in our approach to Corporate Responsibility. Dialog acknowledges that CR applied in this manner enables the management of our holistic business footprint providing for social, economic, and environmental balance through the moderation of adverse impacts.

This necessitates a distinction between what we refer to as business integral CR from philanthropy. Integral CR implies that regular business decisions are taken with due diligence given to socio-economic and environmental impact considerations (triple bottom line), instead of being based solely along conventional commercial considerations (bottom line). Altruistic outreach CR initiatives, often the de facto face of CR, may on the other hand be less sustainable in the absence of a clear business case. Nevertheless as an organisation operative in the developing world, Dialog is called upon to contribute towards altruistic causes that address National Development goals. Although this is our first attempt at reporting these endeavours through a comprehensive Sustainability Report in accordance with the G3 guidelines in 2008, both integral and outreach CR attributes of our dual approach have been inherent to our corporate philosophy since the organisation's inception.

Dialog recognizes that ICTs are General Purpose Technologies (GPTs). These GPTs have the potential to transform micro and macro economic dynamics, enhance productivity and create new services and markets. GPTs have been identified to have three general characteristics³ that include - Pervasiveness, Improvement and Innovation Spawning characteristics. Information Communication Technologies thereby has the potential to deliver Sustainable Development across a Triple Bottom Line business model. As a GPT, Information Communication Technologies deliver proven social and economic dividends to communities at large and as an Industry it is proactive in the management of its ecological footprint during the course of diffusing these socio-economic dividends.

As an operator in the Global South Dialog sees this GPT potential as an opportunity to leapfrog towards an Information Society that can drive socioeconomic development through digital empowerment. Our vision for CR at Dialog therefore is to manage our primary environmental footprint at close to neutral levels whilst delivering innovation towards accelerating the establishment of Information Societies and socio-economic parity to collectively drive sustainability while also creating a society of equal opportunity.

Dialog's outreach CR thrust (philanthropic and flagship) is carried out under five thematic aspects at present. These five areas include: Education, Disability and Health, Environment, Information Communication Technology for Development and Humanitarian. In 2009 Dialog will endeavour to measure the 'outcomes' of these numerous social investments in order to assess its impact.

³ITU World Telecommunication/ICT Development Report 2006

Dialog has striven to ensure its outreach initiatives are structured within multi-stakeholder partnership frameworks. In 2008 Dialog's Outreach CR activities were carried out in collaboration with various entities including the Government of Sri Lanka and relevant Ministries pertaining to Environment, Education, Human Rights, Health and Nutrition, The International Finance Corporation (IFC), The International Union for the Conservation of Nature (IUCN), etc.

Dialog's Integral CR footprint is pegged against a best practice derived CR performance management scorecard that records the organisations performance against the GRI and other indicators relevant to the organisation. In 2008 Dialog carried out an independent mid-year review as well as a year-end independent audit on the CR performance management system to ensure transparency and completeness of the data captured. Fulfillment of sustainability KPI data compilation is linked to personal performance appraisals through the performance management process. Since this is our maiden report, the data does not lend itself to comparative performance analysis, and is limited to a baseline that can be used against future reports.

As a precursor to the present strides made with respect to the triple bottom-line management, Dialog Telekom conducted its first internal gap analysis based on the GRI indicators and followed this up with an independent external verification that provided for a balanced and objective understanding of our material CR aspects in 2006. Both the internal analysis and the external verification helped the organisation to establish Dialog's integral CR baseline. Findings developed through these two exercises informed and enabled the organisation to establish a CR management process that was geared to re-engineer previously siloed operational CR aspects.

These CR aspects stemming from environmental, social and economic indicators were retrieved, stored and measured from across all the entities within the reporting boundary, by using an internal management system (Dialog CR Navigator) since Q3, 2007. This entailed a comprehensive and exhaustive process which has been an incremental process that has gathered momentum and internal acceptance during 2008. Pertinent management

information derived from the CR navigator has helped to underscore the overall relevance of applying CR management checks and balances to the operations of the organisation. Findings from the CR metrics have enhanced existing performance management processes that help mitigate potential risks and identify opportunities proactively. CR as a management tenet was a key gap that we tried to address in 2008, and modest progress was achieved to ensure we do not subscribe to business as usual as a collective grouping.

Direct iterations and exchanges between key management figures across the organisation and the CR unit have been carried out both implicitly as well as explicitly. An exclusive employee newsletter to all staff was continued in 2008 to build the required momentum and CR knowledge transfer. Dialog also developed its own CR scorecard to track key sustainability data against our holistic CR framework, the UN Global Compact principles, the GRI, and existing statutory and regulatory requirements of Sri Lanka. This allegiance to continuous improvement underscores our commitment towards Sustainable Development through a TBL approach to business. Dialog will continue to invest in building CR competencies across all levels within the organisation in 2009 as a key strategic initiative to ensure CR principles become second nature to all Dialog employees. These capacity building exercises will run throughout 2009 and will form the overall bedrock for the Group's sustainability footprint measure.

Dialog currently has two key forums that engage in the strategic management of CR across the organisation. CR operations are managed by a core team of CR professionals whose main tasks include the delivery of the overall strategy and business model within the integral and outreach domain. The Integral and Outreach activities are tracked on the CR navigator and presented to the Corporate Responsibility and Public Policy Group Leadership Committee who in turn escalate pertinent matters to the Dialog Telekom PLC Board of Directors. The below work flow framework enables the organisation to evaluate and measure its CR policies and practices. Consequentially, this information is used to engage the highest governing body of the Group.

Integral CR operational responsibility at Dialog is decentralized across line management and strategic business unit Chief Executive Officers. The ERM Operating Committee (ERMOC) in particular has representation from the group CR unit who ensure that the precautionary principle is considered when evaluating risk arising from the operations and development of investment action plans. The ERMOC in turn reports to the Board through the Board Audit Committee.

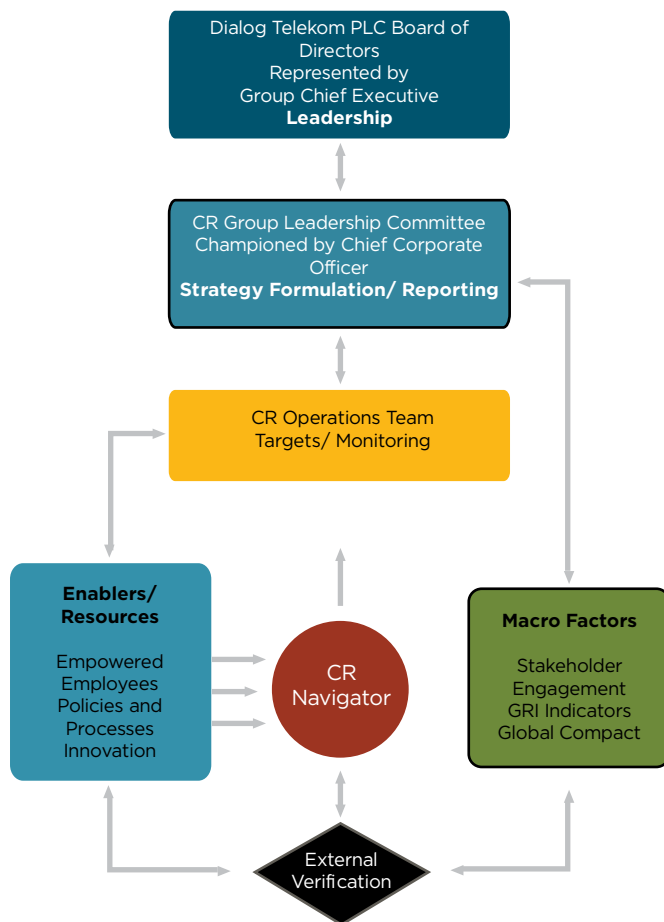


Diagram 4. Dialog Telekom's approach to TBL Management

Dialog Telekom is also a signatory to the HIV AIDS coalition in Sri Lanka and is also a member of the Mobile Alliance against Child Sexual abuse spearheaded by the GSMA. Dialog is also a member of the Steering Committee of the United Nations Global Compact Sri Lanka Chapter as the champion within the telecommunications sector.

Dialog Telekom's Management Approach to CR

Integral CR - Embedding CR

Dialog ensures that business decision making, across the Group, factors stakeholder impacts and brings Triple Bottom Line considerations to the decision making table. In other words the organisation views CR as a management competency, thereby ensuring all line managers are mindful of the Triple Bottom Line outcomes of their decisions. Business integral CR implies that all Dialog's investment decisions, business planning and processes that have a bearing on the fundamental goals and objectives of the organisation are whetted and challenged against a Sustainability Agenda.

Integral CR - Leveraging ICT's towards an Information Society

Dialog Telekom, has continuously challenged the realm of the utility of ICTs for communities by developing services and solutions that have high social value. The ICT4D arm of the Group's CR thrust focuses on using technology in a commercially viable manner to meet the development needs of emerging markets, such as the latent market at the base of the proverbial 'economic pyramid'. This focused push can be viewed as a direct contribution towards the realization of an information society.

CR Outreach - Strategic Community Investments

Strategic Social Investment (SSI) is sustainable long term investments in communities we operate and are closely aligned with a clear business case at Dialog Telekom. Dialog supports key National Development goals in the Education, Environment, Disaster management and Health sectors in Sri Lanka through its SSI's.

Philanthropy and Humanitarian

Dialog Telekom has recognized that as a Group operating in the Global South we cannot omit deserving underprivileged communities even in the absence of a firm business case. As a leading corporate entity Dialog also has the resources and capability to step in at times of National need to assist in Nation rebuilding and humanitarian work. A transparent policy on Dialog's philanthropic giving is under development.

Dialog Telekom ensures that all its operations across Economic Investments, Environmental Management, Product Responsibility, Labour and Human Resource Management, Human Rights, and Society are managed based on the aforementioned rigorous management processes.

Targets and Goals for our Corporate Responsibility commitments for the next reporting period is stated on page 50 in this report

GOVERNANCE

Good governance is considered key to achieve and maintain the highest standards of business integrity, professionalism and ethical values at Dialog Telekom. The 2008 Dialog Telekom Annual Report (Page 46) contains a separate section dedicated to Corporate Governance, which encompasses the Enterprise Risk Management (ERM) function and mechanism of the Group as well. Disclosures related to Governance with regard to Sustainability can be found in the Group 2008 Annual Report, with the relevant area mentioned in the GRI content index.

ADOPTION OF PRECAUTIONARY PRINCIPLE

In the case of there being a possibility of irreversible harm caused to the biophysical or built environment, as well as to human habitation and health arising due to our business activities, regardless of whether the impact is not scientifically conclusive, Dialog Telekom ensures necessary reasonable steps are taken to mitigate potential adverse impact by addressing the issue at the ERM Operating Committee (ERMOC). Representation from the Group CR unit at the ERMOC ensures the precautionary principle is considered when evaluating risk arising from the operations and developing action plans. The ERMOC in turn reports to the Board through the Board Audit Committee. An illustration of the precautionary principle, demonstrated with regard to entering communities to set up Base station towers is covered in the Community Impacts section of this report.

UNITED NATIONS GLOBAL COMPACT

Dialog Telekom PLC supports the ten principles of the UN Global Compact in respect to human rights, labour rights, the protection of the environment and anti-corruption. With this communication, we reiterate our commitment to support and advance those principles within our sphere of influence.

We commit to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to make a clear statement of this commitment - both to our employees, business partners, clients and to the public. We are committed to interpret and deliver our vision with respect to multi-sensory connectivity, empowerment and enrichment in its widest context. Our Corporate Responsibility initiatives seek to identify and fill gaps at multiple levels of society - thereby literally "connecting" the marginalized to otherwise inaccessible opportunity, in a manner that empowers and enriches the nation as a whole.

We support public accountability and transparency as espoused by the United Nations Global Compact and this maiden Sustainability Report as our second Communication on Progress Report to the United Nations Global Compact accentuates our responsible corporate action with respect to all aspects of our business.

<http://www.unglobalcompact.org/>

PRINCIPLES

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.

LABOUR

Principle 3

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

Principle 4

The elimination of all forms of forced and compulsory labour;

Principle 5

The effective abolition of child labour; and

Principle 6

The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7

Businesses are asked to 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.

ANTI-CORRUPTION

Principle 10

Businesses should work against anti corruption in all its forms, including extortion and bribery.







BUSINESS INTEGRAL CR

‘Business Integral CR’ is a phrase used at Dialog Telekom PLC to denote a preferred approach to managing our business performance along a Triple Bottom Line scorecard. The rhetoric surrounding embedding corporate responsibility in to an organisation lies in the successful management of social, environmental and economic opportunities and risks across the value chain of a particular business entity. At Dialog Telekom responsible corporate behavior is viewed as a management competency and is sanctioned across business planning and operational processes throughout the Group. In order to measure our performance, as well as to identify gaps and opportunities in our nascent CR management system, Dialog uses the GRI indicators as well as its own balanced scorecard to monitor its sustainability performance.

ECONOMIC

The following narratives illustrate a balanced view of Dialog's performance across social, environmental and economic performance through 2008. The report does not reproduce the information contained in the financial Annual Report, and therefore this Sustainability Report should be read in conjunction with the 2008 Annual Report of Dialog Telekom. Nevertheless, certain aspects not traditionally found in the Annual Report are included in the following sections.



Dialog Telekom identifies rural expansion as key in accelerating socio-economic development in Sri Lanka

This section addresses Dialog Telekom's impacts on the economic conditions of our stakeholders and on economic systems at both community and national levels. Dialog Telekom understands that compliance with laws & regulations, covering areas such as Human Rights of the Group and our associates, may have potential financial implications for the organisation and as such, these areas have been included under the section pertaining to economic indicators as well. Dialog's Community Investments are also reported in the Dialog Telekom Annual Report of 2008.

SELECTION OF OUR SIGNIFICANT SUPPLIERS AND FUTURE INVESTMENTS

A 'Local Supplier' is defined as any legal business entity, which has a local presence and invests a proportion of profit gained from the business within the geographical boundaries of Sri Lanka. Furthermore, the products/ services purchased by Dialog Telekom shall be priced and paid using the local currency (LKR). The Group selects suppliers broadly based on price, quality, supply/ serviceability and end-user satisfaction. To be selected, compliance with health, safety and environmental protection criteria needs to be followed as per Dialog's Supplier Guiding Principles. A procurement policy is currently at draft stage and will be implemented in 2009. This includes clauses that ensure local suppliers who meet base requirements are preferred in procurement practices, thereby promoting investment in other related businesses within the country.

For 2008, orders worth LKR.10.11 Billion were committed on purchases from locally based suppliers, amounting to 59.04% of the total value of purchases. Only the remaining 40.96% has been paid to non local suppliers, a majority for purchases not available locally.

82 suppliers were identified as significant suppliers and contractors to the Group and 25.61% of contracts with these suppliers and contractors have included criteria or screening on human rights. A formal process is to be implemented in 2009 to screen contracts with all significant suppliers and contractors in order to set up standards to either decline or impose performance conditions, or subject to other actions based on their performance with regard to respect for human rights and its compliance. Criteria integrated for screening on human rights broadly include work hours & employee remuneration, freedom of association, preventing workplace discrimination, child labour & compulsory employment.

Parameters needed to audit the human rights aspect in relation to mergers & acquisitions and significant investments is also currently being examined by Dialog Telekom and will be finalised in future when necessary. During the reporting year no significant investment agreements were finalized that either moved the organisation into a position of ownership in another entity.

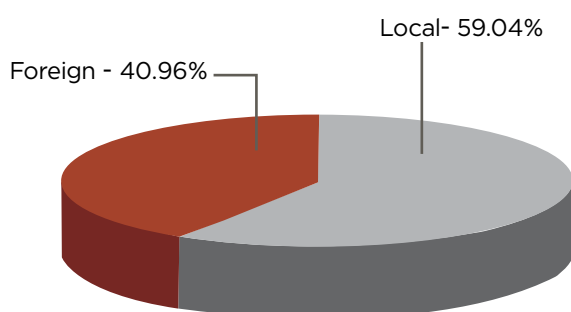


Diagram 5. Ratio between local and foreign spending

LEGAL COMPLIANCE

In 2008, Dialog Telekom continued its strong track record for ensuring strict compliance with the laws of the land across all business units and its diverse business operations. A zero non-compliance ratio was attained predominantly due to the Group's robust governance systems and strict professional code of conduct. There have been no sanctions or fines for noncompliance with any laws and regulations, including concerning the provision & use of products & services or the environment.

As Dialog Telekom is a service provider, analysis of the health and safety aspect when developing products and services is not a critical issue. The precautionary principle is applied to the extent in so far that we apply due diligence in all products and services introduced by us in to the local market. However, a monitoring system to be followed covering relevant laws and regulations, including health & safety, the provision & use of products & services as well as environmental assessment for significant products and service categories, is to be implemented across the Group in 2009.

The issue of climate change has been considered and its effect is not deemed material to our industry in local context by our ERMOC or the Dialog Telekom Board at present. No regulatory risks posed by climate change have been identified by the Group. Nevertheless, the area has been highlighted as an opportunity to pilot 'Green Base stations' in collaboration with the GSM Association Development Fund. This is currently underway along with a study on securing carbon credits. Dialog Telekom is also currently one of the selected networks for the GSM Association 'Green Power' trial, which is a significant achievement by the organisation in this area.

FINANCIAL AGREEMENTS WITH GOVERNMENT

As per the agreement entered into between the Company and the Board Of Investment of Sri Lanka (BOI), the main source of income of the Company is exempt from income tax for 15 years (initial tax exemption period of seven years was extended to 15 years as per the amendment made to BOI agreement on 17 April 2003) commencing either from the year in which it first makes a profit, or in the fifth year subsequent to the start of commercial operations, whichever is earlier. The Company commenced commercial operations during 1995 and profits were first recorded during the year ended 31 December 1998. Accordingly, the tax exemption period commenced from 1st January 1998 and the Company is currently liable to pay income tax only on the interest income earned from fixed and call deposits maintained in Sri Lanka Rupees.



ENVIRONMENT

This section of the report provides an insight to Dialog's environmental stewardship and performance concerning its primary environmental footprint. The proactive measures employed to minimize our ecological footprint are described highlighting areas where a strong focus was maintained during 2008. Our efforts to minimize material depletion and emissions while protecting biodiversity and averting environmental degradation in the country is further elaborated. We furnished an Annual Environmental and Social Monitoring Report to the IFC in which the environmental management performance of the organisation was measured and improvements recorded for future implementation in 2008.

Dialog's Environmental policy will be reviewed in 2009 to fully reflect the changing pressures on our fragile planet. These changes will also feed into a robust Environmental Management Plan that will enhance Dialog's performance

on energy optimization and material rationalization. The Group will also ensure that it plays a strong role in furthering public policy positions with regard to environmental Stewardship in partnership with key environmental organisations operative in the Country. To this end, Dialog has always taken steps to maintain fruitful partnerships with local authorities, whereas its association with the Central Environmental Authority (CEA) in conducting the M-Waste (Mobile waste) project is one such example.

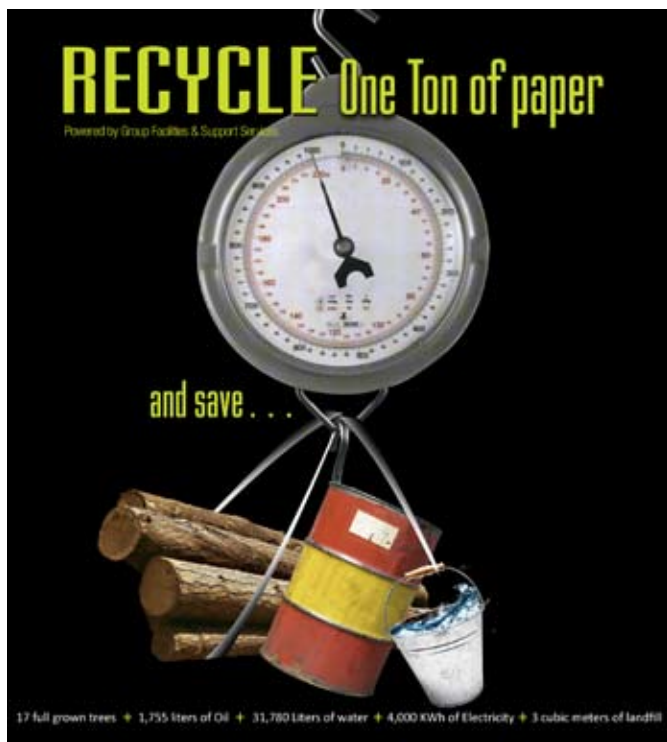
In our efforts towards continuous improvement of our environmental footprint, Dialog Telekom commits to develop and implement a comprehensive Environmental Management Plan (EMP) in 2009. This EMP would include a total waste management system which addresses the hazardous waste streams such as CFL bulbs and obsolete E-waste articles.



A solar powered base station at Weeravila, Sri Lanka. Dialog & the GSMA Development Fund have piloted Green Power across 10 sites.

MATERIAL MANAGEMENT

As an entity operative in the service industry, Dialog Telekom Group is not engaged in any production activity. Physical components of products, materials or packaging that enter the market are minimal and at the moment there are no initiatives to collect these materials to be reused for any production processes. Only paper used to print monthly bill statements of the company is considered a significant input material. Total paper purchased by the group for 2008 added up to approximately 789 Tonnes while 4971 printer cartridges were used by the Group internally for printing documents. A case study on the Group's efforts to mitigate usage of paper and associated ink used for the bill of the company is featured in Box 3. During 2009, Dialog TV programme guides are also to be limited to electronic versions unless printed copies are requested for by subscribers. Disposal of ink cartridges will be included in the groups proposed EMP as well.



Committed to Serving the Nation

Dialog
TELEKOM

Internal poster raising awareness on the benefits of paper saving



Secure M-Waste

A perceived high consumption rate of materials by the Group was flagged during the stakeholder engagement processes. However there is a possibility that this concern maybe due to the perception of Dialog Telekom being a 'large organisation' and general sentiment that large organisations would consume more materials than its smaller counterparts. While presently the volume of paper needed means it is economically not viable to substitute paper with recycled paper on a large scale, an internal drive established by the Group Facilities & Support Services unit resulted in 92.55 Tonnes of internal waste cardboard & paper being recycled (through an external service provider) in 2008. During the year Dialog Telekom purchased almost 382.5 Tonnes of paper for our requirements, out of which 76.5 Tonnes were collected and sent for recycling. This amounted to almost 15-20% of our consumption. Dialog Telekom plans to increase this level up to 30% of the consumption in 2009 while maintaining all the paper efficiency attempts currently carried out by the Group.

Displaying the Company's commitment to incorporate sustainability into its operations, our Electronic (mobile) waste (M-waste) take back initiative continued from 2007, with the aim of collecting used handsets, batteries and accessories for recycling, to prevent these from reaching landfill sites in the country.



storage facility following specifications according to the Basel Convention

Dialog Telekom took the lead in recognizing that going forward M-waste could take the form of a significant environmental concern if forward thinking steps were not taken at an early stage to develop social and institutional consciousness on the subject and were the first and currently the only organisation to offer mobile phone battery and handset take-back in Sri Lanka. All collected handsets and accessories are exported to a recycling plant overseas that is equipped with the technology to recycle or refurbish the material. The Central Environmental Authority (CEA) endorses the project by inspecting the process of collection and shipping, continuously. In excess of 14,500 M-waste items were sent abroad for recycling in 2008, in accordance with the Basel Convention for the transboundary movement of hazardous waste material. More information on the M-Waste initiative can be found at our website www.dialog.lk/m-waste

For 2008, 143 computer monitors, 30 CPUs, 11 printers and two Scanners were amongst the amount of E-waste discarded during the year. All these were at re-usable lifecycle stage. These have been repaired and resold at an auction or contributed for charity accordingly. The group will have a more thorough data capturing mechanism on the E-waste stream with the establishment of an EMP in the future.

Summary bills & E-bills:

A successful effort in saving paper

Dialog Telekom initiated a paper saving initiative which addresses both internal as well as external paper savings.

For external impact, a campaign was launched encouraging our postpaid customers to switch to 'Summary bills' as opposed to bills that provide extensive details of calls, thereby cutting down the amount of paper used to communicate the call charges on a monthly basis.

While legal obstacles have delayed the launch of 'E-bills', or Electronic bills (which are communicated to post paid customers via E-mail or via the internet), we rolled out this initiative to Dialog staff. As part of the initiative, Dialog staff are no longer issued paper bills and receive E-bills instead, resulting in significant internal paper saving and thereby lessens the environmental footprint of the company operations.

Key facts:

Currently 48449 Customers, saving 5 pages on average per monthly bill

Currently 4326 E-bills for staff, saving 7 pages on average, per monthly bill

We have saved a total of 5.7 Tonnes of Paper for 2008

Steps are underway to change all postpaid bills into Summary bills unless a customer requests for a detailed bill, in response to aversion towards large bills reaching the customer, as raised during stakeholder engagement. According to the earlier process, the detailed bill was the default and individual customers had to request for a Summarized one. This new arrangement will be introduced from 2009.

ENERGY

Dialog Telekom relies on the National grid to provide energy for the majority of Group operations. Our main need for off grid energy revolves around providing power for our base stations. The high costs involved, environmental concerns, manual intervention, unreliability, inability to scale and logistics make up the key challenges in providing off grid energy. Dialog is mindful that future mobile growth markets lie in areas that have large off grid populations. The estimated global population deficit with access to grid electricity stands at 1.6 billion people, with an additional 1 billion with unreliable access.

**IF NOT NOW, WHEN?
IF NOT YOU, WHO?**

Join hands to save electricity as a duty of a pure Sri Lankan!

Computer Monitor
Enable power saving mode (sleep mode) in your monitor:
Click Start button (on desktop) > Settings > Control Panel > Display > Screen saver > Power:
then set minimum time.

Computers/lights
Switch off when you are off for the day or not in the seat for long hours.
Note: The light switches are generally located at the main entrance/lobby of each floor.

A/C & Lighting in common areas, water dispensers; laser printers, office apparatus:
Switch off/active "Power Save" mode when not in use.

Blinds
Utilize daylight by raising or opening window blinds whenever possible.

**You have the POWER
to save**

A message from The Group Facilities & Support services unit at DTP

Internal poster raising awareness on the benefits of conserving power

The Group used direct non-renewable energy sources mainly consisting of Diesel Power for technical/office sites while no direct renewable energy sources including Bio-fuels, Ethanol and Hydrogen were used or produced. The total direct energy consumption for 2008 was 72,224 Giga Joules (Using fuel consumption calculation tools provided in GHG protocol website)⁴. For the year 2008 a total of 64,539.3 MWh of electricity was purchased by Dialog from the National grid. Given the ratio of 60:40 (thermal: hydro) energy source within the Sri Lanka Electricity Board (statistical digest 2005)⁵ a total of 345,820.9 GJ was from non renewable energy sources.

During 2008, Dialog Telekom initiated a two-pronged energy/ cost optimisation project at operational and office sites. These projects were planned during Q3 of 2008 and tested in Q4. It was identified that almost 40% of electricity expense at base stations could be reduced by changing the temperature setting of cabin air conditioners to a standard higher level. The project was tested in the month of November 2008 whereby a total of 187 Giga Joules was saved. In office sites, steps were taken to raise awareness among staff members on energy efficiency practices through internal campaigns. These projects which were implemented as standalone attempts in 2008 will be incorporated in to a holistic energy optimisation plan for Dialog Telekom in 2009. A 20% energy saving on energy consumption, from Dialog office sites, has been set as a target for 2009.

⁴<http://www.ghgprotocol.org/calculation-tools>



⁵http://www.ceb.lk/Publications/publications_home.htm





Dialog Telekom base stations are set up with minimal changes to surrounding micro-habitats

ENVIRONMENTAL STEWARDSHIP

Out of the total 1,320 Dialog Telekom base stations operational in 2008, four sites are located within the confines of protected areas with high biodiversity value, as determined by the Department of Forest Conservation and the Department of Wildlife Conservation in Sri Lanka. These are in Sithulpahuwa, Yala, Monaragala and Giriulla. These four sites are operational solely for the purpose of transmitting radio signals and the physical impact pertains only to the geographical footprint occupied by the actual tower.

The tower constructed in the Army camp premises adjoining the entrance to the Yala National park was due to an urgent request from the Sri Lankan Army in 2008. Concerns regarding the obtrusive nature of the tower have led Dialog Telekom to plan a replacement of the tower with a shorter 'tree tower' which would blend in to the environment, once the requirement of the Sri Lankan Army has been fulfilled. A similar Dialog 'tree tower' base station is operational currently in Gregory's Road, Colombo.

All sites within the proximity of areas of high biodiversity are transmitting sites and there is no activity taking place which has been proven to impact biodiversity. The only identified effect could be during the tower construction period, which would take approximately one month. Only 0.00063km² area is cleared for the site, but precautions are still taken to mitigate environmental impacts that may arise due to this potential change in micro-habitat. A study has been conducted on this and steps would be taken for process improvement as a key deliverable in 2009.

EMISSIONS & DISCHARGES

Dialog Telekom follows a centralized approach in calculating Green House Gas (GHG) emissions. By finalizing the energy consumptions in the EN3 & EN4 indicators, the GHG emission factors are then later calculated using techniques such as GHG protocol calculating tools (developed through World Resources Institute and the World Business Council for Sustainable Development), information from generators and data from the Clean Development Mechanism simplified project design document. As our consumption of energy occurs in more than 1500 locations, a centralized approach of this scale was selected as the most practical methodology.

- Using these techniques, Direct emissions of GHG from all sources owned or controlled by the organization primarily consists of that arising from the generation of electricity, heat, or steam (as reported in EN3) amounting to 6367.98 Tonnes.
- The indirect emissions of GHG resulting from the generation of purchased electricity, heat, or steam add up to 43,990 Tonnes.

Dialog Telekom has further identified that management of the fleet of vehicles providing employees transport and air travel for official purposes result in other indirect emissions of CO₂.

Employee fire drills implemented as per the health & safety requirement also contributes to a nominal amount of CO₂ making up a total of 0.19 Tonnes of CO₂ being emitted due to these activities. Diagram 6 showing break down of total indirect emissions of CO₂ is as per Graphic below

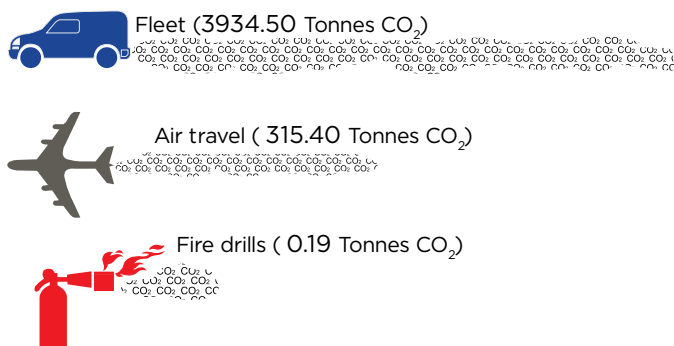


Diagram 6. Breakdown of Total Indirect Emissions of CO₂
(Diagrammatic representation not to scale)

The developed Vehicle tracking device



Innovation to minimise waste due to employee travel: Vehicle Tracking & Fleet Management System

Developed by the Dialog- University of Moratuwa Mobile Communications Research Laboratory (More information can be found at the website <http://www.ent.mrt.ac.lk/dialog/>) for Dialog Telekom, the Vehicle Tracking & Fleet Management System is an Enterprise Solution that is designed to track and manage the vehicles which are owned or used by an enterprise.

The complete solutions consists of four major components

- The hardware unit(vehicle tracking device):
The hardware unit will be mounted on vehicles. It will collect GPS information which will be sent to the centralized server through the mobile network.
- The socket communications server
- The web server application
- The database server



The relatively small volumes imply that emissions were not considered as a critical indicator by stakeholders. However, steps are being taken by the Group to rationalize the transport provided for employees for official purposes, mainly as a cost saving exercise through the promotion of car-pooling, better planning of journeys and using methods such as videoconferencing using 3G technology & teleconference where possible; which will play a part in reducing emissions from this area in future. Dialog is also one of the selected partners in the GSMA Development Fund led Green Power Trial that aims at developing a business case for using renewable energy sources to reduce primary emissions of operators.

This is a web-based system which has the following capabilities:

1. Maintain and manage information relating to vehicles in the fleet
2. Maintain and manage information regarding drivers
3. Allocate/de-allocate drivers to/from vehicles
4. Make reservations and schedule tours for the vehicles in the fleet
5. User classes with different privileges
6. Generation of reports of vehicle usage

The Vehicle Tracking & Fleet Management System has been successful in streamlining the employee transport function at Dialog Telekom in 2008. The initiative facilitates greater efficiency and cuts down on fuel costs while contributing to reduce vehicle emissions and mitigating our ecological footprint.

A case study on the Vehicle Tracking & Fleet Management System, in use from 2008 as an innovation towards increasing efficiency of managing employee travel, is featured in Box 4 below.

Dialog Telekom does not produce any Ozone depleting substance and does not import any CFC 11 or CFC 12 emitting equipment. Sri Lanka, as a signatory to the Montreal Protocol⁶ identify substances that can significantly deplete and otherwise modify the ozone layer in a manner that is likely to result in adverse effects on human health and the environment and precautionary measures are taken by controlling emissions.

We are not engaged in any activity where emissions tagged under atmospheric pollutants would make a comparatively significant impact. Yet in positioning ourselves in a green future we have taken steps to identify the emission levels of our generators we use at technical sites. In 2009 a process will be implemented to measure the operation levels of generators to make this calculation possible.

Dialog Telekom does not use water for any production activity or for providing our services. The group only purchases water from the Municipality supply, amounting to 82,218.4 kl for the reporting year. The only water discharge from the Group operations is the sewage discharge from office sites. The total quantity of waste water from coolers amounts to 262.8 kl for the year.

There were no significant spills of chemicals, oils, and fuels during the year 2008.

⁶http://ozone.unep.org/Ratification_status/

SOCIAL

This section addresses Dialog Telekom's impact on the dynamic human centered social systems within which it operates. Performance aspects surrounding Labor Practices, Human Rights, Society and Product Responsibility are covered in the following area.



Connecting the unconnected through off grid base stations

OUR TEAM

As of Dec 31, 2008 the Group had a workforce strength of 4,406. Out of this, 0.77% were part-time employees, reflecting an opportunity for Dialog Telekom to adopt more flexible working practices in the future, to attract and retain skilled individuals seeking atypical working hours. Of the total workforce, 60% are permanent cadre while 40% are employed on contract basis.

Dialog Telekom has presence across many Districts of the country, meaning that there is geographic dispersion of employees across Sri Lanka. The distribution of employees by region is as per diagram 7.

In addition to these employees Dialog Telekom also creates employment at multiple levels across the country through its franchise operations, dealer and sub dealer network, as well as its extensive retail network covering most of the country. The Diagram 8 depicts the total fulltime workforce broken down by broad employee category

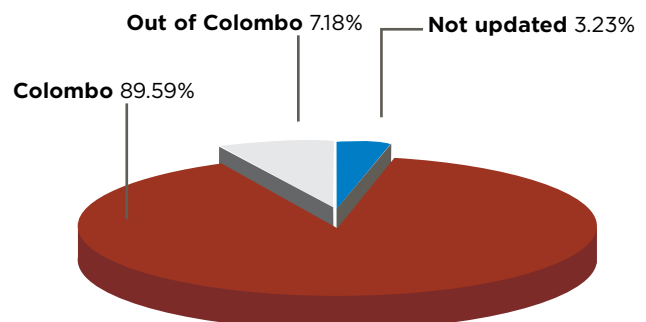


Diagram 7. Distribution of Employees by Region

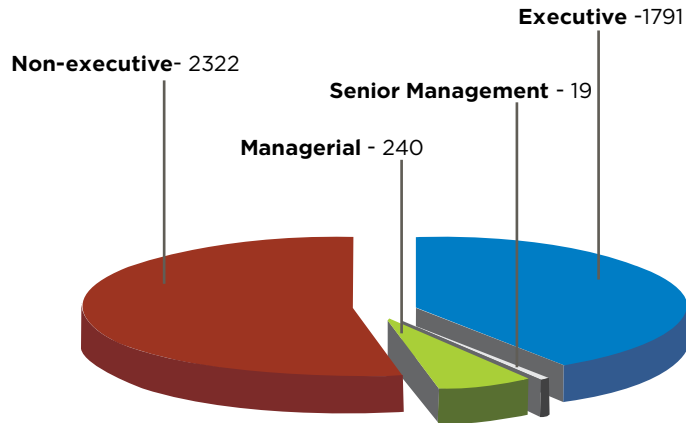


Diagram 8. Workforce broken down by Employee Category

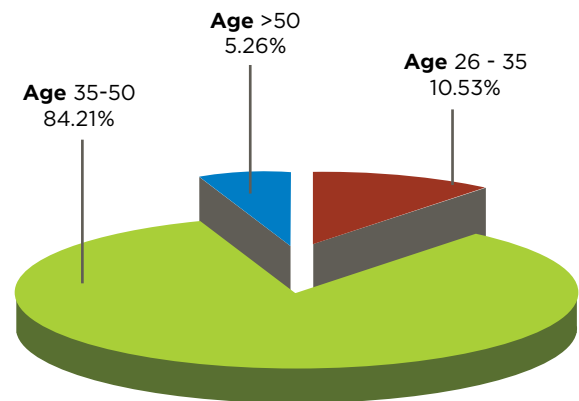


Diagram 10. Age % within Organisations Senior Management

Currently the Human Resources division coordinates procedures for hiring all personnel to the Group, including members to the Senior Management team. Out of the 19 members making up the Senior Management in the Dialog Telekom group, 18 comprised of locals while one member was an expatriate.

The management team has a diverse group of people with representations from minority groups as well as across different age groups and gender representation. Please refer Diagram 9 below for figures.

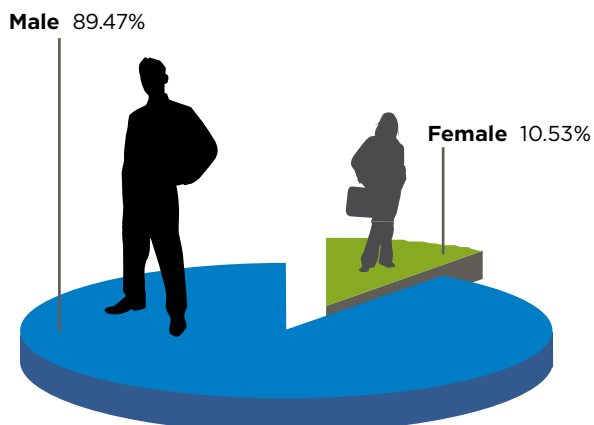


Diagram 9. Gender % within Organisations Senior Management

The nature of the diverse workforce is also seen in the total make-up of Dialog Telekom and is an indication of the equal opportunity provided by the Group for individuals from different backgrounds and social strata. Discrimination of any kind is not accepted within the Group. Policies & procedures such as the Code of Business Ethics and recruitment practices have ensured that the Group adopts an unbiased philosophy irrespective of gender, cast, creed, ethnicity or any other differences. The data captured for diversity needs to be verified by the employees within the employee self service portal. The system is updated only after the employees verify that their personal information is correct. Steps would be taken to reduce the not updated/null percentage below 1%.

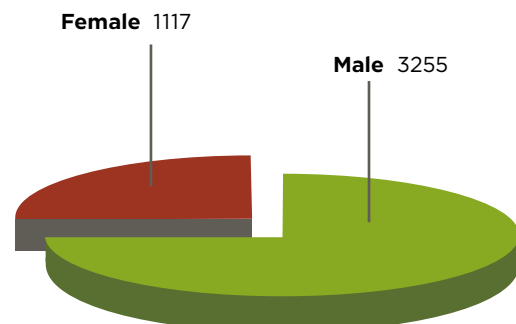


Diagram 11. Gender breakdown of Full time Employees

Dialog Telekom abides by the country's minimum wage rule & all employees are paid well above this figure. Basic entry level salary is determined considering the job role along with the qualifications, experience & the competency level required of the candidate. Future revisions to remuneration are pegged to individual competitive performance measurement and the company's financial performance. Gender is not a deciding factor in determining the remuneration package under any circumstance.

In 2008, the Group had a labour turnover of 12.95%. The relatively high figure may be due to competitive conditions among employees as a result of strict performance management measures & cost rationalization brought about by the prevailing economic environment, as captured during internal stakeholder feedback.

Dialog Telekom's reliance on talent attraction and retention through leveraging the powerful Dialog brand across the Group will need to be supplemented by efforts towards further implementing industry best Human Resource practices in order to achieve its goal of being the most sought after employer in Sri Lanka during the times to come.



Diagram 12. Total # of non-ECM centre Employees leaving Employment

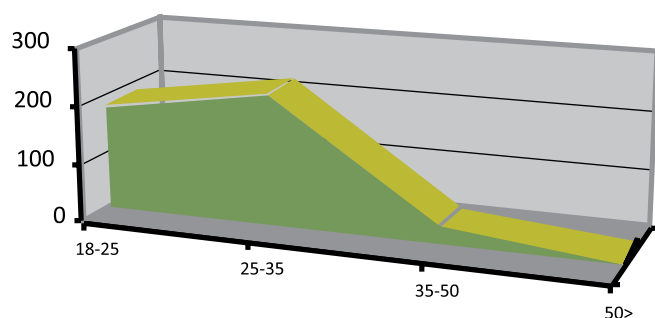


Diagram 13. Age breakdown of non-ECM centre Employees leaving Employment

In relation to EPF/ETF, Dialog Telekom contributes a fixed % of employee remuneration to an external fund of the Central Bank of the Sri Lanka. For more information, please refer the Financial Statement of the Dialog Telekom PLC Annual Report 2008.

TRAINING & DEVELOPMENT



Dialog Telekom team members at an outdoor training programme

The Dialog Academy was established to primarily provide training and development solutions through effective delivery of bespoke, innovative and systematic training, development and business education, to Dialog Telekom's Business Partners and its workforce. Diverse and relevant training interventions are combined with the effective engagement of an expert and enthusiastic team of conductors, developers and trainers who inspire learning & growth. Table 13 below denotes the average hours of training during 2008 per employee by employee category.

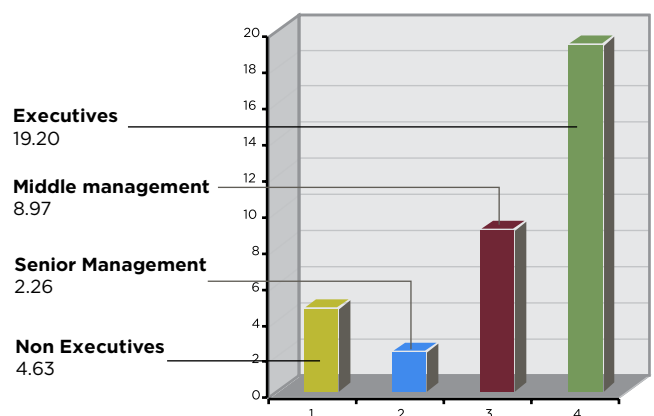


Diagram 14. Total Training Hours per Employee Category per Employee

On the backdrop of the relatively high number of training hours given, employees have raised a concern on the tangible value of certain soft skills programmes conducted during the year and requested training that is observably more relevant to their work scope. However, the Group takes a holistic view on training and any future changes to approach based on this feedback will need to be evaluated, as training allocations are made as per a training needs assessment conducted based on the performance management systems of the Group in addition to separate training requests by the line; and as such deemed necessary.

Dialog Telekom also supports further studies and Professional Membership, encouraging employees to actively develop themselves independently, to add to their current competences and further prepare them to take on additional responsibilities for the future. Group Human Resources Management Team as a part of the 'Knowledge Alliance Programme' in collaboration with alliance partner Imperial College of Business Studies have given Dialog Telekom employees the opportunity to develop themselves through offering selected courses at a discounted rate.

At Dialog Telekom, we recognize the importance of our employees' emotional, spiritual and physical wellbeing. To support this cause, Group Employee Relations and Wellbeing Services provide all staff with a range of services which promote wellbeing. As part of this initiative, employees are able to benefit from free counseling support and assistance. Counselors engaged specifically for this purpose have experience in treating a wide range of client issues and provides counseling to individuals, couples and groups. Consultations are available at the employees' convenience upon request.

HEALTH & SAFETY

The Group reported an absentee rate of 2.07%⁸ during the year. The occupational disease rate though not accounted for currently will be implemented in 2009 and a suitable process is in draft stage.

Regrettably three members of outsourced parties offering their services to the Group met with fatal accidents during work hours in different incidents, during the reporting period. All three deaths were as a result of tragic road accidents. The Group will take steps to enhance the Health & Safety awareness and set practices related to safety amongst outsourced personnel to curtail such incidents in future, wherever possible.

The Group appointed a First Aid Team, a Health & Safety team and a Risk Management Team from selected employees across office sites of the group. The percentages of total workforce represented in these teams are as per Diagram 15 below. The Health & Safety Team, Risk Management Team and the First Aid Teams of Dialog respectfully comprises of 1.1%, 1.4% and 1.7% of the total workforce.

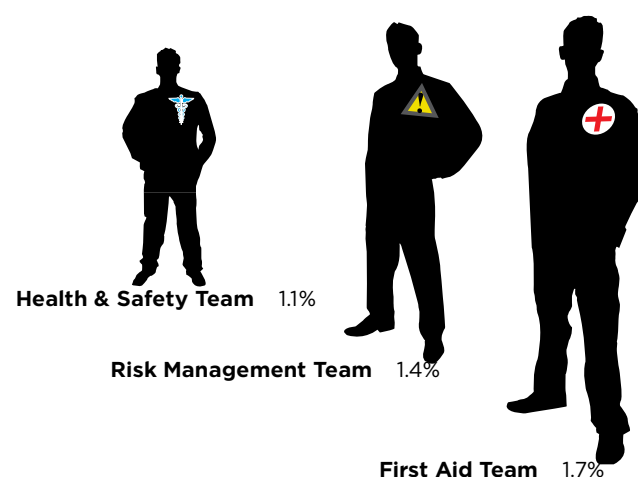


Diagram 15 % of Employees in H&S teams

⁸Group data only captured for Q3 & Q4

HUMAN RIGHTS

At Dialog Telekom, employees are given the freedom to associate as groups and individuals and raise their opinion to the betterment of staff, organisation and community. As a corporate body the Group does not oppose in collective bargaining and formation of Trade Union as it is a fundamental principal and right of an employee who is engaged at work. Dialog Telekom does not have any registered Trade Unions but is a registered member of the Employers Federation of Ceylon (EFC- federation for Employers) who advises on Social Harmony to make employees more efficient and quality conscious. This contributes towards achieving better terms and conditions of employment, preventing industrial strife and where disputes could arise, resolving them in a fair and expeditious manner. There are no operations in which the right to exercise freedom of association of employees were at risk as determined by the risk assessment carried out by the group.

Notice is provided to employees prior to the implementation of significant operational changes that could substantially affect them. Since there is no tripartite collective bargaining involved, the group allows employees to consult or negotiate if required, on a case by case basis through their reporting lines, which is fair, legally acceptable and done within the corporate legal framework of Sri Lanka.

Dialog Telekom organized 32 town hall meetings wherein several groups comprising of the Senior Management, met and interacted with employees and this was run throughout 2008 based on a re-organization that was launched. These meetings provided a unique opportunity for employees to interact with Management and to have themselves updated on changes in the Organization and to have their queries answered. Further, the Group publishes an employee Newsletter, 'Aranchi', on a monthly basis, which serves as an additional medium for information dissemination which is accessible to all staff via the intranet. Divisional level staff meetings are held on a frequent basis too, for the dissemination of information both ways.

As per the disciplinary records of the Group, there were no complaints from employees regarding forced labor. All related policies/ procedures of Dialog Telekom comply with the related labor laws of the country. For example, the employees' letter of appointment/ terms and conditions/ working hours are according to the Shop & Office Employees Act of 19 of 1954 including the regulations and the subsequent amendments. As a member of the EFC, all employment related documentation/ transactions/ payments/ amendments done are based on the guidance and advice received from their industrial advisors/counselors, which are aligned with the International Labour Organisation (ILO) standards/requirements.

The Group provides facilities and payments well above the minimum legal requirement. These cover remuneration policies and procedures, divisional procedures as well shift hours. There are no records of child labor being used in the Group.

PREVENTING CORRUPTION

Dialog Telekom pays great emphasis to business ethics and gives utmost prominence to prevent corruption at the workplace. The Group's Code of Business Ethics forms the base document/ policy for this. The Group is governed by the law of the land and the accounting standards of Sri Lanka.

All six Strategic Business Units and the twenty four Shared Services Units of the Dialog Group were analyzed for organisational risks related to corruption during the reporting period through Finance, Supply Chain Management, SAP teams and the Internal Audit division. This constitutes 100% of the Dialog Group being subjected to a formal risk assessment as a proactive precautionary measure.

All employees of Dialog Telekom have also signed a Non Disclosure Agreement (NDA) and Code of Business Ethics, which covers anti-corruption. The Code of Business Ethics is available on the intranet for easy reference as necessary. Awareness Programmes for all employees on Code of Business Ethics will be planned during 2009. During the year, there were no incidents in which

employees were dismissed or disciplined for corruption, while there was only one incident when a contract with business partner was not renewed due to violations related to corruption, following an impartial investigation. No legal actions, complaints registered with the organisation or competent authorities through a formal process, or instances of non-compliance identified by the organisation regarding discrimination were recorded during the reporting period. The Whistle Blowing Policy including details related to the appointed Ombudsman will be finalized and communicated amongst employees in a more proactive manner in 2009.

PRODUCT STEWARDSHIP

Dialog Telekom does not market any unlawful products or services. Although the Group has not been compelled to respond to any directed questions or concerns regarding the subject thus far, when prompted at stakeholder engagement panels, 'confusing data displayed with regard to tariffs' as well as corporate information was mentioned. A code on Marketing policy was formulated during 2008 even before the stakeholder panels were held and this document will be communicated amongst all relevant divisions prior to implementation throughout the Dialog Group, during 2009 to mitigate any potential misinterpretation that may arise in the future.

As we are in a service industry, which is driven by new technologies, most of the products needed for the services offered are sourced internationally. For product and service information and labeling, local laws and regulations are used as a baseline and adhered to where applicable. Dialog Telekom also provides 'User Guides' for most services provided. For example, the Dialog GSM Post-paid Starter Pack, or the Dialog TV Starter guide is provided for new subscribers.

Our products and services do not have any identified direct negative environmental or social impact. None of the services provided by us can be considered harmful to humans. However, to encounter the partial responsibility of creating a potential M-waste stream in the country, Dialog Telekom initiated Sri Lanka's first Mobile take-back project, which was duly communicated to the public. This is covered under the Material Management topic in the Environment section of this report.

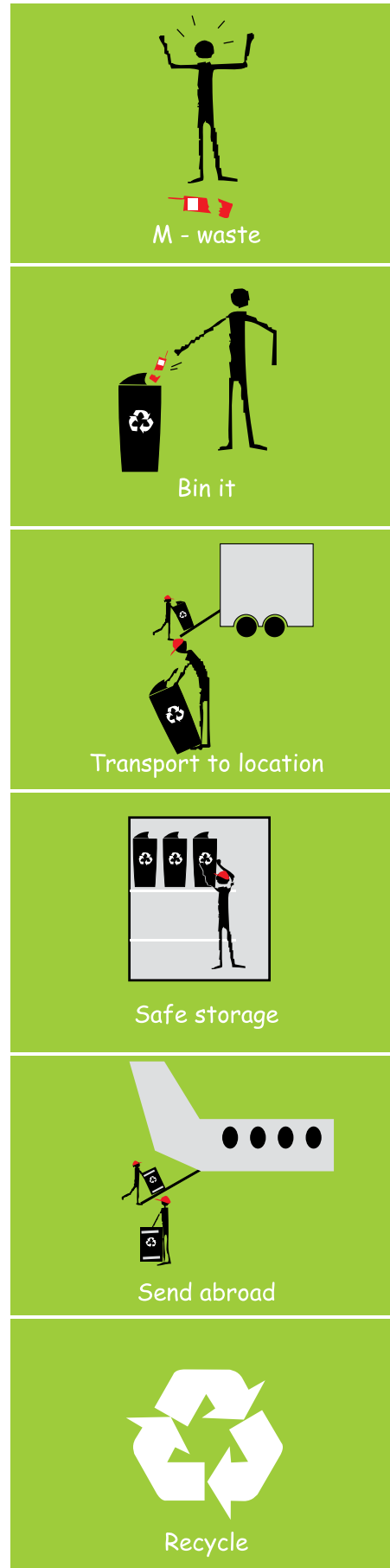


Diagram 16. Process of M-waste project portrayed in the leaflet

In 2008 Dialog Telekom joined the GSMA's Mobile Alliance against Child Sexual Abuse Content in a bid to protect the rights of children and contribute towards preventing their sexual exploitation. In doing so the company has committed to abide by the criteria for formal membership to join the Alliance, including promoting the Alliance's mission of obstructing the use of the mobile environment by individuals or organisations wishing to consume or profit from child sexual abuse content. Dialog Telekom became the first Sri Lankan organisation to join the Alliance in association with the National Child Protection Authority (NCPA) in Sri Lanka, to take steps to prevent access of child sexual abuse content from external websites accessible through Dialog mobiles. Dialog mobile subscribers who attempt to access websites that are identified as containing child sexual



abuse images by the Internet Watch Foundation will now receive an error message mentioning the page is unavailable. The designated phone number 011 7 221 777 is enabled for subscribers to report any websites with questionable content to the NCPA for appropriate action.

“Dialog is to be commended for its leadership in addressing this hugely important issue. We call on more Asian mobile operators to join the alliance and take further steps to prevent their networks from being used as a means of accessing or hosting pictures and videos of children being sexually abused.”

- Rob Conway, CEO and member of the Board of the GSMA.

Dialog Telekom also made a concerted effort to provide guidance to its customers as well as the general public on the responsible use of mobile phones in 2008, with an

emphasis on mobile phone etiquette and safety. A case study on this initiative is featured in Box 5.

BeMobileWise

Tips on Responsible Mobile Phone Usage

As part of the awareness building campaign on the proper usage of mobile phones in society in mind, Dialog launched a mobile phone etiquette and safety campaign, titled - 'Be-Mobile-Wise'. This initiative highlights a number of basics on acceptable use of mobile phones as a step in the right direction to educate mobile phone users in the country. A Be-Mobile-Wise booklet printed by the company has been made available in all Dialog Arcades and can be picked up free of charge by any interested party. General public also have the option of e-mailing Dialog Telekom at responsibility@dialog.lk with comments, suggestions and feedback regarding the campaign.



The Be-Mobile-Wise booklet

Dialog Telekom, servicing more than 5 million customers on mobile, as well as around 150,000 customers on Dialog TV and many more thousands for fixed line and broadband connections consider customer privacy of paramount importance.

Through effective implementation of internal management systems and procedures relating to customer privacy protection, the Group has effectively limited substantiated complaints received concerning breaches of customer privacy to less than 0.003%. Nevertheless the Group takes the matter very seriously does not consider this number insignificant to action further precautionary measures. The commitment to identify leaks and take necessary action against perpetrators is supplemented by efforts to improve systems in order to rectify possible areas of breach.

Dialog Telekom conducts surveys with regard to customer satisfaction, encompassing the services of the whole Group in order to gain accurate insight into customer perceptions of the service provided. These may consist of both Qualitative & Quantitative surveys ranging from methods such as mail among group customers to face to face household surveys; developed In-house as well as outsourced. The percentage increase in overall customer satisfaction levels for Dialog from 2007 to 2008 was 1%. The findings were based on the Customer Satisfaction Survey which is carried out annually among Dialog customers via 'Mail Survey'.

There have been isolated instances where individuals, speaking on behalf of rural populations during our stakeholder engagement sessions have commented on Dialog Telekom having a perceived 'distance from a rural consumer'. This can be attributed mainly due to the innovative nature of certain products & services offered by the group, which are more relevant to urbanites having access to a range of higher end devices.

While a certain number of products are for targeted markets, Dialog Telekom strives to make our services accessible to all segments of society in line with our philosophy of inclusion. As such, rural expansion forms a key part of our vision. We strive to empower our retail network to grow their businesses and thereby accelerate development of their surrounding communities as well.

A case study on Dialog Viyapara Diriya, a downstream supply chain empowerment programme initiated by Dialog Telekom to offer knowledge and training for Small and Medium Enterprises (SME) in rural Sri Lanka, is featured in Box 6.

Efforts aimed at supporting capacity building towards developing rural communities are also supplemented by efforts towards introducing innovative products targeting Base of the Pyramid (BoP) segments. The Dialog 'Call Me SMS' is one such product that allows mobile customers

who have run out of credit or whose outgoing is barred, to stay in touch by requesting another Dialog user to call them back. Call Me SMS is offered free of charge and all that is needed is to Dial #356* followed by the number a call is requested from and an SMS will be sent to the intended recipient with the request. This allows to customers who are not in a position to immediately pay for a call, to maintain connectivity. With responsibility towards Dialog mobile users who prefer not to receive a Call Me SMS request from a particular number, it is also possible to bar the number from sending requests as well.

Empowering Entrepreneurship at Grassroots: Dialog Viyapara Diriya



Dialog retailers fine tune entrepreneurial skills at a workshop

Dialog Telekom in collaboration with the International Finance Corporation (IFC) launched a web site called 'SME toolkit', to support small and medium scale entrepreneurs for their business development, in November 2008.

This initiative is part funded by the IFC which is a member of the World Bank. The 'SME toolkit' was combined with the 'Viyapara Diriya' workshop series, which is one of the most effective supply chain empowerment programmes initiated by Dialog Telekom. Dialog 'Viyapara Diriya' entrepreneur training workshops were launched in 2007. The participants for this programme are selected from the retail network of Dialog Telekom, across the Country.

An innovation of the IFC, the 'SME toolkit' offers free business management information and training for small and medium scale enterprises on areas such as accounting and finance, business planning, human resources, marketing and sales, operations and information technology. The SME toolkit offers a wide range of articles, on line training resources to help entrepreneurs and small scale business owners in developing their business.

Mr. Kanchana Devapriya, who has been an active member of 'Viyapara Diriya' since its beginning, said that with the guidance of 'Viyapara Diriya' he could develop his business as well as his personal life. "I have participated in almost every 'Viyapara Diriya' workshop since last year. At first I had little interest in this project. But after I had participated in the second workshop I felt this programme would be very helpful to me. Earlier I ran my business without much success, but after participating in 'Viyapara Diriya' workshops I have learnt how to develop my business and how to enhance my profit. I have also learnt about finance management, which helped me a lot in developing my business as well as my personal life. Since no other company in Sri Lanka has come up with such a project, I would like to thank Dialog Telekom for conducting such workshops for small entrepreneurs like me, and giving their guidance to develop our business".

Visit: <http://srilanka.smetoolkit.org/>



COMMUNITY IMPACTS

Due to the non extractive nature of Dialog Telekom's business, the Group does not have a formal Social Impact Assessment on its overall operations. Instead, this is undertaken at site level where the Group engages the local community to develop and expand its network infrastructure. This indicator also links up and is complemented by needs assessments carried out under EC8, covered in the Outreach CR section of this Report. A methodology that has elements of a Social Impact Assessment, primarily from a risk angle is applied by the ERM function as well as by the CR functions within the organisation.

Community consultation is carried out during the impact management programme which is run formally when base station sites are selected for network scaling. This is done with the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), the Urban Development Authority (RDA) and the Central Environmental Authority (CEA) agencies. Despite relative success that has been achieved, there is a growing incidence of community concern over perceived health and economic risks associated with site acquisition for new base station sites. The possibility of lightning to be conducted in to neighbouring areas by telecommunications towers during times of inclement weather was a concern raised to site commissioning teams as well as during our stakeholder engagement forums. In addition there is a concern about the degree of radiation caused by towers.

TRCSL has initiated a mechanism to measure the radiation on towers in order to ensure the degree of radiation is within set limits which can be identified as a key mitigation method and can be used to address public perceptions regarding negative impacts. Dialog Telekom has also taken measures to minimize damages from lightening through multiple preventative strategies, including optimal usage of existing land space where telecommunication towers are located to obtain best earth resistance. A well planned grounding network using high quality lightning rods, lightening protectors and down conductors are also installed. Copper bonded steel rods, pure Copper conductors and tapes are used for the grounding networks and exothermic welding is

used to make sure the durability of connections and to obtain lowest impedance. In addition to the grounding system, surge protectors are also installed to protect all equipment & commercial power supply lines.

However, such controls are not proactively communicated to the public by the company, although 15 lightening awareness programmes were conducted in selected communities with the assistance of the Department of Meteorology & TRCSL. These have been moderately successful in addressing the concerns of the community. Dialog Telekom plans to develop guidelines over and above legal requirements on Environmental aspects to be considered when acquiring a site to as a key deliverable for 2009. Once implementation of these measures have taken place, further community engagement on lightening protection measures that the company has adopted, would be the next step.

Dialog Telekom takes steps to contribute input to government policy formulation mechanisms on selected issues that are significant to the organisation and to the general public within the sphere of the Group's business impact. The diverse nature and complexity of taxation is an issue that has been taken up by Dialog Telekom as it has implications on transparency for a consumer to discern the 'cost' of using our service. Representations have been made by Dialog Telekom to the relevant government authority on issues such as these and related submissions are made to by the respective Chief Executive Officers of the relevant Strategic Business Unit and, with support of the Group Chief Executive when deemed necessary.



A group of young boys in white school uniforms are gathered outdoors, looking intently at a tablet screen. The boys are of African descent and are wearing white short-sleeved shirts. The background shows a dirt path and some greenery. The text 'OUTREACH CR' is overlaid in large white letters on the right side of the image.

OUTREACH CR

At Dialog Telekom, we realize that to be a leader in any chosen field, a corporate has the responsibility to not only ensure its own sustainability but also contribute to the sustainable development of the environment it operates in. As a Group in the Global South, this responsibility means that we strive to use our core competence in digital technology for community benefit, in support of National Development and the United Nations' Millennium Development Goals (MDGs). The Group embraces its commitment to serve the Nation through strong and vibrant actions across community outreach initiatives that forms a critical aspect of our CR thrust.

At Dialog Telekom, we realize that to be a leader in any chosen field, a corporate has the responsibility to not only ensure its own sustainability but also contribute to the sustainable development of the environment it operates in. As a Group in the Global South, this responsibility means that we strive to use our core competence in digital technology for community benefit, in support of National Development and the United Nations' Millennium Development Goals (M.D.G). In keeping with this ethos, Dialog Telekom's CR outreach initiatives include flagship Social Investments with high resource allocations and the philanthropy driven Change Trust Fund projects. These undertakings contribute towards Nation building and are influenced by the United Nations MDGs as well as requirements specific to Sri Lanka (See Diagram 4). The Group is identified by the public as a technology pioneer in Sri Lanka and we hope to continue using ICT for development in the future to usher sustainable empowerment programmes.

The thematic areas provide focus to our endeavors, which include causes aligned closely with our business case as well as those with philanthropic motives. The extent of development and impact of Dialog Telekom's social investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement is accounted via analysis on each of the identified outreach CR thematic areas.

In 2008, Dialog contributed to National development across five thematic spheres as follows:

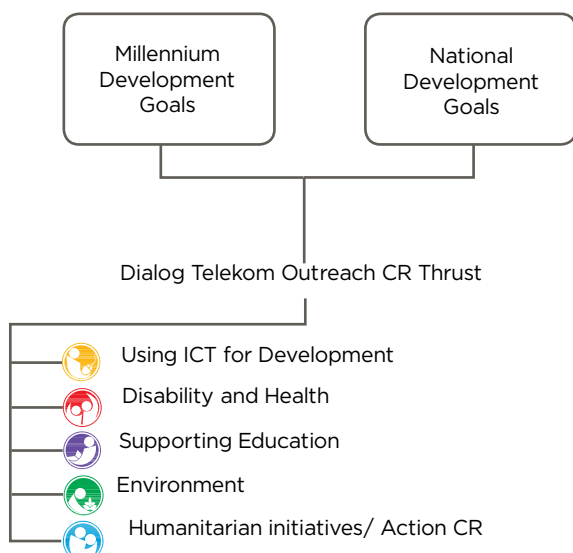


Diagram 17. Dialog Telekom's Outreach CR Thrust

USING ICT FOR DEVELOPMENT



Information and Communication Technology (ICT) can have an unprecedented impact on the lives of people providing real empowerment through connectivity to leapfrog traditional development barriers. At the same time the issue of giving access to rural communities and the marginalized (especially low income groups, the elderly and disabled) continues to be a challenge. As a responsible corporate citizen Dialog is committed to providing equal access to this wider segment of our community through diverse initiatives within the area of using our competence in ICT, for development.

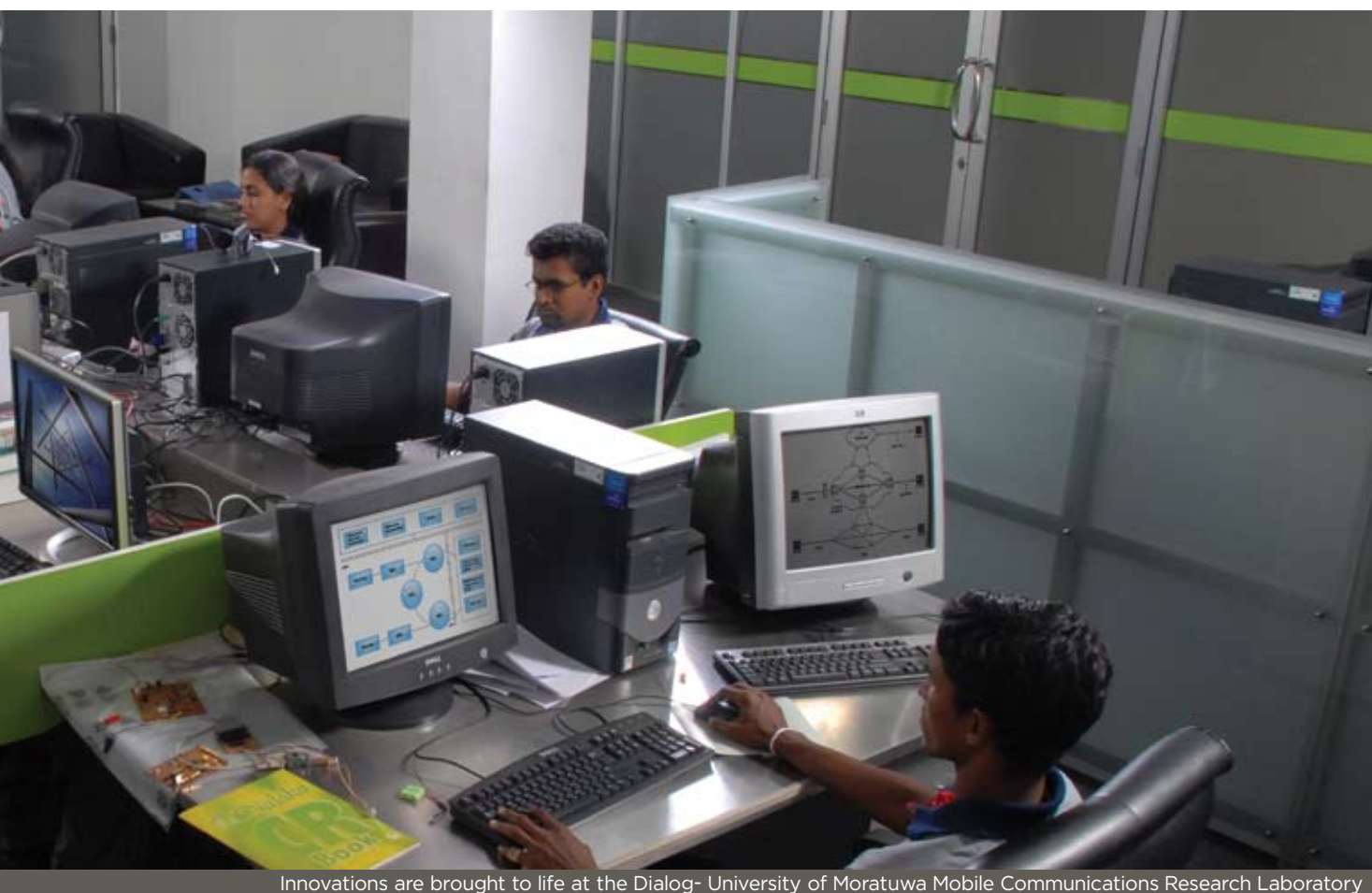


Dialog - University of Moratuwa Mobile Communications Research Laboratory

The Dialog - University of Moratuwa Mobile Communications Research Laboratory is one of Dialog Telekom's flagship initiatives operational since in 2004 to advance the frontiers of mobile communications technology with the premier technology university in the country. In addition to the direct employment it creates, it is also a contributor to lowering Research and Development costs as well as playing a role in the ICT for Development thrust of the organisation. The research laboratory is supported by esteemed academic staff. Prof. Dileeka Dias (Dean, Faculty of Information Technology) works as the Director of the laboratory. Prof. Ananda Jayawardena (Professor, Dept of Civil Engineering, University of Moratuwa), Mr. Kithsiri Samarasinghe (Head of Department of Electronic and Telecommunication) and Prof. Gihan Dias (Acting Head- Department of Interdisciplinary Studies) work as the research advisors.

During the reporting year the Dialog - University of Moratuwa Mobile Communications Research Laboratory won the 'National Science and Technology Award 2008' under the category of 'Engineering Product Design and Development for Commercial Applications'. The Disaster Emergency Warning Network (DEWN) alarm device is an innovation of the lab and the base station monitoring system is to be rolled out on mass scale in 2009

More information on the Dialog - University of Moratuwa Mobile Communications Research Laboratory can be found at the website <http://www.ent.mrt.ac.lk/dialog/>



Innovations are brought to life at the Dialog- University of Moratuwa Mobile Communications Research Laboratory

Dialog e-Village in Medamullana

On November 8th 2008, the Dialog e-Village, an initiative powered by Dialog Telekom was launched by H.E the President the Hon. Mahinda Rajapakse in Medamullana, Weeraketiya. The e-Village pilot project aims to empower a rural village, Medamullana in Hambantota district in the rural hinterland of Sri Lanka with the power of Information and Communication Technologies to enrich the lives of villagers; contributing to bridge the digital divide in rural Sri Lanka. Atypical of a rural village, Medamullana has more infrastructural facilities, which make the region more suitable for the e-Village pilot project due to available capacity which can sustain development that takes place with the introduction of ICT. Dialog also funded capacity building programmes in IT and communicative English for a period of six months to enable students and users of the technology to make best use of the technology at their disposal.

Communication technology will be applied in the village for development areas such as education, social, culture, economy, health, administration/government services and agriculture. A fully featured village web portal which has been developed by the Dialog- University of Moratuwa Mobile Communication Research Laboratory has different features for the above aspects. 33 access points were created and 39 computers were installed with broadband connectivity in the Village, thereby connecting the village with the rest of the world. Approximately 1000 villagers will benefit from accessibility and improved interactivity.



H.E the President Hon. Mahinda Rajapakse at the Dialog e-Village opening in Medamullana

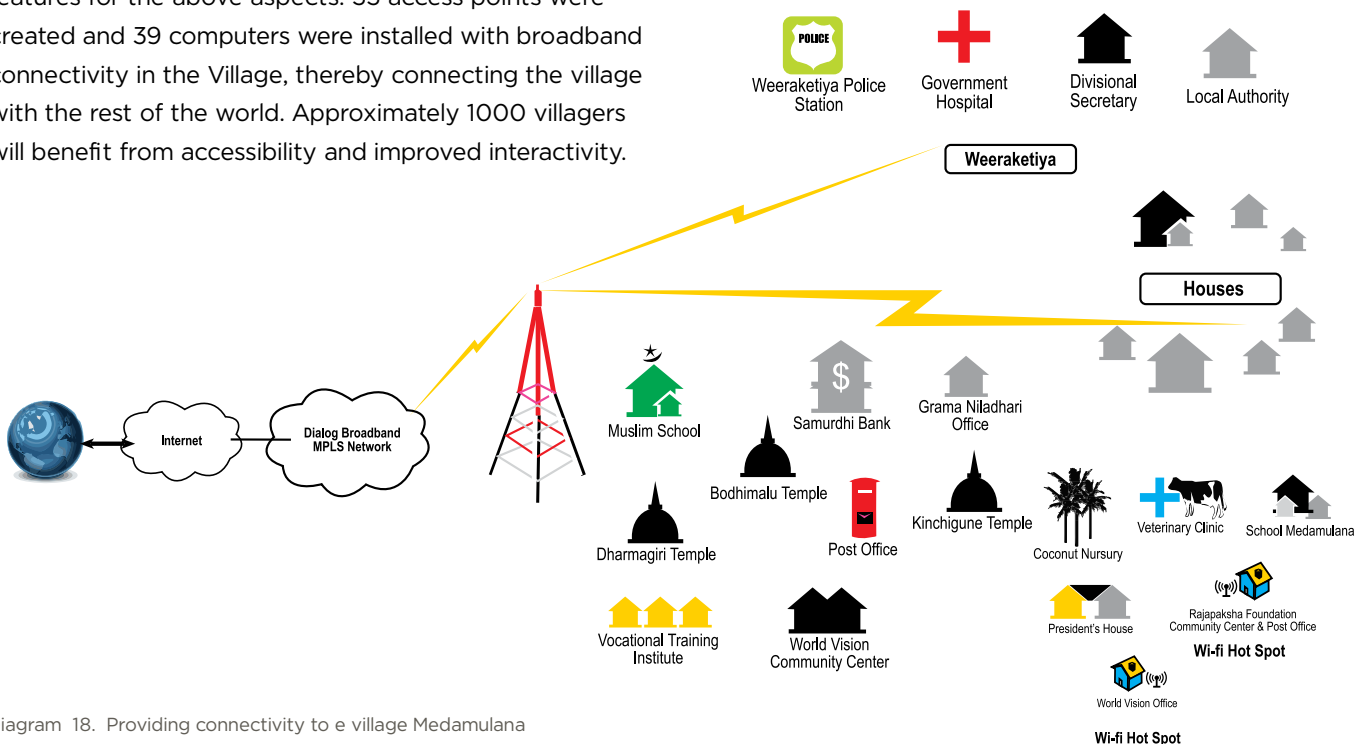


Diagram 18. Providing connectivity to e village Medamullana

DEWN- Disaster and Emergency Warning Network

The Disaster Management Centre of Sri Lanka (DMC), together with Dialog Telekom continued testing Sri Lanka's first mass alert warning system- the Disaster & Emergency Warning Network (DEWN) with the aim of launching the product in Q1 during 2009. DEWN was developed by Dialog Telekom in collaboration with our partners the Dialog-University of Moratuwa Mobile Communications Research Laboratory and Microimage (Pvt) Ltd. as a result of research and development undertaken after the 2004 Asian Tsunami. DEWN has National significance due to the potential to transform the mobile phone into a life saving device in emergency situations. This entirely non-commercial undertaking is a wonderful example of multi-sector entities pooling their strengths to develop a high-quality product.

In a potential disaster scenario, DEWN will be used by the DMC to first alert the emergency personnel on their individual phones and public alerts will be issued via Cell Broadcast facility only when a threat is adequately verified. In addition to messages that can be received by mobile phones, specially developed DEWN remote alarms will also be used to alert nominated emergency personnel and vulnerable installations such as hospitals, schools and places of high population density.

DEWN has the potential to reach in excess of 10 Million Sri Lankans through a message sent out by Dialog Telekom which can reach 5 Million customers, with word of mouth expected to play a part in disseminating the message among citizens not connected to our network. DEWN can play a considerable role in supporting disaster management in the country, potentially saving life and property in the event of a disaster.

DEWN has received a number of accolades, both international as well as local, for the concept and design. These include Commendation at GSM Global Awards - 2007, National Best Quality Software Awards - 2006, and the National Awards for Science and Technology - 2006.

More information on DEWN can be found at the website www.dialog.lk/dewn



The developed DEWN alarm device

Digital Learning Bridge/ Nenasa (Distance Education Initiative)



A Nenasa educational programme being recorded at the National Institute of Education (NIE) studio

Dialog TV has committed to provide free satellite technology to the 'Nenasa' educational channel that has been planned for launch in 2009 together with the Ministry of Education and the National Institute of Education of Sri Lanka. 'Nenasa' will be completely dedicated to broadcasting educational programmes and will cater to the Ordinary Level and Advance Level Syllabus in all three languages. The National Institute of Education (NIE) will be the advisory for this channel.

Nenasa will focus mainly on areas where there is a shortage of teachers. Dialog Telekom will also donate 1000 DTV set top boxes, 900 television units and 100 projectors to rural schools selected by the Ministry of Education, dispersed equitably across the country. Estimates indicate 500,000 Children in these 1000 schools would eventually have access to parity learning content that will play a part in enhancing their ability to perform at competitive exams.

The programmes on Nenasa will be produced by in-house technicians at NIE, with experienced teachers conducting the lessons. Apart from the lessons on syllabus content, documentary-type programmes will also be produced with on-location filming. Additional programmes will be sourced from external sources where possible.

The channel will be supplemented by a Learning Management System (LMS) which was developed by the Dialog-University of Moratuwa Mobile Communication Research Laboratory through which the interactive element will be facilitated. The LMS and Nenasa are part of the Digital Learning Bridge initiative which seeks to minimize disparity in education for rural students.

Dialog- NBTS SMS Blood (7777) service

'SMS Blood' is an SMS-based system in collaboration with the National Blood Transfusion Service (NBTS) Sri Lanka and aims to help the Sri Lankan public in an emergency situation, by facilitating more donors to add to the blood supply system. The service was re-launched in April 2008 with improvements made in the process as well as the system architecture in line with World Health Organisation (WHO) directives. Donors register for this service through SMS and are facilitated by the project staff at the NBTS till the point of donation. NBTS will maintain a database of the donors through this service so they can be contacted if necessary.

The service is available for both Dialog Postpaid and Prepaid customers. Dialog mobile users can register to this service by sending an SMS with Blood as the message to 7777. In excess of 5000 people have registered on the system

at the end of 2008. The SMS Blood service thereby provides needy recipients more chance of receiving blood of the required type by expanding the supply base through making the donation system more convenient.



Dialog - Sumithrayo Counseling Helpline

Dialog Telekom joined hands with Sumithrayo from 2007 in a bid to offer social support by dialing a free short code 766 from a Dialog mobile or 0777 867676 from any other mobile or land line. This linked the caller with a nominated "befriender" at Sumithrayo. Trained volunteers at Sumithrayo were at hand to give support to individuals with a variety of issues and problems. During 2008 over 600 people in Sri Lanka requiring social support services used the numbers provided. However due to difficulties in maintaining the project quality against the high volume of calls, this initiative was terminated from December 2008.

Dialog - NBRO Landslide Early Warning Initiative

The United Nations Development Programme, National Building Research Organisation (NBRO) and Dialog Telekom collaborated to monitor and disseminate vital information from five weather stations across vulnerable geographic locations in the island to monitor precipitation and ensuing landslides during in the reporting year. The Dialog network was used for this initiative with families living in five landslide prone Divisional Secretariats (Elapatha, Nivithigala, Kalawana, Pelmadulla and Kahawatha) in Rathnapura benefiting.

Shared ICT Access Towards Development

Easy Seva is the Last Mile Initiative (LMI) in Sri Lanka, a project commenced in 2006 with support from U.S. Agency for International Development (USAID), Dialog Telekom, QUALCOMM, and Synergy Strategies Group (SSG). Easy Seva Centers are Tele-centers promoting shared access, spread across rural and semi-rural towns in Sri Lanka

The Easy Seva Project primarily supported and promoted SME development in the private sector. A project concentrating on the SME sector is of essence to developing countries as it has the potential to contribute to a country's economy in the form of job creation, public and private revenue generation and overall economic competitiveness in a country. The SME sector has potential to contribute to a national economic development through information, capital, ideas, people and products.

A researcher from Berkeley University California has estimated that around 13,000 people in each community benefits from each of the 50 Easy Seva centers. More than 60% of customers are repeat customers increasing the IT literacy in rural towns in Sri Lanka. A majority of the survey respondents indicated that Easy Seva's main benefit for them has been to improve communication with friends, while a significant number also indicated that it helped them to gain information that will help in their daily lives. Due to lack of relevant content and applications, customers are compelled to use Easy Seva facilities for common purposes such as "keeping in touch". To use Easy Seva to improve efficiencies in the market place to reap economic benefits, relevant applications and content has to be present. One important factor to note is that the center owners actively prevent the use of their centers for what are within given facilities, a majority of the center owners cover cost and earn a profit margin. In addition to business creation and owners themselves being employed, most centers also employ multiple-operators, creating job opportunities in addition to offering valuable services to the community as well as to other local businesses.

DISABILITY AND HEALTH



A society where people with disability enjoy equal rights and opportunities cannot be achieved solely through action taken by the healthcare sector. At Dialog Telekom, we are committed towards reaching out to those with disabilities with the knowledge that empowering these people can make them differently able and capable of contributing in their unique way towards the advancement of society. Through projects that encourage the differently able towards independence and success we hope to ultimately play our part in the creation of a more inclusive culture.



“Parents have been able to overcome the frustration to a greater extent by having obtained cohesive services following identification of deafness, which I think is a realistic possibility with the availability of high-tech audiological equipment and competent staff at the Centre. Now these parents have a clearer vision towards the education of their children.”

Ms. M.H. Wijerathna,
Principal of the School for the Deaf Ratmalana

Dialog Telekom received an Excellence award at the 2008 Asian CSR Awards in the ‘Concern for Health’ category for the Ratmalana Audiology Centre, Sri Lanka’s first digitally-equipped, state-of-the-art hearing centre gifted by the Group to the Ceylon School for the Deaf. The Ratmalana Audiology Centre, constructed on the premises of the Ceylon School for the Deaf, has been operational since it’s opening for public in June 2007. The centre consists of a clinic equipped with state-of-the-art diagnostic equipment and offers a wide range of tests, providing management and after care services for the hearing impaired such as Speech Therapy, Counseling and a Hearing Aid Repair Unit. It is staffed by a group of highly

trained professionals and is designed to be a one-stop diagnostic facility supplemented with post-diagnostic services, specialising in early detection of hearing impairment in children.

In excess of 750 patients have been attended to at the Ratmalana Audiology Centre during 2008.

More information on the Ratmalana Audiology Centre can be found at the website www.giftofsound.lk



A hearing test being perform at the Ratmalana Audiology Centre

Ranaviru Sevana Listening Library and Therapeutic Centre

Dialog Telekom gifted a Digital Listening Library and Therapeutic Centre to Ranaviru Sevana in Ragama in January 2008. The Listening Library and Therapeutic Centre is the first of its kind in Sri Lanka. Constructed on the Ranaviru Sevana premises the Centre provides audio based knowledge and learning services for the soldiers of Ranaviru Sevana. The Centre was constructed to empower soldiers undergoing rehabilitative therapy for cognitive and visual impairment. It primarily focuses on empowering its patients physically, mentally and emotionally through gradual and long-term social integration. The facilities at the Centre include digital audio recording facilities, an audio library for the visually handicapped, a recreational area as well as physiotherapy, speech therapy and IT training facilities. The audio library has a wide selection of audio books ranging from current affairs and news to popular short stories and poetry, with a fully equipped IT room that was access to the internet. While 300 inmates are undergoing post-armed conflict therapy, the centre helps more than 50 inmates who have suffered visual impairment to listen to audio books recorded by other inmates.

“Today is an important day in the calendar of the Sri Lanka Army, on which Dialog Telekom a leading stakeholder of the economy of Sri Lanka, has stepped in to support the worthy cause of enhancing the facilities afforded by the Sri Lanka Army to rehabilitate its members with disability. At Ranaviru Sevana, we have always recognized the relevance of offering the best services to the soldiers with disabilities who have sacrificed their physical well being for the integrity of our motherland. It is our common knowledge that disabilities worsen with age and secondary medical complications crop up later in life, where as modern facilities provided by the therapeutic centre will limit the occurrence of such phenomenon. I extend my gratitude to Dialog Telekom and all those who were engaged in making this building a reality”-

Sri Lanka Army Commander
Lt. General G.S.C. Fonseka



An inmate listening to an audio book at the Ranaviru Sevana Listening Library & Therapeutic Centre

Supporting Differently-able Sportspeople

Our belief in equal opportunities makes us the leading Corporate Sponsor of disabled sports and athletes in Sri Lanka. We are powering these exceptional men and women to achieve new and greater sporting heights both locally and internationally. During 2008, Dialog Telekom was the official sponsor for the Sri Lankan

contingent for the Beijing Paralympics, assisting seven athletes to represent the country. The Group also sponsored the SL Army Disabled Sports Festival, an event catering to approximately 500 differently able war heroes.



The Sri Lankan contingent for the Beijing 2008 Paralympic Games was powered by Dialog Telekom

Ganemulla Commando Regiment Water Therapy Centre

During February 2008, Dialog Telekom also gifted a fully equipped water therapy unit to the physiotherapy centre of the Sri Lanka Army Commando Regiment Camp located in Ganemulla, Kadawatha. The water therapy unit aids the recovery process of disabled Commandos and facilitates restoring and maintaining a level of physical function that leads to independent living. The handing over ceremony was held under the auspices of Mrs. Sugandhi Kadirgamar, wife of the late Hon. Minister for Foreign Affairs and International Relations, Hon. Lakshman Kadirgamar.

The newly established water therapy unit is fully equipped with a Jacuzzi, Dry Sauna, and Steam Room, further upgrading the facilities of the physiotherapy centre which provides many other treatment facilities for the disabled. The new water therapy unit will assist disabled Commandos to overcome numerous physical limitations through proper therapeutic intervention as water therapy is a popular treatment method used to treat individuals with physical impairments. The Commando Regiment Camp is home to over 200 disabled Commandos and approximately 100 inmates undergo post-armed conflict therapy at the centre.

SUPPORTING EDUCATION



A Dialog scholar induction ceremony

The Dialog scholarship programme aims at developing the intellectual capital of Sri Lanka's future leaders. Dialog Telekom also supports interaction between the scholars and our employees, which facilitates mentoring, internships and soft skills development. Going beyond funding, the programme includes formal training programmes on an ongoing basis to enhance the soft skills of the students and empower outstanding scholars to pursue their future aspirations and higher studies at secondary and tertiary institutions.

The local Scholarship Programme supported more than 250 students who excelled at the Ordinary level and Advanced level examinations, during the 2008 reporting period. Selection of students was by the Ministry of Education and University Grants Commission of Sri Lanka and is based on the best results in each of the 25 administrative districts. Additionally, scholarships are also extended to approximately four differently able scholars each year. It is not only the Dialog scholars who benefit from this programme but their extended families as well as more than 25,000 students from the scholars' schools, who receive books for their libraries through the initiative as well.

Dialog Telekom has also awarded five fully sponsored scholarships to scholars, to pursue a BSc Telecommunications Engineering Degree, at Multimedia University (MMU) Malaysia, acclaimed as one of the most technologically advanced universities in the world.

"Many Sri Lankans have attended prestigious international universities through scholarships. Late minister Mr. Lalith Athulathmudali who went to study at Oxford University through a scholarship is a classic example. Having recognized the importance of such a scholarship, he initiated Mahapola Scholarship Fund for the students of Sri Lanka. Thousands of students have been reaping the benefit of Mahapola scholarships over the past two decades. I reckon this Dialog Merit scholarship programme would be like that. Having gained nearly 60 % of the market share within a short period of time, Dialog Telekom is providing a novel service to their customers with latest technology. Not only that but also they have always come forward to support the community of Sri Lanka through their Corporate Social Responsibility initiatives. CSR projects have an important part to play in the development of the country and the efforts Dialog has taken in supporting the education of Sri Lanka through this type of initiatives is to be applauded"

- Hon. Mr. Susil Premajayantha,
Minister of Education

ENVIRONMENT



A major milestone of Dialog Telekom's Environmental Outreach effort was reached when the Mobile Environmental Education Programme (MEEP) completed an annual target of 150 schools in 2008. Dialog Telekom joined hands with the Central Environmental Authority (CEA), the Biodiversity & Elephant Conservation Trust (BECT) and the International Union for the Conservation of Nature (IUCN) to educate children on environment through this unique education programme. The aim of the Mobile Environment Education Programme (MEEP) was to raise awareness of future generations on natural resources and make them ambassadors for the protection of biodiversity through animated presentations as well as to engage with communities and to understand their views on ICTs and its impact on environment and lifestyles. .

As part of the project, lecturers facilitated by BECT traveled to schools approved by the Ministry of Education. The team travelled in the 'MEEP' van and delivered the workshop even in areas without electricity, through the power generator taken with them. The programme has been acknowledged by many schools as a highly effective method for increasing interest among students on environment, with the usage of sophisticated multimedia and modern technology as teaching aids. At the completion of each workshop, stimulating booklets on biodiversity and natural resources were also distributed to each school in the local language, as well as English.

The IUCN carried out a separate review which was also used to inform continuous improvement of the programme delivery. With an average of 150 students (age 8-18) per school, MEEP reached approximately 22,500 children during the reporting year. The MEEP project supplements another 'green' effort by Dialog Telekom to collect old mobile phone batteries and handsets, through acting as a 'mobile collection point', allowing rural students to handover M-Waste to the mobile unit for appropriate disposal (More information on the M-Waste project can be found in the Material Management section of this report).

A Radio Programme for children, 'Rakimu Api Parisaraya' was also sponsored by Dialog Telekom as an extension of MEEP and was aired since April (2008), every Sunday at 6.30 p.m. on the Sinhala Commercial Service of the Sri Lanka Broadcasting Corporation (SLBC), during 2008. While the SLBC has island-wide coverage and reaches potentially all Sri Lankans, an estimated 100,000 people would also receive the environmental education message as a result of word of mouth from school children, resulting in an enlightened community. Strategically, MEEP also enables Dialog Telekom to engage with stakeholders who have concerns about Base Stations in their environments (More information on this can be found in the Community Impacts section of this report).



MEEP takes environmental education to rural schools

HUMANITARIAN INITIATIVES/ ACTION CR



As a Nation in the Global South, Sri Lanka remains susceptible to events, which bring to light disparity in society, highlighting the need for organisations to engage in providing humanitarian assistance in various forms to help people get back on their feet at times of need. Adverse situations in Sri Lanka invariably results in a shortage of basic necessities such as food, medicine, water and shelter. A part of our CR outreach initiatives concentrate on providing such humanitarian assistance in times of necessity to the community.



Transforming Their Future-Today!

The Change Trust Fund was established in 1999 by Dialog and is the company's longest running CR initiative. Under the programme, post-paid subscribers are invited to donate half a percent (0.5%) of their Dialog mobile bill to the Fund up to a maximum of Rs. 25/=, with Dialog making a matching donation. The fund is disbursed to disadvantaged communities of society upon evaluation on a case by case basis. Hence every call from a Dialog mobile can make a positive change in transforming the future, today.

Change also provides an opportunity for customers and Dialog employees to actively participate in contributing their resources to make these initiatives meaningful and sustainable. Volunteerism is a core element of Change Projects within the organisation and enables employees from cross functional teams to collaborate for an altruistic cause of a selected beneficiary.



30 Charitable interventions across Sri Lanka to enrich Sri Lankan lives

In 2008, 15 micro-projects were completed under the Change Trust, which were dispersed across the island, to needy beneficiaries, within the same five thematic areas identified by Dialog Telekom. Approximately 4,500 recipients are directly benefited by the 2008 Change Trust effort, while the total number of indirect beneficiaries is a much larger figure.



Children operating a computer at newly opened ICT center, gifted by Dialog to Sri Dharmodaya Dhamma school Hingurakgoda

Change Trust Fund projects completed in 2008

Project	Volunteers	Output	Outcome	Total No. of people impacted
Senehasa Children's Resource Centre	The International Roaming team (fifteen volunteers) and CR team.	The team donated a Sensory Room with a Children's Soft play area. They also donated a Fully Air Conditioned Sensory room with surrounded cushion walls, visualizing area, television, surround sound system with lighting effects, a personal PC CDMA phone with E- Mail facilities.	Sixty differently able children suffering from "Autopsy" benefits from the Sensory room	Approximately 60 differently able children.
Jeewana Loka Disabled Persons' Association	CR team	Cash donated for the development and benefit of the school and students. Workshops were also held to empower students and their parents.	Empowered differently able children and parents	20 Differently able children and approximately 40 parents
Pre-schools in Galle	Engineering Operations team (thirteen volunteers) and CR team	Play ground items (Swings, See-saws, Merry-Go-Rounds, Math Slides, Pyramids, desks, chairs, toys and school bags) were donated to six preschools in Heenatigalla/ Mihiripenna/Dompe/ Happawana/ Harumalgoda/Pellassa - villages	Basic facilities for 250 pre-school children from rural areas.	Two hundred and fifty pre-school children
Pusthulamulla Maha Vidhyalaya (project to mark launch of 1000th base station)	CR team	Donation of books/ four Computers and internet facility. Also a classroom was renovated in to the library.	Help schools improve it's student literacy	Two hundred children
World View Computer Centre in Medirigiriya	Service Delivery Management Division (six volunteers) and CR team	Donation of five Computers/ five UPS/ a printer	A hundred and sixty children from two villages (Bisouyana/ ohombadamanaya) will get the opportunity to be computer literate	A hundred and sixty computer literate youth.
Varam Youth Self Employment Project	Corporate Planning Division (eight volunteers) and CR team	Support to expand the paper manufacturing operation and promote paper products and handicrafts. Construction of a new building/ painting Washing and supplying furniture. Donation of a calendar roller, hollander beater, heavy duty paper shredder and Heavy paper press machine.	Employment of 100 young children	A hundred children
Educate a child Trust	CR team	Donation of Rs.25, 000 towards and advert on the back cover of the souvenir for the fund raising concert.	Support to raise funds for underprivileged beach children	Eight hundred and seventy two children
Provost Ladies Club	CR team	Donation to sponsor the printing cost of a booklet which has been designed to help uplift the moral strength and encourage the soldiers in the war zone.	Encourage soldiers in the war zone and help uplift their morale	Over 5000 soldiers in the war zone

Table 2. Change Trust Fund projects completed in 2008

Project	Volunteers	Output	Outcome	Total No. of people impacted
EASE Foundation	CR team	Conduct a series of workshops to train a group of teachers who will become specialists in Facilitated Communication at the end of the work shop series.	Trained teachers for children with hearing impairments.	150 Children
Ihshaniya Arabic School	CR team	Cash donation	Assistance / Support for training of young muslim seminarians	Approximately 200 young seminarians
ICT - St.Rogus School	Employees from Dialog Tele Infrastructure & DTV (four Volunteers) and CR team	Creating a Computer Centre for the school and the donation of five Computers/ five UPS/ Colour Printer/ Computer Tables /Chairs and pedestal fans.	Promoting culture of ICTs for future generation of students	Seven hundred students
Kidney Transplant Support Foundation	CR team	Sponsorship of kidney transplant to five patients	Healthier life	Five patients
Sahanaya - National Council for Mental Health	DialogTV Team (six Volunteers) and CR team	Refurbishment of training and dining areas.	Support for welfare and comfort of patients and staff at the centre, resulting in improved visitor experience and motivation of staff	Approximately 50 patients and staff
Sri Lanka Council for the blind	CR team	Donation of 100 Nos. of metal folding White Canes.	Empowering the visually impaired	A hundred visually impaired persons.
Sri Lanka Blind Association	CR team	Donation to purchase 400 Nos. of white canes.	Alleviate the suffering of blind persons in Sri Lanka	Four hundred visually impaired persons



Dialog employee volunteers of a Change Trust Fund project

The following Change Trust Fund initiatives were carried forward to 2009

Project	Input	Output	Outcome	Total No. of people impacted
E - Kosala Dullewa Foundation (KDF)	Group Software Engineering (thirty Volunteers) and CR team	Dialog together with KDF organized an event on 21st March to create public awareness for world Down syndrome day. Sponsored the medical camp.	Identified special needs and talents of these children to help change the attitudes of society towards them.	Up to thousand differently able children
E - Ananda Samarakoon Vidhyalaya	Group Commercial and Investments (twenty Volunteers) and CR team	Library for school	Support the school to accommodate more children into the library during and to create a spacious library so that children would study without any difficulties	Two hundred and thirty students
E - Watawana Kanishta Vidhyalaya	Billing Operations (ten Volunteers) and CR team	Library for school	Help the school improve literacy	Two hundred and fifty students
E - Panapitiya Sir Razak Fareed M.V.	SAP Team (thirty one Volunteers) and CR team	Library for school	Help the school improve literacy	Hundred and eighty five students
E - Rambodagama Vidhyalaya	Group Service Delivery (nine Volunteers) and CR team	Playground for school	Promoting empowerment through infrastructure for students of the school	Fifty six children
ICT - Sri Dharmodhaya Daham Pasala	SCM (twenty seven Volunteers) and CR team	Computer centre for Sunday school	To develop computer literacy and open doors for the children in rural villagers for new ideas and innovations	Hundred and twenty five students
ICT - Bluemendhal Vidhyalaya	Group Service Delivery Management (thirteen Volunteers) and CR team	Computer centre for school	To make the students computer literate. To be able to teach Information Technology for Grade 10 students.	Approximately 50 students
ICT - Sri Arahanna Maliyadewa Viharaya	Group Finance Operations (eight Volunteers) and CR team	Computer centre for Sunday school.	Promoting culture of ICTs for future generation of students	Forty students

Table 3. Change Trust Fund initiatives carried forward from last year

Project	Input	Output	Outcome	Total No. of people impacted
ICT - Kaloogalla Tamil Vidyalaya	Quality Assurance (seven Volunteers) and CR team	Computer centre for school	To expose children to Information Technology. To create awareness on the importance of computer literacy.	Hundred and fifty students
H - Mental hospital in Angoda	Market Development and Expansion (fifty Volunteers) and CR team	Refurbishment of ward	A clean ward with a new look thereby making the surrounding more pleasant and serene for the patients.	Two hundred and fifty patients
H - Lady Ridgeway Hospital	New Technology and Convergence & DTV Sales (fourteen Volunteers) and CR team	SMATV System - Television cabling network and DTV connections	To provide entertainment and education to children who are getting treatment; to make the hospital environment pleasant.	Over 3000 patients and visitors per day.
H - Varam Youth Self Employment Project	Administration (six Volunteers) and CR team	Self employment for the youth	To help change the lives of children who are vulnerable to abuse and/or affected by the tsunami	Forty families
H - Sun Flower Village	Dialog Broadband Marketing (Eight Volunteers) and CR team	More computers to the training centre	Promoting culture of ICTs for future generation of students to the school	Two hundred and fifty differently able residents
H - National Cancer Hospital, Maharagama	Engineering Planning and Development (Fifty Volunteers) and CR team	Refurbishment of a female ward with beds, with further donation of medicines for hospital	To make the surrounding a more pleasant, clean experience for patients	15-20 patients at any given time.
H - Safe Bottle Lamp Foundation	International Roaming and Marketing Channels (Fifty Volunteers) and CR team	Distribution of 10,000 safe lamps to 5000 families in rural villagers.	To minimize usage of unsafe bottle lamps and introduce safe bottle lamps to families in rural areas.	Over 10,000 families will directly benefit from this service

WAY FORWARD

Despite the volume of investments and initiatives carried out by the Group for outreach CR, public dissatisfaction on the amount of information reaching them with regard to this was a concern that was reflected during stakeholder engagement. This poses a potential dilemma for Dialog Telekom since it has been debated within the Group whether the substantial spend on publicity for projects would be insted better utilized by investing this amount on more projects on behalf of the community. Dialog Telekom does not believe in carrying out community investments solely for public accolades although we acknowledge that informing all relevant stakeholders on the Group's community development footprint is important to give them a greater understanding on what we are about. Greater emphasis will be placed on disseminating information to the public on our outreach CR contribution in the future, although this will be pertinently moderated by judgment on whether the spend is justified against using this amount on additional investment that benefits the larger community.



Wind turbine of Dialogs Green Base Station an indicator towards future trend of the company

TARGETS FOR 2009

Link To Materiality / Goal	Key Deliverable
Extending Dialog's sphere of influence across upstream supply chain to ensure fair trade	Procurement Policy to be developed and implemented across Group
	Formal process to be implemented to screen contracts with all significant suppliers and contractors with regard to human rights
Ensuring best practice over and above legal compliance concerning Health and Safety aspects	A system of monitoring to be developed and implemented covering relevant laws and regulations, including Health and Safety, the provision & use of Products and Services as well as environmental assessment for significant products and service categories, across the Group.
Mitigate the Group environmental footprint across input and output impacts caused by our business	Develop and Implement an Environment Management Programme for significant areas of environmental impact including diesel consumption, energy consumption and management of e-waste and related products
	Develop monitoring system and implement paper reduction initiative to achieve a reduction in overall paper consumption by 5% in 2009
	Implementation of a Base Station siting guideline and establishment of monitoring system
	Up to 10% energy saving from Dialog office sites
	Increase internal paper recycling up to 30% of consumption
Improve Health and Safety Performance	Introduce a process to capture and monitor Occupational disease rate to be introduced and establish a base line against desired levels
Strengthen existing anti corruption processes	Implement Whistle Blowing Policy for Group
	Awareness Programmes on Code of Business Ethics for all employees
Enhance product responsibility norms	Implement the Code on Marketing and Advertising throughout the Dialog Group and develop system to monitor progress
Provide social dividends using ICT's using inclusive business models	Launch the Disaster & Emergency Warning Network (DEWN) in Q1
	Introduce two ICT for Development programmes targeting 'bottom of the pyramid' segment.

Table 4. Targets for 2009

GRI CONTENT INDEX

Please note that the Indicator descriptions on the index table are abbreviations of the GRI Indicator descriptions.

Standard Disclosure		Information availability/ Page #
1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy.	Page 04
1.2	Description of key impacts, risks, and opportunities.	Page 9
2. Organisational Profile		
2.1	Name of the organisation.	Dialog Telekom PLC
2.2	Primary brands, products, and/or services.	Introduction in AR (Page 01)
2.3	Operational structure of the organisation.	-Do-
2.4	Location of organisation's headquarters.	Colombo Sri Lanka
2.5	Number and name of countries where the organisation.	Only Sri Lanka
2.6	Nature of ownership and legal form.	Public Quoted Company
2.7	Markets served.	Business Review in AR (Page 22)
2.8	Scale of the reporting organisation.	-Do-
2.9	Significant changes during the reporting period.	-Do-
2.10	Awards received in the reporting period.	Milestones and achievements in AR (page 08)
3. Report Parameters - Report profile		
3.1	Reporting period	Page 03
3.2	Date of most recent previous report	Page 03
3.3	Reporting cycle	Page 03
3.4	Contact point for questions regarding the report	Page 03
Report Parameters - Report Scope and boundary		
3.5	Process for defining report content.	Page 10
3.6	Boundary of the report.	Page 10
3.7	State any specific limitations on the scope or boundary of the report	Page 10
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	Page 10
3.9	Data measurement techniques and the bases of calculation	Page 12
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and reason.	Page 12
Report Parameters - Report Scope and boundary		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods.	Page 12

Table 5. GRI Content Index

Report Parameters - GRI context index		
3.12	Table identifying the location of the Standard Disclosures in the report.	Page 62
Report Parameters - Assurance		
3.13	Policy and current practice with regard to seeking external assurance for the report.	Page 06
4. Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Corporate Governance in AR (Page 40)
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	-Do-
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	-Do-
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	-Do-
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	-Do-
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	-Do-
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	-Do-
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	-Do-
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	-Do-
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Page 14
Commitments external initiatives		
4.11	Explanation of the precautionary approach or principle addressed	Page 16
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Page 13
4.13	Memberships in associations and/or national/international advocacy organisations	Page 13
Stakeholder Engagement		
4.14	Stakeholder consultation	Page 10
4.15	Basis for identification and selection of stakeholders.	Page 10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Page 10
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Page 10
5. Management Approach and Performance per category - Economic, Environmental & Social.		
GRI Indicators		
Economic performance indicators		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	Business Review in AR (Page 22-38,59)

GRI CONTENT INDEX

EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Page 22
EC3	Coverage of the organisation's defined benefit plan obligations.	Page 32 Financial Statement in AR (Page 74,78)
EC4	Significant financial assistance received from government.	Page 22
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	Page 21
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations	Page 31
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements.	Page 42
Environmental performance indicators		
EN1	Materials used by weight or volume.	Page 24
EN2	% of materials used that are recycled input materials.	Page 24
EN3	Direct energy consumption by primary energy source.	Page 26
EN4	Indirect energy consumption by primary source.	Page 26
EN5	Energy saved due to conservation and efficiency improvements.	Page 26
EN8	Total water withdrawal by source.	Page 29
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 27
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Page 27
EN16	Total direct and indirect greenhouse gas emissions by weight.	Page 28
EN17	Other relevant indirect greenhouse gas emissions by weight.	Page 28
EN19	Emissions of ozone-depleting substances by weight.	Page 29
EN20	NOx, SOx, and other significant air emissions by type and weight.	Page 29
EN21	Total water discharge by quality and destination.	Page 29
EN22	Total weight of waste by type and disposal method.	Page 24
EN23	Total number and volume of significant spills.	Page 29
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Page 24
EN27	% of products sold and their packaging materials that are reclaimed by category.	Page 24
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Page 22
Social performance indicators : Labour practices and decent work		
LA1	Total workforce by employment type, employment contract and by region.	Page 30
LA2	Total number and rate of employee turnover by age group, gender and region.	Page 32
LA4	% of employees covered by collective bargaining agreements.	Page 34
LA5	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements.	Page 34
LA6	% of workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes.	Page 33

LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	Page 33
LA8	Education, training, counseling, prevention, and risk control programmes in place to assist workforce members, their families, or community regarding serious diseases.	Page 33
LA10	Average hours of training per year per employee by employee category.	Page 32
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Page 31
LA14	Ratio of basic salary of men to women by employee category.	Page 31
Social performance indicators : Society		
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Page 39,42
SO2	% and total number of business units analyzed for risk related to corruption.	Page 34
SO3	% of employees trained in organisation's anti-corruption policies and procedures.	Page 34
SO4	Actions taken in response to incidents of corruption	Page 35
SO5	Public policy positions and participation in public policy development and lobbying.	Page 39
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Page 22
Social performance indicators : Human rights		
HR1	% and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Page 21
HR2	% of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Page 21
HR4	Total number of incidents of discrimination and actions taken	Page 35
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Page 34
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Page 34
HR7	Operations identified as having significant of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Page 34
Social performance indicators : Product responsibility		
PR1	Life cycle stages in which H&S impacts of products and services are assessed for improvement, and % of significant products and services categories subject to such procedures.	Page 22
PR3	Type of product and service information required by procedures, and % of significant products and services subject to such information requirements.	Page 35
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 37
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Page 35
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 37
PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services	Page 22

CROSS REFERENCE OF GRI G3 WITH THE UN GLOBAL COMPACT INDEX

Issue Areas	GC Principles	Relavant GRI Indicators
Human Rights	Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.	LA4, LA6 – 8; LA13 – 14, HR1, HR2, HR4-7, SO5, PR1, PR8
	Principle 2 – Businesses should make sure that they are not complicit in human rights abuses.	HR1, HR2, HR4-7, SO5
Labor	Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4 – 5, HR1,HR2, SO5
	Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR1, HR2, SO5
	Principle 5 – Businesses should uphold the effective abolition of child labor.	HR1, HR2, HR6, SO5
	Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13 – 14, HR1, HR2, HR4, SO5
Environment	Principle 7 – Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, SO5
	Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility.	EN1-EN5, EN8, EN11-EN12, EN16-EN17, EN19-EN23, EN26-EN28 , SO5, PR3
	Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN 5,EN 18, EN 26 – 27,SO5
Anti-Corruption	Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	SO2 – SO4

Table 6. Cross Reference of GRI with UN Global Compact

GLOSSARY

AMR	Annual Environmental and Social Monitoring Report	ILO	International Labour Organisation
BECT	Biodiversity & Elephant Conservation Trust	IUCN	International Union for the Conservation of Nature
BOI	Board of Investment of Sri Lanka	LMI	Last Mile Initiative
BoP	Base of the Pyramid	LMS	Learning Management System
CDM	Clean Development Mechanism	MDGs	United Nations' Millennium Development Goals
CEA	Central Environmental Authority	MEEP	Mobile Environmental Education Programme
CEO	Chief Executive Officer	MoU	Memorandum of Understanding
CPU	Central Processing Unit (in computer)	M-waste	Mobile waste (Electronic waste pertaining to mobile phones & accessories)
CR	Corporate Responsibility	NBTS	National Blood Transfusion Service
CSR	Corporate Social Responsibility	NCPA	National Child Protection Authority
DEWN	Disaster & Emergency Warning Network	NDA	Non-Disclosure Agreement
DMC	Disaster Management Centre of Sri Lanka	NGO	Non-Governmental Organisation
EMP	Environmental Management Plan	NIE	National Institute of Education
EFC	Employer's Federation of Ceylon	OPD	Out Patient Department
EPF	Employee Provident Fund	RDA	Urban Development Authority
ERM	Enterprise Risk Management	SLBC	Sri Lanka Broadcasting Corporation
ERMOC	Enterprise Risk Management Operating Committee	LKR.	Sri Lankan Rupees
ETF	Employee Trust Fund	SME	Small and Medium Enterprises
GHG	Green House Gas	SSG	Synergy Strategies Group
GRI	Global Reporting Initiative	TBL	Triple Bottom Line
GSMA	GSM Association	TRCSL	Telecommunications Regulatory Commission of Sri Lanka
G3	GRI version 3.0	USAID	United States Agency for International Development
ICT	Information and Communication Technology		
IFC	International Finance Corporation		

LIST OF TABLES, CHARTS, DIAGRAMS AND BOX FEATURES

Tables

Table 1: Stakeholder Engagement and Research	Page 12
Table 2: Change Trust Fund projects completed in 2008	Page 56
Table 3: Change Trust Fund initiatives carried forward from last year	Page 58
Table 4: Targets for 2009	Page 61
Table 5: GRI Content Index	Page 62
Table 6: Cross Reference of GRI with UN Global Compact	Page 66

Diagrams

Diagram 1: Report Application Levels	Page 03
Diagram 2: Milestones Achieved in CR	Page 10
Diagram 3: Materiality Rating Test	Page 11
Diagram 4: Dialog Telekom's approach to TBL Management	Page 15
Diagram 5: Ratio between local and foreign spending	Page 21
Diagram 6: Breakdown of Total Indirect Emissions of CO2	Page 28
Diagram 7: Distribution of Employees by Region	Page 30
Diagram 8: Workforce broken down by Employee Category	Page 31
Diagram 9: Gender % within Organisation's Senior Management	Page 31
Diagram 10: Age % within Organisation's Senior Management	Page 31
Diagram 11: Gender breakdown of Full time Employees	Page 31
Diagram 12: Total # of non-ECM centre Employees leaving Employment	Page 32
Diagram 13: Age breakdown of non-ECM centre Employees leaving Employment	Page 32
Diagram 14: Total Training Hours per Employee Category per Employee	Page 32
Diagram 15: % of Employees in H&S teams	Page 33
Diagram 16: Process of M-waste recycling project	Page 35
Diagram 17: Dialog Telekom's Outreach CR Thrust	Page 42
Diagram 18: Providing connectivity to e-village Medamulana	Page 44

Boxes

Box 1: Dialog Telekom's Management Approach to CR	Page 15
Box 2: UN Global Compact Principles	Page 17
Box 3: Summary Bills & e-bills	Page 25
Box 4: Innovation to minimize waste due to employee travel	Page 28
Box 5: BeMobileWise	Page 37
Box 6: Empowering entrepreneurship at Grassroots	Page 38

