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Delivering
Shared Value

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ISO 26000

Inclusive
Business

Responsible
Operations

Enriching
Sri Lankan
Lives

Sustainability

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ISO 26000
SOCIAL RESPONSIBILITY



The following icon appears throughout this report to highlight areas covered under the ISO 26000 gap analysis.



Sri Lanka's first GRI checked A+ report



GRI A+

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The future heralds a new era for Sri Lanka. Dialog is well placed to play a pivotal role in shaping the future of citizens through the delivery of inclusive and empowering ICTs

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Our 2010 Sustainability Report covers a 12-month period ending 31st December 2010 and illustrates Dialog's conviction that shared value is created and distributed among all material stakeholders of Dialog as a matter of course when Corporate Responsibility/Accountability and Sustainability is integrated, genuinely, into short-term operations and long-term strategic planning. Consequently, the 2010 Sustainability Report captures the Company's social, environmental and economic [i.e. Triple Bottom Line (TBL)] performance against the Global Reporting Initiatives G3 Guidelines¹ and provides a narrative on the organisations rigorous efforts to apply nascent inclusive business models that harness the enabling and pervasive qualities of ICTs in general and mobile in particular.

The 2010 Dialog Sustainability Report stands out as a pioneering publication in Sri Lanka since it reflects our learning's from the first gap analysis carried out against the seven core subjects of the ISO 26000 guideline standard for CSR in the country, conducted by Det Norske Veritas AS. The use of the said ISO Guideline, in unison with the Global Reporting Initiatives (GRI) G3 Guidelines and the AA 1000 Assurance Standard (AS) 2008 enables Dialog to provide its stakeholders and readers comparable information on the nexus between economic, social and environmental performance of the Company over the past three years and to also map pertinent trends across key indicators to ensure that the aspects of materiality, inclusiveness and responsiveness are addressed and factored in a holistic manner.

¹ For 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:



Introduction to the 2010 Sustainability Report

Report Scope

Dialog reports its TBL performance across 49 core GRI G3 indicators as well as selected telecommunication sector supplement indicators in this report. The indicators that relate to opportunities and challenges that are most material to the organisation are elaborated in greater detail where required to provide the reader a holistic understanding of the organisation's business footprint vis sustainable development outcomes. Materiality is discussed in greater detail on page 16 in this Report.

Forward Looking Statements

This report contains forward-looking statements characterised by the use of words and phrases such as 'might', 'forecast', '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.

Our Report Format

The 2010 Dialog Sustainability Report uses a collection of related GRI indicator clusters in a meaningful way to the organisation, to augment readability. Several GRI standard disclosures are included in the Dialog Axiata Annual Report² and are not duplicated in the body of this Report.

Readers may enhance their judgment on the issues included in this Report by supplementing their understanding through information provided in the Dialog Axiata PLC Annual Report of 2010. The GRI content index found on page 73 of this Report lists the relevant indicators and allows easy navigation to the relevant pages of the two reports that contain details pertaining to the aforesaid disclosure.

As with the previous report the 2010 Report structure follows Dialog's delineation of the term/concept of Corporate Responsibility and is divided into two distinctive sections that reflect our orientation towards sustainability.

The first section provides insight into the Company's core 'Operations' vis performance against TBL indicators and the latter focuses on Dialog's efforts to further 'Sustainable Development' goals (based on the Millennium Development Goals and National Development Goals of Sri Lanka), using its core technology centric competencies and human/knowledge capital resulting in shared value.

The 2010 Sustainability Report, as in the previous years, reiterates Dialog's commitment to address all its legitimate stakeholders and their material issues by providing a balanced and transparent account across all agendas of value and materiality.

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

Changes from Previous Sustainability Reports

The 2010 Report combines the findings of our gap analysis against the core subjects of the ISO 26000 guideline standard and the GRI Sector supplement for the Telecommunications Industry as new features in addition to customary adherence to the GRI G3 Guidelines and the AA 1000 Assurance Standard 2008. Where assumptions are used about data presented or any restatements of information (from the previous Sustainability Reports issued by the Company) are made, they are clarified in the relevant section of this Report.

Report Application Level

Dialog Axiata PLC's Sustainability Report (hereafter referred to as the Dialog Sustainability Report) is in accordance with the Global Reporting Initiatives G3 Guidelines. This report has been independently verified for GRI G3 Application Level A and assured by Det Norske Veritas AS. The assurance engagement is for type 2 and moderate level as set out in the AA 1000 Assurance Standard 2008. This report should be read along with Dialog Axiata PLC's 2010 Annual Report for a complete representation of GRI core indicator information. This report also serves as Dialog's UN Global Compact Communication on Progress (COP) for the 12 month period ending 31st December 2010.

In 2009, Det Norske Veritas AS enumerated their feedback based on their audit findings in their assurance statement on areas that could be improved by Dialog in relation to our TBL management process. The organisation welcomed these suggestions and responded in an affirmative manner and improved its stakeholder engagement process as well as how it responded and measured its engagement. We hope that you enjoy reading this account of Dialog's TBL record for the past 12 months, juxtaposed against key performance metrics drawn from 2009 and 2008 to determine Dialog's commitment and contribution towards shared value creation, responsibly and sustainably.

| Report Application Level | | C | C+ | B | B+ | A | A+ |
|--------------------------|--|--|---------------------------|---|----|--|---------------------------|
| Standard Disclosures | G3 Profile Disclosures OUTPUT | Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15 | Report Externally Assured | Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17 | | Same as requirement for Level B | |
| | G3 Management Approach Disclosures OUTPUT | Not Required | | Management Approach Disclosures for each Indicator Category | | Management Approach Disclosures for each Indicator Category | |
| | G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT | Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental. | | Report on minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human Rights, Labour, Society, Product Responsibility. | | Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its mission. | |
| | | | Report Externally Assured | | | Report Externally Assured | Report Externally Assured |

* Sector supplement in final version.

Diagram 01: GRI application level indicator model

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Our CR ethos will focus primarily on inclusive business practices that deliver leapfrog routes to development that is sustainable

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Corporate Accountability

Dialog topped the country's corporate accountability ratings in 2010, reserving the top spot for the second year running. Sri Lanka's Corporate Accountability ratings were published recently in the country's premier business publication, LMD, and are compiled by Sting Consultants – a specialist sustainability rating and consulting service. The Corporate Accountability ratings evaluate and recognise Sri Lanka's listed companies along multiple sustainable development dimensions, including – but not limited to – measurement and disclosure, identifying impacts, risks and opportunities, stakeholder engagement, management governance, corporate values and policy coverage. Dialog scored 81.15 points over the average of 46, encompassing some of Sri Lanka's largest corporates. The Company excelled in the areas of identifying impacts, risks and opportunities, which measured the level of awareness an entity has of the main impacts of social, economic and environmental sustainability as a result of its operations.



Our Commitment to Transparency

This publication marks a beachhead in Sri Lanka's Sustainability Reporting uptake by virtue of becoming the Country's first GRI Checked A+ Report that is also independently benchmarked against the nascent ISO 26000 guideline standard for CR which provides comfort regarding the underlying processes and systems within the organisation to seize sustainability related opportunities and respond to risks arising as a course of our core business operations.

For more information please visit:

 www.dialog.lk/home/responsibility

Further information to that provided within the scope of this Report on Dialog Axiata's CR thrust. Additional information from external websites on assurance standards are used in this Report.



*Enriching Sri Lankan Lives
(Photo credit: Ravindra Ranasinghe)*

Dialog at a Glance

Dialog Mobile

Dialog Axiata PLC (The Company) is Sri Lanka's flagship telecommunications service provider, which operates Dialog Mobile the country's largest mobile network. Dialog is a subsidiary of Axiata Group Berhad. Dialog has spearheaded the mobile industry in Sri Lanka since the late 90's, propelling it to a level of technology on par with the developed world. The Company operates 2.5G, 3G and 3.5G mobile services, supporting the very latest in multimedia and mobile internet services as well as international roaming across more than 200 destinations.

International Services

In addition to its core business of mobile telephony, the Company operates a wide portfolio of international telecommunications services, including but not limited to, retail and wholesale international voice and data services, based on cutting edge International Gateway infrastructure. Dialog Global, the international arm of Dialog Axiata, provides state-of-the-art gateway facilities through partnerships with 'Tier I' international carriers.

Dialog Broadband Networks

Dialog Broadband Networks (Private) Ltd. (DBN) is a fully-owned subsidiary of the Company, and is a key player in Sri Lanka's ICT infrastructure sector, providing backbone and transmission infrastructure facilities and data communication services. DBN also operates a fixed wireless telephone service based on CDMA technology. DBN was also the first service provider in Sri Lanka to introduce high-speed broadband internet services based on WiMAX technology.

Dialog Television

Dialog Television (Private) Ltd. (Dialog TV), a subsidiary of Dialog Axiata PLC, operates Dialog Satellite TV, a Direct-to-Home (DTH) Satellite TV service. Dialog TV supports a broad array of international and local television channels.

Our Values

Total Commitment to Our Customers

Dialog Axiata, being one of the largest service organisations in Sri Lanka is committed to providing best-in-class services to every single one of its customers. Our customer-centric business focus has earned us many accolades in the sphere of service delivery and above all, has won us the trust of millions of Sri Lankans from across all segments of society. At Dialog we operate with the understanding that the customer is one of our greatest assets and the very life blood of our business organisation.

Dynamic and Human-Centred Leadership

Dialog's leadership has inculcated a human-centric business culture within the Company. As a result, all aspects of our business operations are guided by the principles of respect and support for human rights and non-discrimination. The Company is also dedicated to nurturing the talents and skills of its employees in order to best serve its customers and the communities we operate in at large.

Commitment to Task and Excellence

Dialog is synonymous with excellence in the ICT sector in Sri Lanka. We are committed to achieving excellence in all that we do. In order to better our own industry benchmark, Dialog employs and strongly advocates a learning environment within the organisation in order to help employees excel in their respective spheres.

Uncompromising Integrity

Integrity is a virtue we value and live by at all times. At Dialog we uphold the principles of honesty and truthfulness in all our business transactions with our stakeholders.

Professionalism and Accountability

We believe in maintaining professionalism in everything we do. We maintain strict business ethics at every level of our organisation in order to ensure that we deliver the best service to our customers at all times. Being accountable for our actions has enabled us to learn from our experiences and emerge successful in every new step we take.

Teamwork

While we recognise and promote the individual accomplishments of each and every employee in our organisation, we also believe in the power of teamwork. It is the team spirit at Dialog and the collective efforts of our dedicated workforce that has transformed the Company into one of the most successful and respected business entities in the country.

Foremost Respect for Concern and Care

Dialog strongly advocates a multi-cultural work environment. Our employees come from diverse religious and cultural backgrounds. At Dialog we work as one team where no employee is discriminated based on their gender, religion, cultural or other individual differences. The rich diversity of our employees gives us the opportunity to cater to varied needs of our stakeholders in an effective and meaningful manner.

A Discourse on Sustainability and Shared Value Creation with the Group Chief Executive



Q1. Dialog has always espoused a credo of creating 'Shared Value'. How far have you integrated this thinking across the Company?

A1. Dialog's business orientation sixteen years ago focused on an inclusive business model that was aimed at making the mobile phone a ubiquitous utility for all citizens. This fundamental differentiator and value proposition set us apart from the industry at that time and also propelled us to market leader within a very short period. The phenomenal impact of this transformational business agenda within the community we operate underscored our belief as well as the nascent wisdom that business can do well by doing good. Shared value creation among all legitimate stakeholders provides a foundation to build a sustainable and enabling environment for our organisation to grow with the community. Our 4 A's credo (affordability, availability, applicability and affinity) enabled Dialog to create value at the base of the economic pyramid as well at the top. This ethos is hardwired across our organisation and permeates every business function across the organisation. We continue to be proactive in this space with this same mind set, the same passion and excitement that motivated us sixteen years ago to ensure that the pervasive qualities of ICTs in general and mobile in particular are made available to as many Sri Lankans as possible.

Q2. Would you agree that your hardwired orientation towards creating 'Shared Value' contributed towards Dialog's Rebound in Profitability this year?

A2. Yes it did. Despite the challenging environment and the resulting downturn in financial results in the past two years we were uncompromising in our purpose. We remained steadfast to our business principles and in 2010 we re-engineered our organisation's core



Shared value creation among all legitimate stakeholders provides a foundation to build a sustainable and enabling environment for our organisation to grow with the community

operations in the pursuit of sustainable value creation, whilst leveraging the pervasive attributes of ICTs to leapfrog developmental challenges confronting our country. We were as aggressive in our product development initiatives – in particular those driving inclusion and empowerment at the bottom of the pyramid as we were with respect to our transformational initiatives targeting a platform of sustainable profitability. This holistic delineation of Sustainability enabled Dialog to single-mindedly pursue responsible value creation paradigms. As I alluded to in the 2009 Sustainability Report at Dialog we believe that CR delivered in this way enhances value creation outcomes across all aspects of our business footprint in a more sustainable manner, since it is integral to the ongoing business and receptive to stakeholder interests. In 2010, we further rationalised our altruistic initiatives on the back of adverse macro-economic variables and stringent internal cost optimisation strategies, whilst aggressively pursuing inclusive business agendas that support shared value creation.



Q3. How do you envision this 'orientation' to play a part in the resurgence of our country's future?

A3. The future heralds an exciting chapter in our country's history and Dialog is poised within this era of optimism to ensure it plays a pivotal role in shaping the future of the country and its citizens' lives and livelihoods through the value created resulting from the Company's inclusive commercial operations. Our Corporate Responsibility ethos, within this context, will focus primarily on inclusive business practices that deliver leapfrog routes to development that is sustainable. Our strategic CR focus will therefore continue to draw a strong delineation between philanthropy and integral CR in 2010 and beyond.

Q4. In 2010, you had to downsize your operations, including the employee base, do you see this as a paradox of your organisation's stated corporate responsibility credo?

A4. The decision to offer a voluntary resignation scheme in 2010 was not one we approached lightly. The realignment of the Company to a singularly profitable position required the right sizing of our team in the wake of and in tandem with process improvement and automation. Accordingly, we offered all our permanent employees recourse to opt for a voluntary resignation scheme, by providing a financially beneficial severance solution. Contrary to being a paradox, our core values of care and respect for people were at the heart of our approach during this challenging period and we ensured all staff members were given the support and guidance to seek new opportunities in their respective careers, by way of counselling and career guidance. Adversity defines character and on the back of a very challenging and emotion ridden facet of a sustainability agenda, the Company has emerged stronger and significantly more capable of caring for its employees going forward. I believe that we must apply equal focus to the multiple facets of sustainable development – economic, social and environmental. The 'economic' facet is of particular relevance when it comes to the sustainability of a commercial business operating within a defined economic and competitive order. Economic sustainability needs to be ensured as a pre-requisite for future sustainability. However it is mandatory that where such realignment does touch human beings, the measures adopted are equitable and human centred. These means are in fact those derived from the other dimensions of sustainability which brings the system back into equilibrium and sustainable into the future.

Q5. How have you performed against your stated sustainability targets in 2010?

A5. We made appreciable progress on our stated sustainability targets in 2010, the most significant being the return of our operations to a strong position of profitability thereby delivering on the 'economic development' pillar of our sustainability focus. We are happy to report appreciable progress with respect to our stated sustainability targets in 2010. As alluded to in my 2009 review, we will continue to engage with residual and emerging material issues proactively whilst ensuring, we focus our attention on opportunities and challenges presented to us.



Q6. Corporate Responsibility is an often narrowly defined concept/term – How have you approached the concept and related it to a broader/higher purpose such as Sustainability?

A6. Over the past six years, Dialog's Corporate Responsibility orientation has evolved from its beginnings as a nascent business case scenario into an ideology with the potential to deliver our next wave of growth, signalling that the business case for Corporate Responsibility at Dialog Axiata today is irrefutable. This transition from 'a nice to have' business function to an 'imperative facet of our business credo' means that the evolution of Corporate Responsibility at Dialog is closely linked to our unfeigned desire to create shared value for all stakeholders. This evolutionary transition follows a linear trajectory of maturity and sophistication of the concept of Corporate Responsibility (CR) within the Group. This evolution also follows the cutting edge discourse on the nexus between the organisation's purpose, its stakeholders and society.

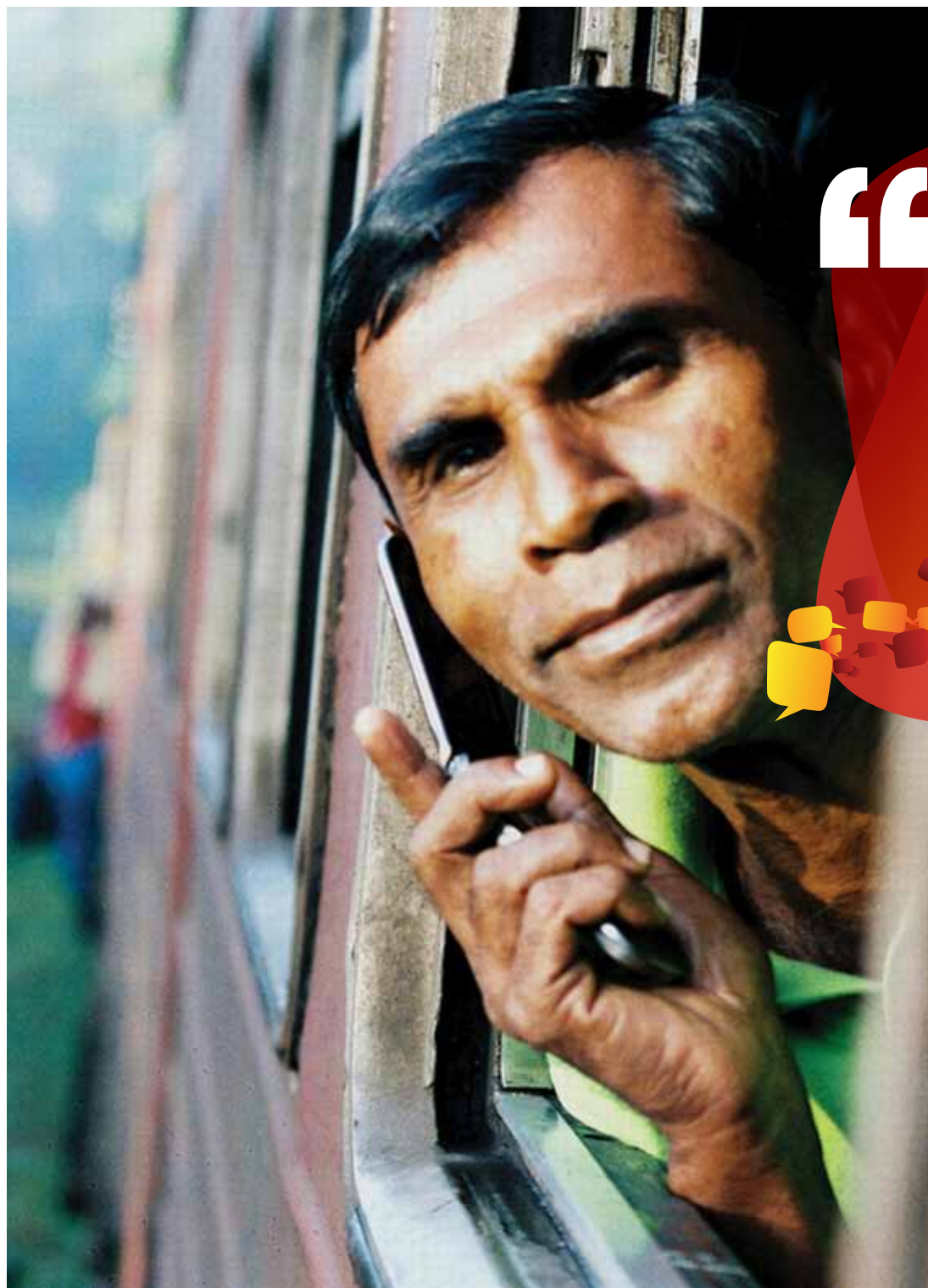
Q7. What is the Business Case for you to sign up to the UN Global Compact?


A7. Dialog Axiata released its third Communication on Progress to the United Nations Global Compact in 2010, and reinforced its support to the UN Global Compact Principles and the Millennium Development Goals. We will continue to uphold the ideals of 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 2011. We also reaffirmed our support as an active member of the Coalition for HIV AIDS in Sri Lanka as well as for the Mobile Alliance against Child Sexual Abuse, championed by the GSMA during the year. We will continue our allegiance to these movements in 2011.

Q8. What are your triple bottom line priorities and how will you leverage your professed sustainability focus to maximise opportunities for the Company going forward?

A8. Shared value creation is an outcome of pursuing a triple bottom line scorecard. In delivering this ideal a Company is as strong as its weakest link and therefore building capacity and appreciation of the rubric of sustainability across all tiers of the organisation's management team ranks high on the agenda. This ensures that every significant management decision made weighs in material stakeholder impact and value generated from that decision. As I alluded to in my 2009 review, we are unwavering in our conviction that CR professed in this manner will be an integral, sustained and valued component of our strategies designed to consolidate Dialog's profitable operations going forward. We will actively look to scale our nascent inclusive business models, strengthen our partnerships and alliances with like-minded organisations, and drive innovation to deliver human centric interventions via information communication technologies. Our actions will be informed by our stakeholder engagement process and will shape accordingly, our decision-making and operational impact along triple bottom line dimensions. In parallel, we will continue to champion inclusive business agendas and endeavour to deliver shared value to every Sri Lankan.

31st March 2011





Shared value creation is an
outcome of pursuing a triple
bottom line scorecard

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Our Report Boundary

The 2010 Dialog Axiata Sustainability Report and Annual Report cover the performance of Dialog Axiata PLC (hereinafter referred to as the 'Company') and the Dialog Axiata Group (hereinafter referred to as the 'Group') derived from a consolidation of Company performance with those of its subsidiaries Dialog Broadband Networks (Private) Ltd. (DBN), and Dialog Television (Private) Ltd. (DTV), for the 12-month period ending 31st December 2010. The Report Boundary also includes our significant suppliers and captures the work we have done to engage with them on issues of materiality and accountability.

(Photo credit: Roshan Wedagamage)

Stakeholder Engagement

Dialog continued to engage proactively with all of its legitimate stakeholders in 2010 and made every effort to understand our stakeholders' views in order to consistently improve our operations and deliver sustainable shared value in the communities we operate. The Group deployed purpose designed stakeholder engagement programmes throughout the year in addition to enabling a myriad of channels, both formal and informal, to encourage dialogue and understanding between the Group and its stakeholders.

The Group based its purpose designed engagement programmes on the areas of our business impact that were deemed material during the past engagement process as alluded to in our previous Sustainability Report. The findings from the 2010 engagement process therefore provided the organisation with an independent and lucid measure of our progress in terms of addressing material issues and also surfaced new risks and opportunities for the Group. The Enhanced Engagement model alluded to in our previous report was further reinforced by an independent research study called 'A study on Dialog's Sustainability Performance' that delved in to key sustainability pressure points to identify and group the broad issues raised by stakeholders, which were later prioritised using Dialog's materiality matrix formula.

The stakeholder segments studied for the purpose of reporting included: Customers, Employees, Shareholders, Regulators and Government, Business Partners, Communities, NGOs, Media and Pressure Groups as well as Opinion Leaders (comprising Professionals and Academics) to lend their voice on behalf of the wider community. The independent research agency provided an opportunity for an unbiased representation of information, from both internal and external stakeholders, thereby ensuring that the information is impartial and fair. This played a part in avoiding any bias that could have arisen had Dialog Axiata representation been present during the interactions.

The study was conducted in accordance with the AA 1000 AS (2008) assurance standard and AA 1000 Stakeholder Engagement Standard (AA 1000 SES) in order to be compliant with the globally accepted Global Reporting Initiative (GRI) framework, which provides the basis for this Sustainability Report. The findings of the research were shared with key decision makers of the senior leadership team and the CR Group Leadership Committee. The findings provided insightful stakeholder perspectives that contributed to determining the most material issues that the Group should focus strategically in terms of CR practice in 2010 and 2011, thereby ensuring legitimate stakeholder perceptions are included in 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 2010, Dialog also carried out a special internal stakeholder engagement with employees on the backdrop of the 2010 voluntary resignation scheme, as part of a Group wide employee satisfaction survey. This survey was also conducted by an independent external agency and had no internal bias in the entire process. Internally the Group's intranet was revamped with useful polling tools and blogs to engage employees on pertinent issues and to foster Group wide discussion and engagement.

In addition to the aforementioned stakeholder engagement carried out, the Group also engages with stakeholders across our value chain such as investors, dealers and distributors in our supply chain, other corporate entities, customers and public organisations in a formal manner. The table below indicates the type of engagement carried out during the 2010 period and underscores the breadth and depth of our engagement programmes.

Information on surveys conducted by Dialog Axiata to gain precise insight into customer perceptions of our service levels 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.

In 2010, we also saw the emergence of a new and powerful media to engage stakeholders in virtual space via social media networks. The mobility and accessibility of social networks allows stakeholders to provide real time feedback and express their views thereby making this form of engagement intimate and personalised. Dialog maintains a corporate profile on popular social networks and has a dedicated moderator to communicate and respond to a large group of stakeholders. Social media is set to revolutionise the way people interact and we hope to leverage on this phenomena to ensure we proactively work with stakeholders through this channel. The enabling and pervasive nature of the mobile phone ensures that stakeholders now have a powerful media to communicate with our organisation, leading to greater transparency and trust.

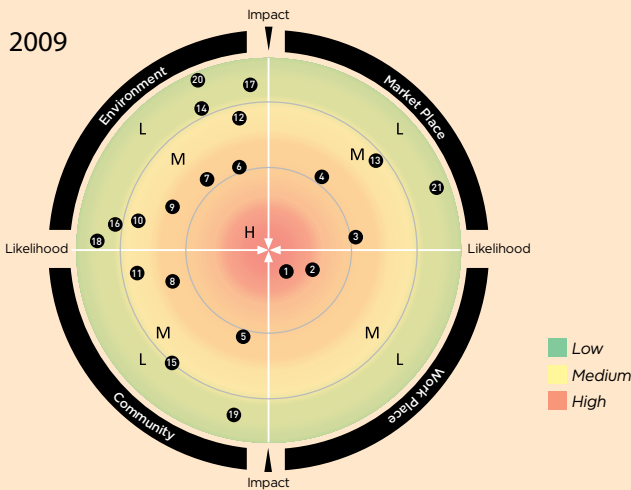
| Formal Stakeholder Engagement in 2010 | | |
|---------------------------------------|---------------------------------------|---|
| Type of Stakeholders | Sub-categories | Engagement/Research conducted in 2010 |
| Customers | Retail Customers, Corporate Customers | Brand Health Track – ATP (Advance Tracking Programme) |
| | | Customer Satisfaction Survey (DBN and Mobile) |
| | | Study on Dialog's Sustainable Performance |
| Shareholders and Investors | Axiata | AGM, Investor forum (quarterly), One on one engagement (call) with Shareholders |
| | Other Shareholders | |
| Workforce | Employees (2500+) | Independent Study on Dialog's Sustainable Performance |
| | | Independent Employee Survey conducted by Axiata Group through Towers Watson. |
| Other stakeholders | Government and Regulatory | Independent Study on Dialog's Sustainable Performance |
| | Distributors and Retail Network | Trade Needs, Trends & Satisfaction Tracking Study |
| | Other Telecom Operators | |
| Media | Media | Media Feedback via Daily Media Tracker |
| Communities | – | Independent Study on Dialog's Sustainable Performance |

Table 01: Dialog's rigorous stakeholder engagement programme in 2010

Materiality and Responsiveness

The issues covered in the report are the most material issues to Dialog Axiata in the context of sustainability and delivery of shared value.

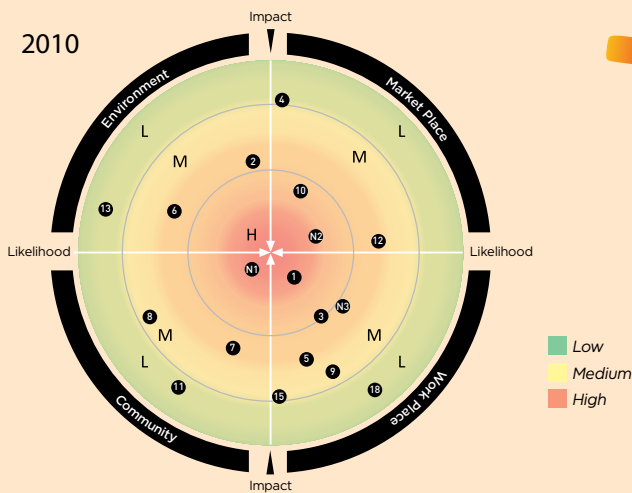
Fundamentals such as short-term risks to the Group, impact on strategic objectives, impact on stakeholders, proximity to best practices and effect on social norms were used to determine materiality, in accordance with the AA 1000 Stakeholder Engagement Standard (AA 1000 SES). The issues that surfaced during the various stakeholder engagement



Shown above is the Materiality Diagram from the SR of 2009: The material issues highlighted are shown in the diagram and each number depicts the issue. The relevant GRI indicator clusters which addresses these issues are listed below:

| | | |
|-----|-------------------------------------|----------------------|
| 1. | EC3, LA2, LA6, LA7, LA8, LA10, LA14 | (Pg 31, 32, 30) |
| 2. | PR3, PR6, PR5 | (Pg 22, 21) |
| 3. | LA1, LA2, LA13, LA14, SO4, HR4 | (Pg 29, 31, 30, 34) |
| 4. | SO1, EN11, EN12, IO7, IO8 | (Pg 27, 26) |
| 5. | EN1, EN26, PR5 | (Pg 21, 24) |
| 6. | PR3, PR6, PR5 | (Pg 22, 21) |
| 7. | EN3, EN4, EN5, EN7 | (Pg 24, 25) |
| 8. | PR5 | (Pg 21) |
| 9. | EN1 | (Pg 21) |
| 10. | EC8, EC9, SO5 | (Pg 37, 27, 28) |
| 11. | IO4, IO5, IO6 | (Pg 22) |
| 12. | EN22, EN26 | (Pg 25, 24) |

sessions were distilled based on the above mentioned parameters and are reflected fairly in this Report based on likelihood and impact across four dimensions. In order to ensure that an impartial and sound representation of the Group's triple bottom line performance is reflected in this report the materiality determination is applied to also influence the extent to which an issue is discussed. Diagram 01 illustrates the selection of material issues and methodology of giving prominence to associated standard disclosures in this Report.



Shown above is the Materiality Diagram of 2010. This depicts the issues mentioned in 2009 and their fluctuation in Materiality. Three new issues have surfaced while 6 previous indicators are no longer material. The page numbers in which the indicators are elaborated are given below:

| | | |
|-----|--------------------------|--------------------|
| 13. | EN11, EN12 | (Pg 26) |
| 14. | EC1, EC4, EC6, EC7 | (Pg 36, 35, 29/AR) |
| 15. | EC8, SO5, PR6 | (Pg 37, 27, 28) |
| 16. | EN28, PR9, SO8, SO7, PR7 | (Pg 35, 36, 21) |
| 17. | SO1, EN11, EN12 | (Pg 27, 26) |
| 18. | EN26 | (Pg 24) |
| 19. | EN16, EN17 | (Pg 25) |
| 20. | PR6 | (Pg 21) |
| 21. | EN1 | (Pg 21) |
| N1 | EC1, EC3, IO1, PA5 | (Pg 35/AR) |
| N2 | EC8, EC9, PA1, PA5 | (Pg 37, 27) |
| N3 | SO2, SO4, HR4 | (Pg 34) |

Diagram 02: Materiality rating

Our CR Management Approach and Business Case

Over the past six years, Dialog's Corporate Responsibility orientation has evolved from its beginnings as a nascent business case scenario into an ideology with the potential to deliver our next wave of growth, signalling that the business case for Corporate Responsibility at Dialog Axiata today is irrefutable. This transition from 'a nice to have' business function to an 'imperative facet of our business credo' means that the evolution of Corporate Responsibility at Dialog is closely linked to our unfeigned desire to create shared value for all stakeholders. This evolutionary transition follows a linear trajectory of maturity and sophistication of the concept of Corporate Responsibility (CR) within the Group. This evolution also follows the cutting edge discourse on the nexus between the organisation's purpose, its stakeholders and society.

In 2005, we developed a CR management model that accredited our enabling and positive impact on society primarily through our core integral operations or business footprint which we termed 'Integral CR' and secondly through our capability to leapfrog national development goals, which we termed 'Outreach CR'. This initial delineation of CR drew a distinction between philanthropy and integral CR with a view to internalising sustainability principles across our business. Dialog's outreach CR thrust (philanthropic activities) was carried out across five thematic aspects, which broadly encompassed the areas of: education, differently-able and health, environment, ICT4D and humanitarian. Some of the smaller projects that were altruistic in nature and that did not have a strong strategic fit with the organisation's business model were undertaken as philanthropic initiatives under the Change Trust Fund, which was an independent trust established for carrying out community development projects³. As a Company operating in the Global South there is a compelling business case to support such initiatives.

In 2010, Dialog revisited its existing CR business case and orientation with a view to improving and aligning our CR Management model to capitalise on the opportunities that lie ahead in terms of creating shared value for all stakeholders. The CR legacy alluded to above was enhanced by incorporating three pillars, instead of only the two previously, while still retaining the overarching internal and external dichotomy. The new approach has three focus areas grouped broadly under a) Sustainability, b) Public Policy, and c) The Dialog Foundation.

The Sustainability pillar encompasses two sub aspects under the main umbrella of sustainability namely, Responsible Operations and Inclusive Business. The responsible operations cluster contains three key elements covering policy and process, measurement, and finally reporting aimed at continuously improving the triple bottom line performance of our business operations. The work carried out in this sphere is heavily influenced by best practice and compliance guidelines to ensure that the Group discharges its affairs in an accountable and fair manner across the triple bottom line parameters. The gap analysis against the core subjects of ISO 26000 conducted at Dialog by Det Norske Veritas AS was instrumental in identifying the key gaps in our policy and process line up and has provided us with invaluable insight on where we need to focus our agendas to better mitigate risk and operate fairly.

³ More information about the Change Trust Fund can be found on page 64.

The use of the said ISO Guideline and Standard for CR process improvement, in accordance with the Global Reporting Initiative's (GRI) G3 Guidelines and the AA 1000 AS Assurance Standard AA 1000 Stakeholder Engagement Standard (AA 1000 SES) which helps us to monitor and measure progress against standard disclosures, enables us to improve our business operations across economic, social and environmental performance criteria. This area also develops and maintains a comprehensive sustainability navigator that tracks all core GRI indicators and supplementary indicators from the GRI sector supplement for the telecommunications industry. The dashboard depicting material issues is used to flag risks that are in turn tabled at the Enterprise Risk Management Leadership Committee (ERMLC) on a monthly basis. Consequently the ERMLC in turn reports to the Board through the Board Audit Committee which ensures that all sustainability related issues of materiality are brought to the attention of the Board of Directors of Dialog Axiata PLC. Operational responsibility for sustainability at Group level is decentralised across line management and strategic business unit Chief Executive Officers.

Dialog has always advocated an inclusive approach to value creation, a philosophy that formed the bedrock of the Group's ascension as market leader within a short span of time despite being the fourth entrant into a highly competitive market. In our last report, we alluded to our distinctive combination of external community related projects and internal business relevant systems that ensure we abide by a 'philosophy of inclusion', which means that we strive to reach out to all segments of society regardless of disproportionate social divides to provide affordable, accessible, applicable value propositions arising out of multi-sensory connectivity.

The Inclusive Business sphere builds on this ethos and focuses on building inclusive and innovative solutions across value chains, products and services and in general encourages the use of inclusive business models to scale the enabling and pervasive attributes of the mobile phone in particular and ICTs in general so that all citizens in our country have an equitable opportunity to benefit from affordable access to ICT services and thereby empower and enrich their lives and livelihoods.

Similar to the 'responsible operations sphere' the inclusive business sphere has tentacles across the Group's value chain and collaborates with internal and external stakeholders to deliver sustainable and scalable business solutions that create shared value. This sphere is a singularly important point of departure from the compliance mindset associated with legacy corporate responsibility and sustainability definitions. Instead it focuses on creating growth platforms based on the principles of inclusivity and sustainability with a view to creating outcomes of shared value and empowerment to all citizens. Dialog also leverages where possible, its two research interests at the University of Moratuwa and the Sri Lanka Institute of Nano Technology in addition to various multilateral partnerships to incubate and scale inclusive solutions.

The public policy pillar plays a pivotal role in advocating an enabling environment for these cutting edge interventions in the country. The public policy pillar is also mandated to conduct critical enquiry into the outcomes of these interventions with a view to better understanding the impacts arising out of the creation of an information society.

The Company's altruistic initiatives will be channelled through the Dialog Foundation which is expected to be incorporated in 2011. The Group has always ensured that its outreach initiatives are based on collaborative multi stakeholder and public-private partnership frameworks. As alluded to in the 2009 Report, Dialog's Outreach and Integral CR activities continued to be carried out in collaboration with various entities including the Government of Sri Lanka and relevant line Ministries pertaining to Trade and Commerce, Social Services, Environment, Education, Human Rights, Health and Nutrition, and other entities such as the Asia Foundation, GSM Association, International Finance Corporation (IFC) etc. The engagement model followed by the Group in its discharging its altruistic initiative operations is depicted below:

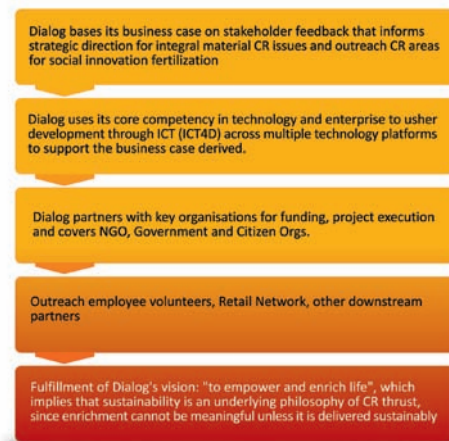


Diagram 03: Dialog's community engagement model

In keeping with the sharper focus on sustainability, public policy and foundation, the unit that was hitherto responsible for the management of all operations under integral and outreach CR, was renamed as the Group Sustainability and Corporate Affairs Division in 2010. The division's main responsibilities include the delivery of the annual business plan within the scope of the evolved business case and orientation. The main framework illustrated in diagram 02 remains unchanged and allows the Group to benchmark and measure overall performance.

As alluded to in previous reports the Group ensures that all operations across Labour and Human Resource Management, Product Responsibility, Economic Investments, Environmental Management, Human Rights and Society are managed, based on the above model. Dialog is also a member of the Steering Committee of the United Nations Global Compact Sri Lanka Chapter as the representative within the telecommunications sector. The Company is also a signatory to the HIV AIDS coalition in Sri Lanka and is a member of the Mobile Alliance against Child Sexual Abuse spearheaded by the GSMA as well as a working Group member of the mWoman, mHealth, mobile development index and green power initiatives of the GSMA.

Dialog Axiata's CR/Sustainability Management Approach

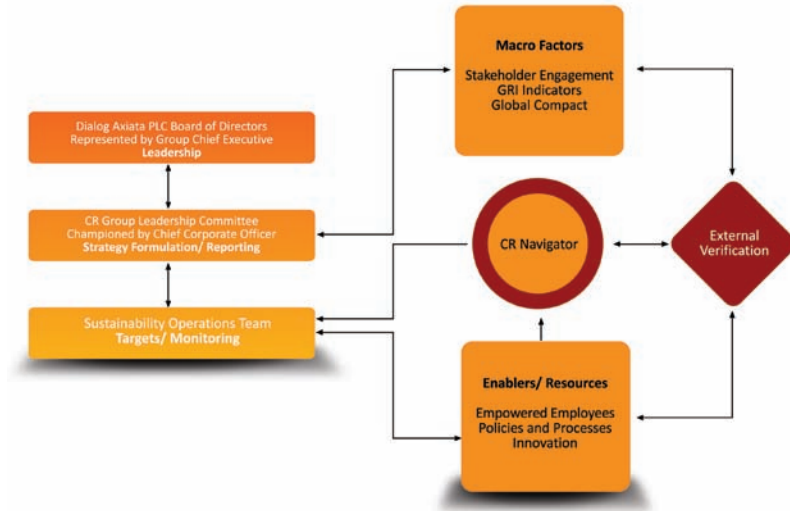


Diagram 04: Dialog's sustainability management model

Adoption of Precautionary Principle

The precautionary principle continued to shape our business operations in 2010. Measures were adopted to alleviate potential adverse impacts (environmental and social) through the ERM Leadership Committee (ERMLC), where required. Representation from the Group Sustainability and Corporate Affairs unit at the ERMLC ensures that the precautionary principle is weighed in when evaluating risk arising from business operations. The ERMLC in turn reports to the Dialog Board through the Board Audit Committee. Dialog is also guided by the Corporate Responsibility Policy of its Parent Company Axiata Group Berhad. It also receives guidance and support across all integral and outreach CR initiatives from Axiata.

Governance

As stated in the 2009 Sustainability Report, Good Governance is considered key to achieve and maintain the highest standards of business integrity, professionalism and ethical values at Dialog Axiata. The 2010 Dialog Axiata Annual Report 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 also be again found in the Group 2010 Annual Report, with the relevant area mentioned in the GRI content index on page 73.

United Nations Global Compact Principles



Dialog Axiata PLC has issued three previous Communication on Progress (COP) reports to the UNGC as an institutional stakeholder. The Company has internalised the ten principles espoused by the UNGC as demonstrated in this Report. The 2010 Report also serves as Dialog's fourth COP report to the UNGC.

| Aspects | GC Principles | Relevant GRI Indicators |
|-----------------|--|--|
| Human Rights | Principle 1 – Business 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 – Business should make sure that they are not complicit in human rights abuses | HR1, HR2, HR4-7, SO5 |
| Labour | 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 labour. | HR1, HR2, SO5 |
| | Principle 5 – Businesses should uphold the effective abolition of Child Labour | 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, EN5, EN18, EN26-27, SO5 |
| Anti-Corruption | Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery. | SO2-SO4 |

Table 02: Cross reference of GRI with UN Global Compact Principles

 www.unglobalcompact.org

Achievement of Targets in 2010

| Link to Materiality | Key Deliverable in 2010 | Status | Comment |
|---|---|---|--|
| Include GRI Telecommunication sector supplement | GRI sector supplement for Telco sector to be included in the reporting structure |  | An incremental approach has been adopted will be continued in 2011 |
| | Additional GRI performance indicators to be screened for materiality reported |  | Done |
| Benchmarking of key indicators | Performance indicators to be benchmarked with other reports/country standards |  | Done; with ISO 26000 gap analysis |
| Capturing material consumption | Screening of the material consumption of Dialog in 2010 and all relevant material to be reported |  | To be completed with EMS in 2011 |
| Capturing water consumption | Analysis of pertinent water consumption measurement indices |  | Completed with EMS in 2011 |
| Environmental Management Plan - Phase 2 | Environment Management Plan to be documented and the processes to be mapped |  | To be completed in 2011 |
| Legal indicators | Develop processes for capturing risk related to compliance to environmental, social and product related legal issues. |  | Done |
| Health and Safety Improvements | Capturing of Occupational diseases, Employee training on H & S issues to be developed |  | Done |
| Diversity of governance bodies | Capturing diversity in governance bodies and other operational committees |  | Done |
| Human Rights indicators | Process to identify risks due to Human Rights violation issues, in Company and down the supply chain |  | To be completed in 2011 |
| Ensuring best practice over and above legal compliance concerning Health and Safety aspects | A system of monitoring to be developed covering relevant laws and use of products and services as well as environmental assessment for significant products |  | Initiated through ERMCLC, Completion 2011 |
| Revised anti-corruption practices to be implemented across the Group | Whistle-Blowing Policy to be implemented |  | Done, Ombudsman to be finalised |
| | Code of Conduct to be modified and a training on anti-corruption to be carried out for all staff |  | Done |
| Extending Dialog's sphere of influence across upstream supply chain to ensure fair trade | Procurement Policy to be implemented across Group |  | Work-in-progress, will be completed in 2011 |

Table 03: Achievement of targets in 2010

Legend: Done 

Work-in-progress 

Three-year Performance Data

| | | 2008 | 2009 | 2010 | Trajectory |
|--|---|---------|---------|---------|------------|
| Financial and Operating | | | | | |
| EC6 ⁴ | Amount paid to local suppliers (%) | 66% | 72% | 58% | ↓ |
| | Amount paid to foreign suppliers (%) | 34% | 28% | 42% | ↑ |
| EC7 | Local personnel in Senior Management | 19 | 14 | 14 | ↓ |
| | Foreign personnel in Senior Management | 1 | 0 | 2 | ↑ |
| Environment | | | | | |
| EN1 | Paper purchased (tonnes) | 382.5 | 44.17 | 150.85 | ↑ |
| | Ink Cartridges purchased | 2,403 | 1,043 | 1,847 | ↑ |
| EN3 | Direct energy consumption (GJ) | 72,224 | 33,065 | 15,424 | ↓ |
| EN4 | Indirect energy consumption (GJ) | 345,821 | 365,675 | 353,746 | ↓ |
| EN5 | No. of full time generator operated sites | 90 | 31 | 28 | ↓ |
| EN8 | Amount of water purchased | 82,218 | 54,106 | 48,145 | ↓ |
| EN11 | Sites near/in high biodiversity areas (protected areas) | 4 | 4 | 4 | ↓ |
| EN12 | Area of high biodiversity land covered for operations (km2) | 0.0025 | 0.0025 | 0.0025 | ↓ |
| EN16 ⁵ | GHG emissions for direct energy (tonnes) ⁶ | 6,367 | 2,945 | 1,259 | ↓ |
| | GHG emissions for indirect energy (tonnes) | 43,990 | 41,979 | 44,936 | ↑ |
| EN17 ⁷ | GHG emissions for other operations | 4,250 | 5,273 | 4,919 | ↓ |
| EN22 | Discarded e-waste units | 186 | 302 | 508 | ↑ |
| | Recycled paper (tonnes) | 92.5 | 54.5 | 35.6 | ↓ |
| EN23 | Significant spills | None | None | None | ↓ |
| EN28 | Fines and sanctions for environmental non-compliance | None | None | None | ↓ |
| Employees and Operational Integrity | | | | | |
| LA1 | Total workforce | 4,406 | 3,435 | 2,871 | ↓ |
| LA2 | Normal attrition rate | 17% | 23.90% | 19.30% | ↓ |
| | Voluntary resignation scheme | - | 9.72% | 8.74% | ↓ |
| LA6 | % H&S representation | 100% | 100% | 100% | ↓ |
| LA7 | Injury rate | 2% | 1% | 1.91% | ↑ |
| | Lost day rate | 0.12% | 0.01% | 0.34% | ↑ |
| | Absentee rate | 2% | 2% | 2.10% | ↑ |
| | No. of fatalities | 2 | 0 | 0 | ↓ |
| LA10 | Average training hours for the year per employee | 26.77 | 8.56 | 15.28% | ↑ |
| Supply Chain | | | | | |
| HR2 | No. of significant vendors | 82 | 107 | 100 | ↓ |
| | % screened for human rights | 25.61 | 28.97 | 66 | ↑ |
| Product Responsibility | | | | | |
| PR8 | Complaints of Cx information divulging per customer | 0.003% | 0.003% | 0.0009% | ↑ |

Graph 01: Three-year performance data

⁴Restated figures in 2008 and 2009 due to reclassification of local and foreign vendors.

⁵Using data of GHG protocol website: <http://www.ghgprotocol.org/calculation-tools>.

⁶Calculation as per Clean Development Mechanism - latest project in Sri Lanka.

⁷Fleet Emissions and air travel emissions calculated using the GHG protocol website.

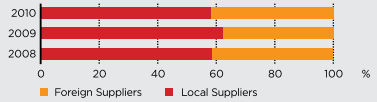


Trends and Analysis

Trends and Analysis

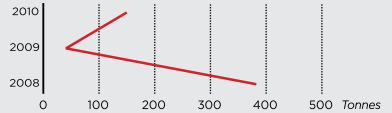
Financial and Operating

In 2010, from the total purchase orders directed to suppliers, 57.58% was ordered to suppliers with local presence and 42.42% for suppliers without local presence, which amounted to approximately LKR 5.6 Mn. and LKR 4.1 Bn. respectively. A total of 100 top suppliers accounted for an estimate amount of 80% of the total amount spent. There is a drop in purchase orders directed to local suppliers partly due to the reclassification of vendors during 2010. Nevertheless the overall local: foreign ratio remained positively biased towards local vendors in 2010. (more on page 52)

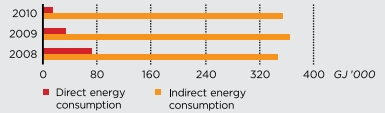


Environment

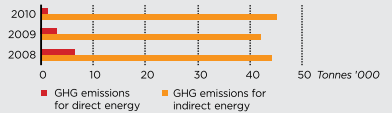
The total amount of paper purchased by the Company in 2010 was 150.85 Tonnes compared to the amount of paper purchased in 2009, which was 44.17 Tonnes.



In 2010, The Group consumed a total of 353,745.72 GJ of indirect energy from the national grid for our operations as against the consumption of 365,674.72 GJ in 2008. This decrease is significant especially when considered against the rapid network expansion operations in the post war Northern and Eastern parts of the island as well as other geographical areas of the country. Direct energy too dropped to 14043 GJ vis the total direct energy consumption from diesel power in 2009 totalling 33,065 GJ.

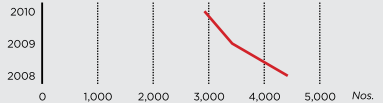


The cumulative value of direct emissions of the Group for 2010 was 1,259.2 Tonnes, a substantial reduction from the value of 2,996.25 Tonnes in 2009. The indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam for 2010 add up to 44,209 Tonnes in comparison to 41,979 Tonnes in 2009.



Employees and Operational Integrity

Group human resources as of 31st December 2010 consisted of a total employee base of 2,871 employees a further reduction compared to the 3,435 employees reported in 2009. In addition to the 2,922 employees, the Company also has in its employ an outsourced staff base of 518. The lower numbers are attributable to the second Voluntary Retirement Scheme (VRS) offered to all employees during the course of the 12-month period ended 31st December 2010.



Supply Chain

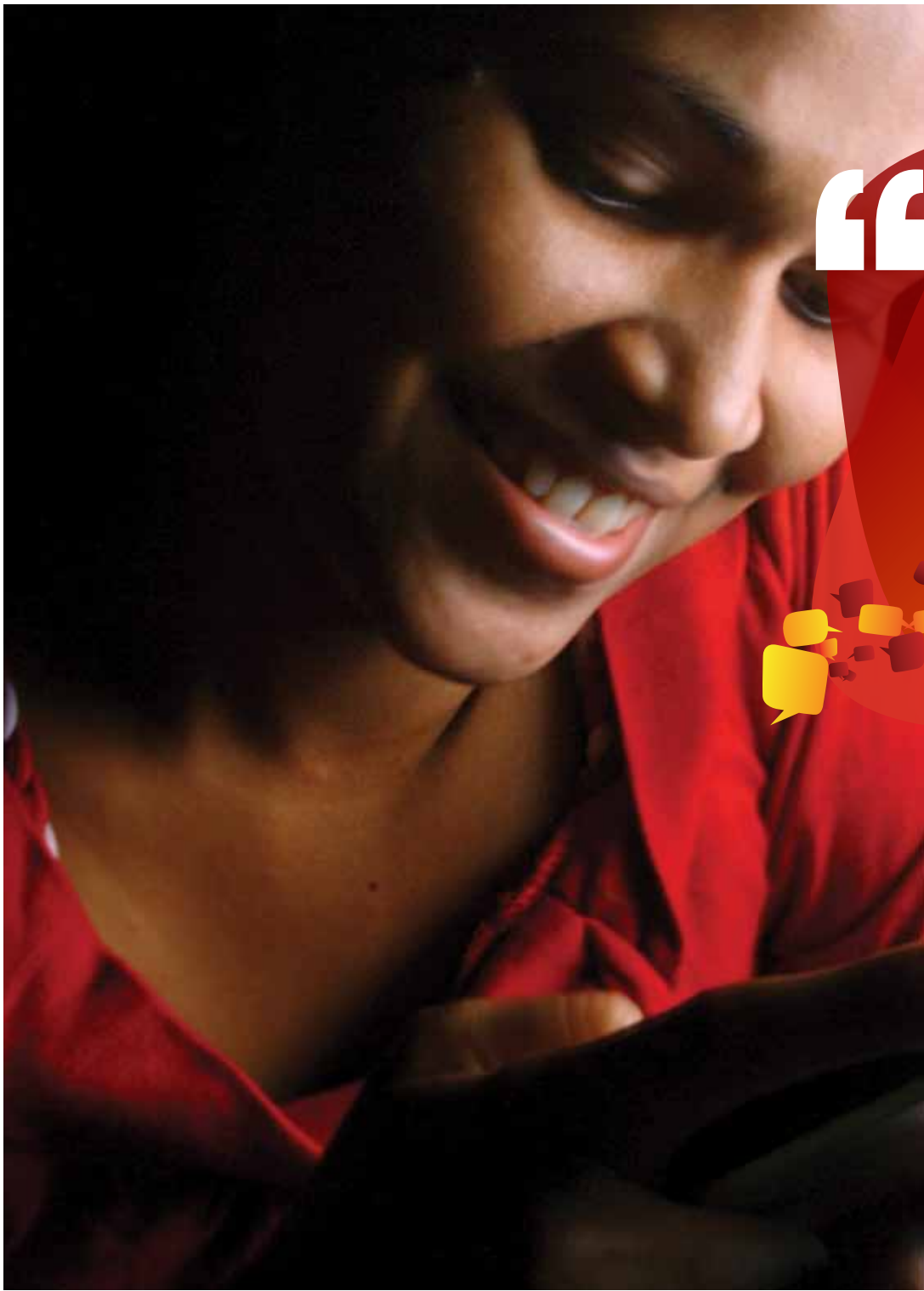
A total of 100 top suppliers accounted for an estimate amount of 80% of the total amount spent. By December 2010 66% of these top suppliers were screened for human rights. Criteria integrated for screening on human rights broadly included work hours and employee remuneration, freedom of association, preventing workplace discrimination, child labour and compulsory employment.

Product Responsibility

Customer privacy issues recorded in 2010 declined to 0.0009% per customer from the previous year figure of 0.003% per customer.




<http://www.ghgprotocol.org.calculation-tools: www.webflyer.com> site used to calculate air distances.



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Corporate Responsibility
at Dialog is founded on
managing the core operations
of our organisation in a
manner which delivers
sustainable (shared) value

”

Responsible Operations

(INTEGRAL CORPORATE RESPONSIBILITY)

Corporate Responsibility at Dialog is founded on managing the core operations of our organisation in a manner which delivers sustainable value creation, whilst simultaneously leveraging the pervasive attributes of ICTs to leapfrog developmental challenges and opportunities confronting our society and nation at large. Dialog employs a best in class CRM system to ensure that all product and service portfolios subscribe to the best of breed management outcomes. The main units tasked with managing the key aspects related to product responsibility and customer relations rests with Group service delivery, Group marketing and Group commercial who work with cross-functional business units and strategic service units to ensure all material issues are addressed proactively.

(Photo credit: Nilantha P. Wijayakumara)



Customer Relations and Product Responsibility


The material issues raised by customers comprised the following areas such as, the need for clarity in our marketing communications, service delivery standards, personal information data security and privacy protection, as well as protection of minors and health and safety concerns of our products and services, as well as about the measures we've taken to promote responsible content. In response to these issues, the Group continued with its efforts to consolidate all relevant operational guidelines and policies to improve its performance across all of the above aspects.

Service Delivery at Dialog Axiata serves as a benchmark in customer care here in Sri Lanka and the Asian Region. Dialog's Contact Centre is Customer Operations Performance Centre (COPC) 2000 CSP Standard release 4.2 certified, and is the first Sri Lankan company to serve with the global pinnacle of service standards. It also holds Certification of Compliance Level III to the People Capability Maturity Model, again the first and only Sri Lankan company to achieve this standard, by way of establishing and maintaining best practices with respect to the management and development of its workforce in the sphere of service delivery. In addition to following Six Sigma for improved efficiency, the Dialog Service Delivery team is ISO certified for process and best practice standards.

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.



Service delivery at Dialog serves as a benchmark in customer care in Sri Lanka

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Customer Satisfaction

Dialog's customer satisfaction surveys provide a means for customers to articulate their experience about our services including areas which need improvement. These feedback channels consist of both formal and informal feedback and use structured research to elicit customer perceptions on our service levels. These studies are done using internal resources as well as independent research agencies as required by the Group. The use of social media as a potent tool for determining customer feedback and discerning customer reactions has proven very effective in 2010 and has pointed out possible areas of change and improvement.

Maintaining Clarity in Our Communications

As stated in our 2009 Report, the Group does not trade any products or services that are deemed unlawful or harmful to personal health and safety. Dialog ensures that all its services and service offerings are underpinned by sound business ethics and accountability principles that contribute towards building trust and relationships between customer and organisation,

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

in a sustainable and mutually beneficial manner. The Group Marketing unit is guided by a comprehensive communications and marketing guideline that helps the team to execute creative marketing campaigns without contributing towards ambiguity and stereotyping of any segment of society. The guideline will be further refined in 2011, and positioned as a Group policy on the recommendation of the ISO 26000 gap assessment against core principles conducted by the Group. The Group also ensures that its products and services do not have any negative social influences in 2010. Furthermore, the Group does not condone any form of discrimination including (but not limited to) those based upon race, religion, gender and age. In order to achieve this, Dialog makes sure that its marketing and public relations communications do not carry/communicate any statements or visual presentations which are considered offensive in its widest context. In order to also enhance clarity of services offered, Dialog publishes user guides for most of its services in order to increase customer awareness on the respective products and services. The Dialog GSM Postpaid starter pack and the eZ Pay starter pack are examples of how Dialog's service offering is aligned with customer safety and clarity.

Privacy Protection

Dialog adheres to a zero tolerance policy on customer data privacy issues. The Group has strict guidelines and processes in place that ensure internal data management systems are secure and accessed under only as per the Groups Code of Confidentiality. The said Code provides a transparent account of responsibilities and instances when conditional disclosure of information is called for by relevant authorities such as the Ministry of Defence, the Courts of Sri Lanka and the Sri Lanka Police. Customer complaints related to privacy recorded in 2010 were recorded at 0.0009% per customer. Dialog Mobile continued to offer the Dialog SMS Block service that provides a safeguard against text messages from unauthorised persons through password protection. More information on Locked SMS is available at:

 <http://www.dialog.lk/personal/mobile/features-and-vas/messaging/sms-block/>

Ensuring Health and Safety

Dialog's health and safety impacts are primarily an outcome of its provision of connectivity services and products. Dialog ensures that all devices sold conform to CE and Specific Absorption Rate (SAR) values and obtains certification of same from all significant vendors. Dialog also ensures that all BTS sites conform to ICNIRP and TRCSL threshold values for EMF. In addition, the Group also ensures that all our ICT for Development and Research and Development Programmes are vetted against health and safety impacts as a precautionary measure. As alluded to in our previous Report these concerns are captured in the concept

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This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

papers presented to the management at the outset of the development process. Health and safety concerns regarding the Group's mobile base stations have been a growing concern among customers and other stakeholders alike during the 12-month period. Dialog has an open communication policy and has made reasonable efforts to discuss and educate communities and customers on the Group's approach and safeguards against potential health and safety issues. In this regard, Dialog's base stations are strictly monitored and regulated by the Telecommunications Regulatory Commission of Sri Lanka (TRCSL) who enforces strict criteria and approval processes to ensure that operators comply with electro-magnetic radiation levels as indicated by the ICNIRP standards. Dialog will carry out a risk assessment in its BTS sites and present a guideline for the outsourced contractors engaged in the locations.

Protection of Minors

Dialog was the first signatory to the GSM Association's Mobile Alliance Against Child Sexual Abuse in Sri Lanka. As a full member, Dialog holds the distinction of being the first telecom operator in Sri Lanka to implement necessary steps to prevent mobile users from accessing child sexual abuse content through mobiles in association with the National Child Protection Authority (NCPA). In addition to the alliance commitments, Dialog continued its commitment to protect children from online exploitation in 2010 through Dialog Broadband Networks (DBN), a subsidiary of Dialog Axiata. As alluded to in the 2009 Report, DBN introduced a service for its customers titled Website Filtering, which has been a very effective and useful tool for parents requiring a safe web environment for their children using Dialog Broadband Services. This service was launched with the objective of promoting a safe online environment for children by filtering websites that contain explicit and damaging content such as pornography, gambling, violence and drug-related material. More information on website filtering is available at:



<http://www.dialog.lk/news/dialog-broadband-to-protect-children-in-cyberspace/>



(Photo credit: Dulip Tillakeratne)

Preserving Our Planet

The Group's environmental footprint has improved significantly over the past three years. Waste management of hazardous and non hazardous material, energy consumption reductions, material management, reduced emissions, enhanced measures to protect areas rich in biodiversity and the implementation of employee awareness programmes on green business practices have all contributed in no small measure towards a greener footprint. The Group's environmental footprint is managed by key units that comprise Group Power Systems Operations, Group Engineering, Group Facilities Management, and Group Sustainability teams. The following narrative describes the organisation's progress in terms of the above areas and also illustrates the areas for improvement, with a view to becoming a carbon neutral organisation.


Material Management

The Group built on its pioneering mobile waste take back and recycling project in 2010, and joined the e-waste initiative set up by the Central Environmental Authority. As a key stakeholder in this consortium, Dialog's mobile waste initiative which was implemented in 2007 was highlighted as a benchmark large scale waste management programme with regulated collection systems, safe transportation, and storage and exporting mechanisms

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.



The emphasis on power required to operate ICT services continues to be one of the most material environmental issues for Dialog

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which are in line with the local/multilateral regulatory requirements as well as international obligations (The Basel Convention) on management of electronic-waste. The Group continued its practice of collecting and storing hazardous wastes such as CFL bulbs, UPS batteries and lead acid batteries used in base station back-up power systems, and refrained from disposing of these waste streams in landfill sites. The Group will endeavour to dispose of these stockpiles in 2011, through a licenced e-waste recycler. The Group expanded its m-Waste collection centres to 105 collection centres in addition to 18 m-Waste collection centres managed by the Central Environmental Authority, thereby extending its reach and impact during the period of review. The Group collected 1900 m-Waste units which will be stored and shipped for recycling in 2011.

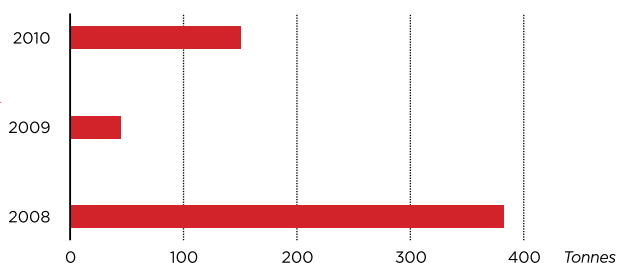
ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

Controlling Paper Consumption

The total amount of paper purchased by the Company in 2010 was 150.85 tonnes compared to the amount of paper purchased in 2009 which was 44.17 tonnes. The Group consumed a total of 1.8 tonnes of cardboard, 0.07 tonnes of newspaper and 33.73 tonnes of paper which were collected and sent for recycling in comparison to 9.5 tonnes of cardboard, 0.9 tonnes of newspaper and 45.1 tonnes of paper sent for recycling in 2009. The Group also purchased 1847 units of printer cartridges in 2010, as opposed to 1,043 units in 2009. The Group was also successful in reducing costs on paper purchases further, in terms of the Group's material management plan in 2010.



Graph 02: Paper consumption comparison

E-Bills and Summary Bills

The Group's electronic and summary bill initiative resulted in a saving of 99.21 tonnes of paper in 2010. Dialog continued its policy to issue all postpaid customers with summary bills and deviated from this policy only when customers requested for a detailed bill for record purposes. The total number of summary bills that were subscribed for by customers as at December 2010 was 258,259, up from 140,485 in 2009. Electronic bills have also shown appreciable traction and acceptance among customers during 2010, as reflected in the number of customers who registered for e-bills in 2010 which is 78,871 as against 35,977 in 2009.

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.



*The Go green logo:
used by employee volunteers*

Employee Contributions to Going Green

In 2010, the Group launched a dedicated volunteer force among employees who were passionate about making improvements to the Group's environmental footprint. The Environment Group of Volunteers were instrumental in carrying out awareness campaigns on waste management at various Group employee events and also implemented a management system for recycling solid waste at all cafeterias across the Group.

Energy Saving

The emphasis on power required to operate ICT services continues to be one of the most material issues for Dialog in terms of its environmental footprint management. The Group embarked on multiple energy optimisation plans and also continued to roll out new green base stations using a hybrid of solar and wind power to power base stations which did not have access to the National Grid. As alluded to in our 2009 Report, Dialog continues to explore potential peripheral value additions that can be shared with local communities living close to these green base stations such as sharing excess power with local communities and households during off peak hours, and when load sharing is possible with the National Grid.

Powering Our Operations

In 2010, the Group consumed a total of 353,745.72 GJ of indirect energy from the National Grid for our operations as against the consumption of 365,674.72 GJ in 2009. This decrease is significant especially when considered against the rapid network expansion operations in the post war Northern and Eastern parts of the island as well as other geographical areas of

ISO 26000
SOCIAL RESPONSIBILITY



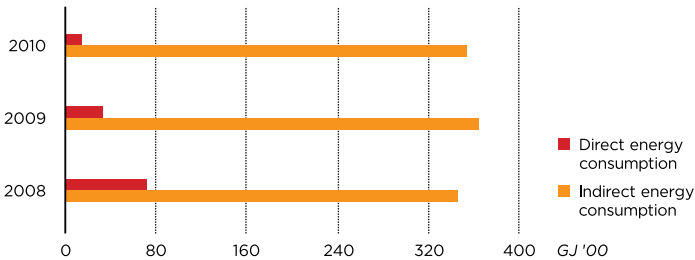
This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

the country. Direct energy too dropped to 14,043 GJ vis the total direct energy consumption from diesel power in 2009 totaling 33,065 GJ. Direct energy reductions have been possible due to innovative power optimisation solutions that have been implemented by the Group's power and energy teams covering areas such as increasing ambient temperatures to relieve stress on cooling requirements, increasing free cooling and enhancing technologies therein. The Group also improved its data gathering mechanisms by installing real time wireless base station monitoring technologies that enabled further optimisation and modelling of power requirements.

Energy Optimisation

As alluded to in the 2009 Report, the Group's energy optimisation initiatives were carried forward through 2010 resulting in 15% energy savings per base station due to ambient temperature regulation of the cooling systems. These adjustments were made in 777 sites where temperature was maintained at a constant 28 degrees celsius. Dialog also continued to save as much as 70% of energy consumption by replacing the air conditioners with fans at selected base station sites throughout the island. During 2010 a total of 42 such replacements were made in addition to the 197 replaced during 2009.

The Group also expanded its hybrid cooling system featuring free cooling boxes to compensate air conditioned chambers at base stations during 2010. A total of 44 BTS sites were added to the 13 BTS sites that were retro fitted during 2009. Base station sites operated by full time generators were also down a further 28 sites in 2010, when compared to the 31 sites in 2009. Year-on-year this represents a 9.7% reduction of BTS sites that operate on a full time generator since 2008. From these initiatives, the Group was able to save a total of 2057 MWh amounting to 11,024.6 GJ. As one of the first members of the GSMA's Green Power for Mobile trial, Dialog continued its support for this game changing industry initiative and



Graph 03: Direct & indirect energy consumption



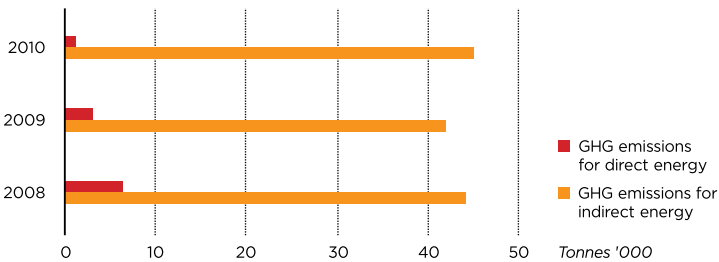
This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

extended its 'green base stations' up to 5 fully commissioned sites during 2010. These green base stations use a hybrid model consisting of solar, wind, generator and grid energy sources using smart grid technologies which enabled a saving of 142.74 GJ. The Group remains committed to expanding its green base stations in 2011 and will continue its cooperation with the GSMA in this regard.

Greenhouse Gas (GHG) Emissions

The Group's energy consumption occurred in more than 2,000 locations in 2010, requiring a centralised calculation methodology to determine the quantum of direct emissions of greenhouse gases from all sources owned or controlled by the organisation, such as the generation of electricity, heat, or steam. The cumulative value of direct emissions of the Group for 2010 was 1259.2 tonnes, a substantial reduction from the value of 2996.25 tonnes in 2009.

The indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam for 2010 add up to 44,209 tonnes in comparison to 41,979 tonnes in 2009. The total indirect GHG emissions resulting from fire drills, air travel, and transport for 2010 was 4918.6 tonnes. In order to improve the usage of transportation and to minimise resource wastage the Group implemented a programme to streamline the Group's transportation needs. The programme was highly effective in reducing expenditure and enhancing optimal use of vehicles resulting in reduced time and fuel wastage. The Group does not capture NO_x and SO_x currently but will endeavour to do so in 2011 under its proposed environmental management system implementation.



Graph 04: GHG emissions due to direct & indirect energy consumption

Ozone Depleting Substances

Dialog does not produce or export any Ozone Depleting substance. In keeping with the Group's procurement policy for CFC gases and Sri Lanka's commitment to the Montreal Protocol, Dialog does not import any CFC 11 or CFC 12 emitting equipment. All A/C's that are currently used within the Group are HCFC - 22 (R-22) models which are considered low ODP sources. Dialog's contribution to atmospheric pollutants is almost insignificant.

Similarly, there have been no incidents of significant spills of chemicals, oils or fuel during 2010. In addition 319 computer monitors, 189 CPUs were disposed of during 2010. The Company also collected 306 tyres, and 923 kg of vehicle maintenance waste for the purpose of re-selling and one barrel of waste oil was identified and collected under the category of solid waste material. The Group does not currently classify waste as hazardous and non hazardous material.

Water Consumption

As mentioned in our previous year's Sustainability Report, Dialog does not consume water in any of its products or services. The only water discharge the Company has, therefore relates to the sewage discharge from office sites and discharge from the cooler of the Company's Head Office central A/C. In 2010, the Group consumed 48,145 kl of water from the municipality at office sites, a reduction of 5,961 kl compared with the consumption figures in 2009. Dialog will continue to improve its water consumption capture mechanism to fairly represent the usage of water as a matter of course in 2011.

Protecting Biodiversity

The Group continues to operate four base station sites within protected areas of high biodiversity. These sensitive areas are managed by the Sri Lanka Wildlife Department and are heavily regulated in terms of land use. All operations within these areas are also governed by a strict guideline which is followed by the Group. As mentioned in our previous Reports, these four sites are operational solely for the purpose of transmitting radio signals and the physical footprint of these four sites amounts to .00252 km² which is the total of

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*A Dialog tree BTS site camouflaged
to blend with surrounding*

four sites, each covering 0.00063 km². The Group did not set up any new base stations within protected areas in 2010 and continues to adopt the precautionary principle in all its site acquisitions. The Group also shares 34.67% of its sites and has constructed 4 tree BTS sites that are camouflaged to blend with the surrounding environment.

Climate Change

In the wake of clear changes in climate patterns the Group is cognisant of potential impacts that could affect the overall sustainability of its operations. The organisation's approach and response to this global challenge is based on its sphere of influence and sphere of control. Within this context, Dialog has not identified any regulatory risks with regard to climate change. As a signatory to the Kyoto Protocol, Sri Lanka is a tier 3 country that has no emission caps. Dialog is committed to exploring opportunities to provide new technologies, products and services to address challenges related to climate change alongside its Green Power Trial with the GSMA Development Fund alluded to elsewhere in this Report.

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Community Relations

The Group manages its community relations via an intricate stakeholder interfacing structure that comprises Group Sustainability and Corporate Affairs, Group Regulatory Liaisons, Group Service Delivery and Group Distribution Services. Dialog's operations are non-extractive in nature and therefore, detailed social impact assessments are not performed by the Group, since Dialog's community impacts are relatively low. Dialog does, however, engage proactive stakeholder engagement with all stakeholders including communities in an effort to mitigate and maintain a healthy dialogue with local communities in order to acquire a clear understanding of how its socio-economic and environmental impacts influence their lives and livelihoods. Dialog's community impacts are predominantly *in situ* based and fuelled by perceived fears over the siting of base stations and similar network infrastructure. As discussed in previous Reports the Group does not have a formal Social Impact Assessment process (SIA) to measure its community impacts. Issues raised by stakeholders (community included) are escalated and addressed by the Group Enterprise Risk Leadership Committee. The Group's only formal community consultation process is dependent on stakeholder requests when base stations are erected across the island. These consultations are done in conjunction with the relevant regulatory authorities such as the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), the Ministry of Health (MoH) and the Central Environment Authority (CEA) to ensure that impartiality

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Our actions will be informed
by our stakeholder
engagement process and
will shape accordingly
our decision-making and
operational impact along
TBL dimensions

”

and transparency is maintained. The process of mitigating community concerns over base station siting has seen an increase, perhaps due to the cumulative base stations being built across the industry. Dialog complies with all regulatory guidelines. Nevertheless, there are occasional incidences of community dissatisfaction over perceived health and economic risks associated with site acquisition for new base stations. Feedback from the community is escalated at the ERMLC where they are discussed and addressed. Furthermore, feedback from the community is captured through formal research and fed into planned business strategy and product/service strategy formulation. Dialog's Tradenet initiative, Green Base Station trial and the mobile waste take back initiatives are some of the outcomes of this strategy. Dialog's extensive community investment portfolio is captured under the 'Dialog and Development' section of this Report in greater depth.

Dialog is a member of the working group of the mobile development index convened by the GSMA, which aims to develop a comprehensive tool that enables the measurement of the impact of mobile interventions across development agendas.

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Empowering Our Retail Network

Dialog continued to build on its flagship initiative that completed its third year of operations in 2010. The Dialog Viyapara Diriya programme focuses on empowering the Group's retail network and forms an important element of the Company's downstream supply chain development strategy. Dialog's efforts to empower its retail network gained recognition when it was featured by the Harvard Business School and the International Finance Corporation for its groundbreaking work on creating inclusive business networks capable of delivering shared value to citizens, particularly at the base of the pyramid. The Dialog Viyapara Diriya programme was jointly funded by the IFC for the second year running in 2010, and continues to train and impart business training to small and micro entrepreneurs across the country. The training programmes cover business management capacity building and training in areas such as accounting and finance, business planning, human resources, marketing, sales, operations and information technology. The Group also distributes and administers the website called 'SME Toolkit' in collaboration with the International Finance Corporation (IFC) to support small and micro scale entrepreneurs for their business development. More details on this project can be found at:



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

Dialog Tradenet

Tradenet is a powerful manifestation of the enabling potential of mobiles in particular and ICTs in general. Tradenet was innovated as a solution to bridge information asymmetry in the market especially for communities at the bottom of the pyramid. Tradenet is a multi-modal information platform (or a virtual marketplace) that enables dynamic matching of buyers and sellers, whilst also providing reference prices on demand. The platform currently enables anyone using a Dialog SIM to trade legal products and services using their mobile from anywhere. The platform collects, collates and disseminates information related to products and services across a range of parameters such as price, quantity, category, geographical location, etc. to buyers and sellers across all segments of social strata across the economic pyramid. The tradenet platform also has a quality and trust grading scheme that improves the reliability of the information available in the repository. The tradenet platform is built on a suite of ubiquitous GSM and web based technologies that allow seamless scalability and reach, especially in areas that display low levels of e-readiness. The tradenet platform has multiple access technologies and is delivered in trilingual format so that it is applicable to local communities. Content in the repository is user generated and therefore, has high relevance and acceptance among users of the system.

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Tradenet enhances productivity by making agriculture markets more efficient by reducing prevailing information asymmetry. While most farmers remain trapped in a poverty cycle, due to various reasons, Tradenet empowers farmers with relevant information enabling them to make informed decisions and bargain more for their produce. The lack of market linkages is also another primary challenge faced by SMEs in Sri Lanka. Tradenet provides a useful platform to make them visible to millions of potential buyers and sellers in Sri Lanka and globally.

Public Policy

As mentioned in our previous Report Dialog continues to work closely with policy makers from both Government and Non-Governmental agencies in order to ensure that the national vision for the telecom industry in Sri Lanka emulates the vision set forth for the organisation. The Company also holds membership in many national and international associations where it plays an active role in thought leadership concerning the telecom sector.

Shaping Sustainable Policies

The Group is a full member of the GSMA. Dialog is also actively involved in multiple working groups convened by the GSMA such as the Mobile Alliance Against Child Sexual Abuse, the Green Power for Mobile Working Group, The Mobile Development Index Working Group, The m-Health Working Group, the m-Woman Working Group to name a few. Dialog is also an active member of the CTO and participates in thought leadership development programmes on an ongoing basis. Dialog also leads many local policy development initiatives in the spheres of education, banking and finance, trade and commerce and health to name a few. The Group engages with key Ministries and policy makers to advocate a conducive environment and regulatory framework that creates an opportunity for the ICT industry at large to create shared value.

As alluded to in the 2009 Report, the Group continued to work with policy makers on the following specific programmes with a view to creating conducive regulatory environments. The Government led white paper titled the 2020 document provided an opportunity for Dialog to capture sustainability principles into the national vision and road map for the industry. In addition, Dialog also continues to work very closely with the Ministry of Education to mainstream distance education and provide parity education resources to all children in Sri Lanka, especially to those from disadvantaged backgrounds. The Group plays a lead role in setting the benchmark for environmental stewardship through its m-Waste programme which was the first formal corporate e-Waste programme in the country.

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Our People

Dialog's people management processes are spearheaded by Group Human Resources and Development. The management of human resources is governed by a robust policy framework in accordance with EFC guidelines and labour laws of the land. Group Human Resources as of 31st December 2010, consisted of a total employee base of 2,922 employees, a further reduction compared to the 3,435 employees reported in 2009. In addition to the 2,922 employees, the Company also has an outsourced staff base of 518. The lower numbers are attributable to the Voluntary Retirement Scheme (VRS) offered to all employees during the course of the 12-month period ended 31st December 2010.

Out sourced **518**

Part time contract **51**

Full time contract **984**

Full time permanent **1,887**

The total strength of the Company's workforce is depicted in Graph 05. Pursuant to Dialogs regionalisation of operations and with a network presence in all nine provinces of the country the Group has an island wide geographic dispersion of employees across

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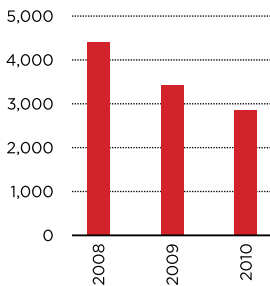
This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

Adversity defines character and on the back of a very challenging and emotion ridden facet of a sustainability agenda, the Company has emerged stronger and significantly more capable of caring for its employees...

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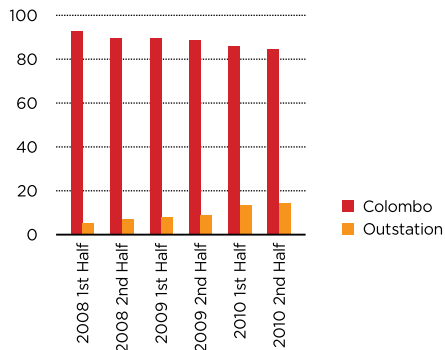
Sri Lanka. The distribution of employees by region is given in Graph 06. Consequently, the Group creates employment opportunities within various tiers across the country through its franchise operations, dealer and sub dealer network, as well as its extensive retail network.

Employees



Graph 05: Total employees

%



Graph 06: Staff distribution

Selecting the Best

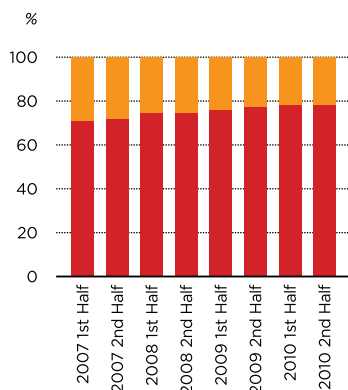
Dialog's recruitment policy focuses on non-discrimination and ensures that a transparent process is followed by adopting HR best practices with regard to employment recruitment across the Group. In 2010, 14 members of the Senior Management Team were locals and one member was a foreign national as opposed to the local and foreign ratio of 14:0 in 2009.

Employee Diversity

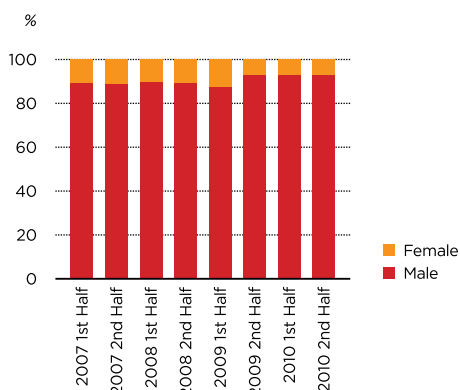
Dialog values diversity in the workplace and recognises that this tenet enhances our ability to adapt to changing market conditions and material stakeholder issues by utilising a diverse collection of employee skills and experiences. The diversity of our business organisation helps us to meet business strategy needs and the needs of customers more effectively leading to higher productivity, profits, and return on investment. Dialog does not discriminate or apply a bias on gender when appointing members to governance bodies/committees. Appointments are made purely on eligibility and business need devoid of any other discriminatory policy.

Senior Management

The Senior Management team which is a diverse group of professionals has a representation from both minority groups as well as different age groups. Graph 07 illustrates gender representation in the Senior Management team.



Graph 07: Gender representation of all staff



Graph 08: Gender representation in Senior Management

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Promoting Equality in the Workplace

The diversity of our workforce is an indication of the equal opportunity provided by the Group to individuals from different backgrounds and social strata. Discrimination of any kind is not tolerated within the Group. Policies and procedures such as the Dialog Code of Conduct and Recruitment Practices have ensured that Dialog adopts an unbiased philosophy irrespective of gender, cast, creed, ethnicity or any other differences. Gender is not a deciding factor in determining the remuneration package under any circumstance. In 2010, out of the total workforce, 78.51% were males and 21.49% were females as shown in Graph 06.

Employee Benefits

Dialog continues to make every effort possible to ensure that employee benefits are on par or better than industry benchmarks. An employee's basic salary is determined by taking into consideration the role along with the qualifications, experience and the competency level required by the candidate into account. Employees are also given the freedom to join welfare societies; which facilitate the social interests of the employees and is also extended to their immediate families subject to limitations as per benefit portfolio. Employees are eligible to participate in the Company Share Trading Scheme, subject to seniority in the Company and procedure governed by ESOS by-laws. Furthermore, a formal ceremony is organised annually to recognise and reward employees who have been in service for a minimum of 05 years in the organisation. Employee recognition at divisional level is carried out annually alongside the performance appraisal. The Company also provides employees with state-of-the-art facilities at work to enhance performance in their job roles. Dialog's standard entry level wage is greater than the minimum local wage.

Employee Turnover and Retirement Plans

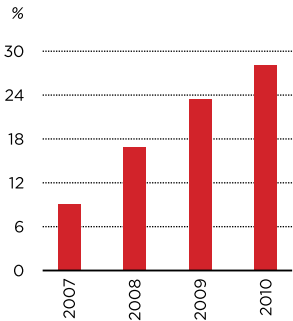
In 2010, the Group recorded an employee turnover rate of 28.04% inclusive of both ECM and non-ECM staff. As mentioned in the earlier sections of this topic, the high employee turnover is a result of the Group's Voluntary Resignation Scheme (VRS) in 2010. The total employee turnover from 2007 to 2010 is shown in the Graph 8. As mentioned in our previous Report, during the course of 2010, Dialog continued to engage in an aggressive programme of cost rescaling, workforce right-sizing and business and revenue growth. The Group launched a host of cost reduction initiatives and increased its competitive strength in the market place, enhanced its customer service levels and also applied focus on restructuring its work processes in terms of efficiency, productivity and automation. With respect to the latter dimension of performance optimisation, the journey Dialog embarked on in 2009 of aligning its human resource base to business requirements through the implementation of a VRS continued through 2010. Dialog also extended post-VRS training and career guidance to employees who opted for the VRS

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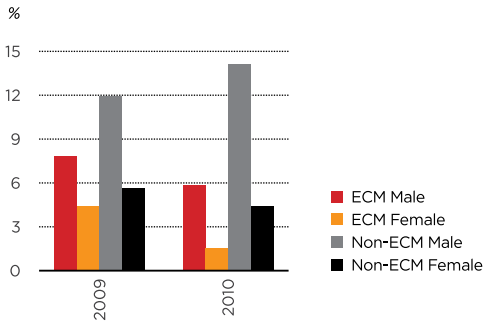


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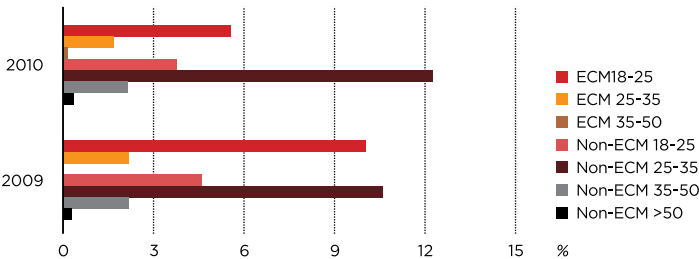
as a measure to assist them with securing new employment as it did in 2009. The Group uses general resources to pay the obligations to retired employees. In relation to the Employees' Provident Fund/Employees' Trust Fund (EPF/ETF), Dialog contributes a fixed percentage of an employee's remuneration to an external fund, details of which are given in the financial statements of the Dialog Axiata PLC Annual Report 2010. However, it must be noted that there is no liability on the Company's side at the time of termination of the employment contract. The Group's retirement plans are designed in accordance with the following Employee Acts: Gratuity Act of 1983, Employees' Provident Fund Act of 1958, Employees' Trust Fund Act of 1980.



Graph 09: Employee turnover rate



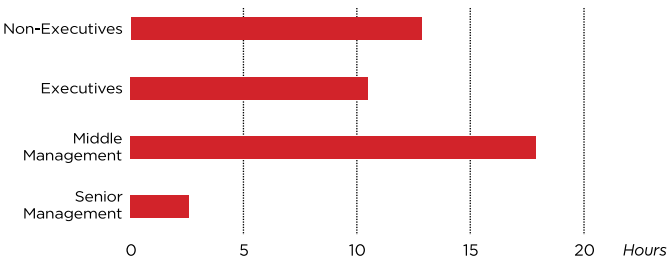
Graph 10: Breakdown of employee turnover rate (Gender ECM/Non-ECM)



Graph 11: Breakdown of employee turnover rate (Age ECM/Non-ECM)

Employee Development

The Group's skills development and training programmes comprise various areas ranging from soft skills to specialised training programmes that enable employees to meet the demands of today's highly competitive marketplace. These training sessions are conducted by professional trainers in the respective fields. Table 1 denotes the number of training hours allocated for all employees across all levels of the Group for 2010. The Group also provided special training sessions to those employees who left the Company through the VRS in 2010. A total of 54 hours was dedicated for this purpose with 18 employees being trained at these sessions. The Company also provided training to non-Dialog staff mainly consisting of dealers, sub-dealers and franchise service personnel, further to Dialog's internal training and development programmes. As mentioned last year, the Group also supported further studies and professional membership, encouraging employees to actively develop themselves to complement their current competencies.



Graph 12: Staff training hours per employee category

Ensuring Employee Health and Safety

Dialog has established a First Aid and Health and Safety team as well as a Risk Management team within the Group to assess the safety concerns of all employees with a 100% workforce representation in 2010. The Group will also include the outsourced cadre into these teams in the future. The Risk management Team also had a 100% workforce representation during the period ending 31st December 2010. Dialog also facilitated counselling sessions for employees who required psychological intervention during 2010. At the end of 2010, the Group recorded an employee absentee rate of 2.01% and 2.01% during the first and second halves of the year respectively. The injury rates for the same period were 2.20% and



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

2.10% respectively for the first and second halves of the year. No occupational disease was reported during the year whereas a lost day rate of 2.1 was recorded. It must be noted that there were no fatalities in 2010. Dialog is committed to extend its best practices in health and safety to its sphere of influence to positively affect its outsourced parties during 2011. Outsourced employees are not included in health and safety committees. The Group also conducted various programmes related to personal well-being during the period of review covering areas such as women's health, dermatology, diabetic diseases and obesity, etc.

Employee Communications

Dialog is committed to safeguarding the fundamental rights of its employees, as stated in the Company's values. As a result, all employees are given the opportunity to exercise freedom of expression at their workplace at any given time. Internal employee communication mechanisms enable employees to raise their issues and concerns to the management at any given time in a fair and transparent manner. The Company practices an open work environment which facilitates both upward and downward communications in order to achieve constructive solutions with regard to any issues that may arise in relation to work. Divisional level staff meetings are held on a frequent basis too, for the dissemination of information.

Collective Bargaining

Dialog employees are given the freedom to associate as groups and individuals and raise their opinion to the betterment of staff, organisation and community. As mentioned in the previous year's Sustainability Report, the Company does not oppose collective bargaining and formation of Trade Unions. However, the Company does not have any registered Trade Unions at present but is a registered member of the Employers' Federation of Ceylon (EFC) who advises on social harmony to make employees more efficient and quality conscious. Dialog's association with such organisational bodies contributes towards maintaining a healthy work environment for employees in accordance with globally accepted employee protection laws. The Company's commitment to establishing and maintaining freedom of expression is manifested in the risk assessment study carried out by the Group in which no violations of freedom of expression or any other human rights abuses were reported. Dialog also practices the open door policy in the Group where the immediate supervisors and employees are empowered to discuss and settle on amicable solutions in case of clarifications, concerns and grievances. Dialog understands the importance of informing employees on new developments in the Company. Therefore, adequate notice as required 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 Company permits employees to consult or negotiate on a case-by-case basis, which is fair, legally acceptable and done within the corporate legal framework of Sri Lanka.

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Compliance to Labour Laws

The Company does not employ any underaged individuals as part of its workforce. Similarly, as per the disciplinary records of Dialog, no complaints have been received from any employee with respect to forced labour. Further in the interest of employee safety, Dialog does not require female employees to work between 8.00 pm and 6.00 am of the following day. As explained in the 2009 Sustainability Report, all related policies/procedures of the Group, comply with the related labour laws of the country and no amendments to this have been made in the year in review. Employees' Letter of appointment/terms and conditions/working hours are decided in accordance with the Shop & Office Employees Act 19 of 1954, including the regulations and the subsequent amendments. Dialog is a member of the Employers' Federation of Ceylon (Federation for Employers) and all employment related documentations/transactions/payments and amendments are done, based on the guidance and advice received by industrial advisors/counsellors, in alignment with International Labour Organisation's (ILO) standards/requirements.

Promoting Business Ethics

There were no incidents of discrimination in any form during 2010. As demonstrated in our Group values, Dialog places good business practice amongst its top priorities. As a result, the Company takes strict disciplinary measures with those who violate the Code of Conduct, which outlines our Company's values and ethics. While this Code serves as an internal guideline for employees, the law of the land and its accounting policies form the ultimate policy framework for the organisation. While an awareness programme on business ethics was implemented within the organisation as discussed in the 2009 Sustainability Report, Dialog has also recognised the importance of designing a better system to address such matters. This will be done by way of formally announcing the Ombudsman process and reinforcing the concept of transparency and honesty. The appointment of the Ombudsman has been initiated and is expected to be finalised within the first quarter of 2011. An internal 'whistle-blowing policy' has also been approved at Dialog and was implemented during the course of 2010. All employees in the Company have signed the Code of Conduct and the Non-Disclosure Agreement. During the year 2010, 292 new recruits signed both the CoC and the NDA. All of the employees at Dialog have signed the NDA and CoC during the period of review.

Preventing Corruption in the Workplace

A total of six Strategic Business Units (SBUs) and twenty four Shared Services Units (SSUs) of the Company were analysed for organisational risks related to corruption during the reporting period. The assessment was carried out by three Divisions; Finance, Supply Chain Management and SAP. In order to minimise the possible risks of corruption within the organisation, employees are expected to sign a Non Disclosure Agreement (NDA) and Code of Conduct, which covers anti-corruption covering a total 100% coverage of the business units analysed. The Code of Conduct is available on the intranet for easy reference as necessary.

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Maintaining Economic Equilibrium

In discussing the financial performance of Dialog Axiata Group, this section of the Report reviews its key drivers including supplier transactions, Government agreements and compliance to policies and ethics. Issues on Human Rights with respect to the Company's operations and its implications are also discussed here. However, it must be noted that information relating to the Company's financial performance, is not duplicated here but is mentioned in the 2010 Annual Report which should be referred to along with this Report.

Supply Chain

Suppliers are an important stakeholder group of a Company. When selecting suppliers for the Group, Dialog took steps to identify their values and policies as well as to convey to them the Company's expectations, which in turn nurture long-term partnerships.

Supplier Assessments

Suppliers are evaluated broadly based on price, quality, supply/service ability, observation of deadlines, responsiveness, flexibility, strategic fit and end-user satisfaction. In addition, compliance with health, safety and environmental protection aspects are taken into consideration during the profiling process.

Supplier Policies

As discussed in the previous year's Report, a procurement policy for the Company was initiated in 2009 detailing Dialog's recommendations on quality expectations, health and safety concerns; and social and environmental responsibilities. Initiatives were implemented under the directives of Dialog's Parent Company, Axiata Group Berhad, in 2010 in order to help align supplier relationship management function in accordance with our sustainability policies.

In 2010, from the total purchase orders directed to suppliers, 57.58% was ordered to suppliers with local presence and 42.42% for suppliers without local presence which amounted to approximately LKR 5.6 Bn. and LKR 4.1 Bn. respectively. A total of 100 top suppliers accounted for an estimate amount of 80% of the total amount spent. By December 2010, 66% of these top suppliers were screened for human rights. Criteria integrated for screening on human rights broadly included work hours and employee remuneration, freedom of association, preventing workplace discrimination, child labour and compulsory employment. With the initial ISO 26000 gap analysis, the Dialog is exploring opportunities to expand the Group's best practices down its value chain.

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Human Rights, Compliance and Ethics

Dialog has not yet developed a fully-fledged process to identify the human rights aspects in relation to mergers and acquisitions. However no such significant investment agreement has been finalised since 2008.

In 2010, the Company continued to maintain a good track record with regard to compliance to the relevant laws and regulations across all our business units. The Customs Inquiry Case mentioned in our last year's report, The Sri Lanka Customs has charged the Company for violation of Clause 47 of the Customs Ordinance when importing licensed software 'PeopleSoft'. Sri Lanka Customs has imposed a mitigated forfeiture of Rs. 13.7 Mn. against the Company. The aforesaid case is still pending in the Court of Appeal, and therefore a final determination is yet to be reached in respect of this issue. Apart from this incident the Company has not been subjected to any other sanctions or fines in relation to regulatory infringements with regard to our business operations, anti-competitive behaviour, environment and marketing communications, including advertising, promotion, and sponsorships. in the said reporting year.

Financial Agreements with the Government

As a result of the Company's agreement with the Board of Investment of Sri Lanka (BOI), the main source of income of the Company is exempt from income tax for fifteen years (initial tax exemption period of seven years was extended to fifteen years as per the amendment made to BOI agreement on 17th 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 31st 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 Lankan Rupees.

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Dialog's sustainability
goals go beyond
responsible management
of social economic and
environmental impacts...

Dialog and Development

OUTREACH CORPORATE RESPONSIBILITY

Dialog's sustainability goals go beyond responsible management of social and environmental impacts to transforming Sri Lankan lives through the contribution to sustainable development in the country. As an ICT service provider, the Company possesses the power to bridge the gap between the connected and unconnected through the utilisation of the Company's competency in digital technology. The following narrative illustrates a glimpse of the Company's efforts to achieving sustainable development in Sri Lanka and the transformational landmarks Dialog has crossed. Dialog's community investment activities for 2010 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. In 2010, the Company continued to contribute to national development across five thematic spheres in addition to its principal philanthropic initiative, The Change Trust Fund.

(Photo credit: Ravindra Ranasinghe)



ICT for Development

ICTs play a pivotal role in the growth and development of a nation. 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. Dialog's goal is to make technology affordable and accessible to all segments of society in Sri Lanka in order to create social equality and inclusion. Dialog's community investments are also in line with the United Nations Millennium Development Goals (UNMDG) and reflects requirements specific to the nation. In 2010, the Company continued to harness the potential of ICTs to leapfrog traditional development barriers.


Tradenet – Fully Mobile Enabled Buy and Sell Portal in Sri Lanka

Although Sri Lanka has nearly 13.9 Mn. mobile subscribers very few use the mobile for entrepreneurial activity. People continue to expend considerable time, money and effort to access markets and information relating to the buying and selling of personal and commercial products. This seemingly benign issue is exacerbated within the agriculture sector where information asymmetry among farmers results in very high transaction costs. Research findings have shown that small-holder vegetable and fruit farmers in Sri Lanka bear a 15% transaction cost, of which, information search costs amount to 70% of total transaction costs, i.e., 11.0% of the total costs incurred by the farmers [de Silva 2008].

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.



Strategic outreach
initiatives reflect Dialog's
unfeigned commitment to
enrich and empower
Sri Lankan lives

”

Dialog set out to build a tool that uses the inherent potential of the mobile phone to bridge this information asymmetry and thereby lower the transaction costs, not only for farmers, but for all Sri Lankans. The solution therefore focuses on empowering people through the enabling effects of mobile phones. Tradenet was also designed to establish equitable linkages between all levels of the economic pyramid and to foster greater opportunities for inclusive trade and efficient trade.

Tradenet's design philosophy is based on the 4A's ethos (i.e., in order for a mobile solution to fully realise its enabling potential it needs to be applicable, available, affordable and create affinity across all segments of society). Tradenet fulfills this vision by creating a powerful tool capable of empowering people with access to information related to goods and services using their mobile phones. Tradenet is therefore a Trade Information Exchange that generates user driven content pertaining to goods and services that are legally traded using the mobile phone. In addition to the trading feature, tradenet also supports a reference price provision mechanism for agriculture produce by collecting, aggregating and disseminating agri commodity prices from three major economic centres in the country. People from across the economic pyramid, constituting buyers and sellers of products and/

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

or services are able to post/display their intent to sell or buy goods and services through their mobile phones. Trades can be posted by individuals as well as organisations and trade bodies. Demand or supply-uploads/posts to the Dialog tradenet system can be done using web, WAP, call centre and IVR, SMS and USSD access technologies. The unique feature of the Dialog tradenet system hinges on its ability to dynamically 'match' the buyer (demand) with seller (supply). Once the match is established the system pushes sends a SMS 'matching alert' to both buyer and seller with their respective contact details. Fulfilment of the transactions occur offline after negotiation and due diligence is done by both parties. Dialog tradenet therefore ends its service at this point and allows the buyer and seller to negotiate and proceed with the transaction. The trade information exchange therefore acts as a virtual meeting place and has the power to connect/bridge traditional urban-rural digital divides and to thereby leapfrog information asymmetry challenges particularly among low income group segments, who have limited access to information and markets.

Dialog tradenet also provides spot market rates to farmers and other interested parties, as a reference price mainly to aid the farmers using the tradenet trade information exchange to sell their agricultural produce. Current spot market rates are obtained from an organisation by the name of *Govi Gnana Seva* that collects real-time market prices using WAP enabled mobile handsets from the Dambulla, Meegoda and Narahenpita dedicated economic centers/fruit and vegetable wholesale markets. Dambulla is the largest wholesale market for vegetables and fruit in Sri Lanka. The spot market rates are made available for 178 different vegetables and fruits with new categories added frequently. Farmers and agribusinesses can obtain spot market rates for agricultural produce by subscribing to Dialog tradenet alerts (daily, hourly, etc.). Messages can be delivered through SMS using English, Singlish and picture messages for phones that don't support unicode. For phones that do support unicode, short messages can be delivered in their native language preference (i.e., Sinhalese or Tamil).

The product is the first of its kind anywhere in the world, and is thereby a very unique engine, especially due to its ability to match buyers and sellers dynamically based on their profile match preferences.

Initially launched on 22nd December 2009 at the Meegoda dedicated economic centre with the service of providing agricultural commodity prices from three main dedicated economic centres, Dambulla, Meegoda and Narahenpita. Service was introduced to farmers, traders and for other those who are interested through a Below The Line campaign (BTL). Later in mid-2010, tradenet system was re-launched with more advanced features of a buy and sell platform together with automated matching of buyers and sellers. There was an overwhelming response to the tradenet media campaign. Beneficiaries – roughly around 10,000 direct users of tradenet (wonder whether we should mention the numbers). So far Dialog tradenet has been recognised as one of the best product/service of that nature. July 2010 - Dialog tradenet won m-Billionth award under the m-Inclusion category (regional

ISO 26000
SOCIAL RESPONSIBILITY



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recognition). October 2010 - Dialog tradenet won Best Web Bronze Award under the Best Advertising Website category (local recognition). December 2010 - Dialog tradenet won WSA Gold Award under the m-Inclusion and Empowerment category (international recognition).

 www.tradenet.lk

The Dialog – University of Moratuwa Mobile Communications Research Laboratory

The Dialog – University of Moratuwa Research Laboratory initiated in 2004, is a tri-party industry academic partnership between Dialog Axiata, University of Moratuwa, the country's pioneer Engineering University, and Uni-Consultancy services. It is one of the Company's key flagship initiatives set up with the aim of advancing the frontiers of mobile communications technologies through Research and Development pertaining to initiatives of national and regional significance. This is the first fully industry-sponsored research laboratory to be established in a University in Sri Lanka, and it is also the country's first laboratory for research and development in mobile communications. As part of the work carried out in 2009, 'eleAlert' an Elephant Intrusion Monitoring System to mitigate the human-elephant conflict was launched in collaboration with the Sri Lanka Wildlife Conservation Society. Another landmark innovation by the Dialog – University of Moratuwa Mobile Communications Research Laboratory is the Disaster Emergency Warning Network (DEWN) Alarm Device which too was officially launched 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/>

Sri Lanka's First Mass Alert Emergency Warning Network

The Disaster Management Centre (DMC) of Sri Lanka, together with Dialog Axiata launched Sri Lanka's first mass alert warning system – the Disaster & Emergency Warning Network (DEWN) in January 2009, under the patronage of the Minister of Disaster Management and Human Rights. DEWN was developed by Dialog Axiata in collaboration with the Dialog-University of Moratuwa Mobile Communications Research Laboratory and Microimage, following research and development undertaken after the tsunami disaster of 2004. DEWN is controlled by the DMC and is a Corporate Responsibility initiative by Dialog Axiata of national significance with potential to transform the mobile phone into a life-saving device during emergency situations. This entirely non-commercial undertaking is a wonderful example of multi-sector entities pooling strengths to develop a high-quality product. DEWN is a system that is being tested by the DMC to alert Dialog Mobile users of potential disasters

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SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

via a method called 'Cell broadcast'. Users only need to configure area information reception settings on their Dialog Mobiles to receive the alerts issued. The Emergency Operations Centre of the DMC has been given access to the secure DEWN alerting interface. When information is received by the DMC, the information is verified and alerts can be issued. The DMC takes responsibility to adequately verify any emergency situation and issue alerts. In a potential disaster scenario, the DMC will first use DEWN to alert emergency personnel on their individual phones, and public alerts will be issued only when a threat is adequately verified. In addition to alerts received on mobile phones, specially designed DEWN remote alarms will also be used to alert nominated emergency personnel. 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, The National Awards for Science and Technology - 2006 and the Vodafone 'World Around Us' Work-shop in Cairo - 2006. With the mobile phone becoming increasingly affordable, mobile networks will link more and more people across all sectors of society. Generally, the marginalised segments of society suffer most as a result of high-magnitude natural disasters. However, an affordable and accessible mobile network has the potential of transcending existing boundaries. The ability to receive early warnings of potential disaster situations through the mobile phone can be an additional benefit that can help save many lives at a time of disaster. More information on DEWN can be found at the website:

 www.dialog.lk/dewn

'Nenasa TV' – The National Distance Educational Bridge in Sri Lanka

In an effort to bridge the rural-urban digital divide in the education system, Dialog Axiata continued to work with Ministry of Education and added another 230 schools and another 20 teacher training institutes to the 'Nenasa', National Distance Educational Bridge in Sri Lanka making the total of 350 access points. As a holistic educational programme, new 250 access points were equally distributed among nine provinces in the country and had nine regional events to mark the handing over of the necessary infrastructure to the pre-selected schools. Eventually it will have 1,000 rural schools in Sri Lanka connected to the *Nenasa* network delivering high quality educational content, developed by the National Institute of Education.

SME Toolkit – Empowering SMEs in Sri Lanka

A project of Dialog Axiata PLC and the International Finance Corporation, a member of the World Bank Group continued to train another set of Small and Medium Entrepreneurs (SMEs) in Sri Lanka, conducting over 180 workshops and successfully training over 3,000

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This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

SMEs throughout Sri Lanka. Being the only telecom partner of IFC's SME Toolkit project, Dialog could pilot the feature of mobile content sharing in local languages together with the SME Toolkit team in USA.

 www.srilanka.smetoolkit.org

m-Woman – Analysing Gender Dimensions of Mobile Telephony in Sri Lanka

Parallel to the introduction of new mobile phone based products and services for the benefit of women in Sri Lanka, Dialog Axiata initiated a pilot project together with GSM Association to study the gender dimensions of mobile telephony in Sri Lanka. In line with the third Millennium Development Goal (MDG), promoting gender equality and empowering women, two partners to understand the gender gap in the domain of mobile telephony and how that can be used to empower women in Sri Lanka, enabling them to play a productive role towards sustainable development.

Education

Dialog Technology Scholarships

In pursuing the cause of improving education for Sri Lankan youth, and in addressing the broader objective of enriching the knowledge capital of Sri Lanka's future generations towards a knowledge based economy, Dialog launched the Technology Scholarship programme in 2003. The programme aims at empowering outstanding students from across the country to accomplish their future aspirations by way of providing support to pursue their education at secondary and tertiary levels. Dialog places special focus on enabling access to parity education irrespective of differences in geographical location, gender, class, ethnicity, age, religion and physical disabilities.

Under this initiative, scholarships are annually awarded to students who excel at the Ordinary Level and Advanced Level Examinations and elect to pursue their higher education in the Mathematics Stream. The scholarships assist students to pursue advanced studies in Information Technology, Electronics and Telecommunications Engineering. By the end of the 2010 reporting period, over 400 students who excelled at Ordinary Level and Advanced Level Examinations had been supported by the scholarship programme. Selection of students is by the Ministry of Education of Sri Lanka and the University Grants Commission and is based on the best results in each of the 25 Administrative Districts. Additionally, in the previous years, scholarships have also been extended to approximately four differently able scholars each year.

ISO 26000
SOCIAL RESPONSIBILITY



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Dialog Axiata has also awarded fully sponsored scholarships to Sri Lankan scholars, to pursue a B.Sc. Telecommunication Engineering Degree, at Multimedia University (MMU) Malaysia, acclaimed as one of the most technologically advanced universities in the World. Some of these graduates are currently employed at Dialog Axiata PLC.

The following table indicates the total number of scholarships awarded to students at different levels from 2003 to 2010:

| Year | Total | O/L | A/L | MMU |
|------|-------|-----|-----|-----|
| 2003 | 59 | 30 | 27 | 2 |
| 2004 | 118 | 30 | 27 | 2 |
| 2005 | 175 | 30 | 27 | 0 |
| 2006 | 234 | 30 | 27 | 2 |
| 2007 | 292 | 30 | 27 | 1 |
| 2008 | 349 | 30 | 27 | 0 |
| 2009 | 406 | 30 | 27 | 0 |
| 2010 | 463 | 30 | 27 | 0 |

Table 04: Total number of scholarships awarded each year

‘Nenasa’- Distance Education Initiative Connecting Students across the Island

‘Nenasa’, a state-of-the-art Digital Satellite Television based Distance Education Bridge which was launched in 2009, is another milestone achievement in Dialog’s efforts to providing parity access to education and interactive learning using its technology and resources. This initiative which is a collaborative effort by Dialog, the Ministry of Education and the National Institute of Education (NIE), was launched in July 2009 by His Excellency the President, Mahinda Rajapaksa together with former Minister of Education, Susil Premajayantha, from the Ranjan Wijerathne Maha Vidyalaya in Pelwatte in the Moneragala district. Simultaneously the launch was broadcast to an estimated 500,000 other students accessing ‘Nenasa’ from across Sri Lanka, including the Northern and Eastern Provinces of the country.

Whilst being managed by the MoE and the NIE, the channel is completely dedicated to broadcasting educational programmes and caters primarily to the students in the Ordinary Level and Advance Level Grades, in all three languages.

The prime focus of this project is to provide rural marginalised students the opportunity to engage in interactive learning from experienced teachers to make up for the shortage of teachers in areas where schools lack sufficient teachers for the G.C.E Ordinary Level and Advanced Level classes, as these Examinations are two vital determinants of a student’s future.

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'Nenasa' aims to connect 1,000 rural schools in Sri Lanka to high-quality rendition of the national curriculum, developed by the NIE over a digital satellite television broadcast medium. The content developed by the NIE, will be broadcast by Dialog to the 1,000 identified schools that are connected to the network.

Dialog TV offers free satellite technology to the 'Nenasa' educational channel while, the programmes disseminated via *Nenasa* are produced by in-house technicians at the NIE, with experienced teachers conducting the lessons. The lessons are 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 is facilitated. The LMS and 'Nenasa' are part of the Digital Learning Bridge initiative which seeks to minimise disparity in education for rural students.

The LMS also enables children who have access to the internet to download educational material on 'Nenas' from the internet via www.nenasa.lk, which will effectively be the first time the Sri Lankan educational curriculum would become available on the internet. As part of this initiative, Dialog also facilitates the reception equipment and audio visual devices for connection to the 'Nenasa' network, by donating 1,000 Dialog TV setup boxes, 900 Television units, and 100 projectors to the rural schools identified by the Ministry of Education, dispersed equitably across the country.

Key Achievements of 'Nenasa' in 2010

At the end of the 2010 reporting period, 247 schools were connected to the 'Nenasa' network and 247 television sets and set top boxes were provided by Dialog to these schools. Trainings were conducted for newly recruited school officials and equipment donation ceremonies were held at 8 provinces during the year. More information on 'Nenasa' can be found at the website.

 <http://www.dialog.lk/about/responsibility/outreach-cr/digital-bridge/>

ISO 26000
SOCIAL RESPONSIBILITY



This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

Change Trust Fund


The Change Trust Fund established in 1999 by Dialog, is the Company's longest running altruistic CR initiative and one of the first formal CR volunteerism efforts of a corporate entity in the country. 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 matching this donation equally. The fund is disbursed to disadvantaged communities of society upon evaluation on a case by case basis. Initiatives under the fund range from a spectrum of need-based community projects focusing on requirements of the underprivileged, consistent with Dialog's CR objective to empower and enrich Sri Lankan lives. The Trust is a powerful reminder of how corporate entities can empower and usher parity dividends to all Sri Lankans and improve the quality and equality of life. 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.

In 2010, the Change Trust undertook 8 projects; whilst 6 projects were completed in 2010, 2 projects were carried forward to be completed in 2011.

| | | |
|--|--|--|
| Dasamahabodhi Viharaya, Sri Vanarathana Sunday School - Akuressa | Sri Vanarathana Sunday School, situated in a rural village in the Akuressa area was established in 2004. The Sunday School consists of 527 students from various age groups, a majority of coming from very low income families. Besides, preaching the doctrine of Buddhism, the temple pays special attention to providing opportunities for basic education to the children of low income families in the village of Henagama. The objective of this project was to offer parity computer education to children across the country. | <p>Direct Impact/Output</p> <p>Computers and peripherals for village students attending the Sunday School.</p> <p>Reach</p> <p>Approximately 530 students in the village of Henagama.</p> <p>Outcomes</p> <p>Giving children an opportunity to be computer literate and opportunities arising out of these interventions.</p> |
|--|--|--|

| | | |
|--|---|---|
| Sri Giriwansharama Viharaya, Sri Sugatha Daham Pasala - Dehiowita | Approximately 350 students attend this Sunday School, which is situated in the Kegalle District. Whilst providing Dhamma education to children in the area, the monks at the Sri Giriwansharama Temple also have shown great interest in assisting children from low income families in the temple surroundings to obtain access to better educational facilities. | <p>Direct Impact/Output Computers and peripherals for village students attending the Sunday School</p> <p>Reach Approximately 350 students in the temple vicinity.</p> |
| | The objective of this project was to provide dividends arising out of IT literacy to rural village children and to build a good rapport between villagers and the temple, thereby enabling rural children access to equal opportunities in current social settings. | <p>Outcomes Offering children from disadvantaged families an opportunity to acquire computer literacy.</p> |
| Sri Sadaham Daham Pasala - Delgoda | Situated in the outskirts of Delgoda and built in a very small piece of land, Sri Sadaham Daham Pasala functions amid many hardships. As a result of the growing student population, certain Damma classes are held under trees. The Sunday School currently has a student population of 300 students and most of them come from underprivileged homesteads. | <p>Direct Impact/Output Computers and peripherals for students attending the Sunday School.</p> <p>Reach Approximately 300 students attending the Sunday school.</p> |
| | The purpose of this project was to provide equal opportunity for IT education to children coming from less privileged backgrounds. | <p>Outcomes Providing access to computer literacy for children who come from low income families.</p> |
| Baragedara M.M.V. - Ethungahakotuwa | This school which is situated in the Kurunegala District has a student population of 950 children and comprises of 40 teachers. The school is highly under-resourced and hence daily school activities are carried out under difficult circumstances. Most students attending this school come from low income families. Since IT education is now a compulsory subject in the school curricular, the school is required to provide IT education to students starting Grade 08 to 11. | <p>Direct Impact/Output Additional computers and peripherals to the school computer lab.</p> <p>Reach Approximately 1,000 students in the school.</p> <p>Outcomes Giving children an opportunity to be computer literate and opportunities arising out of these interventions.</p> |



| | | |
|---|--|---|
| | Through this project, Dialog endeavoured to upgrade the minimal computer facilities available in the school to facilitate uninterrupted computer lessons to the students. | |
| Sri Vimalodaya Maha Pirivena – Kadawalagedara | Sri Vimalodaya Maha Pirivena provides Damma education to 35 student monks and 23 children in the Kadawalagedara village. Having recognised the need for quality education, monks-in-charge have included Information Technology as an extra subject in the Sunday School curriculum. | <p>Direct Impact/Output Computers and peripherals for village students attending the Sunday School.</p> <p>Reach Approximately 60 students from the village of Kadawalagedara.</p> |
| | Dialog offered support to accomplish the setting up a computer laboratory in the temple premises by providing the required computers and equipment. | <p>Outcomes Offering students from disadvantaged settings an opportunity to acquire computer literacy.</p> |
| Sri Vijayasundara Pirivena | Sri Vijayasundara Pirivena is situated in Kuliypitiya with approximately 300 students attending the Sunday school. The Sunday School possesses only one computer unit and is unable to cater to the resource needs of the growing number of students. | <p>Direct Impact/Output Additional computers and peripherals to the school computer lab.</p> <p>Reach Approximately 300 students from the temple vicinity.</p> |
| | With the objective of enabling children from rural settings with access to computer education, Dialog donated computers and peripherals to the Damma school. | <p>Outcomes Offering students from disadvantaged settings an opportunity to acquire computer literacy.</p> |
| Kanadara Ratmale Vidyalyaya – Upuldeniya | This school comprises of 125 children hailing from underprivileged settings, with disproportionate educational facilities. Gaining access to a computer seemed a far fetched dream to these children. Owing to lack of basic computer facilities, the school has not been able to carry out computer classes for grade 10 to grade 11, according to the new General IT syllabus. | <p>Direct Impact/Output Computers and peripherals for students attending the school.</p> <p>Reach Approximately 125 students in the school.</p> <p>Outcomes Giving children an opportunity to be computer literate and opportunities arising out of these interventions.</p> |

| | | |
|--|--|--|
| | Dialog supported with the provision of required computers and peripherals. | |
| Book Donation Ceremony in collaboration with the Asia Foundation | Dialog Axiata in collaboration with the Asia Foundation donated useful book backs to schools in the North and East. The pack included a wide array of books ranging in the categories of children's story books, English Language, History, World Atlas, Fine Arts, Science, Children's Science Encyclopedia, Computer Studies, Wildlife, Environment, Mathematics, Space Science, Physical Science, Teacher training material as well as colourful activity boxes, etc. | <p>Direct Impact/Output Attractive Book packs for the benefit of the students in disadvantaged areas.</p> <p>Reach Approximately 300 students in the North and East Districts.</p> |
| | The books were donated to 14 schools in Jaffna, 06 schools in Mannar and 02 schools in Batticaloa, reaching a student population of approximately 300 students in each school in all the 3 Districts. This project underscores Dialog's efforts to providing equitable support to youth across the country. | <p>Outcomes Promoting English Language skills amongst students</p> |

Table 05: Change Trust Fund projects completed in 2010

Targets for 2011

In our 2009 Sustainability Report we undertook to deliver on key areas of materiality during the year. All tasks have been initiated and are at varying stages of completion. Progress made with regard to these tasks have been recorded on page 23 of this Report lucidly. The tasks that are still work-in-progress have been brought forward as tasks for 2011.

| Link to Materiality/Goal | Key Deliverable in 2011 | Target for 2011 |
|--|--|---|
| Sustainability Reporting improvements to include GRI Telecommunication sector supplement indicators. | GRI sector supplement for Telco sector to be included in the reporting structure | Improved monitoring on Telco indicators and materiality test to be done |
| Capturing the Company's material and water consumption | Thorough screening of the material consumption and water usage of Dialog in 2010 and all relevant material to be reported | To be completed with EMP and EMC in 2011 |
| Environmental Management Plan - Phase 2 implementation | Environment Management Plan to be documented and the processes to be mapped | |
| Human Rights indicators | Process to identify risks due to Human Rights violation issues, in Company and down the supply chain. | To be completed in 2011 |
| 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, and use of products and services as well as environmental assessment for significant products and service categories, across the Group. | Initiated through ERMOC, to be developed in 2011 with ERMLC |
| Extending Dialog's sphere of influence across upstream supply chain to ensure fair trade | Procurement Policy to be implemented across Group | Work-in-progress, will be completed in 2011 |
| Health and Safety Improvements | Capturing of Occupational diseases, Employee training on H & S issues to be developed | Work-in-progress, will be completed in 2011 |
| Mitigate 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 | Work-in-progress, will be completed in 2011 |

Table 06: Targets for 2011

The Company has also made a commitment to pursue new targets arising out of our stakeholder engagement process and triple bottom line road map. Dialog will report back on these stated targets in its 2011 Sustainability Report.

| Link to Materiality/Goal | Key Deliverable in 2011 | Target for 2011 |
|---|---|---|
| Influencing the sphere of control with sustainable best practices | Cover Outsourced parties in Company's H & S practices | Development of ISO 26000 H & S areas to include outsourced parties |
| Reducing our carbon footprint with renewable power | Expansion of the Green Base Station sites | Commissioning and completion of 5 more renewable energy sites |
| Using technology in greener practices | Development of the Base Station Monitoring Mechanism | Capturing fuel usage, efficiency through monitoring system |
| Human Rights indicators | Further revisions to Marketing policy | Inclusion of areas covered under ISO 26000 to enhance policy coverage |



Independent Assurance Statement

Introduction

Det Norske Veritas AS ('DNV') has been commissioned by the Management of Dialog Axiata PLC ('Dialog Axiata' or 'the Company') to carry out an independent/assurance engagement on the Dialog Axiata PLC Sustainability Report 2010 ('the Report'). This assurance engagement has been conducted against the Global Reporting Initiative 2006 Sustainability Reporting Guidelines Version 3.0 (GRI G3) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS (2008)). The verification was conducted during February 2011 for the year of activities covered in the Report, 1 January 2010 to 31 December 2010.

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV states its independence and impartiality with regard to this assurance engagement. While DNV did conduct other third party assessment work with Dialog Axiata in 2010, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. DNV was not involved in the preparation of any statements or data included in the Report, with the exception of this Assurance Statement. DNV maintains complete impartiality toward any people interviewed. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

The intended users of this assurance statement are the management of Dialog Axiata PLC and readers of the Dialog Axiata PLC Sustainability Report 2010. The Management of Dialog Axiata is responsible for all information provided in the Report as well as the processes for collecting, analyzing and reporting the information. DNV's responsibility regarding this verification is to Dialog Axiata only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

Scope, Boundary and Limitations of Assurance

The scope of work agreed upon with Dialog Axiata PLC includes verification of the following:

- The content of the 2010 Sustainability Report, i.e. reporting of economic, environmental, and social indicators, except EC-1 which is as reported by the company in its independently audited Annual Report (2010);
- Evaluation of the AccountAbility principles and specified performance information, described below, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008) detailed below.
 - Information relating to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - Information relating to company's materiality assessment and stakeholder engagement processes;
- Confirm that the Report meets the requirements of the GRI G3 for an Application Level A, as declared by Dialog Axiata PLC.

The reporting boundary is as set out in the Report, i.e. it covers the strategic business units (SBUs) under Dialog Axiata PLC, Colombo including subsidiaries i.e. Dialog Broadband Networks (Pvt.) Ltd (DBN) and Dialog Television (Pvt.) Ltd (DTV);

No limitations on the scope of the assurance engagement were encountered during the verification process.



Verification Methodology

This assurance engagement was planned and carried out in accordance with the AA1000AS (2008) and the DNV Protocol for Verification of Sustainability Reporting¹. The Report has been evaluated against the following criteria:

- Adherence to the principles of **Inclusivity**, **Materiality** and **Responsiveness** as set out in the AA1000AS (2008); the Reliability of specified sustainability performance information, as required for a Type 2, moderate level assurance engagement,
- Adherence to the additional principles of **Completeness** and **Neutrality** as set out in DNV's Protocol, and
- The principles and requirements of the GRI G3 for an application level A.

As part of the engagement, DNV has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. In doing so, we have:

- Reviewed the Company's approach to stakeholder engagement and its materiality determination process;
- Verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- Examined and reviewed documents, data and other information made available by Dialog Axiata PLC;
- Visited the Head-Office and SBUs including subsidiaries located in and around Colombo;
- Conducted interviews with key representatives including data owners and decision-makers from different divisions and functions of the company, including Corporate Finance, Human Resource Management, Corporate Planning, Quality Systems, Management Information Systems, Risk Management, Network Planning, Site Acquisition and Projects, and Legal and Regulatory Affairs.
- Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities for improvement reported to the Management of Dialog Axiata and are considered for drawing our conclusion on the Report; however they are generally consistent with the Management's objectives:

- To expand the Company's sustainability strategy to address the gaps identified during the ISO 26000 gap assessment against six core subjects;
- Incorporate stakeholder expectations and needs within the strategic planning process for the development of the short, medium and long-term sustainable business strategies;
- Develop awareness among stakeholders (in particular employees and suppliers) on Dialog Axiata's sustainability performance across all SBU's and subsidiaries through appropriate modes of communication;
- Development of a structured approach for the assessment of socio-economic impacts related to outreach initiatives will help in monitoring and evaluation of the effectiveness of these programmes.

¹ www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/order/



Conclusions

We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Inclusivity: Good. As a part of its stakeholder engagement process, the company engaged an independent agency to collect unbiased objective feedback from its stakeholders, the inputs from the stakeholder engagement helped to refine the Company's material issues, as reflected in the Report.

Materiality: Good. The company revisited its materiality determination process in light of the enlarged scope of indicators reported against draft GRI Telecom Sector Supplement and in our opinion the material issues have been appropriately prioritised and responded to in the Report. The Report provides a balanced representation of material issues related to the company's sustainability performance.

Responsiveness: Acceptable. We consider that the Company has responded adequately to key stakeholder concerns, through its policies and management systems and this is fairly reflected in the Report.

Additional Parameters as per DNV's Protocol

Completeness: Acceptable. Some of the GRI G3 core indicators have been reported partially and certain Telecom Sector performance indicators that are material have not been fully responded to. The rationale behind partial reporting and exclusions should be explained within the Report along with the time frame for complete reporting.

Neutrality: Good. The Company has reported its sustainability performance and related issues in a transparent and balanced manner, in terms of content and tone.

In accordance with the AA1000AS (2008) requirements for a Type 2, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable and based on the scope of this assurance engagement, Dialog Axiata's Sustainability Report 2010 provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year. DNV also confirms that the Report meets the requirements for GRI application level A.

for Det Norske Veritas AS

Signed:

Vadakepatth Nandkumar
Lead Verifier
Det Norske Veritas AS, India
Bangalore, India, 10th March 2011

Signed:

Safavi Nilli
Assurance Engagement Reviewer, CR services,
Det Norske Veritas Ltd., UK



AA1000
Licensed Assurance Provider
000-1

GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **Dialog Axiata PLC** has presented its report "Delivering Shared Value" (2010) to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

29 March 2011, Amsterdam

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint circular watermark.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Dialog Axiata PLC has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 24 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI Content Index

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

GRI Content Index

| | | | |
|-------------------|----|------------|-----------------------|
| Application level | A+ | Assured by | Det Norske Veritas AS |
|-------------------|----|------------|-----------------------|

STANDARD DISCLOSURES PART I: Profile Disclosures

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|--|--|----------|--------------------------|--------------------------------------|
| 1. Strategy and Analysis | | | | |
| 1.1 | Statement from CEO | Fully | Page 08 | |
| 1.2 | Key impacts, risks and opportunities | Fully | Page 08 | CEO Message in AR (Page 05) |
| 2. Organisational Profile | | | | |
| 2.1 | Name of organisation | Fully | Dialog Axiata PLC | |
| 2.2 | Brands, products & services | Fully | AR Page 20 | |
| 2.3 | Operational structure | Fully | AR Page 01, 20 | |
| 2.4 | Location of headquarters | Fully | AR Page 71 | |
| 2.5 | No. of countries operating | Fully | AR Page 71 | |
| 2.6 | Nature of ownership & legal form | Fully | AR Page 71 | |
| 2.7 | Markets served | Fully | AR Page 20 | |
| 2.8 | Scale of the organisation | Fully | AR Page 71 | |
| 2.9 | Significant changes | Fully | AR Page 01, 58 | |
| 2.10 | Awards received | Fully | Page 18, 40 | |
| 3. Report Parameters | | | | |
| 3.1 | Reporting period | Fully | Page 01 | |
| 3.2 | Date of last Report | Fully | 2009 | |
| 3.3 | Reporting cycle | Fully | Annual | |
| 3.4 | Contact point | Fully | responsibility@dialog.lk | |
| 3.5 | Process to define content | Fully | Page 16 | |
| 3.6 | Boundary of the Report | Fully | Page 13 | |
| 3.7 | Limitations on scope | Fully | Page 02 | |
| 3.8 | Basis for reporting on external parties | Fully | Page 14 | |
| 3.9 | Data measurement & calculation | Fully | Footnotes provided | |
| 3.10 | Explanation of restatements | Fully | Page 03 | |
| 3.11 | Significant changes in Report | Fully | Page 03 | |
| 3.12 | GRI content table | Fully | Page 73 | |
| 3.13 | Policy on external assurance | Fully | Page 03 | |
| 4. Governance, Commitments and Engagement | | | | |
| 4.1 | Governance structure | Fully | AR Page 36 | |
| 4.2 | Chairman of Board | Fully | AR Page 36 | |
| 4.3 | Independent/Non-Executive members | Fully | AR Page 36 | |
| 4.4 | Shareholders & employee direction | Fully | AR Page 36 | |
| 4.5 | Compensation | Fully | AR Page 36 | |
| 4.6 | Processes in avoiding conflicts of interest | Fully | AR Page 36 | |
| 4.7 | Process for determining the qualifications | Fully | AR Page 36 | |
| 4.8 | Internally-developed statements on TBL performance | Fully | AR Page 36 | |
| 4.9 | Overseeing management of TBL performance | Fully | AR Page 36 | |

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|---|---|--------------|--|--|
| 4.10 | Evaluating the Board's performance | Fully | AR Page 36 | |
| 4.11 | Precautionary approach | Fully | Page 21 | |
| 4.12 | Subscriptions & endorsements on TBL practices | Fully | UNGC, ISO26000 Page 22 | |
| 4.13 | Memberships in associations | Fully | UNGC, HIV Co, MACSA, GSMA m-Health, m-Women, MDI, Green power, CEA | |
| 4.14 | Stakeholder groups engaged | Fully | Page 14 | |
| 4.15 | Basis for stakeholder engagement | Fully | Page 14 | |
| 4.16 | Approaches to stakeholder engagement | Fully | Page 14 | |
| 4.17 | Findings from stakeholder engagements | Fully | Page 16 | |
| 5. STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) | | | | |
| Management Approach EC | | Fully | Page 52 | |
| Aspects | | | | |
| Economic performance | | Fully | Page 52 | |
| Market presence | | Fully | Page 52 | |
| Indirect economic impacts | | Fully | Page 52 | |
| Disclosure on Management Approach EN | | Fully | Page 32 | |
| Aspects | | | | |
| Materials | | Fully | Page 32 | |
| Energy | | Fully | Page 32 | |
| Water | | Fully | Page 32 | |
| Biodiversity | | Fully | Page 32 | |
| Emissions | | Fully | Page 32 | |
| Product & service | | Fully | Page 32 | |
| Compliance | | Fully | Page 32 | |
| Transport | | Not reported | | Not material - addressed through emissions |
| Overall | | Not reported | | Not applicable |
| Disclosure on Management Approach LA | | Fully | Page 44 | |
| Aspects | | | | |
| Employment | | Fully | Page 44 | |
| Labour practices | | Fully | Page 44 | |
| Occupational H & S | | Fully | Page 44 | |
| Training | | Fully | Page 44 | |
| Diversity | | Fully | Page 44 | |
| Disclosure on Management Approach HR | | Fully | Page 44 | |
| Aspects | | | | |
| Investment and procurement | | Fully | Page 44 | |
| Discrimination | | Fully | Page 44 | |
| Collective bargaining | | Fully | Page 44 | |
| Child labour | | Fully | Page 44 | |
| Forced labour | | Fully | Page 44 | |
| Security practices | | Not reported | | Not applicable |
| Indigenous rights | | Not reported | | Not applicable |

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|--|---|--------------|---------------------|--|
| Disclosure on Management Approach SO | | Fully | Page 40 | |
| Aspects | | | | |
| | Community | Fully | Page 40 | |
| | Corruption | Fully | Page 40 | |
| | Public policy | Fully | Page 40 | |
| | Anti-competitive behaviour | Fully | Page 40 | |
| | Compliance | Fully | Page 40 | |
| Disclosure on Management Approach PR | | Fully | Page 28 | |
| Aspects | | | | |
| | Customer H & S | Fully | Page 28 | |
| | Product & service labelling | Fully | Page 28 | |
| | Marketing communications | Fully | Page 28 | |
| | Customer privacy | Fully | Page 28 | |
| | Compliance | Fully | Page 28 | |
| STANDARD DISCLOSURES PART III: Performance Indicators | | | | |
| Economic | | | | |
| Economic Performance | | | | |
| EC1 | Economic value generated | Fully | AR Page 70 | Linked to AR Financials |
| EC2 | Financial implications, risks and opportunities due to climate change | Fully | Page 39 | Currently qualitative statement made |
| EC3 | Defined benefit plan obligations | Partially | Page 47, AR Page 76 | |
| EC4 | Financial assistance from Government | Fully | Page 53 | |
| Market Presence | | | | |
| EC5 | Comparison with Minimum wage | Fully | Page 47 | |
| EC6 | Local vs Foreign spent | Fully | Page 52 | |
| EC7 | Local hiring in Senior Management | Fully | Page 46 | |
| Indirect Economic Impacts | | | | |
| EC8 | Infrastructure investments | Fully | Page 56 | |
| EC9 | Indirect economic impacts | Partially | Page 40, 56 | Only for tradenet project |
| Environmental | | | | |
| Materials | | | | |
| EN1 | Material | Partially | Page 34 | Currently reported on billing material |
| EN2 | Recycled material | Fully | | No recycled material at present |
| Energy | | | | |
| EN3 | Direct energy | Fully | Page 36 | |
| EN4 | Indirect energy | Fully | Page 36 | |
| EN5 | Energy saved (Improvements) | Fully | Page 36 | |
| EN6 | Initiatives (Provide renewable energy) | Not reported | | No such initiatives |
| EN7 | Initiatives (Reduce indirect energy) | Partially | Page 25 | Employee shuttle service captured |
| Water | | | | |
| EN8 | Total water withdrawal | Fully | Page 38 | Only through municipal supply |
| EN9 | Water sources affected | Not reported | | Not applicable |
| EN10 | % of water recycled | Not reported | | Not applicable |
| Biodiversity | | | | |
| EN11 | Sites adjacent to protected areas | Partially | Page 38 | Bio-diversity value not calculated |
| EN12 | Impacts (Protected areas) | Fully | Page 38 | Area of land covered reported |
| EN13 | Habitats restored | Not reported | | Not applicable |
| EN14 | Strategies, for managing impacts | Not reported | | Not applicable |
| EN15 | IUCN Red List species in areas affected | Not reported | | Not applicable |

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|---|--|--------------|-----------------------------------|--|
| Emissions, Effluents and Waste | | | | |
| EN16 | Total direct GHG | Fully | Page 37 | |
| EN17 | Other indirect GHG | Fully | Page 37 | |
| EN18 | Initiatives (Reduce GHG) | Not reported | | Currently not captured |
| EN19 | Emissions of ODS | Fully | Page 38 | Captured through AC repair data |
| EN20 | NO _x , So _x emissions | Not reported | Currently not captured | Statement made, Capturing system to be implemented |
| EN21 | Total water discharge | Not reported | Only to municipal drainage system | Not applicable |
| EN22 | Total weight of waste | Partially | Page 38 | |
| EN23 | Significant spills | Fully | None, Page 38 | No significant spills |
| EN24 | Hazardous waste transported | Not reported | | Not applicable |
| EN25 | Affected protected sites (Water discharge) | Not reported | | Not material |
| Products and Services | | | | |
| EN26 | Initiatives (Mitigate environmental impacts) | Partially | Page 34 | E-bill & summary bill initiatives captured |
| EN27 | Packaging materials reclaimed | Not reported | 0% | Not material |
| Compliance | | | | |
| EN28 | Non-compliance (Environment) | Fully | None: Page 53 | |
| Transport | | | | |
| EN29 | Impacts of transporting | Not reported | | Not material |
| Overall | | | | |
| EN30 | Total environmental expense | Not reported | | Not material |
| Social: Labour Practices and Decent Work | | | | |
| Employment | | | | |
| LA1 | Total workforce | Fully | Page 44 | |
| LA2 | Turnover rate | Partially | Page 48 | Regional turnover N/A |
| LA3 | Employee benefits | Not reported | | Not captured |
| Labour/Management Relations | | | | |
| LA4 | Collective bargaining | Fully | Page 50 | 0% |
| LA5 | Minimum notice period(s) | Fully | Page 50 | |
| Occupational Health and Safety | | | | |
| LA6 | % represented in formal H & S Committees | Fully | Page 49 | |
| LA7 | Employee H & S data | Fully | Page 49 | Occupational diseases to be captured |
| LA8 | Awareness, counselling | Fully | Page 49 | Currently only for employees |
| LA9 | H & S in Trade union agreements | Not reported | | Not material |
| Training and Education | | | | |
| LA10 | Employee training | Fully | Page 49 | |
| LA11 | Training in managing career endings | Not reported | | Not material |
| LA12 | % of employees (Regular performance reviews) | Not reported | | To be captured next year |
| Diversity and Equal Opportunity | | | | |
| LA13 | Employee diversity | Fully | Page 46 | Age, gender ratios |
| LA14 | Ratio (Basic salary M vs F) | Not reported | | Propriety information |

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|---|--|--------------|-------------|--------------------------------------|
| Social: Human Rights | | | | |
| Diversity and Equal Opportunity | | | | |
| HR1 | % investment agreements with human rights clauses | Fully | Page 53 | None |
| HR2 | % of significant vendor screening | Fully | Page 52 | |
| HR3 | Training (Human rights policies) | Not reported | | Not material |
| Non-Discrimination | | | | |
| HR4 | Discrimination & actions taken | Fully | Page 51 | |
| Freedom of Association and Collective Bargaining | | | | |
| HR5 | Freedom of association | Fully | Page 51 | |
| Child Labour | | | | |
| HR6 | Operations identified (Risk of child labour) | Fully | Page 51 | |
| Forced and Compulsory Labour | | | | |
| HR7 | Operations identified (Risk of forced labour) | Fully | Page 51 | |
| Security Practices | | | | |
| HR8 | % of security personnel trained | Not reported | | Not material |
| Indigenous Rights | | | | |
| HR9 | Incidents (Rights of indigenous people) | Not reported | | Not material |
| Social: Society | | | | |
| Community | | | | |
| SO1 | Assessment of the impacts (Communities) | Fully | Page 40 | |
| Corruption | | | | |
| SO2 | % of business units analysed (Corruption) | Fully | Page 52 | |
| SO3 | % of employees trained (Anti-corruption policy) | Fully | Page 51 | |
| SO4 | Actions in response to incidents of corruption | Fully | Page 51 | |
| Public Policy | | | | |
| SO5 | Public policy | Fully | Page 40, 43 | |
| SO6 | Legal actions (Anti-trust & monopoly) | Not reported | | Not material |
| Anti-Competitive Behaviour | | | | |
| SO7 | Incidents anti-competitive behaviour | Fully | Page 53 | |
| Compliance | | | | |
| SO8 | Non-compliance (Social) | Fully | Page 11 | |
| Social: Product Responsibility | | | | |
| Customer Health and Safety | | | | |
| PR1 | Product H & S | Partially | Page 30 | Currently only for recycling stage |
| PR2 | Non-compliance (Cx H & S) | Not reported | | Not material |
| Product and Service Labelling | | | | |
| PR3 | Product labelling | Fully | Page 30, 31 | |
| PR4 | Incidents concerning product and service labelling | Not reported | | Not material |
| PR5 | Practices related to customer satisfaction | Fully | Page 29 | |
| Marketing Communications | | | | |
| PR6 | Marketing communication | Fully | Page 29 | |
| PR7 | Non-compliances (Marketing) | Fully | Page 55 | |

| PD | Description | Reported | CR/DA | Explanation of omits, parts reported |
|---|--|--------------|---------|---|
| Customer Privacy | | | | |
| PR8 | Complaints (Customer privacy) | Fully | Page 30 | |
| Compliance | | | | |
| PR9 | Non-compliance (Product & service) | Fully | Page 55 | |
| STANDARD DISCLOSURES: Sector Supplement - Telecommunications | | | | |
| IO1 | Capital tele-infrastructure investment | Fully | Page 52 | |
| IO2 | Cost to extend service to low income groups | Not reported | | Currently not captured |
| IO3 | H & S practices for workers | Not reported | | Not captured |
| IO4 | Compliance with ICNIRP | Fully | Page 30 | |
| IO5 | RF from Base stations | Fully | Page 30 | |
| IO6 | SAR level of handsets | Fully | Page 30 | |
| IO7 | Site sharing | Fully | Page 38 | |
| IO8 | Standalone sites | Fully | Page 40 | |
| PA1 | Access to low income groups | Fully | Page 40 | |
| PA2 | Overcoming cultural, language and other barriers) | Partially | | BOP projects |
| PA3 | Availability, reliability & quality of service | Not reported | | To be captured |
| PA4 | Market share & addressable market | Not reported | | To be captured |
| PA5 | Products for low income groups | Fully | Page 40 | |
| PA6 | Connections during emergency situations | Partially | Page 59 | DEWN project |
| PA7 | Maintaining Human rights in products | Partially | Page 31 | Content management, marketing policy |
| PA8 | Communication on EMF related issues | Partially | Page 30 | Follow TRCSL guidelines |
| PA9 | Investments on EMF research | Not Reported | | None currently |
| PA10 | Clarity of Tariff | Partially | Page 30 | Marketing policy |
| PA11 | Responsible & efficient user options for Cx | Partially | Page 28 | Product stewardship |
| TA1 | Resource efficiency products | Not reported | | Currently not addressed |
| TA2 | Products with physical savings | Partially | Page 34 | E- bill & Summary bills |
| TA3 | Resource savings for Cx (TA2) | Not reported | | Currently not addressed |
| TA4 | Estimates for calculations (TA2) | Not reported | | Currently not addressed Not captured |
| TA5 | Intellectual property rights and open source usage | Not reported | | Not captured |

Key to ISO 26000 icons used in this Report

ISO 26000 SOCIAL RESPONSIBILITY



Human Rights



Fair Operating Practice



Labour Practice



Consumer Issues



The Environment



Community Involvement
and Development

Glossary

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

List of Tables/Charts, Graphs and Diagrams

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Queries

Any queries regarding the 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 Axiata's endeavours to create shared value can be found at the website:

 www.dialog.lk/about/responsibility



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