

THE BOTTOM LINE IS **Sustainability**



CONTENTS

Introduction to the Report	01
Group Chief Executive's Statement	04
Communicating With Stakeholders	08
Management Approach - Our Sustainability Ethos	15
Connecting the Unconnected	20
Delivering Innovation With Responsibility	26
Spreading the Net of Influence	34
Sustainability in the Workplace	38
Putting Our World to Rights	46
Life Changing Experiences	52
Transforming Lives	58
Our Targets for 2012	69
GRI Content Index	70
GRI Application Level Check	76
Independent Assurance Statement	77

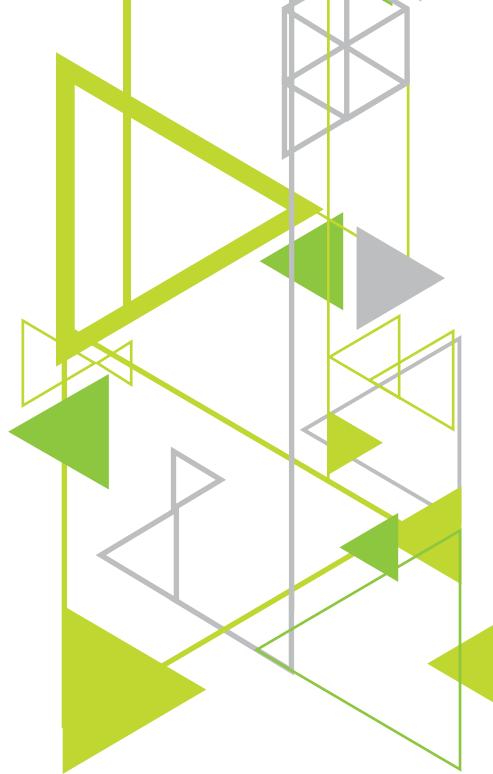
This Report also serves as our Communication on Progress (CoP) against the United Nations Global Compact (UNGC) Advanced Criteria. The following group of icons indicate sections related to the Advanced Criteria.

ISO 26000
SOCIAL RESPONSIBILITY



United Nations Global Compact

01	02	03	04	05	06	07	08
09	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24



The Bottom Line is Sustainability¹

Sustainability drives all activities at Dialog. Today's balance sheet is a consolidated one where financials, environmental impact and social empowerment are measured on the same page. The thrust to achieve sustainable outcomes on all three bottom lines drives our business strategy, corporate governance, risk management, employee orientation and future vision.

Our focus on sustainability is what has driven today's growth, and will be the instrument by which we continue to leverage cutting-edge technology to drive the Company's growth, serve the wider society we are a part of, and preserve the planet we all call home.

¹ 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.

Changes from Previous Report

The 2011 Report combines the findings of our ISO 26000 gap analysis and the GRI G3.1 guidelines (from G3 version used in previous years). Dialog Axiata PLC included the Enterprise Contact Management Center (call center) which we have now outsourced as an associate company which we have not included within the report boundary for 2011.



Scope

This is Dialog's fourth sustainability report. It measures the Group's performance during 2011 against 55 core indicators, 8 additional indicators and 7 telco sector supplement indicators of the Global Reporting Initiative's G3.1 guidelines.

This report builds on Dialog's three previous sustainability reports and explores how we are integrating our economic, social and environmental approaches into a holistic sustainability framework driving every facet of our business operations. This report comprehensively and transparently considers both negative and positive impacts that the Company has generated in its operations.

This report also constitutes a 'Communication on Progress' for the UN Global Compact's 24 'Advanced Criteria'.²

Independent Verification

The report has been independently verified by Det Norske Veritas AS as conforming to the standards of a 'Level A' report. The assurance is for a 'Type 2' and 'moderate level report' as set out in the AA1000 Assurance Standard of 2008.

The comments from our independent assurance provider last year and the findings of the ISO 26000 gap analysis have helped us align our sustainability practices as reflected on page 12 of this report and indexed throughout the report.

This Report should be read along with Dialog Axiata PLC's 2011 Annual Report for a complete representation of GRI core indicator information.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	<div>G3 Profile Disclosures</div> <div>OUTPUT</div>	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	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	<div>G3 Management Approach Disclosures</div> <div>OUTPUT</div>	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	<div>G3 Performance Indicators & Sector Supplement Performance Indicators</div> <div>OUTPUT</div>	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 omission.	

* Sector supplement in final version.

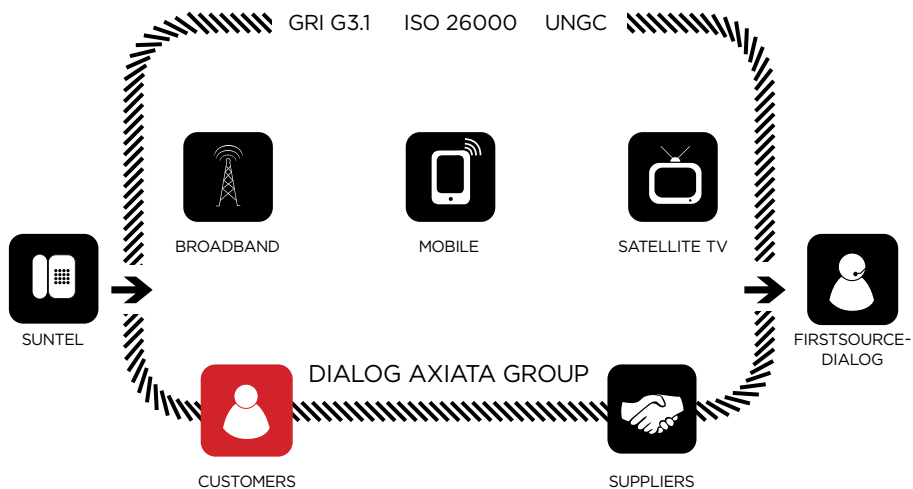
² <http://www.unglobalcompact.org/cop/index.html>

Report Boundary

The 2011 Dialog Axiata Sustainability Report and Annual Report cover the performance of Dialog Axiata PLC and the Dialog Axiata Group, consisting of its subsidiaries Dialog Broadband Networks (Private) Limited (DBN), and Dialog Television (Private) Limited (DTV), for the 12 month period ending 31st December 2011.

The Report Boundary also includes our approach towards our suppliers and outsourced parties, and assesses Dialog's performance through a Sustainability lens, on all material issues.

Dialog's BPO operation and associate, Firstsource-Dialog Solutions, does not figure in this Report. We will report on Firstsource-Dialog Solutions from 2012 onwards.



Group Chief Executive's Statement



Creating an Unique Footprint

As we close the 2011 chapter of our sustainable business journey, I am happy to report that we have over the past year, made significant strides in the creation of inclusive shared value for all our stakeholders. In particular we have endeavoured to maintain and enact this ethos of shared value creation on a basis which is agnostic to the short term variations in business fortunes and exigencies in the macro environment.

This 2011 Sustainability Report marks our fourth public disclosure on Dialog's sustainability performance, and resonates our commitment to deliver on our aspiration on a consistent basis year on year. Our Sustainability Report also documents our endeavour to create an unique footprint in terms of the social, economic and environmental outcomes we leave in the wake of our aggressive strides in pluralising the application of ICTs towards the achievement of socio-economic development. Accordingly, the report provides a detailed account of our triple bottom line performance during 2011 and also provides a summary of our journey since the publication of our first report in 2008.

The year 2011 was a significant one for us in terms of progressing several inclusive business priorities pertaining to the 'equitable digital empowerment of citizens' and 'connecting the unconnected' that have in turn acquired immediate significance in the post-conflict context. In this respect, we are particularly proud of our catalytic work with respect to the empowerment of micro-entrepreneurs in Northern and Eastern Sri Lanka in partnership with the International Finance Corporation (IFC) and the GSMA (Groupe Spéciale Mobile Association) Development Fund. This nascent programme aims to accelerate the creation



of a network of Infomediaries (Intermediary Community Change Agents) supporting the inclusive adoption of life enhancing ICT services, in post-conflict Sri Lanka. We have recognised and espoused through our corporate sustainability activities that post-conflict intervention calls on us to look well beyond harvesting latent markets, to the broader objective of bridging social, economic and cultural divides on an accelerated basis.

The past year also saw us consolidate the lucid vision we had articulated under our aggressive sustainability strategy alluded to in our disclosure reports of previous years. In doing so, we continued to focus on building robust partnerships with Government and like-minded Non-Government Organisations with a view to collectively maximising the impact we could deliver to the communities in which we operate. I would like to highlight in particular, the scaling up of our Retailer/Micro-Entrepreneur empowerment programme under the aegis of the IFC's Global SME Toolkit initiative, and the expansion of Dialog's flagship distance learning network Nenasa which is operated in partnership with the Ministry of Education and the National Institute of Education in Sri Lanka. **Nenasa** received renewed impetus from all stakeholders through the entering into of a Memorandum of Understanding in 2011 that will see the digital satellite based distance education network scale to reach 2000 resource-constrained schools across the country. Our 2011 report provides a synopsis of these and other inspirational success stories, which vindicate our investments in the development of innovative and inclusive business models and technology applications.

Our 2011 report also sets out our exacting standards with respect to the achievement of greater efficacy in the use of non-renewable energy resources and the management of our waste streams. Our relentless quest for doing more with less, our focus on material management and prudent cost optimisation of resource utilisation, have seen quantum improvements in Dialog's consumption and its management of waste and emissions. We are singularly aware that pursuing an agenda to create sustainable and shared value for a broad range of stakeholders requires us to constantly enhance our internal processes and more broadly, the way we do business. As we strengthen our internal sustainability management systems and improve our 'sphere of control', we will systematically exert greater authority on our wider value chain so that we can also positively impact our 'sphere of influence' to create greater sustainable outcomes and thereby impact on society from 2012.

We have also endeavoured to build an indelible 'culture of sustainability' at Dialog. This quest has engaged and prompted employees to review the social and environmental impacts of our collective and individual actions, to ask questions of themselves and of the company, and to make sustainability central to the value creation process of the organisation. We are particularly proud that our people have during the past year additionally embraced a culture of volunteerism and actively pursue positive engagement with the community and environment. Building the requisite sustainability sensibilities and competencies among all our management team is an ongoing priority that we built on in 2011 through various formal and informal training and awareness programmes respectively. We have also strengthened

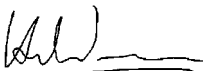
our governance practices and as always remain committed to espousing the highest levels of transparency at all levels of our business operations. The introduction of an independent ombudsman in 2011 to augment the internal employee Code of Conduct is one such example of our commitment to instilling an open and transparent workplace culture. Above all we have focused on the creation of an overarching and omnipresent corporate sustainability ethic which finds resonance in the hearts and minds of every member of the Dialog team.

As a central part of our Sustainability ethos, Dialog reaches out to like-minded organisations with a view to enriching and accelerating its sustainability agendas. Dialog continues to add value in its role as an active member of the Board of the UNGC Network Ceylon. This role on the Apex Committee of the UNGC local network involves raising awareness with respect to the UN Global Compact's principles and advocating sustainability among fellow Sri Lankan corporates. As part of our own commitment to upholding the UNGC principles, this sustainability report constitutes Sri Lanka's first 'Advanced Communication on Progress' to the UNGC by a Sri Lankan organisation, which marks another milestone in raising the bar we have set for ourselves in this space.

We have also placed significant importance on participating in International alliances focused on ICT for Development - in this respect the Company plays an active role as a working group member on the agendas of the mWoman, mHealth, Mobile Development Index (MDI), and Green Power initiatives of the GSM Association. We also maintain membership in the Coalition for HIV AIDS in Sri Lanka and the Global Mobile Alliance against Child Sexual Abuse. The IFC has also been an invaluable long term advisory and funding partner who has helped us scale our ideas in building nascent inclusive business models capable of transforming the way people access information using ICTs. We are grateful to our partners for supporting our endeavours and for emboldening our vision for a sustainable future.

Sri Lanka is poised at the cusp of an era of rebound and accelerated development arising from the rejuvenation of multiple sectors of the economy. There is little doubt that empowering technologies if deployed inclusively will be a key driver of development in the emerging era. In this respect, Dialog is uniquely placed to leave behind life enhancing impacts on the communities in which it operates through paradigm-setting advancements in the inclusive application of ICTs.

As we continue our journey through 2012, we are singularly aware that our boldness of vision, innate capacity to innovate, intimacy of customer and stakeholder engagement, and commitment to integrity, make us uniquely capable of making a quantum difference in the lives of many millions of Sri Lankan people. Collectively, the Dialog team stands committed to deliver on this potential in the year ahead.



Dr. Hans Wijayasuriya
Group Chief Executive

30th March 2012



Communicating With Stakeholders

Defining Materiality Through Our Stakeholders

Our operations lead to interactions with, and impacts upon, a diverse group of stakeholders. We map these stakeholder relationships on a materiality matrix representing our entire value chain, so as to identify our most material stakeholders. Figure 1 provides a list of these material stakeholders and the nature of engagement.

	Customers	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010) • Satisfaction study (Annual)
	Employees	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010, 2011) • Employee survey (2010, 2011)
	Shareholders	<ul style="list-style-type: none"> • AGM (Annual) • Investor forum (Quarterly) and VIP one to one calls
	Regulators and Government	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010)
	Business Partners	<ul style="list-style-type: none"> • Project-based interactions
	Communities	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010) • Specific sustainability study for Social Media (2011)
	NGOs	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010) • Project-based interaction
	Media and Pressure Groups	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010)
	Opinion Leaders (Comprising Professionals and Academics)	<ul style="list-style-type: none"> • Sustainability stakeholder study (2010)

Figure 1 - Material Stakeholders and Our Engagements With Them.

Formal and Informal Engagements

Our stakeholder engagements are both formal and informal in nature. Informal engagements take place on a daily basis when we interact with our customers and other stakeholders for our operations.

Formal engagements are more structured and are designed to elicit information we have identified in advance, and to help us deliver sustainable outcomes for the economy, society and the environment. These studies are structured to formulate stakeholder perception for issues identified in our previous engagements. With the progression of time these studies would also focus on mapping new issues arising with the expansion of our industry and our operations. In 2011, our approach to the formal process included groups such as employees, social media users, media and other issue-specific stakeholders.

Every two years we initiate a robust stakeholder survey conducted by an independent entity. The survey is an issue-based engagement structured around the AA 1000 guidelines of 2008. The survey raises relevant issues, looks at their materiality, and analyses internal and external stakeholder perceptions of the Company's sustainability goals and operations. Surveys were conducted in 2008 and 2010.

Strengthening Performance

Responses from both informal and formal processes are analysed against how they impact upon the short and long term operations of the Company. In noting the material presence and growth of social media we included an additional study on social media users this year. As in previous years the information is used to structure our report and to assess how we could create more sustainable outcomes.

In identifying material issues, we also used five international telecommunications sector sustainability reports as benchmarks for additional areas of materiality. This enabled us to weigh the sector specificity of our issues and consequently map the materiality accordingly.

The materiality scorecard identified the material issues within the wider spectrum of issues mapped in the course of stakeholder studies and during the benchmarking process. This report communicates our strategy to address the material issues thus identified.

Table 1 details the findings of the stakeholder study, indicates changes in materiality, gives probable reasons for such changes, and compares Dialog’s material issues against the international telecommunications industry’s material issues benchmarked in Table 2.

Table 2 summarises the most material issues for the telecommunications industry mapped through the benchmarking process, and points out our responses to the issues in this report.

Figure 2 below analyses the material issues identified as relevant to the Company in 2011.

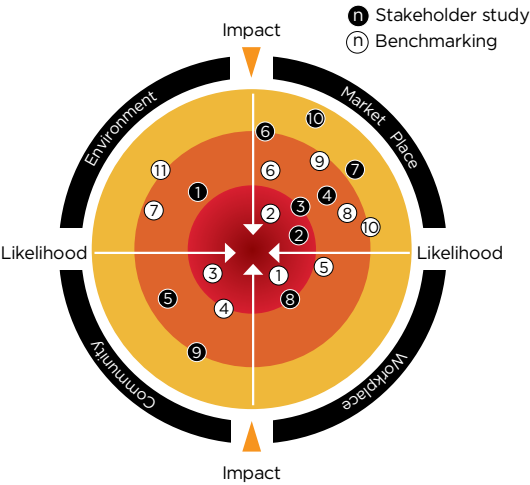


Figure 2 - Materiality Index for 2011.

Table 1 - Material Issues, Change in Materiality from 2010, and Comparison to Benchmarked Companies' Material Issues

Issue	Change in Materiality from 2010	Possible Reason	Present in Benchmarked Companies
1. Employee welfare, satisfaction and retention	↑	Global recession	Yes
2. Economic stability	↓	Economic performance	-
3. Community investments	↓	Improved focus in community investment projects	No
4. Communication on outreach projects	↓	Enhanced internal/external communications	No
5. Transparency and anti-corruption	↓	Communication of Code of Conduct and Ombuds process	No
6. Clarity of communication	↓	Clear marketing policy and practice	No
7. Energy consumption	↑	Rapid network expansion into formerly unconnected areas	Yes
8. Digital inclusion	↓	Improved focus in sustainability projects	Yes
9. Clarity of billing	↓	Improved processes	No
10. Paper waste due to physical bill volume	↓	E-bills and Summary bills	No
11. Solid waste management	↓	Improved practices	No

↑ - The materiality rating for the issue has increased

↓ - The materiality rating for the issue has gone down

Table 2 - Most Material Issues Identified in Benchmarking Against Global Telecommunications Industry

Issue	How we address area	Page No.
1. Reducing direct and indirect carbon emissions	EN3, EN4; Plan to introduce EMS	24
2. Customer service and satisfaction	PR5; Refined processes	54
3. Online child safety, parental controls	SO1, SO9, SO10	55
4. Data protection and privacy	PR8; Stricter policies	56
5. Mobile masts and health	Compliance with all regulations	54
6. Responsible supply chain	EC6, HR2; Supplier screening	36
7. Employees - benefits and rewards, voluntarism opportunities	LA indicators and Human Rights policies; Dialog Volunteer Network	40 - 54
8. Responsible marketing practices	PR6; Marketing guideline	28
9. Business ethics and integrity	SO4, HR4; Implementation of Whistle-blowing policy	50
10. Digital inclusion	EC8, SO5; Telco sector indicators	57, 60 - 67

Sustainability Targets and Performance

Table 3 below compares the targets we set ourselves at the beginning of 2011, against our achievements relative to those targets:

► **Table 3 - Sustainability Targets vs. Performance in 2011**

Sustainability Target	Progress in 2011	Comments
Telco/additional indicators review	Completed	Material indicators reported in this report
Monitor material consumption	In progress	Will enhance through EMS;
Environment management plan	In progress	to be implemented in 2012 with certification
Identify risks due to Human Rights violation	In progress	Vendor screening strengthened; Supplier CoC to be implemented in 2012
Effective risk monitoring system	Completed	Risk template introduced by ERMLC now used in all significant projects
Procurement Policy to be implemented	Completed	Procurement policy introduced
Occupational diseases and training on H & S	In progress	Captured under the Social Management System to be implemented in 2012
Addressing gaps identified in ISO 26000 review	In progress	This report
Add 5 Green base stations to network	In progress	3 sites in 2011; 2 more to be erected in 2012
Introduce an efficient energy capturing mechanism	In progress	New system currently being introduced

The table below documents our on-going progress in bridging the gaps identified by the independent assurance provider, and the actions we took to address those gaps in 2011.

► **Table 4 - Identified Gaps, Actions Taken and Remaining Actions**

Assurance Provider's Suggestion	Actions Taken	Remaining Actions
Expand sustainability strategies addressing ISO 26000 gap assessment	Denoted in this report by ISO 26000 icons	6 Sustainability projects proposed for 2012
Incorporate stakeholder expectations in strategic planning process	Stakeholder feedback used in labour/HR process improvements	Other improvements to be identified in 2012 stakeholder study
Develop awareness on sustainability performance across all SBUs	Shared via internal "Connect" newsletter and intranet, CoC booklet	Internal awareness programmes planned for 2012
Adopt structured approach to measure socioeconomic impacts of outreach initiatives	Monitoring tied to the Progress review system in the Dialog Sustainability Navigator	Management report to be generated through Navigator in 2012

Sustainability Practices: A Four-Year Overview

Table 5 - Four-Year Overview of Performance

Aspect	Data point	2008	2009	2010	2011	Direction
Economic Performance	Revenue (Mn)	36,278	36,246	41,423	46,136	↑
	The last 2 years have seen a progressive growth in the economic performance.					
Market Presence	Local spend	59.04%	62.37%	57.58%	53.57%	↓
	Foreign personnel in Senior Management	1	0	2	2	↔
	Our procurement practices have a local-first bias, which is reflected in more than 50% of procurements sourced to local vendors during the last 4 years. Our strong preference for hiring locally is reflected in the composition of our Senior Management.					
Material Consumed	Paper (Tonnes)	382.5	44.17	150.85	132.4 ³	↑
	Printer Cartridges	2,403	1,043	1,847	1,358 ⁴	↑
	Recycled Material	0%	0%	0%	0%	↔
Material consumption reduced (note a change in the base measurement following outsourcing of BPO operation).						
Energy Consumed	Direct (GJ)	72,224	33,065	15,424	22,662	↓
	Indirect (GJ)	345,821	365,675	353,746	452,995	↓
	Savings (kwh)	(not measured)	(not measured)	(not measured)	411,877	↑
Measured energy consumption has increased overall despite a change in the base measurement following outsourcing of BPO operation. The increased figure is likely due as much to more and better energy use measurement systems, as due to the network's gradual expansion.						
Water	Consumption (kl)	82,218	54,106	48,145	50,250	↔
	No significant change in water consumption over the last 3 years.					
Biodiversity	Area of high Biodiversity land covered (km ²)	0.0025	0.0025	0.0025	0.0025	↔
	Our continued network expansion has been achieved without establishing any new base stations in protected areas with high biodiversity.					
Emissions	GHG for direct energy ⁵	6,367	2,945	1,259	1,965	↓
	GHG for indirect energy ⁶	43,990	41,979	44,936	52,004	↓
	Other GHG emissions ⁷	4,250	5,273	4,919	4,881	↑
	Discarded e-waste units	186	302	508	1,580	↔
	Recycled paper (tonnes)	92.5	54.5	35.6	47.9	↑
	Significant spills	None	None	None	None	↔
	Our carbon footprint has expanded significantly over the past year, possibly correlated to increased energy consumption. These numbers have been flagged as concerns possibly necessitating the introduction of an EMS.					

↑ - Sustainability performance positive with trend.

↓ - Sustainability performance negative with trend.

↔ - Sustainability performance stable/cannot indicate + or - will be explained in report.

³ The introduction of a new ERP system in Q2 2011 changed certain data capture systems and materiality codes. Figure extrapolated from Q1 values.

⁴ The introduction of a new ERP system in Q2 2011 changed certain data capture systems and materiality codes. Figure extrapolated from Q1 values.

⁵ Data from GHG protocol website: <http://www.ghgprotocol.org.calculation-tools>.

⁶ Calculation as per Clean Development Mechanism's latest reported Sri Lankan project.

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



Aspect	Data point	2008	2009	2010	2011	Direction
Compliance	Fines and sanctions for environmental non-compliance	None	None	None	None	↔

Our base station siting guidelines and the ERMLC oversight of risk management have helped us maintain an exemplary environmental compliance record.



Employment	Total no. of employees	4,406	3,435	2,871	2,544	↔
	Total workforce	4,912	3,940	3,389	3,001	↔
	Female employees	25.55%	22.64%	21.49%	19.73%	↓
	Turnover	17%	33.62%	28.04%	13.78%	↑
	Retention after maternity leave		81.49%	76.35%	84.62%	↑

The two right-sizing operations in 2009 and 2010 along with the outsourcing of BPO operations have brought about a progressive reduction in staff numbers.



Occupational Health and Safety	H&S representation at office sites	100%	100%	100%	100%	↔
	Injury rate	2%	1%	1.91%	0.27%	↑
	Lost day rate	0.12%	0.01%	0.34%	0.0%	↑
	Absentee rate	2%	2%	2.10%	1.76%	↑
	Fatalities	2	0	0	0	↔

H&S monitoring systems to be reviewed for better measurement and outcomes.



Training	Average training hours per employee	26.77	8.56	12.18	16.39	↑
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Training loads have been adjusted to address employee feedback on most appropriate balance.



Investment and Procurement Practices	Significant vendors screened	25.61%	28.97%	66%	78%	↑
	Other developments				CoC booklet, Ombudsman, Volunteer programmes	↑

2011 saw the implementation of best practices in transparency and accountability measures, and a continued strengthening of vendor screening processes.



Customer Data Protection	Customer complaints on divulgence of information	0.00300000%	0.00300000%	0.009000%	0.0019787%	↔
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Implemented ISMS standard in 2011 in response to customer data protection complaints.



- Sustainability performance positive with trend.



- Sustainability performance negative with trend.



- Sustainability performance stable/cannot indicate + or - will be explained in report.

Management Approach - Our Sustainability Ethos



Dialog's vision is to empower and enrich lives. It is this vision that drives our core business strategy focused on creating sustainable outcomes for Company, Society and Environment.

Our sustainability ethos has evolved progressively since inception. Reviewing the evolution in Dialog's thinking and approach is the first step to understanding our management approach to sustainability.

Our Evolving Approach to Sustainability

Strict Compliance (1994) - When we commenced operations in 1994, we focused on ensuring strict compliance with all laws, regulations and codes. Our operations were honest, above board, and transparent.

Responsibility and Philanthropy (2004-05) - Our next phase commenced in 2005, when we started engaging in strategic philanthropy. We continued to ensure strict compliance with laws and regulations, and supported charitable initiatives that were aligned with our areas of business.

A New Value System (2006-08) - The Company moved into 'Outreach Corporate Responsibility' during this phase and used its philanthropic initiatives to generate cutting edge solutions for different needs. We introduced a 'Business Integral Corporate Responsibility' strategy, and commenced reporting on our sustainability operations for the first time, in 2008.



Reimagining Sustainability (2010 and after) - We have now integrated the sustainability approach into every facet of our business strategy and created a platform to drive our next wave of growth. Our cost trimming exercise in 2009 helped us migrate to a single-merged strategy that focuses on creating sustainable outcomes for the Company, society, and the environment.

Our integrated approach was assessed against the new international sustainability benchmark ISO 26000. We are taking steps to bridge the gaps identified in this analysis in our continuing efforts to better the outcomes we achieve for all.

Creating Sustainable Value for Customer, Company and the Environment

Our approach to enriching and empowering lives through a single integrated sustainability strategy rests on four pillars, as described in Figure 3.

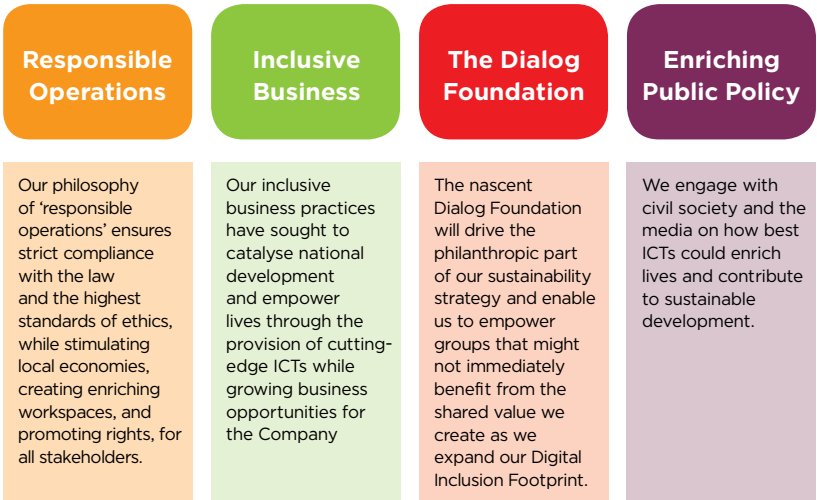


Figure 3 - Our Four-Pillar Approach to Sustainability.

Towards a Sustainable Bottom Line

In keeping with our belief that sustainability is the bottom line, we aligned our efforts in 2011 along the following themes:

- Connecting the Unconnected
- Raising the Bar of Responsibility
- Spreading Our Net of Influence
- Sustaining Creative and Diverse Workspaces
- Promoting Rights
- Providing Life Changing Experiences; and
- Transforming Lives

This report describes our achievements along our sustainability journey in 2011 under each of the above themes.

Are Our Sustainability Practices Making a Difference?

Measuring the outcome of our sustainability practices is our next challenge, building on the initial challenge of measuring the financial, environmental and social change. For this report we have used the new GRI G3.1 guidelines because of the emphasis placed on gender and third parties. We will continue to use international benchmarks to assess our work. Among the new international standards we are looking at are ISO 14001 and SA 8000. The Company is consolidating its business with the partial disposal of its BPO operations and the acquisition of a fixed line network. Change, a constant in our business, also brings about opportunity to revisit and renew our commitment and approach to building sustainability into the core of our business.

Areas of Focus

The following diagram identifies our areas of impact as the Company contributes to improved economic, social and environmental systems through its sustainability practices:

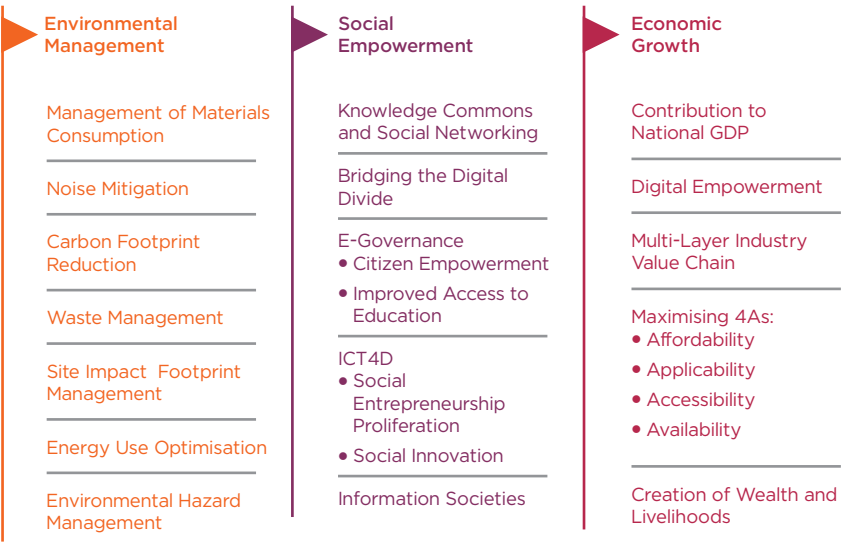


Figure 4 - Our Sustainability Approach and Main Targets.

Precautionary Principle

The Precautionary Principle has been closely integrated into our risk management strategy, governance, and other aspects of our operations. We are constantly vigilant about any adverse impacts that our operations may have on society or the environment and have taken steps to eliminate or mitigate those adverse effects.

The ERM Leadership Committee (ERMLC) in partnership with the Group Sustainability and Corporate Affairs unit oversees the integration and implementation of the precautionary principle. The ERMLC in turn reports to the Board through the Board Audit Committee.

Complying strictly with the laws on environmental protection, human rights, labour rights and product responsibility has meant that we were not subjected to litigation or sanction during the year under review.

United Nations Global Compact

We are a signatory to the United Nations' Global Compact (UNGC) and have submitted four previous 'Communications on Progress' (CoP) reporting our progress against the 10 Principles of the Compact. The UNGC principles have been further strengthened with the option of submitting an Advanced CoP. As a committed member of the Sri Lankan UNGC Board, we have prepared this report to also serve as a 'CoP' under the UNGC's 24 Advanced Principles. The Company is using compliance with the UNGC principles as a process development instrument as a part of its continuous improvement efforts.







“

The Company's green base stations exemplify our leading position in Sri Lanka's sustainability landscape.

”



Connecting the Unconnected

“Water connects us all. As the *Vel Vidhane* of my village, it is my duty to make the right decisions to enable my fellow villagers to carry out their cultivation on time by managing this most precious resource.

Dialog has changed our lives by connecting us to new vistas of knowledge and possibilities and works to make our lives more sustainable.”

Connecting the Unconnected

Bringing More Sri Lankans Under the Digital Umbrella

2011 saw Dialog rapidly expanding its network footprint to reach remote populations and previously underserved customers in formerly conflict-afflicted areas.

In doing so, we have enabled a broader range of customers to enjoy the benefits of cutting edge ICTs at affordable prices. The products and infrastructure we rolled out were aimed at meeting individual, corporate and community needs, and catalysing development and growth in all parts of the country.

In our efforts to bring 21st Century communications to more Sri Lankans, our environmental policy has ensured that we have minimised energy usage, used renewable forms of energy where possible, preserved and protected biodiversity, and disposed hazardous waste safely.

Striking the Balance - Reach vs. Footprint

Our base stations are a vital part of our communications network; their distribution throughout the country ensures and enhances our network coverage. We are conscious of the perils associated with operating these stations and have taken steps and implemented procedures to minimise these risks.

We have taken additional precautions where base stations are located in areas with significant environmental, cultural, religious or historic value.

Five of our sites have been modified as 'tree towers' to reduce visual pollution. Further to a regulatory direction we have expanded on our initiative of sharing sites with other providers, which will enable a rationalisation of towers throughout the country. The following diagram depicts our current base station deployment.

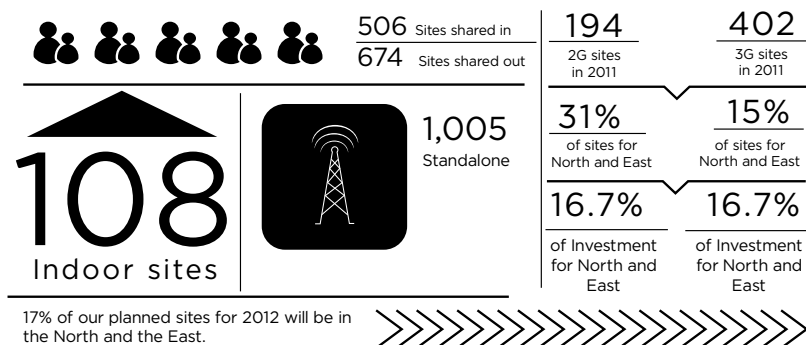


Figure 5 - Base Station Deployment.

ISO 26000
SOCIAL RESPONSIBILITY



13 15

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

Four existing base stations in areas of high biodiversity are maintained following all precautions provided by regulatory bodies. The four base stations continue to occupy an area of 0.00252km², unchanged from previous years.

The Company's policy of strict compliance ensured that there were no environmental sanctions or fines during 2011, and no adverse consequences to the environment as a result of the Company's operations.

Reducing Our Energy Footprint

Efficient energy management is a priority for the telecommunications industry. Our policy has focused on the twin objectives of reducing energy consumption and exploring renewable sources at every opportunity.

We tap the national grid for the majority of our energy requirements (indirect energy) and operate generators (direct energy) when grid power is not available.

Our 'Green' Base Stations



The Company's green base stations exemplify our leading position in Sri Lanka's sustainability landscape.

In 2011, we established two new green base stations to add to the five we previously had. The green base stations use wind and solar powered units rather than traditional fossil fuel powered generators. These base stations are deployed in areas not connected to the national grid. Their portability enables the Company to move the units to new locations as and when the need arises. During the last three years, Dialog added **375,900 kwh** of 'green energy' to the national grid through these initiatives.

Our target for 2012 is to connect five more green base stations to our network.

ISO 26000
SOCIAL RESPONSIBILITY



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

The diagram below breaks down our energy consumption over the past four years.

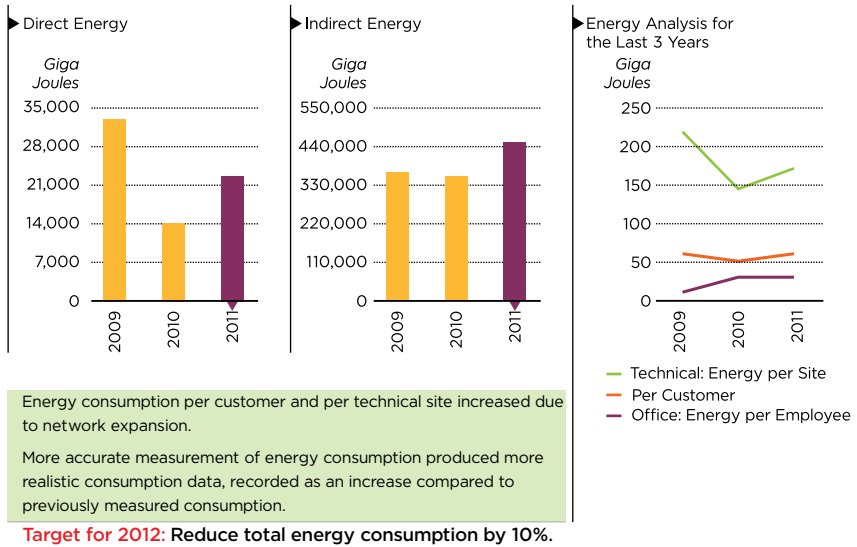


Figure 6 - Energy Consumption Per Customer, Per Employee and Per Site.

Our measured energy consumption per customer and per technical site saw an increase in 2011. This increase was due to two reasons: network expansion, as well as more accurate measurement of actual energy consumption.

A total of 411,877 KWh electricity consumption was avoided in 2011 due to our operational energy efficiency initiatives. Please see the diagram for a breakdown of these savings against our targets.

	Up to 2011	2011	Saving (Rs.)	KWh
Free cooling systems	296	170	5,038,132	258,366
Free cooling + hybrid air conditioners	4	69	510,804	26,195
Inverter air conditioners	483	165	2,482,67	127,316

A total of 411,877 KWh energy consumption avoided in 2011.

Target for 2012: 300 more free cooling + hybrid sites in 2012.

Figure 7 - Energy Savings Through Operational Changes⁸

Climate Change Preparedness

Climate change poses one of the biggest challenges to modern lifestyles and the sustainability of the Company's operations. The Board and the Risk Management Operations Committee constantly monitor the risk that climate change may present. To date, the two entities have not identified any physical risks to the Company's operations from climate change. Dialog monitors the risks that employees may face as a result of climate change.

⁸ In identifying the saving, we have used the average saving per unit, and for 2011 multiplied it by 50% to balance the distribution of implementation throughout the year.





A customer using our network would be indirectly sharing in the Company's carbon footprint, adding to his or her own footprint. Efforts we make to reduce our carbon footprint will also help customers reduce theirs.



Delivering Innovation With Responsibility

"We are all tied to the Earth. The food I place on peoples' plates sustains their lives. The soil I till is the soil that must sustain my children and my children's children.

Dialog's services have transformed our lives. Dialog understands and respects its responsibilities towards us as customers, and its innovations make us stakeholders in being better stewards of the planet."

Innovative, Responsible, Ethical Products

Enriching Sri Lankans' lives through Digital Inclusion places upon us a responsibility to be ethical in all our dealings. Dialog goes beyond basic services and constantly innovates for our customers, building socially beneficial products and services that empower, open new possibilities, and enrich relationships.

Maintaining the highest standards of stakeholder health and safety, communicating honestly and accurately, protecting customer privacy, and complying strictly with the law and regulatory standards, have been the values that have guided our approach. We have aimed to reduced material usage and minimised our carbon footprint in our products and services, and to engaged with the consumer in order to bring out more socially relevant products.

Marketing and Communications

Our marketing strategy conforms to the highest ethical standards in the field. The Company's 'Marketing and Communications Code' acts as a benchmark and prohibits communications that promote discrimination in any form or the use of visuals that may be termed offensive. We make sure that customers and new users are provided adequate information to make best use of the Company's products and services. Catalogues, instruction manuals and relevant information accompany all new connections.

Electronic Billing

We operate in an industry in which the only tangible product the customer gets, apart from a SIM (Subscriber Information Module), is his or her bill. Our stakeholder surveys sent us a clear message to reduce physical bill volumes. We have progressively migrated to summary bills and e-bills and so, in partnership with our customers, reduced our environmental footprint even further.

The enhanced use of e-bills (first introduced in 2009) and summary bills (first introduced in 2008) has helped the Company reduce its paper consumption significantly. All post-paid customers now receive a summary bill instead of a detailed bill. Detailed bills are only provided on special request by the customer. A new initiative in 2012 will encourage all customers, including pre-paid customers, to adopt e-bills and reduce paper usage.

A later section on Material Consumption also accounts for materials consumed in the printing of paper bills.

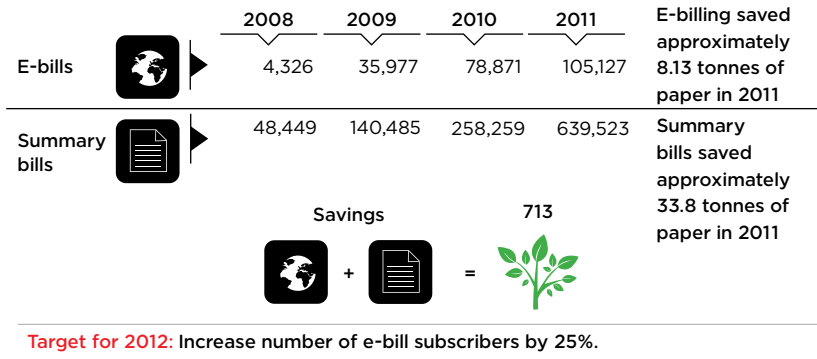


Figure 8 - E-bill and Summary Bill Programme Savings.

Greenhouse Gas Emissions⁹

The Company is conscious that all corporate activity adds to global warming, principally from the burning of fossil-based fuels leading to the emission of greenhouse gases. The Company continues to implement measures to reduce its carbon footprint. Our carbon footprint grew in 2011, as the following chart illustrates, mainly as a result of implementing more accurate measurement systems that captured previously unaccounted emissions:

⁹ Energy consumption is first calculated under the EN3 (direct energy) & EN4 (indirect energy) indicators. GHG emission factors are then calculated using three different techniques - GHG protocol calculation tools, extrapolation from generator emission ratings, and data from the Clean Development Mechanism simplified project design document.

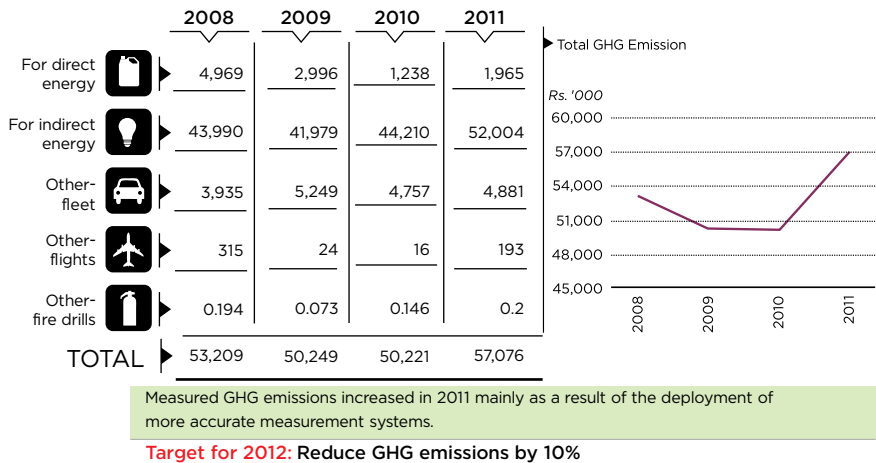


Figure 9 - GHG Emissions, 2008 to 2011

The Company has initiated a process to quantify the emission levels of generators used at our technical sites by the end of 2012. So far, the Company is not able to capture the emission of NO_x and SO_x . The implementation of an EMS (Environmental Management System) in 2012 will enable us to measure our emissions more accurately.

Ozone Depleting Substances

The Company does not produce any ozone depleting substance. Dialog does not import CFC 11- or CFC 12-emitting equipment. All air-conditioners used within the Company are HCFC - 22 (R-22) models which are considered low ODP sources. Approximately 149.6 kg of ODS was emitted during 2011 as a result of repairs to air-conditioners. There were no significant spills of chemicals, oils or fuel during 2011.

Helping Customers Reduce Their Carbon Footprints

A customer using our network indirectly shares in the Company's carbon footprint, adding to his or her own footprint. Efforts we make to reduce our carbon footprint therefore also help customers reduce theirs. The Company is developing a tool that will enable customers to calculate the carbon emissions generated, and saved relative to other alternatives, by every call they make. This is an attempt to partner with customers and progressively unveil carbon neutral ICT solutions for the future. This tool will be available online from mid-2012.

Waste

The Company does not have an active process for reclaiming packaging as it is not a manufacturing company. However, cognisant of the fact that SIM cards, our only 'products,' cannot be utilised without communication devices and their accompanying packaging waste, the Dialog Mobile waste project has since 2007 enabled the collection of related waste.

ISO 26000
SOCIAL RESPONSIBILITY



15

16

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

The M-Waste Recycling Programme



The 'M-Waste Recycling Programme' is another innovative initiative that further illustrates how we are constantly refining our sustainability practices. Discarded mobile phones, batteries and battery chargers are brought to the Company's 125 collection points and then exported to China for recycling. Over 3,000 units of 'M-Waste' were collected in 2011. Approximately 2.1 tonnes of M-Waste have already been exported to China for recycling. The Central Environmental Authority (CEA) recognised this initiative with an 'E-waste' Award in 2010. In 2011, the Company partnered with 13 other companies and the CEA, to launch a 'National E-Waste Management Programme' that will monitor the disposal of hazardous E-Waste in Sri Lanka.

We plan to take this initiative one step further, by increasing public awareness on effective waste management practises, and encouraging the public to dispose of their mobile phones and batteries in an environmentally-friendly manner.

Our target is to have 350 collection points by 2014.

Adding Value to the Economy

In 17 years, we have enabled over seven million Sri Lankans connect and access information and entertainment through mobile-voice, mobile broadband, internet and satellite TV technologies. While building economic value by making new connections and strengthening existing ones, we have kept our product and operations safe, clean and honest. The economic value generated and retained through our operations is described in the diagram below:

Direct Economic Value Generated (Group)

		Rs.
Revenues (Net sales plus revenues from financial investments and sales of assets) a)	◀	46,136,132,958
Economic value distributed (Group)	◀	31,476,336,271
Operating costs (Payments to suppliers, non-strategic investments, royalties, and facilitation payments) b)	◀	15,276,190,407
Employee wages and benefits (Total monetary outflows for employees (current payments, not future commitments) c)	◀	3,238,423,159
Payments to providers of capital (All financial payments made to the providers of the organisation's capital.) d)	◀	2,206,897,270
Payments to Government (Gross taxes) e)	◀	10,754,825,435
Economic value retained (calculated as Economic value generated, less Economic value distributed) - Investments, equity release, etc. e)	◀	14,659,796,687

Figure 10 - Economic Value Generated for the Year 2011.





Opportunities previously only available to workers in the Western Province are now open to - and being filled by - workers in other provinces.



Spreading the Net of Influence

“The Rivers and Oceans sustain my community. The further we go out to sea and the wider we cast our nets, the more aware we become of the need to share the message of respect for the planet and her resources.

Dialog understands what we understand. As their reach has grown, so too has their message of sustainability to everyone in their web of influence.”

Spreading the Net of Influence

We cast the sustainability net wider in the past year by sharing sustainability practices with our suppliers, engaging with them on how they could integrate these practices in their own businesses, and influencing them to implement those practices, to effectively extend our sustainability practices along the value chain. We also work to stimulate the local economy - nationally and regionally - and influence the spread of sustainable practices by generating new opportunities for local entrepreneurs as suppliers and service providers, and by recruiting staff locally. Our goal is to progressively spread our net of sustainability in as many social spaces as possible.

Screening Suppliers

Dialog screens its suppliers to ensure that their actions do not violate internationally recognised human rights standards or the laws of the country. In 2011, we screened a total of 292 suppliers, including 78 of our 100 most significant suppliers, using our 'vendor screening form.' The 'vendor screening form' measures suppliers' sustainability practices, focusing mainly on social impacts. We use our supplier agreements to enforce best practices along the value chain. In 2012, we hope to implement a 'Vendor Code of Conduct' that is currently being formulated.

Promoting Local Suppliers

Local suppliers and service providers are preferred wherever possible, subject to prudent considerations of price, product quality, service quality including timeliness, and customer satisfaction. It should be noted however, that a lack of locally produced high-technology products has forced the Company to purchase from foreign suppliers.

Over 50% of our procurement budget has been paid to local suppliers in each of the past four years.

59.04%	62.37%	57.58%	53.57%
2008	2009	2010	2011

We have always maintained a 'local' emphasis in our procurements and vendor selection.

The Company is sometimes restricted to foreign vendors due to lack of items.

Target for 2012: Work with local partners to achieve 60% or better local procurements.

Figure 11 - Percentage of Expenses Paid to Local Vendors.

ISO 26000
SOCIAL RESPONSIBILITY



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

05	07	08	09
11	17	21	

Nourishing the Local Population

Opportunities previously only available to workers in the Western Province are now open to - and being filled by - workers in other provinces.

Recruiting decisions prioritise local staff when all else is equal. Local knowledge and connections have helped the Company penetrate local markets. The Company offers a state-of-the-art working environment and access to cutting edge technology to its employees in the regions.

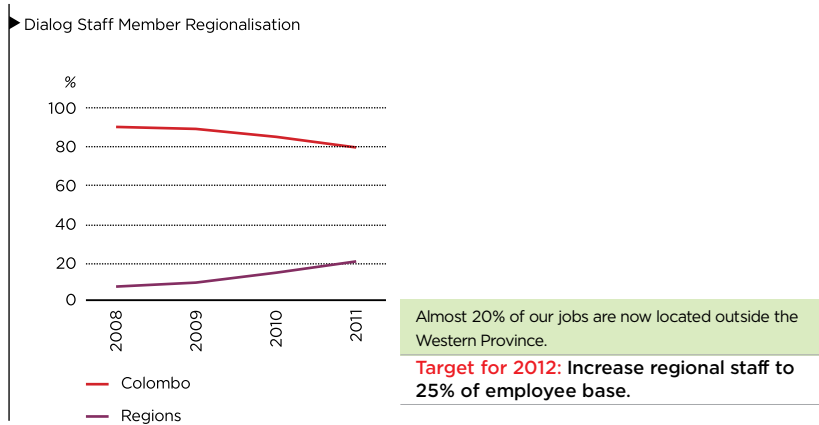


Figure 12 - Regionalisation of Dialog Workforce Over Last 4 Years.





“

Wages for our staff,
including women, are
above market rates.

”

Sustainability in the Workplace

“Dialog creates an environment where I have the confidence and motivation to do my best for my customers. Dialog’s Sustainability message inspires me and makes me a champion for a culture of sustainability in my community - building a world-class company, creating value for all stakeholders, and protecting the fragile world we live in.”

Sustainability in the Workplace

The Company's goal is to create rewarding outcomes for employee, company and community. We have created workspaces that are enjoyable, rewarding and productive, and foster innovation and creativity in all aspects of our operations. Our team is diverse, and the Company's practices focus on promoting and respecting diversity within the organisation.

Figure 14 analyses Dialog's workforce diversity as at 31st December 2011.

A major change in 2011 was the outsourcing of our contact management centre as a separate entity, Dialog Firstsource Solutions. As a result, 322 former Dialog employees are no longer part of our internal workforce.

Local Talent in Senior Management

Local presence in the Company's Senior Management Team has not gone below 85% in the last four years, reflecting Dialog's belief in a strong 'local' senior management presence. This emphasis has helped the Company maintain its resilience in times of adversity.



Figure 13 - Local Personnel in Senior Management.

Wages

Wages for our staff, including women, are above market rates. We proactively engage with suppliers of outsourced labour to influence the regularisation of wages.

Performance Appraisals

Annual performance appraisals are an integral part of our work practices. In 2011, 95.05% of our confirmed employees received detailed feedback from their supervisors on their performance for the year 2010. The performance appraisal is conducted through an automated system which minimises the opportunity for discrimination on the basis of gender or any other grounds.

ISO 26000
SOCIAL RESPONSIBILITY



10

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

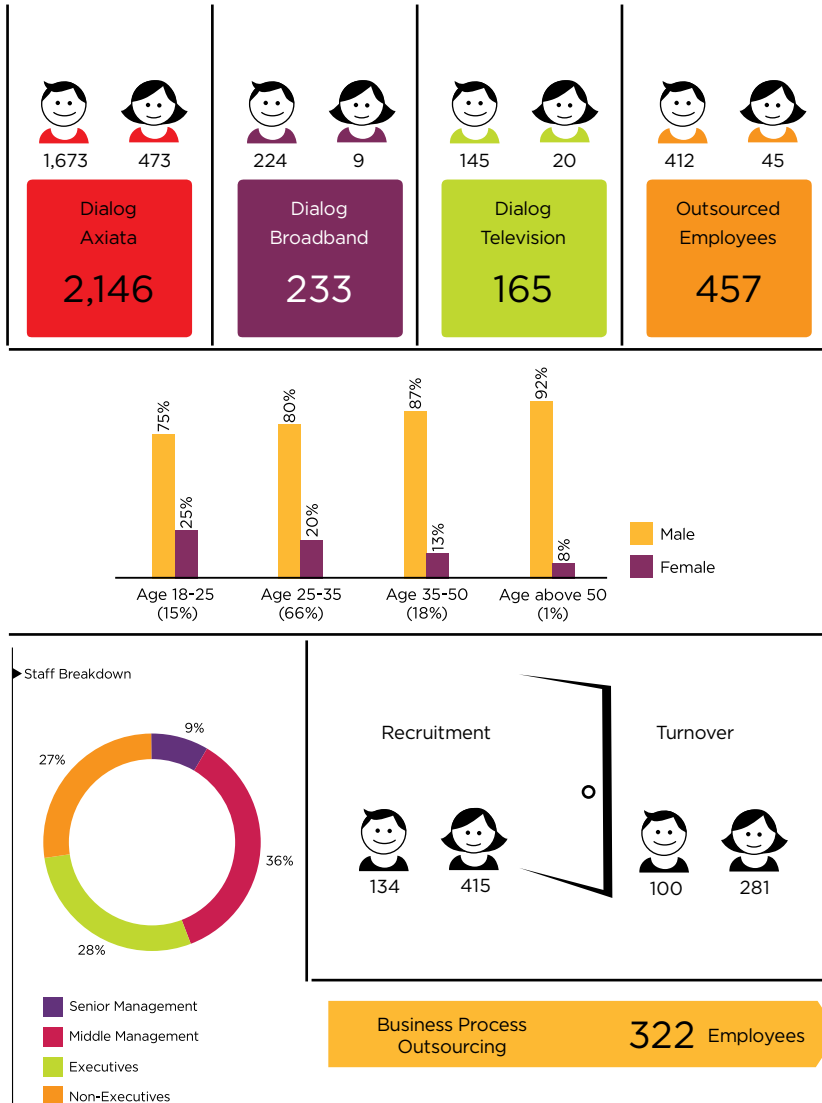


Figure 14 - Employee Distribution, Diversity, Recruitment and Turnover.

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SOCIAL RESPONSIBILITY



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

Transforming Lives

Life Changing Experiences

Putting Our World to Rights

Sustainability in the Workplace

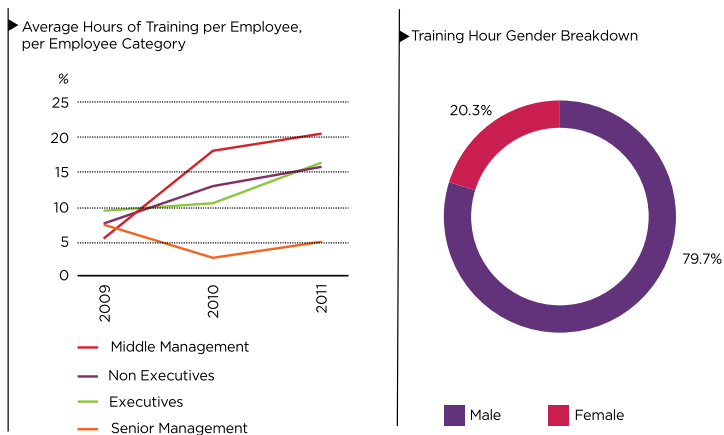
Spreading the Net of Influence

Delivering Innovation With Responsibility

Connecting the Unconnected

Training

Every year, the Company provides employees the opportunity to refine existing skills, acquire new skills, and broaden their knowledge. Training needs are identified at the annual performance appraisal, and appropriate trainings are scheduled accordingly. Additional specific training is provided to individuals identified by line management.



Franchise Training

▶ **23,663** hours of training

Dialog Business Services

▶ **232** hours of training for transitioning employees

Training hours have increased across all categories in the past year, and the majority of categories in past two years.
The 20% of training hours received by female employees matches the gender distribution in our staff strength.

Target for 2012: Increase Human Rights training opportunities.

Figure 15 - Training Received by Dialog Employees in 2011.

Health and Safety at Work

Each floor at our office sites maintains a Health and Safety Team and a Risk Management Team which monitor workspace safety processes, respond to emergencies and proactively identify workspace risks. Where present at office sites, representation from outsourced staff is also encouraged.

ISO 26000
SOCIAL RESPONSIBILITY



21

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

We currently have no system to measure occupational disease rates. The new socio-environmental risk management system to be implemented in 2012 will strengthen our Health and Safety processes at work, providing us an opportunity to implement training and awareness campaigns.

Injury Rate	Occupational Diseases	Lost Day Rate	Absentee Rate	Fatalities
0.27%	Not captured	0%	1.76%	0

We have taken steps to encompass the entire workforce in our H & S programme

Target for 2012: To develop the H & S management system and monitor through the internal audit team in 2012.

Figure 16 - Health and Safety in 2011

The Dialog Awards: Rewarding the Best

The Company initiated the Dialog Awards Programme in 2011. These awards recognised employees' efforts in promoting business for the Company and in promoting sustainability practices within the workplace and with our stakeholders.

Communicating Sustainability, Communicating Sustainably

Employees are encouraged to connect and engage with each other and the Company on our sustainability practices. We have promoted discussion and debate with a view to raising awareness and raising the sustainability bar.

The staff newsletter, 'CONNECT,' and our internal Microsoft Sharepoint site 'DNET,' are two main mechanisms for internal communication. The monthly newsletter CONNECT showcases the Company's main activities for that month including those activities with a special focus on sustainability. One of CONNECT's goals is to motivate staff to adopt greener, leaner and cleaner practices.

DNET enables members of staff to interact and learn about what's new in the Company. The site also enables employees to lodge requests to with different internal service providers to continue with their day-to-day operations.

ISO 26000
SOCIAL RESPONSIBILITY



21

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

Keeping Work Greener and Cleaner

We have progressively integrated greener and cleaner practices that have resulted in significant drops in energy and material usage at our office sites.

The Company does not use water directly in the delivery of its services and has encouraged employees to reduce water consumption at our sites. The municipality's sewage system is used to dispose of the Company's waste water. The Company does not use any groundwater sources.

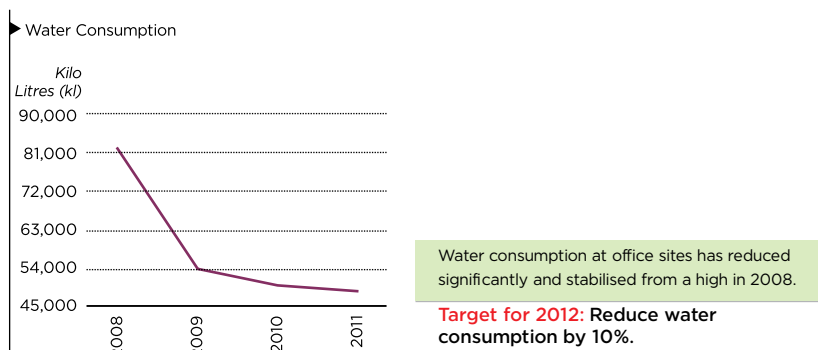


Figure 17 - Water Consumption Over 4 Years.

We manage our own vehicle fleet for employees to commute in the most efficient manner to reduce the energy consumption. Measurement of the accompanying GHG reductions will commence with the introduction of an Environment Management System to be implemented in 2012.

Towards a Lighter Footprint

We are progressively reducing our environmental footprint, and ensure that all e-waste is disposed of in a responsible manner. Hazardous e-waste is sent out of the country for recycling. The diagram below shows how waste is managed within the Company:

	Electronic Waste	Amount (Nos.)	Action
Hazardous Waste	CPUs	408	Resold
	Monitors	172	Resold
	Printers	45	Resold
	Scanners	8	Resold
	Routers	9	Resold
	Damaged Servers	21	Resold
	Note Books Damaged	21	Resold
	Key Boards	612	Resold
	Switches	29	Resold
	Analog Phones	250	Resold
	Kiosks Display	5	Resold
	New Work-related Waste	183.325 Tonnes	Sold to recycler
Non-Hazardous	Fluorescent Bulbs	500 units	Collected in stores
	Truck and Auto Tyres	572	Resold
	Waste Oils	2 Barrels	Collected in stores
	Waste Paper and Cardboard	47.88 Tonnes	Recycled

Target for 2012: Measure GHG emissions resulting from E-waste disposal using WARM Standard.

Figure 18 - Waste Management at Dialog in 2011.

Material Consumption

Internal paper and cardboard consumption has decreased progressively over the past four years as shown in Figure 18. The implementation of the Environmental Management System in 2012 will help us measure material usage more accurately for the future.

	2007	2008	2009	2010	2011
Paper purchased (tonnes)	406.37	382.5	44.17	150.85	132.4
Printer cartridges	2,568	2,403	1,043	1,847	1,358

Target for 2012: Reduce paper consumption by 10%.

Figure 19 - Material Consumption.

ISO 26000
SOCIAL RESPONSIBILITY



16

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





The Company retained 85% of its female employees who took leave for child-birth



Putting Our World to Rights

"As a first-time entrepreneur, I know I have much to learn. I am already a role model in my community, and Dialog helps me learn what I need to know and do the right thing by my community and the environment.

Dialog's practises and policies are in turn a role model to me, and remind me of my own responsibilities as a just and equitable employer."

Putting Our World to Rights

Respecting and promoting rights is integral to our operations. We promote rights within the workplace, ensure that our products and operations do not violate rights of customer and community, and foster an appreciation of rights among our suppliers and outsourced labour. We encourage employee participation in decision-making and provided effective methods to respond to employee grievances. Promoting equality, fostering diversity, guaranteeing rights at times of transition, and ensuring gender equality are all important aspects of our operations.

Working with the Employers' Federation

The Employers' Federation of Ceylon (EFC) is the country's largest union of employers. Dialog is a member of the EFC and follows the EFC's guidance on respecting and promoting rights at the workplace and in our operations. The EFC in turn is guided by international human rights standards and standards developed by the International Labour Organisation. A non-adversarial approach and a speedy resolution of disputes are very much a part of the Company's workplace ethic.

Equal Opportunity at Work

Dialog is an equal opportunity employer and does not discriminate on account of gender, ethnicity, language, caste, social class or sexual orientation. Recruitment to and promotion within the Company is based on skills, aptitude and experience. Terms of employment take account of the special responsibilities that women may sometimes carry, such as child bearing and home making. Women are not employed between 8 p.m. and 6 a.m. at any of the Company's locations.

Remuneration policies do not discriminate against women. Remuneration is linked to skill, aptitude and experience, and equal pay is provided for equal work, in accordance with major international human rights instruments.

During the last year the Company retained 85% of its female employees who took leave for child-birth. Figure 20 provides a detailed post-child birth retention analysis for the last three years. The Company provides 84 days of maternity leave and three days of paternity leave, and recognises that child rearing is the joint responsibility of both parents. The retention percentage of females after maternity leave also indicates the freedom provided for proper work life balance for the employees.

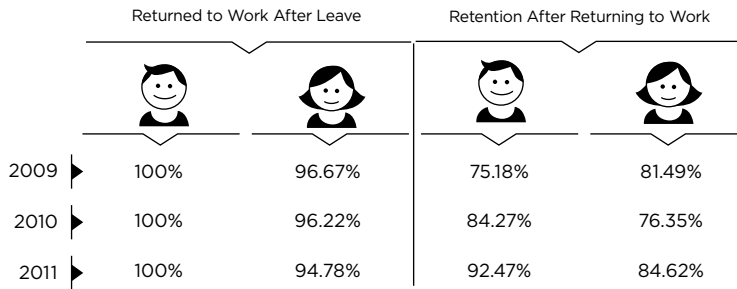


Figure 20 - Staff Retention Rates After Maternity or Paternity Leave.

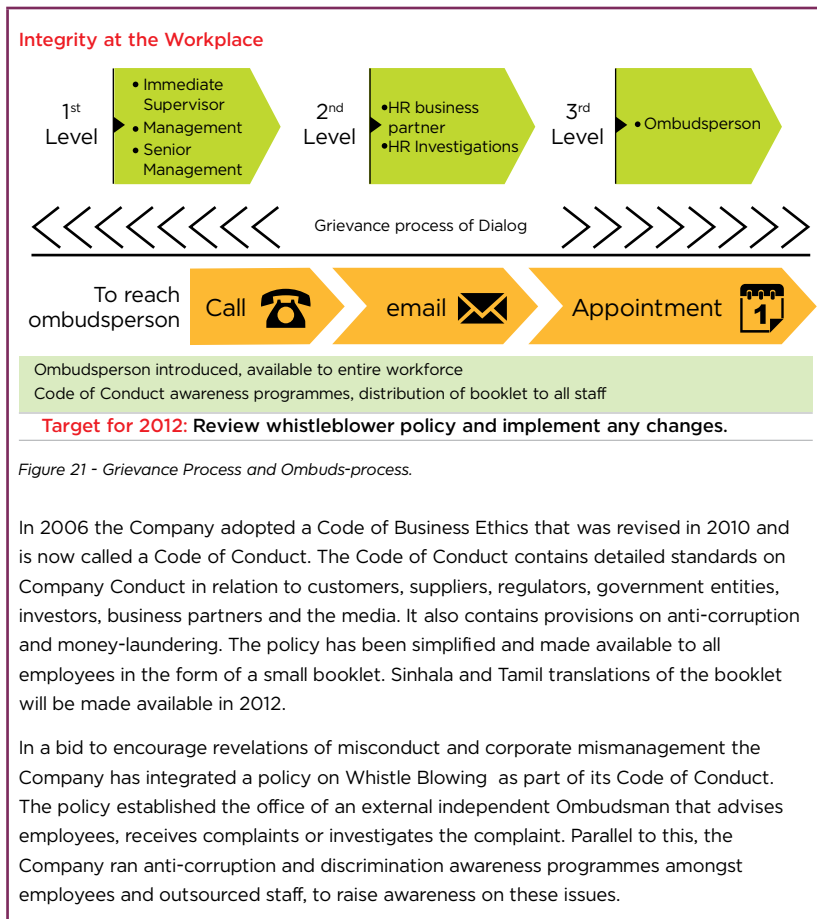
Rights During Transition

In 2011 Dialog entered into a joint venture with Firstsource Solutions to launch the joint venture company Firstsource-Dialog Solutions.

Prior to the BPO agreement, Dialog conducted due diligence studies to ensure that the rights of all transitioning employees would be protected, and that they would continue to enjoy the accustomed benefits they had while working for the new company.

In 2011 Dialog acquired a 100% stake in Suntel Limited, the country's second largest fixed line network. The merger will take place in 2012, and a human rights assessment will be conducted in the course of the year. We will ensure that Dialog's best practices are shared with the absorbed entity.

No allegations of discrimination, rights violations, or other complaints were received during 2011. We have analysed the working environment in all divisions and business units to identify risks of corruption, escalating where necessary to Senior Management through the ERMLC. The Company will continue to propagate its Code of Conduct among all employees with a view to making its workspace safe, secure and rewarding. We plan to include a test of employees' knowledge of the Code of Conduct in their annual performance appraisals.



Freedom of Association and Collective Bargaining

The Company encourages an open and transparent workplace culture that enables employees to raise a variety of issues with the senior management easily and confidentially when required.

Zero Tolerance on Child and Forced Labour

All of our recruits are above 18 years of age. Through our vendor screening process and our agreements with suppliers we prohibit the recruitment of children in our supply chain and among our outsourced labour.

A similar practice is adopted with all forms of forced or involuntary labour. Regular interactions are held with employees to enable them to raise such issues.

Our agreements with employees conform to the highest standards of ethics. The time an employee spends in the office is monitored and any suspected cases of over work are individually addressed. All practices comply with the labour laws and regulations of the country, including the Shop & Office Employees Act. There was no litigation launched against the Company for violation of the law in 2011.

ISO 26000
SOCIAL RESPONSIBILITY



05

12

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





By creating affordable products, we create the opportunity for a greater section of society to experience the transformative power of ICTs.



Life Changing Experiences

“When Dialog came to our village it changed the way we lived and worked. Today, I am connected to relatives and friends around the country, and even around the world.

Dialog understands our needs, and provides services that empower us. Dialog also cares about the impact it has upon us and our world - Dialog protects us as newcomers to the Digital Age.”

Life Changing Experiences

Value Creation Beyond the Bottom Line

Dialog's unique market position and wide reach bring with them the opportunity for broad impact upon society. We constantly work to ensure that such impact is positive and transformational, and to mitigate any possible negative impacts. Enabling others to create and add value is as important to us as doing so ourselves.

Dialog's unique relationship with its customers and employees has exposed both groups of stakeholders to unique life-changing experiences. Our products have not only revolutionised our customers' lives, we have also enabled customers to transform the lives of others by making contributions for humanitarian relief.

We encourage employees to become social entrepreneurs, and to transform lives and our physical environment. Dialog constantly analyses modern lifestyles to see how we can use ICTs to make living easier and unleash new opportunities.

We also believe in working with other important stakeholders for a harmonised approach to addressing national problems and priorities.

The Company is contributing to a new transformative ICT policy for the country.

We create secure environments for consumers to enjoy these new technologies and prevent ICTs from being used to undermine human dignity, facilitate exploitation, or to violate rights.

Affordable, Available and Applicable Products

We continuously engage with stakeholders, especially customers, to enhance our product offerings. We aim to reach all layers of the social pyramid with our products. By creating affordable products, we create the opportunity for a greater section of society to experience the transformative power of ICTs. We create value for our customers and drive our own growth by making our products and services applicable to different stakeholders. Finally, we ensure network and service-point coverage to always be available to our customers whenever and wherever they may need us.

Customer feedback is extremely important for the Company to understand if our products indeed amount to a 'life changing experience'. Every year we conduct a range of customer satisfaction studies using both qualitative and quantitative methods to understand customer responses. We have conducted studies on our mobile network, our mobile broadband operations, and specific studies on SME and Enterprise customers.

ISO 26000
SOCIAL RESPONSIBILITY



14

19

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

Dialog's diverse products including its 'prepaid' mobile product, its low cost broadband, and inexpensive handsets, have transformed Information and Communication Technologies in Sri Lanka.

With 20 state-of-the-art service centres, 100 service points and 60,000 retailers, we are available in most corners of Sri Lanka, to serve almost all Sri Lankans.

Our products are geared towards different lifestyles and different needs, and aim to empower our customers with cutting edge ICTs.

Understanding Our Social Impact

Dialog's nature of business and market position leave us in a unique position to directly impact the lives of a third of all Sri Lankans. As we look inward at our own sustainability as a Company, we also have the opportunity to examine how we have already helped our customers in their own sustainability journeys, and whether we can do more for our customers in that journey.

The Company's cutting edge products have unleashed diverse changes in society, the depth and nature of some is yet to be fully understood. While we aim to only introduce products whose impacts are overwhelmingly positive, many would require study and occasional corrections. The Company partners with relevant ministries, universities, NGOs and market research firms to understand these changes through customer studies, media studies, retailer studies and other forms of stakeholder research. We also engage with local communities, especially in those areas where our base stations are located, to study and understand the changes caused by the Company's activities.

Our products and services have bridged the Digital Divide for millions, made possible business models previously unsustainable - such as online marketing, sales, hotline services - and enabled a cheaper, more environmentally-friendly alternative to time-consuming travel in many circumstances.

Reducing Abuse and Keeping ICTs Safe

We undertake active efforts to maximise the positive impacts of our products and operations and minimise negative impacts. Many technologies are liable to misuse; the Company has integrated safety measures to reduce the opportunities for abuse of our technologies. Parental controls, procedures to filter internet content, and collaboration with the National Child Protection Authority, are some interventions we have implemented.

Transforming Lives

Life Changing Experiences

Putting Our World to Rights

Sustainability in the Workplace

Spreading the Net of Influence

Delivering Innovation With Responsibility

Connecting the Unconnected

ISO 26000
SOCIAL RESPONSIBILITY



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

Respecting customers' privacy and maintaining the confidentiality of customer data is a material issue for the telecom industry throughout the world. We make every effort to preserve the confidentiality of customer information and take strict action in cases where information has been divulged. The diagram below provides more detail:

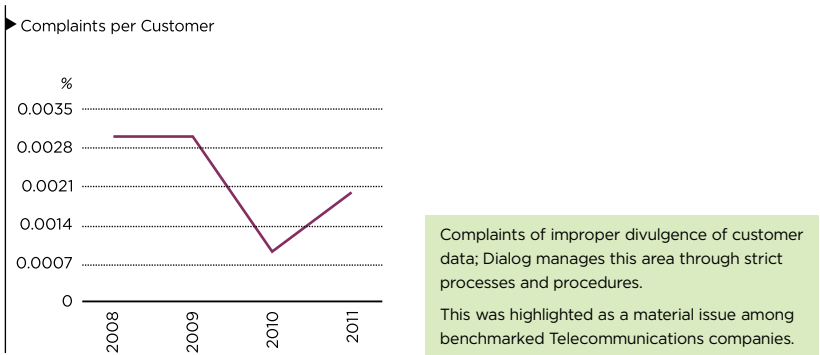


Figure 22 - Privacy Violation Complaints - Last 4 Years



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

Beyond Connecting the Unconnected

The Dialog Volunteer Network (DVN) is an opportunity for our employees to go beyond their daily tasks of connecting millions of Sri Lankans with opportunity. Through this effort we enable our employees to take our message of sustainability beyond the workplace and into the wider society.

DVN enabled employees to participate in two initiatives last year. Over 200 volunteers from our permanent and outsourced staff participated in a 'beach cleanup'. Volunteers helped the State respond to the floods in January and February 2011 by mobilising supplies and co-ordinating dispatch of such supplies to affected areas.

Beyond connecting to their own networks, Dialog also believes in connecting our customers to opportunities only we as a company can facilitate through own networks and initiatives. In 2011, we enabled our customers to participate in flood relief initiatives. Customers contributed a donation by way of a SMS which was matched by the Company and the funds collected were disbursed to purchase dry rations for those in need.

Shaping Public Policy

Cutting edge ICTs flourish in enabling environments, and supportive public policy can permit all population groups to share in the benefits of modern ICTs. We continue to work with both governmental and non-governmental actors to explore how ICTs can empower lives and unleash new opportunities. We are working with governmental and non-governmental partners to design and implement a new ICT policy for Sri Lanka that will maximise the transformative potential of new technology.

Measuring Impact - How Are We Changing Lives?

Dialog's years-long, evolving journey in sustainability continues with new questions and new challenges we set ourselves, even as we adapt to new and better understanding about how companies such as Dialog can contribute to a truly sustainable world.

Going forward, we are setting ourselves a challenge of marking tangible achievements in the sustainability landscape, as well as of improving our ability to measure our impacts in every dimension, as a first step to understanding and managing our impact on society and the environment.

ISO 26000
SOCIAL RESPONSIBILITY



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





Since inception, Dialog
has been active in
strategic philanthropy



Transforming Lives

"We are connected with the teachers and resources that help us break down barriers of distance and create opportunities where our parents had none."

People tell us about a new "Knowledge Economy." Dialog is our partner and guide in exploring this new world of opportunities. When people ask why Dialog helps us in these different ways, we tell them "Dialog understands the Future we can build together."

Transforming Lives

In keeping with the Company's vision, we strive to empower and enrich Sri Lankan lives through our leadership position in the market, and through the expansion of our products and services. Our efforts to transform lives thus have now moved to the next level. Today, we are looking for social and information gaps that can be filled with cutting edge ICTs and how this process can create new business opportunities for the Company.

Our 'Tradenet' and 'Viyapara Diriya' initiatives today attract international recognition. The Dialog Foundation which is to be formalised in 2012, will take on the Company's community outreach operations, and be enabled to contribute to national development while continuing to support smaller charitable initiatives.

Since its inception, Dialog has been active in strategic philanthropy efforts and over the years the Company has scaled up its presence in the country in terms of community support initiatives. The map below depicts Dialog's reach across the country towards empowering Sri Lankan lives, with a conscious focus on equitable distribution of assistance.

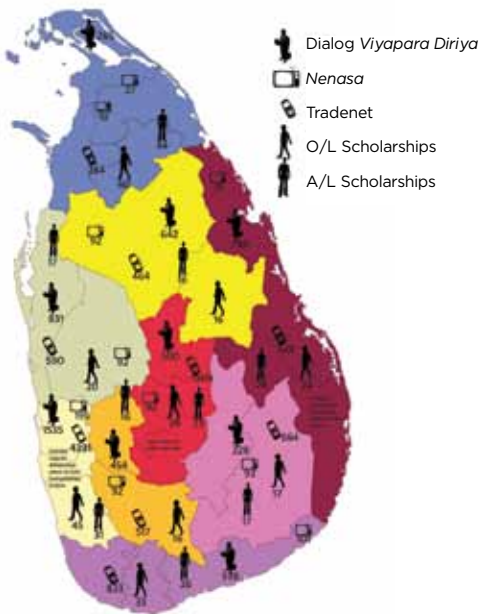


Figure 23 - Our Touch-Points (Projects up to 2011): Actively Transforming Lives

ISO 26000
SOCIAL RESPONSIBILITY



Q4

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

Identifying Those in Need

Before the Company embarks on transformative initiatives we conduct a comprehensive needs assessment to ascertain the types of interventions that would have the maximum impact. Our support to those in need is disbursed under four broad thematic areas under which we focus our community outreach initiatives, i.e., education, environmental preservation, empowering the differently able and humanitarian assistance in crisis situations. Preliminary over-the-phone assessments are conducted for other donation requests received by the Company, and supported by a comprehensive evaluation where required.

The following case studies on Dialog's current inclusive business programmes and its community outreach initiatives provide an insight into how lives were transformed.

Case Study: Dialog Scholarships



Acquiring Skills in Telecommunications: The Story of a Dialog Scholar

Tharindu Adikari, a third-year undergraduate studying electronics and telecommunications at the University of Moratuwa hails from Hasalaka, Kandy and is the youngest in a family of two children.

Tharindu is the recipient of two Dialog Technology Scholarships. He received his first Dialog scholarship in 2006 for his outstanding performance at the GCE Ordinary Level Examination in 2005, where he topped the island results for Mathematics. This scholarship supported him for two years, while he completed studies leading up to the GCE Advanced Level Examination. Tharindu performed exceptionally well at the Advanced Level Examination in 2008, and received a second award from Dialog in 2009. This time too, he topped the island ranking in the Mathematics stream. The second scholarship has supported Tharindu during the past three years of his university career.

The Dialog Technology Scholarship has thus supported Tharindu while he lives away from home, and facilitated his academic needs. According to Tharindu, 'since electronics and telecommunications is a rapidly developing field, keeping abreast of recent developments is hard as it requires new books, new equipment and other resources. "The Dialog Scholarship Programme has enabled me to buy these expensive materials which have helped me keep up with the current developments in the field. This has been a strong motivator for my studies'. He adds, 'I think Dialog should extend this scholarship scheme to students studying for degrees in other disciplines as well.'

Programme overview:

- ▶ Initiated in **2003**
- ▶ Awarded to students who excel at the **G.C.E. Ordinary Level (O/L)** and Advanced Level **(A/L) Examinations** and opt for higher education in the **Mathematics stream**
- ▶ Selections are merit-based and awarded to students who obtain the best results in the 25 administrative districts: 25 district toppers + Island's Top 5 (for A/L Scholarships)
- ▶ 25 district toppers + Island's Top Male Student + Island's Top Female Student (for University Level Scholarships)
- ▶ Our scholarships support students to pursue higher education in **Information Technology, Electronic, Electrical and Telecommunications Engineering**.
- ▶ In excess of **500 Scholarships** offered by the time of the reporting year
- ▶ Scholarships awarded to date include-
 - 270 A/L Scholarships to students following the Advanced Level Mathematics stream;
 - 243 University Level Scholarships for the B.Sc. Engineering Degree including 7 Foreign Scholarships to the Multimedia University (MMU) Cyberjaya, Malaysia; and
 - 13 Scholarships to differently-able students pursuing an Engineering Degree.
- ▶ Selection of the students is by the University Grants Commission (UGC), and thereafter communicated to Dialog



Case Study: *Nenasa*

Maduluwawa Maha Vidyalaya is a school located in Homagama, in the Western Province. Despite its location in the most affluent province of the country, the school has had to struggle with finding teachers and resources to serve its students. Although, the school is located off a main road, the bus service operates only twice a day. The school comprises of 220 students, guided by eight teachers.

Though functioning under such challenging conditions, Dialog's distance education bridge, the '*Nenasa*' TV Channel, helped bring about a transformation in the school's education system over the past year. It has enabled students to engage with experienced teachers from the developed parts of the country, through digital connectivity to acquire knowledge that they would otherwise not have had access to.

Programme overview:

'*Nenasa*' is a television channel that disseminates educational content to schoolchildren around the country, enabling equal access to quality education for all. The channel was launched in 2009, in collaboration of the Government of Sri Lanka. *Nenasa* is broadcast via a dedicated channel on Dialog Television, it is managed and operated by the Ministry of Education and the National Institute of Education. The channel is transmitted by Dialog free of charge. The channel's current focus is to provide educational content dedicated towards students in the Ordinary Level and Advanced Level classes.

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Life Changing Experiences

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Sustainability in the Workplace

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ISO 26000
SOCIAL RESPONSIBILITY



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Target for 2012/13: 1,000 more schools in the next two years

This channel provides an opportunity for students to engage in interactive learning with experienced and skilled teachers, facilitating high quality learning resources. 'Nenasa' now reaches 672 schools and 17 Teacher-Training

Colleges. Our goal is to reach 1,000 more schools over the next two years. Dialog provides the necessary infrastructure and the interactive online Learning Management System (LMS) free of charge to schools around the country, for connection to the 'Nenasa' network.

Case Study: Tradenet



Striking the Best Bargain

Forty-two-year-old Dissanayake lives in the Matale District and cultivates vegetables for a living. Dissanayake receives regular Tradenet text alerts on his mobile phone that keep him updated of real-time price information pertaining to the particular fruits and vegetables he produce. In 2009, he delayed harvesting his cabbages by a few days when he learned via Tradenet alerts that cabbage prices had dropped. Later when the text alerts indicated that prices were on the rise, Dissanayake immediately sought the help of his family and harvested his cabbages. This enabled him to capitalise on a price rise and secure the benefits of a 51.8% increase in the average price of a kilogram of cabbages that week.

Programme overview:

Tradenet was launched in 2009 to increase price transparencies for the Sri Lankan farmer community, due to the high information asymmetry prevalent in the agriculture sector. This service enables farmers in Sri Lanka to obtain real-time price information of agricultural commodities, so as to enable farmers to beat the numerous obstacles they face and boost production opportunities for their cultivation. Dialog partnered with 'Govi Gnana Seva' (the Farmer Intelligence Service) in an initiative that provides real-time wholesale

ISO 26000
SOCIAL RESPONSIBILITY



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price information for agricultural commodities through mobile phones. By deriving fruit and vegetable price information from three dedicated economic centres at Dambulla, Meegoda and Narahenpita, GGS has been able to disseminate this information via the Tradenet platform to farmers spread across the country. Consequently, Tradenet has used technology to reduce the information asymmetry imbalance and enabled farmers to increase profitability by securing timely price information for their products at different times of the year.

In 2011, Tradenet expanded and developed into an online marketplace for micro, small- and medium-scale entrepreneurs enabling them to trade their products and services around the country in a virtual marketplace and elevating them to the mainstream. Tradenet also facilitates customer-to-customer (C2C) business, extending the benefits of technology to Dialog's customers.

Case Study: Dialog Viyapara Diriya (DVD)



'Viyapara Diriya'

Twenty-eight-year-old Priyadarshini Kariyawasam, a small-scale entrepreneur in Vavuniya, is the proud owner of a communications kiosk. Previously her communication business was run in a small area of 10 square foot space. Today, she has developed her business and has a communications outlet in the centre of the Vavuniya town where she sells a range of communication products and services including mobile phones, SIMs, recharge cards and voice calls. She now plans to expand the products she offers to customers.

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ISO 26000
SOCIAL RESPONSIBILITY



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Priyadarshini avows that this growth came about as a result of the '*Viyapara Diriya*' training that her husband and she received from Dialog in 2010. The training has enabled them to revolutionise the family business through the entrepreneurial skills and techniques that they obtained. They have now acquired a new location with more space, rented part of the space to a textile shop, increased the products they sell and attracted new customers. Her monthly turnover is now in excess of one million rupees.

Programme overview:

- ▶ Dialog *Viyapara Diriya* is an entrepreneurship training programme initiated by Dialog in 2007 for its retail distributor network.
- ▶ The series of workshops are conducted in partnership with the IFC to strengthen Dialog's retailer network.
- ▶ In excess of 5,100 retailers were trained during 2008-2011.
This programme is particularly geared towards entrepreneurship development at the base of the pyramid - the training programmes endeavour to impart business skills in accounting and finance, business planning, marketing, human resource management, sales and information technology to Dialog's retail network.
- ▶ The trainings are carried out based on IFC's SME Toolkit which is designed to help the development of small and micro scale entrepreneurs.

Priyadarshani's story of how the Dialog *Viyapara Diriya* Training Programme helped her reap improved benefits in her business, is validated by the findings of the impact review study carried out by an independent research house AC Nielsen on the outcomes of the Dialog *Viyapara Diriya* programme.

Dialog SME Toolkit Evaluation Findings

Conducted by AC Nielsen and Verified by IFC M&E

- 88% of those trained expressed satisfaction with the training (i.e., responded 'satisfied' or 'very satisfied' to a question asking them about level of satisfaction with the workshop).
- Of these, 94% reported that they also applied the new skills/knowledge gained.
- 60% of the trainees found that there were positive effects on the business as a result of their participation in the training, while the other 40% of trainees replied that they did not see a positive effect from the training.¹
- 92% of those who responded that they see a positive effect also agreed 'training allowed them to obtain new knowledge and skills to improve business practices' (i.e. 'Agree' or 'Strongly Agree').
- Nearly all of those who acquired new knowledge and skills also applied them - 125 out of the 133 respondents (94%).

¹ The specific question required a Yes/No answer and was worded as follows: "Were there any positive effects (e.g. starting a new business activity like photocopying, fax machine, greeting cards etc.) on your business as a result of participating in the training?"

Changes Implemented to Improve Business Practices

	Changes Implemented	
	Participants	% of yes responses
Making better business plans and implementing those	65	52%
Good relationship with customers	62	50%
Start keeping records (expenses, income or profit etc.)	47	38%
Enhance the display of goods etc.	46	37%
Train employees from what was gained at the training	14	11%
Approach formal finance institutes	7	6%
Other	0	0%
Number of respondents	125	

- * Among those that reported improved saving habits, some further elaborated that they used the extra savings to reinvest in their business and to expand operations.

ISO 26000
SOCIAL RESPONSIBILITY



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Dialog's Philanthropy Thrust

The Change Trust with its unique customer contribution feature, which was the Company's charitable arm since 1999, was dissolved in 2011 upon a Trustees' decision to cease operations. The Trust therefore notified its subscribers regarding closure, and is in the process of distributing remaining funds to a charity non-related to Dialog.

In place of the Change Trust, The Dialog Foundation which is in the process of emerging, will be duly incorporated as a charitable institution as Dialog's key social responsibility wing, and will function as the vehicle that carries out the Company's philanthropic community endeavours. This may comprise large scale initiatives that contribute to the national development efforts at large, as well as smaller charitable donations on a regular basis. The community development activities will however, be selected based on the broad thematic focus of Dialog's community engagement.

ISO 26000
SOCIAL RESPONSIBILITY



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

Our Targets for 2012

The targets given below are what we hope to achieve by the end of 2012. These include individual targets from several sub-areas and targets carried forward from previous years.

Table 6 - Targets for 2012.

Environmental	Economic	Social
Add 5 Green Base Stations to network	Introduce Vendor Code of Conduct	Identify risks due to Human Rights violations
350 M-waste collection points by 2014	Increase local procurement to 60% of the total	Effective risk monitoring system to capture material issues
Implement Environment Management System		SA 8000 implementation and certification
Increase e-bill subscriber base by 25%		Increase regional staff to 25% of total employee base
Reduce paper consumption by 10%		Develop H & S management system and monitoring through internal audit team
Reduce GHG emissions by 10%		Introduce human rights training
Reduce water consumption in office sites by 10%		Review Whistle-Blowing policy and implement changes
Add 300 more free cooling and hybrid sites to network		Distribute Sinhala and Tamil Code of Conduct booklets
Introduce carbon calculator for customers		
Measure GHG emissions resulting from E-waste disposal using WARM standard		
Creation of a policy repository, consolidation, communication and monitoring		
Include Firstsource-Dialog from 2012 report onwards		

ISO 26000
SOCIAL RESPONSIBILITY



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



13 14 17
18 21

GRI Content Index

Strategy and Analysis

- 1.1 Statement from the CEO [4](#)
- 1.2 Key impacts, risks and opportunities [4-7](#)

Organisational Profile

- 2.1 Name of organisation [AR 3](#), [AR 16](#)
- 2.2 Products [AR 3](#), [AR 16](#)
- 2.3 Operational structure [AR 3](#), [AR 16](#)
- 2.4 Location of organisation's headquarters [AR 65](#)
- 2.5 Number of countries where organisation operates [AR 65](#)
- 2.6 Nature of ownership [AR 65](#)
- 2.7 Markets served [AR 65](#)
- 2.8 Scale of the reporting organisation [AR 65](#)
- 2.9 Significant changes [AR 16](#)
- 2.10 Awards [AR 1](#)

Report Parameters

- 3.1 Reporting period [3](#)
- 3.2 Date of previous report [\(2010\)](#)
- 3.3 Reporting cycle [\(annual\)](#)
- 3.4 Contact for questions [\(sustainability@dialog.lk\)](#)
- 3.5 Process for defining content [3](#), [8-11](#)
- 3.6 Boundary of report [3](#)
- 3.7 Limitations on scope [2](#)
- 3.8 Basis for reporting on joint ventures, subsidiaries, etc. [3](#)
- 3.9 Data measurement techniques [1](#)
- 3.10 Effect of any restatements of information in previous report [1](#)
- 3.11 Significant changes from previous reporting periods [1](#)
- 3.12 GRI content index [74](#)
- 3.13 Assurance [70-73](#)

Governance, Commitments and Engagement

- 4.1 Governance structure [AR 29](#)
- 4.2 Function of the Chair [AR 29](#)
- 4.3 Independent and/or Non-Executive Board members [AR 29](#)
- 4.4 Mechanisms for shareholder and employee input [AR 29](#)
- 4.5 Compensation and performance [AR 29](#)
- 4.6 Conflicts of interest process [AR 29](#)
- 4.7 Process for determining qualifications [AR 29](#)
- 4.8 Mission, values, Codes of Conduct [AR 29](#)
- 4.9 Procedures for overseeing performance, risks and opportunities [AR 29](#)
- 4.10 Process for evaluating Board performance [AR 29](#)
- 4.11 Precautionary principle [19](#)
- 4.12 Externally-developed charters (UNGC, ISO 26000) [Pg 4-7](#)
- 4.13 Association memberships [\(UNGC, QSMA, IFC\)](#)
- 4.14 Stakeholders-engaged [8](#)
- 4.15 Basis of identifying stakeholders [8-11](#)
- 4.16 Approaches to stakeholder engagement [8-11](#)
- 4.17 Key topics and concerns [8-11](#)

Economic

Economic Performance [28](#)

- EC1 Direct economic value generated and distributed [32](#), [AR 52 - AR 97](#)
- EC2 Financial implications and other risks and opportunities due to climate change [25](#)

Please refer the detailed GRI Content Index on the Dialog Sustainability website - www.sustainability.dialog.lk

Indicator Number - Core Indicator
 Indicator Number - Additional Indicator
 Indicator Text - Fully reported
 Indicator Text - Partially reported

EC3 Coverage of defined benefit plan obligations (EPF, ETF) **AR 50**

EC4 Financial assistance from Government **(None)**

Market Presence **36**

EC5 Entry level wage compared to local minimum wage **40**

EC6 Proportion of spending on locally-based suppliers **36**

EC7 Proportion of senior management hired from the local community **40**

Indirect Economic Impacts **60**

EC8 Development and impact of infrastructure investments for in-kind, or pro bono engagement **60-68**

EC9 Significant indirect economic impacts **64-65**

Environment

Materials **28, 40**

EN1 Materials used **45**

EN2 Percentage of recycled materials **(None)**

Energy **22**

EN3 Direct energy consumption **24**

EN4 Indirect energy consumption **24**

EN5 Energy saved-conservation **25**

EN7 Initiatives to reduce indirect energy consumption and reductions achieved **44**

Water **40**

EN8 Water consumption **43**

Biodiversity **22**

EN11 Size of land owned in, or adjacent to, protected areas **22, 23**

EN12 Impact on biodiversity **22, 23**

Emissions, Effluents and Waste **28, 40**

EN16 GHG emissions by weight **29**

EN17 Indirect GHG emissions by weight **29**

EN19 Emissions of ozone-depleting substances by weight **30**

EN20 NO, SO, other emissions by weight **30**

EN21 Total water discharge **30**

EN22 Total weight of waste **44**

EN23 Number/volume of spills **31**

Products and Services **28**

EN26 Initiatives to mitigate impacts of products/services **31**

EN27 Percentage of products sold and packaging reclaimed **31**

Compliance **22**

EN28 Monetary value of fines, and other sanctions for non-compliance with environmental laws **23**

Labour Practices/Decent Work

Employment **40**

LA1 Total workforce **41**

LA2 Employee turnover and recruitment **41**

LA3 Benefits **42**

LA15 Return to work and retention rates after parental leave **49**

Labor/Management Relations **48**

LA4 Collective bargaining **51**

LA5 Notice periods for operational changes **49**

Occupational Health and Safety **40**

LA6 Workforce in Health and Safety Committees **42**

- LA7** Injuries, diseases, absenteeism **42**
LA8 Education and support for disease prevention **42**

Training and Education **40**

- LA10** Training per employee by gender, and by employee category **42**

- LA12** Performance and career development reviews **40**

Diversity and Equal Opportunity **40, 48**

- LA13** Composition of governance bodies and breakdown of employees by category **41, 48**

Equal Remuneration for Women and Men **48**

- LA14** Ratio of basic salary of men to women **(None)**

Human Rights

Investment and Procurement Practices **48**

- HR1** Investment agreements with human rights clauses **49**

- HR2** Suppliers screen for human rights **36**

- HR3** Training on policies and procedures concerning aspects of human rights **(None)**

Non-Discrimination **48**

- HR4** Discrimination incidents **50**

Freedom of Association and Collective Bargaining **48**

- HR5** Protecting freedom of association/collective bargaining **51**

Child Labour **48**

- HR6** Child labour issues **51**

Prevention of Forced and Compulsory Labour **48**

- HR7** Forced labour issues **51**

Assessment **48**

- HR10** Percentage and total of operations subject to human rights reviews **50**

Remediation **48**

- HR11** Number of grievances **50**

Local Communities **54**

- SO1** Programmes to manage impacts on communities **55**

- SO9** Negative impacts identified **55**

- SO10** Mitigation of negative impacts **55**

Corruption **48**

- SO2** Risks related to corruption **50**

- SO3** Employee training for anti-corruption **49**

- SO4** Actions taken in response to incidents of corruption **50**

Public Policy **54**

- SO5** Public policy positions and lobbying **57**

Anti-Competitive Behaviour **28**

- SO7** Legal actions for anti-competitive behaviour **(None)**

Compliance **54**

- SO8** Fines and sanctions for non-compliance with laws/regulations **(None)**

Customer Health and Safety **54**

- PR1** Product life cycle stages screened for health and safety impacts **54**

- PR2** Incidents of non-compliance - health and safety **(None)**

Product and Service Labelling 28

PR3 Type of product and service information 28

PR4 Incidents of non-compliance - labelling (None)

PR5 Customer satisfaction 54

Marketing Communications 28

PR6 Marketing communications - laws 28

PR7 Marketing communications - compliance 28

Customer Privacy 54

PR8 Customer privacy 56

Compliance 28, 54

PR9 Fines for non-compliance (None)

Telco Sector Supplement Indicators

IO1 Investment for Network 22

IO2 Products and Services for under privileged 54, 55

IO3 Health and Safety Practices

IO7 Site sharing 22

IO8 Site distribution 22

PA1 Practices to deploy network for low populated areas 22

PA10 Clarity of changes and tariffs 28

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

Indicator Number - Core Indicator
Indicator Number - Additional Indicator
Indicator Text - Fully reported
Indicator Text - Partially reported

UNGC Advanced Criteria

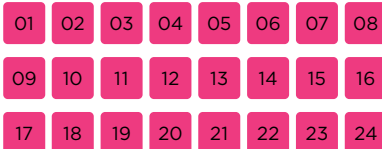
Table 4 - UNGC Advanced CoP Criteria and Our Approach.

UN Goals and Issues	Relevant Areas/Material
Criteria 1	CEO's Message, Management Approach, Materiality
Criteria 2	Annual Report CG, SR Precautionary Principle
Criteria 3	Stakeholder Engagement
Criteria 4	Management Approach, Transforming Lives
Criteria 5	HR2, HR4, HR5, HR6, HR7
Criteria 6	HR1, HR4, HR11, SO3, SO4
Criteria 7	HR2, HR4, SO4, HR10, Employee Surveys
Criteria 8	HR2, HR 10, HR 11
Criteria 9	Spreading the Net of Influence, Putting Our World to Rights
Criteria 10	Annual Report CG, LA1, LA13, HR 11, HR4, SO4
Criteria 11	HR 2
Criteria 12	LA4, HR5, HR7, HR6, HR4
Criteria 13	EN3, EN4, EN11, EN12, Connecting the Unconnected, Targets 2012
Criteria 14	Delivering Innovation with Responsibility, Targets 2012, PR1, EN26
Criteria 15	EN1, EN3, EN4, EN5, EN8, EN11, EN12, EN16, EN17, EN19, EN20, EN21, EN22, EN23, EN26, EN28
Criteria 16	EN1, EN3, EN8, EN16, EN19, EN20, EN5, EN26
Criteria 17	Spreading the Net of Influence, Putting Our World to Rights, Spreading the Net of Influence, Targets 2012
Criteria 18	SO3, SO4, HR4, Putting Our World to Rights, Targets 2012, SR Precautionary Principle
Criteria 19	SR Precautionary Principle, SO8, HR4, ISO 26000, GRI Verification
Criteria 20	SO2, SO4, SO3
Criteria 21	Spreading the Net of Influence, Targets 2012, LA10
Criteria 22	Annual Report, GRI Content Index
Criteria 23	GRI Checked Page, Audit Report and Cover Page, Sustainability Report
Criteria 24	AA1000, DNV, GRI check

This Report also serves as our Communication on Progress (CoP) against the United Nations Global Compact (UNGC) Advanced Criteria. The following group of icons indicate sections related to the Advanced Criteria.



United Nations Global Compact



Abbreviations

AGM	- Annual General Meeting
AR	- Annual Report
BPO	- Business Process Outsourcing
CEA	- Central Environment Authority
CEO	- Chief Executive Officer
CFC	- Chloro Fluoro Carbon
CoC	- Code of Conduct
CoP	- Communication on Progress
CPU	- Central Processing Unit
EFC	- Employers' Federation of Ceylon
EMS	- Environment Management System
EPF	- Employees' Provident Fund
ERMLC	- Enterprise Risk Management Leadership Committee
ETF	- Employees' Trust Fund
GCE	- General Certificate of Education
GDP	- Gross Domestic Product
GGs	- Govi Gnana Seva
GHG	- Greenhouse Gas
GRI G3.1	- Global Reporting Initiatives Version 3.1
GSMA	- Groupe Spéciale Mobile Association
H&S	- Health and Safety
ICT	- Information and Communication Technology
ICT4D	- Information and Communication Technology for Development
IFC	- International Finance Corporation
ISMS	- Information Security Management System
MDI	- Mobile Development Index
M-waste	- Mobile Waste
NGO	- Non-Governmental Organisation
ODS	- Ozone Depleting Substances
SBU	- Strategic Business Unit
SIM	- Subscriber Information Module
SME	- Small and Medium Enterprise
SMS	- Short Message Service
UNGC	- United Nations Global Compact



Statement GRI Application Level Check

GRI hereby states that **Dialog Axiata PLC** has presented its report "Bottom line is Sustainability" (2011) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 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 G3.1 Guidelines.

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

Amsterdam, March 27th 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

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 criteria for choosing the relevant assurance provider.

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 March 15th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

This Report has been verified by DNV. The complete Verification Report can be found on the Dialog Sustainability website - sustainability.dialog.lk

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 2011 ('the Report'). This assurance engagement has been conducted against the Global Reporting Initiative 2011 Sustainability Reporting Guidelines Version 3.1 (GRI G3.1) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS (2008)). The verification was conducted during February, March and April 2012, for the year of activities covered in the Report i.e. 1 January 2011 to 31 December 2011.

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 2011, 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 2011. 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 2011 Sustainability Report i.e. Review of the policies, initiatives, practices and performance described in the Report as well as references made in the Report to the Annual Report;
- 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 G3.1 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 all 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 G3.1 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 and an operational site;
- Conducted interviews with key representatives including data owners and decision-makers from different divisions and functions of the company;
- Performed sample-based reviews of the mechanisms for implementing the Company's 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:

- evolve an issue-based multi-stakeholder engagement process to fully map stakeholder expectations and needs for each SBU including subsidiaries, in the reporting cycle;

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



- implement a systematic quality assurance procedure for data management system to further improve the quality of reported sustainability performance data;
- fully report on key material performance indicators that are partially reported, in the subsequent reports.

Specific evaluation of the information on sustainability performances

We consider the methodology and process for gathering information developed by the company for its sustainability performance reporting is appropriate and the qualitative and quantitative data included in the Report, was found to be identifiable and traceable; the personnel responsible was able to demonstrate the origin and interpretation of the data reliably. We also assessed the reported progress against the company's commitments as disclosed in its previous Report and observed that the Report presents a faithful description of the sustainability activities and the goals achieved. DNV confirms that the GRI Application Level A+ has been attained in reference to the various application levels defined in the GRI G3.1.

Conclusions

Dialog Axiata PLC Sustainability Report 2011, provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Inclusivity: As a part of its stakeholder engagement process, the company engages with its identified stakeholders through different modes and at determined intervals and the inputs from the stakeholder engagement has been taken into account with due regard to materiality.

In our view, the level at which the Report adheres to this principle is 'Acceptable'.

Materiality: The Company has fairly attempted to bring out the issues of significance to its key businesses in this report. 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.

In our view, the level at which the Report adheres to this principle is 'Good'.

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

In our view, the level at which the Report adheres to this principle is 'Good'.

Reliability: The majority of data and information verified at corporate office and site were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected.



Hence 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 acceptable.

Additional Parameters as per DNV's Protocol

Completeness: Some of the GRI G3.1 core indicators have been reported partially and the rationale behind partial reporting and exclusions are explained within the Report along with the time frame for complete reporting.

In our view, the level at which the Report adheres to this principle is '**Acceptable**'.

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

In our view, the level at which the Report adheres to this principle is '**Good**'.

In line with the global sustainability trend Dialog has adopted of new business approach that made sustainability the focus of all of their activities and had brought out the shift in strategy from strict compliance to deliver shared and sustainable value to stakeholders.

For Det Norske Veritas AS,

A handwritten signature in black ink, appearing to read 'Nandkumar'.

Nandkumar Vadakepatth

Lead Verifier

Head-Sustainability & Business Excellence Services(South)
Det Norske Veritas AS, India

A handwritten signature in black ink, appearing to read 'Antonio Astone'.

Antonio Astone

Global Sustainability Manager
DNV Business Assurance, Italy.

Bangalore, India, 4th April 2012



ISO 26000
SOCIAL RESPONSIBILITY



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



This Annual Report is Carbon Neutral

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