



Dialog

SUSTAINABILITY REPORT 2016



The Global Goals for Sustainable Development

In late 2015, 192 member countries of the United Nations, representing the majority of the world's population and corporations, adopted 17 Sustainable Development Goals (SDGs) to succeed the Millennium Development Goals. From 2016 individuals, organisations and countries will be communicating the SDGs, educating stakeholders about them, taking part in a global discourse about them, and aligning their agendas behind them. Dialog Axiata PLC will be part of this. Throughout this report, icons representing the SDGs will identify the relationships between the topics being discussed and the identified SDGs. More information on the SDGs is available at www.globalgoals.org.



NOTES

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

Restatements of previously reported data are noted in the appendices to this report.

This report has been developed in accordance with the Global Reporting Initiative G4 Guidelines ‘in accordance’ - comprehensive option

Chairman's Message	01
Group Chief Executive's Review	03
Going Forward	09
The Global Goals	11
About Dialog	12
Dialog in 2016	12
Corporate Values	13
Report Scope and Boundary	14
Stakeholder Engagement	15
Material Issues	17
Managing Risk	18
Value Chain Mapping	19
Nurturing People	20
Process Excellence	28
Planet and Society	38
Beyond Short Term Profit	56
Performance Review and Targets	62
Other Standard Disclosures	63
Performance Trends – 5 Years	71
UN Global Compact Advanced Criteria	72
ISO26000 Self-Assessment Criteria	79
Independent Assurance Statement	80
Abbreviations	84

Independent Limited Assurance

This Sustainability Report has been independently assured by 'DNV GL' Business Assurance Lanka Private Limited to a moderate level of assurance as defined by the AA1000 Assurance Standard. For details on the subject matter and the scope of assurance please refer to DNV GL's assurance statement on Page 80.

Balance

A shareholder-owned Company, but one committed to enabling a plurality of its very ownership, by ensuring its shares are affordable to any Sri Lankan aspiring to be a part of the “DIAL” trajectory; A vigorous competitor, asking for no quarter in the marketplace even as it looks to the duties falling to a responsible market leader; A fair, responsible employer, even as it draws the utmost performance, year after year, from the Api Dialog team; A Company committed to delivering the very best in value to its customers even as it contributes to the national cause; A demanding customer, even as it helps build and foster Sri Lankan enterprises in its value chain; A reliable platform on which lives and enterprises depend, even as the very fabric that delivers outstanding quality is re-engineered and innovated to bring The Future's technology to its customers, Today. Reconciling competing priorities, competing instincts, and maintaining single-minded focus requires Balance.

There is tension in balance; an understanding of this tension, and a fluidity and flexibility in picking the appropriate position for the challenge at hand can be the most vital of abilities for a leader. Balance is central to what Dialog means, and provides, to its many stakeholders, seeking to be the most sustainable, most accountable Company it can be. In all its reporting including this Sustainability Report, Dialog is required, and strives at all times, to maintain balance between its optimism for the future while reflecting soberly and strategically on the challenges and risks that may arise.

Throughout 2016, global perceptions of what Balance should help achieve led to a comprehensive shift in integrating sustainability across every key operational portfolio of the average organisation. With the Sustainable Development Goals (SDGs), or “Global Goals,” now playing an important role in policy and planning across the world, Dialog sought to obtain the right balance across its actions, so as to ensure outcomes and achievements that created a positive impact on stakeholders and the ever-changing environment in which they exist. Guided by the Precautionary Principle – “first, do no harm,” Dialog works towards enhancing digital inclusion, progressing sustainable innovation, and ensuring compliance in an evolving industry and progressing world.

This, Dialog's ninth Sustainability Report, serves as a voluntary disclosure of the Company's activities through a Sustainability lens. While seeking to continuously improve its analyses and representations of facts, this Report builds on those preceding it, and continues the practise of presenting five years' data, with appropriate annotations, and indicating changes compared to the previous year. Also continued is the practise of obtaining the highest standard of third-party assurance of the accuracy and reliability of the underlying facts, with on-site inspections, interviews and verifications. Read alongside the Annual Report to shareholders, this Report should serve to reflect, and report back to them, material stakeholder groups' views on the Company as much as quantifiable, tactile measures of its quest to remain a sustainable, leading Company serving all its stakeholders.

Chairman's Message



My Dear Stakeholders,

It is my pleasure to review Dialog Axiata PLC's performance relative to your interests and concerns in the year 2016. Your Company maintained its unbroken record of topping the LMD Corporate Accountability ratings, now conducted biennially. It is worth noting that your Company is not resting on those laurels, while welcoming the increased interest and investment that other leading corporates are dedicating to Sustainability efforts. The competition in the Corporate Accountability rating is a welcome indicator of the spread of Sustainability principles among major players in the country's economy, matching the Government of Sri Lanka's increased awareness and activity on the same topics.

To ensure maximum transparency and perspective, your Company engages independent third parties to review and recommend improvements in many different domains of activity. In 2016, in addition to the extensive engagement afforded by the Assurance Provision for our Sustainability Reports, your Company also undertook an independent review of Sustainability topics from a different perspective. You will see the results and recommendations of this review, discussed at length with the Group Chief Executive and summarised for the Board and senior management, filtering into the activities under way or commenced in 2016, already lined up for 2017 and later, as well as into long range plans.

Dialog Axiata PLC has been a leader and innovator for Digital Inclusion in Sri Lanka, in the Axiata Group Berhad, and in the industry at large. It was therefore fitting that the GSMA, the international forum of Mobile Network Operators, recognised Dr. Hans Wijayasuriya as the recipient of its inaugural discretionary award for Outstanding Contribution to the Asian Mobile Industry. The award, "recognises sustained or extraordinary contributions by individuals, organisations or collaborative achievements that advance the value and benefits of mobile communications for people, business and societies in Asia." The GSMA cited both Dr. Hans Wijayasuriya's extraordinary personal leadership in a 22-year career, as well as the Company's unwavering

support for the ideals of the GSMA, specifically mentioning Mobile Money, Mobile Health, Mobile Connect, Green Power, Connected Living and Mobile Agri, and the on-going evolution of Mobile Broadband.

As Dr. Hans Wijayasuriya takes on the role of Axiata's Regional CEO for South Asia, the Board and I are pleased to welcome Mr. Supun Weerasinghe, another Dialog product who has excelled in roles at Axiata and operating companies, as your Company's Group Chief Executive from January 2017. In keeping with Axiata's focus on nurturing and deploying talent across its areas of activity, this and other talent movements are made with a view to continued innovation and growth not only within your Company, but in the careers of its top talent.

I encourage you to view this report, alongside the Annual Report to shareholders and other communications, as part of a sum that together provide balance to the many points of view on your Company, its presence and impact in the world.



Datuk Azzat Kamaludin
Chairman of the Board of Directors

Group Chief Executive's Review



Dialog's 20-year quest to empower Sri Lankan lives and enterprises through inclusive innovation has seen many firsts in terms of transformational value addition to our customers, and more broadly shared value creation for shareholders, employees, government and the national economy at large. Over the years, while ascending the maturity curve in terms of delivery and performance, much investment has been made towards aligning Dialog's functional competencies to global best practices. In aspiring to global best practice, we have also endeavoured to sharpen each of our business processes in terms of efficacy and sustainability but also in terms of the contribution and co-existence of each process within the broader inter-play with diverse peer- businesses processes, priorities and stakeholder formulations. We have hence endeavoured to establish and maintain an inherent balance between our multiple businesses processes and prerogatives vis-a-vis the broader stakeholder space, economy and immediate and macro environments.

Maintaining and Sustaining inherent "Balance" is by no means a static or deterministic challenge. Dynamics of external environments, customers, behaviours, cultures, technologies, and economies have continuously challenged us to respond proactively to transformation drivers in order to sustain "Balance" as a fundamental to the sustainability of shared value creation.

Techno-Economic Transformation

The recent past and certainly the immediate to mid-term future will no doubt be dominated by the transformation of our immediate Techno-Economic environment. As expanded upon in detail in my review of operations in the Annual Report of 2015, there is little doubt that Sri Lanka's telecommunications industry will face a threat of increasing severity arising from revenue erosion due to the impact of Over the Top (OTT) communication services. Providers of OTT

communications services invade the legacy revenue field of telecommunications operators by offering Free of Cost or Near-Zero Cost communication services spanning the breadth of voice, messaging and video connectivity. Disruptive business models in the emerging digital era are most often funded by advertising linked revenues and are further based on global scale. It is paradoxical however that the proliferation of OTT services is predicated on the forward development of robust telecommunications infrastructure and inclusive broadband connectivity.

The Dialog group has been proactive in making calibrated investments in innovation and digitisation

The wave of erosion is seldom time linear and could be envisaged to be exponential and hence catastrophic in consequence. Equally, it is well acknowledged that the ultimate destination of the OTT driven digital era and the empowerment it would deliver to citizens nationally and globally is unquestionably an outcome to be celebrated by all stakeholders in the telecommunications sector. In our role as a catalyst of shared value creation through the inclusive proliferation of empowering technologies, it would be contrary to our intent and ethos to mutate or impede the digital revolution.

Opportunistic Response to Transformation & Disruption

Our response to radical transformation is hence (and has been) necessarily from a view point of Opportunity rather than one of Defensive Contraction. While the "Balancing Formula" bringing together our business levers would need to evolve ahead of external transformation, and indeed spawn the creation of new business levers and paradigms, we would remain singularly focused on driving growth in shared value creation notwithstanding environmental dynamics.

As we enter an era dominated by OTTs and the proliferation of Digital Businesses and underlying Disruptive Business Models, we have consistently recognised that we ourselves need to initiate and accelerate internal transformation targeting the evolution of our legacy business constructs in to leading edge digital formulations. Internal Transformation calls on us to impose on ourselves the challenge of introspection of our business models and cost structures. It also calls on us to continuously refresh our views on competition and collaboration. Success with respect to internal transformation is predicated on the re-setting and re-engineering of our fundamental assumptions and business processes.

While embracing the challenge of internal transformation with great excitement and enthusiasm, the Dialog group has been proactive in making calibrated investments in innovation and digitisation.

An innovation focus takes centre stage on the Group's product and revenue strategy blueprint, which in turn focuses on pre-empting the needs and preferences of digital consumers. We are of the singular belief that empowering Digital Services if deployed inclusively will form a pivotal driver of the nation's development going forward.

Accordingly, the Dialog Group has opportunistically embraced digital business models and has engaged in empowering citizens via Digital Inclusion spanning payments, commerce, financial services, education, health and a wide spectrum of digitisation opportunities. In the sequel, the knowledge and experience we have imbibed from engaging in this new and disruptive environment over the past years has made us more nimble and “digital” in our approach to our traditional connectivity businesses as well.

We believe that adopting such an opportunistic and proactive approach and response to transformation and disruption would ensure that we continue to deliver on the expectations and aspirations of shareholders, customers, employees and society at large.

A Decade of Proactive Transformation – From Mobile to Quad to Digital

Pivoting on incumbent strengths and competencies to achieve a re-balanced portfolio aligned to techno-economic opportunities is not a fresh endeavour for Dialog. The Company first pivoted away from an omni-focus on Mobile Communications as far back as in 2001, when it established itself as a leading Internet Services Provider (ISP). Business expansion in to the Internet Infrastructure space was followed by an aggressive and disruptive entry in to the International Services sector in 2003. Today, Dialog operates the largest International Gateway service in Sri Lanka (in terms of International telecommunications traffic transported), supported by the Bay of Bengal Gateway (BBG) submarine cable.

A few years on and following on from a record breaking Initial Public Offering (IPO) in 2005, and just 10 years from the inception of “Dialog” in 1995, the company pivoted once again to target

a Quad-Play service formulation spanning Fixed Telecommunications services, High Speed Broadband and Digital Television, in addition to its incumbent business vertical of Mobile Communications.

Today, it is humbling to note that Dialog is recognised as a flagship “Converged” Connectivity provider in the South Asian region having succeeded in rebalancing its competencies and market leading service coverage to include Mobile and Fixed Telecommunications, Media, Content and Digital Services.

5 Years in to Digital “Rebalancing”

Pivoting on the foundation of a strong Quad-Play Business Formulation, the Commencement of Dialog’s Digital Organisation and People Transformation journey was initiated in 2012. Today, Dialog’s Digital capabilities encompass a mature organisation and cutting edge skill sets and partner eco-systems across multiple digitisation verticals and is Centred on the Group’s in-house Digital Services Business Unit, and Digital Holdings Pvt Ltd. (DHL), the fully owned Digital Investment Holdings subsidiary of the Dialog Group. As at the end of 2016, Investments of Digital Holdings encompass the Digital Business Verticals of Digital Commerce (via Digital Commerce Lanka (DCL) – the operator of WoW.lk), Digital Health (via Digital Health Pvt Ltd - operator of Doc.lk) and Digital Education (via Headstart Pvt Ltd., the operator of Guru.lk). Dialog’s Internal Digital Services Business Unit, in addition to managing its external investment portfolio via DHL., also operates market leading Digital Services including but not limited to Mobile Money and Payments (eZ Cash), Contactless Payments (Touch), Micro-Insurance and Digital Advertising services. Dialog’s Digital Business thrust has also been a fore-runner in creating and advancing an Open Development Platform for Sri Lanka’s burgeoning community of Application Developers and Content Providers. IdeaMart and IdeaBiz, operated

by Dialog provide a fertile application development platform enriched by the exposure of a number of Telecommunications Network Application Programme Interfaces (APIs) which enable the combination of Dialog’s advanced technology platforms with the prowess of internal and external innovation fuelled by Sri Lankan Talent. Dialog’s IdeaMart platform won global recognition at the 2015 Mobile World Congress in being awarded the Global Mobile Award for the Best Technology Enabler.

Dialog’s commitment to Shared Value creation has been indelibly internalised within the business ethos of the Group

Proactive and accelerated execution of Dialog’s “Digital Model” has resulted in the seeding of a comprehensive Digital Services portfolio which today forms a spring board for Dialog’s re-balanced business formulation, which in turn is well positioned to empower and ride the rapidly advancing wave of digitisation across multiple sectors of the nation’s economy.

Anchorage on the 4A Inclusion Model

Dialog’s commitment to Shared Value creation has been indelibly internalised within the business ethos of the Group through the consistent adherence to the 4A model of Inclusion over the past two decades. The 4A model is founded on an irrepressible desire to maximise Affordability, Availability, Applicability

(Relevance) and Affinity (Trust) of the Company's offerings, for as many people and stakeholder groups as possible.

The commitment to Shared Value Creation and the achievement of 4A maximisation is evidenced across the company's core businesses as well as the multiple business expansions the Company has engaged in over the past years. It is humbling to recall that Dialog was a principal catalyst of the mobile communications revolution in Sri Lanka, in terms of the breaking down of affordability and availability barriers through the decimation of the minimum cost of usage of mobile telecommunications services. Sri Lanka's nominal mobile penetration now exceeds 100 Per cent. The Company while moving beyond mobile communications in to International Services in 2003, triggered a similar revolution in the space, brining international connectivity within the reach of a vast majority of Sri Lanka's population on the backdrop of an environment of highly priced services affordable to only a few. Dialog's foray in to mobile and fixed high speed broadband services, and digital television services have been characterised by similar 4A maximisation paradigms and has delivered similar results including but not limited to the availability of affordable high speed broadband across all provinces of Sri Lanka., and the breaking down of affordability barriers with respect to Pay Television services – which are now accessible for as little as Rs. 3 per day.

The signature of Dialog's 4A, Shared Value model is equally and indelibly evidenced across its emerging Digital Businesses. Dialog's micro-insurance services broke down affordability barriers with respect to insurance premium, delivering policies tailor made for low affordability segments for as little as Rs. 1 per day. Similarly Dialog's foray in to device financing via the "Lesi Pay" service represents a direct attack on the affordability of digital devices and the minimum cost of access to digital empowerment services.

The recently architected Govi Mithuru Digital Agriculture service (in partnership with the GSMA and the Ministry of Agriculture) enabled the delivery of contextualised agriculture advisory services to over 240,000 farmers at a supremely affordable rate of Rs. 1 per day, per crop. Dialog enjoys a long history of collaboration with the GSMA in developing services focused on the extreme margins of Digital Inclusion. In developing such services in alignment with the 4A paradigm and sustainable shared value creation objectives, Dialog targets the achievement of Key Performance Indicators which span short term as well as long term adoption and usage metrics. Digital Inclusion metrics typically measure and monitored by Dialog with respect to its portfolio of inclusive digital services is best demonstrated via a vignette as applied to the Govi Mithuru service. Principle among the metrics monitored, are those evidencing Impact. In this respect, regular users of the Govi Mithuru service have proven to be 3.3 times more likely to change their planting practices, 2.2 times more likely to change their harvest and storage practices and 2.2. times more likely to reduce fertiliser and pesticide use relative to non-users. Measurements also focus on inclusion parameters, in the case of Govi Mithuru, a third of regular users are evidenced to be female while 17.2% of the user base are categorised as ultra-low income in proximity to the poverty line (which is designated as 6.9%). Metrics such as the subset set out here serve to ensure that Dialog's 4A paradigm continues to push boundaries in terms of the adoption of the Company's life enhancing digital services by the segments of society which would derive maximum benefit from the digital empowerment quotient the services set out to deliver.

Risk Management – Re-Balancing the Control Framework

The Rebalancing of the Company's control and risk management framework in line with the successive waves of business reformulation is an imperative to

which Dialog applies consistent focus. As in past years, the year 2016 saw tightened interconnections across the Company's management processes, and refinement of many cross-supporting process linkages, together providing balanced oversight and direction. Most significantly, in line with the increasing degree of Digitisation of the Company's internal and externally facing processes, the Company engaged in the rollout of an Information Security Governance Framework. The ISGF at Dialog features an enhanced degree of bi-directional interconnection with Risk Management processes and also founded on deep integration with high level business strategy. The ISGF features Board level engagement and the inclusion of Sustainability line items within core performance management dashboards across all Business Units and Functions.

Rebalancing control and risk management is an imperative to which Dialog applies consistent focus

Response to Material Learnings and Findings

Building on previous years' material findings, internal roadmaps and stakeholder input, Dialog rolled out a comprehensive ISO 27001 certified Information Security Governance Framework for corporate, customers, and cloud-based data during the course of 2016. The ISGF initiative was led by the Group CFO with the participation of all Chief Officers. The initiative was enriched by comprehensive inputs from

and process improvements across, all business units and functions of the Group. The coverage of the framework was extended to vendors, partners and other stakeholders key where applicable.

Dialog's sustainability agenda continues to deepen the cross-pollination between stakeholder consultation and Materiality assessment processes

Dialog's sustainability agenda continues to deepen the cross-pollination between stakeholder consultation and Materiality assessment processes. Evidences and learnings so derived drive Sustainability Performance-improvement processes, and furthermore trigger internal-facing Risk identification and mitigation management processes. The two counterpart processes of Stakeholder consultation and Materiality Assessment provide a comprehensive balancing mechanism between internal and external "sensing" of business and stakeholder material issues.

Performance Management

In the year under review the Company's Performance Management Framework dashboards were enhanced with a Sustainability-driven line items being assigned to all Chief Officers, thereon cascaded to functional heads. The performance objectives relate to specific goals, with cross-portfolio tasks shared where necessary to achieve integrative outcomes. The incorporation of Sustainability Line items

across the Group wide performance management construct institutionalises the focus on recurring as well as transformation-oriented imperatives. With a view to build upon the preceding year's cross functional collaboration outcomes while enabling focus on elevated performance management goals, Group Internal Audit and Group Quality Systems Management functions ran a full cycle of compliance data validation checks across Sustainability data providers Group wide during the course of 2016. The check and balance targeted by such reviews institutionalises a fundamental mechanism for data and outcome validation as well as for continuous performance improvement.

Planning for Sustainability at Board Level

The Board's extensive 2017 Annual Plan and Long Range Plan (LRP) review in late 2016 integrated discussions on a wide range of Sustainability topics and included a discrete segment focused on the Sustainability Function's achievements and plans. Alongside updates to the Board on progress and short-term target achievement, the review enabled discussion on the full breadth of sustainability activities, their planned evolution, and actions to be taken to further enhance targeted outcomes. The Board also had the opportunity to examine the outcomes of an independent review and also the opportunity to review future plans laid out under the broad themes of 1) maintaining leadership in Corporate Accountability; 2) establishing Dialog as a Sustainability Centre of Excellence within the broader Axiata Group; 3) the institution of a Social Innovation focus; 4) Digital Inclusion Outcomes viz the 4A's paradigm ; and 5) the development of a Micro Business Empowerment Unit focused on Inclusive Digital Empowerment.

Baseline Policies

The period under review also saw continuing collaboration with key functions such as the Human Resource function with respect to policies, policy literacy among employees, and data management. During the Year under Review, the Company published a comprehensive Health & Safety Policy and supplemented the publication with an enhanced frequency of training sessions for staff. Data collection, recording and reporting practices were examined and were found to evidence improvement relative to the previous cycle of review.

Succession

The ethos and fundamental business paradigm of your Company has over its two decades of existence been consistently and aptly epitomised in its brand tag line "The Future Today". The "Future" has been envisioned, conquered and delivered by the team at Dialog along multiple dimensions – Advancement, Innovation, Leadership, Sustainability, Adapting to Change and most importantly through an incessant desire to deliver a better future for the people of our country and nation at large.

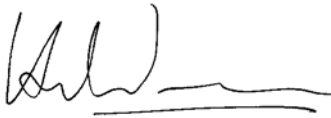
Indeed, perfecting our "Response to the Future" and doing so proactively is synonymous with the challenge of achieving "Balance" to which I have alluded to extensively within this review. Dialog has no doubt excelled so far at re-balancing its business in the wake of dynamics in the internal and external environment, and in so doing excelling in "delivering the future" to its stakeholders. While we celebrate with humility our delivery in this respect, it is my belief that the succession of leadership at the optimum point of the organisation's life cycle and importantly, to the optimally positioned leader with the required characteristics to lead the Company into the future is pivotal with respect to the prowess and sustainability of this great Company.

It has been a privilege and a moment of immense personal pride and fulfilment to hand over the reins of leadership to Supun Weerasinghe

It has accordingly, been a privilege and a moment of immense personal pride and fulfilment to have the opportunity to hand over the reins of leadership at Dialog to Supun Weerasinghe with effect from the 01 of January 2017. I have worked closely with Supun since the year 1999 and have followed with great admiration the pivotal role he has played within the broader Dialog story. Supun, a young and energetic leader, rose through the management hierarchy of Dialog to be appointed the Group's Chief Operating Officer in 2010, a role he executed with great efficacy until 2013 at which point he took up an overseas assignment as the role of Group Chief

Strategy Officer at Axiata's Head Quarters in Kuala Lumpur. Supun was thereafter appointed as the Chief Executive at Robi Axiata in Bangladesh – a leading mobile operator in the country providing services to over 28Mn subscribers. Supun returned to Dialog during the last quarter of 2016 enriched with senior leadership experience from across the Asian region.

Accordingly, it is with utmost and unwavering confidence that I am able to assure all our valued stakeholders that Dialog and its people are in safe and eminently capable hands. I am furthermore supremely confident that under Supun's able leadership the Dialog Group will continue to strive to deliver inclusive digital empowerment to as many people as possible and in so doing deliver a foundational contribution towards the democratisation of the digital future of our nation.



Dr. Hans Wijayasuriya
(Immediate Past)
Group Chief Executive Officer - FY 2016



Going Forward...

I am honoured to take up the reins at Dialog Axiata PLC at an exciting time for the Company and for the Industry. While the Company's impressive record to date speaks for itself for which we are grateful to Dr. Hans Wijayasuriya and the Dialog team, my mandate on behalf of Dialog's stakeholders focuses on the many shifts foreseen for our industry and our country.

Sri Lanka's telecoms market has been maturing, and has delivered massive value to the consumer thanks to a competitive landscape. As the industry seeks to deliver innovative new services and capture greater share-of-wallet, the judicious application of regulatory oversight will have important implications for established players as well as non-traditional competitors who are eroding incumbent revenues. Building upon and investing the revenues from Dialog's mature telecoms businesses, the Company is establishing itself as a player in digital businesses such as Gaming, music and video on multiple screens, electronic commerce, mobile financial services, digital advertising and digital health.

Competition in these businesses comes not only from familiar rivals but also from new entrants focused on specific niches. The challenge Dialog faces is to compete with agile, speedy start-ups unencumbered by legacy systems and stringent regulatory rules. With investments, acquisitions, internal startups, collaborations as well as relying on our history of innovation, Dialog will leverage its core competencies to create a platform for growth, as we seek to transform and embrace the digitisation that will succeed in the new economy.

As Dialog's gamut of services and businesses expands, new questions may face the Company and regulators as to what regulations might best govern which activities. External factors such as tax regimes and policies implied by recent and future national budgets, can have outsized impacts on revenues and

consumer behaviour particularly in the short term. The Company takes pride in having remitted to the Government of Sri Lanka Rs. 31.7Bn in taxes, fees and levies, as reported in detail in the Annual Report. Dialog is committed to working with the Government of Sri Lanka and regulators to create value for all Sri Lankans, having seen in particular the extraordinary value unlocked for the most marginal users of digital technologies. As the leading operator in a country that has regularly been recognised for innovation we will continue to provide the best-quality modern technologies for the lowest tariffs to every Sri Lankan citizen.

Dialog's social licence to operate in its many businesses receives attention and consideration from the top down, with engagement at Board and Senior Management levels as well as each staff member in his or her activities. Alongside clear and specific financial goals easily understood by shareholders, and well-defined performance goals derived for different time horizons, Dialog's Board and top management have insight into the short-, medium- and long-range goals set across the operating units of the Company. These targets and directions, derived from all stakeholders and validated by senior management with the guidance of the Board of Directors, are aligned with the Company's overall goals. As a responsible corporate leader Dialog is committed to holding itself to the highest Corporate Accountability standards; as a leader in Digital Inclusion and social innovations that enrich and empower its stakeholders and communities, Dialog is committed to continue innovating and aligning its resources for sustainable outcomes.

Sustainability and Corporate Responsibility matters are handled by the Group Sustainability division under the Group Chief Corporate Officer, Mr. Shayam Majeed. Through myself as the Group Chief Executive, the Board receives updates on plans,

activities and achievements, and is able to direct inquiries or input. The Board's guidance in 2016 to allocate 1% of NPAT specifically for Community Investments provides a core around which to organise aligned and adjacent activities and investments, with Board visibility into the spectrum of activities focused on corporate sustainability and our social license to operate. The year 2016 saw governments, corporations and citizens learning about and engaging with the Sustainable Development Goals (SDGs). Within Dialog, with the leadership of the Sustainability function, the SDGs were compared with the Company's Vision, the 4A's framework, priorities for the period, and existing and planned social innovations, community investments and Digital Inclusion products and services. Later in this Report you will find the prioritisations made based on that review for the 2016 period, as well as the results of the review against 2017 priorities.

Increasing the most modern 3G and 4G network coverage across our presence is a familiar imperative, while the competition for, and usage of spectrum, will continue to evolve. As our core businesses continue to be those in highly regulated industries, operating licenses and engagement with regulators remain highly material to corporate performance. Regulatory foresight is required on re-purposing spectrum used by older technologies, to make way for more efficient ones. Dialog's intention is to compete and win in these new spaces, while preserving its leadership in the fundamental networks powering it all. Revenue and profitability models in this new world are not assured, and will take continued innovation and focused execution by the Dialog team.

The Sustainability Development Goals provide all stakeholders a valuable common platform and language with which to interact and align activities, and the exercise has been instructive and reinforcing for Dialog in its own position as one such stakeholder.

Going forward, we hope to engage progressively wider groups of stakeholders such that Dialog's engagement with the SDGs is inclusive and dynamic. Cognizant of stakeholder and assurance provider feedback, as Dialog's internal controls and policies multiply in a complex operating environment, a focus in 2017 and beyond will be ensuring simple and meaningful means to help staff and stakeholders gain and maintain "policy literacy." This will require a cross-functional and continual effort to create an accessible rubric providing simplicity and clear direction guiding interactions within the Dialog ecosystem.

In closing, I trust that Dialog's many stakeholders maintain, through this Report and our other accountability mechanisms, a balanced view of the Company's overall direction and guiding principles, with the depth where desired by each stakeholder. I look forward to the continuing efforts to making such stakeholder interactions more dynamic and immediate, with the aim of together achieving Dialog's vision of providing multisensory digital experiences to enrich and empower Sri Lankan lives and enterprises.



Supun Weerasinghe
Group Chief Executive

The Global Goals for Sustainable Development

In September 2015, United Nations member countries adopted 17 common goals for sustainable development, derived through an inclusive and extensive multi-stakeholder process. Known as the Global Goals for Sustainable Development, or the Sustainable Development Goals, SDGs, these goals are the successors to the Millennium Development Goals (MDGs) and are implicitly intended to draw engagement and action by companies, citizens, and the civil sector, beyond the government-driven approach to the MDGs. 169 sub goals or targets are associated with the 17 top-level goals.

The SDGs focus on a time horizon extending to the year 2030, and the focus for the year 2016 was to commence the process of raising global awareness and engagement with the SDGs and the topics they relate to. In the year 2016 Dialog Axiata PLC's Group Sustainability function studied the SDGs and sub goals, reviewed the Company's Vision long term and short term focus areas relative to the SDGs, and considered an appropriate methodology by which the Company's activities and efforts can relate, align with and engage with the SDGs. The approach adopted was one where

weighted scores were assigned against each top level goal in relation to fundamental focus areas on long and medium term horizons. These focus areas were Dialog's 4A's framework and vision for Digital Inclusion; long standing Sustainability and Community Investment priorities; and material topics derived through stakeholder engagements.

In late 2016 the GSMA published an industry-specific analysis and guidance relating the SDGs to industry impact and opportunity areas, considered at both sub-goal and top-tier goal levels. Dialog's Group Sustainability function has shared both the 2016 analysis and an updated analysis considering the GSMA guidance and most recent list of material topics. Commencing in the year 2017 the Company intends to engage internal and external stakeholders to educate and spread awareness of the SDGs; build a common discourse founded upon the SDG framework; and to enhance and periodically refresh the Company's own approach and activities relative to the SDGs.

About Dialog

Dialog Mobile

Dialog Axiata PLC is Sri Lanka's Flagship telecommunication service provider, operation for more than 20 years as market leaders in telecommunication industry. Subsidiary of Axiata Group Behrad Dialog stands as largest mobile network. The company operates 2.5G, 3G, 3.5 G, 4G and 4.5G mobile services. At the end of reporting year Dialog stands with 11.8 million mobile customers.

Dialog has spearheaded the growth of the mobile industry in the country and the region being the first operator in South Asia to commence commercial 3G operations in the last decade, followed by 4G in 2013. Presenting Sri Lankan consumers with the fastest network coupled with the widest coverage, Dialog recently connected Sri Lanka to the Bay of Bengal Gateway 100G-plus submarine cable – the single largest infusion of international bandwidth into the country landing a capacity of 6.4 tera bytes per second.

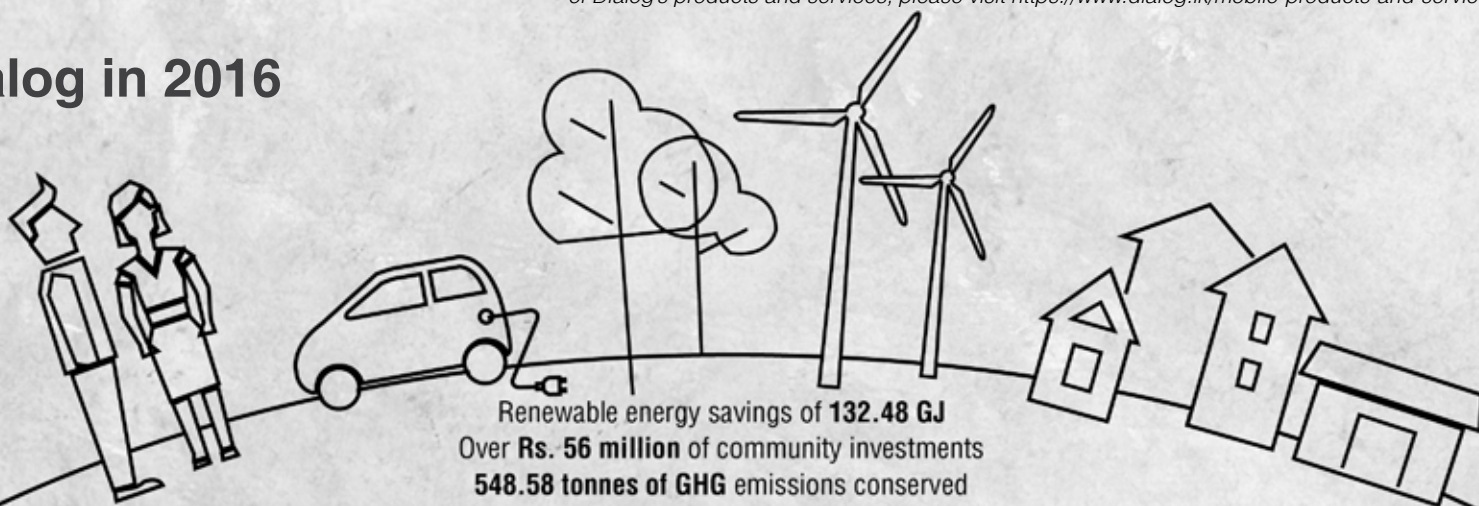
Dialog Television

Sri Lanka's premier pay-tv network, Dialog Television Pvt Ltd, a subsidiary of dialog Axiata PLC, Dialog Television is the country's leading Satellite Entertainment Service Provider, extended the service to 750,000 TV customers in Sri Lanka with features added frequently. In 2016 DTV introduced a quantum leap in its service offering with the launch of Dialog TV GO- a mobile app which empowers Dialog Television customers with the facility to view a range of best in class entertainment channels via their Smartphones.

DTV has revolutionised the pay-television sector in Sri Lanka, becoming the first operator to offer pre-paid packages. Dialog Television provides Sri Lankan viewers with a market leading bouquet of international and local content, sports, infotainment, edutainment, news, movies and kid's entertainment, with its unparalleled line-up of channel partnerships with global content providers. The premier satellite entertainment provider offers 120 channels in SD (Standard Definition) and a further 8 channels in HD (High Definition), of which over 35 channels are available exclusively on Dialog TV, reiterating its position as the best value network.

Please refer the Dialog Axiata PLC Annual Report 2016 for a more detailed view of the entities/ subsidiaries falling under the Scope of the Company. For further information on the extensive portfolio of Dialog's products and services, please visit <https://www.dialog.lk/mobile-products-and-services>

Dialog in 2016



Renewable energy savings of **132.48 GJ**

Over **Rs. 56 million** of community investments

548.58 tonnes of GHG emissions conserved

Rs. 4,600 worth of social value created per customer

Group NPAT increased by **74%** to **Rs. 9.08Bn**

Rs 65.8 million contributed for disaster relief through Senehe Siyapatha campaign
(Including **Rs 14.9 million** from customers)

Corporate Values



Service from the Heart

- ✿ Passion for Delighting External and Internal Customers
- ✿ Place customer experience at the centre of our work ethic and corporate ethos
- ✿ Uphold a 'yes we can' attitude



Responsible Leadership

- ✿ Leadership that delivers value to stakeholders



Create the Future

- ✿ Set paradigms for others to follow
- ✿ Incessantly extend Leadership in Multi-sensory connectivity through innovation and forward thinking
- ✿ Irrepressible desire to create a better future for the nation through empowering enriching Sri Lankan lives and enterprise
- ✿ Be incessantly ignited by the desire to innovate and extend boundaries



Champions of Change

- ✿ Embrace change, constantly and as a way of Dialog life
- ✿ Agile, flexible and fast in action, adaptation and reaction
- ✿ Courageous and bold in leading change



Uncompromising Integrity

- ✿ An exemplary culture of transparent and ethical behaviour
- ✿ A Zero tolerance orientation towards the enforcement of a high integrity ethic across everything we do
- ✿ Leadership that is caring
- ✿ Leadership that drives sustainability and creates shared value



Exceptional Performance

- ✿ An irrepressible desire to be deliver the best in whatever we do
- ✿ Delivering excellence in quality and value creation consistently
- ✿ Single minded resolve to push boundaries and exceed expectation



One Team

- ✿ An 'Api Dialog' team which pursues a common purpose in accordance with the Dialog Values, together
- ✿ A team which delivers the utmost in care and respect to each other, values diversity and is proud of collective achievement and excellence.
- ✿ A team that embodies culture that makes Dialog a great place to work as a second home to the team

Report Scope and Boundary

This document is Dialog Axiata PLC's ninth annual Sustainability report complementing the Company's Annual Report to shareholders. This report outlines Dialog's performance for the financial year 1st January to 31st December 2016. In this Report we address the fourteen material issues identified by the Company and its stakeholders. We describe the management approach to, and provide data related to, sixteen material aspects corresponding to the fourteen material issues, as defined by the G4 sustainability reporting framework published by the Global Reporting Initiative (GRI).

The reporting boundary for each material aspect is derived by a two-part process. First, a value-chain mapping exercise is conducted for each material aspect, the output of which is illustrated later in this report. Second, the reporting Aspects material to each material issue are mapped out. In addition to reporting on the mainstream GRI aspects found to be material

by this process, we also report on telecommunication industry-specific indicators that are found to be material by way of the same process.

This Sustainability Report also serves as Dialog Axiata PLC's 9th consecutive Communication of Progress (COP) and 5th consecutive Advanced COP for the United Nations Global Compact's (UNGC) 24 Advanced Criteria relative to the UNGC's Ten Principles of commitments in the areas of Human Rights, Labour, the Environment, and Anti-Corruption.

Please note that the triple-bottom line performance indicators for subsidiary companies are not uniformly reported for all aspects. Dialog has committed to strengthening data collection and reporting across its subsidiaries in the coming years, while it has already reported here on the majority of its subsidiaries' environmental performance.

edotco Services Lanka

Part of edotco Group Berhad, edotco Services Lanka (Private) Limited has been incorporated to operate passive network infrastructure as a service provider to Sri Lankan Mobile Network Operators (MNOs). In the year under review edotco operated Dialog's network infrastructure as a third-party service provider.

Going forward, Dialog's passive infrastructure is to be transferred to edotco Services Lanka. As such, in future reporting, aspects related to passive infrastructure will fall outside the Dialog Group's boundary



Stakeholder Engagement

Stakeholder opinions, perspectives and concerns are key considerations in Dialog's assessment of its operating environment and priorities. Topics and issues found to be material to different stakeholders through different cyclical engagement processes are a key input towards determining material issues that the Company engages with on its annual cycle where this Sustainability Report summarizes and describes the Company's treatment of such issues, as well as other engagement cycles driven by stakeholder and issue specifics.

As input for the 2016 Sustainability Reporting cycle, seeking to add further rigour and accountability to its stakeholder engagement processes, Dialog carried out key engagements with a view to closing the engagement loop over a two-year cycle. To achieve this requirement the Company commissioned a comprehensive independent two-part Stakeholder

Study. The study first triangulated by qualitative methods the stakeholders and issue areas to be engaged, followed by an in-depth, quantitative phase engaging the identified material stakeholder groups, on material issue areas, to measure the impact of, and Dialog's performance relating to, identified issue areas.

In-depth interviews and focus-group discussions were carried out across stakeholder groups, where deemed appropriate as part of the qualitative phase. The output generated was matched against the GRI G4 framework and thus used as the key context for developing customised qualitative surveys for each individual stakeholder group. The survey was carried out using both online and paper questionnaires, depending on the suitability to each stakeholder group.

With the majority of stakeholder groups having been identified and engaged by this methodology, the FY 2017 period will see the closure (and refresh) of major engagement loops, while allowing engagement cycles to emerge and inform Dialog's accountability processes that may not correspond to the financial year cycle. Re-engagement, review and discussion with stakeholders, of progress on issues from the prior cycle or new topics, is intended to enable a more fluid collection of engagements to emerge that map to the cycles most appropriate to them, while continuing to inform a unified, point-in-time view from the Company's perspective. This process seeks to enable the Company to engage with stakeholders and topics as they continue to evolve, while also institutionalising the accountability processes that close, refresh or open new engagements and topics material to the Company's ecosystem.

Stakeholder Group	Type of Engagement Carried Out	Methodology	Frequency
Customers	Net Promoter Score Survey across all groups of Customers	Randomised Survey with Face-to-Face interviews	Annually
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
	Customer Satisfaction Survey		Quarterly
General Public	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
Shareholders	AGM		Annually
	Earnings Call	4 Quarterly Calls (Held for 4Q15, 1Q16, 2Q16 & 3Q16 in Feb, May, August & November)	Quarterly
	One-on-One Engagements	19 One-on-One Meetings/Calls	
	Overseas Roadshows	2 roadshow held in Bangkok in March and Hong Kong in September	
	Forums held by local stockbrokers	1 Forum held in June	
	Investor Forum		Annually

Stakeholder Group	Type of Engagement Carried Out	Methodology	Frequency
Civil Society Organisations	Continuous active engagement led by the Sustainability Division		Project-wise/ Regular business-as-usual interactions
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
Regulators	Continuous active engagement led by the Sustainability Division		Project-wise/ Regular business-as-usual interactions
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
Employees	Continuous Active Engagement across Multiple Divisions		Annually
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
	Employee Engagement Survey	Comprehensive study conducted by Axiata Group through Towers Watson (independent research agency)	Annually
Retailers/ Distributors	Regular one-on-one engagements		
	Dialog 5-Star Partner Initiative		Regular business-as-usual interactions
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually
Suppliers	Supplier Site Assessments and Regular On-going Engagement		Regular business-as-usual interactions/ Procurement-based interactions, both on a daily basis.
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog.	Annually
Media	Regular one-on-one engagements		
	Independent Sustainability Stakeholder Engagement Survey	Comprehensive survey following qualitative and quantitative component identifying the importance of issues material to the Stakeholder and Dialog	Annually

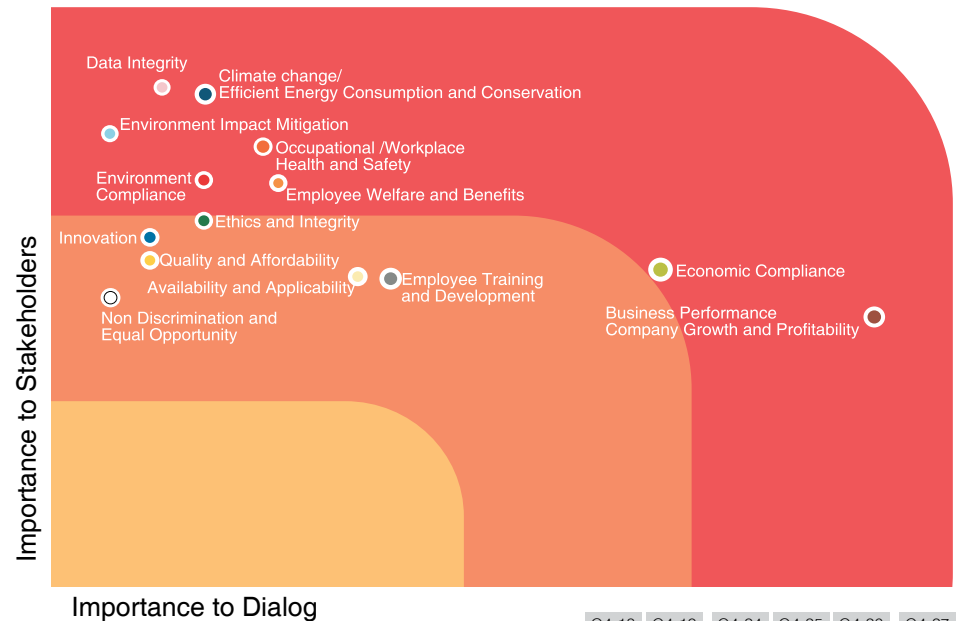
Material Issues

The GRI reporting framework defines material Issues as issues that the Company and its stakeholders identify as important. Reporting and disclosure on the most material issues would therefore serve a company best in addressing concerns related to its performance. The materiality of issues during the 2016 reporting period is determined by plotting them on relative scales based on inputs from each party.

- 1) Materiality of issues among stakeholders is determined by,
 - i. A quantitative survey on issues considered material to a series of stakeholders
 - ii. A benchmarking exercise of global industry peer organisations to identify topics considered to be material for the industry globally
- 2) Materiality of issues to the Company is determined using,
 - i. The Company's Enterprise Risk matrix for 2016
 - ii. The Group Chief Executive's (GCEO's) Key Performance Indices (KPIs) and Corporate dashboard outlining business focus for 2016

Under the GRI classification of economic, environmental and social aspects, companies face a large number of topics which remain material towards the business. However, Dialog Axiata PLC's material activities remain largely within the Information and Communications Technology industry, limiting the scope of specific topics considered material towards the business. As such the 2016 report focuses on the top fourteen most significant issues given below, to provide a concise measure of materiality.

- Environmental Compliance
- Data Integrity – Information Security and Customer Privacy
- Workplace Health and Safety
- Climate Change and Efficient Energy Consumption
- Environmental Impact Mitigation
- Quality and Affordability
- Availability and Applicability
- Ethics and Integrity
- Economic Compliance
- Business Performance, Company Growth and Profitability
- Employee Training and Development
- Innovation
- Employee Welfare and Benefits
- Non-discrimination and Equal Opportunity



Managing Risk

As part of Dialog's ever-evolving commitment to strengthening process and policy, it operates under a comprehensive and stringent Enterprise Risk Management (ERM) framework. The framework employs a scientific method of determining all possible avenues of risk and opportunity across the company's scope of operations, such as regulatory, market-related, technology-related risks, general operational, and strategic investment-related and financial risks, based on the ISO 31000:2009 framework. In line with the key Axiata value of 'Process Excellence', Dialog employs a Business Continuity Management framework based on policies aligned with the ISO 22301:2012(E) framework for Societal Security and Business Continuity Management, to further strengthen its understanding and compliance with respect to risk management. Dialog undertook a few significant initiatives undertaken in 2016, and made great strides with respect to advancing and re-affirming Dialog's standing on managing risk.

BCM/ ERM Index

As stakeholder commitment is an important part of maintaining the standard level of ERM and BCM practices across the organisation, a BCM ERM index was introduced in 2016, to more actively engage stakeholders, obtain their commitment, and appreciate their support. The ERM Index was fully operationalized with CXO-level engagement. Divisional ERM BCM scores were calculated and published at the end of 2016, per the set ruler. The implementation of the BCM ERM index has encouraged the risk community to perform their tasks more effectively and in a timely manner.

Revamping the risk register

A new, revamped, risk register was developed, introduced and operationalized in 2016. The risk register was developed based on the 4 step Axiata

risk methodology and provides guidance on risk-identification based on business objectives. The new risk register consists of cross-functional root cause and business impact analysis. Risk evaluation is carried out based on existing control effectiveness and movement on Key Risk Indicators (KRIs). It also rationalised the risk treatment approach and has a detailed tracking of risk response activity. One-to-one coaching sessions were carried out to ensure users are familiarised with the new risk register. A new risk template was also introduced: the template enables for viewing risks in a "Heat Map" with gross, residual, and planned risk ratings. Risks are visible with key risk indicators (KRIs) and can be navigated cross-functionally. Through the new risk template, users/ risk champions are provided with a comprehensive overview of the risk, which updates automatically upon completion of the detailed risk register.

Engaging the risk community

Cultivating a strong risk culture throughout Dialog was a primary focus in 2016, to provide employees and other stakeholders with adequate risk intelligence, and to maintain constant engagement and foster values and performance with respect to day-to-day risk management. Divisional BCM champions and risk champions were assigned, and play a critical role in ensuring that BCM and ERM practices are maintained at the highest possible level. Risk awards and BCM awards were gifted to appreciate and encourage excellent performance on risk management. A comprehensive training programme titled "Certified Business Continuity Professional (CBCP)" was carried out, based on the Disaster Recovery Institute International's (DRII) syllabus in 2016. All the BCM champions were trained under this training programme. BCM and ERM coaching sessions were carried out to educate and bridge any existing knowledge gaps across all relevant stakeholders.

This further serves to ensure the maturity of the risk culture at Dialog. A BCM week was organized including a poster campaign coinciding with Business Continuity Institute's (BCI) awareness week in 2016. Continuous awareness campaigns were carried out internally via the company intranet.

BCM tests/ exercises designed to check the viability of Business Continuity Plans and to identify areas for improvement were carried out. These included Desktop Walkthrough Exercises (DWE) and Crisis Simulation Exercises (CSE). Portfolio-wise DWEs, organised by divisional BCM champions, were facilitated. DWEs were carried out based on different key scenarios derived from the top 10 threats identified through the conduct of a BCI Horizon scan. Crisis Simulation Exercises were carried out to cover the evacuation procedures of two key Dialog buildings. The overall evacuation timing and other evacuation aspects were studied and further areas for improvement were identified.

A Notification Tree Exercise App (NTE) app was launched to bring greater efficiencies and convenience and to foster awareness and efficiency in getting headcount, missing persons and pushing notifications. A BCM conference was carried out in 2016 to share BCM experiences with the BCM and ERM community.

In 2016 MAO study was carried out to align Minimum Business Continuity Objectives (MBCOs). This study resulted in identifying the maximum acceptable outages (MAOs), most vulnerable locations for single point of failure and locations that contribute to considerable risk accumulation. The results of the study will be used in the MBCO alignment process and as guidance for future risk management initiatives.

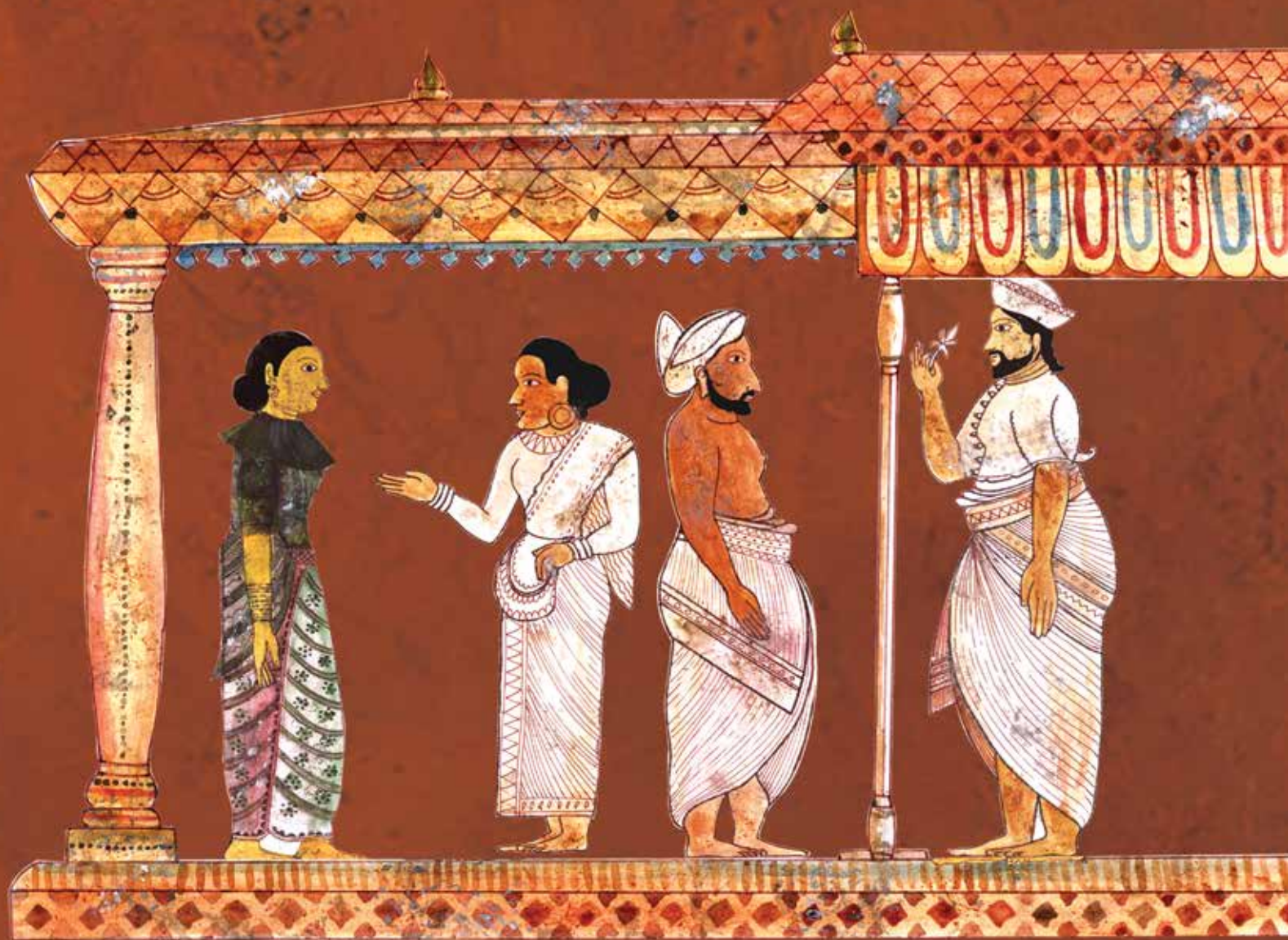
Value Chain Mapping

The material aspects, as per the GRI G4 Reporting guidelines, corresponding to those issues identified as being material for the reporting year are illustrated below. The material issues are mapped below to the segments of Dialog's value chain that the issues are respectively material to. The value chain mapping follows the model described by Porter and Kramer in their paper, "Strategy & Society – the Link Between Competitive Advantage and Corporate Social Responsibility."

<p>The material aspects corresponding to the issues identified as being material for the reporting year are illustrated below, alongside the relevant material GRI indicators corresponding to each issue.</p> <p>Material Aspect Material Issues</p>		Stakeholder Group								Reference
		General Public	Customers	Employees	Distributors/Retailers/Suppliers	Media	Regulators/Government	Community and Civil Society	Shareholders	
Customer Privacy	Data Integrity – Information Security and Customer Privacy	✓	✓	✓	✓		✓		✓	Page 34
Economic Performance	Business Performance, Company Growth and Profitability		✓	✓	✓		✓		✓	Page 59-60
Energy	Climate Change and Efficient Energy Consumption, Environmental Impact Mitigation	✓	✓	✓	✓	✓	✓	✓		Page 41-43
Emissions	Climate Change and Efficient Energy Consumption, Environmental Impact Mitigation	✓	✓	✓	✓	✓	✓	✓		Page 41-43
Materials	Environmental Impact Mitigation	✓	✓	✓		✓	✓	✓		Page 41-43
Environmental Compliance	Environmental Compliance	✓	✓	✓	✓	✓	✓	✓		Page 33
Occupational Health and Safety	Workplace Health and Safety	✓	✓	✓	✓	✓	✓			Page 27
Anti-Corruption	Anti-Corruption, Ethics and Integrity	✓	✓	✓	✓	✓	✓	✓	✓	Page 33-34
Labour Practice Grievance Mechanisms	Ethics and Integrity		✓	✓	✓		✓		✓	Page 34, 63-70
Social Compliance	Ethics and Integrity	✓	✓	✓	✓	✓	✓			Page 34
Training and Education	Employee Welfare and Benefits; Employee Training and Development			✓	✓		✓			Page 23, 26
Employment	Employee Welfare and Benefits, Remuneration and Development	✓		✓	✓	✓	✓			Page 27
Human Rights Grievance Mechanisms	Ethics and Integrity	✓	✓	✓	✓	✓	✓	✓	✓	Page 34, 63-70

The key aspects of Dialog's operations, from Human Resource Management, Firm Infrastructure, Logistics, Technology Development, General Operations, and marketing and sales fall within the internal scope of the reporting boundary (Employees and shareholders). Dialog's materiality study and engagement also extends to external stakeholder groups such as the general public, distributors/retailers, supply chain, civil society organisations, regulatory organisations and government, and the media. The 'ticks' above indicate if an issue was found to be material with respect to each stakeholder group based on responses to quantitative and qualitative responses to the Sustainability Stakeholder Survey, a key facet of engagement throughout the year.

NURTURING PEOPLE





Nurturing People

Mutually beneficial, healthy relationships based on trust, mutual respect and ingenuity has long been the foundation of Sri Lankan culture. Dialog's approach subscribes to these concepts when it comes to its most valuable resource, its human capital.

Dialog invests heavily in maintaining the 'Api Dialog Family' as a force to reckon with. The 3,000-strong permanent cadre as well as thousands of outsourced and contracted members are considered one large

family, which thinks and acts as one. Developing individual competences of the 'Api Dialog Family', not limited to the scope of work but expanding to cover soft skills, has always been a key focus. Several methods help identify the development needs of each individual to including appraisals and personal requests.

These initiatives are complemented by many others intended to positively influence healthy working

relationships among peers, while making their client relationships smooth and long-lasting. The core of this value system is nothing but understanding the simple reality of both colleague and client are human beings just like oneself. That is why Dialog takes pleasure in recognising and rewarding 'service from the heart', regardless of the beneficiary being a client or a fellow member of the 'Api Dialog Family'.

Workforce Operations

The full-time permanent employee base saw a minor increase when compared with the previous reporting year, from a total of 3,084 in 2015 to 3,269 in the year under review. The outsourced employee count also grew from 568 in 2015 to 611 during the reporting year. Other outsourced services inclusive of security, janitorial and tea services had employee numbers reported as 722 in 2015 and 701 in 2016. Overall, the total workforce stood at 4,581 at the end of 2016. The Group's male to female employee ratio stood at 79:21 over the reporting year, with majority of the employees (approximately 80%) based in the Greater Colombo area. 65% of employees are below 35 years of age.

Dialog Axiata PLC undertook several initiatives to engage employees based in regions outside Colombo 2016, where staff members were given opportunities to enjoy recreational activities inclusive of their family

members. These opportunities to stay step away from routine work, and to relax and recuperate have been well-received since the inception of the programme. During the reporting year, 6 such events were organised by the Group Human Resource team.

Dialog Axiata PLC has established a robust employee grievance handling mechanism that aims to resolve any complaints without discrimination and in keeping with the country's Labour Law. The Company endorses and adheres to the ILO declaration on fundamental principles and employee rights at work. No grievances regarding human rights violations were reported during the reporting year, thus showing the effectiveness of such practices. The number of confirmed incidents of corruption reported in the year in review is 5, for which, appropriate corrective actions were taken by the Human Resource Department.

Dialog's senior management team are firm believers in people development and people-driven growth of corporates. Therefore, investing in the growth and development of the workforce is always considered to be an investment done in the sustainability of the business. Based on this philosophy, learning and development is delivered through the Group Learning and Development Team, using a well-designed framework that develops technical, functional, management and leadership skills competencies for all employees. The framework was designed with the aim of enabling employees to master their current roles and develop them for the future by matching offered programmes with the Company's core competencies.

1,963
Executive

376
Managerial

13
Senior
Management

917
Non-Executive

Dialog Staff
3,269

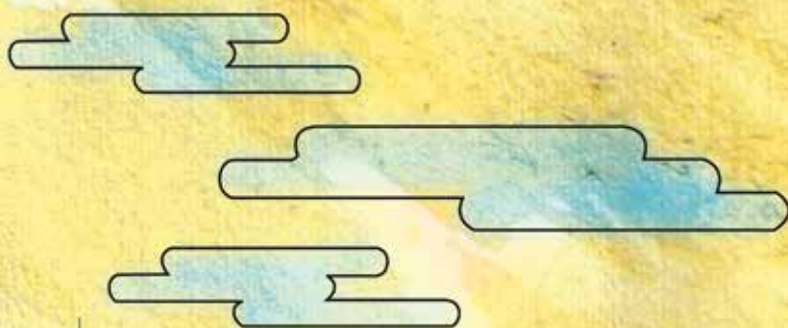
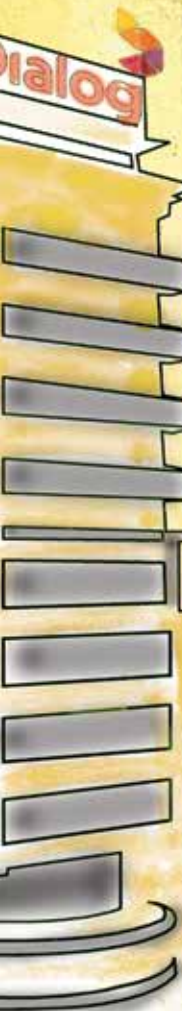
Outsourced Service
Personnel
701

Outsourced Staff
611



Workforce Analysis by Staff Category

Age Group	Count
18 - 25 Years	508
26 - 35 Years	1,619
36 - 50 Years	1,111
> 51 Years	31



Injury Rate: 1.10%



Lost Day Rate: 0.002%



Absentee Rate: 6.08%



Workplace Fatalities: 0

Recruitment Rate

16.00%

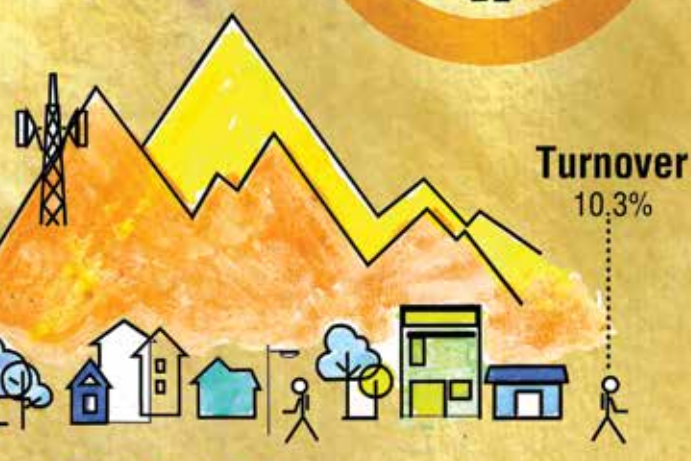
Colombo

Staff 2,606

Senior Management	10
Managerial	317
Executive	1,508
Non-Executive	744



Senior Management	3
Managerial	59
Executive	455
Non-Executive	173



Turnover

10.3%

Outstation

Staff 663

Employee Training and Development

The highly competitive telecommunications industry requires excellent customer engagement and relationship management, and with customer-premises engagements necessitated to support a growing array of services, on-site teams are key to creating Customer Delight. Though the industry has moved to a model where such field sales and services staff are engaged through outsourcing providers, customer interactions with such personnel have an outsized impact upon customer satisfaction and retention.

Dialog thus took a bold move to invest in this valuable and capable field force with the same focus it provides to internal staff. Special National Vocational Qualifications (NVQ) Sales Representative certification programme for Door-to-Door (Modern Channels) and Enterprise Engagement Sales Operations teams was undertaken by the Group HR Learning and Development Team. This special initiative has four main objectives.

1. Strengthening the skills and competencies of the existing Door-to-Door sales teams for increased revenue generation.

When it comes to a communications product or a service in this digital age, there are many ways the particular product or the service can add value to the customer, thus generating more revenue via an increase of productive use, while eventually leading to a delighted, retained customer and the continuity of revenue. When it comes to the targeted segments, the skills, knowledge and competences of the sales person is strongly tied to the knowledge and the understanding gained by the customer.

2. Develop strong personalities equipped with the knowledge, leadership and empowerment required to maintain a high performing culture.

Many studies demonstrate the importance of the first impression, especially when a job is based on interpersonal interactions with strangers. Dialog, as it takes pride in developing the 'Api Dialog' family into a force to reckon with, does not ignore outsourced personnel who are as important to the 'Dialog' brand as permanent staff. We need our teams to stand out from the rest as well-groomed true professionals with adequate knowledge and awareness on matters related to their job. Further, they should have strong leadership skills with the ability to independently make the right decision, regardless of how tough or tricky the situation is.

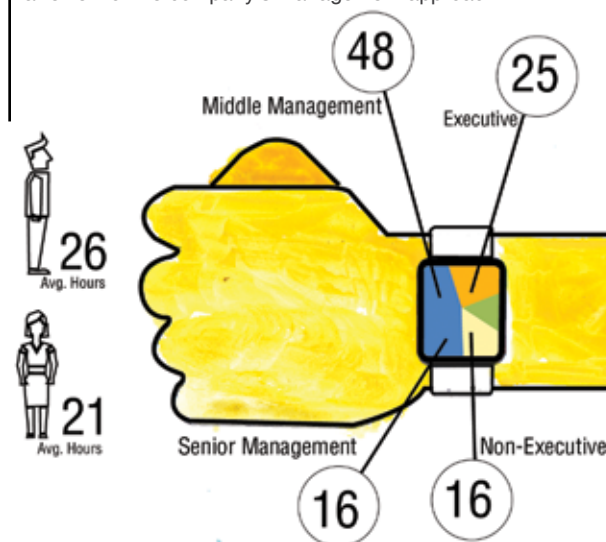
3. Corporate Social Responsibility (CSR) initiative where a National Vocational Qualification (NVQ) in the field of sales is provided free of charge.

As a corporate strongly linked with people's lives, Dialog takes pleasure in giving back to the society and eagerly looking for more sustainable ways of doing so. This initiative is one such instance where Dialog successfully converted a business requirement to a socially beneficial cause by strengthening our youth while fulfilling the requirement for a competent sales staff. Dialog's decision to provide them with a globally recognized qualification like NVQ instead of company specific or general trainings will have a long-term benefit for the youth and the country in general, even if they opt for different job in the future.

4. Attract potential candidates (students who are already following the course under NVQ institutions) to join the Dialog sales force in the future.

Recruiting people who are already following the NVQ qualifications will ensure that the company will possess a competent sales force, where students, on the other hand can fulfil the work exposure requirement, which is critical for the successful completion of an NVQ qualification.

Dialog does not, as of yet, conduct programs for skills management and lifelong learning that support the continued employability of employees with respect to managing career endings resulting from retirement or termination of employment. However, the implementation of such programs will be a key item covered within a review of the company's management approach.



Training hours by employee category and gender

Employee Welfare and Benefits

Employee welfare and benefits is a topic of material relevance for Dialog's stakeholders, with an existing workforce of over 3,200 employees. Dialog makes every effort possible to ensure that employee benefits are better than industry benchmarks.

Dialog prides itself in being a performance-driven company and as such salary increments are granted by the Company, based on an Annual Performance review, differentiated through the employees overall ranking. Dialog is currently in the process of submitting an Annual Bonus Plan as part of its 'Employee Performance, Motivation and Retention' presentation. Dialog's remuneration policy is governed by a performance framework and is comprehensive, yet to be segregated under individual economic, environmental and social objects.

Dialog offers numerous number of benefits programmes to all employees, which are designed based on employee feedback. The Team handles the employee welfare and benefits ensures to improve the quality of employees' lives. The benefits including educational expenses, selected special expenses (new born baby etc.), medical services and insurance, family events, educational expenses and recreational facilities. In addition, we give consolation money in certain situations.

2012	2013	2014	2015	2016
99.24%	100%	100%	100%	100%

Percentage of Employees Receiving an Annual Performance Review

Remuneration Ratio	Female: Male
Non-Executive	1 : 1.11
Executive	1 : 1.01
Managerial	1 : 1.02
Senior Management	1 : 0.82

Year	2015	2016
Return to work after leave		
Male	100%	100%
Female	76.92%	73.81%*
Retained after return		
Male	93.12%	89.00%
Female	93.33%	83.00%

Return to Work after Maternity/Paternity Leave

* Maternity leave for 26.19% remains active as at end 2015

Workplace Health and Safety

With numbering over 4,000 individuals in the reporting year, Dialog ensures that Health and Safety basics are well set in with internal processes and implemented at operational levels to provide a safe working environment for our employees and visitors. Employees at certain level engage with various activities that include hazardous activities which can lead to occupational injuries.

Awareness sessions conducted for all Health and safety representatives within Colombo and regionally. the base of HSE representatives selected narrowed based on location, addressed via a special Health and Safety function established under the Group Human Resources office. The Health and Safety

committees scope exists across the entire Dialog group, and oversees all Health and Safety operations. The composition of the committees are such that they represent the total workforce.

In addition, Dialog supports medical expenses of all its permanent and fixed-term contract employees in the form of reimbursements of non-hospitalisation medical expenses (Out Patient Department – OPD – expenses), with a standard amount applicable for all employees irrespective of employee category. This medical reimbursement scheme also supports the medical needs of immediate family members where applicable. The Company also takes care of hospitalisation and other unforeseen medical

emergencies of employees via a medical insurance cover provided to every employee in the permanent and fixed-term contract cadre. Thus, Dialog stays ahead of many of its peers in the local corporate space in offering care for its employees in the form of a generous medical support scheme. Dialog employees do not perform operational task/activities that expose them to the risk of disease, however no formal study has been carried out thus far and Dialog hopes to conduct a formal study on the possible incidence of disease across the entirety of its operations, if the need arises as an outcome of the annual review on its management approach to Health and Safety.



PROCESS EXCELLENCE





Process Excellence

Dialog strives to achieve Process Excellence across the entirety of its operations as it is a key indicator of Dialog's performance with respect to product/service excellence, competitiveness and customer retention. Dialog employs, and regularly reviews several unique processes towards maintaining its position as a leader and ensuring consistency across all aspects of its business.

Quality and Affordability

Dialog Connects Sri Lanka to Ultra High Speed 100G-Plus Submarine Cable

Dialog's commitment to increasing the quality of its products and services is showcased by its investment in connecting Sri Lanka to the Ultra High Capacity 100G-PLUS Bay of Bengal Gateway (BBG) Submarine Fibre Optic Cable via the state-of-the-art Cable Landing Station (CLS) at Mount Lavinia (South Colombo).

Dialog's BBG CLS now links the nation to one of the world's most technologically advanced cable systems and powers up the single largest global bandwidth infusion to the country. Dialog's investment in the BBG Cable Project exceeds USD 34.5 million (Rs 5 Billion) and underscores the Company's aggressive commitment to deliver the fastest and most advanced

connectivity technology to all Sri Lankans. Dialog's vision for the provision of high speed connectivity is underpinned by its ethos of maximising digital inclusion via ensuring that the advanced services the Company delivers are affordable and accessible to all Sri Lankan citizens, thereby maximising its contribution towards the Socio-Economic Development of the Nation.

The new cable system will deliver over 6.4 Terabits Per Second (Tbps) of international bandwidth to Sri Lanka, and will represent a significant step-up with respect to connectivity speeds. In addition to providing Sri Lanka's Connectivity eco-system with the single largest infusion of International Bandwidth,

the BBG cable will also infuse further speed and capacity to Dialog's state-of-the-art 3G HSPA+, 4G and Fibre Optic networks. The BBG investment also exemplifies Dialog's commitment to present the best in connectivity and enterprise solutions to Sri Lankan businesses. Dialog recently launched Cumulus its best-in-class business cloud services portfolio, which will be further strengthened in terms of global connectivity via the BBG.

Availability and Applicability

Pensions on eZ Cash

Pensioners across Sri Lanka can now receive their monthly pension disbursements directly to their mobile wallet, following an innovative partnership between the country's largest mobile money network, eZ Cash, and the Department of Pensions. The ground breaking partnership empowers any pensioner connected to the Dialog, Etisalat or Hutch mobile networks to receive a self-defined portion of their pension to their mobile phone.

Pensioners from across Sri Lanka can now enable this service by submitting the relevant authorisation documents to the Department of Pensions. The pensioner is empowered to request up to Rs. 25,000 from their pension to be remitted instantly to their eZ Cash account. With eZ Cash, pensioners using a Dialog, Etisalat or Hutch mobile can pay utility bills, insurance premiums, make institutional payments and much more directly from their mobile

phone. In addition to carrying out payments via their mobile phone, pensioners can withdraw the instant disbursement in part or full from over 16,000 eZ Cash merchants across Sri Lanka send or receive money from other eZ Cash subscribers.

eZ Cash has the distinction of being Sri Lanka's pioneering and largest licensed mobile money service.

Dialog ViU

Dialog Axiata PLC announced the launch of Dialog ViU (Video Unlimited), a revolutionary advancement in Video Entertainment for Sri Lankan consumers.

The Dialog ViU video portal provides customers with access to over 3,000 hours of international movies

and tele- series in partnership with iFlix alongside 100's of local movies and tele-dramas. Dialog ViU also provides access to over 100 TV Channels, featuring premium content channels from the Dialog TV GO portfolio with Catch Up and Rewind options, and unique Mobile TV entertainment on MyTV. Live

and archived sports content from the local and international arena are presented via the streaming services of thePapare.com and Rugby pass. Dialog ViU is a revolutionary video experience available to subscribers of any Mobile or Broadband network.

Environmental and Economic Compliance

Dialog ensures high levels of compliance with standards and safeguards across the entirety of its operations as it constantly deals with sensitive personal information of millions of customers and other stakeholders. No incidents of non-compliance were reported in 2016 across legal, environmental, financial, or regulatory compliance areas. Regulatory compliance issues are handled by respective divisions with the guidance and support of the Group Regulatory and Legal division. Specific licenses issued by the Telecommunications Regulatory Commission of Sri Lanka (TRC), the Ministry of Media and Information of the Government of Sri Lanka and the Central Bank of Sri Lanka (CBSL) apply to specific operations and products. Approvals for new network towers involve compliance with TRC as well as Central Environment Authority (CEA) requirements for Environment Protection Licences (EPL).

Promotions and sales are subject to industry regulations as well as basic consumer protection practices. Packages offered to consumers are subject

to approval by the TRC and bear such approval numbers in all promotions. Packaging on hardware resold by Dialog complies with labelling requirements and TRC regulations.

Dialog's employee-related policies and procedures comply with the Shop and Office Employees Act, and International Labour Organization (ILO) standards and guidelines. All employees are advised of their rights and responsibilities and issue management options and procedures via an Employee Code of Conduct made available in multiple forms with regular reinforcement. These include anonymous Whistle Blower Policies and Ombuds processes with strong protection for employees wishing to raise issues they feel cannot be handled through other processes. Dialog's Vendor Code of Conduct goes beyond external compliance by requiring suppliers and vendors to acknowledge their compliance with social and environmental best practices maintained by Dialog, thus extending the Company's best practices further up its value chain.

The Dialog Group of Companies, comprising Dialog Axiata PLC, Dialog Television (Pvt) Ltd, and Dialog Broadband (Pvt) Ltd comply with the ISO 2001:2008 Quality Management System Standard, which provides the framework for ensuring consistent service quality and process compliance.

Dialog Broadband Networks (Pvt) Ltd, which operates Internet Data Centres, and Dialog Axiata PLC's Group Information Technology function also comply with the ISO/IEC 27001:2013 Information Security Management System Standard.

All consumer hardware sold by Dialog is tested for compliance with the safety standards stipulated by the Telecoms Regulatory Commission of Sri Lanka (TRC SL). Dialog complies with all environmental and safety regulations with regards to siting, installation and operation of towers, and no environmental grievances were received for the reporting year of 2016.

Anti-Corruption

Dialog possesses a stringent two-fold process towards identifying incidents of corruption. Internal modes of identification include complaints obtained through whistleblowing, and a comprehensive audit process carried out by Group Internal Audit. Customer complaints, independent third-party audits are examples of external sources tapped into for the identification of instances of corruption. A core value of Dialog, that of 'Uncompromising Integrity' strives to ensure that all employees exhibit and maintain a culture of transparent and ethical behaviour. Further

to this, Dialog possesses both an Employee and Supplier Code of Conduct that sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of integrity with respect to internal and external dealings. The code provides a framework within which employees can assess any activity, situation or circumstances to ensure that they do not place themselves in situations or circumstances that can or may raise questions on the integrity of employees of DAP or any of its Subsidiaries.

Dialog Axiata also has in place, a whistleblower policy, designed to specifically cover internal whistle-blowing and enables the reporting of alleged improper activity, whilst setting out the reporting methods and channels that remain within the organisation and management procedures for alleged improper conduct that are confined to the organisation. Overall, for the reporting year of 2016, Five such incidents of corruption were identified and investigated.

Ethics and Integrity

The balance in adhering to highest ethical standards while striving to provide the best performance is embodied in the core corporate values Dialog shares with its Axiata peers, namely ‘Uncompromising Integrity’ and ‘Exceptional Performance.’ Towards ensuring ethical conduct in the workplace, the Dialog Employee Code of Conduct, which is clearly communicated to and signed by all employees upon recruitment, is a key document that communicates the company’s expectations of proper conduct, ethical behaviour and a strict adherence

to compliance. Employees are further exposed to the specifics of the employee code as part of the induction process and periodic refreshes.

Dialog Axiata manages, and thus reports on grievances under the broader internal reporting category of misconduct. Grievances have instead been dealt with under the relevant misconduct categories under which allegations have been levelled and disciplinary action has been taken accordingly. For example, if an employee’s grievance is that he/

she is being harassed at the workplace, then the relevant disciplinary procedures will be initiated and if needed action will be taken against those whom such allegations have been levelled against and such instance would be recorded under the reporting category of “harassment”. The definitions, procedures and methodological approach surrounding grievances is explained in detail within the Dialog Grievance Handling Policy and Procedure Manual and is applicable to all employees of DAP.

Data Integrity – Information Security and Customer Privacy

As a responsible industry leader Dialog has been investing in Cyber Security initiatives since 2008 by aligning Information Security practices, Information Technology practices and quality management routines with best practices such as ISO 27001:2013, BS 10012:2009, PCIDSS, Enterprise Risk Management, and Business Continuity Management. In the contemporary data-driven work environment with an ever-increasing dependency on digital solutions, data security is challenged by newer and more serious threats every day. Dialog Axiata PLC’s internal Information Security Management System (ISMS) is based on the controls defined in the globally accepted ISO/IEC 27001:2013 standard covers Dialog’s compliance, specifically on IT security and related best practices.

The standard was integrated to the Company’s IT infrastructure for ensuring the control and security of customer data within the organization’s IT systems.

No matter how vital it is for a corporate to ensure the protection of its data, taking appropriate measures against security breaches is hardly possible without adequate understanding and support by the employees. With the implementation of Information Security Guidance Framework (ISGF), year on year Dialog keeps on improving data security measures with a positive engagement of its staff.

The ISGF Team, which is a voluntary cross-divisional team, is committed to safeguarding Dialog’s and its customers’ information assets. Aside from continuously monitoring for threats and responding accordingly, it has become the knowledge sharing centre that disseminates alerts on potential information security threats and counter measures to be taken. Further, the team takes interest in affirming the data security services that Dialog provide for all our customers in all forms.

Data Leaks/ Complaints	From Outside Parties	From Regulators
Total complaints received in 2016	293	0

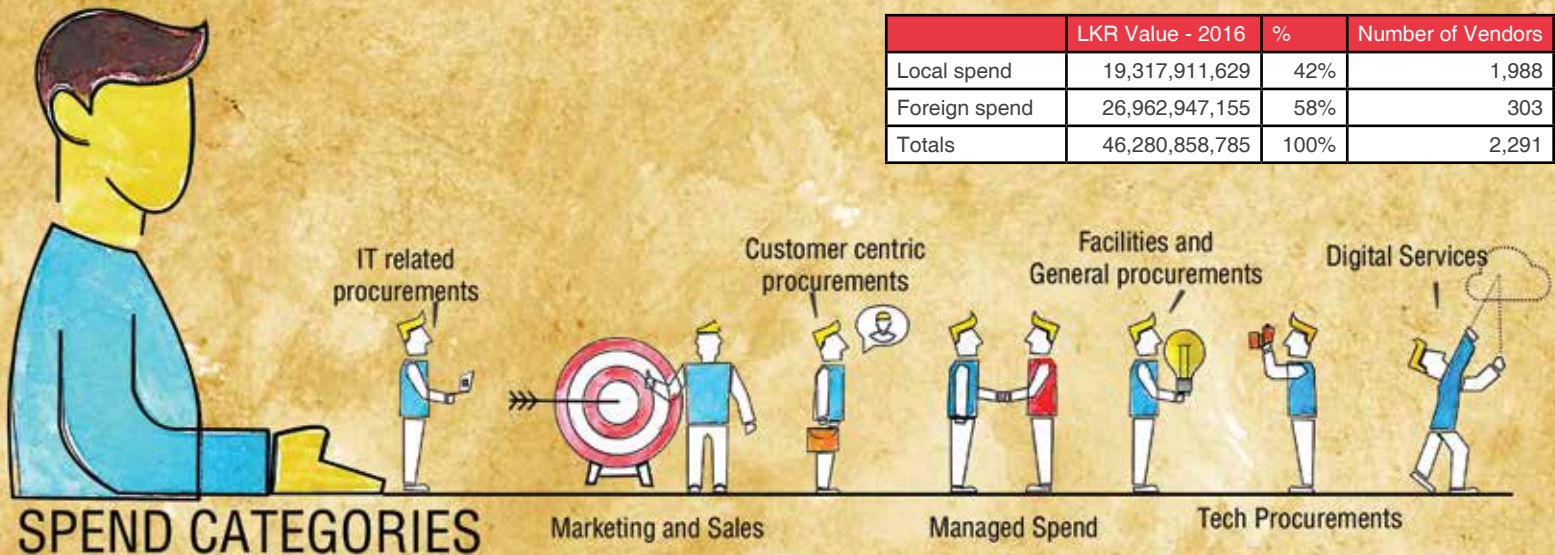
Our guiding principle is to constantly protect customer information and look for opportunities to meet the communication requirements of our customers. The ISGF team has also started several initiatives to drive education on cyber security among employees. In continuation of the internal security awareness, the ISGF team appointed divisional Information Security (IS) champions who are responsible to identify the risks in their respective divisions. These corrective actions make sure that customer data as well as the employee data is secured within the organisation.

Procurement Practices

Dialog possesses a vast and diverse Supply Chain, which plays an integral part in ensuring its ability to perform at maximum efficiency, across the Company. With the existence of significant capital flows comes a requirement for proactive engagement, a significant level of transparency, and the necessity for following industrial best practices.

	Jan -Dec 2016	
a. The number of suppliers subject to impact assessments for labour practices.	80	These numbers based on the number of vendors registered with Dialog during the period. Dialog Vendor Contract Management (VCM) team conducted 20 supplier site visits of the top suppliers based on spend, to check compliance against the Dialog Supplier Code of Conduct.
b. The number of suppliers identified as having significant actual and potential negative impacts for labour practices.	0	
c. The significant actual and potential negative impacts for labour practices identified in the supply chain	0	
d. The percentage of suppliers identified as having significant actual and potential negative impacts for labour practices with which improvements were agreed upon as a result of assessment.	0	
e. The percentage of suppliers identified as having significant actual and potential negative impacts for labour practices with which relationships were terminated as a result of assessment, and why	0	
Percentage of new Suppliers that were screened using labor practices criteria	100%	

	LKR Value - 2016	%	Number of Vendors
Local spend	19,317,911,629	42%	1,988
Foreign spend	26,962,947,155	58%	303
Totals	46,280,858,785	100%	2,291



Supply Chain Management Function Highlights in 2016

Introduction of E-procurement tool - EzBuy

With the objective of achieving better visibility and increased compliance across the overall e-procurement landscape, and to optimise cost with better group leverage and achieve faster turn around time for ordering, Dialog inline with Axiata Group, introduced the new procurement tool – EzBuy. This fully integrated solution includes online Sourcing, Contracting and Vendor Registration tools to help Dialog source the best and most cost effective suppliers.

Introduction of New Commercial Procurement Evaluation Formula

A new commercial procurement evaluation formula was introduced for better procurement recommendations to further enrich the procurement evaluation methodology. The new formula seeks to improve Dialog's ability to source cost effective procurement solutions from competitive suppliers whilst ensuring supplier equity and good corporate governance.

Supply-Chain Process Transformation of Customer Premises Equipment for Dialog Television and DBN

Due to the ever changing business demand and operational requirements, the supply chain process for the purchasing of customer premise equipment was established. The transformation increased buying efficiency in the end to end Supply Chain Customer Premise Equipment cycle and optimised stock levels to achieve optimum cost through consolidating volume.

Dialog Contact Centre Commercial Model Revamp

The contact centre commercial model revamp project was initiated to develop & implement a sustainable contact centre operation model by reducing operational risk and achieving cost optimisation via a cost rescaling scheme while enhancing process efficiency.

ISGF Initiatives Implemented via Procurement Process

Several checks and requirements to implement the Information Security Governance Framework (ISGF) were implemented by inclusion in procurement requirements and processes to ensure end-to-end coverage of Information Security safeguards. ISGF guidelines were included in the Supplier code of Conduct. The revised Code of Conduct is being rolled out as new vendors sign-on and existing suppliers refresh their compliance submissions. Over 118 vendors have signed the revised Supplier Code of Conduct. Further, all vendors are required to sign a revised NDA (non-disclosure agreement) updated per the ISGF requirement, prior to participating in Requests for Proposals (RFP). As part of the RFP process, vendors agree to Dialog's "Right to Audit" their records and practices at anytime.

Dialog Supplier Self Certification

In addition to the Supplier Code of Conduct and in alignment with the Dialog's core values of Uncompromising Integrity (UI) and Exceptional Performance (EP), the vendor contract management unit conducted an online survey of the vendors accounting for the top 90% spend, to allow vendors to self-certify their adherence to Dialog's requirements. To date over 45 suppliers have complied with the Dialog Supplier Self Certification. Supplier Self Certification is also a mandatory requirement of the risk assessment framework (included in the procurement end to end framework)

Dialog Supplier Engagement Survey

In order to build sustainable supplier partnerships, the Vendor Contract Management unit carried out an online survey to obtain feedback on supplier satisfaction for the year 2015/2016 from our key suppliers.

The Supplier Satisfaction survey covered the following areas

- Supplier profile
- Communications
- Ethics and conduct
- Relationship management
- Procure-to-pay process
- Any specific considerations of Sustainability during the year in next year's plans

Vendor Risk Assessment Framework

In compliance with the Information Security Governance Framework's (ISGF) requirements, a vendor risk assessment framework is being developed in order to identify information security risks arising from vendor interactions and data flows.

Supplier Forum

The Supply Chain Management function plans to host its first ever Supplier Forum event in 2017, with the objectives of,

- Sharing perspectives on the Industry and Dialog's status therein
- Explaining Dialog's procurement Roadmap, new initiatives and strategies for 2018
- Discussing how Dialog and its suppliers can work together to create further value across and by means of Dialog's supply chain

PLANET AND SOCIETY





thuru #thurulk

Thuru.lk is a mobile based application focused on providing nature lovers with an opportunity to plant trees as part of a larger effort towards combating climate change and tackling deforestation. The mobile and web based application received seed money through the Dialog Volunteer Network.

The goal of the "Thuru" app is to lead to the planting of 2 million trees received its seed money, through its users, by the end of 2018. Thuru is an example of leveraging Dialog's core competencies and its team members' interests and energies to tackle challenges facing planet and society.

Planet and Society

Dialog is cognizant of its position as a multisensory service provider connected to the daily lives of nearly half of all Sri Lankans, a leading Sri Lankan company in economic terms, and as an employer of choice for job seekers. Dialog's technologies have, as elsewhere in the world, helped communities 'leapfrog' to more efficient ways of life and ways of doing business, reduced economic frictions as well as reduced inefficiencies such as unnecessary travel and logistical overheads.

Climate Change and Environmental Impact Mitigation

Among the key topics arising from Dialog's stakeholders in its survey of material issues in 2016, were Climate Change and environmental impact mitigation. A number of activities across the scope of Dialog's operations may be classified as material to emissions concerns. Dialog conducted an assessment of all such activities to determine its overall carbon footprint for the year 2016. The emissions calculations and overall carbon footprint development was done so aligned with the GHG Protocol, and ISO14064 guidelines.

Energy

Dialog's extensive collection of base stations and tower sites that comprise its network tower operations, coupled with a sizeable number of customer service and back-office locations, require a considerable amount of readily available energy to ensure smooth operations with high availability.

Dialog makes every effort to use efficient technology and best practices to ensure high efficiency across all energy consuming activities. Investments into cutting-edge methods of producing renewable energy and energy conservation technology have allowed Dialog to make great strides in this regard. A key part of this was the outsourcing of the responsibility of managing and monitoring tower sites to Edotco Sri Lanka, a subsidiary of the Axiata Group Berhad. As part of a focused international passive infrastructure operator, Edotco Sri Lanka brought with it additional expertise in the field of renewables, and the capacity to more strongly measure and mitigate the environmental impact of the tower sites. Several actions were taken by Edotco to improve energy efficiency in Dialog's network. The replacement of obsolete rectifiers with new high-efficiency rectifiers at a number of off-grid

sites, in continuation of a process commences in 2015, and the extended deployment of inverter air-conditioner units, contributed to a great reduction in the electricity consumption across tower operations. The conservation of fuel consumed by generators at sites was achieved through several key initiatives. The implementation of motorised auto-transfer switches, and CDC controllers enabled great savings of fuel by minimising generator running hours by enabling sites to be powered longer by high-capacity batteries instead.

Hybrid Solar cells and panels were installed at certain sites, thereby allowing for the generation of renewable energy as a means of power. A generator removal scheme focused on sites where year-long generator usage was low, instead fitting sites with high-capacity battery banks as a replacement power source. Further to this, sites with high fuel consumption were connected to the national grid as their primary power source to ensure significant reduction in fuel usage, thereby ensuring cost-effective power generation. External factors such as the transport activities related to the operation of such sites were also considered, as

The key activities found to be emissions sources across Dialog's operations are as follows:

- Energy Usage
- Company-Owned and Hired Vehicles
- Employee Commuting
- Occupation-related Air Travel
- Waste
- Refrigerant Gas*

an outcome of which 600 litre high-capacity fuel tanks were installed at certain sites to greatly minimise the necessity of transporting of fuel to replenish sites. The Dialog Head Office complex at Union Place Colombo 2, completed in 2015, was awarded LEED Gold Certification in 2016 by the US Green Building Council, which further highlights the effort towards ensuring it operates as a sustainable, energy-efficient building. A cutting edge solar-power production system at the Head Office accounted for a saving of up to 132.48 GigaJoules (GJ) of energy, almost double that saved in the preceding period, from its commission up to the end of the year.

The combination of all efforts made to conserve energy and increase energy efficiency at Dialog yielded savings of approximately Rs. 22 million over the course of 2016. Further to this, the year-end review of energy consumption efforts at Dialog assessed the extent to which energy usage was managed across the organisation. Upon completion of the review, action plans to modify the approach to energy management within Dialog will be implemented in the forthcoming year.

* R22 gas usage (fugitive emissions) is based on estimate of weight of containers used for refills, not on actual amount used.



Emissions

Due to the expanse and vast range of activities covered by Dialog's operations, there exist several different emission sources. Dialog conducts an annual review of its operations to identify such sources, comprising of relevant stakeholder consultation. Once such sources have been identified, Dialog undertakes the process of developing its comprehensive Carbon Footprint consisting of Scope 1, Scope 2 and all feasibly trackable Scope 3 emissions, as per the Greenhouse Gas (GHG) Protocol. The greenhouse gases tracked include Carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), with

the total emissions presented as Carbon dioxide equivalents (CO₂e). Through the numerous initiatives carried out through the Company towards ensuring energy efficiency, sustainable resource usage, and environmental awareness, Dialog is able to achieve savings with reference to the relative amount, year-on-year, of GHG's emitted. A further year-end review is conducted to determine action plans and modifications to current operational procedures with respect to emissions management, for implementation in the forthcoming year.

Dialog's total emissions for the year 2016 (Scope 1, Scope 2 and Scope 3) amounted to 75,151.11 tCO₂e. Scope 1 emissions totalled to 4,151.41 tCO₂e (5.31%), Scope 2 emissions (electricity consumption) accounted for 63,864.87 tCO₂e (81.71%), whereas the Scope 3 emissions amounted to 10,143.75 tCO₂e (12.98%).

Dialog hopes to conduct a detailed study on the NO_x, SO_x, and other particulates and volatile compounds, emitted throughout the scope of its operations in the forthcoming reporting year.

Energy Intensity

Energy Consumption
Per Customer ▼ **0.04 GJ**
2015 - 0.09 GJ

Energy Consumption
Per Employee ▼ **5.05 GJ**
2015 - 5.64 GJ

Energy Consumption Per
Technical Site ▲ **129.91 GJ**
2015 - 118.89 GJ

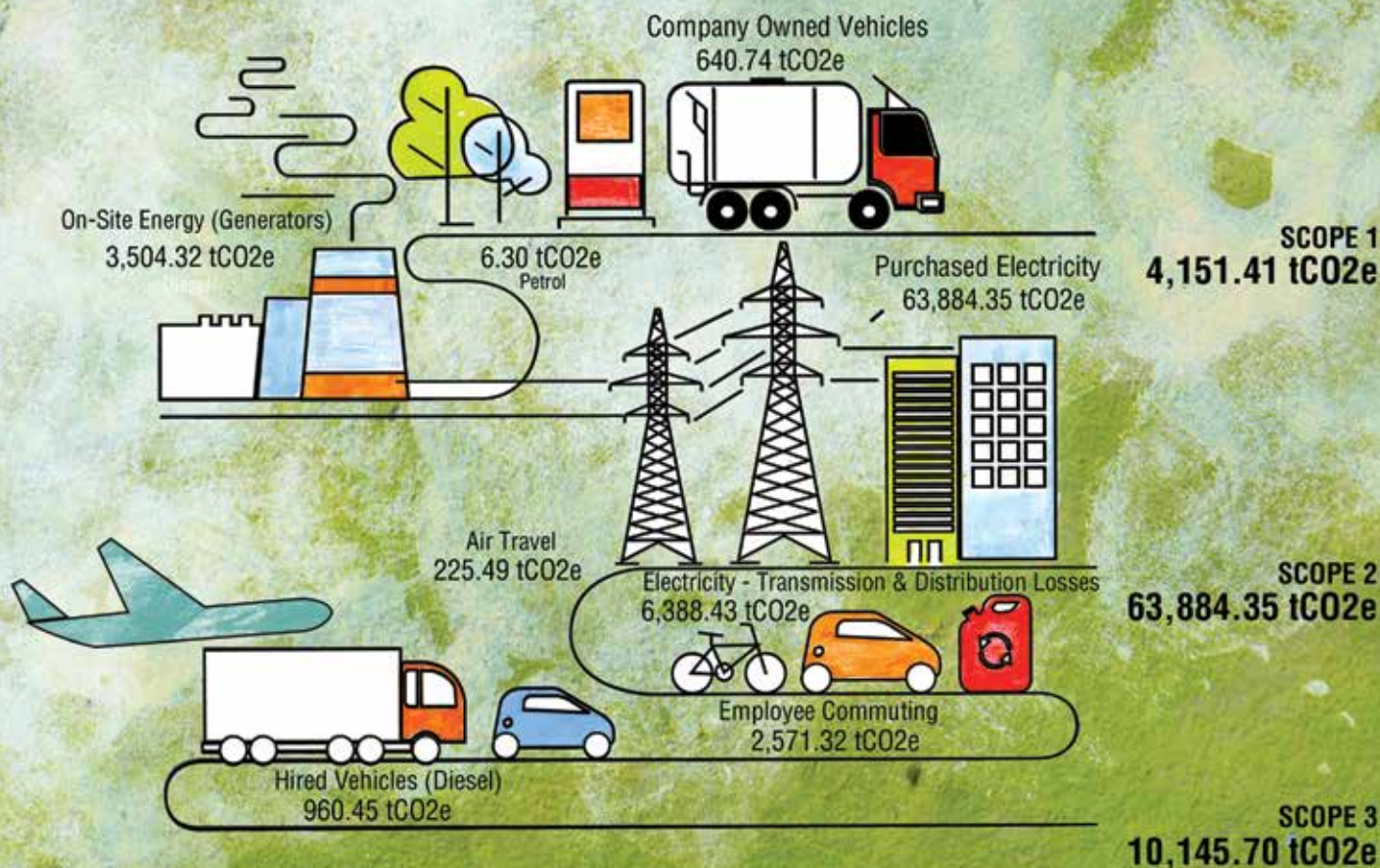
Emissions Intensity

Emissions Per Customer
▲ **6.63 kgCO₂e**

Emissions Per Employee
▲ **17.07 tCO₂e**
2015 - 10.49 tCO₂e

Emissions Per Technical Site
▲ **24.64 tCO₂e**
2015 - 15.25 tCO₂e





Material Consumption and Waste

To more accurately account for the amount of material resources used to deliver Dialog's products and services, the amount of paper consumed for the provision of bills was tracked. During 2016, it was found that 276.87 tonnes of paper was consumed. The implementation of e-bills was further encouraged in 2016, with a saving of 101.22 tonnes of non-renewable materials achieved through the usage of e- and summary bills across all business units. The practice of using recycled paper as part of Dialog's operations is not common practice as of yet, and only occurs in certain instances. Dialog will consider the extensive use of recycled paper as part of its annual review on operational material consumption.

Water

The total water consumption for 2016 was 64,862.00 m³ (KL), which was a 16.84% increase on that of 2015. The average consumption per employee was found to be 19.84 m³.

	Direct (Fuel Usage)	Indirect (Electricity Consumption)
Dialog	743.63 GJ	22,369.85 GJ
Technical Sites (edotco)	40,067.10 GJ	412,194.39 GJ
Total	40,810.72 GJ	434,564.24 GJ
		475,374.73 GJ

Net Value Created

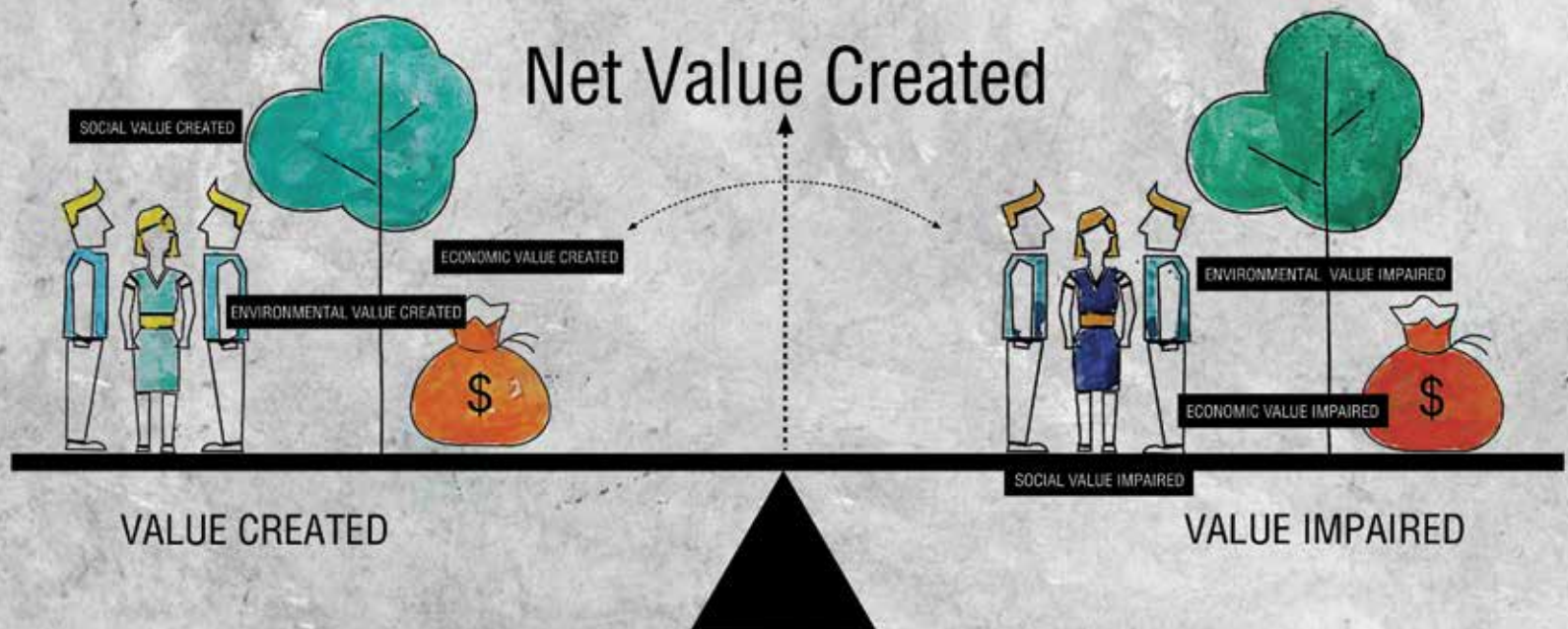
While "Value Creation" is the explicit or implicit goal of most human enterprises, it is usually considered and measured on the dimension of economic value created. With several centuries of economic value creation accompanied by scholarship and examination on the subject, the understanding also exists that some actions, decisions or phenomena might destroy economic value. In certain economic considerations, it may be conceivable that a single decision may result in value-destruction on certain dimensions, as well as value creation on other dimensions. Under the stated objective of engaging in overall value creation, then, the objective when weighing such decisions should be to ensure that the

net of value destroyed and value created by each decision, should result in positive value creation – or net value created.

As societies and corporations have embraced a more holistic view of corporations' "Triple Bottom Line" performance, reporting quantifiable impacts, the soundness, measurable and comparability of reporting on the three dimensions of economic, social and environmental bottom lines has seen significant engagement and improvement.

However where Triple Bottom Line reporting frameworks fall short is in integrating their

performance on the different pillars into one singular measure, due to largely to the difficulty in translating concepts and measures of value between the pillars. Dialog has worked in recent years a Net Value Creation (NVC) approach to arrive at a singular measure, by applying quantifying methodologies and focusing on comparable scaling of values between the economic, social and environmental pillars. As implied by name, the approach focuses on the net of quantified value created and destroyed on each pillar, enabling a singular measure as well as comparability between finer grained units.



Supported by independent third parties, the methodology followed was to survey a large cross-section of stakeholders to empirically derive contingent valuations – as financial values – for factors in the social and environmental pillars, to facilitate direct comparison across all three pillars. The intention behind the NVC tool is to not only integrate measures onto one singular base, but to also enable examination of the businesses value-creating and value-destroying activities under each of the economic, social and environmental pillars, beyond the businesses own boundaries as well. This would

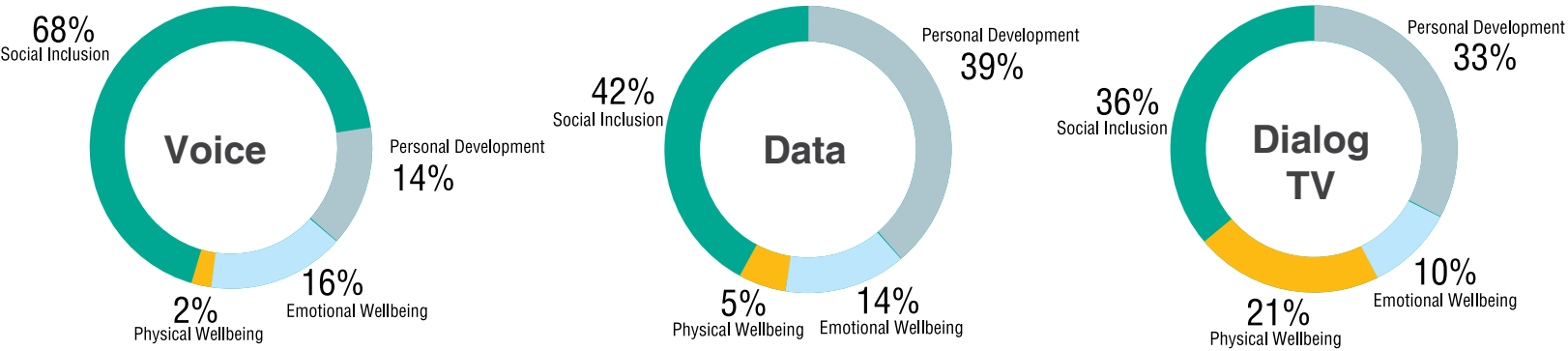
act as an integrative measure of performance beyond the inward-looking scope of corporate financial performance, potentially also demonstrating the interplay between pillars corresponding to resources allocated, and net value created.

With sufficiently robust data the tool may be used not only to measure Dialog's overall net value created, but also to focus on net value created for a specific stakeholder group, by a specific product, and other dimensions. Such visibility would therefore enable the business to directly act upon the factors found to

create or destroy value from the perspective of each stakeholders group.

The NVC model calculates social value through a Quality of Life (QOL) framework for its customers; four broad parameters are considered such as Social Inclusion, Personal Development, Emotional Well-Being and Physical Well-Being. Using this framework in its first iteration, it has been measured that Dialog has created a net social value of Rs.27.7 billion for a base of 6.02 million retail customers, or in other words imparted around Rs. 4,600 worth of social value per retail customer.

The contribution to different QOL framework parameters is represented below as a percentage distribution of the total social value created by Dialog within each major product category considered (Voice, Data and Dialog TV).



A large portion of the social value for Dialog's Voice and Data products is generated through the Social Inclusion parameter, whereas Dialog TV generated a bulk of the social value through parameters such as Personal Development and Emotional Well-Being. Beyond these findings the NVC tool has shown that for every Rs.1.00 spent on any service within the product domain that can be categorized as Voice, Data and Dialog TV, a customer's social value is

enhanced by Rs.1.37. This underscores that Dialog Axiata PLC has performed exceedingly well in realising its vision of creating positive social value for its users based on their own reporting. The development of this tool has reached a pivotal stage with partnerships and expertise ranging from the International Finance Corporation to local service providers such as Nielsen, and domain knowledge unique to Dialog. As we continue to refine and

leverage the tool in generating insights to guide resource allocation it is envisioned that the tool will be valuable not only for informing internal business decisions, but also for related stakeholders and ecosystem players. Further measures and insights will be shared with stakeholders on a continuing basis in appropriate forums including future Sustainability Reports

Govi Mithuru

70% of Sri Lanka's population lives in rural areas and their main livelihood is agriculture. Empirically it is shown that the majority of farmers own a mobile phone, which they largely use only for taking voice calls. Lack of access to timely or relevant information has always been reported as a prominent issue in this sector. Govi Mithuru (Farmer's Friend or 'Ulavar Tholan' in Tamil) is a mobile advisory service for farmers with the theme 'Secure Crop and Family Health,' created to address the information gap in this sector.

The service is a result of a partnership between the GSMA and Dialog, working with the Department of Agriculture, Ministries of Agriculture and Health of the Government of Sri Lanka, facilitated CABI South Asia, supported by human-centred design expertise and funded by DFID, the UK's international development agency. The project is part of the mAgri Challenge Fund, an initiative by the GSMA targeting improved livelihoods of small holder farmers in African and South Asian countries using mobile services. Dialog is among six operators worldwide who successfully won the challenge fund from among the mobile network operators in the 13 countries eligible for the programme.



To access the service, farmers simply dial 616 from any Dialog mobile phone. For just Rs. 1/- a day (plus taxes), farmers may listen to voice recordings that provide customised advice on land preparation, cultivation, harvesting and post-harvest activity. Advice is also provided on seed selection, pest and disease control and improving family nutrition. Govi Mithuru advice is customised for each of the Wet, Dry and Intermediate Zones, supporting all irrigation types. By end 2016 over 267,000 farmers island wide had registered with the Govi Mithuru service, obtaining advice for Paddy (rice), Maize (Indian Corn), Potato, Tomato, Brinjal (aubergine), Big Onion cultivation and more. Paddy remains the most popular crop on Govi Mithuru, with growing interest in the Home Gardening segment as well.

Govi Mithuru presents a multitude of benefits and value additions to all its stakeholders. For agriculture sector officials, the platform presents the capability to promote strategic crops, and disseminate time-critical information on weather and disease control, plus, insights into upcoming yields and timings. For officials at the grassroot level, the service allows for better insights and tracking of farmer progress and needs, enabling targeted advice and a focus on vulnerable sections. For farmers, Govi Mithuru provides crop security, better profitability, enhanced engagement with officials, and guidance for nurturing a healthy and well-nourished family.

Dialog's mobile-based Govi Mithuru agriculture development programme also serves as a case study for global development and regulatory agencies such as DFID and GSMA who keenly follow its progress, to leverage best practices for the expansion of mobile agriculture all over the world. Dialog is privileged to be at the forefront of this global programme, and worked closely with all agencies towards its fruition.



Govi Mithuru has been welcomed by farmers all over Sri Lanka, with exceptional growth in traditionally agricultural areas such as the North Central, Central and Eastern provinces, with users providing independent testimony to the benefits or advantages provided by the platform. Dialog has also made several efforts to promote the use of Govi Mithuru amongst farmers with several marketing and promotional initiatives island wide.





Featured here is Bandula Wijesuriya - a 'Farmer-leader' from Kabaldattawa Farmer Society, an active 'Govi Mithuru' user who improved his harvests through the use of this service



Senehe Siyapatha Initiative

The 'Senehe Siyapatha' fund was a unique and timely initiative launched and executed by Dialog Axiata PLC in collaboration with the Ministry of Parliamentary Reforms and Mass Media, Associated Newspapers of Ceylon Ltd. (ANCL), the Disaster Management Centre under the Ministry of Disaster Management, the Sri Lanka Broadcasting Corporation, the Sri Lanka Rupavahini Corporation and the Ministry of Defense. This initiative enabled Dialog's customers to contribute directly towards a worthy cause to help fellow citizens in need.

The funds collected were planned to be disbursed in three phases. Under the first phase, the 'Senehe Siyapatha' initiative donated 50 water pumps worth Rs. 1.4 million to the Disaster Management Centre to aid immediate relief efforts during the flood. This timely action served as tremendous support to the flood relief work. The project's second phase assisted 10,373 schoolchildren from 33 schools in the flood-affected Colombo and Gampaha districts, who received school footwear worth over Rs. 11 million, bringing a smile to their faces while supporting a speedy return to their education activities.

For its third phase the 'Senehe Siyapatha' initiative extended its reach to another community with a significant expansion of scope. On behalf of the Senehe Siyapatha partners, Dialog undertook the construction of housing for the worst-affected families, rendered homeless by the landslide that occurred as a result of the extreme weather in the Aranayaka area of the Kegalle District. Of immense importance in this endeavour are the Sri Lankan Army, Navy and Air Forces, providing construction services under a commitment made by the Ministry of Defence, and the able Project Management services provided voluntarily in the public spirit by Sierra Construction Pvt Ltd. The project, in its final phases at the time of writing, undertook building 30 houses with the remaining funds, per plans and guidance by the National Building Research Organisation under the Ministry of Disaster Management. With final costs of construction and finishing, underwritten by Dialog, the total outlay by the Senehe Siyapatha Fund is Rs. 65.8 million.



**Senehe Siyapatha Gammanaya
School Shoes Project
Construction Services
Water Pumps**

**Rs. 51.0Mn
Rs. 11.4Mn
Rs. 2.0Mn
Rs. 1.4Mn**

The initiative, launched as a disaster relief fund after the catastrophic floods and landslides following heavy rains in May 2016, enabled Dialog subscribers to donate any amount through a special charity app, which Dialog committed to matching on a 2:1 basis. Within a very short period, this managed to collect Rs. 14.9 million from customers and staff members, which was complemented by a donation of Rs. 35 million by Dialog to comprise a fund of Rs. 50million. Dialog and its partners demonstrated their commitment to accountability by publishing audited figures relating to the funds collected, followed by periodic updates on activities, by SMS to the customer base as well as on a special web page.



Hearing, Sight and Speech

Dialog's long-standing commitment to enriching the lives of those who suffer from Hearing and Speech impairments is most powerfully realised by the Ratmalana Audiology Centre (RAC), setup and operated in partnership since 2006 with the School for Deaf in Ratmalana, in the South of Colombo. The RAC cross-subsidises its free services to the students of the School and qualifying members of the public, by taking in fee-paying customers for its highly rated tests, interventions and therapies for hearing and speech impairments. Dialog's financial contribution in 2016 to bridge the RAC's annual operating budget shortfall was Rs. 2 million.



As part of its Digital Inclusion focus Dialog has over the years considered how to make its services most available and accessible to marginalised segments of society including people with disabilities. The Company offers a special package with features tailored to the needs of people with hearing impairments, and in the period under review undertook research into other product and service offerings that may enrich and empower the lives of Sri Lankans living with other disabilities.



In 2015 and 2016, Dialog worked with the Vision 2020 Sri Lanka initiative to support the poorest Sri Lankans living with sight impairments. 'Vision 2020' is a global initiative of the World Health Organisation (WHO) and the International Agency for the Prevention of Blindness (IAPB) for the elimination of avoidable blindness by 2020. The global programme consists of an international membership of government agencies, NGOs, professional associations, eye care institutions and corporates. The programme is spearheaded in Sri Lanka by the Ministry of Health, with the aim to eliminate avoidable blindness in Sri Lanka through the implementation of a sustainable national programme as part of the National Health System.



The year 2016 saw the continuation of the Low-Cost Spectacle programme, which received Rs. 6.25 million in the year 2015, with the objective of facilitating the custom preparation and fitting of 10,000 pairs of prescription-made spectacles given to low-income recipients through the National Eye Hospital. In 2016 Dialog Axiata PLC contributed a sum of Rs. 2 million towards the construction of a purpose-built mobile eye surgical unit. The unit is intended to facilitate Cataract Surgeries in areas where people do not have easy access to hospitals with the required facilities.

Nenasa Educational TV Channels

'Nenasa' is a partnership, commenced in 2006, between Dialog Axiata PLC and the Ministry of Education of the Government of Sri Lanka, aimed at enhancing the quality and reach of education within Sri Lanka. Under the programme, two channels dedicated to the local Grade 10 and Grade 11 syllabuses respectively, with a focus on improving English, Mathematics and Science results at the Ordinary Level examination, are broadcast exclusively to more than 2,000 government schools and all National Teacher Training Colleges, at no cost, and as part of the basic offering to all Dialog TV subscribers.

Over time, 'Nenasa' has become a Public-Private Partnership of national importance. Dialog has donated 2,000 televisions and receiving equipment to schools covering every district in the island, with another 250 TVs donated by World Vision International to schools in its areas of activity. Since inception each recipient school contribution has been to set up a 'Nenasa Laboratory;' a classroom with 40 seats, teacher's desk and seat, whiteboard/ blackboard, and space for the Nenasa television and receiving unit. The 'Nenasa Laboratory' type plan is also an integral part of the 'Technical Laboratory' buildings constructed in 1,000 secondary schools across the country. In addition to financing capacity building, equipment and infrastructure at the Ministry of Education and its institutions, Dialog continues to support content development for the channels. In 2016 alone, Dialog invested approximately Rs. 30 million in 'Nenasa' content and maintenance, while the Company's total investment in the partnership has surpassed Rs. 370 million to date.

The 'Nenasa' partnership makes full use of Dialog's expertise and leadership in information and communication technologies to enable digital inclusion, distance learning and other means of enhancing the public's ability to seek knowledge and learning. Dialog's commitment does not end at providing the Dialog Television connections. Dialog TV's continuous maintenance and technical support is provided to all these schools, accommodating their various requests over time.

Educational material is prepared by over 100 teachers carefully selected by the Ministry of Education. Capacity building workshops and special trainings were held to improve the skills of these selected teachers. There is admirable interest among the other schools, being independently equipped with televisions through various means such as donations from past pupil groups, to obtain this facility. Any such school with the required infrastructure in place is given this special Dialog TV connection free of charge, upon requests directed to Dialog through the Ministry of Education.



Students in a Nenasa Laboratory



The Dialog Merit Scholarship Programme

Since 2003 Dialog has supported high-performing students following an engineering career, with monthly bursaries at both the university preparation and undergraduate levels to selected students in state schools and state universities. While the monthly bursaries disbursed throughout the course of study is one notable rarity among similar programmes, the focus on plurality of opportunity by selecting the top student in each of Sri Lanka's 25 districts, is another key differentiator. To date, over 600 scholarships have been awarded under this scheme.

Recipients of scholarships during the two-year university preparation G.C.E. (General Certificate of Examination) Advanced Level studies are selected from those students topping their districts at the G.C.E. Ordinary Level examination and selecting the Mathematics stream of study. The top five such students at a national level, as well as the next best performing student for each of the 25 districts, receive this bursary while they remain in good standing.

Recipients of scholarships for undergraduate engineering studies are similarly selected from those students topping their districts at the G.C.E. Advanced Level examination in the Mathematics stream. The top-performing male and female student in the country, as well as the next best performing student for each of the 25 districts, is selected for this bursary.



The Induction of the 2013 G.C.E. Advanced Level and undergraduate Scholars as well as the induction of the 2014 Ordinary Level scholars were held in 2016. A sum of Rs. 8 million has been disbursed in scholarship grants to all scholars currently in status, at various stages of study, during the reporting year. To date, over Rs. 80 million has been spent by Dialog to empower students under this scheme. The active support of the Ministry of Education, and of the Ministry of Higher Education and the University Grants Commission, are vital to the success of this long-standing Public-Private Partnership devoted to supporting excellence in Sri Lankan education.





A beneficiary receives spectacles during a Vision 2020 event, where 472 custom-made spectacles were distributed, free-of-charge, to those who participated in the prior free eye-screening sessions in the Monaragala district.

A Campaign with a Vision

Building upon an insight from data shared among Vision 2020 partners, that the population segments worst affected by vision-related issues match very closely the population segments that Dialog's Digital Inclusion initiatives seek to serve, Dialog's Sustainability function leveraged the Vision 2020 partnership for a unique education and promotion initiative in the period under review. The logistics and preparations for on-ground promotion and education activities for Dialog's ground-breaking Govi Mithuru service were combined with the promotion and outreach for Eye Health Screening camps, generating great interest and participation in highly rural areas where drawing large crowds can be challenging.

Total pairs of spectacles distributed in 2016: 11,486



Both initiatives benefited with shared costs and a high degree of complementarity between the population segments reached by this effort. Under this initiative, 8 Eye Screening camps were held in 5 districts, where most the population consist of low-income farmer groups.

The campaigns saw over 5,000 people being screened, of which more than 3,500 found to require spectacles, received custom-made spectacles fully funded by Dialog Axiata PLC, at a cost of Rs. 2 million. The programme was well-received by the targeted population segments as a value-creating, caring initiative notably different to the majority of mainstream promotional activities undertaken in such areas.



Community Investments

Dialog invested a total of approximately Rs. 56 million on a plethora of projects in place to benefit society. Such investments are made through the Dialog Foundation, and disbursed to projects across fields such as education, societal health, infrastructure development etc. This is aside from the Rs. 5.2 million disbursed specifically as general donations, and through the Dialog Volunteer Network. Dialog hopes

to address key challenges faced by the members of public, to advance the marginalised issues faced by the public through targeted sustainable interventions, and to advance social innovation.

Further to this the Board of Directors declared that 1% of Net-Profit After Tax (NPAT) will be deployed to the Dialog Foundation, to disburse out as community

investments. The Foundation would work closely with Group Sustainability at identifying and assessing areas of focus in society, and prepare an annual activity plan, to be endorsed and approved by the CEO.

BEYOND SHORT TERM PROFIT





Beyond Short Term Profits

The Axiata Group Berhad, regionally, and Dialog Axiata PLC, locally, practise long-term business strategies that maximise value for long-term shareholders, customers and national economies. As major economic actors in all operating countries, competing in strategic industries, Axiata companies balance short-term profitability incentives with the understanding of the longer-horizon drivers of long-term financial sustainability.

Business Performance, Company Growth and Profitability

The Company's strategy in the medium term, reflected in its performance in the period under review, has been to maximise its capabilities and position as a provider of converged connectivity and its intimate relationship with millions of Sri Lankans, while investing in and preparing for an on-going industry shift to a data-driven future challenging previously successful business models. The Company continued its focus on operational excellence and consolidating its leadership, resulting in increased market share in the mobile telecommunication, and fixed telecommunication sectors, and consolidated leadership in the digital pay television and tele-infrastructure sectors.

Dialog Axiata PLC retains the distinction of being the single largest Foreign Direct Investment in Sri Lanka with a cumulative USD 2.1 Billion invested since inception, of which USD 158 Million was invested in the period under review. The Company invested capital in high-speed broadband infrastructure with across fibre optic, 3G HSPA+ and 4G wireless

broadband technologies, increasing the capacity and reach of its high-speed network. Beyond network infrastructure, the Company continued to invest in an expansive portfolio of strategic initiatives including Media and Television, Digital Services and Information Technology systems. The ultra-high capacity 100G-LUS Bay of Bengal Gateway (BBG) submarine fibre optic cable's commissioning, capping a three year process, saw the fruition of one such strategic investment, of over Rs. 5 Billion. With over 6.4 terabits per second of international connectivity the BBG cable provides capacity and option value to enable Sri Lankan ICT and IT-Enabled Services enterprises. Investments in core infrastructure, fibre optic networks and wireless access infrastructure extend the capacity enabled by BBG across the domestic network. Dialog's Digital Television business extended beyond the living room screen, anticipating industry trends with a state-of-the-art Video on Demand (VoD) mobile television service, an IPTV platform for the Enterprise, Multi-Tenant and Hospitality sectors, and significant expansion in Live Streaming capacity for its sport

entertainment property, thePapare.com. In the period under review Dialog commissioned and launched to market multiple Internet Data Centres (IDCs) accompanied by a rich portfolio of Cloud applications branded "Cumulus."

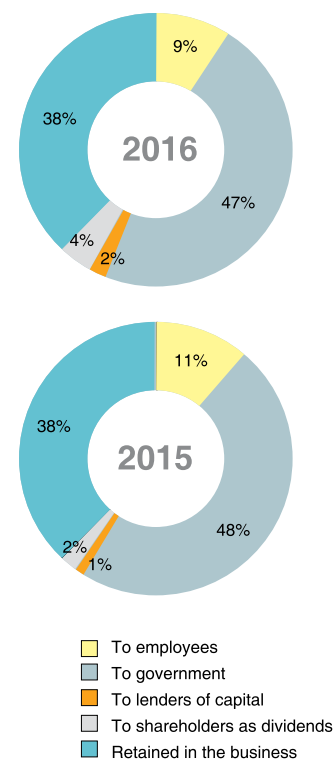
The Dialog Group's consolidated revenue for the period under review grew 17% compared to the previous period, to the figure of Rs 86.7 Billion. By sector, the mature local Voice sector revenues grew by 11%, while growth of 52% in Mobile Broadband, 33% in Fixed Services, 6% in Pay Television and 103% in Digital Services sectors reflected their growth potential. A combination of revenue growth and operational improvements grew Group EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) by 23% YoY to Rs. 29.2 Billion for the period under review, while NPAT (Net Profit After Tax) grew by 74% to Rs. 9 Billion. While significant growth in future-focused sectors was a material driver, the robust growth returned by the core mobile business was a key driver of this overall performance.

Such growth in traditional businesses however cannot be depended on for future growth. The Company's posture for the future is one of pre-empting disruption by transforming itself, extending its boundaries, and acquiring new capabilities in new fields of competition. Revenue erosion by OTT (Over The Top) communication services is already evidence in the local telecommunications sector, most visibly in the depletion of International Termination and IDD (International Direct Dial) revenues. With rates of change likely to be non-linear and irreversible, regardless of any regulatory interventions that may seek to level playing fields, Dialog's approach has been to embrace the challenge with targeted investments and cutting edge innovation to compete as equals with potential disruptors.

Beginning with an inward focus, the Company has undertaken multiple initiatives to realign and digitise its internal processes. Beyond its existing businesses and activities, Dialog's ventures into the Digital sphere are organized under internal Digital Services Business Unit as well as its container for non-adjacent and inorganic growth, the fully owned Digital Holdings

Pvt Ltd. In the period under review Digital Holdings Pvt Ltd's investments were Digital Commerce Lanka, which operates the electronic commerce business WoW.lk, Digital health, which operates the digital health business Doc.lk, and Headstart, which operates the digital learning business Guru.lk.

In the space of Digital Financial Services, the mobile money service eZ Cash, operating across three mobile networks, saw transactions of Rs 18 Billion in the year under review, with a growing volume of inward foreign remittances unlocking opportunity for the families of Sri Lankans employed abroad. The NFC (Near Field Communications) cashless services platform saw a landmark implementation in the Sahasara transport modernisation programme providing cashless transportation ticketing on public transportation, in partnership with the Strategic Enterprise Management Agency of the Government of Sri Lanka. Finally, Dialog's portfolio of Micro-Insurance services made insurance services accessible to more Sri Lankans in the Personal Accident, Hospitalisation, and Third Party Motor Cover categories, with a total of 2.5 million policies in the period under review.



Direct economic value generated (Group)	FY 2016	FY 2015
a) Revenues (Net sales plus revenues from financial investments and sales of assets)	87,184,337,000	56,790,625,864
Economic value distributed (Group)	61,764,428,633	41,624,551,562
b) Operating costs (Payments to suppliers, non-strategic investments and royalties)	19,610,921,850	20,341,964,602
c) Employee wages and benefits (Total monetary outflows for employees (current payments, not future commitments)	6,281,310,000	4,272,122,000
d) Payments to providers of capital (All financial payments made to the providers of the Organisation's capital.)	4,046,237,000	2,666,049,987
e) Payments to government (Gross taxes)	31,717,020,150	14,397,488,398
f) Community investments (Voluntary contributions and investment of funds in the broader community includes donations)	108,939,633	46,926,575
Economic value retained (calculated as Economic value generated less Economic value distributed) - Investments, equity release, etc.	25,419,908,367	15,166,074,302

Innovations

The of innovation is one that Dialog Axiata PLC pays a lot of attention to as it strives to find newer, bolder ways of serving customer needs and introducing cutting-edge technology that changes the telecommunication landscape completely, but taking processes to the next level.

Dialog currently operates a communications network that offers for 2.5G, 3G, 3.5, 4G and 4.5G capabilities, and has the distinction of being the first South Asian

service provider to launch 4G FD-LTE and Vo-LTE services. The Company's 4G LTE networks have since evolved to deliver burst speeds of up to 100 Mbps and provide ultra-high speed broadband coverage to over 50% of Sri Lanka's population.

Internet of Things – Smart Home Technology

Dialog's pioneering Smart Home offering is presented in partnership with Movinta Future Tech and provides a range of device connectivity solutions and packages to suit customer requirements. Dialog's Smart Home thrust is centered on a range of IoT (Internet of Things) technologies orchestrated to give customers the ability to connect and control household systems and appliances anytime, anywhere

Once empowered with an IoT drive Smart Home environment, customers could engage digitally via smart phones with their home security systems, lighting, air conditioning and entertainment systems and a variety of devices and appliances including smart switches and power points.

Smart homes are also designed to save energy and related costs for homeowners, in addition to providing

convenience and greater flexibility and control. IoT is deemed the emerging revolution in technology-enabled futures, driving the digitisation of homes and offices and paving the way for limitless digital lifestyle opportunities. With increasing numbers of household appliances and security products being empowered with IoT capability, smart homes will offer unprecedented levels of consumer convenience into the future.

South Asia's First 4.5G Demo

Dialog was also a part of South Asia's first 4.5G demonstration featuring download speeds in excess of 1Gbps (Gigabits per Second). A demonstration of the 4.5G capability featuring a throughput of 1 Gbps over the LTE air interface, was held at Dialog's Iconic Centre. The demonstration also featured the exposition of the consumer experience which will be delivered over 4.5G technologies in the future, featuring ultra-high definition video streaming in 4k and data transfer capabilities. Other participants at the technology demonstration included senior technical officers

of the TRCSL and ICTA and representatives of Sri Lanka's Application Development and Technology Enthusiast communities

The ground breaking technology capability demonstration was carried out on Dialog's LTE infrastructure, developed and managed in partnership with Huawei Technologies.

VoLTE

Dialog's IMS enabled core network now permits seamless VoLTE services across both Fixed and Mobile LTE services. VoLTE represents the future of voice communications over all-IP networks and exhibits several distinctive features including instant call-set up, HD/Near-Stereo voice quality and extended value added services such as the ability to share audio content including live music over voice calls.

Performance Review and Targets

Target			Achievement against Target
Data	1.	Ensure accessibility and cross-referencing capability for key data related Health & Safety records and tracking for outsourced and service employees at the same standard as is maintained for company employees. In practice this should in particular enable accessibility to and complete cross-referencing of Health & Safety data with all records required on outsourced and service employees, to satisfactorily address assurance provider findings.	Partially achieved, to be continued forward and improved upon in 2017.
	2.	Design and develop systems to collect, verify and compare quantitative Sustainability performance metrics across the Company.	Commenced in 2016, Carried forward to 2017.
Process	3.	Develop overarching stakeholder engagement framework to ensure consistency in approach to identifying and prioritizing stakeholders and their issues. The framework should specify how the information collected through stakeholder engagement is to be addressed and communicated to management, to help inform Dialog's future sustainability strategy.	Target achieved
	4.	Integrate outputs of materiality assessments into broader company risk management processes, and use outputs to inform Group and business unit strategies.	Target achieved
	5.	Provide training and support to staff at sites around safety management and reporting.	Target achieved

Targets for 2017

The Company has chosen to focus upon the remaining material actions from the previous period's targets, and forward-looking actions based on recommendations through self-assessment activities and a Corporate Accountability review conducted in 2016 as its guide to development efforts driven by the Sustainability measurement, reporting and improvement process.

Target	
1	Education and engagement on SDG
2	Build upon internal awareness and engagement on global and Company-specific Sustainability priorities/ SDG's
3	[Continuation] Consolidate integration of materiality assessments, company risk management processes, and their roles in informing Group and Business Unit strategies.
4	Initiate (with ERM function) a joint assessment of climate change risk and impacts on company operations/ continuity.
5	[Continuation] Consolidate improvements in key data, records and analysis capability of same, related to Health & Safety.

Other Standard Disclosures

GRI Disclosure	Description	Reference/Disclosure																				
G4-10	a.Total number of employees by contract and gender	<table><tr><td>Employee Contract</td><td>Gender</td><td></td></tr><tr><td rowspan="2">Contract</td><td>Male</td><td>488</td></tr><tr><td>Female</td><td>172</td></tr><tr><td rowspan="2">Permanent</td><td>Male</td><td>2,091</td></tr><tr><td>Female</td><td>518</td></tr></table>	Employee Contract	Gender		Contract	Male	488	Female	172	Permanent	Male	2,091	Female	518							
	Employee Contract	Gender																				
	Contract	Male	488																			
		Female	172																			
	Permanent	Male	2,091																			
		Female	518																			
	b.Total number of permanent employees by employment type and gender	Dialog Axiata PLC currently employs full-time employees only																				
	c.Total workforce by employees and supervised workers by gender	<table><tr><td></td><td>2016</td><td>Male</td><td>Female</td></tr><tr><td>Employees</td><td>3,269</td><td>2,579</td><td>690</td></tr><tr><td>Outsourced Staff</td><td>611</td><td>546</td><td>65</td></tr><tr><td>Outsourced Services</td><td>701</td><td>402</td><td>299</td></tr><tr><td>Total Workforce</td><td>4,581</td><td>3,527</td><td>1,054</td></tr></table>		2016	Male	Female	Employees	3,269	2,579	690	Outsourced Staff	611	546	65	Outsourced Services	701	402	299	Total Workforce	4,581	3,527	1,054
		2016	Male	Female																		
	Employees	3,269	2,579	690																		
Outsourced Staff	611	546	65																			
Outsourced Services	701	402	299																			
Total Workforce	4,581	3,527	1,054																			
d.Total workforce by region and gender	<table><tr><td>Location</td><td>Gender</td><td></td></tr><tr><td rowspan="2">Colombo</td><td>Male</td><td>1,991</td></tr><tr><td>Female</td><td>615</td></tr><tr><td rowspan="2">Outstation</td><td>Male</td><td>588</td></tr><tr><td>Female</td><td>75</td></tr><tr><td>Grand Total</td><td></td><td>3,269</td></tr></table>	Location	Gender		Colombo	Male	1,991	Female	615	Outstation	Male	588	Female	75	Grand Total		3,269					
Location	Gender																					
Colombo	Male	1,991																				
	Female	615																				
Outstation	Male	588																				
	Female	75																				
Grand Total		3,269																				
e.Portion of the organisation's work performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.	N/A																					
a.Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	None																					
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Dialog allows employees the freedom to use the channels available or any other form that they wish to exercise freedom of association, and the Company does not object to or prevent employees from organising groups and collectively acting together. Some initiatives to promote freedom of association and collective bargaining during the reporting year were coffee sessions for employees with the Ombudsman, the formation of the Welfare Society with employee representation.																				

G4-12	Description of organisation's supply chain:	<ul style="list-style-type: none"> • User requirement identification • Identifying the potential vendor list • Vendor Pre-qualification process • Preparation of RFQ/RFP • Sharing the RFQ/RFP • Collection of Bids/bids • Technical & Commercial commercial evaluation • Negotiation and vendor selection • Contract finalization • Procurement approval • Order
	Sequence of activities or parties that provides products and services to the organisation	
	Types of suppliers (such as contractors, brokers, wholesalers, licensees)	<ol style="list-style-type: none"> 1. Sub-contractors 2. Wholesalers 3. Retailers 4. Local partners 5. Service providers 6. License providers 7. Original Equipment Manufacturers 8. Channel Partners 9. Regulatory bodies
	Sector-specific characteristics of the supply chain (such as labor intensive)	<ul style="list-style-type: none"> • Imported equipment (Machine intensive) • Local Supplies (Labour intensive) <p>General:</p> <ul style="list-style-type: none"> • Admin, Marketing, Trading categorisations are a balance of labor and machine intensive
	Location of suppliers by country or region	United Arab Emirates, Argentina, Austria, Australia, Bangladesh, Belgium, Bulgaria, Bermuda, Canada, Switzerland, China, Czech Republic, Germany, Denmark, Spain, Finland, France, United Kingdom, Ghana, Hong Kong, Hungary, Indonesia, Ireland, Israel, India, Italy, Japan, North Korea, South Korea, Sri Lanka, Monaco, Mauritius, Maldives, Malaysia, Nigeria, Netherlands, Norway, New Zealand, Oman, Pakistan, Qatar, Russian Fed., Saudi Arabia, Seychelles, Sweden, Singapore, Swaziland, Thailand, Tunisia, Turkey, Taiwan, USA, South Africa
G4-15, G4-16	Memberships in National or International Organisations	<p>Organizations with/to which Dialog Axiata PLC's Group Sustainability Function maintains affiliation or commitments:</p> <ul style="list-style-type: none"> • GSMA M-Women Working Group • GSMA Mobile Alliance against Child Abuse • Biodiversity Sri Lanka – Founding Patron Member (formerly IUCN Business and Biodiversity Platform) • Signatory to United Nations Global Compact - from inception • Global Compact Network of Ceylon - Founding Board Member, founding Steering Committee Member • CSR Council of Sri Lanka – Founding member <p>Other organizations with which Dialog maintains general affiliations:</p> <ul style="list-style-type: none"> • Ceylon Chamber of Commerce • Employers' Federation of Ceylon • GSM Association • SLASSCOM • Founding Member of the Coalition against AIDS • Member of the GSMA Green Power Working Group
G4-22	Effects of any restatements of information provided in previous reports, and the reason for such restatements	Refer Performance Trends - 5 Years (Page 71)
G4-23	Significant changes from previous reporting periods in the Scope and Aspect boundaries	As per the G4 guidelines the reporting boundaries were mapped using that fourteen most material issues identified in the 2016 Stakeholder Engagement Survey. Aspects related to these material issues were considered as the scope for the report.
G4-28	Reporting period	1st January 2016 to 31st December 2016
G4-29	Date of most recent previous report	May 2016
G4-30	Reporting cycle	Annual

G4-31	Contact point for questions	Mr J. Charitha Ratwatte Jr., Head - Sustainability, Group Sustainability Dialog Axiata PLC 2nd Floor, No. 57, Dharmapala Mawatha, Colombo 03, SRI LANKA. D: +94 77 7 088 806 F: +94 11 7 694 343 charitha.ratwatte@dialog.lk			
Governance					
G4-34	Governance structure, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Board Of Directors is the highest governing body Committees of the governing body are - 1. Board Audit Committee 2. Nominating and Remuneration Committee ("NRC") 3. Capital Investment and Procurement Management Committee (CIPMC) 4. Related Party Transactions Review Committee (RPTRC) BOD has delegated the responsibility of decision-making and oversight on sustainability issues (including economic, environmental and social impacts) to the NRC.			
G4-35	a. Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	The delegation of authority has been formalised in the Group Policies and Limits of Authority document.			
G4-36	Whether organisation has appointed executive level position(s) with responsibility for environmental and social topics and whether post holders report directly to the highest body	The Group Sustainability division is responsible for such matters and report to Group Chief Executive Officer ("GCEO"). The GCEO will in return report to the NRC and Board.			
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	The GCEO and the NRC will act as the intermediary (ies). Please refer Dialog Axiata Annual Report 2016 - Corporate Governance Report for more information.			
G4-38	Composition of the highest governance body and its committees by competences relating to economic, environmental and social impacts	Please refer Dialog Axiata Annual Report 2016 - Corporate Governance Report for more information.			
	BOD	BAC	NRC	CIPMC	RPTRC
Executive	1	0	0	1	0
non-executive	7	3	3	2	3
Independence	3	3	2	2	2
Tenure on the governance body	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	
Number of each individual's other significant positions and commitments, and the nature of the commitments	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	Please refer the Annual Report - Profile of Directors	
Gender	Male	Male	Male	Male-5 Female-1	Male
Membership of under-represented social groups	None	None	None	None	
Competences relating to economic, environmental and social impacts	None	None	None	None	
Stakeholder representation	Major shareholder representation only - by 04 nominee directors	Major shareholder representation only - by 01 nominee director	Major shareholder representation only - by 01 nominee director	Major shareholder representation only - by 01 nominee director	
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the Organisation's management and the reasons for this arrangement).	No, Chairman is Non-Executive			

G4-40	<p>Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including shareholders) are involved 	<p>In the process of nomination of directors, the Board and the NRC, evaluate the balance of skills, knowledge and experience on the Board and select candidates who would complement the make-up of the Board. When doing so the skill-set, experience, knowledge, diversity, and availability of the candidate are taken into consideration. Further checks are whether the candidate is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, his/her judgment is also considered</p> <p>All directors appointed to the Board are required to submit themselves for re-election by the shareholders at the AGM immediately succeeding his/her appointment</p>
G4-41	<p>Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	<p>Yes, All directors are required to disclose their interest, which is entered in the interest register maintained by the Company. Disclosure of directors' interest is made in the Annual Report</p>
G4-42	<p>Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.</p>	<p>Subject to the authority delegated to management under the Limits of Authority, the above are approved by the Board, based on the recommendation of the GCEO as proposed by the relevant CXO.</p>
G4-43	<p>Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.</p>	<p>Board/NRC is briefed on such matters by the management at the Committee meetings. Further an internal briefing for the Board of Directors on Sustainability was carried out in 2014.</p>
G4-44	<p>a. Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Whether such evaluation is independent or not, and its frequency. Whether such evaluation is a self-assessment</p>	<p>A performance self evaluation is carried out internally on a periodic basis but not pertaining to sustainability.</p>
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p>	<p>The identification of the risks will be carried out by the Enterprise Risk Management team on behalf of the Board, in consultation with the relevant business process owners. Please refer 'Managing Risk' for more information.</p> <p>The Board Audit Committee is responsible for identification and resolving of queries on governance.</p> <p>The Board delegates responsibility to management on a per case basis, with respect to due diligence processes.</p>
	<p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	<p>Yes, stakeholder consultation is an integral part of the ERM process within Dialog. Please refer Dialog Axiata Annual Report 2016 - Corporate Governance Report for more information.</p>
G4-46	<p>Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics</p>	<p>The Group's risk management framework is reviewed by the Board Audit Committee and the Board on a quarterly basis</p>
G4-47	<p>Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities</p>	<p>As and when required</p>
G4-48	<p>Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered</p>	<p>Director/Group Chief Executive</p>
G4-49	<p>Report the process for communicating critical concerns to the highest governance body.</p>	<p>The GCEO/Top Management will communicate the same to the Board of Directors. A concern is judged to be critical, as per the discretion of the management representative responsible for each</p>
G4-50	<p>Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them</p>	<p>None</p>

Remunerations and Incentives

G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:	
	<ul style="list-style-type: none"> Fixed pay and variable pay: 	
	Performance-based pay	Salary Increments granted by the Company is are based on the Annual performance review and differentiated based on the Rank Annual Increment plan is sent for Board approval with as part of the 'Employee Performance , Motivation and Retention' Presentation
	Equity-based pay	N/A
	Bonuses	Bonuses are paid based on Performance review. Rank and the pay mix will be considered when deciding on the bonus quantum Annual Bonus plan is also sent for Board approval as part of the 'Employee Performance , Motivation and Retention' presentation
	Deferred or vested shares	No such valid scheme
	<ul style="list-style-type: none"> Sign-on bonuses or recruitment incentive payments 	Dialog does not have policy on this
	<ul style="list-style-type: none"> Termination payments 	Termination payments are based on the termination clause in Letter of Appointment
	<ul style="list-style-type: none"> Clawbacks 	
	<ul style="list-style-type: none"> Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees 	All retirement benefits are in line with the statutory requirements
	b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Dialog's remuneration policy is governed by the performance framework and is currently not segregated under economic, environmental and social objects. Please refer Dialog Axiata Annual Report 2016 - Corporate Governance Report for more information.
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation	Recruitments are conducted based on the approved salary matrix and any amendments to the said policy, which need to receive necessary authorization. Annual Remuneration adjustments are implemented based on changes to the cost of living , performance ratings and the results of the salary survey. Salary surveys are conducted by independent parties once every two years and the adjustments based on the results are implemented in the following year.
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Dialog currently only considers requests made via skip level meetings, one-on-one meetings and the results of the Employee Engagement Survey with regards to remuneration
G4-54	Report the ratio of the annual total compensation for the Organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	<ol style="list-style-type: none"> Ratio between highest paid individual to Median pay of all other individual – 52.0 : 1 Considered Salary, Statutory payments, Bonus, Fuel Allowance, Vehicle allowance, Time- based allowances, Medical payments, Housing allowances for above calculation Sales Commission and Incentives are not considered for this calculations as it's not within the HR cost

G4-55	<p>Report the ratio of percentage increase in annual total compensation for the Organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</p>	<ol style="list-style-type: none"> 1. Percentage increase in the highest-paid individuals' compensation from prior year to the reporting year - 0% 2. Percentage increase of the median total annual compensation from prior year to the reporting year - 8.86% 3. Ratio of the of the annual total compensation percentage increase of the highest-paid individual to the median annual total 4. Considered Salary, Statutory payments, Bonus, Fuel, Vehicle allowance, Time based allowances, Medical payments, Housing 5. Sales Commission and Incentives are not considered for this calculation, as it is not considered under the Human Resources portfolio.
Ethics and Integrity		
G4-56	<p>Identify how the Organisation's values, principles, standards and norms of behavior (such as codes of conduct, codes of ethics) have been developed, approved, and implemented, including:</p> <p>Whether training on them is provided regularly to all, and to new, governance body members, employees, and business partners</p> <p>Whether they need to be read and signed regularly by all, and by new, governance body members, employees, and business partners</p> <p>Whether the Organisation has appointed an executive-level position or positions with responsibility for them</p> <p>If applicable, whether they are available in different languages to reach all governance body members, employees, business partners and other stakeholders</p>	<p>All Company employees are governed by the contract of employment, our Corporate Values and the Employee Code of Conduct. When new employees are recruited, they are required to sign the Code of Conduct and thus abide by the aforementioned rules and regulations. The new recruits attend an induction session where they are presented with an overview of the Company which highlights the company values, whistle-blower policy, the Ombudsman Process and other disciplinary procedures. In addition to the induction programme, the Company carries out several training programmes / works shops throughout the year to ensure the employees are provided with refreshers of the values/ rules and regulations.</p>
G4-57	<p>Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organisational integrity, such as helplines or advice lines</p>	<p>Employees are encouraged to approach GCEO/ Head of GHR, Designated Industrial Relation person, HR Partner, Immediate Supervisor / Skip Supervisor.</p> <p>Currently, the Organisation is in the process of appointing a new ombudsman who will be acting as an independent party.</p> <p>During the induction sessions / if there are new mechanisms, procedures implements those will be covered through separate awareness sessions.</p> <p>The code of conduct is available in all three languages in Dnet.</p>
G4-58	<p>Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines</p>	<p>Employees are encouraged to approach GCEO/ Head of GHR, designated Industrial Relations person, HR Partner, Immediate Supervisor / Skip Supervisor.</p> <p>Currently, the Organisation is in the process of appointing a new ombudsman who will be acting as an independent party.</p> <p>During the induction sessions / if there are new mechanisms, procedures implements those will be covered through separate awareness sessions</p>

Social - Labour Practises and Decent Work

G4-LA12

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Gender breakdown of the highest governance body:

Board of Directors	Male	8
	Female	0

Gender breakdown of the highest governance body:

Board of Directors	18-25	0
	26-35	0
	35-50	2
	>50	6

Composition of minority groups in the governance body:

Board of Directors	Burgher	
	English	
	Malay	
	Muslim	1
	Sinhala	2
	Tamil	
	Other	5

Age-wise breakdown of employees by employee category:

Senior Management	18-25	0
	26-35	0
	36-50	9
	>50	4
Middle Management	18-25	1
	26-35	107
	36-50	261
	>50	7
Executives	18-25	204
	26-35	1,093
	36-50	657
	>50	9
Non Executives	18-25	303
	26-35	419
	36-50	184
	>50	11

Composition of minority groups among employees broken down by employee category:

Senior Management	Burgher	0
	English	1
	Malay	1
	Muslim	1
	Sinhala	10
	Tamil	1
Middle Management	Burgher	4
	English	0
	Malay	6
	Muslim	35
	Sinhala	312
	Tamil	19
Executives	Burgher	20
	English	0
	Malay	15
	Muslim	152
	Sinhala	1,616
	Tamil	160
Non Executives	Burgher	12
	English	0
	Malay	13
	Muslim	76
	Sinhala	713
	Tamil	103

G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Rules/ regulations and policies of the company is aligned with labour laws of the country. Therefore, no grievances have been raised by the employees with regard to labour practices
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Social – Product Responsibility		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	All devices should comply SAR & CE certificate standard Product manual contains some details Eg; Do not use in Air plane, restrict use in hospitals & etc. Product manual contains safety use procedures. (Eg - operational Temperature), Not to use extreme high noise close to ear)
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	None
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None

Performance Trends – 5 Years

Aspect	Data Point	2012	2013	2014	2015	2016	Performance 2016 Vs. 2015
Economic performance	Revenue (Rs. Million)	56,790	63,498	67,634	74,448	86,745	▲
Market Presence	Local spend %	37.72	47.90	52.10	38.08	42.00	▼
	Foreign personnel in Senior Management	2	3	3	3	3	◀ ▶
Material	Paper (Tonnes)	150.34	193.368	245.97	261.38	276.87	▲
	Recycled	0	0	0	0	0	◀ ▶
Energy	Direct (GJ)	39,385	37,128.12	34,060.81	32,306.56	40,810.72	▲
	Indirect (GJ)	480,483.66	383,626.299	410,177.13	387,409.17 ^{7,11}	475,374.73	▲
	Savings		14,918GJ	2,769.95GJ	10,363.98GJ	4,529.30GJ	▲
Water	Consumption (KI)	43,275.00	63,077.83	51,437.85	55,514.29	64,862.00	▼
Biodiversity	Area of high Biodiversity land covered (km²)	0.0025	0.0157	0.012	0.012		◀ ▶
Emissions and Waste	GHG for direct energy ¹	3,809.20	3,249.40	3,000.2	3,547.33	4,151.41	▼
	GHG for indirect energy ²	50,668.29	50,525.49	62,235.09	35,871.22	63,884.35	◀ ▶
	GHG for other ³	4,201.76	4,384.21	4,990.00	7,094.37	10,145.70	◀ ▶
	Discarded e-waste units	None	149,980kg	535,230kg	352,350kg	261,400 kg	◀ ▶
	Recycled paper (Tonnes)	48.60	35.59	54.65	97.40	38.24	▲
	Significant spills	None	None	None	None	None	◀ ▶
Compliance	Fines and sanctions for environmental non-compliance	None	None	1	None	None	▼
Employment	Total No. of employees	2,993	3,053	2,996	3,084	3,269	◀ ▶
	Total workforce	3,535	4,398	4,245	4,374	4,581	◀ ▶
	% of female employees	19.68	19.91	18.86	20.11	21.00	▲
	Turnover %	10.69	9.40	9.34	8.59	10.30	▼
	Retaining % after parental leave:	Female Male	86.87% 96.88%	78.43% 94.44%	93.25% 91.28%	93.12% 93.33%	83.00% 89.00%
Occupational Health & Safety	% H&S representation ⁵	100	2.91	2.21	2.20	100	▼
	Injury rate %	1.09	0.82	DNA	0.55		▼
	Lost day rate %	0	0.20	DNA	0.001		▼
	Absentee rate %	1.80	1.84	DNA	1.95		◀ ▶
	No. of Fatalities	0	0	0	0	0	◀ ▶
Training	Average training hours for the year per employee	15.57	24.7	21.6	6.98	24.00	▼
Investment and procurement practices	% of significant vendors screened ⁴	68	100	100	3 ¹¹	25	▼
	Other developments	Vendor COC	Dialog Axiata	Procurement Code of Conduct			▲
Customer Data protection	% Complaints on breaches of customer privacy and losses of customer data.	0.0047	0.0035	0.0035	0.0003	0.0026	▲

¹ All emission factors used to determine the GHG emissions arising from direct energy were sourced from the Department for Environment, Food and Rural Affairs (DEFRA) 2015 emission factor database

² Emissions factors used to derive GHG emissions arising due to indirect energy usage were sourced from the IEA Annual Emissions Highlights for 2016 and Sri Lanka Energy Balance 2014. (Factor used - 0.529 kgCO₂/kWh)

³ All emission factors used to determine Scope 3 GHG emissions were sourced from the Department for Environment, Food and Rural Affairs (DEFRA) 2015 emission factor database.

⁴ The percentage of significant vendors screened in this instance accounts for the number of onsite audits carried out for vendors newly registered in the period in review. However, as in previous years all (100%) new vendors have signed the vendor code of conduct and expressed compliance to the code, which in the last two years was the screening mechanism in place.

⁵ The percentage of employees formally represented by the Health and Safety committee was stated previously as 2.91/2.21%, but has been re-stated as 100% due to a change in definition.

United Nations Global Compact Advanced Criteria

Criterion	Description	Relevant sections in the report
Strategy, Governance and Engagement		
1	Key aspects of the company's high-level sustainability strategy in line with Global Compact principles	Group Chief Executive's Review, Performance Targets and Review
2	Effective decision-making processes and systems of governance for corporate sustainability	Group Chief Executive's Review, Other Standard Disclosures
3	Engagement with all important stakeholders	Stakeholder Engagement, Balance,
UN Goals and Issues		
4	Actions taken in support of broader UN goals and issues	The Global Goals
Human Rights Implementation		
5	Robust commitments, strategies or policies in the area of human rights	Process Excellence (Ethics and Integrity)
6	Effective management systems to integrate the human rights principles	
7	Effective monitoring and evaluation mechanisms of human rights integration	
8	Key outcomes of human rights integration	
Labour Principles Implementation		
9	Robust commitments, strategies or policies in the area of labour	Nurturing People
10	Effective management systems to integrate the labour principles	Nurturing People
11	Effective monitoring and evaluation mechanisms of labour principles integration	Ethics and Integrity, Employee Welfare and Benefits
12	Key outcomes of the labour principles	Ethics and Integrity, Employee Welfare and Benefits

Criterion	Description	Relevant sections in the report
Environmental Stewardship Implementation		
13	Robust commitments, strategies or policies in the area of environmental stewardship	Planet and Society (Climate Change and Environmental Impact Mitigation)
14	Effective management systems to integrate the environmental principles	
15	Effective monitoring and evaluation mechanisms for environmental stewardship	Planet and Society (Climate Change and Environmental Impact Mitigation), Other Standard Disclosures
16	Key outcomes of integration of the environmental principles	
Anti-Corruption Implementation		
17	Robust commitments, strategies or policies in the area of anti-corruption	Anti-Corruption
18	Effective management systems to integrate the anti-corruption principle	Anti-Corruption
19	Effective monitoring and evaluation mechanisms for the integration of anti-corruption	Anti-Corruption
20	Key outcomes of integration of the anti-corruption principle	Anti-Corruption
Value Chain Implementation		
21	Describes implementation of the Global Compact principles in the value chain	Value Chain Mapping
Transparency and Verification		
22	Information on the company's profile and context of operation	About Dialog, Report Scope and Boundary
23	High standards of transparency and disclosure	Ethics and Integrity, Other Standard Disclosures
24	The COP is independently verified by a credible third-party.	GRI Content Index, Independent Limited Assurance Statement

GRI Content Index



GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page Number/ Reference	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
STRATEGY AND ANALYSIS					
G4-1	Group Chief Executive's Review (Page 4-8), Performance Targets and Review (Page 64)				Yes
G4-2	Group Chief Executive's Review (Page 4-8)				Yes
ORGANISATIONAL PROFILE					
G4-3	About Dialog (Page 12), Annual Report 2016 - Introduction to the Company				Yes
G4-4	About Dialog (Page 12), Annual Report 2016 - Business and Financial Review (Page 32)				Yes
G4-5	Annual Report 2016 - Corporate Information, Sustainability Report back cover				Yes
G4-6	About Dialog (Page 12), Annual Report 2016 - Introduction to Company				Yes
G4-7	About Dialog (Page 12)				Yes
G4-8	About Dialog (Page 12), Annual Report 2016 - Introduction to Company				Yes
G4-9	About Dialog (Page 12), Workforce Operations (Page 23-25), Annual Report 2016 - Business and Financial Review (Page 32)				Yes
G4-10	Workforce Operations (Page 23-25), Other Standard Disclosures (Page 63-70)				Yes
G4-11	Other Standard Disclosures (Page 63-70)				Yes
G4-12	Other Standard Disclosures (Page 63-70), Procurement Practices (Page 35)				Yes
G4-13	Report Scope and Boundary (Page 14), Annual Report 2016 - Business and Financial Review (Page 32)				Yes
G4-14	Balance (Page ii), Annual Report 2016: Annual Report of the Board of Directors for the year ended 31 December 2016 - Environmental Protection (Page 70)				Yes
G4-15	Balance (Page ii), Other Standard Disclosures (Page 63-70)				Yes
G4-16	Balance (Page ii), Other Standard Disclosures (Page 63-70)				Yes
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Report Scope and Boundary (Page 14), Annual Report 2016 - Business and Financial Review (Page 32)				Yes
G4-18	Stakeholder Engagement (Page 15-16), Value Chain Mapping (Page 19)				Yes
G4-19	Material Issues (Page 17), Value Chain Mapping (Page 19)				Yes
G4-20	Report Scope and Boundary (Page 14), Value Chain Mapping (Page 19)				Yes
G4-21	Report Scope and Boundary (Page 14), Value Chain Mapping (Page 19)				Yes
G4-22	Performance Review and Targets (Page 62)				Yes
G4-23	Other Standard Disclosures (Page 63-70)				Yes
STAKEHOLDER ENGAGEMENT					
G4-24	Stakeholder Engagement (Page 15-16), Value Chain Mapping (Page 19)				Yes
G4-25	Stakeholder Engagement (Page 15-16)				Yes
G4-26	Stakeholder Engagement (Page 15-16), Value Chain Mapping (Page 19)				Yes
G4-27	Report Scope and Boundary (Page 14), Stakeholder Engagement (Page 15-16), Performance Review and Targets (Page 62)				Yes

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page Number/ Reference	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
REPORT PROFILE					
G4-28	Report Scope and Boundary (Page 14), Other Standard Disclosures (Page 63-70)				Yes
G4-29	Other Standard Disclosures (Page 63-70)				Yes
G4-30	Scope and Boundary (Page 14), Other Standard Disclosures (Page 63-70)				Yes
G4-31	Other Standard Disclosures (Page 63-70)				Yes
G4-32	Report Scope and Boundary (Page 14), GRI Content Index, Independent Limited Assurance Statement				Yes
G4-33	Independent Limited Assurance Statement (Page 76-80), Page ii				Yes
GOVERNANCE					
G4-34	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-35	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-36	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-37	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-38	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-39	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-40	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-41	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-42	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-43	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-44	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-45	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-46	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-47	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-48	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-49	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-50	Other Standard Disclosures (Page 63-70), Annual Report 2016 - Corporate Governance Report				Yes
G4-51	Other Standard Disclosures (Page 63-70)				Yes
G4-52	Other Standard Disclosures (Page 63-70)				Yes
G4-53	Other Standard Disclosures (Page 63-70)				Yes

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page Number/ Reference	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
G4-54	Other Standard Disclosures (Page 63-70)				Yes
G4-55	Other Standard Disclosures (Page 63-70)				Yes
ETHICS AND INTEGRITY					
G4-56	Other Standard Disclosures (Page 63-70), Environmental and Economic Compliance (Page 33), Ethics and Integrity (Page 34)				Yes
G4-57	Ethics and Integrity (Page 34), Other Standard Disclosures (Page 63-70)				Yes
G4-58	Ethics and Integrity (Page 34), Other Standard Disclosures (Page 63-70)				Yes

CATEGORY: ECONOMIC

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-DMA	Business Performance, Company Growth and Profitability (Page 59-60)				Yes
G4-EC1	Business Performance, Company Growth and Profitability (Page 59-60), Annual Report - Financial Statements				Yes
G4-EC2	Performance Review and Targets (Page 62)	Assessment of climate change risk and impact on company operations	Not previously tracked.	No formal study conducted yet. Stated as target for next year.	Yes
G4-EC3	Other Standard Disclosures (Page 63-70) , Annual Report - Notes to the Financial Statements				Yes
G4-EC4	Employee Welfare and Benefits (Page 27), Annual Report - Notes to the Financial Statements				Yes

CATEGORY: ENVIRONMENTAL

MATERIAL ASPECT: MATERIALS

G4-DMA	Climate Change and Environmental Impact Mitigation (Page 41), Material Consumption and Waste (Page 43)				Yes
G4-EN1	Material Consumption and Waste (Page 43)				Yes
G4-EN2	Material Consumption and Waste (Page 43)				Yes

MATERIAL ASPECT: ENERGY

G4-DMA	Climate Change and Environmental Impact Mitigation (Page 41)				Yes
G4-EN3	Climate Change and Environmental Impact Mitigation - Energy (Page 41), Performance Trends - 5 years (Page 71)				Yes
G4-EN4	Emissions (Page 42-43)				Yes
G4-EN5	Energy Intensity (Page 42)				Yes
G4-EN6	Climate Change and Environmental Impact Mitigation (Page 41), Energy Saving Methods (Page 42)				Yes
G4-EN7	Not Applicable				

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number/ Reference	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
MATERIAL ASPECT: EMISSIONS					
G4-DMA	Climate Change and Environmental Impact Mitigation (Page 41), Emissions (Page 42)				Yes
G4-EN15	Climate Change and Environmental Impact Mitigation (Page 41), Carbon Footprint 2016 (Page 52-53), Performance Trends - 5 Years (Page 71)				Yes
G4-EN16	Climate Change and Environmental Impact Mitigation (Page 41), Carbon Footprint 2016 (Page 52-53), Performance Trends - 5 Years (Page 71)				Yes
G4-EN17	Climate Change and Environmental Impact Mitigation (Page 41), Carbon Footprint 2016 (Page 52-53), Performance Trends - 5 Years (Page 71)				Yes
G4-EN18	Emissions Intensity (Page 42), Performance Trends - 5 Years (Page 71)				Yes
G4-EN19	Emissions (Page 42)				Yes
G4-EN20	Climate Change and Environmental Impact Mitigation (Page 41), Emissions (Page 42)				Yes
G4-EN21	Climate Change and Environmental Impact Mitigation (Page 41)				Yes
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Environmental and Economic Compliance (Page 33)				Yes
G4-EN29	Environmental and Economic Compliance (Page 33)				Yes
MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS					
G4-DMA	Environmental and Economic Compliance (Page 33)				Yes
G4-EN34	Environmental and Economic Compliance (Page 33)				Yes
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	Nurturing People (Page 23), Workforce Operations (Page 23-25)				Yes
G4-LA1	Workforce Operations (Page 23-25)				Yes
G4-LA2	Employee Welfare and Benefits (Page 27)				Yes
G4-LA3	Employee Welfare and Benefits (Page 27)				Yes
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY					
G4-DMA	Workplace Health and Safety (Page 27)				Yes
G4-LA5	Workplace Health and Safety (Page 27)				Yes
G4-LA6	Performance Trends - 5 Years (Page 71)				Yes
G4-LA7	Workplace Health and Safety (Page 27)	Incidence or risk of specific diseases	None reported or captured	No formal study conducted yet. Stated as target for next year.	Yes

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number/ Reference	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
G4-LA8	Not Applicable				
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA	Employee Training and Development (Page 26)				Yes
G4-LA9	Employee Training and Development (Page 26)				Yes
G4-LA10	Employee Training and Development (Page 26)				Yes
G4-LA11	Workforce Operations (Page 23-25)				Yes
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS					
G4-DMA	Ethics and Integrity (Page 34)				Yes
G4-LA16	Other Standard Disclosures (Page 63-70)				Yes
SUB-CATEGORY: HUMAN RIGHTS					
MATERIAL ASPECT: INVESTMENT					
G4-DMA	Ethics and Integrity (Page 34)				Yes
G4-HR2	Other Standard Disclosures (Page 63-70)				Yes
SUB-CATEGORY: SOCIETY					
MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Anti-Corruption (Page 33), Ethics and Integrity (Page 34)				Yes
G4-SO3	Anti-Corruption (Page 33)				Yes
G4-SO4	Anti-Corruption (Page 33), Ethics and Integrity (Page 34)				Yes
G4-SO5	Anti-Corruption (Page 33)				Yes
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Anti-Corruption (Page 33), Ethics and Integrity (Page 34)				Yes
G4-SO8	Environmental and Economic Compliance (Page 33)				Yes
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: CUSTOMER PRIVACY					
G4-DMA	*Data Integrity – Information Security and Customer Privacy (Page 34)*				Yes
G4-PR8	Data Integrity (Page 42), Performance Trends - 5 Years (Page 71)	Absolute numbers for customer complaints recorded in the reporting year.	Confidentiality Constraints	Due to specific confidentiality constraints guided by the Internal Security Governance Framework of the Company.	Yes

ISO26000 Self-Assessment Criteria

Core Subject	Sub category	
Human Rights 	Due diligence	Pg. 66
	Human rights risk situations	Pg. 23
	Avoidance of Complicity	Pg. 23
	Resolving grievances	Pg. 23
	Discrimination and vulnerable groups	-
	Civil and political rights	-
	Economic, Social and Cultural Rights	-
	Fundamental principles and rights at work	Pg. 34
Labour Practice 	Employment and employment relationships	Pg.24-25
	Conditions of work and social protection	Pg.27
	Social dialogue	Pg 15-16
	Health and safety at work	Pg.27
	Human development and training in the workplace	Pg.26
The Environment 	Prevention of pollution	Pg. 41-43
	Sustainable resource use	Pg. 41-43
	Climate change mitigation and adaptation	Pg. 41-43
	Protection of the environment, biodiversity and restoration of natural habitats	Pg. 41-43
Fair Operating Practice 	Anti-corruption	Pg. 33
	Responsible political involvement	-
	Fair competition	Pg.36
	Promoting social responsibility in the value chain	Pg.37
	Respect for property rights	-
Consumer Issues 	Fair marketing, factual and unbiased information and fair contractual practices	Pg.33-34
	Protecting consumers' health and safety	Pg.33-34
	Sustainable consumption	Pg.41-43
	Consumer service, support, complaint and dispute resolution	Pg.33-34
	Consumer data protection and privacy	Pg.33-34
	Access to essential services	Pg. 61
Community Involvement and Development 	Education and awareness	Pg. 51, Pg. 53
	Community involvement	-
	Education and culture	Pg.51-53
	Employment creation and skills development	Pg.26,46
	Technology development and access	Pg.61
	Wealth and income creation	Pg.46
	Health	Pg.50,55
	Social Investment	Pg.49,55

Independent Assurance Statement

Scope and Approach

DNV GL represented by DNV GL Business Assurance Lanka (Private) Limited has been commissioned by the management of Dialog Axiata PLC ('Dialog' or 'the Company') to carry out an independent assurance engagement (Type 2, Moderate level) for the sustainability performance reported in Dialog's Sustainability Report 2016 ('the Report') in its printed format for the financial year ending 31st December 2016. The sustainability disclosures in this Report are prepared by Dialog, based on the 'in accordance' – Comprehensive reporting option of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 (GRI G4).

We performed our work using AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS) and DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and GRI G4. Our assurance engagement was planned and carried out in March 2017 – June 2017. The intended user of this assurance statement is the Management of Dialog ('the Management').

The reporting Aspect boundaries of sustainability performance is based on a materiality assessment process carried out by the Company covering internal and external impacts of identified issues and covers Dialog's operations in Sri Lanka. This set out in the Report in the section '*Report Scope and Boundary*'.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and the process did not involve engagement with external stakeholders.

Responsibilities of the Management of Dialog and of the Assurance Providers

The Management of Dialog have the sole responsibility for the preparation of the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. In performing our assurance work, our responsibility is to the Management; however, our statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of the Company. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at Dialog's Head Office, and as part of assurance, we visited sample operations in Sri Lanka. We undertook the following activities:

- Review of Dialog's approach to stakeholder engagement and materiality determination process and the outcome as reported in this Report. We did not have any direct engagement with external stakeholders;
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence

¹The VeriSustain protocol is available on www.dnvgl.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;

- Site visits to sample operations – stores and branch operations located at Dialog Broadband Networks Office and the Head Office building at Colombo - to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy and management approach. We were free to choose sites we visited;
- Review of supporting evidence for key claims and data in the Report;
- Review of the processes for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) and other financial data are based on audited financial statements issued by the Company's statutory auditors;
- An independent assessment of Dialog's reporting against the Global Reporting Initiative (GRI) G4 Guidelines and the reporting requirements for its 'in accordance' – Comprehensive option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion

On the basis of the verification undertaken, nothing came to our attention to suggest that the Report does not properly describe Dialog's adherence to the GRI G4 reporting requirements including the Principles for Defining Report Content, identified material Aspects, related strategies and Disclosures on Management Approach and Performance Indicators as below:

- **General Standard Disclosures:** The reported information along with the references to Dialog's Annual Report 2016 generally meets the disclosure requirements for the 'in accordance' – Comprehensive option of reporting.
- **Specific Standard Disclosures:** The Report brings out the generic Disclosures on Management Approach (DMA) and Performance Indicators for identified material Aspects presented within the Report as below:

Economic

- Economic Performance - G4-EC1, G4-EC2*, G4-EC3, G4-EC4;

Environmental

- Materials – G4-EN1, G4-EN2;

- Energy - G4-EN3, G4-EN4, G4-EN5, G4-EN6;

- Water – G4-EN8;

- Emissions – G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21;

- Compliance - G4-EN29;

- Environmental Grievance Mechanisms - G4-EN34;

Social

Labour Practices and Decent Work

- Employment - G4-LA1, G4-LA2, G4-LA3;

- Occupational Health and Safety – G4-LA5, G4-LA6*;

- Training and Education - G4-LA9, G4-LA10, G4-LA11;

- Labour Practices Grievance Mechanisms – G4-LA16;

Human Rights

- Investment – G4-HR2;

Society

- Anti-Corruption - G4-SO3, G4-SO4, G4-SO5;
- Compliance - G4-SO8;

Product Responsibility

- Customer Privacy - G4-PR8+.

**Financial implications of climate change (G4-EC2) has not been assessed and disclosure on this has been taken up as a target for future reporting periods.*

+The reason for not disclosing G4-PR8 completely is brought out in the Report as being confidential.

Observations

Without affecting our assurance opinion, we also provide the following observations. We have evaluated the Report's adherence to the following principles on a scale of '**Good**', '**Acceptable**' and '**Needs Improvement**':

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

Dialog has identified and prioritized fourteen material issues through its materiality determination process which involved a value chain mapping exercise and an independent stakeholder engagement survey to arrive at reporting boundaries for each material issue. The process has considered inputs from a wide range of sources, such as peer and industry specific issues and views of stakeholders. In our opinion, the level at which the Report adheres to this principle is '**Good**'.

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

A documented, independent process of stakeholder engagement is in place and is carried out once in two years. The process involves engagement with significant stakeholder groups identified by Dialog. The results of the survey are considered for arriving at key sustainability issues that are material to the Company. Dialog may review the frequency of engagement based on the nature of stakeholders and sector dynamics to ensure key stakeholder concerns are captured and responded to well in time. In our opinion, the level at which the Report adheres to this principle is '**Good**'.

Responsiveness

The extent to which an organization responds to stakeholder issues.

Dialog has policies, management approaches and strategies in place to monitor and respond to feedback from significant stakeholders on key material issues, and this is reflected within the Report. The Company may further set and disclose medium and long-term targets for material aspects. In our opinion, the level at which the Report adheres to this principle is '**Acceptable**'.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The majority of data and information verified at Head Office and Dialog Broadband Networks Office were found to be fairly accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors. In our opinion, the level at which the Report adheres to this principle is '**Good**'.

Specific Evaluation of the Information on Sustainability Performance

We consider the methodology and process for gathering information developed by Dialog for its sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. We observed that the Report presents a faithful description of the reported sustainability activities for the reporting period.

Additional principles as per DNV GL VeriSustain

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

The Report has fairly attempted to disclose General and Specific Standard Disclosures including the disclosures on management approach covering the strategy, management approach, monitoring systems and sustainability performance indicators against GRI G4's – 'in accordance' – Comprehensive option, and considers Aspects and aspect boundary which is material across Dialog's boundary and its key value chain entities. The Report currently discloses environmental performance data of subsidiary companies and it is indicated that Dialog is in the process of strengthening data collection procedures for fully capturing and reporting performance on other categories (Economic and Social) in future reporting periods. In our opinion, the level at which the Report adheres to this principle is **'Acceptable'**.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The disclosures related to sustainability issues and performances are presented in a neutral tone, in terms of content and presentation along with key concerns and challenges faced during the period. In our opinion, the level at which the Report adheres to the principle of Neutrality is **'Good'**.

Opportunities for Improvement

The following is an excerpt from the observations and further opportunities for improvement reported to the management of Dialog and are not considered for drawing our conclusion on the Report; however, they are generally consistent with the Management's objectives:

- Dialog may establish a process of systematic review and audit of internal data management systems which will help in further strengthening the reliability of reported data.
- Formal integration and interaction between key functions (Enterprise Risk Management, Business Continuity Management, Information Security Group, etc.) will strengthen the sustainability performance of Dialog and help Dialog identify frontier risks well in time.
- Dialog may further strengthen the awareness on requirements of non-financial disclosures across the organisation and its value chain entities.

For DNV GL

 Rathika de Silva Country Head DNV GL Business Assurance Lanka (Private) Limited, Colombo, Sri Lanka	 Kiran Radhakrishnan Lead Verifier - Sustainability Services DNV GL Business Assurance India Private Limited, India.	 Vadakepatth Nandkumar Assurance Reviewer Regional Sustainability Operations - Region India and Middle East DNV GL Business Assurance India Private Limited, India.
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22nd June 2017, Colombo, Sri Lanka.



Abbreviations

3G	Third Generation	ICTs	Information Communications Technologies
4G	Fourth Generation	IDD	International Direct Dial
ABR	Auditory Brainstem Response	IOT	Internet of Things
AC	Air Conditioning	ISO	International Organisation for Standardisation
AGM	Annual General Meeting	IUCN	International Union for the Conservation Nature
BoD	Board of Directors	Kg	Kilogram
BBG	Bay of Bengal Gateway	Kl	Kilo Litres
BCM	Business Continuity Management	KJ	Kilo Joules
CDMA	Code division multiple access	Km ²	Square Kilometres
CE	Customer Experience	KPI	Key Performance Indicator
CoC	Code of Conduct	KWh	Kilo Watt Hour
COPC	Customer Operations Performance Center	MAO	Maximum Acceptable Outages
CO2	Carbon dioxide	NFC	Near Field Communications
CXO	Chief Officer – Respective Portfolio	NGOs	Non-Governmental Organisations
DEFRA	Department for Environment, Food and Rural Affairs	NPS	Net Promoter Scores
DEWN	Disaster and Emergency Warning Network	NVC	Net-Value Creation
DR	Disaster Recovery	OTT	Over-the-top
DTV	Dialog Television	OpCos	Operating Companies
DVN	Dialog Volunteer Network	PLC	Private Limited Company
DVN-O	Dialog Volunteer Network Outreach	R-22	Chlorodifluoromethane
ERM	Enterprise Risk Management	RAC	Ratmalana Audiology Centre
GCEO	Group Chief Executive Officer	SAR	Specific Absorption Rate
G.C.E (A/L)	General Certification of Examination, Advance Level	SM	Senior Management
G.C.E (O/L)	General Certification of Examination, Ordinary Level	SME	Small & Medium Enterprises
GHG	Greenhouse Gas	SMS	Short Message Service
GJ	Giga Joules	TCO2E	Tonnes of Carbon Dioxide Equivalents
GRI	Global Reporting Initiative	TRCSL	Telecoms Regulatory Commission of Sri Lanka
GSMA	Groupe Spéciale Mobile Association	UNGC	United Nations Global Compact
GSMC	Group Senior Management Committee	VAS	Value Added Services
HR	Human Resources	YoY	Year on Year
H&S	Health and Safety		

Notes



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