Making the Right Calls

Dialog

2012

Contents

ISO26000
SOCIAL RESPONSIBILITY

This report also serves as our Communication on Progress against the United Nations Global Compact Advanced Criteria.

Making the Right Calls

Dialog Axiata PLC's Sustainability agenda in 2011 undertook the challenge of embedding a philosophy of Sustainability into activities across our value chain. The Sustainability Report for 2011 was themed, 'The Bottom Line is Sustainability.'

Maintaining leadership in providing multi-sensory connectivity empowering and enriching Sri Lankan lives and enterprises, is a far broader, more complex challenge in an era where Technology touches more lives, more deeply and more completely, while at the same time Technology itself advances exponentially in sophistication.

Making the right calls in these dynamic times, even as we navigate mounting complexity, building a triple-bottom-line performance driven Sustainability context, has been important to charting our course towards the hard-to-define goal of Sustainability. Staying that course, remaining mindful of and responsive to our stakeholders, and continually renewing and redefining the business case for sustainability, will require the same commitment to be bold, entrepreneurial and driven by a vision of a better future, defined by our commitment to making the right calls in the here and now.

This report is therefore, a renewal of our commitment; a report on our progress to date; a response to our valued stakeholders, to their voiced and unvoiced questions and concerns; and another inflection point in the maturing, candid discourse between Dialog and its stakeholders, as we attempt to live by our Corporate Values in a sustainable manner. In this report we talk about our efforts at Good Business, Sound Management and Leading Change, as we work to maximize the value we create and contribute to our world.

Dialog Values

- Total commitment to our customers
- Dynamic and human-centred leadership
- Commitment to task and excellence
- Uncompromising integrity
- Professionalism and accountability
- Teamwork
- Foremost respect for concern and care

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. As such, our business 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

In 2012, the acquisition of Suntel Ltd saw the amalgamation of Suntel employees into the Group's employee base. Dialog took the strategic decision to outsource its SAP system operation.

Report Scope & Boundary

Scope

This is Dialog's fifth annual Sustainability Report. We report here on Dialog's management approach relative to 37 reporting aspects, as well as our performance in 2012 relative to 55 core indicators of the Global Reporting Initiative's (GRI) G3.1 guidelines.

We present our progress against Economic, Social and Environmental aspects, building upon our 2011 Sustainability Report. In addition to the 55 core indicators, we have also reported on eight material indicators specific to the telecommunication sector, and additional material GRI G3.1[1] indicators.

This report responds to stakeholders' concerns identified as material issues, under a rigorous process detailed on page 12 in this report. This report also represents a Communication on Progress (COP) for the United Nations Global Compact's (UNGC) 24 Advanced Criteria for self-reporting progress relative to 10 principles[2]. Dialog was the first Sri Lankan entity to make an Advanced Communication on Progress, in 2012.

We have maintained a reader-friendly easy-reference format, giving readers the flexibility to cross-reference relevant GRI aspects, ISO26000 areas or UNGC Advanced criteria.

This Sustainability Report complements, and should be read along with, Dialog Axiata PLC's 2012 Annual Report, for a complete representation of GRI core indicator information.

We always welcome feedback on Dialog's approach to sustainability, and on our report. Please direct such feedback or other communications to the following email address: sustainability@dialog.lk.

Independent Verification

The report has been independently verified by Det Norske Veritas AS (DNV) as responding to all indicators as per 'Application Level A' report. The assurance is for a 'Type 2' and 'moderate level report' as set out in the AA1000 Assurance Standard of 2008.

Page 19 provides a summary of Dialog's response to the comments made by DNV (AS) on our 2011 report and discusses how these comments helped us to move forward during 2012. DNV has also reviewed Dialog's statement on page 70 of progress in addressing a 2010 gap analysis relative to the ISO26000 Social Responsibility Guideline reviewed Dialog's progress against the Social Responsibility guideline ISO26000.

Report Application Level		C	C+	B	B+	A	A+
Profile Disclosures	OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
Disclosures on Management Approach	OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
Performance Indicators & Sector Supplement Performance Indicators	OUTPUT	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

Standard Disclosures appears vertically on the left. *Report Externally Assured* appears vertically in the C+, B+ and A+ columns.

*   Sector supplement in final version
**   Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines
*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

[1] http://www.globalreporting.org/
[2] http://www.unglobalcompact.org/cop
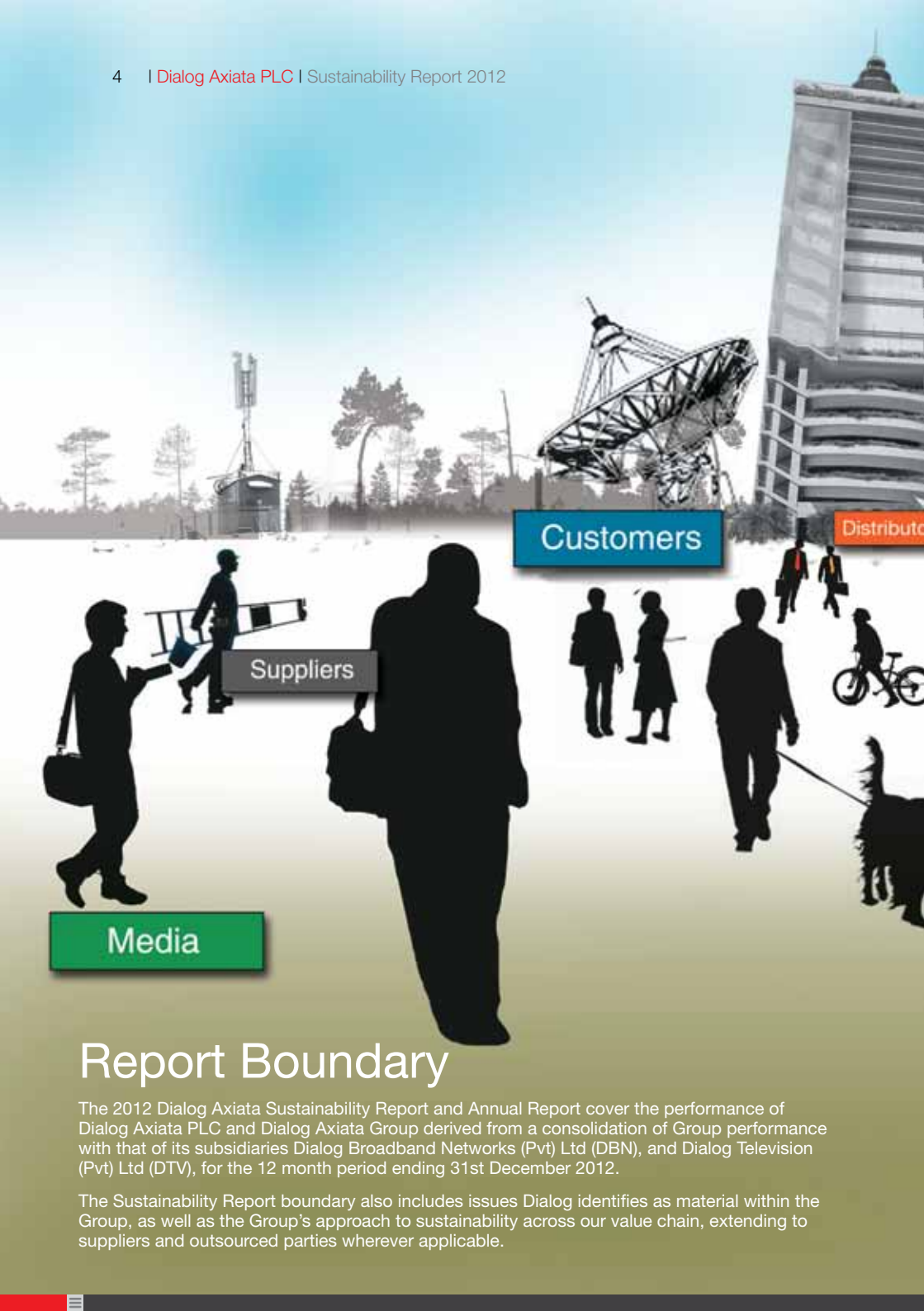
Customers

Distributo

Suppliers

Media

Report Boundary

The 2012 Dialog Axiata Sustainability Report and Annual Report cover the performance of Dialog Axiata PLC and Dialog Axiata Group derived from a consolidation of Group performance with that of its subsidiaries Dialog Broadband Networks (Pvt) Ltd (DBN), and Dialog Television (Pvt) Ltd (DTV), for the 12 month period ending 31st December 2012.

The Sustainability Report boundary also includes issues Dialog identifies as material within the Group, as well as the Group's approach to sustainability across our value chain, extending to suppliers and outsourced parties wherever applicable.
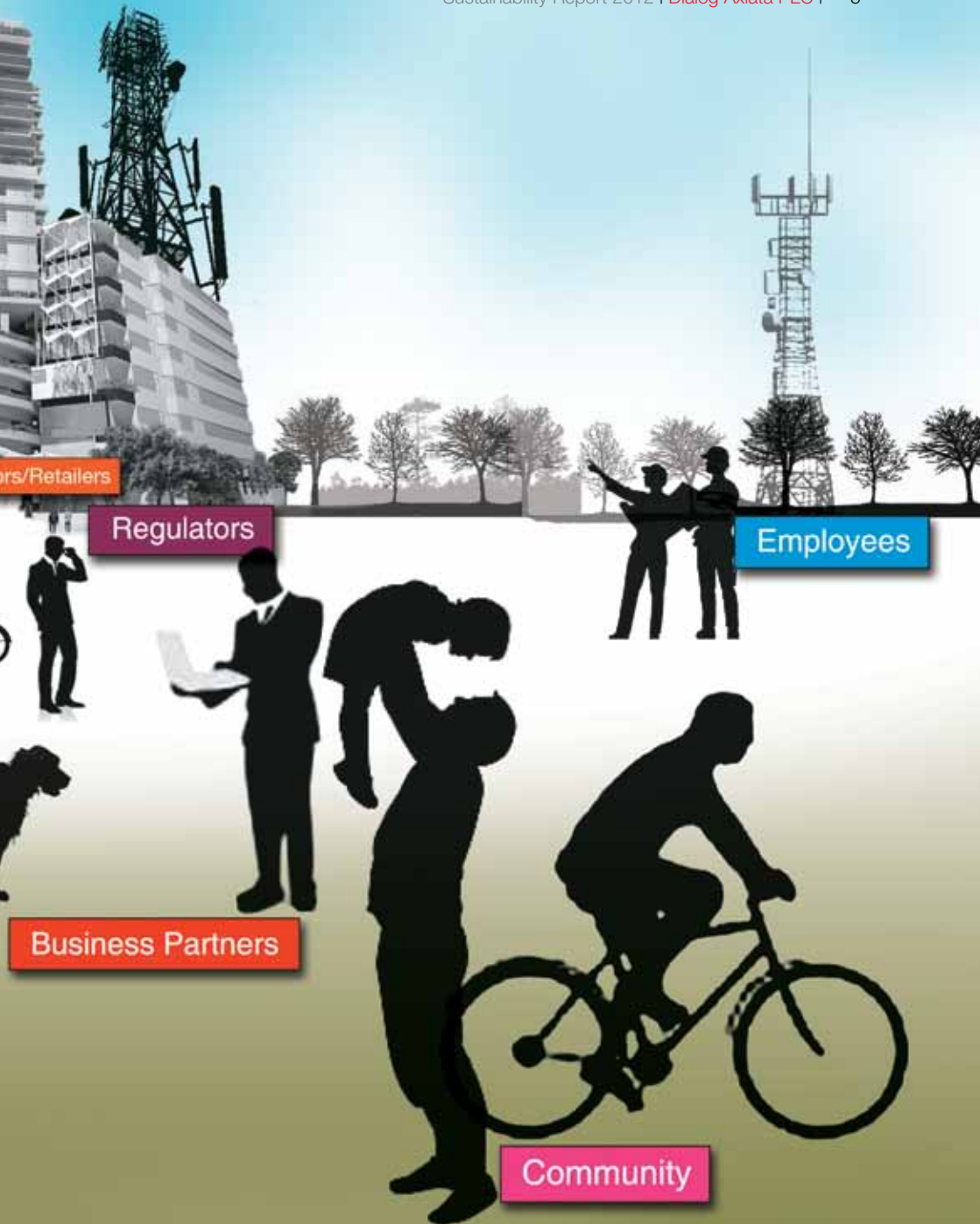
rs/Retailers

Regulators

Employees

Business Partners

Community

Chairman's
Message

"Dialog's Sustainability activities today enjoy Board level visibility, and indeed are often the highlight of our days as members of the Board."

Datuk Azzat Kamaludin

It is my pleasure to contribute this message to Dialog Axiata PLC's fifth Sustainability Report in my capacity as Group Chairman. The fact that I have this honour, for the first time, is in itself evidence of Dialog's increasing maturity not only in internalizing Sustainability, which I could argue has been true from inception; but also in measuring and reporting on its pioneering work.

Dialog's Sustainability activities today enjoy Board level visibility, and indeed are often the highlight of our days as members of the Board. As a people-driven organization, we value our employees, and a significant portion of our Sustainability work focuses on employee welfare. At the same time, it is important to us that Dialog employees can share in the pride and sense of achievement that Dialog's sustainability work brings to us as members of the Board.

Of particular joy to me in 2012 was the creation of the Dialog Foundation, with myself as its founding Chairperson. It is my sincere wish that this corporate foundation goes on to bring the forward-thinking, big-picture innovation and pragmatic, fact-based decision-making that has underpinned Dialog's success as a Company, to the field of corporate philanthropy in Sri Lanka.

Datuk Azzat Kamaludin
Chairman of the Board of Directors

30th March, 2013

Group Chief Executive's
Message

"We continue to see inclusive Digital Empowerment as a singularly powerful tool to bridge socio-economic divides and asymmetries in access to education, knowledge, information, commerce, health and other fundamental levers of socio-economic development."

Dr. Hans Wijayasuriya

This Sustainability Report for the year 2012 is Dialog Axiata PLC's fifth public disclosure of the company's performance relative to our commitment to be a responsible, sustainable and value-creating corporate citizen. The year under review saw the fruition of many milestone achievements representing integrated value creation on economic, social and environmental dimensions. The Dialog Group continues to be fortunate in being afforded the honor and privilege of connecting and empowering a major proportion of Sri Lankan citizens and homes. As at the end of FY 2012, Dialog's mobile telecommunication service connected in excess of 7.8 Million citizens from across all provinces of Sri Lanka, while its Fixed Telecommunications and Digital Satellite Television Services reached 537,000 and 265,000 Sri Lankan homes respectively. In line with our commitment to enhance lives and livelihoods of Sri Lankan citizens on an inclusive basis, we continue to invest in the expansion of our service portfolio and network infrastructure. During the course of FY 2012, the portfolio of inclusive citizen centric ICT services delivered by the Dialog Group were further expanded to include Mobile Payment and e-commerce services. In terms of direct investments, FY 2012 featured the injection of USD 136.1 Mn in infrastructure investment, taking the cumulative investment by Dialog in Sri Lanka's ICT sector to USD 1.25 Bn, The Dialog Group continues to be recognized by the BOI to be the single largest Foreign Direct Investment (FDI) in Sri Lanka.

During the course of business in 2012, your Company contributed Rs. 6.6 Bn in taxes, fees and levies to the Government of Sri Lanka (GoSL). Further, the Group collected Rs. 6.8 Bn as indirect taxes on behalf of the GoSL during the past year. Your Company provides employment to 3,000 people and continues to be the largest employer in the mobile telecommunications sector, whilst accounting for over 23 percent of the broader Telecommunication sector workforce.

In 2012, as in past years, we remained committed to our singular focus on directing our investments and efforts towards delivering Digital Empowerment to Sri Lankan citizens and business on an inclusive basis. We continue to see inclusive Digital Empowerment as a singularly powerful tool to bridge socio-economic divides and asymmetries in access to education, knowledge, information, commerce, health and other fundamental levers of socio-economic development. Accordingly, we leave in the wake of our aggressive business growth trajectory, equally aggressive strides in pluralizing the application of ICTs towards the achievement of socio-economic development. Sri Lanka is poised at the cusp of an era of rebound and accelerated development arising from the rejuvenation of multiple sectors of the economy. There is little doubt that the empowering technologies we yield in our portfolio, if applied inclusively, will be key drivers of development in the emerging era. In this respect, Dialog is uniquely positioned to deliver life enhancing impacts on the communities in which it operates through paradigm-setting advancements in the inclusive application of its core businesses.

Dialog's inclusive business ethos is centered on its 4A's inclusion model of maximizing Affordability, Availability, Applicability and Affinity. All Product, Service and Business Process developments embarked upon by the company are tested against the 4A's with a view to maximizing the degree of inclusion delivered in the wake of organisational investments. As an illustration of a manifested outcome of this process, I would like to highlight an inclusive business initiative carried through to steady state deployment in 2012, featuring the development of a unique market value chain embodying ICT centered, sustainable micro-entrepreneur empowerment. Within the scope of this programme, Dialog in partnership with the IFC (International Finance Corporation), seeded a retailer network of 1,200 social entrepreneurs (termed 'Five Star Partners') who in addition to functioning as retail points of presence for the company's products and services, also build capacity at the BoP (Bottom of the Pyramid) to enable greater levels of technology adoption. Enhanced levels of "e" and "m" readiness will in turn empower communities at the BoP to actively engage ICTs to enhance their lives and livelihoods.

This unique value chain model launched in Ampara in June 2012 and now encompassing all districts of the country, is set to deliver transformational dividends to the community and Company alike.

During the course of 2012 we also maintained momentum and thrust with respect to several other inclusive empowerment initiatives spanning multiple empowerment levers, albeit with a specific focus on pluralizing education and learning. Nenasa TV, Dialog's state-of-the-art satellite based distance education network, a gift from your company to the GoSL, extended its reach to a total of 1150 schools as at the end of 2012. Our short term goal is to extend Nenasa to 2,000 schools during the course of 2013. During the year 2012 Dialog's Scholarship Programme reached the milestone of supporting over 500 top achievers from across all 25 Districts of Sri Lanka through Advanced Level and University education.

In 2012 we continued to strengthen our strategic partnerships with the GoSL and like-minded Non-Government Organisations, with a view to collectively maximising the impact we could deliver to the communities in which we operate. These partners include the International Finance Corporation, the GSM Association, and the International Telecommunications Union; the Ministries of Education, Health, Disaster Management, and the Presidential Secretariat; the Blood Bank, the National Institute of Education, and the Disaster Management Centre. A significant organisational milestone achieved in 2012 was the creation of the Dialog Foundation, with your company's Chairman, as its founding Chairperson.

Our relentless quest for doing more with less, our focus on material consumption management, cost optimization and resource utilization, have lead to quantum improvements in Dialog's performance with respect to sustainable consumption and management of waste and emissions. We are singularly aware that pursuing an agenda to create sustainable and shared value for a broad range of stakeholders requires us to constantly enhance our internal processes and more broadly, the way we do business. As we strengthen our internal sustainability management systems and improve

our 'sphere of control', we will systematically exert greater authority on our wider value chain so that we can also positively influence adjacent and external eco-systems to enhance their contribution to society in a sustainable manner.

We continue to be encouraged and excited by the fact that digital empowerment has the exponential potential to help society to achieve a plurality that equates all to the highest multiple, rather than to the lowest common denominator. We are however singularly mindful of our accountability to ensure that the impact we deliver to lives and livelihoods should be positive and sustainable in a holistic sense. Central to this objective, Dialog will continue its efforts in setting the agenda for robust shared value creation measurement frameworks in 2013 to ensure we are able to measure, manage and report on net value created to the nation and society through our operations.

Dialog's Sustainability strategy in 2013 and going forward will continue to be inseparable from our overall core business strategy and will be centered on a commitment to optimize and grow shared value. In this respect I would like to reiterate that this Sustainability Report is a principal instrument through which we communicate, and present for review by our stakeholders, our performance relative to the company's over-arching commitment to sustainability and shared value creation. As such my team joins me in soliciting the views and feedback of all our stakeholders, and the people of Sri Lanka at large, so that we may enhance the efficacy and impact of our value delivery in the years ahead.

Dr. Hans Wijayasuriya
Group Chief Executive

30th March, 2013

Engaging our
Stakeholders

Dialog Axiata PLC engages regularly with various stakeholders to understand stakeholder perceptions regarding significant aspects that affect our sustainability performance and our standing as a responsible corporate entity. Continuous stakeholder feedback is a key determinant of the issues most material to the Group and its operations. We adhere to the AA1000 Assurance Standard to verify materiality, which then defines the parameters for reporting on inclusivity, materiality and responsiveness.

In addition to other regular engagements with our diverse groups of stakeholders, every two years we engage those stakeholders most connected to us in a detailed study of Dialog's social, economic and environmental performance. This exercise has proceeded uninterrupted since the commencement of our Sustainability reporting process in 2008, maintaining our commitment to increasing stakeholder value in every facet of our business functions and to opening up new opportunities for the Group as well as its stakeholders.

The 2012 stakeholder study was carried out through an Independent market research agency who engaged with eight key stakeholder segments identified as most material to Dialog's routine operations. The process undertaken to map out the material Stakeholder segments is detailed below.

Issue Identification

The pool of issues examined for materiality in the current context was constructed from three sources:

• Issues identified as material in previous studies

• Issues flagged in internal risk assessment processes

• Issues identified by global peers as being material to themselves

The stakeholder engagement process we followed is highlighted in Figure 1 overleaf.

The research agency then engaged each stakeholder group to understand their current perceptions of each issue, to enable a comparison of materiality identified in 2011 versus the most current perceptions, as a gauge of progress or otherwise.

The survey largely focused on studying stakeholder opinions regarding sustainability performance aspects (as per the GRI G3.1 framework) identified as significant to Dialog's operations. Stakeholder views, concerns and key expectations have been guideposts to shaping this report and to calibrating our Sustainability strategy going forward.

This process helps us identify stakeholder expectations, and to design and shape our policies and strategies to serve stakeholder needs better and most sustainably.
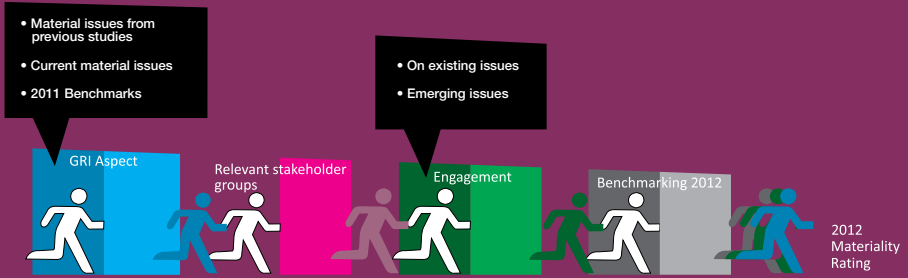
- Material issues from previous studies
- Current material issues
- 2011 Benchmarks

- On existing issues
- Emerging issues

GRI Aspect

Relevant stakeholder groups

Engagement

Benchmarking 2012

2012 Materiality Rating

Figure 1. Stakeholder engagement and materiality mapping process in 2012.

Stakeholder Group	Form of Engagement	Frequency
Customers	Customer Satisfaction Survey	Quarterly
	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years
Employees	Employee Engagement Survey conducted by Axiata Group through Towers Watson (independent research agency)	Annually
	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years
Community	Independent Sustainability Stakeholder Engagement Study(2012)	Once every two years
Shareholders	AGM	Annual
	Investor Forum	Quarterly
	Earnings call with foreign analysts	Quarterly
	One-on-one engagements with shareholders (calls/meetings)	3 overseas road shows including 1 in the US and over 12 one-on-one meetings
	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years
Regulatory	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years
Suppliers	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years
	Vendor Satisfaction Survey	Annual
Business partners/ Distributors/Retailers	Regular one-on-one engagements	
	Dialog 5-Star Partner initiative	Project
	Dialog Viyapara Diriya Programme	Project
	Independent Sustainability Stakeholder Engagement Study (2012)	Once in two years
Media	Independent Sustainability Stakeholder Engagement Study (2012)	Once every two years

Table 1. Engagement with Dialog's main stakeholder groups.

Materiality

The objective of the Sustainability Stakeholder Study is to map out issues that affect stakeholder satisfaction and overall business functionality, that are of concern to business continuity. The internal factors considered when mapping materiality include Dialog's targets for the year (objectives, dashboards, key performance indicators); the Group's risk assessment matrix for the period; and materiality rankings in previous studies. External factors considered are the benchmarking exercise with global telecom service providers[3]; and the 2012 current stakeholder study. These elements collectively enabled us to weigh the criticality of issues relative to the industry, and to Group objectives. Issues and concerns thus identified are listed below in order of criticality.
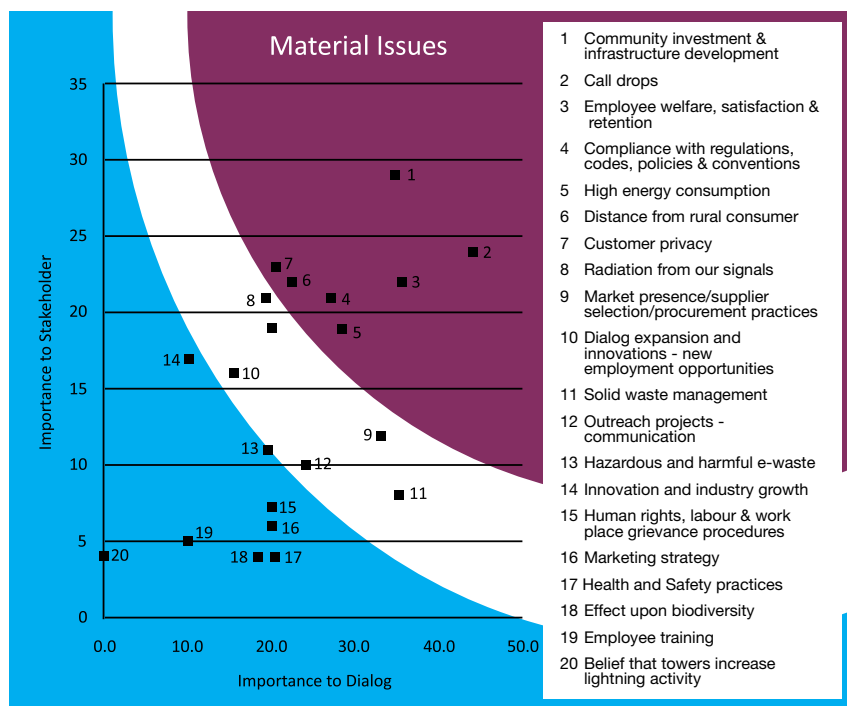
Figure 2. Year 2012's most material issues.

1   Community investment & infrastructure development
2   Call drops
3   Employee welfare, satisfaction & retention
4   Compliance with regulations, codes, policies & conventions
5   High energy consumption
6   Distance from rural consumer
7   Customer privacy
8   Radiation from our signals
9   Market presence/supplier selection/procurement practices
10 Dialog expansion and innovations - new employment opportunities
11 Solid waste management
12 Outreach projects - communication
13 Hazardous and harmful e-waste
14 Innovation and industry growth
15 Human rights, labour & work place grievance procedures
16 Marketing strategy
17 Health and Safety practices
18 Effect upon biodiversity
19 Employee training
20 Belief that towers increase lightning activity

High   Low

Issue	Description	Possible Reason for the change	Response/proposed action
1	Community investment & infrastructure development	No communication on community investments	**SH:** require a more thematic approach to community development. **Response:** Formed the Dialog Foundation, revising and unifying our community involvement strategy Page: 46 - 49
2	Call drops	Escalated expectations of quality	**SH:** Perceive a drop in call quality, need '0' call drops. **Response:** Monitor & enhance our systems continuously. Page: 35 (Product Quality), 51 (Quality Targets)
3	Employee welfare, satisfaction & retention	Activities undertaken following 2011 employee engagement study	**SH:** Noted the company has addressed issues. **Response:** We maintain mechanisms to hear out our employees and address material issues Page: 50-51 (Management Approach), 24 (Responses to EES), 43 (GCCO's Message)
4	Compliance with regulations, codes. policies & conventions	Awareness on compliance issues	**SH:** More concerned about company's compliance, since there is increased awareness on such issues, **Response:** Formed separate compliance unit under Group Legal division; will develop a legal registry to address E/S regulations Page: 58 (Management Approach), 51 (Targets)
5	High energy consumption	Industry issue	**SH:** Main environmental footprint is energy consumption in operations. **Response:** This is an industry-wide issue; our footprint is lighter than industry average. We continue to take measures to reduce energy consumption Page: 58 (Management Approach),37-39 (Environment Footprint)
6	Disproportionate focus on urban consumers, to detriment of rural consumers	Insufficient communications on community investments and major rural presence	**SH:** Products are seen to be focused on urban contexts, urban youth, etc. **Response:** We have positioned our products on 4A's framework of Availability, Affordability, Applicability and Affinity,We will revisit our marketing strategy and make necessary amendments to communicate the fact that our focus is very much beyond the perception Page: 50-51 (Targets)
7	Customer Privacy, Service & Satisfaction	Concerns over marketing strategies	**SH:** We are concerned about customer privacy violation in the use of certain marketing strategies; data security under outsourcing practices is also an area of concern **Response:** We will review marketing tactics; we will perform a risk evaluation in areas of concern i.e., outsourced functions Page: 57-58 (Management Approach), 35 (Product Reliability), 50-51 (Targets)

Issue has increased in materiality

Issue has experienced reduced materiality

Issue is at the same level of materiality as last year

New issue, not identified during previous stakeholder studies

NO; this issue is not considered to be a top material issue among benchmark telecom operators

YES; Issue is seen in benchmark companies; low materiality

YES; Issue is noted in benchmark companies, possessing a higher materiality

YES; Issue is of equal materiality among benchmark telecom operators

Issue	Description	Possible Reason for the change	Response/proposed action
8	Radiation from communi-cation signals	Increased concern about health issues	**SH:** We fear that there's a direct correlation between proliferation of mobile masts and increasingly visible health issues such as cancer. **Response:** We are aware this is an industry issue. We comply with all regulatory requirements, which follow internationally accepted levels. Page: 62 (Management Approach), 39 (Product Reliability)
9	Market presence / Supplier selection/ procurement practices	Outsourcing strategy and increased global/local awareness on supply chain management process	**SH:** Dialog's outsourcing practices have increased concerns about its strategy to address socio environmental issuesacross the supply chain **Response:** We introduced the Vendor code of conduct, and will monitor adherence to same. Page: 44-45 (Vendor Code of Conduct), 54-55 (Targets)
10	Dialog expansion and innovations - new employ-ment opportunities	Dialog's operations evolving from mobile leader to ICT leader	**SH:** Will Dialog maintain a stable employee base as industry trends and technology evolve; **Response:** We value our loyal employees and always seek to keep employees sufficiently trained and empowered to add value even as job roles and requirements change Page: 32-33 (Training) 54-55 (Targets)
11	Solid waste management	Increased concerns over solid waste management	**SH:** Dialog should have a proper strategy for solid waste management. **Response:** We are in the process of implementing a total waste management solution in 2013. Page: 62 (Management Approach)
12	Outreach projects – Com-munication	No easily associated 'CSR' focus, project or sustainability initiative	**SH:** We do not see Dialog as a leader in their outreach projects. **Response:** Increased communicationsto be included into brand voice and brand promise Page: 54-55 (Targets)
13	Hazardous and harmful e-waste	Industry-wide, worldwide issue	**SH:** Dialog should have a proper mechanism to manage (recycle, reuse) its e-waste and also come out with innovative ways for customers to be environment friendly. **Response :** We will introduce greener products and services Page: 41-43 (Environment Footprint), 54-55 (Targets)
14	Innovation and industry growth/affordable and accessible services	The evolution of the ICT industry and competition	**SH:** Dialog should improve its products to be more 'youth-friendly' i.e., be more innovative **Response:** This is a currentfocus area Page: 29 (New Business Partnerships)
15	Human rights, labour rights & workplace grievance procedures	Increased awareness on these issues	**SH:** Does Dialog manage these aspects in a sustainable manner? Even down their supply chain? **Response :** We are aligning our operations in accordance with SA8000 and ISO26000 guidelines. Page: 60 (Management Approach)

Table 2. Issues most material to Dialog in 2012.

Management
Approach

Creating value is fundamental to Dialog's approach to any undertaking. In line with the management axiom "What I can Measure, I can Manage," this concept accepts that the key to Sustainability is to first measure and understand an organization's value-creating and value-destroying actions and effects upon the world around it; and thereafter, to actively mitigate, reverse or manage harmful effects, while magnifying, building upon and focusing upon value-creating activities. Dialog's 4 A's framework – Affordability, Availability, Applicability, and Affinity – encapsulates and guides its efforts to create value for customers and society.

Dialog Axiata PLC's approach is three-fold for incorporating Sustainability into the core of our operations, into the consciousness of every employee, and in every facet of our business as a growth platform for the future. Our approach is encapsulated in the ideas of Sound Management, Good Business and Leading Change.

Building and running a Sustainable enterprise necessarily calls for the internalization of sound management – a pragmatic, long-term view taken in all decisions – and good business – understanding that the future of the company depends on acknowledging responsibility for our products and creating value shared equitably with Customers, Employees and Society. Sound management and good business also encourage an organization to play to its strengths, focus on the factors within its sphere of influence, and find adjacencies and overlaps between core capabilities and prioritized needs which the organization can best influence in the world around it. In the past year Dialog has deepened employees' engagement and participation in Sustainability initiatives as a means to increasing individual ownership and mindfulness of Sustainability principles in all that we do. At the same time, we have expanded our reach within our sphere of influence by working with suppliers to develop a new Vendor Code of Conduct, applicable to all suppliers, that incorporates the SA8000 and ISO14000 standards' social and environmental accountability requirements.

Influencing the rest of the organization's environment by actively leading change – recognizing that Dialog can and must participate in society's journey towards Sustainability by leading through example, sharing knowledge, and making it easier to do good while doing well – is the final frontier of achieving true Sustainability. Page 56 presents a comprehensive mapping of our activities against different aspects of the GRI aspect list, to demonstrate our rigorous approach to ensuring coverage on all aspects of Triple Bottom Line performance.

Sound Management
- Economic Performance
- Focus on Adding Value
- Proactive Actions
  - Risk Mapping
  - New Business Models
- Accountability, Governance, Institutions
- Best Practices

Good Business
- Creating Value for Customers
- Attract, Retaiin and Develop
- Fulfilled Employees
- Play to Strengths
- Product Responsbiliity

Leading Change
- International Charter Commitments (UNGC)
- Public-Private Partnershiips

Figure 3. A top-level view of Dialog's management approach.

Progress Relative to Sustainability Targets

Economic

Introduce Vendor Code of Conduct
Vendor CoC introduced, incorporating requirements specified by ISO14001/SA8000. Page 42.

Increase local procurement to 60% of total procurement
Local procurement spent was 37%. Page 43.

Social

Identify risks due to human rights violations
Captured in Corporate Sustainability measure in our Risk Management Framework's risk radar.

Effective risk monitoring system to capture material issues
Captured in Corporate Sustainability measure in our Risk Management Framework's risk radar.

SA 8000 implementation and certification
We have completed a gap analysis against standard requirement and are currently addressing gaps.

Increase regional employees to 25% of total employee base
Regional employee base increased to 23%.

Develop H & S management system and monitoring through the internal audit team
Gap study conducted; system improvements currently in progress.

Introduce human rights training
Few trainings on anti-sexual harassment were conducted.

Review whistleblowing policy and implement changes
Operationalization of whistleblowing policy reviewed through employee focus-group discussions. Page 44.

Distribute Sinhala and Tamil code of conduct booklets
To be reviewed and distributed in 2013.

Environment

Add 5 Green Base Stations to network
5 new sites added during 2012. Page 39.

350 M-waste collection points by 2014
120 collection points by end 2012. Progress to be reported in 2013 report.

Implement Environment Management System
Project in progress. Aspect-impact analysis complete.

Increase e-bill subscriber base by 25%
Achieved a 1222% growth in the e-bill subscriber base. Percentage of e-bill subscribers increased from 1.58% to 20.93% in 2012 of the total base. Page 39.

Reduce water consumption in office sites by 10%
Water consumption reduced by 7%. This maybe a result of the modified data capturing system.

Add 300 more free cooling and hybrid sites to network
70 more free cooling and hybrid sites added. Page 40.

Introduce carbon calculator for customers
We will carry this target to 2013 as progress was not made against the stated target.

Measure GHG emissions resulting from E-waste disposal using WARM standard
We will include this in the 2013 target of adding scope 3 GHG emission disclosure.

Assurance Providers' Recommendations on 2011 Report's Sustainability Targets and Opportunities for Improvement

Creation of a central repository for all company policies; consolidation, communication and monitoring of all policies
Repository created and shared via corporate intranet site DNET. Employee communications planned in 2013.

Include Firstsource-Dialog within reporting boundary from 2012 report onwards
Firstsource-Dialog not considered to be within the reporting boundary as majority of control does not reside within Dialog.

Issue-based stakeholder engagement process mapping stakeholder expectations or needs for each SBU
2012 stakeholder study was conducted based on material issues. SBU-wise issue mapping was not considered since it was not highlighted in the materiality study.

Systematic quality assurance procedure for data management system
Data management systems to be implemented targeting the 2013 Integrated Report.

Fully report on key material performance indicators that are partially reported
Materiality of all partially reported indicators studied, changed accordingly. Pages 13-15.

Risk
Management

Dialog Axiata PLC's risk reporting is governed by the Risks Reporting Framework used by our parent company Axiata Group Berhad. The Framework is based on the ISO31000 standard and was developed by JLT Consulting for Axiata and its Operational Companies (OpCos) in various countries. The Risk Management Policy, together with the scope and methodology, leads to a clearer understanding of risk appetite.

We based our risk assessment upon the Risk Radar model provided by Ernst & Young[4] detailing top 10 risks in telecommunications in the year 2012.

The Risk Management unit reports to the Group Chief Financial Officer, with dotted-line reporting to the Axiata group risk management unit and Dialog's Board Audit Committee. The Risk Assessment matrix is to be presented to the Board on a quarterly basis.

The 2012 Risk Mapping exercise for the first time included Sustainability risks within its ambit, enabling the Risk Framework to be used as an input to the Stakeholder Engagement Materiality Mapping exercise.

[4] http://www.ey.com/GL/en/Industries/Telecommunications/Top-10-risks-in-telecoms---Top-10-risks-in-telecommunications-revisited

12 ERM Report is presented to The BOD of Dialog

12 ERM Report is presented to GRM at Axiata

11 ERM Report is presented to The BAC of Dialog

12 Facilitate Audits of The ERM Function with GIA at Dialog

10 ERM Update is approved by GCEO of Dialog

9 ERM Update is presented and ratified by GCFO on a quarterly basis

8 ERM Update is presented and ratified by ERMLC every 3 months

7 ERM Dashboard is Updated by IERMU as quarterly

1 IERMU conducts The ERM Risk Interviews with Divisions

6 Sign-off by Divisional Chief Officer

2 via The Divisional Risk Champion

5 Sign-off by Divisional Risk Champion

3 Risks are Identified, Analysed, Evaluated and Risk Response (Action) Plans are Developed

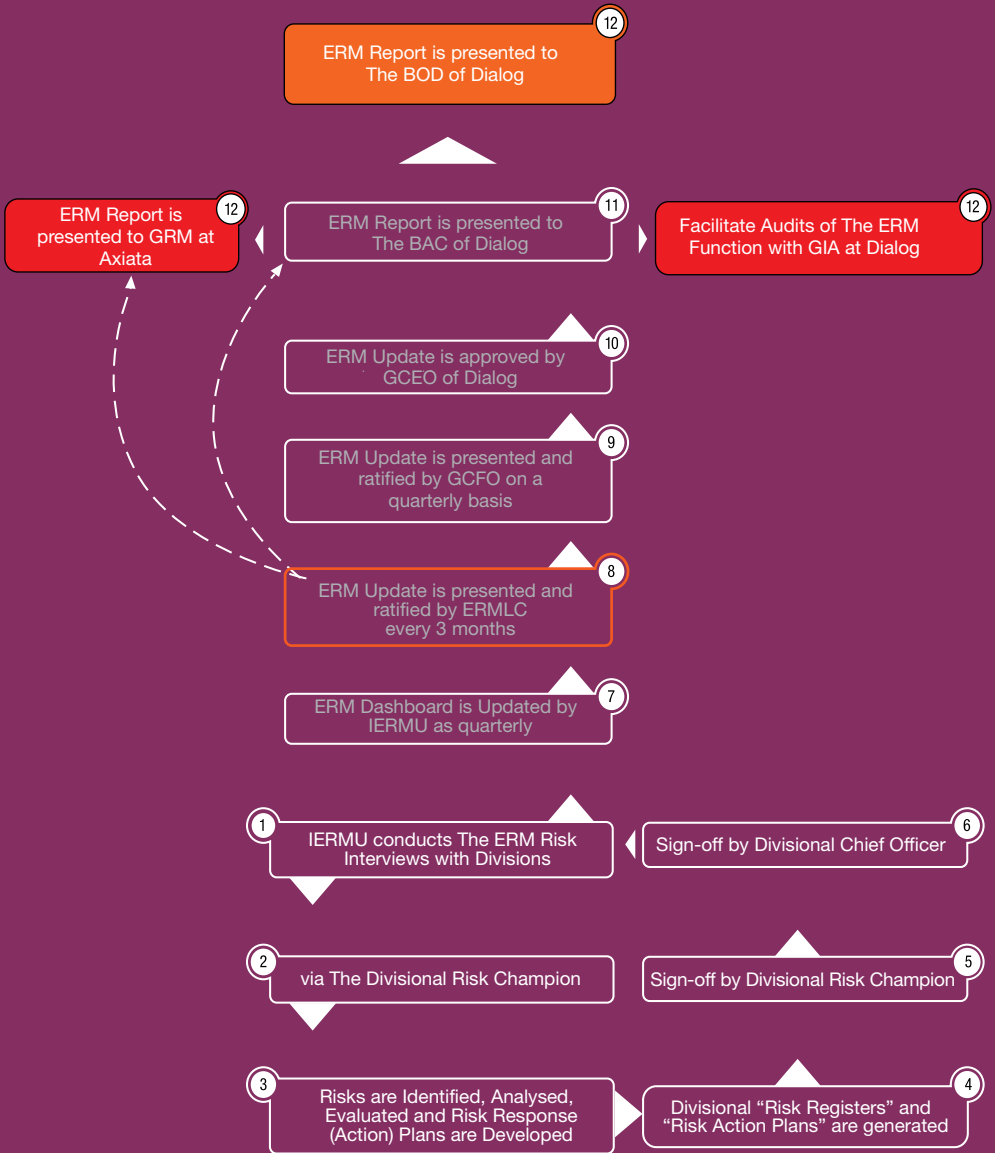**4** Divisional "Risk Registers" and "Risk Action Plans" are generated

Figure 4. Dialog's risk reporting framework.

GOOD BUSINESS

Doing well by doing good

Good Business requires focusing on not only direct revenue-generating activities, but also on creating an enabling environment within which the Group can maximize its revenues.

Good
Business

Good Business requires focusing on not only direct revenue-generating activities, but also on creating an enabling environment within which the Group can maximize its revenues. Continuing the Group's technology leadership and expanding its reach therefore, were as important as maintaining product responsibility, employee wellbeing and satisfaction, and maximizing positive social impact in our operations.

This Sustainability Report is another step in our evolution towards an integrated view of the Group's Economic, Social and Environmental bottom lines, which in turn will soon lead to integrated reporting on all aspects of the Group. The economic value we create is only one view of the value Dialog creates as we work to enhance Sri Lankans' lives; for comparability and translatability purposes, we will continue to strive in future to move towards reporting the value created on social and environmental bottom lines.

Developments when it comes to the combination of merger, joint venture and portfolio of outsourced activities, when viewed from the angle of the business, were all focused upon optimizing product portfolios; realizing synergies between businesses and resource pools; and achieving the correct balance in focus on core activities and efficiency in supporting activities.

2012 was a year in which Dialog became more systematic and pragmatic in its approach to recognizing, analysing and managing risk. An improved Risk Management Framework gave the Group an instrument by which to actively manage risks in all parts of the organization and external risks with a potential to affect the business.

Lucy Tan
Group Chief Financial Officer

New introductions in the year under review include the launch of Fourth Generation (4G) network infrastructure; the ezCash mobile money service; and the Dialog 5 Star Partner programme, creating rural Information Intermediaries in more than a thousand villages across Sri Lanka.

Direct Economic Value Generated (Group)	2012 (LKR)	2011[5] (LKR)
Revenues (Net sales plus revenues from financial investments and sales of assets)	56,790,625,864	45,920,005,416
Economic value distributed (Group)	41,624,551,562	31,769,953,416
Operating costs (Payments to suppliers, non-strategic investments, royalties, and facilitation payments)	20,341,964,602	15,050,702,981
Employee wages and benefits (Total monetary outflows for employees (current payments, not future commitments)	4,272,122,000	3,257,630,000
Payments to providers of capital (All financial payments made to the providers of the organization's capital.)	2,666,049,987	2,706,795,000
Payments to government (Gross taxes)	14,297,488,398	10,754,825,435
Community investments (Voluntary contributions and investment of funds in the broader community includes donations)	46,926,575	Not Available[6]
Economic value retained (calculated as Economic value generated less Economic value distributed) - Investments, equity release, etc.	15,166,074,302	14,150,052,000

Table 3. Economic value generated and distributed across Dialog's value chain.

Business Expansion

4th Generation LTE Technology

Sri Lanka's telecommunications sector entered the 4G era on Sunday 30th December 2012, with the launch of Commercial LTE Services in certain parts of the city of Colombo by Dialog Broadband Networks (DBN). Dialog's cutting edge broadband network is based on 4th Generation TD-LTE technology, and represents a quantum advancement in Fixed Broadband services delivered to Sri Lankan Homes and Enterprises. Commencing with the City of Colombo at launch, Dialog's LTE network will be made available across all major cities and towns in Sri Lanka in the immediate future.

Powered by the very latest in High Speed Wireless Broadband technology, Dialog's LTE network facilitates a simplified Home or Office Broadband experience for Sri Lankan consumers.

[5] We enhanced the Dialog SAP management system to capture the community investments for the year 2012. The data was not available in 2011.

[6] Restatement: EC1 figures have changed from 2011 Sustainability Report.

ezCash

eZ Cash is the latest innovation in mobile based cash transaction offered to our mobile subscribers, whether or not they have a bank account, enabling a wide array of financial transactions on the mobile phone.

A registered eZ Cash subscriber can then load money on to his/her mobile phone at any one of over 12,000 eZ Cash outlets across Sri Lanka. Sending and receiving money between eZ Cash accounts as well as making payments for goods, services and utilities and for the purchase of items over the Internet, is then as simple as sending an SMS with the aid of an user-friendly and tri-lingual menu on the mobile phone.

Dialog 5 Star Partners

2012 saw the implementation of the Dialog 5 Star Partner Programme. Envisioned as rural Information Intermediaries - "Infomediaries" - and selected from among the highest-potential graduates of the Dialog Viyapara Diriya (DVD) programme, 5 Star Partners undergo additional training on Social-Entrepreneurship, life-enhancing Value Added Services as well as many Information and Communication Technologies that can tangibly change the quality of lives in rural Sri Lanka.

1,200 such Infomediaries were selected and branded as 5 Star Partners, following training and follow-up assessment. The network of high-potential rural entrepreneurs is becoming key to taking Dialog products and services to diverse customers, and bringing back first-hand feedback from the grassroots.

Dialog's entry into a Joint Venture with Digital Commerce Lanka Pvt Ltd (DCL), owner of the Anything.lk online commerce property, with a view to creating an aggregated and unified e-commerce platform, will present Sri Lankan consumers with an unprecedented digital commerce experience.

Information security and customer data privacy are preserved with standards-based IT policies. As a company that focuses on continuous innovation and now looking to strengthen our digital product and service offerings, our future innovations may merit more emphasis on preserving and leveraging Intellectual Property rights.

Anthony Rodrigo
Group Chief Information Officer

New Business Partnerships

Dialog Axiata PLC in 2012 an investment agreement with Digital Commerce Lanka (Pvt) Ltd. (DCL) to acquire a 26% stake in DCL. The remaining equity in DCL is held by the shareholders of Anything (Pvt) Ltd., Sri Lanka's market-leading daily deals player and fastest growing e-commerce company. Going forward, the Joint Venture company DCL will encompass and absorb the business operations and brand properties of Anything.lk and the e-commerce businesses of the Dialog Group. Accordingly, the joint venture will facilitate the merger of daily deals category leader Anything.lk, most visited online mall iBuy.lk, B2B and C2C trading portal Tradenet.lk, and recently launched online classifieds site myTrader.lk. The merger of the category leading online businesses will yield an aggregated and unified e-commerce platform WoW.lk which would present Sri Lankan consumers with an unparalleled digital commerce experience spanning daily deals, branded store offerings, travel and leisure deals, B2B and C2C trading and the opportunity to buy and sell via an online classified service supporting Web, SMS and USSD mediums.

Mergers and Business Process Outsourcing

2012 saw the formalization of the merger of Dialog Broadband Networks with Suntel Limited, absorbing 407 new staff in the process. As per the commitments in the 2011 Sustainability Report, Dialog's Sustainability best practices were extended and adapted to the new entity.

A strategic decision in line with international trends saw the Group enter into an agreement with a third-party SAP software vendor to absorb the Group's 13 person SAP development team, where the employees so chose, in the process of outsourcing SAP software development and maintenance activities.

Our Team

Overview

Employee strength increased to 2,993 from 2,544 during 2012, with a total workforce of 4,363.

For the purposes of reporting, we define "employees" as all personnel employed on a full time basis under the Dialog Group, consisting of Dialog Axiata PLC (DAP), Dialog Broadband Networks (DBN) and Dialog Television (DTV). We define "staff" as employees and outsourced personnel. Employees, outsourced personnel and outsourced services togeather are defined as our "workforce."
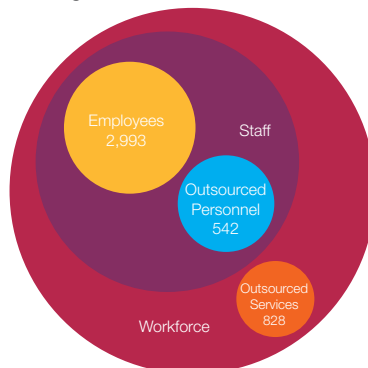
Figure 5. Dialog's workforce composition.

WORKFORCE

80.32% 19.68%	90.77% 9.23%	79.23% 20.77%	81.41% 18.59%
DIALOG GROUP	OUTSOURCED[7] EMPLOYEES	OUTSOURCED[8] SERVICES	TOTAL WORKFORCE

11% 18-25

64% 26-35

23% 36-50

1% >50
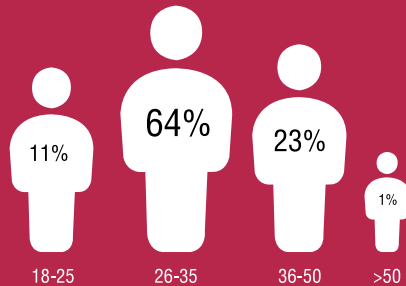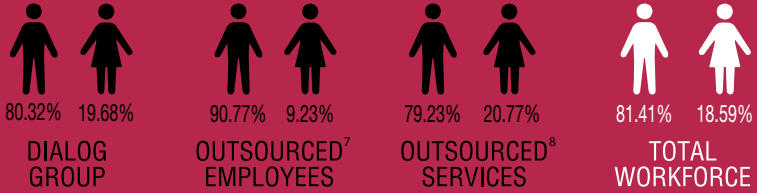
AGE DISTRIBUTION

DISTRIBUTION, RECRUITMENT AND TURNOVER

12.30%

80%

20%

COLOMBO
75.6% of
employees

OUTSTATION
22.9% of
employees

79%

21%

10.69%

Recruitment   Exits
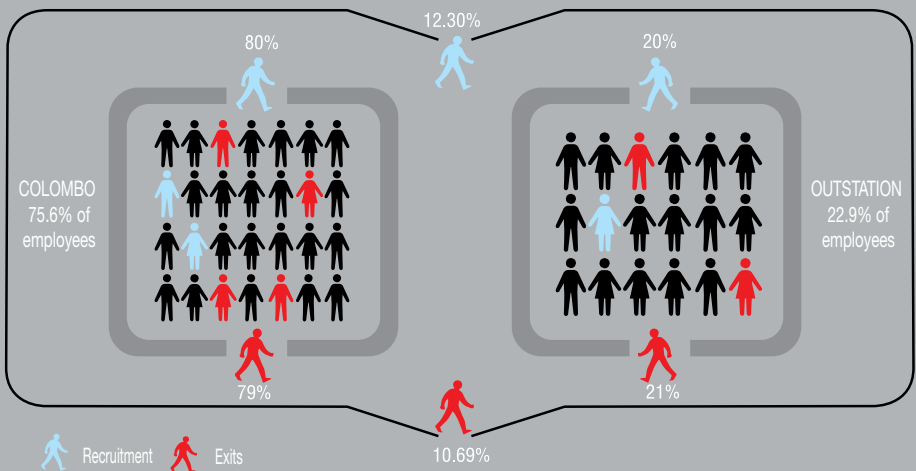
[7] Jobs performed by outsourced personnel.
[8] Outsourced service where personnel are stationed on-site.

Senior Management	Managerial	Executive	Non Executive
0.5%	8.0%	53.7%	37.8%
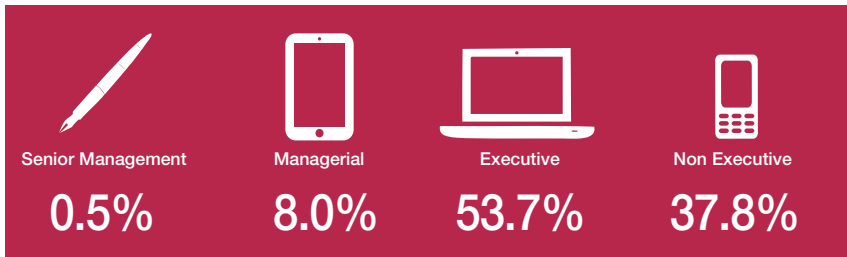
Figure 6. Employee distribution within organisational hierarchy.

Dialog's Senior Management team included two expatriates, representing 14.29% of the total senior management team.

We have been consistent in consciously maintaining a gender balance wherever possible among our employees. However several core operations are less attractive to females due to the nature of those occupations, leading to very low application rates by women.

Over 75% of our employees are 35 years of age or less. This however does not have direct correlation to any specific criteria in our recruitment process. Our recruitments are devoid of any discriminatory specifications, and age is not a deciding factor. The increase in the number of these individuals in our cadre is a sign of the Group's ability to retain the young, dynamic, energetic, experienced cadre over the last 5 years.

Age 35+ staff group has grown 2.5 times over the last 5 years
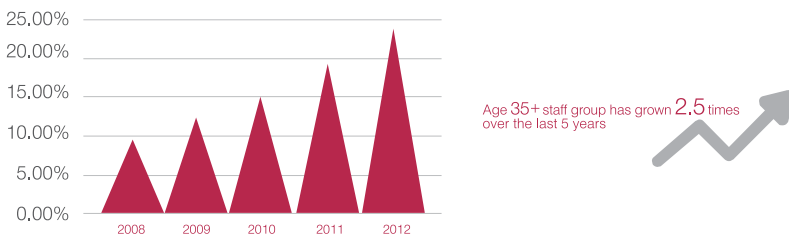
Figure 7. Employees aged 35+ years.

In our continuous efforts to increase job opportunities for those living in the suburban and rural parts of the country, we maintained a target of 20% for providing regional employment. The majority of our workforce (over 75%) is based in our main office operations in Colombo, and the remaining employees are dispersed among customer-facing outlets and BTS operations in 08 regions around the country.

Dialog Awards

The Dialog Awards programme was initiated as a platform to celebrate and motivate outstanding employee contributions. A third party consultant managed the programme, which brought to the fore the diversity and depth of outstanding employee contributions.

The 2012 Dialog Awards programme recognized and celebrated a total of 93 awards being distributed among employees for their outstanding contributions in various areas.

Performance Management Framework

In response to concerns expressed in the 2011 Employee Engagement Survey, an annual process initiated in 2010, the Group introduced a Performance Management Framework to tie pay and promotions to performance. This system includes Key Performance Indicators to ensure alignment between individual performance and corporate objectives. The framework will also provide employees more transparency and visibility into their monthly/quarterly performance and visibility of how their work contributes to organizational strategy. Annual performance reviews carried out each year are an assessment of the previous year's performance.
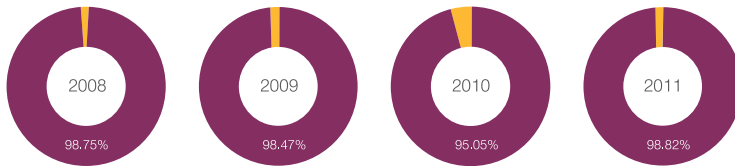

| 2008 | 2009 | 2010 | 2011 |
| 98.75% | 98.47% | 95.05% | 98.82% |

Figure 8. Percentage of staff receiving an annual performance review.

Benefits and Compensation

All employees are statutorily covered by the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) benefit plans managed by the government. In response to employee engagement surveys, a salary survey was conducted to benchmark employee wages with industry best practices and upgrading of pay taking into consideration employee performance and company performance. The gap study against the SA8000 standard revealed that our entry level wages are higher than local minimum wages.

Training

Dialog's Human Resource Development agenda ensures that employees are regularly provided opportunities to hone their skills and to acquire new skills and knowledge. Training needs are identified at annual performance appraisals where employees and their supervisors discuss and determine individual training needs.

In 2012, in response to the Employee Engagement Survey of 2011, Dialog went beyond the annual training needs identification process to enhance its training and development function, making considerable provisions in Human Resources development budgets for employee Learning and Development. Upon further review, the Group's Human Resources unit also reintroduced internal trainings on specific competency building and soft skills enhancement for selected functions. These trainings are conducted by professional trainers matched to the diverse areas of expertise.

Other Special Training programmes were also conducted throughout the year targeting specific employee groups, aimed at creating talent pool readiness for succession planning.

Figure 9 indicates the average number of training hours per employee category across the Group in 2012 and the ratio of training hours by gender. Dialog does not discriminate on gender on the provision of training programmes for employees.

| 06.06 hrs | 15.34 hrs | 16.92 hrs | 14.49 hrs |
| Senior Management | Middle Management | Executive Staff | Non Executive Staff |
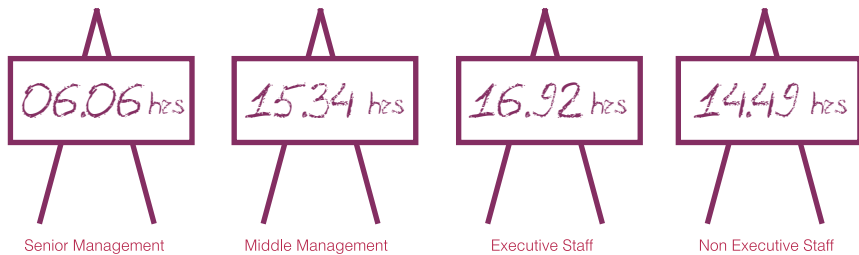
78.4% 👨 👩 **21.6%**

Figure 9. Average training hours per employee by category and by gender.

Health and Safety

Dialog's long-standing Health & Safety team's operations are reviewed each year. This team's composition closely represents that of Dialog's workforce – each floor of every office site has a Health and Safety representative, including male and female representatives. In 2012, we further strengthened the Health and Safety team by including representatives from our outsourced cadre. First Aid and fire safety also fall within this team's core responsibilities, in addition to responding to emergencies and developing processes for a safe work environment. The Group injury rate and absentee rate as at 31st December 2012 were 1.09% and 1.80% respectively. No lost days were reported for the year under review. No workplace fatalities occurred in 2012.

2012 saw the successful implementation of the 'Dialog Health Drive', a one-day medical health camp aimed at educating and increasing employees' awareness on personal wellbeing. In addition to this programme, a Health and Safety gap-assessment was carried out by an external consultant along the lines of the SA8000 standard. As a result of this study, numerous training programmes on Health and Safety best practices were conducted for the 08 regional offices during 2012.

The Group is currently revamping its Health and Safety function in order to formalise a Health and Safety Committee as per the OHSAS guidelines.

1.09% **0.00%** **1.80%** **0.00%**
Injury rate   Lost day rate   Absentee rate   Workplace fatalities

Figure 10. Health and safety statistics for the year 2012.

DVN-Outreach

The Dialog Volunteer Network's activities were extended beyond large, all-staff activities, to enable small teams of Dialog employees to propose and execute smaller projects within a fixed time frame and budget. This opened up an opportunity for regional employees to get more involved from their own locations, and to extend support to their local communities. The competitive proposal process includes judging, by a panel selected on a rotating basis from amongst management, against core Sustainability criteria upon which the Group focuses in its overall Sustainability efforts. Four rounds of projects were proposed and successfully completed in 2012. Please find more details of these projects at page 48.

Sports

Known as a youth brand, and comprising largely of a young and energetic workforce, Dialog recognizes and encourages sports activities not only at national level, but also amongst its workforce. This encourages members of Team Dialog to participate in sports activities of their choice, and also to represent the Group at mercantile and other competitions organized in the sports arena.

Teams and individuals representing Dialog won awards at Mercantile championships for sports including Badminton, Football, Rugby, Table Tennis, Basketball, Cricket and Swimming. The intramural Cricket Carnival and 7-a-side Football tournament enabled more employees to participate in and enjoy these popular sports while building and strengthening bonds among employees.

The 3rd annual Sports Awards night 2012 celebrated our sporting culture, nurtured and valued from the management down to every employee.

A Culture of Sustainability

The Group continues to engage employees in a process of internalizing a culture of Sustainability in processes and mind-sets. A series of Road Shows shared with employees the many achievements along the Group's growth as a leader in Sustainability, and reinforced the Group's commitment to Sustainability practices. Sustainability as a topic has been institutionalized as part of the induction process for new employees.

The Dialog Environment Week was an internal initiative, coordinated by new Sustainability Representatives at every office location, to continue raising employees' awareness about internal environmental initiatives and grow a culture of sustainable practices at the company. Five themes, one for each day of the work week, focused on increased use of natural light; reducing overheads on stationery by introducing a Trading Post for swapping unused stationery; making the inter-office shuttle service more widely used and more accessible by introducing an SMS schedule look-up service; promoting virtual meetings to save time and travel overheads; and increasing collection points and raising awareness of the Group's mobile waste collection and safe disposal processes.

Other Activities

The long-standing and active Dialog Quiz Club has won several honours for the Group, and a Battle of the Brains competition opened the stage for new stars to shine at an intramural level.

Other all-employee activities included a Beach Carnival, Kiddies' Carnival, a Sports Awards Night, and, to close off the year, Christmas Carols as well as a Donate-a-Book campaign supporting children of housekeeping staff, and a Charity Drive inviting several local charities to the Group's premises.

Dialog's overall strategy in 2012 and going forward, is one where Sustainability strategies converge comprehensively with overall Group strategy. This has been self-evident in our performance and priorities over the years, and its continuation and evolution is recorded in this 2012 Sustainability Report.

While the rest of the Group's strategy and execution is captured elsewhere in this report and the Annual Report it accompanies, I take this opportunity to highlight two significant products launched in 2012.

The mobile money product ezCash is a technology innovation with massive economic potential for the Group and for our subscribers, that also creates environmental and social value. ezCash has the potential to create disproportionately more value in the informal economy, which overlaps or interacts greatly with rural and marginal populations.

Both ezCash and our increasing presence in e-commerce reduce unnecessary travel and physical exchanges, improving productivity, reducing emissions, and create the space for hitherto non-existent and unimagined innovations in social and economic interactions.

Dialog WiFi is another service that saw considerable expansion in 2012 to over 1500 locations in three categories: wide-area outdoor hotzones, such as parks; local-area outdoor hotzones, such as popular tourist attractions; and transport hubs, such as airports and bus stands.

Supun Weerasinghe
Group Chief Operating Officer
Up to 15th February, 2013

SOUND MANAGEMENT

Running our business sustainably

Our commitment to Sound Management is driven not only by the desire to do no harm, but also to maximize the economic value created by creating a positive environment, including stakeholder support, for the Group to operate within.

Sound
Management

Our commitment to Sound Management is driven not only by the desire to do no harm, but also to maximize the economic value created by creating a positive environment, including stakeholder support, for the Group to operate within. Affinity, the fourth 'A' in our 4A inclusion model, ensures our corporate sustainability by retaining and rewarding our stakeholders for their continued commitment, and our shared growth and success.

As a leading Information and Communications Technology company, Dialog continued in 2012 to make its services available, accessible and affordable to Sri Lankans, while working to minimize social and environmental impacts. 2012 also marked the tenth year since our return to the North and East of the country.

Our Marketing Guidelines ensure that our communications carry no discrimination or disparagement on gender, ethnicity, religion, culture, disability or age. Product Responsibility practices ensure accountability for accurate and clear communication of product descriptions. The Be Mobile Wise mobile phone safety education programme is another aspect of our commitment to product responsibility.

To make our deeply value-adding service available to the greatest number of Sri Lankans, we undertake many practices such as retailer development – reaching beyond the Group's boundaries to enhance the capacity of grassroots retailers, on the principle that "expanding the pie" is a more sustainable and value-creating exercise than competing for diminishing returns by fighting for a greater share of the existing pie.

The Dialog 5 Star Partner programme, implemented from start to finish in 2012, saw the selection, training, and introduction of a 1206-member network of rural Information Intermediaries – "Infomediaries," Information and Communication Technology (ICT) experts empowered to solve all challenges in helping their fellow villagers bridge the Digital Divide, going far beyond Dialog-only technologies and services.

Amali Nanayakkara
Group Chief Marketing Officer

Total Commitment to our Customers

Delivering shared value and taking multi-sensory connectivity to the largest customer base in Sri Lanka has made us both responsible and diligent in our service delivery. Dialog operates as a Mobile, Internet and a Satellite TV service provider, which broadens our scope of product responsibility. We are aware of the imprecise demarcation between our products as they continuously evolve. We continuously review our products, their positive and possible negative impacts, and align approach to managing those impacts.

Product Quality and Reliability

We manage our internal monitoring and assessment systems to ensure the top quality and reliability of our service. Annual customer satisfaction studies are carried out for all our products. Certain of these studies are conducted in coordination with our parent company Axiata, to achieve uniform good quality service among all operations thoughout South East Asia.

We have undertaken all necessary measures to ensure data security and privacy of our customers. We carry out regular screenings of our systems for possible breaches. Strict disciplinary actions are taken where any case is verified by our internal investigation team. We have observed an increase of customer complaints about divulgence of personal information over the last two years. Actions were undertaken in response to each case, while we have tightened our information security over the last two years in compliance with ISO27001.

Marketing our Product

Our marketing policies drive the accuracy and clarity of our advertising. The internal filtering process makes sure all these communications are unbiased, ethical, and comply with Sri Lankan regulations. All stakeholder studies have shown that none of our main stakeholders perceive us as a company that undertakes any anticompetitive behaviour. We are guided by the TRCSL on the handsets and phone units we can market. The TRCSL guidelines are strictly compliant to the SAR levels and other international standards of consumer safety.

Be Mobile Wise

Phase II of our Be Mobile Wise awareness and education programme commenced in 2012. The programme acknowledges and takes ownership of Dialog's product responsibility, the potential for uninformed, unethical or unknowing misuse of mobile phones to the detriment of the users themselves, those around them, or the environment, leading to value destruction. Be Mobile Wise` makes awareness and education about ethical and responsible use of mobile phones accessible, engaging and memorable, with a non-threatening and non-judgmental attitude.

We commissioned a company of street dramatists to develop and perform a script addressing many common issues with improper or antisocial use of mobile telephones, as an accessible and entertaining medium through which to reach a wider segment of the public. Performances at several public locations included the Fort and Gampaha railway stations, Galle Face Green, and the World Trade Centre plaza.

Certification against ISO14001 Environmental Standard

As per the commitment made in the 2011 Sustainability Report, the process for achieving certification against this standard has been initiated with the development of an Environmental Management System.

The launch of Fourth Generation Long Term Evolution (4G LTE) mobile network services is a significant milestone in Dialog's technology leadership, part of our continuous improvement and expansion of technological services to our customers. Dialog continued its network expansion in 2012, with particular emphasis on the North and East, comprising 176 of a total of 719 stand-alone, shared-out and shared-in sites added island-wide. Five of the new towers added in 2012 were Green Base Stations.

The year 2012 saw us roll out the implementation of the Environmental Management System (ISO14001) as we aim for cleaner and greener practices. Our approach to ISO14001 is demonstrative of our overall view. We focused first on our network of Base Transceiver Stations – BTSs – having judged that to be the best test-case as well as the highest Return on Investment. The EMS will provide us a framework with which to manage our environmental footprint in our efforts to maximize the value we create and minimize any value our activities may destroy.

Year 2012 also saw a major revamp of the Base Transceiver Station Fleet of Dialog's 2G GSM network with 63% of the equipment being modernized with state of the art low energy consuming future proof technology. Modernization has spanned over Western, Central, Eastern and Northern provinces of the network, which has in turn effected a 30% reduction in energy consumption in the said region. Associated improvement in network performance monitoring tools and processes has further given rise to a significant reduction in on-field monitoring resulting in a 25% reduction in fuel consumption.

Pradeep de Almeida
Group Chief Technology Officer

Our Environment Footprint

Our environment policy focuses on our commitment to minimise a harmful environmental footprint. We are focused on global and local environment issues material to us and our industry at large. We intend to carry out a detailed risk and opportunity matrix for the ICT industry at large based on our benchmarking studies and quarterly risk evaluations.

Dialog purchased 150.34 tonnes of paper for its operations in 2012. A total of 0.59 million rupees was saved with an active right-sizing of stationery consumption for office use. Office Trading Posts were placed in two main office locations to encourage employees to re-use and reduce. The company positively promoted e-bills and summary bills among employees, their families and our customers. Overleaf is a breakdown of paper consumption in office, displaying significant reduction of paper used for bills.

High energy consumption is an industry-wide issue which similarly affects Dialog's operations. In addition to our benchmarking practices to environment standards, we have continued numerous energy efficiency programmes in our network. We were able to increase the number of Green Base Stations (Wind – Solar powered) to 9. These efficiency measures have succeeded in bringing down our per base station energy consumption down by almost 30% compared to 2011. Although the absolute numbers show an absolute increase in consumption, the analyses overleaf depict the positives of our conservation attempts. Energy consumption was monitored strictly, with some energy saving measures implemented both at technical sites and office sites. Many campaigns including the Dialog Environment Week stressed on the importance and ease of internalizing simple energy saving habits.

Steps taken to reduce energy consumption in network operations are detailed below. This is a continuation of the energy efficiency efforts initiated in 2009. We currently operate on an assumed average consumption per site when calculating increased efficiency. We intend to employ site-based measurement systems from the 2013 reporting cycle, which would provide a more accurate representation of energy saved.

These changes combined for a saving of 2404.5 tonnes of GHG emissions over the year. However In 2012, Dialog's total carbon footprint increased by 15.4%. This increase in the absolute carbon footprint can be attributed to the increase in absolute direct and indirect energy consumption over the last year, due to the reasons explained above.
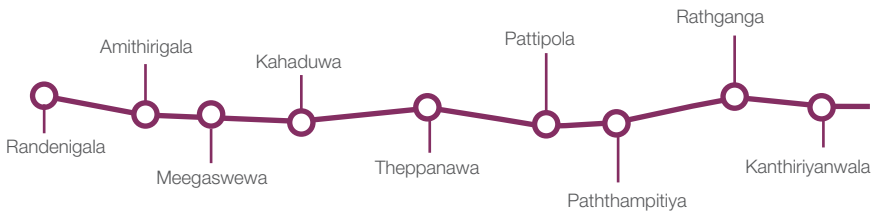
Figure 11. Renewable energy systems installed since 2009.

PAPER CONSUMPTION AND SAVINGS

- Paper purchased (tonnes)
- Paper recycled
- Paper not used (e-bills/summary bills)
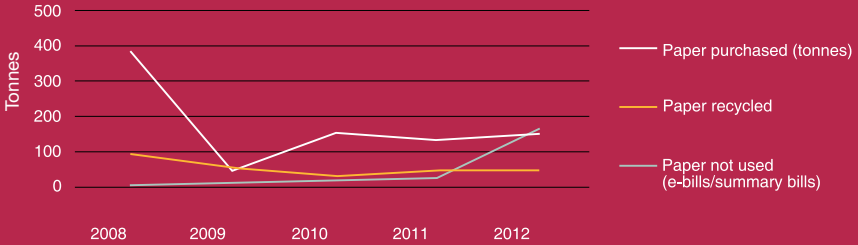
ENERGY CONSUMPTION

GIGA JOULES

2008	72,224
2009	33,065
2010	15,424
2011	22,662
2012	**39,384.74**

GIGA JOULES

2008	345,821
2009	365,675
2010	353,746
2011	452,995
2012	**480,483.66**

- Per Customer
- Office: Energy per staff member
- Technical: Energy per site
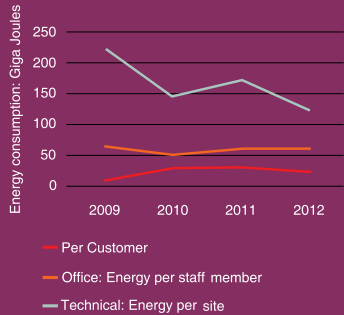
ENERGY SAVING AND EMISSIONS

2404.5 TONNES
of GHG emissions saved

66037 TONNES
Total GHG emissions

- FREE COOLING SYSTEM
- HYBRID COOLING SYSTEM
- GENERATOR BATTERY SOLUTIONS
- STATIC VOLTAGE REGULATOR
- WIND SOLAR HYBRID GREEN SOLUTION

Energy Saving 727,192.00 MWh[9]

[9] The energy saving is calculated based on the reduction in the bill cost and on the per-unit cost.

43,275 Kl of municipality water consumed during 2012 was the only water consumption for the Group. The only waste water discharges were from office sites, directly into the municipal waste water system.

Network activities saw the addition of 1145 new tower sites in 2012, to the existing base of 2185. Only 4 of these sites were in close proximity to high-biodiversity protected areas, where Dialog took all necessary measures to comply with all the regulations and also ensuring the minimum damage to these locations. In 2013, we will conduct a study on our sites located in high biodiversity areas.

A total of 175.55 kg of Ozone depleting gases were emitted to the environment due to end-of-life replacement of air conditioners at office sites.

There were no significant spills of oils or other hazardous material from our sites during 2012. Several changes were identified in our technical sites to reduce the probability of a spill down to zero.

We have initiated a base station site-based data capturing system along with the aspect – impact study of our environment management system. This system will be extended to capture real-time data on our environmental performance. This would enable us to account the emission based environment footprint concerning SOx and NOx and other types.

In 2012 we reviewed our waste management processes and have proposed a total waste management solution to be implemented from year 2013.

Figure 12. Waste Management in 2012.

Vendor Code of Conduct

The Group met its 2011 target of spreading Sustainability best practices further within its sphere of influence through the strengthening of our vendor screening process and introduction of the vendor code of conduct in 2012.

We incorporated best practices for Supply Chain Management Criteria as per ISO14001 and SA8000 in compiling the Vendor Code of Conduct of Dialog. 144 vendors have signed the vendor code of conduct within the reporting period.

The Supply Chain Management function interacts with a large portion of Dialog's sphere of influence. In the year 2012, Dialog deepened and strengthened its Vendor Screening and Vendor Code of Conduct processes, in addition to the Vendor management and profiling which seek to improve vendor performance. We continued focus on local procurement wherever possible, looking outwards primarily when technology or expertise was not available or insufficiently matured for business-critical procurements.

Supporting local vendors is a strategy of enlightened self-interest, as it helps create competition that, being local, is often cost-competitive, as well as fostering innovation and price discipline, along with the many positive economic externalities for the local economy.

One of the highlights of the procurement process in 2012 was the increased attention to green technology in the sourcing of our technical equipment, and related products.

Shayam Majeed
Group Chief Commercial Officer

Although we stated a target of increasing local procurement to 60%, owing to the nature of expansion the company had to undertake during the year 2012, in technology and in the customer base, we could only spend 37% of our procurement budget in the local market. As stated in our management approach we favour local procurements over foreign, other than at times such as in 2012 that the specific technology and expertise to match the growth rate we are aimed at, is not found locally.
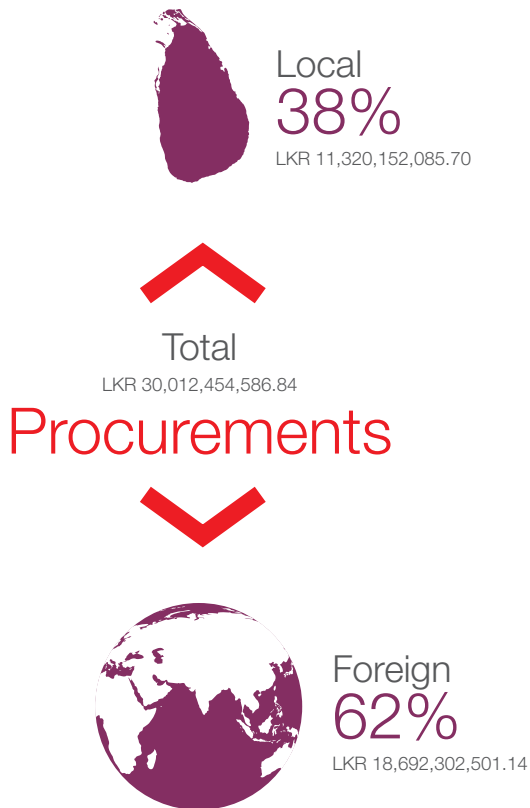
Local
38%
LKR 11,320,152,085.70

Total
LKR 30,012,454,586.84
Procurements

Foreign
62%
LKR 18,692,302,501.14

Figure 13. Local vs foreign procurement spend comparison.

Benchmarking against Social Accountability Standard SA8000

In 2012 the Group worked with an external consultant to identify gaps between current processes and the international SA8000 social accountability standard. The intention of this analysis was to enable necessary changes to achieve compliance with the standard in 2013.

Progress against ISO26000 Social Responsibility Guideline Gap Study

Building upon gap analyses and remedial action undertaken in previous years, we have progressed over the last two years. Page 70 of this report contains a summary of our progress and we indicated areas of improvement where relevant.

Grievance Handling Process

Our actions under both the SA8000 and ISO26000guidelines have reinforced our policy and practices in maintaining labour and human rights at work. We are currently developing a due diligence process in ensuring 'zero' human rights issues during mergers and acquisitions. Group-wide awareness campaigns were carried out on the whistleblowing and whistleblower protection policy. Informal "coffee sessions" with the Ombudsman were introduced as an open forum to discuss the operations of the office and how employees could engage with the Ombudsman.

As per the Grievance Handling Policy and Procedure, the employee grievance resolution process can follow the channels below

- direct line management at middle/divisional management.

- Human Resources Partner to HR leadership.

- Formal complaint to Dialog ombudsman under the Whistleblowing and Whistle Blower Protection Policy.

- Professional counselling service (If employee grievance is personal and has significant impact on his/her line of work, and if employee seeks professional intervention from the Group).

The year 2012 saw changes in the Group's manpower composition, and a deepened focus on employee development and engagement. The end of the year saw the third consecutive Employee Engagement Survey conducted by an independent party. The results of this survey will be a first look at whether the actions taken in response to the most material gaps highlighted in the 2011 survey, might have begun to have effect.

The results of the 2011 Employee Engagement Survey led to the decision in 2012 to increase the training budget by a multiple of five times, effective 2013. We also strengthened employee grievance handling mechanisms and awareness about these procedures, as part of our continuing commitment to accountability and transparency. The past year has also seen a maturation in the Group's ability to absorb and integrate not just new employees, but new companies. Integrating new employees into the Dialog culture, while learning from and taking the best features of their own cultures, is important to ensure that our culture is a dynamic, enabling and engaging one that makes us an employer of choice.

The year under review saw the launch or implementation of several measures to strengthen internal processes to further increase the value created, and minimize value destroyed in our many activities. Dialog used the standards as an opportunity to extend its value-creating influence across its supply chain.

The Dialog Foundation was set up in 2012 to better-align Dialog's biggest, highest-impact social responsibility and philanthropy initiatives. With several leading independent Trustees agreeing to serve on its Board, it is my hope that this corporate foundation breaks new ground in its sector, indeed bringing it closer to other sectors, and leading to continued development of the models of corporate social and environmental responsibility in Sri Lanka and the world.

Kavan Ratnayake
Group Chief Corporate Officer
Up to 31st December, 2012

LEADING CHANGE

Internalising, engaging in and leading change, locally and globally

Dialog is committed to engaging in and influencing the evolving discourse in making the world more sustainable.

Leading
Change

Dialog is committed to engaging in and influencing the evolving discourse in making the world more sustainable. Our potential for impact is not limited to the direct and indirect impacts we have upon our stakeholders when we can help or serve as an example to other organizations and individuals working towards similar ideals in diverse sectors. By participating in the forums where the state of the art is driven forward and its application is discussed, Dialog can not only share but learn from diverse fields, in its own quest for excellence.

Dialog's Community Development expenditure in 2012 of Rupees 130 million was distributed among the main objectives of Education, ICT4D, Environment and enabling the disabled. Several major existing projects will be moved under the banner of the new Dialog Foundation, while Dialog will continue to support many other worthy initiatives directly through its Sustainability and Corporate Affairs division.

Dialog Volunteer Network

The Dialog Volunteer Network – Outreach programme launched in 2012 saw four projects where small teams implemented their sustainability project proposals, selected in a competitive process, which undertook repairs, and provision of essential facilities to two remote schools, a rural hospital and a rural nursery school. We are perhaps proudest of the fact that the significant impact that these four projects created, were achieved at an investment of Rupees 100,000 each by Dialog.

New Head Office Building

The laying of the Foundation Stone for a new headquarters building at the Group's main site offers another opportunity to demonstrate leadership in corporate sustainability efforts. The Group's flagship new building is to be built to the LEED Gold standard.

International and Multilateral Organizations

Dialog continued its commitment to the United Nations Global Compact, supporting the Local Network Exchange Programme, and supporting and participating in the Local Network's Regional Meeting for Asia and Oceania held in Colombo in November 2012.

Dialog Axiata joined hands with UNICEF to support their efforts towards the betterment of the lot of Sri Lankan children through Star Points, Sri Lanka's largest loyalty rewards network. Through this partnership Dialog's 7.5 million customers will be able to donate their Star Points to UNICEF's efforts to break the culture of silence and indifference towards child neglect, violence and abuse. Funds generated through the Star Points rewards will contribute to the 'Violence-Free Society for Children' campaign that seeks to build awareness on violence against children and child abuse in communities, schools and homes.

The GSM Association, the international association of mobile operators, has been a key partner for many years, and continues to support projects such as the 5 Star Partner Programme.

Pahala Baladora Junior School
Kobeigane Kurunegala

9♀ X 6days
Team: Group Fleet Management

Water, Electricity and Sanitary facility

47 students and 07 staff members

Galaha Rural Hospital
Galaha, Kandy

8♀ X 4days
Team: Network Operations Management

Water and Sanitary facility

Approx. 40,000 patients per year and 26 staff members

August October

September November

Mullivaikal West Secondary School
Mullaitive

8♀ X 2days
Team: Group Front Line Service, Vavuniya

Water and school building renovation

300 students and 14 staff members

Thaneeruthu Montessori
Mullaitive

8♀ X 2days
Team: National Sales, Jaffna

Access to Electricity, road and building renovation

50 students and 05 staff members

Figure 14.   Community development impacts of the Dialog Volunteer – Outreach programme instituted in 2012.

Nenasa

Dialog's partnership with the Ministry of Education and National Institute of Education on the Nenasa Digital Education Bridge saw further progress in 2012. A further 500 selected schools received televisions and connections, bringing the number of connected schools up to 1400. Dialog continued work to build the government's capacity for creating higher volumes of syllabus-compatible education material, setting the stage for continued development of this public-private partnership.

Nenasa, which has seen a total investment of over Rupees 90 million by Dialog since 2007, will be carried on under the Dialog Foundation, coordinated by the Sustainability Division and with significant support from several of the Group's frontline divisions.

The Dialog Foundation

The Dialog Foundation was set up in 2012 as the successor to the Change Trust.

The Change Trust was established in 1999 based on an innovative locally engineered, usage based charity computation, where subscribers could contribute to charity – matched 1:1 by Dialog – and won the prestigious World GSM Award in 2001 for its novel approach. The Change Trust mainly focused on five thematic areas – 1) Youth and Education, 2) Empowering Persons with Disability, 3) Environmental Preservation, 4) ICT for Development and 5) Humanitarian Assistance.

The Change Trust, while it was innovative and created much value, faced certain operation challenges, partly as a result of its ambitious model. The Trustees, when making decisions about major projects, found themselves challenged with the question of what "donor intent" may have been behind individual donations by subscribers. The fairly small base of donations also limited Dialog's ability to throw significant weight behind any projects, despite Dialog's contribution being far greater than a 1:1 match in any year. In 2010 the Trustees of the Change Trust Fund recommended that the Trust be dissolved, with any funds to be donated to a deserving, non-related institution with similar objectives, as per its Articles of Association. The Trust was thus wound down in 2011, with its residual funds having been donated to the Sri Lanka Cancer Society.

In place of the Change Trust, the Dialog Foundation was envisioned and created in 2012 to unify Dialog's major Public Private Partnerships including Nenasa, and to establish a strategic focus for the Group's philanthropic activities. Though still in its infancy, the Foundation's articles of association create the enabling environment for the Trustees to work with Dialog, as well as other collaborating funders and organizations, to undertake many cutting-edge socially innovative practices with the potential to catalyse disruption and change in social and environmental areas of major concern. The Foundation's main thematic area of focus will be the country's formal primary and secondary education system, recognizing not only that Dialog is a part of the Knowledge Economy, but also that education is the single most powerful force of long-term change.

Projects moving under the aegis of the Dialog Foundation include the Dialog Merit Scholarship programme in partnership with the Ministry of Education and the University Grants Commission for outstanding performance in every District at the Advanced Level and Ordinary Level examinations, which has received Rupees 55 million from Dialog over 9 years; the Ratmalana Audiology Centre, which has received Rupees 45 million since 2007; the Disaster and Emergency Warning Network (DEWN) gifted to the Disaster Management Centre, which has received Rupees 2 million including its development and launch in 2009; and the BloodSMS service in partnership with the National Blood Transfusion Service, which has received over Rupees 3.5 million.

Education	Health	Marginalized Issues
Plural, equitable access to education	Contribute to the development of health services, particularly their Availability and Affordability	Assist high-impact work targeting marginalized issues and groups through strategic interventions

Figure 15. Dialog Foundation: Theory of Change.

No	Beneficiary	Description	Location	Category	Amount (LKR)
1	Asia Foundation	Donation of books to 5 schools in Jaffna	Jaffna	Education	150,000.00
2	National Blood Transfusion Center	Annual donation	Colombo	Healthcare	330,000.00
3	Cardiology Unit Trust	Bed linen and curtaining for Cardiology ward of the National Hospital	Colombo	Healthcare	435,000.00
4	Young Zoologists Association	Sponsorship of Kumana National Park cleanup and education program	Hambantota	Environment Protection	175,000.00
5	College of Community Physicians of Sri Lanka	Sponsorship of Community Health programme	Colombo	Healthcare	1,000,000.00
6	Rehabilitation centre for disabled soldiers	Donation of 04 television sets	Matara	Assistance to Disabled	270,002.88

Table 4. Significant community donations in 2012.

Targets for 2013

We set out targets for 2013 and beyond in two ways. A top-level view focuses on new, or refined or renewed targets, as major sustainability strategic focus areas for the year. These targets in some cases encompass some of the sub set of targets focusing on the Triple Bottom Line management. The sub set of targets which are the Triple Bottom Line targets, comprise mostly of our continuing, material, sustainability performance targets that are being monitored and improved year-on-year rigorously.

Top-level targets for 2013 are as follow.

Responsible Operations	A renewed and rigorous focus on improved, sustainable and institutionalized Measurement requiring internal support and coordination
	Realizing a truly Sustainable Supply Chain, aligning several contributory efforts that look both inward as well as outward
	A concerted effort to systematize and institutionalize Health and Safety practices within the company, to ensure that such issues are no longer flagged in future materiality assessments
Inclusive Business	Under community engagement and economic development, a continued focus on developing Small and Medium Enterprises in our sphere of influence
	Maintaining Applicability of our product and service offerings at the Base of the Pyramid, and among marginalized populations particularly
Dialog Foundation	A target of partnering with and convening key actors as well as corporate entities to discuss and set prioritized action plans in key national areas of need

Targets for 2013: a the Triple Bottom Line categorisation

Economic Aspects	Target
Economic performance	Evaluating and reporting on social & economic risks/opportunities in effects of climate change
Market presence	Report on purchases based on units, spend and vendor
Indirect economic impacts, Community	Develop a Monitoring and Evaluation guideline for social investments – to be completed in 2014

Environmental Aspects	Target
Materials	Reduce paper consumption by 5%
Energy	Reduce total energy consumption by 5%
	Add 5 more green base stations to the network
Water	Reduce total water consumption by 5%
Biodiversity	Conduct an impact assessment of our operations on bio diversity
Emissions, effluents and waste	Reporting on Scope 3 GHG emission
	Implement a total waste management solution for the Group
Products and services	Introduce a special 'Environment friendly' package
	Carbon Calculator for customers (carried forward from 2012 targets)
	350 M-waste collection points carried forward from 2012 targets)

Labour Practices and Decent Work Aspects	Target
Employment	Reporting on a global benchmarking exercise against peers in terms of employee relations
Labor/management relations and Non-discrimination	Develop a framework to monitor the operation of the Collective bargaining process
Occupational health and safety	Quarterly audits on the Health and Safety and Fire Safety functions
Training and education	A documented career plan for 10% of the total employee base
Diversity and equal op-portunity	Screening operations to identify job roles to accommodate persons with disabilities

Human Rights Aspects	Target
Investment and procurement practices, Child labor, Prevention of forced and compulsorylabor	Initiating preliminary supplier audits
Remediation	Communicate to employees on grievance escalating process

Society Aspects	Target
Corruption	Assessment of internal operations for potential risks
Public policy	Contribute to National Distance Education strategy
	Organize roundtable for National consensus on private sector support for Health priorities
Anti-competitive behavior, Compliance	Areas to be included in the Legal Registry

Product Responsibility Aspects	Target
Customer health and safety	Develop guidelines for best practices in using our ICTs
	Continuation of Be Mobile Wise campaign
Product and service labeling	Review guideline
Marketing communications	
Customer satisfaction	Call drop rates to be brought down to 0.75%

Appendix 1

Five-year Performance Data

Aspect	Data point	2008	2009	2010	2011	2012	Performance
Economic Performance	Revenue (Mil)	36,278	36,246	41,423	46,136	56,791	↑
Market Presence	Local spend %	59.04%	62.37%	57.58%	53.57%	37.72%	↓
	Foreign personnel in Senior Management	1	0	2	2	2	↔
Material	Paper Tonnes	382.5	44.17	150.85	132.41[10]	150.34	↓
	Recycled	0%	0%	0%	0%	0%	↔
Energy	Direct (GJ)	72,224	33,065	15,424	22,662	39,385	↓
	Indirect (GJ)	345,821	365,675	353,746	452,995	480,483.66	↓
	Savings (Mwh)				411,877		↑
Water	Consumption (Kl)	82,218	54,106	48,145	46,884[11]	43,275	↑
Biodiversity	Area of high Biodiversity land covered (km2)	0.0025	0.0025	0.0025	0.0025	0.0025	↔
Emissions	GHG for direct energy[12] (Tonnes)	6,367	2,945	1,259	1,965	3,809.2	↓
	GHG for indirect energy[13] (Tonnes)	43,990	41,979	44,936	52,004	58,026.16	↓
	GHG for other[14] (Tonnes)	4,250	5,273	4,919	4,881	4,201.76	↑
	Discarded e-waste units (office)	186	302	508	1,580	None	↔
	Recycled paper (tonnes)	92.5	54.5	35.6	47.9	48.6	↑
	Significant spills	None	None	None	None	None	↔
Compliance	Fines and sanctions for environmental non-compliance	None	None	None	None	None	↔

10   Extrapolated from Q1 values. Data capture systems and materiality codes changed with introduction of SAP system.

11   Restatement - water consumption value for 2011 reported in 2011 report has changed.

12   Data from GHG protocol website: http://www.ghgprotocol.org.calculation-tools.

13   Calculation as per Clean Development Mechanism's – most recent project to date.

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

15   Including staff working in our premises on behalf of outsourced services.

Aspect	Data point	2008	2009	2010	2011	2012	Performance
Employment	Total No of employees	4,406	3,435	2,871	2,544	2,993	*
	Total workforce	4,912	3,940	3,389	3,001	4,363[15]	*
	% of female employees	25.55	22.64	21.49	19.73	19.68	↔
	Turnover	17%	33.62%	28.04%	13.78%	10.69%	↑
	Employees entitled for Maternity/ paternity leave (Male/female)					288 / 99	*
	Employees who took Maternity/ paternity leave (Male/female)					288 / 99	*
	Employees returned after Maternity/ paternity leave (Male/female)					288 / 98	*
	Retaining % after maternity leave		81.49	76.35	84.62	86.87 / 96.88	↑
Occupational Health & Safety	H&S representation	100%	100%	100%	100%	100%	↔
	Injury rate	2%	1%	1.91%	0.27%	1.09%	↓
	Lost day rate	0.12%	0.01%	0.34%	0.0%	0.0%	↔
	Absentee rate	2%	2%	2.10%	1.76%	1.80%	↔
	No. of Fatalities	2	0	0	0	0	↔
Training	Average training hours per year per employee	26.77	8.56	12.18	16.39	15.57	↓
Investment and procurement practices	% of significant vendors screened	25.61	28.97	66	78	68	*
	Other developments				CoC booklet, Ombudsman	Vendor COC, Volunteer Outreach programmes	*
Customer data protection	% of Customers complaining about data leaks	0.0030000	0.0030000	0.0009000	0.0019787	0.0047580	↓

*Performance is not comparable to previous years

Appendix 2

Our Management Approach: A Triple Bottom Line Perspective

	Aspect	Our Approach
Economic	Economic Performance Market Presence Indirect Economic Impacts	We provide life-enhancing ICT solutions that create equitable value for all Sri Lankans and bridge technological divides. Our product portfolio comprises mobile telecommunication services, broadband and television.
		We maximize our investment in local resources, and local procurements, leading to sustainable outcomes such as employment creation, and encouraging domestic production.
		We also contribute to socio-economic upgrading of the communities we operate in, by providing infrastructure facilities and community development assistance.
		The Dialog Group's subsidiaries' performance scorecard and a detailed report of financial performance is available at pages 45 –134 of our Annual Report, and summarized at page 25 of this report.

Guiding Principle	Owner
Axiata guidelines on remuneration	Group Human Resources Unit/ Group Chief Corporate Officer
Dialog Procurement policy	Group Supply Chain Management
Corporate Responsibility Policy	Group Sustainability & Corporate Affairs Unit/Group Chief Corporate Officer

	Aspect	Our Approach
Social: Labour Practices and Decent Work	Employment Labour/ Management Relations Occupational Health and Safety Training and Education Diversity and Equal Opportunity	We are an equal opportunity employer. Recruitments, promotions, remuneration, performance assessments, trainings and development, benefits provided, etc. do not discriminate on basis of gender, age, ethnicity, religion, language, physical ability, sexual orientation or any other differences. Our senior management and other governance bodies consist of a diverse group of individuals of varied skills and experience, selected by non-discriminatory processes. Dialog believes in equal pay irrespective of gender; in no circumstances does gender become a determining factor in employee remuneration. We also give due prominence to and accommodate favourably the special needs of female employees such as maternity leave, and avoiding working hours unsuitable for women as per local laws and regulations. In ensuring a just and rewarding work life for our workforce, we ensure strict compliance with local labour laws and international best practices governing employee rights and welfare. We are a member of the Employers' Federation of Ceylon, whose principles guides our human resource management policies and processes. The Shop and Office Employees' Act 19 of 1954 guides us on terms of employment, working hours, leave, overtime and any significant operational changes. Creating a safe and healthy work environment is a priority management responsibility. The Company maintains a Health and Safety Committee comprising an energetic team of individuals representative of the entire workforce, whose responsibility is to respond to emergencies, promote healthy workspace practices, proactively identify safety risks and monitor and improve workplace health and safety processes. Health and Safety representatives are based at every floor of every office. We also continue to maintain a comprehensive medical benefits package inclusive of OPD reimbursement and health insurance for both contract and permanent employees. To further consolidate our workforce management policy framework, we assessed our practices against the SA8000 Social Accountability standard, which focuses on key management areas such as Child Labour, Forced Labour, Remuneration, Discrimination, Working Hours, Health & Safety, Disciplinary Practices and Freedom of Association. This review prompted several changes in the existing policy framework, bringing us in line with the SA8000 guidelines. Changes included modifications to the recruitment policy, a new grievance policy, and an enhanced role for the employee Welfare Committee.

Aspect	Our Approach	
	Guiding Principle	Owner
	Recruitment policy	
	Non-discrimination clause of recruitment policy	Group Human Resources Unit/ Group Chief Corporate Officer
	Shop & Office Act.	
	Welfare committee constitution	
	Health & Safety policy	

Social: Human Rights	Investment and Procurement Practices Non-discrimination Freedom of Association and Collective Bargaining Child Labour Forced and Compulsory Labour Assessment Remediation	It is our responsibility to protect and uphold the rights of our workforce as well as our customers and the community. Our open-door policy encourages employees to express their views, provide feedback and raise grievances without any restriction. Employees enjoy the freedom to associate with anyone of their choice, speak the language of their choice, and practice any faith of their liking. The Company has a Whistleblowing Policy and an independent ombudsman for handling employee grievances. The enhancement of the role of the Company's Welfare Committee helped provide a stronger, more systematic and robust mechanism to bring together, discuss, elevate and resolve employee issues and needs. We do not employ any under-aged persons in any of our operations. We also extend our influence along our supply chain and among business partners, obtaining their commitment to this principle. A comprehensive vendor screening process goes beyond standard commercial considerations to assess conformity to labour laws, and legal compliance in terms of work hours, freedom of association, remuneration, protection of employee rights, provision of a safe and healthy work environment, etc. To institutionalize and extend the influences of this practice, we developed and implemented a comprehensive vendor code of conduct which requires commitment from parties interested in doing business with Dialog Axiata PLC. This code addresses key human rights, sustainable workspace practices, and environmental stewardship, using the SA8000 and ISO14000 standards as guides. In mergers, acquisitions and outsourcing operations, a due diligence process protects rights of transitioning employees, and ensures that their benefits and compensation are maintained without any injustice being caused to them during transition.

Aspect		Our Approach	
		Guiding Principle	Owner
		Vendor Code of Conduct	Group Supply Chain Management
		BOI agreements	Group Legal
		Non-discrimination clauses in HR related policies	Group Human Resources Unit/ Group Chief Corporate Officer
		Welfare Committee constitution	
		Recruitment policy – child labour clause	
Social: Society	Community Corruption Public Policy Anti-competitive behaviour Compliance	Employees are briefed at induction on the Code of Conduct, which includes sections on bribery, corruption and conflict of interest, and receive regular refreshers on specific sections of the Code of Conduct as well as the Whistleblowing Policy. Dialog's Inclusive Business and Responsible Operations teams engage with product and service development teams particularly where their impact upon rural, Base of Pyramid or otherwise marginalized customers must be refined to create the most value by mitigating any negative impacts and maximizing the positive externalities of our actions. Stakeholder Engagement Surveys are one mechanism by which we identify community needs to guide our community development focuses. The Dialog Foundation, launched in 2012, will unify and lead the Company's community engagement where outside the scope of the course of our business. The Foundation will also be a focal point for much of our engagement with the development and capacity building of the public sector and public policy.	
		Guiding Principle	Owner
		Corporate Responsibility Policy	Group Human Resources Unit/ Group Chief Corporate Officer
		Code of Conduct	Group Chief Marketing Officer
		Whistleblowing Policy	
		Marketing Guideline	

	Aspect	Our Approach
Social: Product Responsibility	Customer Health and Safety Product and Service Labelling Marketing Communications	Dialog protects customer safety and health, and promotes ethical, socially responsible usage of our products and services. These efforts extend to informative labelling and descriptions of products and services, including in marketing communications.

Guiding Principle	Owner
Guidelines on marketing best practices	Group Chief Marketing Manager

	Aspect	Our Approach
Environmental	Materials Energy Biodiversity Emissions, effluence and waste Products and services	The Company commenced implementation of the ISO14001 environmental standard, with the first phase addressing transmission towers, as the area with highest environmental return on investment. The deployment of an Environment Management System has also helped identify the most significant impacts of our material and energy consumption; effect upon biodiversity; and emissions and waste. We are creating or strengthening internal controls where weaknesses or lacunae have been identified. Promoting "Green" products and services will be a future area of focus.

Guiding Principle	Owner
Environment Policy	Group Chief Technology Officer/Group Sustainability Division

	Aspect	Our Approach
Compliance	Environment Social Anti-competitive behaviour	We comply with all the regulations and laws that govern our operations. We also actively participate in public policy engagements, in areas related to our businesses, and consumer protection concerns such as anti-competitive behaviour, are handled by a Regulatory and Compliance Unit.

Indexes and
Assurance

GRI Content Index

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

Application level	A+		Assured by	DNV As

STANDARD DISCLOSURES PART I: Profile Disclosures

PD	Description	Reported	Reference/Response	Explanation of omits, parts reported
1. Strategy and Analysis				
1.1	Statement from CEO	Fully	Page 8-10, AR GCEO's message	
1.2	Key impacts, risks, and opportunities	Fully	Page 8-10, 20	
2. Organizational Profile				
2.1	Name of organization	Fully	Dialog Axiata PLC	
2.2	Brands, products & services	Fully	AR (Business Review)	
2.3	Operational structure	Fully	AR (Intro, Business Review)	
2.4	Location of headquarters	Fully	AR (Corp Info)	
2.5	No. of countries operating	Fully	AR (Corp Info)	
2.6	Nature of ownership &legal form	Fully	AR (Corp Info)	
2.7	Markets served	Fully	AR (Business Review)	
2.8	Scale of the organization	Fully	AR, Employees 2993	
2.9	Significant changes	Fully	AR	
2.10	Awards received	Fully	AR	
3. Report Parameters				
3.1	Reporting period	Fully	Page 3	
3.2	Date of last report	Fully	2011	
3.3	Reporting cycle	Fully	Annual	
3.4	Contact point	Fully	sustainability@dialog.lk	
3.5	Process to define content	Fully	Page 3	
3.6	Boundary of the report	Fully	Page 4	
3.7	Limitations on scope	Fully	Page 4	
3.8	Basis for reporting on external parties	Fully	Page 4	
3.9	Data measurement & calculation	Fully	Footnotes provided	
3.10	Explanation of re-statements	Fully	Page 2	
3.11	Significant changes in Report	Fully	Page 2	
3.12	GRI Content table	Fully	Page 61	
3.13	Policy on external assurance	Fully	Page 3	

4. Governance, Commitments, and Engagement				
4.1	Governance structure	Fully	AR Page 26	
4.2	Chairman of Board	Fully	AR Page 26	
4.3	Independent/ Non Executive members	Fully	AR Page 26	
4.4	Shareholders & employee direction	Fully	AR Page 26	
4.5	Compensation	Fully	AR Page 26	
4.6	Processes in avoiding conflicts of interest	Fully	AR Page 26	
4.7	Process for determining the qualifications	Fully	AR Page 26	
4.8	Internally developed statements on TBL performance	Fully	AR Page 26	
4.9	Overseeing management of TBL performance	Fully	AR Page 26	
4.10	Evaluating the board's performance	Fully	AR Page 26	
4.11	Precautionary approach	Fully	Page 20	
4.12	Subscriptions & endorsements on TBL practices	Fully	UNGC Advanced Criteria, ISO26000, Page 48	
4.13	Memberships in associations	Fully	UNGC, HIV, MACSA, GSMA M-health, M-women, Mobile development index, Green power, Strategic alliance with IFC, CEA,	
4.14	Stakeholder groups engaged	Fully	Page 11-13	
4.15	Basis for Stakeholder engagement	Fully	Page 11-13	
4.16	Approaches to stakeholder engagement	Fully	Page 11-13	
4.17	Findings from stakeholder engagements	Fully	Page 11, 13	
5.0 STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
Management Approach EC		Fully	Page 56	
	Economic performance	Fully	Page 56	
	Market presence	Fully	Page 56	
	Indirect economic impacts	Fully	Page 56	
Disclosure on Management Approach EN		Fully	Page 60	
	Materials	Fully	Page 60	
	Energy	Fully	Page 60	
	Water	Fully	Page 60	
	Biodiversity	Fully	Page 60	
	Emissions,	Fully	Page 60	
	Product& service	Fully	Page 60	
	Compliance	Fully	Page 60	
	Transport	Not		Not material
	Overall	not		Not available

Disclosure on Management Approach LA		Fully	Page 57	
	Employment	Fully	Page 57	
	Labour practices	Fully	Page 57	
	Occupational H&S	Fully	Page 57	
	Training	Fully	Page 57	
	Diversity	Fully	Page 57	
Disclosure on Management Approach HR		Fully	Page 58	
	Investment and procure-ment	Fully	Page 58	
	Discrimination	Fully	Page 58	
	Collective bargaining	Fully	Page 58	
	Child labour	Fully	Page 58	
	Forced labour	Fully	Page 58	
	Security practices	Not		Not available
	Indigenous rights	Not		Not applicable
Disclosure on Management Approach SO		Fully	Page 59	
	Community	Fully	Page 59	
	Corruption	Fully	Page 59	
	Public policy	Fully	Page 59	
	Anti-competitive behavior	Fully	Page 59	
	Compliance	Fully	Page 60	
Disclosure on Management Approach PR		Fully	Page 60	
	Customer H & S	Fully	Page 60	
	Product & service labeling	Fully	Page 60	
	Marketing communications	Fully	Page 60	
	Customer privacy	Fully	Page 60	
	Compliance	Fully	Page 60	

STANDARD DISCLOSURES PART III: Performance Indicators				
Economic				
Economic performance				
EC1	Economic value generated	Fully	Page 25	
EC2	Effect: climate change.	Fully	Currently none, Page 52	
EC3	Defined benefit plan obligations	Fully	Page 30, EPF and ETF allocations AR Financials	Pension liabilities not applicable
EC4	Financial assistance from government.	Fully	None	
Market presence				
EC5	Comparison with Mini-mum wage	Fully	Page 30	
EC6	Local vs Foreign spent	Fully	Page 43	
EC7	Local hiring in Senior Management	Fully	Page 29	
Indirect economic impacts				
EC8	Infrastructure investments	Fully	Page 48	
EC9	Indirect economic impacts	Partially	Page 48-51	Only direct economic impact, other areas to be reported in 2014
Environmental				
Materials				
EN1	Material	Partially	Page 40	Material used in operational sites not available
EN2	Recycled material	Fully	None Currently	

Energy				
Energy				
EN3	Direct energy	Fully	Page 40	
EN4	Indirect energy	Fully	Page 40	
EN5	Energy saved (improvements)	Fully	Page 40	
EN6	Initiatives (provide renewable energy)	Not		Not applicable
EN7	Initiatives (reduce indirect energy)	Fully	Page 40	
Water				
EN8	Total water withdrawal	Fully	Only through municipal water Page 39, 41	
EN9	Water sources affected	Not		Not applicable
EN10	% of water recycled	Not		Not applicable
Biodiversity				
EN11	Sites adjacent to protected areas.	Fully	Page 41	
EN12	Impacts (protected areas)	Fully	Page 41	
EN13	Habitats restored	Not		Not applicable
EN14	Strategies, for managing impacts	Not		Not applicable
EN15	IUCN Red List species in areas affected	Not		Not applicable
Emissions, effluents and waste				
EN16	Total direct GHG	Fully	Page 39, 40	
EN17	Other indirect GHG	Fully	Page 39, 40	
EN18	Initiatives (reduce GHG)	Fully	Page 39, 40	
EN19	Emissions of ODS	Fully	AC repair data, Page 41	
EN20	NO_x, So_x emissions	Fully	Page 41	
EN21	Total water discharge	Fully	Only to municipal drainage system	
EN22	Total weight of waste	Partially	Page 41	Landfill not available, deep well injection and onsite storage – not applicable
EN23	Significant spills	Fully	None, Page 24	
EN24	Hazardous waste transported	Not		Not applicable
EN25	Affected protected sites(water discharge)	Not		Not material
Products and services				
EN26	Initiatives (mitigate environmental impacts)	Partially	Page 39	Water, emissions, noise not material to our industry
EN27	Packaging materials reclaimed	Fully	None	
Compliance				
EN28	Noncompliance (environment)	Fully	None	
Transport				
EN29	Impacts of transporting	Not		Not material for our industry
Overall				
EN30	Total environmental expense	Not		Not available, to be reported in 2014
Social: Labour Practices and Decent Work				
Employment				
LA1	Total workforce	Fully	Page 28	
LA2	Turnover rate	Fully	Page 28	
LA3	Employee benefits	Not		Additional indicator, not currently captured

LA15	Return and retention after parental leave	Fully	Page 54	
Labour/management relations				
LA4	Collective bargaining	Fully	0%	
LA5	Minimum notice period(s)	Fully	Page 58	
Occupational health and safety				
LA6	% represented in formal H & S committees	Fully	Page 31	
LA7	Employee H & S data	Fully	Page 31	
LA8	Awareness, counseling	Fully	Currently only for employees, Page 31	
LA9	H & S in Trade union agreements	Not		Not material
Training and education				
LA10	Employee training	Fully	Page 30	
LA11	Training in managing career endings	Not		Not material, no such initiatives
LA12	% of employees(regular performance reviews)	Fully	Page 30	
Diversity and equal opportunity				
LA13	Employee Diversity	Partially	Page 28	Minorities not captured
LA14	Ratio (Basic salary M vs F)	Partially	Our policies do not allow any discrimination	Currently our systems do not capture the ratio
Social: Human Rights				
Diversity and equal opportunity				
HR1	% investment agreements with human rights clauses	Fully	None, Page 58	
HR2	% of significant vendor screening	Fully	Page 43	
HR3	Training (human rights policies)	Fully	Currently none	
Non-discrimination				
HR4	Discrimination & actions taken	Fully	None, Page 58	
Freedom of association and collective bargaining				
HR5	Freedom of association	Fully	Page 58	
Child labour				
HR6	Operations identified (risk of child labour)	Fully	Page 58	
Prevention of Forced and compulsory labour				
HR7	Operations identified (risk of forced labour)	Fully	Page 58	
Security practices				
HR8	% of security personnel trained	Not		Not applicable and not captured
Indigenous rights				
HR9	Incidents (rights of indigenous people)	Not		Not material to our operations
Assessment				
HR10	Operations subjected to human rights review	Fully	Page 58	
Remediation				
HR11	No of Grievances related to human rights	Fully	None for 2012	
Social: Society				
Local Communities				
SO1	Local community engage-ments	Fully	Page 48-51	

SO9	Operations negative impacts	Fully	None	
SO10	Prevention and mitigation measures	Fully	None	
Corruption				
SO2	%of business units analyzed (corruption)	Fully	Page 52, 59	
SO3	% of employees trained (anti-corruption policy)	Fully	All employees, Page 52, 59	
SO4	Actions in response to incidents of corruption.	Fully	Page 44, 59	
Public policy				
SO5	Public policy	Fully	Page 53, 59	
SO6	Financial and in-kind contributions to political parties/ politicians	Not		Not applicable since no such initiatives
Anti-competitive behavior				
SO7	Incidents anticompetitive behaviour	Fully	None	
Compliance				
SO8	Noncompliance (Social)	Fully	None	
Social: Product Responsibility				
Customer health and safety				
PR1	Product H & S	Partially	Be mobile wise and other attempts, Page 39	Only usage and end of product since other areas are not applicable to nature of our services
PR2	Noncompliance (C, H&S)	Fully	None	
Product and service labeling				
PR3	Product labeling	Fully	We follow TRCSL guidelines and provide all required information required by TRCSL and country regulations	
PR4	Incidents concerning product and service labeling	Fully	None	
PR5	Practices related to customer satisfaction	Fully	Page 37	
Marketing communications				
PR6	Marketing communication	Fully	Page 37	
PR7	Non-compliances (Marketing)	Fully	None	
Customer privacy				
PR8	Complaints (customer privacy)	Fully	Page 37	
Compliance				
PR9	Noncompliance (product & service)	Fully	None	
STANDARD DISCLOSURES: Sector Supplement – Telecommunications (Draft)				
IO1	Capital tele-infrastructure investment	Fully	Page 8	
IO4	Compliance with ICNIRP	Fully	Page 60	
IO5	RF from Base stations	Fully	Page 60	
IO6	SAR level of handsets	Fully	Page 60	
IO7	Site sharing	Fully	Page 38	
IO8	Standalone sites	Fully	Page 38	
PA1	Access to low income groups	Fully	Page 8	
PA5	Products for low income groups	Fully	Page 8	

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Dialog Axiata Plc** has presented its report "Making the Right Calls" (2013) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 25 March 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Dialog Axiata Plc has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

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

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 14 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

United Nations Global Compact Advanced Criteria

Criterion	Description	Addressed by
1	Key aspects of the company's high-level sustainability strategy in line with Global Compact principles	CEO's Message, Management Approach, Materiality Score and Materiality Mapping
2	Effective decision-making processes and systems of governance for corporate sustainability	Annual Report CG, SR Precautionary Principle
3	Engagement with all important stakeholders	Stakeholder Engagement
4	Actions taken in support of broader UN goals and issues	Management Approach, Leading Change
5	Robust commitments, strategies or policies in the area of human rights	HR2, HR 10, HR 11
6	Effective management systems to integrate the human rights principles	HR2, HR4, SO4, HR10, Stakeholder Engagement
7	Effective monitoring and evaluation mechanisms of human rights integration	HR1, HR4, HR11, SO3, SO4
8	Key outcomes of human rights integration	HR2, HR4, HR5, HR6, HR
9	Robust commitments, strategies or policies in the area of labor	Vendor Code of Conduct, Management Approach on Human Rights aspects
10	Effective management systems to integrate the labor principles	Annual Report CG, LA1, LA13, HR 11, HR4, SO4
11	Effective monitoring and evaluation mechanisms of labor principles integration	HR 2
12	Key outcomes of integration of the labor principles	LA4, HR5, HR7, HR6, HR4
13	Robust commitments, strategies or policies in the area of environmental stewardship	EN3, EN4, EN11, EN12, Our Environment Footprint, Targets 2013

Criterion	Description	Addressed by
14	Effective management systems to integrate the environmental principles	Total Commitment to our Customers, Targets 2013, PR1, EN26
15	Effective monitoring and evaluation mechanisms for environmental stewardship	EN1, EN3, EN4, EN5, EN8, EN11, EN12, EN16, EN17, EN19, EN20, EN21, EN22, EN23, EN26, EN28
16	Key outcomes of integration of the environmental principles	EN1, EN3, EN8, EN16, EN19, EN20, EN5, EN26
17	Robust commitments, strategies or policies in the area of anti-corruption	Management Approach on Human Rights aspects, Targets 2013
18	Effective management systems to integrate the anti-corruption principle	SO3, SO4, HR4, Management Approach on Human Rights aspects, Targets 2013, Risk Management
19	Effective monitoring and evaluation mechanisms for the integration of anti-corruption	SR Risk Management, SO8, HR4, ISO26000, GRI Verification
20	Key outcomes of integration of the anti-corruption principle	SO2, SO4, SO3
21	Describes implementation of the Global Compact principles in the value chain	Management Approach on Human Rights aspects, Targets 2012, LA10 Annual Report, GRI Content Index
22	Information on the company's profile and context of operation	GRI Content check, Audit Report and Cover Page
23	High standards of transparency and disclosure	GRI Content check, Assurance and Cover Page
24	The COP is independently verified by a credible third-party	AA1000, DNV, GRI Content check

Progress on Addressing ISO26000 Gap Study Findings

Core Subject	Sub Category	Report Page
Human Rights	Due diligence	Pages 27,58
	Human rights risk situations	Page 58
	Avoidance of complicity	Page 45
	Resolving grievances	Page 44
	Discrimination and vulnerable groups	Page 58
	Civil and political rights	Page 58
	Economic, Social and Cultural rights	Pages 45, 58
	Fundamental principles and rights at work	Page 45
Labour Practice	Employment and employment relationships	Pages 27-29
	Conditions of work and social protection	Pages 30-32
	Social dialogue	Pages 30-32
	Health and safety at work	Page 31
	Human development and training in the workplace	Page 31
The Environment	Prevention of pollution	Pages 40-41
	Sustainable resource use	Page 40
	Climate change mitigation and adaptation	Page 52
	Protection of the environment, biodiversity and restoration of natural habitats	Page 41
Fair Operating Practice	Anti-corruption	Page 59
	Responsible political involvement	-
	Fair competition	Page 60
	Promoting social responsibility in the value chain	Page 43
	Respect for property rights	-
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	Page 37
	Protecting consumers' health and safety	Page 37
	Sustainable consumption	-
	Consumer service, support, and compliant and dispute resolution	Page 37
	Consumer data protection and privacy	Page 37
	Access to essential services	Page 8
	Education and awareness	Page 8
Community Involvement and Development	Community involvement	Pages 48-51
	Education and culture	Pages 48-51
	Employment creation and skills development	Page 57
	Technology development and access	Pages 48-51
	Wealth and income creation	Pages 48-51
	Health	Pages 48-51
	Social Investment	Pages 58-51

Abbreviations

2G	Second Generation
4G	Fourth Generation
AGM	Annual General Meeting
AR	Annual Reprt
B2B	Business-to-Business
BoD	Board of Directors
BoI	Board of Investment
BoP	Bottom of the pyramid
BTS	Base Transceiver Station
C2C	Consumer-to-Consumer
CEO	Chief Executive Officer
CoC	Code of Conduct
COP	Communication on Progress
DAP	Dialog Axiata PLC
DBN	Dialog Broadband Networks (Pvt) Ltd
DCL	Digital Commerce Lanka (Pvt) Ltd
DEWN	Disaster and Emergency Warning Network
DNET	Dialog Corporate Intranet portal
DNV	Det Norske Veritas
DTV	Dialog Television (Pvt) Ltd
DVD	Dialog Viyapara Diriya
E-waste	Electronic Waste
EES	Employee Engagement Survey
EMS	Environment Management System
EPF	Employees' Provident Fund
ERM	Enterprise Risk Management
ERMLC	Enterprise Risk Management Leadership Committee
ETF	Employees' Trust Fund
GCCO	Group Chief Corporate Officer
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GHG	Green House Gas
GIA	Group Internal Audit
GoSL	Government of Sri Lanka
GRI	Global Reporting Initiative
GRM	Group Risk Management
GSM	Global System for Mobile Communications
GSMA	Groupe Speciale Mobile Association
H&S	Health and Safety

HR	Human Resource
ICT	Information Communication Technology
ICT4D	Information Communications Technology for Development
IERMU	Internal Enterprise Risk Management Unit
IT	Information Technology
LTE	Long Term Evolution
M-waste	Mobile waste
NOx	Nitrates
OHSAS	Occupational Health and Safety Standard
OPD	Out Patient Department
SAR	Specific Absorption Rate
SBU	Service Business Unit
SH	Stakeholder
SMS	Short Message Service
SOx	Sulphates
TD-LTE	Time Division-Long Term Evolution
TRCSL	Telecommunications Regulatory Commission of Sri Lanka
UN	United Nations
UNGC	United Nations Global Compact
UNICEF	United Nations International Children's Emergency Fund
USSD	Unstructured Supplementary Service Data

Independent Assurance
Statement

Introduction

Det Norske Veritas AS ('DNV') has been commissioned by the Management of Dialog Axiata PLC ('Dialog Axiata' or 'the Company') to carry out an independent assurance engagement on the Dialog Axiata PLC Sustainability Report 2012 ('the Report'). This assurance engagement has been conducted against the Global Reporting Initiative 2011 Sustainability Reporting Guidelines Version 3.1 (GRI G3.1) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS (2008)). The verification was conducted during February - April 2013, for the year of activities covered in the Report i.e. 1st January 2012 to 31st December 2012.

The intended users of this assurance statement are the management of Dialog Axiata PLC and readers of the Dialog Axiata PLC Sustainability Report 2012. The Management of Dialog Axiata is responsible for all information provided in the Report as well as the processes for collecting, analyzing and reporting the information. DNV's responsibility regarding this verification is to Dialog Axiata only and in accordance with the agreed scope of work. The assurance engagement is based on the assumption that the data and information provided to us is complete and true.

Scope, boundary and limitations of Assurance

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

- The content of the Sustainability Report – 2012 i.e. Review of the policies, initiatives, practices and performance described in the Report as well as references made in the Report to the Annual Report;

- Evaluation of the AccountAbility principles and specified performance information, described below, for a Type 2, moderate level of assurance, in accordance with the requirements of AA1000AS (2008) detailed below.

  - Information relating to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;

  - Information relating to company's materiality assessment and stakeholder engagement processes;

- Confirm that the Report meets the requirements of the GRI G3.1 for an Application Level A+, as declared by Dialog Axiata PLC.

The reporting boundary is as set out in the Report and no limitations on the scope of the assurance engagement were encountered during the verification process.

Verification Methodology

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

• Adherence to the principles of *Inclusivity, Materiality* and *Responsiveness* as set out in the AA1000AS (2008);the Reliability of specified sustainability performance information, as required for a Type 2, moderate level assurance engagement,

• Adherence to the additional principles of *Completeness* and *Neutrality* as set out in DNV's Protocol, and

• The requirements of the GRI G3.1 for an application level A+.

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

• Reviewed the Company's approach to stakeholder engagement and its materiality determination process;

• Verified the sustainability-related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;

• Examined and reviewed documents, data and other information made available by Dialog Axiata PLC;

• Conducted interviews with key representatives including data owners and decision-makers from different divisions and functions of the company;

• Performed sample-based reviews of the mechanisms for implementing the Company's sustainability related policies, as described in the Report;

• Performed sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report.

Specific evaluation of the information on sustainability performances

We consider the methodology and process for gathering information developed by the company for its sustainability performance reporting is appropriate and the qualitative and quantitative data included in the Report, was found to be identifiable and traceable; the personnel responsible was able to demonstrate the origin and interpretation of the data reliably. We also assessed the reported progress against the company's commitments as disclosed in its previous Report and observed that the Report presents a faithful description of the sustainability activities and the goals achieved.

Conclusions

Dialog Axiata PLC Sustainability Report - 2012, provides a fair representation of the Company's sustainability policies, objectives, management approach and performance during the reporting year. We confirm that the Report generally meets the requirements for GRI application level A+. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

Inclusivity: As a part of its stakeholder engagement process, the company has engaged the services of an independent market research agency to carry out the stakeholder engagement with eight key stakeholder and to identify the stakeholder concerns for the routine operations; the engagement outcome was validated by the Dialog management team with due regard to materiality. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Materiality: The materiality determination process is based on sustainability stakeholder study and is focussed on sustainability as focus of business continuity; the process covers all the entities over which Company has sphere of control. The report brings out the key issues of significance to its key stakeholders and its business. In our opinion, the level at which the Report adheres to this principle is 'Good'

Responsiveness: We consider that the Company has responded adequately to key material issues and key stakeholder concerns in its sustainability context; Dialog is also implementing additional management systems related to social, environment, health and safety to manage its related aspects in these areas related to its business. In our view, the level at which the Report adheres to this principle is 'Acceptable'.

Reliability: The majority of sampled performance data and information verified at were found to be accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been communicated for correction.Hence in accordance with the AA1000AS (2008) requirements for a Type 2, moderate level assurance engagement, we conclude that the specified sustainability data and information presented in the Report is generally reliable and acceptable.

Specific evaluation of the information on sustainability performances

We consider the methodology and process for gathering information developed by the Dialog for its sustainability performance reporting is appropriate and the qualitative and quantitative data included in the Report, was found to be identifiable and traceable; the personnel responsible was able to demonstrate the origin and interpretation of the data and its reliability. We also assessed the reported progress against the company's commitments as disclosed in its previous Report and observed that the Report presents a faithful description of the sustainability activities and the goals achieved.

Additional Parameters as per DNV's Protocol

Completeness: Some of the core indicators have been partially reported/responded and the rationale behind partial reporting and exclusions are explained within the Report along with the time frame for complete reporting. In our opinion, the level at which the Report adheres to this principle is 'Acceptable'.

Neutrality: This Report presents a balanced account of the Company sustainability performance, related issues and performance indicator, in terms of content and tone. In our opinion, the level at which the Report adheres to this principle is 'Good'.

Opportunities for Improvement

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

• implement environment, health and safety management system across the organisation to systematically address the sustainability risks;

• implement a systematic documented environment and social data collection and aggregation process to further strengthen the sustainability performance monitoring and reporting;

• fully report on key material performance indicators that are partially reported or responded across the entities to improve the completeness.

DNV's Competence and Independence

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. The DNV assurance team were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality towards any people interviewed. While DNV did conduct other third party assessment work with Dialog Axiata in 2012, in our judgement this does not compromise the independence or impartiality of our assurance engagement or associated findings, conclusions and recommendations. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For Det Norske Veritas AS,

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National Head-Sustainability &
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