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Enriching Sri Lankan Lives Through Responsible Value Creation

Dialog Telekom PLC Sustainability Report 2009



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Welcome to our second Sustainability Report, for the financial year ended 31 December 2009. This Report underscores and reaffirms the organisations realisation that sustainable dividends to all legitimate stakeholders of the Company are delivered when Corporate Responsibility/Accountability is integrated, in an unfeigned manner, into core business strategy and its operations.

This Report outlines Dialog's Triple Bottom Line (TBL) performance in 2009, and illustrates the building blocks of sustainability across all levels of our core '**Operations**' as well as our performance in terms of value creation towards '**Development**' goals. This Report also reiterates Dialog's commitment to engage proactively with all its legitimate stakeholders, by providing a balanced and transparent account of its TBL performance on all agendas of value and materiality. Dialog benchmarks its reporting process against the GRI (Global Reporting Initiative) G3 Guidelines¹. Monitoring of material performance indicators according to the GRI G3 guidelines

enables the organisation to elicit comparable information on the nexus between economic, social and environmental performance of the Company.

Our progress against targets and other aspects of our TBL performance is subject to **independent external assurance** by Det Norske Veritas AS and is based on the **AA1000 AS (2008) Assurance Standard**².

At Dialog Telekom PLC, we believe that Corporate Responsibility interpreted and delivered in this manner is a compelling management ethos that enables the organisation to access new markets, new partnerships and product/service innovations that generate value and development that is sustainable, for the organisation as well as the environment and stakeholders within which it operates.



For more information:

www.dialog.lk/home/responsibility

- Further information to that provided within the scope of this report on Dialog Telekom's CR thrust
- Additional information from external websites on assurance standards used in this report
- Further reading on CR and Sustainability

CAUTIONARY STATEMENT

This report contains forward-looking statements characterised by the use of words and phrases such as "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target" and other similar expressions. Our business operates in an

ever changing macro-environment and is subject to uncertainties that could cause actual results to differ from those reflected in the forward-looking statements. Such statements reflect the expectations of the Group and may or may not turn out as predicted.

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

²<http://www.accountability.org/>

REPORT PROFILE

This report covers the activities of Dialog Telekom PLC for the financial year ending 31 December 2009. Initiatives and activities undertaken prior to this period have been mentioned where relevant so as to provide clarity on context. Dialog aims to align its TBL management and reporting with the principles of the AA1000 AS (2008) standard, to ensure that the aspects of **materiality**, **inclusiveness** and **responsiveness** are addressed and factored.

The structure of this Sustainability Report does not strictly adhere to the order of the indicators as included in the GRI G3 Sustainability Reporting Guidelines; rather, the report composition uses an assemblage of related indicator clusters in a meaningful way to the organisation, to enhance readability. The indicators are therefore grouped accordingly to highlight Dialog’s holistic approach to Corporate Responsibility through its (integral and outreach) focus. The GRI content index found on page 54 of this report also allows easy navigation to the relevant pages of the report that contain details pertaining to the aforementioned disclosure.

As sustainability principles have been integrated within the Dialog Telekom Group, certain GRI standard disclosures are included in specified pages of the Annual Report³, rather than duplicating information in this report. These are clearly indicated in the GRI index table and will not be found in the body of this report. Readers may enhance their judgment on the issues included in this report by supplementing their understanding through information provided in the Dialog Telekom PLC Annual Report of 2009 .

This report has been compiled by the Dialog Telekom Group Corporate Responsibility unit, with input from the Dialog CR Group Leadership Committee, selected internal stakeholders, divisional experts in identified topics and 'indicator owners'. Any queries regarding the report or content can be directed to the E-mail address: responsibility@dialog.lk. Further information to that provided within the scope of this report on Dialog Telekom’s CR thrust maybe found at the website.

www.dialog.lk/about/responsibility 

CHANGES FROM PREVIOUS REPORTS

Where assumptions are used about data presented or any restatements of information (from the previous Sustainability Report issued by the Company) are made, they are clarified in the relevant section of the Report. The Report has been compiled by the Dialog Telekom Group Corporate Responsibility unit, with input

from the Dialog Group Leadership Committee, Group Corporate Communications, selected internal stakeholders, divisional experts in identified topics and 'indicator owners'.

REPORT APPLICATION LEVEL

Dialog Telekom PLC’s Sustainability Report is in accordance with the Global Reporting Initiatives G3 Guidelines. This report has been verified independently by Det Norske Veritas AS, and carries a GRI Application Level of A+ (Third party checked) rating. This Report should be read along with Dialog Telekom PLC’s 2009

Annual Report for a complete representation of GRI core indicator information. This report also serves as Dialog’s UN Global Compact COP (Communication on Progress) Report for the 12 month period ending 31 December 2009.

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

In 2008, Det Norske Veritas AS provided feedback in their assurance statement on potential areas of improvement to Dialog’s TBL management. Dialog responded to these suggestions positively by implementing a robust internal review and auditing process for internal data management systems. Dialog also further strengthened

its materiality assessment approach and developed performance metrics for material issues. Dialog will also take in to consideration the feedback received from DNV with regard to extending stakeholder consultation and communication, specifically on the sustainability context, to a wider range of stakeholder groups in 2010.

³The Dialog Telekom Group Annual Report can be accessed on line at <http://www.dialog.lk/about/investors/financials/annual-reports/> 



DIALOG AT A GLANCE

DIALOG MOBILE

Dialog Telekom PLC (The Company) is Sri Lanka's flagship telecommunications service provider, which operates Dialog Mobile – the country's largest mobile network. Dialog is a subsidiary of Axiata Group Berhad (formerly TM International). Dialog has spearheaded the mobile industry in Sri Lanka since the late 90's, propelling it to a level of technology on par with the developed world. The Company operates 2.5G, 3G, and 3.5G mobile services, supporting the very latest in multimedia and mobile internet services as well as international roaming across more than 200 destinations. Dialog Telekom accounts for up to 50% of Sri Lanka's mobile subscribers.

INTERNATIONAL SERVICES

In addition to its core business of mobile telephony, the Company operates a wide portfolio of international telecommunications services, including but not limited to, retail and wholesale international voice and data services, based on cutting edge International Gateway infrastructure. Dialog Global, the international arm of Dialog Telekom, provides state-of-the-art gateway facilities through partnerships with 'Tier 1' international carriers.

OUR VALUES

TOTAL COMMITMENT TO OUR CUSTOMERS

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

DYNAMIC AND HUMAN-CENTRED LEADERSHIP

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

COMMITMENT TO TASK & EXCELLENCE

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

UNCOMPROMISING INTEGRITY

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

DIALOG BROADBAND NETWORKS

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

DIALOG TELEVISION

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

PROFESSIONALISM AND ACCOUNTABILITY:

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

TEAMWORK

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

FOREMOST RESPECT FOR CONCERN AND CARE

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

MESSAGE FROM THE GROUP CHIEF EXECUTIVE



“The future heralds a new era for Sri Lanka, and Dialog is well placed within this environment of opportunity to play a pivotal role in shaping the future of citizens and enterprise alike through the delivery of inclusive and empowering ICTs”

The year 2009 was one fraught with a multitude of business challenges on the backdrop of global and domestic economic misfortunes, which the Company faced with determination and resolve. We however remained steadfast to our commitment to internalize sustainability objectives in particular and Corporate Responsibility in general within our business strategies as well as in daily operations. Corporate Responsibility at Dialog is founded on managing the core operations of our organisation in a manner which delivers sustainable value creation, whilst simultaneously leveraging the pervasive attributes of ICTs to leapfrog developmental challenges and opportunities confronting our society and nation at large. This holistic manifestation of Corporate Responsibility has enabled Dialog to pursue responsible value creation paradigms, based on agendas of materiality to our stakeholders, albeit in the backdrop of adverse macro economic conditions prevalent in 2009.

We believe that CR delivered in this business integral form is singularly receptive to stakeholder interests and hence sustainable. Throughout 2009, we aggressively pursued several socially innovative agendas, using as a cornerstone the inclusive and developmental attributes of ICTs. We believe that our work has spurred new thinking in the spheres of inclusive education and environmentally sensitive technology deployment in particular and ICT4D in general. In the sequel, we rationalised our altruistic outreach CR initiatives on the back of adverse macro economic conditions and internal cost optimisation strategies.

We regularly sought out feedback from our stakeholders which in turn, framed the ‘material issues and opportunities’ for Dialog’s sustainability agenda and provided alignment to our holistic CR

strategy for the year under review. Dialog’s balanced and transparent engagement with its stakeholders is demonstrative of our aspiration to engage with respect to the material issues likely to confront Dialog in the future. Going forward, we will build on this stakeholder feedback to refine corporate strategies, which underpin our Triple Bottom Line focus, and sustainability agenda for 2010.

In 2008, I alluded to the potential of information societies and their significance in terms of delivering social change and sustainable development dividends. Dialog, in its pursuit of enabling an information society, embarked on multiple integral corporate responsibility initiatives during the year under review. We deployed an array of innovative integrated ICT solutions aimed at addressing national developmental challenges that promise to deliver parity dividends to Sri Lankans at large, across multiple sectors such as education, agriculture, trade and banking sectors in the country. These multi-sector ICT interventions were designed to leapfrog legacy infrastructure and capacity deficiencies in the country using the pervasive and enabling attributes of ICTs. We are optimistic that the combined outcomes of these inclusive solutions will contribute towards a quantum change in the way all Sri Lankans access education content, banking services, commodity prices and market information. Pluralisation of access to these and other forms of knowledge, utility and information resources will ultimately result in the improved empowerment of all citizens.

ICT innovations which deliver parity access underscore Dialog’s conviction that wireless technologies are inherently inclusive and that these technologies are capable of delivering revolutionary

social outcomes that contribute manifold to economic growth in terms of consumer surplus. These innovations frame our public policy positions on key development issues with respect to parity access to education, e-readiness, economic empowerment and poverty reduction. We believe that through the digital empowerment of citizens and thereby the proliferation of information societies, we would be contributing in some part to the flattening of empowerment and socio-economic gradients while also delivering dividends to the environment. Our ICT4D initiatives and innovations are also underpinned by robust business rationale thereby making them integral to and sustainable within Dialog's socially sensitive business strategies and operations.

In 2009, we reaffirmed our commitment to ensuring that the environmental footprint of our business operations was managed in a responsible manner through the integration of the precautionary and 'polluter pays' principles, across our core operations. The Company made significant progress with respect to reducing its carbon footprint through energy optimisation programmes across its operations, while simultaneously making active investments in renewable energy solutions. We will continue to ensure that environmental stewardship features high on our business agenda particularly in the areas of energy optimisation, emission reduction and developmental impact going forward.

In 2009, Dialog Telekom reinforced its support to the UN Global compact principles and the Millennium Development Goals. We also released our second communication on progress with respect to the said ideal, to the United Nations Global Compact. As a member of the United Nations Global Compact Sri Lanka Steering Committee, we will continue to uphold and manifest the ideals of the UN Global Compact within Sri Lanka's ICT sector, while simultaneously showcasing the commitment of our sector to sustainable development to the global community. In 2009, we also reaffirmed our support for the Coalition for HIV AIDS in Sri Lanka as well as for the Mobile Alliance Against Child Sexual Abuse, championed by the GSMA. We will continue our allegiance to these interest groups in 2010.

“In 2010, we will optimise our CR strategy through an iterative process. In particular we will listen to our stakeholders and shape accordingly, our decision making and operational impact along triple bottom line dimensions”

During the course of 2009, the Company made significant progress with respect to the restructuring of its business and cost environments towards the achievement of a return to profitability. The re-engineering of processes, systems as well as the revisiting of corporate priorities was singularly challenging but has resulted in the definition of a business formulation which is sustainable in the context of the much transformed business environment. In line with process re-engineering and automation, it was also necessary to rescale and right size the Company's human resource base to

better align with dynamic and challenging external environments and operational realities. In this respect the Company invited employees to participate in a voluntary resignation scheme which included attractive separation benefits to employees who opted to leave the employ of the organisation.

We will persist in our efforts to return to a position of singularly profitable operations thereby delivering on the 'economic development' pillar of our sustainability focus. We will also continue to strengthen our leadership position in the communications sector in Sri Lanka as well as in terms of our referral position with respect to delivery on Corporate Accountability ideals. We are happy to report appreciable progress with respect to our stated sustainability targets in 2009. We will continue to address residual and emerging issues proactively whilst ensuring we focus our attention on opportunities and challenges presented to us.

The future heralds a new era for Sri Lanka, and Dialog is well placed within this environment of opportunity to play a pivotal role in shaping the future of citizens and enterprise alike through the delivery of inclusive and empowering ICTs. Our Corporate Responsibility ethos, within this context, will focus primarily on integral CR business practices and ICT based social innovation initiatives. Our CR strategy will continue to delineate philanthropy from integral CR.

“Our CR strategy will continue to delineate philanthropy from integral CR”

Socially responsible corporate decision-making at Dialog will range from investment decisions all the way to innovation opportunities which challenge us to minimize adoption costs and to deliver low-cost multi-sensory connectivity to the base of the economic pyramid. We are unwavering in our conviction that CR professed in this manner will be an integral, sustained and valued component of our strategies designed to restore Dialog to a state of profitable operations going forward.

In 2010, we will optimize our CR strategy through an iterative process. In particular we will listen to our stakeholders and shape accordingly, our decision-making and operational impact along triple bottom line dimensions. In parallel, we will evolve our CR model to seize pragmatic opportunities that have the potential to deliver value creation and sustainable outcomes to the business and community at large.



Dr. Hans Wijayasuriya
GROUP CHIEF EXECUTIVE

1st March 2010



INDEPENDENT ASSURANCE AND RATING

Introduction

Det Norske Veritas AS ('DNV') has been commissioned by the management of Dialog Telekom PLC ('the Company') to carry out an assurance engagement on the Company's 2009 Sustainability Report ('the report') in its printed format against the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0 (G3), using the AA1000 Assurance Standard 2008 ('AA1000AS').

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

Scope of Assurance

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

- External verification of the entire report covering economic, environmental and social indicators for the period 1st January 2009 to 31st December 2009, and prepared using the GRI G3 guidelines;
- Evaluation of the report's adherence to the three Accountability principles (Inclusivity, Materiality and Responsiveness) and the reliability of specified performance information, as required for a Type 2, Moderate Level of assurance, according to AA1000AS.
- Evaluation of the additional principles of Completeness and Neutrality, as set out in DNV's Protocol for Verification of Sustainability Reporting.
- The boundary of the report covers all strategic business units (SBUs) under Dialog Telekom PLC, Colombo including subsidiaries Dialog Broadband Networks (Pvt.) Ltd (DBN) and Dialog Television (Pvt.) Ltd (DTV);
- Confirmation of adherence to the requirements for GRI Application Level "A+";
- The verification was carried out in February 2010.

Verification Methodology

Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting¹. As part of the verification we have challenged the sustainability-related statements and claims made in the report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to us by Dialog Telekom PLC.
- Visited the Head-Office and SBUs including subsidiaries located in and around Colombo (i.e. Corporate Finance, Human Resource Management & Development, HR Operations, Dialog Academy Corporate Planning, Corporate Development, Quality Systems, Management Information Systems, Risk Management, Network Planning, Site Acquisition and Projects, Legal & Regulatory Affairs, DTV, a switching station and an e-waste storage site).
- Conducted interviews with key representatives (including data owners and decision-makers from different divisions and functions) of the Company;
- Performed sample-based reviews of the mechanisms for implementing the Company's own sustainability-related policies, as described in the report, and for determining material issues to be included in the report;
- Performed sample-based audits of the processes for generating, gathering and managing the quantitative and qualitative data included in the report;
- Reviewed the process of acquiring information and economic data from the financial data presented in the 2009 certified consolidated balance sheet.

Conclusions

In our opinion, the report is an accurate and fair representation of the Company's sustainability-related strategies, management systems and performance, and the Company's application of the AA1000 Accountability Principles. The Company has self-declared that it meets the GRI Application Level "A+", and we confirm that the GRI Application Level "A+" has been met. We have evaluated the report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

AA1000AS (2008) principles

Inclusivity:

Good. The Company engaged in dialogue with selected stakeholders during the year through different channels. The material issues emerging from the stakeholder engagement were collected, prioritised and the results are reflected in the report. We recommend that 1 www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/order/ 2 the issue-based stakeholder engagement process may further be formalised and structured whereby frontier expectations are also mapped from a range of stakeholders for developing long-term sustainable business strategy.

Materiality:

Acceptable. The Company has improved its materiality determination process to bring out issues of significance, and these issues are addressed in the report.

Responsiveness:

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

Reliability:

Good. In accordance with Type 2, Moderate Level assurance requirements, we conclude that the specified sustainability data and information presented in the report are generally reliable. The report contains data that is both measured and estimated, and this is explained to the reader. The Company has improved its own data management system (CR Navigator) for capturing and reporting its sustainability performance.

Additional principles**Completeness:**

Good. The report covers performance against the GRI G3 core indicators that are material within the Company's reporting boundary, and the reasons for exclusions of core indicators which are not applicable are explained.

Neutrality:

Good. The Company has reported sustainability issues, including corporate governance performance, in a balanced manner, in terms of content and tone. Challenges and limitations are fairly presented with commitments to future improvements.

Opportunities for Improvement

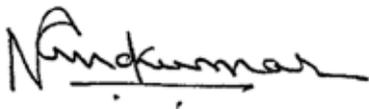
The following is an excerpt from the observations and opportunities reported back to the management of Dialog Telekom PLC. However, these do not affect our conclusions on the report, and they are indeed generally consistent with the management objectives already in place.

- Expand the materiality assessment approach to identify issues which go beyond the GRI indicators (including the GRI Telekom Sector Supplement), and develop performance metrics for material issues, to enable wider benchmarking with sector peers.
- Evolve an issue-based, multi-stakeholder engagement process to completely map the expectations and needs and incorporate these as inputs as part of the strategic planning process.
- Progressively extend the boundary of the report to include the supply chain and develop a process to Identifying risk (if any) due to human rights issues in its supply chain.

DNV's Competence and Independence

DNV provides sustainability risk management services through qualified specialists worldwide. DNV was not involved in the preparation of any statements or data included in the report except for this Assurance Statement. DNV maintains complete impartiality towards people interviewed during the assignment. 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



Vadakepatth Nandkumar
Lead Verifier
Det Norske Veritas AS, India

Bangalore
18-03-2010



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



AA1000
Licensed Assurance Provider
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REPORT BOUNDRY

Effort has been made to ensure completeness of the report with regard to dimensions of scope and boundary for the reporting period. This report covers the performance of the following entities for the reporting period January 1st to December 31st 2009. For the entity Dialog Telekom PLC (hereinafter referred to as the "Company") and for the Dialog Telekom Group (hereinafter re-

ferred to as the 'Group'), derived from a consolidation of Company performance with those of its subsidiaries Dialog Broadband Networks (Pvt) Ltd (DBN), and Dialog Television (Pvt) Ltd (DTV). The 2009 report boundary also includes our significant suppliers and captures the work we have done to engage with them on issues of materiality and accountability.

REPORT SCOPE AND OUR STAKEHOLDERS

In 2009 Dialog actioned its key material issues raised in the formal stakeholder engagement process which concluded in December 2008.

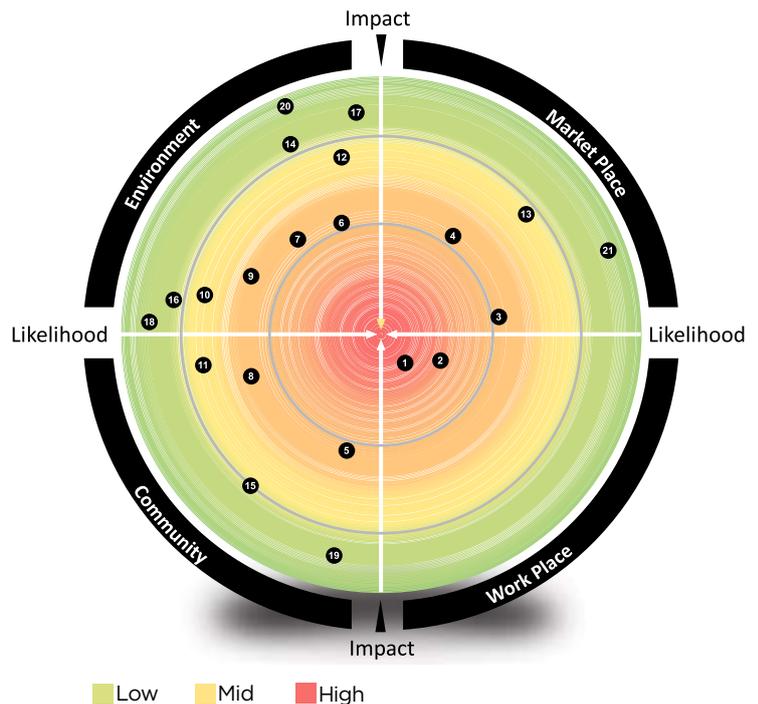
We also used three new dimensions to evaluate our progress on the most material issues and carried out specific stakeholder engagement with significant stakeholder groups, such as employees and customers. This engagement in 2009 resulted in a few changes to the materiality rating of certain issues. We applied an Enhanced Engagement model (diagram 02) that assigned weighted scores to the materiality matrix developed by Dialog to arrive at a more refined net score for broad issues identified.

The Stakeholder Segments studied for the purpose of reporting included: Customers, Employees, Shareholders, Regulators and Government, Business Partners, Communities, NGOs, Media and Pressure Groups as well as Opinion Leaders (comprising Professionals and Academics) to lend their voice on behalf of the wider community.

The selected research agency shared their findings of the study on 2nd December 2008 with members and representatives of the Dialog CR Group Leadership Committee. The findings provided insightful stakeholder perspectives that contributed to determining the most material issues that the Group should focus strategically in terms of CR practice in 2009, thereby ensuring relevant stakeholder perceptions are factored in to Dialog's Sustainability agenda. Market research requirements consisting of strategic understanding, idea development, mix evaluation, market activation and market monitoring provided the basis for identification and selection of stakeholders consulted for market research purposes.

In 2009, Dialog also carried out a special stakeholder engagement with employees on the backdrop of the voluntary resignation scheme to ensure we respond to their feedback proactively in 2010.

The stakeholder feedback process was conducted by an independent research agency in late 2008, in order to ensure impartiality. This played a part in avoiding any bias that could have arisen had Dialog Telekom representation been present during the interactions. The study was conducted in accordance with the AA1000(2008) assurance standard in order to be compliant with the globally accepted Global Reporting Initiative (GRI) framework, which provides the basis for this sustainability report.



| Issue # | relevant indicators |
|---------|-------------------------------------|
| 1 | EC3, LA2, LA6, LA7, LA8, LA10, LA14 |
| 2 | LA1, LA2, LA13, LA14, SO4, HR4 |
| 3 | PR3, PR6, PR5 |
| 4 | EN1, EN26, PR5 |
| 5 | PR3, PR6, PR5 |
| 6 | EN3, EN4, EN5, EN6 |
| 7 | SO1, EN11, EN12 |
| 8 | PR5, |
| 9 | EN1 |
| 10 | EN22,EN26 |
| 11 | EC8,SO5 |
| 12 | EN11, EN12 |
| 13 | EC1,EC4,EC8,SO5 |
| 14 | EN11,SO1 |
| 15 | EC8,SO5,PR6 |
| 16 | SO1,EN11,EN12 |
| 17 | PR1, EN26 |
| 18 | EN16,EN17 |
| 19 | PR6 |
| 20 | EN1 |
| 21 | EN28, PR9, SO8 |

Diagram 01. Materiality Rating Test⁵

In addition to the stakeholder consultation carried out for the purpose of the report as mentioned above, the Group also engages with stakeholders encompassing Investors, Dealers & Distributors, Corporate entities, Customers and Employees, for these research purposes. The table below indicates the type of engagement carried out for research purposes. Information on surveys conducted by Dialog Telekom to gain accurate insight in to customer perceptions of service provided is covered under PR5, in the Product stewardship section of this report. Further details pertaining to engagement with investors can be found in the Corporate Governance section of the Annual Report. In 2010, Dialog will also develop stakeholder engagement action plans based on material issues in order that the organisation proactively engages with relevant stakeholders to improve our performance in this area.

The issues covered in the report are the most material issues to Dialog Telekom in the context of sustainability. Parameters such as short Term risks to the Group, impact on strategic objectives, impact on stakeholders, proximity to best practices and effect on social norms were used to determine materiality, in accordance with the AA1000 Stakeholder Engagement guidelines. Issues raised during stakeholder engagement were rated and ones with the highest ratings were identified as appropriate to be given prominence in reporting. In order to ensure a balanced and reasonable representation of the organisation's performance, this materiality determination was used to select the depth of content covered. Diagram 01 illustrates the selection of material issues and methodology of giving prominence to associated standard disclosures in this report.

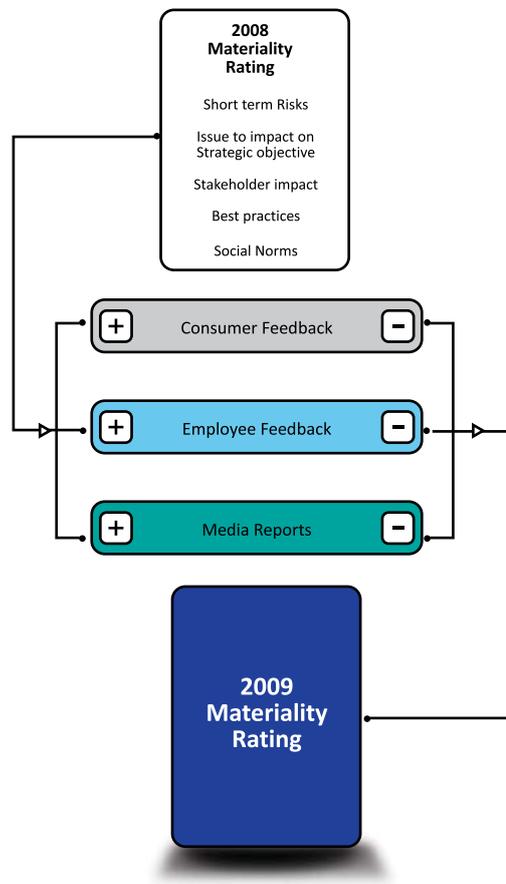


Diagram 02. Enhanced Engagement Model for 2009

| Stakeholder Engagement 2008 | | | Enhanced engagement in 2009 |
|-----------------------------|-------------------------------|---|---|
| Type of Stakeholders | Sub categories | Engagement/Research | Engagement/ Research |
| Customers | Retail customers, | Brand Health Track - ATP (Advance Tracking Program) | Brand Health Track - ATP (Advance Tracking Program) |
| | Corporate customers | Customer Satisfaction Survey Understanding Sustainable Performance Indicators Youth Panel | Customer Satisfaction Survey |
| | Shareholders | Axiata Other Share Holders | Investor Forums |
| Workforce | Direct employees (4000+) | Understanding Sustainable Performance Indicators | Employee survey on sustainability performance |
| Suppliers | Local | | |
| | Foreign | | |
| General public | | | |
| Other stakeholders | Government & Regulatory | | |
| | Distributors & Retail network | Trade Needs, Trends & Satisfaction Tracking Study | |
| | Media | | Media Feedback |
| Communities | | Understanding Sustainable Performance Indicators | |

Table 01. Engagement with main group of stakeholders

CR MANAGEMENT APPROACH AND THE BUSINESS CASE

The CR definition pursued today at DTP was coined five years ago, in response to findings arising out of a gap analysis that was assigned pursuant to DTP's initial public offering in 2005. The model prescribed that Dialog should accredit its enabling and positive impact on society primarily through its core 'integral operations' or business footprint and secondly through its ability to 'reach out' to national development goals through its role as a corporate citizen. These two underlying features of the Company's application of CR across Dialog; frames a balanced dual-pronged approach. The Company's holistic delineation of CR at that juncture drew a distinction between philanthropy and the nascent aspect of integral CR. Dialog's outreach CR thrust (philanthropic and flagship) is carried out under five thematic aspects at present. These 5 areas are as follows:



Diagram 03: Five Thematic aspects currently pursued under outreach CR at Dialog

Dialog's Outreach CR, along these 5 themes, focuses on projects that impact the community positively. Some of these projects which are altruistic in nature, do not have a strong strategic fit with the organisation's business model; and many of the smaller projects are undertaken as philanthropic initiatives under the Change Trust Fund. As a Company operating in the Global South there is compelling stakeholder pressure exerted on Dialog to support such initiatives.

Notwithstanding the above altruistic reach, outreach CR also constitutes a handful of strategic flagship projects that are directly linked to the organisation's core competencies, which have the potential to create a strong competitive advantage. Several of these flagship projects are also aligned with Integral CR since they have the potential to add tangible value to the organisation's bottom line whilst empowering and enriching society. The Company's integral CR constitutes our efforts to measure our impact across the triple bottom line (TBL) i.e economic, social and environmental performance. The CR stress inward falls on 'how we do business', as a responsible organisation, that pervades into our business 'operations'. Traditionally this emerged as a form of measurement against compliance, but progressive organisations, have found it prudent to use CR as a management tool to identify opportunities to reinvent their organisations value propositions and to invigorate new business models that promote sustainable development whilst achieving bottom line targets.

Dialog follows the global de facto guideline used to streamline and measure TBL performance known as the G3 guidelines espoused in the Global Reporting Initiative. The G3 is a set of protocols and indicators that help the organisation to monitor, measure and improve its performance against globally accepted norms, benchmarks and voluntary standards across the three broad pillars of sustainable development. There is a close synergy between enterprise risk management and corporate governance with integral CR, since they all support the precautionary principle in the Company's operations directly and indirectly.

Dialog's Integral CR performance is pegged against a best practice derived CR performance management scorecard that records the organisations KPI's against the GRI and other indicators relevant to the organisation. In 2009, Dialog further strengthened its data capture and reporting framework by implementing a fully fledged CR Navigator and KPI dashboard. Fulfillment of sustainability KPI data compilation is linked to personal performance appraisals through the performance management process of the organisation. In 2009, Dialog included a trend analysis section in the Sustainability Report that tracks comparative data against its triple bottom line baseline data collated in 2008, which enhances our stakeholders understanding of our performance across the core areas of environment, social and economic parameters. Pertinent management information derived from the CR navigator has helped to underscore the overall relevance of applying CR management checks and balances to the operations of the organisation. Findings from the CR metrics have enhanced existing performance management processes that help to proactively mitigate potential risks and identify opportunities proactively.

Our distinctive combination of external community related projects and internal business relevant systems ensure that we abide by a 'philosophy of inclusion', which means that we strive to reach out to all segments of society regardless of disproportionate social divides to provide affordable, accessible, applicable value propositions arising out of multi-sensory connectivity. Our CR philosophy is based on our commitment to ensure that the pervasive nature and enabling potential of ICTs reach all local communities within which we operate. Dialog has always ensured that its outreach initiatives are structured within multi stakeholder and public-private partnership frameworks. In 2009, Dialog's Outreach and Integral CR activities were carried out in collaboration with various entities including the Government of Sri Lanka and relevant line Ministries pertaining to Social Services, Environment, Education, Human Rights, Health and Nutrition, and other entities such as the International Finance Corporation (IFC) etc. The overall engagement model employed by Dialog in its management approach is depicted below.

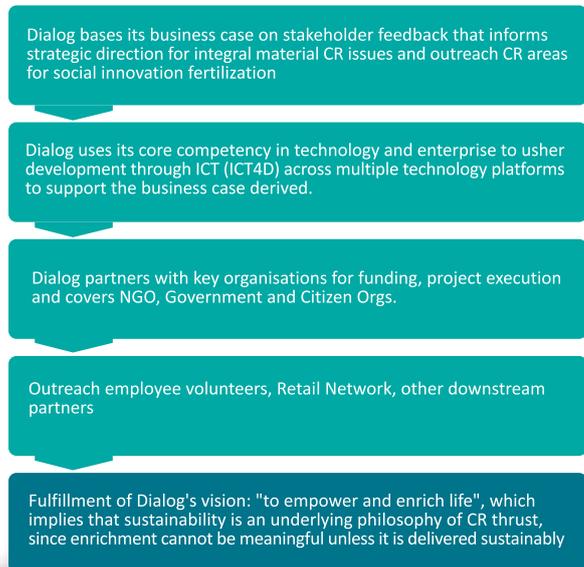


Diagram 04: Dialog's approach to corporate responsibility

The Company has two key forums that engage in the strategic management of CR across the organisation. The Integral and Outreach activities are tracked on the CR navigator and presented to the Corporate Responsibility and Public Policy Group Leadership Committee who in turn escalate pertinent matters to the Dialog Telekom PLC Board of Directors. CR operations are managed by a core team of CR professionals whose main tasks include the delivery of the overall strategy and business model within the integral and outreach domain. The framework depicted in diagram 05 enables the organisation to evaluate and measure its CR policies and practices as a matter of course. Consequentially, this information is used to engage the highest governing body of the Group.

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

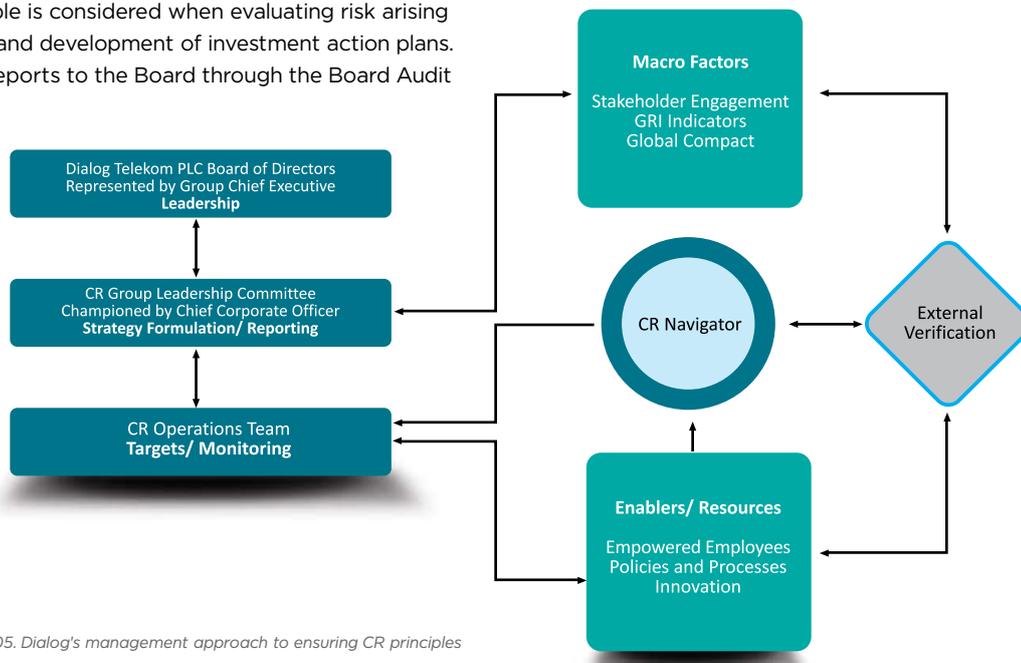


Diagram 05. Dialog's management approach to ensuring CR principles

Dialog Telekom ensures that all its operations across Economic Investments, Environmental Management, Product Responsibility, Labour and Human Resource Management, Human Rights, and Society are managed, based on the aforementioned rigorous management processes. Targets and Goals for our Corporate Responsibility/Sustainability commitments for the 2010 reporting period are stated on page 53 of this report.

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

ADOPTION OF PRECAUTIONARY PRINCIPLE

In 2009, we continued to shape our operations in accordance with the precautionary principle where necessary steps were taken to mitigate potential adverse environmental and social impacts in consultation with the ERM Operating Committee (ERMOC). Representation from the Group CR unit at the ERMOC ensures the precautionary principle is considered when evaluating risk arising from the operations and developing action plans. The ERMOC in turn reports to the Board through the Board Audit Committee.

Dialog is also guided by the values and Corporate Responsibility Policy of its parent Company Axiata Group Berhad. It also receives invaluable support across all integral and outreach CR initiatives from Axiata.

GOVERNANCE

As stated in the 2008 Sustainability Report, good Governance is considered key to achieve and maintain the highest standards of business integrity, professionalism and ethical values at Dialog Telekom. The 2009 Dialog Telekom Annual Report contains a separate section dedicated to Corporate Governance, which encompasses the Enterprise Risk Management (ERM) function and mechanism of the group as well. Disclosures related to Governance with regard to Sustainability can also be again found in the Group 2009 Annual Report, with the relevant area mentioned in the GRI content index.



UNITED NATIONS GLOBAL COMPACT PRINCIPLES

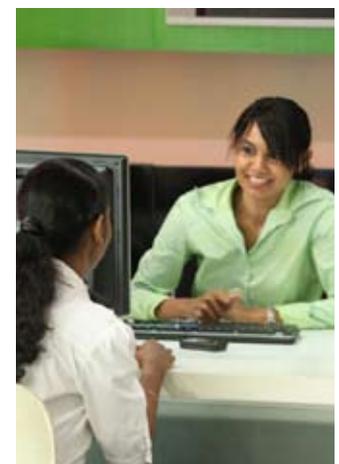
Dialog Telekom PLC has issued two previous Communication On Progress (COP) reports⁶ to the UNGC as an institutional stakeholder. The Company has internalised the ten principles espoused by

the UNGC as demonstrated in this report. The 2009 Sustainability Report also serves as Dialog's third COP report to the UNGC.

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

Table 02. Cross Reference of GRI G3 indicators with UN Global Compact Principles

www.unglobalcompact.org



⁶Dialog's previous COP reports could be found on <http://64.22.127.124/participant/2901-Dialog-Telekom-Ltd->

ACHIEVEMENT OF STATED TARGETS IN 2009

| LINK TO MATERIALITY / GOAL | KEY DELIVERABLE IN 2009 | Status | Comment |
|---|---|---|---|
| Extending Dialog's sphere of influence across upstream supply chain to ensure fair trade | Procurement Policy to be developed and implemented across Group |  | Work in progress to be completed in 2010 |
| | Formal process to be implemented to screen contracts with all significant suppliers and contractors with regard to human rights |  | Done |
| Ensuring best practice over and above legal compliance concerning Health and Safety aspects | A system of monitoring to be developed and implemented covering relevant laws and regulations, including Health & Safety, the provision and use of products & services as well as environmental assessment for significant products and service categories, across the Group. |  | Work in progress to be completed in 2010 |
| Mitigate Group environmental footprint across input and output impacts caused by our business | Develop and an Implement Environment Management Programme for significant areas of environmental impact including diesel consumption, energy consumption and management of e-waste and related products |  | Work in progress to be completed in 2010 |
| | Develop monitoring system and implement paper reduction initiative to achieve a reduction in overall paper consumption by 5% in 2009 |  | More than 40% reduced |
| Mitigate Group environmental footprint across input and output impacts caused by our business | Implementation of a Base Station siting guideline and establishment of monitoring system |  | Implemented from April 2009 |
| | Up to 10% energy saving from Dialog office sites |  | Energy saving 15% |
| | Increase internal paper recycling up to 30% of consumption |  | Target achieved |
| Improve Health and Safety Performance | Process to capture and monitor occupational disease rate to be introduced and establish a base line against desired levels |  | Work in progress to be completed in 2010 |
| Strengthen Existing anti corruption processes | Implement Whistle Blowing Policy for Group |  | Work in progress to be completed in 2010 |
| | Awareness Programmes on Code of Business Ethics for all employees |  | Work in progress to be completed in 2010 |
| Enhance product responsibility norms | Implement the Code on Marketing and Advertising throughout the Dialog Group and develop system to monitor progress |  | Implemented by February 2009 |
| Provide Social dividends using ICT's using inclusive business models | Launch the Disaster & Emergency Warning Network (DEWN) in Q1. |  | Launched January 2009 |
| | Introduce two Base of the Pyramid ICT for Development programmes that enhance access to the poor |  | Tradenet and Nenasa Projects launched in 2009 |

 Done  Work in progress

Table 03. Achievement of targets in 2009

TWO YEAR PERFORMANCE DATA

| | | 2008 | 2009 | |
|------|--|---------|---------|---|
| GRI | FINANCIAL AND OPERATING | | | |
| EC6 | Amount paid for Local suppliers (%) | 62% | 59% | ↗ |
| | Amount paid for foreign suppliers (%) | 38% | 41% | ↗ |
| EC7 | Local personel in Senior Management | 19 | 14 | ↗ |
| | Foreign personel in Senior Managemnt | 1 | 0 | ↗ |
| | ENVIRONMENT | | | |
| EN1 | Paper purchased (Tonnes) | 382.5 | 44.17 | ↗ |
| | Cartridges purchased | 2,403 | 1,043 | ↗ |
| EN3 | Direct energy consumption (GJ) | 72,224 | 33,065 | ↗ |
| EN4 | Indirect energy consumption (GJ) | 345,821 | 365,675 | ↗ |
| EN5 | No. of full-time generator operated sites | 90 | 31 | ↗ |
| EN8 | Amount of water purchased | 82,218 | 54,106 | ↓ |
| EN11 | Sites near/in high bio-diversity areas (protected areas) | 4 | 4 | ↗ |
| EN12 | Area of high bio-diversity land covered for operations (km2) | 0.0025 | 0.0025 | ↗ |
| EN16 | GHG emissions for direct energy ⁷ (tonnes) | 6,367 | 2,945 | ↗ |
| | GHG emissions for indirect energy ⁸ (tonnes) | 43,990 | 41,979 | ↗ |
| EN17 | GHG emissions for other operations ⁹ | 4,250 | 5,273 | ↓ |
| EN22 | Discarded e-waste units | 186 | 302 | ↓ |
| | Recycled paper (Tonnes) | 92.5 | 54.5 | ↗ |
| EN23 | Significant spills | None | None | ↓ |
| EN28 | Fines and sanctions for environmental non compliance | None | None | ↗ |
| | EMPLOYEES AND OPERATIONAL INTEGRITY | | | |
| LA1 | Total work force | 4,406 | 3,435 | ↓ |
| LA2 | Normal attrition rate | 17% | 23.90% | ↘ |
| | Volantary resignation attrition rate | | 9.72% | ↘ |
| LA6 | Percentage of representation in H & S committees | 100% | 100% | ↗ |
| LA7 | Injury rate | 2% | 1% | ↓ |
| | Lost day rate | 0.12% | 0.01% | ↓ |
| | Absentee rate | 2% | 2% | ↓ |
| | No. of fatalities | 2 | 0 | ↗ |
| LA10 | Average training hours for the year per employee | 26.77 | 8.56 | ↗ |
| | SUPPLY CHAIN | | | |
| HR2 | No. of significant vendors | 82 | 107 | ↗ |
| | Percentage screened for human rights | 25.61 | 28.97 | ↗ |
| | PRODUCT RESPONSIBILITY | | | |
| PR8 | Complaints of Cx information divulging per customer | 0.003% | 0.003% | ↓ |

↗ Positive

↓ Neutral

↘ Negative

⁷Using data of GHG protocol website: <http://www.ghgprotocol.org.calculation-tools>⁸Calculation as per CDM mechanism "Coconut shell charcoaling and power generation at Badalgama Sri Lanka 2008 project information⁹Fleet Emissions and air travel emissions calculated using the GHG protocol website. <http://www.ghgprotocol.org.calculation-tools> : www.webflyer.com site used to calculate air distances.

TRENDS AND INTERPRETATION

FINANCIAL AND OPERATING

In 2009, from the total purchase orders directed to suppliers, 62.37% was placed in favour of suppliers with local presence and 37.63% for suppliers without local presence, which amounted to approximately LKR 5 billion and LKR 3 billion respectively. The purchase order value of supplies from the former, has seen an increase from 2008 which augurs well for local suppliers and the local economy. (more on page 41)

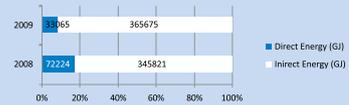


ENVIRONMENT

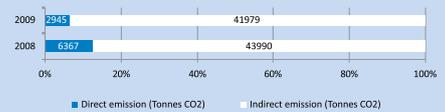
The total amount of paper purchased by Dialog in 2009 was 44.17 Tonnes. A decrease from the quantity purchased in 2008 which was 382.5 Tonnes. The reduction in the amount of paper consumed and recycled in 2009, demonstrates the effectiveness of the Company's internal paper efficiency initiatives.



In 2009, Dialog consumed a total of 365,674.72 GJ of indirect energy from the national grid as against the consumption of 345,820.98 GJ in 2008. This increase is attributable to rapid network expansion operations across the country. There has been a considerable reduction in direct energy consumption of the Company in 2009 owing to energy optimisation steps taken at Base Station sites and reduction of the use of full time generators. Accordingly total direct energy consumption from diesel power in 2009 was 33,065GJ a significant decrease compared to 72,224GJ in 2008.

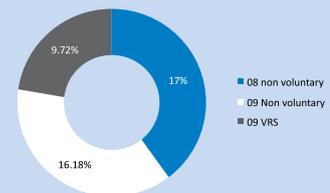


The total value of direct emissions of the Company for 2009 was 2,945 Tonnes, a significant reduction from the value of 6367 Tonnes in 2008. Indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam for 2009 add up to 41,979 Tonnes in comparison to 43,990 Tonnes in 2008. (more on page 23)



EMPLOYEES AND OPERATIONAL INTEGRITY

In 2009, Dialog was engaged in an aggressive programme of cost rescaling, Company right-sizing and business and revenue growth. During the course of 2009, the Company launched a range of cost reduction programmes and applied focus on restructuring its work processes in terms of efficiency, productivity and automation. With respect to the latter dimension of performance optimisation, the Company embarked on a journey of aligning its human resource base to business requirements through the implementation of a Voluntary Resignation Scheme in April, 2009. Due to this event the attrition rate over the two year period shows a steep increase. In 2009, the Company recorded an absentee rate of 2.01% and 2.32% during the first and second half of the year respectively. The injury rates for the same period were 2.22% and 2.17% respectively for the first and second half of the year, marginally up from 2008 figures. (more on page 34)



SUPPLY CHAIN

A total of 107 suppliers were identified as significant suppliers and contractors to the Group during 2009, in comparison to the total of 82 in 2008. Out of this 28.97% of contracts with these suppliers and contractors have included criteria or screening on human rights. (more on page 41)

PRODUCT RESPONSIBILITY

Our internal management systems and procedures have enabled us to protect customers from possible privacy intrusions as reflected in the relatively low percentage of customer complaints recorded in 2009 which was .003%, unchanged from the previous year. (more on page 20)

Responsible Operations

INTEGRAL CORPORATE RESPONSIBILITY

Corporate Responsibility (CR) is an embedded element of Dialog's day-to-day business operations. At Dialog, we constantly strive to create economic, environmental and social value as part of our daily business functions in order to deliver sustainable long-term benefits to all our stakeholders.





CUSTOMER RELATIONS

In this section we review our customer relations and the measures implemented to align our business strategies to meet their expectations. We also discuss several key social issues that are important to them and our organisation from a sustainability standpoint. These include an insight into our marketing policies, customer privacy protection measures, commitment to introduce green products, health and safety concerns and about the measures we've taken to promote responsible content.

CUSTOMER PERCEPTIONS

At Dialog, meeting our customers' expectations is our foremost priority. Dialog's journey to becoming the flagship telecommunications Company in Sri Lanka would not have been possible if not for the support and encouragement of the customers. In order to continue this long-standing relationship between Dialog and one of its most important stakeholder groups, the customers; the Company ensures that they enjoy the best telecommunications service in Sri Lanka every time they use Dialog's products and services.

Another important element of Dialog's service delivery is that it encourages customers to provide feedback on their service experience. This has enabled the Company to improve the service delivery in line with customer expectations. Dialog's customer satisfaction surveys are a conduit for customers to express how they feel about its services including areas which need improvement. These may consist of both qualitative and quantitative surveys developed in-house as well as outsourced ranging from methods such as email among group customers to face-to-face household surveys; In 2009, Dialog continued to talk to its customers in order to understand their perspective on its products and services. These customer satisfaction studies have shown that customers have a positive perception towards the Company's current approach to business.

MAINTAINING CLARITY IN OUR COMMUNICATIONS

The Company does not market any unlawful products or services across the entirety of its mobile, internet and satellite TV businesses. Dialog ensures its services are based on the foundations of sound ethics and transparency principles in order to maintain a strong customer relationship which transcends beyond commercial short term gain.

The Company's marketing unit employs diverse marketing channels and mediums to promote the Company's multitude of products and services. While this has proven to be a success for the Company in terms of retaining market share in the face of tough competition, it also created the need for the Company to formulate a proper Marketing Policy which would serve as a guideline for all its marketing activities. As proposed in last year's Sustainability Report, the Company was successful in implementing a comprehensive marketing policy during 2009 in order to help mitigate customer complaints with regard to the lack of clarity at certain times in Dialog's communications.

PRIVACY PROTECTION

In order to protect customers from privacy invasions, The Company has implemented strict laws and regulations with respect to customer information. Dialog's internal management systems and procedures have enabled us to protect customers from possible privacy intrusions as reflected in the relatively low percentage of customer complaints related to privacy recorded in 2009 which was .003%. In addition, our mobile subsidiary was successful in introducing several value-additions in relation to customer privacy protection. Dialog Locked SMS is one such service which safeguards mobile text messages from unauthorised persons through password protection. More information on Locked SMS is available at

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

ENSURING HEALTH AND SAFETY

As a service provider, there is no strict requirement for Dialog to conduct an in-depth analysis of the health and safety aspect of its products and services. In 2009 however all our ICT for Development and Research and Development programmes have been vetted against health and safety impacts as a precautionary measure. These are captured in the concept papers presented to the management at the outset of the development process. In addition, Dialog ensures that all base stations (BTS) adhere to the exacting standards set out by the Telecommunications Regulatory Commission of Sri Lanka, with regards to health and safety aspects when setting up and operating BTS sites.

SUSTAINABLE INNOVATIONS

As a Company operative in the service industry, our negative environmental and social impacts are considered to be very minimal. However, irrespective of the nature of the organisation we have taken several precautionary measures to reduce harmful environmental impacts by implementing proper environmental management programmes based on the 'Design for the Environment' (DfE) concept. For example the value added service of eZ Insurance provides a mechanism for issuing Insurance Policies based on mobile phone platforms.



Dialog





Dialog Broadband Networks introduced a new service for its customers in 2009 titled Website Filtering. This service was launched with the objective of promoting a safe online environment for children by filtering websites that contain explicit and damaging content

Dialog was also the first Company in Sri Lanka to introduce a mobile waste take back initiative in 2007 to minimise the harmful effects of electronic waste on the environment.

The Company also ensures that its products and services do not have any negative social influences. In order to achieve this, Dialog makes sure that its communications do not contain any statements or visual presentations which can be considered as offensive in its widest context. The Company also does not condone any form of discrimination including those based upon race, religion, gender, age etc. Although none of the services provided by the Company are viewed as harmful to human beings, Dialog ensures it provides 'User Guides' for most of its services in order to increase customer awareness on the respective products and services. The Dialog GSM Post-paid starter pack and the eZ Pay starter pack are examples of how Dialog's service offering is aligned with customer safety.

PROTECTION OF MINORS

Demonstrating the Company's continued commitment to protect children from online exploitation, Dialog Broadband Networks, a subsidiary of Dialog Telekom, introduced a new service for its customers in 2009 titled Website Filtering. This service was launched with the objective of promoting a safe online environment for children by filtering websites that contain explicit and damaging content such as pornography, gambling, violence and drug-related material. More information on website filtering is available at

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

As mentioned in last year's report Dialog is Sri Lanka's sole partner to the GSM Association's Mobile Alliance Against Child Sexual Abuse. As part of this membership and the Company's ethos of promoting responsible business practices; Dialog holds the distinction of being the first telecom operator in Sri Lanka to implement necessary steps to prevent mobile users from accessing child sexual abuse content through mobiles in association with the National Child Protection Authority (NCPA).

PRESERVING OUR PLANET

As discussed in the business case, environmental management plays a central role in the Company's business operations. The Company is committed to inventing innovative methods to mitigate negative environmental impacts. This section of the report provides an insight in to how we've delivered on our pledge to preserving our planet for future generations as an environmentally responsible business entity. Some of the key areas that are highlighted in the following sections include our efforts to minimise material depletion and emissions, protecting biodiversity and averting environmental degradation in the country at large.



"Proper management of electronic-waste plays an integral part in reducing the damage to the environment and we are extremely pleased to partner with Dialog Telekom in executing this environment friendly waste management plan, which would minimise hazardous M-waste material reaching landfill sites, The m-waste management programme is the first of many such projects that would be implemented island-wide, utilising the funds collected under the Environment Conservation Levy,"

*Hon. Minister of Environment, Patali Champika Ranawaka.
19-July 2009*

As pledged in 2008, The Company was successful in launching the first phase of its Environmental Management Plan (EMP) during 2009 where it assessed its environmental impacts in terms of new site acquisitions and hazardous waste streams. Dialog is committed to transforming its EMP into a fully-fledged programme in 2010 with the objective of causing minimal damage to the environment in which it operates.

MATERIAL MANAGEMENT

The Company's m-waste take back initiative which was launched in 2007 has grown into a large scale waste management programme with well-established collection systems, transportation, storage and exporting mechanisms which are in line with the regulatory requirements as well as international obligations on management of electronic-waste. Dialog also collects and stores all its hazardous wastes such as florescent tube lights, UPS batteries and lead acid batteries instead of sending these waste streams to landfill sites.

In an effort to implement this programme on a nationwide scale, the Company signed a Memorandum of Understanding (MoU) with the Central Environment Authority (CEA) of Sri Lanka in July 2009 where an agreement was reached between the two parties to expand the existing waste collection network of Dialog and identify suitable locations to install waste collection centres and improve collection mechanisms. During 2009 we collected 1,500 m-waste units which will be stored and shipped for recycling.

"The m-waste programme initiated by Dialog Telekom, Sri Lanka's largest telecommunications service provider is one of the best examples of how corporates can contribute towards preserving our environment through responsible business practices. Proper management of electronic-waste plays an integral part in reducing the damage to the environment and we are extremely pleased to partner with Dialog Telekom in executing this environment friendly waste management plan, which would minimise hazardous M-waste material reaching landfill sites, The m-waste management programme is the first of many such projects that would be implemented island-wide, utilising the funds collected under the Environment Conservation Levy," Hon. Minister of Environment, Patali Champika Ranawaka.

CONTROLLING PAPER CONSUMPTION

In 2009, a total of 9.5 Tonnes of cardboard, 0.9 Tonnes of newspaper and 45.1 Tonnes of paper were collected and sent for recycling in comparison to 76.5 Tonnes of paper sent for recycling in 2008. The reduction in the amount of paper consumed and recycled in 2009, demonstrates the effectiveness of the Company's internal paper efficiency initiatives. The total amount of paper purchased by the Company in 2009 was 44.17 Tonnes a significant decrease from the amount of paper purchased in 2008 which was 382.5 Tonnes. In 2009, the Company also purchased 1,043 units of cartridges whereas 2008 it was 2403. Further in terms of the Company's material waste management plan, the Company was able to exceed its target of 83.33% in cost reduction on paper consumption with actual figures for the year 2009 calculated at 235.62%

E-BILLS AND SUMMARY BILLS

During 2009, stringent cost cutting initiatives were implemented for material management. The Company's electronic and summary bill paper saving initiative, which was launched in 2008 for mobile bills saw significant results over a period of just one year. The total amount of paper saved from the introduction of summary bills was 94.798 Tonnes for 2009. As planned in 2008, Dialog converted all postpaid bills to summary bills and provided detailed bills only for those customers who requested for one. The total number of summary bills that were subscribed for by customers as at December 2009 was 140,485, a clear increase from 48,449 in 2008. The e-bills initiative which was launched as an internal project was extended to our external customer base in 2009.

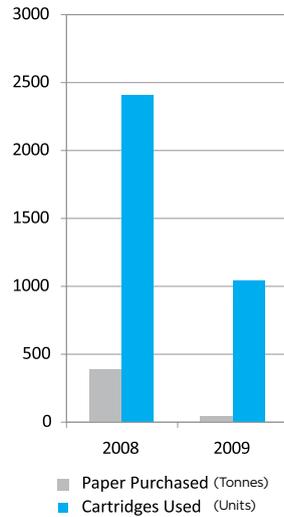
This was also well embraced by them as reflected in the number of customers who registered for e-bills in 2009 which is 35,977 as against 4,326 in 2008. The total amount of paper saved from e-bills adds up to 0.56 Tonnes.

EMPLOYEE CONTRIBUTIONS TO GOING GREEN

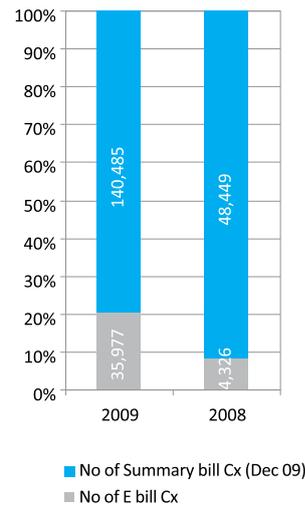
At Dialog employees are encouraged to join environmental conservation efforts. The Company educates them and creates awareness within the Company about the importance of individual contributions towards conserving the environment. As a result, Dialog has managed to reduce paper consumption and wastage within the organisation through the reuse of paper whenever possible and by using emails and the intranet for employee communications. Dialog does not have an active packaging claiming process.

ENERGY SAVING

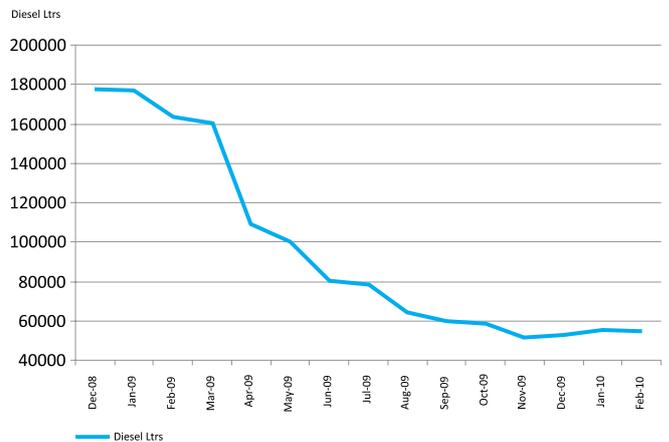
The energy demands of running a telecom network has become a significant issue for the industry. Increasing energy costs have prompted operators to increase the energy efficiency of their network operations and also to look at renewable energy as an alternative energy source. At present a majority of Dialog's operations are powered by the National grid.



Graph 01. Material consumption



Graph 02. Percentage of e-bill and Summary bill Cx



Graph 03. Diesel consumption in full time generator operated BTS sites of Dialog



Labeling the switches, making employees conscious of their positive contribution towards energy optimisation of the Company. A significant reduction in the electricity bills of office sites were noted from the 4th quarter of 2009.

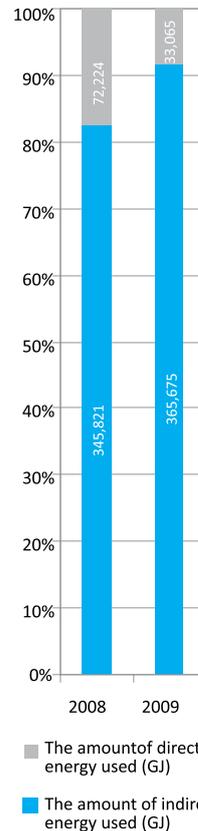
However the Company is also in the process of exploring the possibilities of using renewable energy for our base stations with the support of the GSMA Development Fund. The establishment of Green Base Stations in the country would also provide off-grid populations with new employment opportunities while contributing to energy saving and environmental conservation.

POWERING OUR OPERATIONS

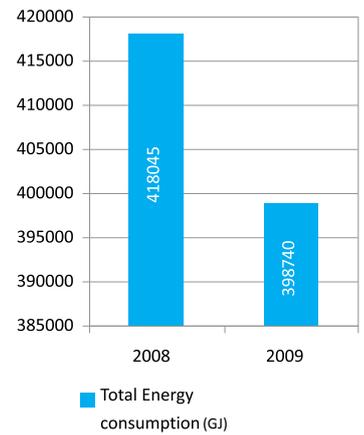
In 2009, The Company consumed a total of 365,674.72 GJ of indirect energy from the national grid for our operations as against the consumption of 345,820.98 GJ in 2008. This increase could be attributable to our rapid network expansion operations across the country, especially in the Northern and Eastern parts of the island. There has been a considerable reduction in direct energy consumption of the Company in 2009. This is directly attributed to factors such as energy optimisation steps taken at base station sites and reduction in the use of full time generators. The data capturing mechanism of the Base Station sites was also improved and the current system provides a more accurate method of data collection. The Company's direct energy production is mainly utilised for the diesel powered BTS sites. Accordingly, Dialog's total direct energy consumption from diesel power in 2009 was 33,065GJ a significant decrease compared to 72,224GJ in 2008. Graph 04 shows the overall direct energy consumption for the year.

ENERGY OPTIMISATION

As explained in the previous year's report, Dialog's internal energy optimisation project continued through 2009 mainly in its operational sites and was successful in achieving 15% of energy savings due to temperature adjustments to the Company's Air Conditions (A/Cs). These adjustments were made in 624 sites where temperature was maintained at 28 Celsius. Dialog also identified that the Company could save as much as 70% of the energy consumption by replacing the air conditioners with fans. Accordingly Dialog took measures to replace A/Cs where possible with DC fans. A total of 197 such replacements were made in 2009 alone.



Graph 04. Percentage of direct and indirect energy consumption for Dialog operations



Graph 05. Comparison of total energy consumption

Dialog also aimed at reducing the Company's energy consumption by 30% through installing an energy efficient hybrid system. So far Dialog has converted 13 BTS sites to FCB as part of a larger energy optimisation plan. In the beginning of 2008, there were more than 90 full-time generator operated sites. By the end of 2009, this number was reduced to 31 sites.

The Company is looking at setting up Green Base Stations with the use of renewable energy. Dialog's interest in this endeavour was further fueled when the Company was selected for the GSMA's Green power trial from amongst many telecom operators from around the world. Accordingly two hybrid Green Base Stations were constructed Weerarawila and Randenigala which are powered by solar, wind and grid energy. Dialog's aim is to construct 10 Green Base Stations in various parts of the country during the next few years with three such base stations already completed.

GREEN HOUSE GAS (GHG) EMISSIONS

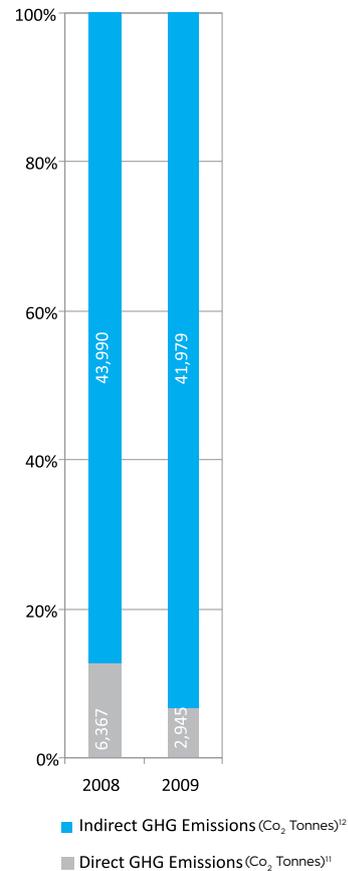
As alluded to the 2008 Sustainability Report, Dialog follows a centralised approach in calculating the Green House Gas (GHG) emissions. By finalising the energy consumption in the EN3 and EN4 indicators, the GHG emission factors are then later calculated using different techniques. Since Dialog's energy consumption occurred in more than 2,000 locations in 2009, a centralised approach was selected as a practical methodology for the calculation.

The direct emissions of greenhouse gases from all sources owned or controlled by the organisation include emissions arising from the generation of electricity, heat, or steam. The total value of direct emissions of the Company for 2009 was 2,945 Tonnes, a significant reduction from the value of 6,367 Tonnes in 2008¹⁰.

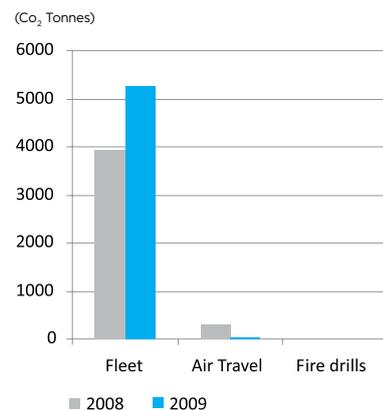
The indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam for 2009 add up to 41,979 Tonnes in comparison to 43,990 Tonnes in 2008¹¹.

During 2009, as part of Dialog's internal energy efficiency plan and to encourage the concept of carpooling a project was launched in 2008 amongst employees, where the Company's fleet management process was redesigned to reduce the number of vehicles used for employee transportation within the Group. This was applied to both Company owned vehicles as well as hired vehicles.

However, the CO2 emissions related to transport has seen an increase despite the reduction in the number of vehicles used due to the enhancements to the organisation's data capturing mechanism which now provides data on emissions of hired vehicles as well as data on employee fuel allowance. The total indirect GHG emissions resulting from fire drills, air travel, and transport for 2009 was 5,249 Tonnes¹².



Graph 06. Direct and indirect GHG emission for energy



Graph 07. Other indirect GHG emissions

¹⁰Using data of GHG protocol website: <http://www.ghgprotocol.org.calculation-tools>

¹¹Calculation as per CDM mechanism "Coconut shell charcoaling and power generation at Badalgama Sri Lanka 2008 project information

¹²Fleet Emissions and air travel emissions calculated using the GHG protocol website. <http://www.ghgprotocol.org.calculation-tools> : www.webflyer.com site used to calculate air distances.



Hybrid powered base stations with solar and wind power, provide a prelude to the future carbon neutrality approach of the Company.

OZONE DEPLETING SUBSTANCES

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

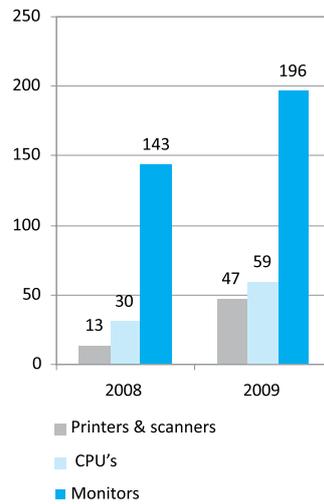
Dialog's contribution to atmospheric pollutants is almost insignificant. However, the calculation of the Sulphate and Nitrate pollutants would be included in the Phase III of the Environmental Management Plan (EMP) of Dialog.

As alluded to the previous year's report, Dialog does not use water in any of its productions or services. Hence the only water discharge the Company has, is the sewage discharge from office sites and discharge from the cooler of the Company's Head Office central A/C. Similarly there have been no incidents of significant spills of chemicals, oils or fuel during 2009.

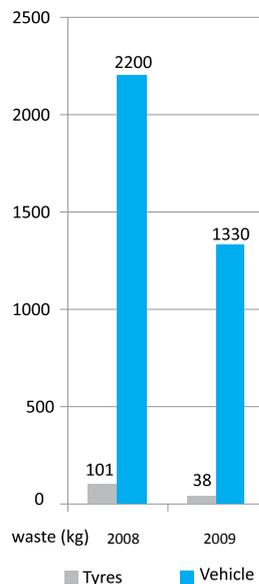
In 2009, 196 computer monitors, 59 CPUs, and 47 other computer hardware units were amongst the e-waste discarded during the year. These are currently stored in the warehouse and will be disposed/sent for recycling as per the directives of the EMP. The Company also collected 38 tyres, 1330 Kgs of vehicle maintenance waste for the purpose of re-selling and, 1 barrel of waste oil was identified and collected under the category of solid waste material.

WATER CONSUMPTION

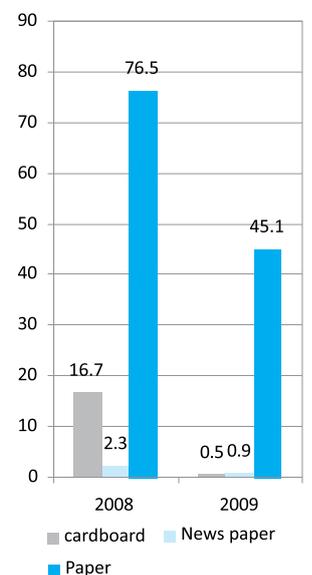
In 2009, Dialog's operations consumed 54,106 kl of water from the municipality at office sites. Although Dialog operates in a non water intensive operation industry, The Company will implement more robust data capturing mechanisms to arrive at a more representative calculation of its water consumption in 2010.



Graph 08. Discarded Electronic waste



Graph 09. Discarded vehicle waste



Graph 10. Recycled solid waste



Dialog is committed to exploring opportunities to provide new technologies, products and services to address challenges related to climate change alongside its Green Power Trial with the GSMA Development Fund

PROTECTING BIODIVERSITY

As discussed in the previous year’s report, the Company currently operates four sites within the confines of protected areas¹³ with high biodiversity value. These four sites are operational solely for the purpose of transmitting radio signals and the physical impact pertains only to the geographical footprint occupied by the actual tower which amounts to .00252 km² which is the total of four sites each covering 0.00063 km² . With deforestation reaching alarming rates the world over, Dialog is committed to employing strict caution with respect to expanding our geographical footprint in places identified as areas of high biodiversity.

The Company adopts best practices when acquiring sites for the construction of base stations in order to minimise its impacts on Sri Lanka’s biodiversity and the environment at large. The Company did not set up any new base stations within protected areas in 2009 thereby causing minimal disturbance to the natural environment and its habitats.

CLIMATE CHANGE- A GROWING CONCERN

As the debate on climate change continues to heat up the world over, Dialog’s focus on this growing concern has also seen a significant increase in the last year. The following narrative indicates Dialog’s position on this global issue and the opportunities and challenges it presents.

GREEN BASE STATIONS

The establishment of Dialog’s green base stations in Weerawila and Randenigala in collaboration with the GSMA Development Fund demonstrates the Company’s keenness to address this issue in Sri Lanka as an environmental conscious business entity. Despite Dialog’s concerns on the subject, the issue of climate change is still not deemed material by Dialog, but has been highlighted as an opportunity to pilot and experiment the advantages of Green Base Stations in the country.

The Company takes pride in being one of the few selected networks for the GSMA Green Power trial, which in itself is a significant achievement for the Group.

In terms of risks due to physical changes associated with climate change, renewables at 10 sites are currently being trialed to test diminishing value threshold for scalability which include impacts of modified weather patterns and heat-related illness. At present no substantial data material on possible impacts has been identified but this issue is represented by way of the CR presence at the ERMOC meetings of Dialog Telekom.

At present Dialog has not identified any regulatory risks with regard to climate change. As a signatory to the Kyoto Protocol, Sri Lanka is a tier 3 country that has no emission caps. However, Dialog is committed to exploring opportunities to provide new technologies, products and services to address challenges related to climate change alongside its Green Power Trial with the GSMA Development Fund. The Company is also in the process of carrying out a study on Clean Development Mechanisms and carbon credits redemption schemes.

¹³http://earthtrends.wri.org/pdf_library/country_profiles/bio_cou_144.pdf

COMMUNITY RELATIONS

Dialog always strives to identify its community impacts in order to deliver value to those directly or indirectly affected by its business. Even though Dialog's community impacts are relatively low due to the non-extractive nature of the business, the Company continues dialogue with local communities in order to acquire a clear understanding of how its socio-economic and environmental impacts influence their lives and livelihoods.

Dialog community impacts are mainly at site level where the Company engages local communities to develop and expand its network infrastructure. The Company does not have a formal Social Impact Assessment (SIA) to measure its community impacts at present. This is covered primarily from a risk angle by the Enterprise Risk Management (ERM) function as well as by the CR functions within the organisation. Dialog's community impacts are also portrayed in conjunction with its community development projects which will be discussed later in this report.

The community consultation programmes when base station sites are selected for network scaling is the only impact management programme run formally by Dialog. This is done with the Telecommunications Regulatory Commission of Sri Lanka (TRCSL), the Ministry of Health (MOH) and the Central Environment Authority (CEA) agencies.

In terms of managing community involvements, The Company has been able to achieve appreciable success in this area with respect to constructing new base stations across the country. Nevertheless there are occasional incidences of community dissatisfaction over perceived health and economic risks associated with site acquisition for new base stations.

Feedback from the community is escalated at the ERMOC where they are discussed and addressed. Furthermore feedback from the community is captured through formal research and fed into planned business strategy and product/service strategy formulation. Dialog's Tradenet initiative, Green Base Station trial and the mobile waste take back initiatives are some of the outcomes of this strategy.

As a result of implementing preventive measures, no significant issues were raised in 2009, in terms of Dialog's community impact due to lightning.

EMPOWERING OUR RETAIL NETWORK

While managing community and environmental impacts, The Company also strives to empower its retail network which is an important element of the Company's downstream supply chain. Dialog has identified that retail empowerment initiatives can play an important role in its rural expansion efforts considering the reach and breadth of the retail network. As mentioned in our 2008 Sustainability Report, Dialog has always supported the efforts of small and medium scale entrepreneurs, providing them with knowledge and training that enhance business development opportunities and eventually contribute to the development of Sri Lanka's rural communities.

Dialog's Viyapara Diriya workshop project which was launched in 2007 continues to empower Sri Lanka's SMEs with free business management information and training in areas such as accounting and finance, business planning, human resources, marketing, sales, operations and information technology. The Company also manages a special website called 'SME toolkit' in collaboration with the International Finance Corporation (IFC) to support small and medium scale entrepreneurs for their business development. More details on this project can be found at

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



This training was very helpful to me, and I take this opportunity to thank Dialog Telekom, IFC and BDC for presenting it to me. Before I participated in this training, I never kept any records of the business, actually what we did was just buying and selling but today, I'm planning sales by considering the seasonal sales patterns and according to my customers' requirements.

H. A. Asanka Niroshan
No 730, Main Street, Kaduruwela



MUBOTA

NOTICE

Dialog tradenet
977

In addition to the SME project, in 2009 Dialog Telekom launched tradenet, an innovative service that delivers spot and forward agricultural commodity price information via mobile phones. Dialog tradenet creates sustainable business models for the agricultural sector in Sri Lanka and provides parity empowerment particularly to farmers and traders.

DIALOG TRADENET

In December 2009, Dialog Telekom partnered with Govi Gnana Seva (GGS) to launch yet another first-of-its-kind service in Sri Lanka, with a view to making meaningful relevance of Information and Communication Technology (ICT) particularly to the bottom of the pyramid segments of society. This new venture aims at delivering spot and forward agricultural commodity price information via mobile phones, thereby paving the way towards sustainable economic development through the use of Dialog's core competence, digital technology.

This service is based on Dialog's tradenet platform and has identified three Dedicated Economic Centres at Dambulla, Meegoda and Narahenpita from which it derives on-line agri-produce price information. More sites and sectors have been identified to be added in the future. GGS plays the lead role in collecting and disseminating spot prices of agricultural produce at the Dambulla Dedicated Economic Centre operated under the aegis of the Ministry of Trade, Marketing Development, Cooperatives and Consumer Affairs. In partnership with Dialog's tradenet platform this benchmark price information is now made available to farmers scattered around the island, on their mobile handset.

“It brings us a great sense of pleasure and pride to be part of this pioneering endeavour that would no doubt transform the lives and future of the country's agriculture sector. Through the partnership between Tradenet and GGS we are in effect connecting the end consumer and the major dedicated economic centres with the farmer, and we are presenting them real-time, actual information that would serve to boost trade opportunities and remove the numerous obstacles that have continued to protract their growth. Agricultural development and farmer empowerment is an integral part of our government's national economic agenda, and we welcome this technology innovation as a key means to achieve that end.”

Bandula Gunawardena

Minister of Trade, Marketing Development,
Cooperatives and Consumer Affairs

22 December 2009

Dialog tradenet is a repository for national-level market information built on a suite of digital technologies. The service is currently available to Dialog's 6 million-plus subscriber base from across all nine provinces of Sri Lanka. Affordable and inclusive access price information from all three economic centres is set to provide a robust information bridge providing parity empowerment to farmers, traders and consumers alike. Information on the Tradenet platform is disseminated via multiple digital communication technologies such as SMS, Unstructured Supplementary Service Data (USSD) via mobile phones, web and a dedicated call centre.

Continuous instability of vegetable prices due to unplanned cultivation leading to farmer poverty, demonstrated the critical importance of linking cultivation with sale, and the initiative to provide forward bids and offer prices as the first step to bridging this gap. This innovation can be deemed as another concrete step taken by Dialog in the contribution of ICT, across a broader spectrum of socio-economic development.

PUBLIC POLICY

Dialog works closely with policymakers from both Government and Non-Governmental agencies in order to ensure that the national vision for the telecom industry in Sri Lanka emulates the vision set forth for the organisation. The Company also holds membership in many national and international associations where it plays an active role in influencing the legislation and regulations concerning the telecom sector.

SHAPING SUSTAINABLE POLICIES

Dialog is a long-standing member of the GSMA, its Mobile Alliance Against Child Sexual Abuse Content, the National Child Protection Authority (NCPA) and Social Services Ministry of Sri Lanka. By being involved with these organisations the Company aims to work towards creating a safe digital environment for children in the backdrop of increasing internet crime through the mobile phone. The Company holds the distinction of being the first Company in South East Asia to join the GSMA Mobile Alliance Against Child Sexual promoting responsible business practices in Sri Lanka. Accordingly, Dialog has subscribed to a set of commitments and have implemented these measures in collaboration with the National Child Protection Authority of Sri Lanka. This association is a clear manifestation of the Company's commitment to sustainability through product responsibility

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LANE,
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INFLUENCING INDUSTRY WHITE PAPER

The vision 2020 document is a Government-led white paper to develop an industry roadmap leading up to 2020. The paper is important since it will form a key reference document for the growth and evolution of the industry in Sri Lanka and thereby affect Dialog's role within this framework. The Company was invited to comment on the paper and provide input based on its long-term business plan in order to advance its objectives in local government and public affairs. Further by aligning the white paper with the organisation's vision, Dialog was able to ensure a triple bottom line focus is factored into the vision statement for the industry, thereby contributing directly to the sector's enabling impact on society.

ENABLING AN INFORMATION SOCIETY THROUGH DISTANCE EDUCATION

Influencing Sri Lanka's education sector, Dialog's national level distance education bridge 'Nenasa' is to be gazetted and made a permanent feature in the education curricular of the country which is viewed as a significant achievement of the Company. The Company has invested heavily in creating a satellite TV platform to broadcast distance education content in collaboration with the Ministry of Education in Sri Lanka. A formal policy bringing distance education in to the mainstream will be critical in making the programme and the investment sustainable. Dialog believes that technology is a great leveler and as a result this policy position will empower school administrators to fully reap the benefits of the interventions put forward by the Company. As a General Purpose Technology (GPT), ICT's have great potential to leapfrog developmental challenges. Distance education is one such example of how this is could be achieved.

PROVIDING BANKING SERVICES TO THE UNBANKED

Dialog believes that banking the unbanked will enable people to improve their livelihoods and lifestyles due to the consequential benefits derived from a banked population. Currently, the Central Bank of Sri Lanka has disallowed the creation of casual banking points via mobile wallets due to fiscal policy positions. A positive revision will mean the Company could use its reach and technological expertise to bring large unbanked communities into the banking domain. Mobile banking/wallet is another example as to how ICT's have great potential to leapfrog developmental challenges in developing countries.

PARTNERING FOR ENVIRONMENTAL STEWARDSHIP

The Company plays a strong role in furthering public policy positions with regard to environmental stewardship in partnership with key environmental organisations operative in the country. Dialog has always taken steps to maintain fruitful partnerships with local authorities and its association with the Central Environmental Authority (CEA) in conducting the m-waste (mobile waste) project is one such example where we joined hands with local policymakers for the implementation of sustainable business solutions.

OUR PEOPLE

As stated in the introduction to the Company values, Dialog's leadership is guided by the understanding that the Company is formed of a dynamic network of relationships which are essential to its existence. This section discusses the Company's commitment to securing the wellbeing of its employees who are the driving force of the organisation.

OUR TEAM. OUR STRENGTH

As of December 31, 2009 Dialog had a workforce strength of 3,435 a significant reduction in comparison to the figure of 4,406 the previous year. This is attributable to the high employee turnover resulting from the Company's Voluntary Resignation Scheme (VRS) introduced in April 2009. The total strength of the Company's workforce is given in Graph 11.

With a network presence in all nine provinces of the country the Group has a geographic dispersion of employees across Sri Lanka. The distribution of employees by region is given in Table O4.

In addition to these employees, Dialog Telekom also creates employment at multiple levels across the country through its franchise operations, dealer and sub dealer network, as well as its extensive retail network covering most of the country.

SELECTING THE BEST

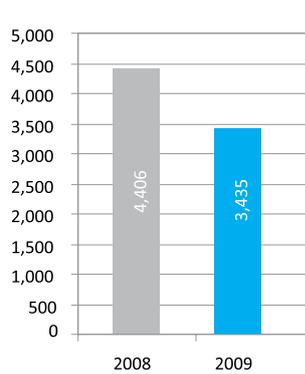
Dialog adopts HR best practices with regard to employment recruitment policies as spelt out in its recruitment policy for hiring personnel to the Group. All senior managers in the Company, which add up to 14, were local employees in 2009, as opposed to the local and foreign ratio of 19:1 in 2008.

EMPLOYEE DIVERSITY

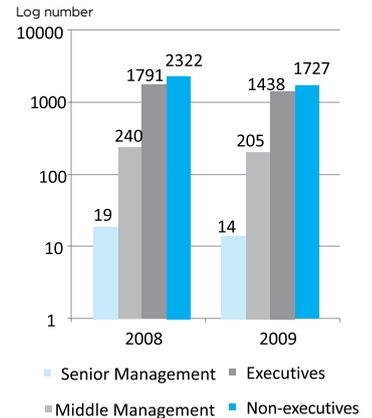
An organisation's success and competitiveness depends upon its ability to embrace diversity and the benefits it entails. In keeping with this belief, Dialog employs a diverse workforce that helps the Company to adapt to fluctuating markets and customer demands by utilising diverse collection of employee skills and experiences. The diversity of our business organisation helps us to meet business strategy needs and the needs of customers more effectively leading to higher productivity, profits, and return on investment.

SENIOR MANAGEMENT

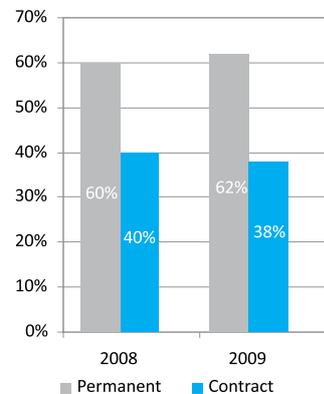
The Senior Management team which is a diverse group of professionals has a representation from both minority groups as well as different age groups. Graph 14 illustrates gender representation in the Senior Management team.



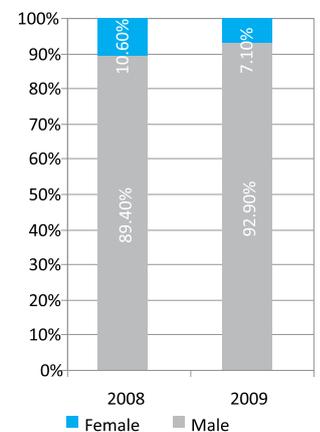
Graph 11. Total workforce



Graph 12. Diversity in employee categories



Graph 13. Permanent & Contract Basis Emp.



Graph 14. Male & Female diversity in Snr.Management

| | 2008 | 2009 |
|-------------|------|------|
| Colombo | 89% | 88% |
| Outstation | 7% | 9% |
| Not updated | 3% | 3% |

Table O4. Employees based in Colombo & Outstation

PROMOTING EQUALITY IN THE WORKPLACE

The diversity of our workforce is an indication of the equal opportunity provided by the Group to individuals from different backgrounds and social strata. Discrimination of any kind is not accepted within the Group. Policies and procedures such as the Code of Business Ethics and recruitment practices have ensured that Dialog adopts an unbiased philosophy irrespective of gender, cast, creed, ethnicity or any other differences. Gender is not a deciding factor in determining the remuneration package under any circumstance. In 2009, out of the total workforce, 77% were males and 23% were females as shown in Graph 16.

EMPLOYEE BENEFITS

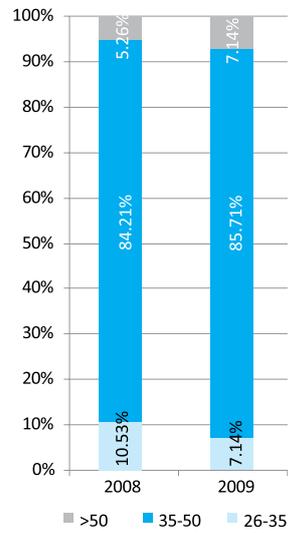
Despite an unstable economic climate in 2009, Dialog was resolute to its commitment of providing employees with facilities and payments that were above the minimum legal requirement. An employee's basic salary is determined by taking into consideration the role along with the qualifications, experience and the competency level required by the candidate into account.

Employees are also given the freedom to join welfare societies; which facilitate the social interests of the employees and is also extended to their immediate families subject to limitations as per benefit portfolio. Employees are eligible to participate in the Company Share Trading Scheme subject to seniority in the Company and procedure governed by ESOS by-laws.

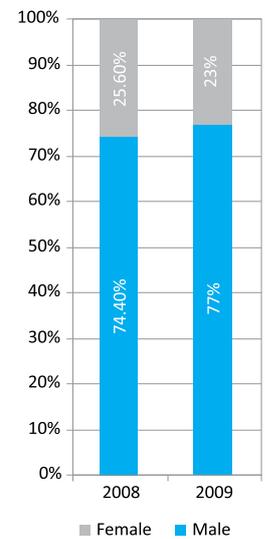
Furthermore, a formal ceremony is organised annually to recognise and reward employees who have been in service for minimum of 05 years in the organisation. Employee recognition at divisional level is carried out annually alongside the performance appraisal. The Company also provides employees with state-of-the-art facilities at work to enhance performance in their job roles.

EMPLOYEE TURNOVER AND RETIREMENT PLANS

In 2009, the Company recorded an employee turnover rate of 34.64% inclusive of both ECM and non ECM staff. As mentioned in the earlier sections of this topic, the high employee turnover is a result of the Company's Voluntary Resignation Scheme (VRS) which was introduced in April 2009. The total employee turnover from 2007 to 2009 is shown in the Graph 17 below.



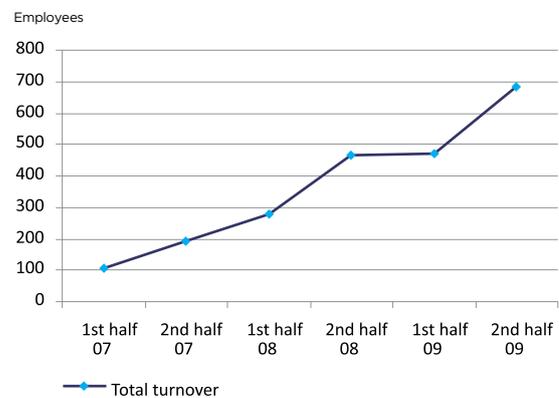
Graph 15. Age diversity in Snr. Management



Graph 16. Gender ratio of workforce

| | 2009 | 2008 |
|---------|-------|--------|
| Bhurger | 0% | 0.0% |
| Malay | 0% | 0.0% |
| Muslim | 7.14% | 10.53% |
| Tamil | 7.14% | 5.26% |

Table 05. Ethnic diversity in Senior Management



Graph 17. Total turnover



During the course of 2009, Dialog was engaged in an aggressive programme of cost rescaling, Company right-sizing and business and revenue growth. It launched a range of cost reduction programmes, increased its competitive strength in the market place, enhanced its customer service levels and also applied focus on restructuring its work processes in terms of efficiency, productivity and automation. With respect to the latter dimension of performance optimisation, Dialog embarked on a journey of aligning its human resource base to business requirements through the implementation of a VRS in April of 2009. Dialog also extended post-VRS training and career guidance to employees who opted for the VRS as a measure to assist them with securing new employment.

While the results of the Company's various initiatives to date are encouraging, the journey of improvement is clearly an ongoing one. Given the demanding business environment within which the Company operates, re-scaling and/or enhancing its operations along all the dimensions mentioned above, will require on-going attention and continuous optimisation. In line with the above and in tandem with several other major business/corporate initiatives planned Dialog will need to address the alignment of its human resource base with projected business requirements as an iterative process.

The Company uses general resources to pay the obligations to retired employees. In relation to the Employee Provident Fund/Employee Trust Fund (EPF/ETF) Dialog contributes a fixed percentage of remuneration of employees to an external fund, details of which are given in the Financial Statement of the Dialog Telekom PLC Annual Report 2009. However, it must be noted that there is no liability on the Company's side at the time of termination of the employment contract.

Our retirement plans are designed in accordance with the following employee Acts.

Gratuity Act of 1983

Employee Provident Fund Act of 1958

Employee Trust Fund Act of 1980

EMPLOYEE DEVELOPMENT

Dialog strongly believes in investing in the development of skills and competencies of our workforce. The Company believes that employee training not only increases safety and productivity but also leads to higher job satisfaction and better corporate performance. The Company's comprehensive training programmes enable employees to enhance their own skills and capabilities while achieving excellence in their respective job roles.

As mentioned in the previous report, the Company's dedicated training centre, The Dialog Academy was established to provide high quality training and development solutions to the workforce in line with their performance evaluation recommendations. The Company's trainings encompass multiple topics ranging from communications, soft skills to customer service enabling employees

to meet the demands of today's highly competitive marketplace. These training sessions are conducted by experts in the respective fields, who inspire both personal and professional growth. Table O6¹⁴ denotes the number of training hours allocated for staff across different levels of our organisational structure for 2009.

| Period | Category | 2009 | 2008 ¹⁴ |
|-----------|-------------------|------|--------------------|
| Q1 | Senior Management | 0.92 | 3.85 |
| | Middle Management | 0.63 | 11.91 |
| | Executive | 3.41 | 21.97 |
| | Non executive | 2.47 | 11.32 |
| Q2 | Senior Management | 1.66 | 2.26 |
| | Middle Management | 0.70 | 8.97 |
| | Executive | 0.53 | 19.20 |
| | Non executive | 0.88 | 4.63 |
| Q3 | Senior Management | 1.09 | 3.85 |
| | Middle Management | 1.89 | 11.91 |
| | Executive | 2.16 | 21.97 |
| | Non executive | 1.31 | 11.32 |
| Q4 | Senior Management | 3.36 | 2.26 |
| | Middle Management | 2.22 | 8.97 |
| | Executive | 2.62 | 19.20 |
| | Non executive | 2.71 | 4.63 |

Table O6. Training hours per employee per category

In addition to the stipulated training hours for the Company's workforce, Dialog also provided special training sessions to those employees who left the Company through the VRS in 2009. A total of 45 hours were dedicated for this purpose with 9 employees from Executive to Assistant Manager level being trained at these sessions. The Company also provided training to non-Dialog staff mainly consisting of dealers, sub-dealers and franchise service personnel.

Further to Dialog's internal training and development programmes, the Company also supports further studies and Professional Membership, encouraging employees to actively develop themselves independently, to add to their current competences and further prepare them to take on additional responsibilities for the future. Group Human Resources Management Team as part of the 'Knowledge Alliance Programme' continued to partner with a large number of reputed education institutions in Sri Lanka to present Dialog Telekom employees the opportunity to develop themselves by offering selected courses at discounted rates.

¹⁴ Restated figure from the 2008 Annual Sustainability Report: Enabling and Information Society



Safety aspects are always given priority in Dialog office sites. Employees are trained on evacuation procedure and other safety practices in fire drills carried out for all new recruits.

ENSURING EMPLOYEE SAFETY

The Company ensures that it creates a safe work environment for all employees. This is not only limited to the physical wellbeing but also the emotional and spiritual aspects. In order to help employees with their health concerns at work, Dialog has established a First Aid and Health and Safety team as well as a Risk Management team within the Group to assess the safety concerns of employees. The First Aid and Health and Safety teams which operated as two separate teams in 2008 have now been amalgamated under one team with a workforce representation of 100% in 2009 as was the case in 2008¹⁵. This team which operates instantly within the group is responsible for monitoring and advising on safety programmes for employees. The Risk management Team has a 100% workforce representation, as does health and safety things.

Having recognised the importance of employee counseling in enhancing employee productivity, Dialog conducted special counseling sessions for employees who needed psychological intervention.

At the end of 2009, the Company recorded an employee absentee rate of 2.01% and 2.32% during the first and second half of the year respectively. The injury rates for the same period were 2.22% and 2.17% respectively for the first and second half of the year (Table 07). It must be noted that there were no fatalities in 2009 with respect to both internal employees as well as independent contractors who worked for the organisation, demonstrating the Company's success at ensuring employee safety.

The occupational disease rate has not been calculated for the reporting year but plans are in place to implement this measure in 2010.

EMPLOYEE COMMUNICATIONS

Dialog is committed to safeguarding the fundamental rights of its employees, as stated in the Company's values. As a result all employees are given the opportunity to exercise freedom of expression at their workplace at any given time. Internal employee communication mechanisms enables employees to raise their is-

sues and concerns to the management at any given time in a fair and transparent manner.

The Company practices an open work environment which facilitates both upward and downward communications in order to achieve constructive solutions with regard to any issues that may arise in relation to work. Divisional level staff meetings are held on a frequent basis too, for the dissemination of information.

| | 2009 | 2008 |
|---------------|--------|------|
| Injury rate | 2.20 | 0.82 |
| Lost day rate | 0.0074 | 0.12 |
| Absentee rate | 2.17 | 2.07 |
| Fatalities | 0 | 2 |

Table 07. HSE performance

COLLECTIVE BARGAINING

Dialog employees are given the freedom to associate as groups and individuals and raise their opinion to the betterment of staff, organisation and community. As mentioned in the previous year's Sustainability Report, the Company does not oppose collective bargaining and formation of Trade Unions. However the Company does not have any registered Trade Unions at present but is a registered member of the Employers Federation of Ceylon (EFC) who advises on social harmony to make employees more efficient and quality conscious. Dialog's association with such organisational bodies contributes towards maintaining a healthy work environment for employees in accordance with globally accepted employee protection laws.

The Company's commitment to establishing and maintaining freedom of expression is manifested in the risk assessment study carried out by the Group in which no violations of freedom of expression or any other human rights abuses were reported.

¹⁵Restated figure from the 2008 Annual Sustainability Report: Enabling and Information Society

Dialog also practices the open door policy in the Group where the immediate supervisors and employees are empowered to discuss and settle on amicable solutions in case of clarifications, concerns and grievances.

Dialog understands the importance of informing employees on new developments in the Company. Therefore, adequate notice as required, is provided to employees prior to the implementation of significant operational changes that could substantially affect them. Since there is no tripartite collective bargaining involved, the Company permits employees to consult or negotiate on a case by case basis, which is fair, legally acceptable and done within the corporate legal framework of Sri Lanka.

COMPLIANCE TO LABOUR LAWS

The Company does not employ any under-aged individuals as part of its workforce. Similarly, as per the disciplinary records of Dialog, no complaints have been received from any employee with respect to forced labor. Further in the interest of employee safety, Dialog does not employ female employees between 8.00 pm to 6.00 am of the following day.

As explained in the 2008 Sustainability Report, all related policies /procedures of the Company, comply with the related labor laws of the country and no amendments to this have been made in the year in review. Employees' Letter of appointment/terms and conditions/working hours are decided in accordance with the Shop & Office Employees Act 19 of 1954, including the regulations and the subsequent amendments. Dialog is a member of the Employers' Federation of Ceylon (federation for Employers) and all employment related documentations/transactions/payments and amendments are done based on the guidance and advise received by industrial advisors/counselors, in alignment with International Labour Organisation's (ILO) standards/requirements.

PROMOTING BUSINESS ETHICS

There were no incidents of discrimination in any form during 2009. As demonstrated in our Company values, Dialog places good business practice amongst its top priorities. As a result, the Company takes strict disciplinary measures with those who violate the Code of Business Ethics, which outlines our Company's values and ethics. While this code serves as an internal guideline for employees, the law of the land and its accounting policies form the ultimate policy framework for the organisation.

While an awareness programme on business ethics was implemented within the organisation as discussed in the 2008 Sustainability Report, Dialog has also recognised the importance of designing a better system to address such matters. This will be done by way of formally announcing the Ombudsman process and reinforcing the concept of transparency and honesty.

The appointment of the Ombudsman has been initiated and is expected to be finalised within the first quarter of 2010. An internal whistle blowing policy has also been approved at Dialog and will be implemented during the course of 2010.

All employees in the Company have signed the Code of Business Ethics and the Non Disclosure Agreement. During the year 2009, 167 new recruits signed both the CBE and the NDA.

PREVENTING CORRUPTION IN THE WORKPLACE

A total of six Strategic Business Units (SBUs) and twenty four Shared Services Units (SSUs) of the Company were analyzed for organisational risks related to corruption during the reporting period. The assessment was carried out by the three divisions; Finance, Supply Chain Management and SAP.

In order to minimise the possible risks of corruption within the organisation, employees are expected to sign a Non Disclosure Agreement (NDA) and Code of Business Ethics, which covers anti-corruption. The Code of Business Ethics is available on the intranet for easy reference as necessary.

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MAINTAINING ECONOMIC EQUILIBRIUM

This section of the report reviews Dialog's operations in terms of the organisation's financial performance, its key drivers including supplier transactions, Government agreements and compliance to policies and ethics. Issues on Human Rights with respect to the Company's operations and its implications are also discussed here. However it must be noted that information relating to the Company's financial performance, is not duplicated here but is mentioned in the 2009 Annual Report which should be referred to along with this report.

SUPPLY CHAIN

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

SUPPLIER ASSESSMENTS

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

SUPPLIER POLICIES

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

In 2009, from the total purchase orders directed to suppliers, 62.37% was ordered to suppliers with local presence and 37.63% for suppliers without local presence which amounted to approximately LKR 5 billion and LKR 3 billion respectively. The purchase order value of supplies from the former, has seen an increase from 2008 as indicated in the below Table 08.

A total of 107 suppliers were identified as significant suppliers and contractors to the Group during 2009, in comparison to the total of 82 in 2008. Out of this 28.97% of contracts with these suppliers and contractors have included criteria or screening on human rights. Criteria integrated for screening on human rights broadly include work hours and employee remuneration, freedom of association, preventing workplace discrimination, child labour and compulsory employment.

HUMAN RIGHTS, COMPLAINTS AND ETHICS

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

In 2009, the Company continued to maintain a good track record with regard to compliance to the relevant laws and regulations across all our business units. However, the Company was charged by the Sri Lanka Customs for the violation of Section 47 and Section 107 of the Customs Ordinance when importing a licensed software product. The Sri Lanka Customs imposed a mitigated forfeiture of Rs. 13.7 million against the Company. The Company has appealed the said order by way of a Writ to the Court of Appeal. Apart from this incident the Company has not been subject to any other sanctions or fines in relation to regulatory infringements with regard to our business operations in the said reporting year.

FINANCIAL AGREEMENTS WITH THE GOVERNMENT

As a result of the Company's agreement with the Board of Investment of Sri Lanka (BOI), the main source of income of the Company is exempt from income tax for fifteen years (initial tax exemption period of seven years was extended to fifteen years as per the amendment made to BOI agreement on 17 April 2003) commencing either from the year in which it first makes a profit, or in the fifth year subsequent to the start of commercial operations, whichever is earlier.

The Company commenced commercial operations during 1995 and profits were first recorded during the year ended 31 December 1998. Accordingly, the tax exemption period commenced from 1 January 1998 and the Company is currently liable to pay income tax only on the interest income earned from fixed and call deposits maintained in Sri Lanka Rupees.

| | 2008 | | 2009 | |
|---------|-----------------|-----|-----------------|-----|
| | Amount LKR (Bn) | % | Amount LKR (Bn) | % |
| Local | 5.0 | 62% | 10.1 | 59% |
| Foreign | 3.0 | 38% | 7.0 | 41% |

Table 08. Procurement from local and foreign vendors



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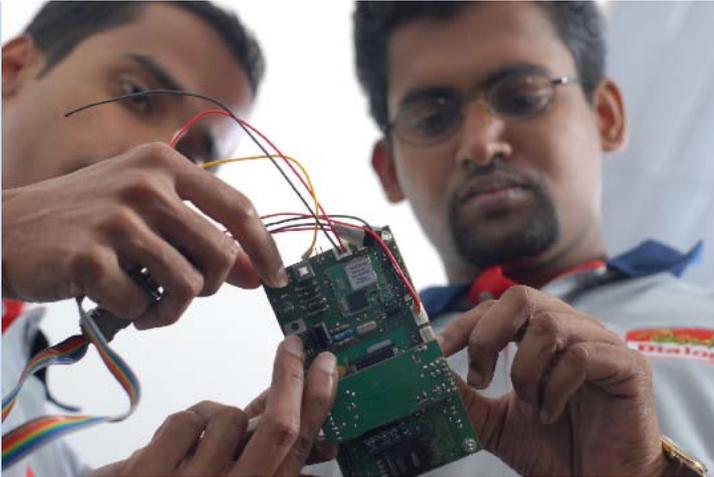
Dialog & Development

Empowering Sri Lankan Life through Sustainable Innovation



OUTREACH CORPORATE RESPONSIBILITY

Dialog's sustainability goals go beyond responsible management of social and environmental impacts to transforming Sri Lankan lives through the contribution to sustainable development in the country. As an ICT service provider, the Company possesses the power to bridge the gap between the connected and unconnected through the utilisation of the Company's competency in digital technology. The following narrative illustrates a glimpse of the Company's journey into achieving sustainable development in Sri Lanka and the life transforming landmarks Dialog has crossed along the terrains of Information Communication Technology.



Engineers of the Dialog – University of Moratuwa Mobile Communication Research Laboratory work on different research projects related to development of mobile communications.

Dialog's community investment activities for 2009 were carried out in collaboration with various entities including the Government of Sri Lanka and relevant Ministries pertaining to Environment, Education, Human Rights, Health and Nutrition, The International Finance Corporation (IFC). In 2009, the Company continued to contribute to national development across five thematic spheres mentioned below, in addition to its principal philanthropic drive-The Change Trust Fund.

ICT FOR DEVELOPMENT

ICT plays a pivotal role in the growth and development of a nation. The ICT4D arm of the group's CR thrust focuses on using technology in a commercially viable manner to meet the development needs of emerging markets. Dialog's goal is to make technology affordable and accessible to all segments of society in Sri Lanka in order to create social equality and inclusion. Dialog's community investments are also in line with the United Nations Millennium Development Goals (UNMDG) and requirements specific to the nation. In 2009, the Company continued to harness the potential of ICTs to leapfrog traditional development barriers.

THE DIALOG – UNIVERSITY OF MORATUWA MOBILE COMMUNICATIONS RESEARCH LABORATORY

The Dialog – University of Moratuwa Research Laboratory initiated in 2004, is a tri-party industry academic partnership between Dialog Telekom, University of Moratuwa, the country's pioneer Engineering University, and Uni-Consultancy services. It is one of the Company's key flagship initiatives set up with the aim of advanc-

ing the frontiers of mobile communications technologies through Research and Development pertaining to initiatives of national and regional significance

This is the first fully industry-sponsored research laboratory to be established in a University in Sri Lanka, and it is also the country's first laboratory for research and development in mobile communications. As part of the work carried out in 2009, 'eleAlert' an Elephant Intrusion monitoring system to mitigate the human- elephant conflict was launched in collaboration with the Sri Lanka Wildlife Conservation Society.

Another landmark innovation by the Dialog – University of Moratuwa Mobile Communications Research Laboratory is the Disaster Emergency Warning Network (DEWN) alarm Device which too was officially launched in 2009. More information on the Dialog – University of Moratuwa Mobile Communications Research Laboratory can be found at the website <http://www.ent.mrt.ac.lk/dialog/> 

SRI LANKA'S FIRST MASS ALERT EMERGENCY WARNING NETWORK

The Disaster Management Centre (DMC) of Sri Lanka, together with Dialog Telekom launched Sri Lanka's first mass alert warning system – the Disaster & Emergency Warning Network (DEWN) in January 2009, under the patronage of the Minister of Disaster Management and Human Rights. DEWN was developed by Dialog Telekom in collaboration with the Dialog-University of Moratuwa Mobile Communications Research Laboratory and Microimage, following research and development undertaken after the tsunami disaster of 2004.



The Disaster Management Centre (DMC) of Sri Lanka, together with Dialog Telekom launched Sri Lanka's first mass alert warning system – the Disaster & Emergency Warning Network (DEWN) in January 2009, under the patronage of the Minister of Disaster Management and Human Rights

DEWN is controlled by the DMC and is a Corporate Responsibility initiative by Dialog Telekom of national significance with potential to transform the mobile phone into a life-saving device during emergency situations. This entirely non-commercial undertaking is a wonderful example of multi-sector entities pooling strengths to develop a high-quality product.

“Since the 2004 tsunami the whole world is aware of the importance of disaster management. DEWN in Sri Lanka attempts at providing a solution towards the safety of our people. DEWN is an excellent example of the private sector joining hands with the government for the benefit of the nation, and all parties involved in this great initiative deserve praise for the amount of hard work put in over the past years to develop a world class product. I urge the people of Sri Lanka to educate themselves on appropriate ways to react to emergency situations, which can play a big part in successfully mitigating damage in potential disaster scenarios.”

Hon. Mahinda Samarasinghe,
Minister of Disaster Management and Human Rights

DEWN is a system that is being tested by the DMC to alert Dialog Mobile users of potential disasters via a method called 'Cell broadcast'. Users only need to configure area information reception settings on their Dialog Mobiles to receive the alerts issued.

How Dewn Works

The Emergency Operations Centre of the DMC has been given access to the secure DEWN alerting interface. When information is received by the DMC, the information is verified and alerts can be issued. The DMC takes responsibility to adequately verify any emergency situation and issue alerts.

In a potential disaster scenario, the DMC will first use DEWN to alert emergency personnel on their individual phones, and public

alerts will be issued only when a threat is adequately verified. In addition to alerts received on mobile phones, specially designed DEWN remote alarms will also be used to alert nominated emergency personnel.

International and Local Recognition

DEWN has received a number of accolades, both international as well as local, for the concept and design. These include Commendation at GSM Global Awards - 2007, National Best Quality Software Awards - 2006, The National Awards for Science and Technology - 2006 and the Vodafone 'World Around Us' Workshop in Cairo - 2006.

With the mobile phone becoming increasingly affordable, mobile networks will link more and more people across all sectors of society. Generally, the marginalised segments of society suffer most as a result of high-magnitude natural disasters. However, an affordable and accessible mobile network has the potential of transcending existing boundaries. The ability to receive early warnings of potential disaster situations through the mobile phone can be an additional benefit that can help save many lives at a time of disaster. More information on DEWN can be found at the website

www.dialog.lk/dewn 

THE DIALOG - NBRO LANDSLIDE EARLY WARNING NETWORK

Every year a considerable number of deaths are reported from various parts of the country as a result of landslides. The United Nations Development Programme, National Building Research organisation (NBRO) and Dialog Telekom collaborated to monitor and disseminate vital information from five weather stations across vulnerable geographic locations in the island to monitor precipitation and landslides during 2008. Dialog, as the principal technology partner to the project, continued to support this cause in 2009 with the objective of averting the damages caused to both man and property in five landslide prone Divisional Secretariats in Rathnapura.



SUPPORTING EDUCATION

Delivering on Dialog's pledge of enabling an information society in Sri Lanka, the Company achieved a remarkable milestone in 2009 in the sphere of education through the launch of Nenasas- Sri Lanka's first satellite-based Distance Education Programme. Nenasas is a fine example as to how ICTs could be utilised for the benefit of rural communities in an innovative and enriching manner. While extensive investments were made on the development of Nenasas, Dialog continued to invest in the growth of Sri Lanka's education sector through numerous other initiatives such as our Annual Scholar Programme.

DIALOG TECHNOLOGY SCHOLARSHIPS

As the premier telecommunications service provider in the country, with a vision to enrich and empower Sri Lankan lives, Dialog identified the need to fuel the intellectual capital of the country's future generations towards a knowledge-based economy. In realising its potential to contribute to nurturing Sri Lanka's future generations, the Company commenced its scholarship program in 2003 with the aim of helping children across the island to have access to parity education irrespective of differences in geographical location, gender, class, ethnicity, age, religion and physical disabilities.

The programme supports interaction between the scholars and our employees, which facilitates mentoring, internships and soft skills development to prepare these scholars for a position of community leadership and service.

The local Scholarship Programme is extended to students who excel at the Ordinary Level and Advanced Level examinations and elect to pursue their higher education in the Physical Science stream. Selection of students is by the Ministry of Education of Sri Lanka and is based on the best results in each of the 25 administrative districts. Additionally, in the previous years, scholarships have also been extended to approximately four differently able scholars each year.

Dialog Telekom has also awarded fully sponsored scholarships to Sri Lankan scholars, to pursue a BSc Telecommunication Engineering Degree, at Multimedia University (MMU) Malaysia, acclaimed as one of the most technologically advanced universities in the World. The following table indicates the total number of scholarships awarded to students at different levels from 2003 to 2009

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

Table09. Dialog Technology Scholarship holders

'NENASA'- NEW VISTA IN ACCESS TO EDUCATION FOR SRI LANKA'S STUDENT POPULATION

“It gives me immense pleasure to be part of this event founded on the principle of rural empowerment, which is an integral focus of our Government as spelt out in the Mahinda Chinthanaya. Sri Lanka Government is making every effort to harness the potential of rural Sri Lanka, with special emphasis on enhancing educational facilities in remote regions including the newly-liberated areas in the North and East. With 2009 being declared as the Year of English and IT, 'Nenasas' is the gateway towards achieving an empowered society in our march towards the future as one nation. I take this opportunity to commend Dialog Telekom for its sincere commitment to create a knowledge-based society through its pioneering technology and for its laudable gesture in gifting 'Nenasas' to the people of Sri Lanka.”

H.E. the President of Sri Lanka, Mahinda Rajapaksa

In keeping with the Company's vision of empowering and enriching Sri Lankan lives, Dialog took a step further in giving wings to Sri Lanka's future generations through the launch of 'Nenasas', a state-of-the-art Digital Satellite Television based Distance Education Bridge. This educational channel which is a joint initiative by Dialog, the Ministry of Education and the National Institute of Education (NIE), was launched in July of 2009 under the patronage of His Excellency President Mahinda Rajapaksa. Whilst being managed by the MoE and the NIE, 'Nenasas' is completely dedicated to broadcasting educational programmes and caters primarily to the students in the Ordinary Level and Advance Level Grades, in all three languages.

'Nenasas's' key focus is to make up for the shortage of teachers in areas where schools lack sufficient teachers for the G.C.E Ordinary Level and Advanced Level classes, as these Examinations are two important milestones in a student's academic career.

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



The official launch of the NENESA project was held at Ranjan Wijerathne Maha Vidyalaya in Pelwatta Moneragala with the participation of HE the President of Sri Lanka.

The programmes disseminated via Nenasas are produced by in-house technicians at the NIE, with experienced teachers conducting the lessons. Apart from the lessons on syllabus content, documentary-type programmes will also be produced with on-location filming. Additional programmes will be sourced from external sources where possible. In addition, teacher-training and skills development would also be included in the programme line-up.

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

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

The Formal Launch

The broadcast was launched by His Excellency the President together with Minister of Education, Susil Premjayantha, from a classroom in a rural school in the Moneragala district – opening a new vista in access to education to students in grades 9, 10 and 11 at the Ranjan Wijerathne Maha Vidyalaya in Pelwatta Moneragala, and simultaneously to an estimated 500,000 other students accessing 'Nenasas' from across Sri Lanka, including the Northern and Eastern provinces of the country.

Key Achievements Of Nenasas In 2009

A total of 100 schools were connected to the 'Nenasas' network and 100 television sets and set top boxes were donated to these schools. A training programme was organised for 'Nenasas' operational staff in India, which was conducted by the Commonwealth Educational Media Centre for Asia. The programme was partly funded by Dialog. The National Institute of Education and Dialog Telekom took part in this Training Programme. More information on Nenasas can be found at the website.

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

EMPOWERING DIFFERENTLY-ABLED

The Company believes in creating value for all segments of society, with special emphasis on delivering equal opportunities to marginalised communities. In line with this inclusive approach, Dialog continued to use its competence and expertise in digital connectivity technologies in 2009 to empower the differently abled in the country. The Company applies specific focus on assisting those with hearing, speech, visual and cognitive impairment.

RATMALANA AUDIOLOGY CENTRE

The Ratmalana Audiology Centre is yet another milestone initiative of Dialog's Community Outreach thrust. The Centre, which is constructed on the premises of the Ceylon School for the Deaf, has been operational since its opening for public in June 2007. It is Sri Lanka's first digitally-equipped, state-of-the-art hearing centre, created for testing and treating children and adults who suffer from hearing difficulties and is a gift by Dialog to the Ceylon School for the Deaf.

Recognition

Dialog Telekom received an Excellence award at the 2008 Asian CSR Awards in the 'Concern for Health' category for the Ratmalana Audiology Centre,



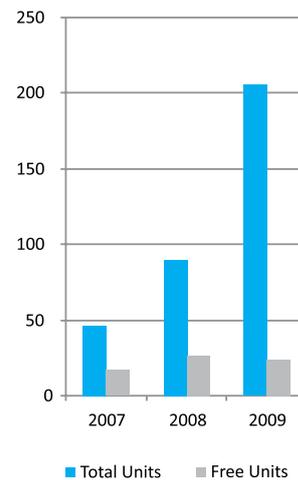
The Rathmalana Audiology centre consists of a clinic equipped with technologically advanced diagnostic equipment and offers a wide range of tests, providing management and after care services for the hearing impaired

Services Offered

The centre consists of a clinic equipped with technologically advanced diagnostic equipment and offers a wide range of tests, and provides management and after care services for the hearing impaired such as speech therapy, counseling and a hearing aid repair unit.

The key services offered at the centre include Audiological Testing, Speech Language Assessments & Therapy, sale of hearing aids & ear moulds and accessories and ENT consultation. The graph 18 indicates the total number of hearing units provided to patients from 2007-2009, while graph 19 indicates the total number of patients treated and the amount of free consultation hours provided to them from 2007-2009.

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

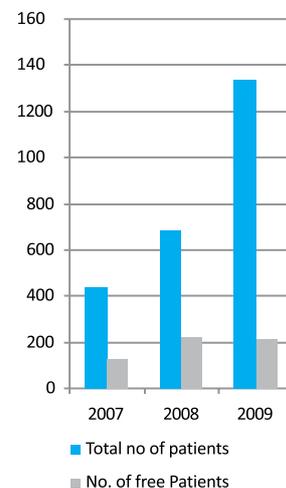


Graph 18. Number of hearing units given

SUPPORTING THE WELFARE OF DISABLED SOLDIERS

Dialog Telekom, paid tribute to the nation’s war heroes, presenting a sum of Rs. 25 million to the Ministry of Defence in support of the Ranaviru Retreat Centre in Attidiya, Sri Lanka in 2009. The funds donated were drawn from Dialog’s pledge to donate Rs. 100/- per ‘Ranaviru Recharge Card’ towards the welfare of war heroes.

The Ranaviru Retreat, a brain child of Defence Secretary, Gotabaya Rajapakse, is an expansive centre for disabled armed forces personnel. The centre, which is still under construction, will provide state-of-the-art treatment facilities to assist the mental and physical empowerment of seriously disabled service personnel. The Ranaviru Retreat will initially house 250 servicemen and women. Dialog’s contribution will be utilised alongside other donations towards the completion of the complex.



Graph 19. Number of patients treated

PROVIDING MEDICAL FACILITIES TO WELFARE CAMPS

Dialog Telekom PLC together with the Directorate for IDP Healthcare of the Ministry of Healthcare and Nutrition presented a Primary Healthcare Centre for residents at Menik Farm in Cheddikulam, in the Northern Province of Sri Lanka in November 2009.

The semi-permanent building is constructed in zone 05 in the Kadirgamar village and serves a populace of about 17,500. The centre is well equipped with a pharmacy, OPD ward, doctor’s room and doctor’s rest room, replacing the former makeshift tent in which treatment operations were carried out. The Primary Healthcare Centre facilitates the medical treatment of thousands of persons residing within the zone, particularly vulnerable communities such as pregnant women, elderly persons and children.

SUPPORT OF DIFFERENTLY-ABLED SPORTSPERSONS

The Company has once again proven its commitment to delivering equal opportunities to all segments of society, by continuing to be the main sponsor of the Disabled Sports Festival for the 4th consecutive year in 2009. This was a key event that showcased the sporting talents of Sri Lanka’s disabled war heroes. Dialog takes pride in powering these exceptional men and women to achieve new and greater sporting heights both locally and internationally.

SMS BLOOD

SMS Blood is an SMS-based blood donor management system launched by Dialog in collaboration with the National Blood Transfusion Service, Sri Lanka. This service aims at facilitating more donors to add to the national blood supply system and help the Sri Lankan public. SMS Blood enables mobile users to register as blood donors through SMS. They will be supported by the project staff at the National Blood Transfusion Service till the point of donation. National Blood Transfusion Service also maintains a database of the donors and will contact them when necessary.

The service was later re-launched in 2008, with World Health Organisation (WHO) directives being incorporated in the process as well as the system architecture. This service is made available for Dialog Post-paid as well as Pre-paid customers. Dialog Mobile users can register for this service by sending an SMS with ‘Blood’ as the message to 7777. At the end of the reporting year, in excess of 5000 people have registered on the system. The SMS Blood service thereby provides needy recipients more chance of receiving blood of the required type by expanding the supply base through making the donation system more convenient.

Awards

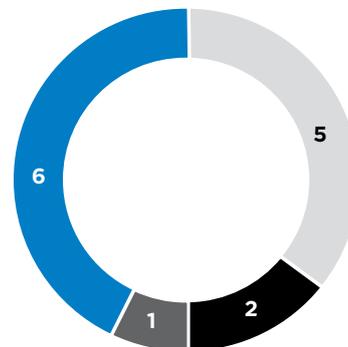
This application won ‘The best use of Wireless for Emergency Situations’ award at the GSM World Congress in Cannes, France in 2003 in recognition of its contribution to establish an efficient blood supply and transfusion network in the country. The service has led to a significant improvement in the quality of health services in the country and the overall safety of patients.

THE CHANGE TRUST FUND/
HUMANITARIAN INITIATIVES

The Dialog Change Trust Fund, established in 1999 is one of the pioneering formal and institutionalised CR volunteerism efforts in Sri Lanka by a corporate entity. Under the programme, subscribers donate half a percent (0.5%) of their Dialog bill to the fund, which is matched one to one by the network. Initiatives under the fund range from a spectrum of needs-based community projects focusing on requirements of the underprivileged, consistent with Dialog’s CR ambition to empower and enrich Sri Lankan lives. The trust is a powerful reminder of how corporate entities can empower and usher parity dividends to all Sri Lankans and improve the quality and equality of life.

Another important element of this project is the concept of volunteerism. The Change Project ensures that employees in cross-functional departments are actively involved in driving ‘Change’ projects. Following this end, departmental nominees are allowed to select projects of interest from the proposed list of projects to be carried out in the next year and independently administer the projects with guidance from the CR unit of the Company. This has helped foster volunteerism across the Company at different levels and facilitated buy in and commitment from employees towards the effort to initiate real changes in the community. The end result has been a hardwired approach to CR by employees of the Company spanning different levels and areas.

Out of the 15 projects carried forward from the previous year, 14 projects were completed in 2009, 01 project was abandoned (Ananda Samarakoon Vidyalaya) and was replaced with a Healthcare Centre project for the persons in the Menik Farm IDP Camps in Cheddikulam, Vavuniya. The graph below illustrates the number of projects carried out by the trust across multiple sectors including education and healthcare in 2009.



Thematic based dispersion of Community Assistance

- ICT for Development
- Youth & Education
- Empowering the Differently Able
- Humanitarian Assistance (Healthcare & Community Welfare)

Graph 20. Number of humanitarian projects

| Project Description | Statistics | |
|--|---|---|
| <p>Setting up a Computer Laboratory at the Sri Dharmodhaya Daham Pasala in Hingurakgoda</p> <p>Sri Dharmodhaya Daham Pasala (Sunday School), Hingurakgoda was established in 1971 in a village called Hatamuna with 300 families in the North Central province of Sri Lanka. The objective of this project was to provide dividends arising out of IT literacy to rural village children and to build a good rapport between villagers and the temple. The Company also endeavored to develop the beneficiary children's computer literacy that could help them take advantage of opportunities arising in an information society.</p> | <p>Direct Impact/ Output Fully fledged and refurbished computer centre for rural students inclusive of 05 Computers.</p> <p>Reach Approximately 125 Students in the village of Hatamuna.</p> <p>Volunteers Employees from the Dialog Supply Chain Management team</p> <p>Outcomes Giving children in rural areas an opportunity to be computer literate and opportunities arising out of these interventions.</p> |  |
| <p>Establishment of a Computer Center at Blumendhal Vidyalaya in Colombo - 14</p> <p>Blumendhal Vidyalaya (school) is situated within the city limits of Colombo and consists of children from underprivileged homesteads, with disproportionate educational facilities. Classes range from grade 01- 11 and the students did not have prior exposure to IT and computers. The school was unable to carry out computer classes according to the new General IT syllabus due to a lack of basic computer laboratory. Dialog was able to carry out a comprehensive needs assessment prior to the establishment of a fully fledged and refurbished computer center.</p> | <p>Direct Impact/ Output One Fully fledged and refurbished computer centre for students inclusive of 05 Computers and peripherals.</p> <p>Reach Approximately 445 Students in Colombo 14</p> <p>Volunteers Employees of the Dialog Group Service Delivery Management team</p> <p>Outcomes Giving children an opportunity to be computer literate and opportunities arising out of these interventions.</p> |  |
| <p>Facilitating Computer Education and providing basic classroom equipment to Sri Arahanna Maliyadewa Viharaya in Polgahawela</p> <p>Whilst providing Dhamma education to children in the area, the monks at Sri Arahanna Maliyadewa Viharaya, have also shown great interest in helping children from low income families around the temple gain access to better educational facilities. The objective of this project was to provide IT education and improved class room facilities, thereby enabling rural children access to equal opportunities in current social settings.</p> | <p>Direct Impact/ Output Computers, peripherals and furniture for village students attending the Sunday school</p> <p>Reach Approximately 45 Students</p> <p>Volunteers Employees from Group Finance and Revenue Operations</p> <p>Outcomes Offering children from disadvantaged families an opportunity to acquire computer literacy.</p> |  |
| <p>Setting up a computer centre at Kaloogalla Tamil Maha Vidyalaya in Pussellawa</p> <p>Kaloogalla Tamil Maha Vidyalaya, a school situated in the hilly tea estate in Pussellawa was started in 1908. Classes in the school range from Grade 01 – 08 and comprises of 08 teachers. As per the new school curriculum, Computer education has been included as a compulsory subject starting from grade 08 upwards. Although situated in a rural locality the school administration has realised the need to provide quality IT education to their students due to the demand for computer literate individuals in society. Dialog supported the school by establishing a fully equipped computer laboratory.</p> | <p>Direct Impact/ Output A fully equipped Laboratory inclusive of 05 computers for the School</p> <p>Reach Approximately 200 Students from the Kaloogalla Estate</p> <p>Volunteers Staff from Group Quality Systems and Process Engineering</p> <p>Outcomes Giving children of the estate community an opportunity to be computer literate and opportunities arising out of these interventions</p> |  |
| <p>Upgrading facilities at the computer training centre at Sunflower Village in Mulleriyawa</p> <p>Sunflower Village is a government-approved charity initiated with the objective of setting up a self-sufficient facility for the differently able. A few years ago, Dialog Telekom assisted them with facilities requested for their computer center followed by a training programme in April 2007 by the Dialog scholars of the Moratuwa University Engineering faculty who volunteered to come forward to provide advanced IT training to the inmates at the centre. This year Dialog offered further support to the computer unit with the objective of encouraging differently able persons to become self sufficient individuals in society.</p> | <p>Direct Impact/ Output 03 additional Computers and a printer for the existing computer training centre</p> <p>Reach Approximately 205 differently able residents at the Sunflower Village in Mulleriyawa</p> <p>Volunteers Employees from Fixed Telephony & Broadband Services</p> <p>Outcomes Providing access to computer literacy for differently able individuals and encouraging self-sufficiency.</p> |  |
| <p>Constructing a playground for the Rambodagama Vidyalaya in Ramboda</p> <p>Rambodagama Vidyalaya, a school providing primary education to children in the Rambodagama vicinity has a student population of 100 children. However, the school receives minimal support for development of facilities and functions with only a standalone building where classes are held. Being a primary school the education curricular necessitates basic play area for students. The main purpose of this project was to fulfill this very key requirement.</p> | <p>Direct Impact/ Output Play area inclusive of 07 playground items for the Rambodagama Vidyalaya</p> <p>Reach Approximately 100 students in Rambodagama</p> <p>Volunteers Staff members of Group Enterprise Contact Management Services</p> <p>Outcomes Promoting sports and well being of children</p> |  |

Table 10. Change Trust Fund projects completed in 2009

| Project Description | Statistics | |
|--|---|---|
| <p>Library facilities for Pannapitiya Sir Razak Fareed Vidyalaya, Karadeniya</p> <p>Pannapitiya Sir Razak Fareed Vidyalaya is a 62 year old school in Karadeniya comprising approximately 185 students from grade 01 – 13. Most students come from impoverished Muslim families. Although a building had been allotted for a library the school lacked sufficient funds to obtain necessary resources needed to setup a suitably equipped library. Therefore the current library space was being used to conduct school assemblies. Having carried out a comprehensive needs assessment Dialog upgraded facilities and established a fully equipped library area.</p> | <p>Direct Impact/ Output A fully equipped Library</p> <p>Reach Approximately 185 students in Karadeniya</p> <p>Volunteers Employees from Group Enterprise Resource Planning Services</p> <p>Outcomes Promoting knowledge amongst students</p> |  |
| <p>Medical camp for "World Down's Syndrome Day" in together with the Kosala Dullewa Foundation</p> <p>Dialog together with the Kosala Dullewa Foundation organised a medical camp for differently able children to mark the World Down Syndrome day on 21st March 2009. This initiative was a great success with the participation of more than 150-175 children affected by Down's syndrome along with their parents, guardians, as well as well wishers totaling around 1,000 participants. The Medical Clinic for the Down syndrome affected children was overseen by a dedicated Team of Specialist Volunteer doctors in the areas of Pediatric, Eye, Dental, ENT, Dermatology, Occupational therapy, Speech therapy and Physiotherapy.</p> | <p>Direct Impact/ Output Medical camp for differently able children</p> <p>Reach Approximately 150- 175 Children</p> <p>Volunteers Group Software Engineering Services</p> <p>Outcomes Supporting low income parents of differently able children</p> |  |
| <p>Upgrading a female ward at the National Cancer Hospital in Maharagama</p> <p>Dialog has been associated with the National Cancer Hospital for a long period of time and has offered support with various requirements from time to time. This year when the Company decided to take aboard another project with the Hospital, attention was drawn towards the new wards that lacked some of the very basic needs such as beds, bedside cupboards, bed linen etc. The objective of this project was to facilitate comfortable accommodation for patients.</p> | <p>Direct Impact/ Output Refurbishment of a female ward with beds, cupboards.</p> <p>Reach 14 Patients per day</p> <p>Volunteers Group Core Network Development Services</p> <p>Outcomes Support on wider family of donee</p> |  |
| <p>Refurbishment of a male ward at the Mental Hospital in Angoda</p> <p>Mental institutions always have a tendency to be overshadowed by other health needs. The Mental Hospital in Angoda is a place which many people suffering from different mental ailments from diverse social backgrounds, ages & genders share together. As human beings no one deserves to be neglected, that's one of the main reasons why Dialog decided to take up this project. Dialog undertook to refurbish one male ward of the hospital giving a new look enabling a pleasant environment for the patients.</p> | <p>Direct Impact/ Output Refurbishment of a male ward</p> <p>Reach Approximately 50 – 60 patients at the Mental Hospital</p> <p>Volunteers Group Loyalty Services</p> <p>Outcomes Pleasant environment for patients, doctors , caregivers</p> |  |
| <p>Continuation of support for Varam youth Self-employment</p> <p>Varam is an organisation founded by Prof. Harendra De Silva which is dedicated to protecting children under threat of abuse in coastal areas of Sri Lanka. Dialog and Varam Sri Lanka joined hands in a youth self-employment initiative at Varam Welfare Centers in Hikkaduwa, Dadella and Galle in 2007. The Welfare Centers provide job skills training for young people and also includes a paper recycling operation which was funded by Dialog. In 2009 Dialog provided further assistance to enhance facilities for the paper recycling project.</p> | <p>Direct Impact/ Output Youth Self Employment</p> <p>Reach 100- 150 Children</p> <p>Volunteers Group Facilities and Support Services</p> <p>Outcomes Help change the lives of children who are vulnerable to abuse and/ or affected by the tsunami</p> |  |
| <p>Providing SMATV system and DTV connections to Lady Ridgeway Hospital</p> <p>Lady Ridgeway hospital is the largest children's hospital in Sri Lanka treating approximately 3000 children per day from across the country. A large number of young children come for OPD treatment to the hospital. As a result volunteers realized that patients have an extensive amount of time to wait to be consulted by a doctor. Therefore, dialog took up a project to install sets of televisions with cable networks and satellite receivers outside OPD clinics</p> | <p>Direct Impact/ Output Television cabling network and DTV connection</p> <p>Reach Approximately 3,000 patients and hospital staff</p> <p>Volunteers Staff from New Technology and Convergence</p> <p>Outcomes Facilitating recreation for patients, families, doctors</p> |  |
| <p>Setting up a Primary Healthcare Centre in zone 05 of the Menik Farm IDP camps in Cheddikulam</p> <p>As part of the relief work carried out for the internally Displaced Persons in the Menik Farm IDP camps, Dialog responded to a request by the Directorate for IDP healthcare of the Ministry of Healthcare & Nutrition by facilitating the construction of a temporary medical clinic to treat the families in the Zone 05 of the camp.</p> | <p>Direct Impact/ Output Temporary medical clinic/ health care facilities for persons in Zone 05 of the Menik Farm</p> <p>Reach 17, 500 Persons</p> <p>Volunteers Team at Corporate Responsibility</p> |  |
| <p>Distribution of Safe Lamps in partnership with the Safe Bottle Lamp Foundation</p> <p>This project was carried out in collaboration with the Safe Bottle Lamp Foundation. The Founder Dr. Wijaya Godakumbura, with help from a committee of ten designed a safe bottle lamp which has approval from the WHO. Dialog was particularly interested in supporting this project and promoting usage of safe lamps due to the high number of home burn accidents taking place as a result of dangerous usage of Kerosene Oil Lamps. 10,000 safe lamps were distributed to 5000 families in villages with no electricity in the Attanagalla Dambulla, Welamitiyawa, Alawwa, Mahaoya, and Kurunegala areas.</p> | <p>Direct Impact/ Output Minimise usage of unsafe bottle lamps in rural areas</p> <p>Reach 5,000 Families</p> <p>Volunteers Staff from International Roaming & Marketing Channels</p> <p>Outcomes Minimising home burn accidents in Villages</p> |  |

Targets Brought Forward from 2008 Report

| LINK TO MATERIALITY / GOAL | KEY DELIVERABLES IN 2009 |
|---|--|
| Extending Dialog's sphere of influence across upstream supply chain to ensure fair trade | Procurement Policy to be implemented across Group |
| Ensuring best practice over and above legal compliance concerning Health and Safety aspects | A system of monitoring to be developed and implemented covering relevant laws and regulations, & use of products & services as well as environmental assessment for significant products and service categories, across the Group. |
| Mitigate Group environmental footprint across input and output impacts caused by our business | Develop and an implement an Environment Management Programme for significant areas of environmental impact including diesel consumption, energy consumption and management of e-waste and related products |
| Improve Health and Safety Performance | Process to capture and monitor Occupational disease rate to be introduced and establish a base line against desired levels |
| Strengthen Existing anti corruption processes | Implement Whistle Blowing Policy for Group Awareness Programmes on Code of Business Ethics for all employees |

Table 11. Targets brought forward from last year's

In our 2008 Sustainability Report we undertook to deliver on key areas of materiality during the course of 2009. All these tasks have been initiated and are at varying stages of completion. Progress made with regard to these tasks has been recorded on page 15 of this report lucidly. The tasks that are still work in progress have been brought forward as tasks for 2010 and will be reported in the 2010 report, to ensure that progress is tracked up to 100% completion of each task.

The Company has also made a commitment to pursue new targets arising out of our stakeholder engagement process and triple bottom line road map. Dialog will report back on these stated targets in its 2010 Sustainability Report.

Targets For 2010 from the 2009 Report

| LINK TO MATERIALITY / GOAL | KEY DELIVERABLES IN 2009 |
|--|--|
| Benchmarking of Key indicators | Performance indicators to be benchmarked with other reports/country standards |
| Sustainability Reporting improvements to include GRI Telecommunication sector supplement indicators. | GRI sector supplement for Telco sector to be included in the reporting structure All additional GRI performance indicators to be screened for materiality and most material ones to be reported |
| Capturing material consumption | Thorough screening of the material consumption of Dialog in 2010 and all relevant material to be reported |
| Capturing water consumption | Analysis of pertinent water consumption measurement indices and develop proper data capturing mechanism |
| Environmental Management Plan - Phase 2 implementation | Environment Management Plan to be documented and the processes to be mapped |
| Legal indicators | Develop processes for capturing risk related to compliance to environmental, social and product related legal issues. |
| Health and Safety Improvements | Capturing of Occupational diseases, Employee training on H & S issues to be developed |
| Diversity of Governance bodies | Capturing diversity in governance bodies and other operational committees |
| Human Rights indicators | Process to identify risks due to Human Rights violation issues, in Company and down the supply chain. |
| Revised anti-corruption practices to be implemented accross the Group | Whistle Blowing Policy to be implemented Code of Business ethics to be modified and a training on anti corruption to be carried out for all staff |

Table 12. Targets for 2010

GRI Content Index

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

| Standard Disclosure | | Information availability/ Page # |
|--|---|--------------------------------------|
| 1. Strategy and Analysis | | |
| 1.1 | Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy. | Page 06 |
| 1.2 | Description of key impacts, risks, and opportunities. | Page 12 |
| 2. Organisational Profile | | |
| 2.1 | Name of the organisation. | Dialog Telekom PLC |
| 2.2 | Primary brands, products, and/or services. | Introduction in AR (Page 01) |
| 2.3 | Operational structure of the organisation. | -Do- |
| 2.4 | Location of organisation's headquarters. | Colombo Sri Lanka |
| 2.5 | Number and name of countries where the organisation. | Only Sri Lanka |
| 2.6 | Nature of ownership and legal form. | Public Quoted Company |
| 2.7 | Markets served. | Business Review in AR (Page 22) |
| 2.8 | Scale of the reporting organisation. | -Do- |
| 2.9 | Significant changes during the reporting period. | -Do- |
| 2.10 | Awards received in the reporting period. | None |
| 3. Report Parameters - Report profile | | |
| 3.1 | Reporting period | Page 03 |
| 3.2 | Date of most recent previous report | Page 03 |
| 3.3 | Reporting cycle | Page 03 |
| 3.4 | Contact point for questions regarding the report | Page 03 |
| Report Parameters - Report Scope and boundary | | |
| 3.5 | Process for defining report content. | Page 10 |
| 3.6 | Boundary of the report. | Page 10 |
| 3.7 | State any specific limitations on the scope or boundary of the report | Page 10 |
| 3.8 | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities | Page 10 |
| 3.9 | Data measurement techniques and the bases of calculation | Page 12 |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and reason. | Page 37,38 |
| Report Parameters - Report Scope and boundary | | |
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods. | Page 10 |
| Report Parameters - GRI context index | | |
| 3.12 | Table identifying the location of the Standard Disclosures in the report. | Page 55 |
| Report Parameters - Assurance | | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | Page 08 |
| 4. Governance | | |
| 4.1 | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | Corporate Governance in AR (Page 41) |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement). | -Do- |
| 4.3 | For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | -Do- |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | -Do- |

Table 13. GRI content index

| | | |
|--|--|-------------------------------------|
| 4. Governance | | |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). | -Do- |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | -Do- |
| 4.7 | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics. | -Do- |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | -Do- |
| 4.9 | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | -Do- |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Page 12 |
| Commitments external initiatives | | |
| 4.11 | Explanation of the precautionary approach or principle addressed | Page 13 |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses. | Page 14 |
| 4.13 | Memberships in associations and/or national/international advocacy organisations | Page 14 |
| Stakeholder Engagement | | |
| 4.14 | Stakeholder consultation | Page 10 |
| 4.15 | Basis for identification and selection of stakeholders. | Page 10 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Page 10 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. | Page 10 |
| 5. Management Approach and Performance per category - Economic, Environmental & Social. | | |
| Economic performance indicators | | |
| EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments. | Financial Statement in AR (Page 60) |
| EC2 | Financial implications and other risks and opportunities for the organisation's activities due to climate change | Page 28 |
| EC3 | Coverage of the organisation's defined benefit plan obligations. | Financial Statement in AR (Page 94) |
| EC4 | Significant financial assistance received from government. | Page 41 |
| EC6 | Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation. | Page 41 |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations | Page 34 |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagements. | Page 44 |
| Environmental performance indicators | | |
| EN1 | Materials used by weight or volume. | Page 24 |
| EN2 | % of materials used that are recycled input materials. | Page 24 |
| EN3 | Direct energy consumption by primary energy source. | Page 25 |
| EN4 | Indirect energy consumption by primary source. | Page 25 |
| EN5 | Energy saved due to conservation and efficiency improvements. | Page 25 |
| EN8 | Total water withdrawal by source. | Page 27 |
| EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Page 28 |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Page 28 |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. | Page 26 |
| EN17 | Other relevant indirect greenhouse gas emissions by weight. | Page 26 |
| EN19 | Emissions of ozone-depleting substances by weight. | Page 27 |

| Environmental performance indicators | | |
|--|---|---------|
| EN20 | NOx, SOx, and other significant air emissions by type and weight. | Page 27 |
| EN21 | Total water discharge by quality and destination. | Page 27 |
| EN22 | Total weight of waste by type and disposal method. | Page 27 |
| EN23 | Total number and volume of significant spills. | Page 27 |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Page 23 |
| EN27 | % of products sold and their packaging materials that are reclaimed by category. | Page 27 |
| EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Page 41 |
| Social performance indicators : Labour practices and decent work | | |
| LA1 | Total workforce by employment type, employment contract and by region. | Page 34 |
| LA2 | Total number and rate of employee turnover by age group, gender and region. | Page 35 |
| LA4 | % of employees covered by collective bargaining agreements. | Page 35 |
| LA5 | Minimum notice periods regarding operational changes, including whether it is specified in collective agreements. | Page 35 |
| LA6 | % of workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programmes. | Page 38 |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region. | Page 38 |
| LA8 | Education, training, counseling, prevention, and risk control programmes in place to assist workforce members, their families, or community regarding serious diseases. | Page 38 |
| LA10 | Average hours of training per year per employee by employee category. | Page 37 |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | Page 35 |
| LA14 | Ratio of basic salary of men to women by employee category. | Page 35 |
| Social performance indicators : Society | | |
| SO1 | Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | Page 29 |
| SO2 | % and total number of business units analyzed for risk related to corruption. | Page 39 |
| SO3 | % of employees trained in organisation's anti-corruption policies and procedures. | Page 39 |
| SO4 | Actions taken in response to incidents of corruption | Page 39 |
| SO5 | Public policy positions and participation in public policy development and lobbying. | Page 39 |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | Page 41 |
| Social performance indicators : Human rights | | |
| HR1 | % and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | Page 39 |
| HR2 | % of significant suppliers and contractors that have undergone screening on human rights and actions taken. | Page 41 |
| HR4 | Total number of incidents of discrimination and actions taken | Page 39 |
| HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | Page 38 |
| HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | Page 39 |
| HR7 | Operations identified as having significant of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | Page 39 |
| Social performance indicators : Product responsibility | | |
| PR1 | Life cycle stages in which H&S impacts of products and services are assessed for improvement, and % of significant products and services categories subject to such procedures. | Page 20 |
| PR3 | Type of product and service information required by procedures, and % of significant products and services subject to such information requirements. | Page 20 |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Page 20 |
| PR6 | Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Page 20 |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Page 20 |
| PR9 | Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services | Page 41 |

Glossary

| | | | |
|---------|--|---------|--|
| BDC - | Business Development Center | ICT - | Information and Communication Technology |
| BTS - | Base Station Site | ICT4D - | Information and Communication Technolog |
| CBE - | Code of Business Ethics | IDP - | Internally Displaced Personal |
| CEA - | Central Environmental Authority | IFC - | International Finance Corporation |
| COP - | Communication On Progress | ILO - | International Labour Organisation |
| CR - | Corporate Responsibility | KPI- | Key Performance Indicator |
| Cx- | Customer | LMS - | Learning Management System |
| DBN - | Dialog Broadband Network | NCPA - | National Child Protection Authority |
| DEWN - | Disaster Early Warning Network | NDA - | Non Disclosure Agreement |
| DfE - | Design for Environment | NGO - | Non Government Organisation |
| DMC - | Disaster Management Center | NIE - | National Institute of Education |
| DTP- | Dialog Telekom PLC | OPD - | Out Patient Department |
| ECM - | Enterprise Contact Management | SBU - | Strategic Business Unit |
| EMP - | Environment Management Plan | SIA - | Social Impact Assessment |
| ENT - | Ear Nose Throat | SME - | Small & Medium Enterprises |
| ERM - | Enterprise Risk Management | TBL - | Triple Bottom Line |
| ERMOC - | Enterprise Risk Management Operation Committee | TRCSL - | Telecommunications Regulation Committee of Sri Lanka |
| GGS - | Govi Gnana Seva | USSD - | Unstructured Supplementary Service Data |
| GHG - | Green House Gas | VRS - | Voluntary Resignation Scheme for Development |
| GPT - | General Purpose Technology | | |
| GSMA - | GSM Association | | |

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