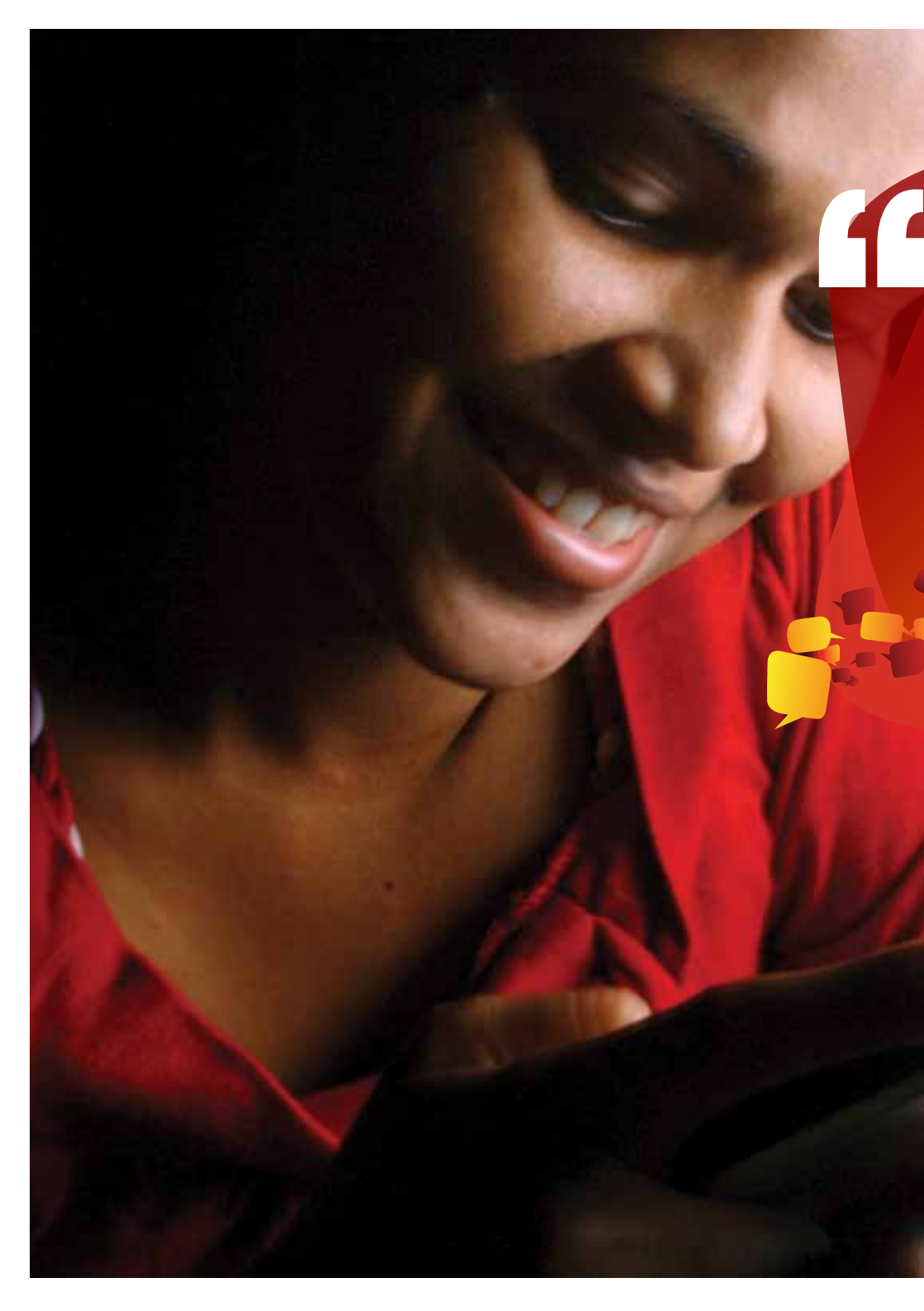


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Delivering  
Shared Value

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

”

## **Responsible Operations**

(INTEGRAL CORPORATE RESPONSIBILITY)

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

*(Photo credit: Nilantha P. Wijayakumara)*

## Maintaining Economic Equilibrium

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

### Supply Chain

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

### Supplier Assessments

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

### Supplier Policies

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

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

**ISO 26000**  
SOCIAL RESPONSIBILITY



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

## Human Rights, Compliance and Ethics

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

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

## Financial Agreements with the Government

As a result of the Company's agreement with the Board of Investment of Sri Lanka (BOI), the main source of income of the Company is exempt from income tax for fifteen years (initial tax exemption period of seven years was extended to fifteen years as per the amendment made to BOI agreement on 17th April 2003), commencing either from the year in which it first makes a profit, or in the fifth year subsequent to the start of commercial operations, whichever is earlier. The Company commenced commercial operations during 1995 and profits were first recorded during the year ended 31st December 1998. Accordingly, the tax exemption period commenced from 1st January 1998 and the Company is currently liable to pay income tax only on the interest income earned from fixed and call deposits maintained in Sri Lankan Rupees.

**ISO 26000**  
SOCIAL RESPONSIBILITY



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



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