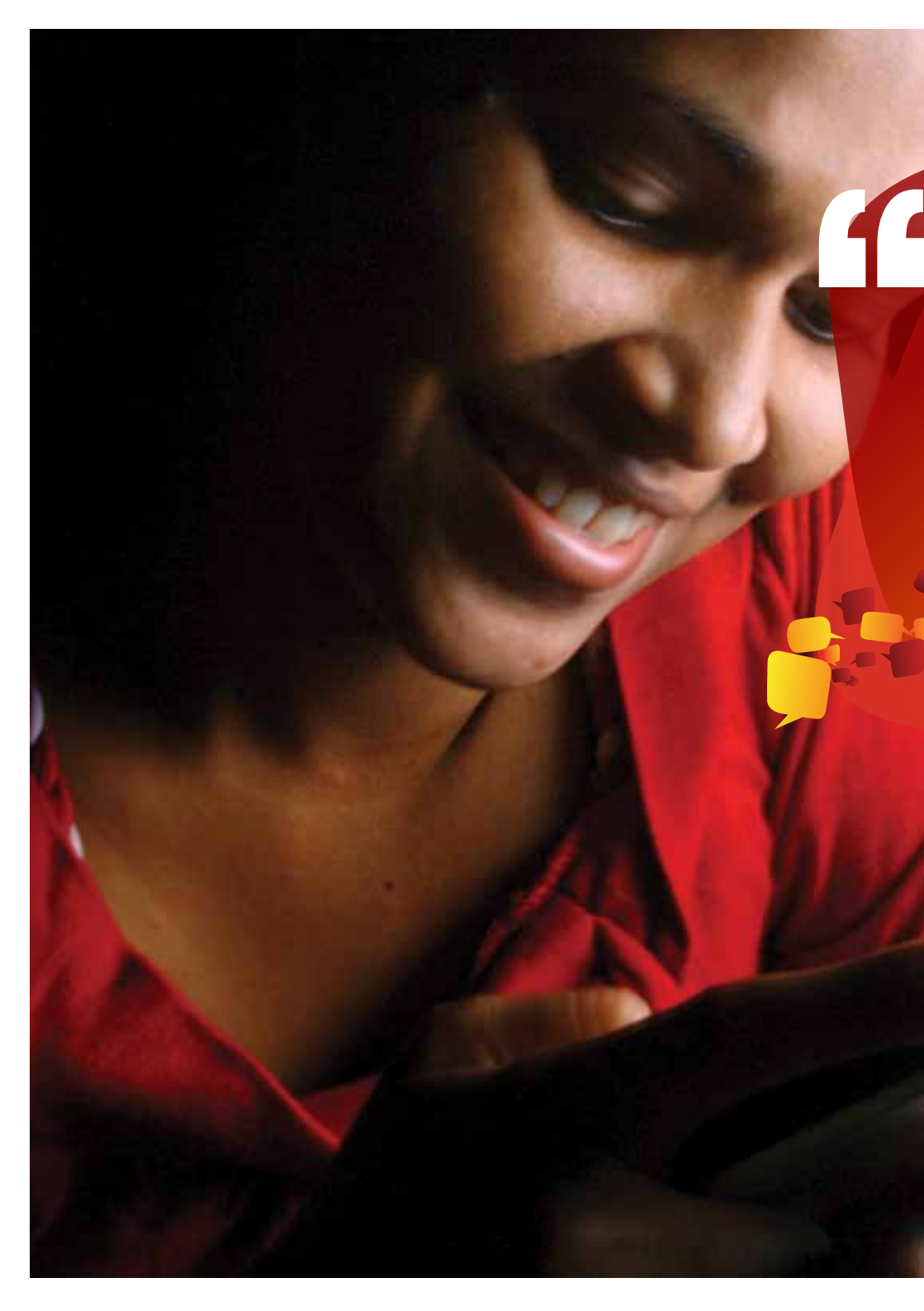


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Delivering
Shared Value

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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

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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)



(Photo credit: Dulip Tillakeratne)

Preserving Our Planet

The Group's environmental footprint has improved significantly over the past three years. Waste management of hazardous and non hazardous material, energy consumption reductions, material management, reduced emissions, enhanced measures to protect areas rich in biodiversity and the implementation of employee awareness programmes on green business practices have all contributed in no small measure towards a greener footprint. The Group's environmental footprint is managed by key units that comprise Group Power Systems Operations, Group Engineering, Group Facilities Management, and Group Sustainability teams. The following narrative describes the organisation's progress in terms of the above areas and also illustrates the areas for improvement, with a view to becoming a carbon neutral organisation.


Material Management

The Group built on its pioneering mobile waste take back and recycling project in 2010, and joined the e-waste initiative set up by the Central Environmental Authority. As a key stakeholder in this consortium, Dialog's mobile waste initiative which was implemented in 2007 was highlighted as a benchmark large scale waste management programme with regulated collection systems, safe transportation, and storage and exporting mechanisms

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



The emphasis on power required to operate ICT services continues to be one of the most material environmental issues for Dialog

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which are in line with the local/multilateral regulatory requirements as well as international obligations (The Basel Convention) on management of electronic-waste. The Group continued its practice of collecting and storing hazardous wastes such as CFL bulbs, UPS batteries and lead acid batteries used in base station back-up power systems, and refrained from disposing of these waste streams in landfill sites. The Group will endeavour to dispose of these stockpiles in 2011, through a licenced e-waste recycler. The Group expanded its m-Waste collection centres to 105 collection centres in addition to 18 m-Waste collection centres managed by the Central Environmental Authority, thereby extending its reach and impact during the period of review. The Group collected 1900 m-Waste units which will be stored and shipped for recycling in 2011.

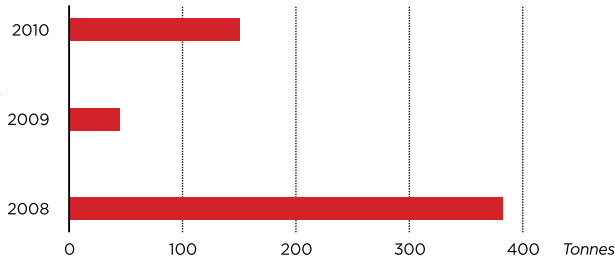
ISO 26000
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This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

Controlling Paper Consumption

The total amount of paper purchased by the Company in 2010 was 150.85 tonnes compared to the amount of paper purchased in 2009 which was 44.17 tonnes. The Group consumed a total of 1.8 tonnes of cardboard, 0.07 tonnes of newspaper and 33.73 tonnes of paper which were collected and sent for recycling in comparison to 9.5 tonnes of cardboard, 0.9 tonnes of newspaper and 45.1 tonnes of paper sent for recycling in 2009. The Group also purchased 1847 units of printer cartridges in 2010, as opposed to 1,043 units in 2009. The Group was also successful in reducing costs on paper purchases further, in terms of the Group's material management plan in 2010.



Graph 02: Paper consumption comparison

E-Bills and Summary Bills

The Group's electronic and summary bill initiative resulted in a saving of 99.21 tonnes of paper in 2010. Dialog continued its policy to issue all postpaid customers with summary bills and deviated from this policy only when customers requested for a detailed bill for record purposes. The total number of summary bills that were subscribed for by customers as at December 2010 was 258,259, up from 140,485 in 2009. Electronic bills have also shown appreciable traction and acceptance among customers during 2010, as reflected in the number of customers who registered for e-bills in 2010 which is 78,871 as against 35,977 in 2009.

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



*The Go green logo:
used by employee volunteers*

Employee Contributions to Going Green

In 2010, the Group launched a dedicated volunteer force among employees who were passionate about making improvements to the Group’s environmental footprint. The Environment Group of Volunteers were instrumental in carrying out awareness campaigns on waste management at various Group employee events and also implemented a management system for recycling solid waste at all cafeterias across the Group.

Energy Saving

The emphasis on power required to operate ICT services continues to be one of the most material issues for Dialog in terms of its environmental footprint management. The Group embarked on multiple energy optimisation plans and also continued to roll out new green base stations using a hybrid of solar and wind power to power base stations which did not have access to the National Grid. As alluded to in our 2009 Report, Dialog continues to explore potential peripheral value additions that can be shared with local communities living close to these green base stations such as sharing excess power with local communities and households during off peak hours, and when load sharing is possible with the National Grid.

Powering Our Operations

In 2010, the Group consumed a total of 353,745.72 GJ of indirect energy from the National Grid for our operations as against the consumption of 365,674.72 GJ in 2009. This decrease is significant especially when considered against the rapid network expansion operations in the post war Northern and Eastern parts of the island as well as other geographical areas of

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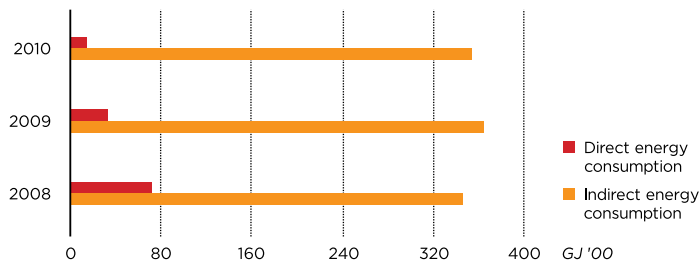
This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

the country. Direct energy too dropped to 14,043 GJ vis the total direct energy consumption from diesel power in 2009 totaling 33,065 GJ. Direct energy reductions have been possible due to innovative power optimisation solutions that have been implemented by the Group's power and energy teams covering areas such as increasing ambient temperatures to relieve stress on cooling requirements, increasing free cooling and enhancing technologies therein. The Group also improved its data gathering mechanisms by installing real time wireless base station monitoring technologies that enabled further optimisation and modelling of power requirements.

Energy Optimisation

As alluded to in the 2009 Report, the Group's energy optimisation initiatives were carried forward through 2010 resulting in 15% energy savings per base station due to ambient temperature regulation of the cooling systems. These adjustments were made in 777 sites where temperature was maintained at a constant 28 degrees celsius. Dialog also continued to save as much as 70% of energy consumption by replacing the air conditioners with fans at selected base station sites throughout the island. During 2010 a total of 42 such replacements were made in addition to the 197 replaced during 2009.

The Group also expanded its hybrid cooling system featuring free cooling boxes to compensate air conditioned chambers at base stations during 2010. A total of 44 BTS sites were added to the 13 BTS sites that were retro fitted during 2009. Base station sites operated by full time generators were also down a further 28 sites in 2010, when compared to the 31 sites in 2009. Year-on-year this represents a 9.7% reduction of BTS sites that operate on a full time generator since 2008. From these initiatives, the Group was able to save a total of 2057 MWh amounting to 11,024.6 GJ. As one of the first members of the GSMA's Green Power for Mobile trial, Dialog continued its support for this game changing industry initiative and



Graph 03: Direct & indirect energy consumption

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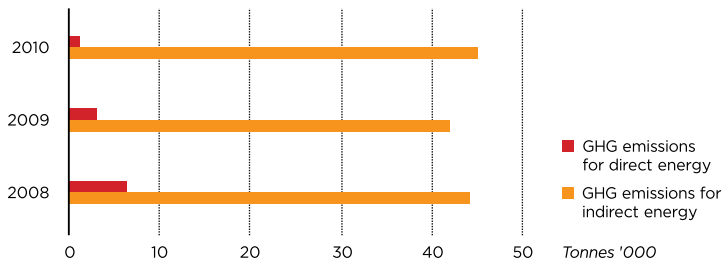
This aspect of our business was included in the ISO 26000 gap analysis during the year under review.

extended its 'green base stations' up to 5 fully commissioned sites during 2010. These green base stations use a hybrid model consisting of solar, wind, generator and grid energy sources using smart grid technologies which enabled a saving of 142.74 GJ. The Group remains committed to expanding its green base stations in 2011 and will continue its cooperation with the GSMA in this regard.

Greenhouse Gas (GHG) Emissions

The Group's energy consumption occurred in more than 2,000 locations in 2010, requiring a centralised calculation methodology to determine the quantum of direct emissions of greenhouse gases from all sources owned or controlled by the organisation, such as the generation of electricity, heat, or steam. The cumulative value of direct emissions of the Group for 2010 was 1259.2 tonnes, a substantial reduction from the value of 2996.25 tonnes in 2009.

The indirect emissions of greenhouse gases resulting from the generation of purchased electricity, heat, or steam for 2010 add up to 44,209 tonnes in comparison to 41,979 tonnes in 2009. The total indirect GHG emissions resulting from fire drills, air travel, and transport for 2010 was 4918.6 tonnes. In order to improve the usage of transportation and to minimise resource wastage the Group implemented a programme to streamline the Group's transportation needs. The programme was highly effective in reducing expenditure and enhancing optimal use of vehicles resulting in reduced time and fuel wastage. The Group does not capture NO_x and SO_x currently but will endeavour to do so in 2011 under its proposed environmental management system implementation.



Graph 04: GHG emissions due to direct & indirect energy consumption



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

Ozone Depleting Substances

Dialog does not produce or export any Ozone Depleting substance. In keeping with the Group's 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 low ODP sources. Dialog's contribution to atmospheric pollutants is almost insignificant.

Similarly, there have been no incidents of significant spills of chemicals, oils or fuel during 2010. In addition 319 computer monitors, 189 CPUs were disposed of during 2010. The Company also collected 306 tyres, and 923 kg of vehicle maintenance waste for the purpose of re-selling and one barrel of waste oil was identified and collected under the category of solid waste material. The Group does not currently classify waste as hazardous and non hazardous material.

Water Consumption

As mentioned in our previous year's Sustainability Report, Dialog does not consume water in any of its products or services. The only water discharge the Company has, therefore relates to the sewage discharge from office sites and discharge from the cooler of the Company's Head Office central A/C. In 2010, the Group consumed 48,145 kl of water from the municipality at office sites, a reduction of 5,961 kl compared with the consumption figures in 2009. Dialog will continue to improve its water consumption capture mechanism to fairly represent the usage of water as a matter of course in 2011.

Protecting Biodiversity

The Group continues to operate four base station sites within protected areas of high biodiversity. These sensitive areas are managed by the Sri Lanka Wildlife Department and are heavily regulated in terms of land use. All operations within these areas are also governed by a strict guideline which is followed by the Group. As mentioned in our previous Reports, these four sites are operational solely for the purpose of transmitting radio signals and the physical footprint of these four sites amounts to .00252 km² which is the total of

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A Dialog tree BTS site camouflaged to blend with surrounding

four sites, each covering 0.00063 km². The Group did not set up any new base stations within protected areas in 2010 and continues to adopt the precautionary principle in all its site acquisitions. The Group also shares 34.67% of its sites and has constructed 4 tree BTS sites that are camouflaged to blend with the surrounding environment.

Climate Change

In the wake of clear changes in climate patterns the Group is cognisant of potential impacts that could affect the overall sustainability of its operations. The organisation's approach and response to this global challenge is based on its sphere of influence and sphere of control. Within this context, 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. 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 alluded to elsewhere in this Report.

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