It's about giving our customers the future. Right now.

THE FUTURE:
NOW

Sri Lanka Telecom
One Country. One Voice.

SRI LANKA TELECOM - SUSTAINABILITY REPORT 2012

It used to be that the mystery and excitement of life lay in not knowing what the future held.

Not any more.

Sri Lanka Telecom presents: The Future.

NO

For over 150 years, Sri Lanka Telecom has been the strength and backbone of Sri Lankan telecommunication, taking the nation through the years from the earliest days of telegraph and telephony to the exciting world of futuristic communication technologies we live in today. Every minute, every day, technologies and capabilities change, improve and innovate, almost as we watch. Sri Lanka Telecom is right there at the forefront of this wave of the future.

For high-speed broadband, mobile technologies, home and business telecommunications, we remain unmatched because we're simply way more experienced, way more resourced and way more connected across the island. That's how we bring the future of telecommunications to Sri Lanka - right now.

Sri Lanka Telecom. The Future: Now.

Sri Lanka Telecom
One Country. One Voice.

SUSTAINABILITY REPORT

The promise:
To be a key player in the drive to build Sri Lankan growth potential.
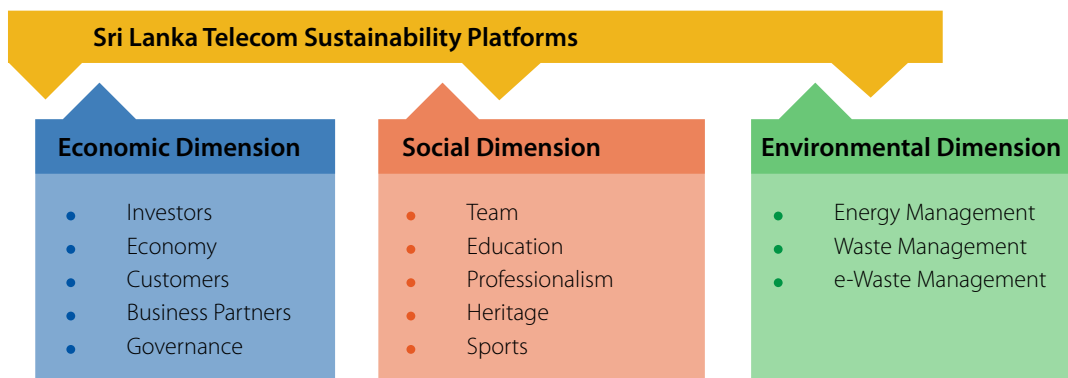
The delivery:
We continue our steadfast drive to be the backbone of Sri Lankan development and growth as our operations expand to include and assist key sectors such as tourism, ports and aviation, ICT, BPO and KPO and business ventures across the country.

"As an integrated operator, we must be able to sell the entire range of our services while offering a very high quality relationship to each and every customer..."

Sri Lanka Telecom's sustainability agenda focuses on three dimensions, the Economic, Social and Environmental and identified areas within these dimensions. The model developed includes our stakeholders and our key areas of impact to ensure that there is a balanced focus on these areas. It also includes themes such as ICT, Education, Heritage and Sports beyond the scope of sustainability standards and models as we acknowledge our responsibility to promote culture and celebrate communities coming together under a single banner as encapsulated in our "One Country, One Voice" brand identity.

Economic Dimension

As the country's leading driver of innovation and technology, we are mindful of the responsibility Sri Lanka Telecom has to deliver on the information communication technology strategy for the economic prosperity of the country. It is a responsibility that we have carried since our inception and we have a proud history of delivering on our promises as evinced by our many milestones. The economic dimension of our sustainability model looks at how we engage with providers of capital, how we perform in driving the country's economic progress, how we deliver value and derive value to and from our customers and our governance practices which underpin our performance.

Sri Lanka Telecom Sustainability Platforms

Economic Dimension	Social Dimension	Environmental Dimension
• Investors	• Team	• Energy Management
• Economy	• Education	• Waste Management
• Customers	• Professionalism	• e-Waste Management
• Business Partners	• Heritage	
• Governance	• Sports	

IT'S ALL ABOUT THE FUTURE
SUSTAINABILITY REPORT

"Through sustainable operations, improving access to telecom services and by empowering our communities, we create more value than the profits we make."

SUSTAINABILITY REPORT

As the country's leading driver of innovation and technology, we are mindful of the responsibility Sri Lanka Telecom has to deliver on the information communication technology strategy for the economic prosperity of the country.

Social Dimension

The Social Dimension of our sustainability model reviews how we engage with our team and how we engage with the community in which we operate – the people factors. As one of the country's largest employers, we seek to ensure that our people are engaged, inspired and motivated to lead and implement Sri Lanka Telecom's ambitious growth plans. As we connect people to the world, our vision of a world where people have equal access to information and education becomes a reality as the mere connection enables communities and individuals to reach higher and empower themselves to achieve their aspirations. We complement this

with platforms for structured learning for targeted segments where the right to education must be upheld as it determines their future and the competitiveness of our country.

Empowering Generation C is an exhilarating prospect as we are more closely knit with their world than we have ever been in the history of mankind and we look forward to the world they will shape as digital natives. Our role as a leading brand in the country enables us to support the nation's social objectives as well as through targeted sponsorships and other community engagements which uphold our culture and influence values and social norms.

Environment Dimension

Sri Lanka Telecom's footprint relative to the country is necessarily a large one and managing it is a strategic imperative in as much as it impacts our bottom line and our brand. As a large consumer of energy, a separate division is devoted to managing this critical function with the strategic objective of reducing energy consumption and the related costs. We focus on management of e-waste as SLT together with its customers account for a significant proportion of the e-waste generated in the country and reduction of the carbon footprint. This has the potential to negatively impact our brand unless it is managed.

Performance Highlights

Economic	2012
Economic Value Added	
• Employees	Rs.11,866 million
• Shareholders	Rs.1,534 million
• Lenders	Rs.2,233 million
• Government	Rs.6,585 million
• Business Expansion & Growth	
• Depreciation	Rs.11,794 million
• Retained Income	Rs.2,502 million
Social	
No. of customers	1.5 million Fixed Telephones connect more than 4 million population
All Island Book Distribution Project	Rs.300 million worth 122,414 books

Ratings

The following ratings have been awarded by Fitch Ratings Lanka Ltd.

Foreign Currency Rating
Long-Term Foreign-Currency IDR: BB−
Long-Term Local-Currency IDR: BB−

National
Long-Term Rating: AAA(lka)

Outlooks
Long-Term Foreign: Currency IDR: Stable
Long-Term Local-Currency IDR: Stable
National Long-Term Rating: Stable

The promise:
To deliver real shareholder value.

The delivery:
Sri Lanka Telecom remains one of the largest capitalised companies on the Colombo Bourse. This year the Group achieved revenues of Rs.56 billion, a growth of 10 % YoY.

The following ratings have been awarded by Standard & Poor's

Long term foreign currency – "B+" outlook stable
Long term local currency – "B+" outlook stable

Awards

- Best Corporate Citizen - Among the Top Ten Best Corporate Citizens in Sri Lanka within the CSR & Sustainable Business categories and also won a Category award of best performance for Economic Contribution at the Best Corporate Citizens Award 2012, conducted by the Ceylon Chamber of Commerce

- National Business Excellence - National Business Excellence Award 2012 - Organised by the National Chamber of Commerce of Sri Lanka. The Company was adjudged the Overall Winner - Gold Award; Sector Award- Best Capacity Builder; Winner - Gold, Sector Award - Infrastructure and Utilities; Winner - Gold, Sector Award - Extra Large Business Category; Winner - Gold and Sector Award - Best Tech-Savvy Company; Runner up - Silver.

- Brand Excellence - Brand Leadership Award at the Global Awards for Brand Excellence held in India

- Financial Reporting – Won the Gold award at the Annual Report Awards 2011 organised by the Institute of Chartered Accountants of Sri Lanka under the 'Telecommunication Sector' category.

- Human Resource Management – Silver Award from the Association of Human Resource Professionals in partnership with AON Hewitt India.

SUSTAINABILITY REPORT

SRI LANKA TELECOM THE MOST AWARDED CORPORATE IN SRI LANKA, 2012

National Business
Excellence Award 2012
Overall Winner – Gold

National Business
Excellence Award 2012
Extra Large Business
Winner – Gold

National Business
Excellence Award 2012
Infrastructure and Utilities
Winner – Gold

National Business
Excellence Award 2012
Best Capacity Builder
Winner - Gold

National Business
Excellence Award 2012
Best Tech - Savvy
Company Runner-up-Silver

The number of sparkling accolades SLT has won locally and internationally in 2012, is proof of exceptional performance across multiple areas of our transformation. Each accolade is the result of tireless work and unfailing dedication everyday, towards reinventing product offerings, embracing innovation, nurturing customer care, and pioneering development in ICT.

Best Corporate
Citizens Awards 2012
CSR & Sustainable Business
Ten Best Corporate Citizens

Best Corporate
Citizens Awards 2012
Best Performance
for Economic Contribution

HRM Awards
2012 - Silver

Business Today
'Top Twenty Five'
Awards 2010-2011
Rank 10

Chartered Accounts
Annual Report
Awards 2012
Telecommunication
Gold

Global Awards
for Brand Excellence
Mumbai 2012
Overall Brand Leadership

SLT remains focused on service and product excellence. We take our pledge of 'One Country, One Voice' to heart and our every endeavour is to uplift the people of the nation as one. The recognition that SLT receives in the local and international arena is a testimony of our enduring dedication to delivering our brand promise.

"We were entrusted by many corporates because we deliver a comprehensive array of services helping them to blaze ahead with stronger convergence capabilities, extended reliability, improved scalability, flexibility and cost effective implementation"

Business Rankings

- Ranked No.6 in LMD Ranking of Leading Listed Companies
- Ranked No.8 in LMD Most Valuable Ranking
- Ranked No.10 in Business Today's Top Twenty Five

Report Parameters

Sri Lanka Telecom presents its sustainability report combining our economic, social and environmental performance in context within this Sustainability Report. Sustainability Reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards sustainable development. This initiative follows 5 years of producing Annual Reports and Sustainability Reports, of which the most recent were for the financial year ended 31st December 2011.

Sri Lanka Telecom adheres to the internationally recognised Global Reporting Initiative Sustainability Reporting Guidelines which is a voluntary standard comprising a set of indicators for economic, environmental and social aspects of business performance that enables stakeholders to compare companies' performance. We have used the G3.1 guidelines and a Compliance Index is provided for easy reference on pages 105 to 109 of this report. Our disclosures have been drawn upto an Application Level B according to the criteria set out in the guidelines.

The Financial Statements for the year ended 31st December 2012 have been audited by KPMG are set out on pages 122 to 188 of this report together with the Accounting Policies and significant assumptions used in the preparation of the financial statements. The environment, social and governance information relates to Sri Lanka Telecom, excluding its subsidiaries and is derived mainly from factual records

maintained by the Business Units within the Company using standard measurements and does not require assumptions or complex calculations to be performed in this regard except in the case of Energy Management where the method of computation has been disclosed.

The materiality of the social and environmental issues presented in the Annual Report are determined based on our sustainability model which has been conceptualised giving due consideration to how we engage with our stakeholders and in response to identified needs. In doing so we have also considered the national priorities which are relevant to the industry in which we operate such as targets for digital inclusion. We have considered the severity of impact and the probability of occurrence in assessing the materiality of issues discussed in the report to ensure that our report remains relevant, complete and concise.

Information on Financial Performance, Governance and Risk Management are detailed in separate segments included in this sustainability report and are not duplicated in this segment. The Management Discussion & Analysis preceding the Sustainability Report also contains information relevant to stakeholders including commentary on our economic performance. References to relevant sections of these reports are provided in the GRI Index for the convenience of our readers.

Outlook

We will continue to provide economic, social and environmental information in a single report on an annual basis and plan to add to the number of indicators as our programme of integrating sustainability and business strategy continues.

FOCUSING OUR EFFORTS
SUSTAINABILITY REPORT CEO'S MESSAGE

CEO's Message

"Our key areas of focus remain on water, carbon emissions, energy, waste and people, but there is an increasing focus on biodiversity and community engagement."

SLT has aligned its strategy to the national objectives and has established superior ICT communications and transformed businesses through the deployment of high speed broadband.

Lalith De Silva
Group Chief Executive Officer

Sri Lanka Telecom's long standing commitment to sustainability is clearly expressed in our vision, mission and the strategic role that we have played in shaping the country's socio economic prosperity. Superior ICT has the potential to transform the way we function, enabling a low carbon society whilst facilitating economic development by connecting people to opportunity, locally and globally. We support the national ICT vision by partnering Government initiatives aimed at creating an enabling ICT environment to support the country's vision of becoming South Asia's Economic Hub and achieving digital inclusion for all Sri Lankans.

Broadband is a critical infrastructure in the growing global digital economy today and the World Bank has estimated that a 1.21% increase in broadband penetration would yield a 1.21% and 1.38% increase in GDP growth on average for high-income and low/middle-income countries respectively. Sri Lanka has 15% broadband penetration but needs a higher rate of penetration to support the national strategy and the undeniably technology savvy youth. SLT has aligned its strategy to national objectives and has established superior ICT communications and transformed businesses through the deployment of high speed broadband. As the single largest telecommunication company in the country, we are the largest investor towards the economic development of the country and have invested Rs.13.9 billion in 2012 to build telecommunications infrastructure in Sri Lanka for the future requirements. The investment was focused on our NGN, capacity enhancement and fixed network modernisation programme and mobile network expansions and other investments. Projects like i-Sri Lanka require immediate and significant investment, as do network modernisation, increasing broadband capacity and coverage, expansion of fibre aggregation and access networks.

By popularising broadband services in Sri Lanka, SLT aims to boost national GDP, support online education initiatives such as connecting universities (LEARN), connecting

schools (SchoolNet), vocational training institutes, National Online Distance Education Service (NODES) and rural ICT centres (Nenasala). We believe that online education can transform communities as we enable access to high quality content in outlying communities that have been underserved in this vital area due to paucity of resources which are typically concentrated in cities.

The success story of Sri Lanka's IT and Business Process Outsourcing sector has been enabled by SLT's superior technology and will be a key beneficiary of our investments made during the year. Growth of this sector has provided the country with 35,000 jobs and US$ 600million in exports and is today the 5th largest export category and one of the fastest growing. Its goal to create 80,000 jobs and US$ 1 billion by 2015 is one that we support, and believe is on the path to achieve it using the infrastructure now in place. We note with satisfaction the efforts of this sector to assist in the regional development plans of the country which are now possible due to the investments made in broadband by SLT. As the lead communications provider to this vital and vibrant growth sector, we are indeed proud to be part of the success story and are committed to working in partnership with the key players to ensure that their business communication needs are met in the future.

Our focus on people has enabled us to serve our customers better through a highly motivated and inspired staff who have responded enthusiastically to programmes launched for their development. The programmes launched in 2012 to embed a customer centric culture into the group has been a key factor in the enhanced performance in the Company and we are committed to maintaining our focus on training and developing our people in the coming years as well. Industrial relations with the numerous trade unions have improved significantly through frequent dialogue and consistent application of HR policies. We have also focused on Health & Safety issues, particularly with employees and have prevention and screening programmes which are delivered through a number of platforms.

This year we embarked on a process of integrating sustainability principles into our core business strategy. This process has been rewarding as we gained a deeper appreciation of many aspects that were already in place and were able to improve other areas in a structured

The promise:
To empower the growing IT/BPO sector.

The delivery:
The Company is at the forefront of supporting the IT/BPO industry as the communication backbone with relevant and reliable communication solutions.

manner. As we progressed, it was evident that many of the sustainability concepts are part of the culture of the organisation such as energy management, equality and diversity and respect for human rights. We look forward to reporting on more areas in the years to come as our information tracking on indicators and policies and procedures are formulated for managing them.

In the right direction to facilitate the future generation

SUSTAINABILITY REPORT

We believe that better company performance through the completion of i-Sri Lanka programme and brand building activities will fuel SLT's performance in the CSE.

Economy

Our business strategies are aligned to national priorities of digital inclusion for all Sri Lankans to promote the socio economic development of our country and we have a proud history of over 150 years of empowering the nations' progress. SLT's achievements vis a vis the targets set out in the 10 year Development Plan of the Telecommunications Regulation Commission are given below.

A detailed review of performance is available in the Chairman's Statement, CEO's Review and the Management Discussion sections of this report.

Criteria	Country Target for 2016	Current Status	SLT Group
Teledensity	30.0%	16.9%	7.3%
Fixed Subscribers	-	3.5 million	1.5 million
Cellular Subscribers	16 million	19.6 million	4.5 million
Telecommunication sector contribution to GDP	167 billion in 2015	147 billion in 2012	56 billion in 2012 (37%)
Sources:	(TRCSL)	(TRCSL)	(SLT)

Economic Dimension
Investors

Sri Lanka Telecom is one of Sri Lanka's most valuable blue chip companies with an annual Group turnover in excess of Rs.56 billion. We are Sri Lanka's number one integrated communications service provider and the leading broadband and backbone infrastructure services provider in the country. Our market capitalisation on the Colombo Stock Exchange exceeds Rs.80 billion as at 31st December 2012.

Nearly 95% of Company shares were held by two shareholders by the end of year 2012, leaving the balance shares amongst approximately 13,000 shareholders including Government institutes, large international institutional investors and small retail investors. The main shareholder at year end was the Government of Sri Lanka which held 49.5% through the Secretary to the Treasury and Global Telecommunication Holdings N.V. of Netherlands, being the second largest shareholder owned a 44.98% stake.

Our share price fluctuated between Rs.34 and Rs.50 during the year indicating volatility driven by various factors such as interest rates, economic conditions, market perceptions etc. We believe that better company performance through the completion of i-Sri Lanka programme and brand building activities will fuel SLT's performance in the CSE.

MSAN installation under the i-Sri Lanka programme

SLT launched the i-Sri Lanka project in the latter part of 2010 to enhance and upgrade the existing fixed access network, by expanding the fibre network through FTTN (Fibre to the Node) deployment. By reducing the copper cable length, reliability is improved as are quality and broadband data speeds. Fully

integrated into the NGN Modernisation Programme, we believe that the growth and strong market share in broadband is evidence that i-Sri Lanka is adding the required foundation for future plans. This will ensure that SLT's quality and range of services remain on par with developed countries, a definite competitive edge in the current context. As discussed under the Management Discussion & Analysis, the i-Sri Lanka programme targets a broadband data speed of up to 20Mbps within a 2 km copper cable length, with a plan to achieve this for more than 90% of our fixed customers by the end 2013.

We have also aligned our strategy in line with the national goal of regional expansion and digital inclusion for all Sri Lankans. Our performance in this vital area is necessary for the stability and growth of our country is depicted in the table below.

Modern banking services powered by state-of-the-art communication solutions

Provincial Distribution of Fixed phones

Province	Population	Sri Lanka fixed telephones	SLT Fixed telephones = connected households	Assuming a family = 4 members	% of the population SLT connects directly
Western	5,821,710	1,414,723	752,935	3,011,740	51%
Southern	2,464,732	382,404	138,687	554,748	22%
Central	2,558,716	362,506	153,266	613,064	23%
Sabaragamuwa	1,918,880	280,444	97,004	388,016	20%
Uva	1,259,900	233,964	73,749	294,996	23%
North Central	1,259,567	211,937	57,676	230,704	18%
North West	2,370,075	319,890	106,418	425,672	17%
East	1,551,381	134,136	75,469	301,876	19%
North	1,058,762	99,894	55,959	223,836	21%
Total	20,277,597	3,439,898	1,511,163	6,044,652	30%

Sources: *(Department of Census and Statistics-2012)*   *(TRCSL – Sep'12)*   *(SLT - Dec'12)*

We are the largest communications provider to the corporate sector of the country and provide the technology platforms that are used by many to enhance their productivity and grow their businesses in size and profitability. The ICT/BPO sector which is one of the top 5 revenue earners for the country is powered by SLT and is set to grow as a high value adding industry creating jobs and opportunities for our youth.

We are committed to supporting the SME growth of the country as well and our ability to grow the SME customer base from 900 in 2010 to 6,000 as at end 2012 bears testimony to our efforts in this direction.

Customer Forums were held in the Central and Southern provinces based on the theme 'Beyond Borders', which saw the participation of a large number of customers in product presentations, a demonstration of SLT products as well as relationship building activities. These and other initiatives are described more fully in the Management Discussion & Analysis section.

SUSTAINABILITY REPORT

"To enhance the services provided to Enterprise and SME customers and improve relationships, customer forums were conducted in several parts of the country."

Customers

The Sri Lanka Telecom Group serves over 6 million customers in Sri Lanka through a plethora of telecommunication products which helps enhance their lifestyle and connects them with opportunity for business and relationships with their loved ones, both globally and locally. We monitor global trends, customer feedback and market research to improve our products and services to ensure that appropriate technology is deployed for the various customer segments in line with their needs and national goals. Our customers include multinational corporations, large and small corporates, public sector, retail and individuals who rely on us to connect with people, opportunity and information. We recognise the need to proactively drive technological innovation to enable Sri Lankans to stay connected to people and opportunity.

We provide facilities and services in the areas of voice, data, video and mobile to customers and offer many value added features to enhance customer experience. It must also be noted that our deployment of next generation products and services has created jobs and enabled a host of online applications such as e-commerce, e-learning, e-governance, telemedicine and so on, which has enhanced capabilities, governance and benefitted millions of citizens.

Our current product portfolio is summarised on page 93, while it is described in greater detail in the Management Discussion & Analysis section.

Abhimaana Broadband package introduced for public sector employees and pensioners

Our Products

Product	Feature updates
MEGALINE Telephone | Broadband | PeoTV	Single Play, Double Play & Triple Play offering for Telephone, Broadband and PEO TV enabling the customer to choose the combination that is appropriate for envisaged usage. Available for home and office.
BROADBAND Powered by Megaline	Ten Broadband packages available in the market to enable users to choose one that suits their specific needs.
PEO TV Powered by Megaline	Platform for best of local and international news and entertainment from around the world at the touch of a button revolutionising traditional TV experience with features such as digital quality pictures, Time Shifted TV, Rewind TV to play pause live, and Video on demand with movie, music and educational content
CITYLINK	Four main categories of services which provide post paid packages, prepaid packages, payphones and wireless modem using CDMA technology.
IDD	All SLT residential phones are now IDD enabled and 232 number of countries connected with direct links to provide better quality international service
INTELLIGENT SOLUTIONS Voice | Networking | Data Hosting | Managed Services	Exclusively offered to Corporate & SME customers comprising Managed, Networking, Hosting and Enterprise voice services with enhanced managed services through BIZAPPS and Video conferencing facility through VideoMeet solution.

Engaging with our customers

Understanding and delivering the right customer experience has been critical to the retention of customers and expansion of business across the island. The table below summarises how we engaged with our customers and our responses to the challenges identified.

How we engaged	Response to challenges identified
• Feedback received from customer touch points • Customer Forums for SME and Corporate customers • Account Managers for Key Clients • Market research and intelligence • Customer behaviour and product adoption in overseas markets • Telecom industrial forums and conferences	• Value additions to existing Megaline customers by adding Broadband and PEO TV offers and tariff options • Improved response time for service requests • Expanding footprint, capacity and capability through the i-Sri Lanka programme • Introduced special packages for Double-play and Triple-play potential customers. • Conversion of CDMA customers to Megaline for enhanced experience • IDD enabled to all fixed lines to promote greater connectivity to customers • Quality of service improved to Broadband customers through automatic upgrade by adding free volumes and increased speed • Wireless routers introduced at low prices to promote greater mobility, wireless and wi-fi in homes and offices • Abhimaana broadband package introduced to government employees and pensioners

SUSTAINABILITY REPORT

The promise:
To improve Quality and Service
Fulfillment

The delivery:
SLT Service Fulfillment Centre has
been formed as the interface between
relevant customer relationship
management teams and service and
resource operations teams in order to
provide improved service

The following activities have been carried out to strengthen
the relationship and enhance customer engagement.

- Improvement of Customer Service Centres island-wide
  in convenient locations and offering a courteous service
  to customers.
- Appointment of Account Managers and Regional Sales
  Managers to attend to all communication needs of
  corporate and SME segments
- For the consumer end of the market, various forums
  and events are organised annually at regional level.
  These events take the form of professional gatherings,
  mega promotional campaigns, or simple door to door
  customer visits.
- Conduct educational programmes for school children on
  communication services.
- Round the clock free access to Contact Centres for
  customer communication
- Improved total solutions product portfolio and
  customised solutions to offer better quality and cost
  effective services to customers
- We operate a contact centre to ensure that we provide
  additional support for our products and services so that
  our customers are assured of a high level of service at all
  times.

Quality Assurance through Service Fulfillment

The SLT Customer Service Fulfillment process/responsibilities
have been formulated to match the supply of services with
consistently high levels of quality and reliability to meet
promises to consumers and Service Level Agrements (SLAs)
to enterprise and wholesale customers. It further aims to
keep up with increasing subscriber expectations in today's
market and to ensure a "first time right" customer experience.
It organises the current business fulfillment processes,
applications and information to improve the customer
relationship management by improving service and resource
management in an organised environment. The fulfillment
operational model identifies main business processes and
functions required to fulfill the service delivery and clearly
demarcates the responsibilities of different operational teams
to carry out those functions. The SLT Service Fulfillment Centre
has been formed as the interface between relevant customer
relationship management teams and service and resource
operations teams in order to provide a better end to end
service delivery path with a dedicated team located centrally
for service fulfillment.

Business Partners

Our progress requires the support of our business partners
and how we interact with them forms an important part
of our business processes. We work with over 2000 local
suppliers and over 125 foreign suppliers each year and have
set in place policies and procedures to ensure that there is
greater transparency in evaluation of tenders and proposals
to strengthen the selection process. All SLT purchases go
through a meticulous and competitive tendering process. The
current procurement strategy adopted by SLT is the optimum
cost method of acceptable quality levels of products and/or
services.

e-Tendering system

e-Tender and supplier ranking criteria were key initiatives that
were improved this year to streamline our tender process.
e-Tendering is aimed at shaping the procurement activities of
SLT to a higher degree of efficiency, convenience, information-
rich and information sharing. In line with the e-Tender
architecture, SLT invites proposals or quotations from suppliers
for tenders. Proposals and quotations can be submitted online
or offline as specified in the tender documents. This initiative has
enabled us to create a paperless system for tenders contributing
to lean consumption within the organisation and enhancing
productivity. The vendor ranking criteria which include delivery,
compliance with specifications, financial considerations,
communication, after sales service and other considerations
have also improved. This adds greater transparency to the
process and captures our experience.

Benefits to Suppliers

SLT recognises that our suppliers may be exposed to risks that could substantially impact their profitability and liquidity in the present economic conditions. Therefore we have provided specific concessions to enable them to hedge such risks which include considering prevailing rates at the London Metal Exchange on date of placing order for copper cables and the linking of contract prices to USD rates. Additionally, the benefits received due to healthy long term relationships with suppliers are passed down to customers.

Governance

Sri Lanka Telecom has established Corporate Governance procedures which are described in the Corporate Governance Report. An executive Governance Board (GB) structure was strengthened, in which the Strategic Governance Board (SGB) is accountable for the Board of Directors while all other functional GBs report to SGB. The Governance Secretariat was formed to coordinate all GBs. Each Governance Board has its own Terms of Reference which covers the Mission, Objectives, Members and other guidance notes which are approved by the Governance Secretariat. The new structure is expected to facilitate better project management and efficient resource utilisation.

More information on the corporate governance structure and practices can be found in the Corporate Governance section of this report.

"We deliver high quality IP based services through our experienced and knowledgeable work force."

Social Dimension
Employees

Sri Lanka Telecom has one of the country's largest talent pools comprising 6,000 permanent employees who serve islandwide supporting the backbone of the country's telecommunication systems. We recruited 35 new team members in 2012 for new jobs created to meet our strategic business needs contributing to an overall growth in our talent pool in 2012. We have 33 unions which represent the interests of 99.99% of our employees with whom we work together to achieve our strategic goals.

A highly motivated and engaged team with the right skills and attitude is necessary to succeed as a service organisation and our rankings in prestigious business indices, awards and accolades are testimony to the strength of our team at SLT. It is a team that celebrates diversity in geography, gender, race, religion and political views that come together to make a stronger organisation which progresses through respect for each other's values, the best of which are encapsulated in the policies and procedures that are in place for governance of the HR function. There is transparency and consistent application of policies and collective agreements where workers' rights are upheld to a very high standard.

Enabling Environment, Equality and Diversity

Sri Lanka Telecom is an equal opportunity employer adhering to relevant ILO standards, statutory regulations and best practices in HR Management. The principle of equality underlies key HR functions across gender, religion and ethnic origin in an environment where meritocracy prevails in determining career progression, benefits, remuneration and other rewards for performance. Our strong policy framework provides the foundation for an enabling work environment that is ethical and responsible where workers are empowered to function according to their roles. It also provides for a workplace that is free from harassment and discrimination with formal grievance handling and disciplinary procedures in place in case of exceptions. The digital connectivity provided and automated systems enhance the performance of a technically oriented talent pool who are looking to push boundaries in the rapidly evolving communication technology inextricably woven with the prosperity of our country.

SUSTAINABILITY REPORT

Our strong policy framework provides the foundation for an enabling work environment that is ethical and responsible where workers are empowered to function according to their roles.

Improving Employee Experience

We continued our Company transformation that began in 2009 with the launch of our brand identity "One Country, One Voice" in 2011. This builds on the strong platform of HR practices already in operation to ensure that our talent pool is actively engaged in pursuance of corporate objectives. Performance related pay for executives, annual performance reviews, codes of conduct, international best practices and collective bargaining through trade unions are all interwoven in to the rich tapestry of corporate culture at SLT.

Award schemes were continued to inspire and motivate staff and to recognise their efforts in driving the performance of the Company. Accordingly, the 'Star Awards' were held for the SLT Contact Centre staff and 'Sales Excellence Awards' were held for the Sales Staff. Also the 'Collection Awards' and
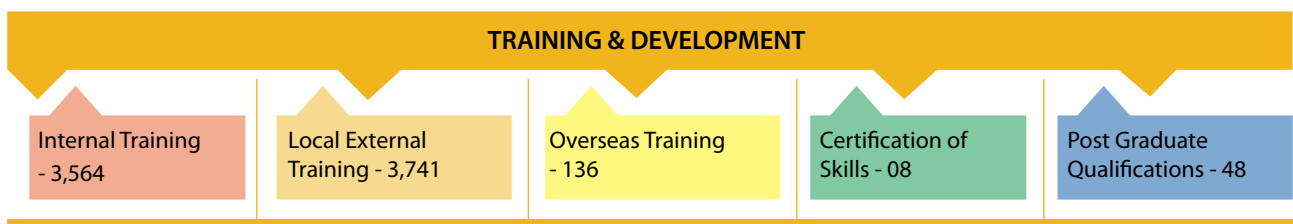
'Service Excellence Awards' were held for billing & collection, service delivery teams respectively, to recognised best and performance among staff. We are encouraged with the results and enthusiasm generated from award schemes and plans to roll out the concept to other areas of the business as well.

The SLT Quality Competitions were held during the year with the concept of Quality Teams to influence employees to work in teams to solve problems identified by Management using shared experiences of team members as well as Quality Circles tools and a formal problem solving approach.

Employee competency matrices have been introduced to ensure that employees and line managers are equally aware of the skill levels expected at their present jobs and also the skills required for career progression.
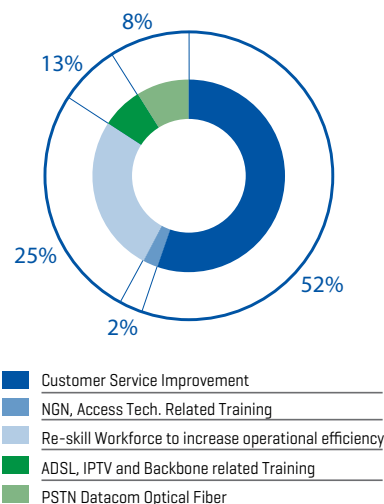
Training & Development

Aligning performance, career development, training and personal development has been a key goal embedded in our core strategy. Training requirements are identified during annual performance evaluations, through the Annual Business Planning process, project formulation stages of special or future projects and through special requests by line managers. An extensive training calendar is planned based on the requirements identified and implemented by the Training & Development division through four dedicated Training

TRAINING & DEVELOPMENT

| Internal Training - 3,564 | Local External Training - 3,741 | Overseas Training - 136 | Certification of Skills - 08 | Post Graduate Qualifications - 48 |

No. of Participants

	Achievement	Training Weeks
Technical	1,618	657
Datacom	239	138
IT	1,071	395
Management	389	130
General	247	72
Overall	3,564	1,392

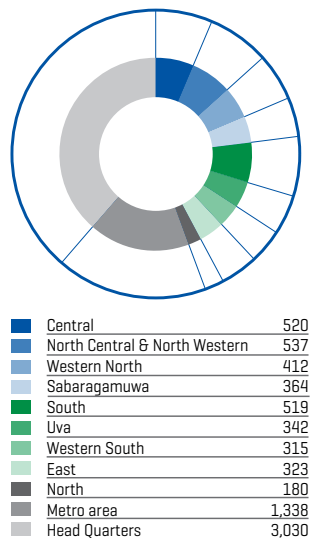Training Distribution - 2012

- 8%
- 13%
- 25%
- 2%
- 52%

- Customer Service Improvement
- NGN, Access Tech. Related Training
- Re-skill Workforce to increase operational efficiency
- ADSL, IPTV and Backbone related Training
- PSTN Datacom Optical Fiber

"Front line staff participating in SLT Quiz programme, which provides a broad spectrum of the subjects at hand, while heralding an era of increased customer service levels."

Geographical Distribution of Total Staff

Central	520
North Central & North Western	537
Western North	412
Sabaragamuwa	364
South	519
Uva	342
Western South	315
East	323
North	180
Metro area	1,338
Head Quarters	3,030

Including company's permanent and other staff

Employee Category	Male	Female	Total
Senior Management	19	2	21
Middle Management	130	35	165
Executives	570	252	822
Non-Executive Staff	3,550	1,450	5,000
Total	4,269	1,739	6,008

Company permanent staff distribution and employee category

Centres located in Moratuwa, Peradeniya, Welisara and Galle. e-Learning is also available for employees in contact centre, sales and front offices on related topics. Additional external training courses are provided for employees who require specialist skills outside the curriculum of the internal training centres. We also provide overseas training for specialised areas identified in the Business Plan. Fees are reimbursed for

certification examinations obtained in areas relevant to work and we also encourage post graduate education through special education loans for Masters degrees, Post Graduate Diplomas and qualifications outside the Industrial Certifications scheme.

We trained 7,497 employees during the year in total and are delighted that our training targets were surpassed in 2012 with year on year improvements.

Benefits

Sri Lanka Telecom provides a wide range of benefits which are both monetary and non-monetary. These include special allowances for a wide variety of reasons, such as partial reimbursements of interest on housing loans and reimbursement of fees for related certification examinations and post graduate qualifications. Maternity leave of 84 working days can be extended with Child Care leave of one year inclusive of holidays on a no pay basis, to encourage women

Creating an online environment

SUSTAINABILITY REPORT

"Training and Development have taken many initiatives to uplift the competencies and capabilities of our staff during year 2012. Internal and external training workshops are conducted with aligning to training needs"

to remain in the workforce at SLT. We also have seven holiday bungalows which can be booked by staff for holidays at concessionary rates. These bungalows are located at Havelock Town, Bandarawela, Namunukula, Anuradhapura, Kandy, Sigiriya and Nuwara Eliya.

Industrial Relations
Industrial relations highlights about 33 unions and 12 (1) agreement.

SLT management signed an MOU with SLT Unions under the clause 12(1) of the Industrial Dispute Act in the presence of the Labour Commissioner in August 2011 and continued awareness programmes on Collective Agreement and Collective Bargaining for union leaders, arranged for the purpose of signing a collective agreement with them in the year 2012. Awareness programmes on business realities were also conducted for trade union leaders.

Further negotiations are being held with trade union leaders for signing a collective agreement in order to ensure industrial peace within the Company.

For a new trade union to be recognised by the management, a circular was published with information regarding the required percentage of membership representation. Management has been able to comply with the conditions of the 12(1) agreement which was entered into between management and trade unions.

Grievance Handling and Disciplinary Procedures
A formal grievance handling procedure is in place which allows employees to even go to the Chairman / CEO of SLT if he / she is not satisfied with the solutions provided. More emphasis on adhering to this procedure in a more effective manner was addressed during the year 2012.

Health & Safety
As a responsible corporate citizen, we take a proactive approach to promote the safety and well-being of our employees and others who may be impacted by us. We adhere to a robust Health & Safety regime that is supported by established policy guidelines and best practices.

The health and safety of our employees is given significant attention as they spend a considerable time of their lives in

Contact Centre - Annual Star Awards ceremony

SLT badminton championship

the workplace. Much attention is given to prevention which is our first line of defence and we use a number of platforms to create awareness amongst our employees of health and safety issues and best practices by addressing these.

Prevention of issues is our primary goal and we devote much time and effort to ensure that there is coverage of relevant topics for our employees' physical and mental wellbeing. Seminars during 2012 covered topics such as early pregnancy problems, screening for fatal abnormalities & early detection of gynecological cancers, gastritis and bowel disease, diabetes, stroke prevention, personal nutrition management, heart disease prevention and hearing and speech which were conducted by consultants in the relevant specialisations. We also held several programmes on First Aid, Work Life Balance and fire safety during the year.

Our health & safety Newsletters and emails covered ergonomics for computer users, fire safety, first aid, lightning hazards, dengue prevention, precautions during floods, planning for workplace emergencies, precautions for lightning, stroke prevention and preventing water borne diseases.

SLT Safety Week was held from 15th to 19th October to coincide with the National Safety Week to inculcate a safety culture among employees ensuring a healthy workforce that is capable of delivering a high level of customer service. The Health & Safety week commenced with a health awareness programme followed by a poster campaign on general health and safety, a safety quiz conducted through the e-Learning system and two practical safety programmes that were conducted in Batticaloa and Trincomalee. All employees were encouraged to participate in these programmes. Our staff benefits include annual health checks for all employees at identified facilities where we have specific arrangements in place through the Suwatha Programme.

Community

Technology connects people and communities changing the way we interact with each other and impacting our lifestyles. It enables us to leap frog generations of organic growth to an era where there is greater equality in knowledge and ability. By investing in Next Generation Technology we are fulfilling our promise to the community of providing enabling platforms. However, we also look beyond this to ensure that progress in the digital sphere is achieved whilst upholding our cultural values, appreciating our arts and a celebration of human physical achievement through encouragement of sports.

Education

We believe that technology holds the key to social equality through cost effective education and ensure that all students have access to high quality education. Technology also has the

The promise:
Healthy work environment.

The delivery:
Improved productivity by preventing and controlling all forms of industrial accidents and diseases in order to ensure overall safety and health at SLT.

ability to transform the way students engage in the process of learning making it more interactive and experiential. Globally education is changing rapidly as more content and examinations are made available online. All three platforms of internet, mobile and television are yet to be exploited to their full potential in this important field and we look to drive the change in Sri Lanka through providing enabling platforms for visionary educators to use in shaping the future of our youth. This is our most significant contribution to supporting education and we take a proactive approach in encouraging educational institutions to be part of the change that is happening globally. At present we support online education through initiatives such as connecting universities (LEARN), connecting schools (SchoolNet) and vocational training institutes, National Online Distance Education Service (NODES) and rural ICT Centres (Nenasala).

We also sponsor exhibitions that showcase ICT developments as it is vital for our workforce and for aspiring students to understand how technology is transforming the world we live in. Accordingly we sponsored Techno 2012 and the 30th National Information Technology Conference (NITC) organised by the Computer Society of Sri Lanka.

Sri Lanka Telecom has been collaborating with the Asia Foundation to provide high quality text books supporting a broad range of subjects to schools, universities and public libraries for ten years. The objective of this programme is to ensure that students have access to knowledge in an easily accessible form within their local communities to promote learning and English Literacy. All books provided are in English, sourced from the USA and from publishers of repute. This year SLT, together with Asia Foundation donated 122,414 books to 864 libraries in 25 districts in the country. The books ranged from primary education texts to tertiary education texts enabling students to learn in diverse subject areas ranging

SUSTAINABILITY REPORT

Staff awareness on future focused business plan

SUMMARY OF DISTRICTWISE BOOK DISTRIBUTION	NO. OF BOOKS
Ampara	8,472
Anuradhapura	6,205
Badulla	5,541
Batticaloa	3,693
Colombo	37,940
Galle	8,043
Gampaha	4,088
Hambantota	1,225
Jaffna	8,877
Kalutara	5,594
Kandy	6,801
Kegalle	3,306
Killinochchi	2,101
Kurunegala	1,340
Mannar	1,898
Matale	458
Matara	694
Moneragala	1,315
Mullaitivu	2,162
Nuwara Eliya	3,163
Polonnaruwa	2,088
Puttalam	1,488
Ratnapura	2,234
Trincomalee	1,634
Vavuniya	2,054
TOTAL	122,414

from Biology to Arts. We are committed to supporting this programme in the future as well and look to cover all districts in the coming year.

Professionalism

SLT sponsors conferences of professional bodies to promote greater sharing of knowledge and highlight how technology enhances the capability of a professional. Such conferences ensure that professionals in Sri Lanka are globally relevant and provide a forum to debate and discuss current topics providing useful insights into possible solutions, their pros and cons. We also sponsor awards and competitions to promote specific areas of excellence within the profession.

Empowering National Enterprise
Deyata Kirula 2012

Our support to the national agenda of developing all areas of the country is demonstrated through our partnership of the Deyata Kirula exhibition, focusing on empowering rural communities to develop and contribute to the macro

SLT Manpower Solutions (Pvt) Ltd conferred with the Award for "Best HR Strategy in line with Business" at the 3rd Asia's Best Employer Brand Awards 2012 held on 19th of July 2012 in Singapore.

Conference	Professional Body
CIMA Annual Conference	Chartered Institute of Management Accountants, UK
National HR Conference	Institute of Personnel Management
ICA Annual Conference	Institute of Chartered Accountants of Sri Lanka
Regional Conference and National Project Management Excellence Awards 2012	Project Management Institute
SLIM Pull Forum	Sri Lanka Institute of Marketing
CIM Annual conference	Chartered Institute of Marketing, UK

"The SLT 2013 calendar focuses on the Rush & Reed Craft of Sri Lanka, as it is a unique craft that has been passed down from generation to generation and holds pride of place in Sri Lanka's legacy of handicrafts."

economy. Sri Lanka Telecom continues to be an integral partner of Deyata Kirula, with the goal to empower the community through ICT enablement, as evidenced through our investment in improving telecommunication infrastructure in the Moneragala district and Anuradhapura district in year 2011 and 2012 respectively. Currently, SLT's development plans are being implemented in the Ampara district which will host Deyata Kirula in 2013.

Heritage

Sri Lanka has a proud heritage that has been enriched with feats of engineering, healing, visual and performing arts which have enriched our lives through generations. Our country is also home to one of the top 25 bio diversity hotspots with many endemic species of flora and fauna. Sri Lankan culture, as with most ancient cultures, has a marked respect for nature's bounty and progress made in science complemented nature in recognition of the need to preserve our fragile eco systems. Art forms thrived on natural themes reflecting appreciation of the surroundings and the co-existence of the people through song, dance, carvings and paintings. Our traditions and rituals also reflect the respect for the balance of nature. Generations of healers, artists and craftsmen have had their craft passed down to them through their ancestors and communities which are unique to Sri Lanka.

Heritage Themed Complimentary items

In recognition of the need to preserve our rich heritage, Sri Lanka Telecom embarked on a project in 2001 to produce our calendars and complimentary items on themes from our heritage including arts, culture and bio-diversity. The primary objective of this is to raise awareness amongst the general public on the importance of preserving our rich heritage for future generations. Past themes have included Endemic birds of Sri Lanka [2003], Endemic orchids of Sri Lanka [2005] Kolam masks of Sri Lanka [2006], Endemic fresh water fish of Sri Lanka

[2007] Gok Art of Sri Lanka [2008], Endemic butterflies of Sri Lanka [2009], The Heritage of Sinharaja [2010], Rediscovering hidden heritage [2011] and Drums of Sri Lanka [2012].

Our calendar for 2013 focuses on the Rush and Reed Craft of Sri Lanka which is an ancient art that has been developed over thousands of years. The intricate patterns woven into utility items such as mats, baskets and wallets etc. are inspired by nature and require careful planning using mathematics and geometry. The artist's skill is reflected in the colourful items that are made from natural materials such as gal aha, thulhiriya, palm leaves and pandanus that are coloured using mostly pigments extracted from plants and trees. It is important to preserve this industry due to its impact on the economy, environment as well as culture or traditions. For example, some varieties of rush have the ability to purify the soil by their ability to remove harmful chemicals from it. Furthermore, the industry provides an economic reason for continued growth of these important links in our eco systems and a craft that reflects our culture to enrich the growing tourism industry.

Jana Gee Tharuwa Wee competition

During the Sinhala and Tamil New Year season, a competition was launched to celebrate Sri Lankan Folk Songs (Jana Gee) which combined the heartsongs of our people handed down over generations with SLT Interactive Voice Recognition services. The competition was open to anyone who could call in using SLT Megaline or an SLT Citylink telephone to submit the folksong which could be in Sinhala or Tamil. We received 44, 000 folk song submissions from contestants who were mainly students. This was encouraging as it demonstrated that they too were interested in engaging in the preservation of our culture. Winners were selected by an eminent panel of judges at a grand finale held at BMICH and were awarded generous cash prizes.

SUSTAINABILITY REPORT

Our technical skills were used to develop e-directories and the Ministry's official website as part of our project to promote indigenous medicine and Ayurveda.

As a socially responsible entity, SLT RAINBOW PAGES annually selects a local industry which has a national interest to be promoted in order to increase its value among general public as well as the stakeholders in the industry. In the year 2012, we selected indigenous medicine as the industry to be made popular during the year. As such, all our resources were used to promote this industry during the year 2012.

Accordingly the SLT RAINBOW PAGES 2012 directory cover consisted of Ayurvedic images as part of our strategy to communicate the message to general public. To stimulate the indigenous medicine usage, there were several articles about herbal plants, Ayurvedic treatments, Ayurvedic simple remedies etc.

Apart from the print directory, our other simultaneous products such as CD, e- directory, website etc., also carried important information on indigenous medicine and Ayurveda to the local as well as the global market.

To promote the industry we worked together with the Ministry of Indigenous Medicine and other groups and organisations related to this industry. Our technical skills were used to develop e-directories and the Ministry's official website as part of our project to promote indigenous medicine and Ayurveda. By supporting such a socially and nationally valuable industry, the demand, value and popularity of the directories began to increase.

The theme for the year 2013 is the vibrant Gem & Jewellery Industry of Sri Lanka.

Ayurvedic images of SLT RAINBOW PAGES 2012 directory

SLT RAINBOW PAGES National Directory Theme
SLT RAINBOW PAGES has been in the forefront of providing timely and accurate information to the nation as the only business directory now circulating in Sri Lanka.

The Company's contribution to "Books for Asia" progamme in Sri Lanka

The first house was built under the "Sihina niwasa" housing project by SLT Manpower Solutions (Pvt) Ltd at Pugoda during 2012 for Mr. A M Jayasundara, an employee of the company.

Arts & Culture

Arts and Culture are important aspects of society as they enrich the lives of people and provide a medium for expression and communication without language barriers. It is important to ensure that Sri Lankan arts and culture is appreciated by present generations, preserved and also progressed to ensure relevance in modern society. It is equally important to ensure that we explore other cultures and appreciate their arts as we integrate to become citizens of the world.

Sports

The importance of sports in promoting peace and harmony is one that has been used by great leaders of our time and throughout history. This important aspect has the ability to unite people under one banner cutting through social and economic inequality. We contribute to this vision by uplifting and encouraging local sporting talent and athletes through the sponsorship of sporting events, bodies and sports men / women and contingents.

Other

We have carried out a number of community projects which have fulfilled specific needs in the community we operate in and some of these are listed below. The majority of these projects were initiated by our employees who volunteered their time and efforts to achieve a successful outcome.

- Bi-annual blood donation programmes - SLT conducts blood donation programmes twice a year, with the help of the Blood Bank. Many employees have even donated blood more than 20 times during their service at SLT.

- Hope for less fortunate children – Employees of SLT volunteered of their time to visit several orphanages and schools in order to build relationships with the children to help meet their psychological and emotional needs and to instill in their hearts the assurance that they are valued, respected and loved. These programmes involved spending time with the children over refreshments, presenting them small gifts, distributing books in collaboration with Asia Foundation as well as other entertainment programmes. These programmes were all funded by the employees of SLT.

- Relief in times of natural disasters – SLT is prompt to respond in times of natural disasters and also encourages employees to actively contribute to relief efforts. During the heavy flooding experienced during the latter part of 2012, SLT and its employees came together to provide relief to affected victims by way of contributions such as cash donations and dry rations.

Environmental Dimension

Our products enable people and businesses all over the world to reduce local and international travel everyday whilst remaining connected to loved ones or opportunity, thus enabling reduction of the carbon footprint of all mankind. This is the telecom industry's greatest contribution to the environment although it is difficult to measure. We are also mindful of the necessarily large footprint the organisation makes in providing enabling technologies and strive to manage and minimise it as part of our business processes as there are substantial benefits to be gained as a result of lean consumption and waste management. Inculcating the concepts of sustainability in this manner ensures that there is continuity of measures taken to identify, monitor and manage the key issues as part of the business objectives of the Company, an imperative for continued action on sustainability. Employees are engaged in these initiatives by educating field staff on minimising environment pollution and damages including minimising the cutting down of trees and finding alternative ways of carrying out daily activities such as cabling etc. without harming the existing geographic landscapes. Educating employees on environment pollution and its threat to life as well as educating and encouraging ways of minimising wastage through SLT's bi-monthly magazine Amathuma, emails, posters and seminars is an ongoing programme. As a responsible corporate citizen we are aware that there is more that needs to be done and are inspired to push the boundaries by our achievements so far.

Energy Management

Energy management is a strategic imperative as there is tremendous potential for savings in this vital area. It is the focus of a separate division who are mandated to ensure that SLT manages energy in a responsible way to meet its strategic needs. SLT also endeavours to make technological changes to protect the environment and reduce energy use by adapting to new technologies such as Next Generation Networks (NGN) and also low power consumption technology such as Passive Optical networks (PON) and also minimising damages on environment. The most significant initiatives implemented during the year are discussed below.

SUSTAINABILITY REPORT

"We received 44, 000 folk song submissions from contestants who were mainly students. This was encouraging as it demonstrated that they too were interested in engaging in the preservation of our culture."
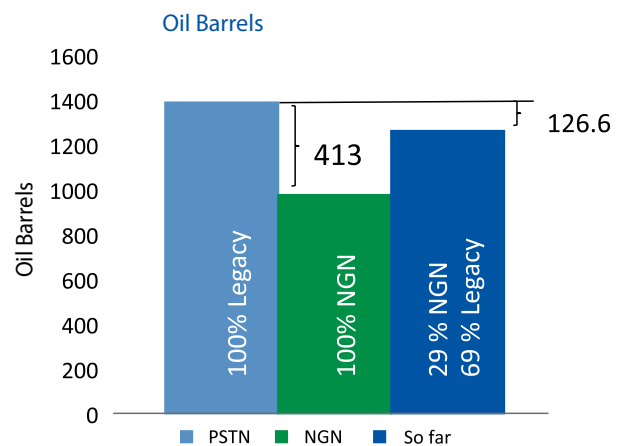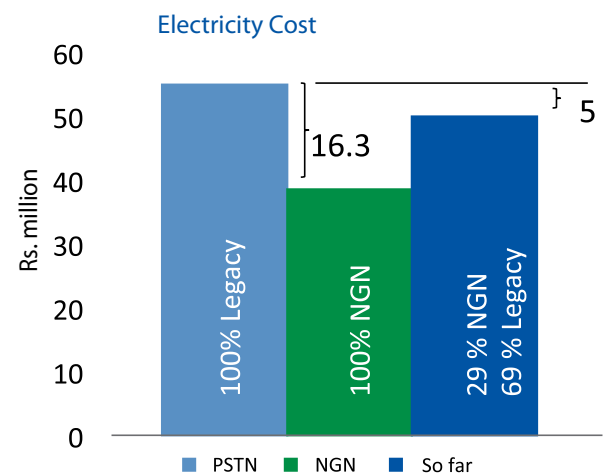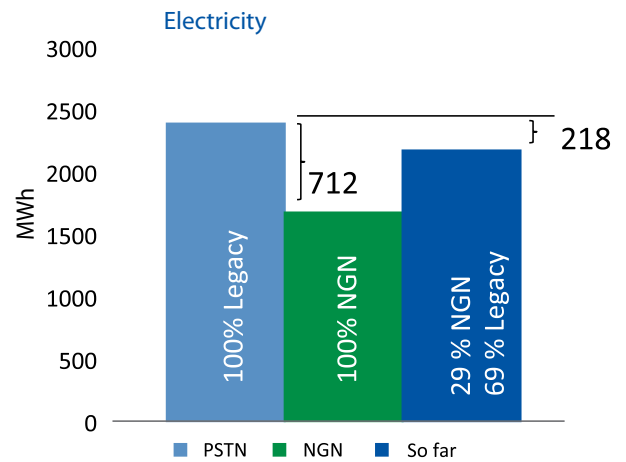
Next generation technology

We have completed the migration of all international circuits from three legacy TDM international gateways into fully softswitch architecture featuring two modern switches. This leads to high levels of redundancy, improved performance and monitoring and tremendous savings on energy as estimated below. The savings were estimated by computing per subscriber monthly energy consumption from sample measurements on CDMA BTS, legacy & NGN exchanges and using these to calculate weighted average monthly consumption for CDMA, legacy and NGN Systems. A fixed ratio of 29% NGN and 69% Legacy subscribers (the current status of the project) was used for the computations indicated in green.
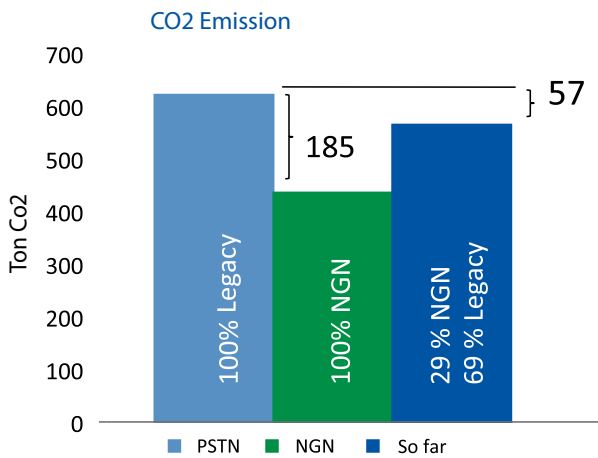
Maximum utilisation

A new fuel management system was introduced in the first half of the year which reduced fuel consumption by 126.6 oil barrels during the year.

Minimum impact

A new policy on Deployment of Power Plants at SLT was introduced in order to establish a clear policy on deploying and managing all power plants within SLT. The aim of this is to save energy costs and to help reduce damage to environment from unnecessary energy usage and leverage the benefits from

Electricity

MWh

100% Legacy — PSTN
100% NGN — NGN
29 % NGN 69 % Legacy — So far

712
218

Electricity Cost

Rs. million

100% Legacy — PSTN
100% NGN — NGN
29 % NGN 69 % Legacy — So far

16.3
5

Oil Barrels

Oil Barrels

100% Legacy — PSTN
100% NGN — NGN
29 % NGN 69 % Legacy — So far

413
126.6

CO2 Emission

the NGN migration associated with the i-Sri Lanka programme. Highlights of the initiatives are:

- The standard minimum temperature maintained
- Replace all conventional type rectifiers currently in use before end 2013. All new installations should be energy efficient type, and able to be controlled, monitored and supervised remotely.
- Other projects for saving energy include a proposal for natural lighting at the Peliyagoda stores complex, replacing of CRT monitors with LCD monitors and improving lighting efficiency through use of LEDs, T5 retrofit tubes and occupancy sensors which are expected to save approximately Rs.5.7 million annually.

ENVIRONMENTAL DIMENSION

Energy Management

Waste Management

Eco Systems
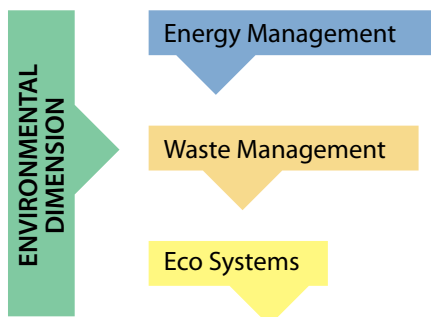
Waste Management

We work with the Central Environmental Authority, Local Government Authorities, Wildlife Department, Forest Department and the Geological Department to ensure compliance with regulations as we expand our network islandwide. A team of staff are appointed to overlook the environment management of the Company which includes the proper usage of resources etc. The following actions are also taken to ensure that we minimise our impact on the environment:

Air emissions

We use only approved refrigerants for air conditioners and ECO tests is followed for air emissions. Additionally, SLT workshop uses AC gas recovery system made by employees to reduce air emissions by vehicle air conditioners.

Liquid Effluents

We minimise liquid effluents used in new projects and during maintenance activities. A water treatment plant has been implemented at the SLT Vehicle Service Station for which CEA approval has also been obtained. Maintenance free batteries are used in new projects and replacements (SMF batteries), and Ph value is balanced before disposing of battery acids. We also retreat exhaust from the vehicle servicing plant at Peliyagoda.

Hazardous waste

SLT does not use high power broadcasting transmitters in our towers and use sound proof generators to minimise sound pollution. We have implemented a programme of converting existing machines to become sound proof and a policy to purchase only sound proof machines in the future. Employee awareness in microwave operations and maintenance has been increased through awareness programmes. We also provide e-waste bins at SLT Teleshops to enable customers to dispose of electronic items in a green manner.

SUSTAINABILITY REPORT

Solid waste

Equipment vendors and suppliers are strictly advised to recover solid waste and follow proposed dismantling procedures at the end of projects - packaging, polythene, safety cushions etc. Solid waste is categorised and issued for recycling:

- Paper – given to the paper corporation
- Furniture – given to manufacturers and users if reusable
- Metallic waste – given over for recycling purposes
- Solid waste –Toner cartridge collecting bins organised and distributed to all island wide SLT offices.

- Creating awareness among customers, and business partners - SLT has incorporated the following practices in to its operations to encourage compliance with the Company's environmental policy.
- Suppliers - The e-tendering process encourages suppliers to comply with SLT's organisation policy
- Customers - Online bill payments reduce the printing of receipts and thus reduces paper wastages. Time and fuel wasted in travelling to a payment location is also reduced. SLT encourages customers to make payments using the online bill payment facility.
- The introduction of the Conference Call facility encourages customers to avoid wasting excessive amounts of time / fuel etc. in travelling to hold meetings and discussions and contributes indirectly to the environment.

The promise:
To make the planet a better place.

The delivery:
Our products enable people and businesses all over the world to reduce local and international travel everyday whilst remaining connected to loved ones or opportunity, thus enabling reduction of the carbon footprint of all mankind.

e-Waste Management

e-Waste collecting bins have been placed in all the SLT premises to collect all the electronic wastes such as; telephone instruments, mobile phones, batteries, etc. in partnership with the Central Environment Authority.

Eco Systems

Preservation of eco systems is vital to the future of the planet and we aim to highlight this important fact through our corporate complimentary items, calendars and other gifts.

As dengue has claimed many lives in epidemics that are preventable, we held Shramadhana (volunteer) campaigns to prevent the breeding of dengue mosquitos through cleaner environments. This was carried out in June and July 2012 under the instructions of the Medical Officers of Health. Different sections were assigned different areas of the premises to inspect and clean during the allotted time to ensure the working environment is free from dengue mosquitos.

GRI INDEX

G3.1 Content Index - GRI Application Level C			
STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
Profile Disclosure	Disclosure	Level of Reporting	Response/Location of disclosure
1.1	Statement from the most senior decision-maker of the organisation.	Full	Pg 8 - 13
2. Organisational Profile			
2.1	Name of the organisation.	Full	Pg 2, 114
2.2	Primary brands, products, and/or services.	Full	Pg 4, 91
2.3	Operational structure of the organisation	Full	Pg 112, IBC
2.4	Location of organisation's headquarters.	Full	IBC
2.5	Number of countries where the organisation operates	Full	Sri Lanka
2.6	Nature of ownership and legal form.	Full	Pg 112
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Full	Pg 89, IBC
2.8	Scale of the reporting organisation.	Full	Pg 112
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Full	No significant changes
2.10	Awards received in the reporting period.	Full	Pg 83 - 84
3. Report Parameters			
3.1	Reporting period	Full	1st January to 31 December 2012
3.2	Date of most recent previous report	Full	February 2012
3.3	Reporting cycle	Full	Annual
3.4	Contact point for questions regarding the report	Full	Mrs.Vijitha Ratnayake Deputy Chief Corporate Officer vijitha9@slt.com.lk Mr. Lal Ranjith - CCO sklal@slt.com.lk
3.5	Process for defining report content.	Full	Pg 85
3.6	Boundary of the report	Full	Pg 85
3.7	Any specific limitations on the scope or boundary of the report	Full	Pg 85
3.8	Basis for reporting on joint ventures, subsidiaries, etc	Full	Pg 85
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Full	Changes due to IFRS explained in Notes to Accounts
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Full	No significant changes
3.12	Table identifying location of Standard Disclosures	Full	Pg 105 - 109
4. Governance, Commitments, and Engagement			
Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
4.1	Governance structure of the organisation	Full	Pg 72
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Full	Pg 72. Chairman is non-executive
4.3	The number and gender of Board members and their roles (independent and/or non-executive)	Full	Pg 31 - 33
4.4	Mechanisms for shareholders and employees to provide recommendations to Board	Full	Pg 77
4.14	List of stakeholder groups engaged by the organisation.	Full	Pg 80 - 104
4.15	Basis for identification and selection of stakeholders with whom to engage.	Full	Pg 80 - 104

GRI INDEX

Indicator	Disclosure	Level of Reporting	Location of disclosure
STANDARD DISCLOSURES PART III: Performance Indicators			
Economic			
Economic performance			
EC1	Direct economic value generated and distributed	Full	Pg 83
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change. ``	Partial	Pg 101 - 103
EC3	Coverage of the organisation's defined benefit plan obligations.	-	-
EC4	Significant financial assistance received from government.	-	-
Market presence			
EC5	Range of ratios of standard entry level wage by gender	-	-
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-	-
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	-	-
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	Partial	Pg 97
EC9	Understanding and describing significant indirect economic impacts	-	-
Environmental			
Materials			
EN1	Materials used by weight or volume.	Partial	Pg 102 - 103
EN2	Percentage of materials used that are recycled input materials.	-	-
Energy			
EN3	Direct energy consumption by primary energy source.	-	-
EN4	Indirect energy consumption by primary source.	-	-
EN5	Energy saved due to conservation and efficiency improvements.	Full	Pg 102 -103
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and resultant reductions in energy requirements	Partial	Pg 102 - 104
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partial	Pg 104
Water			
EN8	Total water withdrawal by source.	-	-
EN9	Water sources significantly affected by withdrawal of water.	-	-
EN10	Percentage and total volume of water recycled and reused.	-	-
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity	-	-
EN12	Description of significant impacts of activities, products, and services on biodiversity	-	-
EN13	Habitats protected or restored.	-	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	-	-
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Partial	Pg 102 -103
EN17	Other relevant indirect greenhouse gas emissions by weight.	-	-

Indicator	Disclosure	Level of Reporting	Location of disclosure
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	Pg 102 -103
EN19	Emissions of ozone-depleting substances by weight.	-	-
EN20	NOx, SOx, and other significant air emissions by type and weight.	-	-
EN21	Total water discharge by quality and destination.	-	-
EN22	Total weight of waste by type and disposal method.	-	-
EN23	Total number and volume of significant spills.	Full	No such spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	No hazardous waste
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	-	-
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partial	Pg 105
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	-
Compliance			
EN28	Significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.	Full	No fines or sanctions imposed
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	-	-
Overall			
EN30	Total environmental protection expenditures and investments by type.	-	-
Social: Labour Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Full	Pg 94
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partial	Pg 94
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	-	-
LA15	Return to work and retention rates after parental leave, by gender.	-	-
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Partial	Pg 96
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	-	-
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Full	Pg 97
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	-	-
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Full	Pg 97
LA9	Health and safety topics covered in formal agreements with trade unions.	-	-

GRI INDEX

Indicator	Disclosure	Level of Reporting	Location of disclosure
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Full	Pg 94, 95
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-	-
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	-	-
Diversity and equal opportunity			
LA13	Composition of governance `bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partial	Pg 72, 95
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	-	-
Social: Human Rights			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	-	-
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening	-	-
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations	-	-
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	-	-
Freedom of association and collective bargaining			
HR5	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Full	No such operations/ suppliers identified
Child labour			
HR6	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Full	We adhere to ILO principles on child labour. No violations were reported.
Forced and compulsory labour			
HR7	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Full	No such operations or suppliers identified.
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	-	-
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Full	No such violations.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	-
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Full	No such grievences filed.

Indicator	Disclosure	Level of Reporting	Location of disclosure
Social: Society			
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes.	-	-
SO9	Operations with significant potential or actual negative impacts on local communities.	-	-
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	-
Corruption			
SO2	Percentage and total number of business units analysed for risks related to corruption.	-	100% All business units.
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	-	100%
SO4	Actions taken in response to incidents of corruption.	-	-
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	-	-
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	-
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes.	Full	Pg 77 - 78
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Full	No such fines.
Social: Product Responsibility			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	-	-
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Full	No such incidents reported.
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-	-
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	-
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	-
Marketing communications			
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	-	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	Full	No such incidents reported.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	-
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	-

CORPORATE INFORMATION

Name of the Company
Sri Lanka Telecom PLC

Legal Form
A public Limited Liability Company incorporated in Sri Lanka in September 1996 under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Limited Companies Act No.23 of 1987 and quoted on the Colombo Stock Exchange in January 2003.

Company Re registration Number
PQ 7

Stock Exchange Listing
1,804,860,000 Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

Registered Address
Telecom Headquarters, Lotus Road
Colombo 01

Board of Directors
Mr. Nimal Welgama - Chairman
Mr. Sandip Das
Mr. Chan Chee Beng
Mr. Jeffrey Jay Blatt
Mr. Shameendra Rajapaksa
Mr. Jayantha Dharmadasa
Mr. Kalinga Indatissa
Mr. Lawrence Paratz
Ms. Pushpa Wellappili

Auditors
KPMG (Chartered Accountants),
No. 32, Sir Mohamed Macan Makar Mw, Colombo 03.

Company Secretary
P W Corporate Secretarial (Pvt) Ltd

Credit Rating

Fitch Ratings
Foreign Currency Rating
Long-Term Foreign-Currency IDR: BB—
Long-Term Local-Currency IDR: BB—

National
Long-Term Rating: AAA(lka)

Outlooks
Long-Term Foreign: Currency IDR: Stable
Long-Term Local-Currency IDR: Stable
National Long-Term Rating: Stable

Standard & Poor's
Long term foreign currency – "B+" outlook stable
Long term local currency – "B+" outlook stable

Bankers
Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC
HSBC Bank
Hatton National Bank PLC
Sampath Bank
Standard Chartered Bank
Seylan Bank
Citibank N.A.
Nation Trust Bank
NDB Bank
Deutsch Bank

Name of Company	Holding	Principal Activity
Mobitel (Private) Limited	100%	Mobile telephony
Sri Lanka Telecom (Services) Ltd	100%	Providing total network solutions to Corporate and small business Customers.
SLT Hong Kong Ltd	100%	Point of Presence - (off shore subsidiary) Providing IP transit services
SLT Publications (Private) Limited	100%	Directory publication services
SLT Visioncom (Private) Limited	100%	IPTV support services
SLT Manpower Solutions (Private) Limited	100%	Providing workforce solutions
SKY Network (Private) Limited	99.89%	Wimax operations

Regional Telecom Offices

Ampara	Kalutara	Gampaha
Hatton	Polonnaruwa	Mannar
Matara	Baticaloa	Trincomalee
Anuradhapura	Kandy	Gampola
Havelock Town	Panadura	Maradana
Negombo	Chilaw	Vavuniya
Avissawella	Kegalle	Hambantota
Jaffna	Ratmalana	Matale
Nugegoda	Colombo Central	Wattala
Badulla	Kotte	
Kalmunai	Ratnapura	
Nuwara Eliya	Galle	
Bandarawela	Kurunegala	

Teleshops

Ambalangoda	Mount Lavinia	Lotus Road
Kandy	Embilipitiya	Slave Island
Matara	Kotte	Jaffna
Bandaragama	Negambo	Maharagama
Katunayake	Gampaha	Thangalle
Mathugama	Kuliyapitiya	Kaduwela
Bandarawela	Nittambuwa	Maradana
Kegalle	Homagama	Wattala
Mattakkuliya	Kurunegala	Kandy City
Beruwala	Piliyandala	Matale
Kiribathgoda	Horana	Wennappuwa
Monaragala	Liberty Plaza	Colombo - Fort
Biyagama	Puttalam	
Kilinochchi	Ja-ela	