

SUSTAINABILITY

INFORMATION SUPPLEMENTARY TO THE ANNUAL REPORT 2020/21



Diesel & Motor Engineering PLC
Annual Report 2020/21

SUSTAINABILITY PERFORMANCE

DIMO is a Sri Lankan public quoted company employing over 1,800 people. We understand that sustainability and governance are fundamental to our success and that these values must be integrated into our value chain as core elements of our overall corporate strategy. Therefore, we have adopted the best practices in sustainability and enterprise governance reporting.



Further information from the DIMO Annual Report 2020/21 can be found at:
<https://www.dimolanka.com/wp-content/uploads/2021/05/AR-2020-2021.pdf>



Supplementary information on governance is available at:
<https://www.dimolanka.com/wp-content/uploads/2021/06/Supplimentroy-information-governance-2021.pdf>

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STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

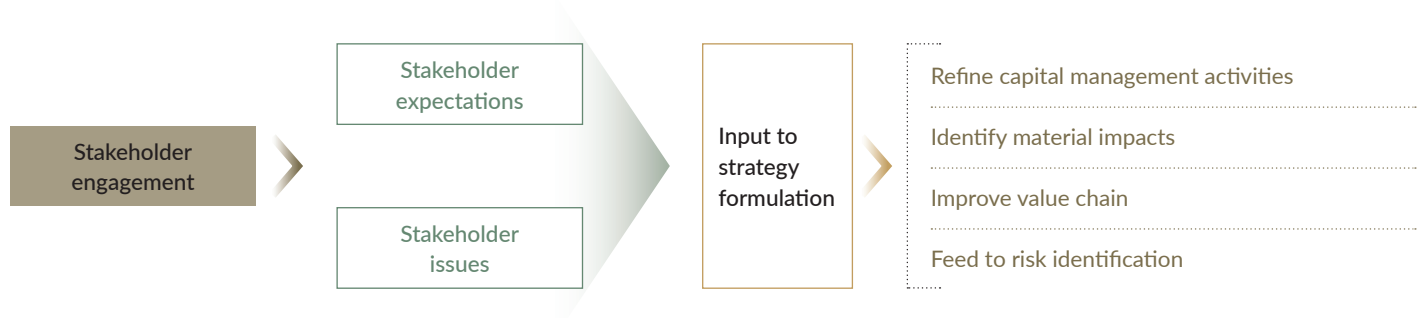
The stewardship role played by the Directors demands that the Company act responsibly towards stakeholders. The stakeholder engagement process identifies material stakeholder issues that must be addressed in our journey towards being a better corporate citizen.

Material Significance of Stakeholder Engagement

Stakeholders are the key providers of critical capitals to the Group that enable the Group to generate competitive sustainable value in the short, medium and long term. Feedback from stakeholders helps to gauge their opinion and to develop effective strategies for value creation. Their expectations and needs, which emerge from the engagement process, help us refine our products and services and deliver value to them.

The stewardship role played by the Directors demands that the Company act responsibly towards stakeholders. The stakeholder engagement process identifies material stakeholder issues that must be addressed in our journey towards being a better corporate citizen.

The illustration below explains how the outcome of stakeholder engagement enhances our strategies and value creation process.



Stakeholder Engagement in Practice

Our stakeholder engagement process involves three important steps as depicted in the diagram.

DIMO's Sustainability Committee together with the senior management closely monitors the stakeholder engagement process to ensure that it is conducted independently.

The process is further supplemented by our ISO accredited Quality Management System (QMS) and Environmental Management System (EMS), Social Accountability Management System and our Customer Relationship Management System.

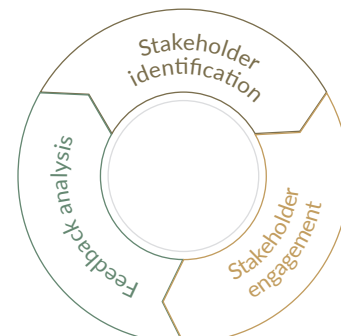
Stakeholder Identification

DIMO's stakeholders were identified by the Sustainability Committee following a comprehensive analysis of data independently obtained from various stakeholder groups.

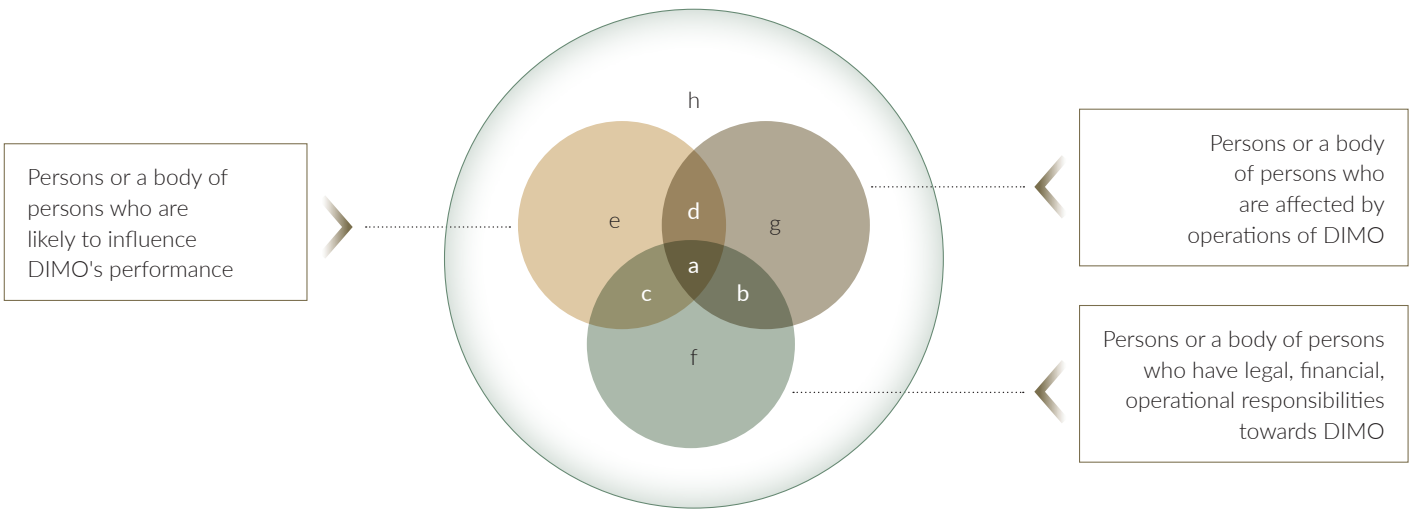
Those identified stakeholders are categorised into three groups based on their ability to impact our value creation or to be affected by our value creation. Three sets of stakeholders are then analysed against

each group using the following criteria to identify stakeholders that are material to our business:

- ⦿ Those who exhibited all three of the identified characteristics are regarded as the most important for engagement (a)
- ⦿ Those who exhibited two of the identified characteristics are regarded as the next most important for engagement (b, c and d)
- ⦿ Those who exhibited only one or none of the identified characteristics are not, as a rule, considered for periodic engagement. However, the Sustainability Committee may decide to include any party for periodic engagement. (e, f, g and h)



STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES



The stakeholder identification process is revisited every five years, to determine whether any new types of stakeholders should be included.

Stakeholder Engagement

Stakeholder engagement in practice takes place through a number of methods which vary from surveys to independent one-to-one interviews. The methods and frequency of the engagement are decided based on the nature and quality of the existing relationship with the stakeholders. An assessment of the quality of the relationships, methods we adopt to identify issues of each material stakeholder and the frequency of those engagements are detailed below.





Assessing the Quality of the Relationship

This scale represents our internal assessment on the quality of our relationships.

1	No existing relationship
2	Relationship established; more engagement required to improve quality of relationship
3	A value-generating connection has been established but there is room for improvement
4	Good-quality, mutually beneficial relationship with some room for improvement
5	Strong relationship of mutual benefit

Method of stakeholder engagement and frequency

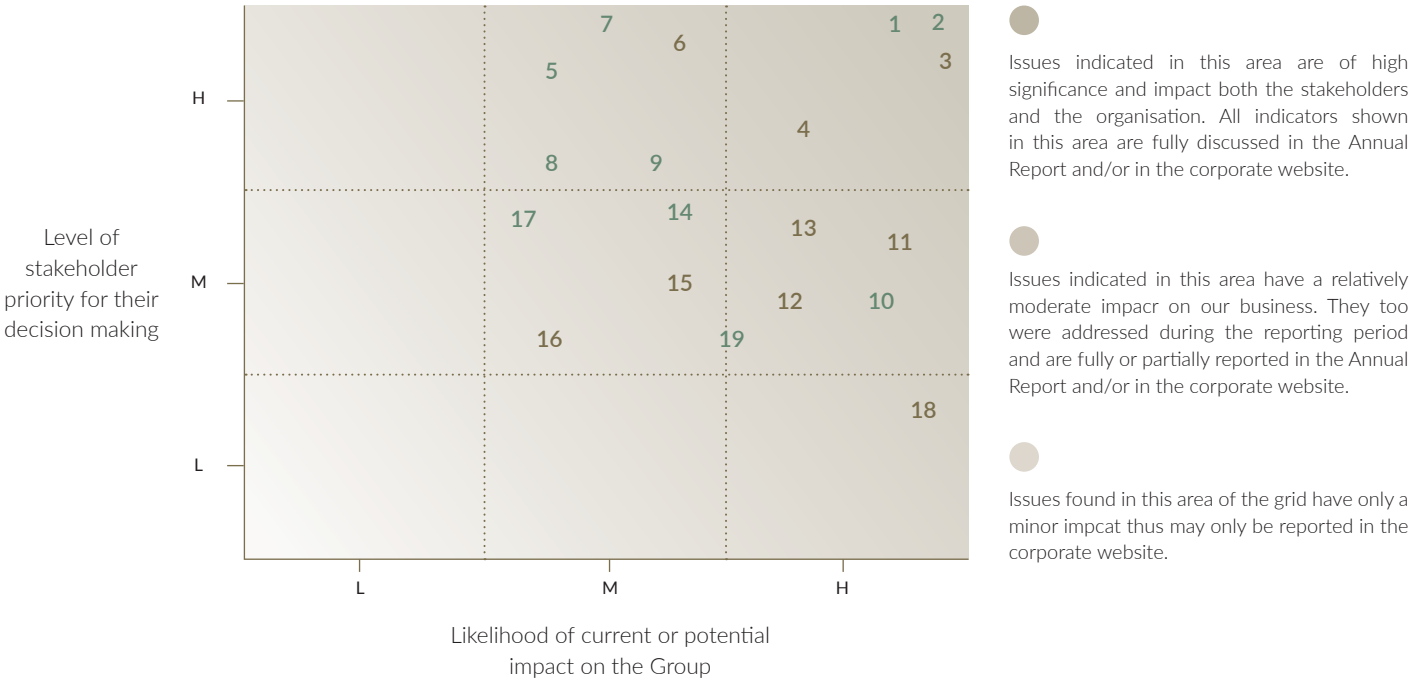
Stakeholder	Engagement Method	Frequency
Shareholders Financial capital providers and company owners. As a result, their expectations are central to what we do.	One-to-one interviews	Once in every 3 years
	Annual General Meeting provides an opportunity to review the past year's performance and engage in discussions with the management	Once a year
	Annual Report	Once a year
	Quarterly Financial Statements	Every quarter
	Company website	Online
	CSE website	Online

Stakeholder	Engagement Method	Frequency
 Customers Customers are our principal source of revenue and form part of our non-monetized capital. Their satisfaction is vital to our success.	One-to-one interviews Customer Relationship Management process (CRM) enables daily engagement with customers and helps to respond to customer queries and problems faster. Customer Satisfaction Index maintained by each business unit provides an assessment of satisfaction levels and helps to improve problem solving capacities of the Company Loyalty customer clubs (TATA Emperor, Mercedes-Benz Club & Jeep club) enable an opportunity to communicate with loyal customers.	Once in every 3 years 24 hours, 7 days Once a month/quarter Continuous
 Business Partners & Suppliers Business partners are a critical link in our supply chain and a part of our relationship capital.	One-to-one interview A high speed 24 x 7 online link enables constant dialogue with principals. Issues such as product quality, marketing, customer satisfaction, 'problem solving' and employee motivation are discussed on this platform. On-site visits from principals and on-site visits to principals' locations facilitate engagement.	Once in every 3 years Continuous Continuous
 Employees The key resource for competitive advantage and sustainable growth	Independent employee survey by a third party Direct engagements through a dedicated Facebook group (facilitate engagements when WFH is activated) Employee Council Meetings Employee Portal of the Company network accessible to every employee. Annual strategic planning meeting Company's 'Open Door' policy encourages direct employee – management dialogue Annual Employee Surveys - voluntary and confidential Individual Performance Reviews HR Clinics Employee reward and recognition	Annually Continuous Once a month Continuous Once a year Continuous Once a year Annual Continuous Continuous
 Society Society includes our local immediate communities, stakeholders in sustainable development and regulatory and government agencies.	One-to-one interviews (by independent parties) Focus groups discussion Dialogue with Religious Dignitaries Written and oral communications initiated by stakeholders Company website	Once in every 3 years Once in every 3 years Continuous Continuous Online

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

Feedback Analysis

Expectations and issues identified during the stakeholder engagement were rated, assigned, and prioritized to identify those most material to our stakeholders. When doing so, the likely level of stakeholder priority was assessed against the likelihood of the impact. Those concerns are shared with the Group Management Committee for due assessment.



1. Economic performance

2. Customer health and safety

3. Occupational health and safety

4. Compliance

5. Emissions, effluents and waste

6. Employee remuneration and benefits

7. Customer privacy
8. Local community development

9. Technical education for youth

10. Procurement practices for local suppliers

11. Mutually beneficial relationship with suppliers

12. Energy consumption
13. Employee training and education

14. Product and service labelling

15. Water consumption

16. Employee relations

17. Ethical marketing and communication

18. Materials consumption

19. Anti-corruption

● Topic boundaries outside the organisation

● Topic boundaries within the organisation

Material Stakeholder Issues and Their Status

Material matters identified through our stakeholder engagement process have been given the due attention by management and responses are established in the form of strategies or plans.

The effectiveness of those responses is closely monitored by the Sustainability Committee with respect to internal sustainability performance objectives to ensure that we address them adequately and on a timely basis.

Our responses and the input from stakeholder engagement may alter the status of those material issues identified in the last financial year. The following table explains the shift in the status of those material matters, where applicable, and our responses, and provides a link to detailed discussions conducted either in the annual report or in our corporate website, while also indicating the status of the sustainability performance objectives.

Status of Material Topics - 2020 vs 2021

Material Aspect	Issues Raised by (stakeholder Group)	Status	Possible Reason for the Shift in Status	Our Response
Economic Performance	◉ Shareholders	○	With the emergence of COVID-19 and the subsequent import restrictions, the Group's financial performance is at risk.	The Group's diversification strategy ensured that revenue was not overly reliant on the vehicle segment, and segments other than the vehicle segment contributed significantly to the Group's economic performance. Refer pages 5 – 9 of the Annual Report (Chairman's Report and the CEO's Report)
Compliance	◉ Shareholders ◉ Customers ◉ Society	□	No significant change	Group's Corporate Governance Framework ensures compliance with applicable rules and regulations. Refer page 22 to 34 of the Annual Report.
Emissions, Effluents and Waste	◉ Society ◉ Customer	□	No significant change	Our Environment Management System which was upgraded to ISO 14001:2015, is constantly working towards minimising emission levels and effluents.
Technical Education for Youth	◉ Society ◉ Customer ◉ supplier	□	Monetised resources invested on technical education was Rs. 16 million	We continue our investments in technical education and expanded the number of opportunities provided to apprentices. For more information refer page 59 of the Annual Report.
Customer Health and Safety	◉ Customer	○	With the onset of the COVID-19 pandemic, the importance of our customers' health and safety has increased, particularly those who visit our premises.	Our ISO 9001 (2015) accredited Quality Management System ensures quality of product & service. We will continue to strictly comply with health and safety aspects relating to our product portfolio. Moreover, the Group is adhering to all government regulations and health guidelines pertaining to the COVID-19 pandemic.
Customer Privacy	◉ Customers	□	No significant change	Customer privacy is critical in maintaining enduring customer relationships. Refer "Customer" section in this report
Employee Training and Education	◉ Employee	□	No significant change	Continuous training and development programs conducted for employees improved this aspect. For more information refer page 50 to 51 of the Annual Report.
Health and Safety of Employees	◉ Employee	○	With the onset of COVID-19 pandemic, the materiality level of health and safety of our employees has increased	The head of stakeholder interaction and compliance overlooks Employee health and safety practice for the entire group. Employee health and safety is covered in the Group's Occupational Health & Safety Policy. Moreover, the Group is adhering to all government regulations and health guidelines pertaining to the COVID-19 pandemic.

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

Material Aspect	Issues Raised by (stakeholder Group)	Status	Possible Reason for the Shift in Status	Our Response
Local Community Development	<ul style="list-style-type: none"> ⦿ Society 	<input type="checkbox"/>	No significant change	Local community development is critical for the survival of businesses, especially those located outside of Colombo. The Group implements targeted community development programs to address specific issues in these neighbouring communities. Annual Book Donation program at Siyambalape and Weliweriya locations is one such program.
Procurement Practices for Local Suppliers	<ul style="list-style-type: none"> ⦿ Local suppliers/ Subcontract workers ⦿ Society 	<input type="checkbox"/>	No significant change	Local suppliers should abide by the Group's Supplier Code. Furthermore, subcontractors are governed by the "Subcontractor Work Permit" scheme.
Water	<ul style="list-style-type: none"> ⦿ Society ⦿ Customer 	<input type="checkbox"/>	No significant change	Procedures are in place at all workshops to increase the level of water recycled/reused.
Ethical Marketing Communications	<ul style="list-style-type: none"> ⦿ Customer 	<input type="checkbox"/>	No significant change	We ensure strict compliance with regulations and codes concerning ethical marketing communication practices. This applies to new products and services introduced by the Group.
Mutually Beneficial Relationships with Business Partners	<ul style="list-style-type: none"> ⦿ Suppliers 	<input type="checkbox"/>	No significant change	Constant interactions and sharing of information continue. Reports to Business Partners will address expectations of Business Partners.
Energy Consumption	<ul style="list-style-type: none"> ⦿ Society 	<input type="checkbox"/>	No significant change	Energy saving measures are implemented across the organisation. Two major buildings are LEED certified green buildings (Gold Category).
Employee Benefits	<ul style="list-style-type: none"> ⦿ Employee 	<input type="checkbox"/>	No significant change	The Group is in the process of conducting a job evaluation to systematically re-structure the employee benefits based on the value of the job.
Product and service Labelling	<ul style="list-style-type: none"> ⦿ Customers 	<input type="checkbox"/>	No significant change	We make sure that we conform to statutory requirements, providing diagrams and pictographs, expiry dates, standardization code numbers and information on possible environmental impacts. Refer "Product Labelling" section in this report.
Employee Relations	<ul style="list-style-type: none"> ⦿ Employees 	<input type="checkbox"/>	No significant change	Employee relations are conducted through a number of activities including monthly employee council meeting, employee engagement survey, HR clinics and employee engagement initiatives.
Material Consumption	<ul style="list-style-type: none"> ⦿ Society 	<input type="checkbox"/>	No significant change	The ISO-accredited Environmental Management System ensures that materials are stored, used, and disposed of responsibly. Refer "Material Usage" section in this report
Anti-Corruption	<ul style="list-style-type: none"> ⦿ Society 	<input type="checkbox"/>	No significant change	Our Code of Business Conduct and Ethics communicates our policies relating to anti-corruption, anti-competitive behaviour to our employees. Refer "Anti-Corruption" section in this report.

○ Materiality of issues increased

□ Materiality of issues decreased

△ Materiality of issues remains the same

☆ New issue identified

THE ENVIRONMENT

We recognize that climate change and growing concerns about the use and availability of carbon-based fuels have an impact on both our stakeholders and our operations. We have committed to addressing climate change in a positive manner.

Our business activities impact the environment. We use water as well as recyclable and non-recyclable materials in our operations. They produce emissions and waste while consuming energy. Therefore, we have a commitment to use and manage these inputs responsibly through recycling and the proper disposal of all waste materials.

We understand that violating environmental regulations or failing to act responsibly on such issues would have a negative impact on the sustainability of our business and the livelihoods of the local communities with which we partner.

DIMO has established an ISO 14001 (2015) certified Environmental Management System to assess the environmental impact of our operations, allowing us to address and mitigate identified risks in a timely manner.

The Sustainability Committee oversees and manages this system while directing the implementation of our Environmental Management Strategies across the Group, ensuring that the company is always in compliance with our EMS guidelines. Senior management assigns specific responsibilities for environmental management to their respective business units.

These measures enable an open discussion on environmental sustainability issues and drive the formulation of related policies and strategies.

Based on the issues and concerns raised by our stakeholders, we have identified six critical areas that require environmental management and supervision:

1. The management of atmospheric emissions and climate change
2. Energy and fuel management
3. Water management
4. Waste management
5. Materials management
6. Noise management

Emission Management

DIMO is well aware that our emissions have a significant impact on our own stakeholders and may adversely affect our social license to operate. Therefore, we use stakeholder engagement mechanisms to learn how emissions may affect local communities in the long run, and use variety of methods to measure and manage our emissions levels.

We recognize that climate change and growing concerns about the use and availability of carbon-based fuels have an impact on both our stakeholders and our operations. We have committed to addressing climate change in a positive manner,

Our Green House Gas (GHG) emissions consist of the carbon dioxide (CO₂) we emit into the atmosphere through our operations. Our strategy is to reduce fuel usage, thus reducing our GHG gas emissions by a significant percentage. We recognised the importance of calculating our GHG emissions nine years ago and have since then continued to update our measurements.

The methodology of measurement follows the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). The organisational boundary comprises all entities of the DIMO Group, encompassing operations in all parts of the country. Reporting is primarily under Scopes 1 and 2 with some elements of the optional Scope 3, according to data availability.

THE ENVIRONMENT

DIMO's Carbon Footprint

Material Aspect	Measurement	2020/21		2019/20		Emission Factor
		Consumption by type	tCO2e emission	Consumption by type	tCO2e emission	
Scope 1			3,032		3,943	
Diesel for vehicles - Employee	Ltr	222,107	582	317,054	830	2.64
Diesel for generator	Ltr	15,051	39	23,808	62	2.64
Petrol for vehicles - Employee	Ltr	798,156	1,819	1,029,286	2,346	2.33
Gas	Kg	225	0.5	11,212	24	2.2
Diesel for vehicle delivery to customer and service processes	Ltr	196,022	513	218,007	571	2.64
Petrol for vehicle delivery to customer and service processes	Ltr	34,167	78	47,912	109	2.64
Scope 2			1,486		2,427	
Electricity	Kwh	2,206,896	1,486	3,605,233	2,427	0.68
Scope 3			277		246	
Fuel utilised by outsourced party - Diesel	Ltr	90,599	237	14,225	37	2.64
Business Travel - assume	CO2	-	12		192	actual
Carbon Footprint of A4 Consumption(pack)	Kg	10,473	28	6,058	16,356	
Total tCO2e			4,795		6,616	

The Group's emission intensity ratio, which determines the tCO₂e emission required to generate one million rupees in sales, is 0.16 tCO₂e, down 16% from previous year's emission of 0.19 tCO₂e. The decrease is primarily due to lower energy use as a result of island-wide lockdowns during the pandemic time.

Renewable Energy Production

DIMO's recent venture into renewable energy production is one of the company's primary climate management initiatives. During the year, solar panels installed in four key locations of the Group generated

approximately 2 million kWh of electricity for the national grid. The table below details the areas where solar panels are installed, their capacity, and the amount of electricity generated in 2020/21.

In addition, DIMO's power engineering division assists customers in establishing large-scale renewable energy solutions. The primary highlights of such projects include 'Thambapavanie,' Sri Lanka's first-ever government owned wind park, which will contribute 103.5MW to the national power supply, and the ADB-funded LECO-UOM micro grid project: for the supply of comprehensive Renewable Energy Micro grid.

DIMO's own solar panels that generate renewable energy

Location	Capacity (kW)	Capacity (kW)	Energy Generation (kWh)
DIMO Embilipitiya Solar PV Plant	Ground Mounted	1000	919,510.00
DIMO 800, Mercedes Benz Showroom	Rooftop Mounted	700	892,068.00
DIMO Weliweriya System 1	Rooftop Mounted	570	650,935.82
DIMO Weliweriya System 2	Rooftop Mounted	237	254,363.39
DIMO Siyambalape System	Rooftop Mounted	237	264,946.03

Materials – Usage, Recycling and Re-Use

Our business activities necessitate the use of materials, such as in vehicle repair, servicing, mechanical system installation, and after-sales services. We continuously measure and manage the types and quantities of materials we use, which helps to reduce costs while also ensuring that we use recyclable materials to the greatest extent possible. Such monitoring also assists us to ensure that these materials are stored, used, and disposed of in accordance with the guidelines set out in our Environmental Management System. Material waste is handed over to third parties to be recycled. We do not currently use a significant amount of recycled material throughout our service processes.

Workshop Material Consumption- Composition

Materials used by weight or volume	Unit of measurement	Renewable or Non-Renewable	2020/21	2019/20	2018/19
Kerosene	Liter	Non Renewable	21,865	30,112	29,332
Lubricants	Liter	Non Renewable	325,230	298,594	309,799
Paint	Liter	Non Renewable	4,635	6,733	3,526
Lacquer	Liter	Non Renewable	347	566	668
Thinner	Liter	Non Renewable	5,846	11,599	12,829
Filler	Liter	Non Renewable	798	947	932
Putty	kg	Non Renewable	292	484	568
Floor carpets	Nos	Non Renewable	20,600	27,900	28,000
A4 (pkts)	Packets	Renewable	4,189	6,058	7,298
Cotton Waste	Kg	Non Renewable	19,226	26,151	29,953

Energy Management

The scale and scope of our business activities mean that we consume a significant amount of energy. This must be measured and managed since our energy consumption has a significant impact on our costs and also serves as a leading indicator of the efficiency of our internal service-related processes. Furthermore, because we predominantly use fossil fuels, our energy consumption has long-term environmental consequences.

The Group's primary energy sources are electricity, LP gas, diesel, and petrol for internal vehicles. The national grid meets almost all of our electricity needs, and a small amount of electricity is generated for

contingencies via in-house generators located at selected business canters. Further, a small amount of LP gas is used for activities in the staff cafeteria and at the workshop.

The Group's total energy consumption per full-time employee is 29 GJ per employee (2019/20 – 35 GJ per employee), according to the energy intensity ratio. This represents a 15% reduction over the previous year, attributable primarily to a 19% drop in energy use. The island-wide lockdown, which restricted movement throughout the year, is a major factor in this decrease.

In-House Energy Consumption

2020/21 2019/20 2018/19 % change from previous year	Units	Consumption			
		2020/21	2019/20	2018/19	% change from previous year
Diesel for Vehicles	GJ	14,923	17,285	30,118	-14%
Generators	GJ	537	896	1,438	-40%
Petrol for Vehicles	GJ	27,654	34,033	36,448	-19%
LP Gas	GJ	11	530	530	-98%
Non-Renewable Electricity	GJ	7,945	12,979	13,413	-39%
Renewable Electricity	GJ	2,141	-	-	100%
Total		53,210	65,723	81,947	

Direct Energy Consumption * Indirect Energy Consumption

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External Energy Consumption

Energy consumed by external parties due our activities amounted to 3,233 GJ, compared to 3,521 GJ last year. These activities include delivery services provided by third-party vehicles to DIMO's supply chain.

Energy Efficient products

Energy efficiency is strongly reflected in our product range; Customised illumination solutions with SLS certified LED technology, including the 'DIMO Lumin' product range, and Reliable vehicles and construction machinery that comply with global standards and maximize efficiency, such as Mercedes-Benz plug-in hybrids and Komatsu Hybrid Hydraulic Excavators, are excellent examples of DIMO's contribution to energy efficient products.

Water Consumption: Recycled, Reused and Discharged

Water is a primary and indispensable input in our vehicle service and repair business, as well as for daily use in general. Effectively measuring, managing and recycling the water we used allows DIMO to save money while conserving a vital natural resource.

Environmental guidelines require water used in servicing to be treated before it is released into the environment so that local communities and the environment are not negatively affected. Failure to implement such treatment would have a significant impact on our business continuity. Hence, DIMO has installed state-of-the-art water treatment/recycling plants at all of our vehicle-washing workshop sites, and the recycled water is used for the company's operations.

Our main source of water is the national water supply while ground water sources are used to some extent at the Siyambalape workshop, the Weliveriya Logistics Centre and the Colombo premises.

Water Consumption

Type of water	Measurement (M3)	2020/21	2019/20	2018/19
Total Water withdrawn	M3	91,355	92,192	117,888
Amount of water Recycled	M3	13,607	17,363	18,439
Amount of Recycled water then reused	M3	5,049	8,616	9,556

Wastewater Treatment

DIMO's waste management processes prevent untreated water from entering the sewage system. Wastewater from all of our workshops is filtered through oil separators and monitored for pH levels to ensure compliance with legal limits. The Company operates biological water treatment and recycling plants at the TATA Commercial Workshop at Siyambalape and at the DIMO Logistic Centre in Weliveriya. Water treatment plants are also installed at the Mercedes Benz passenger car workshop, the TATA passenger car workshop in Colombo and at the branch of TATA Commercial Workshop in Anuradhapura.

Furthermore, a random sample of recycled water is collected by a Central Environmental Authority-approved third party to check if pH Value, Chemical Oxygen Demand (COD), Biochemical Oxygen Demand, Total Suspended Solids and Oil/Grease content are below the tolerance levels specified by the Central Environmental Authority. These have been found to be well below the stipulated tolerance levels.

Water Discharged by Destination

Type of water	Discharged volume (M ³)		
	2020/21	2019/20	2018/19
Colombo Car Workshop	1,084	1,616	1,853
DIMO 800	2,941	2,822	3,129
Siyambalape Commercial Vehicle Workshop	1,656	6,471	5,989
Anuradhapura	2,228	3,849	4,863
Weliveriya	149	3,241	1,088
Total	8,058	17,999	16,922

Waste Management

Efficient waste management plays a pivotal role in our compliance with environmental regulations and ensures that the local communities where we operate do not encounter any health hazard arising from our business activities. Our approach to the management of this issue involves organization-wide implementation of waste collection, storage and disposal processes.

The measurement and management of effluents and waste help us to evaluate efficiency levels at our service centres and to gauge how environmentally-friendly our operations are. Recycling and reusing help us cut down our costs while mitigating negative environmental impacts.

At DIMO, we segregate and categorize our waste into two types: hazardous and non-hazardous. Waste and effluents are further classified based on the type of treatment required for safe disposal.

Total Solid Waste Disposal by Treatment Method

Waste Disposal by Treatment Method	Measurement Units	Non hazardous		Hazardous	
		2020/21	2018/19	2020/21	2018/19
Reuse	Kg	131,183	146,970	98,671	114,458
Recycling	Kg	96,461	110,268	-	-
Incineration	Kg	-	-	118,364	183,616
Total waste disposal		227,644	257,238	217,035	298,074

DIMO's Waste Management Process

Minimisation and reuse	➤ A4 paper/cotton waste/ waste oil/food waste
Recycle	➤ Cardboard, polythene, plastic/oil filters/metal scrap/glass/tyres
Incineration	➤ Contaminated paper, polythene, cotton waste/paint tins/sludge
Composting	➤ Garden waste
Waste under review	➤ Windscreen/paint booth filters/ food contaminated polythene

Overall, waste management and disposal mechanisms across the Group are driven by our "I Pledge", which has the support of all business units.

Non-Hazardous Solid Waste Management

Our systematised approach to effluent and waste segregation for non-hazardous solid waste involves the separation of material according to classifications: organic material, paper, polythene and plastic. Dining areas carry colour coded bins that segregate food from wrapping material and discarded food. We have also entered into a contract with INSEE Eco-cycle (a Central Environmental Authority accredited third party) to obtain a waste management solution, especially for hazardous waste.

We actively work towards reducing the use and wastage of paper in all our operations through organization-wide policies and initiatives, with the ultimate objective of achieving a paperless office environment. These initiatives include an e-mail campaign discouraging the unnecessary printing of e-mails, using recyclable paper bags at our sales outlets, maximising paper use and recycling printer cartridges.

Non-Hazardous Solid Waste Disposal

Type of waste	Waste Disposal by Treatment Method	Measurement	2020/21	2018/19
Plastic	Recycle	kg	1,183	1,535
Polythene	Recycle	kg	3,871	4,663
Food/Organic Waste	Reuse	kg	2,058	45,210
Pallet Racks	Reuse	kg	129,125	101,760
Cardboard boxes	Recycle	kg	39,499	68,068
Metal Scrap	Recycle	kg	51,908	36,002
Total Non-Hazardous Waste Disposal			227,644	257,238

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Hazardous Waste Management

A codified set of rules and guidelines has been devised to deal with any incident involving hazardous waste; all DIMO staff are familiar with this code.

We utilise specialised equipment such as oil suckers to deal with spillages. Material Safety Data Sheets (MSDS) are available for use in the event of spillage and all waste generated is regularly handed

over to designated third parties for recycling. Employees are regularly trained in safety measures and in the proper handling of hazardous material. During the year under review there were no occurrences of chemical spillage at DIMO.

Expenses incurred with regard to our water treatment, recycling plants, waste management and environmental audit amounted to Rs. 9.3 Million for the year under review (This amount was Rs. 10.5 Million in the FY 2019/20).

Hazardous Solid Waste Disposal

Type of waste	Waste Disposal by Treatment Method	Measurement	2020/21	2018/19
Sludge	Incinerate	kg	77,760	137,575
Waste Oil	Reuse	L	98,671	114,458
Cotton waste	Incinerate	kg	33,454	20,815
Paint tins	Incinerate	kg	479	1,342
Contaminated paper	Incinerate	kg	6,671	23,884
Total Hazardous Waste Disposal			217,035	298,074

Noise management

Noise emissions from all our facilities are strictly controlled to ensure that people in the vicinity of these locations are not subjected to uncomfortable noise levels. Noise levels are measured by the Central Environmental Authority. The Company complies with all legal requirements relating to noise emission and has been taking steps to maintain our noise emissions substantially below the legal requirement.

THE SOCIETY

DIMO is an equal opportunity employer where diversity is encouraged. This concept is included in our Code of Ethics and Business Conduct. Diversity brings greater objectivity to the development of our human capital and the personalisation of service to our diverse clientele.

Employees

At DIMO, we recognise our employees as the driving force in the achievement of our strategic objectives. Our thinking has been further moulded by our adoption of the 10 Principles of the United Nations Global Compact, and our work towards selected Sustainability Development Goals (SDGs), which have helped us design the value proposition we offer our tribe members. Moreover, DIMO has a robust Social Accountability Management system in place to ensure that our employees and those of our outsourcers are treated fairly.

Sustained talent development is possible only through the integration of a host of initiatives that are sensitive to organizational and individual employee needs. The groundwork for this includes performance reviews, the management of individual development plans, the formal recognition of labour and human rights regulations, the establishment

of systems to capture and handle labour and human rights related grievances, competitive remuneration policies, special reward and recognition schemes for high performers and the institution of operational measures to ensure health and safety.

Employee Diversity

Status	Gender	Total
Contract	Female	7
	Male	154
Permanent	Female	174
	Male	1,466
Grand Total		1,801

Employee Recruitment and Turnover

Age group	Senior Mgt.		Middle Mint		Executive		Clerical/ Supervisory		Manual		Non Ex-Contract	
	M	F	M	F	M	F	M	F	M	F	M	F
<20	-	-	-	-	-	-	1	-	1	-	5	-
21-30	-	-	19	3	18	11	13	2	44	-	23	4
31-40	1	1	7	1	10	2	2	-	7	-	8	-
41-50	2	-	3	-	3	-	-	-	-	-	6	-
51<	-	-	4	-	2	-	-	-	-	-	7	-
Total	3	1	33	4	33	13	16	2	52	0	49	4

Employee Turnover by Gender

Year	Employee Attrition Ratio	
	Male	Female
2016/17	14%	11%
2017/18	17%	15%
2018/19	15%	15%
2019/20	20%	20%
2020/21	15%	17%

Our corporate welfare system involves a structured set of tools and services designed to improve work/life balance and in general, the quality of our working systems. Employee benefits include life insurance, hospitalisation and surgical insurance and provision for retirement.

Clear and transparent communication with our employees remains a key factor in our success. Our institutionalised and integrated employee communication processes and our open-door policy guarantee sensitivity to any employee grievance or concern. The Employee Council, HR Clinics, the DIMO intranet and the Employee Engagement survey (conducted by an independent third party) are designed to foster better employee engagement. The communication process ensures that our initiatives are continuously evaluated, so that our interactions with our team become moulded in an organic fashion in order to deliver increasing value to the organization and to all employees.

The new paternity leave policy DIMO has adopted now allows fathers to relish 5 working days with their newborn. DIMO's employees are now entitled for their standard maternity and paternity leave on the

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event of legal adoption of a child. In addition, we have also introduced 84 working days of paternity leave in case of the mother's death during or post childbirth.

Paternity Leave Entitled and Taken

Description	Male	Female
# employee entitled for parental leave	1526	170
# employee took parental leave	12	6
# Return to work after parental leave	12	6

At the end of the financial year under review, DIMO had outsourced 396 (301 in 2019/20) outsourced service providers.

Management Relations, Freedom of Association and Collective Bargaining

Developing employee engagement and creating a conducive work environment are essential to maintaining an optimal level of service to our customers. This involves establishing direct communication lines with our employees so that their voices can be heard. While no trade unions or any collective bargaining agreement processes exist at DIMO, an Employee Council provides a channel where employee grievances can be heard. Our strategy is to create an open environment where frank communication between employees and management is the norm. The following activities facilitate the development of employee engagement and open communication:

1. An open door policy
2. The Employee Council
3. HR Clinics
4. The Company intranet
5. Independent employee engagement score

Moreover, employee rights are clearly communicated through a host of policy mechanisms, the effectiveness of which is discussed at the highest levels of the organization. Rights frameworks have been specifically adapted to our operations in order to maintain our team's trust and ensure that their interests are never compromised in DIMO's value creation process. These policy mechanisms are stated below:

1. The human resources policy
2. The human rights policy
3. A whistle blowing policy
4. The Code of Business Ethics
5. Social Accountability Policy

Employee Health and Safety

Guaranteeing uncompromised health and safety for every employee is of paramount importance to DIMO; the value of our employee capital and our operational functionality depend upon it. We maintain the occupational health and safety environment at all our workplaces through regular monitoring of the risk of injury and exposure to occupational diseases. The findings are used to improve safety measures in the workplace.

The management and operation of this policy are executed through the following methods:

1. DIMO Health and Safety Committees are in place at each business location, with 70 members representing various factors of diversity.
2. Workplace safety issues are discussed at the monthly Employee Council.
3. The annual employee engagement survey includes matters relating to health and safety and survey findings are analysed at Board level, where health and safety measures are evaluated.
4. Regular awareness programmes on safety measures.
5. The company provides, and advocates the mandatory use of, task-specific protective gear for employees.
6. Formalised training plans include health and safety and first aid training.
7. Regular counselling sessions and workshops for employees and families on serious diseases and the maintenance of a healthy lifestyle.
8. State-of-the-art equipment and machinery installed at workshops in order to minimize workshop accidents.
9. Fire drills and emergency response training.

Employee Health and Safety

Injuries/Diseases/ Fatalities/Lost working days / Absenteeism	2020/21		2019/20		2018/19	
	Rate	Total No.	Rate	Total No.	Rate	Total No.
Injuries	0.0008%	28	0.0003%	12	0.0007%	26
Occupational diseases	-	Nil	-	Nil	-	Nil
Lost working days	0.0019%	65	0.0041%	144	0.0081%	288
Work related fatalities	-	Nil	-	Nil	-	Nil

Employee Training and Education

Our approach to performance management and employee training is influenced by the need to foster the holistic development of our Tribe. The continuous development of our team is a critical factor in our competitive advantage because a well-trained team armed with the right tools of its trade is critical in the delivery of superior services to our customers and the effective management of our principals. Training and development is integrated with our performance management system and we have implemented a formal process to identify training needs and deliver a customized training experience. The following mechanisms are used to fully realise our talent development program:

1. Annual participatory performance evaluations and career development reviews for all employees (irrespective of gender or job category), which identify training needs, and where the employee is given the opportunity to define the training he/she requires
2. The preparation of a training calendar linked to the individual training needs of each employee
3. Designing training programs, workshops, knowledge sharing sessions and courses to fulfil training needs and the company's strategic objectives
4. Dissemination of these programs through internal resource personnel or external consultants and the arrangement of overseas training on a need-specific basis
5. Evaluation of the effectiveness of all training programs and workshops based on participant feedback obtained after each session, to effect continuous improvement of program development processes
6. Driving self-development and employee engagement by encouraging all employees to go beyond their job descriptions and contribute to operational decisions

The Chart Below Details Training Hours by Category and Gender

Category		No. of Employees	No. of training hours	Per employee training hours per year
BOD	M	-	-	-
	F	-	-	-
GMC	M	4	66	16
	F	-	-	-
Senior Management (GM/ AGM/ DGM)	M	15	257	17
	F	4	93	23
Middle Management (BUM)	M	15	363	24
	F	4	254	64
Junior Management (Manager/Asst. Manager/ Professionals)	M	246	6,173	25
	F	25	869	35
Executive	M	278	4,991	18
	F	42	776	18
Clerical/ Supervisory	M	110	1,356	12
	F	13	88	7
Sales	M	27	76	3
	F	2	30	-
Manual	M	61	576	9
	F	1	20	20
Contract	M	7	46	7
	F	1	1	1
Male	764	13,903	18	
Female	92	2,131	23	
Total	856	16,034	19	

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Hiring and Retaining the Best Talent

Our uncompromising service delivery to our customers and principals, and the sustainable value we offer our shareholders hinge upon the quality and composition of our team. Overall, DIMO's philosophy is to maintain transparency in our recruitment process to ensure recruitment objectivity and the alignment of recruits with our operational and corporate goals. Internal candidates whose skills align with job requirements are given priority, thereby offering them the opportunity for career advancement. Thus, we are fostering organisational loyalty while managing and minimising employee turnover so that recruitment costs are reduced. The following activities serve to maintain the quality and integrity of our recruitment process:

1. The students of the DIMO Automobile Training School (DATS) and the National Apprentice and Industrial Training Authority are given the opportunity to join DIMO, based on our recruitment needs
2. DIMO participates in career fairs where prospective applicants are screened and encouraged to apply to work with us
3. As DIMO operates an island wide branch network, our recruitment mechanisms have also been specifically extended to recruit talent from the regions

Diversity and Equal Opportunity

DIMO is an equal opportunity employer where diversity is encouraged. This concept is included in our Code of Ethics and Business Conduct. Diversity brings greater objectivity to the development of our human capital and the personalisation of service to our diverse clientele. Equal opportunity is fostered by breaking down gender stereotypes and by giving women the opportunity to engage in tasks that are traditionally male dominated, such as automobile repair and service advice. Promotions are strictly performance-based.

In addition to the aforesaid, in January 2018, DIMO signed up for the 'She Works Private Sector Partnership'; established by the Women in Work program led by the International Finance Corporation (IFC) in partnership with the Australian Government. The 'SheWorks' Partnership in Sri Lanka brings together a group of 15 leading employers operating in different industries to identify and implement "gender-smart" solutions that are good for business, employees and communities. It fosters learning around a variety of employer-supported strategies, approaches and policies to boost women's participation in the labour force. As a 'SheWorks' member DIMO has signed up for 06 commitments:

- Increase women's business leadership by strengthening/building an effective Employee Resource Group/Women's Network.
- Ensure recruitment and retention of (female) talent in the workplace by identifying and implementing "gender smart" solutions around flexible working.
- Explore employer-supported childcare by conducting a childcare needs assessment to explore whether supporting our employees' childcare needs are feasible and relevant to our business.
- Promote effective anti-sexual harassment mechanisms by supporting the development and implementation of a more effective anti-sexual harassment mechanism.
- Support women in the value chain as employees and entrepreneurs by promoting women's employment opportunities in the businesses that the company is sourcing from.
- Foster the company's leadership and commitments to women's employment as a smart business strategy by pursuing firm-level workplace gender equality workplace assessment/certification.

Composition of the Governance Body

Committees	Gender	2019/20		2018/19	
		#	%	#	%
BOD	M	10	100%	10	100%
	F	0	0%	0	0%
	Total	10		10	
GMC	M	3	75%	4	80%
	F	1	25%	1	20%
	Total	4		5	
Sustainability Committee	M	10	59%	15	79%
	F	7	41%	4	21%
	Total	17		19	
H & S Committee	M	64	91%	66	90%
	F	6	9%	7	10%
	Total	70		73	

(The H&S Committee composition has representatives of all levels (Management 60% and workforce 40 %)

Remuneration: A Gender- Neutral Policy of Talent Recognition and Remuneration

DIMO practices a policy of equal remuneration for both men and women, as this helps to win and maintain the trust of our team, thereby drawing the best out of them. We recognize Employee Capital as the key element in defining the value we deliver to customers, therefore we consistently remunerate them with above-industry-average benefit packages.

We put this policy into practice through the following value sharing initiatives:

1. Performance-based remuneration schemes through which added benefits are shared with our employees, based on our success
2. Innovative thinking, contributions to improving company operations and processes, and above-average performance are all recognised through awards such as the Bright Ideas Award, the Customer Service Awards, and the Safety Award, the Awards of Recognition in the Sales, Technical and Support Services categories and the Employee of the Year Award
3. Encouraging new ideas for business development and for our processes through the "Idea Man" initiative facilitated through our Company intranet, where original concepts are recognized and rewarded.

Non-Discrimination

DIMO observes a zero-tolerance policy on discrimination at the workplace by ensuring that every member of our team is on a level playing field and works by the same set of rules. Discrimination based on any factor would result in the deterioration of the shared values that have sustained our company over the years. The human resource policy of the company brings objectivity and alignment to organizational objectives by defining recruitment, training, compensation, promotion, termination and other employment related activities based solely on employment requirements, thus eliminating discrimination. During the year, no instances of discrimination were reported.

Labour Practices, Human Rights Assessment and Grievance Mechanisms

We have instituted a formal grievance handling process to identify human rights abuses or unlawful labour practices, because the lack of such mechanisms and/or a failure to maintain the standards we have set would result in the loss of trust, leading to poor team performance. We have prioritized informal mechanisms such as the open door policy that fast-tracks employee concerns and enables a quick resolution of such issues. All management personnel including the Chairman remain accessible to every employee, in order to encourage reporting and to effect the prompt resolution of problems. The ultimate evaluation of these mechanisms is performed through the Employee Satisfaction surveys conducted by an independent party. This survey strives to offer a holistic picture of each tribe member's employment experience. There were no grievances reported during the year under review.

Trainings pertaining to human rights policies

Description	2020/21	2019/20	2018/19
Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.	348	580	389
Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.	10%	16%	18%

Community

Our Relationships with Regulatory Authorities

The effectiveness of our internal control systems is primarily determined by factors such as flexibility in implementing our business model, the clarity and consistency of our organizational structure, compliance with all statutory requirements and the quality of our relationship with public bodies. Any deviations from the norm with regard to the above factors would adversely affect the effectiveness and relevance of our internal controls. Moreover, we are well aware of the adverse effects that deviation from the regulatory framework could have on our risk management system. Therefore, it is imperative that we abide by all applicable statutory requirements and ensure that all our employees are aware of the implementation, and impact of and changes to all applicable rules and regulations.

The sustainability of a long-term business needs maintenance and institutional stability is of paramount importance. This is why DIMO goes to great lengths to partner with and maintain positive relationships with all local authorities that would have any sort of operational impact on our business. Our management approach involves the constant training of our employees to stay up-to-date with all regulatory changes affecting our businesses. More specifically, training programs and workshops are organised to keep our employees aware of tariffs and taxation schemes, local government and environmental regulations, the implications of the national budget, import mechanisms, labour regulations and consumer product safety regulations.

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Our internal systems are designed to expedite all statutory payments and tax obligations; the norm being that no such financial obligations be left pending. A strong and positive relationship with the tax authorities is critical to us as it is imperative that we promote transparency and ensure compliance with the corporate governance models we have adopted.

These efforts have ensured that our relationship with the revenue authorities is one of trust and confidence. During the year under review we have expended a total of Rs. 2.2 billion (Rs. 6.5 billion in FY 2019/20) in taxes and duty to the Government. The drop in taxes and duties paid to the government indicates a reduction in vehicle imports as a result of the government's vehicle import restriction, which was one of the Group's key sources of duty.

Every operation centre in our island wide network is conscious of the need to adhere to environmental regulations, product labelling and safety regulations. As a result, the company has been in compliance with all applicable laws and regulations and there have been no penalties levied against us during this period.

Engagement with External Associations

In keeping with our overall objective of operating a sustainable business and delivering the best in products, solutions and service to our customers, it is our practice to build close relationships with external trade associations, in order to align ourselves with industry best practices and to be in a position to play a part in the formulation of policy and accompanying legislation. This is because we have identified that such policies and legislation would have a direct operational impact on our business, our employees, our suppliers and our customers. For example, we have contributed towards the devising of taxation policies, based on our membership and participation in trade bodies. We have membership in several trade associations and councils, as we view such membership as strategic to our business activities: The list of memberships in such associations and councils is given below,

- ◉ The American Chamber of Commerce
- ◉ The Automobile Association of Ceylon
- ◉ The Ceylon Chamber of Commerce
- ◉ The National Chamber of Commerce
- ◉ The Sri Lanka - Australia and New Zealand Business Council
- ◉ The Sri Lanka - France Business Council
- ◉ The Sri Lanka - German Business Council
- ◉ The Sri Lanka - Italy Business Council
- ◉ The Ceylon Motor Traders Association
- ◉ The Chamber of Young Lankan Entrepreneurs
- ◉ The Chamber of Construction Industry Sri Lanka
- ◉ The European Chamber of Commerce of Sri Lanka
- ◉ The Japan Sri Lanka Technical and Culture Association

Social, Economic and Environmental Compliance

As a leading corporate citizen, the company strictly conforms to all rules and regulations pertaining to the environment, product standards, tax regulations and all other areas of our business. There were no incidents relating to transgressions of health and safety, product labelling, advertising or customer confidentiality during the previous year. Further, the Group was not fined or penalized for non-compliance with legislation, including environmental regulations.

Nurturing Mutually Beneficial Relationships with Our Communities

We know that social acceptance and the continuous management of our relationships with the communities within which we operate are critical for the longevity of our business. Thus, it is important that we stay in touch with stakeholders who are affected by our operations, to ensure the uninterrupted functionality of our shareholder value creation initiatives.

Our stakeholder engagement mechanisms include independent stakeholder surveys, which help us to understand the expectations of communities directly affected by our operations. Such stakeholder issues receive attention through our Sustainability Committee where plans are formulated as to how we may best serve our stakeholders.

Management of Indirect Economic Impacts on the Society

As an organization that has an island-wide reach, we are aware of both the positive and negative impacts that we have on the communities associated with us. It is important that we remain aware of these issues as they are crucial for the development of a sustainable business delivering long-term value to our shareholders.

We remain in constant engagement with our stakeholders with a special emphasis on maintaining healthy interactions with the local communities, in order to continue to fulfil their expectations of us as a responsible corporate.

Through our continuous impact identification and assessment mechanisms, we have realised that the establishment of island-wide branches and the expansion of existing business units help in the development of local economies and create a demand for a host of players in the supply chain. Not all investments are of a commercial nature; for example our two Automobile training schools which provide free technical education to students.

Low income households and rural entrepreneurs are greatly benefited by the fuel efficient and cost-effective small commercial vehicles we offer. These vehicles help drive entrepreneurship and the development of rural economies. We also contribute to landmark projects that foster national economic development through the provision of a variety of customised engineering solutions. In light of the fact that we operate in the automotive industry, we are very conscious that our business does have certain adverse environmental impacts. DIMO has

strived to minimise these impacts through the introduction of fuel-efficient, low-emission vehicles. We also provide consultancy and engineering services for companies to reduce their power use through the implementation of energy audits that we are authorised to certify.

We go an extra mile to invest voluntarily in the social and economic Growth. DIMO Automobile Training Schools is one initiative which provides full time scholarships to 20 students each year to complete a four year automobile engineering course. Our total expenditure on community development and engagement activities for the period of 2020/21 stands at Rs: 45 million (75 million FY 2019/20).

Anti-Corruption, Public Policy, Anti-Competitive Behaviour

DIMO's reputation for ethical business, strong principles and transparency has built a wealth of trust and confidence amongst our customers, our principals, our employees and local communities. Our Code of Business Conduct and Ethics communicates our policies relating to anti-corruption, anti-competitive behaviour to our employees. The Code includes strict guidelines for our employees on conducting our business operations and the limits within which they should deal with external parties. We do not make any political contribution, nor do we attempt to influence any public bodies. Our established approach has been to work in conjunction with regulatory and non-regulatory bodies, jointly engaging with them in the execution of their social development programs. To this end, we hold memberships in local and international organizations that work towards the development of a variety of business domains.

The provisions of our Code of Business Conduct are further enhanced by the provisions of our Whistleblowing policy which provides a process for lodging complaints relating to any alleged unethical business practices by our employees. This process brings to the attention of the management any activities that might harm the standards we have set concerning the conduct of our business. Moreover, the monthly Employee Council meetings are also an open forum where any transgressions from our ethical guidelines can be brought to the attention of the management. Our firm position on anti-corruption, anti-competitive behaviour and how we conduct ourselves has been successful, and there has been no breach of our Code of Conduct.

Grievance Mechanisms for Impacts on Society

Our business is such that our Group operations cannot have adverse impacts on the livelihoods, rights and welfare of individuals who are not employed by us. However, we take social and societal impacts into consideration, as we are fully aware that we cannot function to our full potential without achieving community acceptance at all levels. In order to capture any potential community grievances and promptly provide solutions, we operate a Grievance Mechanism to bring such issues to the attention of our senior management. Our internal mechanism establishes the Business Unit Managers who are in charge of all our divisions and island-wide branches, as the points of first contact with the communities they operate within. Their responsibility

is to understand community grievances, to communicate them to the senior management and involve themselves in the resolution of such issues. Critical issues are brought to the attention of the Company's Directors for their intervention. No such grievances were recorded during this reporting period. A sample of our community engagement programs that we conduct annually or as and when the need arises is as follows;

- ⦿ Blood donation camps
- ⦿ Dengue prevention lectures
- ⦿ Book donations to school children
- ⦿ Health advisory programmes for children.
- ⦿ Career guidance workshops for rural youth and the promotion of technical and vocational training

Customers

Taking Responsibility for Our Products and for Customer Health and Safety

Maintaining and fostering our customers' trust is critical for business continuity. A key aspect of trust is the quality of our products and services, which we ensure are in conformance with industry standards of health and safety. DIMO's ISO 9001:2015 accredited quality management system ensures this important mandate. Our policy of partnering with reputed suppliers who use stringent quality standards and product testing, has further safeguarded customer health and safety.

Our operations are benchmarked against standards set by our principals, which ensure that the customer is always prioritised. Furthermore, our operations are subject to all relevant product safety regulations. Regular assessments are carried out on all our products and services to assess potential health and safety impacts of . Our employees are in alignment with the demands of our Quality Management System, which requires that the services they deliver are evaluated against rigorous internal standards. As a result, no breaches of health and safety standards and regulations have been reported in the year under review.

Product and Service Labelling

Every product we sell complies with applicable statutory requirements. Our overall objective is to provide customers with an unforgettable experience whenever they buy our products or contract us for our engineering solutions. That is why, in addition to statutory obligations, we provide comprehensive product related information to enhance customer trust.

Labelling needs are managed in a multi-pronged, business-division specific manner, so that the nature of individual business segments is encompassed in our policy on product and service labelling in. We primarily conform to statutory requirements, providing diagrams and pictographs, expiry dates, standardization code numbers and information on possible environmental impacts. Furthermore, we emphasise the quality certification stamps that our products carry and

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provide the relevant labelling, catalogue references and user manuals. Based on the guidelines of our principals and globally accepted best practices, our goal is to ensure that in the process of after-sales care, the highest levels of safety are afforded to our customers.

Our task of product responsibility is made easy as we partner with proven global brands, guaranteeing that our products are of high quality and reliability. Thus all our products and services are covered under labelling guidelines, with the respective principals providing the relevant labelling and information therein. Product responsibility is strengthened overall by ensuring that the products that we market, the vehicle servicing that we offer and the engineering solutions that we provide are environmentally friendly and in conformance with all applicable environmental regulations.

As a result of our commitment to these issues, there have been no breaches of product and service labelling regulations.

Marketing Communications

One of our key activities is the marketing of our products and services. Our marketing communications are produced and executed in an ethical manner and do not carry any misrepresentations regarding the products and services that we offer. DIMO has strict policies to ensure that our marketing communications are ethical and accurate, thus strengthening customer trust and protecting brand value.

The DIMO Communication Policy forbids any unethical marketing practices. All marketing communications are created on the basis of transparency, honesty, conformance with ethical standards and conformance with statutory requirements. Where applicable, DIMO has adopted the marketing communications codes of best practices observed by our principals. All marketing communications are centrally screened against a checklist to ensure conformance with our Communication Policy, prior to publication or broadcast. There were no breaches of this policy nor any instances of statutory non-compliance in the year under review.

Our customers interact with us on a daily basis and trust us with their personal and business-related information. Our business integrity is dependent upon the internal systems we have in place to protect this information. This is critical to our business, as any loss of customer trust would damage our ability to generate monetary value to our shareholders and would adversely affect our brand. Internal policies are therefore in place to address, provide mechanisms and implement these practices to ensure customer privacy and the protection of personal data held in our IT systems.

We only contact customers using the information in our databases with their express permission and by using the communication channel of their choice. Data protection complaints are given equal priority to any other customer complaint. There were no complaints with regard to any breaches of customer privacy or any misuse of their personal data in the year under review.

Suppliers

How We Relate to Our Suppliers

Our suppliers play a pivotal role in our value creation process; that's why we consider them a key business partner. The products and engineering solutions that we deliver must have the support of our suppliers. The longevity of our business and the loyal customer capital we own are both driven by the quality of the products supplied by our principals. Therefore managing and nurturing mutually beneficial relationships with our foreign and local suppliers is crucial to the smooth functioning of our operations.

We achieve this through constant engagement with our suppliers so that they are kept aware of our continuous focus on developing their brand in Sri Lanka. Moreover, DIMO's Social Accountability Management System ensures that our local suppliers are in congruence with DIMO's way of being a responsible corporate. The success of these efforts is evident in the quantity and diversity of principals we partner, and the endurance of these long-standing relationships.

Procurement Practices

The continued support of our local suppliers is essential for the long-term success of the diverse segments of our business. It is their services that drive the uninterrupted flow of our business processes. Smooth interaction with our suppliers thus contributes to the overall value proposition we deliver to customers. We choose our local suppliers carefully, in accordance with our Supplier Code, our Quality Management System and the Social Accountability Management System, in order to maintain consistent quality. We use local suppliers primarily for outsourced services such as security, janitorial services and the supply of materials to our service business. During the year under review 206 suppliers were issued the sub-contractor work permits. We define "local" as those suppliers operating within the geography of Sri Lanka while "significant locations of operations" refers to all our display points and branches.

Supplier Assessment of Labour Practices

Our commitment to creating a fair work environment and humane labour practices for all service providers who interact with our business is enshrined in our Supplier Code. It is our policy that local suppliers' must agree to the provisions and sign our Supplier Code before engaging in business with us. Our Supplier Code thus ensures the provision of acceptable working conditions to employees of external local suppliers. We consider this important because it is the duty of a responsible corporate to ensure that its operational practices offer uniformity and are applied equally to all those who do business with it. Moreover, our reputation, business integrity and brand equity would be adversely affected if we employed external service providers who violated the basic norms of humane labour practices. Therefore, all our suppliers are expected to conduct an audit against our supplier code in order to assess the actual and potential future negative impact of their labour practices.

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Our material economic impacts arise in three main areas: monetised value creation and distribution; providing employment opportunities across the nation; contribution to economic development through products and services.

The entirety of our chain of value creation entails the flow of monetised capital and the consumption of goods and services. Each component of value creation thus affects the wellbeing of the economy. As a company whose mission asserts that we do business responsibly, we are meticulous in approaching our business in ways that will have a positive economic impact.

Our material economic impacts arise in three main areas: monetised value creation and distribution; providing employment opportunities across the nation; contribution to economic development through products and services.

Monetised Value Creation and Distribution

During the year under review the Group created Rs. 7,488 million worth of monetised value (2019/20 Rs. 12,158 million), of which Rs. 6,516 million (2019/20 Rs. 11,544 million) was distributed among employees, shareholders, lenders, government and the community.

Providing Employment Opportunities

DIMO provided direct employment to 1,801 (2019/20 – 1,916) persons, and indirect employment to 396 persons as at the end of March 2021. These employment opportunities are not only limited to central province but also comes from different provinces of the country.

Contribution to Economic Development through Products and services

DIMO as a diversified conglomerate operates in six business segments including vehicle sales, agriculture and electromechanical, bio-medical and marine engineering. These businesses contribute to the economic development of the country indirectly. Water management and treatment plants, renewable energy and power projects, construction machinery and research and development in agriculture are some of such products. Further our dedicated automobile school DATs is another investment that DIMO is planning to expand to provide vocational education to the Sri Lankan youth. Refer page 58 to 59 of the Annual Report for more information about DIMO's product portfolio that provide indirect benefits to the economic development.

Taxation

Compliance to tax regulations is a top priority at DIMO's compliance agenda. The Board of Directors holds the overall responsibility to ensure that all applicable taxes are paid on time and tax regulations are properly complied with. This mandate is reviewed by the Board in every quarter.

A dedicated tax team attached to the finance division ensures the company is up-to date with all applicable tax regulations of the Group. Frequent trainings are carried out by the experts in this team to ensure all relevant employees are educated on tax implications required for conducting day-to day business operations.

Compliance to transfer pricing regulations are ensured by a transfer pricing policy as well as frequent training sessions conducted to operational staff. The corporate finance team closely work with the tax division to ensure proper tax planning when conducting new investments. When it comes to complicated tax concerns, the Group also seeks outside tax consultations.

Information on all tax jurisdictions, names of resident entities, and primary business activities of such entities and summarised financial statement of these entities are reported on Note 4.6, Note 2.2, Note 4.12.4 in page 96, 82 and 109 of the Annual Report. However, the volumes of transactions and employees working in other tax jurisdictions are considered to be not material.

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