

SOCIAL PERFORMANCE | OUR PLACE IN SOCIETY

Labour Practices & Decent Work Management Approach

Dimo's policy is to produce sustainable and life rewarding outcomes both for the people within the organisation and for those in the community around us.

In this section we look at how we build durable value for our employees and for those outside the organisation.

Commitment to the wider social order must come from within and in this respect, Dimo follows a 'Code of Conduct' applicable to all employees, which guides us in a very comprehensive manner on correct procedure, thinking and action across diverse parameters of enterprise.

Our Workforce... founded on Best Practice

The Dimo team has been one of the main drivers of sustainable change and the Company makes consistent and substantial investments in their welfare, skill enhancement and future. The Company's goal is to make work enjoyable, rewarding and productive and to create a work space that is enriching and innovative.

As a guide to desired performance outcomes and implementation of Best Practices, Dimo has implemented a "Code of Conduct" for its employees during the year under review. This Code covers areas such as handling Proprietary information, Conflict information, acceptance of benefits from third parties, maintaining accurate books and accounts, usage of Company property for personal benefit, use of competitor information, insider trading, external business, political bias, protection of the environment and natural resources and gender equity.

The right to freedom of religion of all employees is respected and Company practices have been adapted so as to allow all employees to practice their religion without any hindrance.

The Company offers a comprehensive corporate medical service that covers most situations of ill health for both the employees and their families. Reimbursements of medical expenses of up to Rs 100,000 are provided under this scheme. In most of the instances, the Company covers expenses beyond that sum, including critical illness surgery expenses, for procedures such as cardiac bypass,

Job related educational expenses and subscriptions for membership of professional bodies are also reimbursed by the Company.

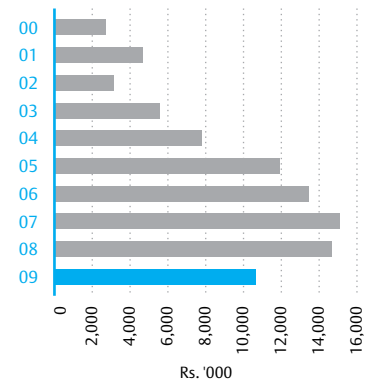
Our remuneration packages are on par with the best in the industry with annual adjustments to take into account, inflation and other variables. Performance related incentives are offered by the company and 'super performers' duly rewarded. Longevity of service is given special recognition and treated as a milestone for the employee concerned.

Every employee receives comprehensive life assurance and is covered 24 hours a day.

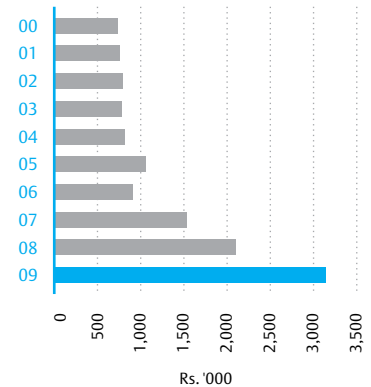
Age Group Analysis (Age vs No. of Employees)

Age Group	Non-Executive			Executive			Total
	Male	Female	Total	Male	Female	Total	
Above 61	6	1	7	8	1	9	16
51 - 60	44	-	44	39	5	44	88
46 - 50	26	-	26	33	7	40	66
41 - 45	24	1	25	44	5	49	74
36 - 40	43	1	44	51	4	55	99
31 - 35	63	1	64	81	7	88	152
26 - 30	161	11	172	61	16	77	249
21 - 25	89	14	103	15	2	17	120
Below 20	5	1	6	-	-	-	6
Total	461	30	491	332	47	379	870

Group Turnover Per Employee



Property, Plant & Equipment Per Employee



Dimo is fully committed to caring for its workforce. One of the priorities of our Human Resources department is the development of social benefits for our people.

The Company currently provides numerous welfare benefits to its employees which include many measures that are unique to Dimo.

Employee Welfare

- Employees’ medical expenses are covered by the Company, which is well beyond normal market practices.
- A Doctor visits our premises daily and consultation for employees is free of charge.
- In-house nursing facilities are provided at our Head Office and Siyambalape.
- A mobile laboratory visits all our locations twice a week and medical tests are done at no cost to the employees.
- Free transport four times a day between Colombo, Siyambalape and Weliveriya.
- Uniforms and footwear are provided for drivers and workshop staff.
- Meals are provided at subsidised rates.
- A death donation fund is in operation, where Company and employees contribute in equal measure. On the death of an employee or an immediate family member, the fund releases Rs. 50,000/- in the case of an employee and Rs. 40,000/- in the case of a family member (of a permanent employee only)
- An Annual Excursion allowance is paid out for all employees
- A Mercedes Benz vehicle is made available for employee weddings
- Free school books and footwear are provided to children of employees
- An annual Christmas party is held for children of employees

Employee - Company Relationship

The Company is committed to safeguarding the right to freedom of association and encourages employees to openly discuss their grievances.

Employee Council meetings are held on a monthly basis to discuss and clarify any problems the staff may be facing in their daily functions.

All departments have an ‘open door’ policy where any employee can directly address their superiors.

Health and Safety

The health and safety of our employees are central to our ethos of caring for our people.

The Company provides the necessary safety equipment required at the various work stations to all employees.

Every year, the Company conducts a health and safety audit which identifies potential hazards and the programmes/procedures we require to put in place, in order to address them.

This is in addition to the exhaustive measures already in place to mitigate such risks.

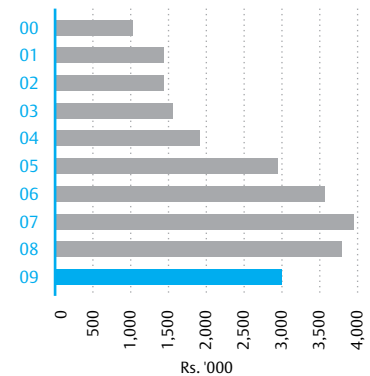
There were no major incidents of risk/accidents recorded during the year under review.

We have taken the following specific measures to ensure employee safety:

- Safety gear in the workshops was replaced this year with the better quality and upgraded equipment.
- Within our initiatives to enhance awareness on safety issues, few employees took part in the certificate programme on Occupational Safety and Health
- The Company conducted safety audits and took action in accordance with the recommendations.

- Thirty employees successfully completed the certificate programme on First Aid which was conducted by the St. John’s Ambulance enterprise.
- Regular fire drills are conducted at all branches and all employees are educated on how to respond to emergency.
- Special protective clothing along with eyewear is provided for the employees whose job requires same. The Company is constantly improving the design and the comfort levels of the wearer.
- The machinery and equipment installed in the Company’s workshops is state of the art; they are all equipped with modern safety mechanisms.

Value Added Per Employee



✕ The ‘Extended’ Dimo Family participate in a company social

✕ Ensuring employees safety - A safety training in progress

Training & Education

Dimo invests in the development and career advancement of its employees. An integral aspect of personal development is to give the employee the tools which he/she can apply to achieve desired proficiency in their job.

In terms of the objectives we have set for our Training initiatives, these are some key aspects:

- Achieve full development of the potential for employee
- Increase job satisfaction
- Through proficiency, maximise the employees' contribution to the Company

All employees are given the opportunity of participating in training programmes - internally conducted as well as those run by external agencies, both local and overseas.

This year, employees were exposed to a full curriculum of training opportunities across areas such as product and service related training, Engineering, Outward Bound Training, attitude development, and motivation.

The Company implements a knowledge sharing scheme where those employees who have undergone training are then required to share training content with co-workers in order to cascade knowledge to all levels of the organisation.

Job related educational expenses and subscriptions for memberships of professional examination bodies are reimbursed by the Company in a bid to promote greater levels of knowledge acquisition.

Employees' Personnel Development Plans are discussed each year with their line managers at the time of their performance appraisals and these are then evaluated at year end.

Employee Category	Internal		External		Overseas	
	# Training hr	%	# Training hr	%	# Training hr	%
Engineering & Technical	1834	42	292	22	744	46
Product & Service	1,390	32	611	46	880	54
Management Skill Development	324	8	75	6	-	0
Administration & Other	820	18	345	26	-	0
Total Hour	4,368		1323		1624	

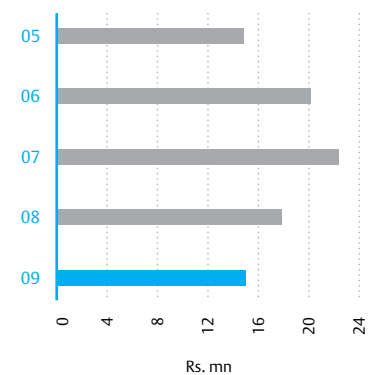
Total employee training hours stood at 7,315 for the year in review, out of which 1624 hours represented overseas training.

There was a concentration of focus on Engineering & Technical (744hr) and Product/ Services Support training (880hr) in the overseas training provided.

Diversity and equal opportunity

Dimo is an equal opportunity provider and the Company ensures that all employees are treated with respect and equality. There were no reported cases of discrimination or unfair dismissal and no court cases were pending, during the year, against the Company.

Training Cost



✦ A total of 7,315 employee training hours

A trend we identified in the recent past continues this year too. Once the province of males, an increasing number of females are enrolling in the training school to qualify as automobile mechanics and service advisors.

The Company does not tolerate gender bias and this is reflected in the fact that our emoluments are made irrespective of gender.

Service Group Analysis (No. of Years in Service vs No. of Employees)

Service Group	Non-Executive			Executive			Total
	Male	Female	Total	Male	Female	Total	
Above 31	2	–	2	13	2	15	17
26 - 30	15	–	15	19	5	24	39
21 - 25	8	–	8	9	3	12	20
16 - 20	21	1	22	45	5	50	72
11 - 15	56	1	57	40	4	44	101
05 - 10	43	2	45	64	10	74	119
Below 24	316	26	342	142	18	160	502
Total	461	30	491	336	47	382	870

Dimo is a non-discriminatory employer and facilitates equality of opportunity for all its employees. Equal opportunities are provided to all within the Company irrespective of sex, social background, caste, old school ties or other distinctions.

Promotions are strictly on merit and potential. Dimo's employment practices have generated a high degree of loyalty: 368 of our employees have been in service for over five years and 249 for over 10 years.

Promoting and Protecting Human Rights

Dimo is committed to all those rights contained in the international covenants on human rights and those rights contained in the Constitution of Sri Lanka.

The Company is deeply committed to advancing the rights of all those working within the organisation and all other stakeholders it engages with.

Dimo also endeavours to ensure that our suppliers, dealers and other business partners also respect and espouse human rights within the scope of their own businesses.

We do not tolerate discrimination and work to ensure equal opportunity for all associates. We comply with all applicable laws, regulations and other employment standards, wherever we work.

DIMO respects the dignity of our workers in the workplace and we work to ensure our associates, right to personal security, a safe, clean and healthy workplace and freedom from harassment or abuse of any kind.

The Code of Conduct to which all employees are adherents, incorporates the tenets of human rights and compliance. Dimo also intends to introduce specific training programmes for employees in relation to policies and procedures concerning human rights aspects in work.

Freedom of Association and Collective Bargaining

There has not been any breach of the right to freedom of association or the right to collective bargaining available to employees.

We deal fairly and honestly with our employees regarding wages, benefits and other conditions of employment and recognise their right to freedom of association.

Child Labour

Dimo is strictly against the use of child labour.

We believe that children below legally employable age limits should be gaining an education, and responsible business entities can have no reason to offer employment to the under aged.

We extend this same view and stance towards all our outsourcing services

Forced and Compulsory Labour

The employees may be required to perform reasonable overtime in order to fulfill customer requirements. There have not been any recorded instances of forced labour at Dimo.

The Company adheres to the law of the land, concerning labour.

Security Training pact ice

Dimo does not employ its own in-house security staff. All security duties are provided by a specialised company.

Dimo continuously monitors their service level at monthly meetings.

**Including Society in Our Equation
Empowering the Broader Community**

The synergies and relationships that one shares as part of a community are invaluable. Contrary to what one may believe when reviewing the relationships between a corporate entity and society at large, it is not a one-way street. Two-way communication, friendship, enrichment, progress and well-being result.

Thus, Dimo is firmly committed to investment in the welfare of the broader community and to facilitate a sustainable future for them.

The following are some of the specific community initiatives the Company has been involved in over the year.

Dimo Automobile Training School (DATS)

Each year the Company enrolls two batches of 16 students each in the Dimo Automobile Training School (DATS).

DATS provides the students with a two-year, world class comprehensive diploma that covers all aspects of the automobile industry. During the training period the trainees receive subsidised meals, uniforms and footwear at Company’s cost. They are also entitled to medical facilities and insurance cover at Company’s cost.

The two-year course is followed by a competitive examination and exposes them to Mercedes, TATA, Bosch and Japanese vehicle/equipment maintenance and the latest developments in automobile technology.

The Dimo certificate is well recognised by the Sri Lankan auto engineering community.

The DATS programme offers the additional advantage of giving trainees the opportunity of spending time with our Principals in Germany and being exposed to first-hand training experiences in a high-tech environment.



✕ Every year 32 youngsters graduate from the state-of -the-art Dimo training school. They follow a 2-year comprehensive programme free-of-charge.

Depending on the availability of vacancies, on completion of their two-year Course, DATS trainees are offered a position at Dimo. These trainees are under no obligation to accept such employment and are free to make any other career choice.

During the year under review, DATS was granted the approved centre status by City and Guilds which gives DATS the opportunities to offer the City and Guilds international application in Motor Vehicle Engineering for both certificate and diploma levels. These are highly sought after qualifications amongst individuals who seek career and professional advancement in the motor engineering industry.

Also during the year under review, the Company incurred Rs. 6.75 mn as recurrent expenses for the operation of DATS.

Scholarship to Junior Athletes

For the first time in its history, Dimo provided athletic scholarships to the twelve top athletes (both Males and Females) in three age categories.

The scholarships cover twelve months and the athletes’ performances will be monitored during the period. This will directly assist these top athletes to continuously improve their performance, without losing focus due to life situations they may face such as financial constraints.

Junior Athletic Championship 2008

The National Junior Athletics Championship conducted by the Athletic Association of Sri Lanka was held from 2nd to 04th of May 2008 at Sugathadasa Stadium.

Dimo came forward to sponsor this event; what we sought was not acclaim or publicity. We sought to give deserving athletes and the sport itself a boost, to attain standards we could all be proud of, as a community. Approximately 2600 athletes from all parts of the country participated in this event.

The Vidujaya Exhibition

The Vidujaya programme is a concept of the Forestry and Environmental Society of the University of Sri Jayawardenapura. It is an exhibition targeted at the undergraduates of the University and seeks to foster and raise awareness on environmental issues.

Since this aspect was a good fit in terms of our own ethos, the Company came forward to co-sponsor the programme.

TATA and St. Joseph’s Montessori, Ragama

The students of St. Josephs Montessori School in Ragama were given an entertaining morning session one day, by the Tata Commercial Sales Division.

A children’s movie was screened and refreshments were served. It was heart warming to see the joy and happiness of the little children as they enjoyed the programme. This was the first occasion, such an event had been organised for the school.

Dimo Gimanhala

The Company invested in the construction of a resting area along the Colombo-Kurunegala highway. The project is complete and now Dimo’s customers can use this as a ‘pit stop’ on their travels and enjoy the services provided by the Dimo Gimanhala.

Blood Donation Campaign

A blood donation campaign was conducted at the Dimo Head Office.

Enthusiastic staff participation ensured that the campaign was a success.

The Company hopes to make this an annual event.

Donation to Sri Lanka Army

The Company donated sports equipment in the form of ten carom boards to the Sri Lanka Army’s transit camps in Kankesanthurai.

Corruption

The Company has a zero tolerance policy on corruption. Similarly, Dimo does not tolerate ethically unsound or corrupt practices on the part of our business partners either.

Public Policy

Dimo has not been party to any lobbying nor has it adopted any position with regard to public politics. The Company has not made any monetary donations to political parties or related institutions.



- ✘ One of the many religious ceremonies of the Company
- ✘ Twelve top athletes receive comprehensive sponsorships
- ✘ Sponsorship of bus-stops with seating facilities

Anti-Competitive Behaviour

Dimo does not engage in anti-competitive behaviour and does not support other organisations engaging in such practices.

No legal action has been instituted against the Company on this basis.

Compliance with Regulations

Dimo has not received any fine derived from its failure to comply with regulations

Product Responsibility

Customer Health and Safety

The Company makes every effort to ensure that its products and services do not cause any harm or injury to the health, safety and well-being of its customers and the environment.

The Company shares as much information as possible about products with its customers and ensures that customers are well informed should there be any potential risks with regard to use of its products.

Dimo’s principals and suppliers also follow similar practices and we ensure that our suppliers are highly reputed brands who comply with the highest standards of product responsibility.

Our principals’ and suppliers’ products are evaluated for any possible impact to the customer’s health and safety in all phases of the life-cycle of the product.

The following are some of the specific measures that the Company and its Principals have initiated to promote sustainable entrepreneurship:

- Daimler Chrysler does extensive research on their products and each year registers more than 2000 patents. This has ensured that Daimler Chrysler remains the market leader at international level in the fields of technology and innovation.
- Osram operates within the context of a ‘global care’ philosophy. This ‘global care’ philosophy represents their commitment to social and environmental responsibility worldwide. As a leader in innovative lighting solutions, Osram is dedicated to products

and processes that contribute to solving global sustainability challenges, addressing economic needs and protecting the environment for today and for the future.

- All Mercedes Benz, Jeep, and Chrysler vehicles conform to Euro IV standards.
- All TATA vehicles are fitted with ‘Cummins’ engines known for their low operating cost both with regard to fuel and oil. These engines have a unique emission control mechanism which reduces emissions significantly.
- Introduction of new Osram LED technology as lighting appliances. This has an energy efficiency rating of over 80% which is derived from CFL technology.
- Siteco lighting solutions make maximum use of natural light.
- After years of use customers can return a Mercedes Benz vehicle to the factory for environmentally friendly disposal in accordance with the ‘end of life’ vehicle law. All Mercedes Benz vehicles meet the statutory regulations governing the suitability of the vehicle design for re-use and recycling.
- The Komatsu forklifts refurbishment scheme fits electric and LPG engines to their reconditioned machines, eliminating internal combustion. These LPG cars produce 90% fewer particulate emissions and 90% less Nitrogen Oxides than diesel engines.
- The Michelin ‘Green tyres’, which are subject to a ISO 14001 certified manufacturing process, make it possible to reduce fuel consumption by 3%, reinforce users’ safety (by a stronger grip) and last as long as normal tyres.
- The Bosch power tools recycling system enables dealers to pay for and take back old batteries for recycling. Plastics are also recyclable while the package is also fully recyclable cardboard.
- Dimo was the first to introduce non asbestos clutch plates/wiper blades in Sri Lanka.
- Siemens medical equipments’ radiation levels are on average, less than those of our competitors.

- The KSB pumps we market have energy conservation features.
- The Mahindra & Mahindra tractors are among the most economical in their category.
- MTU engines conform to Euro III standards.
- Customers are educated on the use of CFC free refrigeration when handing over the refrigeration projects .
- Komatsu heavy machinery conforms to Euro III standards.
- Siemens power generations solutions offer renewable power solutions such as windmills and Biomass generation.
- Siemens Building Management Systems have the ability to reduce power consumption of high-rise buildings and industrial application by a significant proportion.

Product Labelling

In accordance with the customers right, most product labels and packaging provides relevant information on the use of the products and makes mention of any dangers and risk, technical specifications, guarantee details, information about manufacture, details if the product is distributed by third parties, relevant certification and serial number of all the components (there value is our principals’ standard). There was no case of dissatisfaction regarding the labelling of our products.

Marketing Communications

Dimo’s marketing communication regime is fully based on transparency.

All marketing campaigns at Dimo are thoroughly screened to ensure that Dimo does not engage in unethical marketing practice.

The Company also has special guidelines governing its advertising and promotional activities These activities are continuously monitored by the Company’s Corporate Communications Division.

There was no case of non compliance with stipulated standards and regulations in respect of the Company’s marketing communications activities.

Customer Privacy

Dimo respects and protects the customer’s privacy and the customer’s data which it is privy to .

There have been no transgressions in this context, during the applicable reporting period

Compliance

Dimo complies with the standards and regulations laid down by the Government of Sri Lanka.

All products that bear the stamp ‘Dimo’ contain a message of quality.

GRI Compliance Index is available on pages 151 to 153.

Sustainability Indicators

	2008/09	2007/08
1. Economy		
1.1 Impact on Economy		
◦ Total value addition	Rs. 2,582 mn	Rs. 3,280 mn
1.2 Impact on economic condition of Stakeholder		
1.2.1 Shareholder		
◦ Earning per share	Rs. 9.36	Rs.16.95
1.2.2 Employees		
◦ Employee related cost	621.8 mn	573.2 mn
2. Environment		
2.1 Energy, Water & Fuel Management		
◦ Total water consumption	41,563M ³	52,042M ³
2.2 Emission Management		
◦ Emission and Noise the tolerance standard level imposed by environmental authorities	Page 72	Page 72
2.3 Waste Management		
◦ Volume of recycle water as a percentage of total water consumption	10%	10%
2.4 Material Management		
◦ Number of tyres sent for recycling	611	Not Available
◦ Number of tyres re-used and recycled (by tyre retreading business units)	5,115	2,574
3. Social		
3.1 Labour Practices & Decent work		
◦ Number employee training hours (Internal, External and overseas)	7,315 hours	Not Available
◦ Employee satisfaction index	53.87%	55.03%
3.2 Society		
◦ Amount of Expenditure incurred during the year for Dimo Automobile Training School	6.7 mn	5.3 mn