

# SUSTAINABILITY RESIDES AT OUR CORE

## Chairman & CEO's Statement

Dear Reader,

It is with great pleasure that I present to you the Sustainability Report of Dimo for the year 2009/10.

Sustainable entrepreneurship has always been at the core of Dimo's corporate strategy and in this Report we look at how the Company's activities have contributed to enhancing the economy, preserving the environment and empowering society.

While delivering values to our shareholders we are conscious of our larger responsibilities as a corporate citizen. In this regard we have paid particular attention to generating employment for unemployed youth and providing vocational and technical training to those who have not been able to make it into the formal educational system. The end of the war in May 2009 has provided a new set of opportunities and challenges. The Company is committed to participating in the development of those regions and in helping the people return to normal life as soon as possible.

In order to integrate sustainable entrepreneurship more closely, we at Dimo have taken measures to establish a Committee on Sustainability with a specific terms of reference. This Committee will ensure that sustainable practices are further strengthened and streamlined in all aspects of the Company's business.

We continue to focus on the usage of energy, water and other resources responsibly and in an environment friendly manner. Special measures are being taken to reduce Green House Gas emissions and the Company's carbon footprint.

We are perennially faced with decisions where the requirements of sustainable entrepreneurship clash with short-term profitability. We try to resolve these tensions by focusing on the long-term consequences rather than on the short-term benefits. Dimo has built a unique brand in these 70 years and we are committed to staying 'at the crease' for many more years to come.

The Company has already won many sustainability accolades. However, to us the journey has only just begun, our strategy has been designed, our processes are in place: we must now convert this into tangible benefits for the economy, society and the environment.



**A.R. Pandithage**

Chairman, Managing Director/Chief Executive Officer

18th May 2010

## Preamble

Sustainability requires two key things: a capacity to think out of the box and a commitment to some key principles of business.

Companies need to constantly adapt and re-engineer their processes and practices. New initiatives need to be explored and employees need to be retaught. Sustainability also requires a commitment to some new ideas in the management of institutions and a willingness to resolve tensions between short-term gain and long-term benefits.

Sustainability has been integrated into all aspects of Dimo's corporate strategy. The Company's systems and processes have been refined and adapted to ensure that the potential impacts on the economy, the environment and on larger society, constantly figure in decision making processes within the Company. The Company has embarked on several new initiatives designed to deliver a larger social wealth.

Modern corporate citizenship is driven by a high level of transparency and so is Dimo. Today, a sustainability report is an important tool in enhancing the transparency of every aspect of a company's activities and we hope this report will do exactly that.

## An Overview of this Report

This is the 6th Sustainability Report produced by Diesel and Motor Engineering PLC (Dimo) and its subsidiaries.

Our purpose in producing this Report is to place before all stakeholders a comprehensive account of the economic, social and environmental impacts that are generated by the Company's activities.

We have endeavoured to report in as fair and transparent manner as possible, presenting both negative and positive aspects without bias, as we believe it to be imperative that stakeholders have access to comprehensive details to aid informed opinion and choice.

Ours is not a 'static' initiative but one in which we strive each year to improve on sustainable wealth creation, which we have endeavoured to portray through this Report.

A Report of this nature arising as it does from an evaluative framework gives the Company an opportunity to review the adequacy of its existing strategy and initiatives and institute change and improvement where necessary.

For purposes of brevity and to avoid frequent repetition, we have adopted the process of cross referencing to help the reader locate more in depth data at relevant points of the narrative.

## Profiling the Organisation

Dimo is one of Sri Lanka's largest diversified business entities with a history of over 70 years of enterprise.

The 'Historical Note' appearing on page 171 details the evolutionary journey of Dimo, from the commencement of operations to the present day.

Details of Group Structure appear on page 126 of this Report.

A very comprehensive review of the Group's business portfolio may be found in the Business Performance section of this Report, beginning at page 20.

The Financial Review appearing from pages 48 to 55 in this Report provides details of all salient financial data and information.

Dimo's corporate philosophy is geared to help the Group produce new opportunities and a better lifestyle for all stakeholders through its entrepreneurial activities.

This Sustainability Report captures the activities of Dimo and its subsidiaries for the year under review.

## Awards and Accolades

Dimo has received numerous awards and accolades during the period under review.

Given below is the complete list of awards:

- Grand Award for the best Chairman's Letter (International) - 23rd International ARC Awards held in New York
- Gold Award for best Chairman's Letter under category of Engineered Industrial Products - 23rd International ARC Awards held in New York
- Gold Award for best Interior Design under category of Engineered Industrial Products - 23rd International ARC Awards held in New York
- ACCA Sustainability Reporting Award winner 2009 - Medium Scale Enterprise Section
- Merit Certificate - Best Corporate Governance Disclosure - South Asian Federation of Accountants - Bangladesh
- Gold Award up to 5 subsidiaries - The Institute of Chartered Accountants of Sri Lanka
- Bronze Award for Best Corporate Governance Disclosure 2009 - The Institute of Chartered Accountants of Sri Lanka
- Silver Award for Best Corporate Citizen Award 2009 (under 10 bn turnover category) - Ceylon Chamber of Commerce
- Silver Award for Best international Brand (DIMO Batta) - Sri Lanka Institute of Marketing

## The Parameters of this Report

### Report Profile

Whilst this Report spans the period 1st April 2009 to 31st March 2010, certain data of relevance outside this period has been included to lend context.

The previous most recent report produced by Dimo was released on 22nd May 2009.

The Company adopts an annual reporting cycle.

Any questions or inquiries pertaining to this Sustainability Report may be directed to the Corporate Communications division at [dimo@dimolanka.com](mailto:dimo@dimolanka.com)

**Report Scope and Boundary**

In determining the materiality of the information presented in this Report, Dimo has conducted its own structured materiality analysis to identify relevant content.

This analysis took the form of a materiality test, to identify the indices to be reported on. A specially tailored questionnaire was used to identify the indices which should be reported upon. All indices which scored above a pre-determined level were included in this Report, whilst those of lesser importance were partially reported on with available data.

In regard to boundary setting, this Report covers all enterprises of Dimo and its subsidiaries, excluding joint ventures.

This Report is aligned with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines, released in October 2006, at a self-declared application level of 'B+'.

The Report has also been verified and assurance provided by Det Norske Veritas AS (DNV).

**Description of Key Impacts, Risks and Opportunities**

The above topic is comprehensively discussed in our Management Report (pages 20 to 47) and in the segment on Risk Management (pages 117 to 120).

Dimo carried out an analysis aimed at identifying and assessing the business risks facing the Group with regard to its activities and the current environment, as well as the controls associated with each risk. The analysis considered the strategic, financial, operational and fortuitous risks.

**Organisational Impact**

Traditionally, organisations have been paying more emphasis to the impact on the economic well-being of the shareholder viz., profitability and have attached relatively less importance to economic impacts on other stakeholder groups.

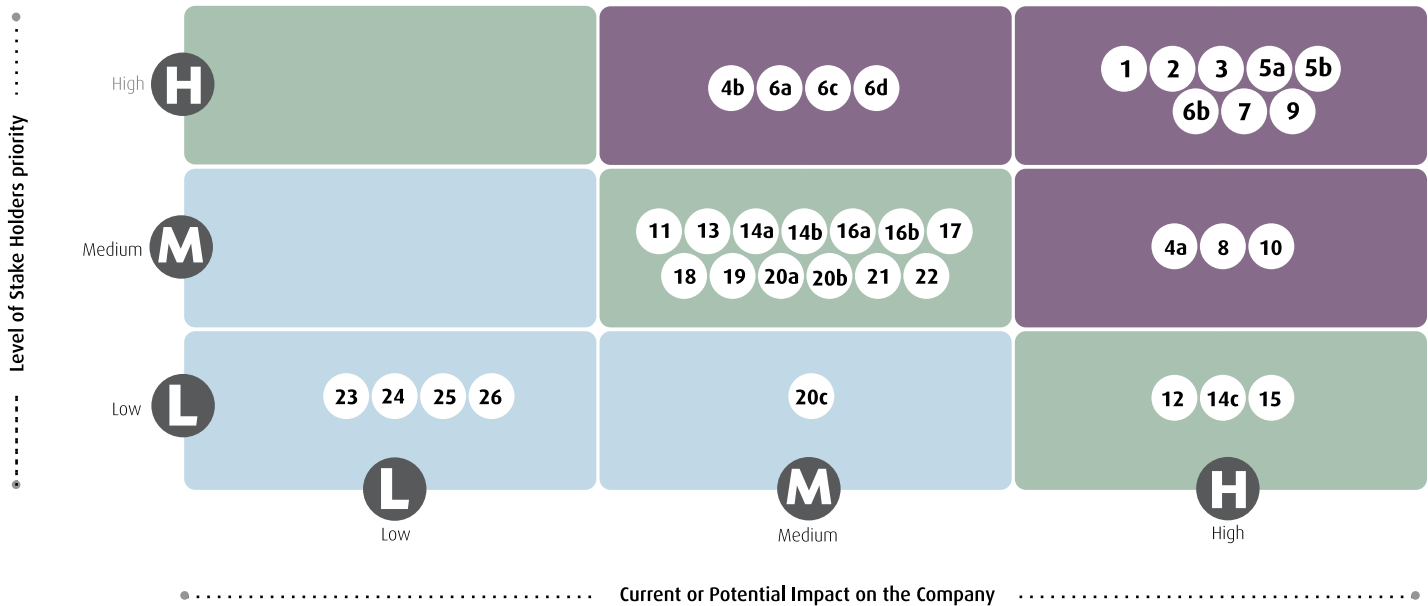
However, we must note that the remaining two parameters of Sustainability - Environmental and Social - are becoming increasingly important and this rapid change in thinking is compelling organizations to give sustainability its due place.

From a business point of view too, customers are expecting business entities to give due importance to a sustainability framework encompassing all parameters in addition to the economic impact on the shareholder.

Dimo is a Company associated with world class Principals and Suppliers who take a holistic approach to sustainability and use it as a driver of value creation and complete advantage.

The world class brands that Dimo offers make it opportune to adopt an all inclusive approach making a positive impact on all aspect of sustainability.

**Materiality Issues - an Identification Matrix**



A materiality test was done for all indicators through a self-developed questionnaire. Based on the answers for each indicator a rating was ascertained. The indicators with highest ratings were identified as material to stakeholders and the organisation.

The above diagram indicates factors identified through the material test and has been plotted according to the priority of stakeholders and the impact on the Company.



High - The issues indicated in this area are of high impact for both stakeholders and the organisation. All indicators shown in this area are fully reported on.

Current status and future plans of high materiality issues have been discussed in page 62.



Medium - The issues indicated in this area do not have a major impact on our business operation. However, these issues have also been addressed during the reporting period and have been fully or partially reported on, under the GRI3 Index as per the availability of data.



Low - The issues found in this segment of the grid exert only a minor impact on our business operations and are therefore not reported on.

**Indicators of High Relevance**

		GRI Indicator
<b>Economic</b>		
1 Shareholder Return on Investment		EC1
2 Direct Economic Value Generated and Distributed		EC1
<b>Environment</b>		
3 Energy Consumption		EN3, EN4 & EN5
<u>Water</u>		
4a Water Consumption		EN8
4b Water Discharge		EN21
<u>Waste</u>		
5a Solid Waste		EN22
5b Hazardous Waste		EN22
<b>Labour Practices and Decent Work</b>		
<u>Employees</u>		
6a Training and Education		LA10
6b Occupational Health and Safety		LA6, LA7 & LA8
6c Remuneration		LA14
6d Employee Rights		LA4
<b>Human Rights</b>		
7 Ethical Compliances of Suppliers/Contractors		HR2
<b>Society</b>		
8 Corruption		S02, S03 & S04
<b>Product Responsibility</b>		
9 Customer Health and Safety		PR1
10 Ethical Concerns on Marketing, Advertising and Sponsorship		PR6

**Indicators of Medium Relevance**

		GRI Indicator
<b>Economic</b>		
11 Purchasing from Local Suppliers/Contractors		EC6
<b>Environment</b>		
12 Use of Material		EN1
13 Use of Recycled Material		EN2
<u>Emissions</u>		
14a GHG emissions		EN16 & EN17
14b Ozone-depleting substances (ODS)		EN19
14c NOx & SOx		EN20
15 Significant Spills		EN23
<b>Human Rights</b>		
16 Human Rights Awareness		
16a Employees		HR3
16b Security Personnel		HR8
17 Discrimination		HR4
18 Child Labour		HR6
19 Forced & Compulsory Labour		HR7
<b>Society</b>		
20 <u>CSR</u>		
20a Health		S01
20b Education		S01
<b>Product Responsibility</b>		
21 Product Labelling		PR3
22 Customer Privacy		PR8

**Indicators of Low Relevance**

		GRI Indicator
<b>Economic</b>		
23 Local Hiring of Employees		EC7
<b>Environment</b>		
24 Biodiversity		EN11-EN15 & EN25
25 Packaging Material		EN27
<b>Human Rights</b>		
26 Indigenous Rights		HR9
<b>Society</b>		
20 <u>CSR</u>		
20c Tree Plantation		S01

## Our Objective &amp; Commitment

Where are we now?	Where do we want to be?	How do we get there?	By When
<b>Environment - Energy Consumption</b>			
We regularly measure our monthly energy consumption. (Electricity, Diesel, Petrol and Gas) Initiatives have been taken to reduce the electricity consumption (discussed in the report). Measure GHG emissions (CO <sub>2</sub> ).	Measure the reductions achieved through the initiatives taken. Conduct audits in all DIMO locations and identify improvements we can make to reduce the energy consumption. Reduce GHG emissions by 5% from the current level.	Conduct internal audits in all Dimo locations and make recommendations.  Adopting energy efficient initiatives.	March 2011  March 2012
<b>Environment - Water Consumption and Discharge</b>			
Waste water is recycled and reused (32% ground water is recycled).	To increase the ground water recycling percentage up to 40%.	Biological water treatment plants to be established in the newly developed workshops in Matara and Kurunegala.	March 2011
Water is treated and recycled before discharge.	Measure the water discharged in 90% of all Dimo locations on a monthly basis.	Identify the requirements for meters in all locations and install.	March 2011
<b>Environment - Solid Waste &amp; Hazardous Waste</b>			
Solid waste is segregated and handed over to selected third parties for further recycling Hazardous waste is also handed over to third parties for recycling and re-use.	Identify a total solution for waste disposal. We are looking at achieving a total solution (100%) for hazardous waste and 80% solution for solid waste.	Approach an Environment Authority approved 3rd party for a total solution and implementation.	March 2011
<b>Supply Chain management</b>			
We have introduced a supplier code and declaration for local suppliers.	To receive the declaration signed by 90% of the local supplier base and maintain this percentage every year.	Conduct an awareness program on ethical business practices biannually.	March 2011
<b>Our People - Training &amp; Development</b>			
We have conducted 8,936.5 hrs of training for our employees internally and externally (local & foreign).	To introduce career ending programmes for retiring employees.	Identify employees who are approaching retirement and conduct programmes biannually.	March 2011
<b>Our People - Occupational Health &amp; Safety</b>			
We established a 'Health and Safety' Committee and conducted audits to identify possible occupational Health and Safety risks.	To obtain external recognition for our health and safety policies and procedures (OHSAS 18001 Occupational Health and Safety Standard).	Conduct continuous audits and plan continual improvements.	March 2011
<b>Our People - Employee Satisfaction</b>			
Taking care of our people as we know that they are our strength. Our current level of employee satisfaction is 54.29% and the response rate is 55.6%.	Increase the response rate to 60% and the satisfaction level to 65%.	Appropriate initiatives led by HRD Division.	March 2011
<b>Community - Customer Health and Safety</b>			
Creating awareness in all our workshops on customer health and safety.	Increasing awareness on post purchase health and safety issues (Eg: Osram CFLs - hazardous waste).	Communicate disposal options and methods to customers through advertising and promotions (Eg: safe Osram CFL disposal).	March 2011
<b>Community - Ethical Marketing Practices</b>			
Following the marketing and communication codes of our principals.	Develop a marketing and communication code for all Dimo advertising and promotions.		December 2010

**Governance, Commitments and Engagement**

The Board is committed to integrating sustainability within all aspects of the Company’s business.

**The Process of Sustainability Management within the Company**

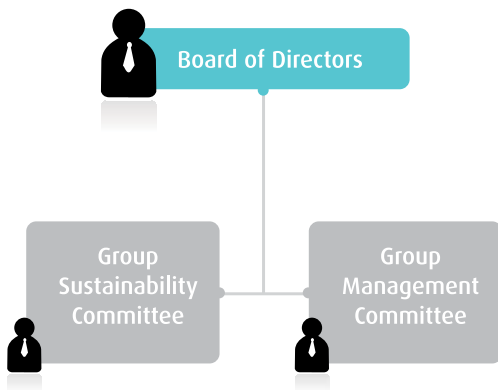
Each Business Unit and Business Division identifies the relevant sustainability objectives and initiatives that need to be included in business and operational plans.

Responsibility for individual projects and initiatives are vested with the various Business Units and Divisions, which are equipped with the resources and expertise to ensure implementation.

The Group Management Committee assumes overall responsibility for identifying and managing economic, social and environmental impacts of the Group’s activities. For this purpose it uses processes such as Quality Management System, Environmental Management System, several task specific committees and the Group’s Management Information System.

The Quality Management System (QMS) and the Environmental Management System (EMS) received QMS ISO 9001:2000 and EMS ISO 14001:2004 accreditation respectively, which is evaluated and revalidated on an ongoing basis.

As an initiative a Sustainability Committee of ten members was appointed on the 18th May 2010 consisting of six Executive Directors and four members of the senior management to represent the employees. It will oversee the processes within the institution and constantly evaluate and refine processes and practices.



The Terms of Reference of the new Committee on Sustainability have been documented. The main objective of this Committee will be to establish goals and integrate sustainability into the daily business activities of the Company. The Committee will ensure that adequate human and financial resources are allocated for the implementation of the Company’s sustainability strategy.

Dimo complies with the Listing Rules of the Colombo Stock Exchange pertaining to Corporate Governance and also conforms to Best Practices and guidelines issued by various institutions that propagate good governance in order to improve its own Corporate Governance framework and its implementation. The Enterprise Governance Report appears on pages 104 to 123.

**QUALITY & ENVIRONMENT POLICY**  
 “We at Dimo are committed to:  
 Continuously improve our systems and processes  
 Total customer satisfaction  
 Develop human resources  
 Conservation of resources  
 Reducing waste  
 Compliance with legal, statutory and principals' requirements”

**THE VALUES THAT GUIDE US**  
 Customer First;  
 Partner with the world’s best;  
 Make work enjoyable and rewarding;  
 Never compromise Dimo’s ethics;  
 Benefactor of society and friend of the environment.

**Commitments to Memberships**

- American Chamber of Commerce
- Ceylon Chamber of Commerce
- Ceylon Motor Traders Association
- Chamber of Construction Industry
- Department of Commerce
- National Chamber of Commerce
- Sri Lanka-Australia & New Zealand Business Council
- Sri Lanka-France Business Council
- Sri Lanka-German Business Council
- Sri Lanka-Italy Business Council
- Sri Lanka-Japan Business Council
- Sri Lanka-Malaysia Business Council
- Sri Lanka-Taiwan Business Council
- Sri Lanka Tyre Importers Association
- Vocational Training Authority



ISO EMS & QMS Certificates

**Stakeholder Engagement Process - In Summary**

Stakeholders	Sustainability Issues & Concerns	Process of Engagement
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Profits &amp; Growth</li> <li>• Return on Investment</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Annual General Meeting</b> provides an opportunity to review the past year's performance and engage in discussions with the management</li> <li>• <b>Annual Report</b></li> <li>• <b>Quarterly reports</b> provide a quarterly review of performance.</li> <li>• <b>Company Website</b></li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Individuals' future growth is linked to Company achieving its objectives</li> <li>• Personal Development</li> <li>• Health and Safety</li> <li>• Balance between professional and personal life</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Employee Council meetings</b></li> <li>• <b>Employee Portal</b> of the Company accessible to every employee.</li> <li>• Annual strategic planning meeting</li> <li>• Company's '<b>Open Door</b>' policy encourages direct employee - management dialogue.</li> <li>• <b>Annual Employee Surveys</b> - voluntary and confidential.</li> <li>• <b>Newsletter</b></li> <li>• <b>H.R. Clinics</b></li> <li>• Individual <b>Performance Reviews</b> - biannual</li> <li>• Dimo Quiz competition</li> <li>• Employee <b>Reward &amp; Recognition</b></li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Availability (island-wide cover)</li> <li>• Standard of After-care</li> <li>• Reliability</li> <li>• Technology</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Customer Relationship Management</b> process (CRM) enables keeping in touch with the customer on a daily basis. It helps to respond to queries and problems from the customer. 'Problem solving' for challenges the customer faces is also done through the CRM process.</li> <li>• A <b>Customer Satisfaction Index</b> maintained by each department provides an assessment of satisfaction levels and helps to improve problem solving capacities within the Company.</li> <li>• Dimo 'Fleet Owners Clubs' for Loyalty Customers</li> <li>• SMS verification system to identify the duplicate product (Bosch, Zexel )</li> <li>• 'Mercedes Club'</li> <li>• 24 hour roadside assistance</li> </ul>
<b>Business Partners and Suppliers</b>	<ul style="list-style-type: none"> <li>• Market Share</li> <li>• Profitability and adherence to Principals' Standards</li> </ul>	<ul style="list-style-type: none"> <li>• A <b>high speed 24 x 7 on-line</b> link enables constant dialogue with principals. Issues discussed include product quality, marketing, customer satisfaction, 'problem solving' and employee motivation.</li> <li>• <b>On site visits</b> from principals and on site visits to principals' locations facilitate engagement.</li> <li>• Supplier code</li> <li>• Code for suppliers</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Social and Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with Religious Dignitaries</li> <li>• Written and oral communications initiated by stakeholders</li> <li>• Company website</li> </ul>

## Stakeholder Engagement

Engaging with the stakeholder community is a vital step in the progress towards building a sustainable and responsible business.

Dimo has in place comprehensive systems and processes to capture feedback from the stakeholder community, which we use in turn to add value to decision making.

In this whole process, Dimo places great emphasis on achieving high levels of inclusivity; it puts our finger on the pulse of the stakeholder, which is a vital requirement in carrying our enterprise forward.

Dimo works diligently each year to cull, comment, process ideas, evaluate impact and attain that fine balance that seeks to deliver customer preference and shareholder expectations whilst maintaining the values and equity of true sustainable entrepreneurship.

## Shareholders

The Annual General Meeting is the principal forum at which shareholders may discuss the performance of the Group, its Financial Statements, returns, appointments and many other relevant matters.

Quarterly financial statements provide opportunity for shareholders to monitor the progress of the Group during the year.

The Annual report is distributed to shareholders in advance of the AGM, to allow shareholders to review its contents and prepare themselves to engage in constructive dialogue at the AGM.

Price sensitive and other corporate announcements are made to the Colombo Stock Exchange (CSE) and are available on the CSE website.

The Company Secretary is available for consultation by shareholders.

## Employees

The Employee Council meets monthly and provides a forum through which employee and Company could engage in frank discussion on matters pertaining to the Company's operations.

The employees nominate their representatives to the Council, whilst the Heads of Business Units also attend.

The ensuing dialogue at Council meetings cover employee grievances, suggestions for improvement of business operations, new initiatives and other matters that could benefit from two-way communication.

Minutes of these meetings are maintained and posted on our employee portal.

## Employee Portal (Intranet)

The Company's employee portal is an excellent communication medium. Every employee has his/her own portal which carries personal details, items of shared knowledge and intimation of company events as well as other relevant information.

The Intranet also allows e-mail communication across peer, subordinate and supervisory groups.

## Our 'Open Door' Policy

At Dimo, our 'open door policy' allows any employee the facility of meeting any person from senior management, including the Chairman/CEO as it is our aim to foster open dialogue and contribution from employees irrespective of grade or position.

## HR Clinics

HR Clinics are conducted for every business unit employee, right at their location of operation.

Two such sessions were conducted during the year under review.

The process involves HR personnel visiting the employee *in situ*, and initiating a free and frank discussion on any issue, clarification, grievance and/or suggestion the employee may have.

Every endeavour is made to provide immediate solutions at site – where these aren't possible, such matters are referred for further discussion with the senior management.

These clinics have now been held for the second consecutive year.

Here are some of the other initiatives we undertook during the year under review, to facilitate dialogue with employees.

## The Dimo Quiz

This Annual Dimo Quiz provides employees with the opportunity to keep abreast of current events and sharpen their intellectual skills. Questions focus on the Company's activities, history and profile and on local and international affairs.

Every year it attracts strong participation from employees in all business units and divisions.

## Employee Reward & Recognition

Dimo recognises and rewards exceptional contributions from its employees through its Individual/Team Rewards and Recognition Scheme.

Under this scheme, employees either as individuals or as a team are feted for exceptional contribution in areas such as - Exceptional Quality Service-Internal/ External, effecting improvements to process to reduce cycle time, helping to reduce cost, devising methods to engender continuous improvement, exceptional house keeping, exceptional team achievements, contribution toward Health and Safety and Living values etc.

The nominations are made by the Managers of the various business units.

**News from the Human Resource Department**

The HR Department maintains systems of communication with all employees via e-mail to disseminate news about company events and activities.

**Knowledge Sharing Session**

The Company has regular product knowledge sharing sessions for its employees. At these sessions managers of each business unit share information with employees from other units about the products of their particular units. These sessions enable employees to be updated and informed about products being marketed by all business units of the Company.

**Employee Satisfaction Survey**

The Human Resource Department conducts an employee survey to gauge employee satisfaction levels amongst our workforce.

Participating in the Employee survey is a voluntary activity at the sole discretion and choice of the employee.

Anonymity is also an option offered to the employee in completing the survey. Results and findings are summarized and presented for discussion at Employees' Council meetings and the Business Unit Managers' meetings.

The HR Department then institutes follow up action to track progress and implementation of selected and approved outcomes.

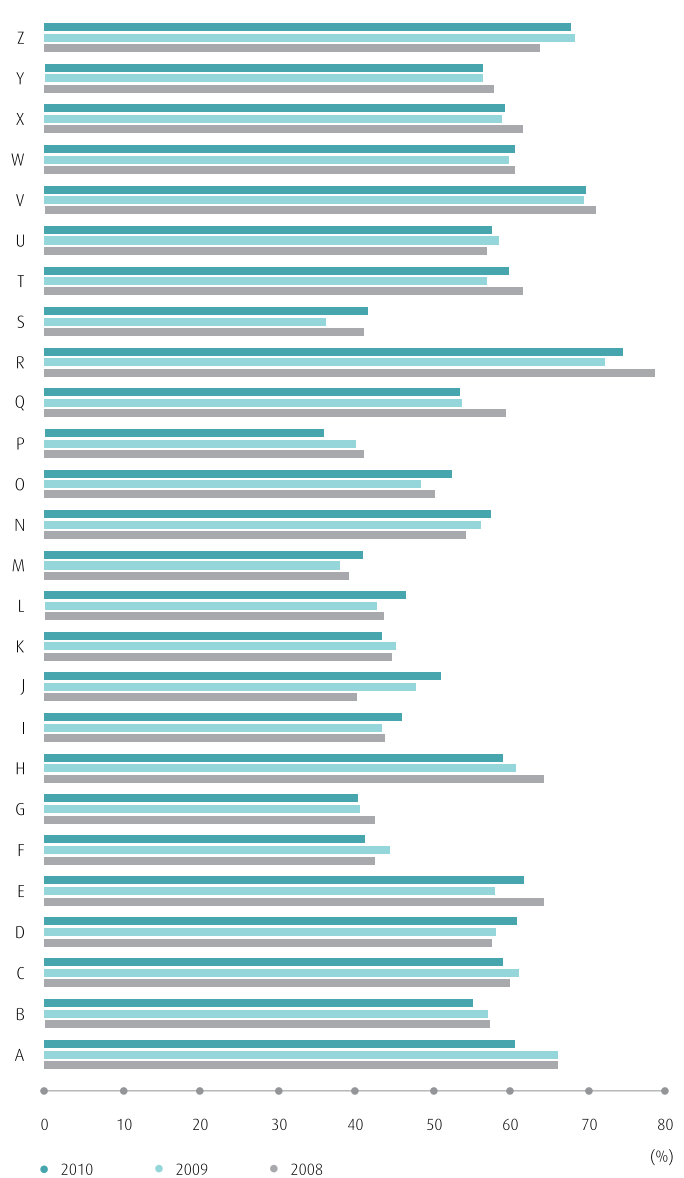
For the year under review the overall satisfaction index was 54.29% which was slightly higher than the previous year's figure of 52.23%. Dimo's staff strength is 864, of which 481 or 55.64% participated in this year's survey. In the previous year, of a total cadre of 870 employees, 503 (58.2%) participated in the survey.

The business units meet at least once a month to review performance, discuss areas of challenge and assess future plans.

Each year, the business units also meet and discuss their budgets with their employee members. At this meeting, the past year's performance is analysed and employee feedback sought on such performance as well as suggestions for the year ahead.

At the commencement of every financial year the Chairman/CEO reveals his plans for the ensuing year.

**Employee Satisfaction Survey**



Dimo Newsletter

- A - Nature of Work/Responsibility
- B - Designation
- C - Freedom to Perform Duties
- D - Availability of Challenging Assignments
- E - Job Security
- F - Salary
- G - Incentives
- H - Other Perks
- I - Recognition & Appreciation
- J - Retirement Benefits
- K - Appraisal System
- L - Opportunity for Training
- M - Prospects for Promotion
- N - Superior's Guidance
- O - Financial Assist: for Education
- P - Canteen Facility
- Q - Sanitation
- R - Medical Facilities
- S - Recreation Facilities
- T - Working Environment
- U - Superior Relations
- V - Peer Relations
- W - Customer Satisfaction
- X - Focus on Quality
- Y - Continuous Improvement
- Z - Focus on Environment

### Our Principals (Business Partners) and Suppliers

We maintain healthy and regular contact with our principals, who visit us frequently to participate in review meetings. These meetings evaluate performance, market and economic trends, competitor issues, targets, training, resource utilization among other issues.

The reverse process too takes place, with Dimo personnel visiting principals in their home countries for similar performance reviews.

Such frequent and close interaction not only helps develop relationships but also optimally positions the Group to respond quickly to challenges that may arise, keeps us on the cutting edge of development and change and reinforces the mutually beneficial win-win situation for all parties concerned.

Arising from such interaction, reports from principals that included their experience with their product portfolio are shared with management on a regular basis. In turn, our business unit managers send a regular flow of information and data to our principals in order to apprise them of our activities. This information includes annual reports and more frequent periodic updates.

Each year, Dimo's business units evaluate suppliers based on a self-declared evaluative criteria at monthly, quarterly and annual intervals, as required by ISO standards.

As a new initiative we developed a Governing Code for suppliers to encourage them to maintain high ethics and exemplary environmental and labour standards. Through this we are looking to incorporate sustainability practices within our supply chain management functions.

Dimo also enjoys the facility of being linked to the Intranet of a few of our principals, which allows for easy and regular communication with these companies located in many other countries.

The Chairman/CEO of Dimo sends a report to the senior management of our principals, with a commentary on the performance of the Principal's business as progressed by Dimo, which also includes details of investments made in the business.

### Customers

We value very highly, the strong and enduring relationships Dimo maintains with customers. It is an integral aspect of our operations and is a vital factor in the long-term success of the Company.

In this respect the Company ensures that the products and services it offers adequately targets and meets customer expectations and requirements.

Dimo continues to offer the Sri Lankan consumer a portfolio of premium products and services from the world's best brands.

### Customer Relationship Management (CRM)

The ambit of Dimo's Customer Relationship Management provides the main point of engagement with the customer.

The function is vested in the Customer Relationship Management unit and through its activities this unit maintains constant interaction with the customer eliciting their input on many factors.

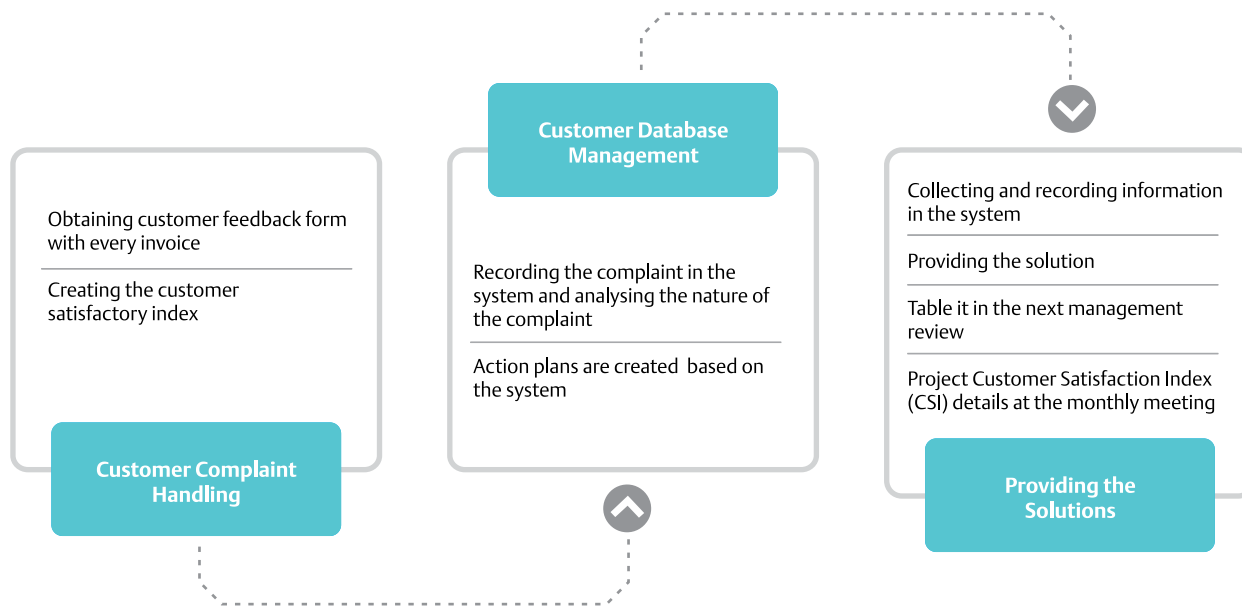
The CRM Department also spearheads problem solving processes in relation to any aspects of our products and/or services that adversely affect the customer.

**Dimo CRM Framework**

Many features distinguish the Dimo CRM process. We ensure that we respond instantly to the customer.

We acknowledge any customer complaint on the day of referral and provide a solution within a maximum of 3 days. Mission critical complaints receive utmost priority.

In this process, the CRM unit analyses the issue raised from both the customer's and Company's perspective, evolving the best and quickest solution.



**Customer Complaint Management**

The Group continues to be able to reduce the quantum of customer complaints it receives annually. For the year under review we have been able to achieve a 38% reduction over 2008/09 results.

Financial Year	Customer Complaints
2006/07	458
2007/08	305
2008/09	289
<b>2009/10</b>	<b>180</b>

During the year under review, 180 customer complaints were received by the CRM. Of this number, 73 complaints were resolved within a time frame of less than three days, whilst all of the balance complaints were eventually solved satisfactorily.

**Customer Satisfaction Survey Index**

Each business unit collects data necessary to carry out a Customer Satisfaction Survey.

The CRM Unit has the responsibility of analysing information pertaining to the vehicle division, whilst in the case of other business units; the analysis of data is carried out in consultation with senior management on a quarterly basis.

The CRM unit maintains a Customer Satisfaction Survey Index for the Vehicle division and these details are forwarded to business units heads, monthly.

Both these quarterly and monthly reports contain an analysis of customer responses and will enable the Company to continuously improve its problem solving capacity.

**Improving Customer Service**

Dimo took several measures to enhance customer service during the year.

New Dimo branch and display points were opened in Jaffna (branch), Ratnapura (Display Point) and Dambulla (Display Point).

We also expanded our dealer network for spares for Mahendra & Mahendra, TATA, M & M, CLAAS Harvester and tyres in general.

