

SOCIAL PERFORMANCE

ONE WITH A RESPONSIBLE COMMUNITY

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 Ethics' applicable to all employees, which guides us in a very comprehensive manner on correct procedure, thinking and action across diverse parameters of enterprise.

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.

In the Code of Ethics adopted by the Company last year, the following subjects featured - Proprietary information, Conflict information, acceptance of benefits from third parties, accurate books and accounts, usage of Company property for personal benefit, competitor information, insider trading, external business, political biases, preservation of the environment and gender equity.

A Dynamic Workforce - Moulded through Best Practice

The Dimo team is one of the main drivers of sustainable enterprise. The Group makes consistent and substantial investments in their welfare, skill enhancement and future.

We also endeavour to make work enjoyable, rewarding and productive and to create a work space that is enriching and innovative.

Dimo's Code of Ethics provides guidance for employees at all levels on how they should conduct themselves at the workplace in dealing with the society and in connection with other aspects of their employment. It applies to a variety of situations that may potentially arise in the course of employment.

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 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 approved 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.

Employees receive comprehensive life assurance and are covered 24 hours a day.

Workers' rights across a multitude of parameters are safeguarded. For example, 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.

During the year under review, Dimo developed a new Occupational Health and Safety Policy, which was an improvement over the existing policy. This was introduced throughout the Company.

Employment

Profiling our employees by type of contract and status yields the following information - Dimo have 784 persons on permanent cadre with another 80 on fixed-term contract, thus totalling 864.

The chart appearing below profiles our employees across the parameters of age, gender and position held.

Total number of employees in each category (senior management, middle management, technical, administrative)

Age	Board of Directors		Senior Management		Middle Management		Executives		Clerical/ Supervisory		Manual		Non-Executive		Total	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M
< 20	-	-	-	-	-	-	-	-	-	1	-	1	-	-	-	2
21-30	-	-	1	-	4	24	15	61	17	72	-	122	5	26	42	305
31-40	-	-	2	6	4	42	6	95	2	42	-	69	7	14	14	261
41-50	-	3	1	9	1	23	9	41	-	15	-	28	1	4	12	123
51<	-	4	-	7	-	13	7	26	-	17	-	15	1	15	8	97
Total	-	7	4	22	9	102	37	223	19	147	-	235	7	52	76	788

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	4	-	4	16	1	17	21
26 - 30	13	-	13	15	6	21	34
21 - 25	4	-	4	13	3	16	20
16 - 20	27	-	27	42	6	48	75
11 - 15	52	1	53	45	5	50	103
05 - 10	39	2	41	70	8	78	119
Below 4	295	23	318	153	21	174	492
Total	434	26	460	354	50	404	864

Promotions within the Company are based on past performance and future potential. The Company's employment practices have generated a high level of loyalty: 372 of our employees have been in service for over five years and 253 for over 10 years whilst total employee turnover for the reporting period was 123.

The charts below examine our employee turnover for the year under review, against several parameters.

Employee Turnover by Gender, Age and Position

Age	Board of Directors		Senior Management		Middle Management		Executives		Clerical/ Supervisory		Manual		Non-Executive	
	F	M	F	M	F	M	F	M	F	M	F	M	F	M
< 20	-	-	-	-	-	-	-	-	-	1	-	-	-	1
21-30	-	-	-	-	4	2	2	9	2	4	1	5	-	28
31-40	-	-	1	2	-	5	1	8	-	2	-	1	-	8
41-50	-	-	-	1	-	3	-	4	-	-	-	2	-	6
51<	-	-	-	1	1	1	-	4	-	3	-	1	-	9
Total	-	-	1	4	5	11	3	25	2	10	1	9	-	52



Celebration of X'mas with employees and their families

55 practise Art competition for employees' children

Employee Turnover by category

Category	Nos.
Voluntary (Resignation & vacation of Post - 91, termination of contract - 26)	117
Involuntary (Termination of probationary services)	3
Retirement	2
Death in service (Not while on duty)	1

Employee Benefits

Employee benefits include - Life Insurance, Healthcare, Disability/Invalid Cover, Maternity/Paternity Leave and special Retirement Provisions among others.

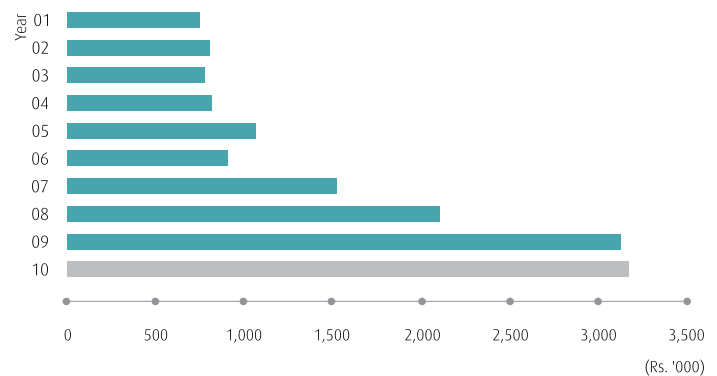
One of the priorities of our Human Resources department is the development of social benefits for our people.

The Company currently provides numerous welfare benefits to its employees

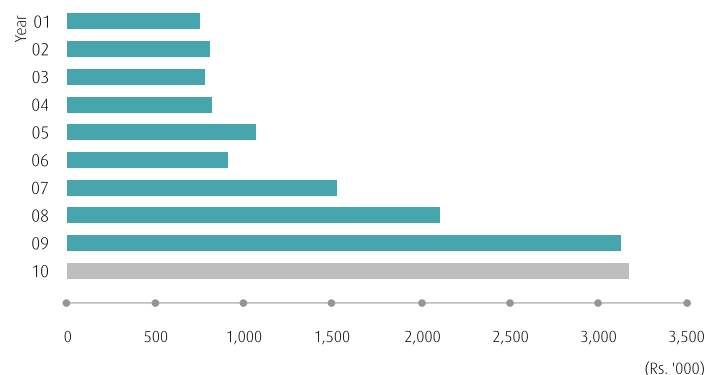
Welfare Measures for Employees and their Immediate Family Members

- Workman's Compensation
- Personal Accident Insurance Cover
- Group Term Life Assurance Cover
- Surgical & Hospitalisation Expenditure Cover
- A doctor visits the premises everyday and the employees can consult him free of charge.
- Qualified nurse is available during office hours to assist during any illness
- A mobile laboratory visits all our locations twice a week and medical tests are offered at no cost to the employees.
- Meal & Night Out Allowances.
- Subsidised breakfast and Lunch facilities at Colombo, Siyambalape.
- Comprehensive Annual Calendar of Social Events - New Year, Sports Day, Group Religious Ceremony, Dinner Dance.
- Reimbursement of - Exam fees/Course fees/Subscriptions to professional bodies, subject to the rules that govern the scheme.
- 13th month salary & incentives.
- Sports facilities.
- Library facilities.
- Purchase Loans and Distress Loans.
- Annual Excursion Allowance.

Property, Plant & Equipment Per Employee



Property, Plant & Equipment Per Employee



- Annual donation of free school books/shoes to children of all employees.
- Uniforms/Footwear for all drivers/workshop staff.
- Christmas Party for the children of employees.
- Free transport between Colombo, Siyambalape/Weliveriya (4 times daily).
- Provision of a vehicle for employee weddings.
- Death Donation Fund - Group and Employee make equal contributions - the fund releases Rs. 50,000/- in the case of an employee and Rs. 40,000/- in the case of a family member.

Labour/Management Relations

Trade unions do not exist within the Dimo Group. Instead, a vibrant and very effective system of Employee Councils is in place. The Councils hold monthly meetings at which all manner of Employee/Company related issues are taken up, including grievances, and solutions are found.

The Company is committed to safeguarding the right to freedom of association and collective bargaining and encourages employees to organise so as to better negotiate their rights. The Employee Council is the body that represents their issues arising from such organisation.

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

Minimum notice periods regarding operational changes

No major operational changes took place during the year under review. Where the Company plans major operational changes these will be discussed with employee representatives through the Employee Councils and an opportunity given for an exchange of views on the proposed changes.

Occupational Health & Safety

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

Health and Safety Committees were established within the Company during the year under review. All employees, from every level including the management, are members of this Committee. The Committees help in ensuring the highest levels of workplace health and safety.

No. of Members in H&S Committee	29
Management representation	7 (24%)
Executive level representation	18 (62%)
Non-Executive Level representation	4 (13.7%)

Through special Health and Safety audits, the Committee is actively working towards obtaining OHSAS 18001 Occupational Health and Safety Standards

Every year, Dimo 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.

Safety gear in our workshops was replaced this year with better quality and upgraded equipment. The equipment in Dimo’s workshops is state of the art and is equipped with modern safety mechanisms.

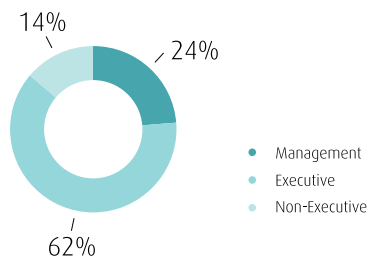
Special protective clothing and eyewear is provided for employees in relevant areas of work. The Company is constantly improving the design and comfort levels of this apparel for greater worker comfort.

The Company has a comprehensive reporting mechanism in place to deal with accidents and incidents at its work sites.

Regular fire drills are conducted at all branches and all employees are educated on how to respond to an emergency.

Joint Management Worker Health Committee Representation

(%)



Injuries/Disease/Fatalities/Lost Days/Absenteeism

Type of Waste	Total No.	Rate (%)
Injuries	7	0.74
Occupational disease	No	-
Lost working days	49	5.2
Work related fatalities	No	-

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

Providing Awareness and Risk Control amongst Employees against Disease

The chart below depicts the measures taken to educate and train employees and their families on serious diseases, the risks they pose and the best methods of prevention.

Programme Recipient	Assistance Programme							
	Education/Training		Counselling		Prevention/Risk Control		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Workers	1	-	-	-	1	-	-	-
Workers' families	1	-	-	-	1	-	1	-
Community	-	-	-	-	-	-	1	-

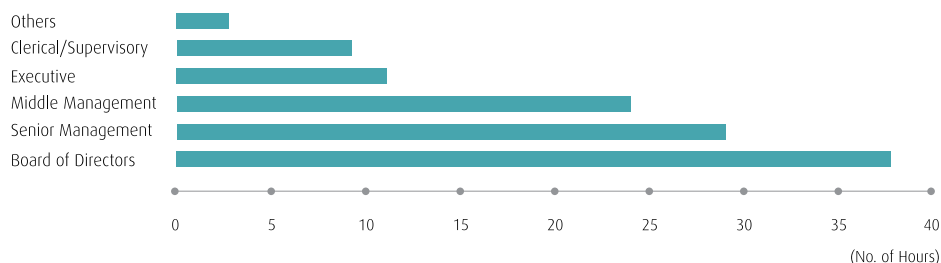
Some examples of the programmes conducted in the above mentioned Assistance Programmes were - Eye Clinic for Dimo family members, Personality Development and Reproductive Health for the spouses of employees and adult children, and Dengue prevention programmes conducted by Public Health authorities.

Health & Safety within Formal Agreements with Employees

As has already been reported, the Group has a series of initiatives addressing health and safety issues, such as health audits, the new Health and Safety Committee and staff welfare measures.

Dimo is in the process of formulating a policy on health and safety, which we intend to incorporate as a document that will accompany every letter of appointment it issues.

Per Employee Training Hours





Innovation through training



A training programme 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.

For the year in review, the Company provided a total of 1,233.5 (1,323 - 2008/09) hours of training through external sources, 5577 (4,368 - 2008/09) hours internally and 2,126 (1,624 - 2008/09) hours through foreign sources.

Total number of hours devoted for training in each category

Employee Category	Executive				Non-Executive	
	Board of Directors	Senior Management	Middle Management	Executive	Clerical/Supervisory	Others
Total employees	7	26	111	260	166	294
Total training hours	265.5	756	2680	2879	1539.5	816.5
Per employee training hours	37.9	29.1	24.1	11.1	9.3	2.8

Rs. 12 mn were spent on training during the year under review. There was an emphasis given to technical and product service training in many of the programmes.

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, to develop their knowledge, skills and attitudes.

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, product awareness and motivation.

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

Employees' Personal 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.

Graph on cost of training and relevant photographs

81.36% of employees went through a formal performance appraisal and review during the year under review. The review process covered both executive and Non-Executive grades. 345 Executives and 358 Non-Executives went through this process.

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

Diversity & Equal Opportunity

Dimo is an equal opportunity provider and the Company ensures that all employees are treated with respect and equality.

Human Rights

Management Approach

Dimo is committed to all those rights contained in international conventions 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 Ethics, 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.

Our Human Resources Procedure Manual which is uploaded on the employees' portal also incorporates relevant information on the human rights issues of employees.

The Company has in place a Supplier Code and Declaration and suppliers must agree to conform to the principles contained in the Code.

Training Hours on Human Rights

$$1. \frac{\text{Total number of hours devoted on training Human Rights policies \& procedures}}{\text{Total number of hours devoted for employee training}} \times 100$$

2.2% (200/8,936.5*100)

$$2. \frac{\text{Total number of employees received training on Human Rights polices \& procedures}}{\text{Total number of employees}} \times 100$$

11.6% (100/864*100)

The Company is an equal opportunity employer and follows a policy of non-discrimination in its recruitment and promotion policies. Workplace practices are also governed by a norm of equality. Special measures have been taken to respond to and reduce sexual harassment at the workplace.

Incidents of Discrimination

Dimo has not recorded any incidents of discrimination during the period under review.

The elimination of gender-based discrimination and the eradication of gender stereotypes is part of the Company's philosophy. Special measures are taken to ensure that women can participate in a variety of occupations within the Company. Women are now recruited as automobile mechanics and drivers, previously considered to be the preserve of men.



DATS training school at Siyambalape - Class room



DATS training school at Siyambalape - Practical Lessons

Freedom of Association & Collective Bargaining

We have not identified any operation which risks the freedom of association and collective bargaining of employees

All our employees have complete freedom to voice their opinion and take up issues with relevant authorities through many avenues such as the Employee Councils, the Company's open door policy and more.

Child Labour

Dimo is strictly against the use of child labour. Our business has not had an occasion for concern in this regard.

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.

This position is embodied within the Group's HR policies and we have also included relevant provisions within our newly developed code for suppliers and third party contractors.

Forced/Compulsory Labour

Dimo does not and never has, condoned the concept of forced or compulsory labour. Here too, our business has not had an occasion for concern in this regard.

Our employees may be required to perform reasonable overtime in order to fulfil customer requirements.

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

Society**Management Approach**

Dimo's relationship and interaction with society at large is complex yet cordial. It is a strong two-way communication channel that yields rich relationships, understanding and acceptance and results in an invaluable mutual well-being that nurtures both entities.

Thus Dimo's policy is firmly entrenched in investing in the welfare of the broader community, thereby facilitating a sustainable future for them.

Here are some of the initiatives that the Group has conducted over the year in review.

Dimo Automobile Training School (DATS)

The Dimo Automobile Training Schools (DATS) was established in 1990 at our workshop at Siyambalape.

A batch of 16 students is enrolled each year.

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 the 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 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.

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.

Over the years, DATS has produced 290 students. Some of them have been recruited by the Company (86), while others have found employment in other establishments in Sri Lanka (108), and some others have been employed in companies overseas (96).

The new DIMO training school was to be opened in Jaffna on the 3rd May 2010.

Training provided to vocational training students

As a benefit to society, Dimo provides students from the following institutes with motor mechanical and motor repair training.

Practical knowledge is a requirement in the student's diploma and degree programmes. Therefore, we voluntarily provide training for these students.

Students are provided with all equipment and facilities.

In 2008/09, 76 Students were provided with such vocational training.

This year, 80 Students benefited.

As at the end of the reporting period, 52 Students were undergoing their training programmes successfully.

Students were enlisted for training from the following institutions:

1. NAITA (National Apprentice & Industrial Training Authority)
2. Ceylon German Technical Training Institute
3. University of Moratuwa
4. University of Peradeniya
5. University of Sri Jayawardenapura
6. Vocational Training Authority of Sri Lanka
7. Automobile Engineering Training Institute
8. Ministry of Vocational & Technical Training
9. The Open University of Sri Lanka
10. CETRAC (Construction Equipment Training Centre)

Dimo Innovation and Research Centre at University of Peradeniya

Dimo continued its support for the Dimo Centre for Innovative Research located within the University of Peradeniya, Faculty of Engineering.

The Centre facilitates research-based knowledge sharing between the two entities. The scope of such activity includes the conduct of joint undergraduate/postgraduate research projects to exchange technical knowledge and also allows the parties to act as research partners.

Ultimately this project will facilitate the creation of an engineering-based knowledge resource.

DIMO Supports Polgahawela Hospital

The Clinical Ward of the Polgahawela District Hospital was painted by the staff of our Kurunegala branch to commemorate the third anniversary of the establishment of the branch.

Career Fairs

Dimo conducted career fairs at the universities of Sri Jayawardenapura and Peradeniya last year. The Company also partnered with the National Chamber of Commerce to organise a third career fair in June.

The programmes at these universities were organised as follows:

- University of Jayawardenapura - 18th March 2009- organised by the department of Human Resource Management
- University of Peradeniya - 30th July 2009 organised by the department of Mechanical Engineering & 11th June 2009 - Organised by National Chamber of Commerce of Sri Lanka

Whilst educating participants about the Company, we were also able, through a series of interviews, to identify several undergraduates who had the required attributes and potential to join the Company.

Dimo Gimanhala

The Dimo constructed and financed Rests along the Colombo-Kurunegala highway continues to be a boon to Dimo customers.

They can now pull in for a 'pit stop' and enjoy the services available.

Corruption

Dimo espouses a zero tolerance policy on corruption.

Similarly, Dimo does not tolerate ethically unsound or corrupt practices on the part of our business partners either.

The Group's Code of Ethics has highly specific prohibitive conditions covering a wide range of risk amongst all stakeholder groups. The Code was explained to all employees and they were asked to commit themselves to the principles and polices contained therein.

The Company therefore, maintains vigilance across all its constituents.

There were no incidents of corruption reported during the year under review.

Anti-Competitive Behaviour

Dimo does not engage in anti-competitive behaviour. No legal action has been instituted against the Company on this basis.

Product Responsibility

Management Approach

Dimo sets very high standards for itself in maintaining optimum product responsibility across all defined parameters.

We harness the top tier products of our Principals (who themselves espouse the highest of standards in this respect) with a rigorously maintained responsibility ethos across the entire supply chain, to deliver products that safeguard the health and safety of customers, disseminate the required product information and adopt ethical marketing practices.

Here are some general initiatives taken by the Group and its Principals:

- Introduction of new Osram LED technology lighting appliances. This has an energy efficiency rating of over 80% which is derived from CFL technology. The useful life per unit has increased 100 times.
- The Bosch power tools recycling system enables dealers to pay for and take back old batteries for recycling. Plastics are also recyclable while the packaging is also of fully recyclable cardboard.
- Dimo was the first to introduce non-asbestos clutch plates/wiper blades in Sri Lanka.
- Customers are educated on the use of CFC-free refrigeration when entrusting their refrigeration projects.

Customer Health & Safety

Life Cycle Stages of Products Assessed for Health/Safety Impacts

All Dimo products come with the highest levels of safety. The Company follows global best practices when servicing its products, especially vehicles and power tools, in order to ensure the highest levels of safety for our customers.

The Company has modified its practices and takes every precaution 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.

All health and safety measures that should be taken as per the requirement of ISO guidelines and accreditation are in place.

We are also looking at achieving wider coverage in communicating safe disposal methods of selected products utilising our marketing communication programmes.

Product & Service Labelling

All Dimo products are adequately labelled, have a catalogue reference and if required, an accompanying user's manual.

In accordance with the legislation in force, each product bears the required labelling in the shape of pictographs, use-by date, standardisation code number, information on possible environmental impact and the quality certification stamp.

Customer Satisfaction

This is covered more fully in the 'Business Performance Review' appearing on page 23, 31, 35, 39 and 43.

Marketing Communications

Dimo's marketing communication regime is fully based on transparency. It lies completely within the applicable regulatory framework.

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

As a practice, we follow the marketing communication codes of our Principals. In the absence of policies defined by principals, Dimo has its own policy in place to address relevant issues which can arise.

Monitoring Marketing Communications

A new initiative this year sees the Company's Corporate Communications team introducing a Communication Policy throughout the Group.

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.

Compliances

Product Responsibility

There were no incidents during the past year relating to transgressions of health and safety, product labelling, advertising or customer confidentiality.

Environment

The Company has not been fined or penalised for non-compliance with legislation, including environmental regulations in force. All legal requirements are complied with.

Society

As a leading corporate citizen the Company conforms strictly with all rules and regulations pertaining to the environment, product standards, tax regulations and all other requirements of the business. So far it has not received any penalties or non-monetary sanctions resulting from breaches of any rules or regulations