



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF DIESEL & MOTOR ENGINEERING PLC

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the specified Sustainability Indicators in the Diesel & Motor Engineering PLC 2023 Integrated report, which has been prepared by the management in accordance with the criteria for the year ended 31 March 2023.

Information Subject to Assurance

We have been engaged by the Directors of Diesel & Motor Engineering PLC (“the Company”) to provide limited assurance in respect of the Sustainability Indicators in the Company’s Integrated Report for the year ended 31 March 2023 (the “Report”). The Scope of work comprised limited assurance over the content on material aspects and data underlying the indicators as specified in the table below.

The Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators (Comparatives are unaudited)	Integrated Annual Report Page
ESG Highlights	06
Information provided on following	
Financial Capital	44 to 47
Manufactured Capital	48 to 49
Human Capital	50 to 51
Social & Relationship Capital	52 to 53
Intellectual Capital	54 to 55
Natural Capital	56

Criteria

The Company’s 2023 Sustainability Indicators has been prepared and presented by the management in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework for the sectors denoted as ‘Multiline and Specialty Retailers & Distributors’, ‘Agricultural Products’, and ‘Engineering & Construction Services’.

Basis of our Conclusion

We conducted our work in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. In accordance with standard, we have;

Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies;

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
S. T. D. L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA

T. J. S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

W. J. C. Perera FCA
W. K. D. C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyad FCMA (UK), FTII

Used our professional judgement to plan and performed the engagement to provide limited assurance that we are not aware of any material misstatements in the Sustainability Indicators, whether due to fraud or error; and

Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Summary of Limited assurance procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- Interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries of management to gain an understanding of Company's processes for determining material issues for Company's key stakeholder groups;
- Enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Sustainability Indicators;
- Enquiries about the design and implementation of the systems and methods used to collect and report the Sustainability Indicators, including the aggregation of the reported information
- Comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- Assessing whether the financial indicators reflected in the Report have been extracted from the audited financial statements of the Company.
- Comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report
- Comparing the Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with the sustainability performance of the Company;
- Reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

How the Standards Defines Limited Assurance and Material Misstatement.

A limited assurance engagement is restricted primarily to inquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Misstatements, including omissions are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Diesel & Motor Engineering PLC.

Management's Responsibility

Management is responsible for determining that the criteria is appropriate to meet their need and the preparation and presentation of the Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework, for the sectors denoted as 'Multiline and Specialty Retailers & Distributors', 'Agricultural Products', and 'Engineering & Construction Services'.

These responsibilities include establishing internal controls as management determines are necessary to enable the preparation and presentation of the Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a limited assurance in relation to the Sustainability Indicators included in the Report for the year ended 31 March 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with the independence and ethical requirements in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework, for the sectors denoted as 'Multiline and Specialty Retailers & Distributors', 'Agricultural Products', and 'Engineering & Construction Services' Guidelines. and for no other purpose or in any other context.

Restriction on use of this assurance report

This report has been prepared for the Directors of the Company for the purpose of providing an assurance conclusion on the Sustainability Indicators included in the Report for the year ended 31 March 2023 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of the Company, or for any other purpose than that for which it was prepared. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.



CHARTERED ACCOUNTANTS

Colombo

05 June 2023