



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 ON ESG STATEMENT

We have been engaged by the Directors of Diesel & Motor Engineering PLC (“the Company”) to provide limited assurance in respect of the Environment, Social & Governance indicators (“ESG indicators”) in the ESG Statement for the year ended 31 March 2023 (“ESG Statement”). The ESG indicators are included in the Company’s Integrated Annual Report for the year ended 31 March 2023 (“The Report”).

The Limited Assurance ESG indicators covered by our engagement are

Limited Assurance ESG indicators	Integrated annual report page
Environmental indicators	98 to 100
Social indicators	101 to 105
Governance indicators	105 to 106

### Basis for 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;

Used our professional judgement to plan and perform the engagement to provide limited assurance that we are not aware of any material misstatements in the Company’s ESG Statement, 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.

### Conclusion

Based on the procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Environment, Social & Governance indicators included in the ESG Statement, as defined above, for the year ended 31 March 2023, is not presented, in all material respects, in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

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

## **Board of Directors and Management's responsibility**

The Board of Directors and Management are responsible for:

- The preparation and presentation of the Limited Assurance ESG Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.
- Determining that the criteria is appropriate to meet the needs of intended users, being the Company's members and any other intended users. This includes disclosing the criteria, including any significant inherent limitations.
- Establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance ESG 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. This responsibility also includes informing us of any changes in the Company's operations.
- Informing us of any known and/or contentious issues relating to the ESG Statement.

## **Our responsibility**

Our responsibility is to carry out a limited assurance engagement in relation to the ESG statement and to express a conclusion based on the work performed.

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.

Our engagement also included assessing the appropriateness of the ESG Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the ESG Indicators within the ESG Statement, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the ESG Indicators.

## **Limited assurance on the ESG indicators in the ESG statements**

Our limited assurance engagement on the ESG Statement consisted of making enquiries, primarily of persons responsible for the preparation of the ESG Statement, and applying analytical and other procedures, as appropriate. These procedures included:

- 1 Interviews with senior management and relevant staff at corporate and selected site level concerning ESG strategy, framework and policies for material issues, and the implementation of these across the business;
- 2 Enquiries of management to gain an understanding of the Company's process for determining material ESG issues for the Company's key stakeholder groups;

- 3 Enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance ESG Indicators, including the aggregation of the reported information;
- 4 Interviews with relevant staff responsible for developing the content (text and data) within the Company's ESG Statement to understand the approach for management, monitoring, collation and reporting of such information and the accuracy, completeness and existence of reported text and data within the Company's ESG Statement;
- 5 Comparing the ESG Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- 6 Reading the Limited Assurance ESG Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the ESG indicator performance of the Company;
- 7 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.
- 8 Reviewing Board minutes to ensure consistency with the content of the ESG statement.
- 9 Obtaining a letter of representation from management dated 05 June 2023 on the content of the Company's ESG statement.

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, and 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. Accordingly, we do not express a reasonable assurance conclusion on the ESG Statement.

### **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 ESG Statement is prepared in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

### **Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. 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