

# MOMENTUM IN — MOTION

ANNUAL REPORT 2024/25



## Governance

# CORPORATE GOVERNANCE



Corporate governance is the foundation of trust, transparency, and sustainable success. Guided by integrity and accountability, we create lasting value for all stakeholders while driving innovation and excellence in an ever-evolving world”

**Ranjith Pandithage**  
Chairman

## Upholding Best Practices: Commitment to Corporate Governance in 2024/2025

The corporate governance practices revolve around the requirements set out in the CSE Listing Rules, The Code of Best Practice on Corporate Governance 2023 (“The Code”) issued by the Institute of Chartered Accountants of Sri Lanka and Companies Act No.07 of 2007 and Principles on Corporate Governance published by Organisation for Economic Cooperation and Development (OECD Principles). This corporate governance report explains the policies, structures and processes that are in place to adopt and execute best practices in governance at DIMO during the financial year 2024/2025.

- The Company complied with the CSE Listing Rules and the Code in 2024/2025.
- The company considered and followed the applicable OECD Principles of Corporate Governance in 2024/25.
- The Corporate Governance report has been approved by the Board of Directors for publication in the Annual Report.

The following documents will provide context to the Corporate Governance Report, and are available on the company’s website [www.dimolanka.com](http://www.dimolanka.com)

Integrated Annual Reports for previous years, the current market price of the company’s share (DIMO.N0000), supplementary information on governance and sustainability, corporate governance policies, and other relevant information for investors and other stakeholders.

Legislations, Regulations and Principles applicable to the Company’s Corporate Governance are available on the following websites:

The CSE Listing Rules are available at [www.cse.lk](http://www.cse.lk); the Code of Best Practice on Corporate Governance (CA Sri Lanka, 2023) is available at [www.casrilanka.com](http://www.casrilanka.com); the Exchange Control Act is available at [www.cbsl.lk](http://www.cbsl.lk); the Companies Act No. 07 of 2007 is available at [www.drc.gov.lk](http://www.drc.gov.lk); and the OECD Principles of Corporate Governance are accessible at [www.oecd.org](http://www.oecd.org).

## Section Highlights

### 1. Driving Excellence with Integrity: DIMO's Corporate Governance Commitment

Corporate Governance Philosophy and its importance to the company is covered under this heading.

### 2. Governance Structure and Leadership

The topics covered include Governance Structure and Leadership, Corporate Governance Framework, Board of Directors, Structure and Composition of the Board, Review of Independent Status of Mr. A.D.B. Talwatte, Chairman to the Board, Senior Independent Director, Group Managing Director/ Chief Executive Officer, Board Committees, Management Committees.

### 3. Board Functioning and Performance

The topics covered under this section include appraisal of the Board and Committee Performance, Board of Directors’ Adherence to Governance Frameworks, Commitments & Deliberations of the Board Throughout the Year, Board Meetings, Diversity & Competence, Inclusive Governance Practices in Executive Succession Planning, Senior Independent Director’s Statement, Focus areas and value creation by Board of Directors.

### 4. Stakeholder Engagement and Sustainability

Relations with Shareholders and Investors, Sustainability Reporting – ESG, Sustainability & Business Practices, Data Privacy and Ethical Use of Customer Data are covered in this section.

### 5 Assurance, Risk & Compliance

Assurance, Internal Audit, External Audit, Internal Control, Risk Management, Compliance, Report of the Audit Committee, Report of the Related Party Transactions Review Committee, Report of the Remuneration Committee, Report of the Nominations and Governance Committee are covered in this section.

### 6. Technology Governance

IT Governance and Cybersecurity are covered in this section.

### 7. Ethical Conduct and Transparency

Code of Business Conduct and Ethics, Conflict of Interest, Whistle-blowing, Fraud and Non-compliance with Laws and Regulations, Information Flows to the Directors and Statutory Auditors, Voluntary & Compulsory Adherences, DIMO’s Adherence to the OECD Principles, Compliance Status with the Listing Rule 09 “Corporate Governance” Published by the Colombo Stock Exchange, Compliance Status with the Annual Report Disclosure Requirements as per Listing Rule 09 “Corporate Governance”, Compliance Status with Companies Act No.07 Requirements, Directorships in other Companies are covered in this section.



## 1. Driving Excellence with Integrity: DIMO's Corporate Governance Commitment



At Diesel and Motor Engineering PLC (DIMO), we recognize that Corporate Governance is not just a formal requirement, but a fundamental driver of long-term success, sustainable growth, and value creation. We believe that, in today's dynamic and complex business environment, effective Corporate Governance is the bedrock upon which companies build trust, transparency, and accountability, ensuring that the interests of shareholders, employees, customers, suppliers, and all stakeholders are respected and protected.”

**A.G.Pandithage,**

Group Managing Director/ CEO

DIMO, established in 1939 and incorporated in 1945, has grown into a leading diversified conglomerate in Sri Lanka. A significant milestone was its partnership with Tata Motors in 1961, followed by its listing on the Colombo Stock Exchange in 1964. Today, DIMO operates across nine key business segments: Vehicle Sales, Automotive Engineering Solutions, Retail, Infrastructure Engineering, Agriculture, Power Engineering and Building Services, Healthcare and Others. Its strategic diversification and commitment to strong Corporate Governance, transparency, and stakeholder engagement have ensured resilience and sustainable growth, positioning DIMO as a trusted name in both business excellence and ethical leadership.

The philosophy of Corporate Governance at DIMO is rooted in the principles of integrity, people-centricity, excellence, delighting customers, and accountability. These core values shape every aspect of our decision-making, ensuring that we operate with the highest standards of honesty, fairness, and transparency. At DIMO, integrity is not just a policy, but a practice—one that permeates every layer of our operations, from the Board of Directors to our dedicated employees and loyal customers.

In line with our commitment to best practices, DIMO's governance framework has been designed to comply with the requirements of CSE Listing Rule No. 09, the Companies Act No. 07 of 2007, and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. In addition, the framework is aligned with the OECD Principles of Corporate Governance. These guidelines collectively underpin our approach to governance, ensuring accountability, transparency, and ethical conduct in all our operations.

The governance model we adopt is not only focused on compliance but also on promoting diversity, inclusion, and a culture of responsibility. The Board of Directors, consisting of 13 members—12 male and 1 female—brings together a wealth of expertise, talent, and diverse perspectives, ensuring robust decision-making. We recognize that diversity on the Board not only enhances governance but also fosters innovative thinking, ultimately benefiting our stakeholders.

A key aspect of our governance approach is the alignment of corporate strategy with stakeholder expectations. The philosophy

of the Company includes the belief that strong governance ensures that interests of all stakeholders—whether they are shareholders, employees, customers, or communities—are prioritized. DIMO's ultimate goal is to meet and exceed the expectations of our over 2,000 shareholders, more than 1,800 employees, suppliers, customers, and other stakeholders.

By adhering to these principles, DIMO ensures that every decision is made with careful consideration of its impact on stakeholders, positioning the company for continued success in an ever-changing world.

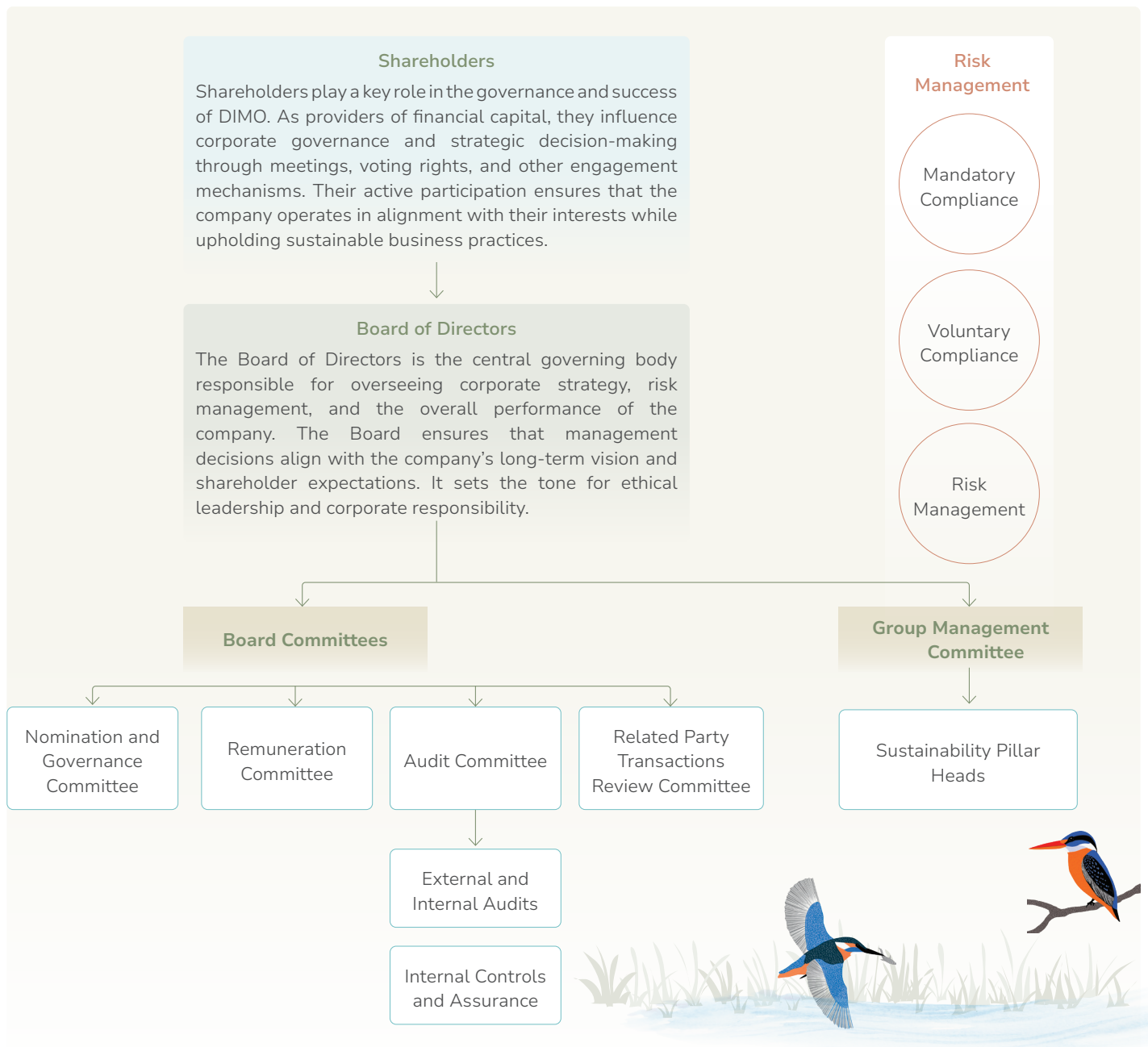


## 2. Governance Structure and Leadership

This refers to the organizational framework and the positions responsible for overseeing and guiding Corporate Governance practices within the company.

At the core of this governance structure is a well-defined communication channel between the Board of Directors and the Management, fostering a culture of integrity and strategic alignment. By establishing a strong pace at the top, DIMO reinforces corporate values and ethical standards, thereby mitigating the associated risks. This structured approach enables effective decision-making, promotes stakeholder confidence, and ensures long-term business sustainability.

Figure 15: Governance Structure and Leadership





# CORPORATE GOVERNANCE

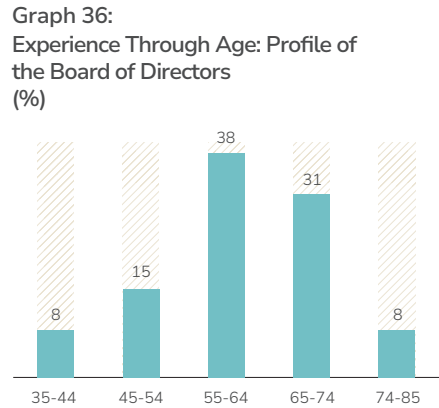
## Board of Directors

“

The Board of Directors at DIMO exemplifies visionary leadership and steadfast governance, driving sustainable growth, innovation, and creating long-term value with a commitment to excellence and integrity.”

**Ranjith Pandithage**  
Chairman

Corporate Governance plays a pivotal role in ensuring the responsible management and ethical operations of the company. The Board of Directors of DIMO is at the heart of Corporate Governance, providing strategic guidance, oversight, decision-making, corporate directions and guidance as described in Section A.01 of “the Code”. The Board comprises a proper balance of executive and non-executive members, with a strong emphasis on independence to ensure unbiased decision-making and the protection of shareholder interests, as required by Section A.05 of “the Code”. Refer Table 42 for Board of Directors’ meeting attendance.



**Structure and Composition of the Board**

During the period from 1st April 2024 to 31st December 2024, the Board of Directors at DIMO comprised 12 members,

of which 7 were executive directors, and 5 were non-executive directors. Importantly, 4 of these non-executive directors were independent. Of the 12 members, one was female and the rest male.

The Board composition changed during the financial year. Mr. J.M. De Silva who was an independent non-executive director, retired on 31st December 2024. Mr. R.A. Jayawardane and Mr. H.A.C. Perera were appointed to the Board effective from 1st January 2025 and they continue to function as Independent Non-Executive Directors. Dr.H.Cabral, who had previously served as an independent Non-Executive Director, continues to be on the Board as a non-executive director with effect from 1st January 2025 as per the CSE Listing Rule 9.8.3 and the guidelines in 9.1.4.

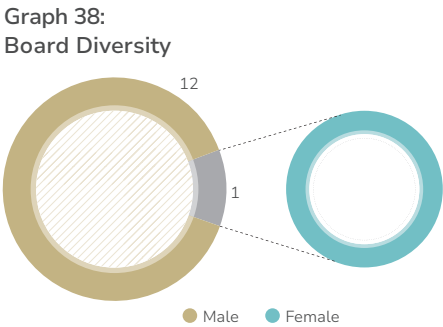
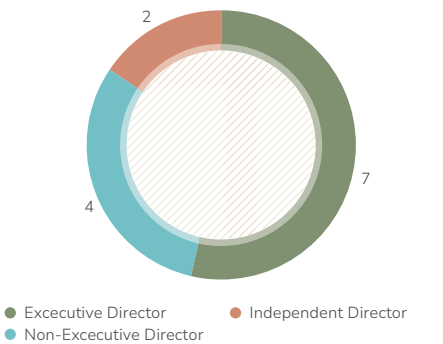
From 1st January 2025, Board composition changed to include 7 executive directors, 2 non-executive directors, and 4 independent non-executive directors.

This revision aligns with the principles set forth in the CSE Listing Rules and ensures compliance with “the Code”.

The provisions contained in the Articles of Association, regarding the appointment and replacement of directors, to which reference is made, are summarised below.

- The directors shall have the power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors. Any director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for election.
- A director may be appointed or removed by ordinary resolution passed at a meeting called for that purpose or by a written resolution in accordance with paragraph (3) of Article 23

**Graph 37:**  
**Board Composition as at 31/03/25**



## Review of Independent Status – Mr. A.D.B. Talwatte

The Nominations and Governance Committee, at its meeting held on 26th April 2025, reviewed the continuation of Mr. A.D.B. Talwatte, who reached the age of 70 on 5th May 2025, and recommended that he be nevertheless considered independent under the CSE Listing Rule No.09. The Committee confirmed that Mr. Talwatte meets all independence criteria set out in CSE Listing Rule 9.8.3 (i)–(viii) and acknowledged his significant contributions, professional expertise, and independent judgment.

In accordance with CSE Listing Rule 9.8.3 (ix), which permits a director who has reached 70 years of age to be nevertheless considered independent with appropriate justification, the Committee unanimously recommended his continuation.

On 26th April 2025, the Board of Directors resolved that Mr. A.D.B. Talwatte be nevertheless considered independent, affirming the Committee's recommendation and recognizing his continued value to the Company's governance and strategic oversight. The Board seeks shareholder approval at the forthcoming Annual General Meeting for his continuation as an Independent Director.

#### Chairman to the Board

Mr. A.R. Pandithage, Chairman of the Board, fulfilled the duties and responsibilities of the role requirements in the CSE Listing Rules, "The Code", all other applicable laws, rules, and regulations during the year. The Chairmanship promoted adherence to the company's values and consideration of stakeholder interests. In line with Section A.03 of the Code, the role contributed to effective Board performance, a balanced composition of executive and non-executive functions, and the maintenance of accountability and transparency within the governance framework.

Mr. A.R. Pandithage does not hold the chairmanship of any Board Committee, in compliance with CSE Listing Rule No. 9.3.3. Further, to ensure adherence to CSE Listing Rule No. 9.6.3(a), Board of Directors appointed Mr. A.D.B. Talwatte as the Senior Independent Director. This appointment was made to strengthen transparency, given that Mr. Ranjith Pandithage is both an executive director, as defined under Rule No. 9.6.3(a)(ii), and a close family member of the Managing Director, Mr. Gahanath Pandithage, as specified in Rule No. 9.6.3(a)(iii). The roles, responsibilities, and duties of the Chairman and the Group Managing Director/ Chief Executive Officer have been clearly delineated to maintain a balanced distribution of authority between the two positions, in line with Section A.02 of the Code.

#### Senior Independent Director

Mr. A.D.B. Talwatte served as the Senior Independent director of the company, ensuring strong governance and independent oversight. His appointment meets the requirements outlined in the CSE Listing Rules, specifically Rule No. 9.6.3 (a).(ii) and Rule No. 9.6.3 (a).(iii). Mr. Talwatte has fulfilled his duties in accordance with the CSE Listing Rule No. 09, contributing to the company's governance structure by providing an independent viewpoint on key strategic matters.

In accordance with Listing Rule No. 9.6.3 (b), meetings were held with all independent directors, chaired by the Senior Independent Director (SID), without the presence of other Board members. The purpose of the meetings was to discuss matters pertaining to the company and the functioning of the Board. Following the discussions, feedback was communicated to Mr. A.R. Pandithage, the Chairman of the Board, as well as to the other Board members.

Pursuant to Listing Rule No. 9.6.3 (c), all non-executive directors excluding chairman to the Board convened separate meetings, also chaired by the SID, to evaluate and appraise the performance of the Chairman.

 The Statement of the SID available on page 133

#### Group Managing Director/ Chief Executive Officer

Mr. A.G. Pandithage served as the Group Managing Director/ Chief Executive Officer of the Company, discharging his duties and responsibilities in compliance with the CSE Listing Rules, the Corporate Governance Code, and all applicable laws, in the best interests of the Company and its shareholders.

The company ensures strict compliance with Listing Rule No. 9.7.1 by regularly monitoring and obtaining written declarations from Mr. A.G. Pandithage to confirm his adherence to the fit and proper assessment criteria outlined in Listing Rule No. 9.7.3.

Members of the Board have recognized the importance of appraising the CEO's performance, as well as setting and assessing targets aligned with the company's strategic objectives. Accordingly, an appraisal was conducted by each member of the Board, as required by Section A.11 of the Corporate Governance Code. The appraisal reflected favourable performance, and the results were duly communicated to the Chairman and the CEO.

#### Board Committees

Adhering to the CSE Listing Rule No. 9.3.1, the company ensures that the Nomination and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transaction Review Committee are established and maintained within the ceiling and function effectively. (Refer table 42 for meeting attendance and composition details of the company's committees).

# CORPORATE GOVERNANCE

## Nomination & Governance Committee

During the year, the Nomination & Governance Committee of the company fulfilled its duties by overseeing the Board nomination process, succession planning, and ensuring strong governance practices.

The Committee actively evaluated the performance of the Board, its committees, the respective chairpersons, and the CEO. It also recommended new Board appointments and ensured that governance frameworks remained robust and compliant with Section A.07 of the Code and the CSE Listing Rules

Up to 30th September 2024, Mr.A.R.Pandithage, chairman to the Board, who was an executive director was a member of the committee. Effective from 1st October 2024, the committee was re-constituted to comply with CSE Listing Rule No. 9.11.4 (1)(b), which mandates that the committee consist solely of non-executive directors. The committee has a Terms of Reference as required by Listing Rule No.9.11.3.

Dr. Harsha Cabral served as the Chairman of the Committee up to 31st December 2024, during which he made his effort and contribution to effectively chair the committee and successfully discharge his duties. With his transition to a non-executive director role, in compliance with the CSE Listing Rule 9.8.3 and the guidelines in 9.1.4 (2), effective from 1st January 2025, Dr.Harsha Cabral relinquished his duties as Chairman of Nomination and Governance Committee. Following this transition, Mr. H.M.A. Jayasinghe, was appointed as the new Committee Chairman, effective 1st January 2025. Refer to Table 42 for details regarding the members of the committee and their meeting attendance.

## Remuneration Committee

The Remuneration Committee of the company has diligently discharged its duties throughout the year by ensuring that executive compensation is aligned with the company's performance and strategic objectives. The committee evaluated the remuneration packages of executive directors and senior management, ensuring that they are competitive and in line with market data. It also reviewed incentive structures to drive performance while considering shareholder interests.

The committee complies with CSE Listing Rule No.9.11 by ensuring its members are independent non-executive directors, as required by Rule No. 9.11.1. The composition and operations of the committee are in line with the Code of Best Practice on Corporate Governance, specifically Section 8.3, which highlights the need for transparency in remuneration policies and practices. The committee has a Terms of Reference as required by CSE Listing Rule No.9.12.5.

Dr. Harsha Cabral served as the Chairman of the Remuneration Committee until 31st December 2024, where he made significant contributions to the committee's work and ensured that all responsibilities were effectively carried out. As per the CSE Listing Rule 9.8.3 and the guidelines under Rule 9.1.4 (2), Dr. Cabral transitioned to a non-executive director role, effective from 1st January 2025. In light of this transition, Mr. H.M.A. Jayasinghe, an independent director, was appointed as the new Chairman of the Committee. Refer to Table 42 for details regarding the members of the committee and their meeting attendance.

## Audit Committee

The Audit Committee of the company plays a critical role in ensuring the integrity of financial reporting and internal controls. The committee has a Terms of Reference as required by CSE Listing Rule No.9.13.2. In accordance with Listing Rule No. 9 of CSE, the committee effectively discharged its responsibilities during the year through a series of key activities and deliberations.

Key activities undertaken by the committee included:

1. Review of Financial Statements: The committee reviewed the company's quarterly and annual financial statements, ensuring compliance with Sri Lanka Financial Reporting Standards (SLFRS) and CSE Listing Rules requirements and Inland Revenue Act's Requirements.
2. External Auditor Evaluation: The committee assessed the independence and performance of external auditors, ensuring they met the required standards of objectivity.
3. Internal Control Systems: The committee evaluated the effectiveness of the company's internal control mechanisms, addressing any identified risks and recommending improvements where necessary.
4. Internal Audit Oversight: Regular discussions were held regarding the progress and findings of internal audits. The committee ensured the prompt implementation of audit recommendations.
5. Risk Management: The committee oversaw the identification and mitigation of financial, operational, and compliance risks.

Through these activities, the Audit Committee upheld its commitment to transparency, accountability, and strong Corporate Governance, fully complying with CSE Listing Rules, the code of best practice on Corporate Governance etc. Refer to Table 42 for details regarding the members of the committee and their meeting attendance.

### Related Party Transactions Review Committee

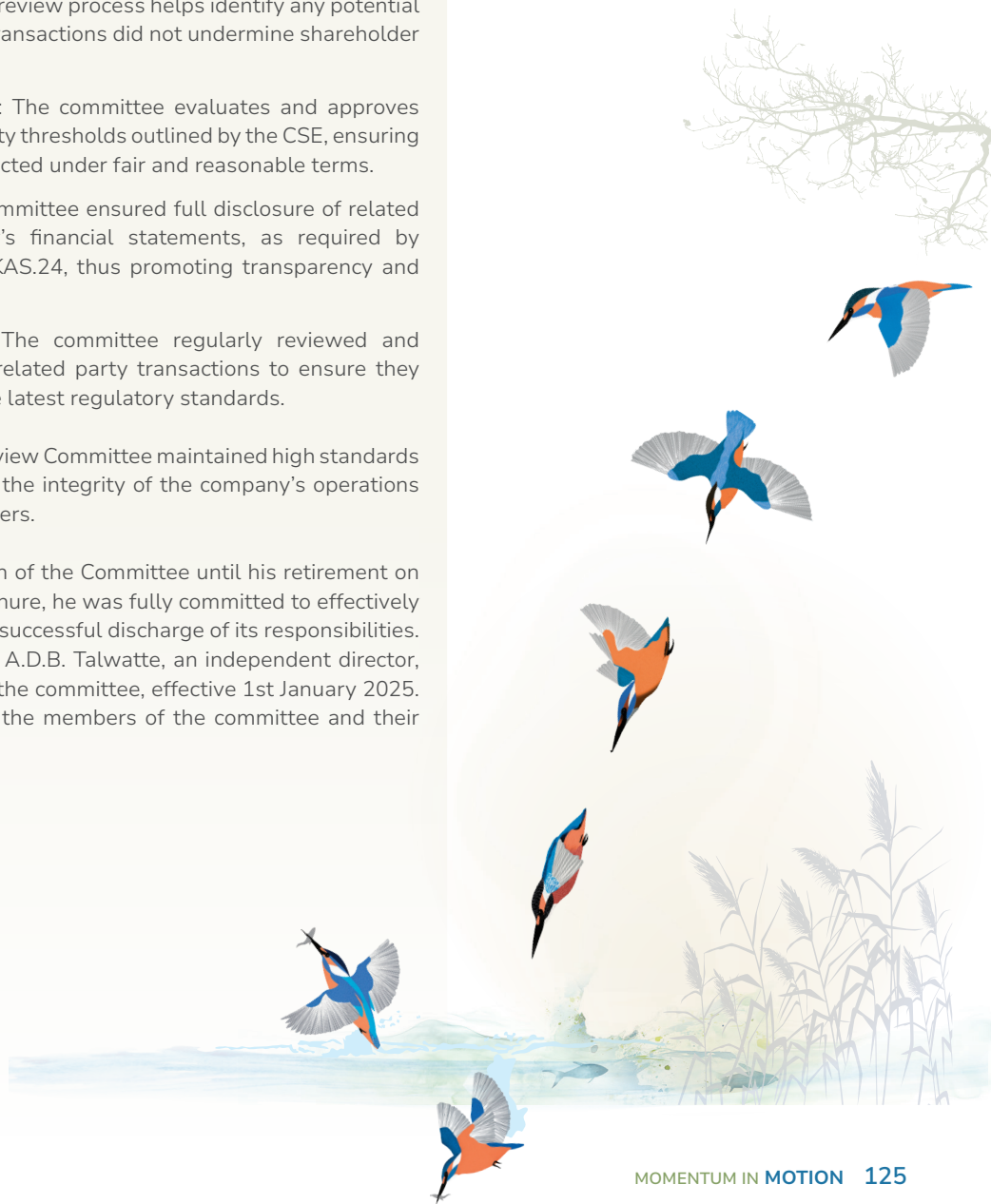
The Related Party Transactions (RPT) Review Committee of the company is responsible for ensuring that all related party transactions are conducted in compliance with CSE Listing Rule No.09 and LKAS.24 and in the best interests of the company and its shareholders. In line with Listing Rule No. 9 for Corporate Governance issued by the CSE, the committee has diligently discharged its duties during the year through a series of activities and deliberations.

#### Key Activities and Deliberations:

1. Review of Related Party Transactions: The committee conducts reviews of related party transactions if any, to ensure that they are conducted on an arm's length basis and are in compliance with the requirements set out by the CSE Listing Rule No.09 and LKAS.24. This review process helps identify any potential conflicts of interest and ensure that transactions did not undermine shareholder value.
2. Approval of Significant Transactions: The committee evaluates and approves transactions that exceed the materiality thresholds outlined by the CSE, ensuring transparency and that they are conducted under fair and reasonable terms.
3. Disclosure and Transparency: The committee ensured full disclosure of related party transactions in the company's financial statements, as required by the CSE's Listing Rule No.09 and LKAS.24, thus promoting transparency and accountability to stakeholders.
4. Policy Review and Strengthening: The committee regularly reviewed and updated the company's policies on related party transactions to ensure they remained robust and aligned with the latest regulatory standards.

By executing these activities, the RPT Review Committee maintained high standards of Corporate Governance, safeguarding the integrity of the company's operations and reinforcing the trust of its shareholders.

Mr. J.M. De Silva served as the Chairman of the Committee until his retirement on 31st December 2024. Throughout his tenure, he was fully committed to effectively leading the committee and ensuring the successful discharge of its responsibilities. Following Mr. De Silva's retirement, Mr. A.D.B. Talwatte, an independent director, was appointed as the new Chairman of the committee, effective 1st January 2025. Refer to Table 42 for details regarding the members of the committee and their meeting attendance.





# CORPORATE GOVERNANCE

Table 42- Composition of Board of Directors, Board Committees and Meeting Attendance

| Name of the Director  | Type of Directorship  | Period Of Directorship | Year of Appointment | Age as at 31st March 2025 | Composition & Attendance to Meetings |            |                   |            |                                   |            |                        |            |   |            |
|---|---|------------------------|---------------------|---------------------------|--------------------------------------|------------|-------------------|------------|-----------------------------------|------------|------------------------|------------|---|------------|
|   |   |                        |                     |                           | Board Of Directors                   |            | Audit Committee   |            | Nomination & Governance Committee |            | Remuneration Committee |            | Related Party Transactions Review Committee |            |
|   |   |                        |                     |                           | Membership Status                    | Attendance | Membership Status | Attendance | Membership Status                 | Attendance | Membership Status      | Attendance | Membership Status                           | Attendance |
| A.R. Pandithage   | Non-independent executive director  | 48 Years               | 1977                | 77                        | Chair                                | 14/16      | -                 | -          | M*                                | 1/1        | -                      | -          |   |            |
| A.G. Pandithage   | Non-independent executive director  | 30 Years               | 1995                | 62                        | M                                    | 16/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| B.C.S.A.P. Gooneratne   | Non-independent executive director  | 19 Years               | 2006                | 62                        | M                                    | 16/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| Dr.H. Cabral*   | Independent Non-Executive Director up to 31st December 2024,                                  | 19 Years               | 2006                | 65                        | M                                    | 15/16      | M                 | 4/4        | Chair**/M                         | 2/2        | Chair**                | 2/2        | M   | 4/4        |
|   | Non Executive Director from 1st January 2025  |                        |                     |                           |                                      |            |                   |            |                                   |            |                        |            |   |            |
| A.D.B. Talwatte   | Independent Non-Executive Director  | 09 Years               | 2016                | 69                        | M                                    | 16/16      | Chair             | 4/4        | M                                 | 2/2        | M                      | 2/2        | Chair                                       | 4/4        |
| J.M. De Silva   | Independent Non-Executive Director up to 31st December 2024 and Retired on 31st December 2024 | 05 Years               | 2020                | 72                        | M                                    | 9/16       | M                 | 3/3        | M                                 | 2/2        | M                      | 2/2        | Chair**                                     | 3/3        |
| H.M.A. Jaysinghe  | Independent Non-Executive Director  | 02 Years               | 2023                | 62                        | M                                    | 16/16      | M                 | 4/4        | Chair                             | -          | Chair                  | 2/2        | M   | 4/4        |
| P.K.W. Mahendra   | Non-independent executive director  | 9 Years                | 2016                | 58                        | M                                    | 16/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| C.R.Pandithage  | Non-independent executive director  | 3 Years                | 2022                | 41                        | M                                    | 15/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| D.N.K. Kurukulasuriya   | Non-independent executive director  | 3 Years                | 2022                | 53                        | M                                    | 16/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| S.R.W.M.C. Ranawana   | Non-independent executive director  | 9 Years                | 2016                | 62                        | M                                    | 16/16      | -                 | -          | -                                 | -          | -                      | -          | -   | -          |
| A.M.Pandithage  | Non-executive director  | 43 Years               | 1982                | 73                        | M                                    | 16/16      | M                 | 4/4        | M                                 | 2/2        | M                      | 2/2        | M   | 4/4        |
| R.A.Jayawardane   | Independent Non-Executive Director  | 03 Months              | 2025                | 66                        | M                                    | 02/05      | M                 | 1/1        |                                   |            |                        |            | M   |            |
| H.A.C.Perera  | Independent Non-Executive Director  | 03 Months              | 2025                | 51                        | M                                    | 05/05      | M                 |            |                                   |            |                        |            | M   |            |
| Total Independent Non Executive Directors as of 31st March 2025 |   |                        |                     |                           | 4                                    |            | 4                 |            | 2                                 |            | 2                      |            | 4   |            |
| Total Non Independent Executive Directors as of 31st March 2025 |   |                        |                     |                           | 7                                    |            | -                 |            | -                                 |            | -                      |            | -   |            |
| Total Non Executive Directors as of 31st March 2025             |   |                        |                     |                           | 2                                    |            | 2                 |            | 2                                 |            | 2                      |            | 2   |            |
| Total as of 31st March 2025                                     |   |                        |                     |                           | 13                                   |            | 6                 |            | 4                                 |            | 4                      |            | 6   |            |

\* A.R.Pandithage relinquished from Nominations & Governance committee effective from 30th September 2024.

\*\* J M De Silva continued as the chairman of Related Party Transactions Review Committee until his retirement on 31st December 2024.

\*\* Dr.Harsha Cabraal continued as the chairman of remuneration committee until 31st December 2024 and he relinquished from the post with effect from 31st December 2024 and continued as a member to the committee.

J.M.De Silva has retired from the Board with effect from 31st December 2024

Dr. Harsha Cabral has been declared as 'Nevertheless Independent' by the Board of Directors, as his period of directorship exceeds 9 years and has continued until 31st December 2024 as an independent Director. Thereafter, he is continuing as a non executive director in the Board

M - Member

**Table 43: CSE Listing Rule No. 09 Requirements**

| Description                               | Adherence to Listing Rule No. 09 – Board of Directors and Board Committees   |  |                                   |                                   |   |
|---|--|--|-----------------------------------|-----------------------------------|---|
|   | Board of Directors   | Audit Committee  | Nomination & Governance Committee | Remuneration Committee            | Related Party Transactions Review Committee |
| Board/ Committee Members                  | Minimum 05   | Minimum 03   | Minimum 03                        | Minimum 03                        | Minimum 03                                  |
|   | Rule No. 9.8.1   | 9.13.3.(1). (a)  | 9.11.4.(1) (a)                    | 9.12.6.(1).(a)                    | 9.14.2. (1)                                 |
| Total Independent Non-Executive Directors | Min 02 or 1/3 of total whichever is higher   | Min 02 or Majority of Members whichever is higher  | Minimum 02                        | Minimum 02                        | Minimum 02                                  |
|   | Rule No.9.8.2 (a)  | 9.13.3.(1). ( a )  | 9.11.4.(1) (a)                    | 9.12.6.(1).(a )                   | 9.14.2. ( 1 )                               |
| Total Non-Independent Executive Directors | Balance is to be maintained  | Not allowed  | Not allowed                       | Not allowed                       | May include                                 |
|   | Rule No.9.5.1 (a)  | 9.13.3.(1). ( b )  | 9.11.4.(1) (b)                    | 9.12.6.(1).(b )                   | 9.14.2. ( 1 )                               |
| Compliance Status                         | Compliant  | Compliant  | Compliant                         | Compliant                         | Compliant                                   |
| Chairperson                               | Cannot chair other committees. Should be a non-executive director. Should not be a close family member to CEO. If so, SID is to be appointed | Chair should be an independent director. Chair or a member should be a Member of Recognised Profe. Acc. body | Should be an Independent Director | Should be an Independent Director | Should be an Independent Director           |
|   | Rule No 9.3.3  | 9.13.3.(4) & (6)   | 9.11.4.( 2 )                      | 9.12.6.(2)                        | 9.14.2. ( 1 )                               |
| Compliance Status                         | Compliant  | Compliant  | Compliant                         | Compliant                         | Compliant                                   |

# CORPORATE GOVERNANCE

## Management Committees

DIMO has a management committees that support business operations and ensure the effective implementation of Corporate Governance; the committee comprises of Executive Directors and senior management Personnel of the Company. In addition, four Pillar Heads are appointed to take the lead to pursue the company's sustainability ambitions. All Pillar Heads are members of the GMC.

## Group Management Committee (GMC)

The Group Management Committee (GMC) serves as the central executive body responsible for the strategic and operational leadership of the Group. Comprising 14 members, the GMC includes Executive Directors and key members of the senior management team, ensuring that a wide spectrum of expertise and insight contributes to the Group's decision-making processes.

The Committee operates under the leadership of Mr.A.R.Pandithage, Chairman and Mr. A.G. Pandithage, Group Managing Director/ Chief Executive Officer, and plays a vital role in translating the Board's strategic direction into actionable plans. It is entrusted with overseeing the execution and implementation of Group-wide strategies, policies, and operational objectives to ensure sustainable performance and value creation.

The GMC is responsible for the overall steering of the business and assumes accountability for achieving the Group's short- and long-term performance targets. This includes monitoring operational effectiveness, resource allocation, risk management, and aligning day-to-day management decisions with the broader strategic vision.

By fostering collaboration across different business units and functional areas, the GMC ensures agile and informed leadership that supports innovation, operational excellence, and stakeholder value. The Committee meets regularly to assess

progress, address emerging challenges, and drive continuous improvement across all levels of the organization.

Through its dynamic leadership and strong governance framework, the GMC plays an integral role in guiding the company and the Group toward its long-term goals and maintaining its position as a responsible and forward-looking corporate entity.

Refer table 44 & 45 for skills and competencies of GMC members.

## Sustainability Management Structure

As part of our continued commitment to sustainability, the Group has established a structured governance framework led by the Sustainability Pillar Heads. This team is comprised of senior members of the management team, including Executive Directors, and operates under the leadership of Mr. A.G. Pandithage, Group Managing Director/ Chief Executive Officer. Refer Table 44 and Table 45 for skills and competencies of Sustainability pillar heads.

The governance framework is built around four key sustainability pillars, each addressing critical aspects of the Group's environmental, social, and business impact. Each pillar is headed by an experienced leader, ensuring focused attention and accountability:

- Business Pillar – Led by Mr. C.R Pandithage, this pillar focuses on integrating sustainable practices within our business operations, driving long-term economic performance and responsible corporate growth.
- Social Pillar – Employees – Headed by Ms. D.N.K. Kurukulasooriya, this area focuses on employee well-being, diversity, equity, and continuous development to foster an inclusive and empowered workforce.
- Social Pillar – Community – Under the leadership of Mr. R.K.J Gunesekara, this pillar is responsible for the Group's community engagement initiatives,

promoting inclusive development and positive social impact in the regions where we operate.

- Environment Pillar – Managed by Mr. Mahesh Karunaratne, this pillar oversees the Group's efforts to minimize environmental impact, enhance resource efficiency, and support climate action in alignment with global sustainability standards.

Collectively, the Sustainability Pillar Heads are tasked with driving and overseeing the identification, evaluation, and management of the Group's economic, social, and environmental impacts. Their responsibilities also extend to ensuring the successful implementation of the Group's Sustainability Agenda 2030, driving the organization toward long-term value creation and resilience. Refer Table 44 & Table 45 for skills & competencies of Sustainability Pillar Heads.

## Information Flow to the Directors and External Auditors

The Board of Directors of the company has established formal procedures to ensure timely, accurate, and complete information flows to both the Directors and the External Auditors based on the requirements. These procedures support transparent governance, effective decision-making, and oversight in line with applicable laws, the CSE Listing Rules, and the Corporate Governance Code.

Information is primarily communicated to Directors through structured BoardPAC, which include Board papers, Committee submissions, and relevant supporting documentation. These materials are circulated in advance of Board and Committee meetings, allowing sufficient time for review and informed discussion. Presentations made during Board meetings, including those related to capital expenditure approvals and other strategic matters, further supplement these documents and provide context for decision-making.

Where necessary, additional clarifications may be provided during meetings or through follow-up communications. In cases involving Inside Information or Material Information, disclosures are made strictly in accordance with the procedures outlined in the CSE Listing Rules to ensure regulatory compliance and market integrity.

These processes collectively ensure that the Board and External Auditors have access to the information required to perform their respective oversight and supervisory responsibilities effectively.

### 3. Board Functioning and Performance

#### Appraisal of the Board and Committee performance

The Board of Directors of the company recognizes the importance of appraising and evaluating the performance of its members, including those of the subcommittees, as well as the Chairman of the Board, subcommittee chairpersons, and the CEO. During the year, the following evaluations were conducted: independent directors were appraised by non-independent directors; the Chairman of the Board was appraised by the Board members; the Board as a whole was appraised by its members; subcommittees were appraised by their respective members; and subcommittee chairpersons were appraised by their respective members. Feedback was reviewed by the Nomination and Governance Committee, which concluded positively and communicated the outcomes to the respective chairpersons, in line with the requirements of Section A.09 of “the Code”

#### Board of Director's Adherence to Governance Frameworks

DIMO's Board of Directors adheres to regulatory requirements and best practice frameworks, ensuring its governance practices align with the Listing Rules of the Colombo Stock Exchange (CSE).

#### Adherence to Listing Rule No. 09 Requirements by the Board of Directors

- DIMO complies with Listing Rule No. 9.8.1, maintaining a Board of 13 directors, which exceeds the minimum requirement of five directors stipulated by the rule.
- The Board of DIMO has complied with the Listing Rule No.9.8.2 (a), maintaining a strong representation of independent non-executive directors equal to one-third of the total, before and after the Board changes in January 2025.
- All independent directors confirmed their compliance with the criteria specified in Listing Rule No. 9.8.3 by submitting an annual declaration to the Board.
- A formal policy, governing matters relating to the Board of Directors as indicated in Rule No.9.5.1 has been established and maintained during the year and a disclosure is made in the company's website as to how the company has implemented this policy during the financial year.
- To ensure compliance with Listing Rule No. 9.7.1, each member of the Board has confirmed their continued compliance with the fit and proper assessment criteria outlined in Listing Rule No. 9.7.3 by providing signed declarations for the year. Individuals who fail to comply with the criteria as per the above rule, will no longer be eligible to serve as directors of the company.

#### Commitments & Deliberations of the Board Throughout the Year Requirements by the Board of Directors

- Strategic Planning and Long-Term Goals, by setting the company's overall direction and reviewing and approving business strategies.
- Financial Oversight by monitoring financial performance and reviewing annual budgets, and approving financial statements, forecasts, and capital expenditures.
- Risk Management and Compliance through identifying and mitigating key business risks, and ensuring compliance with regulatory requirements such as compliance with Inland Revenue Act No.24 of 2017, Labour Laws and Regulations of Sri Lanka, Exchange Control Act of Sri Lanka and other relevant legal requirements.
- Leadership and Succession Planning via reviewing executive performance and evaluating leadership and approving succession plans for key leadership positions.
- Embracing principles of Sustainability by overseeing initiatives related to social responsibility, sustainability, and community engagement.
- Corporate Governance
  - Ensuring compliance to Corporate Governance Listing Rule No.09 requirement and compliance with the guideline mentioned in the Code of Best Practice on Corporate Governance 2023 published by the Institute of Chartered Accountants of Sri Lanka
  - Reviewing and updating governance policies and frameworks.
- Stakeholder Engagement through engagement with shareholders, employees, and other stakeholders, reviewing shareholder feedback and addressing concerns.
- Board Evaluation and Development through evaluating the performance of the Board of Directors and individual members, chairpersons and organizing training and development programs for Board Members.
- Monitoring Business Performance by reviewing operational performance; setting key performance indicators (KPIs), addressing operational challenges and implementing corrective actions when needed.

(Value creation activities and focused areas of Board of Directors are given in the diagram in page 134 to 137)



# CORPORATE GOVERNANCE

## Board Meetings

- The Board of Directors of DIMO holds meetings at least on a quarterly basis to ensure effective oversight and decision-making regarding the company's operations, financial performance, and strategic initiatives. Additional Board meetings are conducted as required, based on the evolving needs of the business. These meetings provide a platform for Directors to engage in comprehensive discussions, review progress on key objectives, and address any emerging challenges.
- To enhance the quality of decision-making, senior executives, such as members of the Group Management Committee (GMC), are invited to attend Board meetings based on the agenda and when specific business matters under review. Their participation ensures that the Board is fully informed of operational developments and enables effective collaboration between the Board and senior management.
- The Chairman of the Board plays an instrumental role in ensuring that Board meetings are conducted effectively, following best practices in Corporate Governance. The Chairman is responsible for leading the Board's discussions, setting the meeting agendas, and ensuring that all Directors have an opportunity to contribute to discussions. By fostering an open, transparent, and collaborative environment, the Chairman helps to steer the Board's decisions and ensures that the company's long-term strategy aligns with shareholder interests.
- The Group Managing Director/ Chief Executive Officer, Mr.A.G. Pandithage, provides critical updates during the Board meetings, offering insights into the company's performance, business operations, and strategic initiatives. The CEO ensures that the Board is

informed of key developments, risks, and opportunities, enabling Directors to make informed decisions. Mr. A.G. Pandithage's leadership and updates on operational performance allow the Board to monitor progress and implement strategies effectively.

- The Company Secretary plays a key support role by ensuring the smooth administration of the Board meetings. The Company Secretary coordinates the scheduling, distribution of materials, and compliance with the Companies Act and CSE Listing Rules requirements. He ensures that Board decisions are properly recorded and executed, contributing to the overall effectiveness and transparency of the governance process.

## Diversity & Competence

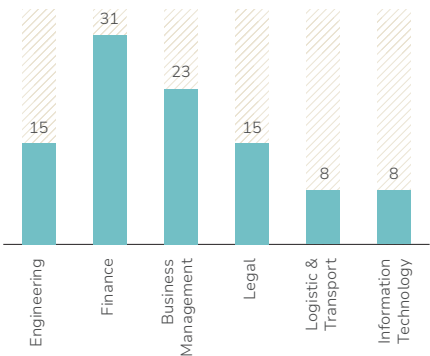
"Diversity isn't just about representation; it's the engine of innovation that drives our corporate vision forward."- Mr. A.R. Pandithage- Chairman

In compliance with Listing Rule No. 9.5.1 (c) , the Company ensures Board diversity by maintaining a balanced composition in terms of experience, skills, competencies, age, gender, and industry expertise.

Our Board comprises directors with diverse professional backgrounds including engineering, finance, business management, legal expertise, information technology expertise and logistic and transport expertise. The age distribution ensures both experienced leadership and fresh perspectives, with 23% of directors under the age of 55. Gender diversity stands at 6.25% female representation.

The diversified Board of the Company ensures adequate financial literacy and expertise among its members to provide effective guidance on the Company's financial matters, as required by Section A.04 of the Code.

Graph 39:  
Board of Directors by Profession (%)








































Of the 13 directors, the composition includes: 2 engineers, 4 finance professionals, 3 business management professionals, 2 legal professionals, 1 logistics and transport professional, and 1 IT professional

Table 44: Area of Competencies of Each Director of DIMO

| Name of the Director  | Qualifications  | Gender | Area of Skills/Expertise/Competencies   |   |   |   |   |   |   |   |   |   |   |   |
|-----------------------|---|--------|---|---|---|---|---|---|---|---|---|---|---|---|
|                       |   |        | Corporate Leadership  | Finance   | Legal   | Information Technology  | Engineering   | Human Resources & Stakeholder Engagement  | Sales, Marketing & Delivery   | Board Service & Governance  | Automotive Management   | Logistics & Transport   | ESG Sustainability & core competencies  | Risk Management   |
| A.R. Pandithage       | Engineer by profession  | M      |    |   |   |   |  |   |   |   |   |   |    |  |
| A.G. Pandithage       | Chartered Management Accountant by profession   | M      |    |    |   |    |   |   |   |   |   |   |    |  |
| B.C.S.A.P. Gooneratne | Chartered Accountant by profession  | M      |   |    |   |   |   |   |   |    |   |   |    |  |
| P.K.W. Mahendra       | Mechanical Engineer by profession   | M      |   |   |   |   |  |   |   |   |   |   |   |   |
| C.R.Pandithage        | Bachelor of Business and Commerce - Monash University, MBA - RMIT University                        | M      |   |   |   |   |   |   |   |   |  |   |  |   |
| D.N.K. Kurukulasuriya | Attorney at Law by profession   | F      |   |   |  |   |   |  |   |   |   |   |  |   |
| S.R.W.M.C. Ranawana   | MBA - Wanaborough University, UK  | M      |   |   |   |   |   |   |  |   |   |  |   |   |
| A.M.Pandithage        | Fellow of the Chartered Institute of Logistics and Transport (UK).                                  | M      |  |   |   |   |   |   |   |   |   |  |   |   |
| Dr.H. Cabral          | President's Counsel in Sri Lanka, Doctorate in Corporate Law from University of Canberra, Australia | M      |   |   |  |   |   |   |   |   |   |   |   |   |
| A.D.B. Talwatte       | Chartered Accountant by profession  | M      |   |  |   |   |   |   |   |  |   |   |   |   |
| H.M.A. Jayasinghe     | Chartered Accountant by profession  | M      |   |  |   |   |   |   |   |  |   |   |   |   |
| R.A. Jayawardane      | MBA ( USJ), Dip in Mkt (CIM-UK)   | M      |   |   |   |   |   |   |  |   |   |   |   |   |
| H.A.C.Perera          | MBA (ECU-Australia), B.Sc. Computer Science & Engineering (University of Moratuwa)                  |        |   |   |   |  |   |   |   |   |   |   |   |   |

# CORPORATE GOVERNANCE

Table 45: Area of Competencies of GMC Members of DIMO other than Directors

| Name of the Director    | Qualifications  | Gender | Area of Skills/Expertise/Competencies   |   |       |   |  |   |   |   |   |   |   |   |
|-------------------------|---|--------|---|---|-------|---|--|---|---|---|---|---|---|---|
|                         |   |        | Corporate Leadership  | Finance   | Legal | Information Technology  | Engineering  | Human Resources & Stakeholder Engagement  | Sales, Marketing & Delivery   | Board Service & Governance  | Automotive Management   | Logistics & Transport   | ESG Sustainability & core competencies  | Risk Management   |
| S.C. Algama             | Fellow of the Institute of Incorporated Engineers ( SL )  | M      |    |   |       |   |    |   |   |    |    |   |   |    |
| R.K.J. Gunasekera       | *) MSc in Finance, Accounting and Management - School of Management, University of Bradford, UK<br>*) BSc in Business Administration - Faculty of Management, University of Colombo<br>*). Fellow Member (FCMA) - Chartered Institute of Management Accountants, UK | M      |    |    |       |   |  |    |   |   |   |   |    |    |
| R.D.M.P. Wickramasinghe | Bachelors & Masters in Information Technology & Communication   | M      |   |   |       |  |  |  |   |   |   |   |   |   |
| H.M.P.D.B. Dematawa     | Master of Business Administration, BSC in Agriculture   | M      |  |  |       |   |  |  |  |  |   |   |  |  |
| G.P.M.S. Karunaratne    | MSc/MBA/Pg Dip Mktg (MCIM)/ Certificate in Automobile Mech (MIAE)   | M      |  |   |       |   |  |  |  |   |  |  |  |  |
| M.H.B.U.S.B. Mahagedara | Fellow Chartered Accountant   | M      |  |  |       |   |  |  |   |  |   |   |  |  |
| M.D.H. Peiris           | "Chartered Marketer, Fellow Member (FCIM) and a Diplomate (DipM) of CIM, UK. MBA - University of Leicester, UK."  | M      |  |   |       |   |  |   |  |   |   |   |  |  |

In addition to the individuals mentioned above, the members of the Group Management Committee (GMC) include the following executive directors: Mr. A.R. Pandithage (Chairman), Mr. A.G. Pandithage, Mr. B.C.S.A.P. Gooneratne, Ms. D.N.K. Kurukulasuriya, Mr. P.K.W. Mahendra, Mr. C.R. Pandithage, and Mr. S.R.W.M.C. Ranawana. Their skills and competencies are detailed in Table 44.

### Inclusive Governance Practices in Executive Succession Planning

The Company is committed to fostering an inclusive and transparent executive succession planning process that aligns with best governance practices. The company ensures that its leadership pipeline is diverse, offering equal opportunities for talented individuals across gender, ethnicity, and background. The Board plays an active role in promoting diversity within the executive team, focusing on creating a balanced and representative leadership structure. The Company is committed to continuous evaluation of its succession practices to ensure they are fair, merit-based, and inclusive, enhancing long-term organizational resilience and leadership effectiveness.

#### Senior Independent Directors' Statement

In compliance with the Code of Best Practice on Corporate Governance-2023 issued by CA Sri Lanka and CSE Listing Rule 9.6.3 (a)(ii) and (iii)— which require the appointment of a Senior Independent Director (SID) when the Chairperson is an Executive Director and also a close family member of the CEO— I am pleased to present this statement in my capacity as Senior Independent Director (SID) of Diesel & Motor Engineering PLC.

The SID plays a vital role in supporting good governance by providing an independent channel for addressing concerns about Board effectiveness, company performance, and the Chairperson's role. In this capacity, I serve as an impartial advisor to the Board and a point of contact for Directors wishing to raise matters confidentially.

During the year, in line with CSE Listing Rule 9.6.3 (b), I chaired meetings of the Independent Directors to review governance practices, Board operations, and strategic matters. Feedback and recommendations from these sessions were communicated to the Chairperson and the members of the Board.

Further, in accordance with CSE Listing Rule 9.6.3 (c), I chaired meetings of Non-Executive Directors (excluding the Chairperson) to appraise the performance of the Chairperson to the Board. The outcome of this process was shared with the Chairperson to support ongoing leadership effectiveness.

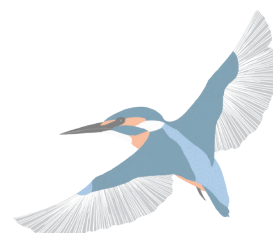
DIMO remains fully committed to upholding the highest standards of Corporate Governance. The Company demonstrates a strong culture of conformance, strictly adhering to mandatory requirements while embracing voluntary governance practices that support long-term value creation and stakeholder trust.

As SID, I continue to be available to all Directors for confidential discussions and am consulted by the Chairperson on governance-related matters as necessary.



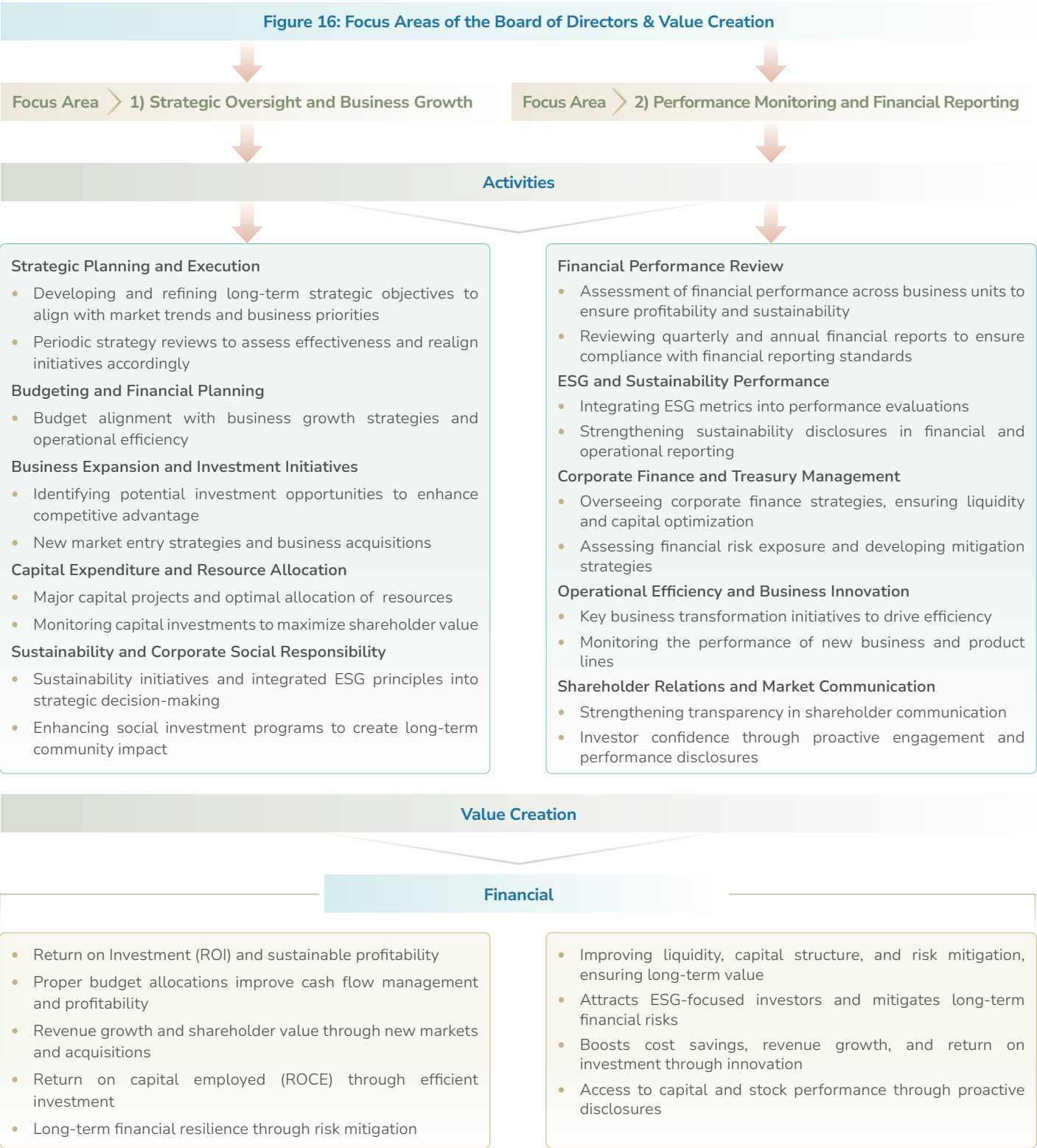
**Asite Talwatte**  
Senior Independent Director

Colombo  
5th June 2025





# CORPORATE GOVERNANCE



### Manufactured

- Aligning operations and asset utilization with long-term goals
- Ensuring sufficient investment into maintaining and upgrading assets
- Asset Turnover Ratio  
2024/2025 - 0.95  
2023/2024 - 0.99

- Enables investment in operational infrastructure through optimized financing
- Improves asset utilization and process efficiency
- Improves market feedback loops, enabling better product and service decisions

### Human

- Great place to work recognition
- Improving leadership, critical thinking, and decision-making skills
- New career opportunities and skill development
- Employment Opportunities  
2024/2025 - 436  
2023/2024 - 470
- Promoting employee engagement and CSR skills

- Encourages accountability and performance culture across business units
- Encourages responsible behaviors and ethical practices among employees
- Equips teams with insights on financial strategy and capital markets
- Encourages skill development and innovation-led culture
- Encourages a sense of accountability and responsibility across leadership

### Social and Relationship

- Strengthening stakeholder trust through clear, strategic communication
- Brand reputation and new stakeholder networks
- Strengthening relationships with communities, customers, and regulators

- Builds trust with investors and regulators via transparent reporting
- Enhances stakeholder trust through accountability and purpose-driven disclosures
- Fosters trust among creditors and financial stakeholders through stable financial practices
- Builds stronger investor and stakeholder relationships through trust and transparency

### Intellectual

- Enhancing organizational knowledge through acquisition of new technologies and expertise
- Innovation through new technologies and operational improvements
- Internal ESG frameworks, reporting standards, and sustainability innovations

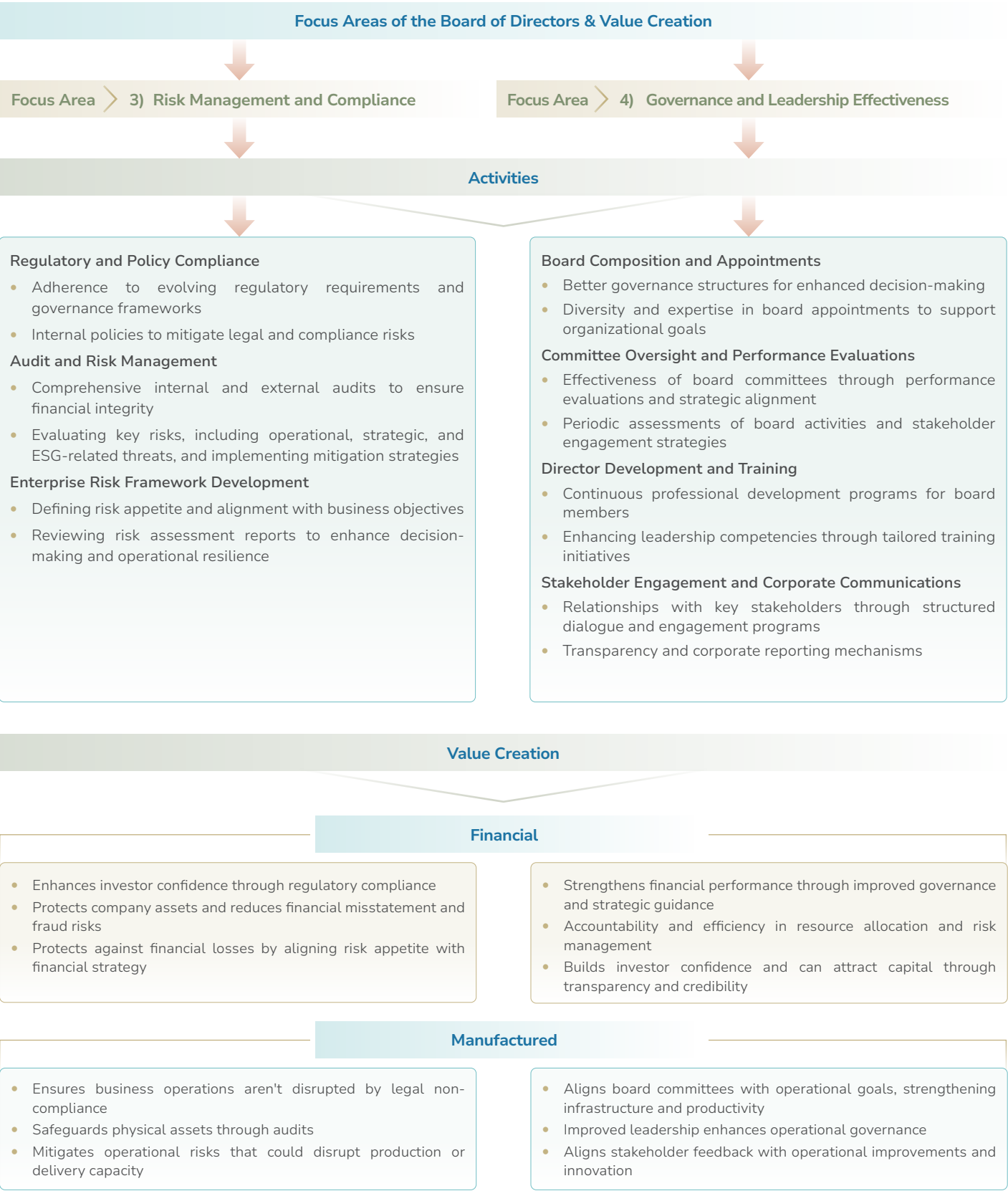
- Strengthens knowledge around financial strategy and compliance practices
- Builds knowledge around ESG frameworks and sustainability strategy
- Strategic finance knowledge and risk mitigation models
- Knowledge base for innovation, digital transformation, and market competitiveness
- Enhances communication strategies and governance structures

### Natural

- Strategies include sustainability goals protects or enhances natural resources
- Efficient resource planning can reduce wastage and environmental impact
- Projects aligned with ESG standards can preserve or regenerate environmental assets
- Direct positive impact through environmental conservation and sustainable resource use

- Supports sustainable profitability by factoring ESG risks into financial decision-making
- Supports environmental stewardship through ESG integration and sustainable investing decisions considering environmental impact
- Supports resource efficiency and sustainable innovation practices

# CORPORATE GOVERNANCE



### Human

- Enhances employee awareness and competency in compliance and governance practices
- Improves accountability, ethics, and risk awareness among employees
- Encourages proactive risk management culture and skills across teams

- Adds board expertise and diversity, enriching leadership quality and decision-making
- Develops leadership and governance skills among board members
- Empowers employees and aligns their efforts through clear communication

### Social and Relationship

- Builds trust with regulators, investors, and stakeholders
- Stakeholder confidence in financial transparency and integrity
- Reinforces reputation by demonstrating governance maturity to external stakeholders.

- Builds credibility with stakeholders through transparent and diverse board structures
- Enhances stakeholder trust via visible commitment to performance and governance

### Intellectual

- Strengthens governance frameworks, internal policies, and compliance knowledge
- Robust internal control systems and risk mitigation strategies

- Enhances governance knowledge, succession planning, and institutional memory
- Generates insights for continuous improvement in governance effectiveness

### Natural

- Compliance with environmental regulations, protecting ecosystems and reducing risk
- ESG risk audits may identify environmental liabilities, improving sustainability performance
- Incorporates environmental risk (e.g., climate change, resource scarcity) into enterprise-wide frameworks

- Diverse boards are more likely to support sustainability and environmental initiatives
- Committees with ESG focus can better monitor environmental performance
- Making sustainable and eco-conscious decisions

## 4. Stakeholder Engagement and Sustainability

### Relations with Shareholders And Investors

In accordance with Listing Rule No. 9.4.2 (a), the company has upheld a comprehensive policy regarding effective communication with shareholders and investors. Additionally, as mandated by Rule No. 9.4.2(c), this policy encompasses a procedure to ensure all directors are apprised of significant shareholder issues and concerns. Further details on this matter have been provided in the 'Investor Relations' section of this report.

### Sustainability Reporting – ESG

Environmental, Social, Governance (ESG) considerations are paramount in DIMO's long-term business strategy and throughout its value creation process. Supported by Sustainability Pillar Heads, the Board continuously identifies and addresses ESG-related risks and opportunities that impact DIMO's value creation in the short, medium and long term. A detailed report on ESG factors and an ESG Performance Statement can be found on pages 183 to 194

### Sustainability & Business Practices

The Company recognizes the growing importance of sustainable business practices. The company integrates environmental, social, and governance (ESG) criteria into its financial strategies, ensuring that investments align with sustainable development goals. Company's governance framework supports transparency and accountability in managing green financing initiatives, including sustainable investments. The Board oversees key projects to ensure that they meet environmental standards and contribute positively to climate action.



# CORPORATE GOVERNANCE

This commitment strengthens Company’s sustainability agenda and enhances long-term value creation for stakeholders.

## Data Privacy and Ethical Information Use

In parallel with threat defence, DIMO has prioritized ethical data governance and customer privacy. The Group adheres strictly to global data protection regulations, including the General Data Protection Regulation (GDPR), and has implemented enterprise-wide policies to ensure transparency, accountability, and compliance in the collection, storage, and use of personal data.

### Core data protection measures include:

- Board-level Oversight of all privacy-related policies and governance practices
- Regular privacy impact assessments and vulnerability audits
- Implementation of consent management frameworks and role-based access controls
- Staff awareness and training programs to instil a culture of responsible data handling

### Specific Data Privacy Initiatives

- GDPR EU standard & Sri Lanka Personal Data Protection Act, No. 9 of 2022 (SLPDPA) aligned Data Governance Framework
- Privacy audits and role-based access controls
- Consent management policies
- Board-level supervision of data ethics

These initiatives reinforce DIMO’s commitment to ethical digital transformation, preserving customer trust, and aligning technology deployment with corporate values and compliance mandates.

## 5. Assurance, Risk & Compliance

### Assurance

Assurance plays a vital role in upholding the integrity of the Company’s operations, safeguarding its assets, and reinforcing stakeholder confidence. To ensure the effectiveness of its systems, processes, and internal controls, the Company adopts a comprehensive approach that includes internal audits, management reviews, and external audits.

These assurance mechanisms are instrumental in verifying the accuracy and reliability of both financial and non-financial information. By doing so, they contribute to robust governance practices and support well-informed decision-making throughout the organization.

The company secures assurance from both internal and external sources to validate the soundness of its operational and reporting frameworks.

| Assurance   |   |   |  |
|---|---|---|--|
| <b>Assurance on Financial Statements</b><br>Independent Audit Report provided by External Auditor - Messrs KPMG | <b>Assurance on Internal Business Process, Systems, and Controls</b><br>Internal Auditors' Reports & Audit Committee Assurance to the Board | <b>Assurance on Integrated Report and Non-Financial Information</b><br>Independent Assurance on Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board Framework | <b>Assurance on Management Systems</b><br>Independent Audit and certifications on Quality Management System, Environmental Management System, Occupational Health & Safety Management System |

### Internal Audit

The Company upholds an independent internal audit function that delivers reasonable assurance to the Board, Audit Committee, and Senior Management on the effectiveness of internal controls, including those related to financial reporting.

Led by the Group Chief Internal Auditor—appointed by the Board—the Internal Audit Division operates under a risk-based audit plan. Audit findings and recommendations are reported quarterly to both the Audit Committee and the Board, ensuring transparency and oversight. Internal audit reports are also made available to external auditors upon request.

Throughout the year, the Audit Committee reviewed the activities of the Internal Audit function and expressed satisfaction with its performance.

## External Audit

The Company's External Audit function operates independently under the oversight of the Audit Committee. The Audit Committee has obtained written confirmation from the External Auditors affirming their independence and objectivity. Regular dialogue is maintained between the Committee and the External Auditors to address any matters related to the financial statements.

To ensure continued independence and fresh perspective, audit partner rotation is conducted at prescribed intervals, with the most recent rotation taking place in 2024.

## Internal Control

A robust internal control framework is essential for the Company to proactively prevent, detect, and mitigate risks associated with its ongoing operations. The Board, with the support of the Audit Committee, is responsible for overseeing and evaluating the effectiveness of the Group's internal control environment.

This evaluation is informed by comprehensive reviews and discussions based on reports submitted by Management Committees, Internal Auditors, and External Auditors.

For further information, please refer to the Board of Directors' Statement on Internal Controls on page 209.

## Risk Management

Effective risk management at the Group extends beyond mere regulatory compliance, forming an integral part of strategic and operational decision-making. To identify, assess, and manage both risks and opportunities, the Group has established structured processes across all functional levels.

A detailed overview of these risk management frameworks and practices can be found in the Risk Management section on pages 105 to 118.

## Compliance.

The compliance and adherence component of the conformance framework establishes the foundation for adherence, outlining the rules to be followed by the Board, Board Committees, Management Committees, and employees. As defined in the governance framework, this component encompasses statutes and regulations categorized as 'mandatory compliance,' as well as codes, best practices, and management control systems categorized as 'voluntary adherence'.

### Mandatory Compliance

- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995
- Listing Rules of Colombo Stock Exchange
- Articles of Association
- Securities & Exchange Commission regulations
- Other legislative enactments affecting the Company

### Voluntary Adherence

- Code of Best Practice on Corporate Governance issued by CA Sri Lanka
- Ten Principles of the UN Global Compact
- Code of Business Conducts and Ethics of DIMO
- OECD Principles on Corporate Governance
- GRI Standards
- Quality Management System
- Environmental Management System
- Internal Control System
- Social Accountability Management System
- Occupational Health & Safety Management System

# CORPORATE GOVERNANCE

## REPORT OF THE AUDIT COMMITTEE

| Name of the director | Directorship Status  | Membership Status | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|----------------------|--|-------------------|--------------------------------------|--------------------|--------------------|
| A.D.B. Talwatte      | Independent Non-Executive Director   | Committee Chair   | 2016-10-11                           |                    | 4/4                |
| A.M. Pandithage      | Non-executive director   | Member            | 2000-02-02                           |                    | 4/4                |
| H.M.A. Jaysinghe     | Independent Non-Executive Director   | Member            | 2023-09-01                           |                    | 4/4                |
| Dr.H. Cabral         | Independent Non-Executive Director up to 31/12/2024<br>Non-executive director since 1/1/2025 | Member            | 2006-10-24                           |                    | 4/4                |
| J.M. De Silva        | Independent Non-Executive Director   | Member            | 2020-08-01                           | 2024-12-31         | 3/3                |
| R.A. Jayawardane     | Independent Non-Executive Director   | Member            | 2025-01-01                           |                    | 1/1                |
| H.A.C.Perera         | Independent Non-Executive Director   | Member            | 2025-01-01                           |                    | -                  |

Please refer to Table 42 & Table 44 for additional details regarding the committee members and directors.

The Audit Committee (AC) provides an independent oversight of the Group's financial reporting and internal control systems, internal and external audits, risk management, compliance with laws and regulations, in line with the approved Audit Committee Terms of Reference. Meetings of the Audit Committee were aligned with the key reporting and regulatory timelines.

### Activities & Deliberations During the Year -2024/25

#### Risk Management & Internal Controls.

Status of the risk management and internal controls of both the company and the group were reviewed during the year and appropriate mitigation and remedial actions were recommended to the Board. The status of risk management structures, governance and processes are available on page 105 to 118.

Committee has received assurances from the Group Managing Director/ Chief Executive Officer and CFO regarding the Company's and Group's finances and operations.

#### Compliance

The Committee obtained representations from Group Managing Director/ Chief Executive Officer and CFO on the adequacy of provisions made for possible liabilities. The committee also reviewed reports tabled during the Board Meetings with regard to statutory payments and filing of Returns. Having made necessary observations, the Audit

Committee is of the view that the company has complied with Companies Act No.07 of 2007, CSE Listing Rules, Securities and Exchange Commission Act,, regulations and directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

#### Internal Audit

The Committee reviewed the internal control system operated within the Company and Group and made recommendations wherever necessary to the Board. The Committee reviewed the functions of the internal audit program and had periodic discussions on audit findings included in the Reports provided to the committee by the Group Chief Internal Auditor.

#### External audits

The Committee obtained a written assurance from the current auditor, Messrs. KPMG, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of relevant auditing and accounting standards. Based on the above, the Audit Committee has determined that Messrs.KPMG, is considered as an independent Auditor.

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. The Committee also reviewed actions taken by the management in response to the issues raised by the auditors and effectiveness of the internal controls. Where required, issues and remedial actions taken relating to audit findings were discussed with the relevant members of the group management committee.

The Audit Committee has reviewed the non-audit services provided by the External Auditors to the company and fees paid for such services to ensure that their independence as Auditors has not been compromised.

## Financial Statements

The Committee reviewed Interim Financial Statements of all four quarters and the Annual Financial Statements prior to publication. During the review, AC ensured that Financial Statements are prepared in compliance with Sri Lanka Accounting Standards and applicable regulatory requirements.

The Committee assessed the appropriateness of the Company's whistle blowing policy to ensure the Company's arrangement for confidentiality of information and its sources.

## Future Focused activities

Future focus areas of the committee include, but are not limited to:

- Approval of Internal Audit Plan for 2025/26

- Improvement of Risk Mitigation strategies of the Company

The current Auditors Messrs KPMG were appointed as external auditors in FY 1986/87 and continue to hold that position at present. A partner rotation of the auditors takes place periodically and the most recent rotation of the audit partner took place in 2024/2025.

The Committee has recommended to the Board that Messrs KPMG be re-appointed as the independent External Auditor and that the re-appointment be included in the agenda of the Annual General Meeting.

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group and of the implementation of the Group's accounting policies and operational controls provide

reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company and its subsidiaries remain solvent and are able to continue as a going concern.



**Asite Talwatte**  
Chairman – Audit Committee

5th June 2025

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

| Name of the director | Directorship Status                                 | Membership Status                | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|----------------------|---|----------------------------------|--------------------------------------|--------------------|--------------------|
| J.M. De Silva        | Independent Non-Executive Director                  | Committee Chair up to 31/12/2024 | 2020-08-01                           | 2024-12-31         | 3/3                |
| A.D.B. Talwatte      | Independent Non-Executive Director                  | Member up to 31/12/2024          | 2016-10-11                           |                    | 4/4                |
|                      |   | Committee Chair since 1/1/2025   |                                      |                    |                    |
| A.M.Pandithage       | Non-executive director                              | Member                           | 2000-02-02                           |                    | 4/4                |
| Dr.H. Cabral         | Independent Non-Executive Director up to 31/12/2024 | Member                           | 2006-10-24                           |                    | 4/4                |
|                      | Non-executive director since 1/1/2025               |                                  |                                      |                    |                    |
| R.A.Jayawardane      | Independent Non-Executive Director                  | Member                           | 2025-01-01                           |                    |                    |
| H.A.C.Perera         | Independent Non-Executive Director                  | Member                           | 2025-01-01                           |                    |                    |

Please refer to Table 42 & Table 44 for additional details regarding the committee members and directors.

# CORPORATE GOVERNANCE

## REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Related Party Transactions Review Committee (RPTRC) is tasked with providing advice to the Board in relation to transactions with the related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

### Proceedings of the Committee Meetings

An agenda checklist is prepared and circulated prior to each Committee meeting, which assists and enables Committee members to identify all related parties and to review all related party transactions. A summary of related party transactions that occurred during the period under review is provided to the committee ahead of the Committee meetings. A summary of the quarterly declarations provided by the Directors

identifies the Directors' and their close family members' shareholding, names of the companies where they hold office, and transactions with each company during the quarter.

Activities and Deliberations of the Committee in 2024/25

- Identified related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange
- Reviewed all related party transactions carried out during the year and communicated observations to the Board of Directors.

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions

entered into by the Company during the year are disclosed in Note 4.33 to the Financial Statements.

### Declaration by the Committee

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 201 to 205 to the effect that no related party transaction falling within the ambit of the rule 9.14.8 of Listing Rules of the Colombo Stock Exchange was entered into by the Company during the financial year.



**A.D.B. Talwatte**

Chairman – Related Party Transactions Review Committee

5th June 2025

## REPORT OF THE REMUNERATION COMMITTEE

| Name of the director | Directorship Status  | Membership Status   | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|----------------------|--|---|--------------------------------------|--------------------|--------------------|
| H.M.A. Jaysinghe     | Independent Non-Executive Director   | Committee Chair from 1/1/2025<br>Member upto 31/12/2024   | 2023-09-01                           |                    | 2/2                |
| Dr.H. Cabral         | Independent Non-Executive Director up to 31/12/2024<br>Non-Executive Director since 1/1/2025 | Committee Chair up to 31/12/2024<br>Member since 1/1/2025 | 2015-08-10                           |                    | 2/2                |
| A.M.Pandithage       | Non-executive director   | Member  | 2000-02-02                           |                    | 2/2                |
| J.M. De Silva        | Independent Non-Executive Director   | Member  | 2020-08-01                           | 2024-12-31         | 2/2                |

Please refer to Table 42 & Table 44 for additional details regarding the committee members and directors.

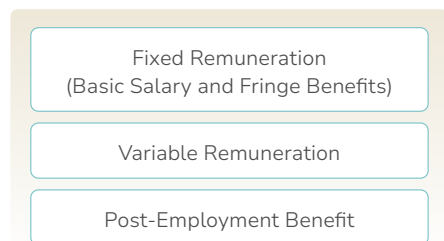
The Remuneration Committee considers and recommends the Company's remuneration policy and the remuneration packages of the Chairman, Group Managing Director/ Chief Executive Officer (CEO) and the Executive Directors. The Committee also approves the remuneration of the members of the Group Management Committee on recommendations made by the Chairman and the Group Chief Executive Officer.



## Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's Executive Directors and the members of the senior management team to support the continued success of the business and value creation over the short, medium and long term.

### Components of the Executive Directors' Remuneration



The Remuneration package awarded to Executive Directors and members of the Group Management Committee is intended to be competitive and market based and comprises of a mix of fixed and variable return. The variable remuneration is linked to individual performance and group profitability in order to align individual's interest with Company's interest.

All Non-Executive Directors receive a fee for serving based on their time commitment and contribution to the Board and Board Committees. They do not receive any performance related incentive payments. The Company does not have an employee share option scheme for members of the Board, who are considered as Key Management Personnel (KMP). The Articles of Association does not contain a shareholding guideline for a KMP.

### Activities and Deliberations of the Committee in 2024/25

The Committee covered following key areas during the meetings;

- Revisited the Remuneration Policy of the Company to align it with industry levels and its application to the Chairman, Group CEO, other Executive Directors and members of the Group Management Committee.
- Considered and recommended remuneration including annual salary increases and performance incentives for personnel stated above.
- Ensured that none of the Directors are involved in deciding his/her own salary.

## Directors' Emoluments

The Directors' emoluments and compensations during the year 2024-25 are disclosed in Note 4.33.1 (b) on page 289.

### Future Focused activities

- Improve the link between performance and rewards through remuneration policy.

The Committee is of the view that the Directors and Senior Management are remunerated fairly and receive performance-based compensation that promotes effective execution of Company's strategy and long-term value creation.

**H.M.A. Jayasinghe**  
Chairman – Remuneration Committee

5th June 2025

## REPORT OF THE NOMINATION & GOVERNANCE COMMITTEE

| Name of the director | Directorship Status                                 | Membership Status                | Date of Appointment to the committee | Date of Retirement | Meeting Attendance |
|----------------------|---|----------------------------------|--------------------------------------|--------------------|--------------------|
| Dr.H. Cabral         | Independent Non-Executive Director up to 31/12/2024 | Committee Chair up to 31/12/2024 | 2006-10-24                           |                    | 2/2                |
|                      | Non-Executive Director since 1/1/2025               | Member since 1/1/2025            |                                      |                    |                    |
| A.D.B. Talwatte      | Independent Non-Executive Director                  | Member                           | 2016-10-11                           |                    | 2/2                |
| A.M.Pandithage       | Non-executive director                              | Member                           | 2000-02-02                           |                    | 2/2                |
| J.M. De Silva        | Independent Non-Executive Director                  | Member                           | 2020-08-01                           | 2024-12-31         | 2/2                |
| A.R.Pandithage       | Non-Independent Executive Director                  | Member                           | 2000-02-02                           | 2024-09-30         | 1/1                |

Please refer to Table 42 & Table 44 for additional details regarding the committee members and directors.

# CORPORATE GOVERNANCE

## REPORT OF THE NOMINATION & GOVERNANCE COMMITTEE

The Nomination and Governance Committee operates under a clearly defined Terms of Reference approved by the Board and is guided by "The Code" and CSE Listing Rule No. 9.11.

### The key responsibilities of the Committee include:

- Recommending suitable candidates for appointment to the Board and Board Committees;
- Reviewing the composition and structure of the Board to ensure the right balance of skills, experience, independence, and diversity;
- Overseeing succession planning for the Board and key executive roles;
- Facilitating regular evaluations of the Board's performance.
- Monitoring and advising on developments in Corporate Governance practices locally and internationally.

### Activities and Deliberations of the Committee in 2024/25 include:

- Reviewing the structure, size, composition and competencies of the Board and sub-committees. Recommendations were made for re-structuring the sub-committees in line with the new amendments to the CSE Listing Rule No.09 and reinforcing Board capabilities in areas such as sustainability, digital transformation, and strategic risk oversight.
- Following a transparent and merit-based process, the Committee recommended the appointment of Mr. R.A. Jayawardane and Mr. H.A.C. Perera, New Directors, bringing additional expertise to support the Group's evolving business model.
- Evaluating the independence of the Non-Executive Directors through independence declarations provided by them.
- Reviewing the process of succession planning for key management

personnel to ensure that the Board has the correct balance of individuals to discharge its duties effectively.

- Ensuring that no member of the Nomination & Governance Committee is involved in deciding his own appointment.
- Making recommendations on any other matter/s referred to the Committee by the Board of Directors.
- The Listing Rules require that any major issue under the preview of the Nomination and Governance Committee should be referred to the independent directors by the chairman of the committee. As the independent directors are members of the committee such a situation did not arise.
- Newly appointed Directors are given an induction to the Company prior to their first Board meeting. Existing Directors are regularly updated with new Corporate Governance requirements, amendments to Listing Rules and other applicable laws.
- Evaluation of the performance of the Board of Directors and its sub-committees, the Chairman of the Board, the Chairpersons of Board Committees, Independent Non-Executive Directors, and the Chief Executive Officer. The results of the evaluation were reviewed and communicated to the Board of Directors. The Committee is of the view that diversity on the Board in terms of experience, skills, age, and gender is an essential factor for effective Board performance.
- Establishing and maintaining Corporate Governance policies, with periodic reviews to ensure relevance and effectiveness.
- Continuous monitoring of adherence to CSE Listing Rules, Corporate Governance requirements, securities market regulations, and other relevant rules and regulations, with periodic updates provided to the Board of Directors.

- Ensuring that all the nominations and re-elections were conducted in accordance with the Policy on Corporate Governance Nominations and Re-election established and maintained within the company.

### Appointment and Re-election

In accordance with the Company's Articles of Association, it is not mandatory for all Directors to submit themselves for re-election at regular intervals. Mr. R.A. Jayawardane and Mr. H.A.C. Perera who were appointed by the Board during the year are required to be appointed by the shareholders at the forthcoming Annual General Meeting. In compliance with Section 210 of the Companies Act, Mr. A.R. Pandithage, Mr. A.M. Pandithage, and Mr. A.D.B. Talwatte, who are each over the age of 70, are proposed to be re-appointed at the same meeting.

### Compliance with Corporate Governance Requirements

The company has complied with all Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) during the year.

### Future Focused activities

In the year ahead, the Committee will prioritise enhancing Board effectiveness through skills mapping, promoting diversity, and advancing succession planning. Strengthening governance and ethical standards will remain a key focus. The Committee is confident in the current governance framework's ability to support the Company's long-term performance and resilience, and extends gratitude to the Board, Committee members, and management for their continued support.



Mr. H.M.A. Jayasinghe

Chairman – Nomination & Governance Committee

5th June 2025

## 6. Technology Governance

### IT Governance & Cybersecurity

#### IT Governance

In 2024/25, DIMO's IT Governance framework has matured into a strategically aligned, security-conscious, and data-driven model that underpins the Group's broader Corporate Governance and sustainability agenda. As digital technologies become increasingly embedded across all business functions, the governance of IT has been recalibrated to ensure that technological investments deliver measurable value, uphold regulatory compliance, and drive enterprise-wide transformation.

A key milestone in this evolution has been the elevation of cybersecurity to a strategic priority. Cyber risk is now overseen at the highest level of governance, with structured reporting to the Board Audit Committee and periodic updates to the Board of Directors. This strategic emphasis reflects the growing sophistication of threat landscapes and DIMO's commitment to maintaining a resilient digital infrastructure that safeguards operations, customers, and stakeholders.

Parallel to this, the Group undertook a comprehensive review of its governance architecture to reflect recent advancements in its ICT ecosystem, including the enterprise-wide SAP rollout, hybrid cloud enablement, intelligent automation, and the implementation of Zero Trust security frameworks. These initiatives have been governed through the Group IT Steering Committee, which continues to ensure that IT strategies are tightly integrated with business priorities, and that risk, performance, and resource management are well-structured and transparent.

Data governance has also emerged as a cornerstone of the Group's IT governance model, reinforced through the implementation of the "One-Number" reporting framework. This initiative

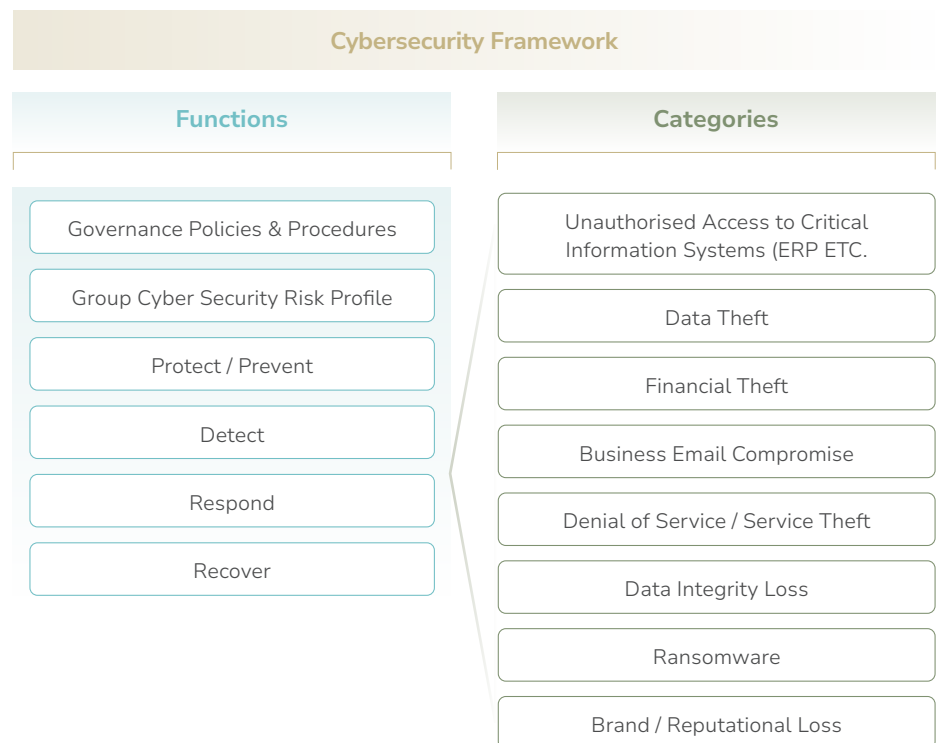
establishes a single source of truth across the enterprise, enabling consistent, accurate, and real-time insights that inform strategic and operational decision-making. In tandem, the organization has strengthened its regulatory posture by aligning data privacy practices not only with the EU General Data Protection Regulation (GDPR) but also with Sri Lanka's Personal Data Protection Act No. 9 of 2022, ensuring lawful, ethical, and transparent use of personal and customer data.

DIMO's IT Governance framework now extends beyond compliance and control to become a strategic enabler of innovation, agility, and competitive advantage. It ensures that technology investments are responsibly managed, risks are proactively mitigated, and digital capabilities are deployed in a manner that drives sustainable business growth and strengthens stakeholder trust.

#### Cybersecurity

Cybersecurity has been identified as a strategic priority at DIMO, reflecting the Group's growing reliance on digital platforms, increasing exposure to cyber threats, and the imperative to safeguard sensitive business and customer information. Our cybersecurity strategy is firmly anchored in a governance-led, risk-aware, and technology-driven approach, ensuring resilience, compliance, and trust across all Group operations.

Figure 17: Cybersecurity Governance Framework



DIMO's Cybersecurity Framework is integrated within the broader IT Governance structure, aligning with industry standards and international best practices. The framework is structured around the core security pillars of Protect, Detect, Respond, and Recover, and is designed to address an evolving threat landscape while enabling business continuity and digital innovation.

# CORPORATE GOVERNANCE

Key risk categories addressed include:

- Unauthorized access to critical systems (e.g., ERP)
- Business email compromise and financial fraud
- Data theft and data integrity loss
- Ransomware and denial-of-service (DoS) attacks
- Reputational damage and brand-related threats

Cybersecurity risk profiling is performed across all business segments, enabling targeted controls based on impact and likelihood. These insights guide technical hardening, policy enforcement, and incident response protocols across the Group.

## 2024/25 Key Initiatives and Enhancements

In the reporting period, DIMO made significant advancements in both infrastructure resilience and threat response capabilities:

- Tier-4 Disaster Recovery Site - enhancements: Established for all critical systems, with real-time failover functionality, ensuring uninterrupted operations in the event of system compromise or disaster.
- Enhanced Incident Reporting: Rolled out a Group-wide ticketing and alerting platform via the ManageEngine ITSM system, enabling seamless logging, triaging, and escalation of cybersecurity events.
- Cybersecurity Oversight: The cybersecurity function reports directly to the Group IT Steering Committee, with structured dashboards capturing threat intelligence, incident trends, control maturity, and policy enhancements.
- Zero Trust Adoption: Continued rollout of Zero Trust Network Access (ZTNA) through firewall modernization and

identity access management (IAM) upgrades to minimize attack surface and enhance secure remote access.

## 7. Ethical Conduct and Transparency

### Code of Business Conduct and Ethics

At DIMO, we have implemented a Code of Business Conduct and Ethics that applies to Directors, Management, and all employees. The orientation program for new employees includes training on compliance with the Group's Code, and upon recruitment, each employee signs a declaration committing to comply with the Code in its entirety. Compliance with the Code of Business Conduct and Ethics is monitored by the HR department.

### Conflict of Interest

Each Board member is expected to prevent their private interests from conflicting with the interests of the Company. Directors abstain from participating in or voting on Board resolutions where they have an interest. Every Director submits a quarterly declaration of their interest in the Company, which is disclosed to the Board through the Related Party Transaction Review Committee. Additionally, all interests are recorded in the company's Interest Register, maintained by the Company Secretary

### Whistle-Blowing, Fraud and Non-Compliance with Laws and Regulations

Employees can report any confidential matters related to accounting, internal controls, and non-compliance with laws and regulations (NOCLAR) to the Chief Human Resources Officer, Group Chief Internal Auditor, Managing Director/ Chief Executive Officer, or the Chairman. The Senior Independent Director is also available to any Board member who wishes to discuss confidential matters concerning the Board.

Disclosures required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange can be viewed on page 158.

### Voluntary & Compulsory Adherences

Diesel & Motor Engineering PLC compulsorily adheres to the listing rules published by the Colombo Stock exchange including the amendments made to the Corporate Governance Rule under circular number 04/2023 dated 11th September 2023 and subsequent circulars related to Corporate Governance up to 31st March 2025 available to the public on the website of Colombo Stock Exchange at the following link: <https://www.cse.lk/pages/listing-rules/listing-rules.component.html>

The Corporate Governance system implemented by the Company complies with the principles and recommendations of Listing Rule No. 09 "Corporate Governance" and Code of Best Practice on Corporate Governance -2023 published by The Institute of Chartered Accountants of Sri Lanka and not contrary to the OECD Principles on Corporate Governance published by the Organisation for Economic Co-operation and Development. This was found to be the case during the year, in which the company examined with the support of the Audit, Risk and Corporate Governance committee, the content of the Corporate Governance Code and Listing Rules by assessing the potential impact on the DIMO's Corporate Governance system and pinpointing areas of specific interest and possible adjustments to be made to its corporate practices.

### DIMO's Adherence to the OECD Principles

As a company that understands the importance of adhering to good Corporate Governance practices both locally and globally, DIMO has voluntarily made effort to align with the Corporate Governance principles published by the

Organisation for Economic Co-operation and Development (OECD), as outlined below.

### 1. The Rights of shareholders

A. (DIMO) adheres to the OECD principles on basic shareholder rights by ensuring:

- I. Secure ownership registration through the Central Depository System (CDS), providing shareholders with reliable and accurate record-keeping.
- II. Free transferability of shares via the CSE platform, without restrictions, in line with regulatory requirements.
- III. Timely access to relevant information, including financial statements, corporate announcements, and disclosures, made available through the Company's website and CSE.
- IV. Participation and voting rights at general meetings, where shareholders are duly informed and encouraged to vote in person or by proxy.
- V. Fair election of Board members, with transparent processes and disclosures on director nominations and appointments.
- VI. Equitable profit sharing through regular dividend payments based on profitability, reflecting the Company's commitment to delivering shareholder value.

B. DIMO ensures that shareholders are fully informed and able to participate in key corporate decisions, in line with OECD principles

The Company provides timely and transparent communication on matters such as mergers, acquisitions, significant asset sales, amendments to the Articles of Association, and other fundamental changes. These decisions are presented to shareholders at

duly convened general meetings, where they are given adequate time and information to make informed voting decisions, in compliance with the Companies Act of Sri Lanka and Colombo Stock Exchange regulations.

C. Ensuring effective shareholder participation by providing clear notice of general meetings, outlining voting procedures, and enabling shareholders to vote either in person or by proxy, in accordance with the Companies Act and CSE requirements.

D. Maintaining transparency by disclosing its capital structure and any arrangements related to shareholder control in its annual reports and corporate disclosures, ensuring no shareholder has disproportionate control relative to their equity ownership.

E. Supporting fair and transparent market practices by complying with CSE and SEC regulations, ensuring that any changes in control or ownership are disclosed promptly and handled in a manner that upholds market integrity.

F. Encouraging active shareholder engagement by providing relevant information to support informed voting, enabling shareholders—including institutional investors—to assess the value and impact of exercising their voting rights.

### 2. The Equitable Treatment of Shareholders:

The company adheres to this principle as follows:

A. Ensuring equal treatment of all shareholders within the same class by providing equal access to information, voting rights, and dividends, in full compliance with the Companies Act and Colombo Stock Exchange Listing Rules.

B. Strictly prohibiting insider trading and self-dealing, adhering to CSE Listing Rules and enforcing internal policies to ensure ethical conduct and fair market practices.

C. Requiring all directors and senior management to disclose any material interests in transactions or matters related to the Company, in accordance with the Companies Act of Sri Lanka and CSE disclosure requirements, ensuring transparency and accountability.

### 3. The Role of Stakeholders in Corporate Governance:

A. It has ensured that the rights of stakeholders, including employees, customers, and shareholders, are protected by applicable laws through adherence to Sri Lankan regulations, such as the Companies Act and CSE Listing Rules and SEC guidelines, alongside transparent Corporate Governance practices.

B. The Company provides stakeholders with avenues to seek redress in case of rights violations, ensuring compliance with Sri Lankan laws and regulations, and offering transparent dispute resolution mechanisms through internal processes and legal channels.

C. The Company fosters stakeholder participation through mechanisms such as shareholder meetings, transparent communication, and channels for feedback, ensuring that stakeholders can actively contribute to the company's performance and governance.

D. It has ensured that stakeholders have access to relevant information by providing timely, accurate, and comprehensive disclosures, including financial reports and corporate announcements, through its website and the Colombo Stock Exchange platform.



# CORPORATE GOVERNANCE

## 4. Disclosure and Transparency

- A. The Company ensures transparent and timely disclosure of all material information, including financial performance, corporate objectives, major shareholdings, Board and executive details, risk factors, stakeholder-related matters, and governance practices, through its annual reports, CSE filings, and official communication channels.
- B. The Company prepares and discloses financial and non-financial information in line with Sri Lanka accounting standards.
- C. The Company conducts an annual audit through KPMG, an independent external auditor to ensure objective assurance on the accuracy and integrity of its financial statements, in compliance with regulatory and international standards.
- D. It has ensured fair and timely access to information by disseminating disclosures through the Colombo Stock Exchange, its official website, and other public channels, allowing all stakeholders to access relevant information efficiently and without cost.

## 5. The Responsibilities of the Board

- A. The Company's Board members perform their duties with diligence, integrity, and in the best interest of the company and its shareholders, making informed decisions based on accurate information and upholding high standards of corporate responsibility.

- B. It has ensured that all board decisions are made with fairness and impartiality, treating all shareholder groups equally, especially when decisions may have differing impacts, in line with good governance practices and regulatory standards.
- C. The Company's Board ensures full compliance with applicable laws and regulations while considering the interests of all stakeholders in its decision-making, reinforcing ethical governance and sustainable business practices.
- D. The Company's Board effectively carries out its key responsibilities, including guiding corporate strategy, overseeing executive appointments and succession, ensuring a transparent nomination process, managing conflicts of interest, safeguarding the integrity of financial reporting, monitoring governance practices, and overseeing disclosure and communication, in line with best practices and regulatory requirements.
- E. It has ensured Board independence by maintaining a balanced composition of executive and independent non-executive directors, enabling objective judgment on corporate matters free from management influence.
- F. The Company ensures that its Board members receive accurate, relevant, and timely information through regular reporting, management updates, and access to necessary resources, enabling effective and informed decision-making.

List of Policies established and maintained by The Company that are Published in the "corporate Website "In compliance with CSE Listing Rule No. 9.2.1, for 2024/2025.

### Policy On

- "The matters relating to the Board of Directors"
- "Board Committees "
- "Corporate Governance, Nominations and Re-election"
- "Remuneration"
- "Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities"
- "Risk management and Internal controls"
- "Relations with Shareholders and Investors"
- "Environmental, Social and Governance Sustainability"
- "Control and Management of Company Assets and Shareholder Investments"
- "Corporate Disclosures"
- "Whistleblowing"
- "Anti-Bribery and Corruption"



**Compliance Status with the Listing Rule 09 “Corporate Governance “ Published by the CSE**

| Applicable Rule Number | Description  |   | Current Status ( Number of Directors)  | Compliance status |
|------------------------|--|---|--|-------------------|
| 9.3.3                  | Chairperson of the Board of Director   | Chairperson of the Board of Directors cannot be the chairperson of<br>1) Nominations and Governance Committee,<br>2) Remuneration Committee,<br>3) Audit Committee<br>4) Related Party Transaction Review Committee   | Mr. A.R. Pandithage, Chairman of the Board, does not hold the chairmanship of any committee.   | Compliant         |
| 9.5.1 (a)              | Board Balance- Executive & Non Executive, Roles & functions of Chairperson and CEO, procedure for appraisal of Board performance and appraisal of CEO. | Policy on matters relating to Board of Directors shall recognize the need for a balance of representation between Executive and Non- Executive Directors and cover at minimum board composition, the roles and functions of the Chairperson and Chief Executive Officer or equivalent position (hereinafter commonly referred to as the CEO), Board balance and procedures for the appraisal of Board performance and the appraisal of the CEO. | The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website. The Board comprises seven Non-Independent Executive Directors, two Non-Independent Non-Executive Directors, and four Independent Non-Executive Directors. Proportion. 6 :7   | Compliant         |
| 9.5.1( C )             | Board Diversity  | It Requires diversity in Board composition for Board effectiveness in terms of a range of experience, skills, competencies, age, gender, industry requirements and importance of objective selection of directors.  | The Board of the company is composed of individuals with diverse professional backgrounds, a broad spectrum of expertise, age diversity, and balanced gender representation  | Compliant         |
| 9.6.1                  | Chairperson and CEO  | The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3  | Mr. A.R. Pandithage, Chairperson of the Board, serves as an Executive Director but is not the CEO of the Company. Mr. A.G. Pandithage holds the position of Group Managing Director/ Chief Executive Officer Mr. A.R. Pandithage and Mr. A.G. Pandithage have a close family relationship. A Senior Independent Director (SID) has been appointed, as the company falls under the circumstances outlined in Sections 9.6.3 (a)(ii) and 9.6.3 (a)(iii). | Compliant.        |

# CORPORATE GOVERNANCE

| Applicable Rule Number | Description  |  | Current Status ( Number of Directors)  | Compliance status |
|------------------------|--|--|--|-------------------|
| 9.6.3 (a)              | Requirement for a Senior Independent Director ( SID)                   | i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director, iii. The Chairperson and CEO are Close Family Members or Related Parties.           | Mr.A.D.B.Talwatte functions as the SID of the company. This appointment was made as it requires by 9.6.3.(a) ii and iii.   | Compliant         |
| 9.6.3 (b)              | Indepenen director meeting chaired by the SID                          | Independent directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence by other directors  | A meeting of the Independent Directors, chaired by the Senior Independent Director (SID), was held in May 2025   | Compliant         |
| 9.6.3 (c)              | Non-Executive director meeting without the presence of the chairperson | SID shall chair a meeting of Non-executive directors without the presence of the chairperson at least annually to appraise the chairperson's performance and on such other occasions as are deemed appropriate | A meeting was held with non-executive directors without chairperson to the board, chaired by SID in March 2025   | Compliant         |
| 9.7.1                  | Fitness of Directors and CEO   | Needs to take necessary steps to ensure that their Directors and the CEO are at all times, fit and proper persons as required in terms of these Rules  | A declaration, as required by the Listing Rules relating to the fit and proper assessment criteria—namely honesty, integrity and reputation, competency and capability, and financial soundness—has been obtained, and it has been ensured that all Directors meet these criteria  | Compliant         |
| 9.8                    | Minimum number of Directors in the Board                               | As per the rule, minimum number of directors in the board is 5   | 13 Number of Directors   | Compliant         |
| 9.8.2 (a)              | Composition of independent Directors in the Board                      | 2 independent directors or 1/3 of the total no.at given time whichever is higher   | Mr. A.D.B. Talwatte, Mr. H.M.A. Jayasinghe, Mr. R.A. Jayawardane, and Mr. H.A.C. Perera serve as Independent Non-Executive Directors. With a total of 13 directors on the Board, one-third amounts to 4.33. However, in accordance with the Listing Rules, this is rounded down to 4. Accordingly, the Company complies with the requirement by having four Independent Directors on the Board | Compliant         |

| Applicable Rule Number | Description  |  | Current Status ( Number of Directors)   | Compliance status |
|------------------------|--|--|---|-------------------|
| 9.12.6.1(a)            | Composition of Remuneration committee  | Minimum 3 directors and out of that minimum of 2 shall be independent directors  | 4 directors are members, 2 are independent non executive directors  | Compliant         |
| 9.12.6.1(b)            | Not comprise of executive directors for remuneration committee                   |  | None of executive directors are there   | Compliant         |
| 9.12.6(2)              | Chairperson of the Remuneration Committee is an independent director             |  | Mr.H.M.A.Jayasinghe, chairperson of the committee is an independent non-executive director  | Compliant         |
| 9.11.4 .(1). (a)       | Composition of the Nominations and governance committee                          | Minimum 3 directors and out of that minimum 2 independent directors needs to be there.   | The committee comprises four directors: two are Independent Non-Executive Directors, and two are Non-Executive Directors  | Compliant         |
| 9.11.4 .(1). (b)       | Not comprise of executive directors w.e.f 1st October 2024                       |  | Mr. A.R. Pandithage, who was an Executive Director and the Chairman of the Board of the Company, served as a member of the committee until 30th September 2024. Thereafter, he ceased to be a member. At present, there are no Executive Directors serving on the committee | Compliant         |
| 9.11.4 (2)             | Chairperson of the Nominations & Governance Committee is an independent director | An independent director is to be appointed as the Chairperson of the committee   | Mr.H.M.A.Jayasinghe, chairperson of the committee is an independent non-executive director  | Compliant         |
| 9.13.3.1 (a)           | Composition of the Audit Committee   | A minimum of three directors shall serve on the committee, of whom at least two — or a majority of the members, whichever is higher — shall be Independent Directors | 6 directors are members , 4 are independent non executive directors, two are non executive directors  | Compliant         |
| 9.13.3.1 (b)           |  | Not comprise of executive directors  | None of executive directors are there   | Compliant         |
| 9.13.3 .(4)            | Chairperson of the Audit Committee is an independent director                    |  | Mr.A.D.B.Talwatte, independent non-executive director is the chairperson  | Compliant         |

# CORPORATE GOVERNANCE

| Applicable Rule Number | Description   |   | Current Status ( Number of Directors)   | Compliance status |
|------------------------|---|---|---|-------------------|
| 9.13.3 .(6)            | Chairperson or one member of the Audit Committee is a member of a recognized professional accounting body |   | Mr.A.D.B.Talwatte is a fellow member of CA Sri Lanka and CIMA(UK)                                     | Compliant         |
| 9.14.2.( 1 )           | Composition of the Related Party Transactions Review Committee  | Minimum 3 directors out of 2 members shall be independent directors. It may include executive directors, at the option of the listed entity | 6 directors are members , 4 are independent non executive directors, two are non executive directors. | Compliant         |
| 9.14.2.( 1 )           | Chairperson of the Related Party Transaction Review Committee is an independent Director                  |   | Mr.A.D.B.Talwatte, chairperson is an independent non-executive director                               | Compliant         |

## Compliance Status with the Annual Report Disclosure Requirements as per the Listing Rule 09 “Corporate Governance”

| Listing Rule Number | Description   | Applicable or not | Compliance Status | Page Reference |
|---------------------|---|-------------------|-------------------|----------------|
| Rule No.9.1.3       | All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity  | Applicable        | Compliant         | 119, 127, 144  |
| Rule No.9.2.3       | Listed Entities shall disclose in the Annual Report<br>i) the list of policies that are in place in conformity Rule 9.2.1 , with reference to its website<br>ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 | Applicable<br>N/A | Compliant         | 148            |
| Rule No.9.4.2.a     | Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.  | Applicable        | Compliant         | 163            |
| Rule No.9.4.2. c    | The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholder, and such process shall be disclosed by the Entity in the Annual Report and website of the Entity.                | Applicable        | Compliant         | 164            |

| Listing Rule Number | Description   | Applicable or not | Compliance Status | Page Reference |
|---------------------|---|-------------------|-------------------|----------------|
| Rule No.9.5.2       | Listed entities shall confirm compliance with the requirement of the policy referred to in Rule 9.5.1of the Listing Rule in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.   | Applicable        | Compliant         | 144, 164       |
| Rule No.9.6.3. e    | The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID(9.6.3(e))  | Applicable        | Compliant         | 133            |
| Rule No. 9.6.4      | Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity.  | Applicable        | Compliant         | 144, 150       |
| Rule No. 9.7.5      | Listed entities shall include the following disclosures/reports in the Annual Report.   |                   |                   |                |
|                     | a) A statement that the Directors and CEO of the listed Entity satisfy the fit and proper Assessment Criteria stipulated in the listed Rules of the Colombo Stock Exchange  | Applicable        | Compliant         | 129            |
|                     | b) Any non-compliance/s by a Director and or the CEO of the listed Entity with the fit and Proper Assessment Criteria set out in these rules during the financial year and the remedial action taken by the listed entity to rectify such non-compliance/s  | N/A               |                   | 123            |
| Rule No. 9.8.5 (b)  | Make an annual determination as to the “independence” or “non-independence” of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be ‘independent’ in the Annual Report.  | Applicable        | Compliant         | 129            |
|                     | a) Name, qualifications and brief profile   | Applicable        | Compliant         | 17             |
|                     | b) The nature of his/her expertise in relevant functional areas   | Applicable        | Compliant         | 17, 131        |
|                     | c) Whether either the Director or close family members has any material business relationships with other directors of the listed entity.   | Applicable        | Compliant         | N/A            |
|                     | d) whether executive, non executive and/or independent Director   | Applicable        | Compliant         | 126            |
|                     | e) The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions as an executive or non-executive capacity, provided that where he /she holds directorships in companies within a Group of which the listed entity is a part, their names ( if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; | Applicable        | Compliant         | 158, 310       |
|                     | f) Number of Board meetings of the Listed Entity attended during the year.  | Applicable        | Compliant         | 126            |

# CORPORATE GOVERNANCE

| Listing Rule Number | Description  | Applicable or not | Compliance Status | Page Reference |
|---------------------|--|-------------------|-------------------|----------------|
|                     | g) names of Board committees in which the Director serves as chairperson or a member;  | Applicable        | Compliant         | 126            |
|                     | h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration committees. Such details shall include the number of meetings held and the number attended by each member; and | Applicable        | Compliant         | 126            |
|                     | i) The terms of reference and powers of the SID ( Where applicable )   | Applicable        | Compliant         | 123            |
| Rule No. 9.11.4.(3) | The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity  | Applicable        | Compliant         | 126            |
| Rule No. 9.11.6     | The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.   | Applicable        | Compliant         | 143 to 144     |
|                     | The said report shall include the following;   |                   |                   |                |
|                     | (a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);   | Applicable        | Compliant         | 143 to 144     |
|                     | (b) the date of appointment to the Committee;  | Applicable        | Compliant         | 143            |
|                     | (c) whether a documented policy and processes are in place when nominating Directors;  | Applicable        | Compliant         | 143 to 144     |
|                     | (d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years;   |                   | Compliant         | 143 to 144     |
|                     | (e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;  | Applicable        | Compliant         | 131            |
|                     | (f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.  | Applicable        | Compliant         | 143 to 144     |
|                     | (g) The following information regarding directors who are re-elected or being proposed for re-election during the year:  | Applicable        |                   | 143 to 144     |
|                     | • Board Committees served on (as a member or Chairperson),   |                   |                   |                |
|                     | • Date of first appointment as a Director,   |                   |                   |                |
|                     | • Date of last re-appointment as a Director,   |                   |                   |                |
|                     | • Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,  |                   |                   |                |
|                     | • Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity.   |                   |                   |                |



| Listing Rule Number | Description   | Applicable or not | Compliance Status | Page Reference |
|---------------------|---|-------------------|-------------------|----------------|
|                     | (h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above   | Applicable        | Compliant         | 143 to 144     |
|                     | (i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;  | Applicable        | Compliant         | 143 to 144     |
|                     | (j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;  | Applicable        | Compliant         | 143 to 144     |
|                     | (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.   | Applicable        | Compliant         | 143 to 144     |
|                     | (l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.   | Applicable        | Compliant         | 143 to 144     |
|                     | (m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non- compliance. | Applicable        | Compliant         | 143 to 144     |
| Rule No.9.12.8      | The Annual Report should set out the following:   |                   |                   |                |
|                     | (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);   | Applicable        | Compliant         | 142 to 143     |
|                     | (b) A statement regarding the remuneration policy; and,   | Applicable        | Compliant         | 142 to 143     |
|                     | (c) The aggregate remuneration of the Executive and Non-Executive Directors.  | Applicable        | Compliant         | 142 to 143     |
| Rule No. 9.13.5     | (1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.             | Applicable        | Compliant         | 140 to 141     |
|                     | (2) The Audit Committee Report shall contain the following disclosures:   | Applicable        |                   | 140 to 141     |

# CORPORATE GOVERNANCE

| Listing Rule Number | Description   | Applicable or not | Compliance Status | Page Reference |
|---------------------|---|-------------------|-------------------|----------------|
|                     | (a) The names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);  | Applicable        | Compliant         | 140 to 141     |
|                     | (b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).  | Applicable        | Compliant         | 140 to 141     |
|                     | (c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.  | Applicable        | Compliant         | 140 to 141     |
|                     | (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.  | Applicable        | Compliant         | 140 to 141     |
|                     | (e) Whether the Listed Entity has a formal Audit Charter;   | Applicable        | Compliant         | 140 to 141     |
|                     | (f) The manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;  | Applicable        | Compliant         | 140 to 141     |
|                     | (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;   | Applicable        | Compliant         | 140 to 141     |
|                     | (h) A statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and   | Applicable        | Compliant         | 140 to 141     |
|                     | (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties. | Applicable        | Compliant         | 140 to 141     |
|                     | (3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:   | Applicable        | Compliant         | 141 to 142     |
|                     | <ul style="list-style-type: none"> <li>The names of the Directors comprising the Committee;</li> <li>A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors.</li> </ul>  |                   |                   |                |

| Listing Rule Number | Description  | Applicable or not | Compliance Status | Page Reference |
|---------------------|--|-------------------|-------------------|----------------|
|                     | <ul style="list-style-type: none"> <li>The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.</li> </ul>   |                   |                   |                |
|                     | (4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.   |                   |                   |                |
| Rule No. 9.16       | The following declarations by the Board of Directors to be included in the Annual Report:  | Applicable        | Compliant         |                |
|                     | (i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;  |                   |                   | 206            |
|                     | (ii) They have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so; |                   |                   | 209            |
|                     | (iii) They made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;   |                   |                   | 201 to 205     |
|                     | (iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.  |                   |                   | N/A            |

# CORPORATE GOVERNANCE

## Compliance With Companies Act No.07 of 2007

This section provides a navigation on the level of compliance to the Companies Act No. 07 of 2007 and the regulations provided by the Colombo Stock Exchange.

Table 46: Disclosures Required by the Companies Act No. 07 of 2007

| Section Reference | Disclosure Requirement   | Compliance Status | Annual Report Reference (Page) |
|-------------------|--|-------------------|--------------------------------|
| 168 (1) (a)       | The nature of the business of the Company or any of its subsidiaries   | Compliant         | 220 to 222                     |
| 168 (1) (b)       | Signed Financial Statements of the Group and the Company for the accounting period completed                                   | Compliant         | 214 to 290                     |
| 168 (1) (c)       | Auditors' Report on Financial Statements of the Group and the Company  | Compliant         | 211 to 213                     |
| 168 (1) (d)       | Changes in Accounting Policies made during the accounting period   | Compliant         | N/A                            |
| 168 (1) (e)       | Particulars of the entries in the Interests Register made during the accounting period   | Compliant         | 206 to 207                     |
| 168 (1) (f)       | Remuneration and other benefits paid to Directors of the Company and its Subsidiaries during the accounting period             | Compliant         | 289                            |
| 168 (1) (g)       | Total amount of donations made by the Company during the accounting period   | Compliant         | 239                            |
| 168 (1) (h)       | Information on Directorate of the Company and its Subsidiaries during and at the end of the accounting period                  | Compliant         | 311 to 312                     |
| 168 (1) (i)       | Amounts paid/payable to the Auditor as audit fees and fees for other services rendered during the accounting period            | Compliant         | 239                            |
| 168 (1) (j)       | Auditors' relationship or any interest with the Company and its Subsidiaries   | Compliant         | N/A                            |
| 168 (1) (k)       | Acknowledgement of the contents of this Report and signatures on behalf of the Board (Annual Report of the Board of Directors) | Compliant         | 201 to 205                     |

Table 47: Directorships and Key Management Positions held by the Board of Directors in Companies outside the DIMO Group

The number of Directorships and Key Management positions held by Directors of the Company, as required by CSE Listing Rule No.9.10.4 is given below.

| Name              | Type of Directorship at DIMO                        | Directorships and KMPs in other Companies (See Annexure 1 for Details)  |
|-------------------|---|---|
| A.M. Pandithage   | Non-Executive Director                              | Executive directorships in a total of 145 Companies in Sri Lanka <ul style="list-style-type: none"> <li>132 Private Companies</li> <li>13 Listed Companies</li> </ul> |
| Dr. Harsha Cabral | Non-Executive Director                              | Independent Non-Executive Director at Hayleys PLC & Directorships in 17 companies in Sri Lanka  |
| A.D.B. Talwatte   | Independent Non-Executive Director                  | Directorships in a total of 16 Companies, including 8 Listed Companies in Sri Lanka   |
| H.M.A. Jayasinghe | Independent Non-Executive Director                  | Independent Director for 4 Listed Companies   |
| A.G. Pandithage   | Group Managing Director and Chief Executive Officer | An Executive Director of A & G Investments (Pvt) Ltd  |
| R.A. Jayawardane  | Independent Non-Executive Director                  | Independent Non-Executive Director of Cargills Bank PLC & Group Chief Executive Officer of the Maliban Group  |
| H.A.C. Perera     | Independent Non-Executive Director                  | Group Chief Information Officer at Dialog Axiata PLC  |

The other Directors of the Board of DIMO that has not mentioned above, namely Mr. B.C.S.A.P. Gooneratne, Mr. P.K.W. Mahendra, Mr. S.R.W.M.C. Ranawana, Ms. D.N.K. Kurukulasuriya, Mr. A.R. Pandithage, and Mr. C.R. Pandithage — all Executive Directors — do not hold any directorships or key management positions in any other companies.