

MOMENTUM IN — MOTION

ANNUAL REPORT 2024/25



Stakeholder Engagement

A RESILIENT FORM

Enterprise Governance

Fortified by time-tested structures and processes, we are empowered with innate strategies that safeguard us from adversity and enable us to persevere amidst times of change.

The kingfisher's feathers are specially adapted for resilience in harsh, ever-changing environments. Interlocking barbules form a water-resistant mesh, while an oily substance is produced to enhance flexibility and waterproofing. The natural elasticity and hydrophobic properties of the feathers further boost the kingfisher's agility and protection, enabling it to thrive in dynamic conditions.

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STAKEHOLDER ENGAGEMENT



Stakeholder
Engagement Section

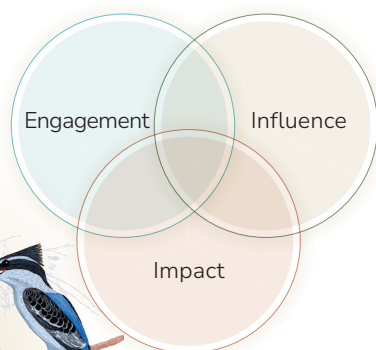
<https://www.dimolanka.com/2024-2025-dimo-annual-report/url.php?id=20>

"Recognising that our stakeholders are the providers of the key capitals that drive our business, we engage with them meaningfully and consistently, reinforcing our commitment to long-term value creation and our role as the Perfect Partner in every relationship."

At DIMO, our stakeholders are at the heart of everything we do

As elaborated in our value creation model page 20, as a corporate, we create value within our business operations by using the Six Capitals provided by all our valued stakeholders. The value thus created is then given back to stakeholders in the form of outcomes that fulfill their respective expectations. Guided by our brand promise 'Building sustained relationships with stakeholders as their Perfect Partner', all our efforts are aimed at creating the value expected by our stakeholders. Accordingly, we align all our business activities with the needs and expectations of our stakeholders, ensuring that our actions are impactful and beneficial to those around us. We believe that meaningful engagement is not just a business practice but a value that defines us. Therefore, we strive to go beyond expectations by listening closely, acting responsibly and delivering exceptional experiences that truly matter. Our stakeholder centric approach drives long term sustainability while reinforcing our commitment to being the Perfect Partner in every relationship we nurture.

Stakeholder Identification



We identify Stakeholders as a person or a body of persons with the following characteristics:

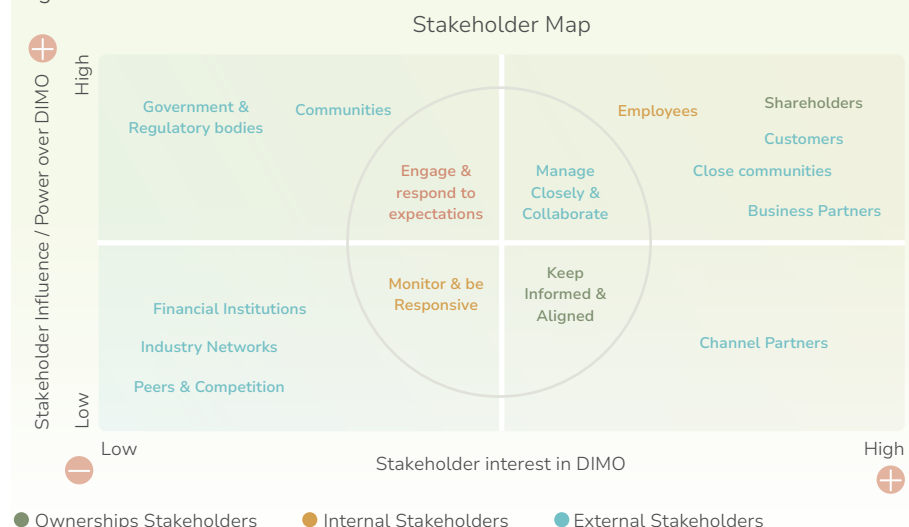
- The level of direct interaction and involvement stakeholders have with the Company's activities - Engagement
- The ability of stakeholders to affect the Company's strategic decisions, reputation, or performance - Influence
- The extent to which stakeholders are affected by the Company's operations, products, or services - Impact

Building Meaningful Connections - Our Stakeholder Engagement Approach

We recognize that sustainable, long-term value is driven by meaningful stakeholder engagement. Across all Business Units, we identify and prioritize key stakeholders based on their influence and impact on our operations. Through ongoing research, surveys, and collaboration, we gain insights into stakeholder expectations, enabling us to align our strategies, communication, and actions with their priorities and concerns.

Figure 12: Targeted Engagement - Prioritizing Stakeholders Strategically

At DIMO, we believe strong stakeholder relationships are essential to long-term value creation. We categorize our stakeholders into three key groups: Ownership, Internal, and External - each playing a vital role in our success. Through a structured, company-wide approach, we identify, assess, and engage with these stakeholders across our operations. Insights from ongoing engagement help align our strategies with stakeholder expectations, fostering transparency, trust, and sustainable growth.



Creating Shared Value Through Stakeholder Engagement

At the heart of our value creation journey lies a deep commitment to our stakeholders. We believe in actively engaging with them, understanding their evolving expectations and taking meaningful action to drive positive change. By nurturing strong, long-term partnerships we create value at every interaction, positioning ourselves as the Perfect Partner at every step. Our stakeholder-centric approach ensures that we contribute to lasting sustainability across all our engagements.

The table below depicts the key outcomes arising from the top prioritized stakeholders associated with DIMO's ongoing operation.

Shareholders

Are individuals and institutional investors who hold equity in DIMO and share a vested interest in the company's long-term growth

What we aim to achieve - To deliver sustainable returns and long-term value to our shareholders through sound governance, profitable growth and strategic direction.

Stakeholder Expectation	Key engagement Platforms	Tools for Monitoring	Risks	Opportunities
<ul style="list-style-type: none"> Sustainable and consistent returns Capital gains through trading ESG Integration Growth-driven capital allocation decisions Transparent and timely financial reporting 	<ul style="list-style-type: none"> Annual General Meeting (AGM) Interim and annual financial reports Announcements and Quarterly investor updates through CSE Investor relations section on the corporate website 	<ul style="list-style-type: none"> Quarterly financial dashboards Annual Report Company web site Public media (Social media, News papers, Magazines) 	<ul style="list-style-type: none"> Volatility in market performance impacting investor confidence Macroeconomic instability affecting returns 	<ul style="list-style-type: none"> Increased interest from ESG conscious investors Ability to raise capital for growth ventures Strengthening brand through consistent performance Attracting long term investors
Value Creation in context By creating value for shareholders in terms of transparency, access to information, and long-term capital appreciation, we continue to uphold our commitment to sustainable growth. Value created through shareholders' trust, engagement, and capital infusion has strengthened our ability to navigate change and drive long-term success. Refer highlights of Value Created in 2024/25 period; 📄 (page 64 to 98) .				

Customers

Retail , Corporate & Institutional

What we aim to achieve - We aim to establish our brand as the Perfect Partner and build lifelong customer loyalty through superior experiences that consistently exceed expectations.

Stakeholder Expectation	Key engagement Platforms	Tools for Monitoring	Risks	Opportunities
<ul style="list-style-type: none"> Transparency and reliability at every stage of engagement Environmentally and socially responsible products and services High quality, superior products and services Convenience 	<ul style="list-style-type: none"> Social Media platforms Trade fairs, customer gatherings Showroom Visits Satisfaction Surveys Loyalty Programs Omni-channel Customer Care 	<ul style="list-style-type: none"> Net Promoter Score (NPS) Customer Satisfaction Index (CSI) Feedback and Complaint handling 	<ul style="list-style-type: none"> Service delivery gaps leading to dissatisfaction Negative word of mouth amplified via social media Changing customer preferences such as shift to digital, ESG focused consumption 	<ul style="list-style-type: none"> Expanding digital service options for convenience Launching sustainable product lines Personalization through advanced customer analytics World class products and services
Value Creation in context By creating value for customers through high-quality products, personalized experiences, and responsive support, we aim to meet their evolving needs and expectations. The value created through customers strengthens brand loyalty and long-term relationships, driving sustainable business growth. Refer highlights of Value Created in 2024/25 period; 📄 (page 35 to 63) .				

STAKEHOLDER ENGAGEMENT

Employees

Directors, Management and Leadership, Executives & Non-Executives

What we aim to achieve - We aim to create an environment where employees feel valued, empowered, and inspired to deliver their best every day

Stakeholder Expectation	Key engagement Platforms	Tools for Monitoring	Risks	Opportunities
<ul style="list-style-type: none"> • Opportunities for career advancement and personal growth • Fair and competitive compensation and benefits • Work-life balance • Health, safety, and well-being initiatives • A culture of recognition, inclusion, and purpose-driven work 	<ul style="list-style-type: none"> • Annual Employee Engagement Survey • Recognition Programs and Awards • Well-being and Mental Health Initiatives • Training Academies and Leadership Development Centres • Open-door HR policies and grievance handling mechanisms 	<ul style="list-style-type: none"> • Employee Engagement Score tracking • Surveys and feedback mechanisms after key initiatives • Training and development participation rates • Grievance redressal trends and response times • Internal audit findings on workplace culture and practices 	<ul style="list-style-type: none"> • Talent attrition due to competitive market conditions • Skills gaps arising from rapid technological advancements • Employee wellness challenges post-pandemic 	<ul style="list-style-type: none"> • Strengthening employer brand as a "Great Place to Work" • Upskilling and reskilling initiatives for future-readiness • Driving innovation through cross-functional collaboration • Enhancing leadership pipeline development • Building a more agile, resilient workforce
Value Creation in context By creating value for employees through growth opportunities, well-being initiatives, and active engagement, DIMO strengthens its resilience and innovation capabilities. The value created through employees enhances customer satisfaction and drives financial performance, ultimately contributing to shareholder value creation. Refer highlights of Value Created in 2024/25 period;  (page 76 to 80)				

Immediate Community

Local communities & Environment, Societal networks we engage with frequently and around our operation

What we aim to Achieve - By engaging with our immediate community, we aim to enhance the quality of life in the areas surrounding our operations by responding to their immediate concerns and long-term needs. In doing so, we contribute meaningfully to the Sustainable Development Goals (SDGs) and promote inclusive, sustainable development.

Stakeholder Expectation	Key engagement Platforms	Tools for Monitoring	Risks	Opportunities
<ul style="list-style-type: none"> • Investment in social upliftment projects • Opportunities for employment & skills development 	<ul style="list-style-type: none"> • CSR/ESG Initiatives and Partnership Projects • Community Impact Surveys 	<ul style="list-style-type: none"> • Regular Community Sentiment Surveys • Sustainability Reporting Dashboards 	<ul style="list-style-type: none"> • Community unrest due to unmet expectations or misinformation. • Negative social or environmental impact perceptions • Reputational risk if projects are not seen as genuine • Regulatory pressures around social license to operate 	<ul style="list-style-type: none"> • Differentiating ourselves as a responsible and community-centric corporate citizen • Enhancing employee engagement through volunteerism and local initiatives
Value Creation in context By creating value for our immediate community through meaningful engagement, social responsibility initiatives, and support for local development, DIMO fosters goodwill and inclusive growth. The value created through the immediate communities enhances our social license to operate, builds long-term trust, and contributes to a more sustainable and resilient business environment. Refer highlights of Value Created in 2024/25 period;  (page 172 to 173)				

Business Partners and Channel Partners

Principals, Suppliers, Service Providers, Contractors, Joint Venture Partners, Dealers, Distributors and E-tailers

What we aim to Achieve - By engaging with our business and channel partners, we aim to establish mutually beneficial, long-term partnerships built on trust and shared success. This collaboration enables us to drive innovation, expand our market presence and achieve sustained market leadership.

Stakeholder Expectation	Key engagement Platforms	Tools for Monitoring	Risks	Opportunities
<ul style="list-style-type: none"> Transparent communication and clear operating frameworks Fair and mutual beneficial commercial terms Shared growth opportunities 	<ul style="list-style-type: none"> Principal and Partner Visits / Conferences One on one review meetings - Dedicated managers for foreign business partner relationships Training Sessions Calls, e-mails, circulars, corporate website and sourcing, contracting and supplier management platform 	<ul style="list-style-type: none"> ISO Audits – Supplier evaluations and feedback Service Quality Audits Distributor and Dealer Performance Dashboards - Sales KPIs 	<ul style="list-style-type: none"> Partner underperformance affecting brand reputation and customer experience Breach of Contract Regulatory non-compliance by contractors or distributors Dependency risk from over reliance on a few key partners 	<ul style="list-style-type: none"> Cross brand synergies by onboarding world class principals and suppliers Expansion into new markets through agile local partners Technology driven collaboration
Value Creation in context By creating value for our business and channel partners through trust-based relationships, knowledge sharing, and mutual growth opportunities, DIMO strengthens its ecosystem and operational reach. The value created through business and channel partners enhances market access, operational efficiency, and innovation capacity, contributing to sustainable growth and shared success. Refer highlights of Value Created in 2024/25 period;  (page 35 to 63)				

Our Approach to Materiality

Our approach begins with a comprehensive review of the stakeholder engagement process, taking into account both positive and negative stakeholder concerns.

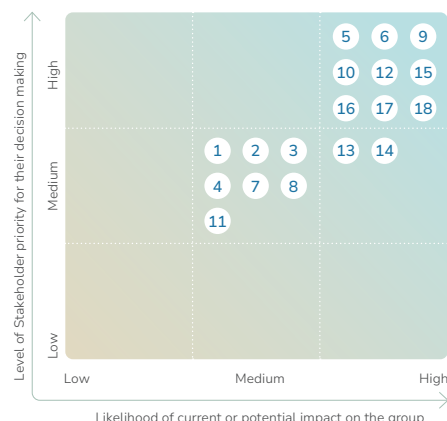
The materiality analysis has been updated by incorporating key inputs and replacing outdated information based on stakeholder feedback. This analysis tracks newly raised issues, compares them with the previous year's material topics (noting whether their importance has increased, decreased, remained unchanged, or emerged anew), and explains the reasons for these shifts. The response of the relevant stakeholder groups is also discussed during this process.

Materiality

Under Materiality, we draw focus into material concerns in relation to stakeholders, being our Capital Providers whose expectations we strive to fulfill. This structured process of focussing on materiality ensures that we remain focused on the topics that matter the most and require strategic attention. At DIMO, materiality assessments are carried out at cluster level to ensure relevance and specificity. The insights are then consolidated at Group level to provide a holistic view of our most material topics. In order to arrive at the new material topics for the year, we conduct a comprehensive materiality assessment to identify and reassess the issues that hold the greatest significance for our business and stakeholders.

STAKEHOLDER ENGAGEMENT

Figure 13: Prioritization of Material Stakeholder Issues



Note : The high priority topics have been discussed under relevant sections in the annual report.

Material Stakeholder Concerns Identified for 2024/25

1. Reduction in disposable income
2. Skill Migration
3. Access to Technical education for youth
4. Geo Political Environment
5. Data Security
6. Customer data protection
7. Supply chain disruptions
8. Employee training & development
9. Climate change and environmental concerns
10. Regulatory impact on businesses
11. Product quality and responsibility
12. Employee well being
13. Mutually beneficial strategic partnerships
14. Emissions, effluents and waste
15. Compliance
16. Cyber Security
17. Community Development
18. Creating Direct and Indirect employment



Table 34: Changes in status of High-Impact Material Concerns 2023/24 vs 2024/25

Material Issue	Relevant Stakeholder	Status of Material Issues	Reason for the change
Reduction in disposable income	Customers	●	Lower inflation and rising demand ease pressure on disposable income.
Inflation & high cost of living	Customers	●	Falling inflation improves purchasing conditions, easing cost-of-living pressures.
Technical education for youth	Customers, Society and suppliers	●	Peliyagoda facility expands capacity, adds German courses, improved youth training.
Import restrictions imposed by Sri Lanka Government	Customers and Suppliers	●	Vehicle import ban lifted February 1st; imports have resumed.
Increase in prices of products and services	Customers	●	Market stability, consumer adaptation shift focus from inflation concerns.
Climate change and other environmental concerns	Community	●	
Extremely high interest rates and adverse economic conditions	Customers	●	Lower interest rates ease prices, reducing last year's economic strain.
Compliance	Customers, Suppliers, Shareholders, Employees, Community	●	
Data Security	Customers, Employees, Shareholders	●	Heightened risk of data loss makes protecting customer information vital for trust and reputation
Customer data protection	Customers	●	Data protection crucial amid digital growth and legal compliance needs.
Regulatory impact on businesses	Shareholders, Employees, Suppliers	●	Regulatory changes increase risks, requiring stronger compliance for efficiency.
Employee well being	Employees		Workplace changes highlight well-being's role in productivity and resilience.
Cyber Security	Shareholders, customers, Employees	●	Growing cyber threats demand stronger security to protect operations and data.
Community Development	Community	●	Community Development vital for inclusion, stakeholder ties, and social license.
Creating Direct and Indirect employment	Community, Employees	●	Employment growth crucial for livelihoods, resilience, and inclusive economic progress.

- Increase in Materiality concerns (from 2023/24)
- Decrease in Materiality concerns (from 2023/24)
- Remains unchanged
- Newly added Materiality concerns for 2024/25