

# DIESEL & MOTOR ENGINEERING PLC

<b>DIMO</b>	<b>POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY</b>	Document Number: GRP/FM/CG/07/07
		Effective Date: 1 <sup>st</sup> October 2024
		Revision No: N/A
		Revision Date: N/A
		Version No: 01
<b>Approved by: Board of Directors on 30<sup>th</sup> September 2024</b>		

## 1. INTRODUCTION

Diesel & Motor Engineering PLC (hereinafter referred to as "the Company") is committed to integrating Environmental, Social, and Governance (ESG) principles into its operations and corporate strategy. As a diversified conglomerate listed on the Colombo Stock Exchange, the Company recognizes its role in promoting sustainability and responsible business practices. This ESG Policy outlines the Company's commitment to Environmental, Social & Governance sustainability practices.

## 2. OBJECTIVES

The objectives of this ESG Policy are to:

- **Promote Environmental Stewardship:** Minimize the environmental impact of the Company's operations and products.
- **Enhance Social Responsibility:** Foster a positive impact on employees, communities, and all business partners (customers, vendors etc).
- **Strengthen Governance Practices:** Uphold the highest standards of governance, ethics, and compliance.

## 3. SCOPE

This ESG Policy applies to all operations, subsidiaries, and business units of Diesel & Motor Engineering PLC. It is relevant to all employees, management, directors, and third parties engaged by the Company.

## 4. ENVIRONMENTAL RESPONSIBILITY

### 4.1 Environmental Impact Management

- **Compliance:** Adhere to all relevant environmental regulations and standards. Regularly review and update practices to ensure compliance with the current standards in place: ISO 14001: 2015 and ISO 14064-1: 2018.

- **Environmental Assessments:** We will manage all environmental impacts through our Environmental Management System.

#### 4.2 Resource Efficiency

- **Energy Management:** Implement energy-efficient practices and technologies to reduce energy consumption and greenhouse gas emissions. Promote the use of renewable energy sources where feasible.
- **Water Usage:** Monitor and manage water usage to reduce consumption and waste. Implement water-saving measures and technologies.
- **Sustainable Sourcing:** Source materials and products from suppliers who adhere to environmentally responsible practices. Prioritize sustainable and recyclable materials.

#### 4.3 Climate Change Mitigation

- **Carbon Footprint:** Assess and monitor the Company's carbon footprint through ISO 14064 and setting targets through science-based Targets (SBTi), while implementing a Decarbonization Plan for 2030.
- **Climate Adaptation:** Develop strategies to adapt to the impacts of climate change on the Company's operations and supply chain. Consider climate risks in business planning and decision-making.

#### 4.4 Waste Management

- **Waste Reduction:** Implement waste reduction strategies to minimize the generation of waste. Promote the use of reusable and recyclable materials.
- **Proper Disposal:** Ensure proper disposal and recycling of waste materials in accordance with regulatory requirements. Partner with waste management providers to ensure responsible disposal practices.

### 5. SOCIAL RESPONSIBILITY

#### 5.1 Employee Welfare and Development

- **Fair Employment Practices:** Ensure fair and equitable treatment of all employees. Promote diversity, inclusion, and equal opportunity in hiring, development, and advancement. Implementation of Anti-harassment Policy and helpline to ensure better and respectful workplace.
- **Training and Development:** Invest in employee training and development programs to enhance skills, knowledge, and career growth. Encourage continuous learning and professional development.

#### 5.2 Health and Safety

- **Workplace Safety:** Implement health and safety measures to protect employees and ensure a safe working environment. Regularly review and update safety protocols and provide necessary training. Ensure compliance with the current standards in place: ISO 45001: 2018.
- **Health Programs:** Support employee health and wellness through programs and initiatives that promote physical and mental well-being.

### 5.3 Community Engagement

- **Community Involvement:** Engage with local communities through volunteerism, donations, and support for community projects. Foster positive relationships and contribute to community development through 'Lassana Hetak'.
- **Stakeholder Communication:** Maintain open communication with community stakeholders to understand their concerns and expectations. Address issues and collaborate on initiatives that benefit the community.

### 5.4 Customer Relations

- **Customer Satisfaction:** Strive to meet or exceed customer expectations through high-quality products and services. Implement feedback mechanisms to continuously improve customer satisfaction.
- **Product Safety:** Ensure that products meet safety standards and regulatory requirements. Provide clear information about product features and performance to customers. Regularly review and update practices to ensure compliance with the current standards in place: ISO 9001: 2015.

## 6. GOVERNANCE AND ETHICS

### 6.1 Corporate Governance

- **Board Oversight:** Ensure that the Board of Directors provides oversight of ESG matters and integrates ESG considerations into corporate strategy and decision-making with DIMO Sustainability Agenda 2030.
- **Governance Structure:** The Sustainability Agenda 2030 is driven by the Group Managing Director/Chief Executive Officer along with the leadership team. Four pillar heads are charged with leading the execution of our plans.

### 6.2 Ethical Conduct

- **Code of Conduct:** Uphold the Company's Code of Conduct and Ethics, which outlines standards for ethical behavior, integrity, and compliance with laws and regulations.
- **Anti-Corruption:** Implement anti-corruption policies and procedures to prevent bribery and corruption. Promote a culture of transparency and accountability.

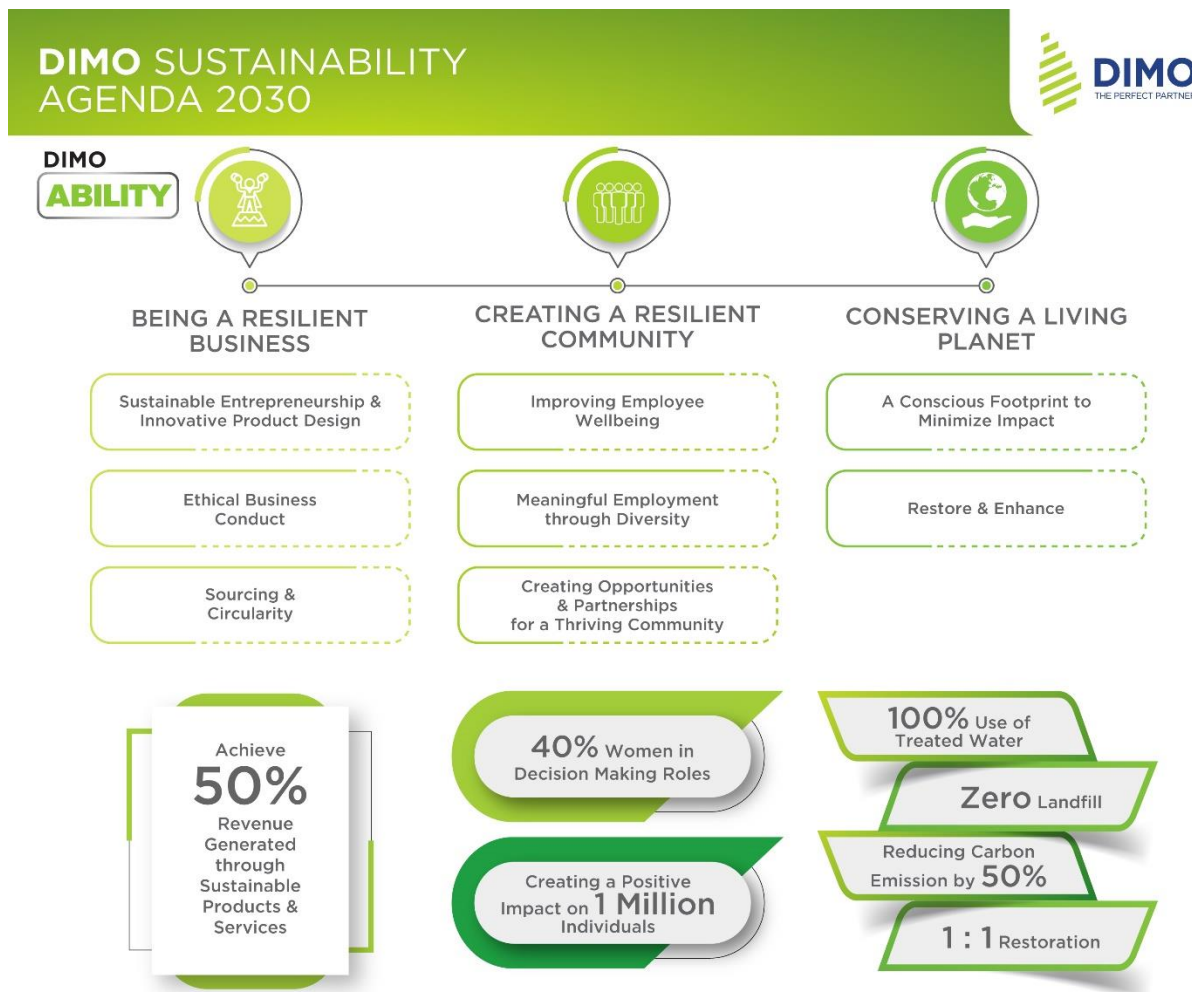
### 6.3 Compliance and Reporting

- **Regulatory Compliance:** Ensure compliance with all relevant laws and regulations related to ESG matters. Regularly review and update compliance practices.
- **Reporting:** Provide transparent and accurate reporting on ESG performance and activities. Publish annual ESG reports that detail the Company's progress, challenges, and achievements.

## 7. IMPLEMENTATION AND MONITORING

### 7.1 ESG Integration

- **Policy Integration:** Integrate ESG principles into business operations, strategies, and decision-making processes. Ensure that ESG considerations are embedded in all aspects of the Company's activities.
- **ESG Goals:** Set clear ESG goals and objectives. Develop and implement action plans to achieve these goals and monitor progress regularly.



### 7.2 Performance Metrics

- **Key Performance Indicators (KPIs):** Establish and track ESG performance metrics to measure progress and effectiveness. Use KPIs to evaluate environmental impact, social outcomes, and governance practices.
- **Data Collection:** Collect and analyze data related to ESG performance. Use data to inform decision-making and drive continuous improvement.

### 7.3 Review and Reporting

- **Policy Review:** Review and update this ESG Policy regularly to ensure its relevance and effectiveness. Consider changes in regulations, industry standards, and Company operations.
- **ESG Reporting:** Report on ESG performance and initiatives in annual reports and other communications. Share updates with stakeholders and provide transparency on ESG achievements and challenges.

## 8. POLICY REVIEW AND UPDATES

- **Annual Review:** This ESG Policy will be reviewed annually or as needed to ensure that it remains relevant and effective. The review process will consider changes in regulatory requirements, industry trends, and Company practices.
- **Policy Updates:** Updates to the policy will be communicated to all employees and stakeholders. Ensure that the policy reflects the Company's ongoing commitment to ESG principles and best practices.

## 9. APPROVAL AND IMPLEMENTATION

This policy is approved by the Board of Directors and is effective as of 1<sup>ST</sup> October 2024. All directors, officers, employees, and third parties engaged by the Company are required to familiarize themselves with this policy and adhere to its provisions.

## 10. MISCELLANEOUS

In so far as this Policy imposes any obligations on the Company, those obligations are not contractual and do not result in or confer any contractual rights to any person whomsoever.