

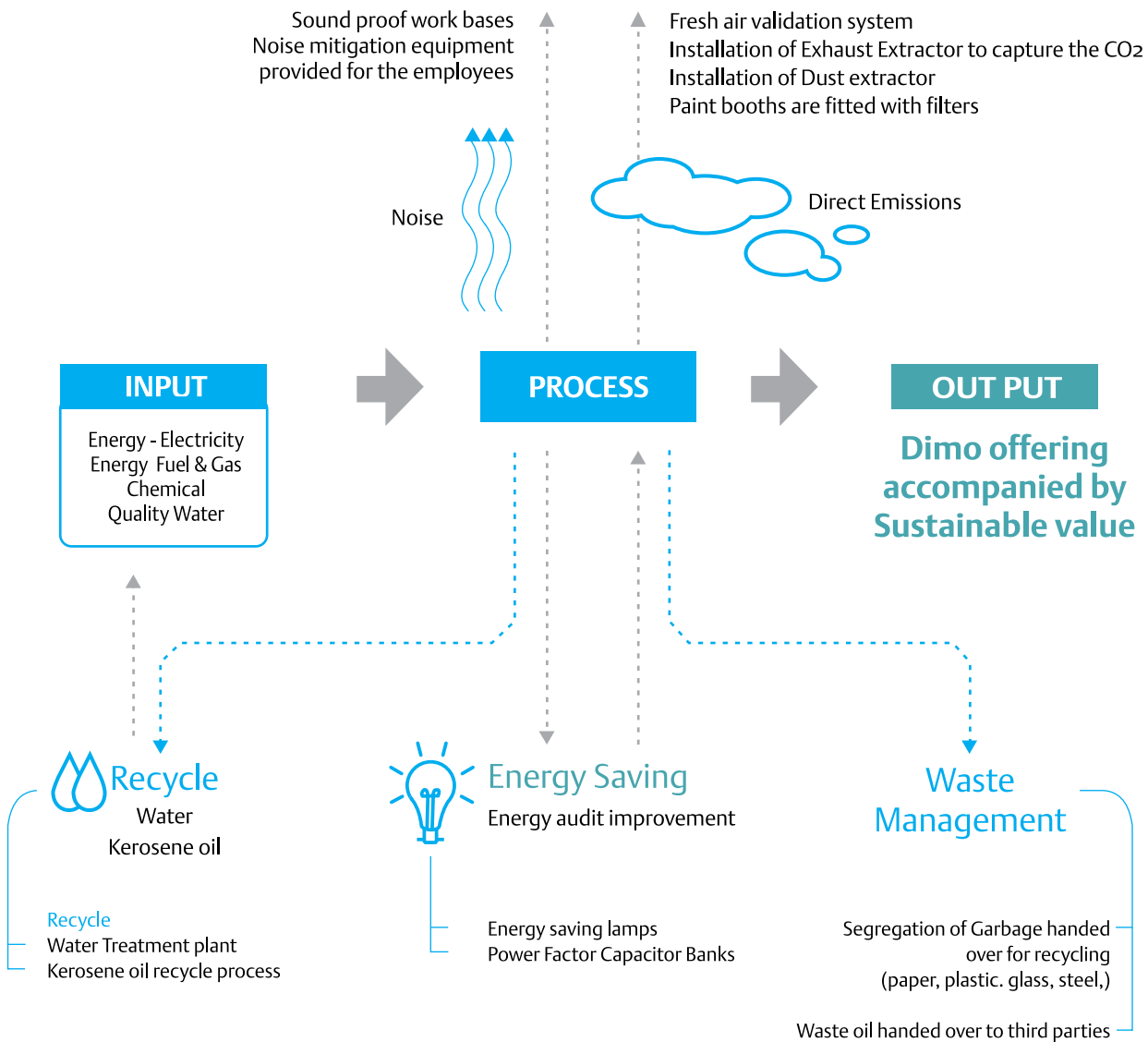
Management Approach

In this chapter, we discuss the environmental impacts of our business operations and the initiatives taken to safeguard and enhance the environment, which we regard as vital for sustainable growth and development.

Managing of the environmental impact of our business allows us to identify and address significant environmental impacts in relation to our products and activities.

This allows us to manage these areas and set environmental objectives for the Company.

Management of Environmental Impact



Environmental Management System (EMS)

The Company’s EMS measures the impact of our operations on key environmental indicators thereby allowing us to initiate measures to minimise adverse effects.

It also assists in integrating energy saving processes and technologies within the Company and the reduction of wastage.

The EMS is guided by the Triple ‘R’ concept: Reduce, Re-use and Re-cycle.

Dimo’s EMS has obtained ISO 14001 certification in 2005.

Within the scope of initiatives to nurture and safeguard the physical environment, the Company concentrates on six strategic areas of focus - Energy and Fuel management, Water management, Noise Emission control, Air Emission control, Waste management and Paper management.

These initiatives are well documented and monitored under the EMS.

QUALITY & ENVIRONMENT POLICY

“We at Dimo are committed to:
 Continuously improve our systems and processes
 Total customer satisfaction
 Develop human resources
 Conservation of resources
 Reducing waste
 Compliance to legal statutory and the requirement of the Principals”



✦ ISO Certifications giving testimony to our uncompromising standards of quality and safety

Quality /Environment Management System



Environmental Performance Indicators

Managing Material Usage

The Company espouses the concept of recycling, as a saving of valuable resources. Currently, we have the following examples of measures in operation, to recycle input materials:

We have a buy back scheme for tyres where we use them in the commercial venture of tyre re-retreading. During the year under review, we have re-built 5115 tyres in this manner. In another effort to mitigate environmental consequences from old tyres, we accept tyres sold by us after their economical use and pass them on to manufacturers who use the old tyres in their manufacturing process.

We have also installed a new kerosene oil recycling mechanism in one of our workshops where kerosene used on a single occasion is recycled and reused. The departments were able to trim their kerosene usage by about 28.7% per month as a consequence of this measure. The used kerosene is disposed of in an environmentally friendly manner, through a sub-contracted service.

Managing Energy Use

The Company’s main sources of energy consumption are electricity, diesel and petrol. We also utilise a small quantity of Liquid Petroleum gas (LPG).

The main source of electric power is obtained from the national grid, whilst a certain wattage is obtained through use of our in-house generator.



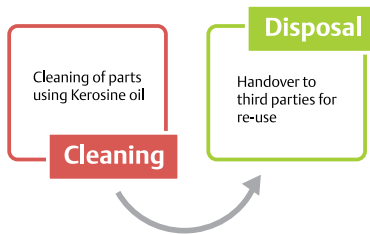
✦ Recycling Kerosene Oil to conserve a scarce resource

Energy consumption

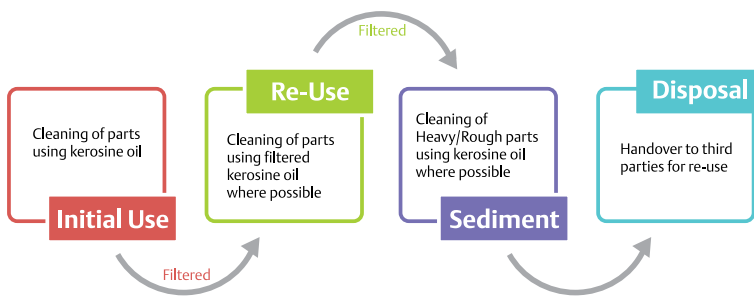
Source	Units	2008/09 Consumption
Electricity	Khm	1,687,202
Diesel for Vehicle	Lit	360,784
Diesel for Generator	Lit	4,300
Petrol for Vehicle	Lit	202,339
LP Gas	Kg	9,263

Kerosine Oil Re-cycling Mechanism

Previous Mechanism



Present Mechanism



Although Dimo is exploring the use of alternative and renewable sources of energy, we have to report that currently, conventionally generated electricity remains our primary source of power.

Energy use is constantly monitored with a view to reducing cost and making maximum use of the energy consumed.

Dimo, a certified Company, carried out energy audit. During the year, the Company carried out a number of energy audits for Business Units with significant energy consumption levels.

The action plan that evolved from these audits was implemented whilst recommendations were also made in respect of other Business Units.

The Table below depicts the energy saving achieved in some areas, as a consequence of the implementation of the Energy Audit’s action plan.

Energy Savings Achieved

Location/Project	Consumption		Monthly Average Saving (w)	Monthly Average Saving (kwh)
	Before the Audit (w)	After the Audit (w)		
Lighting solution to M/B Store	4,840	3,708	1,132	226.40
Lighting solution to Marital handling Division	5,200	2,808	2,392	516.67
Logistic Centre office Building	11,250	8,100	3,150	604.80

Energy Saving Measures Implemented

Great or small, there is considerable activity across the Company, to achieve energy savings.

Capacitor banks have been installed in relevant areas for power factor correction. Our initiative to replace all incandescent bulbs with energy savers is almost complete. All computers in the Company switch to standby mode after 5 minutes in idling mode. One of the criteria for selecting new computers is a low radiation level. All staff are required to embrace the

energy saving habit by switching off appliances and lighting when these are not required. Air conditioning units are maintained in optimal condition and operate at a pre-determined cooling level. Equipment and machinery around the Company are maintained to high standards to prevent unnecessary energy drain due to faulty functioning.

We are increasingly using nature’s gift of natural lighting, designing new facilities that make best use of this abundant resource.



a voluntary initiative

We are conscious that greenhouse gases produced as a by-product of our operations are contributing to global warming. Sri Lanka is not an Annex 1 country which is legally bound to reduce its greenhouse gas emissions. However, at Dimo, we have decided to voluntarily take measures to reduce our emissions.

In the ensuing year, we will be developing our strategy and instituting a programme to reduce our emissions within a specified number of years. As a preliminary, we have measured our direct carbon emissions.

We have used Greenhouse Gas Protocol's Standard to measure our emissions. Scopes 1 and 2 of the said standard have been used. Our main direct contributors to greenhouse gases were considered to stem from our travel and transport vehicles and the electricity that we purchase. We have also taken in emissions due to executive air travel under the aforementioned scope. However, these don't represent an exhaustive list and they are also limited by the lack of readily available data in our organisation. Also, we have not considered our indirect contributors to emissions (Scope 3). It is with these limitations that we report on our carbon footprint for 2008. This is but a preliminary step in our quest towards becoming a carbon zero company.

Given that the major part of our operations is based in Sri Lanka, we have limited the operations boundary to our head office and all offices, workshops and branches in the island.

The operations of our subsidiaries are based in the Company's own premises. Thus, we have taken the Company as our organisational boundary.

Our greenhouse gas emissions in 2008/09 are estimated to be 2,718 tCO₂-e. (metric tons of CO₂ equivalent). This is made up of 1,560 tCO₂-e and 1,159 tCO₂-e direct emissions relating to scope 1 and scope 2 respectively.

Note: tCO₂-e means, metric tons of Carbon Dioxide equivalent. There are six main greenhouse gases that are considered. They are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). The potency of each of them as a greenhouse gas is different. Carbon Dioxide equivalent, states the functionally equivalent amount of these gases, taking carbon dioxide (CO₂) as the reference.

Fresh Air Validation System

The Sri Lankan Environmental Authority evaluates and sets key parameters concerning Fresh Air Quality and effects on the environment bi-annually.

The Company's results in respect of such environmental effect are always below the levels set by the Environmental Authorities.

Dimo has taken extra precautions to minimise emissions.

This year, the Company implemented a Fresh Air Validation System, in Units Repair section of Head Office which has enabled us to reduce the temperature level, CO₂ level and Humidity level in the workshop area.

The Table shows a sample measure of Fresh Air Validation System is working when its switched off.

Fresh Air Validation System

Description	Fresh Air	
	Switch off	Switch on
Temperature .C	31.42	30.85
Co2 ppm	316	241
Relative Humidity %	66	58

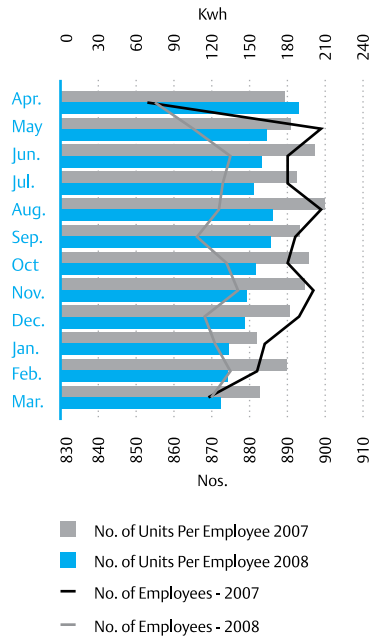
Managing Water

The Company's policy on water management is driven by efforts to both reduce the use of water and to treat and re-use the resource wherever this is possible.

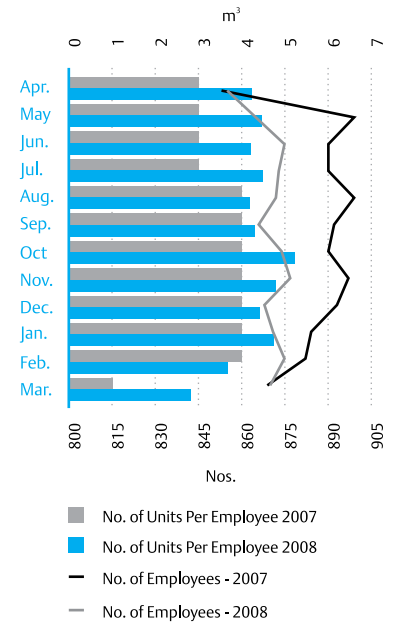
The National water supply system remains the Company's main source of water, while ground water is used in significant quantities in our workshop at Siyambalape.

The Table below depicts water consumption and reuse levels achieved during the year in review.

Electricity Consumption per Employee vs No. of Employees



Water Consumption per Employee vs No. of Employees



Total Water Consumption & Reused

Description	Water usage (M3)	Recycle water (M3)	Recycle percentage (%)
Municipal Water	25,666	-	-
Ground water	15,897	3,991	25
Total	41,563	3,991	10

Of the total ground water consumption of 15,897 M3, we have successfully recycled and reused 25% or 3,991 M3. This amounts to 10% of our total consumption.

Dimo operates an advanced water treatment and recycling plant at our Siyambalape/ Anuradhapura workshop.

SUSTAINABILITY REPORT

ENVIRONMENTAL PERFORMANCE

A NURTURED ENVIRONMENT - A MUST

A pH testing system has been installed to monitor the acidity levels of the waste water discharged and is periodically checked to ensure that water released conforms to legal limits.

An active oil separator has also been installed at Siyambalape. This separator ensures that water is not contaminated with oil residue and are within acceptable standards when it is released into the physical environment.

Noise Emissions

Noise emission levels from all of the Company's facilities are strictly controlled to ensure that they conform or even supersede stipulated levels.

In real terms, we are always mindful to ensure that communities within the vicinity of our premises are not subjected to uncomfortable noise levels.

The Company engaged the service of an Independent Party approved by the environmental authority to measure the noise level. The Company complies scrupulously with the legal requirements with regard to noise emissions and is taking steps to ensure that its noise emissions are substantially below the legal requirements.

Emissions, Effluents and waste

Dimo follows a strict ethic which commits the Company to pursue reduction of ambient air emissions at every stage and in every aspect of its operations.

Installed exhaust extractors at all workshops ensure that emissions such as carbon dioxide and diesel fumes are captured and processed before release to the environment, within legally permissible limits.

Ozone depleting emissions such as gas from air conditioning units are recycled in special machines to avoid any leakage into the atmosphere.

All Company vehicles are subjected to regular and stringent emission tests to ensure they comply with emission regulations promulgated under the National Environment Act.

Our passenger car workshop in Colombo is equipped with exhaust gas and dust extractors to deal with gas emissions as well as harmful dust that emanates during cleaning of air filters and brake assemblies.

The Company's paint booths are all equipped with filtration systems to prevent release of toxic fumes and particles into the atmosphere.

Our Siyambalape workshop complex is also equipped with dust extractor filtration.

From the data contained in the Table below, it is clear that Dimo's actual emission levels are below the emission tolerance standard level required by the environmental authorities.

During the past year there were no instances of non-compliance.

Dimo Emission vs Tolerance level imposed by environmental authorities

Emission Type	SPM		SO ₂		NO ₂		CO ₂	
	0.35 (mg/m ³)		0.12 (mg/m ³)		0.15 (mg/m ³)		9 (ppm)	
Year	2007	2008	2007	2008	2007	2008	2007	2008
Colombo -1	0.13	0.09	0.01	0.01	0.03	0.02	1.00	1.00
Anuradhapura	0.15	0.01	0.01	0.01	0.01	0.02	1.00	1.00
Siyambalape	0.04	0.05	0.01	0.01	0.01	0.01	1.00	1.00
Colombo - 2	0.16	0.10	0.01	0.01	0.01	0.01	1.00	1.00
Kurunegala	0.09	0.05	0.01	0.01	0.01	0.01	1.00	1.00
Matara	0.19	0.04	0.01	0.01	0.01	0.01	1.00	1.00
Weliweriya	-	0.08	-	0.01	-	0.02	-	1.00

Source: Certificate obtained from Industrial Technology Institute (ITI)

Waste Management

Dimo operates within the basic premise that waste must be reduced as far as possible. Waste not only costs money, it invariably harms the environment and the community. Thus it directly impacts negatively on our drive for sustainable development.

Here are some of the initiatives Dimo drives across its enterprise.

Waste Water Management

Dimo understands that the amount of quality water discharged by the Company is directly linked to ecological impacts and operational costs.

By progressively improving the quality of discharged water and/or reducing volumes, the Company has the potential to reduce adverse impact on the environment.

Unmanaged discharge of effluents with high chemical nutrient loads can have a significant impact on receiving waters.

To overcome these negative traits the Company has taken the following initiatives.

Water Treatment Plant- Siyamabalape

Dimo recycles waste water generated at our Siyamabalape site for re-use.

Further details are recorded under 'Water Management' on page 71 of this Report.

Our "GO Green Project"

The Company operates a waste collection system incorporating segregation of waste material as - plastics, solid waste, paper, glass and other materials.

Unfortunately, the Colombo Municipal Council is not geared to respond to such a system for managing waste.

We responded with our own programme led by a task force - "GO Green Project Team 3" who has found a solution to this problem.

Under the initiatives taken by this Team, waste is now collected from all our premises in a manner that will facilitate recycling. The waste is handed over to different parties who then process the recycling phase.

Waste food is handed over to a farm to be used as Animal feed.

This year, the system for waste management was introduced to the Company's workshop in Siyambalape, the Weliveriya Logistics Centre, and our branches at Matara, Kurunegala, and Anuradhapura.

Dimo has developed this concept to further encourage all employees to make greater contribution towards conservation of scarce resources by the proper discharge and disposal of waste.

As an example of how waste can be minimised in the simplest of settings, all used toner cartridges from our printers are recycled. The used toner cartridge is collected by our supplier, and sent to the manufacturer. During this financial year, we recycled approximately 61 cartridges in this manner.

Colour coded containers have been placed in dining areas to segregate food waste from wrapping materials.

Handling of Chemicals

Chemical spillages at our workshops are virtually non-existent and if any such incidents occur there are properly documented rules and guidelines in place to respond to the impact of such a spillage.

Employees have been briefed on the proper procedures that must be followed and the training that is given to employees is in line with global safety practices.

Oil suckers are used to minimise oil spillage on the shop floor and oil waste is disposed of to be used in the furnaces of authorised parties.



- ✘ Ensuring a clean environment - the water treatment plant at our Siyambalape facility
- ✘ The promotional methods for our "Go Green Project Team 3" poster, vehicles and much more

Paper Management

The world is becoming increasingly aware that the cost of paper goes far beyond currency, to incalculable losses from denudation of forests.

Dimo has been working over the years, to effect substantial reductions in the amount of paper used within the organisation. Wherever possible, the Company has introduced procedures for recycling used paper and seeks to use recycled paper for certain applications.

The Company's Energy Management System stipulates the following specific measures with regard to paper:

- Conduct of awareness campaigns within the organisation with a view to creating a paperless office
- Conduct of awareness campaigns around focusing the need to reduce excessive printing of e-mails and other documents
- That all e-mails circulated internally carry the message 'Please consider your environmental responsibility before printing this e-mail'
- Mount initiatives to promote the re-use of 'one sided' paper
- Promote the use of recyclable paper bags when selling products to customers at our sales outlets
- Place colour coded containers in offices to segregate paper from plastics
- Ensure that segregated paper is disposed of to an authorised paper recycler

Dimo has conducted its business in full compliance with environmental laws and regulations.