

ENVIRONMENT

In this section

- Management Approach
- Carbon Footprint
- Energy and Fuel Management
- Water Management
- Noise Emissions
- Air Emissions
- Waste Management
- Paper Management
- Material Usage
- Bio Diversity
- Products and Services
- Transportation
- Compliance
- Environmental Expenditure

Management Approach

We employ an integrated approach which encompasses all environmental implications at every stage of the process. The development and refinement of it is an ongoing process but we are confident that we have come a long way in this respect, especially over the past ten years. We now have in place a system to measure the impact of our operations on the environment and identify and implement the measures that we should take in order to reduce or minimise their impact. All our business activities are certified under ISO 14000. The Group was also certified under ISO 14001 in 2005. One of our key objectives is to reduce the direct impact on the environment by actively managing our wastes, greenhouse gas emissions and consumption of natural resources.

Six strategic areas have been identified for active management. They are: energy and fuel management, water management, noise emissions, air emissions, waste management and paper management. These constitute six well documented and managed areas.



We implement our environmental management process through the respective business units as well as through four 'Go-Green' teams that are made up of members from all business units. The four teams and their responsibilities are:

- Green Team 1 - Flood Prevention - To ensure that all measures are taken to prevent floods by ensuring that drainage systems are in place
- Green Team 2 - Electricity Conservation - To identify the Electricity consumption at all locations and eliminate unproductive electricity consumption
- Green Team 3 - Waste Management - To minimise land contamination due to garbage generated by the Company
- Green Team 4 - Water Conservation - To minimise water wastage as a result of unproductive consumption by employees

Climate change is a major global issue.

The Company has not identified any risks pertaining to climate change that could significantly impact the business in the short-term.

However, Sri Lanka is to a large extent dependant on hydro power which in turn is dependent on rainfall. Thus, climate change resulting in any significant reduction in rainfall could impact our power engineering business adversely. Conversely, such a situation could also necessitate setting up of additional and alternate sources of power generation; and could present an opportunity for this business segment as well.

- In respect of the environment too, we employed an independent third party to ascertain the expectations of our various stakeholder groups. They are summarised in the table appearing on pages 77 to 81 including the actions that the management has already taken or planned, after careful consideration.

There are no pending cases, or fines and penalties that have been imposed on the Company due to non-compliance with environmental laws and regulations.

Carbon Footprint Among all our initiatives towards the environment, bringing down our carbon footprint is the one that we consider the most important. In this respect, we are happy of our record, and continue to invest more management time and attention towards the subject.

In the year under review, our total absolute greenhouse gas emissions increased by 587,685 kgs of CO₂ equivalent over the previous year. The reason for this increase is the additional capacity that we installed as well as utilised in the year to support the increase in business volumes as well as future demands arising from the growth trajectory.

What is most significant is however, that we have managed to bring down our greenhouse gas emissions per earnings by as much as 90% from 0.01 kgs in the previous year to 0.001 kgs in the year under review. This figure represents an important part of our environmental bottom line.

- We started reporting on our carbon footprint 3 years ago. The table below gives a breakdown of our emissions by source. We are using scopes 1 and 2 plus part of scope 3 of the WBCSD/WRI Greenhouse Gas Protocol's Standard to measure our emissions. Our head office and all our other offices, branches and workshops throughout the Island have been taken into the boundary. As our subsidiaries operate out of the Company's premises, we have taken the Company as the organisational boundary.

Source	Units	2010/11		2009/10		2008/09	
		Consumption by Type	Emission of Co ₂ Equivalent Kgs	Consumption by Type	Emission of Co ₂ Equivalent Kgs	Consumption by Type	Emission of Co ₂ Equivalent Kgs
Electricity	Kwh	1,890,897	1,285,816	1,630,474	1,108,722	1,687,202	1,147,297
Diesel for Vehicle	Lit	447,996	1,196,149	361,359	955,180	360,784	953,661
Diesel for Generator	Lit	8,192	22,033	3,088	8,163	202,339	466,735
Petrol for Vehicle	Lit	243,992	568,502	192,214	443,381	979,646	114,753
LP Gas	Kg	8,550	18,810	8,550	22,922	9,263	24,832
Travelling - international	Km	1,066,602	100,985	791,596	66,242	4,300	11,366
			3,192,295		2,604,610		2,718,644

Our long-term goal is to become carbon neutral. At this initial phase, our objective is to reduce our greenhouse gas emissions as much as possible.

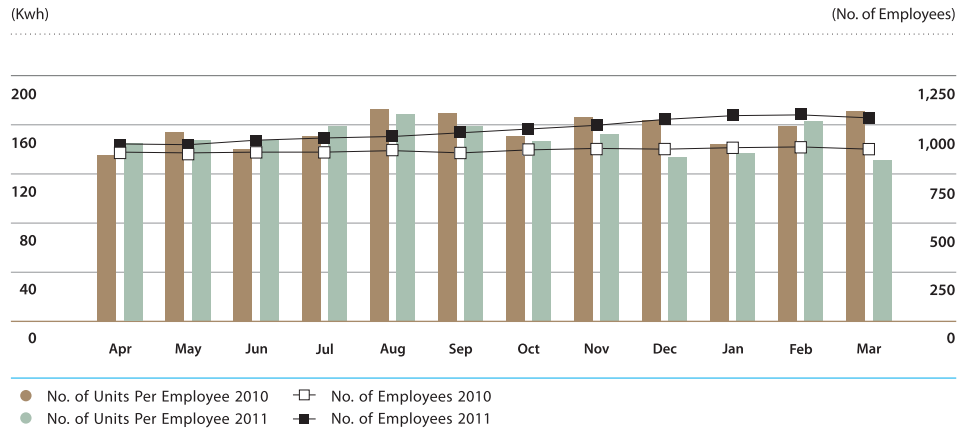
Energy and Fuel Management

The following table gives the breakdown of the energy and the fuel that we consume directly. Our electricity is by and large from the national grid. The generators at every location are for standby supply only.

Source	Units	Consumption		
		2010/11	2009/10	2008/09
Diesel for Vehicles*	Megajoules	16,857,448	13,597,460	13,575,786
Diesel for Generators*	Megajoules	310,507	169,329	161,803
Petrol for Vehicles*	Megajoules	8,067,539	6,355,506	6,690,286
LP Gas*	Megajoules	220,521	220,521	238,911
Electricity**	Megajoules	6,807,229	5,868,162	6,073,927
		32,263,244	26,210,978	26,740,713

* Direct energy consumption ** Indirect energy consumption

Electricity Consumption per Employee Vs No. of Employees



We are marketing the most fuel efficient Diesel Mini Truck in its segment in Sri Lanka. named 'Dimo Batta', We sold a record 8,353 units of this light commercial vehicle in the year under review. Up from 2,986 units sold in the previous year.


Our lighting division which is certified for energy diagnosis audits conducted eight energy audits for clients in the year under review. The energy saved as a result of implementing the recommendations arising from these audits are estimated at 632,019 Kwh.

In our own in-house facilities, energy use is constantly monitored with a view to reducing costs and making maximum use of the energy consumed. Power factor correction capacitor banks were installed in certain locations. Air-conditioners are regularly serviced and are set at a uniform 24 degrees Celsius. All machinery at all locations are operated at optimum energy levels.

Some of the miscellaneous practices around the group include: conversion to energy saving lamps, all computers being programmed to switch to standby mode after five minutes of non-use, specifications established to minimise electricity consumption as well as radiation for all new computers to be purchased, all staff made increasingly conscious to switch off extra lights and air-conditioners, policy for new buildings to be made as green as possible with measures such as using natural sunlight etc.

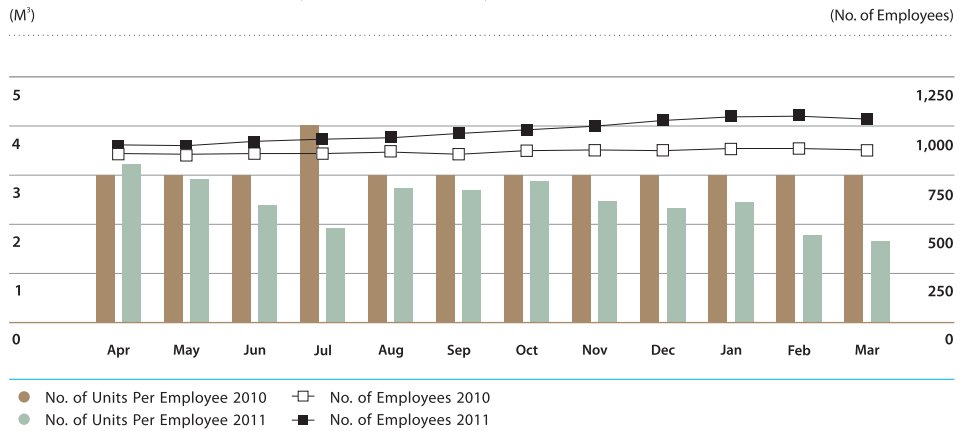
We are also creating awareness among school children and university students on the need to manage energy and fuel efficiently. A series of lectures on Mercedes-Benz's Blue Efficiency Technology was conducted in the year under review.

Water Management

 - The National Supply is our main source of water. However, we have managed to effectively use ground water sources at some of our locations. The table below gives the volume of water that we have used from these two sources and the volume that we have recycled and reused. Out of the ground water consumed, 24% has been recycled and reused. 10% out of total water consumption has been sourced from recycled water.

Description	Water Usage (M ³)		Recycle Water (M ³)		Recycle percentage (%)	
	2011/10	2010/09	2011/10	2010/09	2011/10	2010/09
National Water Supply	28,479	25,666	-	-	-	-
Ground Water	17,929	11,906	4,281	3,991	24%	34 %
Total	46,408	37,572	4,281	3,991	10%	11%

Water Consumption per Employee Vs No. of Employees



ENVIRONMENT

Noise Emissions

- Noise emissions from all our facilities are strictly controlled and maintained at levels below statutory requirements as illustrated in the table below. There were no instances of non-compliance during the year under review. The noise levels shown here are those measured by the Central Environmental Authority.

Air Emissions

- Air emissions from all our facilities are strictly controlled and maintained at levels below statutory requirements as illustrated in the table below. Monitoring is done annually.

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)	
Location	2010	2009	2010	2009	2010	2009	2010	2009
Colombo - 1	0.04	0.10	0.02	0.01	0.03	0.01	4.20	1.00
Anuradhapura	0.03	0.08	0.01	0.01	0.02	0.01	3.10	1.00
Siyambalape	0.03	0.10	0.02	0.01	0.03	0.01	2.80	1.00
Colombo - 2	0.04	0.12	0.02	0.01	0.03	0.01	3.80	1.00
Kurunegala	0.03	0.05	0.01	0.01	0.02	0.01	2.50	1.00

We do not produce ozone depleting substances (ODS) as a result of our activities. CFC free gases are used for air-conditioners as much as possible. These gases are not Ozone depleting. Where air-conditioning units produce ODS emissions, specialised equipment is used for their repairs to ensure that ODS do not leak into the environment.

Some miscellaneous initiatives:

- A Fresh Air validation system has been installed at our Unit Repairs Section. This helps to reduce the temperature level, CO₂ level and humidity level.
- All Company vehicles are subjected to a regular and stringent emission testing to ensure that they comply with the emission regulations under the National Environment Act.
- Exhaust gas & dust extractors to deal with gas emissions as well as harmful dust that emanates during cleaning of air filters and break assemblies.
- Paint booths are equipped with filtration systems to prevent release of toxic fumes and particles into the atmosphere.
- Air travel is reduced by the use of video conferencing.
- The Company ensures that exhaust extractors at all locations capture Carbon Dioxide (CO₂) and diesel fumes that are emitted. These fumes are extracted into a machine, and released to the environment within legally permissible limits.

Waste Management Where waste does arise, we make every effort to reuse and recycle as much as is technically and economically feasible. Waste management is an area that is receiving increasing focus at Dimo.

- We have taken extensive steps to prevent the discharge of untreated water into the national sewage system. Periodic checks are carried out by our staff at every location to ensure this. At some locations, checks are carried out as much as three times per day. Active oil separators have also been installed in all workshops. Picture depicts a Biological Water Treatment Plant at one of our workshop locations.



We have not been measuring the volume of waste-water discharged. This will be rectified soon with measuring meters installed at every waste-water discharge point. We are also not tracking the significant discharges to the waste-water by type. We are currently in the process of collecting baseline data to enable us to identify and track these. No water is discharged to water bodies.

- We have a well-established system to segregate our solid wastes. In the absence of local councils not being able to handle garbage in a separated manner, we have found our own solutions as depicted in the table below. Originally established at our head office, we extended this system to five other major locations in the year under review. We plan to introduce this to all locations in the ensuing years.

Waste Category	2010/11	2009/10		Method of Disposal
	(Kgs) Year	No. of bins* (175 ltrs each) First Three Quarters	(Kgs) Last	
Organic	31,210	514	8,548	Handed over to third party as animal feed
Paper	4,719	620	1,135	
Polythene	987	232	212.5	Handed over to third party for recycling
Plastic	1,043	127	245	

* During the period 01.04.2009 to 31.12.2009 the measurement was done in No. of bins. Measurement by weight commenced w.e.f. 01.01.2010.

Let's put them in to the right bin



- We contributed to recycling of some 200 toner cartridges during the year by sending them back to the manufacturer. The table below shows how we have managed e-waste.

Description of E-waste	Quantity	Disposal Method
Toner Cartridges	202	Handed over to authorised third party for recycling/reuse
Monitors	5	
CPUs	3	
Printers	1	
Lap tops	1	

- Chemical spillages at our workshops are virtually non-existent. In the event that they do, we have well-established and documented rules and guidelines for handling them. Employees at workshops are regularly trained on safe handling of chemicals. Oil suckers are used to minimise oil spillage at workshops and all oil-waste is disposed to the furnaces of authorised dealers. The table below identifies and quantifies the hazardous waste that we have disposed and the method of disposal employed in each case. No spillages were reported during the year or the Post Balance Sheet period. There were no fines or penalties imposed on Dimeo due to non-compliance with environmental laws and regulations.

Waste Category	Measured Unit	Period		Method of Disposal
		2010/11	2009/10	
Waste Oil*	Ltrs	56,798	42,000	Handed over to authorised third party
Metal Scrap	Kgs	21,101	17,150	
Batteries	No	93	22	
Tyres	No	665	449	
Filters	No	21,957	-	
Metal Dust	Kgs	2,335	-	
Sludge	Kgs	56,859	-	
Paint Tins	No	1,664	-	
Thinner	Ltrs	440	-	

*Waste oil includes - engine oil from serviced vehicles and kerosene oil

Paper Management Our long-term goal is to create a paperless office. In the meantime, we have taken several steps to reduce the use of paper through inculcating such habits as discouraging printing of emails unless essential and using both sides of paper. We conduct regular awareness programmes and internal campaigns for this.

The paper that we use is well-segregated from other wastes and is handed over to a recycler. In the year under review we handed over 1,000 kgs of paper to the recyclers. It is estimated that this initiative would have saved the following resources:

Description of the Saving	Measurement	2010/11	2009/10
Quantity of paper handed over	Kg	1,007	685
Trees	Nos	17	11
Water	Ltrs	32,002	21,769
Oil	Ltrs	1,767	1,202
Electricity	Kwh	4,028	2,740
Land Fill	M ³	3	2

Material Usage

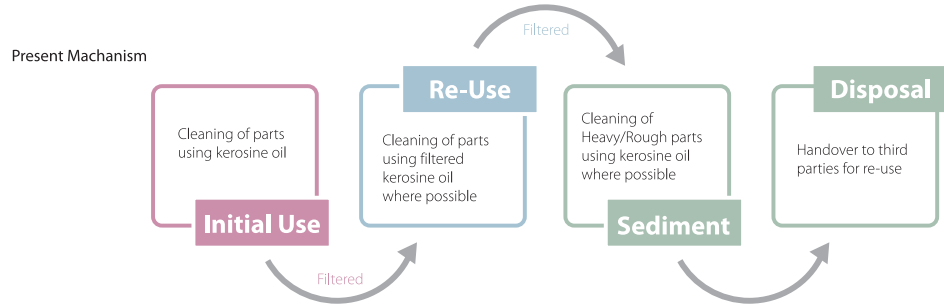


The following table identifies the materials and their quantities used in the course of conducting our business activities in all our locations:

Type of Material Used	Measurement	Quantity	
		2010/11	2009/10
Paints	Ltrs	16,927	79,699
Diesel	Ltrs	370,719	391,182
Kerosene	Ltrs	25,667	17,919
Lubricants	Ltrs	85,589	74,478
Petrol	Ltrs	13,887	159,126
No. of Tyres Retreaded	Nos.	4,865	7,161
Floor Carpets	Nos.	37,000	-
Cotton Waste	Kg	130,463	-

- We have re-built nearly 5,000 used tyres and collected another 600 something used tyres and handed them over to a third party manufacturer for use as input raw material.
- We recycle kerosene oil for re-use at our Colombo and Siyambalape workshops. This has enabled us to reduce kerosene consumption by approximately 28%. Used kerosene oil is disposed of in an environmentally friendly manner through a subcontractor.

KEROSENE OIL RECYCLING MECHANISM



Biodiversity Our activities are based in industrial and urban areas that do not form part of any high biodiversity or protected area. Hence, we do not consider biodiversity to be an issue. However, we will remain conscious not to establish new operations in sensitive areas.

Products and Services The packing materials in our products have been designed by our principals to ensure minimum harm to the environment. We do not identify packaging material of any product that we sell, that requires reclaiming.

Transportation Environmental impacts of transportation include fuel consumption, emissions, discharges, waste, noise and spills. Transportation could be for logistical purposes or transportation of members of our workforce not material to organisation. We assess the most significant environmental impacts of transportation to be the transport conditions on which we have a direct influence. In relation to transportation, only fuel consumption and CO₂ emissions are reported, as these are assessed to be the most significant parameters.

Compliance The Company has not been fined or penalised for non-compliance with legislation, including environmental regulation in force. All legal requirements are complied with.

Environmental Expenditure Expenses incurred for maintenance of water treatment plants and water recycling process were Rs. 1,657,866/-.