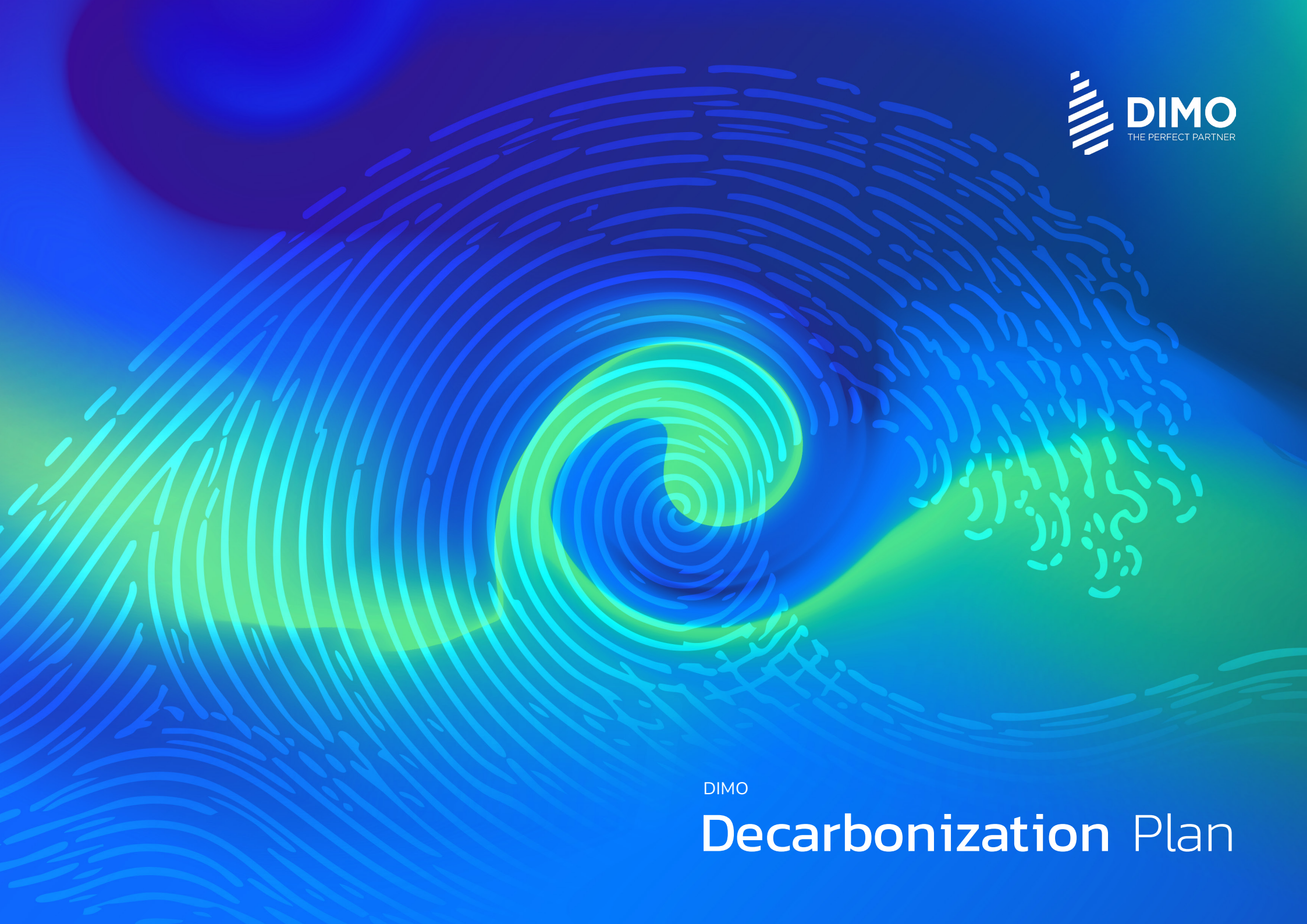

DIMO
THE PERFECT PARTNER
DIMO
Decarbonization Plan

Contents

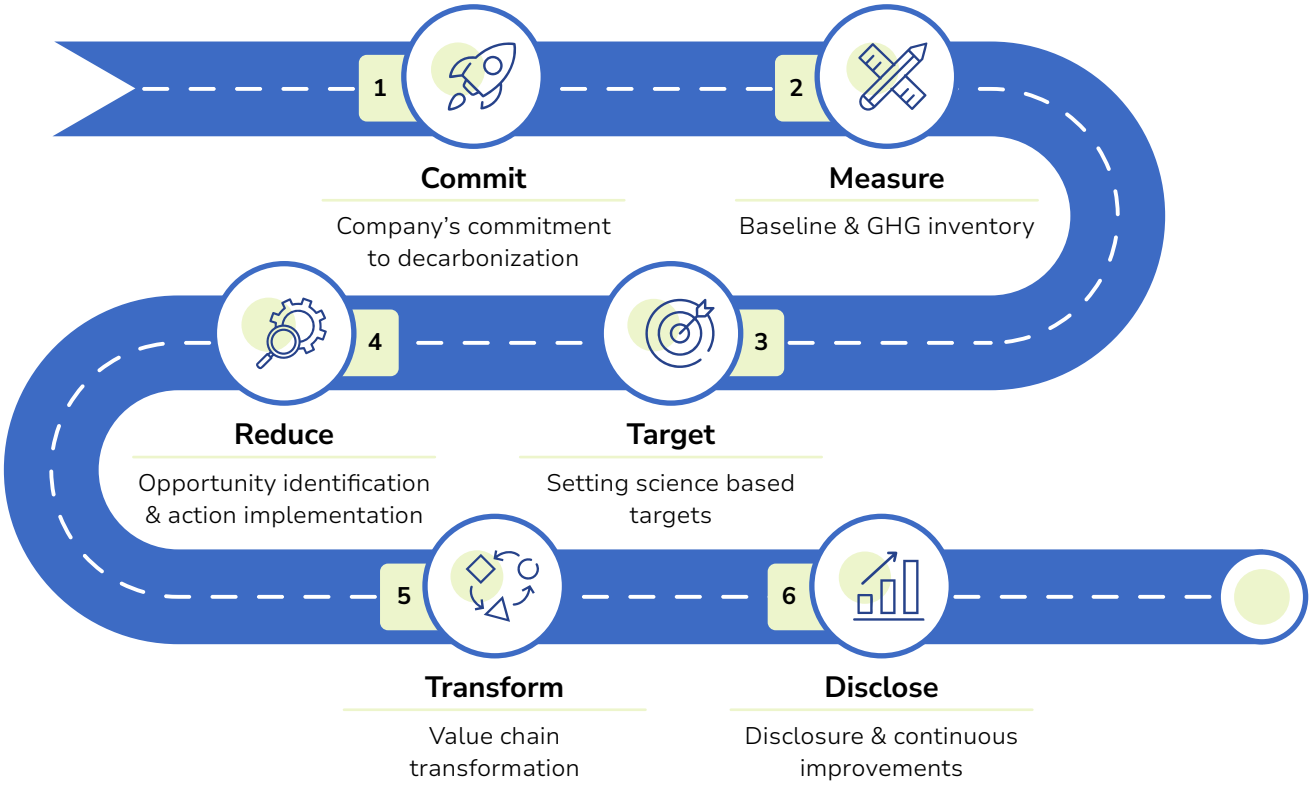
I. List of Abbreviations

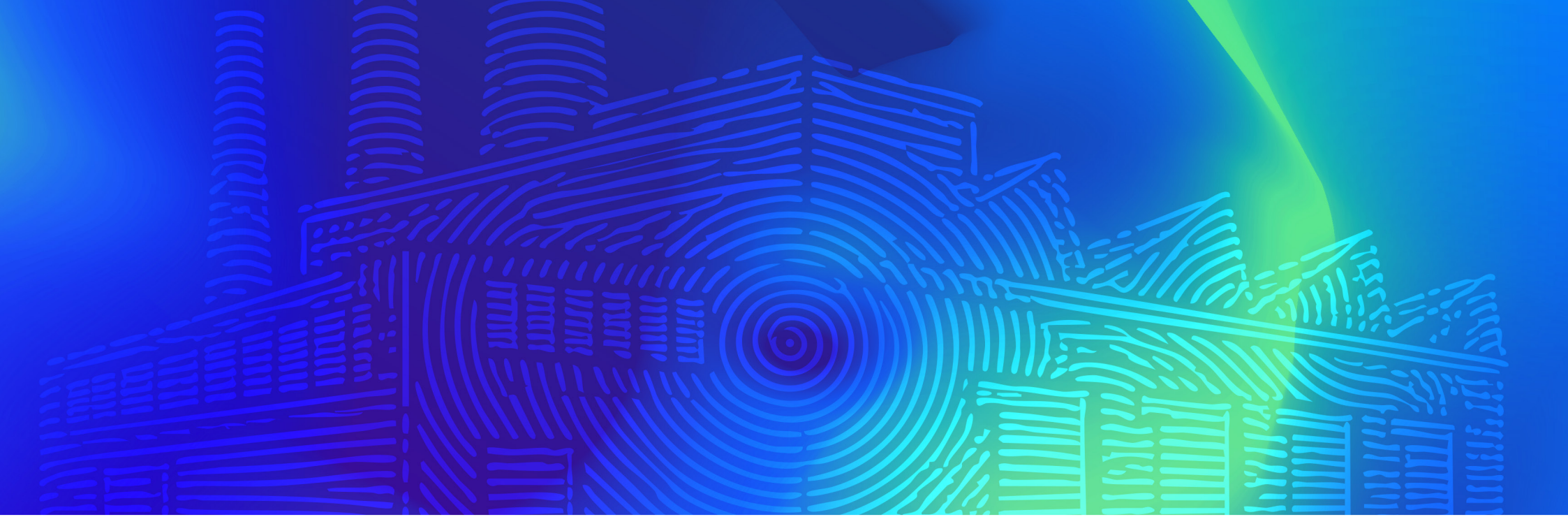
BAU	Business as usual
CapEx	Capital Expenditure
CPP	Sri Lanka Climate Prosperity Plan
DEFRA	Department for Environment, Food and Rural Affairs is a ministerial department of the government of the United Kingdom
EnMS	Energy Management System
EV	Electric Vehicle
FSC	Forest Stewardship Council Certification
GHG	Greenhouse Gas
HO	Head Office
i-REC	International Renewable Energy Certificate
IPCC AR6	Intergovernmental Panel on Climate Change Sixth Assessment Report
LKR	Sri Lankan Rupee
N/A	Not Applicable
NDC	Sri Lanka's Nationally Determined Contributions
PHEV	Plug-in Hybrid Electric Vehicle
R&D	Research & Development
ROI	Return on Investment
SBTi	Science Based Targets initiatives
SLFRS	Sri Lanka Financial Reporting Standards
TBD	To Be Determined
tCO_2e	metric tonnes of carbon dioxide equivalent

1. Executive Summary

The decarbonization ambition of DIMO is following the bottom-up approach as a sustainability leader in Sri Lanka to be in line with ***Net Zero*** pathway before it gets mandated by policy frameworks.

1.1. Strategy | Decarbonization Roadmap





2. GHG Inventory & Monitoring

2.1. Boundary

DIMO GHG emission inventory and Decarbonization Plan affects on all locations of Diesel and Motor Engineering PLC within Sri Lanka.

This includes DIMO company and the other subsidiaries in Sri Lanka.

2.2. Data Collection Plan

Data collection is carried out annually according to the identified emission categories under ***Scope 1, 2 and 3.***

2.2. Data Collection Plan

Emission Category	Emission Source	Activity Data	Data Source	Emission Factors	Source of Global Warming Potential (GWP) Values & Other Considerations	Approach
Scope 1						
Stationery combustions	Generators	Diesel	Internal system entries	IPCC AR6	IPCC AR6	Activity based
	Boilers	Diesel & Kerosene	Internal system entries	IPCC AR6	IPCC AR6	Activity based
	Acetylene	Acetylene	Internal system entries	IPCC AR6	IPCC AR6	Activity based
	Fertilizer Use	Fertilizer Application	Internal system entries	IPCC AR6	IPCC AR6	Activity based
Mobile combustions	Vehicles	Diesel	Internal system entries	IPCC AR6	IPCC AR6	Activity based
		Petrol	Internal system entries	IPCC AR6	IPCC AR6	Activity based
	Forklifts	Diesel	Internal system entries	IPCC AR6	IPCC AR6	Activity based
Fugitive	Fire Extinguishers	CO_2	Internal system entries	-	-	Activity based
Scope 2						
Purchased Energy	Purchased Electricity	Electricity Units	Electricity bills	Sri Lanka energy balance 2022		Location & activity-based
Scope 3						
1. Purchased Goods & Services	Purchased Goods	A4	Internal system entries	Spend-based EEIO factors		Spend based
	Purchased Services	Drinking Water	Internal system entries	Spend-based EEIO factors		Spend based
		NWSDB	Municipal water bills	NWSDB cliamte reports		Activity based
	Raw Materials	Raw materials for projects	Purchased raw material records	Spend-based EEIO factors		Spend based
		upstream fertilizer emissions	Purchased raw material records	Spend-based EEIO factors		Spend based
	Commercial vehicles	Upstream emissions	Product import records	Spend-based EEIO factors		Spend based
	Retail	Upstream emissions	Product import records	Spend-based EEIO factors		Spend based
	Construction Machineries	Upstream emissions	Product import records	Spend-based EEIO factors		Spend based

2.2. Data Collection Plan cont.

Emission Category cont.	**Emission Source** cont.	**Activity Data** cont.	**Data Source** cont.	**Emission Factors** cont.	**Source of Global Warming Potential (GWP) Values & Other Considerations** cont.	**Approach** cont.
2. Capital Goods	Capital Goods	Capital Goods	Assets Registry	Spend-based EEIO factors		Spend based
3. Fuel & Energy Related Activities	Upstream emissions of purchased fuels	Diesel & Petrol Quanties	Internal system entries	DEFRA emission factors 2025		Activity based
	T&D Losses	Electricity Units	Electricity bills	Sri Lanka energy balance 2022	National energy mix reports	Activity based
4. Upstream transportation and distribution	Freight Emissions	Freight data	Shipping records	Eco Transit freight emission calculator		Distance based
	Internal Transportation & Distribution	Transport distances	Local distribution records	DEFRA emission factors 2025		Distance based
	Downstream Delivery	Courier Delivery	Delivery partner payment records	Spend-based EEIO factors		Spend based
5. Waste generated in operations	Waste	Waste Disposal	Waste disposal records	DEFRA emission factors 2025		Activity based
6. Business Travel	Business Travels	Air Travels	Air travel records	ICAO emission calculator		Distance based
		Employee Fuel Cards & Reimbursements	Travel-related financial records	IPCC AR6		Hybrid method
7. Employee Commute	Employee Commute	Employee travel distances	Employee commute survey	India GHG program emission factors		Distance based
8. Upstream leased assests	Leased Assests	Leased assests	Assest Registry	Spend-based EEIO factors		Spend based
9. Downstream Transportation and Distribution	N/A					
10. Processing of Sold Products	N/A					

2.2. Data Collection Plan cont.

Emission Category cont.	**Emission Source** cont.	**Activity Data** cont.	**Data Source** cont.	**Emission Factors** cont.	**Source of Global Warming Potential (GWP) Values & Other Considerations** cont.	**Approach** cont.
11. Use of Sold Products	Passenger Vehicles	Usage emissions	Sales records	Supplier-specific life cycle emission factors		Activity based
	Commercial vehicles	Usage emissions	Sales records	Supplier-specific life cycle emission factors		Activity based
	Retail	Usage emissions	Sales records	Sri Lanka energy balance 2022		Activity based
	Agri Fertilizer	Usage emissions	Sales records	IPCC AR6		Activity based
	Refrigerant Gases for Customers	Refrigerant gas usage	Sales records	IPCC AR6		Activity based
	Construction Machineries	Upstream emissions	Sales records	Supplier-specific life cycle emission factors		Activity based
12. End-of-Life Treatment of Sold Products	Commercial Vehicles	Disposal emissions	Sales records	DEFRA emission factors 2025		Activity based
	Construction Machineries	Disposal emissions	Sales records	DEFRA emission factors 2025		Activity based
	Retail	Disposal emissions	Sales records	DEFRA emission factors 2025		Activity based
13. Downstream Leased Assets	N/A					
14. Franchises	N/A					
15. Investments	N/A					

2.3. Areas of Uncertainties

Uncertainties can arise from the following aspects and the company is working towards reducing ***Scope 1 and 2*** uncertainties by process optimizations.

Emission calculation methodologies and emission factor selections will be updated based on the available data to reduce uncertainties.

Scope 1
- Spend based fuel calculations
- Lack of refrigerant gas data

Scope 2
- Outdated grid emission factors

Scope 3
- Spend based emission factors
- Lack of supplier specific factors
- Use of default IPCC & GHG protocol factors

2.4. Selection of Emission Factors

- Emission factors were chosen based on the highest accuracy. High priority was given to locally or regionally available emission factors.
- Where local or regional factors are unavailable, IPCC emission factors were used to calculate ***Scope 1*** emissions.
- Grid emission factors were taken from the latest version of the Sri Lankan energy balance.
- ***Scope 3*** emissions were calculated using scientifically accurate, reputed emission calculators. Ex: EcoTransit, ICAO
- Supplier specific factors were used where available.
- When emission factors are not available, emissions were calculated using the spend based method, using GHG Protocol approved spend based emission factors.

2.5. Baseline GHG Emission Inventory

2024/25 emission inventory was used as the baseline emission inventory following GHG Protocol inventory categorization.

Scope	Category	Emission Sources	Emission (tCO_2e)
Scope 1	1. Stationary	Generators	**44.24**
		Boilers	**51.88**
		Acetylene	**1.51**
		Fertilizer Use	**9.48**
	2. Mobile	Vehicles	**555.10**
		Off-Road Vehicles (Forklifts)	**2.94**
	3. Fugitive	Fire Extinguishers	**0.40**
Scope 2	1. Purchased Electricity	Grid Electricity	**1,029.24**

2.5. Baseline GHG Emission Inventory cont.

Scope cont.	Category cont.	Emission Sources cont.	Emission (tCO_2e) cont.
Scope 3	1. Purchased Goods & Services	Purchased Goods	3.59
		Purchased Services	14.94
		Raw Materials	24,247.16
		Imports	6,062.29
	2. Capital Goods	Capital Goods	390.84
	3. Fuel & Energy Related Activities	Upstream Emissions of Purchased Fuels	227.14
		T&D Losses	105.54
	4. Upstream Transportation & Distribution	Freight Emissions	24,251.63
		Internal Transportation & Distribution	365.98
		Downstream Delivery	16.16
	5. Waste Generated in Operations	Waste Disposal	3.03
	6. Business Travel	Air Travels	208.19
		Employee Fuel Cards & Reimbursements	2,884.69
	7. Employee Commute	Employee Commute	2,437.57
	8. Upstream Leased Assets	Leased Assets	37.88
	9. Downstream Transportation & Distribution	N/A	
	10. Processing of Sold Products	N/A	
	11. Use of Sold Products	Passenger Vehicles	4,832.40
		Commercial Vehicles	1,704.22
		Retail	0.18
		Agri Fertilizer	50,442.66
		Refrigerant Gases for Customers	608.69
		Construction Machineries	1,197.70
	12. End-of-Life Treatment of Sold Products	Commercial Vehicles	1.21
		Construction Machineries	0.43
		Retail	11.31
	13. Downstream Leased Assets	N/A	
	14. Franchises	N/A	
	15. Investments	N/A	

2.6. Monitoring & Analysis

GHG inventory monitoring and analysis is currently done through a Power BI dashboard to visualize and take necessary actions.

To enhance accuracy and real time data monitoring and adjustments, *following measures are proposed.*

Digital Metering & Sub Metering

Employee Training

3. Emission Reduction Targets & Roadmap

Aligning with Global Reporting Standards, DIMO has set emission reduction targets under **DIMO Sustainability Agenda 2030.**

Target setting was involved scientifically alignment with climate science through **Science Based Target Initiative (SBTi).**

Scope 1

Target

Diesel & Motor Engineering PLC Commits to **Reduce Scope 1 Emissions,**

42%

By 2030 from a **2024 Base Year**

Scope 2

Target

Diesel & Motor Engineering PLC Commits to **Reduce Scope 2 Emissions,**

42%

By 2030 from a **2024 Base Year**

Scope 3

Target

Diesel & Motor Engineering PLC Commits to **Reduce Scope 3 Emissions,**

51.6%

Per Unit Value Added **by 2030** from a **2024 Base Year**

See our commitment at SBTi

3.1. Basis of Target Setting

Alignment with Science Based Targets is crucial for DIMO as it provides the actionable, scientific framework required to make the ambitious targets reported under SLFRS S2 credible, transparent, and aligned with a 1.5°C future.

Baseline Business as Usual (BAU) Scenario

- A hypothetical reference case of what would have most likely occurred in the absence of a proposed GHG projects.
- The BAU scenario is a crucial point of comparison when it comes to investing, planning, and policymaking. It serves as a reference point against which to assess other scenarios or as a position to begin a systems analysis.

Mitigation/Decarbonization Scenario

- This scenario was develeped to achieve maximum emission reduction to achieve the amitious Science Based Targets.
- This includes National Level Decarbonization approaches (NDCs, CPP etc.) and in-house decarbonization activities developed by DIMO.

For each emission reduction activity, a comparison will be presented **against baseline scenario.**

3.2. Emission Reduction Targets

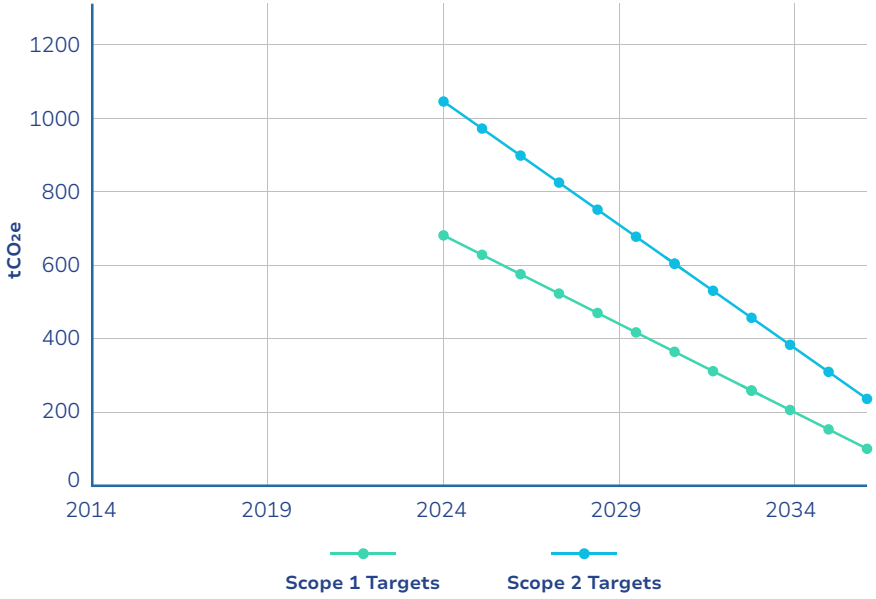
Under DIMO Sustainability Agenda 2030, DIMO emission reduction targets were developed using the latest climate science reports in accordance with near term Science Based Targets Initiative (SBTi).

SBTi Corporate Near-term Criteria

DIMO Sustainability Agenda 2030

Scope	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Scope 1	665.55	618.96	572.37	525.78	479.19	432.61	386.02
Scope 2	1029.24	957.19	885.14	813.10	741.05	669.00	596.96

Absolute Emissions Targets | 1.5°C



4. Emission Reduction Actions

Measure | Reduce

Scope 1

Stationary — Generators

i. Generator Efficiency

✓ Mapping out DIMO generator inventory
✓ Assessing efficiencies through EnMS (ISO 5001)
✓ Establishing Energy Performance Indicators (EnPIs)

Estimated Cost of Implementation	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	N/A
ROI	N/A
Payback Period	N/A

Scope 1

Stationary — Generators

ii. Battery Energy Storage Systems

✓ Emission and noise reduction
✓ Ability to reach full load within seconds
✓ Scalability
✓ Low maintenance (for HO)

CapEx	~25M LKR
Estimated Efficiency Increase	35–40% (compared to generators)
Estimated Emission Reduction	2.89 tCO_2e (100%)
ROI (annual savings)	LKR (if used to export during peak hours)
Payback Period	4–7 Years

Target Emission (2030): TBD

4. Emission Reduction Actions cont.

Measure | Reduce

Scope 1

Stationary — Boilers

i. Conversion of Diesel & Kerosene Boilers to Biomass

✓ Cost reduction
✓ Reduction of emission (fossil fuel based)
× Transport cost

Note: Need to ensure sustainable sourcing with proper licensing.

CapEx	~1.5M LKR
Estimated Efficiency Increase	15% drop (compared to diesel)
Estimated Emission Reduction	51.88 tCO2 (100%)
ROI (annual savings)	~5,000 LKR cost reduction per 1000MJ
Payback Period	N/A

Target Emission (2030): TBD

Scope 1

Mobile — Forklifts

i. Off-road Vehicles (Forklifts)

Facts (as of 2025 March)

✓ **18** Diesel Forklifts
✓ **2** Electric Forklifts

100% Electric Forklift (per unit)

CapEx	~9M (~3M higher than diesel)
Estimated Efficiency Increase	~75%
Estimated Emission Reduction	~100% (2.94 tCO2)
ROI (annual savings)	~350,000 LKR
Payback Period	2–3 years

Target Emission (2030): TBD

Scope 1

Mobile — Vehicles

i. Fleet Electrification

Facts (as of 2025 March)

✓ **56** Cars
✓ **55** Dual Purposes
✓ **36** Motorcycles
✓ **29** Motor Lorries

Internal Vehicle Procurement Policy
to consider PHEV or EV options when purchasing vehicles.

CapEx	Depends
Estimated Efficiency Increase	~75%
Estimated Emission Reduction	~75%
ROI (annual savings)	Depends
Payback Period	Depends

Mandatory EV for Directors
to only consider EV options when purchasing vehicles by 2030.

CapEx	Depends
Estimated Efficiency Increase	~80%
Estimated Emission Reduction	~100%
ROI (annual savings)	Depends
Payback Period	Depends

Target Emission (2030): TBD

4. Emission Reduction Actions cont.

Measure | Reduce

Scope 2

Purchased Energy — **Grid Electricity**

i. Rooftop Solar Expansion

Facts (as of 2026 January)

- ✓ **8** Locations
- ✓ **2** Pending
- ✓ **~10** Potential Locations

CapEx	Depends
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~50%
ROI (annual savings)	Depends
Payback Period	Depends

Target Emission (2030): TBD

Scope 2

Purchased Energy — **Grid Electricity**

ii. Renewable Energy Certificate (i-REC)

CapEx (using 24/25 data)	~2M LKR (Registration)
Annual Expenses	720,000 LKR (0.4 USD per 1,000 kWh, 6M kWh annual consumption)
Estimated Emission Reduction	~100%
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 2

Purchased Energy — **Grid Electricity**

i. Energy Auditing and EnMS (ISO 50001)

Facts (2024–25)

- ✓ Main **4** Locations
- ✓ **1,654** MWh
- ✓ **~50M** LKR (assumption)

CapEx	~2M
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~50%
ROI (annual savings)	Depends
Payback Period	Depends

Target Emission (2030): TBD

4. Emission Reduction Actions cont.

Measure | Reduce

Scope 3

Purchased Goods & Services — Paper

i. FSC Certified Paper Procurement

Facts (2024/25)

✓ **1,541** Paper Bundles ✓ **3.59** tCO_2 Emissions

Cost	~10% higher
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~35–40%
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Purchased Goods & Services

i. Digitalization

✓ Business Cards ✓ MOUs ✓ Approvals

CapEx	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~100%
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Water

i. Reuse of Treated Wastewater

Facts (2024/25)

✓ **47,684** Units ✓ **~7.8M** LKR
✓ **9,097.53 m³** Treated Water

CapEx	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~20%
ROI (annual savings)	1.6M LKR
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Water

ii. Rainwater Harvesting

Facts (2024/25)

✓ **274 m³** Harvested ✓ **15+** Potential Locations
✓ **3** Locations

CapEx	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~20%
ROI (annual savings)	0.16M LKR
Payback Period	N/A

Target Emission (2030): TBD

4. Emission Reduction Actions cont.

Measure | Reduce

Scope 3

Upstream Transport & Distribution — Freight

i. Transport Management Systems

CapEx	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~15%
ROI (annual savings)	~15%
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Upstream Transport & Distribution — Freight

ii. Supply Chain Planning for Minimising Air Travels

Facts (2024/25)

✓ **903 tCO_2e** Air Freight Emissions

CapEx	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~98%
ROI (annual savings)	~75%
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Waste Generation in Operations — Waste

i. Zero Waste to Landfills Certificate

Facts (2024/25)

✓ **416,557.34 kg** of Waste Materials ✓ **3.02 tCO_2e** Emissions

Cost	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	N/A
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Business Travels — Air Travels

i. Prioritizing Economy Class Over Business Class

Facts (2024/25)

✓ **202** Flights ✓ **0** Business Class

Cost	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	~67%
ROI (annual savings)	~50%
Payback Period	N/A

Target Emission (2030): TBD

4. Emission Reduction Actions cont.

Measure | Reduce

Scope 3

Employee Commute

i. DIMO Carpooling Platform

Cost	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	N/A
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Business Travels — Fuel Cards & Reimbursements

i. DIMO Carpooling Platform

Cost	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	N/A
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Employee Commute

ii. Discounted EV Prices for Tribe Members

Cost	N/A
Estimated Efficiency Increase	N/A
Estimated Emission Reduction	N/A
ROI (annual savings)	N/A
Payback Period	N/A

Target Emission (2030): TBD

Scope 3

Use of Sold Products — Agri Fertilizer

i. R&D on Fertilizer Enhancement

Cost	Depends
Estimated Efficiency Increase	Depends
Estimated Emission Reduction	Depends
ROI (annual savings)	Depends
Payback Period	Depends

Target Emission (2030): TBD

5. Timeline

Step	Action	Year of Implementation	Responsibility	Status	Remarks
Commit	Getting management commitment to the emission reduction	**2023**	Sustainability	**Done**	
Commit	Committing to Science Based Targets	**2024**	Sustainability	**Done**	
Measure	Baseline emission calculation	**2025**	Sustainability	**Done**	
Target	Setting science based targets	**2026**	Sustainability	**In progress**	
Measure	Energy auditing	**2026**	Sustainability	**Planned**	
Measure	Generator efficiency assessment	**2026**	Facility/ Sustainability	**Planned**	
Reduce	Digitalization of internal processes	**2026**	IT	**Planned**	
Reduce	Treated wastewater reuse	**2026**	Facility/ Sustainability	**Planned**	
Reduce	Rain water harvesting	**2026**	Facility/ Sustainability	**Planned**	
Reduce	Zero waste to landfills	**2026**	Compliance/ Sustainability	**Planned**	
Reduce	DIMO carpooling platform	**2026**	Sustainability/IT	**Planned**	
Reduce	Rooftop solar expansion	**2027**	Solar Team	**Planned**	
Reduce	EV discounts for tribe members	**2027**	Mobility	**Planned**	
Reduce	Warehouse management systems	**2028**	Supply Chain	**Planned**	
Reduce	Transport management systems	**2028**	Supply Chain	**Planned**	
Reduce	Mandatory PHEVs/EVs for directors	**2028**	Sustainability	**Planned**	
Reduce	Fleet electrification - Internal vehicles	**2029**	Corporate Planning/ Sustainability	**Planned**	Subjected to separate feasibility analysis
Reduce	100% electric forklifts	**2029**	Corporate Planning/ Sustainability	**Planned**	Subjected to separate feasibility analysis
Reduce	Battery Energy Storage Systems (BESS)	**2029**	Corporate Planning/ Sustainability	**Planned**	Subjected to separate feasibility analysis
Reduce	i-REC for scope 2 emission reduction	**2030**	Sustainability	**Planned**