

DELIVERING VALUE RESPONSIBLY

GROWTH WITH POSITIVE IMPACT

We have a focused strategy that supports our businesses in delivering their value-add missions. It simultaneously delivers environmental and societal value, and commercial benefit to Diploma.



PHIL PRATT
GROUP SUSTAINABILITY
DIRECTOR

Our businesses are positioned for a transitioning economy and our sustainability framework, Delivering Value Responsibly, is embedded across our businesses.

Our commitment

We are committed to executing our strategy whilst being environmentally, socially and ethically responsible. We support our businesses in making Diploma an even safer, better and fairer place to work. We collaborate with our colleagues, suppliers and customers to deliver our sustainability targets, including our SBTi-approved net zero targets.

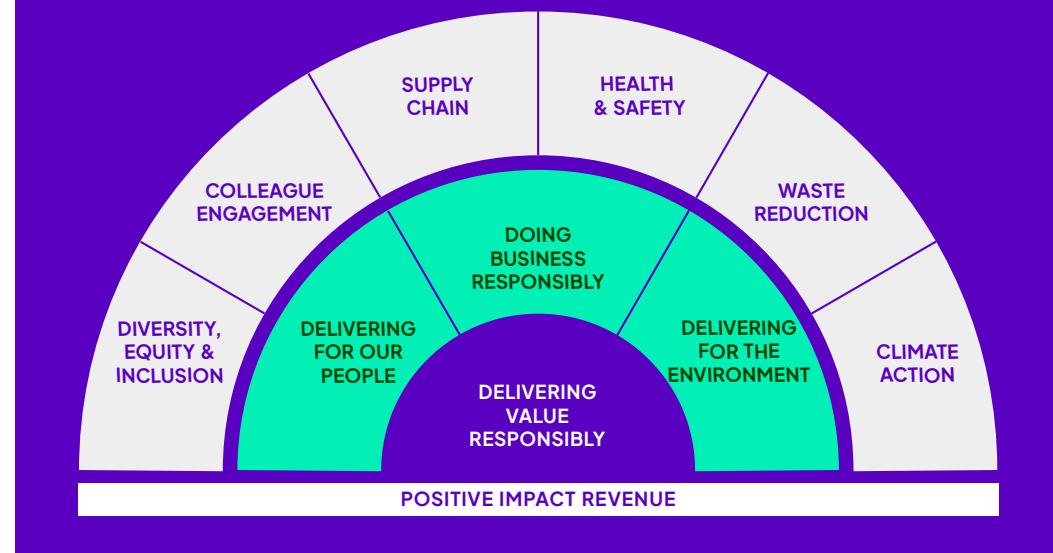
Our framework

Our DVR framework is integrated across our businesses, focusing on three key areas: our people, the environment, and responsible business practices. By concentrating the efforts of our large, diverse, and decentralised Group on these core areas, we can drive meaningful progress against our sustainability targets.

OUR DVR STRATEGY

We are determined to make a difference. Through our DVR framework, we have objectives that are linked to our business

model and embedded in the business strategy and commercial and operational activities.



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Projects, like our new M Seals facility, have added over 500kW to our solar coverage this year.

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DELIVERING VALUE RESPONSIBLY CONTINUED

DELIVERING FOR OUR PEOPLE



FOCUS AREA	TARGET 2030	PROGRESS IN 2024	STATUS	PERFORMANCE
Colleague engagement	70%+ Maintain an engagement index of 70%+	79%	On track	We continue to maintain high engagement scores, with a response rate of 87% and an engagement index score of 79%. Every business has an engagement plan in place to ensure we maintain strong engagement scores in the long term.
Diversity, equity and inclusion	40%+ Women to represent 40%+ of Senior Management Team (SMT)	30%	On track	We are pleased with the momentum we have made this year, with 30% of our SMT roles now filled by women. We recognise there is still more to do, and it will remain an area of focus for us.

Colleague Engagement

Our colleagues have great technical expertise and in-depth knowledge. Engagement ensures we retain that valuable talent and experience and nurture the unique culture that binds the Group.

We held our fourth Group Colleague Engagement Survey this year, achieving a response rate of 87% and index score of 79% (FY23: 80%). Every business has an engagement plan to address the themes of their survey results. This is prioritised at every level of the business, and we have introduced engagement targets into our remuneration package for our Executive Team and Managing Directors for FY25.

Colleague turnover of 20% (FY23: 17.7%) was driven by facility moves in Life Sciences and Controls.

Diversity, Equity and Inclusion

We continue to support diversity, equity and inclusion through educational events and initiatives, such as our Women in Leadership programme, inaugural Diploma Pride event and annual celebration of International Women's Day.

This was supplemented with more formal training for our Executive Team, which attended an inclusive leadership workshop. We also introduced an inclusive hiring toolkit for our businesses. Ethnic diversity increased to ca. 10% (FY23: 8%) for the Senior Management Team.

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COLLEAGUE ENGAGEMENT

We are pleased to have maintained our strong engagement index score of 79% and high response rate of 87%. Areas of particular engagement include: customer service, clarity on objectives, and finding work meaningful.

Areas of improvement, albeit with relatively high engagement, include: regular feedback, development and training, and recognition and praise. All of our businesses have plans in place to address the results of their survey scores.



COLLEAGUE ENGAGEMENT

79%

Colleague Engagement Survey Index

79%	FY24
80%	FY23
79%	FY22

DIVERSITY, EQUITY & INCLUSION

We increased gender diversity of the SMT to 30% women vs 28% in the prior year. We are making steady progress and 45% of SMT vacancies during the year were filled by women.

We are pleased to have made particular progress in the gender diversity of roles reporting directly into the Executive Team (excluding admin and support staff), which is now 38% women. Gender diversity across the full workforce is consistent with the prior year at 31%.



GENDER DIVERSITY AT SMT

30%

Women in SMT roles

30%	FY24
28%	FY23
27%	FY22

DELIVERING VALUE RESPONSIBLY CONTINUED

DOING BUSINESS RESPONSIBLY



FOCUS AREA	TARGET 2030	PROGRESS IN 2024	STATUS	PERFORMANCE
Supply chain management	85% of key suppliers aligned to our Supplier Code of Conduct	90%	Passed target	In FY24, we surpassed our target of 85%.
Health and safety	Zero Harm no lost time incidents (LTIs)	3.6 LTIFR	Area of focus	In FY24, performance saw total incidents increase from 18 to 23, with our LTI frequency rate (LTIFR) rising from 3.0 to 3.6.

Health and safety

Our Group health and safety (H&S) programme, Stand Up for Safety, covers four key areas: governance, leadership, training, and audits. This year, we engaged external experts, Safety Management Limited, to deliver masterclasses, training, and comprehensive audits at our key sites.

Every business has an FY25 action plan to address the outcomes of their audits and risk assessments and we expect to see the impact of that during the year.

Our Group-wide H&S network offers peer-to-peer support, best practices, resources and learnings.

Supply chain management

We have surpassed our FY30 target and 90% of key suppliers (accounting for >50% of supplier spend in aggregate) have agreed to comply with our Supplier Code.

Charitable giving

Our fund matching programme ensures we give to the local causes that matter most to our businesses and colleagues. This year we donated ca. £134,000 (FY23: £54,000) to charity. No political donations were made.

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HEALTH AND SAFETY

In order to align with industry standards, we have updated our leading metric to a lost time incident frequency rate (LTIFR), defined as total Lost Time Incidents (LTIs) per 1,000,000 hours worked.

In FY24, our LTIFR was 3.6. Driving meaningful change takes time and we have developed a more hands-on approach to H&S for acquisitions, including inductions for leadership, post-acquisition audits, colleague training and action plans.

Despite an increase in total LTIs to 23 (vs 18 in FY23), our total injury days decreased, resulting in a severity rate of 9.9 (vs 13.8 in FY23). We have also seen a strong improvement in both the quality and volume of potential hazard reporting, which has increased by 82% vs the prior year.

It is encouraging that responses to this year's Colleague Engagement Survey indicated an improvement in H&S culture. 93% of colleagues agreed that H&S is taken seriously in their business vs 88% in the prior year.

Although we have made strong strategic progress during the year, we remain focused on reducing our LTIFR rate. We will continue to drive our Stand Up for Safety programme across our businesses and senior management during FY25. We will also continue our audit programme, with external H&S audits planned for all businesses, including acquisitions.

LTIFR (LOST TIME INCIDENTS PER 1M HOURS WORKED)

3.6

3.6	FY24
3.0	FY23
3.4	FY22



DELIVERING VALUE RESPONSIBLY CONTINUED

DELIVERING FOR THE ENVIRONMENT



FOCUS AREA	TARGET 2030	PROGRESS IN 2024	STATUS	PERFORMANCE
Climate action	50% reduction of Scope 1 & 2 emissions (vs. FY22)	15% reduction	On track	We achieved a 15% reduction in Scope 1 and 2 emissions during FY24 vs prior year. Against our FY22 baseline, performance was flat.
	30% reduction of Scope 3 (vs. FY22)	24% reduction	On track	We reduced our FY23 Scope 3 emissions, keeping us on track to meet our targets.
Waste reduction	<15% waste to landfill	23%	On track	We reduced waste to landfill to 23% (vs 32% in FY23) and achieved a 69% recycling rate.

Climate action

In January, our net zero targets were approved by the Science Based Targets initiative, covering Scope 1, 2 and 3.

During the year, our businesses continued to effectively execute on our operational (scope 1 and 2) emissions strategy: understand, reduce, generate, procure.

Scope 3 remains a complex challenge, especially in a decentralised environment. In calculating our FY23 footprint, we focused on educating and engaging our businesses with the most material emissions.

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Waste

Following a significant decrease in waste to landfill from 60% in FY22 to 32% in FY23, we have seen this taper off slightly, achieving 23% waste to landfill in FY24, as we tackle the more challenging materials and geographies (US and Australia). This is great progress against our target of <15% waste to landfill by FY30.

Total waste has increased primarily due to the impact of acquisitions¹. As a result, our waste intensity has also increased to 3.6 (FY23: 3.3). We expect these to decrease as new businesses are brought into the DVR framework.

¹ Excluding Peerless, for which data was not yet available

EMISSIONS

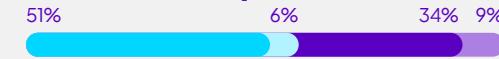
Our total operational emissions were down 15% vs prior year and largely flat against our FY22 baseline. This is primarily due to the procurement of renewable energy, which now represents 44% of the Group's energy consumption vs 7% in FY23.

We also undertook four facility consolidation and upgrade projects during the year and expect to see the benefit of those during FY25. In line with our strategy to increase our on-site renewable energy generation capacity, and through a combination of new builds and retrofitting, we have added 577kW to our solar coverage. Our emissions intensity decreased significantly from 7.6 in FY23 to 5.7 this year.

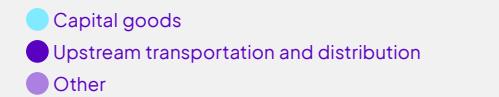
Although we saw a reduction of 24% in Scope 3 emissions vs FY22 baseline, this was primarily due to better data and changes in emissions factors as we move away from cost-based calculations to primary data.

SCOPE 1 AND 2 GHG EMISSIONS**SCOPE 3 GHG EMISSIONS**

FY23: 152,111 CO₂e



FY22: 198,882* CO₂e



*FY22 Scope 3 emissions were recalculated during the year using updated emissions factors

FY24 SCOPE 1 AND 2 EMISSIONS AND ENERGY USAGE

	Scope 1	Scope 2	Gross
FY24 market-based (tonnes CO ₂ e)	3,881	3,864	7,745
FY24 location-based (tonnes CO ₂ e)	3,881	5,663	9,545

UK energy consumption: 3,181,062 kWh (total: 17,755,337 kWh).

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management is a key component of the discipline that underpins sustainable quality compounding.

Our risk management framework supports informed risk taking by our businesses. It sets out those risks that we are prepared to be exposed to and the risks that we want to avoid, together with the processes and internal controls necessary to evaluate the exposures and ensure they remain within our overall risk appetite.

This framework also provides the basis for the businesses to anticipate threats to delivering for their customers and ensures we are resilient to risks we have limited control over.

Our governance processes continue to evolve in support of the Group's strategic objectives.

By improving our understanding and management of risk, we provide greater assurance to our shareholders, employees, customers, suppliers, and the communities in which we operate.

Our approach

Risk management and the oversight of appropriate systems of control are ultimately the responsibility of the Board, with responsibility for overseeing the effectiveness of the internal control environment delegated to the Audit Committee.

Group Internal Audit provides independent assurance that the Group's risk management, governance and internal control processes are operating effectively. Each of our businesses is accountable for managing risks effectively.

We have continued to broaden our risk management and governance by developing horizon scanning for emerging and potential risks, and enhancing efficiency of management and governance procedures.

OUR RISK MANAGEMENT FRAMEWORK

DIPLOMA PLC



Top down

Diploma adopts horizon scanning for emerging risks, review of principal risks, internal controls, processes and risk management frameworks.

Bottom up

Our businesses continually identify risks and opportunities to feed into Sector and Group risk reviews.