

## DELIVERING VALUE RESPONSIBLY

# AN AGENT OF CHANGE

The role we play at Diploma is unique, exciting, and important. Our agenda is crucial for colleague engagement, talent attraction and commercial relationships and for Diploma leadership, our commitment is unchanged.

Delivering Value Responsibly (DVR) is our opportunity to act as an agent of change in the world. We lead small to medium sized businesses into the often-unchartered territories of environmental and social change, and this allows us to effect change in businesses that could otherwise remain largely untouched by these priorities.

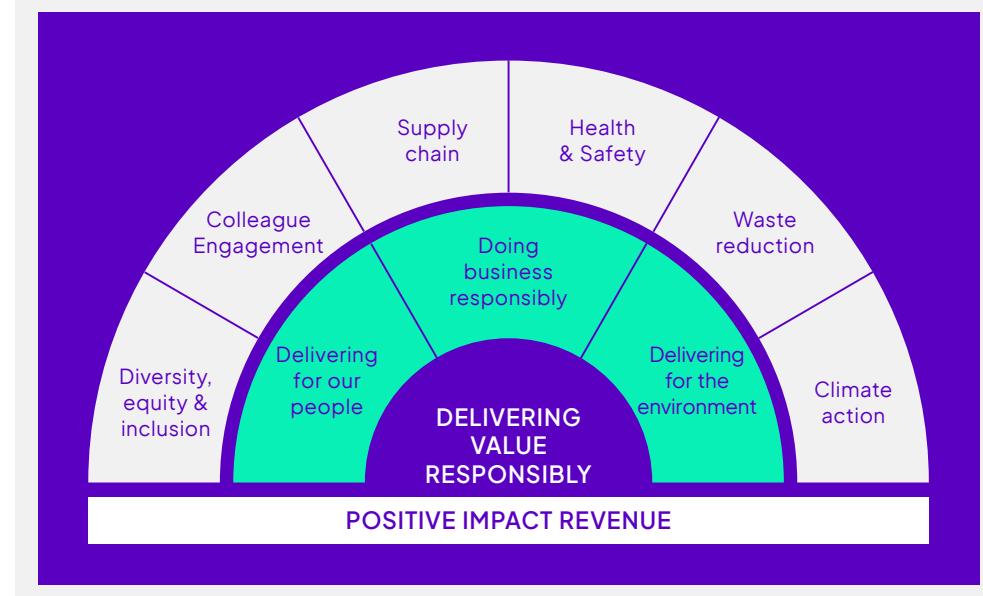
We have made considerable progress since starting our journey in 2021. In the past year alone we marked several important achievements including: further strengthening our approach to Health and Safety; significantly reducing our Scope 1 and 2 emissions,

positively impacting Waste to Landfill and continuing with our steady progress to gender balance. This is a challenging agenda to embed and execute in a decentralised Group with a diverse set of high growth businesses. Despite this, DVR is now firmly woven into the fabric of our businesses. We continuously challenge ourselves, monitor our performance, and take pride in our progress.



## OUR DVR STRATEGY

We are determined to be an agent of change. Our DVR framework remains relevant to our businesses and our stakeholders and is deeply embedded in our business strategy and commercial and operational activities.



## DELIVERING VALUE RESPONSIBLY CONTINUED

DELIVERING FOR  
OUR PEOPLE

Focus area	Target 2030	Progress in 2025	Status	Performance
Colleague engagement	70%+	78%	On track	We continue to maintain high engagement scores, with a response rate of 87% and an engagement index score of 78%. Every business has an engagement plan in place to ensure we maintain strong engagement scores in the long term.
Diversity, equity and inclusion	40%+	32%	On track	We are pleased with the progress we have made this year, with 32% 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**

As a service-led business, our success depends on engaged and motivated colleagues. In our fifth annual Engagement Survey, we achieved an impressive 78% engagement index with an outstanding 87% response rate. While this reflects a small year-on-year reduction of one percentage point, results remain well above the industry benchmark of 68%, highlighting the strong commitment and pride across our teams.

Key strengths included learning and development, driven by our expanded online learning platform and further manager training, along with high job satisfaction scores. Areas for continued focus — health and safety and leadership listening — still performed well, and targeted action plans are now in place.

To reinforce accountability, Senior Leader remuneration is linked to engagement outcomes. Retaining talented colleagues at all levels remains a priority. FY25 total turnover remains broadly consistent at c.20% with turnover in our senior leadership population at 11%.

**Diversity, equity and inclusion**

We are committed to fostering a truly inclusive culture, where every colleague feels valued, respected, and able to thrive.

We have made good progress in attracting and retaining diverse colleagues across the business. In the Executive Team, gender diversity has improved from 10% to 30% and combined with ethnic diversity, 50% of our Executive team have a diverse characteristic. We committed to target 40% female representation in our

**COLLEAGUE ENGAGEMENT**

Colleague engagement is central to our success and continues to shape our vibrant culture. In 2024, inspired by colleague feedback, we launched the All Stars recognition programme to celebrate exceptional contributions across our business globally. The response was outstanding, with more than 700 nominations — recognising excellence

Senior Management Team by 2030 and have moved from 21% in 2020 to 32% at FY25. We are pleased that 71% of employees in corporate centre have a diverse characteristic. To underline our commitment, in line with Parker Review we have set ourselves an ethnicity target for Senior Leadership by FY27.

in customer service, sustainability, innovation, teamwork and supporting others. All Stars has become a powerful platform to celebrate achievements, share success stories, and strengthen our culture of appreciation and collaboration. It's a shining example of how we value and champion the people who make our business thrive.

Our growth agenda is underpinned by a continued commitment to diversity and will be a factor as we continue to build our leadership capability, and our early career pipeline through the new Graduate Programme.

## DELIVERING VALUE RESPONSIBLY CONTINUED

# DOING BUSINESS RESPONSIBLY

Focus area	Target 2030	Progress in 2025	Status	Performance
<b>Supplier engagement</b>	85% of key suppliers aligned to our Supplier Code of Conduct	89%	Passed target	We have exceeded our target and in FY25 89% of key suppliers aligned to our Supplier Code of Conduct, verified by internal audits to ensure compliance and accountability.
<b>Health and safety</b>	Zero Harm no lost time incidents (LTIs)	18 LTI	On track	FY25 performance resulted in 18 lost time incidents, a significant reduction vs 23 in FY24, with our LTI frequency rate (LTIFR) reducing from 3.6 to 2.9.

## Supplier engagement

Our businesses are at the heart of the value chain. We are committed to leveraging our position to encourage responsible and sustainable action across our supplier network. Our goal is to positively partner with our suppliers and work with them to set responsible business standards. To this end, in FY25 we began partnering with Ecovadis, a global sustainability ratings platform to better assess and benchmark key suppliers against sustainability criteria and defined a clear roadmap to monitor and improve their environmental and social practices. This has supported the embedding of supplier engagement as a core element of Diploma's strategy to strengthen supplier risk management and reduce scope 3 emissions. It enables the mapping of emissions hotspots across the supply chain, which account for over 90% of our emissions, primarily

due to purchased goods and logistics. Our focus on collaboration with suppliers aims to accelerate reductions, enhance resilience, and build greater transparency across the supply chain.

## Health & Safety

The health, safety and wellbeing of our people is our priority and the foundation of everything we do. We are committed to protecting our people, reducing incidents and supporting physical and mental health. Looking after the wellbeing of our people is critical to our business and a key priority for all our leaders. Through our Stand up for Safety programme we have continued to make positive progress and drive one consistent approach to health and safety across all businesses. This includes a second year of external audits, with the average audit score increasing 9 percentage

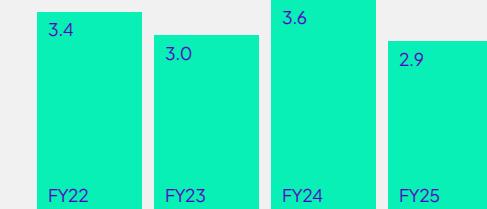
# HEALTH & SAFETY

Strong progress continues to be made with the FY25 Lost Time Incident Frequency Rate (LTIFR) of 2.9 representing a 19% reduction versus FY24. Injuries relating to the operation of our warehouses and vehicles, such as manual handling, slipping and tripping remain the highest causes of lost time incidents (LTIs). The numbers of LTIs related to machinery incidents has significantly reduced following the implementation of Group-wide Standards in early 2025, resulting in improved control measures across all sites. In line with the decrease in the LTIFR, the total recorded injuries (LTIs and minor injuries) have decreased by 17%. In addition to the number of incidents, a variety of leading indicators such as number of hazards reported, and the number of inspections are

used in the measurement of health & safety performance at site level. None of the incidents reported in the year resulted in life-changing injuries and there were no work-related fatalities in FY25 or in prior years. The accompanying graph illustrates the LTIFR performance during the year and the prior three years.

## LTIFR (LOST TIME INCIDENTS PER 1M HOURS WORKED)

2.9



points to 63% and the development, training and implementation of 6 core Health & Safety standards across all businesses. These standards address the critical risks identified during the FY24 audit programme. They are: contractor management; workplace transport; warehouse safety; training/competence; lone working and machinery safety. Our focus is now shifting to ensuring safe behaviours and a health & safety culture underpinned by strong leadership

which is linked to Managing Directors remuneration. We have also implemented a new global reporting system across all sites. The associated training and improved awareness has triggered increased reporting of near misses, hazards and other incidents. As we move ahead, the clear priority is the continued nurture and development of a strong and resilient safety culture.

## DELIVERING VALUE RESPONSIBLY CONTINUED

## DELIVERING FOR THE ENVIRONMENT

Focus area	Target 2030	Progress in 2025	Status	Performance
<b>Climate action</b>	<b>50%</b> reduction of Scope 1 & 2 emissions (vs. FY22)	38% reduction	On track	Scope 1 and 2 emissions reduced by 38% in FY25 against our FY22 baseline.
	<b>30%</b> reduction of Scope 3 (vs. FY22)	36% increase	Area of focus	Overall scope 3 emissions have increased 36% vs FY22 baseline primarily as a result of acquisitions.
<b>Waste reduction</b>	<b>&lt;15%</b> waste to landfill	18%	On track	We reduced waste to landfill to 18% (vs 23% in FY24) and achieved a 74% recycling rate.

**Waste**

We made further progress with regards waste reduction, with 76% of businesses now sending less than 15% of their waste to landfill. We continue to reduce packaging in our processes to cut waste at the source and increased the use of recycled materials, embedding circular practices. In Australia, partnerships with charities are creating new ways to recycle previously unrecyclable materials, while in the US where many of our businesses generate only limited quantities of waste, we are working with waste consolidators to improve outcomes. A recently established internal global network to better share best practices is supporting businesses to improved the accuracy of our data, increase recycling rates and further reduce use of landfill.

 [READ MORE ABOUT OUR TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES \(TCFD\) ON PAGES 157-161](#)

**Climate action**

We are taking decisive action to improve our impact on the climate, underpinned by a transparent and scientific approach. In FY25, we completed third-party verification of our FY23 and FY24 greenhouse gas inventories – with FY25 verification in progress – across both market-based and location-based reporting. This progress is reflected in our CDP rating of B in FY25, marking a step-change improvement from D in prior years and demonstrating our momentum towards net zero. Our partnership with Ecovadis is accelerating our ability to better engage with suppliers and enabling improved access to Scope 3 data across our value chain. This will enable us to focus better on identifying and embedding decarbonisation initiatives across our businesses and driving supplier engagement at scale.

## EMISSIONS

Our focus remains on driving down absolute Scope 1 and 2 emissions through disciplined execution of our decarbonisation strategy. Reported FY25 performance achieved a 38% market based reduction compared to our original FY22 baseline, driven predominantly through transition to renewable electricity. 82% of our electricity is now from renewable sources, up from 1% in FY23. Group electricity intensity has reduced by 15% vs FY24 to 11.08MWh/£m. This puts us on track to meet our 2030 SBTi near

term Scope 1 & 2 reduction target of -50%. Scope 3 focus in FY25 has been in ensuring more accurate data for our biggest businesses and most material Scope 3 categories. Accurate activity based (rather than spend based) data is allowing targeted actions plans to be developed. Whilst total Scope 3 emissions have increased +36%, we have made progress in reducing transport and distribution emissions by -40% vs our original FY22 baseline.

## FY25 SCOPE 1 AND 2 EMISSIONS

(tonnes CO<sub>2</sub>e)

	FY22 (baseline)	FY24*	FY25**
Scope 1	2,909	3,875	<b>3,732</b>
Scope 2 Location-based	4,580	5,739	<b>5,213</b>
Scope 2 Market-based	4,806	3,807	<b>1,043</b>
Intensity Ratio (MB)	7.6	5.6	<b>3.1</b>

\* independently verified numbers  
\*\* in process of verification

## ELECTRICITY INTENSITY

	KWh	MWh/£m
<b>FY25**</b>		
UK	<b>2,963,203</b>	
Diploma Group	<b>16,889,661</b>	<b>11.08</b>
<b>FY24*</b>		
UK	3,181,062	
Diploma Group	17,755,337	13.02

This disclosure is prepared in accordance with the UK Streamlined Energy and Carbon Reporting (SEC) requirements under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. More information on our methodology can be found at [diplomapl.com/sustainability](http://diplomapl.com/sustainability)

## SCOPE 3 EMISSIONS

Scope 3 Category (tonnes CO <sub>2</sub> e)	% change from 2022	2025	2024	2023
<b>Category 1: Purchased Goods and Services</b>	+99%	<b>201,585</b>	176,935	81,338
<b>Category 2: Capital Goods</b>	(62%)	<b>4,733</b>	6,973	14,113
<b>Category 4: Upstream Transportation and Distribution</b>	+20%	<b>40,592</b>	38,920	38,779
Remaining Scope 3 Categories	(56%)	<b>22,953</b>	21,305	17,881
<b>Total Scope 3 GHG emissions (tonnes CO<sub>2</sub>e)</b>	+36%	<b>269,863</b>	244,134	152,111