

DIPLOMA PLC

# Diploma PLC Environment Policy



**Delivering Value Responsibly**



October 2021

## **Diploma PLC Environment Policy**

### **Environmental culture**

We consistently deliver value by making a difference to our colleagues, our customers and suppliers and our communities; and we seek to do so in a responsible way by *delivering value responsibly*. Our environmental vision is to create a growing business with a shrinking environmental impact, moving towards net zero.

Tackling climate change is one of the most urgent and shared challenges facing humanity. It affects every country on every continent and is disrupting economies and costing lives. We recognise that our waste and emissions contribute to climate change and environmental damage, and we would like every member of the Group to share in our efforts to reduce our impact on the environment. We also recognise that we can contribute positively by supplying environmentally beneficial products and solutions.

Our values of continuous improvement, accountability and respect are as relevant to how we manage our environmental impact as they are to all aspects of our business. Let's be proactive in tackling climate change, encourage others to do the same, and look for ways to reduce waste and emissions or consider greener alternatives.

We should engage colleagues in environmental matters by building a culture that encourages open dialogue and input and emphasises the importance of continuous improvement.

### **Environmental standards**

Each business is responsible for developing procedures and frameworks to suit its specific circumstances. However, all businesses should comply with the standards and requirements of this policy as a minimum.

- Environmental performance should be an integral part of the business' strategy.
- Comply with or exceed all applicable environmental laws, regulations and standards and apply responsible standards where legislation is inadequate or does not exist.
- Where appropriate, put practices in place to help measure, analyse and reduce environmental impact, and set appropriate and measurable objectives.
- Communicate and champion environmental standards and priorities to colleagues and provide the training and information they need to contribute.
- Understand the risks and opportunities related to the environment and sustainability and how they apply to your business; pursue the environmental opportunities and improvements that are most material to your business.

## Environmental governance

During 2022 we would like each business to identify opportunities to reduce their environmental impact and look for ways that their business' products and services can make a positive contribution to the environment.

The first area of focus is **carbon emissions**. Understanding the carbon intensity ratio for your business will start to give you useful data to drive improvements. Most businesses already submit the information to calculate Scope 1 and 2 as part of the year end, but we intend to cover all existing businesses, going forward. The intensity ratios allow us to compare year on year performance as businesses scale and new businesses join the Group.

The second area that we are focusing on is **waste**. This encompasses everything collected by your waste management supplier or specialist waste disposal. Our intention is to reduce our total waste and the proportion of waste that goes to landfill. Monitoring waste may be simpler for some businesses than others. Our ambition is for all businesses to be monitoring, managing, and reducing their waste by the end of FY22.

Some businesses may also benefit from external certification, such as ISO 14001.

## Environmental reporting

To help us achieve our environmental goals we will ask the businesses to report against key metrics.

**Scope 1:** scope 1 emissions are direct Greenhouse gas ('GHG') emissions that occur from sources that are controlled or owned by the business (e.g. emissions associated with fuel combustion in boilers, furnaces and vehicles). Scope 1 emissions will be calculated by Group Finance from the data provided by each business (see Group reporting requirements below).

**Scope 2:** scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Scope 2 emissions will be calculated by Group Finance from the data provided by each business (see Group reporting requirements below).

**Waste:** businesses should work in partnership with their commercial waste collector to determine the final destination of their waste (recycled, landfill, or other).

### Business inputs

- The source data used for scope 1 and scope 2 emissions calculations – your emissions and intensity ratios will be calculated by Group Finance.
- Record and categorise your waste by destination – landfill, recycling and other. Other waste may include incinerated waste, specialist waste and toxic waste. If you cannot determine the destination of your waste, please categorise it as waste-to-landfill.
- Be ready to provide commentary on contributing factors and corrective or mitigating actions taken as a result, alongside any additional commentary or analysis that you consider significant.

### Hyperion Reporting requirements

All businesses will report certain environmental data using Hyperion on a quarterly basis. Accuracy of data will be the responsibility of the Finance team and it is worth considering appropriate internal controls.

### Quarterly reporting

At the end of each financial quarter, businesses should submit the following environmental information on the data entry form in Hyperion:

#### *Waste*

- total waste to recycling (metric tonnes)
- total waste to landfill (metric tonnes)
- total other waste (metric tonnes)

#### *Scope 1 and scope 2 carbon emissions*

- Owned and leased vehicles – model, type, year, annual mileage, total fuel usage
- Boilers – type, fuel type and quantity of fuel combusted
- Electricity – source by invoice, provider and total electricity purchased

Group Finance will process the raw data provided by each business and calculate your scope 1 and 2 emissions.

Businesses should also provide regular commentary that addresses contributing factors, corrective or mitigating actions, significant opportunities or challenges and any other relevant information.

Twice a year, businesses will be asked to formally review progress on their environmental management and compliance with their Sector CEO. This feedback will be incorporated into the biannual *Delivering Value Responsibly* governance meeting.