

DIPLOMA PLC TAX STRATEGY

Board approved – 19 September 2023

1 Objective

The purpose of this document is to communicate Diploma's Strategy for the management of tax within the group comprising Diploma PLC and its subsidiaries. This strategy is published in accordance with paragraph 16(2) of Schedule 19 Finance Act 2016, for the year ended 30 September 2023.

The Group's approach to tax is to ensure that we:

- o Comply with tax laws, rules and regulations in the countries in which we operate
- o Control and manage tax risks in line with our risk management procedures
- o Work transparently with tax authorities to build and maintain constructive relationships, aiming to discuss and resolve matters in real time wherever possible
- o Maintain a tax strategy which is supported by the Board

The Diploma Group is dedicated to paying our fair share of tax in all the countries in which we operate. The Group will only utilise tax reliefs within the spirit of the law and never with the intention of willfully avoiding tax or using aggressive tax avoidance schemes.

2 Governance and management of risk

The Group's Tax governance focuses on the Group's Tax Strategy, the Group's Tax Policy and the day-to-day operational processes and controls in place that are designed to ensure that tax risks are managed effectively. Ultimate responsibility for Diploma's tax strategy and management of tax risk rests with the Board.

The Audit Committee assists the Board in discharging its responsibilities with regard to monitoring the integrity of Group financial reporting, external and internal audits and controls. This includes those elements relating to tax. The Board meets annually with the Head of Tax to review the key tax matters impacting the Group and the CFO updates the Board monthly of any tax developments.

As taxes are generally imposed at a legal entity level, rather than on the Group as a whole, the day-to-day operational management of tax lies within the business. Therefore, the business CEOs and CFOs are responsible for managing tax risks within their jurisdictions, with oversight and support provided by the Head of Tax.

The business CEOs and CFOs have regular contact with the Head of Tax to discuss key tax issues. The tax implications of significant business transactions are evaluated, and consideration given to areas where tax-related decisions are required.

All employees with tax responsibilities have a clear and consistent understanding of how tax risk is identified, assessed, reported, and managed and are provided with ongoing training and access to external advice when needed.

Regular risk reviews are undertaken to identify key tax risks, to assess the business impact and for controls to be implemented to mitigate those risks. The risks are monitored for business and legislative changes which may impact them and changes to processes and controls are made when required.

Further information on the Group's Internal Control and Risk Management framework can be found in the Diploma PLC Annual Report & Accounts 2022.

3 Consistency and attitude to tax planning

We are committed to being a responsible taxpayer and our approach is to comply with tax laws in the countries in which we operate and pay our fair share of tax. We recognise the impact tax has on wider society and we always consider the group's reputation and corporate and social responsibilities when considering tax.

We undertake transactions which are commercially driven and do not put in place artificial or contrived arrangements. All tax planning we undertake must have a sound and genuine commercial rationale and fully comply with Group Tax Policy.

We will claim tax reliefs, tax incentives and exemptions in line with the tax laws under which we operate.

We never use countries denoted as tax havens for tax avoidance purposes. Any presence in a tax haven will be for reasons of genuine commercial rationale.

The level of risk which Diploma accepts in relation to taxation is consistent with our overall objective of achieving certainty in our tax affairs.

4 Tax authority relations

The Group will seek to work in 'partnership' with HMRC and overseas tax authorities in relation to its tax dealings. In particular:

- o Meeting and corresponding with HMRC (or equivalent overseas tax authority) throughout the year.
- o Keeping HMRC (or equivalent overseas tax authority) informed of significant transactions and changes in the business.
- o Communicating our tax positions based on all relevant facts where we consider that there is potential for uncertainty. Seeking to resolve the matter through an open and honest conversation.
- o Ensuring any inadvertent errors in submissions are fully disclosed as soon as possible after they are identified.