

Net Zero & Climate Transition Plan

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1 Purpose and Scope

In FY2023, Diploma PLC (“Diploma”) committed to ambitious Net Zero targets, aligning with the United Nations’ global climate objectives and the goal of limiting global warming to 1.5°C.

With the full support of the Diploma Board and Executive Committee, we are delivering a comprehensive Net Zero and Climate Transition Plan. This plan outlines our science-based targets, including:

- A 50% reduction in Scope 1 and 2 emissions by 2030
- A 30% reduction in Scope 3 emissions by 2030
- A 90% reduction across Scope 1, 2, and 3 emissions by 2045

Through consistent and prioritised efforts, we aim to meet these milestones and achieve Net Zero across our operations and value chain.

This Plan applies to all Diploma PLC entities, subsidiaries, and functions across all regions. It reflects our full climate impact and sets out the governance, strategic actions, stakeholder engagement, and reporting mechanisms necessary to drive progress across the Group.

Our Net Zero Roadmap: 10 Priority Actions

To deliver on our Net Zero commitments by 2045, this Plan is structured around ten priority action areas:

Roadmap Action	Description
1. Governance & Accountability	Oversight by the Board and Executive Team, with operational delivery managed through the DVR Steering Committee.
2. Emissions Understanding & Awareness	Deployment and implementation of the DVR framework to improve emissions literacy and data quality across the Group.
3. Operational Emissions Reduction	Energy efficiency measures such as LED lighting, insulation upgrades, and transitioning to low-emission vehicles.
4. Renewable Energy Procurement	Sourcing electricity from certified renewable providers using Energy Attribute Certificates (EACs) or local agreements.
5. On-site Energy Generation	Investment in on-site renewable infrastructure, such as solar panels, where feasible.
6. Climate-Aligned Financial Planning	Integration of climate targets into capital allocation, investment planning, and operating expenditure decisions.
7. Value Chain Engagement	Structured supplier engagement via EcoVadis to align key suppliers with Diploma’s climate goals, assess environmental risks, and promote sustainable practices.
8. Risk & Opportunity Analysis	Formal scenario analysis and periodic risk assessments to identify and manage climate-related impacts and opportunities across short, medium and long-term horizons.
9. Science-Based Emissions Targets	Achievement of verified, science-based targets for Scope 1, 2, and 3 emissions, consistent with the SBTi.
10. Transparency & Continuous Improvement	Transparent annual reporting on progress against targets, independent third-party verification of emissions data, and continuous improvement driven by Board oversight and stakeholder feedback.

2 Governance & Accountability

2.1 Board Oversight

The Board of Diploma PLC (“Diploma”) plays a vital role in guiding the Group’s strategic direction on sustainability and ensuring alignment with a 1.5°C pathway. Climate considerations are fully integrated into the Board’s oversight of business strategy, risk management, budgets, and major investment decisions.

The Board is regularly informed about climate-related matters through:

- Monthly reporting packs covering financial and non-financial performance
- CEO updates during Board meetings, including progress on DVR and climate strategy
- Quarterly updates on climate-related risks
- An annual deep-dive session led by the Group Sustainability Director
- An annual review of macroeconomic trends, including climate impacts
- Periodic reviews of climate risk scenario modelling and emissions performance

These mechanisms enable the Board to make informed decisions and ensure climate objectives are embedded within the Group’s long-term strategy. Through this oversight, the Board has approved all SBTi-validated targets and this Transition Plan.

2.2 Board Expertise on Climate-Related Issues

While individual Board members are not climate specialists, we ensure they have access to the insights and information required to oversee climate-related matters effectively.

Structured briefings, ongoing updates, and senior-level sustainability engagement ensure the Board remains equipped to assess the implications of climate risks, policy shifts, and stakeholder expectations. This builds Board capability and supports robust decision-making as the Group transitions to a low-carbon economy.

2.3 Accountability & Feedback Mechanism

The Executive Team holds overall accountability for delivering our climate transition plan. Each member is responsible for progress within their sector or function and is expected to report regularly against agreed targets. Operational delivery is overseen by the Group’s Delivering Value Responsibly (DVR) Steering Committee, which includes the Group CEO, Group Sustainability Director and Group HR Director. This committee meets monthly to monitor performance across the Group’s ESG priority areas, including climate and the environment.

We have also established clear feedback mechanisms to support continuous improvement:

- Structured stakeholder engagement, including shareholders and key partners
- An internal communications strategy encompassing:
 - Quarterly senior leadership updates
 - Internal newsletters
 - Direct communications from the CEO
 - Cross-functional sustainability networks

These channels ensure colleagues at all levels are aligned with the Group’s sustainability goals and are empowered to contribute to their delivery.

2.4 Incentives

Our sustainability programme, Delivering Value Responsibly (DVR), is embedded in the Group's strategy and overseen by the Board. Management teams are accountable for performance against DVR priorities, including climate-related goals such as reducing operational emissions and supplier engagement targets.

In line with our decentralised model, individual businesses are responsible for delivering sustainability outcomes and may implement localised incentive structures to drive performance.

At the Group level, the Sustainability team, including the Group Sustainability Director, has performance objectives aligned with our climate and ESG targets. These goals help reinforce accountability and support the delivery of our long-term Net Zero ambitions.

3 Strategy

We are working to align our business model with the 1.5°C pathway, reflecting our commitment to global climate objectives. We have developed a structured climate transition strategy that distinguishes between Scope 1 & 2 and Scope 3 emissions (**Appendix 1**). Our targets have been validated by the Science Based Targets initiative (SBTi), reinforcing our ambition to contribute meaningfully to climate action.

We are integrating climate considerations more systematically into business decision-making, with the aim of aligning financial performance and investment planning with our sustainability goals. At the same time, we seek to support our customers as they navigate their own climate transitions.

To enable this across the Group, we are deploying digital tools and EcoVadis alongside online and in-person training. These resources empower all businesses to better manage their carbon data, take ownership of their footprints, and implement effective emissions reduction plans.

3.1 Climate-related Risks, Opportunities & Strategy Alignment

We are actively integrating climate-related risks and opportunities into strategic planning. In 2023, we undertook a formal qualitative scenario analysis to identify our principal climate-related risks and opportunities (CRROs), involving operational, business and functional leaders across the Group and supported by external, independent expert consultants. In FY2025, the analysis was reviewed to reassess our principal CRROs; there were no changes.

We considered three contrasting scenarios, combining the IPCC's Representative Concentration Pathways (RCPs) and Shared Socio-economic Pathways (SSPs):

- **SSP1-RCP2.6 (Steady Path to Sustainability):** globally coordinated action limiting warming to approximately 2°C.
- **SSP2-RCP4.5 (Global Fragmentation):** uneven, imperfect action, with warming of approximately 3°C.
- **SSP5-RCP8.5 (Fossil-Fuelled Growth):** mitigation deprioritised in favour of adaptation, with warming exceeding 4°C.

The most ambitious scenario in this suite (SSP1-RCP2.6) approximates a 2°C pathway. A 1.5°C-aligned scenario (SSP1-1.9) is planned for inclusion at our next scheduled scenario review, to more directly test resilience against the pathway to which our targets are aligned.

Risks are assessed using a probability–impact matrix on a net basis, taking into account existing mitigating actions, across short-, medium-, and long-term horizons.

Materiality is assessed against a threshold of greater than 5% of the Group's adjusted operating profit for short- and medium-term risks, and twice that level for long-term risks.

Scenario analysis primarily informs our understanding of climate-related risks. Climate-related opportunities are identified through our wider strategic and financial planning process, which considers how the transition to a low-carbon economy shapes demand across our end markets, informs product and investment priorities, and creates growth potential in areas such as energy infrastructure, electrification and circular economy services. Together, these processes inform the risks set out in Section 7.2, the opportunities in Section 7.3, and the financial planning in Section 4.

While we recognise that permanent carbon removals will play a role in neutralising residual emissions as we approach net zero, in line with the SBTi Corporate Net-Zero Standard, our immediate focus is on actions that deliver direct and measurable emissions reductions across our operations and value .

3.2 Reducing Scope 1 & 2 Emissions

Our strategy to reduce Scope 1 and 2 emissions follows a clear four-part approach: Understand, Reduce, Procure, Generate. These pillars are supported by a strong foundation of awareness and commitment across all our businesses.

Understand

We continue to roll out the Delivering Value Responsibly (DVR) framework and a dedicated carbon and ESG data platform to strengthen emissions data collection and reporting across our business. Every business is expected to set clear reduction targets, build internal awareness and develop the capabilities needed to manage its carbon emissions. Our GHG inventory is prepared annually in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Corporate Value Chain (Scope 3) Standard.

Reduce

Implementation of practical measures to cut emissions from our operations. These include:

- Installing LED lighting
- Enhancing building insulation
- Deploying building management systems to optimise energy use
- Transitioning from internal combustion engine (ICE) vehicles to electric or hybrid alternatives
- Improving operational efficiency and reducing waste to landfill

Procure

Prioritisation of the purchase of renewable electricity through energy attribute certificates (EACs) and Power Purchase Agreements (PPAs), working with local energy providers to secure more sustainable sources. Our target is 100% renewable electricity globally by FY2030.

Generate

Where feasible, we are investing in on-site renewable energy solutions, such as solar panels, to directly reduce reliance on grid electricity and fossil fuels. We are making steady progress and fostering a culture of continuous improvement in environmental management. Local teams are expected to review performance regularly, respond to audit findings, and embed improvements into operational planning.

While challenges remain, we are committed to taking meaningful action and collaborating across the Group to meet our long-term climate goals.

4 Financial Planning

Our financial planning is closely integrated with our climate transition goals, ensuring the business remains competitive and resilient in a 1.5°C-aligned economy.

We have set clear financial objectives to support our climate commitments through to 2030 and 2045. These are integrated into the Group's broader financial strategy and capital allocation processes. Investments are prioritised in areas that support emissions reduction and long-term sustainability.

Key areas of focus include:

- CAPEX: investment in energy-efficient technologies and low-emission infrastructure
- R&D: innovation in sustainable and low-carbon products and services
- OPEX: adjustments to support more efficient, low-impact business operations

Climate and ESG performance is embedded directly into Diploma's annual budgeting process. Each business sets budgeted targets across our core sustainability metrics – including Scope 1 and 2 emissions, waste to landfill, and supply chain alignment – alongside its financial budget, with performance tracked quarterly against both and reviewed by the CFO and CEO. This ensures climate delivery is planned and resourced with the same rigour as financial performance.

Climate-related costs are considered within our existing strategic and financial planning processes. We monitor developments in climate-related regulation and assess the associated cost implications for our businesses, including where these affect input costs and product margins, and reflect them in pricing and sourcing decisions as appropriate. Costs associated with actions supporting our FY2030 Scope 1 and 2 targets are considered alongside other capital and operating requirements through these cycles. We do not currently apply an internal carbon price and keep this under review.

By embedding climate considerations into financial planning, Diploma ensures it can deliver long-term value to stakeholders while meeting its environmental targets.

4.1 Low-carbon Products and Services

We are committed to expanding our portfolio of low-carbon products and services as part of our broader Net Zero strategy. This reflects our intention to support customers and suppliers in their own transitions to a more sustainable future.

As a highly diversified Group, we prioritise investments in:

- Clean energy and electrification
- Energy efficiency technologies
- Products and services that reduce environmental impact across the value chain.

Our approach focuses on improving energy use, reducing dependence on fossil fuels, and investing in more sustainable alternatives. While a complete and immediate shift away from fossil fuel-related activities is not feasible in the short to medium term, we are pursuing a strategic, phased transition.

This ensures we can meet operational needs, maintain business performance, and remain fully aligned with our long-term climate goals.

4.2 Methodology for Assessing Climate Alignment of Revenue and Spending

We have established a clear methodology to assess the extent to which our revenues and investments are aligned with our Net Zero pathway. This approach combines recognised external frameworks with an internally consistent classification system to ensure transparency, comparability, and accountability.

Revenue Classification

Revenue is assessed based on our known-end-use of products and services. Each business defines and categorises its revenue, with climate-positive revenue identified under the following account codes:

- Energy: Clean energy generation, Energy efficiency, Other energy
- Resources: Management of natural resources, Other resources
- Transport: Transport (people), Transport (goods), Other transport
- Water: Sustainable water management, Other water
- Waste: Pollution control, Waste control, Other waste
- Other environmental: Other environmental

These categories are informed by and mapped against the environmental objectives identified in the EU Taxonomy Regulation, specifically:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control

Revenues derived from products or services contributing to these objectives are classified as climate-positive.

Spending Classification

We also evaluate capital expenditure (CAPEX) and operating expenditure (OPEX) aligned to DVR initiatives (sustainability). Spending is considered aligned where it supports:

- Implementation of emissions reduction initiatives,
- Investment in low-carbon assets or projects, or
- Delivery of business-level environmental targets.

In practice, all businesses prepare internal budgets that incorporate sustainability objectives, ensuring CAPEX and OPEX decisions contribute to the Group's DVR strategy.

Framework Integration

This methodology ensures that revenue and spending assessments are both:

- Externally consistent – informed by the environmental objectives of the EU Taxonomy; and
- Internally practical – enabling consistent application across our decentralised operating model.

By embedding this approach, we can demonstrate the alignment of our financial flows with our Net Zero strategy and track progress over time.

5 Low-carbon Initiatives & Value Chain Engagement

5.1 Low-carbon Initiatives

Diploma is committed to reducing our operational carbon footprint through targeted initiatives that align with our science-based climate targets. These include:

- A 50% absolute reduction in Scope 1 and 2 emissions by 2030 (against an FY2022 baseline)
- A 30% absolute reduction in Scope 3 emissions by 2030 (against the same baseline)
- Net Zero across all scopes by 2045

These initiatives are implemented across all businesses, supporting efficiency, emissions reduction, and progress towards our Net Zero goal.

5.2 Scope 3 Reduction Strategy

Our Scope 3 strategy is structured around three pillars: Understand, Engage, and Reduce.

Understand

- We analyse all 15 GHG Protocol Scope 3 categories to assess materiality, relevance and data quality.
- Ten categories are currently reported as relevant to Diploma's operations; full relevance assessments for all 15 categories are disclosed in **Appendix 2**.
- We are moving progressively from spend-based calculations toward activity-based, supplier-specific primary data, with a target of 50% primary data coverage for Category 1 by FY2030.
- This transition is critical to demonstrating real-world emissions reductions as suppliers decarbonise, rather than reductions driven solely by changes in spend.

Engage

- We prioritise high-impact categories and key suppliers, using publicly available information and recognised assessment platforms such as EcoVadis Carbon Action Manager.
- This enables us to identify risks, benchmark supplier performance, access supplier carbon data and help businesses build capacity to address climate challenges.

Reduce

- We work with suppliers and internal teams to develop targeted strategies that drive measurable emissions reductions across Scope 3, including supporting innovation and sharing best practice.
- Our EcoVadis supplier programme, piloted with six businesses from January 2026, provides an externally recognised tool to track supplier progress and integrate sustainability performance into procurement decisions. Full details are set out in Section 5.4.

5.3 Value Chain Engagement

We recognise that meaningful climate progress requires collaboration beyond our own operations. Scope 3 accounts for over 98% of the Group's total emissions footprint, with the two most material categories being purchased goods and services (Category 1) and upstream transportation and distribution (Category 4). Our businesses draw on long-standing supplier relationships to engage key suppliers on shared sustainability objectives.

Engagement is prioritised based on factors such as:

- Absolute Scope 3 emissions contribution – suppliers covering the greatest share of Category 1 and Category 4 emissions will be engaged first.
- Procurement spend- suppliers representing the highest annual spend, as a proxy for emissions where primary data is unavailable
- Strategic importance - long-term, mission-critical suppliers with whom Diploma has the greatest leverage and relationship depth
- Environmental and regulatory risk exposure – suppliers in sectors or geographies with high transition or physical risk profiles

In parallel, we are strengthening processes to assess supplier performance in environmental, financial and compliance areas. As part of our climate resilience approach, supplier engagement also supports adaptive capacity across the value chain, recognising that physical climate risks in the supply chain can cause business disruption and affect the long-term resilience of the Group.

5.4 Supplier Engagement Programme

Diploma's approach to supplier engagement is governed by our Sustainable Procurement Policy and Supplier Code of Conduct, which set out clear environmental and social expectations of our suppliers.

We take a practical, risk-based approach, focusing our efforts on suppliers in higher-risk geographies, categories and spend tiers, rather than applying the same level of scrutiny to every supplier. Key suppliers are defined as those representing the top 50% of spend, or suppliers that are strategically critical to our operations. Under our decentralised model, each business uses risk assessment to flag suppliers in this category.

Screening and segmentation

All in-scope suppliers are screened using EcoVadis Supply Chain Risk Management, our chosen supplier sustainability assessment suite. The platform provides a tiered approach: IQ Plus for automated risk scanning, Vitals for short-form assessment of environmental, labour and human rights, ethics and procurement risk, and full EcoVadis Ratings assessments for our highest-priority suppliers. Key suppliers are prioritised for screening through EcoVadis Supply Chain Risk Management.

In 2025, we signed a Group-wide agreement with EcoVadis as our primary platform for this assessment, selected after an earlier pilot confirmed the importance of using a tool that is both accessible and valuable to our suppliers. EcoVadis, an internationally recognised sustainability ratings platform, assesses suppliers across environment, labour and human rights, ethics and sustainable procurement, providing us with consistent, externally validated insight into supplier performance.

We first completed Diploma's own EcoVadis assessment to demonstrate leadership before extending the programme to suppliers and launched a pilot with six businesses in FY2026.

We have also subscribed to EcoVadis Carbon Action Manager, enabling us to capture supplier-level GHG data and track improvement over time. Once our key suppliers have been screened and onboarded, we will extend the programme to our remaining supplier base, prioritised by risk profile, using either a full assessment or a shorter screening questionnaire as a minimum standard.

Contracting and monitoring

All suppliers are asked to acknowledge and comply with the Diploma Supplier Code of Conduct. We encourage our businesses to reflect sustainability criteria in their procurement and supplier screening processes, giving preference to suppliers whose approach is consistent with our Net Zero pathway. This is being introduced progressively, in line with the maturity of each business's supply chain and sourcing arrangements.

Progress is tracked quarterly, including the number and percentage of suppliers engaged, and overseen by the Board and Executive Committee via the Delivering Value Responsibly (DVR) Steering Committee. We commit to transparent, annual disclosure of supplier engagement, spend coverage, and Scope 3 emissions reductions.

Escalation

Where a supplier declines to participate, we follow a documented escalation process, including a minimum of three follow-ups and internal escalation for review. Continued non-participation by a higher-risk or strategically significant supplier is escalated for a decision on the future of the relationship, with any exceptions documented and approved at Group level.

Targets

Our sustainable procurement targets and supplier assessment targets are set out in our Sustainable Procurement Policy and reviewed annually. Our supplier assessment targets trajectory is:

Year	Suppliers Assessed	Spend Coverage
FY2026	≥50	10%
FY2027	≥100	-
FY2028	≥250	≥50%
FY2030	75% of key suppliers*	≥70%

**Suppliers Assessed figures for FY2026–FY2028 are absolute counts based on the FY2025 supplier base. The FY2030 target is expressed as a percentage rather than a count, as the total supplier base may change by 2030.*

Looking ahead, by 2030, we aim to use EcoVadis Carbon Action Manager data to co-develop joint emissions reduction initiatives with key suppliers, and to embed supplier climate performance into procurement processes across all businesses.

Progress against these targets is reported annually in the Diploma Annual Report. The Group Sustainability Director reports quarterly to the DVR Steering Committee on progress against sustainable procurement objectives and key supply chain initiatives.

M&A integration

All businesses acquired by Diploma will be enrolled in supplier assessment programme within 18 months of acquisition completion. The Group's sustainability due diligence questionnaire will be updated by Q2 FY2027 to include a screen for SBTi-alignment among the target's key suppliers, and a minimum environmental performance threshold as a condition of acquisition approval.

6 Policy Engagement

Diploma does not engage in direct lobbying on environmental legislation or regulation. We ensure that any external engagement by the Group or its businesses remains consistent with our climate commitments and the objectives outlined in this Transition Plan. Where relevant, we maintain open dialogue with businesses across the Group to align their environmental activities with Group-wide sustainability goals.

Our operations align with regulatory frameworks that accelerate the energy transition, including the UK Zero Emission Vehicle mandate, the EU Corporate Sustainability Reporting Directive, and clean energy provisions in the jurisdictions where we operate. The Group monitors policy developments that affect the key assumptions underpinning this Plan and will update interim targets if material policy changes alter the feasibility of the transition pathway.

Some of our subsidiaries maintain standard registrations on public transparency registers in jurisdictions such as the European Union, Canada, and the United States, consistent with regulatory requirements applicable to businesses operating in those markets. This supports accountability and transparency of our operations.

As a listed company, Diploma PLC makes relevant environmental disclosures publicly available. We remain committed to conducting business in a responsible and transparent manner across all regions in which we operate.

7 Climate-related Risks & Opportunities

7.1 Identifying Climate-related Risks & Opportunities

Diploma employs a comprehensive risk management framework that includes the identification and evaluation of climate-related risks and opportunities. This process is reviewed regularly and draws on input from operational, functional, and business leaders across the Group. We integrate climate considerations into our strategic planning through:

- Periodic risk reviews
- Qualitative scenario analysis
- Stakeholder engagement
- Bottom-up inputs from across the business

Risks are assessed using a Probability-Impact Matrix across short, medium, and long-term horizons. Materiality is evaluated on a 'net basis' - taking account of mitigating actions already in place. This ensures our assessments remain relevant, proportionate, and aligned with the Group's evolving strategy.

7.2 Climate-related Risks

Diploma has identified both physical and transition-related climate risks that could impact our operations or supply chain. These risks are assessed across short, medium and long-term horizons through the scenario analysis described in Section 3.1

Physical risks arise from the increasing frequency and severity of extreme weather events, including heatwaves, droughts, flooding, and windstorms, which may disrupt logistics networks, local distribution operations, and our suppliers' operations, increase input costs or delay deliveries.

Transition risks relate to the global shift toward a low-carbon economy, including changing regulations and carbon pricing, evolving customer demand for lower-carbon products, and technological shifts. Certain products within our portfolio may be affected by evolving environmental and regulatory requirements, which could influence future product design, sourcing, or market access. To mitigate these risks, we are:

- Diversifying supply chains and sourcing locations
- Investing in energy-efficient and low-carbon technologies
- Monitoring policy and regulatory changes
- Monitoring developments through relevant industry groups to stay ahead of regulatory change
- Maintaining property and business interruption insurance and buffer stockholding, with disaster recovery arrangements at locations identified as having elevated physical risk exposure

While the overall financial impact of these risks is currently assessed as low, they are reviewed annually and monitored at Group level, with corporate oversight sitting with the Board.

7.3 Climate-related Opportunities

The global transition to a low-carbon economy presents several strategic growth opportunities for Diploma. These have been identified through the strategic planning process described in Section 3.1, and are considered particularly in:

- **Energy infrastructure and electrification** - our Controls businesses supply wire, cable, connectors and automation components used in renewable energy generation, datacentres and electric vehicle infrastructure, where demand for high-performance components is growing.
- **Circular economy and aftermarket services** - a number of our businesses products and services support repair, maintenance, refurbishment and reuse, extending equipment lifespans and reducing material consumption. Examples across the Group include the refurbishment and repair of industrial automation and robotics equipment, and contracts to remove, repair and reinstall pump equipment for water utility customers.
- **Enhanced logistics efficiency** - supply chain consolidation, modal shift and engagement with logistics providers can simultaneously reduce emissions and lower costs, while supporting customers seeking to reduce their own Scope 3 emissions.

We continue to evaluate these opportunities for financial relevance and long-term value creation. Our decentralised model and sector-specific expertise position us to respond flexibly to market shifts and customer expectations, while supporting more sustainable operations and product offerings across the Group.

8 Targets

8.1 Emissions Reduction Targets

Diploma has set near-term and long-term, science-based targets to reduce greenhouse gas (GHG) emissions across its operations and value chain. These targets are aligned with the Paris Agreement and the 1.5°C pathway and have been validated by the Science Based Targets initiative (SBTi).

Our core emissions reduction targets are:

- 50% absolute reduction in Scope 1 and 2 emissions by 2030, from a 2022 baseline
- 30% absolute reduction in Scope 3 emissions by 2030, from the same baseline
- 90% absolute reduction in Scope 1, 2 and 3 emissions by 2045

These targets reflect our commitment to meaningful and measurable progress toward Net Zero. As of FY2025, Scope 1 and 2 (market-based) emissions stand at 5,078 tCO₂e - already 44% below the FY2022 baseline, placing Diploma on track to meet its near-term target ahead of schedule. Scope 3 emissions of 269,851 tCO₂e are 13.2% above baseline, reflecting acquisitive growth, and are the primary focus of the value chain strategy set out in Section 5.

8.2 Interim Milestones

To ensure consistent progress toward our FY2030 targets and provide stakeholders with transparent annual checkpoints, we disclose the following interim milestones. Figures are market-based (MB) tCO₂e.

Year	S1+2 (MB)	Range	vs Base	Scope 3	Range	vs Base
FY2022	9,064*	-	Baseline	238,431*	-	Baseline
FY2025A	5,078	-	-44%	269,851	-	+13.2%
FY2026	5,000	±5%	-45%	249,000	±7.5%	+4.5%
FY2027	4,800	±6.25%	-47%	229,000	±9.0%	-4.0%
FY2028	4,700	±7.5%	-48%	208,000	±11%	-13.0%
FY2029	4,600	±8.75%	-49.5%	187,000	±13%	-21.5%
FY2030	4,532*	±10%	-50.0%	166,901	±15%	-30.0%*

*Baseline figures are restated to exclude businesses divested prior to SBTi target submission (see Section 9) and are currently under further SBTi revalidation; figures will be updated once confirmed.

*Unlike the interpolated FY2026–FY2029 figures, the FY2030 central value is the fixed SBTi near-term target itself (-50% Scope 1+2, -30% Scope 3), not a projection. The ±10%/±15% range reflects uncertainty around delivering that target, not uncertainty in the target itself.

Methodology note:

- Interim milestones are derived by linear interpolation between verified FY2025 actuals and the FY2030 SBTi near-term targets, providing a directional annual checkpoint rather than a bottom-up initiative-by-initiative forecast.
- An indicative uncertainty range is applied, widening from ±5%/±7.5% (Scope 1+2/Scope 3) at FY2026 to ±10%/±15% at FY2030, reflecting compounding uncertainty in acquisition activity, supplier data maturity, and data quality improvement over time.
- Acquisitions or divestments representing more than 5% of Group total emissions in the relevant year trigger a formal base year restatement within 12 months, disclosed in the Annual Report. The FY2026–FY2030 milestones assume acquisition activity remains within this threshold; where it does not, this milestone table will be restated accordingly.

Diploma's FY2022 base year and associated near-term and net-zero targets are currently undergoing a scheduled update and revalidation with the SBTi. Figures in this table are as submitted for validation and will be updated once confirmed.

8.3 Other Climate-related Targets

In addition to GHG reductions, Diploma has set supporting targets across other climate and environmental priorities. These include:

- Achieving 100% renewable electricity across operations by FY2030 (see Section 3.2)
- Improving energy efficiency in buildings and fleets
- Reducing waste to landfill to below 15% by 2030
- Strengthening environmental management systems (EMS) across all businesses

These targets are designed to drive continuous improvement and ensure all areas of the Group contribute to delivering our climate strategy.

8.4 Net Zero target

Diploma has committed to achieving Net Zero GHG emissions across all scopes by 2045. This commitment includes interim science-based targets for 2030, and is underpinned by:

- An annual review process to track and adjust delivery plans
- Independent third-party assurance of Scope 1 and 2 emissions and our most material Scope 3 categories, with coverage extended over time
- Transparent public reporting to ensure external accountability

Our Net Zero pathway is focused on delivering absolute emissions reductions of at least 90% across all scopes. Any residual emissions will be neutralised through permanent carbon removals, in line with the SBTi Corporate Net-Zero Standard; carbon credits will not be counted towards our reduction targets.

9 Emissions Accounting & Verification

Diploma works with an independent third-party assurance provider to measure and verify its GHG emissions across Scope 1, 2, and 3. An individual, annual measurement and external verification are critical to tracking progress against our climate targets and ensuring data accuracy and transparency.

Since the 2024 financial year, Diploma has obtained third-party limited assurance over its Scope 1 and Scope 2 emissions. For FY2025, this was extended to cover Scope 3 Category 1 (Purchased Goods and Services) and Category 4 (Upstream Transportation and Distribution). The assurance was conducted to a limited level using ISO 14064-3, in accordance with ISAE 3000 and ISAE 3410, against the WRI/WBCSD GHG Protocol.

Emissions are reported annually in line with CDP Climate Change disclosure requirements. Diploma's base year is FY2022, restated to exclude businesses divested prior to submission of targets to the SBTi. Acquisitions or divestments representing more than 5% of Group total emissions trigger a formal base year restatement within 12 months, disclosed in the Annual Report.

We disclose our emissions methodology and any exclusions to provide a clear understanding of our climate impact. In addition, we calculate and report on all material categories of Scope 3 emissions, reflecting our commitment to a comprehensive and accountable approach.

10 Contacts

For questions about this plan or to request further information, please contact the Group Sustainability Team: Sustainability@diplomapl.com

11 Associated Documents

This Net-Zero and Climate Transition plan should be read in conjunction with the following Diploma Group documents:

- Environment Policy
- Sustainable Procurement Policy
- Supplier Code of Conduct
- Diploma ESG Data Book
- Annual Report and Accounts

All Group policies are available at: <https://www.diplomapl.com/policies-and-standards/>

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Appendix 1: Management of GHG Emissions

This visual illustrates Diploma's phased approach to GHG emissions management, showing how the Group is progressing from Scope 1 and 2 maturity (understanding, verifying, reducing) to prioritising and managing Scope 3 emissions across the value chain.

Transitioning from understanding, managing, and now verifying Scope 1 and 2 to understanding and prioritizing Scope 3 management.



Appendix 2: Scope 3 Category Relevance Assessment

In accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard and CDP Climate Change disclosure requirements, the following table sets out Diploma's relevance assessment across all 15 Scope 3 categories.

Cat.	Category	Status	Relevance Assessment
1	Purchased goods & services	Reported	Largest category (~73% of total emissions). Spend-based methodology, transitioning to primary data.
2	Capital goods	Reported	EEIO applied to capital expenditure data.
3	Fuel- and energy-related activities	Reported	Upstream emissions from fuel and energy production.
4	Upstream transportation & distribution	Reported	Distance-based methodology using DEFRA/GLEC emission factors (~15% of total).
5	Waste generated in operations	Reported	Waste-type methodology, DEFRA conversion factors.
6	Business travel	Reported	Activity-based using DEFRA business travel factors.
7	Employee commuting	Reported	Employee survey methodology.
8	Upstream leased assets	Reported	Leased property and equipment across the Group.
9	Downstream transportation & distribution	Not relevant	Title of goods transfers to customers at point of delivery; Diploma does not control onward transport.
10	Processing of sold products	Not relevant	Diploma distributes finished products; no further processing occurs after sale.
11	Use of sold products	Reported	Energy-using diagnostic equipment in Life Sciences; methodology stabilised for FY2026.
12	End-of-life treatment of sold products	Reported	Waste disposal of sold products at end of useful life.
13	Downstream leased assets	Not relevant	Diploma does not lease assets to third parties as a lessor.
14	Franchises	Not relevant	Diploma does not operate franchise arrangements.
15	Investments	Not relevant	No material equity investments outside the operational control boundary.