

GROUP POLICY

Environment

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1 Purpose

Diploma PLC (“Diploma”) is committed to improving environmental performance, protecting the planet, and contributing to a more sustainable future across all our businesses.

As a decentralised, value add distribution group, we recognise our responsibility to minimise environmental impacts across our value chain and support the transition to a low carbon, resource efficient economy.

This policy sets out our environmental commitments and the minimum requirements for colleagues, leaders, and partners to manage environmental risks, ensure compliance, and drive continuous improvement.

Our approach is guided by Diploma’s Delivering Value Responsibly (DVR) framework and our Group wide net zero commitment by 2045.

2 Scope

Environmental performance is a key aspect of Diploma’s business activities. This policy applies to all Diploma businesses, colleagues, and those working on the Group’s behalf, including directors, employees, suppliers, partners, contractors, and other stakeholders with whom we collaborate.

It sets out the expectations and responsibilities for managing environmental impacts across our operations, value chain, and supply base, ensuring alignment with our Group’s sustainability priorities and regulatory obligations.

3 Policy Statement

Diploma is committed to operating sustainably across all its businesses, working to limit environmental impacts, address climate change, and deliver value responsibly.

As a decentralised distributor of critical products and services across industrial and healthcare markets, Diploma integrates environmental and climate-related considerations into business decisions. Prioritising resource efficiency, emissions reduction, and responsible supply chain practices.

Environmental topics are managed using a risk-based approach, proportionate to the nature and scale of Diploma’s operations and informed by the Group’s double materiality assessment, which is reviewed annually. Issues assessed as lower materiality for our business model, including water and biodiversity, are managed through proportionate controls, with depth of action reflecting assessed risk.

Diploma has set a Group-wide target to achieve net zero greenhouse gas emissions by 2045, validated by the Science Based Targets initiative (SBTi), with interim targets of a 50% reduction in Scope 1 and 2 emissions and a 30% reduction in Scope 3 emissions by 2030. In parallel, Diploma aims to reduce waste to landfill to below 15% by 2030.

These commitments are supported by Diploma’s Climate Transition Plan, which sets out the governance, strategic actions, and reporting mechanisms necessary to drive progress across the

Group. We will continue to engage colleagues, suppliers, and other stakeholders to support these goals, embedding energy efficiency, renewable energy, waste minimisation, and responsible supply chain practices into our operations and partnerships. Our approach to climate-related risks and opportunities is informed by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

4 Minimum Requirements

To support the delivery of Diploma's environmental commitments, all businesses are required to implement a structured framework that reflects the nature, scale, and environmental risks of their operations.

The following minimum requirements set out the key areas each business must address to ensure effective environmental management, aligned with Group wide sustainability objectives.

4.1 Environmental Management System (EMS)

Each Diploma business must establish and maintain an Environmental Management System (EMS) that is appropriate to the nature and scale of its activities and environmental risks. The EMS should provide a structured approach to managing environmental performance and must include:

- Defined roles, responsibilities and accountability for environmental management;
- Objectives and targets that align with Group wide priorities and the DVR framework;
- Procedures to identify and manage key environmental risks and opportunities;
- Mechanisms for regular review, improvement, and internal reporting; and
- Where relevant, alignment with or certification to recognised standards (e.g. ISO 14001).

Environmental management systems should be embedded into day to day operations and proportionate to the business's complexity and level of environmental impact.

4.2 Compliance

All Diploma businesses must comply with applicable environmental laws, regulations, and permitting requirements in the jurisdictions where they operate. Each business is responsible for:

- Identifying relevant environmental legislation and maintaining access to up to date legal requirements;
- Implementing controls and procedures to ensure ongoing compliance;
- Monitoring changes in legislation and regulatory expectations; and
- Taking timely action to address non-compliance, including implementing corrective measures and reporting as required.

Where appropriate, businesses should also consider voluntary standards or sector best practices that support continuous improvement and alignment with Diploma's broader sustainability objectives.

4.3 Climate and Carbon

In line with Diploma's Group-wide net zero commitment by 2045 and interim SBTi-validated targets, all businesses are expected to contribute to the reduction of carbon emissions and improvement of energy efficiency across their operations. Diploma's Climate Transition Plan sets out the Group's

approach to delivering on these commitments. Climate-related risks and opportunities are assessed in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Each business must:

- Identify key sources of greenhouse gas (GHG) emissions across Scope 1, 2, and where relevant, Scope 3;
- Prioritise energy reduction through operational efficiency, maintenance, and investment in low-energy equipment;
- Integrate energy efficiency and renewable energy considerations into the design, refurbishment, and operation of facilities;
- Transition company vehicles to electric or low-emission alternatives where practical;
- Prioritise the procurement of electricity from renewable sources, including green tariffs or certified guarantees of origin;
- Consider on-site renewable energy generation where feasible (e.g. solar panels).

Businesses should also engage with suppliers and partners to reduce Scope 3 emissions. In doing so, businesses are expected to identify their most material Scope 3 categories (such as purchased goods and services, upstream transportation, and use of sold products), prioritise action accordingly, and develop credible emissions reduction roadmaps where appropriate. Progress against climate targets is reported annually as part of Diploma's Group sustainability disclosures, in alignment with TCFD recommendations.

4.4 Waste and Circular Economy

Diploma supports the principles of a circular economy and is committed to minimising waste across its operations. All businesses must work to reduce waste generation, maximise reuse and recycling, and contribute to the Group's goal of diverting waste from landfill. Each business must:

- Manage waste in line with the waste hierarchy - prioritising prevention, followed by reuse, recycling, recovery, and responsible disposal;
- Reduce overall waste generation through improved processes, procurement, and product handling;
- Increase recycling rates and support beneficial reuse wherever practical;
- Ensure all waste is handled in compliance with local and regional regulations; and
- Use qualified and vetted waste partners who align with Diploma's environmental and duty-of-care standards.

Where feasible, businesses should contribute to Diploma's ambition to reduce waste to landfill to below 15% by 2030.

4.5 Water Stewardship

Diploma recognises that water is a shared and finite resource and is committed to managing its use responsibly. As a decentralised distribution business, our direct water impact is relatively low, and we manage water-related risks through a proportionate, risk-based approach focused on responsible use, pollution prevention, and regulatory compliance.

All operational sites are screened for water-related risk using recognised, externally developed risk screening tools, with results reviewed annually and attention prioritised at locations where elevated risk is identified. This is supplemented by central environmental risk assessments during acquisitions and targeted site-level sampling and water risk assessments where required.

Accordingly, Diploma focuses on responsible water use, pollution prevention, and regulatory compliance. Each business is expected to:

- Consider potential water-related risks based on local conditions and operational activities
- Use water efficiently and take reasonable steps to reduce consumption where relevant, particularly in higher-risk locations or processes
- Ensure wastewater and effluents are managed in accordance with applicable environmental regulations
- Prevent contamination through appropriate controls, containment measures, and emergency response procedures
- Investigate and respond to water-related incidents, implementing corrective actions and continuous improvement measures

Sustainable water management is considered in operational planning, site design, and day-to-day practices where relevant to the scale and nature of activities.

Water-related risks are periodically reviewed as part of Diploma's environmental risk assessment processes, including the use of central environmental risk assessments during acquisitions and targeted site-level sampling and water risk assessments to identify, assess and prioritise water-related risks, ensuring continued alignment with business activities and external expectations.

4.6 Biodiversity and Ecosystem Services

Diploma recognises the importance of protecting biodiversity and maintaining healthy ecosystems. While the nature of our operations as a decentralised distribution business, our direct impact on biodiversity is relatively low, and we manage the issue through a proportionate, risk-based approach. We remain committed to acting responsibly and minimising any potential environmental impacts.

All operational sites are screened for biodiversity-related risk using recognised, externally developed risk screening tools. Results are reviewed annually as part of Diploma's environmental risk assessment processes, with proportionate action taken where elevated risk is identified.

Each business is expected to:

- Consider potential biodiversity impacts in relation to site location, land use, and waste or emissions management
- Avoid or minimise harm to natural habitats and local ecosystems where relevant to operations
- Integrate biodiversity considerations into operational decision-making, particularly in relation to site development or expansion activities

Where relevant, businesses are encouraged to engage with local stakeholders, authorities, or environmental organisations to support positive environmental outcomes.

Biodiversity is periodically reviewed as part of Diploma's environmental risk assessment processes, including the use of recognised tools and methodologies to identify and prioritise environmental risks, ensuring continued alignment with business activities and external expectations.

4.7 Hazardous Waste Management

Hazardous waste must be managed in a way that protects people, the environment, and Diploma's reputation. All businesses handling hazardous materials are required to comply fully with relevant legislation and adopt safe and responsible disposal practices.

Each business must:

- Identify and classify hazardous waste streams accurately in accordance with local regulations;
- Minimise hazardous waste generation where possible through substitution, efficiency, or process changes;
- Ensure safe storage, labelling, and segregation of hazardous waste to prevent contamination or exposure;
- Use licensed and competent contractors for transportation, treatment, and disposal; and
- Maintain documentation and records of all hazardous waste handling in line with legal and internal requirements.

Where applicable, businesses should also explore options for recycling or recovery of hazardous materials to reduce environmental impact.

4.8 Air Pollution

Diploma is committed to managing air emissions responsibly. While the nature of our operations as a decentralised distribution business generally presents a low direct air emissions impact, we adopt a proportionate approach to air quality management.

Each business is expected to:

- Be aware of potential sources of air emissions relevant to its activities and manage them in a proportionate manner
- Manage emissions in compliance with applicable environmental regulations
- Take reasonable steps to minimise emissions where relevant, including through efficient energy and transport practices
- Prevent and respond to incidents that may result in air pollution

Air pollution risks are periodically reviewed as part of Diploma's environmental risk assessment processes, including consideration of emissions-related risks during EHS due diligence for acquisitions and, where appropriate, at site level.

4.9 Sustainable Logistics

Diploma encourages its businesses to work with logistics providers who are committed to reducing environmental impact and improving efficiency across the supply chain.

Each business should:

- Prioritise logistics partners that demonstrate good environmental performance, such as reduced emissions, fuel efficiency programmes, or use of alternative fuels;

- Where practical, consider low-carbon transport modes or consolidated shipping strategies to minimise unnecessary journeys;
- Support the use of route optimisation, backhauling, and other logistics innovations that reduce energy and emissions; and
- Evaluate the environmental credentials of logistics providers as part of procurement or contract renewal processes.

Sustainable logistics practices contribute directly to Scope 3 emissions reduction and should align with the Group's wider net zero goals.

4.10 Supply Chain Environmental Management

Diploma recognises that a significant proportion of its environmental footprint lies within its supply chain. As part of our commitment to responsible business, we are taking steps to align key suppliers with our environmental and sustainability expectations.

Each business is expected to:

- Require key suppliers to acknowledge and align with Diploma's Supplier Code of Conduct, which sets out minimum expectations on environmental management, compliance, and responsible business practices;
- Assess the environmental performance of key suppliers using recognised tools such as EcoVadis or equivalent third-party sustainability rating platforms, prioritising suppliers based on spend, risk, or environmental materiality;
- Use supplier assessment outcomes to inform procurement decisions, support supplier improvement, and identify areas of elevated environmental risk within the supply base;
- Engage with strategic suppliers to support emissions reduction and the identification of material Scope 3 categories, particularly in respect of purchased goods and services; and
- Escalate significant supplier environmental concerns through appropriate internal channels, including during procurement and contract renewal processes.

Supply chain environmental management is reviewed periodically as part of Diploma's broader sustainability governance and reporting processes, and forms a key component of our Scope 3 emissions reduction strategy.

4.11 Customer Health and Safety

Diploma is committed to ensuring that environmental aspects of its products and services do not adversely impact the health and safety of customers or end users. While the nature of our activities generally presents a low direct risk, we recognise the importance of responsible product stewardship and regulatory compliance.

Accordingly, Diploma adopts a proportionate approach to managing environmental aspects related to customer health and safety. Each business is expected to:

- Ensure products and services comply with applicable environmental, health, and safety regulations and standards, including, where applicable, REACH, RoHS, and equivalent product regulations

- Provide relevant information to customers regarding the safe use, handling, storage, and disposal of products where appropriate
- Manage environmental risks associated with products, including hazardous substances, packaging, and end-of-life considerations where relevant
- Monitor and respond to any product-related environmental or safety concerns, implementing corrective actions as necessary

Environmental risks related to customer health and safety are periodically reviewed as part of Diploma's environmental risk assessment processes to support continuous improvement and compliance.

4.12 Environmental Services and Advocacy

Diploma acknowledges that its operations have an indirect influence on the environmental practices of its customers and partners. While the Group's primary activity is value-add distribution, a number of Diploma businesses provide after-sales technical support, service, and maintenance that extend the operational life of the products supplied, reducing waste and supporting resource efficiency for customers.

Where relevant and practical, each business may consider:

- Being mindful of environmental factors in product selection and distribution activities where these are readily available and commercially viable
- Provide customers with relevant information on the safe use, handling, storage, and disposal of products, where required or requested
- Support product longevity through technical support, servicing, repair, and maintenance offerings where these form part of the business model
- Highlighting lower-impact product options where these exist within the existing range and are appropriate to customer requirements
- Promote awareness of environmental considerations within the business's sphere of influence, where this is proportionate to the nature of operations

Environmental service and advocacy activities are periodically reviewed as part of Diploma's environmental risk and materiality assessment processes.

4.13 Environmental Risk Management

Each Diploma business must identify and manage environmental risks associated with its operations. This includes both routine activities and potential emergencies that could lead to environmental harm. Each business must:

- Conduct regular environmental risk assessments appropriate to the nature and scale of operations;
- Maintain systems to prevent, detect, and respond to environmental incidents (e.g. spills, leaks, emissions, discharges);
- Implement mitigation measures and controls to reduce the likelihood and severity of risks;
- Ensure appropriate insurance, emergency response plans, and business continuity arrangements are in place; and
- Monitor and review risk controls regularly to reflect operational changes, audit findings, or emerging risks (including climate-related risks).

Environmental risk management must be integrated into broader operational, health and safety, and strategic planning processes.

4.14 Transparency and Reporting

Diploma is committed to transparent disclosure of environmental performance. Accurate, timely, and consistent reporting supports accountability, progress tracking, and informed decision-making at Group and business levels. Each business must:

- Monitor and record key environmental metrics, including energy use, emissions, and waste volumes;
- Report environmental data to the Group Sustainability team in accordance with internal reporting schedules and requirements;
- Support the verification of environmental data as needed for external disclosures; and
- Escalate any significant environmental issues, breaches, or incidents through appropriate internal channels.

Where applicable, businesses should also cooperate with requests for information from customers, regulators, or third parties in line with Diploma's commitments to transparency and responsible business conduct.

4.15 Continuous Improvement

Diploma promotes a culture of continuous improvement in environmental management. All businesses are expected to seek opportunities to reduce their environmental impact and enhance sustainability performance over time. Each business must:

- Set measurable environmental objectives and targets aligned with Group priorities and local operational context;
- Regularly review progress and identify improvement actions as part of business planning or management reviews;
- Respond to audit findings, incident investigations, or performance gaps with corrective and preventive measures; and
- Share successful practices and learnings across the Group where applicable.

Environmental performance should be reviewed regularly by local senior management and integrated into business-level improvement plans.

4.16 Stakeholder Engagement

Engaging stakeholders is essential to delivering Diploma's environmental commitments and fostering trust, collaboration, and accountability. Each business should:

- Communicate this policy and relevant environmental objectives clearly to colleagues, suppliers, and partners;
- Encourage open dialogue on environmental topics with internal teams and external stakeholders;
- Participate in Group initiatives, training, or workshops that support shared sustainability goals;

- Where appropriate, engage with local communities, regulators, or industry groups on environmental matters.

Constructive engagement helps build alignment across the value chain and supports delivery of the Group's broader sustainability strategy.

4.17 Training

This policy should be communicated with all colleagues, with training provided to ensure alignment with environmental goals. Building environmental awareness and capability across the Group is essential to achieving Diploma's sustainability objectives.

Each business must:

- Ensure that all colleagues are made aware of this policy and their responsibilities under it;
- Provide role-appropriate training on environmental practices, procedures, and legal obligations;
- Equip relevant teams (e.g. facilities, operations, procurement) with the knowledge needed to manage environmental risks and deliver improvements; and
- Support ongoing learning through participation in Group-wide training, updates, or best practice sharing.

Environmental training should be proportionate to the scale and complexity of the business's activities and embedded in onboarding, compliance, and development programmes.

5 Environmental Objectives and Targets

Diploma monitors environmental performance against a set of Group-level objectives, with implementation led by local businesses in line with the decentralised operating model.

Key areas of focus include:

- **Energy and Greenhouse Gas Emissions**
Reducing energy consumption and greenhouse gas emissions in support of Diploma's net zero target for 2045, including interim targets of a 50% reduction in Scope 1 and 2 emissions and a 30% reduction in Scope 3 emissions by 2030.
- **Materials, Chemicals and Waste**
Reducing waste generation and supporting reuse and recycling practices across operations, with appropriate controls for hazardous materials, contributing to Diploma's target of reducing waste to landfill to below 15% by 2030.
- **Environmental Compliance and Risk Management**
Maintaining compliance with applicable environmental requirements and seeking to reduce the frequency and severity of environmental incidents through appropriate controls
- **Water Stewardship**
Managing water use responsibly in line with the nature and scale of operations, with particular attention to locations where water-related risks have been identified
- **Supply Chain Engagement**
Progressively increasing the proportion of key suppliers assessed against environmental criteria, in line with Diploma's participation in EcoVadis and its Supplier Code of Conduct

Performance against these objectives is reviewed periodically through internal reporting and management review processes at Group and local levels. Diploma will continue to evaluate opportunities to enhance environmental data collection and performance tracking over time, in line with the development of its sustainability management systems.

6 Responsibilities

Delivering on Diploma's environmental commitments is a shared responsibility across the Group. Clear ownership and accountability at every level are essential for ensuring effective implementation and continuous improvement.

- **The Board and Executive Team** oversee environmental performance at Group level, approve this policy, and set strategic direction aligned with Diploma's sustainability goals.
- **Managing Directors and Senior Leaders** are accountable for applying this policy within their businesses. They must ensure adequate systems, resources, and leadership are in place to meet environmental objectives.
- **The Group Sustainability Team** provides guidance, tools, and oversight to support policy implementation, performance tracking, and reporting across the Group.
- **All colleagues** are expected to understand and act in accordance with relevant environmental procedures and contribute to reducing environmental impact within their roles.

Environmental responsibilities should be integrated into business planning, operations, and performance management processes.

7 Contacts

If you have a question about this policy or a concern related to environmental matters, you are encouraged to speak with your local manager or contact:

- **Group Sustainability Director:** Phil.Pratt@diplomapl.com
- **Group Sustainability Team:** Sustainability@diplomapl.com

To report a concern confidentially or anonymously, use the Diploma Confidential Hotline, operated by Safecall, an independent third party available 24 hours a day.

- **Freephone:** visit safecall.co.uk to find local numbers
- **Online:** safecall.co.uk/file-a-report
- **Email:** diploma@safecall.co.uk

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