

# 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. We prioritise resource efficiency, emissions reduction, and responsible supply chain practices.

Diploma has set a Group-wide target to achieve net zero greenhouse gas emissions by 2045, validated by the Science Based Targets initiative (SBTi). Interim targets include a 50% reduction in Scope 1 and 2 emissions and a 30% reduction in Scope 3 emissions by 2030.

We will continue to engage colleagues, suppliers, and other stakeholders to support these goals, embedding energy efficiency, renewable energy, waste minimisation, and sustainable logistics into our operations and partnerships.



## 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, Carbon and Air Emissions

Diploma is committed to achieving net zero greenhouse gas emissions by 2045, with interim targets to reduce Scope 1 and 2 emissions by 50% and Scope 3 emissions by 30% by 2030. All businesses are expected to contribute to these Group wide goals by taking action to reduce carbon emissions and improve energy efficiency.

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); and
- Monitor and control non-GHG air emissions such as particulate matter or VOCs, using appropriate technology and practices.

Businesses should also engage with suppliers and partners to reduce Scope 3 emissions, particularly in high impact categories, and develop credible emissions reduction roadmaps where appropriate.

## 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 achieve zero waste to landfill by 2030.

## 4.5 Water Stewardship

Diploma recognises the importance of water as a shared and finite resource. All businesses must manage water use responsibly and work to prevent pollution and contamination of local water sources. Each business must:

- Identify key water risks based on local conditions and operational activities;
- Implement measures to reduce water consumption, especially in water-stressed regions or processes with high usage;
- Ensure wastewater and effluents are managed in compliance with environmental regulations;
- Prevent contamination through appropriate controls, containment, and emergency procedures; and
- Investigate and respond to water-related incidents with corrective action and learning.
- Sustainable water use should be embedded in operational planning, site design, and day-to-day practices wherever relevant.

## 4.6 Biodiversity and Ecosystem Services

Diploma is committed to minimising its impact on biodiversity and supporting healthy ecosystems. While the nature of our operations generally presents a low direct biodiversity risk, businesses must still act as responsible stewards of the environment. Each business must:

- Assess potential impacts on biodiversity, particularly in relation to site location, land use, or waste discharge;
- Avoid or minimise harm to natural habitats and local ecosystems;
- Where practical, support conservation efforts or habitat restoration initiatives relevant to the business's local context; and
- Factor biodiversity considerations into operational decisions, especially where development or expansion may occur.

Businesses are encouraged to work with local stakeholders, authorities or conservation groups where appropriate to support shared environmental outcomes.

## 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 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.

## 4.9 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.

## 4.10 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, water use, 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.

## 4.11 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.

## 4.12 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.

## 4.13 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 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.



## 6 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](mailto:Phil.Pratt@diplomapl.com)
- **Group Sustainability Team:** [Sustainability@diplomapl.com](mailto: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](https://safecall.co.uk) to find local numbers
- **Online:** [safecall.co.uk/file-a-report](https://safecall.co.uk/file-a-report)
- **Email:** [diploma@safecall.co.uk](mailto:diploma@safecall.co.uk)

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