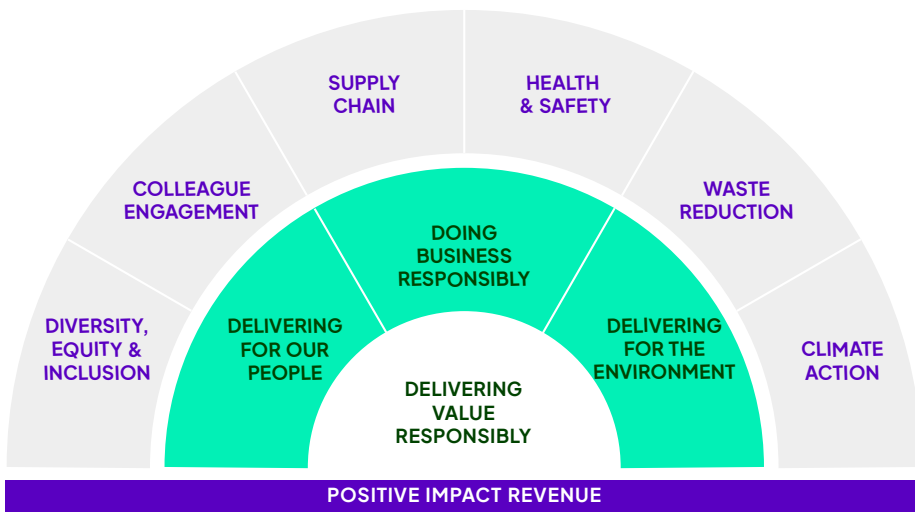


DELIVERING VALUE RESPONSIBLY

GROWTH WITH POSITIVE IMPACT

We are determined to make a difference. For our Delivering Value Responsibly (DVR) framework, that means that we need objectives that are linked to our business model and embedded in the business strategy and commercial and operational activities.



NON-FINANCIAL KPIS

These are the metrics we use to measure progress against our DVR framework and wider strategy.

<p>COLLEAGUE ENGAGEMENT</p> <p>80%</p> <p>2022: 79%</p>	<p>KEY SUPPLIERS ALIGNED TO SUPPLIER CODE</p> <p>73%</p> <p>2022: 59%</p>	<p>EMISSIONS INTENSITY (TONNES PER £1M REVENUE)</p> <p>7.2</p> <p>2022: 7.4</p>
<p>WOMEN IN SENIOR MANAGEMENT TEAM POSITIONS</p> <p>28%</p> <p>2022: 27%</p>	<p>LOST TIME INCIDENT RATE (LTIS PER 1,000 EMPLOYEES)</p> <p>9.5</p> <p>2022: 10.6</p>	<p>WASTE TO LANDFILL</p> <p>32%</p> <p>2022: 60%</p>



01

DELIVERING FOR OUR PEOPLE

We are building an engaged and diverse workforce, who can reach their full potential as part of Diploma.

Our colleagues are the foundation of our business. They deliver for our customers, execute against our strategy and are essential to our ongoing success. It is critical that we continue to support their success.

Developing our leaders at pace.
Our businesses are run by our brilliant leaders. We must continue to develop them as our Group and businesses scale.

Colleague engagement.
Our colleagues have great technical expertise and in-depth knowledge

of their customers and markets. Engagement helps us to retain that talent and nurture the unique culture that binds us.

Developing our emerging talent.
We must continue to deepen our breadth and depth of expertise in the areas that make the biggest difference to our businesses.

We continue to focus on DEI
to ensure that all our colleagues are given the opportunity to succeed.



DONNA CATLEY
GROUP HR DIRECTOR

“We need exceptional leaders who are empowered to lead, when coupled with our ambitious growth we have a very compelling people proposition.”

DELIVERING VALUE RESPONSIBLY
DELIVERING FOR OUR PEOPLE CONTINUED

PERFORMANCE AGAINST OUR TARGET

FOCUS AREA	FY30 TARGET	FY23 PERFORMANCE AGAINST TARGET	FY22 COMMITMENTS	FY23 PERFORMANCE AGAINST COMMITMENTS
<p>COLLEAGUE ENGAGEMENT</p> <hr/> <p>STATUS: ON TRACK</p>	Maintain an engagement index of 70%+	<ul style="list-style-type: none"> Engagement index score of 80% - an increase on FY22 score of 79% 	<ul style="list-style-type: none"> Build out our learning management system Continued focus on wellbeing and mental health HR network to support best practice Continued leadership development 	<ul style="list-style-type: none"> Our learning management system, 'Purple Portal' has been rolled out across the Group Continued focus on mental health during the year: celebrations of world mental health day, business-led initiatives, and Group-led workshops Bolstered HR capability with HR network established and HR leadership event held in US Successful delivery of our Leadership at Scale Development Programme Colleague engagement plans in place at every business
<p>DIVERSITY, EQUITY & INCLUSION</p> <hr/> <p>STATUS: ON TRACK</p>	Women to represent 40%+ of Senior Management Team (SMT)	<ul style="list-style-type: none"> Female talent retention and planning part of business and strategy reviews DEI policy implemented across the Group Engagement initiatives across the Group, including equity workshops and women's listening groups held with over 100 women, including key senior talent to help define our areas of focus 	<ul style="list-style-type: none"> Succession planning Implementing the Diversity, Equity and Inclusion Policy across the Group Further learning and knowledge sharing 	<ul style="list-style-type: none"> Increase in female representation at SMT

1. COLLEAGUE ENGAGEMENT

In 2023, we surveyed colleagues across the Group for the third time. We are delighted to have maintained our high response rate of 86%. Our overall engagement score increased to 80%, compared with 79% in FY22.

There were some areas of standout success. 88% of colleagues told us they feel empowered to do their job. This was further supported by high scores relating to clarity on objectives at work, as well as our culture of teamwork and collaboration.

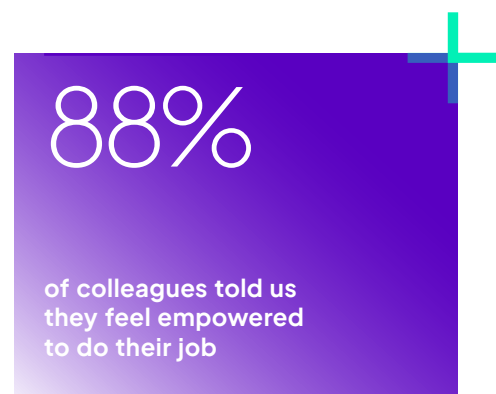
We are proud to hear that women and colleagues identifying as

belonging to an ethnic minority are as engaged, or more engaged than white, male colleagues.

However, we are not complacent and recognise that there is more work to do. We need to continue strengthening communication ties and ensure colleagues have access to the learning and progression opportunities that come with a growing business. Every business is now working hard to co-create action plans informed by our colleagues' feedback.

Retention is equally important and we are pleased to have reduced our

overall voluntary attrition by 4% in the last year (21.7% to 17.7%), this is especially significant given the context of the UK/US labour market.



2. DEVELOPING LEADERS AT PACE

Our decentralised model spans 16 business units, three Sectors and multiple geographies. It's a model that puts our customers at the heart of what we do, promotes local ownership, empowers our leaders to make the right decisions for their business, and drives a culture of accountability and ambition. The best decisions are made by leaders who are closest to our customers, employees and markets.

To ensure the success of this model we need exceptional leaders who are empowered to lead their business. This ownership, when coupled with our ambitious growth makes our people proposition very compelling.

To accelerate the development of our leaders we have invested in bespoke leadership development targeted at supporting both Senior and Future Leaders as they consider how to Lead at Scale.

It is an opportunity for us to build relationships across our global business and share best practice. Following the success of this year's programme, which was attended by over 30 of our senior leaders, we will be extending the programme further across Europe, US and Australia during FY24.

3. MENTAL HEALTH & WELLBEING

We are mindful of the potential impact that working environments and practices can have on our colleagues.

Our businesses are very engaged in supporting the mental health and wellbeing of their colleagues. Many of our businesses now have trained mental health first aiders in place, whilst others have brought in external expertise to teach colleagues how to build resilience, improve communication and create healthy and sustainable habits. For other businesses, the focus is on building awareness - through 'tea and toast' sessions, Mindfulness Monday or a day every week dedicated to open discussion of mental health.

ELENA LOCASTRO

VP OF LIFE SCIENCES NORTH AMERICA

I joined Diploma in 2004, when the business I worked for - Somagen Diagnostics - was acquired. In 2009, I was appointed Managing Director and every year since has offered new challenges and successes as we've grown and scaled the business.

I have recently been promoted to Senior Vice President, North

America for the Life Sciences Sector. It's an exciting and rewarding role, with many opportunities ahead.

During my time at Diploma, I've had the opportunity to focus on talent development and diversification of our businesses. I've enjoyed working with our colleagues to develop exceptional talent within the Sector and it has been rewarding to work with my team to build purpose and culture.



DELIVERING VALUE RESPONSIBLY
DELIVERING FOR OUR PEOPLE CONTINUED

4. DEVELOPING OUR EMERGING TALENT

We know that the successful development of emerging talent is key to the future of our companies and that is why we are particularly proud of our apprenticeship programme.

For many of our businesses, apprentices are a key source of talent. We work hard to support, develop and upskill our apprentices, who often remain with the Group for decades, adopting a number of roles including, in some cases, Managing Director.

During the year, we also worked to retain and develop key talent by facilitating movement between businesses and secondment of roles into businesses.

We continue to actively work with our businesses to ensure people development is high on the agenda, and we are helping to build out local plans that play an important role in ensuring that we have strong succession pipelines to support our future growth and scale.



**CELEBRATING
OUR
APPRENTICES**

We were delighted to welcome our UK apprentices to the Diploma PLC office to celebrate National Apprenticeship Week in March this year.

Apprenticeship schemes play a huge role in developing and retaining talent across our businesses.

At our M Seals UK division, 24% of colleagues are either current or former apprentices and 85% of the shop floor team joined as apprentices or school leavers.

5. CONTINUED FOCUS ON DIVERSITY AND INCLUSION

Diversity and inclusion is a competitive advantage that can help our businesses grow. We have set an ambition that all our colleagues feel able to bring their full selves to work, fulfil their potential, and benefit from working as part of a diverse team. To realise that vision, we must attract, retain and develop a diverse workforce.

Gender balance - we recognise that we have more to do to drive diversity across our senior team and this is why we have set ourselves the goal of gender parity by 2030. This year our Senior Leadership Team is made up of 28% women, up from 27% in 2022. Our continued focus is producing results - we recently promoted two female leaders to our Life Sciences Executive Team.

We have conducted listening groups with over one hundred women across the Diploma business to hear first-hand their experiences and insights. As a result we will be designing and implementing a global Women in Leadership programme that will be implemented in FY24 and will support the accelerated development of female talent across the Group.

We will also focus on supporting our businesses to hire for diversity - including how to attract and hire.

Recognising the importance of support for mothers returning from maternity leave, we are delighted to announce a partnership with 'Mentor Mums' in the UK. Through this partnership, we aim to enhance our support and coaching for new mothers returning to the workplace.

Race and ethnicity - alongside gender equality, we are building the foundations for greater ethnic diversity. Currently, 8% of our Senior Leadership Team consider themselves to be in an ethnic minority. Growing our ethnic diversity relative to the markets we operate in is our future goal and work is underway to establish a clear baseline for measured future progress.

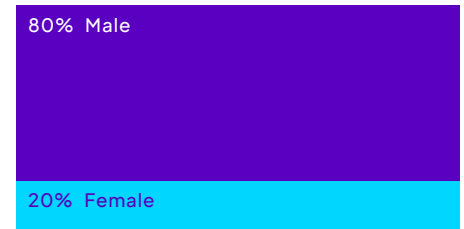
Fostering inclusion - we continue to focus on fostering a culture of inclusion and community. We were pleased to see this reflected in the results of our recent colleague engagement survey.

It is humbling to see how our companies continue to build inclusive businesses and support our people so they can drive the growth of our businesses. This is testament to our culture and organisation model.

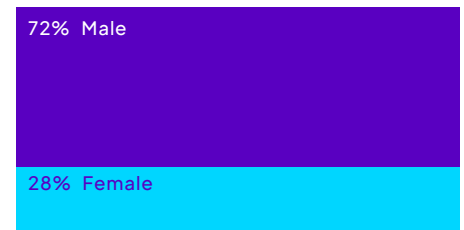
Finally, a huge thanks to our colleagues across the globe who deliver for our customers and colleagues every day.

Diversity, Equity & Inclusion

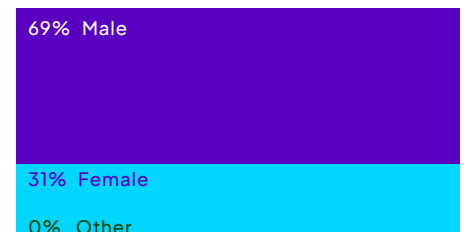
	MALE	FEMALE	OTHER	TOTAL
Reporting to Executives	28	7	0	35



	MALE	FEMALE	OTHER	TOTAL
Senior Management Team	98	39	0	137



	MALE	FEMALE	OTHER	TOTAL
Employees	2,176	997	1	3,174



Ethnicity

	ETHNIC MINORITY	NON-ETHNIC MINORITY	PREFER NOT TO SAY	TOTAL
Senior Management Team	11	103	23	137





02

DOING BUSINESS RESPONSIBLY

Ensuring the highest standards of ethics, safety and conduct across our Group.

Keeping our colleagues healthy, safe and well is a prerequisite to doing business. We have a duty of care to any person who is working remotely, working at, or visiting a Diploma business.

We have outlined a vision that no one should be harmed at work. In order to achieve this, we will focus on risk mitigation and a proactive Health & Safety culture.

Management of our supply chain is key to our broader social and environmental impact as a Group, and a key part of our strategy and commercial proposition. Our focus will be to work with our suppliers to tackle climate change and reduce our own impact through more sustainable packaging, logistics and products.



PHIL PRATT
GROUP SUSTAINABILITY DIRECTOR

“Two years on from the establishment of our Delivering Value Responsibly framework, our sustainability agenda aimed at addressing some of the most pressing challenges facing our business and the world, we are on track to reach our FY30 targets.”

PERFORMANCE AGAINST OUR TARGET

FOCUS AREA	FY30 TARGET	FY23 PERFORMANCE AGAINST TARGET	FY22 COMMITMENTS	FY23 PERFORMANCE AGAINST COMMITMENTS
SUPPLY CHAIN MANAGEMENT STATUS: ON TRACK	85% of key suppliers aligned to supplier code	<ul style="list-style-type: none"> 73% of suppliers aligned to code, up from 59% in FY22. 	<ul style="list-style-type: none"> Continue to ensure alignment of key suppliers with Supplier Code Align our Supply Chain Policy and processes with our net zero targets Build our understanding of supplier emissions 	<ul style="list-style-type: none"> Strong progress during the year led by meaningful engagement with suppliers
HEALTH & SAFETY STATUS: ON TRACK	Zero Harm FY23 target: 5% reduction on lost time incident rate (LTI rate)	<ul style="list-style-type: none"> 10% reduction on LTI rate 	<ul style="list-style-type: none"> Build positive mental health and wellbeing Continuous improvement and focus on Health & Safety culture Ensure process in place to reduce risks identified by potential hazard reporting 	<ul style="list-style-type: none"> Steady performance against LTI rate undermined by increase in severity of incidents

Supply Chain Management

We have seen a steep improvement in the number of key suppliers aligned to our Supplier Code. 73% of our key suppliers are aligned to our Code, up from 59% in FY22, and accounting for ca. 54% of total Group supplier spend.

Key suppliers are identified by our businesses and must, in aggregate, account for 50% of the Group's supplier spend. They may also include any supplier that is a high-volume or high-spend supplier, a critical component supplier or a non-substitutional supplier.

The standards of our Supplier Code ask our key suppliers to commit to conducting their business according to ethical, professional and legal standards including those relating to human rights, labour laws, anti-bribery and corruption and international trade laws and sanctions. We also ask our suppliers to work with us to reduce waste and emissions within our value chain.



DELIVERING VALUE RESPONSIBLY DOING BUSINESS RESPONSIBLY CONTINUED

Health & Safety

In line with our decentralised model, our Managing Directors are accountable for Health & Safety in their businesses. Each business works to build a strong Health & Safety culture, driven by the Managing Director and upheld by all colleagues.

Our Group CEO holds ultimate responsibility for Health & Safety across the Group, including ensuring good governance and provision of a safe working environment for all colleagues.

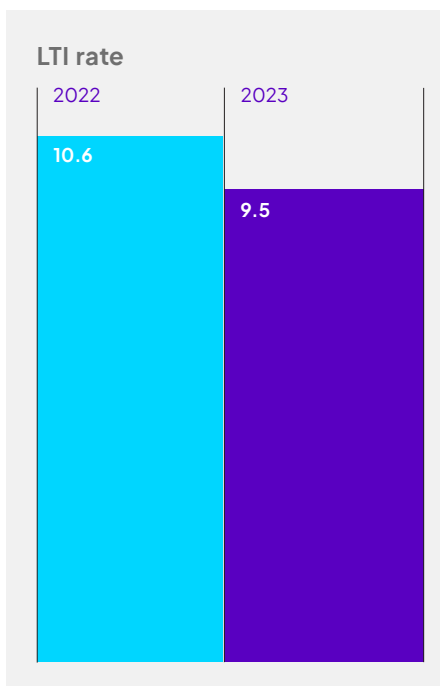
Businesses are responsible for developing and implementing procedures and frameworks to suit their specific circumstances and risk level. However, we expect all businesses to comply with the standards and requirements of our Group policy.

Our guiding principle is that no one should be harmed at work. In order to achieve this, we have focused on identifying and mitigating risks.

Our Health & Safety KPI is our Lost Time Incident (LTI) rate, defined as Lost Time Incidents per 1,000 employees. An LTI is defined as any incident in which time is lost beyond time taken for on-site first aid.

During FY22, we set a target of 5% year-on-year reduction in the LTI rate. In FY23, we recorded a total of 27 LTIs and an LTI rate of 9.5. This represents a 10% decrease on the FY22 rate of 10.6. There were no fatalities in the year.

The majority of our LTIs relate to operations of our warehouses, such as manual handling, slips and trips. We have identified further areas of increased risk from poor use of equipment and programmes are being implemented to address this.



Our focus for FY24 will be to embed the Diploma 'Stand up for Safety' framework to ensure a consistent approach to Health & Safety across all businesses. To support implementation of the framework, we will introduce workshops and enhanced training to ensure strong safety leadership and effective standards and governance, supported by third party audits.

We remain committed to the ongoing safety and wellbeing of all colleagues, and will continue to support our businesses and business leaders in reaching our long-term objective of zero harm.

Giving Back

Giving back is important to Diploma and this year we've seen a number of creative initiatives across the Group to support local communities and fundraise for charities that are important to our colleagues.

In line with our decentralised model, charitable initiatives are driven by the businesses and matched through Diploma's fundmatching scheme.

During the year, charitable donations across the Group totalled £54,000. No political donations were made.

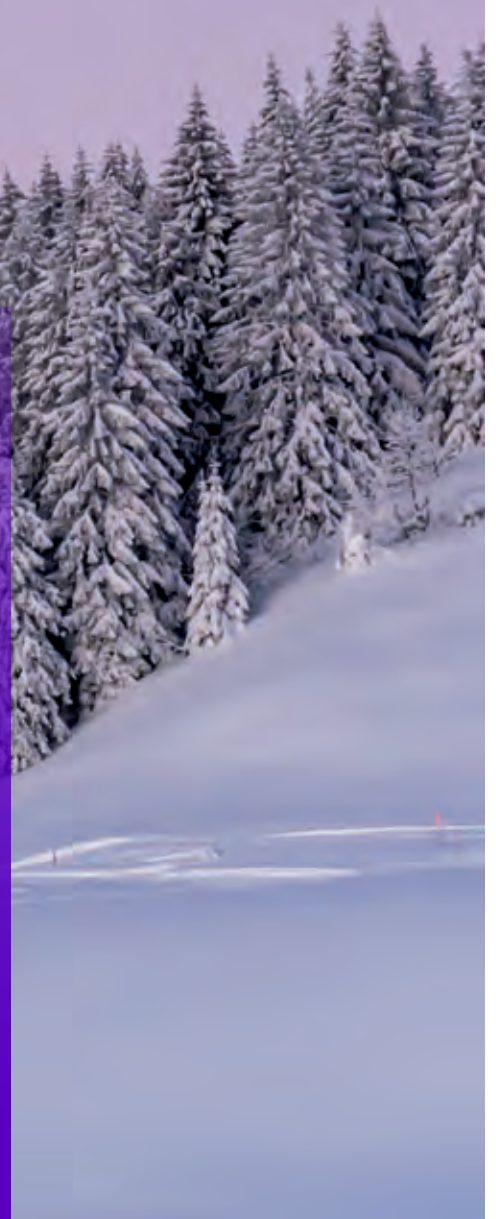
03

DELIVERING FOR THE ENVIRONMENT

We are delivering against our net zero ambitions and positioning the Group to contribute positively to a low-carbon economy.

The climate crisis is urgent and global, we recognise the impact of our value chain and the narrowing window of opportunity to make a positive contribution in tackling this crisis. Beyond the moral obligation that we feel, we also see how taking action can contribute to long-term value creation and the growth of our businesses.

Our colleagues are increasingly passionate about climate change and expect the Group to drive progress and support business initiatives. There is also the opportunity to deliver value to our customers by offering more sustainable products and solutions, building our knowledge and expertise, and working to be a more carbon-efficient business that can in turn support their net zero goals.



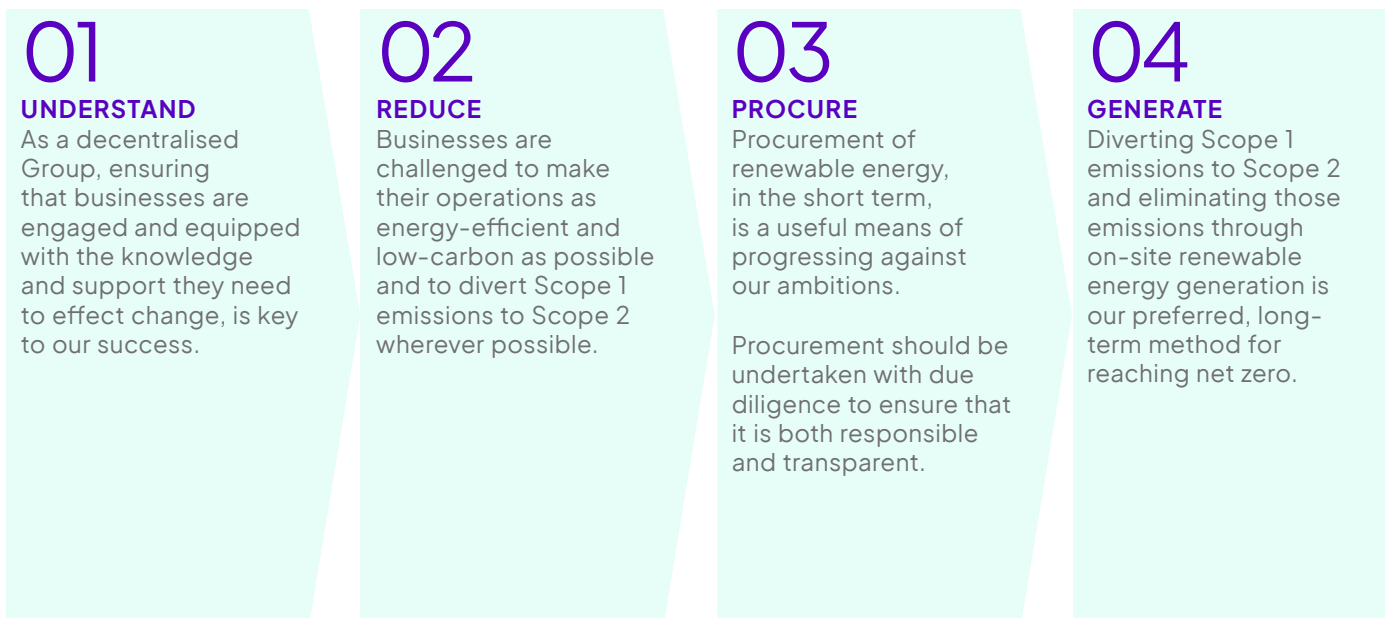
DELIVERING VALUE RESPONSIBLY
DELIVERING FOR THE ENVIRONMENT CONTINUED

PERFORMANCE AGAINST OUR TARGET

FOCUS AREA	FY30 TARGET	FY23 PERFORMANCE AGAINST TARGET	FY22 COMMITMENTS	FY23 PERFORMANCE AGAINST COMMITMENTS
<p>CLIMATE ACTION</p> <hr/> <p>STATUS: ON TRACK</p>	<p>50% reduction of Scope 1 & 2 emissions on FY22 baseline</p> <p>30% reduction of Scope 3 emissions on FY22 baseline</p> <p>We have also set a target to reach net zero across our value chain by 2045</p>	<ul style="list-style-type: none"> Scope 1 and 2 emissions intensity reduced from 7.4 to 7.2 tonnes CO₂e per £m revenue 	<ul style="list-style-type: none"> Set SBTi net zero target Build internal knowledge of Scopes 1, 2 & 3 Set out a clear roadmap to our 2030 targets 	<ul style="list-style-type: none"> Calculation of Scope 3 emissions Submission of net zero targets to the SBTi Defined our roadmap to 2030 targets Workshops held with all businesses and Sector leadership on how to reach operational net zero Capital investment in facilities to increase solar coverage and improve efficiency
<p>WASTE REDUCTION</p> <hr/> <p>STATUS: ON TRACK</p>	<p>Less than 15% waste to landfill</p>	<ul style="list-style-type: none"> 32% to landfill, representing a 41% reduction on the prior year 	<ul style="list-style-type: none"> Divert waste from landfill 	<ul style="list-style-type: none"> Reduction in waste to landfill in every business across the Group

OUR NET ZERO ROADMAP

Our businesses are responsible for setting their own strategy and initiatives on emissions reduction, in line with our Group target. Our net zero roadmap supports the Group and our businesses in achieving our targets.



OUR NET ZERO ROADMAP CONTINUED

	UNDERSTAND	REDUCE	PROCURE	GENERATE
FY23 PROGRESS	<ul style="list-style-type: none"> Workshops held across the Group on our Net Zero Roadmap Scope 3 calculation undertaken, which allows us to understand our material categories at Group, Sector and entity level Monthly meetings with Sector Finance teams to review performance 	<ul style="list-style-type: none"> Reduced emissions intensity Investment into new, more efficient facilities in the Controls and Seals Sectors (expected impact in 2024) Transitioning fleet to electric. We have tripled the number of hybrid or electric vehicles during the year 	<ul style="list-style-type: none"> Businesses starting to procure renewable energy 	<ul style="list-style-type: none"> Two new facilities built during the year with solar panels
WHAT'S NEXT (2024 – 30)	<ul style="list-style-type: none"> Energy efficiency audits for key facilities Minimum requirements for new facilities Increase data input for Scope 3 calculation Build engagement and knowledge of Scope 3 across the Group Workshops and roadmap for top 10 contributors to Scope 3 	<ul style="list-style-type: none"> Where possible, all vehicles to be electric. Some exceptions might include utility vehicles used to carry heavy equipment over long distances and in remote regions in our Australian Seals businesses Continued facility upgrades and improvements to processes 	<ul style="list-style-type: none"> Continue to responsibly procure renewable energy 	<ul style="list-style-type: none"> Continued roll out of solar panel projects and increased coverage
BY FY30	<ul style="list-style-type: none"> All businesses to understand how to reduce emissions across their value chain and have plans in place to reach net zero 	<ul style="list-style-type: none"> All energy reduction initiatives to have been actioned 	<ul style="list-style-type: none"> 100% of energy renewably procured 	<ul style="list-style-type: none"> Significant proportion of energy generated through solar

SETTING NET ZERO TARGETS

We have calculated our Scope 3 emissions for FY22, using a cost-based methodology. These have been submitted to the SBTi, where they are awaiting validation.

We have set a near-term target of 50% reduction of absolute Scope 1 and 2 emissions by 2030 from an FY22 base year. We also committed to reduce our absolute Scope 3 emissions by 30% within the same timeframe. Our long-term target is to reduce absolute Scope 1, 2 and 3 GHG emissions 90% by 2045 from an FY22 base year.

SCOPE 1 & 2

During FY23, Scope 2 represented 60% of our operation emissions. During the year, our businesses continued to install LED lights, EV chargers and change processes to improve efficiency. We also held workshops across the businesses to align on our net zero strategy.

SCOPE 3

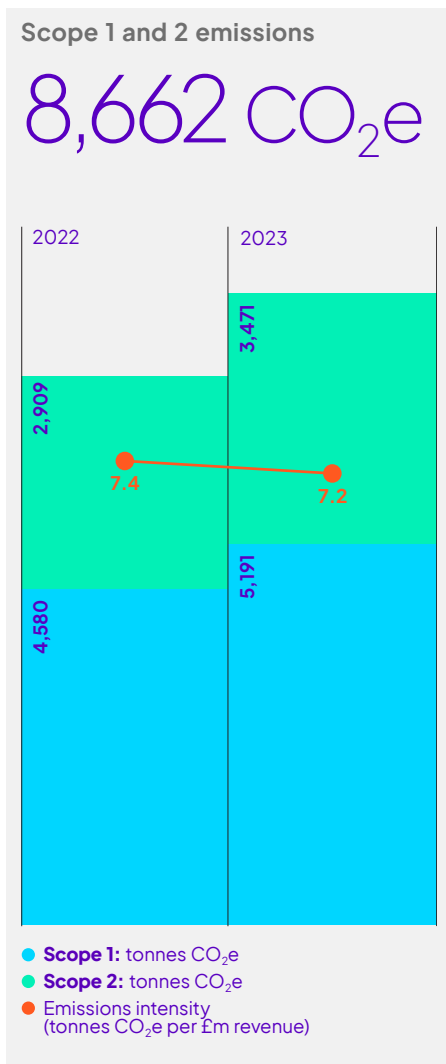
Scope 3 emissions are the most material GHG source for the Group, accounting for 97% of total FY22 emissions. Of the 15 categories considered, Category 1: Purchased Goods & Services is 51% of Scope 3. Our focus will be to engage suppliers on their emissions initiatives.

Categories 4 and 9, which relate to upstream and downstream transport and distribution are in aggregate responsible for 34% of Scope 3 emissions. Where possible, we will shift air freight to lower emission options, such as shipping or rail, and select road freight partners with electric fleets.

EMISSIONS INTENSITY

Emissions intensity decreased from 7.4 to 7.2 indicating that gross emissions from existing businesses remained flat despite an increase in revenue.

DELIVERING VALUE RESPONSIBLY
DELIVERING FOR THE ENVIRONMENT CONTINUED



GREENHOUSE GAS EMISSIONS

ENERGY USAGE

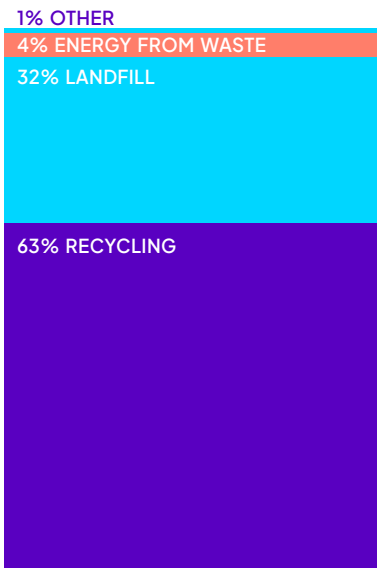
	TONNES CO ₂ e	
	FY23	FY22
Scope 1 emissions	3,471	2,909
Scope 2 emissions		
Location-based	5,191	4,580 ¹
Market-based	5,653	4,806
Gross emissions (Scope 1 & 2)		
Location-based	8,662	7,489 ¹
Market-based	9,123	7,715
Scope 3 emissions ^{2,3}		199,487
Gross emissions		
Location-based		206,976 ¹
Market-based		207,202
	TONNES CO ₂ e PER £1M REVENUE	
Emissions intensity (Scope 1 and 2)	7.2	7.4
	KWH	
Total energy consumption	14,905,885	13,893,454
UK	3,011,796	2,524,621

1 We have restated our FY22 location-based, Scope 2 figures to reflect updated GHG conversion factors. We have used the relevant year's figures to calculate the FY22 and FY23 numbers.
 2 We will calculate our FY23 Scope 3 emissions during FY24.
 3 Categories correspond to standard Scope 3 categories as defined by GHG Protocol.

WASTE

Although reported waste has increased by 12%, the reported waste intensity ratio has decreased from 3.3 to 3.1.

Importantly, our businesses have made strong progress on our KPI - % of total waste to landfill - which has fallen from 60% during FY22 to 32% in FY23. This puts us on track to hit our target of less than 15% waste to landfill by FY30.



Waste per £m revenue¹

3.3
metric tonnes

Total waste

3,720
metric tonnes

¹ Reported waste per £m revenue is 3.1, however, this number excludes acquisition revenue for acquisitions that aren't currently reporting waste.