

# Modern Slavery Act Statement

## Transparency Statement 2023

Diploma PLC supports fully the principles and provisions set out in the Modern Slavery Act (“the Act”).

The Board of Diploma PLC is committed to identifying Modern Slavery risks across its businesses and supply chain which include, slavery, human trafficking, child labour and forced/compulsory labour (together “Modern Slavery”) and to ensuring that there is no Modern Slavery either within its businesses or within its principal supply chains. Regulatory demands upon Diploma PLC and its subsidiaries (the “Group”) vary considerably around the world and as a decentralised set of businesses, the Board has allocated responsibility to local senior management teams, under the direction of Executive Management, to ensure that each trading subsidiary is fully compliant with both the Modern Slavery Act and any applicable local anti-slavery requirements.

## Our approach to the Act

We are committed to fulfilling our purpose in a way that is environmentally, socially and ethically responsible. Our businesses deliver positive impact through products and services that benefit our society or environment.

The Group’s [values](#) guide our approach to Modern Slavery risk. In particular: ‘Doing the right thing’ and ‘Accountability’ are central to how we address Modern Slavery risk in our business and supply chains.

The Group has a culture of respect, accountability and continuous improvement and requires that employees act fairly in their dealings with all stakeholders, including customers, suppliers, fellow employees and business partners.

Our position on human rights is aligned to the United Nations Universal Declaration of Human Rights and the conventions of the International Labour Organisation and all companies within the Group are expected to comply with their local legislation as a minimum.

The Chief Executive Officer will continue to lead this important agenda for the Group and Diploma PLC will report next year on further steps that have been taken in the current year to maintain robust policies on Modern Slavery

## **Our business and structure**

Diploma PLC is an international group of businesses supplying specialised technical products and services to the Life Sciences, Seals and Controls industries. The Group employs 3,136 employees and its principal operating businesses are located in the UK, Europe, the United States, Canada and Australasia.

The Life Sciences businesses supply a range of consumables, instrumentation and related services to the healthcare and environmental industries. The Seals businesses supply a range of seals, gaskets, filters, cylinders, components and kits used in heavy mobile machinery and specialised industrial equipment. The Controls businesses supply specialised wiring, cable, connectors, fasteners and control devices used in a range of technically demanding applications.

Further information on Diploma PLC and its businesses are set out in the Annual Report & Accounts which is published on the Company's website.

The following UK subsidiaries of Diploma PLC are covered by this group statement:

## **Policies**

The Group operates a [Whistleblowing Policy](#) through an established independent third-party whistleblowing hotline, which allows colleagues in any of the Group's businesses to raise concerns confidentially, anonymously and independently of their business in relation to any concerns, including Modern Slavery. The Group's Whistleblowing policy and posters must be displayed in every place of business, so every colleague is aware of the Whistleblowing process.

Diploma businesses actively manage their supply chains to ensure good levels of inventory and supply. It is our aim as a group to further develop our understanding of our supply chains and harmonise the approach to supplier due diligence across our businesses. We have a Group Supply Chain Policy which addresses both ethical and environmental issues, as well as a Supplier Code, based on the adherence to certain standards of human rights, labour laws and environmental responsibility.

In 2022, we published our Group Code of Conduct, which highlights and reinforces our standards, policies and procedures around various topics including supplier engagement and 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. Presenting the Supplier Code is a good opportunity for constructive dialogue with our key suppliers to identify opportunities to improve social, environmental, or broader aspects of supply chain management.

### **Risk assessment**

Diploma has previously conducted a Group-wide review of principal suppliers designed to ensure that no suppliers were involved in Modern Slavery. These suppliers were largely based in countries with a lower risk of Modern Slavery and in many cases were international groups of businesses with their own commitment to prevent Modern Slavery. This review is carried out on an ongoing basis, covering a range of evolving factors including Modern Slavery, operational efficiency, risk mitigation and sustainability, with targeted audits scheduled throughout the year.

We recognise that some areas in our supply chain carry potential Modern Slavery risk. For example, the manufacturing and electronics supply chains have been identified by Modern Slavery expert NGOs such as [Walk Free](#).

Within our own businesses, we are aware of the risks associated with outsourced services such as cleaning, logistics and waste management. We aim to continuously factor these risk areas into our ongoing due diligence.

## **Due diligence**

The Group's activities are primarily carried out in countries with strong human rights legislation, and we comply fully with all applicable legislation in the countries in which we operate. Our businesses carry out due diligence on their supply chain and key suppliers comply with our Supplier Code. Our own colleagues are provided with a safe, secure and healthy working environment, with access to employee assistance programmes.

The Group's businesses continue to carry out due diligence on existing suppliers, and prior to engaging with major suppliers, due diligence and vetting procedures are carried out to ensure that suppliers meet the Group's required standards. The Group businesses have adopted a risk-based and proportionate approach to assess the risk of Modern Slavery among major suppliers, based on the country of manufacture of goods procured. Where a potential new supplier fails to meet the Group's policy in relation to Modern Slavery, the Group will not work with these suppliers until they have amended their policies appropriately to meet the Group's standards. No instances of non-compliance with the Group's Modern Slavery policies have been identified to date.

Within our own business, Modern Slavery risk is assessed to be relatively low but we take steps to ensure any risk is managed. Our primary safeguard against Modern Slavery risk is our HR systems, ensuring that best practice is embedded in our internal systems to the furthest extent possible.

Group companies undertake regular, ongoing supplier engagement as part of value add to pass on customer requirements and expectations. These regular meetings take place on a quarterly or monthly basis, depending on the business and the relationship with the supplier.

## **Monitoring effectiveness**

We are aware of the continuously changing nature of Modern Slavery and understand the need for robust monitoring and continuous improvement. Modern Slavery can arise in any part of operations or the supply chain, so constantly assessing and reviewing these risks is important. To this end, we currently track the following KPI:

- Our target is to have 85% of key suppliers aligned to the supplier code by FY 2030 (currently 79%) and we annually review progress towards this target.

## **Training**

Employees are provided with training on Anti-Bribery and Corruption and additional training on Modern Slavery risk will be delivered in the next reporting period.

## **Next steps**

Our ambition is for each business to improve strategic supply chain management and strengthen supply chain systems. They should develop a mechanism for reviewing suppliers against a broad range of commercial, operational and ESG factors. This will help to identify opportunities for continuous improvement by improving value creation and managing risk. We will therefore be introducing a compliance software at Group level to help our businesses enhance their supplier compliance management processes and improve risk assessments.

In the coming year, we will provide employees with refreshed and enhanced Modern Slavery training to enable them to identify and address and Modern Slavery risk without the business and supply chains.

In the next reporting period, we intend to undertake a Modern Slavery gap analysis to identify areas for improvement in our current policies and processes. Based on the findings of this gap analysis, we will strengthen our due diligence and risk assessment processes. In addition, we plan to carry out overtime performance audits across all of our UK businesses to review the application of existing overtime policies against actual overtime pay.

Ahead of our next statement, we will devise Key Performance Indicators to monitor our progress and track the effectiveness of our due diligence actions.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 for the financial year ended 30 September 2023 and constitutes Diploma Group's Modern Slavery statement for 2023.

This statement was approved by the Board of Diploma PLC on 26 March 2024 and signed on its behalf by:

Johnny Thomson Chief Executive Officer

Diploma PLC

Publication date: 27 March 2024