

## Carbon and Energy Efficiency Policy

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### Introduction

Organisational purpose is incredibly powerful when it brings together strategy and culture. At Dialight we are passionate about playing our part in building a fairer and more resilient world for generations to come. We have a real opportunity to draw on the lessons learnt from COVID-19 to do this successfully.

To address the challenges of the climate crisis an incremental change will not be enough. While parts of society have made extraordinary progress over the last decade, even a doubling of this incremental change will not be sufficient to help achieve the objective of limiting global temperature rise to 1.5 degrees. Aligning with a 1.5 degree world requires that we halve global emissions in the next 10 years, and that we achieve Net Zero emissions in 30 years.

The transition to Net Zero carbon is both an opportunity and obligation for Dialight. Our products help enable our customers achieve Net Zero. We are committed to working with them to do so.

### Materiality

Energy consumption from lighting represents 13% of annual global electricity demand. As a business Dialight's own carbon footprint is derived 89% from the Scope 3 emissions from usage of our fixtures by customers, 8% from the materials we use to make those fixtures, 2% from logistics to transport raw materials and finished goods and 1% from the internal operations.

### Scope

This policy relates to all sites operated by the Group and all activities of the Group. The policy encompasses direct emissions (Scope 1) and indirect emissions (Scope 2 and Scope 3). We do not count avoided emissions by customers switching from less efficient legacy lighting to Dialight's high efficiency LED lighting. This benefit is estimated at 1.6x the full emissions that are in scope.

### Target(s) and commitments

Dialight has committed to being a Net Zero business by 2040 and has signed up with the Science Based Targets initiative (SBTi). This aligns with the United Nations Sustainable Development Goal (UN SDG) 13 "Climate Action" and UN SDG 9 "Industry, Innovation and Infrastructure". In addition, the business currently has a short-term intensity target to reduce Scope 1 & 2 emissions by 3% per annum per £m of revenue until more detailed plans in line with SBTi requirements to halve carbon emissions by 2030 are being developed.

In conjunction with this, we have also committed to produce the first Net Zero industrial lighting fixture and the first fully recyclable industrial lighting fixture.

## **Management**

Responsibility for our sustainability performance is governed at the highest levels as part of our social responsibility. The Group Chief Executive is ultimately responsible for the management of all sustainability-related topics. Management of individual topics is done within the appropriate divisional and functional teams with oversight by the ESG Committee.

We are drawing up detailed action plans required to achieve Net Zero and these will form part of SBTi commitment plan. This will focus on several key areas:

- R&D: The internal R&D team is driving industry leading practises in order to
  - increase the efficiency of lighting fixtures
  - reduce the size and weight of fixtures
  - evaluate alternative materials for use in fixtures
- Logistics: Reviewing the location of facilities and key suppliers
- Operations: Making internal processes more carbon efficient

## **Stakeholder engagement**

We have maintained a dialogue with investors and customers on all aspects of ESG and this will expand in future to include more discussions with suppliers. Our ambition to help our customers achieve Net Zero means that this is a key area of dialogue to shape the R&D focus and our future products.