

Reporting criteria

This document provides definitions and methodologies for key sustainability metrics. Our sustainability reporting covers the January 1 to December 31, 2022, reporting period.

Scope 1 covers direct emissions, related to the use of natural gas for heating and propane in the paint curing process, mobile combustion and fugitive emissions.

Scope 2 relates to purchased electricity on a location basis.

Water relates to water withdrawn from public water services. It does not include water discharge or consumption.

Boundary: This covers all sites where Dialight has operational control, this includes factories and administrative offices whether the site is owned or leased. Those sites are located in

- Ensenada, Mexico
- Tijuana, Mexico
- Roxboro, NC, USA
- Penang, Malaysia
- Farmingdale, NJ, USA
- London, UK
- Perth, Australia

Scope 1&2 does not include emissions related to operations of 3rd party sites or any work performed by 3rd parties. Water does not include water withdrawn related to operations of 3rd party sites or during work performed by 3rd parties.

Scope 1&2 GHG emission data is prepared with reference to the World Resources Institute's (WRI) Greenhouse Gas Protocol (GHG Protocol) Corporate Standard and individual country emission factors, where available and BS EN ISO14064-1:2019.

Intensity measures are calculated by dividing tonnes of emissions, MWh of electricity and Kilolitres of water by the revenue in millions.

Methodology

Scope 1

Natural gas usage is derived from actual billing information and meter readings for each site. Propane usage is derived from actual invoices received from suppliers. Each site submits an annual return showing monthly usage and vehicle mileage and this is reviewed for reasonableness centrally and collated to form the Group output. Fugitive emissions are reported separately based on a positive confirmation of any fluorinated gases replenished in the period. Estimation is not required, but some pro-rata calculations are necessary where billing periods do not match with the reporting period and estimation is applied based on the prior year's operating actuals.

The conversion factors applied for propane and natural gas will be the most recent DEFRA factors (issued prior to this report) unless a localised factor is available. The factors for mobile combustion are the most recent US EPA factors published prior to the date of this report.



Scope 2

Based on Operational Control, location-based data is collected from each site and sample invoices. This is derived from billing information and meter readings for each site. Each site submits an annual return showing monthly usage and this is reviewed for reasonableness centrally and collated to form the Group output. Estimation is only required for the London head-office usage, which is a shared building that Dialight has a lease for less than 1% of the floor area, this amounts to a fraction of a percent of electricity usage. Some pro-rata calculations are necessary where billing periods do not match with the reporting period and estimation is applied based on the prior year's operating actuals.

The conversion factors applied will be the most recent national factors published prior to the date of this report in the country where the operational site is located and in the case of the United States, the most recent regional factor published prior to the date of this report by the US EPA will be applied.

Water

Quantities are taken from water company invoices. Each site submits an annual return showing monthly usage and vehicle mileage and this is reviewed for reasonableness centrally and collated to form the Group output. Estimation is only required for the London head-office usage which is a shared building that Dialight has a lease for less than 1% of the floor area, this amounts to a fraction of a percent of water usage. Some pro-rata calculations are necessary where billing periods do not match with the reporting period and estimation is applied based on the prior year's operating actuals.

Restatement

The prior year data will be amended in the event of

- a) a significant change in the size of the business, for example related to a major acquisition or divestment
- b) a significant change in the operational footprint of the business, for example outsourcing of production
- c) any other significant change in the business that renders the prior year non-representative of the on-going operations of the business
- d) the discovery of a material error in the calculation