



BAE SYSTEMS

PPN006 UK Carbon Reduction Plan

BAE Systems plc

Publication date: 09 June 2025



Supplier name: BAE Systems plc and UK business entities listed in the Appendix (as wholly owned subsidiaries of BAE Systems plc)

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Commitment to achieving net zero

BAE Systems plc (parent company of UK business entities listed in the Appendix) is committed to reduce greenhouse gas emissions (GHG) across our UK operations (Scope 1 and 2) by 2030 and working towards a UK net zero value chain by 2050.

This commitment is supported and adopted by, and will apply to, the UK business entities listed in the Appendix.

Baseline emissions footprint

Baseline emissions are a record of the GHG emissions that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline year: 2020
Additional details relating to the baseline emissions calculations
Baseline emissions (and current emissions) have been calculated by taking the total UK emissions of BAE Systems plc for Scopes 1, 2 and 3. The total UK emissions for Scope 1 and 2 emissions are calculated in line with the methodology that is set out in the BAE Systems plc Annual Report 2021. The required Scope 3 emissions categories have been calculated for the UK as follows: <ul style="list-style-type: none">(1) Business travel - emissions are based upon the type of travel, the distance travelled and relevant conversion factors.(2) Commuting – emissions have been calculated using the number of UK employees, commuting data from the Department for Transport, Office of National Statistics and RAC Foundation, and applying related UK Government conversion factors for CO₂e.(3) Waste – emissions have been calculated using the quantities of waste produced and recycled and applying related UK Government conversion factors for CO₂e. <p>(4&5)¹ Upstream and downstream transportation and distribution – emissions have been calculated using a) an emissions/revenue ratio derived from data obtained from the primary contractor used in the UK, and b) the BAE Systems Group spend data for logistics in the UK. In 2023, we implemented further cleansing and matured our raw data, which has provided more accurate emissions calculations. This has led to a reduction in emissions.</p>

¹ The two Scope 3 categories of upstream and downstream transportation and distribution have been combined in reporting reflecting the way it is accounted for in the business.

Baseline year emissions: 2020		(tCO2e)
Scope 1		69,948
Scope 2		73,221
Scope 3 ¹ (Included sources)		53,479
Total emissions		196,648

Current emissions reporting

Reporting year: 2024		(tCO2e)
Scope 1		52,662
Scope 2		57,616
Scope 3 ² (Included sources)		103,255
Total emissions		213,533

Any subsequent Carbon Reduction Plans will be published within six months of the end of our financial year as specified by the Technical Standard for Completion of Carbon Reduction Plans. As a result, there may be a period where the reporting period of the existing plan has expired more than 12 months previously, but an updated Carbon Reduction Plan is not yet available.

Emissions reduction targets

The BAE Systems Group has set itself the target of:

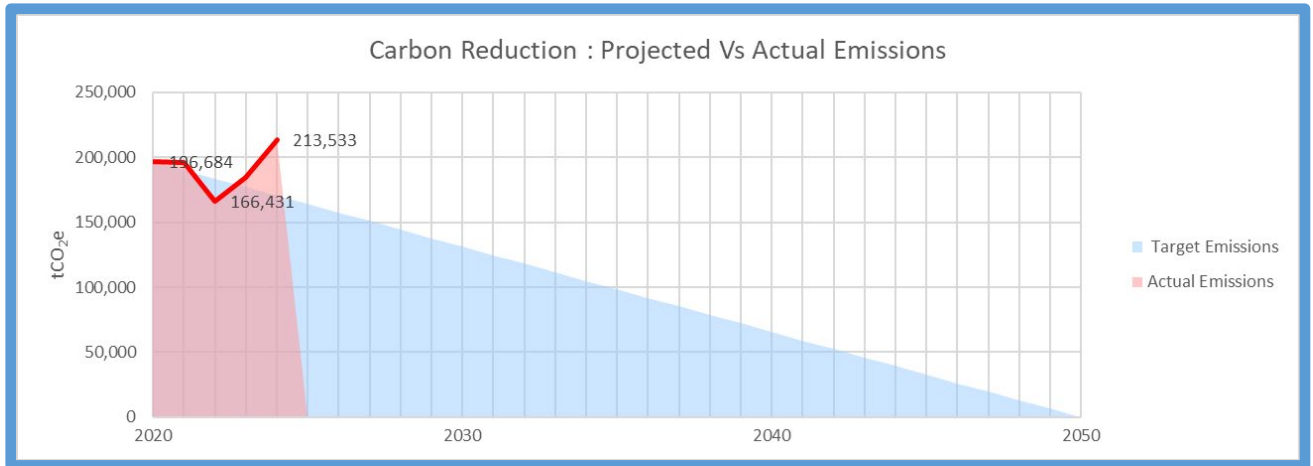
- (1) reducing UK GHG emissions across our operations (Scope 1 and 2) by 2030. We aim to do this by reducing our emissions as a minimum in line with the 1.5°C pathway; and
- (2) working towards a UK net zero value chain by 2050.

Our UK 2024 reduction targets and in-year and long-term incentives are aligned to the Group achieving a 4.2% operational GHG emissions reduction target, in line with the science-based pathway of 1.5°C, year-on-year over ten years (against a baseline year of 2020).

Progress against these targets can be seen in the graph below:

¹ The reporting period for the business travel category is 1 November to 31 October.

² The reporting period for the business travel category is 1 January to 31 December.



The increase in emissions during 2024 results from a number of factors including:

- Increased employee headcount;
- An increase in commuting miles (data derived from the Office for National Statistics);
- Business travel returning to pre-pandemic levels;
- Increased spend in terms of transport and distribution; and
- Increase in long-haul international travel (corresponding with the growth in our international business).

Carbon reduction projects

Completed carbon reduction initiatives

The following environmental management measures and projects have been completed or implemented since the 2020 baseline. These schemes have contributed to a reduction in GHG emissions and the measures will be in effect and able to be applied by the relevant UK business entities when performing the contract. We are not currently able to calculate the tCO₂e reduction achieved by these schemes or the corresponding percentage reduction achieved against the 2020 baseline.

We have ongoing significant capital investment planned across our UK sites over the next ten years and are integrating decarbonisation considerations within our infrastructure programme, incorporating energy efficiency and modern building standards into both refurbishments and new buildings. Site consolidation, new-build and refurbishment projects provide further opportunities for us to optimise and reduce our energy consumption. Robust data on building efficiency and infrastructure is a key enabler to achieve this. We have building information management systems in place across a number of our sites; we are extending these further and have established common building standards across geographies. During 2023, we updated the steam delivery network at one of our Munitions sites in the UK and consolidated a number of our Head Office administration buildings in the UK. Throughout 2024 we sought to continue to reduce energy use across our sites and, where possible, switch to low carbon alternatives to heat our buildings. Some examples of our innovative approach include the use of infra-red 'person heating' pads at our shipyards in Scotland and a feasibility study for hydrogenated vegetable oil for our Submarine Machinery Testing System.

We continue to mature our approach to the quantification and understanding of the more complex Scope 3 emissions.

Further information on BAE Systems sustainability and net zero ambitions can be found in the latest Annual Report on our website (www.baesystems.com/annual-report), which additionally includes the international parts of the business within the Group.

Future carbon reduction initiatives

We have significant capital investment planned across our UK sites over the next ten years and are integrating decarbonisation considerations within our infrastructure programme, incorporating energy efficiency and modern building standards into both refurbishments and new buildings.

Emissions reductions for Scopes 1 and 2 focus on reducing our energy demands and operational emissions. These will be delivered through infrastructure and operational management, including investment in our facilities and buildings, energy efficiency improvements including fuel switching, onsite energy installations and purchase of green energy.

Our ambition for a net zero future also drives efficiency, innovation and collaboration across our value chain. It is critical that we partner and collaborate with our customers, peers and suppliers to meet the UK target of 2050. To this end, we lead and participate in numerous cross-sector and trade body groups to drive collaboration, exchange of good practice and avoid duplicative requests to the wider defence supply chain.

We will continue to build on our portfolio of low carbon products and services in partnership with customers, whilst investing in self-funded research and development into low and zero carbon solutions. Our current programmes include electrification technologies, including electric drive propulsion systems; full electric drives; and hydrogen fuel cell systems for ground, air, and maritime applications, as well as synthetic training.

Declaration and sign off

This UK Carbon Reduction Plan has been completed in accordance with PPN006 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate UK Government emission conversion factors for GHG company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Executive Committee of the Board in June 2025.

Signed on behalf of BAE Systems plc:

Karin Hoeing
Digitally signed by Karin Hoeing
Date: 2025.06.09 09:21:33 +01'00'

Karin Hoeing
Group ESG, Culture & Business Transformation Director
Date: 09 June 2025

Appendix: UK business entities covered by this Carbon Reduction Plan

Aircraft Research Association Limited
Alvis Limited
BAE Systems (Al Diriyah C4i) Limited
BAE Systems (Corporate Air Travel) Limited
BAE Systems (Defence Systems) Limited
BAE Systems (Dynamics) Limited
BAE Systems (Finance) Limited
BAE Systems (Gripen Overseas) Limited
BAE Systems (Holdings) Limited
BAE Systems (International) Limited
BAE Systems (Kazakhstan) Limited
BAE Systems (Land and Sea Systems) Limited
BAE Systems (MEH) Limited
BAE Systems (Military Air) Overseas Limited
BAE Systems (Oman) Limited
BAE Systems (Operations) Limited
BAE Systems (Overseas Holdings) Limited
BAE Systems (Property Investments) Limited
BAE Systems Applied Intelligence (International) Limited
BAE Systems Applied Intelligence Limited
BAE Systems Electronics Limited
BAE Systems Enterprises Limited
BAE Systems Global Combat Systems Munitions Limited
BAE Systems Integrated System Technologies (KSA) Limited
BAE Systems Integrated System Technologies (Overseas) Limited
BAE Systems Integrated System Technologies Limited
BAE Systems Land Systems (Finance) Limited
BAE Systems Marine (Holdings) Limited
BAE Systems Marine Limited
BAE Systems Project Services Limited
BAE Systems Properties Limited
BAE Systems Services Limited
BAE Systems Surface Ships (Holdings) Limited
BAE Systems Surface Ships (Projects) Limited
BAE Systems Surface Ships International Limited
BAE Systems Surface Ships Limited
Callen-Lenz Associates Limited
Detica Group Limited
Eurostep Limited
High Aerospace Ltd
In-Space Missions Limited
International Military Sales Limited
Kirintec Limited
Malloy Aeronautics Limited
MES Interco
Meslink Limited
Newcombe Properties Limited
Nexus Defence Limited
Prismatic Limited
Pulse Power and Measurement Limited
SkyCircuits Limited
Techmodal Limited
VSEL Birkenhead Limited