

A photograph of a submarine on the surface of the ocean. The sun is low on the horizon, creating a bright glow and casting long shadows. The submarine is dark, and its conning tower is visible. The water is dark with some whitecaps. The sky is filled with soft, colorful clouds.

Sustainability Accounting Standards Board (SASB) Disclosure 2024

BAE Systems plc
Industry: Aerospace and Defence

Topic	Metric	BAE Systems Response	Code
Energy Management	<p>(1) Total energy consumed (gigajoules)</p> <p>(2) Percentage grid electricity (%)</p> <p>(3) Percentage renewable (%)</p>	<p>(1) 4,961,680 gigajoules Total energy consumed – Scope 1 and 2. This disclosure is consistent with the corresponding disclosure in our 2024 Annual Report, which reports in kilowatt hours rather than gigajoules. See page 50 of our 2024 Annual Report.</p> <p>(2) 58.3%</p> <p>(3) 4.7%</p> <p>Notes: (2) (3) These figures are different from the corresponding figures on page 50 of our 2024 Annual Report in order to comply with the different SASB reporting requirements. (3) The reported percentage includes renewable electricity that is directly produced by the Company and renewable energy purchased by the Company.</p>	RT-AE-130a.1
Hazardous waste management	<p>(1) Amount of hazardous waste generated (metric tonnes, T),</p> <p>(2) percentage recycled (%)</p>	<p>(1) Hazardous waste generated: 4,952T</p> <p>(2) Percentage recycled: 48.46%</p> <p>Hazardous waste is defined by reference to relevant local laws and regulations. The reported percentage recycled includes non-hazardous and hazardous waste recycling. See page 51 of our 2024 Annual Report.</p>	RT-AE-150a.1
	<p>Number of aggregate quantity of reportable spills, quantity recovered</p>	<p>0 reportable spills (following CERCLA requirements) in respect of US facilities where we have operational control.</p> <p>CERCLA only applies in the US. We can confirm that in other jurisdictions in which we operate, zero spills occurred in 2024 requiring enforcement action under relevant local environmental legislation.</p>	RT-AE-150a.2

<p>Data security</p>	<p>(1) Number of breaches (2) Percentage involving confidential information</p>	<p>We do not report this information in the public domain due to confidentiality and security reasons.</p>	<p>RT-AE-230a.1</p>
<p>Data security</p>	<p>Description of approach to identifying and addressing data security risks in (1) company operations (2) products</p>	<p>(1) Company operations As a major defence, aerospace and security company, the Group faces significant risks in respect of its information security, continuity of operations, integrity of its products and physical security. These threats are continuous and evolving, and are posed by organisations with a broad range of capability, from criminals to nation states.</p> <p>The Board and senior management regularly consider security risk. These senior level reviews cover evolving threats, the Group’s planned responses and the effectiveness of security controls and security investments in meeting intended objectives. Security risk is also reviewed at a functional and operating business level.</p> <p>The Group’s internal Cyber Security Standards are aligned to the National Institute of Standards and Technology framework. A formal, three layers of defence assurance programme, which is reviewed both internally and externally, is operated to check adherence to these standards and customer requirements. Additionally, resulting from the need to comply with government customer requirements, certain of the Group’s IT networks are formally accredited by those customers.</p> <p>Education and awareness to embed a strong security culture across the Group is a vital part of its preventative activities. Employees are required to complete mandatory training which (depending on role) covers cyber security, physical and personal security, document marking, security of export-controlled information and personal data protection. As many cyber-attacks involve email, the Group runs a programme of phishing exercises for all email users across the enterprise.</p> <p>To increase the Group’s resilience against security threats, the Group performs protective monitoring of activity on the Group’s core networks via the Group’s Security Operations Centres, maintains incident</p>	<p>RT-AE-230a.2</p>

Data security

response and crisis management plans with updates following regular test exercises and obtains threat intelligence to the Group, utilising its internal security capabilities and from external partners including governments.

To address the heightened risk to the security of the Group's personnel, additional communications and advice are provided to all employees on personal safety precautions.

To mitigate the cyber security risk posed by working with suppliers, the Group performs risk-based due diligence and assurance and (where relevant) seeks to require suppliers to comply with cyber security-related contractual provisions.

In addition to the above, the Group purchases cyber and property insurance, however, as with all insurance, it does not provide full cover against all potential loss scenarios.

For further details, please see our 2024 [Annual Report](#).

(2) Products

Product data security risks and vulnerabilities come together as an aspect of Product Security Engineering, which is the ability of a product to remain appropriately secure and resilient within its intended operational environment.

Our Product Security Engineering principles and internally mandated Product Security Standard are the foundation of how we work with our customers and supply chain partners to design, develop, manufacture and support our goods and services throughout the product lifecycle, and additionally to ensure the product can, in line with our contractual obligations, address the continually evolving threat of cyber-attack.

Engineering teams use a number of sources for threat intelligence, including HMG / MOD supplied data, open source threat intelligence and Technology Focussed Threat Intelligence Reports which are produced internally. Threat intelligence can be used to help evaluate exposure to threat actors and vulnerabilities, which can be mitigated by putting appropriate safeguards in place

Product performance, including for product data security, is jointly agreed, as part of the contract with the customer, throughout a product development lifecycle at the point of contractual negotiations, certification

RT-AE-230a.2

	<p>Number of Airworthiness Directives received</p> <p>Total units affected</p>	<p>Civil Airworthiness Directives</p> <p>4 new United Kingdom issued directives in 2023 for legacy supported aircraft or aircraft currently operated.</p> <p>4 Directives: AD References: G-2023-0002, G-2023-0003, G-2023-0004R1 and G-2023-0006 3 units affected (Platforms)</p> <p>Applicable to CAT Boeing Aircraft: FAA AD 2024-06-01</p> <p>Applicable to CAT Embraer Aircraft: ANAC AD BR-1999-02-01; ANAC AD BR 2024-04-03</p> <p>Note: In relation to military products, and any airworthiness notifications from the relevant military airworthiness authorities, we do not put this information in the public domain due to confidentiality and security reasons.</p>	RT-AE-250a.3
	<p>Total amount of monetary losses as a result of legal proceedings associated with product safety</p>	<p>We do not put this information in the public domain due to commercial confidentiality.</p>	RT-AE-250a.4
Fuel economy and emissions in use-phase	<p>Revenue from alternative energy-related products</p>	<p>We do not put this information in the public domain.</p>	RT-AE-410a.1
	<p>Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products</p>	<p>We recognise that our value chain contributes to our total GHG emission footprint beyond that of our Scope 1 and 2 emissions. We acknowledge the importance of continuing to partner and collaborate with our customers and suppliers to reduce emissions by 2050.</p> <p>According to external studies, approximately 65%¹ of defence industry emissions come from downstream customer use of products/platforms. To address this requires collaboration with our customers and across the wider defence sector while recognising that operational performance and capability must always take precedence.</p>	RT-AE-410a.2

		<p>In Australia, the Kingdom of Saudi Arabia and the UK, we have undertaken a programme of work to understand the GHG profile of material products. This helps us understand how to decarbonise our products and identify how we can support future customer decisions and investment in product upgrades and development to support their decarbonisation.</p> <p>We are innovating to drive decarbonisation of products and services, and reduce the dependency on fossil fuels. This will be achieved by:</p> <ul style="list-style-type: none"> • Energy optimisation • Alternate fuels • Developing electrification programmes <p>Although the continued progression to lower and zero emissions products and technologies for the defence sector will require a significant transition it is anticipated it may lead to revenue opportunities for the Group over the long-term.</p> <p>1. Roland Berger – Defence Zero Volume 1: Military emissions and potential solutions.</p>	
<p>Materials sourcing</p>	<p>Description of the management of risks associated with the use of critical materials</p>	<p>We conduct supply chain risk assessments and work with suppliers to address any identified key risks to their businesses and supply to our programmes which would include risk associated with the supply of critical materials. Therefore, critical materials are considered as part of a broader corporate approach to monitoring supply chain risk. The challenge of limited or sole source supplies of raw materials remains, due to the nature of some of the products manufactured by the Group, which are often of a unique specification, and frequently supplied at low volumes. To address this, we have a multi-faceted risk management programme that seeks to: aggregate risk across the enterprise using proactive intelligence; manage continuity of supply; and illuminate lower-level supply chain tiers to help us to understand the relationships within our supply chain. We pay specific attention to single and sole source critical goods and services procured through the supply chain, to ensure that the risk is fully understood and adequate contingency and risk mitigation plans are in place and can be enacted if required to manage programme delivery.</p> <p>Where the Group has long-term programmes in place, it seeks to leverage the benefit of a more stable forward visibility of long-lead requirements to allow the Group to better manage supplier deliverables against programme requirements.</p>	<p>RT-AE-440a.1</p>

		<ul style="list-style-type: none"> The Group seeks to manage its supplier cost inflation risk through contracting arrangements, supplier cost management activity, long-term supplier agreements and leverage of category volumes. 	RT-AE-440a.1
Business ethics	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and / or illicit international trade	We do not put this information in the public domain due to commercial confidentiality.	RT-AE-510a.1
	Revenue from countries ranked in the 'E' or 'F' Band of Transparency International's Government Defence Anti-Corruption Index	<p>As stated on page 154 of our Annual Report 2024, our revenues from Saudi Arabia and Qatar (which constitute substantially all of our revenues from countries in Bands "E" and "F") are as follows:</p> <ul style="list-style-type: none"> Kingdom of Saudi Arabia - £2,892m Qatar - £259m <p>We do not put revenues from other countries in these Bands in the public domain due to commercial confidentiality.</p> <p>Robust governance remains at the core of our business and is a foundation of our sustainability agenda. We are committed to ethical and responsible behaviour in all aspects of what we do. Our industry is amongst the most highly regulated of any sector, and we always strive to comply with and often exceed the requirements of applicable laws and regulations. Our Operational Framework sets out our approach as well as the policies, processes and standards to which we adhere, which apply everywhere we operate. Our Code of Conduct and Supplier Principles – Guidance for Responsible Business outline expectations for all our employees and partners. For more information please see:</p>	RT-AE-510a.2

		<p>https://www.baesystems.com/en/sustainability/responsible-business/ethics-and-compliance and our 2024 Annual Report https://www.baesystems.com/en/sustainability/sustainability-reporting/annual-report.</p>	
<p>Business ethics</p>	<p>Discussion of processes to manage business ethics risks throughout the value chain</p>	<p>Our industry is among the most highly regulated of any sector.</p> <p>Our global Operational Framework sets out our approach and the mandated policies, processes and standards that apply everywhere we operate. Our Code of Conduct and ‘Supplier Principles – Guidance for Responsible Business’ (Supplier Principles) outline expectations for all our employees and partners.</p> <p>Anti-corruption programme</p> <p>Our customers, shareholders, partners and colleagues expect the highest standards of ethical conduct. We support our employees in understanding the vital role they have to play to conduct business in an ethical and responsible way. We have a zero tolerance policy regarding corruption in all its forms.</p> <p>Our anti-corruption programme is designed to identify, manage and mitigate corruption risks and ensure we adhere to all relevant legal and regulatory requirements recognising the bribery and corruption risks the Group faces. The programme provides our employees with practical guidance, helps them to understand what is expected of them and creates an environment where they feel they can confidently and, anonymously if needed, ask questions and raise concerns.</p> <p>Our ethics programme</p> <p>Our global Code of Conduct lays out the standards and behaviours that we expect of all employees. It guides us in acting responsibly and ethically in everything we do and outlines the ways in which anyone can seek help and guidance. Our Code is supported by a training and engagement programme to empower people to make ethical decisions. All of our employees are required to complete live, manager-led ethics training annually alongside e-learning programmes of role-specific training, for example, on export controls.</p> <p>We value openness and strive to create a culture where people feel they can speak up freely.</p> <p>Employees can raise a concern through four primary channels: via our Ethics Officers; by email; on the telephone; and online reporting to our externally run Ethics Helpline service. Our Ethics Helpline is also open</p>	<p>RT-AE-510a.3</p>

<p>Business ethics</p>	<p>to third parties. Our Ethics Officers receive training to equip them with the skills to provide guidance to employees raising a concern.</p> <p>Responsible supply chain Our ambition is to be responsible across our global business. We cannot achieve this alone, therefore it is important that we collaborate and partner with suppliers to make a positive business impact and the steps we are taking are detailed below.</p> <p>In 2024, we spent £5bn with 21,500 directly contracted suppliers worldwide. These relationships are often long-lasting due to the complexity of our products and their long lifecycles, so it is critical that our suppliers share our values.</p> <p>We communicate our expectations about responsible supply chain through our Supplier Principles which we share with all our suppliers. Our Principles cover supplier workplace, labour standards, employee business practices and wider topics of focus.</p> <p>During 2024, we undertook an annual risk-based assurance activity to assess our suppliers' adoption of our Principles and to identify any areas that required investigation and/or mitigation. We completed this assurance activity with suppliers representing more than 34% of our global spend.</p> <p>Additionally, our standard terms and conditions require suppliers to comply with all applicable laws and regulations, including those related to human rights, anti-slavery and the environment.</p>	
<p>Production by reportable segment</p>	<p>At BAE Systems, we provide some of the world's most advanced, technology-led defence, aerospace and security solutions. We focus our operations across five key sectors:</p> <p><u>Electronic Systems</u> Electronic Systems comprises the Group's US- and UK-based electronic solutions, including electronic warfare systems, navigation systems, electro-optical sensors, military and commercial digital engine and flight controls, precision guidance and seeker solutions, next-generation military communications systems and data links, persistent surveillance capabilities and electric drive propulsion systems, as well as space electronics, spacecraft, ground and tactical systems.</p>	

Platforms & Services

Platforms & Services, with operations in the US, Sweden and the UK, manufactures and upgrades combat vehicles, weapons and munitions, and delivers services and sustainment activities, including US naval ship repair and the management and operation of two government-owned, contractor-operated ammunition plants.

Air

Air comprises the Group's UK-based air build and support activities for European and international markets, US programmes, development of our Future Combat Air System and FalconWorks, alongside our business in the Kingdom of Saudi Arabia and interests in our European joint ventures: Eurofighter and MBDA.

Maritime

Maritime comprises the Group's UK-based maritime and land activities, including ship build and support activities, major submarine build programmes, as well as our Australian business.

Cyber & Intelligence

Cyber & Intelligence comprises the US-based Intelligence & Security business and UK-headquartered Digital Intelligence business and includes the Group's cyber security activities for national security, central government and government enterprises.

OUR KEY PROGRAMMES AND FRANCHISES

Space

Leading capabilities in the design, build and operation of satellites and satellite systems, space electronics and instrument payloads.

Aircraft

Prime contracting, systems integration, rapid engineering, manufacturing, maintenance, repair and upgrade, and military training for advanced combat and trainer aircraft, including Typhoon and workshare of the F-35 Lightning II programme.

Weapon systems and munitions

Design and manufacture of naval gun systems, munitions, high-quality energetics and propellants, torpedoes, radars, naval command and combat systems, artillery systems and missile launchers.

Complex warships

Design and manufacture of eight Type 26 frigates for the Royal Navy and the first three (Batch 1) Hunter Class frigates for the Royal Australian Navy. Provider of the warship design for the Canadian Surface Combatant programme.

Submarines

Design and manufacture of seven Astute Class nuclear-powered attack submarines and four Dreadnought Class nuclear-powered submarines for the Royal Navy. Early design and mobilisation activities on the SSN-AUKUS programme to deliver a replacement for the Astute Class.

Embedding environmental considerations

Provision of electric drive systems for low- and zero-emission propulsion systems with an extensive installed base on urban transit buses.

Intelligence and cyber security

Delivery of a broad range of intelligence, security and synthetic training services to enable military, intelligence and civilian branches of international governments to recognise, manage and defeat threats.

Naval ship repair and support

Provision of naval ship repair and modernisation services in the US and UK, together with support to the navies of the US, UK and Australia, at home and on deployment.

Uncrewed and future air system capabilities

Development of future air system capabilities, including joint investment with the UK Government and industry in a next-generation combat air system under the Tempest programme.

<p>Production by reportable segment</p>	<p><u>Commercial avionics equipment</u> Design, manufacture and support of avionics equipment across multiple commercial aircraft platforms, including engine and flight controls, and cabin and cockpit systems, as well as aftermarket support services.</p> <p><u>Combat vehicles</u> Build and upgrade of tracked combat vehicles, including the Bradley fighting vehicles, M109 self-propelled howitzers, Armored Multi-Purpose Vehicles, CV90, BvS10, Beowulf and M88 recovery vehicles, and manufacture of Amphibious Combat Vehicles.</p> <p><u>Air support and training</u> Provision of support to operational capability, including maintenance, upgrade, support and training for Typhoon, Tornado, Hawk and support for the F-35 Lightning II fleet around the globe.</p> <p><u>Defence electronics</u> Design, manufacture and support of electronic systems across a range of military programmes, including a leadership position in the electronic warfare market.</p>	
<p>Number of employees</p>	<p>107,400 as at 31 December 2024 and including share of equity accounted investments.</p>	<p>RT-AE-000.B</p>