

Limited Assurance Verification Statement

Company Name: BAE Systems plc

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This limited assurance verification was performed in accordance with the specification and guidance defined in International Organization for Standardization for environmental management (ISO 14064-3).

Introduction

The verification was carried out by Ramboll and on behalf of BAE Systems Plc, known as "BAE Systems", to safeguard the credibility of its financial year (FY) 2020 greenhouse gas (GHG) inventory and reporting (climate change disclosure). The verification includes all scope 1, scope 2, and scope 3 sources identified within the GHG inventory, as follows:

Scope	Source	Description
Scope 1	Natural Gas	On-site natural gas usage and combustion
Scope 1	Aviation Fuel	Aviation fuel usage and combustion
Scope 1	Light Fuel Oil	On-site light fuel oil usage and combustion
Scope 1	Heavy Fuel Oil	On-site heavy fuel oil usage and combustion
Scope 1	Petrol	On-site petrol usage and combustion
Scope 1	LPG or Propane	On-site LPG/propane usage and combustion
Scope 1	Hire Cars (Diesel, Petrol)	Vehicle miles traveled for hired cars
Scope 2	Steam	Purchased steam usage
Scope 2	Grid Electricity	Purchased electricity usage
Scope 3	Commercial Flights	Travel data for long haul, medium haul, and short haul flights
Scope 3	Personal Cars (Petrol, Diesel, Electric)	Vehicle miles traveled for personal cars
Scope 3	Company Cars (Petrol, LPG, Electric, Diesel)	Vehicle miles traveled for company cars
Scope 3	Rail	Vehicle miles traveled for rail trips

Verification Scope

The limited assurance verification was carried out on BAE Systems' declared GHG inventory for Fiscal Year 2020 (FY20).

The main objectives of the verification were as follows:

- To conduct limited assurance verification of BAE Systems' scope 1, scope 2, and scope 3 global GHG emission inventory estimates for FY20, detailed above.
- To evaluate how the collation and management of the BAE Systems' GHG inventory conforms to the criteria, principals and requirements of the GHG Protocol and specification of ISO 14064-3.
- To use this verification process to help support BAE Systems' voluntary program of GHG disclosure and reporting.

The criteria for this verification are as defined by the World Resources Institute, the World Business Council for Sustainable Development GHG Protocol Corporate Standard, Guidance detailed in the International Standard for the Validation and Verification of Greenhouse Gas Assertions (ISO 14064-3).

Ramboll conducted the assessment as follows:

- Review of BAE Systems' GHG inventory approach in terms of boundary setting, calculation methods, and data collection in order to assess errors, omissions or inconsistencies in the approach;
- Online meetings and e-mail exchanges with key stakeholders to review the information systems and controls in place and to assess the accuracy and robustness of the systems, as an approach in general and to verify operational boundaries, methodology documentation, and adherence with the guidance; and
- A risk-based sampling assessment that focused upon reconciling primary (supplier) data (activity data from invoices, mileage, etc.) against the emission factors and calculations performed within the BAE Systems' GHG inventory.

The assessment resulted in various observations communicated to BAE Systems during the verification process. The following is a summary of our findings from our limited assurance verification:

- Ramboll reviewed limited sample of natural gas and electricity invoices and found inconsistencies between certain invoices and CRD desktop tracking system. Ramboll did not find any of the discrepancies to be material errors, systemic errors or widespread in nature. For the purposes of this verification, we consider an emission error to be materially misleading if it exceeded 5% of total GHG emissions (scope 1, 2 and 3).
- Ramboll reviewed limited samples of travel data and found discrepancies with data recording. Ramboll provided comments to BAE Systems to be incorporated in future years by the GHG quantification team.
- Ramboll reviewed GHG calculator workbook and found minor calculation errors. Ramboll provided comments to BAE Systems and the error was corrected by the GHG quantification team.

Conclusion

The BAE Systems' GHG inventory was prepared according to the requirements defined by the World Resources Institute and the World Business Council for Sustainable Development GHG Protocol Corporate Standard and ISO 14064 standard. Table 1 below summarizes the BAE Systems' FY20 GHG inventory subject to this review.

Table 1. Summary of BAE Systems FY20 GHG Inventory

Emission Scope	FY20 Emissions (tonnes CO ₂ e)
Scope 1	151,190
Scope 2 Location-Based	336,207
Scope 3	54,769

Based upon the process and procedures conducted, there is no evidence that the BAE Systems's GHG inventory for FY20;

- is not materially correct and is not a fair representation of GHG data and information, and

- has not been prepared in accordance with the requirements defined by the World Resources Institute and the World Business Council for Sustainable Development GHG Protocol Corporate Standard and ISO 14064 standard.

On behalf of:

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Lead Verifier

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