

## 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 the International Organization for Standardization (ISO) Greenhouse gases standard Part 3: Specification with guidance for the verification and validation of greenhouse gas statements (ISO 14064-3:2019).

### Introduction

The verification was carried out by Ramboll US Consulting and on behalf of BAE Systems Plc, known as “BAE Systems”, to safeguard the credibility of its financial year (FY) 2021 greenhouse gas (GHG) inventory and reporting in its Annual Report and response to the climate change CDP (formerly carbon disclosure project) questionnaire.

The verification included all scope 1, scope 2 (location- and market-based), 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 2	Renewable Electricity	Purchased renewable energy
Scope 2	Renewable Electricity	Generated on site renewable energy
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 2021 Fiscal Year (FY21).

The main objectives of the verification were as follows:

- To conduct limited assurance verification of BAE Systems’ scope 1, scope 2 (location- and market-based), and scope 3 global GHG emission inventory estimates for FY21, detailed above.

- To evaluate how the collation and management of the BAE Systems' GHG inventory conforms to the criteria, principals and requirements of the World Resources Institute and the World Business Council for Sustainable Development GHG Protocol Corporate Accounting and Reporting Standard, Scope 2 Guidance, and Corporate Value Chain (Scope 3) standard (GHG Protocol Standards and the ISO Greenhouse gases standard Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals ( ISO 14064-1: 2018).
- 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 ISO-14064-3: 2019.

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 sampling assessment review only covered January to September. However, an overall check of final emissions values was not significantly different from FY20 to FY21. Excluded from this assessment, was an evaluation of the materiality of excluded Scope 3 categories.

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 provided recommendation for improvements in future years.

### Conclusion

The BAE Systems' GHG inventory was prepared according to the requirements defined by the GHG Protocol Standards and ISO 14064-1: 2018 standard. Table 1 below summarizes the BAE Systems' FY21 GHG inventory subject to this review.

**Table 1. Summary of BAE Systems FY21 GHG Inventory**

Emission Scope	FY21 Emissions (tonnes CO <sub>2e</sub> )
Scope 1	142,241
Scope 2 Location-Based	268,735

Scope 2 Market-Based	232,856
Scope 3	24,094

Based upon the process and procedures conducted, there is no evidence that the BAE Systems's GHG inventory for FY21;

- 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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