



## Our Greenhouse Gas Emissions

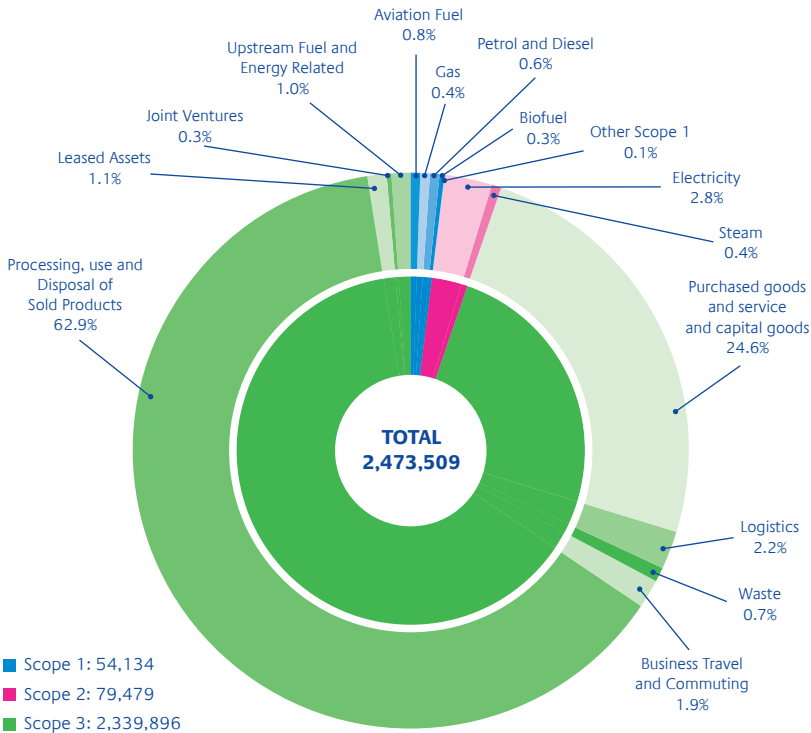
We calculate our footprint using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, which defines emissions into 'scopes'.

**Scope 1** emissions are those under our direct control, such as aviation fuel consumed by our aviation business, combustion of fuels for heating buildings and powering our vehicles.

**Scope 2** are our indirect emissions arising from purchased electricity and steam.

**Scope 3** emissions make up the rest of our value chain, including the upstream emissions embedded within the goods and services we purchase, downstream lifetime emissions from products we sell, and the emissions resulting from employee travel and our investments.

2023 GHG Emissions Inventory (tCO<sub>2</sub>e)



Due to the nature and complexity of our operations, the calculation of our scope 3 footprint is particularly challenging. We have been working to develop and enhance our understanding of our scope 3 emissions and have completed a full inventory for the first time in 2024, with emissions back-calculated for calendar years 2023, 2022 and 2021 aligned to our approved science-based targets.

The following table presents our Babcock International Group PLC scope 1, 2 and 3 emissions for the years 2021, 2022 and 2023 expressed in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e).

<b>Babcock Group Total (UK and Global)</b>		<b>2021</b>	<b>2022</b>	<b>2023</b>
Scope 1: Direct emissions from owned/controlled operations <sup>1</sup>	tCO <sub>2</sub> e	77,087	58,387	54,134
Scope 2 market-based: Indirect emissions from the use of electricity and steam	tCO <sub>2</sub> e	67,528	73,884	79,479
<b>Total scope 1 and 2 emissions</b>	tCO <sub>2</sub> e	144,615	132,271	133,613
<b>Scope 3 footprint - Babcock Group Total:</b>				
Category 1: Purchased goods and services	tCO <sub>2</sub> e	496,744	506,501	501,670
Category 2: Capital goods	tCO <sub>2</sub> e	75,561	89,472	105,748
Category 3: Fuel- and Energy-Related	tCO <sub>2</sub> e	25,354	22,801	25,146
Category 4: Upstream transport	tCO <sub>2</sub> e	30,215	31,135	54,548
Category 5: Waste	tCO <sub>2</sub> e	17,017	18,125	16,407
Category 6: Business travel	tCO <sub>2</sub> e	6,600	9,495	15,770
Category 7: Employee commuting	tCO <sub>2</sub> e	30,095	29,664	30,502
Category 8: Upstream leased assets	tCO <sub>2</sub> e	767	909	648
Category 9: Downstream transport	tCO <sub>2</sub> e	445	384	390
Category 10: Processing of sold products	tCO <sub>2</sub> e	0	0	0
Category 11: Use of sold products <sup>2</sup>	tCO <sub>2</sub> e	1,577,929	1,334,194	1,555,556
Category 12: End-of-life treatment of sold products	tCO <sub>2</sub> e	585	386	460
Category 13: Downstream leased assets	tCO <sub>2</sub> e	20,601	20,627	25,825
Category 14: Franchises	tCO <sub>2</sub> e	0	0	0
Category 15: Investments	tCO <sub>2</sub> e	3,838	3,848	7,226
Category 15: Pensions <sup>3</sup>	tCO <sub>2</sub> e	-	-	1,268,302
<b>Total scope 3 emissions (excluding pensions)</b>	tCO <sub>2</sub> e	2,285,752	2,067,540	2,339,896
<b>Total scope 3 emissions (including pensions)</b>	tCO <sub>2</sub> e	-	-	3,608,199
<b>Total Value Chain Emissions (excluding pensions)<sup>4</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>2,430,367</b>	<b>2,199,811</b>	<b>2,473,509</b>

1. Scope 1 emissions include biogenic emissions from combustion of biofuels. In 2023 this equated to 7,261 tCO<sub>2</sub>e.
2. Use of sold products emissions include future lifetime emissions from products sold in 2023.
3. Pensions emissions have been estimated for 2023 based on extrapolation of the absolute GHG emissions within the most recently available climate reports for Babcock's pension schemes,
4. Category 15 emissions associated with pensions investments have been estimated for 2023 but we have elected not to include these in our total value chain figures given the calculation maturity and inability to compare against prior periods.

We calculate our scope 1 and 2 footprint following the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition) under the 'Operational Control' approach, and scope 3 following the GHG Protocol Corporate Value Chain (scope 3) standard. These are the international standard methodologies for emissions accounting and is aligned with the requirements of Streamlined Energy and Carbon Reporting (SECR) regulations and schemes such as the Science Based Targets initiative (SBTi), CDP and Taskforce for Climate-Related Financial Disclosures (TCFD).

Figures for UK operations follow conversion factors published by BEIS, except the supplier-provided energy from waste factors. Non-UK operations utilise emission factors applicable to the fuel source and location. The reporting period for our energy consumption and GHG emissions is the calendar year (1st January to 31st December) due to availability of data to meet annual reporting timescales.

## Exclusions and estimated data

The published emission figures include an element of estimated data, at 8% for 2021, 5% for 2022 and 0.03% for 2023. Certain data, estimated to be immaterial to the Group's emissions, has been omitted as it has not been practical to obtain (including office operations in Japan and USA, and category 15 emissions from Joint Ventures other than Ascent Flight Training (Holdings) Limited and AirTanker Services Limited). Metering and monitoring improvements are being implemented to capture these data streams.

## Re-baselining activity

Organisational changes including the sale of our European aviation business have cumulatively exceeded our materiality threshold (5% emission variance). Accordingly, emissions data for prior years have been adjusted in line with the organisational changes and to include additional data previously unavailable. We have also changed our base-year to 2021; this aligns to our approved science-based targets and is due to 2021 being the most recent year with a full emissions inventory across all scopes. A full scope 3 footprint is provided for the first time this year, backdated to 2021. Scope 3 emissions have been calculated in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard and include elements of future emissions from sold products.

## Scope 1 emissions

Total Babcock Group scope 1 emissions have reduced 7.3% in 2023 compared to 2022. This represents a reduction of 29.8% against the 2021 baseline. The top three reasons include reduction in aviation fuel consumption from fewer flying hours, reduced industrial activities at Devonport Royal Dockyard and transition to biodiesel at Devonport Royal Dockyard. As operational activities at Devonport Royal Dockyard increase again in following years it will be critical to mitigate the scope 1 emissions.

Our direct scope 1 emissions are mostly calculated using primary data from meter readings, supplier invoices, specialist assessments and inventory reports. We record gas consumption on regular meter readings. Aviation fuel is recorded by volume delivered. Vehicle emissions are calculated from annual fuel card data or estimated from expense reports where fuel quantities or mileage is not available. Other fuel consumption is a mixture of meter readings and invoices. Fugitive emissions are measured on F-gas registers from inspections of equipment.

## Scope 2 emissions

Scope 2 emissions have increased 7.6% year on year from 2022 to 2023. This represents an increase of 17.7% against the 2021 baseline. This is almost entirely because of the supplier-provided emission factor for energy from waste at Devonport Royal Dockyard increasing substantially from 2021 to 2023, despite the proportion of our electricity consumption on renewable contracts increasing over this period.

Compared to our base year, 2021, scope 1 and 2 emissions have reduced by 7.6% which is good progress compared to our 2030 science-based target. We now have carbon reduction plans covering more than 80% of our estates and assets scope 1 and 2 emissions.

Our scope 2 emissions are calculated from meter readings and supplier invoices. We use the market-based method of the revised version of the GHG Protocol Scope 2 Guidance for calculating our scope 2 emissions. In this method, all electricity consumption attributed to our contract backed by Renewable Energy Guarantees of Origin (REGO) certificates is considered zero emission, any remaining consumption of grid electricity is converted to emissions using residual grid factors and supplier-specific conversion factors are used for Devonport Royal Dockyard electricity and steam provided by the MVV operated energy from waste combined heat and power plant. This plant serves as a waste disposal route for the region and does prevent landfill use; however, the emissions intensity of the produced electricity is significantly higher than the UK national grid average.

### Scope 3 emissions

Scope 3 emissions have increased by 13.2% compared to 2022, primarily because of an increase in procurement spend, and an increase in the number of products sold by the LGE business. This is discussed in more detail below. Compared to our base year, scope 3 emissions have increased by 2.4% which is not on track compared to our 2030 science-based target; however, we are at the beginning of our scope 3 journey and will prioritise developing plans to reduce scope 3 emissions over the next financial year.

Category 11 emissions by definition include estimations of future emissions, and therefore contain significant uncertainty. The top 3 sources of category 11 emissions are LGE ecoSMRT® (1.12 million tCO<sub>2</sub>e), Type 31 (236,000 tCO<sub>2</sub>e) and Africa Plant generators (186,500 tCO<sub>2</sub>e). Type 31 downstream scope 3 emissions have been spread over the 9 years of the build contract to avoid a sudden spike in emissions on completion. Reported emissions from ecoSMRT® products sold can be misleading given these products prevent liquefied natural gas from boiling off during shipping. Therefore, the products have a net benefit in terms of climate impact if a lifecycle assessment were to be conducted on their cradle-to-grave compared to not having the products installed on ships. The GHG Protocol Corporate Value Chain standard results in the high figures reported due to accounting for lifetime emissions of sold products. The standard also allows avoided emissions to be reported separately, however we have not estimated avoided emissions at this time.

### Scope 3 Upstream

A spend-based calculation was carried out for supply chain emissions following the EEIO (Economic-Environmental Input-Output) methodology. This approach analyses the economic transactions and interdependencies between sectors of the economy to estimate the environmental impacts associated with the production and consumption of goods and services. This applies an emissions factor to each category of spend based on average industry data. We are working towards collection of supplier-specific emissions data to improve the accuracy of our scope 3 accounting.

Business travel emissions have been calculated from travel booking data and include the impacts of radiative forcing for flights. Homeworking emissions have been estimated using data from employees disclosing number of days worked at home combined with the best practice methodology of the “Ecoact homeworking emissions whitepaper”. Commuting emissions were estimated from the number of employees who commute in each country multiplied by national average commuting statistics and the relevant emissions factors.

### Scope 3 downstream

Scope 3 downstream emissions were calculated based on data collected from all Sectors and DRCs on their products and services, as well as data from the pensions team and Joint Ventures. Some assumptions had to be made to estimate emissions, particularly in projecting future emissions from sold products (category 11). We are working with our customers to improve the accuracy of these estimations.

### Pensions

Pensions have been estimated for 2023 based on extrapolation of the absolute GHG emissions within the most recently available climate report data for BIGPS, DRDPS and BRSS schemes as required for compliance with TCFD. These schemes cover around 70% of all employees. Emissions are estimated from the relative share of annual emissions from investments as per the GHG Protocol Corporate Value Chain Standard for category 15. More detail on these emissions calculations can be found in the TCFD reports.

## Our targets

In April 2024 our science-based near and long-term emissions reduction targets were validated by the Science Based Targets initiative (SBTi). These targets commit Babcock to the following:

- › Babcock International Group PLC commits to reach net-zero GHG emissions across the value chain by 2050.\*
- › Babcock International Group also commits to reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year. \*
- › Babcock International Group also commits to reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2021 base year.
- › Babcock International Group also commits to reduce absolute Scope 1 and 2 GHG emissions 90% by 2040 from a 2021 base year. \*
- › Babcock International Group also commits to reduce absolute Scope 3 GHG emissions 90% by 2050 from a 2021 base year.

\* The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks