

# PPN 06/21 - Carbon Reduction Plan

Supplier Name: **Babcock International Group PLC**

Publication Date: **12<sup>th</sup> December 2022**

Revision: **2022 Update**

This Carbon Reduction Plan captures the operations of Babcock International Group PLC and all its subsidiaries.

## Commitment to achieving Net Zero

Babcock is fully committed to playing our part in addressing the global climate crisis. ‘PlanZero40’ is our Group-wide Carbon Strategy, which is driving extensive decarbonisation programmes across our estate, assets and operations. PlanZero40 commits us to ambitious Science-Based Targets in line with a 1.5°C limit to global warming and to delivering Net Zero within our own operations (Scope 1 and 2 emissions) by 2040. We are committed to achieving Net Zero within our value chain (Scope 3 emissions) by 2050 and are investigating opportunities to accelerate our Scope 3 Carbon Reduction journey with the aim of setting targets that are more ambitious. All entities within Babcock International Group are committed to achieving the above targets.

Babcock is actively working to support our customers decarbonise their estate, assets, and operations to achieve their Net Zero ambitions. We are committed to leading the low carbon transition and are working to drive innovation and collaboration through the value chain to develop and deliver low carbon solutions.



Figure 1 – Babcock International Group PLC’s Journey to Net Zero

## **Baseline Emissions Footprint**

Baseline emissions are a record of the greenhouse gases 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. Our Carbon Baseline includes our greenhouse gas (GHG) emissions from the seven GHGs named in the Kyoto Protocol:

- Carbon Dioxide (CO<sub>2</sub>)
- Hydrofluorocarbons (HFCs)
- Methane (CH<sub>4</sub>)
- Nitrous Oxide (N<sub>2</sub>O)
- Nitrogen Trifluoride (NF<sub>3</sub>)
- Perfluorocarbons (PFCs)
- Sulphur Hexafluoride (SF<sub>6</sub>)

Our emissions are calculated in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) using the appropriate conversion factors published by BEIS. Non-UK operations utilise emission factors applicable to the fuel source and location. Our emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard under the ‘operational control’ approach.

### **Group Emissions – Baseline Reporting Year**

**Scope 1 & 2 Emission Baseline Year: 2019** (01/01/19 – 31/12/19)

**Scope 3 Emission Baseline Year: FY20** (01/04/19 – 31/03/20)

#### **Additional details relating to the Baseline Emissions calculations:**

##### **Scope 1 & 2 emissions**

Following comprehensive investigations into our energy consumption and carbon emissions, we have decided to report our Scope 1 and Scope 2 emissions in calendar year, opposed to the Fiscal Year (FY). Accordingly, we have adjusted our baseline from the previous FY17 to 2019 (01/01/19 – 31/12/19). Our reset baseline supports our commitment to setting and achieving Science-Based Targets in line with requirements of the Science Based Targets initiative.

##### **Scope 3 emissions**

Currently we report our Scope 3 emissions as Fiscal Year due to the spend and revenue-based approach to calculating our emissions. Accordingly, our baseline is currently FY20 (01/04/19 – 31/03/20), the baseline includes the below Scope 3 categories which have been calculated utilising operational data and the Environmentally Extended Input-Output (EEIO) approach.

Category 1 - Purchased goods and services

Category 2 - Capital goods

Category 3 - Fuel- and energy-related activities

Category 4 - Upstream transportation and distribution

Category 5 - Waste generated in operations

Category 6 - Business travel

Category 7 - Employee commuting

Category 8 - Upstream leased assets

Category 9 - Downstream transportation and distribution

Baseline year emissions	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1 (01/01/19 – 31/12/19)	169,029
Scope 2 (01/01/19 – 31/12/19)	73,624
Scope 3 (01/04/19 – 31/03/20) (Included Sources)	<b>725,048</b> The following categories are included in our Scope 3 emission figures: Category 1 - Purchased goods and services Category 2 - Capital goods Category 3 - Fuel- and energy-related activities Category 4 - Upstream transportation and distribution Category 5 - Waste generated in operations Category 6 - Business travel Category 7 - Employee commuting Category 8 - Upstream leased assets Category 9 - Downstream transportation and distribution

#### Entity Emissions – Baseline Reporting Year

The following is a breakdown of the indicative Baseline Emissions of ‘in scope’ entities within Babcock International Group PLC.

Babcock Entity	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 (tCO <sub>2</sub> e)	Total Emissions (tCO <sub>2</sub> e)
Cavendish Nuclear Limited	7,829.5	3,410.3	33,584.4	44,824.1
Devonport Royal Dockyard Limited	30,184.1	13,147.3	129,474.4	172,805.8
Babcock Marine (Clyde) Limited	6,794.2	2,959.3	29,143.5	38,897.1
Babcock Aerospace Ltd	4,400.4	1,916.7	18,875.5	25,192.6
Babcock Support Services Ltd	1,846.2	804.2	7,919.5	10,569.9
Babcock Rail Limited	4,440.5	1,934.2	19,047.6	25,422.2
Babcock Critical Services Limited	2,649.0	1,153.8	11,362.9	15,165.7
Babcock Training Limited	2,467.2	1,074.6	10,582.9	14,124.7
Babcock Vehicle Engineering Limited	1,167.8	508.6	5,009.1	6,685.5
Babcock Land Limited	1,987.8	865.8	8,526.5	11,380.1
Babcock Land Defence Limited	12,995.8	5,660.6	55,745.3	74,401.7

Babcock Entity	Scope 1 (tCO <sub>2</sub> e)	Scope 2 (tCO <sub>2</sub> e)	Scope 3 (tCO <sub>2</sub> e)	Total Emissions (tCO <sub>2</sub> e)
Babcock Marine Training Limited	2,030.6	884.5	8,710.1	11,625.1
Babcock Integrated Technology Ltd	8,114.2	3,534.3	34,805.7	46,454.2
Babcock Communications Ltd	811.9	353.6	3,482.7	4,648.3
Rosyth Royal Dockyard Ltd	3,712.1	1,616.9	15,923.2	21,252.3

## Current Emissions Reporting

### Group Emissions - Current Emissions Reporting Year

<b>Scope 1 &amp; 2 Emission Current Year: 2021 (01/01/21 – 31/12/21)</b> <b>Scope 3 Emission Current Year: FY22 (01/04/21 – 31/03/22)</b>	
EMISSIONS	TOTAL (tCO <sub>2</sub> e)
<b>Scope 1</b> (01/01/21 – 31/12/21)	<b>143,160</b>
<b>Scope 2</b> (01/01/21 – 31/12/21)	<b>49,496</b>
<b>Scope 3</b> (01/04/21 – 31/03/22) (Included Sources)	<b>1,158,255</b> During 2022, we conducted a hotspot analysis to assess our Scope 3 downstream footprint, which we have not previously fully calculated. We adopted a hybrid approach to conducting the analysis which calculated our Scope 3 downstream footprint as 590,550 TCO <sub>2</sub> e for the 2021 emission reporting year. We continue to use the EEIO approach to calculate our Scope 3 upstream footprint and we are working to develop the maturity of calculation methodologies. Our Scope 3 baseline includes the following categories: The following categories are included in our Scope 3 emission figures: Category 1 - Purchased goods and services Category 2 - Capital goods Category 3 - Fuel- and energy-related activities Category 4 - Upstream transportation and distribution Category 5 - Waste generated in operations Category 6 - Business travel Category 7 - Employee commuting Category 8 - Upstream leased assets Category 9 - Downstream transportation and distribution Category 10 - Processing of sold products Category 11 - Use of sold products

	Category 12 - End-of-life treatment of sold products Category 13 - Downstream leased assets Category 14 - Franchises Category 15 - Investments
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### **Entity Emissions - Current Emissions Reporting Year**

The following is a breakdown of the indicative Current Reporting Year Emissions of ‘in scope’ entities within Babcock International Group PLC:

<b>Babcock Entity</b>	<b>Scope 1 (tCO<sub>2</sub>e)</b>	<b>Scope 2 (tCO<sub>2</sub>e)</b>	<b>Scope 3 (tCO<sub>2</sub>e)</b>	<b>Total Emissions (tCO<sub>2</sub>e)</b>
Cavendish Nuclear Limited	6,182.74	2,137.61	50,022.27	58,342.62
Devonport Royal Dockyard Limited	22,280.72	7,703.31	180,265.07	210,249.10
Babcock Marine (Clyde) Limited	5,694.71	1,968.88	46,073.79	53,737.38
Babcock Aerospace Ltd	3,688.31	1,275.19	29,840.77	34,804.28
Babcock Support Services Ltd	151.40	52.35	1,224.95	1,428.70
Babcock Rail Limited	5,077.09	1,755.35	41,076.84	47,909.28
Babcock Critical Services Limited	2,020.32	698.50	16,345.68	19,064.51
Babcock Training Limited	2,455.51	848.97	19,866.65	23,171.13
Babcock Vehicle Engineering Limited	908.39	314.07	7,349.43	8,571.88
Babcock Land Limited	988.63	341.81	7,998.62	9,329.05
Babcock Land Defence Limited	7,587.40	2,623.26	61,386.82	71,597.48
Babcock Marine Training Limited	410.86	142.05	3,324.14	3,877.06
Babcock Integrated Technology Ltd	6,953.58	2,404.12	56,258.85	65,616.56
Babcock Communications Ltd	644.18	222.72	5,211.84	6,078.74
Rosyth Royal Dockyard Ltd	1,037.04	358.54	8,390.27	9,785.85

Progress against the Group-wide targets can be seen in the graphs below:

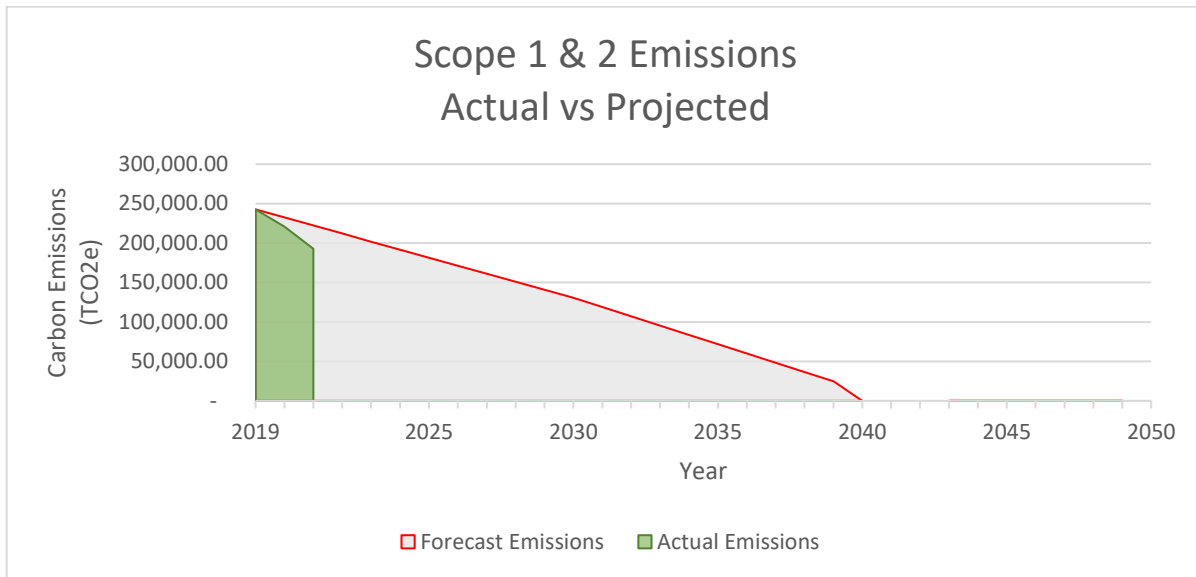


Figure 2 – Babcock International Group PLC’s Scope 1 and 2 Carbon Emissions – Actual vs Projected

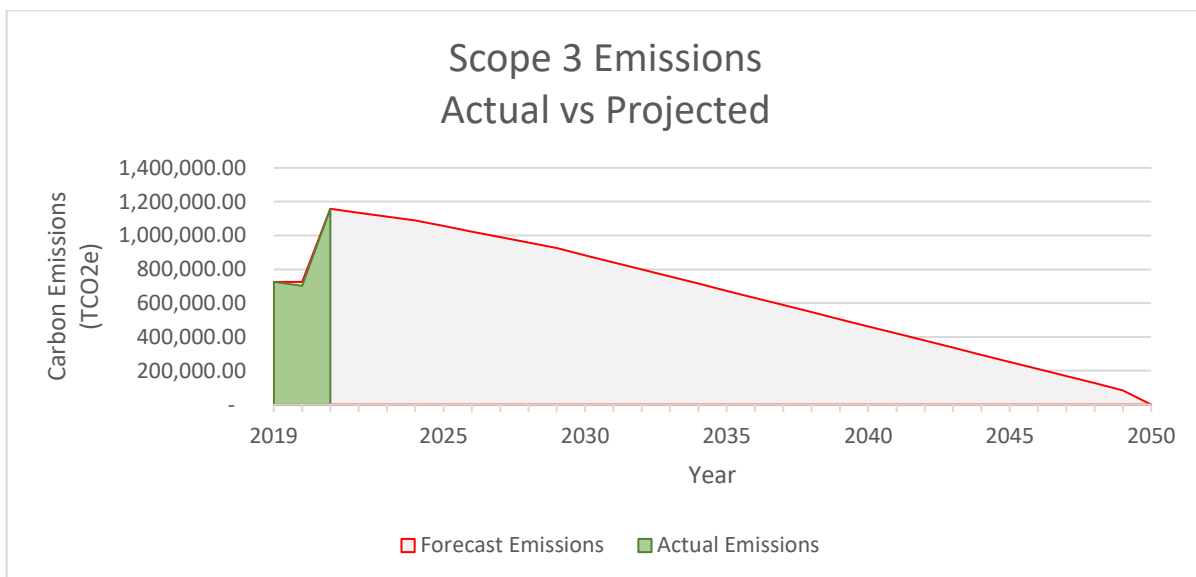


Figure 3 - Babcock International Group PLC’s Scope 3 Carbon Emissions – Actual vs Projected

**Emissions reduction targets**

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

- 2030 – Science-Based Target (following 1.5°C ambition). We have signed the Science-Based Targets initiative’s (SBTi’s) Business Commitment to 1.5°C and are working to have our Targets approved by the SBTi.
- 2040 - Net Zero within our own operations (Scope 1 & 2)
- 2050 - Net Zero across the value chain (Scope 3)

## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

Babcock has implemented a range of energy and environmental management initiatives across the Group. The measures have resulted in a 49,997 tCO<sub>2</sub>e reduction in Scope 1 & 2 emissions, equivalent to a 21% reduction since our 2019 baseline. We are continuing to develop and deliver further measures, which will be in effect when performing the contract.

Measures implemented to date include:

- Developed and published Babcock's Carbon Strategy, Plan Zero 40
- Committed to setting Science-Based Targets, joined the United Nations Framework Convention on Climate Change's 'Race to Zero' and the 'We Mean Business Coalition'
- Seeking accreditation to the Carbon Trust's new 'Route to Net Zero' Standard
- Working with Energy Systems Catapult to develop Carbon Reduction Plans across our estate and assets
- Launched an EV Salary Sacrifice scheme for our UK based workforce
- Developed ESG and climate change training packages to engage and educate our workforce
- Estate rationalisation
- Strategic divestment of high emitting businesses
- Commitment to purchasing electricity from renewable sources
- Implemented a range of energy conservation measures: LED lighting, boiler replacements, BMS improvements
- Investigating renewable energy opportunities across our global portfolio
- Implementing SMART Building solutions

In the future, we hope to implement further measures such as:

- Delivery of renewable energy installations across the estate
- Electrification of heating systems across the estate
- Securing accreditation to the ISO 50001 Energy Management System
- Continual improvement and development of our Environmental Data Management System
- Continued Research and Development into zero carbon fuels
- Achieving 100% Ultra Low Emission Vehicles (ULEV) fleet by 2030
- Developing full carbon footprints of our products and services, in line with appropriate methodologies such as ISO 14067 and PAS 2060
- Transition to ULEV fleet through our Sustainable Transport Strategy
- Engaging the supply chain to understand, manage and reduce our wider environmental impacts
- Developing innovative Digital Twin technology to deliver carbon reduction and sustainability improvements

**Declaration and Sign Off**

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 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 Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and uses the appropriate Government emission conversion factors for greenhouse gas 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 Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and approved by Babcock International Group's Executive Committee.

**Signed for and on behalf of Babcock International Group PLC:**

Name: John W Howie MBE

Role: Chief Corporate Affairs Officer

Signature:



Date: 12<sup>th</sup> December 2022