

## PPN 06/21 - Carbon Reduction Plan

Supplier Name: **Babcock International Group PLC**

Publication Date: **12<sup>th</sup> December 2023**

Revision: **2023 Update**

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

### Commitment To Achieve 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 whole value chain. PlanZero40 commits us to setting ambitious Science-Based Targets in line with a 1.5°C limit to global warming and to delivering Net Zero by 2050, outlined in more detail within this document. We are investigating opportunities to accelerate our Scope 3 emissions reduction journey. All entities within Babcock International Group are committed to achieving the above targets.

Babcock is actively working to support our customers to decarbonise their estate, assets and operations to achieve their Net Zero ambitions. We are also on a mission to lead 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 Baseline includes our greenhouse gas (GHG) emissions from the seven GHG's named by 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 (tCO<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

Below are additional details relating to the Baseline Emissions calculations:

#### *Scope 1 & 2 Emissions*

In 2023 we have restated the 2019 baseline figures as the sale of a part of the business triggered our re-baseline threshold.

#### *Scope 3 Emissions*

The 2021 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
- 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

## Baseline Year Emissions

EMISSIONS	BASELINE YEAR	TOTAL (tCO <sub>2</sub> e)
Scope 1	01/01/2019 – 31/12/2019	<b>129,203</b>
Scope 2	01/01/2019 – 31/12/2019	<b>64,809</b>
Scope 3 (Included Sources)	01/01/2021 – 31/12/2021	<b>1,158,255</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 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

Scope 3 emissions are reported against a 2021 baseline as this is the first year for which we have a complete footprint across all 15 categories.

### Entity Emissions – Baseline Reporting Year

The following is a detailed breakdown of the 2019 (Scope 1 and 2) and 2021 (Scope 3) 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)
<i>Cavendish Nuclear Limited</i>	5,984.71	3,001.97	32,602.31	41588.99
<i>Devonport Royal Dockyard Limited</i>	23,072.24	11,573.17	136,979.38	171624.80
<i>Babcock Marine (Clyde) Limited</i>	5,193.36	2,605.02	33,361.38	41159.75
<i>Babcock Aerospace Ltd</i>	3,363.60	1,687.20	17,490.22	22541.02
<i>Babcock Support Services Ltd</i>	1,411.24	707.89	4,888.82	7007.94
<i>Babcock Rail Limited</i>	3,394.26	1,702.58	17,614.04	22710.88
<i>Babcock Critical Services Limited</i>	2,024.86	1,015.68	14,811.80	17852.34
<i>Babcock Training Limited</i>	1,885.86	945.96	14,082.01	16913.84
<i>Babcock Vehicle Engineering Limited</i>	892.62	447.74	5,377.70	6718.06
<i>Babcock Land Limited</i>	1,519.42	762.15	34,902.21	37183.79
<i>Babcock Land Defence Limited</i>	9,933.77	4,982.84	62,775.19	77691.80
<i>Babcock Marine Training Limited</i>	1,552.13	778.56	9,088.05	11418.74
<i>Babcock Integrated Technology Ltd</i>	6,202.36	3,111.14	44,498.15	53811.65
<i>Babcock Communications Ltd</i>	620.62	311.31	2,482.60	3414.52
<i>Rosyth Royal Dockyard Ltd</i>	2,837.51	1,423.31	47,508.16	51768.97

## Current Emissions Reporting

### Group Emissions - Current Emissions Reporting Year (01/01/2022 – 31/12/2022)

EMISSIONS	TOTAL (tCO <sub>2</sub> e)
Scope 1	<b>127,167</b>
Scope 2	<b>46,114</b>
Scope 3 (Included Sources)	<b>960,633</b> During 2023, we conducted a re-assessment of our Scope 3 downstream footprint. We adopted a hybrid methodology to conducting the analysis to improve upon previous data. We continue to use the EEIO to calculate our Scope 3 upstream footprint and we are working to develop the maturity of calculation methodologies. Our Scope 3 reporting includes the following categories: <ul style="list-style-type: none"> <li>Category 1 - Purchased goods and services</li> <li>Category 2 - Capital goods</li> <li>Category 3 - Fuel- and energy-related activities</li> <li>Category 4 - Upstream transportation and distribution</li> <li>Category 5 - Waste generated in operations</li> <li>Category 6 - Business travel</li> <li>Category 7 - Employee commuting</li> <li>Category 8 - Upstream leased assets</li> <li>Category 9 - Downstream transportation and distribution</li> <li>Category 10 - Processing of sold products</li> <li>Category 11 - Use of sold products</li> <li>Category 12 - End-of-life treatment of sold products</li> <li>Category 13 - Downstream leased assets</li> <li>Category 14 - Franchises</li> <li>Category 15 - Investments</li> </ul>

It is important to clarify the reduction in Scope 3 emissions compared to 2021 is primarily attributed to our efforts in improving data accuracy and completeness, rather than from a direct reduction in emissions from targeted initiatives. This highlights our commitment to transparency and continuous improvement as we strive to improve our environmental reporting practices and provide a comprehensive and accurate account of our emissions.

**Entity Emissions - Current Emissions Reporting Year (01/01/2022 – 31/12/2022)**

The following is a detailed breakdown of the Current Reporting Year (2022) 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)
<i>Cavendish Nuclear Limited</i>	5,684.36	2,061.30	42,940.30	50,685.96
<i>Devonport Royal Dockyard Limited</i>	31,066.90	11,265.65	234,682.67	277,015.21
<i>Babcock Marine (Clyde) Limited</i>	4,984.95	1,807.67	37,656.82	44,449.43
<i>Babcock Aerospace Ltd</i>	2,886.69	1,046.79	21,806.37	25,739.85
<i>Babcock Support Services Ltd</i>	406.93	147.56	3,074.03	3,628.53
<i>Babcock Rail Limited</i>	4,806.91	1,743.11	36,311.93	42,861.95
<i>Babcock Critical Services Limited</i>	1,831.20	664.04	13,833.12	16,328.36
<i>Babcock Training Limited</i>	2,085.54	756.27	15,754.38	18,596.19
<i>Babcock Vehicle Engineering Limited</i>	546.82	198.29	4,130.72	4,875.83
<i>Babcock Land Limited</i>	326.61	118.44	2,467.27	2,912.32
<i>Babcock Land Defence Limited</i>	6,701.70	2,430.21	50,625.36	59,757.27
<i>Babcock Marine Training Limited</i>	317.92	115.29	2,401.58	2,834.79
<i>Babcock Integrated Technology Ltd</i>	7,070.49	2,563.94	53,411.20	63,045.62
<i>Babcock Communications Ltd</i>	317.92	115.29	2,401.58	2,834.79
<i>Rosyth Royal Dockyard Ltd</i>	8,571.06	3,108.08	64,746.67	76,425.81

Scope 1, 2 and 3 sources have been divided by the annual revenue to provide the intensity ratio (tCO<sub>2</sub>e per £m). Recent organisational changes have cumulatively exceeded our materiality threshold (5% emission variance) and accordingly we have assessed and revised our carbon baseline. Emissions data for prior years have been adjusted in line with the organisational changes and to include data unavailable last year.

Emission figures for this year include an element of estimated data and certain data, estimated to be immaterial to the Group's emissions, has been omitted as it has not been practical to obtain (including operations in Oman, South Korea and USA). Metering and monitoring improvements are being implemented to capture these data streams.

Emissions data from European Aviation operations that were sold in January 2023 are included within this reporting period. The 2024 Carbon Reduction Plan will be re-baselined to reflect the divestment of this business unit, and to ensure our emissions reporting remains aligned with our current business operations.

## Group Progress Towards Target

Progress against the Group wide targets can be seen in the graphs below, noting the reduction in Scope 3 emissions is primarily attributed to our efforts in improving data accuracy and completeness:

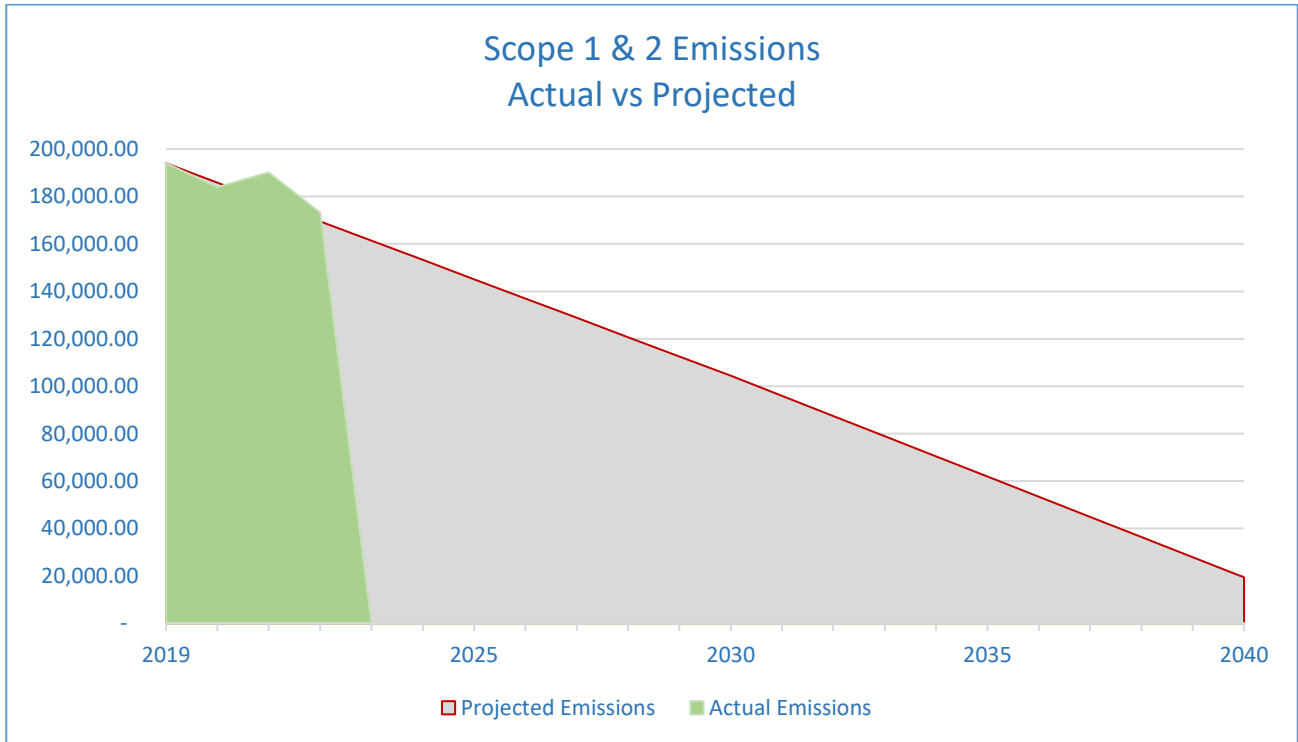


Figure 2 – Babcock International Group PLC’s Scope 1 and 2 Carbon Emissions – Actual vs Projected

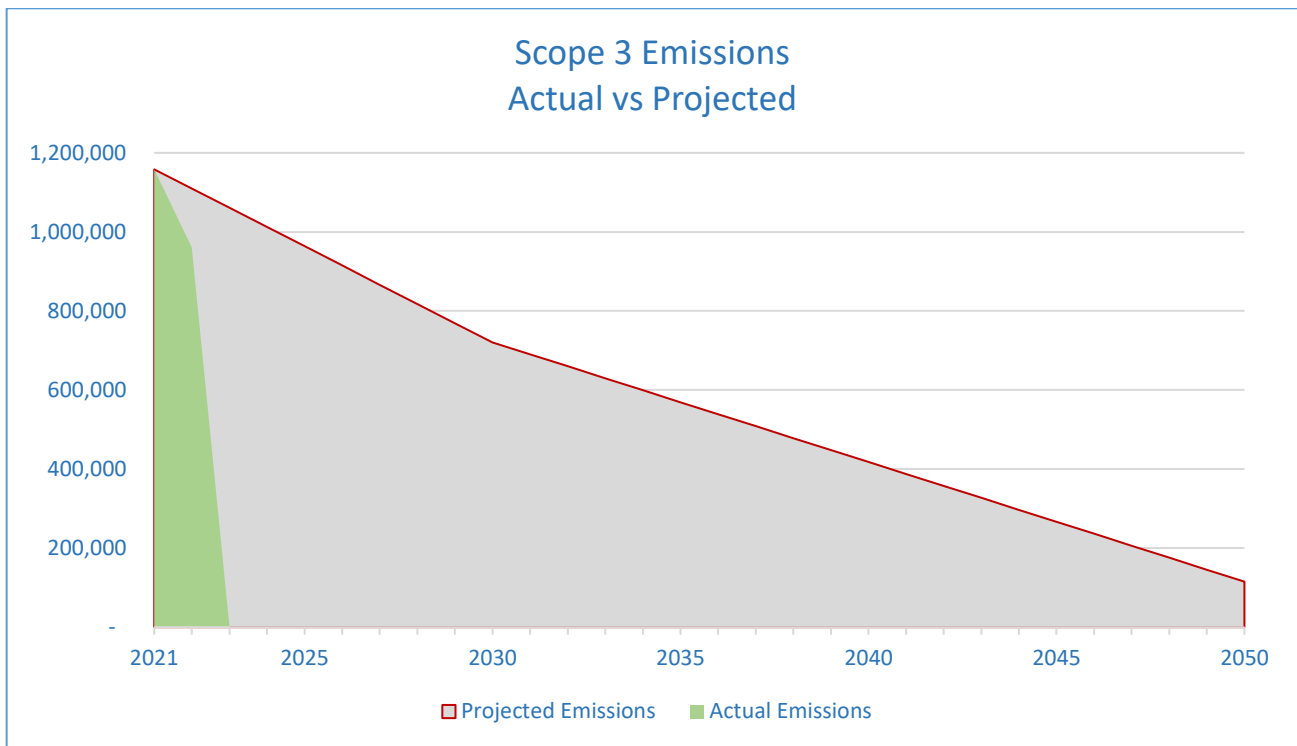


Figure 3 - Babcock International Group PLC's Scope 3 Carbon Emissions – Actual vs Projected

## Emissions Reduction Targets

In April 2023 we submitted Net Zero and near-term targets to the Science-Based Targets Initiative (SBTi); these are pending verification.

Our primary emission reduction commitments are:

- To reach net-zero GHG emissions across the value chain by 2050\*
- To reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2021 base year\*
- To reduce absolute Scope 3 GHG emissions 42% by 2030 from a 2021 base year
- To reduce absolute Scope 1 and 2 GHG emissions 90% by 2040 from a 2021 base year\*
- 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

## Carbon Reduction Projects

### Completed Carbon Reduction Initiatives

During the reporting period a range of initiatives and activities resulted in a year-on-year reduction in carbon emissions, including estate rationalisation, strategic divestments, 'low-hanging fruit' energy conservation measures, reduced use of diesel, reduced aviation operations and improvements to our energy management practices.

The measures have resulted in a reduction of Scope 1, Scope 2, and business travel carbon footprint by 7% on an absolute basis, from 01.01.2019 to 31.12.2021, verified by the Carbon Trust. We are continuing to develop and deliver further measures, which will be in effect when performing the contract.

- Developed and published Babcock's Carbon Strategy, Plan Zero 40
- Submitted Science-Based Targets to the Science-Based Targets Initiative for verification, joined the United Nations Framework Convention on Climate Change's 'Race to Zero' and the 'We Mean Business Coalition'
- Achieved accreditation to the Carbon Trust's new 'Route to Net Zero' Standard Taking Action tier
- Working with Energy Systems Catapult to develop Carbon Reduction Plans across our estate and assets resulting in the completion of 10 pathfinders. These 10 sites capture 70% of our Scope 1 and 2 emissions and we are progressing to capture the remainder of our material estates 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
- Advancement into the planning stage of renewable energy installations at Rosyth

We are making progress to implement further measures including:

- Development of a Climate and Nature Transition Plan to embed Net Zero within business policies, processes, and procedures



- Electrification of heating systems across the estate
- Securing accreditation to the ISO50001 Energy Management System
- Continual improvement and development of our Environmental Data Management System
- Continued Research and Development into zero carbon fuels
- Transitioning to 100% ULEV fleet by 2030, where practical
- Developing full carbon footprints of our products and services, in line with appropriate methodologies such as ISO14067 and PAS2060
- 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 GHG Reporting Protocol corporate 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 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: Tom Newman

Role: Sector Chief Executive and Chair, ESG Committee

Signature:



Date: 12<sup>th</sup> December 2023