Sustainability: our refreshed strategy

For our world to be safe and secure it must also be sustainable. Consequently, we see sustainability as a key enabler to achieving Babcock's Purpose.

Since outlining our ESG strategy in 2020 our ambition has grown, but the level and complexity of requirements placed on the business have also increased. Therefore, we have undertaken a full review and refresh of our sustainability strategy, to prepare us for the years ahead.

This new strategy is

- **Simpler** – giving clear guidance on our priorities.
- **More focused** – driving action in the areas where we can have the greatest impact.
- **Deliverable** – empowering the business to effectively allocate resources to build a more sustainable enterprise.

Our new sustainability strategy takes a twin track approach

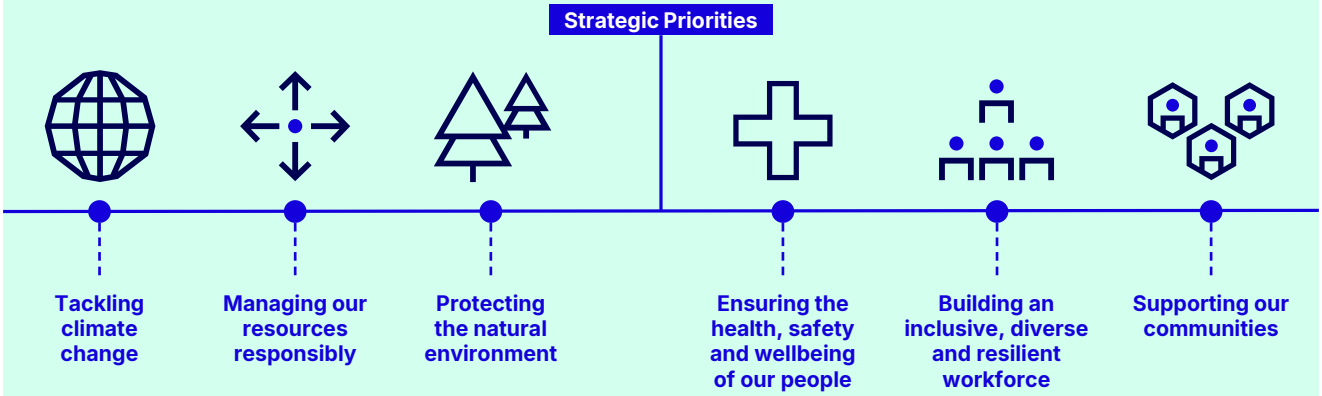
First, we will focus our action on six strategic priorities where the business can have the greatest impact, ensuring compliance and business improvement (see graphic below). These are supported by six 2030 sustainability targets, each of which has associated delivery plans in place. Non-core sustainability targets will no longer be reported on, as explained in the following pages.

Second, we are building capability within the business to embed sustainability principles across Babcock for the long term, to ensure compliance with evolving regulations and to build a culture of continuous improvement.

Good governance is critical and remains core to the delivery of our whole business strategy, including sustainability.

The sustainability strategy is overseen by the Corporate Sustainability Committee, a new sub-committee of the Executive Committee, to ensure robust governance of its implementation. The Board also continues to play an active role in oversight of our sustainability strategy (see page 126).

To help safeguard our planet and support our people and communities



Our view of sustainability

Just as the Purpose of Babcock is focused on people and planet, so too is our view of sustainability. Babcock plays a critical role in the communities in which we operate, as well as acting as stewards of the environment.

For this reason, our view of sustainability at Babcock is ***to help safeguard our planet and support our people and communities.***

Based on an updated materiality assessment which is outlined on the following page, we have identified six strategic priorities which are of the greatest importance to Babcock as a whole, three in the environmental sphere and three in the social sphere.

- **Tackling climate change** – We recognise Babcock's operations produce significant greenhouse gas emissions. Climate change also has the potential to significantly impact our business. This means that we not only have a responsibility to reduce our emissions but must also have a mature understanding of how we will respond to the impacts of climate change (see page 66)
- **Managing our resources responsibly** – Babcock is a significant consumer of natural resources through our supply chain and operations. We have a responsibility to work with our suppliers and on our own sites to ensure we use resources effectively and efficiently (see page 80)
- **Protecting the natural environment** – Many of Babcock's operations are in areas of environmental sensitivity. Not only is it important to comply with laws and regulations, but where possible we want to enhance the environments we operate in, providing both ecological and social benefits (see page 82)
- **Ensuring the health, safety and wellbeing of our people** – Our first duty as a business is to look after our own people. This is not just in relation to matters of safety, but also their physical and mental health. Doing so not only improves the quality of life of our workforce, but it makes us a more productive and successful business (see page 83)
- **Building an inclusive, diverse and resilient workforce** – Inclusion and diversity in Babcock not only benefits our communities, but it also enables us to build a stronger, more innovative business. We want to nurture and support talent throughout people's careers, regardless of background (see page 85)
- **Supporting our communities** – Babcock is a major employer, often operating in deprived areas. We provide positive benefits to the places in which we operate, not only through employment, but also by working with local suppliers, local community groups and charities, through volunteering and STEM outreach (see pages 92 and 96)

Double materiality

This year we conducted our first double materiality assessment examining the impact of our operations on environmental, social and governance factors, while also considering the financial risks and opportunities posed by these factors.

Based on an assessment of over 90 topics, we identified 19 sustainability and governance factors which are material to Babcock. Depending on sector or jurisdiction, each of these factors may have greater or lesser levels of importance; the matrix included here assesses the materiality of these factors to the business as a whole. The most material factors form the basis of the six strategic priorities outlined in our new sustainability strategy. See previous page.

This analysis was carried out based on the double materiality principle established by the Corporate Sustainability Reporting Directive (CSRD).

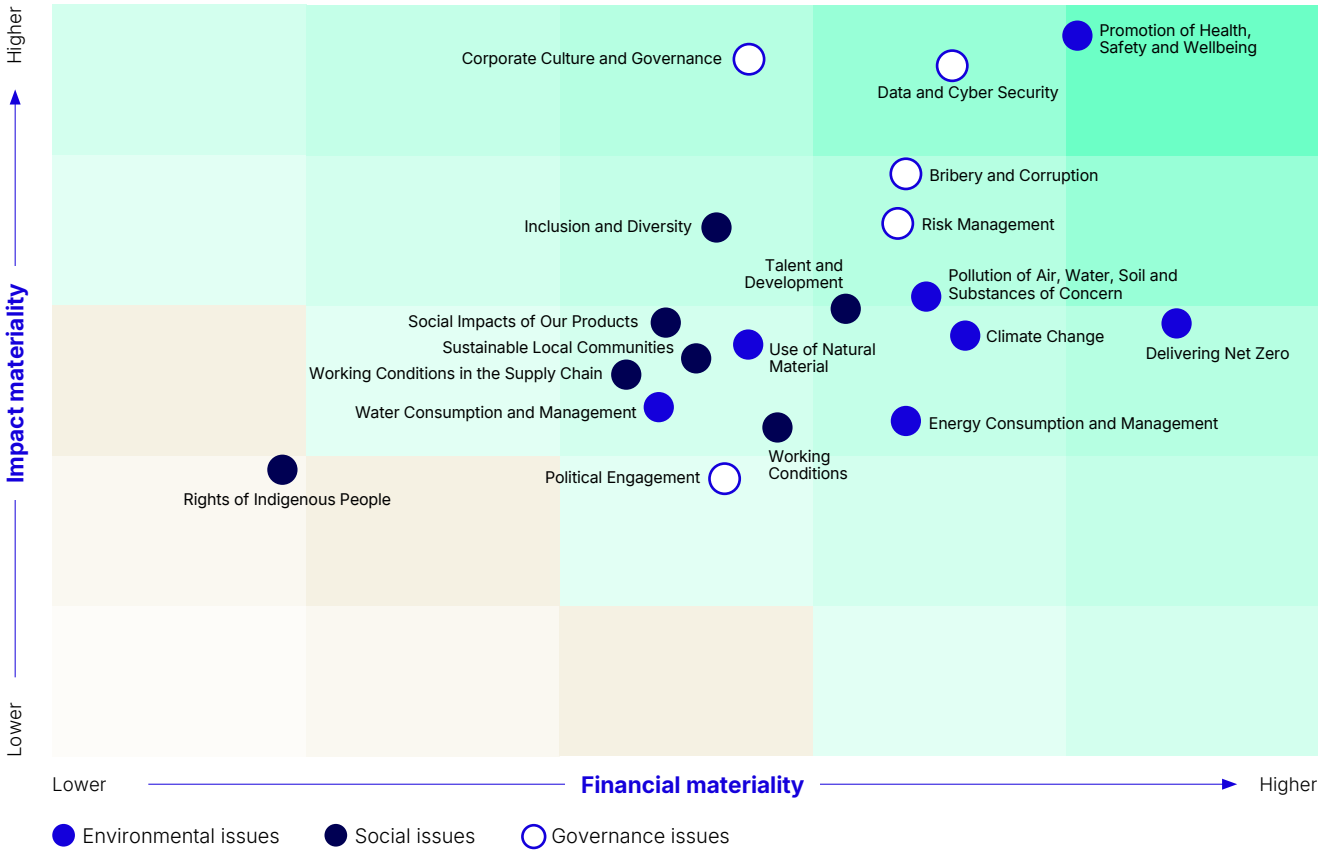
Process

Identify
- Framework, standards and regulatory requirements identified
- Key ESG issues for Babcock shortlisted

Consult
- Internal stakeholders consulted via survey
- Subject Matter Experts reviewed input to assess opportunities and risks

Analyse
- Corporate Sustainability Committee survey validated results

Our materiality issues relating to ESG



SDG framework

The work on our double materiality assessment has a natural progression to identify seven Sustainability Development Goals which Babcock most closely aligns with.

Full methodology and details of our double materiality assessment are available on our website

Sustainability *(continued)*

Tackling climate change

Climate change poses a significant global threat, with far-reaching consequences for the environment, society and economies. Babcock is committed to reducing its environmental impacts. We believe taking firm action and transitioning to a Net Zero and sustainable economy will deliver long-term value to our stakeholders.

In 2021, we launched our decarbonisation strategy, Plan Zero 40, where we committed to delivery of a 2030 Science Based Target in line with a 1.5-degree pathway, delivering Net Zero across our own operations (Scope 1 and 2) by 2040 and delivering total Net Zero (Scope 1, 2 and 3) by 2050. In 2024, we gained validation of our targets from the Science Based Targets initiative (SBTi).

As part of our new sustainability strategy, we are reaffirming our commitment to our long-term emission reduction targets which are:

- Reduce absolute Scope 1 and 2 greenhouse gas emissions (GHG) 90% by 2040 from a 2021 base year.
- Net Zero greenhouse gas emissions across the value chain by 2050.

We also remain committed to our short-term target.

A 42% reduction by 2030 in our Scope 1 and 2 emissions against a 2021 baseline.

This has been validated by SBTi and we are currently reviewing our short-term Scope 3 targets in line with the SBTi standard.

Our Net Zero journey

Estate and assets

Babcock operates a complex estate across its global portfolio, including critical assets and infrastructure. Based on the nature of our land, air and sea operations, our estate portfolio is diverse, from dockyards and aircraft hangers to offices and manufacturing facilities. The emission profiles of our estate vary depending on site-specific operations.

Over the past few years, we have worked to develop comprehensive greenhouse gas inventories across our estate to understand our emission sources. Estate and asset-related emissions equate to 2.1% of our total footprint and arise from a variety of sources, including:

- Gas and electricity used across our sites
- Fuels (stationary combustion)
- Fugitive emissions
- Waste generated through our operations

Estate and assets emissions

Baseline emissions – 94,298 tCO_2e

FY25 emissions – 77,003 tCO_2e

Since our baseline, we have been working to deliver energy and carbon-saving improvements across our estate, including a range of 'low hanging fruit' initiatives and renewable energy installations. We continue to investigate further opportunities to improve the efficiency of our operations.

Having a strong understanding of our emissions has allowed us to develop targeted decarbonisation plans which aim to address the most carbon-intensive parts of our operations. Our Carbon Reduction Plans cover over 95% of Babcock's related emissions.

Within our new sustainability strategy, we have taken the insights and intelligence gained from the comprehensive works carried out to date, and refined the strategy to focus and target the most significant emissions sources across our operations. Whilst we continue to deliver environmental improvements across all of our estate and integrate sustainability into our estate developments, we have identified six key 'Enterprise Projects' which are critical to the decarbonisation of Babcock. The focused Enterprise Projects include initiatives related to estate management, energy demand, energy sources and energy infrastructure. Our dedicated teams are developing and implementing the delivery plans to meet our targets.

Woodville North facility in Australia

Babcock's state-of-the-art, carbon-neutral facility in South Australia opened in October 2024. The defence maintenance and manufacturing facility features a range of sustainable technologies such as solar array, ground water harvesting, electric vehicle charging stations, energy-saving lighting and intelligent controls.

Sustainability *(continued)*

Transport

Sustainable transport is key to our transition to Net Zero. Across the organisation, we operate a diverse range of vehicles from helicopters and fixed wing planes to delivery bikes, cars and trucks. Transport-related emissions equate to 2.1% of our total footprint and arise from a variety of sources, including:

- Aviation fuels
- Fleet vehicles
- Business travel
- Fuels used as part of distribution and logistics

Over the last 12 months we have made good progress in implementing sustainable transport solutions:

- Successfully rolled out six electric assisted vehicles (EAV) at Devonport Dockyard
- Increased the proportion of UK electric vehicles in the fleet to 31%
- Continued to harness the use of Sustainable Aviation Fuels (SAF)

Transport emissions

Baseline emissions – 64,780 tCO_2e

FY25 emissions – 75,463 tCO_2e

Since our baseline, we have delivered a range of improvements to reduce the impacts associated with transport. These include initiatives such as the introduction of an electric vehicle (EV) salary sacrifice scheme, transitioning the fleet to Ultra Low Emissions Vehicles (ULEV), the installation of electric vehicle chargers across parts of the estate, and providing colleagues with greater knowledge and awareness associated with the carbon impacts of their travel activities.

The emissions associated with our transport activities have increased since our baseline due to an increase in business travel activities and also an increase in product transportation and distribution activities.

Within our new sustainability strategy, we will focus our efforts on transitioning the Babcock fleet to ULEV and reducing business travel-related emissions.

Electric assisted vehicles at Devonport Dockyard

Following a successful trial period, Devonport Dockyard added six EAVs to its fleet. For further information on the EAVs and the launch event, please scan the QR code below.

The EAV launch at Devonport

Products and services

Babcock has a varied product portfolio. We understand the challenges posed by climate change and aim to support our customers to address their risks and unlock opportunities.

Products-and-service-related emissions equate to 74.2% of our total footprint and arise from a variety of sources, including:

- Use of sold products and services
- End-of-life treatment

We have matured our Scope 3 footprint capabilities over recent years and are continuing to refine our calculations.

Products and services emissions

Baseline emissions – 2,102,751 tCO_2e

FY25 emissions – 2,723,220 tCO_2e

Since our baseline we have been working to build a greater understanding of the carbon footprint and impacts of our products and services. This has included carbon footprinting and baselining activities, PhD research and investigations, investigating low-carbon products and funding opportunities with our customers, and providing climate awareness training to our workforce.

The emissions associated with our products and services have increased since our baseline due to growth across a number of key products, including shipbuilding production activities and sales within our LGE business.

For further information on our Scope 3 footprint and methodologies

Sustainable fuel trials

Babcock involvement in hydrogen trials

HM Naval Base Devonport in collaboration with UKSTRATCOM, Babcock and Geopura have been conducting hydrogen trials on site since October 2023. Phase 1 of the trial provided an off-grid EV charging capability that generates electricity via fuel cell technology from within a hydrogen power unit.

During Phase 2, two hydrogen-fuelled fleet vehicles were successfully trialled for a month, demonstrating how hydrogen power can be used at a complex and sensitive site. Further work is planned to investigate the wider use of hydrogen.

Value chain

Babcock has an extensive value chain across its global operations. We have thousands of suppliers providing essential products and services which allow us to deliver our operations. Supporting the decarbonisation of our value chain is essential to our sustainable transition and we are working to collaborate, influence and support the value chain.

Value chain-related emissions equate to 21.6% of our total footprint and arise from a variety of sources, including:

- Purchased goods and services
- Capital goods
- Leased assets
- Investments

We prioritise responsible sourcing and sustainability to maintain strong and ethical supply chains. Collaborating closely with our suppliers, we encourage sustainable practices to reduce environmental impact while achieving business objectives. Our efforts include promoting good labour practices, minimising carbon emissions, and conserving natural resources to create long-term value for all stakeholders.

We have published our Sustainable Procurement Policy, companion Sustainable Procurement Supplier Guidance and Supplier Code of Conduct, which align with ISO 20400 principles. These guidelines outline our sustainability expectations and emphasise reducing environmental impacts, promoting resource efficiency, and supporting ethical sourcing. They focus on reducing energy use and carbon emissions, using safer materials, ensuring workforce diversity, fair treatment and wellbeing. Additionally, they uphold high standards of business ethics, human rights, environmental protection, risk management and transparency, to create a resilient and ethical supply chain.

Sustainability considerations are integrated into our processes, from sourcing and onboarding to supplier assessments.

In 2024, we published our Supplier Assurance Handbook to enhance transparency by detailing our ESG considerations, risk management, supplier assessments, audits and development processes. This handbook aims to foster collaboration, responsible practices and sustainable supply chain management in line with ISO 44001 standards.

Reporting Scope 3 emissions is a key focus, as it represents a significant portion of our carbon footprint and offers substantial opportunity for reduction. By engaging suppliers in sustainability efforts, we enhance supply chain resilience, reduce overall emissions and contribute to global climate goals. Our new supplier sustainability assessment tool focuses specifically on measuring and reducing carbon emissions across our supply chain.

Value chain emissions

Baseline emissions – 613,501 tCO_2e

FY25 emissions – 794,595 tCO_2e

We utilise a hybrid Environmentally Extended Input-Output (EEIO) approach to calculate the emissions from our value chain. Our value chain emissions have increased since our baseline, predominantly as a result of an increase in our procurement spend, which due to the EEIO calculation approach results in a direct increase in emissions. We are investigating alternative emission calculation methodologies to address the challenges with the EEIO approach.

Climate management instruments

Climate management instruments are used within Babcock to identify risks and support the delivery of our climate-related targets. During the previous year, we implemented Internal Carbon Pricing to allow the organisation to better understand the financial implications of our carbon footprint and ensure climate considerations are embedded within our decision-making processes.

We have decided initially to utilise a shadow carbon price, and will assess whether to implement an Internal Carbon Fee over the coming years as our maturity develops.

In FY22, we aligned Babcock's Executive remuneration with the climate-related objectives of the organisation. We believe our approach showcases our commitment to delivering positive action, spearheaded by our executive leadership. We believe this instrument has supported us to foster and embed a culture of sustainability and accountability, driving positive behaviours and rewarding for sustainable decisions that deliver our climate objectives.

In FY26, the basis of the remuneration targets will be updated to reflect and align with the new sustainability strategy. Further details can be found on page 171.

Data management

Data is the cornerstone to Babcock's sustainability strategy and fundamental in allowing us to understand, monitor and report our impacts. Supported by a dedicated sustainability data team, in recent years we have made significant improvements to the accuracy and completeness of our data sets.

Having gained approval for our data management platform in FY24, over the last year we have progressed implementation of this system.

Our new system utilises an industry-leading advanced data management platform (Envizi) which has been tailored to meet Babcock's specific needs. The system includes the end-to-end processes to enable effective and efficient data collection, analysis and reporting.

Combined with a range of process and governance improvements, Envizi will deliver significant benefits to the organisation, ensuring we are able to make evidence-based decisions and allowing us to efficiently deliver our transition to Net Zero.


babcock

Babcock Group energy consumption and emissions

		2021	2022	2023	2024
UK					
Scope 1: Direct emissions from owned/controlled operations[1]	tCO_2e	42,079	40,268	28,574	**27,196**
Scope 2 location-based: Indirect emissions from the use of electricity and steam (for illustrative purposes only)	tCO_2e	34,101	36,423	39,356	**36,493**
Scope 2 market-based: Indirect emissions from the use of electricity and steam	tCO_2e	58,214	61,088	63,220	**57,477**
Total Scope 1 and 2 emissions market-based	tCO_2e	100,293	101,356	91,794	**84,673**
Underlying energy consumption	kWh	356,705,922	377,085,531	349,834,720	**333,153,659**
Global (excluding UK)					
Scope 1: Direct emissions from owned/controlled operations[1]	tCO_2e	21,099	21,296	15,937	**15,518**
Scope 2 location-based: Indirect emissions from the use of electricity and steam (for illustrative purposes only)	tCO_2e	3,659	3,241	3,279	**3,339**
Scope 2 market-based: Indirect emissions from the use of electricity and steam	tCO_2e	3,659	3,366	3,279	**3,339**
Total Scope 1 and 2 emissions market-based	tCO_2e	24,758	24,663	19,217	**18,857**
Underlying energy consumption	kWh	98,756,242	99,573,158	78,305,941	**76,302,062**
Babcock Group total[2] (UK and Global)					
Scope 1: Direct emissions from owned/controlled operations[1]	tCO_2e	63,179	61,565	44,511	**42,714**
Scope 2 market-based: Indirect emissions from the use of electricity and steam	tCO_2e	61,873	64,455	66,499	**60,816**
Total Scope 1 and 2 emissions	tCO_2e	125,052	126,020	111,010	**103,530**
Total Scope 3 emissions (excluding pensions)	tCO_2e	2,750,279	2,793,062	3,098,916	**3,566,750**
Total value chain emissions (excluding pensions)[3]	tCO_2e	2,875,331	2,919,081	3,209,926	**3,670,280**
Adjusted revenue[4]	£m	3,263	3,853	4,369	**4,682**
Intensity ratio[5]	tCO_2e/ £1m Revenue	881.1	757.7	734.8	**783.9**

Our emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard under the 'Operational Control' approach. The reporting period for our energy consumption and GHG emissions is the calendar year (01 January to 31 December) due to availability of data to meet annual reporting timescales. Our base year is 2021, aligned to our approved science-based targets. Our reporting exceeds the Streamlined Energy and Carbon Reporting (SECR) requirements, including a full Scope 3 footprint. 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. Total emissions are based on market-based Scope 2 emissions, since they are more representative of our energy supply contracts. Our market-based Scope 2 emissions are higher than location-based due to significant energy being provided by the energy from the waste plant at Devonport (Plymouth, UK) which has a high emission intensity. Figures for UK operations follow conversion factors published by the Department for Business, Energy and Industrial Strategy (except the supplier-provided energy from waste factors). Non-UK operations utilise emission factors applicable to the fuel source and location. Appropriate conversion factors have been used to calculate the underlying energy consumption figures. In line with our base year recalculation policy, emissions data for prior years have been adjusted in line with organisational changes and include corrected or additional data unavailable in previous Annual Reports. Emissions figures include an element of estimated data. Certain data, estimated to be immaterial to the Group's emissions, has been omitted as it has not been practical to obtain (including transport fuel in South Africa). Metering and monitoring improvements are being implemented to capture these datastreams. In line with SECR requirements, figures reported for the previous period must be stated as disclosed in the report in the preceding year, (despite these figures no longer being comparable with our current reporting period or our revised baseline): UK Scope 1 emissions – 32,458tCO_2e, UK Scope 2 emissions – 73,779tCO_2e, UK underlying energy consumption – 356,948,259kWh. Global (excluding UK) Scope 1 emissions – 21,676tCO_2e, Global (excluding UK) Scope 2 emissions – 5,700tCO_2e, Global (excluding UK) underlying energy consumption – 98,725,583kWh, Babcock Group total (UK and Global) Intensity Ratio – 563.4tCO_2e/£1m revenue. For the FY24 reporting period, we disclosed the following energy-efficiency improvements: "we delivered a number of improvement initiatives including 'low-hanging fruit' energy conservation measures, reduced use of diesel, reduced aviation operations and improvements to our energy management practices". In previous periods, we implemented a range of energy conservation measures such as LED lighting, boiler replacements, metering improvements and solar panel investigations. During FY25, the reporting period, we delivered a number of improvement initiatives including 'low-hanging fruit' energy conservation measures, switching from fossil diesel to biodiesel, and solar photovoltaic installations in South Africa. See also Middleburg case study on page 81.

1. Scope 1 emissions exclude biogenic emissions. Our Outside of Scopes emissions in 2024 were 7,148.
2. Figures are presented rounded to the nearest whole number, so may not sum precisely to totals (which are based on unrounded figures).
3. Category 15 emissions associated with pensions investments have been calculated, but we have elected not to include these in our total Scope 3 figures. Further detail is available on our website or can be viewed on the QR code below.
4. The revenue figures detailed have been adjusted for disposals and acquisitions so as to align with the recalculated emissions.
5. The intensity ratio is based on the recalculated total value chain emissions and adjusted revenue figures.

Find out more about our Scope 3 footprint and calculation methodologies

Sustainability *(continued)*

Climate-related Financial Disclosures

We are committed to decarbonising the organisation, addressing climate-related risks and unlocking climate-related opportunities. We have continued to work to improve our disclosures in line with the Task Force on Climate-related Financial Disclosures (TCFD) requirements.

As per Listing Rule 6.6.6 (8), we provide disclosures against each of the TCFD's four pillars (governance, strategy, risk management, and metrics and targets) and confirm that these disclosures are consistent with 9 of the 11 TCFD recommendations and recommended disclosures, with the exception of the following matters.

Over the last 12 months we have worked to improve our consistency with the TCFD recommendations (including implementing an internal carbon price), however we do not yet provide sufficient disclosures to be fully consistent with Metrics and Targets part a, as we have not yet established metrics associated with capital deployment, transition risks, physical risks or climate-related opportunities. We also do not yet provide potential quantification of each key climate risk presented on specific financial performance metrics (revenues, costs), and therefore are not fully consistent with Strategy part b. Our teams are working to enhance our approach to climate risk management and address gaps in our TCFD disclosures, allowing us to disclose consistently with the TCFD recommendations. The following are our priorities over the coming year:

- Continue to mature our climate risk identification and assessment processes, to ensure that the Group quantifies the specific potential cost or revenue impact of risks and opportunities.
- Continue to develop our approach to Metrics and Targets.

Our climate-related financial disclosures comply with requirements (a-h) of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Additional climate-related disclosures can be found in the Risk management, Governance and Financial sections, see pages 120, 127 and 204.

Pillar (and TCFD recommendation)	Response
Governance	
Board oversight of climate-related risks and opportunities *a) Describe the Board's oversight of climate-related risks and opportunities.*	The Board has ultimate responsibility for the Company's strategy and risk management. Our Board oversees climate-related risks and opportunities, and discusses Group-wide sustainability matters as an integral part of Board strategic discussions, with a dedicated session once a year as a minimum. Climate and environmental sustainability is one of Babcock Group's principal risks (for more information please refer to page 120) and therefore climate-related risks are appropriately reviewed and considered when reviewing business strategy, the annual budget and five-year plan. During FY25, the Board or the Executive Committee had several reviews on Group-led sustainability workstreams including updates on the new sustainability strategy, decarbonisation, and Energy Saving Opportunities. The Executive Committee has direct oversight of climate-related risks and opportunities via the Risk Committee and Corporate Sustainability Committee. These matters are then in turn reported to the Board. See page 132 for further details on our organisational governance framework.
Management's role in assessing and managing climate-related risks and opportunities *b) Describe management's role in assessing and managing climate-related risks and opportunities.*	Babcock's management has direct ownership and accountability for sustainability matters across the organisation, including climate-related risks and opportunities, through the Risk Committee and the Corporate Sustainability Committee (CSC). Babcock's CSC is a Principal Management Sub-Committee to the Group Executive Committee. The CSC is responsible for Group-wide sustainability initiatives, the management of climate-related issues and driving the wider sustainability agenda. The CSC meets on a quarterly basis and is attended by Sector and Direct Reporting Country (DRC) CEOs along with other Executive Committee members. The CSC is chaired by Babcock's executive sponsor for sustainability, Land Chief Executive Officer, Tom Newman. Progress on TCFD compliance and our environmental targets is reported to the CSC. Actions required to further climate-related risk management activities are overseen by the Risk Committee in line with Babcock's Risk Management System (RMS). Babcock's approach to sustainability and climate risk management is directed and co-ordinated by the Group Sustainability Team, working closely with operational sustainability professionals throughout the business.

Pillar (and TCFD recommendation)	Response
Strategy	
How the Company is responding to short-, medium- and long-term risks and opportunities *a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term; and* *b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.*	We identify and model climate risks over the following horizons: short term (present to 2030), medium term (2030 to 2040) and long term (2040 to 2100). The horizons are aligned with our short-term 2030 science-based targets, medium-term 2040 decarbonisation targets and our longer-term 2050 Net Zero targets. Modelling risks over a long-term horizon allows us to identify and assess impacts which may materialise up to the end of the century, depending on the global climatic conditions. Babcock continues to operate a top-down, bottom-up approach to climate risk management, with the policy and strategy set at Group level, and responsibility for delivery within the sectors and direct reporting countries (DRCs). Sectors and regions consider the insight and outputs from the climate-related risk assessments, and identify the actions required to deliver corporate climate impact reduction commitments. Such risks and actions are considered in forecasts including in the annual budget and five-year strategic plan. In addition, consideration has been given to the climate risks and opportunities register as potential areas of material financial reporting impact on critical accounting judgements or key sources of estimation uncertainty, with no current perceived material impact on such judgements or estimates. While climate-related matters are not considered to have a material impact on the Group's critical accounting judgements or key sources of estimation uncertainty, the Group is working to implement an effective approach to identify, assess and respond to climate risks appropriately to ensure the continuing resilience of the business model. The climate risk identification and assessment approach is currently being updated to ensure that the Group quantifies the specific potential cost or revenue impact of risks and opportunities.
Scenario analysis that the Company considers to assess risks and inform strategy *c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.*	In line with the prior year, the Company considers two potential future climate scenarios which use economic constraints associated with the International Panel on Climate Change's (IPCC's) Shared Socioeconomic Pathway 2, middle-of-the-road scenario: a Paris-aligned 1.5°C for the best-case scenario and a business-as-usual 4°C scenario for the baseline scenario. The 1.5°C scenario simulates a potential future pathway of the world economy assuming a successful introduction of climate policies, thereby reducing the likelihood of severe climate-related weather events. The 4°C baseline, utilised and agreed by climate modelling experts within the IPCC, assumes the scenario in which no further intervention on climate change is taken, leading to a global-mean temperature rise of 4°C above pre-industrial levels by 2100 and an associated increased likelihood of climate change-related weather events. Climate risks are evaluated from physical and transition perspectives and are assessed over the two scenarios (1.5°C and 4°C). Physical risks: assessed against eight climate hazards. Acute physical risks were considered, which are event-driven, including increased frequency and severity of extreme weather events including: river flooding, forest fires, extreme wind, soil subsidence, surface water flooding and freeze-thaw effects. Two chronic physical risks were also considered which refer to longer-term shifts in climate patterns: extreme heat and coastal inundation. Transition risks: our assessment disaggregates these economic considerations to a market level, producing price and volume impacts on commodities and sectors across the global economy, against which our supply chain cost structure was assessed. As outlined in the climate risks and opportunities table on (page 76), we have assessed the impact of physical and transition climate change risks on the relevant parts of the business, and also outlined how identified climate-related issues are considered in our business decisions and how these may shape future strategy. As part of our risk management process, we have a process for identifying and assessing climate change risks and opportunities and responding appropriately to ensure resilience of the overall business strategy. A summary of our perceived exposure to climate risk and opportunities against the above scenarios is outlined in the climate risks and opportunities table on (page 76) and details of the control measures are also provided.

Sustainability *(continued)*

Pillar (and TCFD recommendation)	Response
Risk management	
Identification, assessment and management of climate-related risks *a) Describe the organisation's processes for identifying and assessing climate-related risks.* *b) Describe the organisation's processes for managing climate-related risks.* *c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.*	Climate risk identification and assessment is integrated into our Enterprise Risk Management Framework for reporting, escalation and corporate oversight. On a quarterly basis, climate-related risks and opportunities are reported and reviewed by Group Risk and Group Sustainability teams to monitor individual and thematic risks and opportunities across the Group. Quarterly reporting and review include proposed control measures, and updates against prior control measures. Specific sector and country-identified climate risks are reviewed quarterly by the Risk Committee, as well as being reported into the Audit Committee quarterly and the Board annually. Our Enterprise Risk Management Framework provides a consistent basis for assessing the severity of risks against different classes of risk impact, such as those relating to financial or people impacts. For more information on our Enterprise Risk Management Framework please refer to page 107. We previously identified the maturity of climate risk management as low and our approach has not changed for the current assessment; however, our Climate Risk Working Group has been working with industry specialists over the past 12 months to refine and enhance our approach. Following investigations, we have refined our approach to the identification of physical and transitional climate-related risks and opportunities, and we shall continue to roll out this improved approach during 2025. These enhancements will allow us to be fully compliant with the 11 TCFD recommendations.
Metrics and targets	
Metrics and targets used to assess climate-related risks and opportunities *a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.* *b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.* *c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.*	We monitor and report against the following cross-industry metrics: **Greenhouse gas emissions** are reported externally in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Throughout the year, we have matured the understanding of our Scope 3 footprint and we now have a detailed view of our entire value chain footprint. We are continuing to develop the maturity of our Scope 3 footprint calculations. For Scope 1, 2 and 3 greenhouse gas emissions and details on calculation methodology, please refer to page 71. Details of the target and our progress is detailed on page 66. **Electricity from renewable sources** is an externally reported metric. In 2024, electricity from renewable sources equated to 30% across our global operations. This is an increase from 29% in 2023. **Executive remuneration** – In FY26, the basis of the remuneration targets will be updated to reflect and align with the new sustainability strategy. Further details can be found on page 69. For further details on remuneration linked to sustainability-related targets, please refer to page 171. **Capital deployment** is a metric used internally to assess progress against our Carbon Reduction Plans. In addition, Babcock's Net Zero targets and decarbonisation plans have now been validated by the SBTi. **Internal carbon price** – During the previous year we introduced Internal Carbon Pricing into the organisation, initially opting to utilise a Shadow Carbon Price. We used a March 2025 spot price of the UK Emission Trading Scheme (UKETS) to set the shadow carbon price for FY25. The spot price of £43.51 per tonne was applied to the Group's Scope 1 and 2 emissions (103,653 tCO_2e) to calculate the FY25 shadow cost of carbon for the organisation, equating to £4.505 million. We are working as part of our improvement plan to develop metrics associated with transition risks, physical risks and climate-related opportunities. **● Details on our environmental sustainability targets can be found on pages 66, 80, 82**

Climate-related risks and opportunities

Physical risks

Physical risks are assessed against eight climate hazards. Acute physical risks were considered, which are event-driven, including increased frequency and severity of extreme weather events:

- Riverine flooding
- Forest fire
- Extreme wind
- Soil subsidence
- Surface water flooding
- Freeze-thaw

Two chronic physical risks were also considered which refer to longer-term shifts in climate patterns: extreme heat and coastal inundation.

Transitional risks

Economic analysis was used in FY23 to assess transition risks. The global economic model analysed the potential carbon emissions of economic activities and the consequential impact on macroeconomics of constraining these emissions, in order to achieve the target global-mean temperature at 2100. The economic model disaggregated these economic considerations to a market level, producing price and volume impacts on commodities and sectors across the global economy, against which our supply chain cost structure was assessed. Our approach has not changed since our previous assessment, however our climate risk working group is working to update our assessment during 2025.

Opportunities

Over the last few years, we have pushed to capitalise on opportunities which will support the development of a greener economy:

- Babcock's Liquid Gas Equipment (LGE) business has won a milestone contract from a ship owner in South Korea to deliver its first cutting-edge ecoCO$_2$® cargo handling system for two 22,000m^3 liquefied CO$_2$ (LCO$_2$) carriers. In an exciting development for the business, the ecoCO$_2$® cargo handling system is the world's first cargo handling and reliquefaction system for a low-pressure cargo tank design. LGE is also investigating bulk marine transportation of hydrogen, in the form of ammonia (rather than pure liquid hydrogen), and the capture, transportation and storage of CO$_2$ from current emitters (ie end-to-end solutions for liquefied CO$_2$ carriers).
- Across our UK operations, we have identified energy-and-cost-saving opportunities as part of our Energy Saving Opportunity Scheme (ESOS) Phase 3 compliance works. We will work to deliver on our Energy Action Plans during 2025. We are continuing to develop Marine R&D programmes to capitalise on potential new markets, and our PhD student is conducting studies to identify sustainable maritime opportunities. Within our aviation business, we are working with the RAF to demonstrate how new technologies to minimise the environmental impact of flying training can be certified for wider use. Significant milestones have been maturing the aircraft design, production of the net carbon zero synthetic fuel that will power it, and completion of a Life Cycle Assessment of the environmental impact of producing light training aircraft. Early concept work on a hybrid powertrain has produced better-than-expected results, prompting the RAF to request further information on how this may be developed.
- Babcock's helicopter emergency services business is investigating the use and environmental impact of Sustainable Aviation Fuel with an air ambulance charity.
- Babcock UK Aviation is working with Defence to evaluate how to develop materials circularity in a circular economy model. Together with a UK SME we are aiming to demonstrate and assess the scalability of extracting critical materials from composite materials in defence equipment across sea, land and air. This will provide resilient material supply chains and reduce the environmental impact of current disposal methods.
- Across the organisation, we continue to work with a variety of customers to support their decarbonisation journeys which presents commercial opportunities for Babcock; however due to sensitivities, we are not able to disclose further information.

Sustainability *(continued)*

Climate risk and opportunity	Description	Affected sectors and regions	Impact horizon
People welfare **(Physical risk)** Disruption to operations	**Disruption to staff and operations due to weather conditions with difficult/unsafe working conditions.**	All (Global)	Short / medium
Cost of business **(Transition risk)** Supply chain disruption	**Increased climate-related regulation, such as taxes on fossil fuels, may affect Babcock's supply chain cost base or viability of supply chain companies.**	All (Global)	Short / medium
Business delivery and continuity **(Physical risk)** Asset damage and operational disruptions	**Dockyards owned/operated by Babcock may be flooded due to an increase in sea level and higher frequency of extreme weather, resulting in storm surges.**	Marine Nuclear (UK & Australasia)	Medium / long
Future services **(Transition and physical risks)** Global energy mix changes	**Demand impact to LGE, Civil Nuclear services and emergency services.**	All (Global)	Medium / long

	Findings	Control measures
	Site disruptions due to physical risks are dominated by flooding at Bristol Ashton Vale and forest fires in Manitoba. The likelihood of extreme heat increases at other sites. Although physical hazards represent a greater percentage of revenue in the 4°C scenario, we could experience greater overall growth in the 1.5°C scenario. Therefore, physical hazards could still result in high levels of lost revenue in both scenarios.	Our control measures are unchanged from the previous year. At our three sites exposed to extreme heat risk, occupational health assessments have identified those working in higher-risk scenarios such as field service mechanics and confined space maintenance operatives. Training, hazard notices and health guidance are installed at these sites to recognise early signs of temperature-related health conditions, such as heat stroke.
	Labour cost changes drive the risk within Babcock's supply chain. Direct carbon costs also increase significantly as a result of government pressure on decarbonisation. Variations in other costs are seen to be less significant up to 2050. Cost increases could be greater in the 1.5°C scenario because of larger labour and carbon cost increases as well as greater growth overall. Supply chain disruption because of the transition to a Net Zero economy is therefore considered a significant risk.	In 2024, we broadened our analysis to encompass 1,000 of Babcock's key suppliers. This comprehensive analysis allowed us to map the trajectories of six critical physical hazards and socioeconomic risks. Despite the extensive nature of our study, we did not identify any immediate significant impacts. To enhance our risk resilience, we have updated our tool to map our supply chain against vital climate change indicators. This proactive approach enables us to identify and address vulnerabilities effectively. In our continuous effort to improve our operations, we have implemented a new spend management platform. This platform standardises our sourcing and onboarding processes, ensuring a consistent approach across the majority of our operations. Furthermore, we have updated our Supplier Code of Conduct to incorporate sustainable practices as a standard requirement. This step reaffirms our commitment to sustainability and responsible business practices.
	Dockyard disruption due to coastal flooding has not been identified as a significant physical risk in terms of business interruption or value at risk. However, the scope of this desktop assessment does not consider all aspects of dockyard construction and further on-site analysis for key sites is recommended. Similar to the dynamics of "People welfare", sea level rise is greater in the 4°C scenario. However, potential greater demand for services in the 1.5°C scenario could result in higher levels of lost revenue from a coastal inundation event. Therefore, in both scenarios coastal inundation could cause similar levels of financial impact.	Across parts of our operations, we use natural external hazards assessments to consider the impact of low-probability risks, such as extreme weather events. Devonport mandates these assessments onsite as part of our requirement to ensure full through-life management of our nuclear facilities and to meet established nuclear safety standards, subject to both Defence and Civil Nuclear regulation. To then appraise the best environmental options for infrastructure designs, Devonport works with industry leads, our customers, and the local authority to conduct Defence-Related Environmental Assessment Methodology (DREAM) assessments and Best Available Technique (BAT) reviews where applicable. We are working to improve our understanding of physical risks as part of our Climate Risk Working Group.
	Demand for LGE's services in the 4°C scenario could see strong growth but significant reduction in the demand for gas in the 1.5°C scenario could result in reduced revenue. Demand for Civil Nuclear could fall in the 4°C scenario and grow in 1.5°C because of changes to the competitiveness of nuclear power. The transition to low-carbon fuels in the 1.5°C scenario may limit the global demand for gas, potentially reducing demand for LGE's services. Higher carbon taxes may also impact the competitiveness of nuclear power, increasing demand for Civil Nuclear services. In 2050, the combined impact of these changes in demand results in a significant difference between scenarios. In the medium term, there will likely be an increased demand for emergency services, search and rescue, and emergency firefighting activity in Canada due to extreme weather. Similarly, South Africa has also identified the long-term opportunity to enter the firefighting sector due to extreme weather. As a further result of extreme weather, Babcock Australia has identified the opportunity to provide Emergency Medical Support and aid to new geographies in Australia. Babcock Canada has identified the opportunities associated with infrastructure development, resource extraction, and marine access due to melting ice.	Our control measures are unchanged from the previous year. We aim to continue to develop our ammonia fuel gas supply system, as well as solutions for the transportation and storage of CO_2 in line with customer and legislative requirements. This will ensure that we are optimising efficiency while developing zero-carbon solutions and increasing business resilience against carbon pricing and its potential result of falling liquefied natural gas demand. To maximise these opportunities, the given sectors have identified the need to monitor any changes or surges in requirements, the need to conduct careful feasibility planning/ assessment, and the need to respond rapidly and agilely to customer requirements, such as the redeployment of assets, in the medium to long term.

Sustainability *(continued)*

Climate risk	Description	Affected sectors and regions	Impact horizon
Increased regulation and demand for low-carbon solutions **(Transition risk)**	**Regulatory pressures and low-carbon requirements cause changes to customer contracts and business models, leading to demand reduction for Babcock services and rendering existing technology unable to meet requirements.**	All (Global)	Short / medium
Shifting energy generation markets **(Transition risk)**	**Shifting energy generation markets result in disruption to customer base and demand for Babcock services.** **Customers change business models because of regulatory/physical impacts on operations and demand reduces for Babcock services/ products.**	South Africa	Short / medium
Technology adaptation **(Transition risk)**	**Babcock may need to increase its spend on R&D and new technology activities to adapt to climate change.**	All (Global)	Short / medium
Failure to decarbonise Devonport **(Transition risk)**	**Low-carbon electricity will be required to deliver Babcock's decarbonisation targets.**	Marine Nuclear (UK)	Medium / long

	Findings	Control measures
	Under both scenarios, the air transport sector may grow, albeit at different rates. Falling carbon intensity of the air transport sector occurs under both scenarios with the greatest decarbonisation in the 1.5°C scenario. Failure to decarbonise in line with the increased rate and extent of decarbonisation within the aviation sector in the 1.5°C scenario could result in greater lost market share when compared with the 4°C scenario. We are working to identify risks of changes in stakeholder attitudes towards climate change which will likely be coupled with increased regulation. The Marine sector has identified increased regulation to be a risk in the short term, whilst on a similar timescale, both Marine and Land have identified the requirement to provide low-carbon solutions. In the medium term, South Africa has identified an increased demand for construction equipment and plant services for low-carbon energy developments because of changes in powerplant regulations, an increase in electricity production requirements, and the increase in mining of wider materials. In the medium term, Canada has identified likely new low-carbon fuel opportunities with existing and new clients associated with this transition.	We are investing to ensure regulatory compliance within new sustainable fuel and platform contracts, such as Project MONET, currently mobilised to investigate synthetic fuel application within Defence, specifically light aircraft for elementary flight training. Babcock Aviation is also continuing to work with industry leaders such as Vertical Aerospace, to look at the applications of Electric Vertical Take off and Landing (eVTOL) aircraft within our current and future capabilities. Marine has invested in the Engineering Concept and created the Clean Maritime Subject Matter Expert (SME) group. Land is pursuing both Zero Fuels and the electrification of emergency service vehicles / EV conversion capability, including delivery of a pilot project for electrifying Land Rovers, and has developed working relationships with leading electric propulsion technology partners. South Africa will continue to monitor the offering of new Original Equipment Manufacturer (OEM) technologies to customers as and when they become available. Canada is monitoring the realistic possibility of government funding and incentives to capitalise on low-carbon fuel opportunities, whilst the business continues to investigate synthetic fuel applications in Defence and eVTOL aircraft.
	In Africa, electricity generating technologies may vary between the 1.5°C and 4°C scenarios. Babcock's established support services with steam-based energy generators is seen to be constrained in the 1.5°C scenario. The potential shift from thermal electrical generation to renewables in the 1.5°C scenario may result in reduced revenues for Babcock's South Africa engineering services when compared with the 4°C scenario. In the short term, the opportunity is identified to own and/or operate part of a 100MW power plant with the possibility of producing renewable energy in certain areas of the plant. It has also identified the opportunity for energy storage and green hydrogen storage deployment in the long term.	We currently undertake emissions abatement projects such as an enhancement strategy to maximise all opportunities within nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM), and are working with technological partners to identify further abatement projects. Possible further opportunities are now being assessed such as the conversion of fossil fuel boilers to "Clean Coal Technologies" over the next 10 to 20 years, the repurposing of current coal-fired stations, and the next steps to evaluate the nuclear energy market regarding our entry levels and required qualifications. South Africa's market opportunity in power generation is being investigated through the engagement with local initiatives, forums, and the creation of a specific Customer Relationship Management system. Exploring the opportunity for energy storage and hydrogen storage is being managed with the early engagement of potential energy technology partners.
	Under both scenarios the water transport sector may grow. However, growth will be greater under a 4°C scenario. Nonetheless, decarbonisation occurs under both scenarios with greater decarbonisation in the 1.5°C. Failure to decarbonise in line with the increased rate and extent of decarbonisation across the economy in the 1.5°C scenario could result in greater lost market share when compared with the 4°C scenario. Climate-related regulation, policy, and physical risks arising from climate change will require new technical approaches. The transition to a low-carbon economy is likely to introduce disruptive new low-carbon solutions. Babcock's R&D into low-carbon technologies and resilience measures against physical changes to the environment likely places Babcock in a leading position.	Through projects such as Neptune, Babcock Marine is building our market awareness of new marine-based technologies available. Our newly formed Clean Maritime SME Group is the knowledge focal point in marine engineering for new green technologies and low-emission fuels. The combination of our high-level engineering skill, with LGE and the Nuclear expertise, provides Babcock with the opportunity of being at the forefront of the green technology race, with potential capitalisation in IP and skills.
	The Devonport site experiences significant cost increases under a 1.5°C scenario due to the impact of direct carbon prices. Energy and gas costs would increase, most notably following the expiry of the Energy from Waste contract in 2040 and a switch to the market mix. The introduction and increase in carbon taxes in the 1.5°C scenario could result in higher costs to Babcock when compared with the 4°C scenario. In the medium term, not achieving our decarbonisation targets could result in Babcock failing to meet customer expectations.	Across the organisation we are developing carbon reduction plans, which map out the decarbonisation activities required to deliver our emission reduction objectives. We have also identified opportunities for the installation of renewable energy assets across various sites which will drive operational efficiency.

Managing our resources responsibly

Babcock uses a wide range of resources across its global operations, and the consumption of materials and resources is a significant contributor to Babcock's environmental footprint. We understand our responsibility to minimise the impacts of our operations. Therefore, delivering responsible resource management is one of our sustainability priorities, yielding improved cost and efficiency benefits as well as reduced environmental impacts.

Our approach to resource management considers our use of materials and interaction with natural resources. We are working to ensure all aspects of responsible resource management are embedded throughout our product lifecycles and integrated into our business operations.

We previously communicated a range of issue-specific targets and commitments including:

- Preparing waste management plans across all significant sites by 2024 – 41% delivered
- Preparing water management plans across all significant sites by 2024 – 40% delivered
- Achieving zero controlled waste to landfill by 2025 – data on progress not available
- Eliminating the use of avoidable single-use plastic by 2027 – data on progress not available

Whilst these remain key enablers to our sustainable transition, moving forward we have decided to focus our external reporting on the six sustainability priorities and associated targets.

Within our new sustainability strategy, our Group-wide targets are initially focused on reducing the consumption of energy across our global operations.

We have set a 15% energy efficiency improvement target by 2030 against a 2024 baseline.

This new energy efficiency target is the equivalent of the Group achieving an energy intensity of 51kWh consumed per £1k revenue generated by 2030, down from the 2024 baseline of 60kWh per £1k revenue.

Over the coming 12 months, our focus is to deliver the Energy Action Plans across the organisation and to run an awareness-raising and behaviour change campaign to highlight opportunities to improve efficiency and eliminate energy leakage.

Innovating to deliver high levels of recycling – submarine dismantling project

Through collaboration with our supply chain, Babcock has applied a new and innovative methodology which will enable around 90% of the dismantled submarine structure and components to be reused or recycled.

Babcock's innovation will lead the way for the UK, providing a proven approach for recycling of the current UK decommissioned fleet of submarines.

IT re-use energy efficiency

We're proud to work with suppliers that align with our environmental priorities and support our mission to identify trends and opportunities to re-use and recycle our IT services where feasible.

Over the last year, we have saved the equivalent of 70 tonnes through the re-use and recycling of IT equipment alone. We have remained consistent with our previous year (71 tonnes) and we have achieved over a one-third increase in saved landfill from the previous year (from 306m³ to 433m³).

This was driven in part by refresh equipment initiatives, particularly for laptops, that enabled us to modernise our estate for the future, create increased opportunity for re-use of equipment and support our agile working environment.

Looking forward, we are identifying further opportunities to increase our use of re-useable, sustainable IT equipment that will support the functionality delivered to our users through our Athena programme.

Data 06/04/2024 – 31/03/2025

A total of
2,346 trees
would be needed to offset the carbon emissions

The carbon emissions saving is equivalent to the yearly emissions of
112 cars

The energy saving is equivalent to the annual energy supplied to
136 homes

A total saving of
433m³ landfill
space, avoiding a cost of **£45,010** in landfill tax

Babcock Africa's commitment to sustainable energy solutions

At our Middelburg site, one of our largest operational hubs, we invested in a solar power system that became fully operational in April 2024. The system consists of a 150-kilowatt hybrid inverter and 198 x 550-watt solar panels. Since its installation, it has generated 100,489 kWh of electricity, reducing our CO_2 emissions by 109.73 tonnes. This system not only reduces our reliance on the grid during the day but also integrates battery storage to ensure power availability at night and during power outages, effectively reducing the need for diesel-powered generators.

Further reinforcing our commitment to sustainability, Babcock Africa supported the installation of a solar energy solution at our Bedfordview head office. This system, featuring 106 × 525-watt solar panels, has generated 81,133 kWh to date, reducing CO_2 emissions by 82.3 tonnes. This initiative complements our broader efforts to transition to renewable energy, enhance operational resilience, and reduce carbon emissions across our operations.

Protecting the natural environment

Throughout our global operations, we interact with a diverse range of habitats. We recognise their value to society and the planet. Preserving and enhancing the biodiversity of the environments in which we operate is a priority that underpins our efforts to safeguard the environment.

Our efforts are guided by global drivers which introduce targets for businesses to assess their interactions with nature. We are actively exploring new disclosure regimes including the Taskforce on Nature-related Financial Disclosures (TNFD), applying the Locate, Evaluate, Assess and Prepare (LEAP) framework across our key estates and assets to better understand and address nature-related risks and opportunities.

As a member of the UK Business and Biodiversity Forum, we continue to engage with UK companies to understand new legal and voluntary requirements and to assess the value of biodiversity and nature for business. By drawing upon frameworks such as the TNFD, we aim to systematically manage our nature-related dependencies, while proactively identifying and mitigating risks, and unlocking opportunities that foster long-term sustainability.

We implement environmental management systems across our operations to minimise our impact on, and address risks around, the natural environment. As our awareness of nature-related impacts and dependencies evolves, and as new legislation comes into force, we continue to identify innovative opportunities to enhance natural habitats and integrate nature-based goals and objectives into our governance and operational frameworks.

We previously communicated a range of commitments and targets which include:

- Conduct biodiversity assessments across all significant sites by 2024 – 31% complete
- Deliver a 10% biodiversity increase across the estate by 2030 – data on progress not available

Our new sustainability strategy reinforces the Group-wide priority to protect and enhance the natural environment.

Our new natural environment target is to deliver a 10% biodiversity Net Gain across our most significant sites (where we have full operational control) by 2030

Building on our previous biodiversity assessments, our teams are developing evidence-based guidance and implementing plans to enhance the habitats across these key locations.

Progress against our nature targets will be reported in a qualitative manner whilst we develop our plans and mature our calculation methodologies.

As sustainability becomes ever more integral to our decision-making processes, we will continue to explore how nature-related priorities can align with a wider range of commitments including supporting mental health and wellbeing issues, addressing climate change, and enabling resource efficiency. Notably, our nature-based improvements are being developed in tandem with these wider objectives and commitments, ensuring an interconnected and holistic approach to sustainability.

Cavendish Nuclear partnership with The Eden Foundation

In FY25, Cavendish Nuclear set up a partnership with a social enterprise organisation, The Eden Foundation (previously called Eden Greenspace), in order to enable the opportunity for staff to support a range of UK-based environmental improvement projects. Three projects have been identified through the partnership:

1. Climate – peatland restoration, Scottish Lowlands
2. Nature – wildflower meadows, Wales
3. Pollution – marine plastic removal, Cornwall

Work will continue over FY26 to support these three projects. Furthermore, Babcock is increasingly establishing partnerships with local charities to put nature at the heart of action in key locations:

- Working with the Bristol Avon Rivers Trust, where over the past year volunteers have donated 315 hours in support of balsam bashing, river restoration and clearing.
- Volunteering with the South West Peatland Partnership on Dartmoor, to increase the water table and to provide conditions for new peat to generate.

Environmental protection

Babcock is committed to upholding the highest standards of environmental management across all operations.

We ensure the protection of the environment through the implementation of Environmental Management Systems (EMS) across our sites. Using EMS, Babcock is able to deliver a wide range of environmental improvements, such as:

- Reducing energy demand
- Restoring and enhancing biodiversity
- Improving waste management practices
- Managing water consumption
- Reducing pollution events

We are driving the adoption of ISO 14001-certified Environmental Management Systems across our business.

Currently, Babcock operates 24 ISO 14001-certified EMS that cover 66% of the business, with over 90% EMS coverage when factoring in non-certified EMS. This demonstrates our dedication to embedding robust practices that continually improve our environmental performance, while addressing risks and opportunities related to sustainability.

We have also introduced Group-wide Environmental Management Requirements that provide a clear framework to ensure consistency, accountability and progress across all our Environmental Management Systems. These requirements are reviewed annually along with our Group-wide programme of activities under the Environmental Protection Working Group.

Ensuring the health, safety and wellbeing of our people

Babcock's Purpose – to create a safe and secure world, together – includes our unwavering commitment to the health, safety and wellbeing of our people. We strive to achieve the highest standards in all areas to ensure everyone can go home safe every day.

Having made significant progress in reducing the number of accidents, we are now broadening our focus to reduce absences through improvements in occupational health provision and individual case management to support colleagues back to work safely.

Therefore, as part of the new sustainability strategy we have set ourselves the target:

Reduce the number of days lost due to work-related injuries and occupational illnesses by 10% by 2030 using FY25 as the baseline.

Governance and assurance

Working across the enterprise, we continue to collaborate across sectors, functions and throughout the value chain to embed consistent processes and share good practices that support safe operations. We have completed the baseline organisational assurance of all sectors and Direct Reporting Countries, transitioned to a single certifying body for ISO 9001, 45001 and 14001 accreditations across Babcock, and continue to expand the use of Synergi Life, our integrated management information system. We have conducted reviews across our working environments, including where we are co-located with customers and suppliers, and are working together to raise the workplace standards.

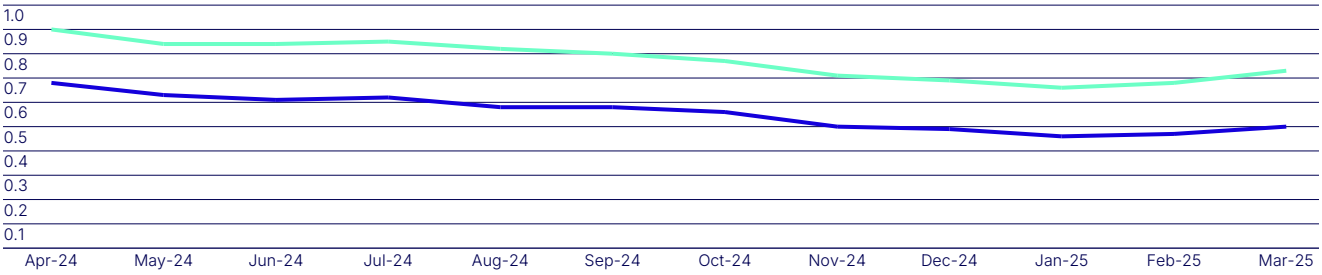
Setting Babcock expectations and embedding common approaches have strengthened our risk controls and brought multiple benefits.

Through building an assured risk picture across Babcock, we have identified areas for targeted interventions and shared lessons to enable continuous improvement.

Having introduced a consistent framework for operational resilience, we are identifying focus areas to improve resilience and responsiveness, including emergency response. We have developed and are delivering impactful Senior Leader safety and compliance training to our leaders from across the business, reinforcing the importance of including health and safety considerations in every decision and action.

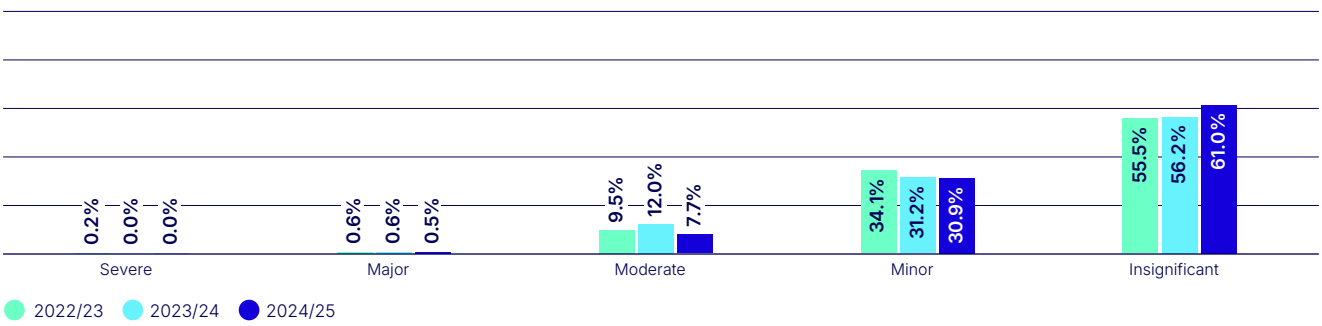
Maturing as a learning organisation, we learn from assurance, events and proactive observations. By taking actions to continuously improve we have successfully reduced the number of work-related injuries and illnesses, as evidenced by the significant reduction in TRIR, DACR and severity of injuries during the year.

Total Recordable Injury (TRIR) and Days Away Case (DACR) Rates



1. Number of recordable work-related injuries and illnesses multiplied by 200,000/total working hours (200,000 hours represents 100 employees working 40 hours for 50 weeks per year).
2. Number of recordable work-related injuries and illnesses resulting in one or more days away from work multiplied by 200,000/total working hours (200,000 hours represents 100 employees working 40 hours for 50 weeks per year).

Severity of reported injuries



Home Safe Every Day

Home Safe Commitments

Building upon the **Safety Starts with Me** behaviours programme, we set out on a campaign to engage everyone in **seven core safety behaviours,** and for every leader to create the right environment for those behaviours to thrive.

These behaviours are our Home Safe Commitments and they reinforce the personal safety behaviours that

'I always...'

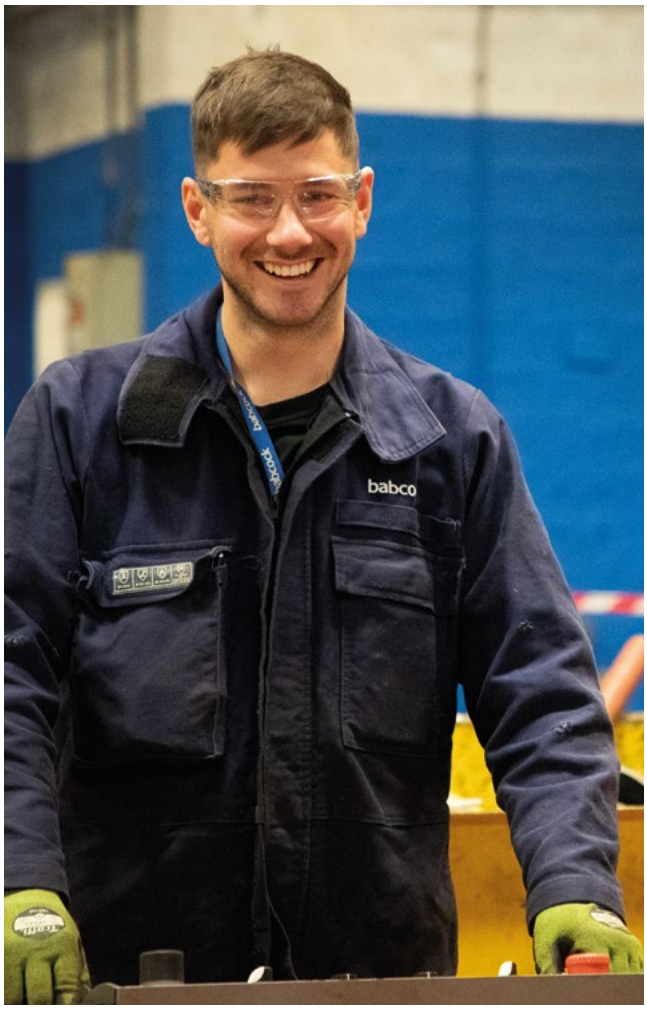
- **plan** work with safety in mind
- **protect** myself, others and the planet from safety, health and environmental hazards
- make sure I am **fit and trained** to safely carry out my work
- assess and control risks before I **set to work**
- use the correct and safest **tools and equipment** for the job
- **speak up** if I see something unsafe
- **pause or stop work** if things change, or I have a safety concern

We launched common Home Safe Awareness and Human Factors training for all, leaders held team discussions about each commitment, and the Home Safe Summit in November saw more than 3,500 people participate globally in interactive learning by applying the commitments in realistic scenarios.

We continued to celebrate positive safety behaviours through our Safety Stars recognition scheme with Stars across the globe.

The annual Safety Stand-down theme was 'looking after our health at work' and this started with a live-streamed Executive Committee Question and Answer session. We encouraged teams to discuss the potential impacts of physical and mental health hazards and how the commitments help to manage these. The Home Safe campaign was commended in the UK Safety and Health Excellence Awards.

In line with our new sustainability target on reducing days lost due to work-related injuries and illnesses, we will continue to develop our focus on health and wellbeing. We will validate our absence data from multiple sources to baseline and give insights for targeted plans for supporting our people back to work safely. Developing the Whole Person Approach, which recognises the interconnectedness of mental and physical health as well as internal and external factors that affect our people, we will continue to collaborate across the enterprise to drive improvements to our working environments.



Building an inclusive, diverse and resilient workforce

Our people are the foundation of our success. Our ability to deliver for our customers and stakeholders depends on the skills, resilience and diversity of our workforce. In a dynamic world, we are committed to fostering an inclusive, equitable and high-performing culture where every colleague can thrive.

As part of our ongoing commitment to building an engaging and rewarding colleague experience, we are excited to launch a free share award programme for all colleagues. This initiative will allow eligible colleagues to share directly in Babcock's success, recognising their contributions and strengthening their connection to the Company's future. By offering shares, we aim to foster a deeper sense of ownership, boost morale, and align colleague and shareholder interests. Over time, colleagues could benefit financially from the appreciation of Babcock shares, receive dividends, and enjoy associated tax advantages where applicable, helping them to build personal wealth while contributing to a culture of shared success.

Our strategy continues to prioritise inclusion and diversity (I&D), leadership and wider capability development, wellbeing and early careers, supported by robust governance and measurable goals. Through targeted initiatives, strategic partnerships and inclusive policies, we are creating a workplace where talent is recognised, supported and developed, reflecting the communities in which we operate.

Embedding lasting change

Diversity strengthens our business. It enables innovation, supports decision-making, and reflects the customers and communities we serve. We are embedding I&D across our operations by taking action throughout the colleague lifecycle, focusing on attraction, recruitment, career development, leadership and cultural change.

This year, we reinforced our commitment to I&D through a range of initiatives. We continued to grow our eight colleague networks, which include B4ME (Babcock for Minority Ethnics), the Gender Balance Network, the Disability & Carers Networks and Pride in Babcock, our colleague network that represents the LGBTQ+ community. All our networks play a vital role in amplifying colleague voices, shaping inclusive policy and fostering belonging.

Colleague wellbeing is embedded in our approach, with continued investment in initiatives such as our Employee Assistance Programme, mental health first aiders and proactive wellbeing support.

As part of our new sustainability strategy, a core priority remains increasing female representation. We are actively working towards our target of:

30% women in our workforce by 2030

In calendar year 2024, women represented 19.5% of our total workforce, up from 18% in 2023. While progress is evident, we recognise the need for continued focus to attract, retain and develop women at all levels of the organisation.

To support this, we launched tailored initiatives. This included our 'Mentor Match', a digital platform designed to inspire and support the professional growth of our people. We piloted 'Illuminate', a women's empowerment and development programme designed to enhance confidence, capability and career mobility. We also sponsored the Women in Manufacturing event in Bristol and supported multiple industry forums aimed at increasing female participation in STEM.

"The mentoring scheme has been exceptional; I've learned some invaluable lessons; developed a great working relationship with my mentor; and achieved the goals I had set out for myself."

"This has been extremely valuable for my growth and development over the past year. My mentor has enabled me to build my confidence, have an independent person to speak to outside my team with any concerns I had, and this has significantly helped me as someone new into Babcock. I do not think I would feel as I do now without the support and conversations of my mentor."

We continue to build inclusive recruitment processes, including the use of diverse interview panels and targeted outreach to underrepresented communities. Our commitment extends to veterans, early careers, and individuals with disabilities. In FY25, we welcomed over 727 veterans and service leavers, recognising the unique skills and perspectives they bring to Babcock.

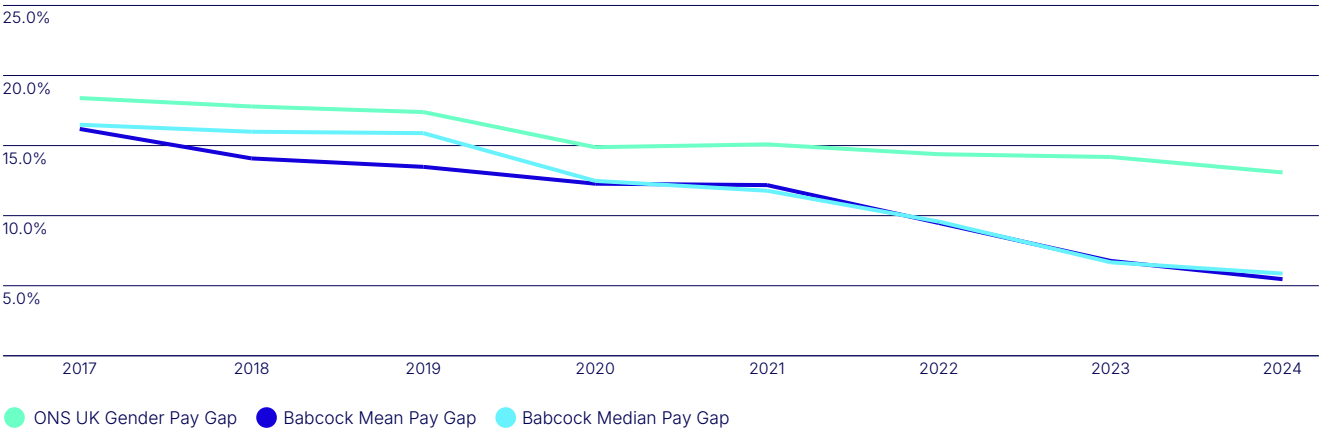
We achieved Level 2 accreditation in the UK Government's Disability Confident scheme and are working towards Level 3, demonstrating our commitment to attracting, recruiting, on-boarding and retaining disabled people and those with caring responsibilities, and supporting them in the workplace to achieve their full potential.

Sustainability *(continued)*

Gender Pay Gap report

Our 2024 Gender Pay Gap report reflects the ongoing work to address representation and progression. We are pleased to report our median gender pay gap has once again narrowed, down from 6.7% to 5.9% this year. This figure stands well below the UK national average of 13.1%, reflecting our ongoing efforts towards gender parity.

Gender Pay Gap (2017–2024)



Our commitment to change

We recognise that the gender pay gap is primarily an issue of representation rather than equal pay for equal work. Our efforts to improve gender balance therefore include:

- Expanding outreach programmes to encourage more women into STEM careers
- Strengthening career development initiatives to support women's progression
- Continuing our focus on inclusive hiring practices and leadership development
- Enhancing policies such as flexible working and inclusive leave

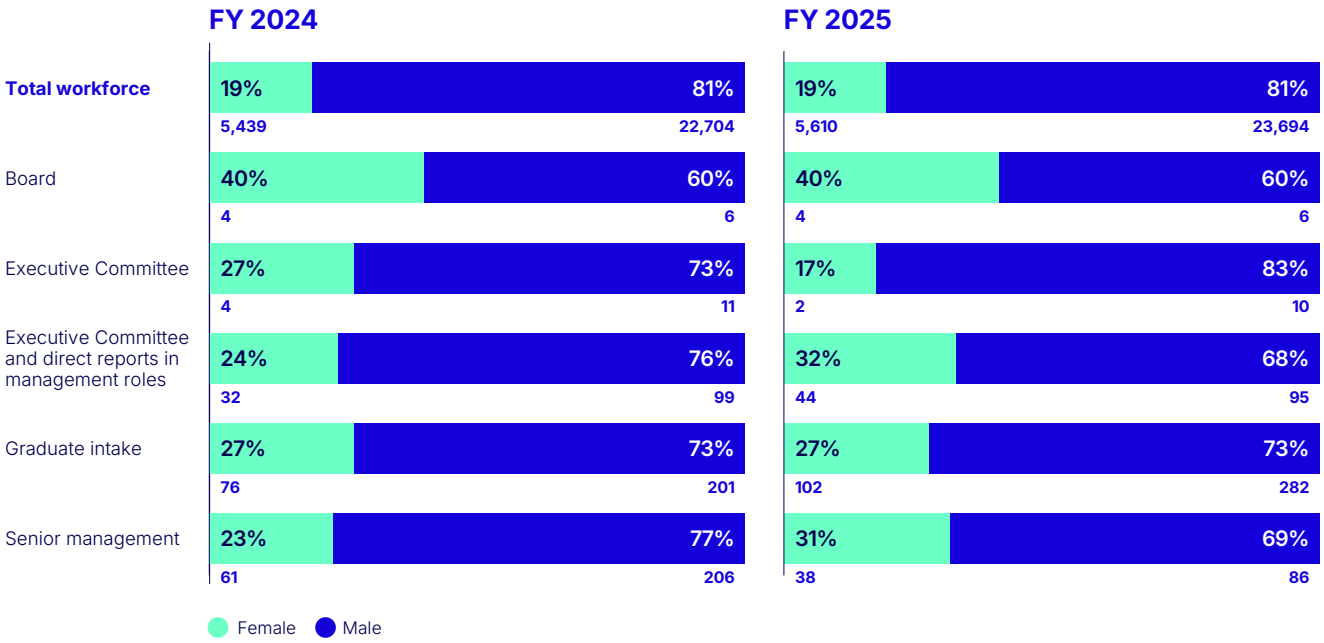
We are also committed to strengthening our pathways for career progression and ensuring gender balance through structured succession planning and leadership accountability.

Looking ahead

We remain committed to driving meaningful change and fostering a culture of inclusion where all colleagues can thrive. While progress continues, we acknowledge there is more work to do. Our focus remains on improving gender representation, creating pathways for career progression, and building an equitable workplace for all.

Please see our Gender Pay Gap report to learn more

Gender Balance



1. Our total workforce is 29,381, which includes 23,694 men, 5,610 women, 20 people identifying as non-binary, or 'I use another term', 20 who 'did not specify' and 37 who chose 'prefer not to say'. This figure includes both permanent staff and agency employees.
2. Executive Committee total is 12. This figure excludes Executive Committee members on the Board.
3. Executive Committee and direct reports in management roles total 139. This excludes Executive Committee members on the Board.
4. Senior management is defined as colleagues (excluding Executive Directors) who have responsibility for planning, directing and controlling the activities of the Group (Executive Committee) or a strategically significant part of the Group (sector/functional leadership teams) and/or who are directors of subsidiary business units (BU leadership).
5. Senior management total is 124.
6. Graduate intake is 388 (264 UK, 111 Australasia, 11 South Africa, 2 Poland).
7. Non-Executive Directors are only included in total headcount and Board figures.

We have redefined our senior leadership communities. In addition to our Senior Leadership Team (SLT), we are also focusing on increasing female representation across our broader leadership community, which currently stands at 28%. Our goal is to reach 30% female representation within this group.

Building an inclusive, diverse and resilient workforce is a priority. We are driving gender balance through targeted efforts in recruitment, succession planning, support, retention and celebration – ensuring all colleagues can thrive.

Illuminate has been more than a development programme – it has been a learning journey for participants and us as a business. It has shown what's possible when we back our people, create space for growth, and amplify potential.

And it connects directly to our wider ambition: to have 30% women in our business by 2030.

Illuminate is one of the ways we're making that happen – by supporting, investing in, and championing women at every level.

"I have been inspired and feel valued by the business for this!"

"Ultimately, the programme has been amazing. The time frame felt good – if anything, I'd say it was too short but that's just because I have loved it so much that I am sad it needs to end."

Sustainability *(continued)*

Ethnicity and Global Inclusion

In the UK, we are signatories of the Race at Work Charter and continue to promote diversity education and awareness through our B4ME network.

We have previously targeted 80% disclosure of diversity data by 2025. In line with the new sustainability strategy, we will stop reporting on this metric, focusing our efforts on promoting ethnic diversity.

Promoting inclusive leadership is essential to this, ensuring our managers are educated on diversity and equipped to address unacceptable behaviours, while our policies and processes remain inclusive and fair. Beyond our organisation, we are focused on sharing best practices with our customers, suppliers and industry peers. We also recognise the importance of supporting our local communities, engaging in initiatives across STEM, skills development and charity partnerships to foster greater inclusion.

The appointment of John Howie (Chief Corporate Affairs Officer) as the Executive Committee sponsor for the B4ME network marks an important step in strengthening inclusion and diversity at Babcock. His sponsorship elevates the visibility and impact of the work the network is doing, providing leadership support to accelerate our strategy. This demonstrates our commitment at every level of the organisation – from the workshop floor to the Executive Committee – ensuring that inclusion and diversity remain a priority (see page 133).

We recognise the importance of indigenous and historically disadvantaged communities within our global operations. Their diversity brings a richness of ideas and perspectives to the business and provides us with a unique competitive advantage.

These initiatives are just a few examples of our commitment to supporting and uplifting these communities:

South Africa

Corporate Social Responsibility (CSR) strategy: Our CSR initiatives align with Broad-Based Black Economic Empowerment (BBBEE) objectives, focusing on socio-economic transformation through inclusive education, enterprise development and community upliftment. These efforts enhance our BBBEE scorecard and sustainability agenda.

Community upliftment: Supporting local communities through school infrastructure development and economic investment, including the provision of over 700 chairs and tables for under-resourced schools, and direct business investment in small enterprises.

STEM education: Partnering with the Thandulwazi Trust to uplift women in leadership and engineering, sponsoring high-potential learners from disadvantaged backgrounds, and participating in the Eskom Science Expo to inspire future STEM leaders.

Supply chain development: Running the Entrepreneurial Development Programme to support small businesses within our supply chain, providing tools, training and mentorship for long-term success.

Our CSR strategy demonstrates our commitment to helping to build a more inclusive, equitable and sustainable South Africa, contributing to national transformation goals and strengthening our business resilience.

Australia

Babcock supports indigenous communities through long-term partnerships with Engineering Aid Australia (EAA) and Yalari, enabling access to engineering education and scholarships.

Engineering Aid Australia (EAA): EAA is a non-profit organisation dedicated to increasing the participation of First Nation young people in engineering and technology. It conducts week-long Indigenous Australian Engineering Schools (IAES) in Sydney and Perth, provides financial assistance for high school and university studies, and helps students find work experience and career opportunities. Babcock has sponsored EAA since 2018, supporting the IAES programme, which has benefited 1,000 students to date.

Yalari partnership: Yalari offers secondary education scholarships at leading boarding schools for indigenous children from regional, rural and remote communities. Babcock has supported Yalari since 2015, providing full scholarships and sponsoring its Gala Dinner. To date, Babcock has supported four indigenous students.

Sustainability governance: Babcock has established new internal sustainability governance structures, including Australian and Torres Strait Islander and Māori and Pasifika Working Groups, to engage staff and drive performance in these areas.

Canada

Indigenous people's engagement: Babcock strives to be inclusive, reflecting the communities it serves. In Canada, Babcock participates in the CCIB's Partnership Accreditation in Indigenous Relations (PAIR) programme, achieving Committed status in 2024 and working towards full certification.

Investment in indigenous skills and education: Babcock Canada supports indigenous youth in STEM education through multi-year sponsorship agreements with academic institutions, the Verna J Kirkness foundation, and by promoting STEM career awareness via co-op terms, internships and apprenticeships.

Supply chain commitment: Babcock Canada is expanding its supply chain, focusing on indigenous suppliers, particularly for the Emergency Health Services Rotary Wing Air Ambulance contract in British Columbia.

Across our global footprint, we are embedding inclusive practices and celebrating cultural diversity, ensuring our organisation reflects the communities we serve. We are working towards improved ethnicity data transparency. In 2024, we enhanced our HR systems to enable better tracking of ethnic representation across our workforce.

Looking ahead, we aim to improve our data disclosure rates working in partnership with our B4ME network.

Skills and Babcock Academy

In 2024, the UK Government, in partnership with industry, announced a £763 million investment in nuclear skills, jobs and education to help the sector fill 40,000 new jobs by the end of the decade. In collaboration across the UK enterprise, the Government and industry developed the 10-year National Nuclear Strategic Plan for Skills (NNSPS) which sets out how this will be achieved and identifies regional collaboration as a key enabler to delivering this successfully.

The Right Honourable Maria Eagle MP, Minister of State for Defence Procurement and Industry, opened the Babcock Engineering & Nuclear Skills building at City College Plymouth in September. As part of the Babcock Skills Academy, this modern facility enhances our growing workforce's capabilities in the UK's nuclear programmes by continuing to build a new pipeline of talent, while upskilling the existing workforce on the complex skills required to perform deep submarine maintenance.

The Jackal Skills-based Work Academy Programme (SWAP) was developed in conjunction with Plymouth City Council, On Course South West, and the local Department for Work and Pensions. The objective of SWAP is to help people back into employment, providing opportunities for individuals to gain qualifications and skills, with the potential for securing employment with Babcock after completion of the programme. Twenty seven individuals were welcomed across two programmes, with eleven finding opportunities to work on the Jackal Programme. With tranche two of the follow-on order for 53 Jackal 3 Extenda Variant, the contract continues to support those successful in securing a position following the SWAP. This model has also been replicated and successfully run within Babcock Vehicle Engineering, Walsall.

As part of our commitment to skills development and recruitment, we partnered with the Air and Space Institute (ASI) to provide industry work experience. This collaboration aimed to boost the educational journey of ASI students by providing practical experience and insight into working in the aviation industry within Babcock.

We supported two of the largest student engineering events in Europe by teaming up with the Institution of Mechanical Engineers on its Uncrewed Aerial Systems (UAS) challenge and Formula Student as its official AI partner. Thousands of undergraduate engineering students from all over the world took part in the competitions. Supporting events like these meant we could directly work with future talent and help them transition from university to the workplace, providing real-world experience.

We continue to align our learning and development strategy with business goals to deliver a modernised, fit-for-purpose skills strategy. Our goal is to grow capability, enhance our colleague experience and ensure we can deliver for our customers. Expanding and rebranding the Babcock Academy will make learning accessible and relevant for all across Babcock. **The Learning Hub**, our new learning platform launching in 2025, will offer personalised, interactive and modular training aligned with evolving customer and workforce needs. Improving our systems and processes will align best practices and reduce duplication.

Embedding our principles has been a focus this year, enabling leaders to role model them. During the period, principled leadership was launched through our performance management process. For senior leaders, a part of their annual incentive is now aligned with how effectively and frequently principled leadership is demonstrated in their habits and practices.

Working with our suppliers ensures we get value for money and improve the quality of the products we buy. Embedding learning into the flow of work supports individual growth through structured and informal development opportunities.

Early careers

We welcomed a record intake of early careers colleagues this year across the Group with large numbers forecast to join us within our nuclear sector, as part of our commitment to the Government's National Nuclear Endeavour.

We have continued to widen the entry pools for our early careers talent. In **Devonport**, we welcomed 18 people onto our new engineering pre-apprenticeship programme. Delivered in partnership with City College Plymouth, the programme is aimed at providing an alternative route into Babcock for a broader range of talented people that just need a little additional support to start their career. At the end of the year-long programme, those taking part are guaranteed a place on our apprenticeship programme in the following year, assuming they meet the requirements of the programme.

In addition to this, we are launching eight new apprenticeship programmes across Levels 2 – 6 as part of our 2025 campaign, which will attract a broader talent pool from the local area and beyond, and significantly raise our annual intake numbers.

This year at **HMNB Clyde**, Babcock has doubled its apprentice intake, and is recruiting additional roles for the 2025 programme. Alongside these opportunities, at Clyde this year we have welcomed 24 people onto our second year-long pre-apprenticeship programme. Delivered in partnership with West College Scotland, the pre-apprenticeship programme increases social mobility, diversity and access to a broader range of talented people. Last year, the programme saw 90% of those who completed the course successfully offered a modern apprenticeship with Babcock.

More than one hundred apprentices joined our Naval Marine business in **Rosyth** in 2024, and we will continue to recruit large numbers, including the expansion of the Graduate Apprenticeship Programme to include Commissioning. Babcock apprentices have also been gaining international experience through an exchange programme connecting Babcock's Rosyth site with academic institute CKZiU in Gdynia, Poland. The exchange runs alongside Babcock's support to the Miecznik frigate programme in Poland, following the successful agreement to export the Arrowhead 140 licence for three frigates, supporting the country's investment in defence.

We have continued to expand our Group-wide graduate development programme, welcoming a number of engineering disciplines to the Group programme, as well as more business-led disciplines.

The intent of the Group-wide programme is to encourage and support mobility.

Sustainability *(continued)*

Support for armed forces, veterans and reservists

Babcock remains a trusted partner to the armed forces community. In 2024, we received the 'Employer of the Year' award at the British Ex-Forces in Business Awards, and ranked third in the Top 50 Great British Employers of Veterans.

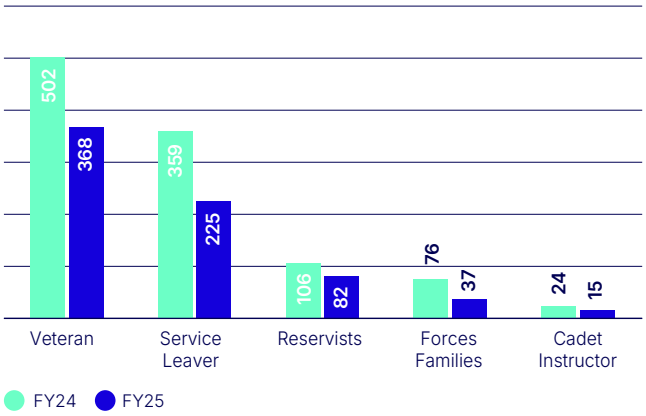
Since signing the Armed Forces Covenant in 2013, we have upheld our promise to support the armed forces community. Our Gold Award status in the Ministry of Defence's Armed Forces Covenant Employer Recognition Scheme, held since 2015, reflects our active role in championing defence support and encouraging similar commitments across other organisations.

To enable reservist colleagues to balance their military and civilian responsibilities, we offer up to 10 days of special paid leave annually for reservist duties. We also continue to expand our sponsorship of the Inter-Service Rugby Championship, now supporting the U23, Veterans, Men's and Women's categories – helping to develop emerging talent and strengthen bonds within the armed forces community.

Furthering our support, we have established a multi-year partnership with the Army Benevolent Fund (ABF) (see also pages 93 and 95).

Through these efforts, we remain committed to recognising, supporting and empowering those who have served in the armed forces.

Armed forces hires FY25



Colleague recognition and awards

Recognising and valuing our people is fundamental to our culture. In FY25, we introduced BRAVO – Babcock Recognition for Achievement, Value and Outstanding contribution – our new UK recognition platform. BRAVO was designed to enable peer-to-peer recognition and celebrate excellence through the lens of our principles, whether that's delivering a complex project or a simple act of kindness. We want to ensure that every contribution matters and that all colleagues feel seen and heard.

We also celebrated exceptional contributions through the 'Ignite' pilot, our Group-wide awards programme that highlights individuals and teams who go above and beyond to deliver outstanding results. The Ignite Awards showcase achievements across multiple categories, reflecting our principles as well as safety and a special CEO Award.

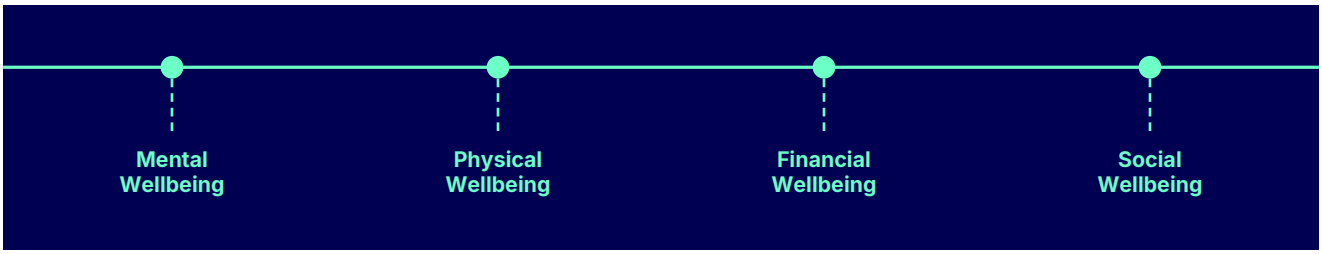
Ignite will be rolled out in FY26 to the whole of Babcock, giving every colleague a chance to nominate a colleague for exceptional work.

This focus on listening and recognition is also reflected in our Global People Survey, where we achieved an outstanding 80% participation rate with over 106,000 individual comments. Our positive engagement score demonstrates that our people are increasingly engaged and connected to our Purpose.

In addition to local recognition schemes across our markets, our colleagues and teams have received external honours that highlight their excellence and commitment. This year:

- Babcock was named 'Employer of the Year' at the British Ex-Forces in Business Awards
- We were ranked third in the Top 50 Great British Employers of Veterans
- Several colleagues were recognised in industry awards for their leadership, innovation and technical achievements.

These accolades reflect the extraordinary work our people deliver every day and the culture of excellence we are committed to cultivating.



Taking a proactive approach to our people's wellbeing

We care about our people's wellbeing and want them to feel their absolute best. This helps improve business performance and encourages colleagues to make a long-term commitment to the Company.

This year, using insights from our Global People Survey and in collaboration with colleagues across the organisation, we have worked to enhance our provisions across our four wellbeing pillars (Mental, Physical, Financial, and Social). We promote a proactive approach to wellbeing wherever possible, whilst providing support to our people in those moments that matter. Examples include:

Enhancing our colleague benefits provisions:

- Introducing annual health assessments, online GP appointments and nutritional consultations to all UK colleagues.
- Launching a new recognition programme, encouraging peer-to-peer recognition for living up to our principles in our day-to-day work.

Delivering proactive and engaging wellbeing tools and events:

- Covering a range of topics from menopause to mindfulness to suicide prevention.
- Inspiring our people across the Group to be active through our global 'Move More' challenge.

Developing wellbeing conversation guides:

- Inspiring our managers to create a positive and supportive work environment for their teams.
- Introducing neonatal paid leave to support our colleagues during the challenging times when their newborns require neonatal care.

Continuing to invest and support our Mental Health First Aiders network:

- Ensuring they feel connected, confident and empowered to effectively support our people.
- Expanding our clinical mental health by rolling out our Colleague Assistance Programme and proactive wellbeing platform to colleagues in Australasia and France.

Creating a safe and secure world **together**

Collaborate **Own & deliver** **Be courageous** **Be curious** **Think: outcomes** **Be kind**

Supporting our communities

As a major employer, we have the power to provide positive benefits in the communities in which we operate. Not only through employment but also by working with local suppliers, local groups and charities, through volunteering and education.

While the needs of the communities we operate in are varied, and therefore the type of actions we take are decided at a local level, we are proud of the culture of volunteering within Babcock which is common across the business.

Working with SMEs

Babcock continues to recognise the vital role of SMEs in building a sustainable and resilient supply chain. Partnering with SMEs can enhance our resilience through flexibility, innovation and cost efficiency, as these smaller enterprises can quickly adapt to changing market conditions and offer specialised expertise in areas such as advanced materials, cyber security, unmanned aerial systems, AI and additive manufacturing.

This collaboration fosters robust and prosperous relationships, ensuring high levels of customer service and reliability. Additionally, working with local SMEs supports job creation and economic growth within our communities, as money spent with these businesses tends to stay within the local economy.

This not only strengthens the regional economy but also promotes community development and sustainability, contributing to a more resilient and socially responsible supply chain.

In 2024, we have increased our engagement with SMEs, with our SME spend rising from 28% in FY24 to 31% in FY25.

Volunteering

We continue to emphasise the importance of volunteering, recognising the mutual benefits it brings to both our communities and our colleagues. Since launching our global volunteering policy, **Be Kind Day**, we have provided every colleague with one paid day per year to support a charity or community organisation of their choice.

Building on the success of Be Kind Day, we have seen growing engagement across the business and achieved key milestones, with 8,800 hours of volunteer time being requested in FY25.

This year, we are setting a new target of

50,000 hours of volunteering per year in our communities by 2030

to further embed a culture of giving back.

To increase participation, we are improving awareness, simplifying the process of getting involved, and tracking the impact more regularly.

Our colleagues used their Be Kind Day in partnership with Eat-Up, an Australian non-profit organisation that provides healthy and free lunches to vulnerable children.

By sharing stories of how our colleagues are making a difference, we aim to inspire even more people to take part.

Volunteering is an integral part of how we contribute to the communities where we live and work. As we continue to expand and evolve our approach, we remain committed to making a meaningful and lasting commitment.

Colleagues at Rosyth have the opportunity every month to use their Be Kind Day to support The Big House Multibank. Typical tasks include sifting and organising donations from the large deliveries, and creating tailored packages for those in the local community.

Devonport colleagues used their Be Kind Day to transform the facilities of Headway Plymouth, a charity to improve life after brain injuries. Watch this video for more information

Charity

Our donations and charitable sponsorship policy is designed to support our communities.

Babcock has always supported our armed services and it remains core to our values. We work with several charities which support both the serving and veteran community across all services, for example:

- **Soldiers', Sailors' and Airmen's Families Association (SSAFA)** – Babcock has been a sponsor of SSAFA since 2016, and became a Corporate Partner in 2025, providing funds for volunteer mentor training to support veterans transitioning to civilian life
- **Army Benevolent Fund (ABF)** – We sponsored two of its flagship fundraising events, the Cataren Yomp and Operation Bletchley
- **Royal Navy and Royal Marines Charity (RNRMC)** – Babcock has joined its Bridge Partnership scheme as a platinum partner, supporting it to work towards its vision of a world in which our sailors, marines, and their families are valued and supported, for life

But we recognise that serving personnel also have families who are another community that also need support, especially when the worst happens. Consequently, we also support:

- **Families' Activity Breaks (FAB)** – This is our second year helping the charity to provide fun and challenging activity camps around the UK for bereaved military families
- **Scotty's Little Soldiers** – We are entering our first year supporting the charity to provide long-term, holistic care for bereaved military children

We also support our local communities, partnering with charities operating where we have our sites and attract our employees from. For example:

- **Rapaid** – Actively enabling and participating in its roll out of life-saving pressure bandages in Plymouth taxis
- **Plymouth Argyle Community Trust** – We sponsored both the development of its new Foulston Park Community hub and integral Babcock Esports Arena, a fantastic community space for young people (see also page 24).

We are part of the global community and our international operations also support their communities, for example:

- **Thandulwazi Trust** – in South Africa, we have partnered with the trust to uplift women in leadership and engineering
- **Canadian Forces Base Esquimalt Military Families Resource Center** – in addition to a donation, Babcock Canada participated in a charity hockey game between colleagues and the Canadian Armed Forces

We also continue our long-standing support for:

- **The Vine Trust** – We converted a former UK Royal Navy patrol ship into a medical vessel which is expected to provide one million medical consultations over the next 20 years to remote island communities in Tanzania

Sustainability *(continued)*

STEM and future talent

Babcock is helping to address the UK's STEM skills shortage through strategic outreach.

Research has shown that not enough young people are studying the STEM subjects needed to pursue a STEM career. To help tackle this, Babcock has External Engagement Teams situated across the UK. They are responsible for collaborating with our volunteer STEM ambassadors, young people, parents and teachers to raise awareness, engagement and inspiration with the intent of sparking interest in STEM.

Our STEM strategy is based on three objectives:

1. Increase diversity and inclusion in STEM
2. Drive early careers applications through engagement
3. Build relationships with educational institutions in areas of high social deprivation

We use a 5E engagement model, developed with Plymouth City Council, to create age-appropriate and inclusive content, and have an objective of delivering over 300 targeted activities within the South West alone.

Our approach to STEM

EXPLORE	ENCOURAGE	EMPOWER	EQUIP	EMPLOY
5–7 years	**7–11 yrs**	**11–14 yrs**	**14–16 yrs**	**16+ yrs**
Growing skills • School visit • Workshop	**Growing skills** • School visit • Workshops • STEM Club (local competition) **Attracting local talent** • Site visit • Teacher in place (industry placement)	**Growing skills** • School visit • Workshops • STEM Club (regional competition) **Attracting local talent** • Labour market information • Workshops • Careers advice • Site visit • Teacher in place (industry placement)	**Growing skills** • Workshops • STEM Club (regional competition) • Careers fair • Mock interviews **Attracting local talent** • Careers advice • Work experience • Industry taster day • Site visit	**Growing skills** • Careers fair • Mock interviews **Attracting local talent** • Work experience • Mentoring in the workplace • Networking opportunities for students, teachers and carers

Festival of engineering

During FY25, Babcock delivered the Festival of Engineering across three major locations: Devonport, Bristol and Rosyth, welcoming approximately 900 eager schoolchildren from multiple local schools to immerse themselves in the two-day celebration. The Festival of Engineering was a powerful platform that allowed Babcock to challenge preconceptions that children might have held about the world of engineering. We do this through engaging and interactive experiences, with the aim of increasing their understanding of what STEM is and inspiring them to enter a STEM career path.

Partnerships and memberships

Collaboration is at the heart of our approach, enabling us to drive innovation, strengthen industry capabilities, and foster a more inclusive and diverse workforce. Through strategic partnerships and memberships, we work with leading organisations across defence, engineering, education and inclusion to create meaningful impact.

Our commitment to gender balance and inclusion is reflected in our partnerships with **Women in Defence UK**. As a signatory to the **Women in Defence Charter**, we are dedicated to improving gender representation at all levels in the sector. Our role as a **Pankhurst Partner** allows us to actively support initiatives like the **Critical Mass Summit 2024**, promoting diversity across the defence industry. Additionally, Babcock Australasia is a **Platinum Sponsor of the Women in Defence Association (WiDA)**, furthering gender equity through programmes and events across the region.

Beyond gender diversity, we work closely with educational institutions and industry bodies to advance innovation and develop future talent. Our strategic partnership with the **University of Strathclyde** focuses on cutting-edge research in nuclear, advanced manufacturing, space and security-related technologies. Similarly, our three-year partnership with **EngineeringUK** is designed to inspire young people to pursue STEM careers, engaging with students from primary school through to apprenticeships and graduate programmes.

We are also committed to supporting the wider armed forces community. As a **Platinum Partner of the Royal Navy & Royal Marines Charity (RNRMC)**, we help fund initiatives that improve the lives of Royal Navy and Royal Marines personnel and their families. Our participation in the **Armed Forces Covenant** reinforces our dedication to those who serve. Additionally, our work with the **Army Benevolent Fund (ABF)** ensures continued support for soldiers, veterans, and their families. See also pages 90 and 93.

Our engagement extends to the evolving space sector through our membership of the **Space Data Association (SDA)**, where we collaborate on the responsible use of space and the safety of satellite operations.

Further reflecting our commitment to responsible business practices, we are proud members of **The Valuable 500**, **The Prince's Responsible Network**, and **ADS (Aerospace, Defence, Security & Space)**, aligning ourselves with industry-leading organisations that share our values of sustainability, inclusion and innovation.

These partnerships and memberships are integral to our success, enhancing our ability to influence positive change across our industry, supply chain and communities.