

Sustainability: Delivering our strategy

We strive to help safeguard our planet and support our people and communities

Sustainability is one of the four pillars of our business strategy; it is a key enabler to achieving Babcock's Purpose and our overall success. See page 24.

Last year, we announced a new sustainability strategy to enable us to meet the increasingly complex requirements placed on the business and which reflected our growing level of ambition. We are now delivering this strategy, making progress on our targets and building capability across the business to prepare us for the future.

Making an impact

Our sustainability strategy is grounded in where we can have the greatest effect. In FY25, we undertook a Double Materiality Assessment (DMA) examining the impact of our operations on environmental, social and governance factors, while also

considering the financial risks and opportunities for the business posed by these factors.

Our DMA was based on the principles established by the Corporate Sustainability Reporting Directive (CSRD) and considered over 90 topics. From this, we identified 19 factors material to Babcock. The most material form the basis of our six strategic priorities in our sustainability strategy.

Our priorities

The scale of Babcock's operations, and the sectors and locations in which we operate, mean we have a duty to help safeguard our planet and support our people and communities. This is how we encapsulate our strategy to build a more sustainable business. Within this strategy we have six priorities, three environmentally focused and three socially focused.

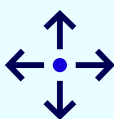
To help safeguard our planet and support our people and communities

Strategic Priorities



Tackling climate change

● See page 72



Managing our resources responsibly

● See page 75



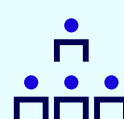
Protecting the natural environment

● See page 77



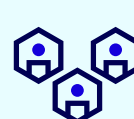
Ensuring the health, safety and wellbeing of our people

● See page 79



Building an inclusive, diverse and resilient workforce

● See page 81



Supporting our communities

● See page 89

Good governance is critical to the delivery of our sustainability strategy as well as the business as a whole. Governance of this strategy is led by the Corporate Sustainability Committee (CSC), a sub-committee of the Executive Committee. The CSC is comprised of Executive Committee members and key functional leads. The Executive Committee also reviews progress against our sustainability targets on a quarterly basis. The Board plays an active role in oversight of our sustainability strategy, reviewing the whole strategy annually and discussing specific topics on a regular basis.

Delivering our targets

Each of our priorities encapsulates a wide range of activities to ensure compliance, manage risk and improve the sustainability performance of the business. In addition, to support progress in each priority area and ensure focus, a 2030 target was set to support each one.

A summary indication of performance to date against each target is given below, with further detail provided in the relevant section.



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



● Please view our sustainability video to learn more about our approach

Summary table of targets and progress in FY26

Priority	Target	Progress	Learn more
 Tackling climate change	*^ A 42% reduction by 2030 in our Scope 1 and 2 emissions against a 2021 baseline	20.1% reduction	● See pages 72 and 33 for details
 Managing our resources responsibly	A 15% energy efficiency improvement target by 2030 against a 2024 baseline	14.1% improvement	● See page 75 for details
 Protecting the natural environment	A 10% biodiversity net gain across our most significant sites (where we have full operational control) by 2030	In progress	● See page 77 for details
 Ensuring the health, safety and wellbeing of our people	* A 10% reduction in the number of days lost to work-related injuries and occupational illness by 2030 against a 2025 baseline	0.8% increase	● See pages 79 and 33 for details
 Building an inclusive, diverse and resilient workforce	*^ 30% women in our workforce by 2030	19.4%	● See page 81 and 33 for details
 Supporting our communities	50,000 hours of volunteering per year in our communities by 2030	10,624 hours	● See page 89 for details

* Targets with an asterisk are also KPI

^ Targets with a caret are Board remuneration measures

Our Scope 1 and 2 greenhouse gas emissions continue to fall, aided by the continued roll-out of lower-emissions fuel for generators and introduction of renewables for electricity. To support our energy efficiency target, this year we launched a Company-wide energy savings campaign, as well as rolling out our energy action plans to all parts of the business. See page 75. We also took our next steps in improving biodiversity at our key sites, with plans developed for Devonport and Rosyth dockyards, and being implemented in Cavendish's Greeson Court laboratory. See page 78 for more details.

Last year, we announced that, following the progress we have made on reducing the number of accidents in the business, we would target reducing the number of lost workdays, broadening our focus to improvements in occupational health and case management. We continue to work towards this target. See page 79.

We have developed a strategy to help meet our gender target, focusing on attraction, recruitment, retention and progression. While we have seen improvements in the number of women in senior positions, the number of women across our workforce remains static, and this will continue to be a focus next year. See page 83.

Finally, the culture of volunteering in the business continues to grow with a 20% rise in volunteering hours in FY26. With the creation of new, simplified mechanisms for volunteering, we are confident participation will continue to rise. Learn more on page 91.

Embedding sustainability into the business

While important, our sustainability targets are only one aspect of our strategy. Our six sustainability priorities are much broader, ensuring that we are not only regulation-compliant and ready for future requirements, but also that a culture of sustainability is embedded across the business.

We already see this with many of our products and services enabling more sustainable practices. Our award-nominated Babcock Immersive Training Experience (BITE) is not only realistic and flexible, it provides a lower-carbon training solution by providing scenarios without utilising military assets. Babcock's ecoSMRT® Liquid Natural Gas reliquefaction technology significantly improves efficiency and sustainability for LNG carriers, with a further 12% improvement in the efficiency of the technology announced this year. Meanwhile, our submarine dismantling programme took significant strides forward in FY26, ensuring the responsible recycling and disposal of the Swiftsure class submarine.

This year saw further improvements in sustainability reporting with the full implementation of our Environmental Data Management system – Envizi – enabling fast, accurate and fully auditable data collection. The continued roll-out of the Thrive platform is also helping the business to accurately report on social sustainability initiatives to our customers.

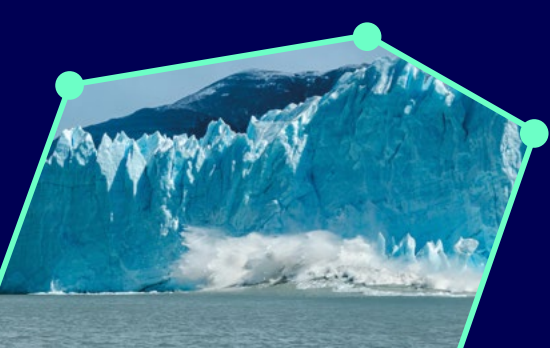
We completed detailed assessments of our physical and transitional climate risks, creating a robust approach that ensures the business is well positioned for the future.

Work has continued with key functions such as procurement, commercial and facilities management to ensure sustainability criteria are embedded in business policies and processes in an effective and proportionate manner. Work with these and other functions will continue into FY27.

The following pages give greater detail on both the implementation of our sustainability strategy and the work undertaken against our priorities, demonstrating significant progress in FY26 and setting our programme of work into the medium term.



● [View our sustainability pages on our website](#)



Sustainability (continued)



Tackling climate change

Priority target – Reduce our own greenhouse gas emissions by 42% compared to 2021

We recognise Babcock's operations produce significant greenhouse gas emissions and that climate change has the potential to significantly impact our business. This means 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.

Climate change presents profound environmental, social and economic risks. For Babcock, as a provider of critical defence, aerospace and security infrastructure, the implications are both strategic and operational. We are committed to minimising the environmental impacts of our activities, and to supporting our customers and partners in their own transition journeys.

Taking decisive action to reduce emissions will:

- Enhance long-term shareholder value
- Reduce exposure to energy price volatility
- Maintain our licence to operate
- Align with evolving regulatory and customer expectations
- Unlock innovation and efficiency opportunities.

In FY25, we launched our refreshed sustainability strategy, reaffirming our commitment to decarbonisation and setting a clear roadmap for delivery. Through disciplined investment, operational rigour and innovation, we aim to ensure that climate action strengthens our competitive position, enhances resilience, and supports sustainable long-term value creation for our shareholders and stakeholders alike.

Updated framework

Previously, we structured our climate activity across four strands: Estate, Transport, Products, and Value Chain. During FY26, we evolved this framework into a more execution-focused model, identifying six enterprise-wide priority programmes to accelerate delivery across our most material emissions sources:

Priority programmes

1. Strategic decarbonisation of Devonport

His Majesty's Naval Base (HMNB) Devonport represents one of the most complex and energy-intensive operational environments within the Group. Its scale makes it both a significant emissions source and a major opportunity for transformation. During FY26, we commenced infrastructure planning, technical feasibility assessments and stakeholder engagement to support phased decarbonisation of energy supply and site operations. Given the long asset lifecycles and critical national security role of the facility, decarbonisation must be incorporated into resilience plans, carefully sequenced and aligned with investment cycles. Addressing Devonport is a challenging undertaking; however, it is strategically important in enabling Babcock to meet our emissions reduction target, whilst also allowing us to demonstrate leadership in decarbonising defence infrastructure.

2. Heating systems transition

Legacy fossil fuel-based heating systems remain a key contributor to Scope 1 emissions. We have begun a systematic evaluation of electrification pathways and alternative low-carbon heating solutions across priority sites. Transition planning for this incorporates lifecycle cost analysis and infrastructure availability and readiness assessment, ensuring that decarbonisation initiatives are technically, operationally and financially viable.

3. Estate optimisation

Babcock has a large and complex estate which is varied in terms of archetype, geographic location, tenure, use, age and size across our global operations. Over recent years, we have worked hard to rationalise and optimise our estate, which has delivered operational, financial and environmental benefits. We are continuing to assess improvement and rationalisation opportunities across the estate to support our journey to Net Zero.

4. Energy demand reduction

Babcock consumes a wide range of energies across our global operations, which is a significant contributor to our environmental footprint. Whilst we will always need energy to perform our operations, we understand the need to eliminate unnecessary energy demand and our teams are taking proactive measures to ensure any areas of energy wastage are identified and addressed. More details on our energy improvement activities are on page 75.

5. Renewable energy deployment

We are progressing feasibility assessments for on-site renewable energy generation and exploring longer-term renewable energy procurement solutions. These initiatives support decarbonisation whilst enhancing energy security – an increasingly material consideration for critical infrastructure operators.

6. Fleet transition

Fleet decarbonisation represents both an emissions reduction opportunity and a visible signal of transition. During FY26, we advanced electrification pathway analysis, infrastructure assessments and phased transition planning to align fleet renewal cycles with decarbonisation objectives.

Expanding influence across the value chain

The majority of our total carbon footprint resides within Scope 3 – particularly in purchased goods and lifecycle impacts of our products. During FY26, we strengthened data collection and supplier engagement processes to improve Scope 3 accuracy and transparency. As customers increasingly incorporate carbon performance into procurement criteria, proactive engagement across our value chain enhances both competitiveness and resilience. Over time, we expect that integrating lifecycle carbon considerations into engineering and support solutions will become a differentiator in defence and infrastructure markets.

Progress towards target

	Baseline Emissions (2021) (tCO ₂ e)	2024 Emissions (tCO ₂ e)	2025 Emissions (tCO ₂ e)
Scope 1 and 2 Emissions	136,917	123,092	109,389

Scope 1 and 2 emissions have reduced by 20.1% since our 2021 baseline. This has been driven by several key factors, including:

- Reduced electricity and fuel consumption at Devonport Royal Dockyard
- Energy from Waste (EfW) outages in 2025
- Introduction of biodiesel Hydrotreated Vegetable Oil (HVO) to replace diesel in generators
- Reduced diesel use in our rail business
- Electrification of our vehicle fleet.

Scope 1 and 2 year-on-year emissions have dropped by 11.1%. This has been primarily driven by the EfW outage as mentioned above.

While we are reviewing our Scope 3 target during FY27, we continue to monitor performance. Scope 3 emissions have increased by 14.8% since our 2021 baseline. This is primarily due to an increase in 'category 11 – Use of Sold products' emissions, which is caused through increased sales associated with Babcock's energy-saving Liquefied Natural Gas (LNG) reliquefaction solution.

	Baseline Emissions (2021) (tCO ₂ e)	2024 Emissions (tCO ₂ e)	2025 Emissions (tCO ₂ e)
Scope 3 emissions (excluding pensions)	4,660,147	5,556,341	5,350,707

Our emissions table can be found on page 105.



● A further exploration of our emissions can be found on our website



Focus for FY27

The work undertaken during FY26 has shifted our climate programme from framework development to structured enterprise execution. During FY27, we aim to:

- Progress implementation of priority decarbonisation infrastructure projects
- Advance heating systems transition at key sites
- Scale Energy Action Plan delivery
- Continue the roll-out of renewable energy deployment where commercially viable
- Continue phased fleet electrification
- Enhance Scope 3 data quality and supplier collaboration
- Further embed climate considerations into capital allocation and programme design.

Through FY27, we also plan to review our Scope 1, 2 and 3 emissions reduction targets in line with updated Science Based Targets initiative (SBTi) standards.

Sustainability (continued)

Babcock wins Sanctuary Award for hydrogen innovation

Our pioneering hydrogen-from-wastewater initiative at our Devonport facility was recognised at the Ministry of Defence Sanctuary Awards, winning the Net Zero Resource Efficiency category. The project demonstrates the feasibility of producing sustainable hydrogen fuel from contaminated wastewater streams. Strategically, this initiative:

- Explores alternative zero-carbon fuel pathways
- Supports potential long-term dockyard decarbonisation
- Positions Babcock at the forefront of maritime hydrogen innovation.

This recognition highlights how engineering expertise can translate climate ambition into practical, scalable solutions.



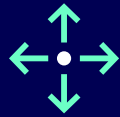
● Watch our video to learn more

Design innovations deliver further benefits

Babcock has announced a 12% performance upgrade to our market-leading ecoSMRT® Liquefied Natural Gas (LNG) reliquefaction technology. The ecoSMRT® system is designed to minimise energy consumption and reduce greenhouse gas emissions by efficiently managing boil-off gas during transit and at anchor, delivering greater efficiency and sustainability for LNG carriers. Responding to growing demand for higher capacity, driven by evolving vessel performance requirements and environmental legislation, Babcock has also developed ecoSMRT® 2.5, a next-generation reliquefaction solution.



These progressive improvements demonstrate our ongoing investment in innovation and operational excellence, ensuring customers benefit from the highest levels of performance without requiring modifications to existing installations. This breakthrough technology represents an increase of more than 30% in capacity. ecoSMRT® 2.5 will set a new benchmark for LNG carrier efficiency, offering even greater operational flexibility and environmental benefits.



Managing our resources responsibly

Priority target – Improve the energy efficiency of our operations by 15% compared to 2024

Babcock is a significant consumer of natural resources through our supply chain and operations. We recognise we have a responsibility to work with our suppliers and on our own sites to ensure we use resources effectively and efficiently.

Babcock operates a complex, asset-intensive infrastructure across marine, nuclear, land and aviation sectors. The efficient management of energy, water and materials is therefore both an environmental responsibility and a strategic business imperative.

Resource efficiency directly supports our broader corporate priorities by:

- Enhancing operational resilience across critical national infrastructure
- Reducing cost volatility associated with energy markets
- Improving asset performance and lifecycle value
- Strengthening customer alignment on sustainability objectives
- Supporting delivery of our Group decarbonisation commitments.

Within our refreshed sustainability strategy, responsible resource management has been identified as a core enabler of operational excellence and long-term value creation.

Energy

Energy has been prioritised as our primary resource efficiency metric due to its material financial impact, its link to carbon emissions and the significant opportunity it presents for operational optimisation. Performance against this target is embedded within our governance framework and incorporated into executive remuneration, reinforcing accountability and ensuring alignment between sustainability delivery and leadership incentives. To learn more, see page 154.

During FY26, we formalised our approach to energy optimisation through the launch of a Group-wide Energy Action Plan (EAP). This initiative provides a consistent framework for identifying, prioritising and delivering efficiency opportunities across diverse operational environments. Our methodology follows the established energy hierarchy, ensuring disciplined and value-focused decision-making.

By embedding this structured approach across business units, we are shifting from opportunistic energy savings to systematic and scalable improvement. Identified initiatives include:

- Estate rationalisation and asset optimisation
- LED lighting upgrades and Heating Ventilation and Air Conditioning (HVAC) efficiency improvements
- Building management system optimisation
- Improved shutdown protocols and operational practices
- Enhanced metering and real-time performance tracking.

This programme establishes a repeatable improvement model capable of supporting our 2030 target.

Energy, it all adds up

During 2025, we launched our 'Energy, it all adds up' behavioural change campaign which aims to raise awareness of how we use energy across our operations, and to empower individuals to take action to reduce energy wastage and improve our energy efficiency. As part of the campaign, a bespoke toolkit was developed to guide our colleagues and teams through a suite of activities to enable us to **Check, Challenge, Change**.

● Check what energy we use

Does my work use a lot of energy?
Do I know where energy may be being wasted in my workplace?

● Challenge the way we use it

Are we leaving equipment or lighting on unnecessarily? Do we need this window or door open?

● Change to use it more efficiently

Can we adapt our habits to turn off the things we aren't using? Are there alternative ways of working to reduce our energy consumption?

The campaign is part of a range of activities we have planned to improve the energy efficiency of the organisation and reduce our environmental impacts.

Sustainability (continued)

Data

A critical enabler of our strategy has been the successful implementation of our new Environmental Data Management System which has materially improved the quality, granularity and reliability of consumption data across the Group. This enhanced visibility allows us to:

- Identify abnormal consumption patterns rapidly
- Quantify site-level performance
- Target capital investment with greater precision
- Strengthen accountability across operational leadership.

This data foundation has strengthened confidence in our 2024 baseline, enabling performance to be managed with the same rigour as financial and operational metrics.

Whilst energy reduction remains our primary quantitative target, our commitment extends across all material resource streams. Our businesses continue to expand recycling programmes and explore circular economy opportunities, including increasing diversion from landfill and extending asset life through design. These initiatives enhance supply chain resilience, reduce material dependency and unlock cost efficiencies, while supporting customer sustainability expectations.

Focus for FY27

FY26 has established the structural and cultural foundations required to deliver sustained improvement. During FY27, we aim to:

- Expand Energy Action Plans across all priority sites
- Prioritise high-return opex and capex investment opportunities
- Strengthen internal accountability mechanisms
- Continue behavioural engagement initiatives
- Continue to investigate circular economy opportunities.

Through effective execution, enhanced data governance and leadership accountability, Babcock is positioning resource efficiency not only as an environmental commitment, but as a driver of operational excellence, resilience and long-term shareholder value.

Progress towards target

	2024 Energy Efficiency (Baseline)	2025 Energy Efficiency
Energy Efficiency (kWh/£k revenue)	60.33	51.80

Over 2025, our energy efficiency has improved by 14.1% year on year against the 2024 baseline. Our underlying energy consumption reduced year on year by 6.0%, which was largely due to reduced operations and associated energy consumption at Devonport Dockyard during infrastructure improvements works. Excluding Devonport Dockyard, underlying energy consumption across the Group has increased by 4.0%. Strong revenue growth has been a primary driver behind the 14.1% improvement. Whilst the improvement over 2025 has been positive, energy consumption is forecast to rise in line with increased production and operations, and therefore we need to maintain focus if we are to achieve and maintain our 15% improvement by 2030.

South Africa energy efficiency

Babcock Africa partnered with the National Cleaner Production Centre South Africa (NCPC-SA) to conduct resource-efficient and cleaner production (RECP) assessments across selected priority sites in South Africa, focusing on energy, water and waste management. The RECP assessments identified a range of no-cost, low-cost and medium- to high-cost investment interventions. In total, over 400 individual initiatives were identified.

Waste and water-related initiatives identified include:

- Installing water sub-metering for monitoring and leak detection
- Installing rainwater harvesting systems and onsite water re-use
- Identification of material reuse opportunities
- Enhanced waste-separation systems at source.

Energy initiatives identified include:

- Replacement of non-LED lighting with LED units, and installation of occupancy sensors
- Replacing electric water heaters with heat pumps
- Installing solar PV hybrid systems.

Babcock Africa has begun implementing the no-cost and low-cost initiatives, and continues to evaluate medium- to high-cost investment opportunities.





Protecting the natural environment

Priority target – Improve biodiversity in our most significant sites by 10%

Many of Babcock's operations are in areas of environmental sensitivity. Not only is it essential to comply with laws and regulations, but, where possible, we want to enhance the environments we operate in, providing both ecological and social benefits.

Protecting and enhancing the natural environment is fundamental to maintaining our licence to operate, supporting customer requirements and safeguarding long-term value.

Our natural environment programme aims to strengthen the integration of biodiversity, water stewardship and environmental risk management into enterprise governance processes. In doing so, we are transitioning from a compliance-led model to a more structured, risk-based and opportunity-focused approach. This enhanced approach builds on our existing site Environmental Management Systems and aligns with emerging corporate requirements and global reporting frameworks, enabling us to better understand and manage our material impacts and dependencies on the natural environment.

Our overarching programme provides a framework for delivery, ensuring:

- Tangible site-level biodiversity enhancements in the short term through our enterprise projects
- Natural environment risks and opportunities are embedded into our operations, through:
 - Improving the reporting of nature impact within existing Environmental Management Systems
 - Integrating nature-related financial risk identification into our business-wide enterprise risk management systems
 - Improving nature and biodiversity data collection to support emerging disclosure expectations
 - Enhancing cross-functional collaboration between sustainability, operations, estates and risk teams
 - Building internal capability and knowledge of natural capital and its value to Babcock.

Enterprise projects

During FY26, we launched four enterprise-level biodiversity projects across key operational sites, with a commitment to deliver a 10% biodiversity improvement at each location. These sites were selected based on ecological sensitivity, the scale and nature of our operational footprint and the opportunity for achieving measurable enhancement. The sites include HMNB Devonport, Rosyth Dockyard, Greeson Court and a confidential location. Together, these sites provide a representative cross-section of our operations.

Progress towards target

Two of the four sites have now entered the delivery phase, with activities underway including the creation of wildflower meadows, woodland enhancement and the design of wellbeing gardens. The following table provides details of the improvement opportunities identified and the improvements delivered during FY26:

	Improvement opportunity identified during Biodiversity Net Gain assessments	Improvements delivered during FY26
HMNB Devonport	23.14%	3.88%
Rosyth Dockyard	16.67%	0%
Greeson Court	29.31%	22.57%
Undisclosed location	20.77%	0%

We record the net gain delivery against the predicted Biodiversity Unit value set out in the metric, rather than waiting for habitats to reach their full maturity. Once a habitat is created and the improvement has been delivered on the ground, we record the associated Biodiversity Units immediately, rather than deferring recognition until the habitat reaches its target condition. Future surveys will be conducted to review any habitat delivery condition over time and update our overall metric results.

Alongside delivery across our key sites, we are assessing the material nature-related financial impacts and dependencies across the business, using the internationally recognised assessment methodology set within the Taskforce on Nature-related Financial Disclosures (TNFD). Although TNFD reporting remains voluntary, we recognise that nature-related risk awareness and transparency is becoming increasingly relevant to investors, regulators and customers. Early alignment strengthens our preparedness and supports long-term resilience.

Sustainability (continued)

Site-level environmental management

Preventing pollution and managing environmental risk remain core priorities across our industrial operations. Babcock currently operates Environmental Management Systems that cover over 80% of the business, ensuring effective frameworks are in place across our operations to reduce environmental impact and risk. Key controls include:

- **Site-level risk controls** such as hazardous material management plans, spill prevention and response planning
- **Structured annual environmental audits and inspections** to monitor compliance and drive continuous improvement
- **Ongoing Environmental Incident reporting**, supported by root cause analysis and corrective action to prevent recurrence
- **Ongoing development of corporate requirements, guidance and workforce training**, coordinated through our Group-wide Environmental Protection Working Group.

Environmental risks, including nature-related risks, are integrated into our Environmental Risk Management (ERM) framework with oversight at senior leadership and Board level. Water management is closely linked to biodiversity outcomes, particularly at our coastal and dockyard facilities. During FY26, we enhanced water monitoring capability and the understanding of our infrastructure integrity, and we are also working to strengthen controls surrounding discharges. As climate variability increases pressure on water resources, proactive stewardship forms an integral part of our natural environment strategy.

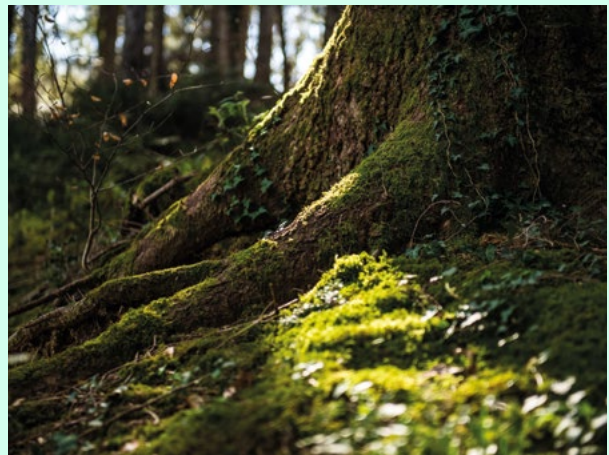
Focus for FY27

During FY27, we aim to:

- Implement and monitor site-specific biodiversity improvements in line with our site action plans
- Refine measurement methodologies to quantify 10% improvement outcomes
- Continue developing our corporate nature risk assessment approach, in alignment with TNFD
- Identify additional sites for future biodiversity enhancement programmes.

Biodiversity improvements at Greeson Court

During FY26, a programme of targeted woodland management began at the Science and Technology Park in West Cumbria. Working with both the Cumbria Woodland Trust and West Cumbria Rivers Trust, improvement activities included ring-barking selected trees to create standing deadwood habitat, coppicing hazel to open the understorey, laying over-mature aspen to introduce low horizontal structure, and installing live willow stakes to support future shrub growth. Light-touch access improvements were also made by creating a narrow informal path, and all arising brash was repurposed into habitat piles, dead hedges and decomposition sites.



These interventions have already begun to diversify the woodland's structure, improving light penetration and creating a mosaic of habitats that will support fungi, invertebrates, birds, bats and small mammals. By introducing deadwood, encouraging fresh regrowth and enhancing the shrub layer, the works directly address the woodland's previously uniform age and species structure, accelerating ecological resilience and biodiversity recovery. The improvements are calculated to have delivered a 22.57% biodiversity improvement, with further improvements planned to take place.



Ensuring the health, safety and wellbeing of our people

Priority target – Reduce the number of lost workdays by 10% compared to 2025

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.

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. We have renewed our five-year safety strategy to provide solid foundations for Babcock's growth and deliver lasting improvements with enduring impact.

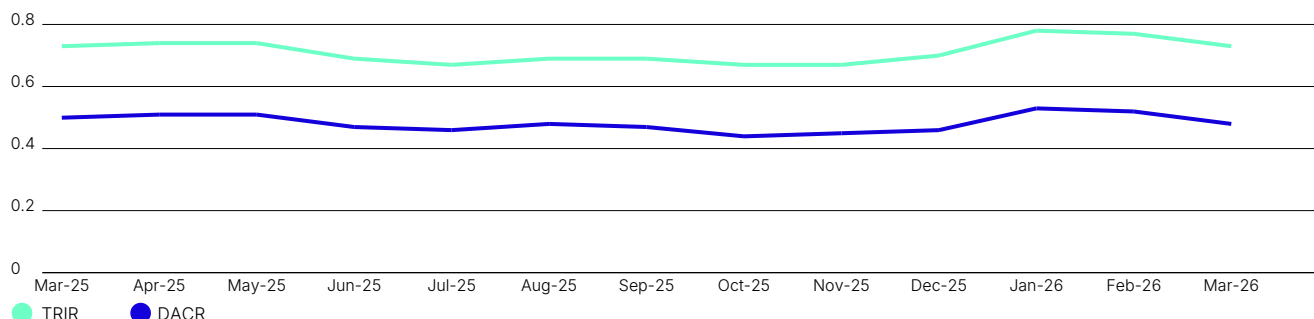
Safety, Health and Environmental Protection strategic vision

Through our five-year strategy we will create an industry-leading culture of care, enabling safe, sustainable and resilient business, for good.

Governance and assurance

As Babcock continues to grow, both in the UK and internationally, our people remain central to our success. Over the past year, we have invested in leadership development, technical training and workforce engagement, to ensure we build a capable, empowered, and future-ready organisation with an engaged culture. However, whilst the injury rates did reduce slightly mid-year, they have returned to previous rates and we recognise that these improvements will take time to fully embed. Regrettably, there have been some significant injuries and these contribute to our absence rates, but overall the severity of work-related injuries continues to reduce.

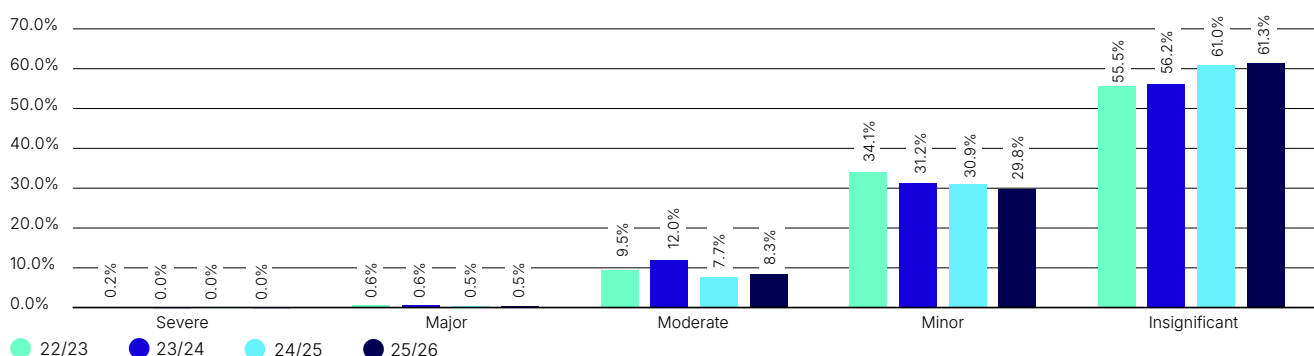
Total Recordable Injury (TRIR) and Days Away Case (DACR) rates



1. TRIR – 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. DACR – 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).

We have conducted thorough investigations into significant events in FY26 to enable us to learn, and have implemented actions to strengthen our operational risk controls. We are developing strategic programmes to enhance safety leadership and culture, build greater operational resilience, improve our management of contractors, and renovate our workplaces beyond compliance.

Actual severity of reported injuries



Sustainability (continued)

Progress towards target

As part of our sustainability strategy, we set ourselves the target to reduce the number of days lost due to work-related injuries and occupational illnesses by 10% by 2030 using FY25 as the baseline. The days lost due to work-related absences and occupational illnesses in FY26 is 15.93 compared with 15.81 in FY25. The strategic programme towards achieving this target has brought together reductions in severity of harm and enhancements in case and colleague management across the business. We will continue to deliver improvements in proactive interventions to support and build individual resilience, including occupational health and wellbeing provisions to support colleagues back to health and back to work.

Home Safe Every Day

We continue to embed our Home Safe commitments. These are core safety behaviours for all, including every leader, to create the right environment for those behaviours to thrive.

Recognising the importance of physical and mental health, our Home Safe Summit in November focused on how behaviours and actions can impact our own, and others', health and how this can then affect the risk of a safety or a security event. The interactive learning with realistic personas prompted meaningful, insightful discussions as colleagues considered what the colleague would do and how they would feel in various scenarios.

The Home Safe Summit was delivered to over 5,000 colleagues across 60 sites, showing a 42% increase in engagement. The programme helped to build a better understanding of how we can all contribute to our own, and others', health. Learn more on the Wellbeing element of our work on page 87.

Separately, the annual Safety Stand-Down, which is delivered to colleagues globally across Babcock, focused on identifying when 'work done' differs from 'work as imagined' and facilitated discussions to consider when to pause or stop work by thinking 'what if?'

The feedback from colleagues in our Global People Survey was that the majority of respondents were confident to pause or stop work, but we will continue to reinforce that empowerment through the Home Safe commitments campaign.

'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

Consistent improvement through strategic alignment

We have areas of excellence across Babcock and an improving safety performance in key areas, such as the Nuclear and Aviation sectors, so our focus is on spreading the consistency of the good practices and building upon existing work on sites, sectors and countries. As part of enabling us to "deliver better, together" we have formed the Security, Safety and Resilience function to bring together the elements that protect our people and assets. Together, we will deliver our strategic vision by:

- **Evolving a culture of engagement and responsibility** through leadership where every action and engagement has people and the environment at the centre
- **Insights-led, risk-based decision-making** where data, evidence and risk analysis guide every decision and enable resources to be focused where they will have the greatest impact

- **Building our capability and resilience by** developing the skills, systems and adaptability needed to respond to challenges and deliver safely and consistently over the long term
- **Integrating security, safety and resilience across the business** to enable colleagues to do their best work.

Focus for FY27

Our commitment to create a safer and healthier workplace remains solid, with our focus for FY27 to strengthen critical controls and develop leaders to enable the growth of our culture of care.



Building an inclusive, diverse and resilient workforce

Priority target – Increase the proportion of women in our workforce to 30%

Inclusion and diversity in Babcock not only benefits our communities, but also enables us to build a stronger, more innovative business. We want to nurture the potential of our colleagues, supporting them throughout their career, regardless of background.

Our People Strategy underpins delivery of the Group's strategic priorities and our refreshed employee value proposition. It provides a clear roadmap for building the capabilities required to execute today's commitments while preparing for future growth. We are strengthening core capability – the engineering depth, programme delivery discipline and operational leadership required to deliver safely and reliably at scale. In parallel, we are developing strategic capability in priority growth areas, digital integration and advanced technical domains to support long-term competitiveness.

We continue to build a more inclusive and accessible working environment, recognising that this is fundamental to attracting, retaining and enabling diverse talent. During the year, we enhanced our approach to workplace adjustments and site accessibility, with a clear focus on creating conditions where everyone can perform at their best. As part of this, we are progressing towards Disability Confident Level 3 accreditation, reinforcing our commitment to inclusive practices across our operations and our leadership within the Defence and Nuclear sectors.

As we enter the next phase of our growth, clarity of identity, capability and culture is essential. During the year, we introduced a refreshed corporate brand to reflect who we are today and the standards we set for ourselves, strengthening the connection between individual contribution and enterprise performance. For our 30,481 colleagues, this clarity matters; whether designing, maintaining, supporting or leading complex programmes, their work contributes directly to national security and long-term value creation.

To learn more about the related remuneration target see page 154.

Go Together, Go Far: An immersive experience

During the year, we took our strategy on the road through the Go Together, Go Far immersive bus tour, visiting operational sites across the UK.

Designed to make our Purpose, principles and performance tangible, the mobile experience enabled colleagues to step inside our strategy – exploring how it shapes the way we work, deliver and grow. Through interactive content, real stories and forward-looking insights, colleagues saw how their role was connected directly to business outcomes and long-term ambition. The bus also provided practical access to information on reward, wellbeing and wider benefits, ensuring colleagues better understood the support available to them and how to make the most of it.

Members of the Executive team and senior leaders joined the tour, reinforcing visible and accountable leadership and encouraging open dialogue. The initiative responded directly to feedback from our Global People Survey (GPS), particularly the need for greater clarity on strategy, performance and connection to leadership.



Our GPS remains an important measure of organisational health and engagement. Participation continues to be strong at 79%, reflecting high levels of colleague voice across the business. Survey insights inform local action plans and Group-wide priorities, ensuring focus, accountability and measurable progress in areas including leadership effectiveness, inclusion and performance culture.

By aligning brand, strategy, capability and culture, we are strengthening organisational resilience and building a platform for sustained operational excellence.

Sustainability (continued)

Leadership and capability

Our leadership strategy focuses on building the capability required to execute at scale, manage complexity and drive performance.

Central to this approach is our Leadership Framework, which establishes clear and consistent expectations across all global grades. Fully aligned to our People Priorities, the framework provides structured development pathways that support personal growth, career progression and leadership capability. It ensures colleagues have access to learning that supports both current performance and future leadership requirements.

The framework is structured around four progressive levels of leadership – Leading Self, Leading Others, Leading Leaders and Leading Babcock – allowing colleagues to take ownership of their development while ensuring leaders are equipped with the right skills and capability at each stage of their career.

During FY26, we invested in capability at the Leading Others level, supporting approximately 3,500 colleagues. Over the next 18 months, we will further align our leadership programmes globally and expand development to ensure consistent standards. This builds on pilot activity within our Nuclear sector, where we are embedding executive coaching into day-to-day operational activity.

Alongside this, we are broadening access to high-impact development through a blend of masterclasses and digital learning solutions that provide support at the point of need.

Together, these investments strengthen leadership capability, reinforce accountability and position the business for stronger performance, resilience and sustainable long-term success.

Building an inclusive, resilient and high-performing culture

Creating an inclusive, resilient, high-performing culture is fundamental to building a diverse and respectful workforce. It enables us to attract and retain talent, strengthen capability and support long-term business performance.

As a defence business operating in complex, safety-critical environments, creating an inclusive and trusted culture is essential for our long-term success. Our GPS results have a meaningful increase of +12 percentage points in positive responses to the statement "I feel respected at work", since we started the Global People Survey in 2022. This improvement reflects continued progress in building a culture grounded in respect, psychological safety and inclusion.

We continue to embed inclusion across our organisation through clear leadership accountability.

Networks

Our colleague-led networks play an important role in providing insight, advocacy and support, and helping to shape our approach to inclusion across the business.

Executive Committee-level sponsorship of our colleague networks strengthens accountability and demonstrates our ongoing commitment to inclusion. We have also clarified roles and responsibilities within the networks to better support their chairs and enable greater impact.

Networks collaborate across shared themes including disability, caring responsibilities and neurodiversity. Joint activity during Grief Awareness Week and National Inclusion Week supported open conversations, increased understanding and strengthened peer support, particularly during periods of challenge and change.

We are taking targeted action to ensure our workplaces are safe and respectful for everyone. This includes enhancing manager guidance, tools and training to prevent inappropriate behaviours, alongside initiatives such as our White Ribbon ambassadors and champions programme, reinforcing a culture where everyone is treated with dignity and respect.

We continue to enhance our policies and support at key moments that matter. This includes the introduction of our Premature Baby policy, aligned to our commitment to The Smallest Things Charity charter, ensuring colleagues are supported through challenging life events. See also page 87.

Together these actions are strengthening our culture and creating an environment where colleagues feel supported to contribute, develop and perform at their best.

Gender representation and progress

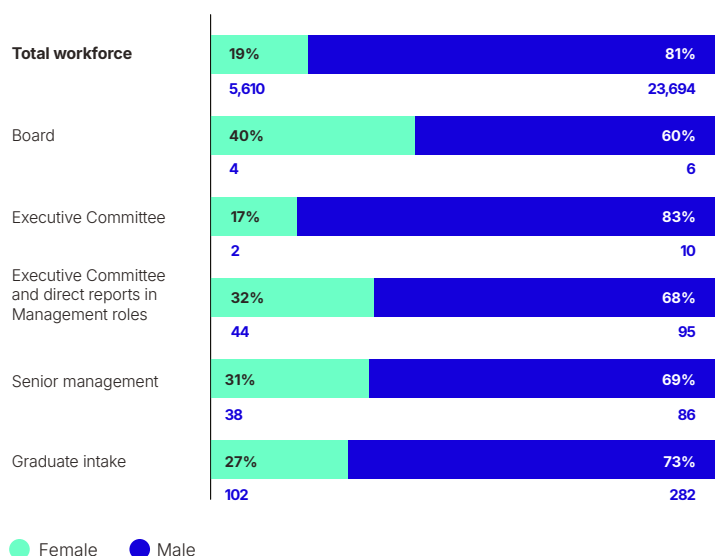
Progress towards target

Women currently represent 19.4% of our workforce. Increasing representation remains a strategic priority for Babcock and forms part of our sustainability target to reach 30% women in our workforce by 2030. While we have seen significant progress for

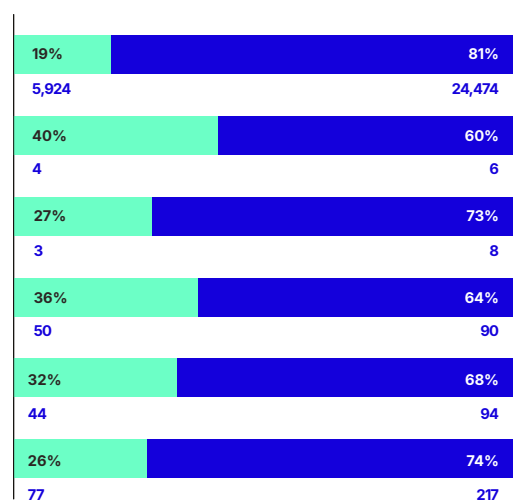
female representation in senior positions, representation across the whole workforce remains static, reflecting the structural challenges within the defence sector and the time required for interventions to translate into workforce change.

Gender balance

FY 2025



FY 2026



1. Our total workforce is 30,481, which includes 24,474 men, 5,924 women, 15 people identifying as non-binary, or 'I use another term', 12 who 'did not specify' and 56 who chose 'prefer not to say'. This figure includes both permanent staff and agency employees.
2. Executive Committee total is 11. This figure excludes Executive Committee members on the Board.
3. Executive Committee and direct reports in management roles total 140. This excludes Executive Committee members on the Board.
4. Senior management refers to the Senior Leadership Team defined as colleagues 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 138.
6. Graduate intake is 294 (264 UK, 25 Australasia, 5 South Africa).
7. Non-Executive Directors are only included in total headcount and Board figures.
8. All percentages provided in the Gender balance table have been rounded to the nearest whole number.

In addition to our Senior Leadership population, we are also focusing on increasing female representation across our broader leadership community, which currently stands at 28%. Our internal 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.

Addressing our gender balance requires sustained, long-term action across the employee lifecycle. Our focus is on strengthening the foundations that enable more women to join, remain and progress within Babcock.

Attraction – We are increasing our focus on attracting more women into engineering, technical and emerging talent roles through targeted outreach, partnerships and STEM engagement. These actions are designed to broaden access to opportunities and strengthen the diversity of our future talent pipeline.

Recruitment – We continue to embed inclusive recruitment practices, including structured assessment processes and diverse interview panels, to support fair and consistent hiring decisions and ensure we are selecting from the widest possible pool of talent.

Retention – We are committed to creating an environment where women can build long and rewarding careers. This includes strengthening inclusive policies and support, alongside broader efforts to enhance the employee experience and ensure colleagues feel supported at key moments that matter.

Progression – We are supporting women to develop and progress through targeted development and mentoring initiatives, including programmes such as Illuminate and mentoring opportunities.

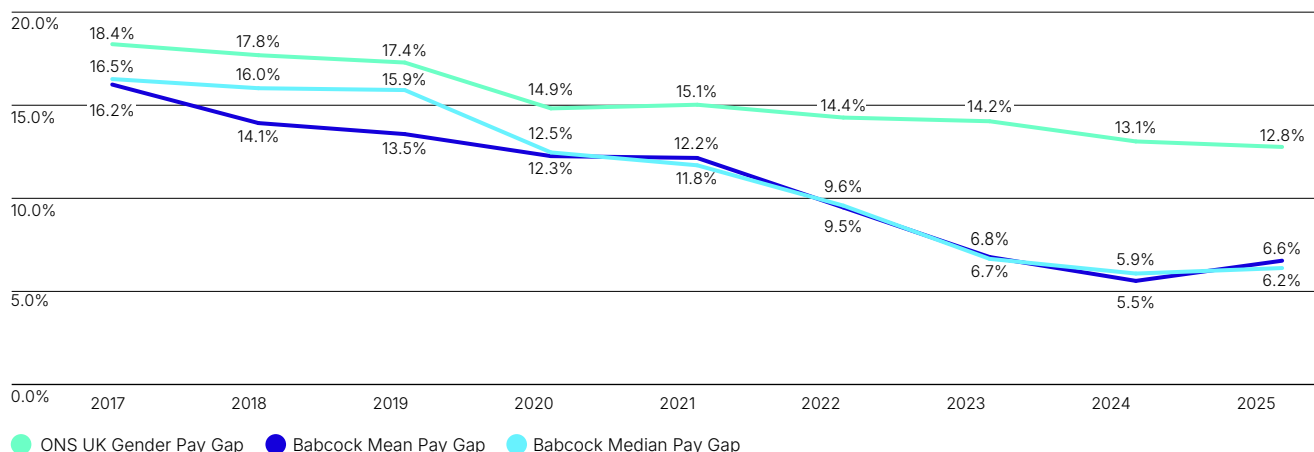
These initiatives are designed to strengthen capability, support career progression and increase representation in senior roles over time.

Sustainability (continued)

Gender Pay Gap

Our median Gender Pay Gap for 2025 stands at 6.2%, which remains significantly lower than the UK national average of 12.8%. This reflects the strength of our position and the impact of our ongoing work to support representation, progression, and equitable opportunities for all colleagues.

Gender Pay Gap (2017-2025)



Our approach is focused on strengthening representation, particularly in senior and technical roles, where the Gender Pay Gap is most pronounced. Gender Pay Gap continues to be driven primarily by representation, rather than unequal pay for equal work, with lower female representation in higher-paying roles influencing overall pay distribution.



● We publish our Gender Pay Gap data annually with full transparency on methodology trends and drivers

Support for the armed forces community

We are proud to be a longstanding and active partner to the armed forces community. As a defence company, our connection to serving personnel, veterans, reservists and military families is fundamental to who we are and how we operate.

In FY26, we strengthened our position as a leading employer of veterans. We rose to joint number one in the Great British Employers of Veterans ranking and were recognised as 'Best Employer' in the Ex-Forces in Business Awards. We were also named Best Employer at the Scottish Ex-Forces in Business Awards in January. These independent accolades reflect the consistency and maturity of our approach across the UK. See page 88 for more of our awards.

We re-signed the Armed Forces Covenant during the year, reaffirming our commitment to supporting those who serve or have served. Our Gold Award status under the Ministry of Defence's Employer Recognition Scheme remains in place, recognising our sustained advocacy and practical support for the armed forces community.

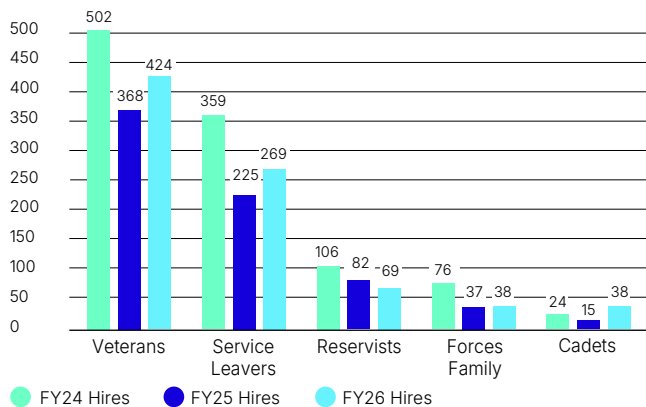


EMPLOYER
RECOGNITION
SCHEME

GOLD AWARD

Our impact is tangible. In FY26, we hired 838 individuals from the armed forces community. We also attended or created 28 armed forces recruitment events during the year, strengthening access to opportunity and building sustainable talent pipelines into critical capability areas across the Group.

Armed forces recruitment



Beyond recruitment, we continue to provide up to 10 days additional paid leave annually for reservists to fulfil training and operational duties. We maintain our sponsorship of the Inter-Service Rugby Championship, supporting men's and women's competitions and reinforcing our long-term commitment to service communities. We also continue our multi-year partnership with the Army Benevolent Fund and other military charities (see also page 90).

Through these actions, we do more than honour our Armed Forces commitments. We embed military skills, leadership capability and operational experience into our workforce, strengthening resilience and performance for our customers and shareholders.



● Learn more about our armed forces commitment on our website

Talent, skills and capability

A talent-led culture

We are building a talent-led culture where talent is actively discussed, developed and deployed across the business. This is underpinned by three clear commitments:

- Talent is a continuous priority – Talent is embedded into regular leadership conversations rather than treated as a one-off activity.
- Potential is identified and developed – All colleagues are supported to perform at their best and encouraged to take ownership of their development.
- Opportunities are visible and accessible – We promote internal mobility and talent visibility, recognising capability as a shared organisational asset.

Our talent and capability activity is delivered through a clear and consistent framework.

We use an externally recognised leadership assessment to validate talent decisions and strengthen leadership development across our senior leadership population. Over the last 12 months, we have assessed 31 senior leaders, each of whom also receives a 90-minute coaching session as part of the process. Learn more about our succession planning refresh on page 140.

Building a sustainable talent pipeline

Our Emerging Talent strategy underpins long-term workforce sustainability and supports the delivery of our growing order book. As demand across our defence and nuclear programmes continues to increase, securing early-stage capability in critical disciplines remains a strategic priority.

During the year, we transitioned from a traditional early careers model to a more flexible emerging talent framework, reflecting evolving skill demands and the need to access talent through multiple entry routes.

We welcomed 503 apprentices and 264 graduates, our largest UK intake to date, with planned growth to around 850 next year. These intakes are targeted towards disciplines directly aligned to the needs of our complex programmes, including nuclear engineering, marine systems, project management and advanced manufacturing.

The first cohort of our Group Project Management graduate programme completed their development pathway, strengthening capability in assistant project management roles that directly support contract performance and delivery milestones.

Across Devonport, Bristol, Rosyth and Clyde, we expanded apprenticeship and graduate pathways in engineering, manufacturing, electro-mechanical disciplines, data analytics, logistics and operational roles.

Programmes include:

- Pre-apprenticeship programme (Devonport and Clyde)
- T-level industry placement pathways
- Group project management graduate programme
- Engineering and manufacturing apprenticeship frameworks.

Pre-apprenticeship pathways continue to deliver strong progression into full apprenticeship roles, widening participation while addressing future workforce risk.

We also continued to strengthen alternative entry routes through targeted veterans recruitment and structured training pathways.

Science, Technology, Engineering and Maths (STEM) outreach remains central to long-term resilience. Through Festivals of Engineering, the Defence Industry Joint Council STEM pilot in Plymouth and over 300 engagement events, we reached more than 27,000 young people within the UK, strengthening future talent supply in regions critical to our operations.

Together, these initiatives provide a diversified and scalable talent pipeline, designed to mitigate medium- to long-term skill shortages and support predictable programme execution.

Sustainability (continued)

Strengthening capability and workforce resilience

In a market characterised by constrained technical labour supply and demographic concentration within specialist disciplines, proactive skills management is essential to delivery confidence.

During the year, we expanded specialist training infrastructure, including the launch of a new Apprentice Welding School in Bristol, combining traditional craft expertise with augmented learning technologies. This investment supports sustained fabrication capability aligned to our marine and nuclear programme requirements.

Graduate engineering pathways were consolidated into a single framework aligned to a professional registration, promoting mobility, consistency and technical depth across the organisation.

In Rosyth and Clyde, structured welding and fabrication development pathways support long-term workforce planning. Structured 'Train to Fit' programmes continued to build role-specific capability where labour market shortages persist.

In Scotland, collaboration through the Nuclear Skills Hub and partnership with academic institutions has strengthened postgraduate capability development, particularly in nuclear safety-case and specialist engineering disciplines. In the South West, initiatives such as Project Score and Devonport Futures have delivered measurable employability outcomes, supporting workforce expansion in key operational regions.

Project Score

Project Score is a partnership between Argyle Community Trust, Babcock and Kaefer, designed to address critical recruitment gaps while supporting individuals into sustainable employment.

Working with Jobcentres in Plymouth and Liskeard, the programme delivers a structured employability pathway, combining work-readiness training, industry exposure, essential skills, health and safety, and application support. Participants then move into paid placement with both Babcock and Kaefer, supported by mentoring, wellbeing provision and ongoing development.

The programme has created a pipeline of job-ready candidates, strengthened collaboration across our supply chain and established a scalable model aligned to real workforce demand.

Twelve months on, 80% of participants remain in employment, demonstrating the programme's impact in building sustainable careers and strengthening workforce capability.

Devonport Futures programme

Through the Connect to Work programme, we are developing a supplier-led pathway to support workforce requirements across the Devonport dockyard and wider supply chain.

The programme focuses on improving access to skilled local labour, strengthening supplier capability and building a sustainable talent pipeline aligned to operational demand, supporting long-term workforce resilience across the region.

Recognising demographic risk within elements of the nuclear workforce, we introduced a Retiree Knowledge Transfer pilot, designed to retain critical expertise and support structured succession planning.

To support consistent capability development at scale, we are introducing a new Learning and Competency Management System (LCMS). This will enable the creation and delivery of high-quality, standardised and role-specific learning across the organisation, improving accessibility, strengthening technical consistency and accelerating skills development in critical areas.

We are also enhancing workforce data, digital reporting and social value measurement platforms to improve forecasting accuracy, strengthen governance oversight and align skills investment directly to contract requirements.



● Learn more about
Team Plymouth on
our website

Wellbeing

Supporting the health and wellbeing of our people remains fundamental to sustain performance and operational resilience. In a complex, safety-critical environment, we know that enabling colleagues to feel well, supported and able to perform at their best is both a responsibility and an important part of delivering consistently for our customers.

Our approach is structured, preventative and informed by data. Drawing on insights from our Global People Survey and operational metrics, we continue to focus investment where it can have the greatest impact. This support spans four connected areas of wellbeing: mental, physical, financial and social, reflecting our belief that sustained performance depends on supporting the whole person.

During FY26, we continued to strengthen our wellbeing framework through improved access to care, preventative support and practical help at key moments that matter. This included enhancing colleague benefits in the UK through annual health assessments, online GP appointments and nutritional consultations, alongside continued access to a global employee assistance programme and trained mental health support across our operations. We also continued to invest in our Mental Health First Aiders network and expanded clinical mental health support through the roll-out of our colleague assistance programme and proactive wellbeing platform in Australasia and France.

We also delivered a range of tools, guidance and campaigns to promote positive everyday wellbeing support. These included initiatives covering topics such as menopause, mindfulness and suicide prevention, our Global Move More challenge and conversation guides to help managers create supportive team environments. A new peer recognition programme linked to our principles also helps strengthen the connection between wellbeing, culture and day-to-day experience at work.

We continue to enhance support for colleagues during significant life events. Building on our inclusive leave approach, we introduced both maternal and paternal fully paid neonatal leave ahead of legislative change and, in February 2026, launched premature baby leave. Through this, Babcock became the first defence company to sign the Employer with Heart Charter in partnership with The Smallest Things charity (see also page 82). These steps reflect our commitment to responsible employment practices and to supporting colleagues through complex and challenging circumstances.

Progress during the year was recognised externally through a silver award in the Reward Gateway Appreciation Awards for Best Strategy for Supporting Employee Health and Wellbeing, recognising the continued development of our wellbeing strategy and colleague benefits. See a fuller range of our awards on page 88.

To learn more about the safety element of this work, please see page 79.

Recognition and reward

Recognising and rewarding our people is fundamental to our culture and how we drive performance. Our approach to recognition and reward is designed to reinforce fairness, motivate high performance and strengthen the alignment between individual contribution, our principles and business outcomes.

Principle-aligned recognition

We recognise not only what colleagues deliver but how they deliver it. Our recognition framework is aligned to our principles and behaviours, ensuring consistent reinforcement of the culture we expect across the business.

During the year, we strengthened our UK-wide recognition programme BRAVO, evolving it into a points-based system with monetary awards. BRAVO is designed to celebrate excellence through our principles, whether that reflects delivering a complex project, demonstrating exceptional collaboration or a simple act of kindness.

This provides a consistent and accessible mechanism for recognising both everyday contributions and outstanding performance, supporting engagement and retention.

We also delivered the Ignite Awards for the second consecutive year, recognising individuals and teams whose contributions demonstrate our principles in action, delivered exceptional results, or showed exemplary leadership. Engagement continued to increase, with over 1,000 nominations submitted across the global business. The programme will be extended globally in FY27, further embedding a culture of recognition across all markets.



Sustainability (continued)

Global free share award programme

In FY26, we introduced a global free share award for eligible colleagues worldwide – a significant milestone in strengthening our ownership culture and aligning colleagues directly with the long-term success of the business.

By offering shares, we are deepening colleagues' sense of ownership and reinforcing the connection between everyday performance and long-term value creation. The programme enables colleagues to share directly in Babcock's success and, over time, to benefit from the expected appreciation in value that their collective efforts help to create. It strengthens morale, supports retention and further aligns colleagues with shareholder interest.

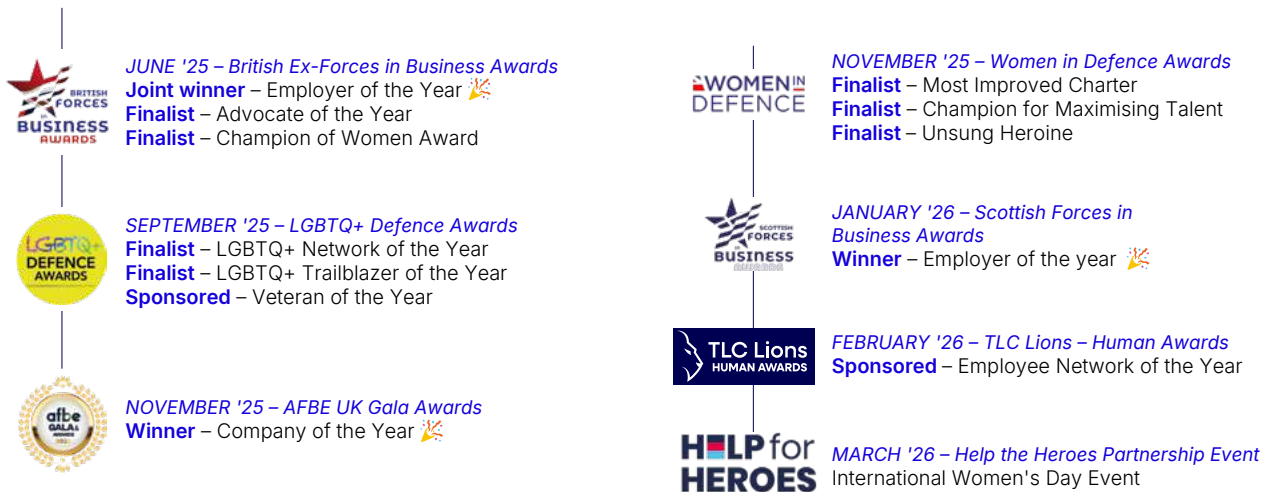
In jurisdictions where local, legal or tax administrative constraints prevent the award of traditional shares, equivalent phantom awards were implemented to mirror the value of Babcock's shares, ensuring fairness and broad participation across our global workforce.

This initiative reflects our belief that shared success should be tangible and inclusive. It is helping to build a more connected organisation in which colleagues can clearly see the impact of their work on performance and enterprise value. Please see the Remuneration report on page 154 for further information.

External recognition and awards

External recognition provides an important benchmark for progress on the impact of our people and culture initiatives. During the year, we received a number of awards and accreditations reflecting the strength of our approach across areas including wellbeing, inclusion and support of women in defence, and the armed forces community.

While we remain focused on continued improvement, these external endorsements demonstrate the progress we are making and reinforce our position as a responsible and inclusive employer.



Focus for FY27

As we enter the next phase of delivery, our focus is on strengthening the organisational capability required to execute our strategy at scale. This means embedding our People Strategy consistently across the Group, aligning workforce planning to future demand and accelerating the development of critical technical and leadership capability.

We will continue to invest in leadership effectiveness and accountability, ensuring our leaders are equipped to drive performance, develop their teams and foster inclusive, high-engagement environments. Insights from the Global People Survey will inform targeted action at local and functional level, with clear ownership for outcomes.

Building on the global free share award, we will further reinforce our ownership culture, helping colleagues connect operational performance and long-term value creation. Transparent performance measures, disciplined execution and strong line leadership will underpin this approach.

Alongside this, we will maintain momentum in emerging talent and skills development, strengthening pathways into the business, and ensuring we remain competitive in attracting and retaining the capabilities essential to our future growth.

Our ambition is straightforward: to be the destination for talent in the defence sector, create an environment where talented people choose to build long-term careers, where leaders are accountable for performance and culture, and where every colleague understands how their contribution drives sustainable success.



Supporting our communities

Priority target – Spend 50,000 hours volunteering

As a major employer, we play an important role in our communities, often operating in deprived areas. Beyond employment, we contribute through our supply chain, local partnerships, volunteering and educational initiatives, creating positive and lasting impacts in the regions we serve.

The needs of our communities vary, and our approach reflects this – empowering local teams to respond to what matters most while maintaining a strong and consistent culture of community engagement across the business.

In our most recent GPS, our score against the question “Babcock’s commitment to social sustainability allows us to make a positive difference (eg, volunteering, inclusion, charity/ community outreach)” increased significantly by +10 percentage points, showing our engagement is bringing our colleagues with us.

Working with SMEs and local suppliers

Babcock recognises the essential contribution that small and medium-sized enterprises (SMEs) make in creating a sustainable and resilient supply chain. Collaborating with smaller enterprises strengthens our adaptability, innovation and cost-effectiveness, as they can respond rapidly to shifting market demands and bring specialist capabilities in areas such as advanced materials, cyber security, unmanned aerial systems, AI and additive manufacturing. These partnerships help build strong, mutually beneficial relationships that support high standards of service and reliability. Supporting local SMEs also stimulates employment and economic growth within our communities, benefiting the local economy.

An example of how Babcock supports local suppliers is our involvement in the Find it in Plymouth initiative, a commitment to strengthening the local supply chain and widening opportunities for local suppliers. Babcock uses the platform to make Devonport-related opportunities more visible and accessible to local businesses, helping them compete for work and build long-term capability.

Through this partnership, Babcock encourages transparent procurement, supports skills development across SMEs and community organisations, and ensures that more economic value is retained within the region, ultimately reinforcing the resilience of the Devonport supply chain and delivering broader social and economic benefits for the local community.

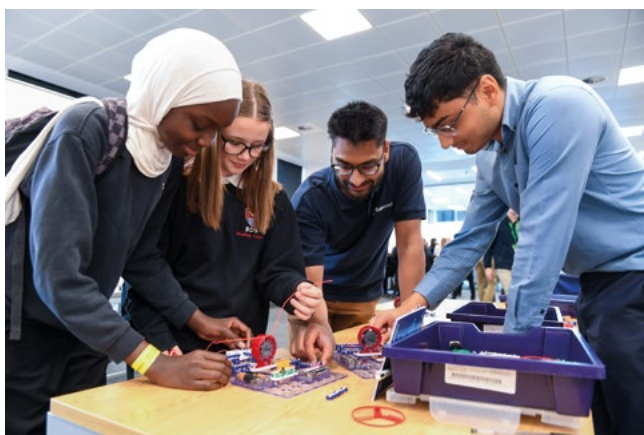
Following on from the completion of our report with the University of Exeter on Unlocking SME Potential in Defence, we have developed a 10-point industry SME Charter, designed to reshape how SMEs engage with the UK defence sector. To strengthen our overall collaboration with SMEs, Babcock has reviewed the way we onboard SMEs and identified several improvements to streamline the process, making it easier for SMEs to work with us.

Building on the 31% SME spend achieved in FY25, SME spend was sustained at 30% in FY26, demonstrating continuity in our engagement with SME suppliers.

See our SME Engagement Charter on page 30.



● [Learn more about how Babcock unlocks SME potential on our website](#)



Sustainability (continued)

Charity

Our charitable strategy works at different levels, with community always at its heart.

Local

At a local level, our individual sites support the communities that surround our sites, and from which we draw our employees. For example, in Rosyth employees made the most of their Be Kind Days by supporting The Big House Multibank, helping redistribute surplus goods from retailers to vulnerable families – preventing over one million items from going to landfill. Our Rosyth volunteers also lent their support to EATS Rosyth, a local charity dedicated to sustainable growing practices, biodiversity, and wildlife conservation.

Sectors

At the next level up, our sectors work with several charities supporting both serving and veteran military communities that are linked with their primary service area. For example, our Land sector has a long-standing relationship with the Army Benevolent Fund (ABF) where it continues to sponsor the Operation Bletchley codebreaking challenge, this year expanding it to develop a STEM activity for use in schools. It also supports the RAF Association (RAFA) where our colleagues have supported the RAFA Rides event, veteran outreach calls and RAFAKidz nurseries through volunteering, fundraising and corporate donations.

Meanwhile, our Marine sector continues to support the Royal Navy and Royal Marines Charity (RNRMC) where, as a Platinum Partner in the Bridge Partnership scheme, Babcock is directly supporting initiatives that enhance the wellbeing of sailors, marines, and their families. Our commitment helps strengthen critical programmes that provide lifelong care, resilience, and support to those who serve.

International

Internationally, our Direct Reporting Countries (DRCs) have a long-standing commitment to the communities in which they operate. In Australia this is reflected in more than a decade of partnership with both MESHA (Military and Emergency Services Health Australia), supporting the mental health and wellbeing of military and emergency service communities, and Yalari, providing educational opportunities for Aboriginal and Torres Strait Islander students.

Meanwhile, South Africa supports organisations such as the Thandulwazi Trust, supporting women in leadership alongside our Student Sponsorship Programme (SSP) and St Dunstan's College partnership, enabling students from underprivileged backgrounds to gain access to quality education.

We have also supported for the Vine Trust, an international development charity working with isolated and vulnerable communities in the Amazon and on Lake Victoria, for many years. In FY26, it had its 40th Anniversary which we celebrated with an event supported by HRH The Princess Royal, Patron of the Vine Trust. At the event, we signed a Memorandum of Understanding further strengthening our relationship as we look forward to future projects together.

Group

This focus on the communities that support us and those impacted by our sites and operations continues at a Group level where we look to national initiatives and charities across the UK. This includes our support for the tri-service Soldiers', Sailors' and Airmens' Families Association (SSAFA), where this year our contributions have helped fund five successful mentoring courses, fully training 98 individuals to provide non-judgemental, holistic mentoring to veterans transitioning into civilian life.

We also support Scotty's Little Soldiers, a charity dedicated to supporting bereaved military children and their families. As a three-star member of its Scotty's Business Heroes Club, our funding has been spent on respite breaks, one-to-one emotional support and educational grants.

Rapaid is another national charity supported at a Group level with a community impact. With Babcock's support, it has successfully rolled out its life-saving emergency bandages into Plymouth's taxis and has been able to kit out 300 taxi cabs in Edinburgh alongside a scheduled roll-out onto the city's trams. This is coupled with a plan to roll out its emergency kits to Bristol's taxis in the coming year.



Volunteering

Volunteering remains a key part of how we contribute to our communities while strengthening colleague engagement and pride.

Progress towards target

Through our global **Be Kind Day**, colleagues are given one paid day each year to support a charity or community organisation of their choice. Participation continues to grow with more colleagues using their volunteering day to support local initiatives across our regions. In FY26, volunteering activity increased by 20% over FY25, with 10,624 hours requested.

To further embed a culture of giving back, we have a Company-wide target of 50,000 hours of volunteering per year in our communities by 2030.

We are also improving how volunteering is recorded and assessed, simplifying processes and enabling more accurate tracking of impact. This will allow us to better understand our progress and continue to build momentum across the business.

Alongside this, our Global People Survey shows a continued increase in positive responses to our commitment to social sustainability, reflecting the growing impact of volunteering, inclusion and community outreach activities.

We introduced an internal volunteering hub to help colleagues easily find local and virtual opportunities. Alongside this, we celebrate international volunteering day by sharing stories from across the business, showcasing the difference our colleagues make in their communities.

Inclusive communities and global belonging

We are committed to building inclusive communities that reflect the societies in which we operate and which support our long-term business performance. Across our global footprint, we focus on creating equitable access to opportunity, strengthening skills and employment pathways and working in partnership with local communities.

Our approach combines clear Group-wide standards with locally relevant action. This includes engagement with Indigenous and historically disadvantaged communities in Canada, South Africa and Australasia, where we continue to work with partners, educators and suppliers to deliver meaningful social and economic impact.

In the UK, we are signatories to the Race at Work Charter, and promote awareness and inclusive leadership through our Race Equality Network, formerly known as the B4ME Network. The network supports open dialogue, education and practical action across the organisation, helping to embed inclusion into everyday leadership and decision-making. Learn more about our networks on page 82.

Canada

In Canada, our approach to inclusion is centred on long-term partnership, workforce development and inclusive economic participation. We recognise that meaningful engagement with Indigenous communities is essential in reflecting the communities we serve and supporting sustainable outcomes.

Babcock Canada participates in the Canadian Council for Indigenous Business's Partnership Accreditation in Indigenous Relationships (PAIR) Programme, and achieved Bronze Status in 2025. The PAIR framework provides independent assessment of corporate performance across leadership, employment, business development and community engagement, and supports our continued progress towards stronger Indigenous relations.

We invest in Indigenous skills and education through multi-year partnerships with academic institutions and foundations, supporting access to STEM education and career pathways through co-operative placements, internships and apprenticeships. These initiatives are designed to strengthen long-term employability and broaden participation in high-value skills.

Alongside this, we are expanding Indigenous participation within our supply chain, particularly in support of Emergency Health Services operations in British Columbia. This focus on inclusive procurement complements our wider commitment to responsible business practices and community partnerships.

Learn more about Babcock Canada's Indigenous peoples policy on page 108.

South Africa

In South Africa, our approach to diversity, equity and inclusion is aligned to Broad-Based Black Economic Empowerment (B-BBEE) objectives and the communities in which we operate. It focuses on socio-economic transformation through inclusive education, employability and enterprise development, supporting both national priorities and long-term business sustainability.

During the year, we strengthened our Employment Equity framework in response to the legislative change. Employment Equity objectives are embedded within workforce planning, recruitment, development and succession, supporting a balanced approach to compliance transformation and sustainable capability.

Community initiatives are focused on improving access to education and employment opportunities within the communities where we operate. We continue to support youth employability through participation in the Youth Employment Service (YES) programme, providing a structured workplace experience that supports skills development and long-term employability.

STEM education remains a strategic enabler, supporting future skills development and improved gender representation, particularly within technical and leadership pipelines. Our long-standing partnership with the Thandulwazi Trust supports mathematics, science and leadership capability alongside pathways for secondary education into tertiary study.

Supply chain development supports inclusive economic participation and operational resilience. Through our Entrepreneurship Development Programme, delivered in partnership with the Student Sponsorship Programme (SSP), we continue to support small and medium-sized enterprises within our supply chain, with an increasing number transitioning into active suppliers within the Group.

Sustainability (continued)

Together these activities demonstrate a consistent and integrated approach in South Africa, contributing to inclusive growth while strengthening long-term business resilience.

Australasia – community engagement and capability

In Australia, our community engagement activity is focused on strengthening workforce capability, widening participation in STEM and supporting the wellbeing of defence and emergency services communities.

We have supported Military and Emergency Services Health Australia (MESHA) for over a decade, expanding our partnership in 2025 to support its growth in Western Australia. This includes establishing a locally based lived-experience workforce and piloting a programme tailored to regional service personnel and their families, ensuring accessible, evidence-based support where it's needed most.

Developing future engineering capability remains a priority. Since 2018, we have supported Engineering Aid Australia's Indigenous Australian Engineering School (IAES) programme, introducing First Nations secondary students to engineering and technology careers through immersive workshops, mentoring and industry engagement. This partnership contributes to building practical skills and strengthening the diversity and sustainability of the future workforce.

In 2025, we marked 10 years of partnership with Yalari, supporting Aboriginal and Torres Strait Islander students from remote, rural and regional communities through access to secondary education, including the Rosemary Bishop Indigenous Education Scholarship. We also continue our national partnership with Eat Up, combining financial support and colleague volunteering, with more than 10,000 sandwiches prepared and delivered to schools across Sydney, Melbourne and Perth in 2025.

Supporting women in STEM remains central to our long-term capability strategy. We have extended our partnership with Auckland University of Technology's Women in Tech programme and continue to support the University of Adelaide's Women in STEM careers (WiSC) programme, providing financial and in-kind support, industry site visits and direct engagement with engineering professionals to strengthen career pathways for female students.

Collectively these partnerships reflect our focus on inclusive growth, sustainable skills development and long-term workforce resilience.

Learn more about Babcock Australasia's Indigenous Peoples policy on page 108.

