



# Building sustainable growth

Chemring Group PLC  
Sustainability report 2024



**Chemring** |  
Innovating to protect



## STRATEGIC ROADMAP

### OUR PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect, defeat and counter ever-changing threats.

### OUR VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source or market-leading positions.

### OUR STRATEGIC IMPERATIVES

GROW

ACCELERATE

PROTECT

> READ MORE IN THE ANNUAL REPORT AND ACCOUNTS 2024

### OUR AMBITION

To increase annual revenue to c.£1bn by 2030

### OUR ESG PILLARS

HEALTH  
AND SAFETY  
ENVIRONMENT

PEOPLE  
ETHICS AND  
BUSINESS CONDUCT

> READ MORE ON PAGES 2 AND 3

### OUR VALUES

SAFETY

EXCELLENCE

INNOVATION



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## WHAT WE DO

# We work with our customers globally to help protect their people, assets and nations

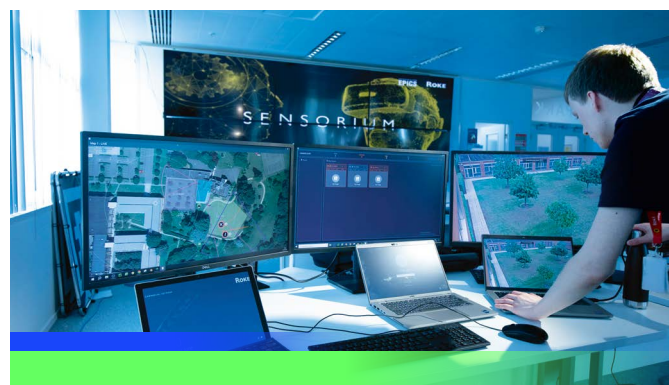
We are a specialist manufacturing and technology business creating market-leading innovative solutions to meet our customers' complex needs.

Using our extensive science and engineering expertise, we turn ideas into reality, designing and developing critical solutions that protect and safeguard in unpredictable environments in today's increasingly unstable world.

We achieve this by innovating at every stage of the value chain, from research and development ("R&D") through to design, manufacture and in-service support, working closely with our customers to deliver products, services and solutions for mission-critical success.

Our customer base spans national defence organisations, security and law enforcement agencies, as well as commercial markets such as space and transport. We support our customers in more than fifty countries across the globe.

## OUR TWO SECTORS:



### COUNTERMEASURES & ENERGETICS

Chemring is the world leader in the design, development and manufacture of advanced expendable countermeasures for protecting air and sea platforms against the growing threat of guided missiles.

We combine a deep understanding of platform signatures, missile seekers and chemical formulations to develop new countermeasures to defeat evolving threats.

Our niche, world-class Energetics portfolio produces high-reliability, single-use devices that perform critical functions for the space, aerospace, defence and industrial markets. We also manufacture specialist materials including propellant and energetic materials that are used in a wide variety of applications in the defence and civil markets.

Every day, our energetic products, services and experts assist customers, including NASA and SpaceX, to achieve mission success. This ranges from cutting-edge technology to enable our customers to launch rockets and satellites into orbit, to the provision of aircraft safety systems including oxygen mask deployment on commercial aircraft and ejector seats for aircrew egress.

### SENSORS & INFORMATION

Innovation is core to solving our clients' difficult problems.

With over 1,000 scientists, engineers and consultants, our Sensors & Information sector continues to invest in technologies that safeguard and protect in an uncertain world.

Operating across defence, national security, law enforcement and industrial domains, we enable our clients to deliver competitive advantage, defend their people, assets and information, and defeat their adversaries.

Our sensor technologies detect threats with a very high degree of confidence, be they explosive, biological, radio or cyber.

Our Roke business draws on a 60-year heritage of innovation in sensors, communications, active cyber defence, electronic warfare, software engineering, data science, artificial intelligence and open-source intelligence to innovate and apply these technologies in new ways.

We operate across the whole lifecycle providing advice, research and development, engineering, design and in-service support for our products and services.

#### REVENUE

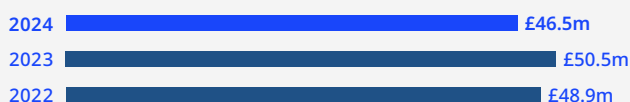
£298.4m

(2023: £285.6m)

#### UNDERLYING OPERATING PROFIT

£46.5m

(2023: £50.5m)



#### REVENUE

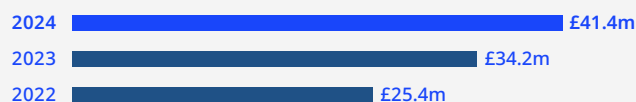
£212.0m

(2023: £187.0m)

#### UNDERLYING OPERATING PROFIT

£41.4m

(2023: £34.2m)







# Continuing our commitment to a sustainable future

At Chemring, we recognise our shared duty to contribute toward a sustainable tomorrow. As a global organisation it is our responsibility to protect our planet and people, meet our customers' essential requirements, and make valuable contributions to the communities where we do business.



> DISCOVER MORE ABOUT SUSTAINABILITY  
AT [CHEMRING.COM/SUSTAINABILITY/  
COMMITTED-TO-A-SUSTAINABLE-FUTURE](https://chemring.com/sustainability/committed-to-a-sustainable-future)

Enhancing our sustainability practices is crucial in both current operations and future planning, as we handle our environmental, social, and governance ("ESG") risks. Our leadership teams' compensation and incentives are directly linked to our sustainability objectives.

We acknowledge that our commitment to ESG objectives plays a crucial role in attracting and retaining top-tier talent. Having dedicated, driven, capable, and well-trained colleagues is essential to our continued success and to constructing a sustainable organisation that ensures the pride of all our stakeholders.

## PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect, defeat and counter ever-changing threats.

## VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source or market-leading positions.

## APPROACH

Our long-term success is improved by productive engagement with all stakeholders. Therefore, we value a proactive and positive approach to interactions. We actively look for and monitor the latest trends and seek stakeholder input.

## MAKING THE WORLD A SAFER PLACE



### HEALTH AND SAFETY

#### FOCUS

- Control of major accident hazards;
- Injury prevention;
- HSE risk management; and
- Occupational and process safety.

#### ESG HIGHLIGHTS

- Total recordable injury frequency rate decreased slightly to 0.69 (2023: 0.90) which is an improvement on 2023 and still below our annual limit of 1
- In FY24 the process safety event ("PSE") incident rate was 2.09 (2023: 2.87). This represents 66 fewer PSE events in FY24
- Zero injuries in connection with or arising from energetic events

> READ MORE ON PAGES 8 TO 9



### PEOPLE

#### FOCUS

- Culture
- Diversity and inclusion
- Employee wellbeing and engagement
- Employee learning and development

#### ESG HIGHLIGHTS

- Employee engagement remains a high priority with a weighted average positivity score up at 72% in FY24
- Board diversity has remained at 44%/56% female to male gender split (2023: 44%/56%)

> READ MORE ON PAGES 25 TO 29



## PROGRESS IN 2024

Chemring's purpose is to help make the world a safer place. The escalation of tensions around the world have reinstated the vital role that the defence and security industry play in supporting peace, democracy and freedom in the western world. We believe that global stability is crucial for sustainable development, and we are proud of the contribution that Chemring makes. We are also committed to advancing our own sustainability agenda, and in particular our ESG-related risks.

## MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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Chemring Group PLC continues to be recognised as MSCI ESG Rating of AAA\*



### ENVIRONMENT

#### FOCUS

- Emissions reduction
- Waste generation and hazardous materials management
- Energy usage
- Water consumption

#### ESG HIGHLIGHTS

- Market-based scope 1 and scope 2 GHG emissions reduced by 13.0% (2023: 9.1%) on higher revenue
- Market-based scope 1 and scope 2 emissions reduced by 18.0% (2023: 16.4%) per £m of revenue

> [READ MORE ON PAGES 10 TO 13](#)



### ETHICS AND BUSINESS CONDUCT

#### FOCUS

- Operational Framework and Code of Conduct
- Compliance oversight and risk management
- Whistleblowing
- Anti-bribery and corruption

#### ESG HIGHLIGHTS

- Completion of training in the Chemring Compliance Portal over 98% (2023: 88%)
- Updated Code of Conduct and supplier Code of Conduct issued in November 2024

> [READ MORE ON PAGES 30 TO 31](#)

## VALUES

Our dedication to protection extends beyond our customers, direct stakeholders and communities. It impacts our environment, society and the wider community, and is supported by the values and behaviours that drive us.

### SAFETY

We place safety at the heart of everything we do

### EXCELLENCE

We are focused on ensuring we consistently meet high standards in all that we do

### INNOVATION

We create world-class solutions and develop world-class thinking

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# Continuing our commitment to a sustainable future



**Michael Ord**  
Group Chief Executive and  
Chairman of the ESG Committee

**“Chemring is committed to operating its business responsibly and creating long-term sustainable value. Our Group-wide approach is based on safe, ethical and values-driven practices at all times.”**

## PURPOSE

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## VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source or market-leading positions.

Both enhancing and ensuring our sustainability efforts are transparent and accurate is crucial in our current operations and future planning, particularly in managing ESG risks. We understand the growing importance of our ESG standing in attracting and keeping top-tier talent. Having engaged, driven, capable and well-trained staff is essential to our future ambition.

As we advance our sustainability strategy, we are dedicated to clear policies and promoting a culture where individuals take responsibility for their own ethical actions. This extends beyond us being a reliable partner and maintaining our own high standards to ensuring our suppliers also meet these expectations.

## OUR APPROACH TO SUSTAINABILITY

A proactive and involved stance on corporate responsibility and sustainability is key to Chemring's enduring success. Our approach is focused around the following key areas:

- health and safety;
- environment;
- people;
- ethics and business conduct; and
- governance.

Our approach to corporate responsibility and sustainability is embedded within the business units and all senior leaders have specific objectives in the areas identified within their annual incentive plans.

## PROGRESS IN 2024

Chemring's purpose is to help make the world a safer place. The escalation of tensions around the world, have reinstated the vital role that the defence and security industry plays in supporting peace, democracy and freedom in the western world. We believe that global stability is crucial for sustainable development, and we are proud of Chemring's contribution. We are also committed to advancing our sustainability agenda and engaging our ESG-related risks. In 2022, our efforts in this area were recognised externally as MSCI gave us a rating of AAA, and this was reconfirmed in 2024, putting us in the top 3% of the Aerospace and Defence sector.

ESG is integrated into our daily operations and long-term planning. Across the Group, it continues to be proactively managed through our ESG Committee, is discussed as a standing agenda item at the Group Executive Committee meeting and is included in the monthly reports of all our business units.

The majority of our businesses have well-established and fully-developed environmental management systems and have undertaken numerous local initiatives and projects to improve sustainability and reduce environmental impacts from our operations. All of our businesses have implemented energy-related projects or initiatives, with over 80% completing one or more projects this year. These projects ranged from improvements and upgrading of heating, cooling, manufacturing processes, lighting and insulation systems throughout the business, to enhancements in the electrification of processes, equipment and vehicles.

In 2024, we deployed a new environmental data collection and reporting system. With the rollout of this upgraded software solution, we have further improved the accuracy and transparency of our environmental sustainability data. This has allowed us to focus more on waste management at our sites, resulting in 86% of all our waste being diverted from landfills or incineration.



## TOTAL MARKET-BASED SCOPE 1 AND 2 EMISSIONS

### CO<sub>2</sub>e emissions (tonnes)



In 2021, we outlined our intention to target net zero for scope 1 and 2 emissions by 2030. Following Russia's invasion of Ukraine in February 2022 and in response to rising geopolitical tensions and customer demand, in 2024 we took the decision to invest £200m in our three Energetics manufacturing facilities in Scotland, Chicago and Norway. This investment will significantly increase capacity and production at all three sites. Consequently, our previous ambition to be net zero by 2030 no longer aligns with the future size and scale of our operations. We have therefore revised our target and adjusted our ambition to achieve net zero by 2035.

In 2024, we continued to make good progress. For our environmental ambitions, we aim to reduce our overall scope 1 and scope 2 market-based greenhouse gas ("GHG") emissions by 10% year on year. We have now reduced our scope 1 and scope 2 market-based GHG emissions by 30% against our restated 2021 base year emission figures.

As part of our wider sustainability strategy, two of our businesses joined the JOSCAR programme this year. JOSCAR Zero is a pioneering decarbonisation programme developed by Hellios Information. JOSCAR Zero collects, measures and identifies how carbon emissions can be reduced across supply chains. This initiative empowers companies to systematically reduce their carbon footprint, implement sustainable practices and work towards net zero carbon operations. JOSCAR Zero was developed in response to the Government's pledge to a 100% reduction of greenhouse gas emissions by 2050, marking a significant milestone in the defence, aerospace and security industry's ongoing commitment to achieving net zero by 2050.

With increased disclosure, accuracy in data reporting is crucial. We continue to have an auditable framework for emissions reduction, verified by external experts and reported to the Audit Committee.

The Board and the ESG Committee have focused on actively managing the sustainability agenda to meet the targets set in 2021. They continuously review the progress and methods used to achieve these targets. In 2024, an addition to the capital expenditure programme reviews was introduced, ensuring that environmental challenges and targets are considered at the beginning of the investment to support sustainable future operations.

Furthermore, we have continued our work on our Climate Transition Plan in line with the current Transition Plan Task Force ("TPT") guidance.

Chemring is committed to ensuring that we are able to attract and develop an appropriately diverse workforce. Chemring strives for diversity on a broad basis including gender, age, background, education, disability, neurodiversity and nationality (within the constraints of our regulatory requirements) and this diversity brings a more agile, engaged and higher-performing workforce. We see a diverse workforce as a key enabler for continuing to innovate our products and services for our customers.

The Board has played an active role in supporting our diversity, equity and inclusion ("DE&I") activity with Board members taking part in various employee round-table discussions and networking events. Laurie Bowen, non-executive director and Remuneration Committee Chair, is tasked with employee engagement for the Board. For the fourth consecutive year, Laurie has connected with colleagues across the Group, at a variety of levels and in differing roles, focusing on business units experiencing change and transformation. Laurie was able to hear directly from these groups their views on working at Chemring, as well as being able to share with them the work of the Board. The groups identified specific opportunities to improve, which were openly and constructively communicated and summarised to the leadership team for action as part of their local employee engagement action planning process.

Our local business diversity Employee Resource Groups ("ERGs") are helping us to understand "what good looks like" in many areas of the inclusion agenda; one size does not fit all.

To cultivate a diverse and broad workforce, we tap into various internal and external talent pipelines. We recruit from a wide array of external channels, targeting direct hires for critical areas in the business, as well as aspiring professionals early in their career journey. In 2024, we also partnered with organisations such as Women in Defence and attended the Defence Women's Network Conference to meet potential talent looking for roles in our industry.







### PROGRESS IN 2024 continued

Our workforce is the driver of our success, and we aim to put the employee experience at the forefront of our decision making. Our external talent markets remain extremely competitive and therefore the engagement and retention of our workforce is a people imperative. Listening to all colleagues is essential to understand what is important to our workforce, and since this will differ across our global organisation, in 2024, we moved to using local listening tools and technologies to ensure they gathered the specific “Local Accent”. This enables the tools used locally to be tailored to the local cultures, contexts, environments and working practices, and ensures that the action taken is effective and impactful to that employee group.

Our ESG strategy over the current and future years will seek to identify those areas where our activities can have most impact. Plans are now in place to continue this journey, and to ensure that we meet the growing disclosure requirements of our stakeholders and demonstrate our ability to successfully address ESG-related issues.

We will also continue to work with our advisers and shareholders to identify how we can constructively feed into and inform the debate on the future of ESG reporting and the creation of a common set of standards against which we can be measured. Chemring is now a business whose evolving purpose is innovating to protect, and with that we are focused on protecting our customers, people, platforms, missions and information.









As a business we remain fully committed to building a sustainable company of which all our stakeholders can be proud, both now and in the future.















## OUR SUSTAINABILITY GOALS

	SUSTAINABILITY OBJECTIVES	SUPPORTIVE ACTIONS AND ACTIVITY	FURTHER INFORMATION
<b>ENVIRONMENTAL</b> Respecting and protecting our planet by actively seeking ways to reduce our environmental impact   	<ul style="list-style-type: none"> <li>- Reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and water, and by understanding the impact of global climate change on our operations</li> <li>- Challenge our business unit leaders to improve operational, resource and energy efficiency and to minimise environmental impact</li> <li>- Invest in support of product development and production techniques that meet our customers' needs and support their environmental goals</li> </ul>	<ul style="list-style-type: none"> <li>- Chemring will be net zero by 2035 (scope 1 and scope 2 market-based)</li> <li>- Chemring is working towards being a scope 3 net zero organisation by 2050 and is committed to supporting its value chain</li> <li>- We will reduce our total direct (scope 1) and indirect (scope 2) GHG emissions year-on-year</li> <li>- We will continue to focus our efforts on reducing energy consumption and on embracing green technology</li> <li>- We will target zero waste to landfill by 2030</li> </ul>	<b>&gt; ENVIRONMENT ON PAGES 10 TO 13</b>
<b>SOCIAL</b> The safety, wellbeing and development of our people is at the heart of our business   	<ul style="list-style-type: none"> <li>- Maintain the highest standards of safety and the wellbeing of our workforce</li> <li>- Ensure that, in support of our wider commitment to ethnic and gender diversity, our workforce represents the diversity of the local communities we operate in</li> <li>- Implement effective policies and procedures and continually invest in support of operational excellence and the development of our people</li> <li>- Promote inclusion and diversity at all levels</li> <li>- Promote fair employment and skills development</li> </ul>	<ul style="list-style-type: none"> <li>- We will set a recordable injury frequency rate limit of below 0.90 in line with upper quartile benchmark performance</li> <li>- We will continue to reduce the risk of high-hazard events</li> <li>- We will increase the proportion of women in all senior management positions across the business to 33% by 2027</li> </ul>	<b>&gt; HEALTH AND SAFETY ON PAGES 8 TO 9</b> <b>&gt; OUR PEOPLE ON PAGES 25 TO 29</b>
<b>GOVERNANCE</b> Conducting business in an ethical and responsible manner at all times  	<ul style="list-style-type: none"> <li>- Operate with integrity and transparency and to the highest ethical standards across all our businesses</li> <li>- Ensure the highest standards of product safety and comply with all relevant standards</li> <li>- Promote a culture where everyone does the right thing and takes personal responsibility for their actions</li> <li>- Actively seek to increase representation of ethnicity and gender on our Board, within our leadership teams and across all our localities</li> <li>- Protect information security and data privacy</li> <li>- Maintain prudent and responsible financial and tax planning and management</li> </ul>	<ul style="list-style-type: none"> <li>- We will aim to maintain compliance with the UK Listing Rules on gender and ethnic diversity on the Board</li> <li>- All Chemring employees and third parties acting on our behalf must comply with the Chemring Code of Conduct, wherever they are located in the world</li> </ul>	<b>&gt; ETHICS AND BUSINESS CONDUCT ON PAGES 30 TO 31</b>

GOAL	DESCRIPTION
 <b>Good health and wellbeing</b>	Ensure healthy lives and promote wellbeing for all at all ages
 <b>Gender equality</b>	Achieve gender equality and empower all women and girls
 <b>Affordable and clean energy</b>	Ensure access to affordable, reliable, sustainable and modern energy for all
 <b>Decent work and economic growth</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
 <b>Reduced inequalities</b>	Reduce inequality within and among countries
 <b>Responsible consumption and production</b>	Ensure sustainable consumption and production patterns
 <b>Climate action</b>	Take urgent action to combat climate change and its impacts
 <b>Peace, justice and strong institutions</b>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



# Establishing a strong health and safety culture

Our goal is zero harm, not as a statistical target but as a moral imperative, which will be achieved by establishing a strong proactive safety culture.

## POLICIES AND PRACTICES

The Board recognises that the highest levels of safety are required to protect employees, product users and the general public. The Board believes that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day. The Group Chief Executive has overall responsibility for health, safety and environmental ("HSE") matters across the Group.

The Group HSE Director reports directly to the Group Chief Executive and is responsible for the ongoing development and assurance of the Group's health, safety and environment strategy, known as our Journey to Zero Harm. The Group HSE Director is a member of the Executive Committee and reports on the performance of all businesses against agreed HSE limits and objectives.

The Group Chief Executive reports monthly to the Board on all key HSE KPIs.

The Board requires that all businesses systematically manage their health and safety hazards, set objectives and monitor progress by regular measurement, audit and review. Each managing director is responsible for the implementation, management and ongoing compliance of health and safety within their business, and for providing adequate resources to satisfy the Board's requirements. All managing directors have health, safety and environmental-related objectives incorporated within their annual incentive plan.

Managers and supervisors in the Group's businesses are required to ensure compliance with procedures, and to provide leadership and commitment to promote and embed a solid calculative culture. The Board emphasises the importance of individual responsibility for health and safety at all levels of the organisation, and expects employees to report all hazards, to be involved in implementing solutions and to adhere to the Fundamental Safety Principles, which are underpinned by local rules and procedures.

A key element in the continuous improvement of health and safety management is collaboration at all levels, resulting in the sharing of best practice and lessons learnt from incidents across the Group's businesses and the wider industry. Accidents, incidents and near misses are investigated, with actions generated to prevent recurrence.

## CONTROL OF MAJOR ACCIDENT HAZARDS

Our Countermeasures & Energetics businesses are required to manage major accident hazards which are governed by stringent legislation within their respective operating countries. Over the last five years, we have implemented several processes to enhance our focus in this area by ensuring we design, maintain and operate with integrity. We continue to invest in modern processes and technology to remove our employees from exposure to energetic hazards. During the design of these processes we have placed more scrutiny on the application of process hazard analysis.

In 2019, we mandated that all Countermeasures & Energetics businesses would need to conduct regular reviews to identify the potential for major process safety events. The reviews are based on a "stress test" that addresses the following questions:

- Have potential major accident hazards been identified?
- Are there effective controls in place to prevent and contain a major event?
- Are these controls being actively monitored?

## ACHIEVEMENTS

This year has seen a continued focus on developing the Group into a solid calculative organisation, ensuring our systems drive data-informed discussions and decision making at all levels, with particular focus on:

- control of major accident hazards;
- injury reduction; and
- HSE risk management.

Actions taken in delivering the HSE plan included:

- continued roll out of asset integrity management systems;
- assurance reviews confirming the implementation of the electrostatic discharge protocols; and
- assurance reviews confirming the deployment of the Fundamental Safety Principles, supported by the Leadership Guide and the provision of training.

This year saw a continued iteration of that review process, with a further increase in the number of hazard scenarios being identified as the rigour of process hazard analysis matured. As a result of this maturing process, we continue to develop an understanding of our residual risks and throughout the year have taken further steps to reduce these to a level as low as is reasonably practicable. To help reduce our residual risks, the implementation of a common computerised maintenance management system continues across our Countermeasures & Energetics sector; improving management of, and accountability for, safety-critical assets.

We continue to share best practice through the Technical Safety Committee, the Technical Learning Group and our quarterly "Shared Learning" events.

## INJURY PREVENTION

Injury prevention focuses on the reduction of injuries through the adoption of safety as an inherent part of everything we do. This is enacted through safety leadership, clear expectations, accountability and establishing a safety culture that drives learning and improvement, not blame.

This year, we have continued to analyse the reporting data aligned to our HSE strategy, people, plant, process and organisation, which has given us a better understanding of the root causes of our incidents and the contributory causal factors, which in turn has influenced our assurance activity. The data has reconfirmed trends regarding musculoskeletal injuries, due to the manual handling nature of some of our processes, and identified slips, trips and falls as areas requiring continued focus. The relevant businesses continue to manage these risks whilst considering further automation.

## HSE RISK MANAGEMENT

Safe delivery of our business continues through the management of risk and is built around understanding our hazards, and establishing clear expectations and consistency. Our HSE Management System Framework Standard puts our HSE policy into practice by setting standards on nine core elements across the Group, to drive a robust and common approach to the management of HSE. Each business within the Countermeasures & Energetics sector is audited annually to ensure compliance, with high-priority non-compliances reported and monitored at Executive Committee level. The changes made in 2022 to our Operational Assurance Statement process continue to help the businesses focus on compliance with the HSE Framework, which in turn provides useful insights when planning the Line of Defence 2 ("LOD2") audits.



## OUR HSE PERFORMANCE

We measure our HSE performance to reflect both occupational and process safety. In doing so we have several data points, one of which is an external review of our prevailing safety culture. This year, we have invited back a team of third party experts to review our progress. The review will conclude and be presented to the Board in the first half of 2025. As a Group of companies we are pleased that we achieved our 2024 ambition of demonstrating we have systems and processes that generate data-informed discussions and decision making at all levels otherwise known as a calculative safety culture. 2025 will be spent consolidating, whilst understanding our roadmap to becoming proactive.

### OCCUPATIONAL SAFETY

Our total recordable injury frequency ("TRIF") rate at the end of 2024 was 0.69, a decrease when compared to last year, and remaining below our annual limit of 1.0. From 1 November 2024, our annual limit has reduced to 0.90.

Most injuries during the year were caused by slips, trips and falls, or were musculoskeletal in nature.

We focus not only on actual injuries but also hazards and near miss events. We therefore place an emphasis on near miss and hazard reporting as a leading indicator of our maturing safety culture. This year, we had 3,090 occupational safety near miss and hazard reports, compared to 3,097 in 2023. We had a total of 14 high-potential ("HIPO") incidents compared to 12 last year. The increase in HIPO incidents has been due to increased contractor activity in support of our expansion programmes. We are embedding the learning from these incidents into the organisation through quarterly Shared Learning reviews with all business leaders and increased use of Safety Alerts, not only to share incident learning but also to promote good practice.

### PROCESS SAFETY

In addition to our reactive metrics, we also measure process safety near miss events, with a total of 1,408 recorded in 2024 compared to 1,559 in the previous year. Near miss reporting is crucial if we are to understand and prevent incidents, which is why we encourage all our employees to Stop, Warn and Inform so we can Manage any emerging risks. The slight decrease in near miss reporting is still representative of a healthy reporting culture, given the reduction in level 2 and 3 process safety events ("PSEs"). During 2024, we continued to consolidate our leading indicator for PSEs, which are categorised as level 1, 2 and 3, with 3 being the event with the most serious potential. We set a limit of below 2.0 for PSEs at level 2 and 3 per 100 production employees. This year, we exceeded our PSE limit of 2.0 with a PSE rate of 2.09 but were able to demonstrate a significant decrease when compared to 2.87 in 2023. Having reviewed the data, we believe this is down to improved reporting and a better understanding of upset conditions, and higher levels of data assurance with PSE events reviewed on a regular basis. It should be noted that for the second year running there have been no injuries associated with energetic events.

### HSE STRATEGY FORWARD OUTLOOK

In the first half of 2024, we continued to focus on maturing the plant and process elements of our strategy through the continued delivery of key programmes such as the Asset Integrity Management Maintenance Systems and Electrostatic Discharge ("ESD") Protocols. Towards the end of the year, we continued our focus on the people element of our strategy by further embedding our Fundamental Safety Principles, with significant focus on every employee's duty to Stop, Warn, Inform, Manage ("SWIM"). These themes will remain our priority throughout 2025.

Our progress against this strategy will be reported in the next annual report and accounts.



## PURPOSE IN ACTION

### SAFE AND READY TO OPERATE PROCEDURES

In 2023, we launched the Fundamental Safety Principles as part of our organisation-wide Journey to Zero Harm and we continue to embed these across the organisation.

Operator awareness of critical control points ("CCPs") and risk assessment ("RA") for manufacturing processes is integral to maintaining safety in high-hazard operations. Chemring Countermeasures UK has introduced a Safe and Ready to Operate ("SARTO") procedure to support this.

SARTO is a one-page startup check sheet that requires the operator to read their RA daily. It has two pre-filled boxes with a selected hazard and one of the controls in place for the hazard. It then asks the operator to confirm the control is in place and in good working order. It also asks the operator to choose one hazard and a corresponding control and write it into the blank third box. The operator then checks against this to confirm it is in place and understood.

On top of the RA control check, the SARTO form also has a bay layout with an icon showing where standard CCPs are. The operator checks against these and ticks the icon if the control is present and in good working order.

How has this helped?

One occurrence that really stands out is when an operator, who wouldn't usually speak up in a crowd, had the confidence to approach the Manufacturing Cell Leader identifying a potential issue and pausing operations.





# Continuing to reduce our environmental impact

Our goal of zero harm goes beyond the management of safety. We are committed to environmental sustainability, both globally and in our local communities, and reducing our environmental impact.

## OUR COMMITMENT

In 2021, we committed to reduce our total direct and indirect greenhouse gas ("GHG") emissions year-on-year. In this report we include information on our climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). We have made good progress on our goals, with an overall 30.0% reduction in scope 1 and market-based scope 2 emissions from our 2021 figures, and we have achieved a 13.0% year-on-year reduction in 2024. We continue to make our Carbon Disclosure Project ("CDP") submissions and we have developed the quality and range of scope 3 carbon emission data that we report on, with a clear path to reporting all material scope 3 emissions. This work is overseen by our ESG Committee with regular progress reports to the Board.

We have adjusted our GHG emission net zero target to reflect evolving circumstances and while the target date has shifted, our commitment and ambition to ensure we meet our net zero target remains steadfast. This adjustment allows us to strengthen our strategy and ensure a realistic, achievable and transparent GHG emission reduction in line with our adjusted timeline of 2035.

## INTRODUCTION

Our environmental performance information is presented in accordance with the Streamlined Energy and Carbon Reporting ("SECR") Guidance (March 2019), as specified under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Data is presented for our financial year, from 1 November through to 31 October, and includes information on significant environmental aspects: energy consumption; associated GHG emissions; freshwater use; and waste generation. Our GHG emissions calculations are undertaken in accordance with the GHG Protocol Corporate Accounting and Reporting Standard as outlined in our basis of reporting document; this can be found on the Group's website at [www.chemring.com/basisofreporting24](http://www.chemring.com/basisofreporting24).

## OUR APPROACH

We are actively seeking ways to reduce our impact on the environment and build resilience to climate change by focusing on energy and waste, and understanding the impact of global climate change on our operations. These focus areas are periodically reviewed by our ESG Committee and are expanded on each year in line with broader sustainability goals and reporting guidelines. In 2024, we completed the implementation of a new corporate sustainability software solution, to aid our business units in measuring and recording their GHG emissions. The new platform supports the business units with various capabilities that help ensure increased accuracy of our GHG emission data across scopes 1, 2 and 3.

## OUR STRATEGY

- Our strategy is to reduce our global GHG emissions through improving efficiency to reduce consumption and waste.
- Scope 1 associated emissions are being addressed through the adoption of green fuels and upgrading of facilities and equipment to be more efficient or to use alternative greener energy sources.
- Scope 2 associated emissions are being addressed by implementing energy efficient practices and upgrading facilities to aid in energy efficiency. We are also using certified renewable energy through the acquisition of verified Renewable Energy Guarantees of Origin, Guarantees of Origin and Renewable Energy Certificates.
- Scope 3 emissions tracking continues to be developed and explored to ensure we have a clear understanding of these emissions, so that we can plan a clear and effective route to becoming a net zero organisation by 2050.

## IMPROVEMENTS IN 2024

- 1) Reclaimed refrigerant used where possible to reduce CO<sub>2</sub>e emissions to atmosphere.
- 2) Removal of LPG heating systems estimated to save 200 tCO<sub>2</sub>e emissions per annum and save 168 MWh of energy through the installation of new efficient electric heating system.
- 3) General upgrade to buildings and refurbishment to improve energy efficiency for heating and lighting at multiple locations reducing energy use and CO<sub>2</sub>e emissions.
- 4) LED lighting replacement ongoing across the organisation.
- 5) Passive infra-red sensor ("PIR") light controller installation ongoing across the organisation.
- 6) Steam line insulation lagging replacement project is ongoing and will reduce energy use and CO<sub>2</sub>e emissions.
- 7) Continued HVAC systems upgrades will reduce energy use and CO<sub>2</sub>e emissions.

## REPORTING

As per our 2023 basis of reporting, Chemring uses a fixed base year (2021), which is a reference point with which current emissions can be compared. In order to maintain consistency between data sets, base year emissions are recalculated when structural changes occur in the Group that materially change our tCO<sub>2</sub>e figures, such as acquisitions or divestments. As such, we have restated the 2021 base year figures, which has resulted in total scope 1 and 2 market-based emissions increasing to 21,646 tCO<sub>2</sub>e (previously published at 20,684 tCO<sub>2</sub>e) and this figure has been assured by ERM CVS, an independent third party organisation. All references to 2021 base year figures in the annual report refer to restated figures.

From 1 November 2024, We will be transitioning from a fixed base year methodology for reduction target and calculation to a rolling base year methodology.

## CLIMATE CHANGE RESILIENCE

We recognise that climate change has the potential to have an impact on our operations, having experienced flooding from a severe weather event at our Tennessee facility in 2018 and wildfires in areas surrounding our Australia operations in 2019. In 2024, we have further developed our climate-related scenario analysis to ensure our scenarios are accurate and up to date with the latest data. To this end we have a significantly more detailed TCFD report this year. We are regularly reviewing the physical and transition risks of global climate change on our operations and supply chain.

## ENERGY USE AND ASSOCIATED GHG EMISSIONS

Each year we review and update our carbon reduction plans in all our businesses to aid achieving our target of becoming a net zero organisation for scope 1 and scope 2 market-based GHG emissions by 2035.

Location	Scope 1	Scope 2 (location based)	Scope 2 (market based)
UK operations	83.4%	19.5%	0.4%
US operations	12.6%	68.3%	89.8%
Norway operations	2.6%	4.0%	9.8%
Australia operations	1.4%	8.2%	0.0%
	100.0%	100.0%	100.0%

In 2024, we achieved a 13.0% reduction in scope 1 and scope 2 market-based GHG emissions, from 17,430 tCO<sub>2</sub>e in 2023 to 15,161 tCO<sub>2</sub>e in 2024.

Location-based emissions have decreased by 8.4% in 2024, compared to 2023. When normalised for gross revenue, market-based scope 1 and 2 emissions reduced 18.0%, from 36.2 tCO<sub>2</sub>e to 29.7 tCO<sub>2</sub>e per £m of revenue.



	2024			2023		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
<b>Scope 1 emissions – continuing operations</b>						
Combustion of fuel in any premises, machinery or equipment operated, owned or controlled by the Group						
<b>CO<sub>2</sub>e (tonnes)</b>						
Gas	4,488	371	4,859	4,807	485	5,292
Heating oil	429	—	429	1,070	460	1,530
Bio fuels	2	—	2	2	—	2
Diesel	6	163	169	—	—	—
Kero	707	—	707	—	—	—
LPG	32	66	98	49	186	235
Fuels consumed by Group-owned and leased vehicles, excluding business travel and employee commuting						
<b>CO<sub>2</sub>e (tonnes)</b>						
Diesel	102	23	125	73	76	149
LPG	—	—	—	—	25	25
Petroleum	3	191	194	2	217	219
The operation or control of any manufacturing process by the Group						
<b>CO<sub>2</sub>e (tonnes)</b>						
On-site waste incineration	25	133	158	23	225	248
Refrigerants discharged	74	224	298	2	211	213
<b>Total scope 1 emissions CO<sub>2</sub>e (tonnes)</b>	<b>5,868</b>	<b>1,171</b>	<b>7,039</b>	<b>6,028</b>	<b>1,885</b>	<b>7,913</b>
<b>Scope 2 emissions – continuing operations</b>						
<b>Total emissions CO<sub>2</sub>e (tonnes)</b>						
Electricity – location-based	2,655	10,984	13,639	2,483	12,174	14,657
Electricity – market-based	35	8,087	8,122	—	9,517	9,517
<b>Total scope 1 and 2 emissions – continuing operations</b>						
Location-based CO <sub>2</sub> e (tonnes)	8,523	12,155	20,678	8,511	14,059	22,570
Market-based CO <sub>2</sub> e (tonnes)	5,903	9,258	15,161	6,028	11,402	17,430
<b>Total energy consumption (MWh)</b>	<b>43,464</b>	<b>84,268</b>	<b>127,732</b>	<b>44,581</b>	<b>86,151</b>	<b>130,732</b>

We engaged ERM CVS to provide independent limited assurance of our 2021 total scope 1 and 2 market-based and our 2024 total scope 1 and total scope 2 location-based GHG emissions data as well as total scope 2 market-based GHG emissions data. Their Independent Assurance Report can be found on pages 14 to 15. The basis of reporting document can be found on the Group's website at [www.chemring.com/basisofreporting24](http://www.chemring.com/basisofreporting24).

	2024	2023
Total scope 1 and scope 2 emissions CO <sub>2</sub> e (tonnes) – location-based	20,678	22,570
Total scope 1 and scope 2 emissions CO <sub>2</sub> e (tonnes) – market-based	15,161	17,430
Group revenue (£m)	510.4	481.9
<b>Total CO<sub>2</sub>e (tonnes) per £m of revenue – location-based</b>	<b>40.5</b>	46.8
<b>Total CO<sub>2</sub>e (tonnes) per £m of revenue – market-based</b>	<b>29.7</b>	36.2

## ENERGY EFFICIENCY

In 2024, we continued the move to electrification of our operations and improved the energy efficiency of our operations with a 11.6% reduction of non-electrical energy coming from fossil fuels compared to 2023. We also made good progress in ensuring our electrical energy usage came from certified renewable energy sources, with an increase from 70% in 2023 to 78% in 2024.

Electrical Energy	UK	US	Norway	Australia	Total
Electricity	13,352	25,423	53,153	1,711	93,639
Renewable electricity	13,257	7,200	50,496	1,711	72,664
Percentage of electricity from renewable sources	99%	28%	95%	100%	78%
Total energy usage MWh	43,464	28,315	53,910	2,043	127,732

**SCOPE 3 CARBON EMISSIONS DATA COLLECTION**

This year, we have expanded the collection of a subset of scope 3 emissions in categories 1,3,4,5,6, and 7:

- **Category 1** Purchased goods and services; currently we collect data for water supply only.
- **Category 3** Energy and fuel-related activities.
- **Category 4** Upstream transportation and distribution.
- **Category 5** Waste generated in operations and waste disposal.
- **Category 6** Business travel.
- **Category 7** Employee commuting.

Category	Tonnes CO <sub>2</sub> e UK	Tonnes CO <sub>2</sub> e US, Norway, Australia	Tonnes CO <sub>2</sub> e Group total
1 Water supply	16	14	30
3 Energy and fuel-related activities	988	2,912	3,900
4 Upstream transportation and distribution	4,380	63	4,443
5 Waste generated in operations and waste disposal	21	252	273
6 Business travel	603	164	767
7 Employee commuting	617	1,454	2,071

We are reviewing the following categories and expect to start data collection during FY25:

Category	Coverage
1 Purchased goods and services	Global
2 Capital goods	Global

**PURPOSE IN ACTION****CHEMRING COUNTERMEASURES USA ACHIEVES 85% LANDFILL AVOIDANCE**

In 2023, the team at Chemring Countermeasures USA ("CCM USA") in Toone, Tennessee, reached an 85% landfill diversion rate. This exceeds their target of 75% landfill avoidance, largely due to the efforts of Willie Thomas, Environmental Manager, and his "Green Team". This means that 85% of the non-specialised waste generated at the site is now being diverted away from landfill to be reused, repurposed or recycled.

Over the past 12 months, CCM USA has undergone a significant transformation in terms of waste management with the support of Doxicom Global, a waste management consultancy based in Jackson, Tennessee.

Where there was once a waste compactor and a fleet of 32 8-yard skips, or dumpsters, there are now just two 8-yard skips at the Toone facility for the remaining 15% of waste. The other 85% of waste that would have gone to landfill is now diverted to be reused, repurposed or recycled.





## WATER CONSUMPTION

In 2024, we used a total of 941,294m<sup>3</sup> of freshwater. This is an increase from 2023 of 34,670m<sup>3</sup>; however, this increase in water use is due to increased production in Norway and Australia. The UK and US business units have made a significant combined reduction of 22.7% from 2023 usage through improved leak detection and the repair of water pipes.

None of our operations are in water-stressed regions as defined by the United Nations. Our Australian facility continues to collect and use rainwater that falls on the site for facility needs.

	2024			2023		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
<b>Freshwater (m<sup>3</sup>)</b>						
Freshwater use	170,866	770,428	941,294	236,288	670,336	906,624

## WASTE GENERATION

In 2024, to improve reporting accuracy and transparency we implemented a new recording system for waste collection. As a result, we have captured more data around our waste stream. This has resulted in an increase in our reported waste production across the business units. Of our waste production, only 14% was either sent to landfill or for incineration. This is a 21.3% reduction from 2023.

	2024			2023		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
<b>Waste (tonnes)</b>						
Recycled, non-hazardous	2,188	290	2,478	134	333	467
Recycled, hazardous	126	1,889	2,015	40	1,271	1,311
Not recycled, non-hazardous	4	387	391	176	335	511
Not recycled, hazardous	10	352	362	117	359	476
<b>Total waste (tonnes)</b>	<b>2,328</b>	<b>2,918</b>	<b>5,246</b>	467	2,298	2,765

At our Countermeasures & Energetics businesses, we generate unique waste which is often best managed by destroying it at on-site treatment facilities.

With respect to waste management there are two priority areas: the reduction of waste generation and the reduction of waste sent to landfill. To help improve in these areas we are engaging with our end destinations of waste to ensure it is processed and treated by the best available method, to ensure as little as possible goes to non-beneficial landfill. We aim to update our waste reduction plans as more detailed data from this engagement becomes available.

## LAND QUALITY

Our facility in Chicago, US, is located on a site which has "superfund" status under the US contaminated land regime. The business continues to work with consultants and the regulatory authorities to ensure that its legal obligations in relation to this matter are fully satisfied.

During the year, we incurred costs in connection with environmental remediation of the sites of the munitions businesses formerly owned by the Group in Belgium and Italy in accordance with the terms of sale of those businesses. The Group increased its provision by £6.4m in relation to environmental remediation for the site of the business formerly owned in Italy following progress in agreeing a remediation plan with the local regulator. This is included within disposal provisions of £14.6m as at 31 October 2024. The Group also carries a £3.3m (2023: £3.5m) provision in respect of other environmental liabilities, which the Board considers to be adequate (see note 24).



ERM Certification and Verification Services Limited (“ERM CVS”) was engaged by Chemring Group PLC (“Chemring”) to provide limited assurance in relation to the Selected Information set out below and presented in Chemring’s 2024 Sustainability Report (the “Report”).

ENGAGEMENT SUMMARY	
<b>Scope of our assurance engagement</b>	<p>Whether the 2021 and 2024 data for the following Selected Information, as indicated on page 11 of the Report, is fairly presented, in all material respects, in accordance with the reporting criteria.</p> <p><b>2021</b></p> <ul style="list-style-type: none"> <li>- Total Scope 1 and Scope 2 GHG emissions (market-based) tonnes CO<sub>2</sub>e</li> </ul> <p><b>2024</b></p> <ul style="list-style-type: none"> <li>- Total Scope 1 direct GHG emissions tonnes CO<sub>2</sub>e</li> <li>- Total Scope 2 indirect GHG emissions (location-based) tonnes CO<sub>2</sub>e</li> <li>- Total Scope 2 indirect GHG emissions (market-based) tonnes CO<sub>2</sub>e</li> </ul> <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.</p>
<b>Reporting periods</b>	<ul style="list-style-type: none"> <li>- 2021 (1 November 2020 – 31 October 2021)</li> <li>- 2024 (1 November 2023 – 31 October 2024)</li> </ul>
<b>Reporting criteria</b>	<ul style="list-style-type: none"> <li>- WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (2004, as updated January 2015) and GHG Protocol Scope 2 Guidance</li> <li>- Chemring’s Basis of Reporting as found on the Group’s website at <a href="http://www.chemring.com/basisofreporting24">www.chemring.com/basisofreporting24</a></li> </ul>
<b>Assurance standard and level of assurance</b>	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
<b>Respective responsibilities</b>	<p>Chemring is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information.</p> <p>ERM CVS’ responsibility is to provide a conclusion to Chemring on the agreed scope based on our engagement terms with Chemring, the assurance activities performed and exercising our professional judgement.</p>

## OUR CONCLUSION

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the data and information for the disclosures listed under ‘Scope’ above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

## EMPHASIS OF MATTER

Without affecting our conclusion, which is not modified, we draw attention to Chemring’s explanation in its Basis of Reporting around the disclosure of emission factors for the specific energetic materials. Consequently, ERM CVS was unable to assess the accuracy of GHG emission factors for on-site waste incineration materials (Scope 1). While Chemring considers emissions from on-site waste incineration materials immaterial to group totals, we draw attention to the possibility that if we had assessed the accuracy of the GHG emission factors for all on-site waste incineration materials, we may have identified errors in the assured information.

## OUR ASSURANCE ACTIVITIES

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the Selected Information;
- Interviewing management representatives responsible for managing the Selected Information;
- Interviewing relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the Selected Information;
- Reviewing of a sample of qualitative and quantitative evidence supporting the Selected Information at a corporate level;



- Performing an analytical review of the year-end data submitted by all locations included in the consolidated group data for the Selected Information which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- Conducting visits to Chester, USA and Lara, Australia sites to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

#### **THE LIMITATIONS OF OUR ENGAGEMENT**

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

#### **OUR INDEPENDENCE, INTEGRITY AND QUALITY CONTROL**

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Chemring in any respect.

17 December 2024

ERM Certification and Verification Services Limited  
[www.ermcv.com](http://www.ermcv.com) | [post@ermcv.com](mailto:post@ermcv.com)





The Task Force on Climate-related Financial Disclosures ("TCFD") establishes a number of recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change.

The Board notes the recommendations in relation to the mandatory disclosures of climate-related financial risk arising from Listing Rule 9.8.6(8) and has concluded that the business strategy is of Intermediate Resilience given the mitigations already implemented and planned.

We consider our disclosure to be consistent with the Climate-related Financial Disclosures ("CFD") and all the TCFD Recommendations and Recommended Disclosures including section C of the 2021 TCFD Annex entitled "Guidance for All Sectors" and section E of the TCFD Annex entitled "Supplemental Guidance for Non-Financial Groups" excluding full completeness of scope 3 emissions (we currently report several

categories in scope 3 but not all). We are continuing to embed the relevant capabilities across the organisation to track and disclose the complete data sets and metrics. In 2025, we will continue to develop our reporting of all scope 3 categories.

Our statement to meet these requirements, providing information on the governance of climate-related issues, integration with overall risk management, strategy in managing climate-related issues and opportunities, and metrics to measure progress towards our targets, is set out on the following pages.

We are developing our Net Zero Transition Plan in line with the latest industry guidance from the Transition Plan Taskforce ("TPT"). It is important to highlight that the guidance is still evolving and our industry is ever changing to align with global climate change goals and commitments. As such, our Net Zero Transition Plan is not finalised and we will continue to build and refine it to ensure that it fully addresses the latest industry guidance. We intend to share our Transition Plan in our annual report in 2025. We will update the Net Zero Transition Plan every three years and report progress on our climate targets annually through our annual report.

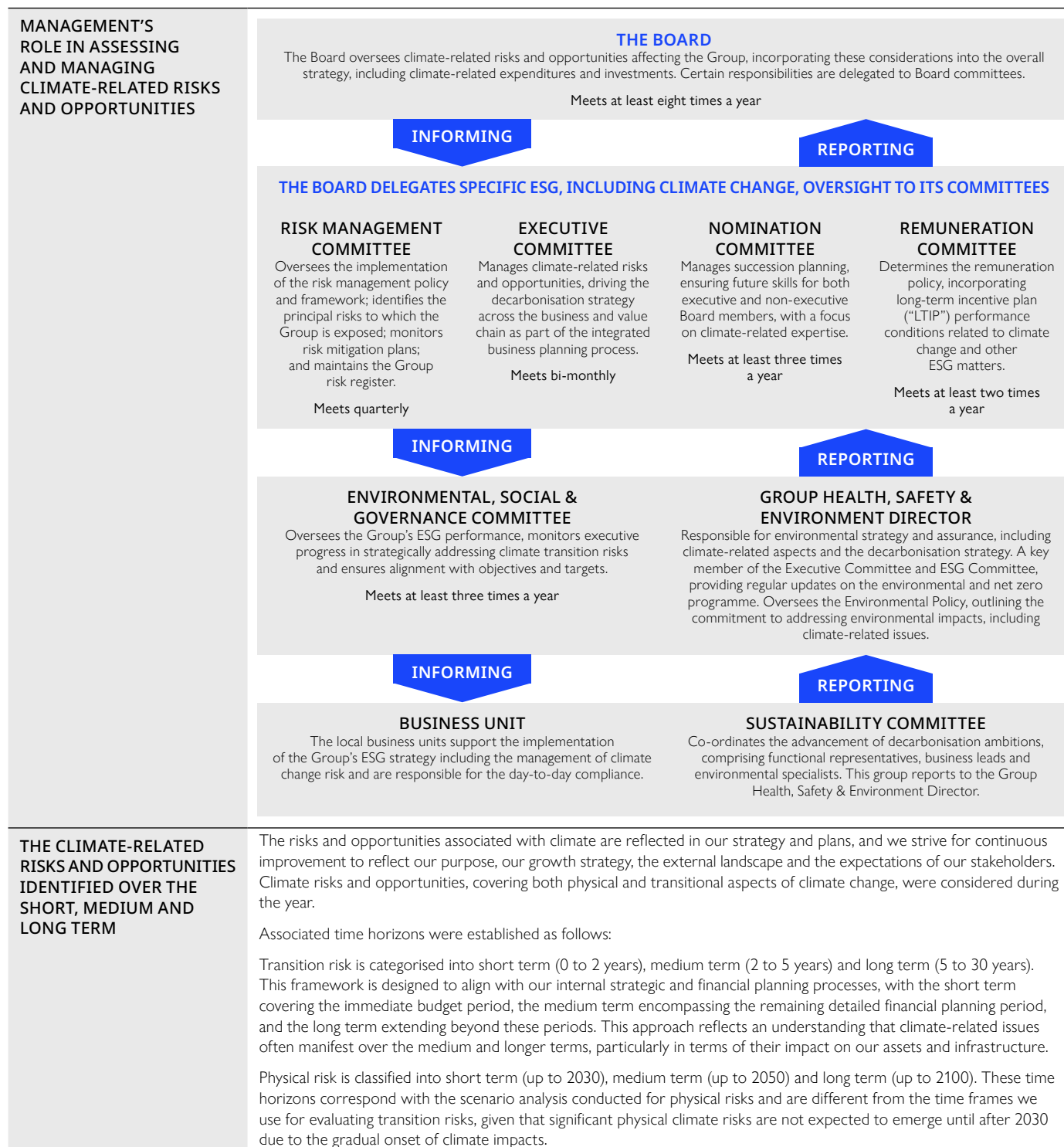
## GOVERNANCE

<p><b>BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES</b></p>	<p>The Board is responsible for overseeing climate-related risks and opportunities in delivering the Group's strategy and running the Group's operations. The Group Chief Executive is the Board director responsible for sustainability across the Group which includes climate-related risks and opportunities. The Board reviews the Group risk register as a scheduled agenda item every six months, in which both physical and transitional climate-related risks and opportunities are considered. Progress of our decarbonisation strategy is embedded within our senior executives' remuneration.</p> <p>The ESG Committee ensures that appropriate climate and environmental systems are in place and incentives are set as necessary to aid the reduction in the Group's environmental impact. Other elements, including associated action plans, capital expenditure and budgeting and financial planning related to targets, are overseen and reviewed by the Board.</p> <p>&gt; <b>FURTHER DETAIL INCLUDED IN THE ANNUAL REPORT AND ACCOUNTS 2024</b></p> <p>During 2024, the Board and the ESG Committee continued to receive updates on the development of our net zero targets, aiming for scope 1 and 2 by 2035 and scope 3 by 2050. They also reviewed initiatives to increase the usage of green energy sources, reduce energy consumption and enhance energy efficiency, alongside improvements in the Group's capability to monitor and measure carbon emissions, with a focus on better data quality and transparency for reporting.</p> <p>The Board recognises that to meet our net zero goals we need to have a more robust and developed system to ensure accurate data collection and monitoring, as well as strong working relationships with our supply chain.</p> <p>&gt; <b>FURTHER DETAIL ON PAGES 4 TO 7</b></p>
<p><b>MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES</b></p>	<p>The Group ESG Committee (consisting of members of the Group's Executive Committee) facilitates and ensures a centralised approach to sustainability across all our businesses. The Committee is chaired by the Group Chief Executive and has oversight of all the Group's ESG-related activity including that of assessing and managing climate-related risks and opportunities.</p> <p>&gt; <b>FURTHER INFORMATION ON OUR GOVERNANCE STRUCTURE CAN BE FOUND IN THE ANNUAL REPORT AND ACCOUNTS 2024</b></p> <p>The Group Chief Executive, informed by the ESG Committee, is responsible for ensuring that the Board is updated regularly on all key matters including the impact of climate-related issues. Members of the ESG Committee are informed through their respective departments on matters relevant to climate-related issues.</p> <p>Executive directors and members of the senior leadership team within the Group are incentivised to achieve the Group's carbon reduction targets through their annual bonus and long-term incentive plan as detailed in the directors' remuneration report.</p> <p>The organisational structure is further detailed opposite, highlighting the reporting process from local business units to the Board, ensuring that climate-related risks are effectively communicated and managed.</p>



## STRATEGY

### CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM AND LONG TERM





## STRATEGY continued

## CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM AND LONG TERM continued

<b>THE IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON CHEMRING'S BUSINESSES, STRATEGY AND FINANCIAL PLANNING</b>	<p>From this analysis, we have identified key risks and opportunities with potential material financial impacts. The Group is committed to managing regulatory, reputational and market risks related to climate change, which are integrated into our financial planning processes. Our capital allocation considers capex for climate initiatives, ensuring alignment with our sustainability objectives and transition process. Climate-related issues can influence both revenues and costs, and we continuously assess their effects on our operations and long-term strategies. This assessment guides our sustainability strategy and aligns our financial planning with our climate objectives, enabling us to effectively respond to emerging risks and take advantage of opportunities during the transition to a low-carbon economy.</p> <p>We have set net zero targets that drive efficiency, innovation and collaboration across the Group. Recognising that our supply chain emissions will be significantly larger than scope 1 and 2 emissions, we aim to monitor and collaborate with suppliers to reduce scope 3 emissions by 2050.</p> <p>Our strategy to reduce carbon emissions encompasses material climate-related risks and opportunities that have the potential to impact our business model and strategy over the short, medium and long term taking into consideration our assets and infrastructure.</p> <p>In the short to medium-term, the resources allocated for achieving our net zero commitment are integrated into our ongoing operational budgets and planned capital expenditures. While some projects set for the medium and long term may fall outside our current capital expenditure framework and will necessitate additional funding, which we have yet to finalise, we are confident that our immediate actions to lower emissions will align with our strategic goals.</p> <p>This approach reflects our commitment to ensuring that climate-related considerations are integrated into our financial planning processes, prioritising risks and opportunities in a way that accounts for their interconnected nature and supports Chemring's long-term value creation.</p> <p>Details of the principal risks and uncertainties which could have a material impact on the Group's business model, strategy, future performance or reputation, of which climate change has been identified as a risk, are covered in the principal risks and uncertainties section in the Annual report and accounts 2024.</p> <p>&gt; <b>CLIMATE-RELATED RISKS AND OPPORTUNITIES ARE OUTLINED IN MORE DETAIL ON PAGES 20 TO 23</b></p>				
<b>THE RESILIENCE OF CHEMRING'S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO</b>	<p>The Group uses climate-related scenario analysis to improve understanding of the behaviour of certain risks given different climate outcomes. In 2024, we revisited our scenario analyses and updated our public climate-related scenarios which we deem to be reliable and related to our business operations to aid our understanding of the business' resilience to climate change. The scenarios are as follows:</p> <table border="1"> <thead> <tr> <th>Physical scenarios</th><th>Transition scenarios</th></tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>- RCP 2.6<sup>2</sup>, a stringent mitigation scenario, where global temperature rise is less than 2°C relative to the pre-industrial period (1850-1900) by 2100.</li> <li>- RCP 8.5<sup>2</sup>, an extreme physical risk scenario, where global temperatures rise between 4.1 and 4.8°C by 2100.</li> </ul> </td><td> <ul style="list-style-type: none"> <li>- Net Zero 2050 ("NZE")<sup>1</sup>, outlining a pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050, which limits the global temperature rises to 1.5°C by 2100, with 50% probability.</li> <li>- Stated Policies ("STEPS")<sup>1</sup>, outlining a combination of physical and transition risk impacts as temperatures rise by 2.6°C by 2100, with 50% probability.</li> </ul> </td></tr> </tbody> </table> <p>Scenarios have been supplemented with additional sources that are specific to each risk to inform assumptions included in projections. The Group continues to refine its approach to quantitative aspects of this modelling and will report further information as this develops.</p> <p>Assumptions have been made as part of this scenario analysis:</p> <ul style="list-style-type: none"> <li>- Chemring will have the same business activities that are in place today, which means impacts should be considered in the context of the current financial performance, prices and operational locations.</li> <li>- Impacts are assumed to occur without the Company responding with any mitigation actions, which would reduce the impact of risks.</li> <li>- The analysis considered each risk and scenario in isolation, when in practice they may occur in parallel as part of a wider set of potential global impacts.</li> <li>- Carbon pricing was informed by the World Energy Outlook 2024 report from the International Energy Agency ("IEA").</li> </ul> <p>&gt; <b>RESULTS OF THE SCENARIO ANALYSIS ARE OUTLINED ON PAGES 18 TO 24</b></p>	Physical scenarios	Transition scenarios	<ul style="list-style-type: none"> <li>- RCP 2.6<sup>2</sup>, a stringent mitigation scenario, where global temperature rise is less than 2°C relative to the pre-industrial period (1850-1900) by 2100.</li> <li>- RCP 8.5<sup>2</sup>, an extreme physical risk scenario, where global temperatures rise between 4.1 and 4.8°C by 2100.</li> </ul>	<ul style="list-style-type: none"> <li>- Net Zero 2050 ("NZE")<sup>1</sup>, outlining a pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050, which limits the global temperature rises to 1.5°C by 2100, with 50% probability.</li> <li>- Stated Policies ("STEPS")<sup>1</sup>, outlining a combination of physical and transition risk impacts as temperatures rise by 2.6°C by 2100, with 50% probability.</li> </ul>
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1. IEA (2024), World Energy Outlook, IEA, Paris, [www.iea.org/reports/world-energy-outlook-2024](http://www.iea.org/reports/world-energy-outlook-2024).

2. IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.



## RISK MANAGEMENT

ALL BUSINESS UNITS ARE REQUIRED TO ASSESS RISK IN RELATION TO THE DELIVERY OF THEIR STRATEGY AND OBJECTIVES, WITH CLIMATE-RELATED RISKS FORMING PART OF THIS CONSIDERATION

<b>CHEMRING'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS</b>	<p>Current and emerging climate-related risks and opportunities are considered, whether they arise within the Group's operations or within the value chain, including existing and emerging regulations. In 2024, climate risks and opportunities relevant to the Group were reviewed with the aid of external consultants. The Munich Re Location Risk Intelligence Tool has been used to assess current and potential future physical climate-related risks facing the Group's sites and key suppliers. We have assessed potential physical risks, both acute and chronic, at all Group sites. The financial impact of each site was considered to determine the materiality of identified risks to specific sites. These risks and opportunities were then refined through consultation with key Chemring personnel.</p> <p>Risks and opportunities were assessed in line with the Group's methodology to assess principal risks. A probability and impact matrix defines the likelihood of the risk, based on historical evidence or experience of similar consequences materialising. The likelihood categories are classified as Very Unlikely, Unlikely, About as Likely as Not, Likely, Very Likely, or Virtually Certain. The magnitude of impact is classified as Low, Medium-Low, Medium, Medium-High or High, and, where possible, a single figure estimate for the financial impact was calculated. In addition, the Group's overall resilience was evaluated based on its capacity to withstand and recover from potential climate-related risks. The Group's resilience is rated as Basic, Intermediate, Advanced or Exemplary.</p>
<b>CHEMRING'S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS</b>	<p>Once each climate-related risk and opportunity was identified, the Group sought to quantify the financial impact, the appropriate strategic response and the cost of implementing the mitigations. This process includes considering the long-term impacts arising from the risks identified on our products and services. This in turn helped to determine the materiality, allowing the Group to prioritise resources to manage its most significant climate-related impacts, determine the best management response or highlight areas requiring further investigation. All of the Group's climate change risks and opportunities are covered by existing or planned mitigation and adaptation strategies. Further detail is set out in the principal risk and uncertainties section in the Annual report and accounts 2024.</p>
<b>PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS INTEGRATED INTO CHEMRING'S OVERALL RISK MANAGEMENT</b>	<p>Climate is considered as a Group principal risk alongside the risks identified in the wider risk management process. This ensures climate-related risks are integrated into the Group's overall enterprise risk management framework.</p> <p>The management of each business is responsible for the identification, management and reporting of local risks, in accordance with the Group's risk management framework.</p> <p>The Risk Management Committee meets quarterly and, utilising the input from the business risk registers and the US risk register, identifies those principal risks which are material to the Group as a whole. The climate-related risks were reviewed by the Board during the financial year.</p>





## RISK MANAGEMENT continued

ALL BUSINESS UNITS ARE REQUIRED TO ASSESS RISK IN RELATION TO THE DELIVERY OF THEIR STRATEGY AND OBJECTIVES, WITH CLIMATE-RELATED RISKS FORMING PART OF THIS CONSIDERATION continued

RATING SYSTEM FOR IMPACT	RATING SYSTEM FOR LIKELIHOOD	RESILIENCE RATING
<b>LOW IMPACT</b> Climate-related risks or opportunities expected to have minimal impact on financial performance, resilience, reputation or strategic direction. Limited financial consequences, manageable disruptions or low exposure.	<b>VERY UNLIKELY</b> Extremely low probability that the risk or opportunity will ever occur.	<b>BASIC RESILIENCE</b> Limited formalised resilience strategies, reactive approach to challenges, and basic contingency planning of climate-related risks and opportunities, with limited integration into overall financial strategy.
<b>MEDIUM-LOW IMPACT</b> Minor risks or opportunities with small financial consequences or operational challenges that are easily addressed. Minimal effect on resilience, reputation or strategy.	<b>UNLIKELY</b> The risk or opportunity is theoretically possible, but with a low probability and/or no record of having occurred in the industry.	<b>INTERMEDIATE RESILIENCE</b> Defined resilience strategies addressing key risks, proactive measures in place, and a moderate level of integration with business operations, with a clear assessment of climate impacts on the business and integration into strategic planning.
<b>MEDIUM IMPACT</b> Risks or opportunities that could noticeably affect financial performance, resilience, reputation or strategy. May lead to moderate financial consequences or disruptions. Medium-impact opportunities can contribute meaningfully to Chemring's performance.	<b>ABOUT AS LIKELY AS NOT</b> Foreseeable risk or opportunity, neutral probability.	<b>ADVANCED RESILIENCE</b> Robust resilience strategies incorporating comprehensive risk assessments, proactive adaptation strategies, and strong integration with overall business strategies and a deep understanding of climate-related risks and opportunities, well integrated into financial decision-making processes, and a commitment to continuous improvement in line with evolving standards.
<b>MEDIUM-HIGH IMPACT</b> Risks or opportunities that could significantly impact financial performance, resilience, reputation or strategy. May result in substantial financial consequences or operational disruptions. Medium-high opportunities can drive strategic improvements.	<b>LIKELY</b> Risk or opportunity is probable and/or has occurred more than once in the industry.	<b>EXEMPLARY RESILIENCE</b> Industry-leading resilience strategies, transparency, comprehensive scenario analysis, proactive adaptation strategies, and a demonstrated commitment to driving positive climate impacts with continuous improvement, innovation in risk management, and a company-wide culture that prioritises adaptability and anticipates emerging challenges. Setting a benchmark for best practices in TCFD reporting.
<b>HIGH IMPACT</b> Major risks or opportunities posing a substantial threat or benefit to financial performance, resilience, reputation or strategy. May cause severe financial consequences or disruptions. High-impact opportunities could transform Chemring's strategy and performance.	<b>VERY LIKELY</b> Risk or opportunity has occurred or has a strong probability of occurring and/or there has been a history of occurrence within the industry.	
	<b>VIRTUALLY CERTAIN</b> Risk or opportunity expected to occur and/or is common within the industry.	

## CLIMATE-RELATED RISKS

Risk type	Description	Mitigation	
<b>RISK: EXTREME WEATHER EVENTS</b>			
<b>Physical</b> Acute	<p>Extreme weather events resulting from tornadoes, hail, flood, lightning and storms, etc. will be intensified by climate change, having the potential to impact Chemring's operations, the effects of which are felt by their communities on an economic and social level.</p> <p>Extreme weather events can cause disruption to supply chains across the globe as well as physical damage to Chemring's facilities and could result in disruption to production and product delivery and impact overall revenue. Such events also endanger Chemring's personnel, who are a fundamental priority to protect.</p> <p>Current risks associated with hail, tornadoes, lightning and flooding are localised to Chemring's US sites. Projections indicate that the risk of flooding is expected to stay consistent under both RCP 2.6 and RCP 8.5 scenarios through to 2100. Storm risks are primarily localised to UK sites, where they are expected to have a low impact on operations.</p>	<p>Operations identified as at risk of flooding from extreme weather events have undergone drainage improvements and stormwater management upgrades. Across key sites, permeation basins and improved drainage systems have been implemented to manage stormwater more effectively and reduce flood risks.</p> <p>The Company is also evaluating energy supply to facilities potentially affected by extreme weather, aiming to implement backup power systems for safe shutdowns in case of power loss. All sites operate emergency generators.</p> <p>Weather monitoring and forecast updates support thunderstorm procedures and the use of lightning protection systems, including lightning rods and warning systems, across high-risk locations to protect infrastructure and minimise disruptions.</p> <p>Wind speed monitoring at burn grounds helps mitigate risk by ensuring safe operating conditions, protecting both personnel and infrastructure.</p> <p>Chemring business units manage supply issues related to unforeseen environmental risks by assessing supply chain sustainability and ensuring alternative suppliers for key parts and services are available.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Area:</b> Own operations/ Upstream</p> <p><b>Primary potential financial impact:</b> Loss of revenue</p> <p><b>Time horizon:</b> Short-term</p> <p><b>Likelihood:</b> Very Likely</p> <p><b>Magnitude of impact:</b> Medium-Low</p> <p><b>Resilience rating:</b> Intermediate</p>



Risk type	Description	Mitigation	
<b>RISK: EXTREME TEMPERATURE FLUCTUATIONS</b>			
<b>Physical</b> Chronic	<p>Extreme temperature fluctuations, including heat stress and cold stress, have the potential to disrupt Chemring's operations. These conditions can impair people-driven processes and strain infrastructure like cooling systems and burn grounds. These impacts could result in delays to production and delivery.</p> <p>Temperature extremes also pose risks to employee safety, with protecting personnel being a top priority.</p> <p>Cold stress remains a current challenge, with infrastructure damage leading to site closures, but future risks are primarily centred on increasing heat stress. Current cold stress risks are associated with Chemring's US and Norway sites. Future projections indicate a decreased risk as cold stress is a progressively declining hazard under both RCP 2.6 and 8.5. Heat stress risks are presently based in the US, with projections under RCP 2.6 indicating this risk will remain stable. However, under the more severe RCP 8.5 scenario, this risk is expected to extend to Chemring's Australia site by 2100.</p>	<p>Sites vulnerable to extreme temperature fluctuations have introduced a range of mitigations to protect critical infrastructure, maintain operational continuity and prioritise employee safety.</p> <p>For cold stress, measures include enhanced pipe insulation, temperature-controlled storage and heat-traced external piping. Routine inspections are conducted to address cold-vulnerable equipment.</p> <p>To manage heat stress, HVAC upgrades are underway to meet rising cooling demands. Burn ground operations are restricted during extreme heat or low-humidity conditions, reducing associated risks. Regular burn ground maintenance and vegetation control are conducted at key sites.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Area:</b> Own operations</p> <p><b>Primary potential financial impact:</b> Loss of revenue</p> <p><b>Time horizon:</b> Short-term (cold), short to long-term (heat)</p> <p><b>Likelihood:</b> Very Likely</p> <p><b>Magnitude of impact:</b> Low</p> <p><b>Resilience rating:</b> Intermediate</p>
<b>RISK: PRECIPITATION STRESS</b>			
<b>Physical</b> Chronic	<p>Precipitation stress risk can disrupt supply chains and impact overall operational efficiency. Increased rainfall can lead to flooding, causing physical damage to facilities and hindering production capabilities. Precipitation stress can also affect transportation routes, resulting in production and product delivery disruption.</p> <p>Current precipitation stress risks are associated with Chemring's US sites. Future projections show that under RCP 8.5, this risk will spread to the UK, while under RCP 2.6, the risk remains steady in the US.</p>	<p>Sites vulnerable to flash flooding have undergone drainage improvements and stormwater management upgrades to manage heavy rainfall and reduce risks associated with increased precipitation. In the UK, rainwater interception and soakaway systems are in place to divert water from key facilities.</p> <p>A climate change action plan is being developed to identify and address risks from natural hazards, including measures to prevent, correct and mitigate impacts related to increased rainfall.</p> <p>Chemring business units manage supply issues related to unforeseen environmental risks by assessing supply chain sustainability and ensuring alternative suppliers for key parts and services are available.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Area:</b> Own operations/ Upstream</p> <p><b>Primary potential financial impact:</b> Loss of reputation, market share and revenue</p> <p><b>Time horizon:</b> Short to long term</p> <p><b>Likelihood:</b> Very Likely</p> <p><b>Magnitude of impact:</b> Medium-Low</p> <p><b>Resilience rating:</b> Intermediate</p>

## WILDFIRES

Wildfires are not considered a risk at the Group level, but we acknowledge the potential for low-impact incidents at our Australia site. We have launched an enhanced vegetation management programme to trim and remove potential wildfire hazards around our Australian operations. We are also aware of local mitigation efforts, such as planned burns.

## OVERALL PHYSICAL RISK IMPACTS SPLIT BY GEOGRAPHIC REGION AND SCENARIO ANALYSED

Scenario	Operational location					
	Australia	Norway	UK	North America	Upstream	Downstream
RCP 2.6	Low impact	Low impact	Low impact	Medium impact	Low impact	Low impact
RCP 8.5	Low impact	Low impact	Low impact	High impact	Low impact	Low impact

■ Low impact  
■ Medium impact  
■ High impact



## CLIMATE-RELATED RISKS continued

Risk type	Description	Mitigation	
<b>RISK: SHIFT TO LOW-CARBON TECHNOLOGIES</b>			
<b>Transition</b> Technology	<p>Climate-related requirements are changing in key customer procurement contracts; Chemring may face challenges in upgrading its capability development, transferring new technologies and maintaining efficient manufacturing process.</p> <p>Adopting low-carbon technologies will likely require significant capital expenditure to upgrade production facilities and integrate green technologies. There is also the potential for contract loss if Chemring is unable to meet sustainability requirements. The disposal or write-off of older assets may further increase costs, and the need for workforce retraining could impact operations.</p> <p>Under the NZE scenario, Chemring will need to accelerate investment in low-carbon technologies by 2035 to remain competitive, focusing on green manufacturing and energy efficiency. The STEPS scenario allows for a more gradual transition, reducing the pressure on short-term capital investment while maintaining ongoing operations.</p>	<p>Chemring is actively monitoring government and customer priorities regarding technology roadmaps and climate-related procurement standards. The Group is involved in an industry working group to address these requirements and has developed a long-term transition plan to achieve net zero emissions by 2050.</p> <p>Additionally, close relationships with customers are maintained to facilitate effective risk management and long-term planning.</p> <p>Future procurement decisions may focus on the sustainability of a supplier's business operations, for which Chemring has an internal transitional plan for becoming a net zero organisation by 2050.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Area:</b> Own operations/ Downstream</p> <p><b>Primary potential financial impact:</b> Higher capex expenditure, loss of revenue</p> <p><b>Time horizon:</b> Medium to long-term</p> <p><b>Likelihood:</b> About as Likely as Not</p> <p><b>Magnitude of impact:</b> Low</p> <p><b>Resilience rating:</b> Intermediate</p>
<b>RISK: EXPOSURE TO LITIGATION</b>			
<b>Transition</b> Legal	<p>Chemring faces increasing risks of litigation related to environmental non-compliance or failure to meet emissions targets as regulation tightens. There is also the possibility of legal action from stakeholders if the Group's environmental practices are perceived as inadequate or harmful.</p> <p>Litigation could result in significant financial penalties and legal costs. There is also a risk of reputational damage that could harm relationships with key customers and stakeholders. Any disruptions caused by legal action may affect ongoing operations and contract fulfilment.</p> <p>Under the NZE scenario, the risk of litigation is higher in the short term due to stricter regulatory enforcement aimed at accelerating the energy transition. Over time, compliance measures are expected to reduce this risk. In the STEPS scenario, regulatory changes are more gradual, resulting in lower short-term litigation risks, but with potential longer-term exposure as regulations continue to evolve in response to energy security and emissions targets.</p>	<p>Chemring conducts regular HSE audits and emissions monitoring to ensure compliance with relevant standards.</p> <p>Enhanced tracking systems are in place for accurate reporting of environmental data, and employee training and environmental awareness initiatives reinforce adherence to regulations.</p> <p>By maintaining a strong governance framework and continually updating its environmental policies, Chemring seeks to minimise the risk of litigation. Transparent reporting and sustainability practices are key to mitigating reputational risks.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Area:</b> Own operations/ Upstream</p> <p><b>Primary potential financial impact:</b> Increase in costs, loss of reputation</p> <p><b>Time horizon:</b> Short to medium-term</p> <p><b>Likelihood:</b> About as Likely as Not</p> <p><b>Magnitude of impact:</b> Low</p> <p><b>Resilience rating:</b> Intermediate</p>



## CLIMATE-RELATED OPPORTUNITIES

Opportunity type	Description	Opportunity																	
<b>OPPORTUNITY: RESOURCE EFFICIENCY</b>																			
<b>Resource efficiency</b>	<p>Improvements in both product and energy efficiency will help reduce waste, operational costs and CO<sub>2</sub>e emissions across Chemring's facilities.</p> <p>Efficiency efforts focus on using the best available technology for operations and continuous monitoring and maintenance of facilities. Initiatives such as upgrading building facilities and implementing LED lighting retrofits reduce direct energy costs, with further efficiency plans in place for future savings.</p> <p>In the NZE scenario, Chemring's commitment to resource efficiency aligns with stricter sustainability targets, providing a strategic advantage as customers increasingly favour suppliers demonstrating strong resource efficiency. Under the STEPS scenario, while the pressure to implement energy-efficient initiatives may be lower due to less stringent policy changes, Chemring can still capitalise on cost savings and operational improvements.</p>	<p>Chemring sees opportunities for future expansion or development to incorporate energy-efficient methods like heat pumps, advanced HVAC systems and LED lighting.</p> <p>This opportunity is largely unaffected by external policy shifts, as financial savings from resource efficiency improvements are already planned and underway.</p> <p>No strategic change required, continued monitoring and analysis as per normal operations.</p>	<p><b>Primary potential financial impact:</b> Reduction in cost</p> <p><b>Time horizon:</b> Short to medium-term</p> <p><b>Likelihood:</b> Likely</p> <p><b>Magnitude of impact:</b> Low</p> <p><b>Resilience rating:</b> Intermediate</p>																
<b>OPPORTUNITY: LOW-EMISSIONS ENERGY</b>																			
<b>Energy source</b>	<p>With the growing availability and decreasing cost of renewable energy, Chemring can benefit from procuring renewable energy for its sites.</p> <p>This would reduce both the Group's exposure to volatile fossil fuel prices and its greenhouse gas emissions. By shifting away from fossil fuels, Chemring lowers its sensitivity to carbon pricing and improves its sustainability profile.</p> <p>In the NZE scenario, transitioning to renewable energy is essential for meeting global decarbonisation goals by 2050, and Chemring's strategic shift to renewable sources will safeguard against rising carbon costs. In the STEPS scenario, while the transition to renewables may be more gradual, Chemring's plans will still yield benefits in terms of cost reduction and emissions management, enabling the Group to adapt effectively to changing market conditions.</p> <p>The carbon price (US\$/tCO<sub>2</sub>e) is projected to increase as follows:</p> <table> <tr> <th>Scenario</th><th>2030</th><th>2040</th><th>2050</th></tr> <tr> <td>STEPS</td><td>126</td><td>126</td><td>126</td></tr> <tr> <td>NZE 2050</td><td>140</td><td>205</td><td>250</td></tr> <tr> <td>Difference</td><td>11%</td><td>63%</td><td>98%</td></tr> </table>	Scenario	2030	2040	2050	STEPS	126	126	126	NZE 2050	140	205	250	Difference	11%	63%	98%	<p>Chemring has a significant opportunity to prioritise the procurement of renewable energy sources, such as solar and wind power, throughout its operations. By focusing on on-site renewable energy generation, Chemring can reduce operational costs and enhance sustainability. Future developments will emphasise the implementation of renewable solutions and energy-efficient technologies, including heat pumps and advanced insulation, to further decrease overall energy consumption and support the Group's long-term business goals.</p> <p>By adopting an internal carbon price, the Group can assign a monetary value to its greenhouse gas emissions. This will enable better integration of these costs into investment decisions and daily operations, while also promoting the use of on-site renewable energy generation where appropriate.</p> <p>Strategic change required incorporating an internal carbon price assigns a monetary value to greenhouse gas emissions, empowering business units to integrate this cost into investment decisions and daily operations.</p>	<p><b>Primary potential financial impact:</b> Reduction in cost</p> <p><b>Time horizon:</b> Short to medium-term</p> <p><b>Likelihood:</b> Very Likely</p> <p><b>Magnitude of impact:</b> Low</p> <p><b>Resilience rating:</b> Basic</p>
Scenario	2030	2040	2050																
STEPS	126	126	126																
NZE 2050	140	205	250																
Difference	11%	63%	98%																





## METRICS AND TARGETS

### METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH CHEMRING'S STRATEGY AND RISK MANAGEMENT PROCESS WITH CLIMATE-RELATED RISKS FORMING PART OF THIS CONSIDERATION

<b>METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH STRATEGY AND RISK MANAGEMENT PROCESS</b>	<p>Chemring uses a range of metrics to assess climate-related risks and opportunities, aligned with its strategy and risk management process. These metrics cover GHG emissions (scopes 1, 2, and relevant scope 3), energy consumption, water use and waste generation.</p> <p>Executive remuneration is tied to achieving carbon reduction goals through annual bonuses and the long-term incentive plan, ensuring accountability for climate performance.</p> <p>The Group reports energy consumption and GHG emissions according to the GHG Protocol and SECR, tracking KPIs like energy efficiency and emissions intensity.</p> <p>Climate scenario analysis informs Chemring's strategy, with supporting metrics integrated into risk management and strategic planning to monitor its business environment.</p> <p>Further environmental metrics, including freshwater use and waste, are disclosed on page 13. Chemring continually improves data accuracy, reporting and tracking, with historical trends and forward-looking projections provided for long-term planning.</p>
<b>SCOPE 1, 2 AND, IF APPROPRIATE, 3 GHG EMISSIONS AND THE RELATED RISKS</b>	<p>Chemring monitors and reports scope 1 and 2 GHG emissions in line with the GHG Protocol. Scope 1 emissions are primarily from natural gas used in manufacturing and heating, while scope 2 comes from purchased electricity. Relevant scope 3 emissions are tracked, with further expansion planned as part of our commitment to improving scope 3 data collection and reporting.</p> <p>In 2024, Chemring reduced market-based scope 1 and 2 emissions from 17,430 tCO<sub>2</sub>e in 2023 to 15,161 tCO<sub>2</sub>e, driven by energy efficiency initiatives, facility upgrades, and increased use of renewable electricity via REGO and REC certificates. scope 3 emissions data will continue to evolve as data collection improves, with key categories outlined in the report on page 10.</p>
<b>CHEMRING'S TARGETS FOR MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS</b>	<p>Chemring has set ambitious climate targets, committing to net zero scope 1 and 2 emissions by 2035 (market based) and net zero by 2050. These targets align with the Group's sustainability strategy and global climate goals.</p> <p>Year-on-year reduction targets for scope 1 and 2 emissions are supported by efficiency measures, green fuel adoption and increased renewable energy usage. Chemring tracks progress through intensity ratios, such as tCO<sub>2</sub>e per £1m of revenue, reporting a 18.0% reduction in emissions intensity in 2024, from 36.2 tCO<sub>2</sub>e per £1m of revenue to 29.7 tCO<sub>2</sub>e.</p> <p>To further reduce its environmental impact, Chemring is implementing initiatives like upgrading heating and lighting systems, replacing traditional lighting with LED technology, and trialling electric vehicles. Progress is regularly reviewed by the ESG Committee and reported to the Board.</p> <p>Chemring's long-term targets meet regulatory requirements and market expectations, positioning the Group to capitalise on opportunities in the transition to a low-carbon economy. Performance against these targets is monitored with clear KPIs, and methodologies for calculating these targets are outlined in the Group's reporting framework.</p> <p>&gt; EMISSIONS TARGETS FOR THE GROUP ARE OUTLINED ON PAGE 10</p>



# Investing to grow

At Chemring, our people are at the heart of everything we do and are key to our organisation's growth strategy. We invest in our people at all levels, across every location and function. This focus ensures we have the right people enabled to perform and support our growth plans.

Our talent markets continue to be challenging, with the expectations of colleagues to have a best-in-class employee experience at Chemring. Although inflationary pressures are easing across our key markets, the cost of living challenge remains for our colleagues. We pay competitively and offer purposeful and impactful careers which support our customers and the end users of our products and services.

## OUR OVERALL PEOPLE APPROACH IS FOCUSED ON FIVE KEY AREAS:

1.

Having the right people ready to perform

2.

An understanding of our talent pipelines

3.

Clear leadership and capability development programmes

4.

A focus on the engagement and retention of our people

5.

An underpinning of diversity, equity & inclusion in everything we do through our culture at Chemring



## CHEMRING CULTURE

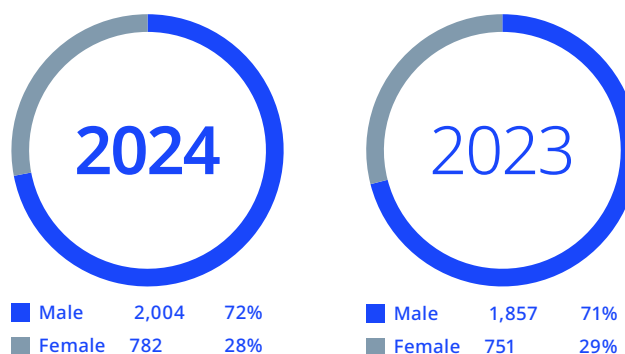
We are proud of our values-based culture and the areas of Safety, Excellence and Innovation are the focus of everything we do. As a group of companies we leverage value through embracing what ties us together and respecting what differentiates us. Our principle of Global Voice, Local Accent defines the approach to investing in our people to bring the best of our corporate programmes whilst ensuring our business units bring their local unique customs and practices to engage and empower the workforce.

## OUR POPULATION

Our business units each have an individual focus on the skills and talent they need, as well as a clear understanding of their local talent markets, and, with that, a focus on building a truly diverse workforce. Chemring strives for diversity on a broad basis including gender, age, background, education, disability, neurodiversity and nationality (within the constraints of our regulatory requirements) and this diversity brings a more agile, engaged and higher-performing workforce.

Gender diversity is one measure that we monitor throughout our population and programmes. Our total global population in 2024 was:

## TOTAL POPULATION:





## World Wellbeing Week 2024



**Chemring**  
Innovating to protect

### PURPOSE IN ACTION

#### ENHANCING EMPLOYEE WELLBEING AT CHEMRING

In 2024, Chemring embarked on a mission to improve employee wellbeing, recognising its critical role in fostering a productive and engaged workforce. The initiative aimed to address various aspects of employee health, including mental, physical and emotional wellbeing.

During World Wellbeing Week in June, our Countermeasures and Energetics businesses in the UK held bake sales in support of local charities. Not only are these events a great social opportunity to get colleagues together and enjoy some cake and conversation, they also offer the chance to raise some essential funds for others in need.

Colleagues in our Roke business chose to set gruelling exercise goals of cycling, walking and running 1,000km which have led to permanent and healthy changes in lifestyle. One colleague commented: "I ride into work at least twice a week, spend way more time outside, and I am fitter than I've ever been. I still haven't felt the need to replace my car!"

Overall, the initiative not only enhanced employee satisfaction but also demonstrates Chemring's commitment to supporting the wellbeing of its workforce.

### OUR POPULATION continued

We benchmark our external local talent markets and work continuously to seek ways to attract, engage and retain a diverse workforce.

As we continue to grow as an organisation, we also continue to focus on creating a best-in-class employee experience through our people strategy. 2024 has seen a number of new "digital first" HR tools launched across the Group to modernise and improve the efficiency of our approach, from employee-centric HR information systems to localised employee listening tools getting to the heart of what's important to our colleagues. We also continue to look at ways to leverage the ever-evolving Microsoft 365 platform as a way to improve how people collaborate and get work done for our "online" colleagues.

### OUR TALENT PIPELINES

To cultivate a diverse and broad workforce, we tap into various internal and external talent pipelines. We recruit from a wide array of external channels, targeting direct hires for critical areas in the Group, as well as aspiring professionals early in their career journey. Moreover, we adopt new strategies to develop talent streams in unconventional areas, like through the Roke Academy, which offers individuals from diverse professional backgrounds the opportunity to learn skills that are vital for our future needs. In 2024, we partnered with organisations such as Women in Defence and attended the Defence Women's Network Conference to meet potential talent looking for roles in our industry.

We evolved our early careers UK programme in 2024 to create two streams focusing more explicitly on our two sectors. This change has allowed each programme to focus on its unique sector-specific story and develop skillsets in line with its organisational plans.

Our focus on talent also extends to supporting the pipelines of talent moving through our organisation. Our talent assessment activities are centred around the need to plan and develop to solve today's challenges and tomorrow's opportunities. We actively seek ways to create opportunities for our talent to gain those experiences before they are needed.

Our talent programme, Aspire@Chemring, launched in May 2022 and its second cohort graduated in August this year. Aspire@Chemring is designed to connect a global cohort of future senior leaders and provide experiences designed to open their perspectives to future roles as Leaders of People or Leaders of Subject Matter Expertise ("SME").

We aim to collaborate with industry peers and governmental bodies to enhance the skills and movement of professionals into our organisation. As an active member of the Ministry of Defence led Defence Suppliers Forum, we are helping to shape solutions to the sector-wide challenge of bringing diverse STEM talent into the sector, one that we are all facing.

In the UK, we have worked with the Institute of Engineering and Technology ("IET") for the past five years, providing scholarships to students from underprivileged backgrounds, enabling educational opportunities otherwise inaccessible. This variety in background introduces unique viewpoints within Chemring, which is evident when our IET scholarship recipients engage in summer internships and from those who have been successful in securing full-time roles with Chemring at graduation.

### LEADERSHIP AND CAPABILITY DEVELOPMENT

Our focus on internal talent is as important as identifying and securing external talent. We offer development opportunities for all colleagues, not only to ensure we have the right skills, in the right place, at the right time, but to engage our workforce with meaningful and impactful careers.

We see development as a strategic enabler for meeting our business and customer commitments, and it continues to serve our growth plans by ensuring we can develop our internal talent as well as seeking external talent. We use Performance Conversations as a tool to align personal career aspirations to business objectives and as a way to understand and engage with our colleagues and their individual aspirations.

We continue to run our established group development programmes, which include our two-year early careers programme, our supervisor focused Leading Our People programme, and our talent development programme, Aspire@Chemring. Aspire@Chemring graduated its second cohort of 52 global talent in 2024, creating new networks and inspiring our future senior leaders.

In the UK, we continue to utilise the Apprenticeship Levy to maximise apprentice development opportunities at the entry, middle and senior levels, covering specialist skillsets and functional competency.



## ENGAGEMENT AND RETENTION

Our workforce is the driver of our success, and we aim to put the employee experience at the forefront of our decision making. Our external talent markets remain extremely competitive and therefore the engagement and retention of our workforce is a people imperative.

Listening to all colleagues is essential to understand what's important to our workforce, and since this will differ across our global organisation, in 2024, we moved to using local listening tools and technologies to ensure they gathered the specific "Local Accent". This enables the tools used locally to be tailored to the local cultures, contexts, environments and working practices, and ensures that the action taken is effective and impactful to that employee group. We therefore no longer have a single consolidated employee positivity metric for the Group, instead prioritising each business unit's individual positivity scores, with the majority of positivity results in the 73-75% range, reflecting the local relevance of opportunities each business has to continuously improve.

Furthermore there are many ways in which our colleagues are engaged with individually, from one-to-one performance conversations to works councils and Employee Resource Groups ("ERGs"). In many of our businesses, leadership make themselves available through all-hands town hall meetings in which any colleague can raise questions.

Laurie Bowen, non-executive director and Remuneration Committee Chair, is tasked with employee engagement for the Board. For the fourth consecutive year, Laurie has connected with colleagues across the Group, at a variety of levels and in differing roles, focusing on business units experiencing change and transformation. Visiting Roke, Chemring Energetic Devices in Chicago, Chemring Countermeasures in Philadelphia and Chemring Countermeasures in Salisbury, she explored how their business' respective organisational change was going and was encouraged to hear of how the ambitious vision for our companies is being translated into our colleagues' day-to-day experiences. Areas of feedback in 2024 included the acknowledgement of local leadership teams' efforts to involve and engage the workforce in the changes in the businesses, whilst highlighting the challenges of communications keeping up with the rapid pace of change. Safety remains a top priority in the eyes of our colleagues who speak up when they identify improvement opportunities, which has extended beyond physical safety into the wellbeing agenda in 2024. Laurie also heard of the maturing of our standards and processes in line with our business growth, to ensure our operational efficiency serves our business targets and ambitions. The groups identified specific opportunities to improve, which were openly and constructively communicated, and summarised to the leadership teams for action as part of their local employee engagement action planning process. Thanks to this feedback, our local leadership teams at these locations can ensure that employee feedback informs and supports their growth agendas. Employee feedback remains a key channel for insights into how we can shape Chemring's employee engagement priorities both at a local level and Group level.

Our local business ERGs are helping us to understand "what good looks like" in many areas of the inclusion agenda; one size does not fit all.

This approach is how we focus on developing our culture so that it serves our colleagues and our customers. We work to the principle of embracing what ties us together and respecting what differentiates us. Our values-driven culture is based on our values of Safety, Excellence and Innovation and is the foundation all our businesses work to.



## PURPOSE IN ACTION

### APPRENTICE OF THE YEAR AWARD

Aaron McEvoy, a Chemring apprentice, has been recognised for his outstanding achievements by winning two awards. Firstly, the Engineering Apprentice of the Year at the Portsmouth Engineering Training Association (PETA) AZ Awards. PETA is dedicated to addressing skills shortages in the engineering industry around Portsmouth. Secondly, Aaron scooped up the prize for Engineering/Manufacturing Apprentice of the Year at the Portsmouth News and Chichester Observer awards in October. Sponsored by The Royal Navy. The awards recognise the best and brightest apprentices, mentors, training providers and employers from across the Portsmouth and Chichester area.

Aaron, a level 3 engineering technician apprentice at Chemring Countermeasures UK (CCM UK), was among five finalists for the award.

Aaron chose an apprenticeship for its practical learning opportunities and has gained extensive knowledge in engineering processes and principles. Chemring's apprenticeship opportunities offer insight into the unique nature of our products, which save lives, provides a variety of work and learning opportunities. Aaron has benefited from the experience and qualifications of his colleagues and has had the chance to travel and see products tested.

Aaron has found Chemring to be a great learning environment. His career goals include achieving further qualifications and becoming a Production Engineer, with a keen interest in automation and robotics. Our early careers professionals are a key talent segment for Chemring, and we are proud to be helping shape our leadership of the future.

## DEVELOPING OUR PEOPLE

48

Apprenticeships active in 2024

70

Graduates and apprentices took part in early careers development in the UK

52

Future senior leaders graduated from the second cohort of Aspire@Chemring, our global virtual talent development programme





**DEFENCE WOMEN'S NETWORK CONFERENCE 2024** | Ministry of Defence

**Chemring**  
Innovating to protect

**Silver**  
CONFIRMED SPONSOR

**PURPOSE IN ACTION**

**CHEMRING'S COMMITMENT TO GENDER DIVERSITY IN DEFENCE**

Chemring is dedicated to fostering a vibrant mix of backgrounds, experiences and perspectives to drive innovation and continuous improvement. Recognising the importance of gender diversity in the engineering and defence sectors, Chemring signed the UK Women in Defence Charter in 2024.

The Charter aims to improve gender balance in the UK defence sector by committing to four key actions. These include assigning a senior executive responsible for gender inclusion, setting internal targets for gender diversity in senior management, publishing annual progress reports, and linking senior executives' pay to gender inclusion targets.

Currently, women hold 24% of UK Defence sector jobs and 12% of positions in the UK Armed Forces. By signing the Charter, Chemring joins over 90 UK organisations committed to improving gender balance in the sector.

Additionally, Chemring directly supports our customers' gender focus through sponsorship of the MoD Defence Women's Network Conference, an annual event focused on breaking down gender inequality barriers and promoting diversity and inclusion. 14 of our female colleagues were able to attend this year to hear perspectives and share insights with this important defence network.

## DIVERSITY, EQUITY AND INCLUSION ("DE&I")

DE&I continues to be a lens through which we consider in all our people decisions. We have continued our focus of 2023 into 2024 to mature our processes, driving improvements to our gender balance in senior management positions.

We believe that it is important to include all members of senior management who influence the day-to-day employee experience and lead our culture. Our definition of this population is what we monitor to ensure that all these senior leadership positions continue to be developed towards a more gender balanced and inclusive population.

We define senior management positions as Executive/Senior Leadership, direct reports to Executive/Senior Leadership (if in a leadership role) and key positions holding a senior position or role of influence in the organisation, with a 2027 target of at least 33% female and 67% male.

Our organisation grew in 2024 and talent challenges in the external market have had a minor impact on our gender split which is 31% female and 69% male. Our growth is challenging us to think differently about how we can continue to develop our gender diversity within the organisation. We remain on target to meet our 2027 goals as well as continuing to deliver gender diversity in our growing workforce.

We recognise that Chemring has a role to influence the external talent market where possible to ensure a strong gender balanced pipeline is grown. In 2024, we are proud to have signed the UK Women In Defence Charter and attended the Defence Women's Network Conference, which signals our commitment to improving gender diversity in the defence sector.

In 2023, we added the requirement for DE&I to be considered within our five-year planning activities, which we have continued in 2024. Gender is not the only focus of our efforts. Chemring strives for diversity on a broad basis including gender, age, background, education, disability, neurodiversity and ethnicity (within the constraints of our regulatory requirements). This is an area where we continue to develop both globally and locally and which will be central to our success in the coming years.

We continue to focus on ethnicity at the various levels within our organisation, as a way of ensuring our workforce is reflective of the communities we are situated in and operate within. Our reporting on ethnic diversity at Chemring is set out in the table below.

	Asian %	Black %	Mixed race %	White %	Other* %
Senior managers	2.7	0.9	—	96.4	—
Mid-level managers	1.5	8.0	0.4	87.5	2.6
All other employees	4.0	11.7	2.1	78.9	3.3

\* Including Hispanic, NHOPI and Native American.

## OUR COMMUNITIES

Chemring takes its commitment to enhancing social value seriously, both at the local and national level in the regions we operate within.

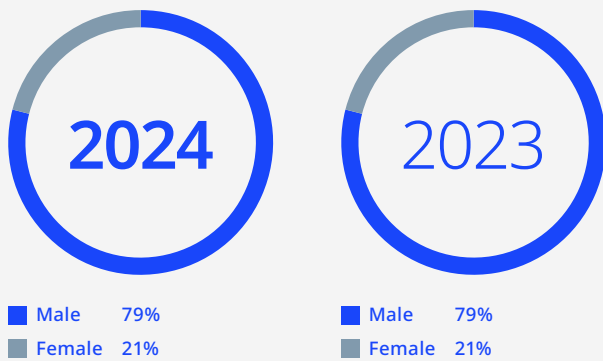
With a geographically diverse group of businesses, the "Local Accent" element which balances our "Global Voice" is of great importance to us. No more so than in how our businesses represent and integrate into the local communities of which we form a part. All of our workforces have strong local ties to the community, and we see numerous charity and volunteering efforts from our workforce which serve those communities.

The education sector is another area of focus, with the opportunity to provide STEM sponsorship and support in local schools and colleges. Our IET bursary sponsorship further targets socially and economically deprived students to try and create a more level, diverse and inclusive STEM pipeline. Investing in this community today helps us to build a broader and more diverse pool of talent to join the engineering and defence sectors in years to come.

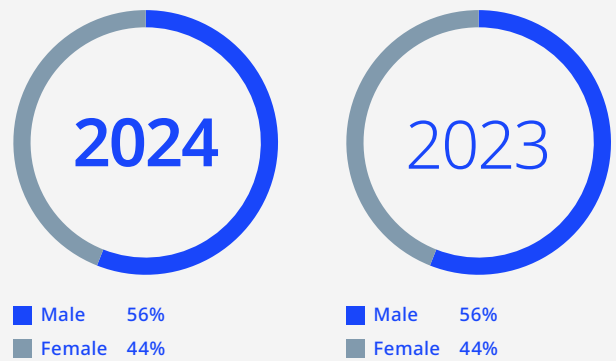
In addition, we partner with charities that directly support those who are end users of our products and services. We honour the service that they have given through the support of events such as "Ride with a Veteran" and through our support of veteran networks like the US Marine Corps charity, Marine Toys for Tots Foundation.



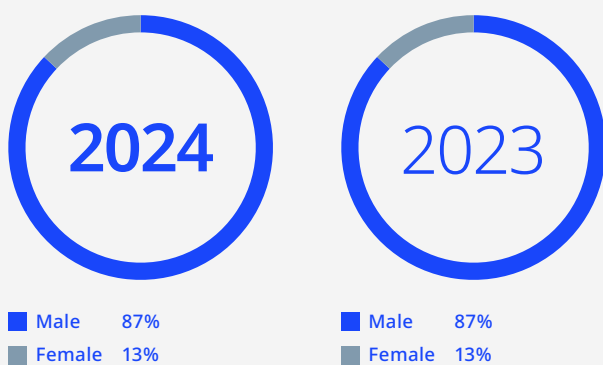
#### TOTAL GRADUATES AND APPRENTICES



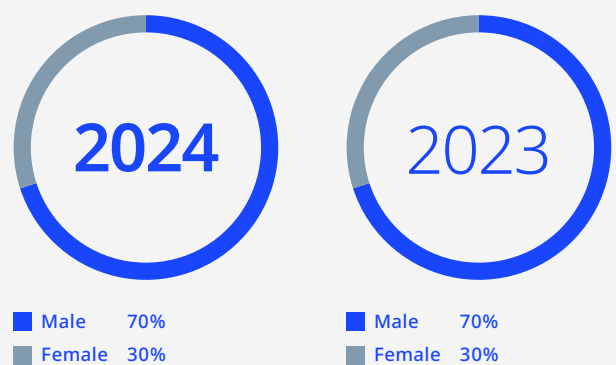
#### BOARD OF DIRECTORS



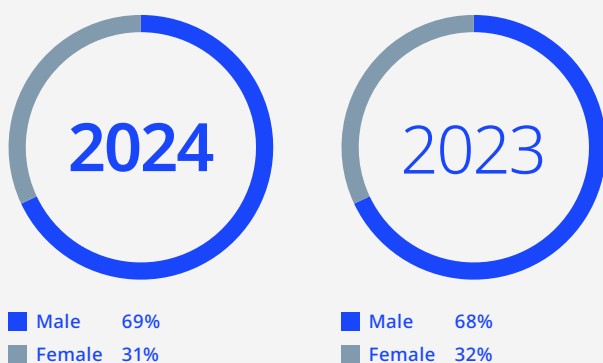
#### EXECUTIVE COMMITTEE



#### COLLEAGUES INVOLVED IN LEADERSHIP DEVELOPMENT PROGRAMMES IN 2024



#### SENIOR MANAGEMENT POSITIONS



#### LISTENING TO OUR PEOPLE

<b>7</b> New bespoke and localised listening tools deployed across Chemring to get to the heart of what matters to our colleagues	<b>72%</b> Weighted average positivity score across these local listening tools	<b>&gt;1,700</b> Colleagues regularly providing feedback through our listening tools
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# Always doing the right thing

Chemring is committed to conducting its business in an ethical and responsible manner at all times, and in full compliance with all applicable laws and regulations.

## OUR APPROACH

We are committed to promoting a culture within Chemring where everyone does the right thing and takes personal responsibility for their actions. Our Operational Framework and Code of Conduct set out the standards of business conduct and behaviours that we expect of all our businesses, our employees and all third parties who act on our behalf. We require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

## ESG COMMITTEE

The Board has established an ESG Committee, which has oversight of the Group's environmental, social and governance policies and objectives. The ESG Committee is chaired by the Group Chief Executive, with the other members being the Chief Financial Officer, the Group Legal Director & Company Secretary, the President of our US operations, the Group HSE Director, the Group Director of Corporate Affairs, the US General Counsel, the US Vice President HSE, the Group Financial Controller and the Group Sustainability Lead. The ESG Committee has oversight of the Group's ethical business conduct and compliance framework, including our anti-bribery processes. It monitors the implementation of the framework across the Group and recommends areas for improvement.

The Committee met three times during the year. At every meeting the Committee reviews and monitors compliance with our anti-bribery processes and other key compliance policies. During the year the Committee also reviewed:

- the deferral of our net zero scope 1 and 2 emissions target from 2030 to 2035 following the decisions taken over the last two years to significantly increase production capacity and establish new facilities in our Energetics businesses;
- performance against HSE and people-related targets;
- the annual Operational Assurance Statements completed by the businesses for the period from 1 July 2022 to 30 September 2023;
- metrics on the due diligence and appointment of third party sales partners;
- statistics on the completion of compliance training;
- approvals granted under our policy on sales to customers located in higher risk territories; and
- its terms of reference.

The Group Chief Executive reports to the Board on the Committee's activities following each meeting.

## OPERATIONAL FRAMEWORK

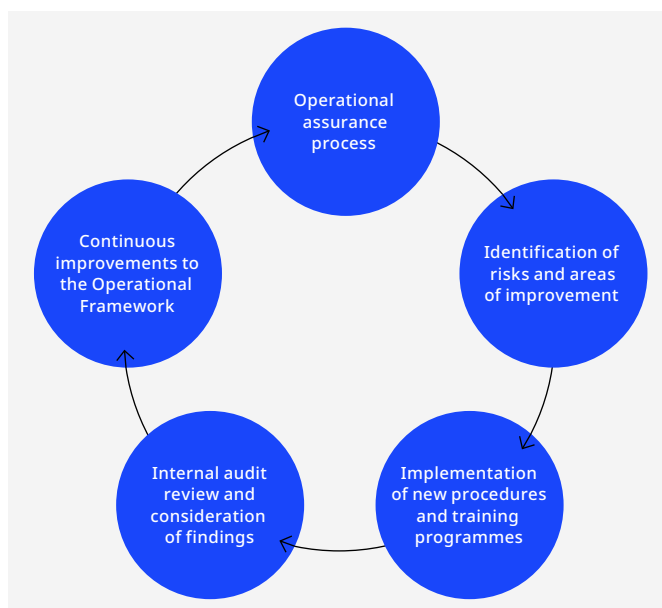
Our Operational Framework incorporates a broad range of more than 35 policies and procedures which have been adopted by all our businesses.

The Operational Framework implements a robust governance and compliance framework to enable us to operate in a safe, consistent and accountable way.

The leaders of each of our businesses are required to ensure that:

- every employee, at every level of the organisation has access to and understands the requirements of the Operational Framework;
- appropriate training and monitoring processes are in place to ensure proper implementation of the Operational Framework; and
- local procedures and processes are adopted to implement the requirements of the Operational Framework.

The Operational Framework was updated and reissued in November 2024.



All our Operational Framework policies and procedures and associated training material are hosted on the Chemring Compliance Portal. This innovative online system allows us to issue new and updated policies and training to employees across the Group, targeted to their specific roles, and enables us to monitor completion of mandatory training on a timely basis.

Our governance framework also includes a requirement for all businesses to complete an Operational Assurance Statement on an annual basis, providing a detailed assessment of their compliance with the Operational Framework. The output from the operational assurance process enables us to drive continuous improvement in our governance and compliance framework, including the identification of additional training requirements for our employees. It also allows us to monitor and address the evolution of a number of the key risks we face, and provides valuable input to our internal audit programme.

## CODE OF CONDUCT

Our Code of Conduct, which sits alongside our Operational Framework, embraces our fundamental values of Safety, Excellence and Innovation. It provides direction to all employees on legal, ethical and risk issues that they may encounter in their day-to-day activities.

All employees and all third parties who act on the Group's behalf are required to comply with our standards of behaviour and business conduct, as set out within the Code, and applicable laws and regulations in all the countries in which we operate. All employees, current and new, are provided with a copy of the Code of Conduct and asked to confirm that they will adhere to its standards. The Code is reproduced in Norwegian for our employees in Norway. The Code was updated and reissued in November 2024.

Scenario-based training modules on the Code are provided to employees during the year through the Chemring Compliance Portal.



> DISCOVER MORE ABOUT OUR CODE OF CONDUCT  
AT [CHEMRING.COM/CODEOFCONDUCT](https://chemring.com/codeofconduct)



## WHISTLEBLOWING

Our Chemring culture embraces transparency and openness, and we encourage all employees to speak up if they have any concerns. We have a whistleblowing policy and associated procedures in place which enable all employees to raise concerns, in confidence, about possible improprieties or wrongdoing within the business, without fear of reprisal or retaliation. Employees are able to raise issues by contacting our 24-hour ethics reporting service by phone or email or by accessing an external website. All issues reported are taken seriously and investigated appropriately in a confidential manner. Third parties may also access our ethics reporting services.

Our internal procedures on the handling of whistleblowing reports are designed to ensure that all reports made, whether through the external service or through other internal channels, are dealt with in a proper and consistent manner, with appropriate oversight from the UK and US legal departments. Training is provided to members of our leadership teams on how to identify whistleblowing reports which may emanate through less obvious channels and how to engage with employees who make whistleblowing reports.

## ANTI-BRIBERY AND CORRUPTION

The Group has well-established anti-corruption policies, which are included within our Operational Framework. Specifically, these cover bribery and corruption, conflicts of interest, gifts and hospitality, and facilitation payments. A number of other policies within the Operational Framework also address bribery and corruption risks in areas such as finance, political donations and lobbying, charitable donations and offset.

The Group has adopted a policy on sales to customers located in higher risk territories, which requires our businesses to prepare a risk mitigation plan for any proposed transaction in a territory rated less than 50 on Transparency International's Corruption Perceptions Index. This plan is required to address both bribery and corruption risks and broader risks which may be encountered in doing business in such territories.

Our detailed anti-corruption procedures are incorporated within our Bribery Act Compliance Manual ("BACM"), which is updated on a regular basis, and includes requirements for:

- each business to routinely conduct informed bribery risk assessments as part of normal operating procedures, to determine the nature and extent of the Group's exposure to potential internal and external risks of bribery and corruption on its behalf by persons associated with it;
- approval of the appointment of all sales partners and other third party advisers, which in all circumstances requires the completion of risk-based due diligence, appropriate management approvals, use of standard form contracts, and ongoing monitoring and review;
- risk-based anti-corruption due diligence processes for the engagement of service providers and suppliers;
- regular mandatory training on BACM and its application to their respective roles for management, supervisors and all employees working within commercial, sales and marketing, finance and human resource functions or in customer-facing roles;
- approval of the giving and receiving of reasonable, proportionate and appropriate gifts and hospitality in the normal course of business; and
- proper identification, disclosure and management of potential or actual conflicts of interest.

A BACM "Pocket Guide" is issued to all employees across the Group, which provides an overview of our anti-corruption policies and the requirements of the detailed manual.

All businesses are required to complete a BACM Compliance Certificate on an annual basis, confirming that all policies and procedures within BACM have been complied with and providing supporting information to demonstrate compliance. BACM Compliance Certificates are reviewed by the ESG Committee following each submission.

We recognise that the appointment of third party sales partners in our routes to market can present particular bribery and corruption risks, and we therefore implement enhanced anti-corruption procedures for the engagement of sales partners where there is a genuine business need by mandating:

- restrictions on the number of sales partners to be engaged in each territory;
- the preparation of a full business case to justify the appointment of all new third party sales partners, including a two-stage bribery risk assessment incorporating the requisite level of risk-based due diligence, which must be approved by the Group Chief Executive before the sales partner is appointed;
- due diligence reports from external consultants for higher risk appointments;
- a full periodic reappointment process for all retained sales partners, including recommissioning of the appropriate risk-based due diligence and resubmission of a full business case for approval by the Group Chief Executive; and
- increased reporting requirements for all payments made to third party sales partners and higher risk service providers.

The review and approval processes for our third party sales partners are automated through the Chemring Compliance Portal, which enables us to adopt a consistent approach to the application of our due diligence and approval processes across the Group. Due diligence processes for the third party service providers and higher risk suppliers engaged by our non-US businesses are also managed in the Chemring Compliance Portal. The US businesses have adopted a similar automated system in the US for their service providers and higher risk suppliers.

The Chemring Compliance Portal also incorporates a module for employees to seek approval online prior to giving or receiving gifts and hospitality or making charitable donations on behalf of the business.

Selected third party sales partners are subject to an independent audit by an external consultant. These audits provide additional assurance on the suitability of our sales partners and help to further strengthen our anti-bribery and corruption processes.

Compliance with BACM procedures continues to be a core aspect of our internal audit programme. BACM compliance audits were completed at four businesses during the year.

## HUMAN RIGHTS

The Group is committed to respecting human rights in the countries in which we do business. Our Code of Conduct and other applicable policies under the Operational Framework support our commitment to ensuring, as far as we are able, that there is no slavery or human trafficking in any part of our business or in our supply chain. All suppliers are provided with a copy of our Supplier Code of Conduct, which requires them to adhere to our ethical standards and expectations, including in relation to human rights. We do not knowingly support or do business with any suppliers which are involved in slavery.

**> A STATEMENT OF THE GROUP'S COMPLIANCE WITH THE MODERN SLAVERY ACT 2015 CAN BE FOUND ON THE GROUP'S WEBSITE AT [WWW.CHEMRING.COM](http://WWW.CHEMRING.COM)**

We fully adhere to all relevant government guidelines designed to ensure that our products are not knowingly incorporated into weapons, or other equipment, used for the purposes of terrorism, international repression or the abuse of human rights.





**CHEMRING GROUP PLC**

Roke Manor  
Old Salisbury Lane  
Romsey  
Hampshire SO51 0ZN  
United Kingdom  
Tel: +44 (0)1794 463401  
Email: [info@chemring.com](mailto:info@chemring.com)  
[www.chemring.com](http://www.chemring.com)

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