1. Purpose of document

Chemring Group Plc is committed to providing stakeholders with accurate and timely updates on our sustainability activities and performance, and we strive to produce reports that are fair, transparent, balanced and meet the needs of our stakeholders. This document defines the principles and methodologies that guide data collection, analysis and reporting at Chemring Group Plc for sustainability performance indicators for GHG scope 1-3 emissions, waste and water.

Sustainability performance indicators are published in both the Chemring Sustainability Report and the Chemring Group Plc Annual Report and Accounts. This data is also used for supplementary reporting e.g., Task Force on Climate-Related Financial Disclosures (TCFD), Streamlined Energy and Carbon Reporting (SECR) and Carbon Disclosure Project (CDP).

Our Basis of Reporting document is a central element of our commitment to engage and communicate with stakeholders on sustainability matters.

1.1. Revision

Whenever a modification is required, this document will be revised and assigned a new revision number.

2. Reporting principles and external standards

Chemring Group Plc has published a Sustainability Report since 2021 and sustainability content has also been included in our Annual Report and Accounts. The Chemring Group Plc Sustainability Report is developed using the guidelines for the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and International Sustainability Standards Board (ISSB).

Our sustainability performance indicators are prepared and reported following the GRI and SASB standards. Where GRI or SASB standards do not provide a methodology for a sustainability performance indicator, or their methodology is not appropriate, the applied methodology is provided in Section 4 of this document.

For carbon emissions-related indicators, we follow the Greenhouse Gas Protocol (GHG Protocol) Corporate Standard (Operational control approach).

3. Scope

3.1. Reporting Boundaries

Chemring Group Plc and its subsidiaries (the “Group”) operate across the world in the UK, US, Norway and Australia. The head office of the Group is located in Romsey, United Kingdom.

The scope of the sustainability information contained in the Chemring Group Plc Annual Report and Sustainability Report covers all regions and legal entities of the Group for the current financial year.

Unless stated otherwise, our annually reported data scope covers the Group business and targets for the period November 1 to October 31 (12 month period).

Chemring Group Plc reports key Environmental, Social and Governance (ESG) metrics from all its facilities, subsidiaries, and other business units, as determined by its reporting boundaries.

Under the control approach, Chemring Group Plc endeavours to account for 100 percent of the ESG metrics from operations over which it has control. It does not account for ESG metric from operations in which it owns an interest but not a control. The definition of control is the same used for the financial statement accounting. For joint ventures, Chemring Group Plc will include a proportion of data in line with equity ownership.

Where we do not have accurate information for a given ESG metric we will exclude it from our external reporting. We will indicate this exclusion in the report. As an example, we currently do not account for the majority of Scope 3 categories in our total carbon dioxide equivalent (CO2e) emissions.

All financial figures refer to Great British Pound (GBP) (£) unless stated otherwise. All other currencies have been converted to £ using an average exchange rate for the year.

Each year the environmental data we publish is provisional with the best available data at the time of publication. We consider if there is a need to restate previous year's data if there is a material change between provisional data and actuals.

3.2. Material topics

We have identified and prioritised our most material impacts to the business and to stakeholders across our value chain, for more information on how we define our material issues, please check our website.

Our Sustainability Ambitions of creating a safer, more inclusive, better society and planet are a key part of our HSE strategy of Journey to Zero Harm. Each aspect is supported by Group-wide policies, global programs and local initiatives.

The Chemring group Plc Sustainability Management System provides a mechanism through which we can monitor the delivery of the Group's Sustainability Strategy and our progress against our Sustainability Ambitions. It also allows us to set and analyse ESG metrics that act as our set of controls and provides us with the insights we need to ensure we stay on track in terms of initiatives, activities and results.

3.3. Data collection process

Robust data gathering is important to set targets and monitor performance. The majority of our data is collected locally through the sustainability management system of a centralized software platform, then reviewed, consolidated and externally verified by an independent third party. Any additional or outstanding data is gathered directly from a combination for local and group functions like Legal & Compliance, Procurement and Corporate Communications departments.

3.4. Reporting schedule

The majority of all sustainability data is collected through the sustainability centralized software platform, and is gathered on a monthly basis. With monthly collection of data, it allows for data verification and validation to ensure the data is transparent and accurate. The remaining data is collected once at the end of the year.

3.5. Statement of historical data

3.5.1. Material considerations

We have set a materiality threshold for our scope 1 & 2 market based emissions, given this is the data subject to audit and linked to Group remuneration targets. Materiality has been determined to be 5% of the total scope 1 & 2 market based emissions and will be used when considering if a material error exists in the current or previous year reported data.

3.5.2. Changes in methodology or improved data accuracy

Historical data may differ from previous reports due to the availability of more accurate data, improved data reporting or changes in methodology. Restatement of historical data, including base year adjustment, might be required in order to obtain meaningful comparisons and evaluate target achievement. All these variations will be evaluated on an individual basis with reference to the materiality stated above.

3.5.3. Treatment of acquisition and divestments

Acquired entities must be incorporated into the sustainability reporting scope within 12 months of an acquisition. Divested entities are excluded from further reporting of performance data from the date the divestment took place.

Historical performance data will be evaluated for the acquired/divested entity and metrics and if material, the data restated.

No restatement will be applied to variations due to organic growth or decline.

3.6. Unavailable Documentation

In the case where information at the end of the finical year is unavailable, figures should be estimated or extrapolated and accrued in the reporting period. The estimation is determined by reference to historic actuals for the period in question as well as any recent changes which would impact the data, for rented offices where utilities are included in the contract, we use EPC rating data and or regional usage data to calculate a energy intensity that is then applied to area m^2 to provide a energy usage for that office, where a office uses duel fuel system seventy percent is applied allocated to gas for heating and thirty percent is applied to electrical energy supply. For such estimations/extrapolations, Chemring group Plc will ensure that all assumptions and calculations are clearly documented.

Figures will be excluded from the reporting in the following exceptions:

- When information is not available at Group level or not accurate enough
- When no reliable methodology is available

3.7. Assurance

3.7.1. Internal audit

Groups annually reviews the data on the sustainability centralized software platform and verify and validate the data.

3.7.2. External audit

ERM Certification and Verification Services Limited ('ERM CVS') provide a limited scope assurance opinion on the scope 1 & 2 emissions data. Our external auditors KPMG complete a review of our sustainability reporting as part of the financial statement audit.

4. ESG Metrics

For FY24, 28 ESG metrics have been defined for the Chemring Group Plc Sustainability Group performance. As previously explained, our methodologies follow the principles of the GRI, TCFD, SASB standards and the GHG Protocol. Wherever these standards do not provide a methodology for a sustainability performance indicator, the applied methodology is indicated in this section.

Basis of reporting Environmental data (Issue No2 – November 2024)

Energy		
Indicator	Standard	Methodology
Total Fuel consumption from non-renewable sources in MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 IFRS S1	As per the standard
Total Fuel consumption from renewable sources in MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 IFRS S1	As per the standard
Total Energy consumption in MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 RT-EE-130a.1 IFRS S1	As per the standard
Total Electricity consumption MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 RT-EE-130a.1 IFRS S1	As per the standard
Total Renewable electricity purchased in MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 RT-EE-130a.1 IFRS S1	As per the standard
Bio-fuel consumption in MWh	GRI 302 – 1 RT-AE-130a.1. RT-CH-130a.1 IFRS S1	As per the standard
Energy intensity by revenue (tonnes/ million GBP)	GRI 302 – 3 IFRS S1	As per the standard
Energy reduction in MWh	GRI 302 – 4	As per the standard

	IFRS S1	
Carbon		
Indicator	Standard	Methodology
Gross direct (Scope 1) GHG emissions in tCO_2e	GRI 305 – 1 RT-CH-110a.1 TCFD IFRS S1 IFRS S2	As per the standard
Gross location and market-based energy (Scope 2) GHG emissions in tCO_2e	GRI 305 – 2 TCFD IFRS S1 IFRS S2	As per the standard
Gross other indirect (Scope 3) GHG emissions in tCO_2e	GRI 305 – 3 TCFD IFRS S1 IFRS S2	As per the standard
GHG emission intensity by revenue (tonnes/ million GBP)	GRI 305 – 4 TCFD IFRS S1 IFRS S2	As per the standard
GHG emissions reduction in tCO_2e	GRI 305 – 5 TCFD IFRS S1 IFRS S2	As per the standard
Waste		
Indicator	Standard	Methodology
Total Waste in metric Ton	GRI 306 – 3 IFRS S1	As per the standard
Total Non-hazardous waste in Ton	GRI 306 – 3 IFRS S1	As per the standard
Total Hazardous waste in Ton	GRI 306 – 3 RT-AE-150a.1.	As per the standard

	RT-CH-150a.1 IFRS S1	
Total Non-hazardous waste recycled in Ton	GRI 306 – 4 RT-CH-150a.1 IFRS S1	As per the standard
Total hazardous waste recycled in Ton	GRI 306 – 4 RT-AE-150a.1. RT-CH-150a.1 RT-EE-150a.1 IFRS S1	As per the standard
Total Recycled waste in Ton	GRI 306 – 4, RT-AE-150a.1. RT-CH-150a.1 IFRS S1	As per the standard
Total waste to incineration (non-energy recovery) in Ton	GRI 306 – 5 IFRS S1	As per the standard
Total waste to incineration (energy recovery) in Ton	GRI 306 – 5 IFRS S1	As per the standard
Total waste to Landfill in Ton	GRI 306 – 5 IFRS S1	As per the standard
Water		
Indicator	Standard	Methodology
Total volume of water used in m3	GRI 303 – 5 RT-CH-140a.1 IFRS S1	As per the standard
Volume of water extracted in m3	GRI 303 – 3 RT-CH-140a.1 IFRS S1	As per the standard
Volume of water discharge in m3	GRI 303 – 4 RT-CH-140a.1 IFRS S1	As per the standard

Volume of town /mains water used m3)	GRI 303 – 3 RT-CH-140a.1 IFRS S1	As per the standard
Number of incidents of non-compliance associated with water permits, standards and regulations	GRI 303 – 3 RT-CH-140a.2 IFRS S1	As per the standard
Environment		
Indicator	Standard	Methodology
Number of reportable spills	GRI 2-27c RT-AE-150a.2 RT-EE-150a.2 IFRS S1	Reported in line with standard but using each region of operations legal definition and requirement for reportable.

5. Emission and Conversion Factors

Our reporting has used the following sources for emission factors:

Material	Source	Scope
Fuels		
Bio Diesel HVO	DEFRA Biodiesel HVO	Scope 1
Industrial Heating Oil IHO	DEFRA Diesel	Scope 1
Kerosene	DEFRA burning oil	Scope 1
Light fuel Oil Diesel	DEFRA Diesel	Scope 1
Natural Gas	DEFRA Natural Gas	Scope 1
Petrol	DEFRA Petrol	Scope 1
Diesel	DEFRA Diesel	Scope 1
LPG	DEFRA Gaseous Fuels	Scope 1
Refrigerants		

HCFC-22/R22	DEFRA	Scope 1
R407F	DEFRA	Scope 1
R134A	DEFRA	Scope 1
R407C	DEFRA	Scope 1
R410A	DEFRA	Scope 1
R508B	DEFRA	Scope 1
R404A	DEFRA	Scope 1
Water		
Towns or Mains Water	DEFRA water supply	Scope 3
Extracted Ground Water	Internal [i]	Scope 3
Rainwater	Internal [ii]	Scope 3
Electricity [iii]		
All UK Location based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
UK Market based	Internal [iv]	Scope 2
Roke UK Woking, Manchester & Gloucester Market Based	GB - residual mixes v12 (03/2024)	Scope 2
Norway Location based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
Norway Market based	NVE	Scope 2
Australia Location based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
Australia Market based	Internal [v]	Scope 2
Roke US Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
Roke US Market Based	NPCC New England (NEWE) - residual mix v12 (03/2024)	Scope 2
ASC Chester Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
ASC Chester Market Based	RFC East (RFCE) - residual mix v12 (03/2024)	Scope 2
CSES Charlotte Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
CSES Charlotte Market Based	SERC Virginia/Carolina (SRVC) - residual mix v12 (03/2024)	Scope 2
Chantilly Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
Chantilly Market Based	SERC Virginia/Carolina (SRVC) - residual mix v12 (03/2024)	Scope 2
CED Downers Grove Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2

CED Downer Grove Market Based	RFC West (RFCW) - residual mix v12 (03/2024)	Scope 2
KFL Toone Location Based	IEA static (IEA 2023) v3.0 (12/2023)	Scope 2
KFL Toone Market Based	SERC Tennessee Valley (SRTV) - residual mix v12 (03/2024)	Scope 2
US REC retirement	Internal [vi]	Scope 2
Waste		
Electrical waste to landfill	DEFRA Waste Disposal	Scope 3
Waste General to landfill	DEFRA Waste Disposal	Scope 3
Waste recycled Oils and Lubricants	DEFRA Waste Disposal	Scope 3
Waste recycled building materials and metal	DEFRA Waste Disposal	Scope 3
Waste all recycled material (except building waste and oils)	DEFRA Waste Disposal	Scope 3
Waste to Anaerobic digestion	DEFRA Waste Disposal	Scope 3
Waste to compost	DEFRA Waste Disposal	Scope 3
Waste to incineration /energy recovery	DEFRA Waste Disposal	Scope 3
Well to Tank and Transmission and Distribution		
Natural gas	DEFRA Natural Gas	Scope 3
LPG	DEFRA LPG	Scope 3
Bio Diesel HVO	DEFRA Biodiesel HVO	Scope 3
Industrial Heating Oil IHO	DEFRA Diesel	Scope 3
Kerosene	DEFRA burning oil	Scope 3
Light fuel Oil Diesel	DEFRA Diesel	Scope 3
Petrol	DEFRA Petrol	Scope 3
Diesel	DEFRA Diesel	Scope 3
Business Travel		
Air Travel	DEFRA Flights	Scope 3
Rail Travel	DEFRA Rail	Scope 3
Bus Travel	DEFRA Bus	Scope 3
Hire vehicles	DEFRA Car	Scope 3

Hotel	DEFRA Hotel	
Employee Commuting		
Automobile	DEFRA Car	Scope 3
Bus travel	DEFRA Bus	Scope 3
Rail travel	DEFRA Rail	Scope 3
Remote working	DEFRA Homeworking	Scope 3
Upstream & Downstream Transportation and Distribution		
Road transport	DEFRA "Table 13" Indirect emissions from the supply chain	Scope 3
Water transport	DEFRA "Table 13" Indirect emissions from the supply chain	Scope 3
Air transport	DEFRA "Table 13" Indirect emissions from the supply chain	Scope 3
Rail transport	DEFRA "Table 13" Indirect emissions from the supply chain	Scope 3

The most up to date factors are applied as they become available i.e., factors applicable for November 2023 and December 2023 are not applied to 2024 months if a more up to date factor is available.

5.1. Burn ground carbon factors.

Department for Environment, Food, and Rural Affairs (DEFRA) does not publish emission factors for the specific energetic material we manufacture, and those emission factors have been calculated by in house chemists from mass balance equations. (These proprietary compositions are not disclosed to 3rd parties for IP and homeland security reasons)

5.2. Proof testing.

Energetic sites are required to proof test products to ensure product quality control is met for the products. The quantities used in these tests are not significant to the total emission figures and equate to less than 1% of those burnt in burn grounds, which in turn are less than 5% of the group total carbon emissions and therefore are immaterial in terms of emission and are production requirement that could not be reduced, and Chemring Group PLC will not collect or report on emission data from proof testing.

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[i] Extracted Ground Water is Zero Carbon emissions. Any energy used in treatment or extraction is included with in scope 1 and 2 for the site therefore is already included in relevant emissions.

[ii] Rainwater is Zero Carbon emissions. Any energy used in treatment or extraction is included with in scope 1 and 2 for the site therefore is already included in relevant emissions.

[iii] Where there is IEA static (IEA 2023) v3.0 (12/2023) trade adjusted electricity factors are used.

[iv] UK electricity supplied from Shell Energy under a Renewable Energy Guarantees of Origin (REGO) certificate providing a zero-carbon emission factor.

[v] Australian electricity supplied from Origin under a Renewable Energy Guarantees of Origin (REGO) certificate providing a zero-carbon emission factor.

[vi] US Renewable Energy Certificates (RECs) from wind farm generation.