**Chemring Group PLC**
Sustainability report 2025

# Delivering sustainable growth

Chemring
Innovating to protect

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## 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

### OUR AMBITION

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

### OUR ESG PILLARS

Health and safety | Environment | People | Ethics and business conduct

### OUR VALUES

Safety | Excellence | Innovation

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.

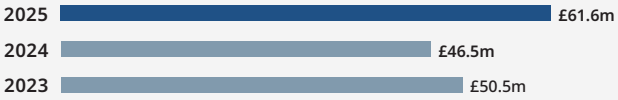
We combine a deep understanding of platform signatures, missile seekers and chemical formulations to develop new countermeasures to defeat evolving threats.

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.

**Revenue**
**£322.7m**
(2024: £298.4m)

**Underlying operating profit**
**£61.6m**
(2024: £46.5m)




### 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.

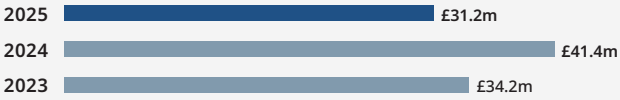
Our sensor technologies detect threats with a very high degree of confidence, be they explosive, biological, radio or cyber.

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**
**£174.8m**
(2024: £212.0m)

**Underlying operating profit**
**£31.2m**
(2024: £41.4m)



# 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.

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 0.48 (2024: 0.69) which is an improvement on 2024 and still below our annual limit of 0.9
- In FY25 the process safety event ("PSE") rate for level 2 and 3 events was 1.89 (2024: 2.09)
- Zero injuries in connection with or arising from energetic events

> Read more on page 6


### People

**Focus**

- Culture
- Employee experience
- Employee wellbeing and engagement
- Employee learning and development

**ESG highlights**

- Employee engagement remains a high priority with a weighted average positivity score up at 73% in FY25
- Board diversity has remained at 44%/56% female to male gender split (2024: 44%/56%)

> Read more on page 25

## Progress in 2025

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 AAA

| CCC | B | BB | BBB | A | AA | AAA |
|---|---|---|---|---|---|---|

Chemring Group PLC continues to be recognised as MSCI ESG Rating of AAA*

> discover more about sustainability at **Chemring.com/sustainability/committed-to-a-sustainable-future**

### Environment

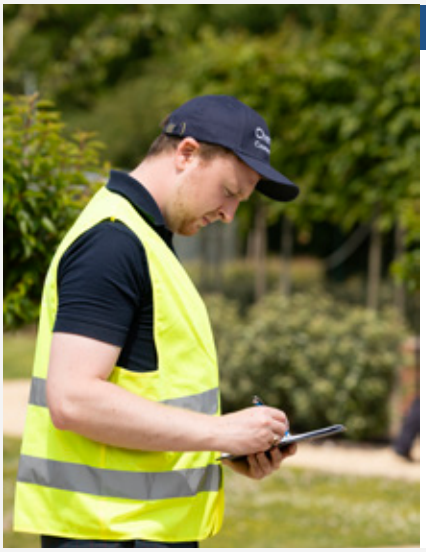
**Focus**

- 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 10.6% (2024: 13.0%) on higher revenue
- Market-based scope 1 and scope 2 emissions reduced by 11.8% (2023: 18.0%) per £m of revenue

**> Read more on pages 7 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**

- Updated Code of Conduct and supplier Code of Conduct issued in April 2025

**> Read more on pages 26 to 27**

## 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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# Delivering our commitment to a sustainable future

**Michael Ord**
Group Chief Executive

## Our approach to sustainability

A proactive and engaged commitment to corporate responsibility and sustainability is fundamental to Chemring's operations. Our strategy is centred on the following principal areas:

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

Corporate responsibility and sustainability are integral to our business operations, with all senior leaders assigned distinct objectives related to these areas as part of their annual incentive plans.

## Progress in 2025

We remain committed to advancing our sustainability approach and addressing ESG risks, as evidenced by our external recognition over the last three years by MSCI, which awarded us a rating of AAA, putting us in the top 3% of the Aerospace and Defence sector.

Our businesses continue their ongoing focus on sustainability projects with all sites addressing efficiencies and improvements, from short-term projects counteracting immediate impact, such as water leaks, to longer-term projects such as the electrification of vehicles and associated infrastructure.

Alongside the projects looking at legacy buildings, processes and equipment, our teams have ensured ESG remains at the heart of new developments across the Group. Whether at our site at Roke in Romsey with solar panels being built on the new logistics building or expanded water recycling and reuse initiatives in Norway, sustainable business operations and processes are being considered and included from the outset of development.

As a result, 2025 saw significant progress on reducing our scope 1 and scope 2 emissions, achieving a 10.6% reduction in market-based emissions (2024: 13.0%).

The Group continues environmental reporting under the TCFD framework and submitted its fourth CDP report in 2025. The last submission earned a B rating, reflecting current climate transparency efforts. CDP aids TCFD implementation by standardising disclosures for better comparison across organisations.

"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."

**Total market-based scope 1 and 2 emissions $CO_2e$ emissions (tonnes)**


We are committed to a fair and equitable workplace. Over the past five years at senior management level, we have cultivated an inclusive culture, achieving 32% female representation in early FY25. Our DE&I approach has evolved into a broader focus on culture and employee experience, ensuring merit is recognised and all people decisions are fair and unbiased.

To support our ambition of becoming a £1bn revenue business by 2030, we are enhancing our culture and working with an external culture consultancy. We have assessed our current state and will implement improvement actions in 2026, monitoring progress through to 2030.

Our commitment to customers and communities remains strong, especially through key charity and STEM education partnerships. These are demonstrated with several events throughout the year, including Chemring Nobel sponsoring the tenth annual Asker Wooden Boat Festival, Norway's tribute to maritime tradition.

We continue to engage employees actively via local tools and Board sessions, using feedback to inform decisions. Board members, including Laurie Bowen, have met with over 100 employees to understand priorities and improvements, notably around management skills and transparent communications.

Talent management aligns with our growth, with an 83% increase in key roles reviewed and several high potentials advancing. Our Early Careers programmes welcomed 56 apprentices and 39 graduates, supplying future leaders.

# OUR SUSTAINABILITY GOALS

| | Sustainability objectives | Supportive actions and activity | Further information |
|---|---|---|---|
| **Environmental**<br>Respecting and protecting our planet by actively seeking ways to reduce our environmental impact | - 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<br>- Challenge our business unit leaders to improve operational, resource and energy efficiency and to minimise environmental impact<br>- Invest in support of product development and production techniques that meet our customers' needs and support their environmental goals | - Chemring will be net zero by 2035 (scope 1 and scope 2 market-based)<br>- Chemring is working towards being a scope 3 net zero organisation by 2050 and is committed to supporting its value chain<br>- We will reduce our total direct (scope 1) and indirect (scope 2) GHG emissions year on year<br>- We will continue to focus our efforts on reducing energy consumption and on embracing green technology<br>- We will target zero waste to landfill by 2030 | > Environment on pages 7 to 13 |
| **Social**<br>The safety, wellbeing and development of our people is at the heart of our business | - Maintain the highest standards of safety and the wellbeing of our workforce<br>- Implement effective policies and procedures and continually invest in support of operational excellence and the development of our people<br>- We will always be an organisation where merit is recognised and rewarded<br>- All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed<br>- We are committed to creating compelling careers | - We will set a recordable injury frequency rate limit of below 0.90 in line with upper quartile benchmark performance<br>- We will continue to reduce the risk of high-hazard events<br>- We will ensure all employees have the ability to feedback on their employee experience at the local, Group and Board levels | > Health and safety on page 6<br>> Our people on page 25 |
| **Governance**<br>Conducting business in an ethical and responsible manner at all times | - Operate with integrity and transparency and to the highest ethical standards across all our businesses<br>- Ensure the highest standards of product safety and comply with all relevant standards<br>- Promote a culture where everyone does the right thing and takes personal responsibility for their actions<br>- Actively seek to increase representation of ethnicity and gender on our Board<br>- Protect information security and data privacy<br>- Maintain prudent and responsible financial and tax planning and management | - We will aim to maintain compliance with the UK Listing Rules on gender and ethnic diversity on the Board<br>- 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 | > Ethics and business conduct on pages 26 to 27 |

| Goal | Description |
|---|---|
| **Good health and wellbeing** | Ensure healthy lives and promote wellbeing for all at all ages |
| **Affordable and clean energy** | Ensure access to affordable, reliable, sustainable and modern energy for all |
| **Decent work and economic growth** | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |

| Goal | Description |
|---|---|
| **Responsible consumption and production** | Ensure sustainable consumption and production patterns |
| **Climate action** | Take urgent action to combat climate change and its impacts |
| **Peace, justice and strong institutions** | 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 the highest levels of safety are required to protect employees, contractors, product users and the public. The Board believes that all incidents and injuries are preventable, and that every employee has the right 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 HSE strategy, our Journey to Zero Harm. As a member of the Executive Committee, they report on the HSE performance of all businesses against agreed HSE limits and objectives. The Group Chief Executive provides monthly HSE KPI updates to the Board.

The Board requires that all businesses systematically manage their health and safety hazards, through regular reviews and monitoring. Each managing director is responsible for the 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 must ensure compliance, provide leadership and promote a proactive culture by embedding a calculative culture, measured against the Parker Hudson Model. The Board emphasises individual responsibility for health and safety, expecting employees to report all hazards, participate in implementing solutions and adhere to the Fundamental Safety Principles, underpinned by local rules and procedures.

Continuous improvement relies on 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.

### The 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 six years, we have enhanced our focus by designing, maintaining, and operating with integrity, investing in processes and technology to reduce exposure to energetic hazards. Throughout this process, we have increased scrutiny on process hazard analysis. Progress is measured through four pillars: people, plant, processes and organisation.

#### People

All business units now operate within a calculative safety culture. We are moving toward a proactive safety culture, providing valuable insights in reducing and controlling our major hazards whilst generating the right discussions at all levels of our organisation. The stop, warn, inform, manage ("**SWIM**") process is now fully embedded, with evidence confirming our employees are confident to **stop** the process, **warn** their coworkers, **inform** their manager and where required help **manage** the upset condition to a safe outcome.

#### Plant

Work continues to focus on maturing data from our asset integrity maintenance management systems, enabling insights into engineering solutions that will further reduce our risk exposure and provide increased production resilience.

#### Processes

Our Electrostatic Discharge ("ESD") Protocols are now embedded within all of our manufacturing facilities with business units developing detailed ESD plans.

Further maturity of our Major Accident, Hazard, Scenario ("MAHRS") process has led to further understanding of our residual risks. Throughout the year, we have taken proactive steps to reduce these to a level as low as is reasonably practicable. Improving our systems is enabling active reviews and assessments of any residual risks remaining. We are also developing, with a third party, a platform that will continuously test the effectiveness of our barriers to prevent harm.

#### Organisation

This year has seen strong leadership reaction to signals within our data that help inform safety stand-downs confirming that safe delivery is the only delivery acceptable.

We continue to share information through our communities of practice, including the quarterly shared learning with our senior leadership teams and our Executive Committee, who meet to discuss learnings from previous events. Our Technical Safety Community and our Technical Learning Group, including engineering, operational and site services communities, come together to discuss in more detail the shared learning from programme delivery and recent events.

### KPI performance

#### Total recordable injuries

The Group has an objective limit of 0.9 for our total recordable injury frequency ("TRIF") rate. The rate remained below the limit at 0.48 for the reporting period. This represents a year-on-year reduction. A continued focus across the Group remains on reduction plans linked to musculoskeletal injuries, which are actively managed by the businesses. The data has reconfirmed trends regarding musculoskeletal injuries due to the manual handling nature of some of our processes, together with slips, trips and falls.

#### Process safety events

The Group defines a process safety event ("PSE"), depending on the potential or actual severity risk, as a level 1, 2 or 3. Level 3 events are those with the highest potential or actual severity and consequence. We set a limit of below 2 for PSEs at level 2 and 3 per 100 production employees. The Group performance for the year was 1.89. This rate has reduced year-on-year as businesses have focused on reporting accuracy, organisational knowledge and maturing asset integrity management. No process safety events resulted in injuries as a result of direct energetic events during the year.

#### Personnel exposure

The personnel exposure metric was introduced for this reporting period, as part of the maturing of data and analysis of our process safety events. As a Group, we focus on removing our colleagues from processes to reduce exposure to our hazardous materials. Our personnel exposure rate focuses on exposure during our level 2 and 3 events. An initial limit of 1.5 was introduced, with a performance of 1.64 for the year. Analysis of trends from our events and robust preventive management form part of the future activities to mature and remove exposure in our businesses.

#### High potential incidents

This year high-potential near misses ("HIPOs") increased to 25 compared to 14 in 2024. A number of these led to significant safety stand-downs initiated by the businesses. All the HIPO events have been thoroughly investigated, with robust corrective and preventive action plans enacted. Changes in support systems, such as permit to work systems and contractor controls, have been adopted. No significant injuries or business interruptions resulted from any of the HIPOs.

#### Near misses

Additionally, we also place an emphasis on near miss and hazard reporting as a leading indicator of our maturing safety culture. This year we had 3,018 occupational safety near miss and hazard reports, compared to 3,090 in 2024. This reduction reflects site safety stand-downs and increased site adjustments to interval-based scheduled maintenance.

### HSE strategy forward outlook

At present all our business units continue with the deployment and implementation of Group-wide HSE programmes designed to establish the businesses with a solid upper quartile calculative. Once verified by the Group HSE function, each businesses will then develop a bespoke plan confirming a path to establishing a proactive safety culture. The plan will be tailored to their risk profile, as defined by their MAHRS assurance process outcomes. In addition, the Group HSE function will act as a conduit to other businesses by sharing any learning to help accelerate their progress. Plans will be monitored by the Group HSE function and assured through the LOD2 Process. Once the Group HSE function are satisfied, ERM, the global leading health and safety consultancy service, will be invited back to independently review and validate our findings declaring each business as proactive.

# Our commitment to environmental sustainability

**Our goal of zero harm extends beyond safety to include a strong commitment to environmental sustainability. We strive to protect the wellbeing of our people and communities while actively reducing our environmental impact through responsible practices, resource conservation and emissions reduction.**

By embedding sustainability throughout our global operations, we aim to create lasting positive change and contribute to a healthier, more resilient planet.

In 2021, we committed to year-on-year reductions in our total direct and indirect greenhouse gas ("GHG") emissions. We are targeting net zero scope 1 and market-based scope 2 emissions by 2035, and organisational net zero across our full value chain of scope 3 categories by 2050.

## Our approach and strategy

Environmental performance is reported annually in accordance with multiple recognised reporting frameworks, covering energy consumption, GHG emissions, water usage and waste generation for the financial year ending 31 October. Comprehensive information on our basis of reporting methodologies, data sources, and governance is available at: www.chemring.com/basisofreporting25.

To meet our targets, our strategy focuses on improving operational efficiency and reducing resource consumption across three key emission categories:

- Scope 1 emissions are being addressed through the adoption of low-carbon energy sources and upgrades to facilities and equipment, improving energy efficiency.
- Scope 2 emissions are being reduced via energy-efficient practices, infrastructure upgrades, and the use of certified renewable electricity (REGO, GO, REC).
- Scope 3 emissions are a growing area of focus. We continue to develop our ability to track and understand these indirect emissions, enabling long-term strategic planning aligned with our 2050 net zero goal.

Each year, we review and update our carbon reduction plans across all business units to ensure they remain aligned with evolving technologies, market conditions, and regulatory requirements. This annual process helps us drive measurable progress toward our net zero targets while supporting broader sustainability goals.

## Initiatives and technology enablement

In 2024, we successfully implemented a new corporate sustainability software platform to enhance the accuracy and granularity of our GHG emissions data across scopes 1, 2 and 3. Building on this foundation, we will continue to expand and improve the platform's capabilities in 2026 to further support our emissions tracking, reporting and decision-making processes.

In parallel, we have implemented and continue to implement a wide range of short, medium and long-term initiatives aimed at improving energy and water efficiency, reducing waste and cutting $CO_2e$ emissions. These efforts include upgrading equipment, optimising processes and adopting low-carbon technologies. Further information on these initiatives is available on our website: www.chemring.com/basisofreporting25.

## Climate risk and resilience

We recognise the significant risks that climate change poses to our operations from both physical events and transitional shifts. As demonstrated by the 2018 flooding at our Tennessee facility and the 2019 wildfires near our Australian site.

To strengthen our resilience, we periodically review and update our climate-related scenario analysis to ensure it reflects the latest scientific data and industry best practices. These assessments help us better understand the physical and transition risks climate change presents to our operations and supply chain, supporting long-term business continuity and strategic preparedness. Further information on these physical and transition risks is available in the TCFD report section on pages 16 to 24.

| Location | Scope 1 | Scope 2 (location-based) | Scope 2 (market-based) |
|---|---|---|---|
| UK operations | 85.26% | 20.35% | 0.23% |
| US operations | 11.48% | 62.64% | 88.99% |
| Norway operations | 3.13% | 6.27% | 10.78% |
| Australia operations | 0.13% | 10.74% | —% |
| | 100.00% | 100.00% | 100.00% |

In 2025 we achieved a 10.6% reduction in market-based scope 1 and scope 2 GHG emissions, from 15,161 $tCO_2e$ in 2024 to 13,554 $tCO_2e$ in 2025. Location-based emissions have decreased by 0.15% in 2025 compared to 2024. When normalised for gross revenue, market-based scope 1 and 2 emissions reduced 11.8%, from 29.7 $tCO_2e$ to 26.2 $tCO_2e$ per £m of revenue.

# Our commitment to environmental sustainability continued

## Climate risk and resilience continued

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **UK** | **US, Norway, Australia** | **Group total** | UK | US, Norway, Australia | Group total |
| **Scope 1 emissions – continuing operations** | | | | | | |
| Combustion of fuel in any premises, machinery or equipment operated, owned or controlled by the Group | | | | | | |
| **$tCO_2e$** | | | | | | |
| Gas | **5,200** | **468** | **5,668** | 4,488 | 371 | 4,859 |
| Heating oil | **398** | **—** | **398** | 429 | — | 429 |
| Bio fuels (HVO) | **2** | **—** | **2** | 2 | — | 2 |
| Diesel | **10** | **210** | **220** | 6 | 163 | 169 |
| Kerosene | **714** | **—** | **714** | 707 | — | 707 |
| LPG | **17** | **—** | **17** | 32 | 66 | 98 |
| Fuels consumed by Group-owned and leased vehicles, excluding business travel and employee commuting | | | | | | |
| **$tCO_2e$** | | | | | | |
| Diesel | **101** | **27** | **128** | 102 | 23 | 125 |
| LPG | **—** | **20** | **20** | — | — | — |
| Petroleum | **—** | **193** | **193** | 3 | 191 | 194 |
| The operation or control of any manufacturing process by the Group | | | | | | |
| **$tCO_2e$** | | | | | | |
| On-site waste incineration | **27** | **166** | **193** | 25 | 133 | 158 |
| Refrigerants discharged | **91** | **50** | **141** | 74 | 24 | 298 |
| **Total scope 1 emissions $tCO_2e$** | **6,560** | **1,134** | **7,694** | 5,868 | 1,171 | 7,039 |
| **Scope 2 emissions – continuing operations** | | | | | | |
| **Total emissions $tCO_2e$** | | | | | | |
| Electricity – location-based | **2,635** | **10,317** | **12,952** | 2,655 | 10,984 | 13,639 |
| Electricity – market-based | **14** | **5,846** | **5,860** | 35 | 8,087 | 8,122 |
| **Total scope 1 and 2 emissions – continuing operations** | | | | | | |
| Location-based $tCO_2e$ | **9,195** | **11,451** | **20,646** | 8,523 | 12,155 | 20,678 |
| Market-based $tCO_2e$ | **6,574** | **6,980** | **13,554** | 5,903 | 9,258 | 15,161 |
| **Total energy consumption (MWh)** | **47,517** | **82,839** | **130,356** | 43,464 | 84,268 | 127,732 |

In accordance with the GHG Protocol's guidance on organisational boundaries and our basis of reporting, we have removed three leased office locations, two in the United States and one in the United Kingdom from our scope 1 and 2 emissions inventories, as these facilities do not fall within our operational control. As such, emissions associated with these offices will no longer be reported under direct or energy-related indirect emissions. Instead, these activities will be accounted for under scope 3, category 8 (Upstream Leased Assets). Reflecting our commitment to accurate and transparent reporting, we have restated the 2022 base year figures, which has resulted in total scope 1 and 2 market-based emissions increasing to 19,249 $tCO_2e$ (previously published at 19,175 $tCO_2e$) and this figure has been assured by ERM CVS, an independent third party organisation. All references to 2022 base year figures in the annual report refer to restated figures. For more information, please refer to our basis of reporting at www.chemring.com/basisofreporting25.

We engaged ERM CVS to provide independent limited assurance over our 2025 total scope 1 and total scope 2 location-based GHG emissions, as well as our total scope 2 market-based GHG emissions. ERM CVS also provided assurance over our scope 3 emissions for Category 3 (Fuel- and energy-related activities), Category 6 (Business travel) and Category 9 (Downstream transportation and distribution). Their independent assurance report can be found on pages 14 to 15 of this report.

| | 2025 | 2024 |
|---|---|---|
| Total scope 1 and scope 2 emissions $CO_2e$ (tonnes) – location-based | **20,646** | 20,678 |
| Total scope 1 and scope 2 emissions $CO_2e$ (tonnes) – market-based | **13,554** | 15,161 |
| Group revenue (£m)[1] | **516.7** | 510.4 |
| **Total $CO_2e$ (tonnes) per £m of revenue – location-based** | **46.0** | 40.5 |
| **Total $CO_2e$ (tonnes) per £m of revenue – market-based** | **26.2** | 29.7 |

1. Group revenue for 2025 and 2024 differs to the Group revenue disclosed in the consolidated income statement for £497.5m and £488.3m respectively due to the inclusion of Alloy Surfaces Company, Inc.. Under the GHG Protocol control approach, emissions are reported from operations over which the Group maintains control. In line with the GHG Protocol, closures or reductions in activity from facilities the Group owns or controls are treated as organic decline and do not trigger a base-year emissions recalculationsl instead, these changes are reflected as part of the Group's ongoing emissions profile.

## Energy efficiency

| Electrical Energy MWh | UK | US | Norway | Australia | Total |
|---|---|---|---|---|---|
| Electricity | 13,585 | 23,005 | 53,053 | 2,280 | 91,923 |
| Renewable electricity | 13,342 | 9,700 | 50,400 | 2,280 | 75,723 |
| Percentage of electricity from renewable sources | 98.2% | 42.2% | 95.0% | 100.0% | 82.4% |

| Category | $tCO_2e$ UK | $tCO_2e$ US, Norway, Australia | $tCO_2e$ Group total |
|---|---|---|---|
| 1 Purchased goods and services | 54,173 | 41,188 | 95,361 |
| 3 Energy and fuel-related activities | 1,574 | 4,995 | 6,569 |
| 4 Upstream transportation and distribution | 35,257 | 12,525 | 47,782 |
| 5 Waste generated in operations and waste disposal | 21 | 149 | 170 |
| 6 Business travel | 1,104 | 1,006 | 2,110 |
| 7 Employee commuting | 634 | 1,579 | 2,213 |
| 8 Upstream leased assets | 2 | 37 | 39 |
| 9 Downstream transportation and distribution | 295 | 371 | 666 |

## Waste generation and management

In 2025, we continued to enhance the accuracy, transparency, and reliability of our reporting processes through further improvements to our waste collection recording system across all business units. This initiative is evolving year by year, enabling us to build a more comprehensive and detailed understanding of our waste streams. As our monitoring and data capture methods become more robust, we are better able to identify the types, sources, and volumes of waste generated within our operations. While this enhanced monitoring has led to an increase in reported waste volumes compared with 2024, the figures now provide a more accurate and transparent representation of the true scale and nature of the waste we produce. These insights are helping us to better target reduction initiatives, drive efficiency, and support our broader sustainability objectives.

A key achievement in 2025 was that only 13% of our total waste was sent to landfill or incineration, representing a 1% reduction compared with 2024. This demonstrates the effectiveness of our efforts to minimise non-beneficial waste disposal and reflects our growing commitment to circular economy practices.

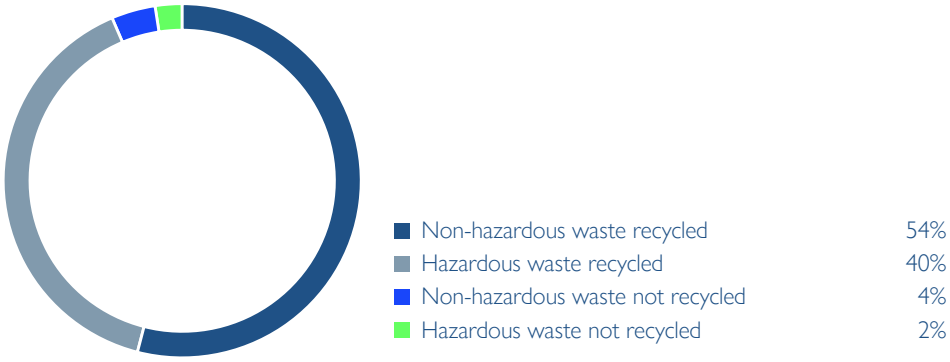
# Our commitment to environmental sustainability continued

## Waste generation and management continued

### Waste performance data

The table below highlights the breakdown of waste types and treatment pathways across our main regions of operation:

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **UK** | **US, Norway, Australia** | **Group total** | UK | US, Norway, Australia | Group total |
| **Waste (tonnes)** | | | | | | |
| Recycled, non-hazardous | **2,688** | **175** | **2,863** | 2,188 | 290 | 2,478 |
| Recycled, hazardous | **142** | **2,239** | **2,381** | 126 | 1,889 | 2,015 |
| Not recycled, non-hazardous | **2** | **444** | **446** | 4 | 387 | 391 |
| Not recycled, hazardous | **5** | **340** | **345** | 10 | 352 | 362 |
| **Total waste** | **2,837** | **3,198** | **6,035** | 2,328 | 2,918 | 5,246 |




The increase in total waste tonnage between 2024 and 2025 is primarily attributable to the improved recording processes introduced last year, rather than a significant rise in underlying waste generation. Importantly, despite capturing more data, we have reduced the proportion of waste requiring landfill or incineration.

### Waste characteristics and treatment

Certain operations, particularly within our Countermeasures & Energetics businesses, produce highly specialised waste streams. These materials often require unique disposal methods to ensure safe handling and compliance with regulatory requirements. In many cases, the most effective and responsible solution is destruction through on-site treatment facilities. This ensures safety while reducing reliance on third-party waste disposal services.

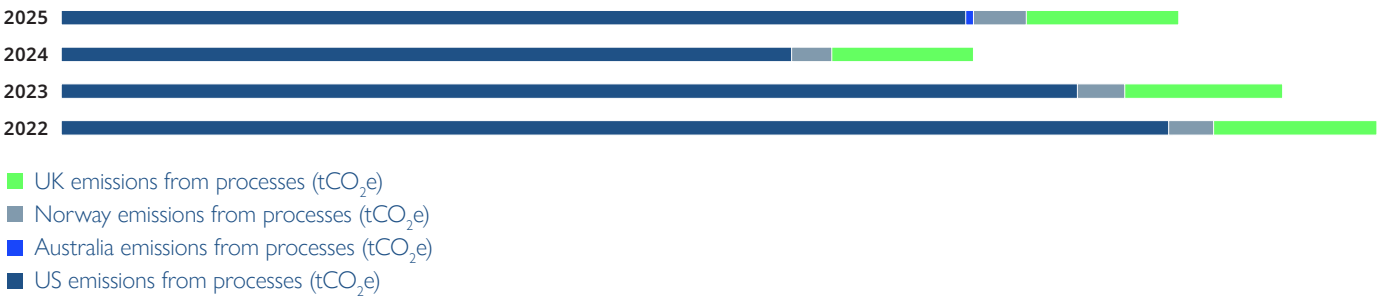
Between 2020 and 2025, process emissions decreased significantly across our operations. Total emissions fell from around 227 tonnes in 2022 to just over 193 tonnes in 2025. The most substantial long-term reductions were achieved in the United States, where emissions declined significantly between 2022 and 2024 before partially rising again in 2025 while remaining well below 2022 levels. Australia, Norway and the UK showed relatively small year-to-year variations but maintained overall stable performance. These results reflect the impact of our initiatives to strengthen monitoring, streamline processes, and reduce waste at the source, contributing to more efficient and sustainable operations over time.

### Our priorities in waste management

Our waste management strategy is guided by two clear priorities:

1. Reducing total waste generation across all operations.
2. Minimising waste sent to landfill or incineration, ensuring that as much material as possible is either recycled, reused, or treated in ways that create beneficial outcomes.

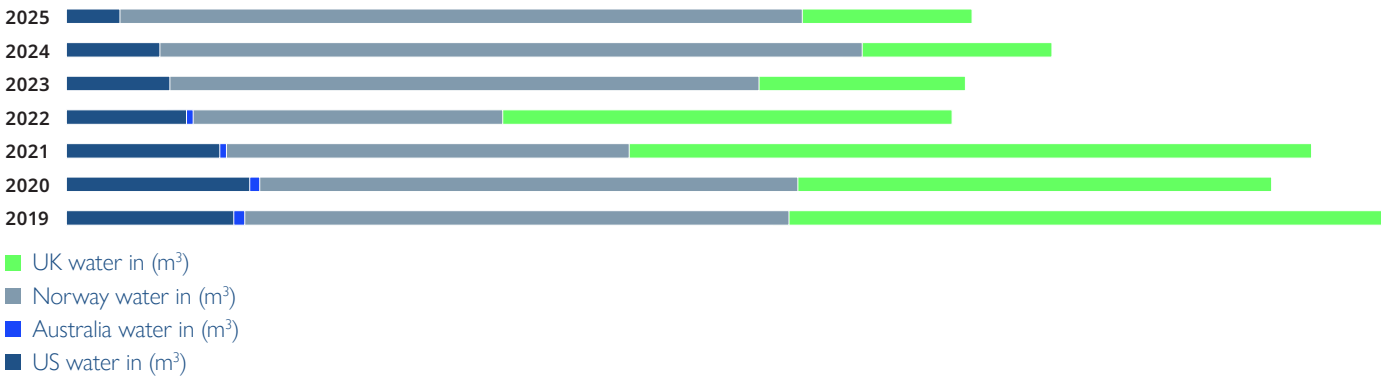
To deliver against these priorities, we are actively engaging with the end destinations of our waste to confirm that materials are being processed using the most advanced and responsible methods available. This includes working closely with waste management partners to identify opportunities for higher-value recycling, recovery, and reprocessing.



### Looking ahead

As we gain more insights from this improved engagement and data collection process, we will continue refining our waste reduction plans. Our focus remains on driving continuous improvement in waste management practices, reducing reliance on landfill, and maximising the recovery of resources in line with circular economy principles.

By embedding these practices, we are not only reducing our environmental impact but also contributing to broader sustainability goals that benefit both our business and the communities in which we operate.




## Water management

In 2025, we strengthened our approach to water stewardship by enhancing the way we record, monitor, and analyse water use across our operations. The improved tracking system has given us a clearer understanding of how water is consumed, treated, and discharged in each of our facilities. This more comprehensive data enables us to identify areas of high usage, opportunities for efficiency, and risks associated with water scarcity.

### Regional water use

Given that water availability and stress levels vary significantly by geography, we regularly assess our global operations using the United Nations' water stress data. Based on the most recent analysis, we currently have no sites located in areas classified as critical, high, or medium water stressed. We continue to monitor and update this assessment to ensure our operations remain aligned with evolving water risk conditions.

The chart above shows our total water consumption across operations in the US, Australia, Norway and the UK from 2019 to 2025. Over this period, overall water use has declined markedly - from roughly 1.28 million $m^3$ in 2019 to under 990,000 $m^3$ in 2025 demonstrating the continuing impact of our water-reduction initiatives. In the UK, consumption has decreased substantially, with levels falling by more than two-thirds since 2019 as a result of targeted efficiency measures and improvements in facility operations. Norway remains one of our highest-demand regions due to the scale of our activities, and while usage fluctuated year to year, it remains lower than 2019 levels despite operational growth. Australia shows relatively small but consistent variations over time, reflecting local conservation programmes and increased water-reuse practices. In the US, water consumption has dropped significantly from more than 160,000 $m^3$ in 2019 to just over 47,000 $m^3$ in 2025 highlighting strong progress in process optimisation and resource efficiency. We remain committed to continuous improvement across all regions, supporting responsible water stewardship and long-term resource resilience

## Energy efficiency

| Electrical Energy MWh | UK | US | Norway | Australia | Total |
|---|---|---|---|---|---|
| Electricity | 13,585 | 23,005 | 53,053 | 2,280 | 91,923 |
| Renewable electricity | 13,342 | 9,700 | 50,400 | 2,280 | 75,723 |
| Percentage of electricity from renewable sources | 98.2% | 42.2% | 95.0% | 100.0% | 82.4% |

In 2025, we advanced our focus on energy management by implementing more robust monitoring systems and efficiency initiatives across our facilities. These improvements have provided greater transparency around electricity consumption patterns and allowed us to target specific areas for reduction. By doing so, we not only lower our operational costs but also significantly reduce our greenhouse gas (GHG) emissions associated with electricity use.

Our approach to electricity management is guided by three key strategies:

- Electrification of operations – Shifting our processes, equipment, and building systems to electric alternatives to reduce reliance on fossil fuels.
- Energy efficiency improvements – Optimising energy use per unit of output so that business growth does not lead to proportional increases in electricity consumption.
- Renewable energy sourcing – Prioritising the adoption of renewable electricity wherever feasible, supporting our broader decarbonisation objectives.

# Our commitment to environmental sustainability continued

## Sustainability initiatives and projects

Beyond tracking and reporting performance, we are taking concrete action across our business to reduce environmental impacts, improve efficiency, and build a culture of sustainability. Our initiatives span waste, energy, water, biodiversity, and employee engagement, reflecting a holistic approach to environmental management.

### Key initiatives in 2025

1. **Waste reduction and circular economy**

   Airline replacement

   Several sites undertook comprehensive programme to replace outdated and inefficient compressed air systems across key operations. These upgrades significantly reduced electricity consumption by improving system efficiency and minimising air leakage. In addition to lowering energy costs and carbon emissions, the new systems have enhanced operational reliability by reducing equipment downtime, leading to improved productivity and less material waste.

   Recycling improvements

   Recycling processes were strengthened through the introduction of expanded waste segregation at the source. This initiative improved the capture and sorting of recyclable materials, with a particular focus on hazardous waste streams that require specialised handling.

   Acetic acid recycling facility development

   One of our sites has completed feasibility studies for a new acetic acid recycling facility and initiated emission mapping to assess its carbon footprint. Once operational, the system will significantly reduce chemical waste, improve resource recovery, and enhance circularity in production processes.

   Elimination of on-site burning

   One of our businesses has made a significant environmental improvement by discontinuing the on-site burning of a specialised waste steam. This waste stream is now being sent to Waste-to-Energy (WTE) disposal facilities. This change prevents the release of harmful particulates into the atmosphere, aligns with best environmental practices, and supports our emission reduction targets. It also demonstrates a shift toward more sustainable and traceable waste management methods.

   Transition from plastic to paper tapes

   One of our businesses has successfully eliminated the use of plastic tapes, replacing them with paper-based alternatives. This simple yet impactful change has significantly reduced the site's plastic waste footprint and aligns with broader intentions to reduce plastic consumption across operations.

2. **Energy efficiency and carbon reduction**

   Facility upgrades – lighting

   A series of facility enhancement projects were undertaken to improve energy efficiency and reduce carbon emissions. Traditional lighting systems were retrofitted with energy-efficient LED technology, providing superior illumination while significantly lowering power consumption.

   Facility upgrades – air conditioning

   As part of ongoing facility enhancement initiatives, several sites have upgraded their air conditioning systems to improve energy efficiency and reduce greenhouse gas emissions. Older units were replaced with modern, high-efficiency models designed to optimise cooling performance while consuming less electricity. In addition, systems were re-specified to operate with next-generation, low-global-warming-potential (GWP) refrigerants, significantly reducing the environmental impact associated with traditional air-conditioning gases. These improvements have enhanced indoor comfort, lowered operational costs, and contributed to the broader carbon reduction goals.

   ISO 50001 Energy Management

   A business unit has initiated the process of assessing the feasibility and gap analysis implementation of the system ISO 50001 Energy Management System. This certification would aid in formalising energy efficiency practices, ensuring continuous monitoring, benchmarking, and improvement in energy performance across all operations.

3. **Water stewardship**

   Monitoring systems

   Digital water metering systems were installed to provide real-time data on water use. These smart meters enable continuous monitoring and trend analysis, helping identify leaks, inefficiencies, and abnormal usage patterns. The enhanced visibility supports proactive maintenance and more accurate reporting, ensuring water resources are managed responsibly and in alignment with conservation targets.

   Water efficiency and leak reduction

   Two of our businesses have addressed a long-standing water inefficiency by upgrading and repairing site water pipes. These projects resulted in a significant reduction of water usage compared to the previous reporting period. The improvements not only reduce the operational water footprint but also minimise potential leaks that could cause structural or environmental damage over time.

   Recycling and reuse

   Water recycling and reuse initiatives were expanded through the implementation of closed-loop systems. These systems allow process water to be treated and reused multiple times, significantly reducing reliance on freshwater sources. By maximising internal water recovery, this has lowered total withdrawals and reduced the environmental impact associated with water-intensive operations.

4. **Biodiversity**

### Tree protection and maintenance

Continuous management and safeguarding of hundreds of trees covered by Tree Protection Orders (TPOs), in compliance with local environmental regulations. All protected trees are regularly surveyed by qualified arborists to assess their health, stability, and potential risks. Maintenance activities including pruning, crown reduction, and removal of diseased or dead branches are carried out carefully to promote healthy growth while ensuring safety and structural integrity.

5. **Awareness and engagement**

### Employee training

Sites provided environmental training which provides employees with the knowledge and practical skills needed to support environmental goals in their daily work. Training sessions covered topics such as energy efficiency, waste reduction and water conservation. By fostering a deeper understanding of the company's sustainability objectives, employees are empowered to take ownership of environmental performance at both individual and team levels, driving meaningful behavioural change across the organisation.

### Green network

A Green Team was established to encourage employee-led sustainability initiatives. These volunteer groups act as local sustainability ambassadors, identifying opportunities for improvement and implementing projects that promote resource efficiency and environmental stewardship. The network also facilitates knowledge sharing and collaboration between sites, ensuring that best practices are consistently adopted and celebrated. This grassroots approach has strengthened employee engagement and embedded sustainability within the Group's culture.

### Composting and zero waste programmes

One of our businesses launched several engagement-driven sustainability programmes, including a composting initiative, an Earth Day partnership with a local Elementary School, and a Zero Waste Day event. These activities aim to foster community awareness, enhance recycling rates, and promote a culture of environmental responsibility among employees.

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 the Chemring Sustainability Report 2025 (the "Report").

| Engagement summary | |
|---|---|
| **Scope of our assurance engagement** | Whether the following Selected Information for FY22 and FY25 are fairly presented in the Report, in all material respects, in accordance with the reporting criteria.<br><br>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report. |
| **Selected Information** | **FY22**<br>- Total Scope 1 and 2 GHG emissions (market-based) tonnes $CO_2e$<br><br>**FY25**<br>- Total Scope 1 GHG emissions tonnes $CO_2e$<br>- Total Scope 2 GHG emissions (market-based) tonnes $CO_2e$<br>- Total Scope 2 GHG emissions (location-based) tonnes $CO_2e$<br>- Scope 3 Category 3 Fuel- and Energy-Related Activities tonnes $CO_2e$<br>- Scope 3 Category 6 Business Travel tonnes $CO_2e$<br>- Scope 3 Category 9 Downstream Transportation and Distribution tonnes $CO_2e$ |
| **Reporting period** | - FY22 (1st November 2021 to 31st October 2022)<br>- FY25 (1st November 2024 to 31st October 2025) |
| **Reporting criteria** | - Chemring's Basis of Reporting (website at www.chemring.com/basisofreporting25)<br>- The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and 2 GHG emissions<br>- GHG Protocol Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard (WRI 2015) for Scope 2 GHG emissions<br>- The Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD/WRI 2011) for Scope 3 GHG emissions |
| **Assurance standard and level of assurance** | 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.<br><br>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. |
| **Respective responsibilities** | 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.<br><br>ERM CVS' responsibility is to provide a conclusion to Chemring on the agreed assurance scope based on our engagement terms with Chemring, the assurance activities performed and exercising our professional judgement. |

## Our conclusion

Based on our activities, as described below, nothing has come to our attention to indicate that the Selected Information for FY22 and FY25 is 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 specific energetic materials. As a result, ERM CVS was unable to assess the accuracy of GHG emission factors applied to on-site waste incineration. While Chemring deems these emissions immaterial to group totals, we highlight that had we assessed their accuracy, potential errors in the assured information may have been identified.

## 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 data submitted by all locations included in the consolidated FY25 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 two Chemring facilities/production sites in the UK to review source data and local reporting systems and controls;
- Evaluating the conversion factors, emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the assurance scope in the Report to ensure consistency with our findings.

**8 December 2025**
London, United Kingdom

ERM Certification and Verification Services Limited
www.ermcvs.com | post@ermcvs.com

## The limitations of our engagement

The reliability of the Selected 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.

## 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 2026, 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. Until the plan is fully finalised, it will remain an internal document. We will update the Net Zero Transition Plan every three years and report progress on our climate targets annually through our annual report.

## GOVERNANCE

| | |
|---|---|
| **Board oversight of climate-related risks and opportunities** | 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.<br><br>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.<br><br>**> Further detail included in the annual report and accounts 2025**<br><br>During 2025, 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.<br><br>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.<br><br>**> Further detail on pages 4 to 5** |
| **Management's role in assessing and managing climate-related risks and opportunities** | The 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.<br><br>**> Further information on our governance structure can be found in the annual report and accounts 2025**<br><br>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.<br><br>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.<br><br>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. |

# STRATEGY

## Climate-related risks and opportunities identified over the short, medium and long term

### Management's role in assessing and managing climate-related risks and opportunities


### The climate-related risks and opportunities identified over the short, medium and long term

The risks and opportunities associated with climate are reflected in our strategy and plans, and we strive for continuous improvement to reflect our purpose, our growth strategy, the external landscape and the expectations of our stakeholders. Climate risks and opportunities, covering both physical and transitional aspects of climate change, were considered during the year.

Associated time horizons were established as follows:

Transition risk is categorised into short term (0 to 2 years), medium term (2 to 5 years) and long term (5 to 30 years). This framework is designed to align with our internal strategic and financial planning processes, with the short term covering the immediate budget period, the medium term encompassing the remaining detailed financial planning period, and the long term extending beyond these periods. This approach reflects an understanding that climate-related issues often manifest over the medium and longer terms, particularly in terms of their impact on our assets and infrastructure.

Physical risk is classified into short term (up to 2030), medium term (up to 2050) and long term (up to 2100). These time horizons correspond with the scenario analysis conducted for physical risks and are different from the time frames we use for evaluating transition risks, given that significant physical climate risks are not expected to emerge until after 2030 due to the gradual onset of climate impacts.

## STRATEGY continued

### Climate-related risks and opportunities identified over the short, medium and long term continued

**The impact of climate-related risks and opportunities on Chemring's businesses, strategy and financial planning**

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.

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.

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.

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.

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.

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 2025.

**> Climate-related risks and opportunities are outlined in more detail on pages 19 to 23**

**The resilience of Chemring's strategy, taking into consideration different climate-related scenarios, including a 2°c or lower scenario**

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:

| Physical scenarios | Transition scenarios |
|---|---|
| - RCP 2.6[2], a stringent mitigation scenario, where global temperature rise is less than 2°C relative to the pre-industrial period (1850-1900) by 2100. | - Net Zero 2050 ("NZE")[1], outlining a pathway for the global energy sector to achieve net zero $CO_2$ emissions by 2050, which limits the global temperature rises to 1.5°C by 2100, with 50% probability. |
| - RCP 8.5[2], an extreme physical risk scenario, where global temperatures rise between 4.1 and 4.8°C by 2100. | - Stated Policies ("STEPS")[1], outlining a combination of physical and transition risk impacts as temperatures rise by 2.6°C by 2100, with 50% probability. |

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.

Assumptions have been made as part of this scenario analysis:

- 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.
- Impacts are assumed to occur without the Group responding with any mitigation actions, which would reduce the impact of risks.
- 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.
- Carbon pricing was informed by the World Energy Outlook 2024 report from the International Energy Agency ("IEA").

**> Results of the scenario analysis are outlined on pages 19 to 22**

1. IEA (2024), World Energy Outlook, IEA, Paris, 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**

| | |
|---|---|
| **Chemring's processes for identifying and assessing climate-related risks** | 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.<br><br>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. |
| **Chemring's processes for managing climate-related risks** | 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 2025. |
| **Processes for identifying, assessing and managing climate-related risks integrated into Chemring's overall risk management** | 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.<br><br>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.<br><br>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. |

| Rating system for impact | Rating system for likelihood | Resilience rating |
|---|---|---|
| **Low impact**<br>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. | **Very unlikely**<br>Extremely low probability that the risk or opportunity will ever occur. | **Basic resilience**<br>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. |
| **Medium-low impact**<br>Minor risks or opportunities with small financial consequences or operational challenges that are easily addressed. Minimal effect on resilience, reputation or strategy. | **Unlikely**<br>The risk or opportunity is theoretically possible, but with a low probability and/or no record of having occurred in the industry. | **Intermediate resilience**<br>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. |
| **Medium impact**<br>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. | **About as likely as not**<br>Foreseeable risk or opportunity, neutral probability. | **Advanced resilience**<br>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. |
| **Medium-high impact**<br>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. | **Likely**<br>Risk or opportunity is probable and/or has occurred more than once in the industry. | **Exemplary resilience**<br>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. |
| **High impact**<br>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. | **Very likely**<br>Risk or opportunity has occurred or has a strong probability of occurring and/or there has been a history of occurrence within the industry. | |
| | **Virtually certain**<br>Risk or opportunity expected to occur and/or is common within the industry. | |

## CLIMATE-RELATED RISKS

| Risk type | Description | Mitigation | |
|---|---|---|---|
| **Risk: extreme weather events** | | | |
| **Physical**<br>Acute | 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.<br><br>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.<br><br>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. | 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.<br><br>The Group 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.<br><br>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.<br><br>Wind speed monitoring at burn grounds helps mitigate risk by ensuring safe operating conditions, protecting both personnel and infrastructure.<br><br>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.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Area:**<br>Own operations/ upstream<br><br>**Primary potential financial impact:**<br>Loss of revenue<br><br>**Time horizon:**<br>Short-term<br><br>**Likelihood:**<br>Very likely<br><br>**Magnitude of impact:**<br>Medium-low<br><br>**Resilience rating:**<br>Intermediate |
| **Risk: extreme temperature fluctuations** | | | |
| **Physical**<br>Chronic | 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.<br><br>Temperature extremes also pose risks to employee safety, with protecting personnel being a top priority.<br><br>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. | Sites vulnerable to extreme temperature fluctuations have introduced a range of mitigations to protect critical infrastructure, maintain operational continuity and prioritise employee safety.<br><br>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.<br><br>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.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Area:**<br>Own operations<br><br>**Primary potential financial impact:**<br>Loss of revenue<br><br>**Time horizon:**<br>Short-term (cold), Short to long-term (heat)<br><br>**Likelihood:**<br>Very likely<br><br>**Magnitude of impact:**<br>Low<br><br>**Resilience rating:**<br>Intermediate |

| Risk type | Description | Mitigation | |
|---|---|---|---|
| **Risk: precipitation stress** | | | |
| **Physical**<br>Chronic | 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.<br><br>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. | 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.<br><br>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.<br><br>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.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Area:**<br>Own operations/ upstream<br><br>**Primary potential financial impact:**<br>Loss of reputation, market share and revenue<br><br>**Time horizon:**<br>Short to long-term<br><br>**Likelihood:**<br>Very likely<br><br>**Magnitude of impact:**<br>Medium-low<br><br>**Resilience rating:**<br>Intermediate |

## 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

| | Operational location | | | | | |
|---|---|---|---|---|---|---|
| Scenario | Australia | Norway | UK | North America | Upstream | Downstream |
| RCP 2.6 | L | L | L | M | L | L |
| RCP 8.5 | L | L | L | H | M | L |

L Low impact

M Medium impact

H High impact

## CLIMATE-RELATED RISKS continued

| Risk type | Description | Mitigation | |
|---|---|---|---|
| **Risk: shift to low-carbon technologies** | | | |
| **Transition** Technology | 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.<br><br>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.<br><br>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. | 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.<br><br>Additionally, close relationships with customers are maintained to facilitate effective risk management and long-term planning.<br><br>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.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Area:** Own operations/ downstream<br><br>**Primary potential financial impact:** Higher capex expenditure, loss of revenue<br><br>**Time horizon:** Medium to long-term<br><br>**Likelihood:** About as likely as not<br><br>**Magnitude of impact:** Low<br><br>**Resilience rating:** Intermediate |
| **Risk: exposure to litigation** | | | |
| **Transition** Legal | 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.<br><br>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.<br><br>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. | Chemring conducts regular HSE audits and emissions monitoring to ensure compliance with relevant standards.<br><br>Enhanced tracking systems are in place for accurate reporting of environmental data, and employee training and environmental awareness initiatives reinforce adherence to regulations.<br><br>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.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Area:** Own operations/ upstream<br><br>**Primary potential financial impact:** Increase in costs, Loss of reputation<br><br>**Time horizon:** Short to medium-term<br><br>**Likelihood:** About as likely as not<br><br>**Magnitude of impact:** Low<br><br>**Resilience rating:** Intermediate |

## CLIMATE-RELATED OPPORTUNITIES

| Opportunity type | Description | Opportunity | |
|---|---|---|---|
| **Opportunity: resource efficiency** | | | |
| **Resource efficiency** | Improvements in both product and energy efficiency will help reduce waste, operational costs and $CO_2e$ emissions across Chemring's facilities.<br><br>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.<br><br>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. | Chemring sees opportunities for future expansion or development to incorporate energy-efficient methods like heat pumps, advanced HVAC systems and LED lighting.<br><br>This opportunity is largely unaffected by external policy shifts, as financial savings from resource efficiency improvements are already planned and underway.<br><br>No strategic change required, continued monitoring and analysis as per normal operations. | **Primary potential financial impact:** Reduction in cost<br><br>**Time horizon:** Short to medium-term<br><br>**Likelihood:** Likely<br><br>**Magnitude of impact:** Low<br><br>**Resilience rating:** Intermediate |
| **Opportunity: low-emissions energy** | | | |
| **Energy source** | With the growing availability and decreasing cost of renewable energy, Chemring can benefit from procuring renewable energy for its sites.<br><br>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.<br><br>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.<br><br>The carbon price (US$/$tCO_2e$) is projected to increase as follows:<br><br>Scenario / 2030 / 2040 / 2050<br>STEPS / 126 / 126 / 126<br>NZE 2050 / 140 / 205 / 250<br>Difference / 11% / 63% / 98% | 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.<br><br>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.<br><br>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. | **Primary potential financial impact:** Reduction in cost<br><br>**Time horizon:** Short to medium-term<br><br>**Likelihood:** Very likely<br><br>**Magnitude of impact:** Low<br><br>**Resilience rating:** Basic |

# 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

| | |
|---|---|
| **Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process** | 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.<br><br>Executive remuneration is tied to achieving carbon reduction goals through annual bonuses and the long-term incentive plan, ensuring accountability for climate performance.<br><br>The Group reports energy consumption and GHG emissions according to the GHG Protocol and SECR, tracking KPIs like energy efficiency and emissions intensity.<br><br>Climate scenario analysis informs Chemring's strategy, with supporting metrics integrated into risk management and strategic planning to monitor its business environment.<br><br>Further environmental metrics, including freshwater use and waste, are disclosed on pages 9 to 13. Chemring continually improves data accuracy, reporting and tracking, with historical trends and forward-looking projections provided for long-term planning. |
| **Scope 1, 2 and, if appropriate, 3 GHG emissions and the related risks** | 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.<br><br>In 2025, Chemring reduced market-based scope 1 and 2 emissions from 15,161 $tCO_2e$ in 2024 to 13,554 $tCO_2e$, 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 7. |
| **Chemring's targets for managing climate-related risks and opportunities and performance against targets** | 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.<br><br>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 $tCO_2e$ per £1m of revenue, reporting a 11.8% reduction in emissions intensity in 2025, from 29.7 $tCO_2e$ per £1m of revenue to 26.2 $tCO_2e$.<br><br>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.<br><br>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.<br><br>**> Emissions targets for the Group are outlined on page 7** |

# Growing our workforce

## Investing in our people and culture remains an enabler of our business strategy and 2030 ambitions.

Our workforce of 2,701 across fourteen business units in four geographic locations is supported by outstanding leadership teams who create the right environment for our employees to perform, delivering for our customers and communities. It has been an exciting year where we have balanced both the short-term operational needs with planning for the longer-term workforce goals.

In a year of maturing our programmes and processes, we have improved our working practices across all aspects of our agenda. We have evolved our approach to diversity, equity and inclusion ("DE&I") into a wider focus on nurturing a culture we can all be proud of. We have listened to our workforce in more ways than ever before and worked hard to make the changes that they feel are most important.

We have used our talent processes to identify who, how and where we can develop our organisation, creating ever stronger talent pipelines which develop the skills we need and offer attractive careers for our employees. And we never forget the customers and communities we serve through our focus creating a positive impact on them. This social value includes key partnerships that have impact in the charity and Science, Technology, Engineering and Maths ("STEM") education sectors.

We hold true to our five commitments of:

- a fair and equitable workplace;
- enhancing our culture;
- having an engaged workforce who inform our decision making;
- creating compelling careers; and
- supporting our communities.

These commitments plant the seeds today for tomorrow's growth.

### 2025 in detail

#### We are committed to a fair and equitable workplace

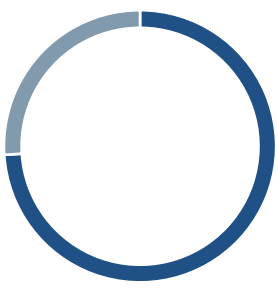
We are proud of the improvements over the past five years to develop an inclusive culture, achieving 32% female representation in senior management in early 2025. Our prior corporate target of 33% females in senior management positions by 2027 was retired this year, having served its original purpose. Our evolution of the DE&I agenda into a focus on culture and employee experience allows us to focus on 'doing the right thing' for all employees. We defined two aims for our work in 2025 and beyond:

- We will always be an organisation where merit is recognised and rewarded.
- All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed.

Our leadership now use this as the bedrock for our decision making to drive a fair and equitable experience for all our employees.

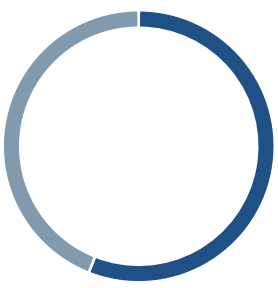
### Our workforce in numbers

#### Overall workforce gender split



Male 75%
Female 25%

#### Board diversity (FCA)



Male 56%
Female 44%
(Total 11)

#### We are committed to enhancing our culture

Our ambition is to become a £1bn revenue business in 2030. To achieve this our culture must align all employees to the challenges and opportunities ahead. Specifically, we are focused on maturing our Journey to Zero Harm, enabling our business units to move from a calculative safety culture to proactive over time (further information is on page 7). Partnering with an external culture consultancy, we have started a process to analyse our values-based culture, and we will develop our enhancement actions in 2026, regularly evaluating our progress as we head towards 2030.

#### We are committed to having an engaged workforce who inform our decision making

Engaging with our employees remains a critical approach for us. Our local engagement tools and Board engagement sessions provide us with actionable insights to make the changes that are important to our employees. By empowering line leadership in this approach, we are building trust and strong working relationships in all teams across the Group. At Board level, Laurie Bowen, Chair of the Remuneration Committee, visited Roke (UK), Kilgore (USA), Chemring Energetics UK and Chemring Sensors & Electronic Systems. Meeting with over 100 employees, she received consistent feedback on the efforts leadership are making to deliver transparent communications to the workforce and the pride that employees feel about how our products and services are making a difference to our customers and end users. Feedback on growth and modernisation highlights that we can still do more to communicate our journey with employees and that they have insights on how we can continuously improve. We monitor all engagement priorities at the local and Board level and use this to inform our decision making.

#### We are committed to creating compelling careers

Our approach to talent management is aligned to our growing organisational needs. We have seen an 83% increase in the number of key roles we reviewed, to develop the capabilities and leadership bench strength needed to grow. Our development processes continue to match needs to solutions through both our corporate development programmes and individual niche skills and experience needs. 2025 saw several high potential employees progress their career into more senior positions, as well as welcoming new external talent into key leadership positions.

Our Early Careers programmes are delivering the next generation of our leadership. 56 active apprenticeships are developing critical skills across the Group, whilst 39 graduates move through our two-year development programme. These academy programmes will continue to evolve as we scale and grow our workforce over the coming years.

#### We are committed to supporting our communities

Our partnerships with STEM and charitable organisations allow us to have social value impact in our communities. Our support to the Institute of Engineering and Technology's Future Talent Awards enables those from socially economic deprived backgrounds to access financial support to gain a university education and our numerous charitable events such as Ride to Ypres allow our employees to make a direct contribution to organisations supporting our veteran communities.

### Engagement % year on year (weighted average positivity score across our local listening tools)


### Overall workforce ethnicity makeup[1]

| | Asian % | Black % | Mixed race % | White % | Other[2] % |
|---|---|---|---|---|---|
| Senior managers | 4.9 | — | 0.7 | 94.4 | — |
| Mid-level managers | 3.4 | 0.9 | 1.3 | 93.8 | 0.6 |
| All other employees | 5.9 | 2.2 | 1.7 | 90.1 | 0.1 |

1. Ethnicity data excludes the US and Norway.
2. Including Hispanic, NHOPI and Native American.

# 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:

- performance against the Group's target to reduce scope 1 and 2 emissions to net zero by 2035;
- performance against HSE and people-related targets;
- the annual operational assurance statements completed by the businesses;
- 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.

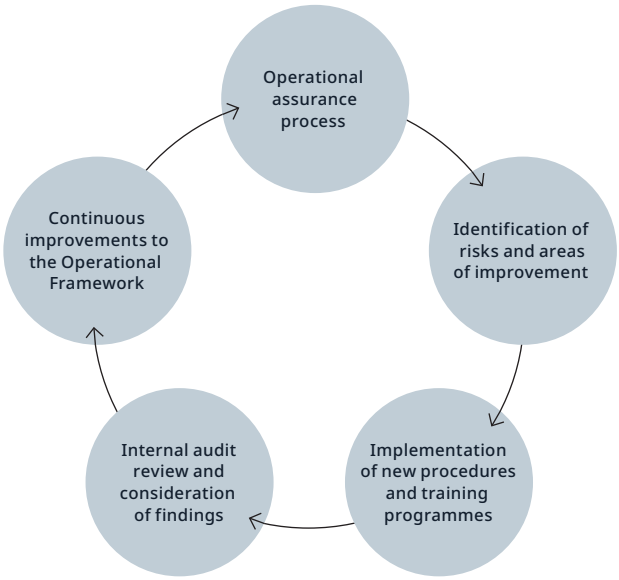
The Operational Framework implements a robust governance and compliance framework to enable us to operate in a safe, consistent and accountable way.

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 April 2025.

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

## 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.

## 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**

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.

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