



UK DEFENCE  
**ESG CHARTER**



FEBRUARY 2025

# ANNUAL REPORT

FIRST EDITION



# FOREWORD: ADS GROUP CEO

Following a year of concerted efforts, I am delighted to publish the inaugural ADS UK Defence ESG Charter Report. Against the backdrop of an increasingly complex geopolitical climate, we are proud to highlight the progress the defence industry is making in supporting our environment and, fundamentally, our communities.

In this report our seven founder signatories have set the baseline for progress. With the defence industry at the heart of many important discussions and decisions, it is encouraging to see signatories' dedication towards delivering ESG goals. The ESG landscape is evolving and Defence is no longer an uncertain area for investors, our defence industry remains dedicated towards delivering on the goals underpinning ESG: the principles of good corporate citizenship are our focus. Our industry is proud of the positive impact we are making through clean innovation, strengthening STEM skills and economic growth in the UK. It is crucial that we hold ourselves accountable to the highest standards and I extend my gratitude to our signatories and look forward to welcoming more in 2025.

There is always more to be done and this report signals the beginning of a long journey. Year on year, we will work closely with Charter signatories in their ongoing ESG evolution, with support from the Ministry of Defence, HM Treasury, Department for Environment, Food and Rural Affairs, Department for Business and Trade and the wider UK Government ecosystem. The importance of sustainability and national security are evolving narratives and a whole of Government approach will be required to ensure success across all areas.

Each new Charter signatory shows their commitment to establish strong working relationships within the ESG Charter network, including with those who may not typically find themselves in our industries, each with a responsibility to help build upon the current metrics and commitments. The defence industry's commitment to ESG is unwavering. These goals will guide our daily operations and long-term strategies.

The path to sustainability is a continuous journey, and we are committed to evolving and improving. We invite all stakeholders to join us in this endeavour. Together, we can drive meaningful change and build a resilient, sustainable future.



**Kevin Craven**  
ADS Group Chief Executive Officer

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# OVERVIEW OF COMMITMENTS

## THE CHARTER'S VISION

The Charter aims to engage all levels of the supply chain to build a sustainable and resilient future for the UK defence industry. It enhances commitments made by the industry and provides a framework for greater ambitions around climate transition and clean tech; societal impact; and governance and ethics. The unified agreement on behalf of the defence industry highlights its ongoing support to environmental, social and governance areas.



### ENVIRONMENT

#### Commitment to climate transition and clean technology

- Decarbonising the industry's supply chain
- Contributing to clean and innovative technologies
- Increasing supply chain resilience on critical mineral resources



### SOCIAL

#### Commitment to societal impact

- Improving diversity, equality and inclusion at all levels
- Helping address the STEM skills shortage in the UK
- Strengthening and building meaningful partnerships



### GOVERNANCE

#### Commitment to improvements in governance and ethics

- Building greater cyber resilience
- Sustaining comprehensive export control systems
- Sustaining and growing sovereign capabilities





## INTRODUCTION

The UK's defence industry stands at a crossroads. Following the first major invasion on European soil since 1945, there has been a growing societal consensus around our desire to see defence industrial production increase. Yet, within prevalent public discourse – including within social, political and financial communities – defence is wrongly often viewed akin to questionable practices. Increasingly, the justification for this has been the industry's assumed incompatibility with Environmental, Social and Governance (ESG) principles. The UK defence industry offers significant contributions towards a more sustainable future, but this is often overlooked or even conflated with ethical concerns.

The global defence industry is pivotal to any effective climate change mitigation strategy. The same applies to biodiversity conservation efforts, and other large-scale environmental challenges. Defence activity is also responsible for approximately half of UK central Government's emissions<sup>1</sup>.

With global momentum accelerating, first-mover advantages belong to those who tap into 'win-win' segments where sustainability and profitability prospects are equally strong. The business case for meaningful sustainability practices is growing. This will be complemented by the Government's inclusion of clean energy as a growth industry in its new Industrial Strategy, as well as its emphasis on Net Zero in the Defence Industrial Strategy. The UK Ministry of Defence further views environmental sustainability as a competitive advantage, both from an operational and strategic standpoint.

UK defence has 164,000 employees, a 16% increase over the past decade<sup>2</sup>, including approximately 8,000 apprentices. The broadest definition of defence, which combines MoD civilian and UK Regular Armed Forces personnel based in the UK, suggests that 1 in every 60 UK jobs is in defence.

This report agrees that the efforts outlined here only constitute the beginning of a longer and more ambitious journey towards long-term sustainability. It is also clear that the ESG landscape as well as the wider geopolitical and economic environment is constantly evolving, and creating new pressures, including from a regulatory standpoint.

With that in mind, this report is part of an ongoing conversation between industry, government and civil society to showcase that UK Defence is not only a force for good, but one with a sustainable future.



## EXECUTIVE SUMMARY

In January 2024, Airbus, Babcock, BAE Systems, Leonardo, MBDA, QinetiQ and Thales signed the ADS UK Defence ESG Charter, henceforth 'Charter'. In this inaugural annual report, we examine how the seven original Charter signatories have performed over the past three years on key environmental, social and governance parameters. This will showcase the UK defence industry's collective progress towards a more sustainable status quo.

The Charter signatories submitted responses across the nine commitments for up to **52 sustainability and economic metrics**. Signatories provided data from the last three years, amounting to 156 metric inputs per signatory. ADS led these efforts in collaboration with industry ESG leads and with support from AlixPartners.

The report published in February 2025 builds upon the work published last year as signatories share their insights. The first round of reporting has already showcased that not all data points are easily captured, highlighting the challenges that can be created by having a large and often international footprint. This has been considered whenever averages are disclosed throughout the report to ensure the integrity of this report's data. All Charter signatories also shared case studies included in this report, each showcasing different ways in which the defence industry is providing tangible steps in the right direction towards ensuring the industry's ability to meet its sustainability objectives.

Charter signatories represent a leading share of the UK defence market. The current geopolitical environment means growth in defence industry turnover, including where Charter signatories turnover grew 11% between 2022-2023. Owing to the nature of the reporting, this has influence on the environmental sustainability data, which showed more significant improvements between 2021-2022 reporting points than it did between 2022-2023 reporting. On the whole, industry needs to balance prioritising ESG principles with the demands of a growing defence industry.

# EXECUTIVE SUMMARY: CONTINUED

## ECONOMIC HIGHLIGHTS FROM SIGNATORIES

**£20.5<sup>BN</sup>**  
OF £28BN

CHARTER SIGNATORIES  
GENERATE 3/4 OF ALL  
DEFENCE INDUSTRY  
TURNOVER

**90%**

OF CHARTER SIGNATORIES'  
TURNOVER IS GENERATED  
BY DEFENCE



**92K**  
EMPLOYED IN DEFENCE  
BY CHARTER SIGNATORIES

## ENVIRONMENT

**3%**  
REDUCTION  
2022-2023

CHARTER SIGNATORIES  
DEFENCE SCOPE 1 & 2  
GREENHOUSE GAS  
EMISSIONS



**50%**

CHARTER  
SIGNATORY ENERGY  
FROM RENEWABLES  
IN 2023

**STABLE UK  
DOMESTIC  
SUPPLY CHAIN  
SPEND**



## SOCIAL

**28%**  
GROWTH  
2022-2023

WOMEN EMPLOYED  
IN DEFENCE BY CHARTER  
SIGNATORIES



**6K**  
APPRENTICES EMPLOYED BY  
CHARTER SIGNATORIES

**25%**  
INCREASE  
2022-2023



**ALL**  
CHARTER SIGNATORIES  
ARE ALSO PART OF:



**23%**

OF SIGNATORY  
WORKFORCES  
ARE UNDER 30

INCREASE IN  
YOUNGER PEOPLE  
ENTERING THE SECTOR

## GOVERNANCE

**100%**  
ISO20071  
CERTIFICATION

CHARTER SIGNATORIES  
FULFIL UK CYBER  
SECURITY STANDARDS

**100%**  
COMMITMENT

TO SUSTAIN STRICT,  
COMPREHENSIVE &  
EFFICIENT EXPORT  
CONTROL SYSTEM

**36%**  
INCREASE



VALUE ADD DRIVEN  
BY DEFENCE OVER  
THE LAST DECADE



# ENVIRONMENT

## COMMITMENT TO CLIMATE TRANSITION AND CLEAN TECHNOLOGY

The defence industry's environmental footprint represents a daunting challenge. As a verifiable tenet of a successful climate transition, reductions in emissions are also a unique opportunity to demonstrate progress and the industry's commitment towards a more sustainable future.

Among Charter signatories, an emphasis on carbon reporting has already shown tangible improvements for Scope 1 & 2 greenhouse gas (GHG) emissions over the course of the three-year reporting period. However, year on year emissions reduction shows slowed momentum, where 2021-2022 saw a 49% reduction in the combined signatory Scope 1 & 2 GHG emissions generated by defence, compared to just 3% between 2022-2023. The defence industry remains committed to ensuring that even with growing demand and turnover the focus on reducing emissions remains central.

The defence industry's environmental ambitions reach beyond its operations. As a long-term driver of technological innovation, the industry also plays a crucial role in contributing towards the research and development of clean, innovative technologies, as well as those that helping us to understand environmental issues better. The industry is actively working towards mitigating the environmental impacts of its dependency on key materials in its supply chain, including critical mineral resources.

The defence industry is also working towards addressing issues of biodiversity loss, environmental pollution, water consumption, and land-use changes both within its manufacturing footprint and in the wider context to ensure a holistic approach to the environment. While this report acts as a baseline, the Charter and the wider network will increase ambition across these different domains in the future.



## DECARBONISING THE SUPPLY CHAIN

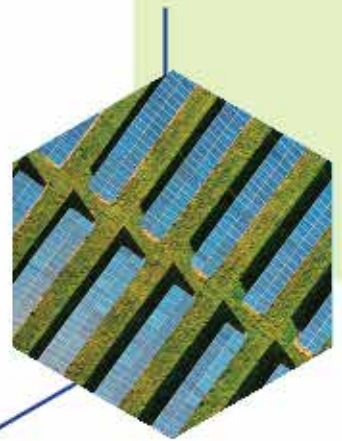
AVERAGE SIGNATORY DEFENCE  
SCOPE 1 & 2 GHG EMISSIONS



55 ktCO<sub>2</sub>e 2021  
36 ktCO<sub>2</sub>e 2023



COMBINED SIGNATORY DEFENCE  
SCOPE 1 & 2 GHG EMISSIONS



### CASE STUDY: THALES SYNTHETIC AIR TRAINING SERVICES FOR MOD

The Ministry of Defence (MoD) is tasked with maintaining readiness and operational efficiency while addressing its environmental impact. Traditional military training often involves extensive use of vehicles, aircraft, and physical facilities, which contribute significantly to carbon emissions. Thales plays a crucial role in supporting the MoD to transition to simulation-based training as a strategy to reduce its carbon footprint without compromising operational effectiveness.

Thales operates Training Facilities such as Voyager Academy, A400M Training Services based at RAF Brize Norton and High G Training Facility at RAF Cranwell. Not only have these transferred aircraft flying hours and flight training to simulation environments but the Thales designed training facilities are also carbon negative. Thales has achieved an 'Excellent' rating against defence-related environmental assessments through measures that contribute significantly to reduction of emissions such as rainwater harvesting and use of solar panels producing 56,600Kw of electricity, providing power back to the Grid.

Over the life of designing, implementing and operating the MoD's Training Facilities infrastructure, Thales has significantly facilitated the MoD in reducing its carbon footprint through:

#### 1. Reduction in Carbon Emissions:

- Annual emissions from training-related fuel consumption decreased by 35%, saving approximately 25,000 metric tons of CO<sub>2</sub>.
- Emissions from building energy usage dropped by 20% due to the reduced need for live training facilities.

#### 2. Fuel and Energy Savings:

- Simulation training reduced fuel usage by over 3 million litres annually, equating to significant cost savings.
- Energy-efficient digital platforms required 40% less energy than traditional live training setups.

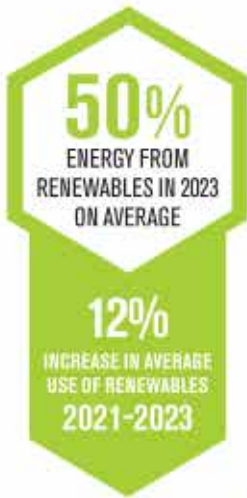
#### 3. Resource Efficiency:

- Physical wear and tear on vehicles, aircraft, and equipment is minimized, reducing the need for maintenance and replacement.
- Elimination of single-use training materials led to an 80% reduction in training-related waste.

#### 4. Operational Benefits:

- Training throughput increased as simulation platforms allowed for scalable and repeatable exercises.

## CONTRIBUTION TO CLEAN TECHNOLOGIES



- Overall renewable energy consumption has increased
- A 5 percentage points decrease in usage between 2022-2023
- Some challenges during the industry's energy transition



### CASE STUDY: LEONARDO NEW DATA ON THE HEALTH OF EARTH'S ECOLOGY

A year on from the space launch of Southampton built technology for the NASA PACE Programme, scientists are gaining fascinating new insights into the behaviour of global populations of phytoplankton, which are responsible for generating the oxygen for one of every two breaths we take.

In February 2024, NASA launched their PACE (Plankton, Aerosol, Cloud, ocean Ecosystem) satellite mission from Cape Canaveral Space Force Station in Florida on a Space X Falcon 9 rocket, fitted with an Ocean Color Instrument that uses detectors built at Leonardo in Southampton.

Since the launch, the programme has been transmitting first-of-their-kind measurements of ocean health, air quality, and the effects of a changing climate back to earth. This is thought to be the first time that such regular and detailed measurements of the earth's entire global ecosystem have been captured. The detector technology built by Leonardo is allowing the programme to achieve new levels of granular detail, equivalent to seeing 256 colours instead of the previous eight. This core technology is an immense source of pride for engineers and scientists working at Leonardo in Southampton.

For example, a new high-definition image was captured recently showing the English Channel and the waters around the south coast, featuring patches of vivid blues and greens, which highlight areas of high concentrations of phytoplankton.

Phytoplankton are microscopic organisms that contribute to the conversion of carbon dioxide from the atmosphere to the ocean. Carbon dioxide is critical for photosynthesis, and the carbon is incorporated into phytoplankton cellular material, just as carbon is stored in the wood and leaves of a tree. While humans breathe in oxygen and exhale carbon dioxide, phytoplankton behave in the opposite way, consuming carbon dioxide and releasing oxygen, making them a crucial part of the marine ecosystem.

## CRITICAL MINERAL RESOURCES MANAGEMENT

### CASE STUDY: ADS GROUP WORKING TO ENSURE THE RESILIENCE OF CRITICAL MINERAL RESOURCES

Whether it concerns germanium for semiconductors, cobalt for electric vehicles, or lithium for batteries, the demand for critical minerals is set to rise dramatically as the green industrial transition accelerates. Meanwhile, in a geopolitically fragmented world economy, access to critical minerals has become less straightforward and a question of national security. This is especially the case for the UK, which has no domestic primary sources of critical minerals relevant to defence. In response to these challenges, the UK Critical Minerals Strategy was commissioned under the previous UK Government. As part of the strategy, the independent Task and Finish Group on Critical Minerals was established. Within this group, ADS Chief Executive Kevin Craven led the aerospace and defence pillar (one of six industries at risk identified by the Department for Business and Trade), and also later contributing to the aerospace and defence section of the group's report on "Industry Resilience for Critical Minerals" published in December 2023. ADS also convened a series of workshops and interviews with key industry stakeholders in order to determine a set of recommendations representing demands and requirements from industry.

Thanks to its involvement in the process and highlighting the specific dependencies and requirements of the defence industry, ADS was able to put a spotlight on the importance of being able to trace critical mineral resources that are of particular importance to the defence industry, including hafnium, molybdenum, tantalum and Rare Earth Elements (REEs). The report raised further awareness about the industry's high compound supply risk level for gallium and the high ESG risk levels for nickel and platinum. It was also an opportunity to advance understanding and common agreement between industry and government on ways to mitigate key risks.





## SOCIAL

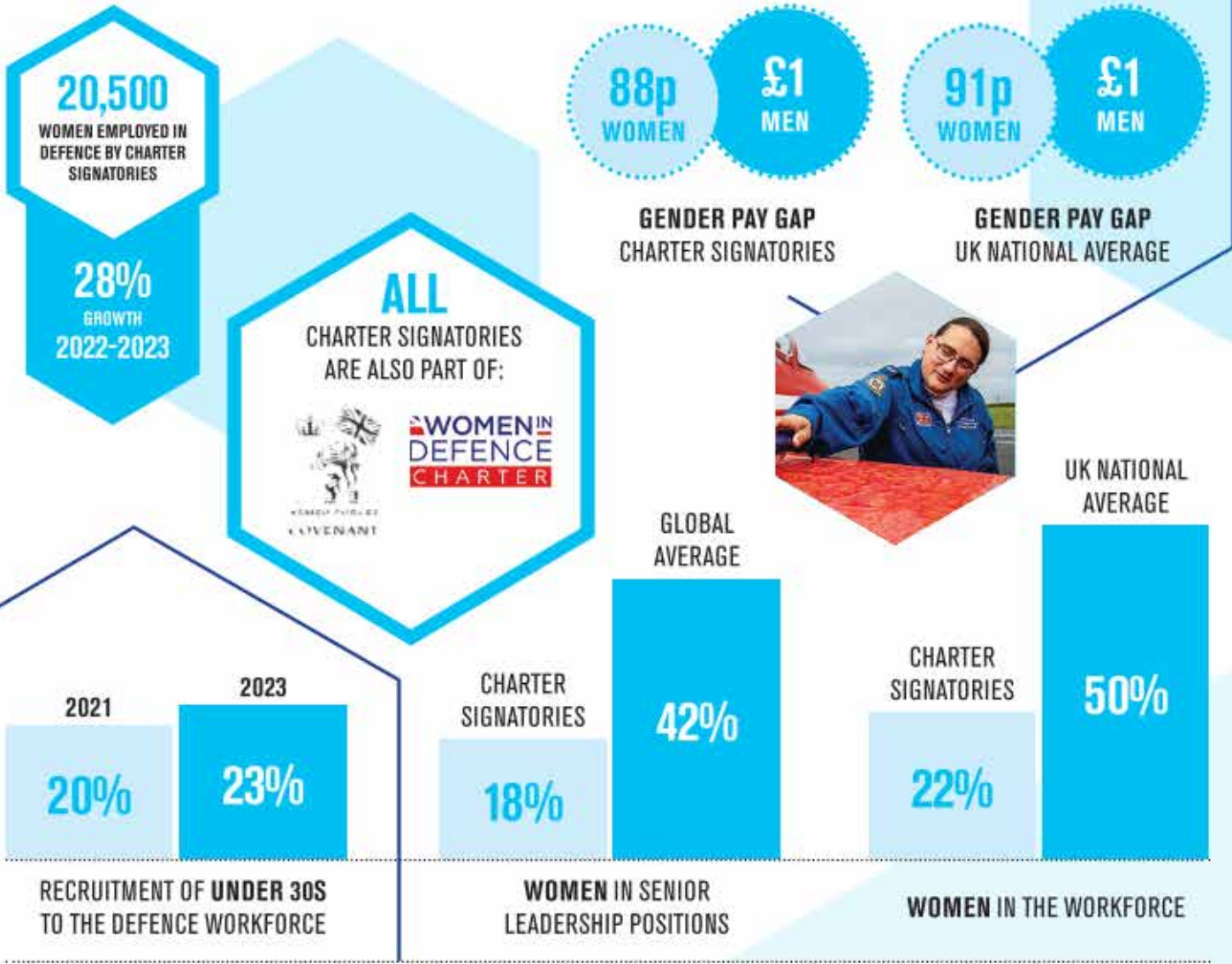
### COMMITMENT TO SOCIETAL IMPACT

As a leading sector within UK manufacturing, the defence industry plays a vital and growing role in offering well-paid jobs across the country. There is ongoing progress to close an enduring, intergenerational STEM skills gap and to attract diverse talent, including veterans, into the defence industry. The industry's workforce has also become younger, with more early career professionals, graduates, and apprentices working in defence. Many of these benefits have been amplified in impact by the defence industry's meaningful partnerships with local communities throughout the UK, particularly with the armed forces and local universities.

On gender equality, 20,500 women were employed in defence by Charter signatories in 2023, representing a 28% year-on-year increase despite women still only representing 22% of the overall signatory workforce. Industry recognises its structural challenges and that it still has a long way ahead of reaching true gender parity. Charter signatories continue to demonstrate their commitment to diversity, including through entrenched commitments to initiatives such as the Women in Defence Charter. Lasting positive social impacts are not built over night, but the industry is a role model in social sustainability.

# SOCIAL

## IMPROVING DIVERSITY, EQUALITY AND INCLUSION AT ALL LEVELS



### CASE STUDY: AIRBUS 'WE BUILD IT BETTER' PROGRAMME

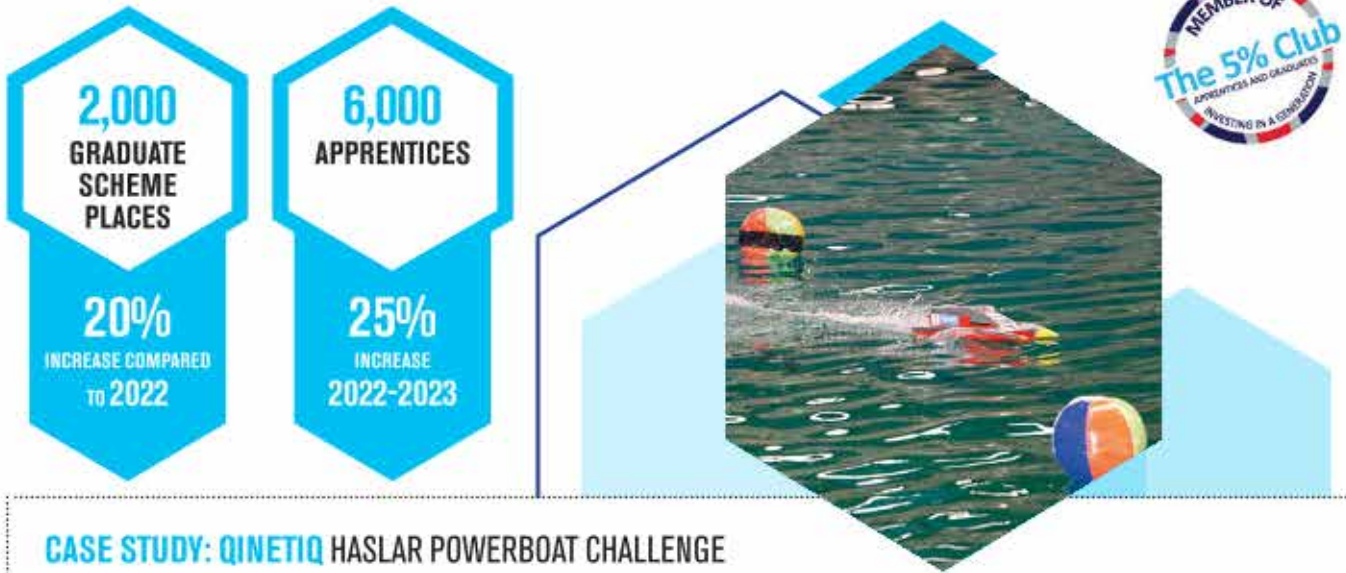
Diversity is an ongoing priority for all businesses, and that could not be more true for the defence industry's workforce. Alongside the larger Airbus community, Airbus Defence & Space UK Ltd. organises the 'We Build it Better' (WBIB) programme for Year 8 and 9 pupils in the UK.

Over the course of 18 weeks, students are introduced to a co-curriculum of practical and theoretical STEM skills which are in high demand in today's labour market, via digital learning resources and physical training equipment. One of the toolboxes, allows students to build their own aircraft, all while learning about the science and engineering involved. The programme also follows a distinctive approach on inclusivity. It caters and adopts the programme to different types of students – including students with special-needs, gifted students, remote students, and students who are learning English as a second language.

By the end of the 2023-24 academic year, a successful pilot scheme at Sele School in Hertford saw an overall improvement in attendance of 58% and a record 60% share of students deciding to take Triple Science as a GCSE. This included 50% of girls taking the course, which was a significant uptick and revealed the project's potential in closing the gender gap in STEM skills and careers. Thanks to the success of the pilot, a primary school pilot is now also being trialled at Sele School, with plans to expand this to more UK schools in the future.

## HELPING TO ADDRESS THE STEM SKILLS SHORTAGE

Almost all Charter signatories have signed up to the 5% Club, an industry wide initiative where members aspire to achieve 5% of their workforce in earn and learn roles within five years of joining. These include apprenticeships, sponsored students and graduates on formalised training schemes.



### CASE STUDY: QINETIQ HASLAR POWERBOAT CHALLENGE

The 15th annual edition of the QinetiQ Haslar Powerboat Challenge was held in November 2024, at QinetiQ's local Ocean Basin facility in Gosport. It offered students from eleven regional secondary schools the chance to design and build powerboats to be tested during a series of round-robin style competitions.

By exposing young individuals to technical challenges including on hydrodynamic design, manoeuvrability, speed and stability the somewhat opaque reality of working in STEM is given a real-life application in an exciting and informative way. The event itself is supported by key QinetiQ staff and covered by a variety of media outlets, including the BBC. Through this, the impact of this community outreach effort is amplified even further, hoping to reach the next generation of scientists, engineers and other STEM professionals.



### CASE STUDY: MBDA UK SUPPLY CHAIN SUSTAINABILITY SCHOOL

In 2023, MBDA UK became a partner in the Supply Chain Sustainability School (alongside BAE Systems). The School offers a free prize-winning curriculum to help individuals develop vital skills in sustainable supply chain practices. Delivered by Action Sustainability, this initiative includes more than 3,000 learning resources such as CPD-certified e-learning modules, assessment and benchmarking tools, as well as hundreds of online training sessions per year. Key classes cover everything from procurement practices to waste and resource efficiency to business ethics, offering the opportunity to benefit the workforce across industries.

As a partner, MBDA is as a significant contributor to the funding of the School, enabling tens of thousands of companies and their employees to access these resources at no additional cost. By April 2024, the School had grown its membership to over 30,000 students with 230 partners contributing to the funding of the programme. The success of the School over the past decade in the UK, has also led to the establishment of Australian and Irish branches, with the North American branch launched in January 2025.

According to MBDA, the partnership offers an opportunity to "help build the knowledge and capabilities of our supply chains and our people. This way we can better meet our legal and regulatory requirements, respond to our customer needs, and minimize our environmental impact while benefitting society."

## STRENGTHENING AND BUILDING MEANINGFUL PARTNERSHIPS

Most of our Charter signatories offer volunteering experiences to their employees every year, as well as partnerships with universities.

### CASE STUDY: BAE SYSTEMS ARMED FORCES COVENANT SUPPORT

BAE Systems has a long and proud history of supporting the Armed Forces. The company values the unique relationship it has with both serving members of the Armed Forces and veterans and recognises the contribution that serving personnel, reservists and military families bring to the organisation. In 2013, BAE Systems was the first defence company to sign the UK Armed Forces Covenant. It was also one of the first six winners of the MoD Employer Recognition Scheme Gold Award, which recognises an organisation's commitment to the Armed Forces Covenant. BAE Systems has developed a framework to manage its support for the Armed Forces Covenant and how it is delivered across BAE Systems in the UK. Over the next 10 years BAE Systems will focus on recruiting more service leavers, supporting Cadet Force Adult Volunteers and encouraging suppliers to sign the Covenant.

#### Developing skills and employment opportunities

The company works with the Careers Transition Partnership to promote vacancies to service leavers looking to find a new civilian career. In addition, it partners with Recruit for Spouses and provides funding and mentoring to help bridge the gap between employers and military spouses.

#### Special paid leave

BAE Systems provides paid time off to employees who are reservists, military families and adult Cadet Force volunteers.

#### Supporting Armed Forces charities

The company also has long-standing partnerships with charities such as SSAFA, Combat Stress, ABF The Soldier's Charity, the RAF Benevolent Fund, the Royal Naval and Royal Marines Charity and the Open University's Disabled Veterans' Scholarship Fund.



## CASE STUDY: BABCOCK PRODUCTION SUPPORT OPERATIVE (PSO) PROGRAMME

Babcock's Production Support Operative (PSO) programme supports the delivery of the next generation of warships for the Royal Navy. It was developed in partnership with Trade Unions and local community partners to meet the resourcing and skills requirements for the build of five Type 31 frigates at Rosyth. It is focused on attracting people from a range of backgrounds and experience, including those not currently in education, employment or training, with the role centred around supporting and learning from time-served tradespeople. Social value is at the heart of the programme. It's helping to tackle economic inequality and improve social mobility by targeting recruitment from areas of higher deprivation. It is also reducing barriers to employment and creating equal opportunities with the removal of educational restrictions and provision of neurodiverse support, as well as improving gender balance by encouraging more women to take on industrial roles.

A key part of the programme's success has been strong community partnerships and engagement. Fife Council has created a bespoke Pre-Employment Programme, which includes local training solutions by Kingdom Works, Exp-Learn and Opportunity Fife, and is the first of its kind in Scotland. Fife College provides between three and five weeks of capability development for every cohort of new PSO recruits. Following initial training, PSOs can further develop through on the job learning and potentially gain qualifications to become skilled tradespeople in the future.

Since the launch of the programme in April 2022, more than 287 PSOs have been employed, with a number of these employees already progressing into trade training programmes and internal promotions. Similar programmes are being replicated in other parts of the UK business, demonstrating a relentless commitment to creating and upskilling the workforce.

In 2024, Babcock won the Social Value category at the Ministry of Defence (MoD) Sanctuary Awards in recognition of the PSO programme. Additionally, the programme was named winner of the 'Transformational Change through Education & Skills' category at the Centre for Engineering, Education and Development (Ceed) Industry Awards in February 2024.







## GOVERNANCE

### COMMITMENT TO IMPROVEMENTS IN GOVERNANCE AND ETHICS

The UK defence industry operates under high levels of regulation and compliance, demonstrating leadership for the UK's national security interests on a global stage. A robust UK defence industry ensures protection against malignant actors that threaten the cyber resilience, sovereign capabilities, or economic competitiveness.

The UK defence industry has a primary goal of deterrence, stability and peacekeeping which is aligned to the aims of avoiding conflict and promoting economic growth. Although debates about the ethics of defence continue, the growing level of security threats faced by the UK, and the overarching geopolitical turmoil, underpin the industry's importance and responsibility, especially as a designated pillar of Critical National Infrastructure.

By adhering to high standards of governance, the Charter signatories make a sustainable contribution to the defence and security of the nation, protecting the UK's core values, including democracy, the rule of law, and civil liberties.

# GOVERNANCE

## BUILDING GREATER CYBER RESILIENCE

All seven Charter signatories fulfil UK standards on cybersecurity and ISO27001 certification.



### CASE STUDY: THALES CYBER RESILIENCE LAB

As the threat landscape evolves, critical national infrastructure (CNI) faces unprecedented risks. Modern conflicts, such as Russia's illegal invasion of Ukraine, have demonstrated the devastating impact of cyberattacks on essential services. These attacks, which have targeted power grids and caused widespread blackouts, underscore the urgent need for robust cyber resilience.

Thales is at the forefront of safeguarding the UK's energy infrastructure. The state-of-the-art Cyber Resilience Lab in Ebbw Vale serves as a vital resource for CNI operators, enabling them to test, train, and strengthen their defences against an increasingly complex threat environment.

Thales' lab combines physical test benches—representing real-world energy and gas distribution networks—with advanced digital simulations. These tools enable rigorous stress testing and scenario-based exercises, helping operators identify vulnerabilities, enhance incident response capabilities, and ensure resilience against cyberattacks.

Through a "Secure by Design" approach and continuous assurance processes, Thales collaborates with leading energy providers to ensure the security and resilience of critical infrastructure. By mitigating the risk of service disruptions, Thales plays a key role in supporting the UK's energy stability and contributing to national security. This work aligns with the principles of ESG governance by reinforcing societal resilience and operational continuity, ensuring the UK's energy networks remain secure in the face of emerging challenges.



## EXPORT CONTROLS

- Industry is committed to sustain a strict, efficient and comprehensive export control system.
- According to the Export Control Joint Unit (ECJU) data set, about 80% of export licence applications were approved each quarter over the last year.

### CASE STUDY: ADS GROUP EXPORT GROUP FOR AEROSPACE, DEFENCE & DUAL-USE (EGADD)

The existence of export controls is to ensure the appropriate restriction of the sale of military goods and technology to other jurisdictions, this can extend to dual-use goods. Export controls exist to ensure that domestic businesses align with and adhere to national security objectives, as well as foreign policy and national economic interests.

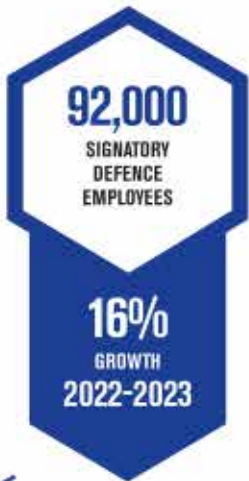
The UK operates under a robust system that requires dedicated, committed and hardworking officials, who work to make certain that the UK only undertakes responsible exports of strategic technologies. Regularly cited as "one of the best export control systems in the world". A key component of the ADS UK Defence ESG Charter is governance and export controls are a key element of the defence industry's governance; however, the system has room for improvement.

By embracing good governance practices such as accountability and transparency, defence firms are supporting strong export control compliance that aligns with ESG principles. A strict and efficient export control system prevents violations, like those affecting human rights, without hampering sustainable economic growth and competitiveness. One avenue where the defence industry is demonstrating this supportive approach is through the Export Group for Aerospace, Defence & Dual-Use (EGADD). Established in 2004, it is a not-for-profit-making special interest industry group and the only UK industrial body which specialises on export and trade control matters. Through its founding support of the group, ADS Group has also played a crucial part in advancing discussions on export control. EGADD is jointly run with the British Naval Equipment Association (BNEA), the Society of Maritime Industries (SMI), British Marine, and techUK. EGADD offers an unparalleled forum for exporters, the Government's Export Control Joint Unit and industry-at-large, to improve the UK's export control system. The way in which export controls are governed in the UK allows industry to show its commitment towards high levels of leadership, whilst also pushing stakeholders to work towards boosting resilience and reducing export-related risks.



# GOVERNANCE

## GROWING THE ECONOMY AND NATIONAL CAPABILITIES



AVERAGE  
DEFENCE RELATED  
TURNOVER

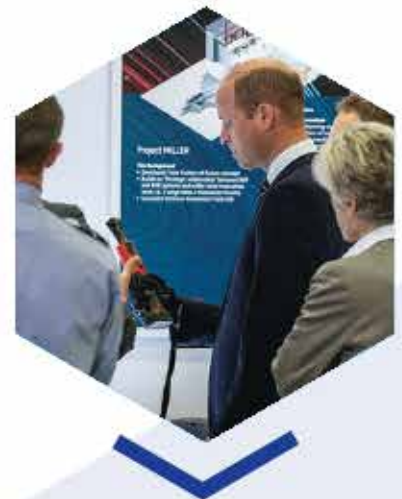


CHARTER  
SIGNATORIES  
MAKE UP



## DELIVERING DEFENCE CAPABILITIES THROUGHOUT THE UK

Darker colours indicate a greater volume of Charter signatory sites.





## LOOKING AHEAD

The First Edition of the UK Defence ESG Charter Report reflects how far industries have come in recent years on their individual ESG journeys. Going forward, the Charter network, including our new signatories, will continue to be ambitious in both reporting and operational developments with regards to ESG, ensuring our industry is improving. Future annual reports will continue to reflect industry progress through data points and real-life case studies.

### SME REPORTING

There is an appreciation that many of the data reporting points are in line with the regulatory requirements for businesses, which typically kick in at thresholds relating to employee numbers and turnover. As the scope of signatories expands to include SMEs, we will set a feasible pathway towards a reporting mechanism that is as inclusive as possible. As long as signatories are able to showcase they are implementing practices to meet the ambitions of the Charter, a requirement to become a signatory, then they will be included in our reporting going forwards. Reporting is intended to provide businesses with a measurement on which to improve at a rate that is both feasible and manageable for their own circumstances.





## ENVIRONMENT

As part of the evolving regulatory requirements, UK manufacturers are preparing to report on Scope 3 emissions, which include the footprint of materials used, and emissions associated with the use of a product and end of life emissions (upstream and downstream value chain emissions). Given the outsized magnitude of Scope 3 GHG emissions within our industry, the ability to know more about the value chain to enable reporting is a top priority for industry and for future Charter reports. Several of the Charter signatories are already publicly reporting their Scope 3 emissions in their respective carbon reduction plans.

The current Environmental focus within the Charter is centred around climate transition, clean technologies, and the management of critical minerals. However, our industry has an environmental footprint beyond climate change, which will require action in a wider variety of domains including, but not limited to, biodiversity loss, freshwater use, changes in land use and chemical pollution. With expectation that this will be something to develop overtime, there is an urgency to act, owing to incoming disclosure regulation frameworks.



## SOCIAL

The UK defence industry boasts an impressive societal impact. However, future reports will endeavour to match UK Government evolution of reporting metrics. This could include reporting on progress made on LGBTQIA+ inclusion, disability-friendly workplaces, neurodiversity accommodations and on any pay disparities between different minority groups.

There is also an opportunity to consider reporting on occupational health and safety. The defence industry also has a long-standing commitment towards supporting veterans' charities and other charitable organisations. We hope to use the network to support industry charities over the coming years and fully showcase this impact in future editions of the Charter report.



## GOVERNANCE

The UK defence industry is highly regulated, and businesses operating in this space adhere to the highest standards of governance and ethics. Given the sensitive nature of the work, it can be challenging to collect relevant data points to showcase how industry is operating effectively and consistently making improvements in governance.

Case studies in the first edition of the UK Defence ESG Charter report have been essential to show progress, and the expectation is that this will continue in future reports alongside further examples of how industry deals with anti-corruption training, anti-bribery policies, modern slavery policies, risk management, as well as engagement with MoD and NATO allies.



## ADS GROUP: PUTTING OUR MONEY WHERE OUR MOUTH IS

Over the past year, ADS Group has also been looking at how we approach ESG, including the ways in which we support our members, but also how we improve our behaviours across environmental, social and governance principles.

As part of the Supply Chain Solutions (SCS) framework, ADS launched an ESG Self-Assessment Tool, created to help members develop and refine their ESG strategy. ADS published a Greenhouse Gas (GHG) Emissions Reporting Guide, a valuable resource designed to assist SMEs in the aerospace and defence industries with their emissions reporting.

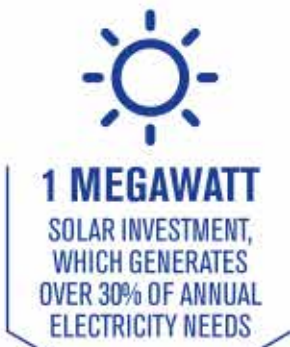
In January 2025, ADS further demonstrated support for industry through dedicated ESG workshops. The workshops provide an avenue to foster greater engagement beyond the Charter signatories and ensure that the defence industry remains aligned with evolving ESG standards.

Additionally, ADS Group has committed itself to conduct internal ESG reporting. By sharing in the responsibility with industry, ADS aims to lead by example and to promote a culture of sustainability and accountability across all of our industries and organisations, including subsidiary Farnborough International Limited (FIL).

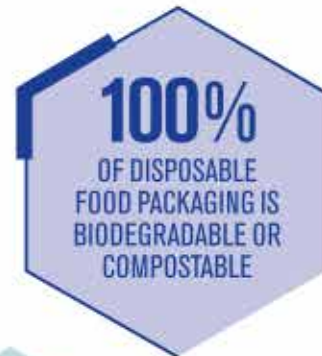
# ADS GROUP: CONTINUED

FIL has made notable progress in its sustainability programme, Destination Zero. This initiative reflects FIL's commitment to becoming a leading sustainable business, events venue, and organiser, with the goal of achieving net zero carbon emissions by 2050 or sooner. The programme is particularly relevant in the context of the Farnborough International Airshow, and Farnborough International Exhibition and Conference Centre where sustainability efforts are crucial.

## GOALS ACHIEVED BY THE END OF 2024:



## FIL USES AN AWARD-WINNING WASTE REMOVAL SUPPLIER WHO ENSURES:



FIL is committed to reducing its impact on the environment and strives to deliver a positive change, via its influence across the global aerospace, defence, space, and security industries, as well as the wider aviation and events industries. FIL is committed to its sustainability objectives whilst fulfilling its compliance obligations and ensuring best practice where practicable, whilst supporting its clients in achieving their own goals and enabling the conversation to achieve the global aviation Net Zero target of 2050.



# HOW WE CAN HELP



## SUPPLY CHAIN SOLUTIONS: ESG PILLAR PATHWAY

Under the Supply Chain Solutions (SCS) Framework, we have developed an [ESG guidance pillar](#). This pathway was developed to ensure our members are well-equipped to meet current and future ESG requirements from a voluntary reporting and regulatory perspective. This pillar has targeted support for SMEs, navigating the complexities of sustainability reporting and compliance, enhancing corporate reputation and fostering innovation through environmentally and socially responsible practices.

As a starting point, we recommend completing our free [ESG Assessment Tool](#). This comprehensive self-assessment tool generates a tailored report for members, with actionable recommendations to improve overall ESG practices within organisations. For enquiries, please contact [scs.adsgroup.org.uk](mailto:scs.adsgroup.org.uk).

## GREENHOUSE GAS (GHG) EMISSIONS REPORTING GUIDANCE

Specifically tailored to the aerospace and defence industries, the [GHG emissions reporting guidance](#) provides practical insights and step by step instructions for both mandatory and voluntary GHG reporting in accordance with the Greenhouse Gas Protocol. A worked example enables a clearer understanding of how to translate the guidelines into actional steps within your business.

## ACCESS TO FINANCE GUIDE

ESG criteria and policies are becoming more mainstream in the risk profiling undertaken by the finance community. We continue to work closely together to help improve the operating environment and risk profiling of the defence industry. The joint ADS and UK Finance Access to Finance Guidance is an example of our work together, which aims to enhance the knowledge within each industry.

## BUILDING OUR ESG NETWORK

We are committed to bringing the community together with our signatories, supporting partners and wider membership across ADS through online and in person events which will continue throughout 2025 and beyond.

**Workshops:** ADS is facilitating numerous ESG workshops to share best practice amongst the aerospace and defence industries.

**Special Interest Groups:** ADS has several groups focused on sustainable business practices, including the Sustainability Network and the Sustainable Materials and Sustainable Procurement working groups.

**Webinars:** ADS hosted a Sustainable Futures Series with the New Professionals Forum, which looked at shaping a sustainable workforce and balancing capability and sustainability in defence.



# APPENDIX

## DEFINITIONS

**Greenhouse gases (GHG)** are gases that absorb radiation from the sun, causing global warming. This includes carbon dioxide, methane, nitrous oxide, chlorofluorocarbon-12, hydrofluorocarbon-23, sulphur hexafluoride and nitrogen trifluoride.

**Scope 1 (Direct emissions):** Activities owned or controlled by your organisation that release emissions into the atmosphere. Examples include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production process equipment.

**Scope 2 (Indirect energy emissions):** Consumption of purchased electricity, heat, steam and cooling. These occur at sources you do not control or own but are a consequence of your organisation's activities.

**Renewable energy** is usable energy derived from solar energy, wind power, hydroelectric power, geothermal energy, tidal power, and biofuels.

**Full Time Equivalents** is an employment measure that takes into account the total hours worked by both full time and part time employees, standardised by a common measure of full-time hours.

**Senior leader** is defined as Director, Vice President, or C-suite.

**STEM** roles and hours are Science, Technology, Engineering and Mathematics (STEM).

## METHODOLOGIES

Data in this report covers the periods 2021, 2022 and 2023 and was requested from Charter signatories for the reporting period of Q3 2024 onwards and consolidated and aggregated in January 2025. Averages and absolutes are both used in this report and individual data points reflect this when used.

Given the single-digit number of original Charter signatories and our commitment to anonymity, this report will not feature a summary of key performance indicators.

**UK Total turnover:** the total the values of sales of goods produced, purchased and resold without further processing, work done and industrial services rendered, and non-industrial services rendered for the survey year in question. This is before trade discounts, VAT and other taxes. Excludes repatriation of profits from overseas.

**UK Defence turnover:** the amount of UK Total Annual Sales Turnover derived from UK Defence Related Activities for the survey year in question.

**Greenhouse Gas (GHG) Emissions:** Scope 1 & 2 GHG emissions is request in millions of tonnes (Mt CO<sub>2</sub>e).

**Gender Pay Gap Reporting:** Consistent with UK Government reporting requirements. Assumes that = 100%. And women = percentage of equivalent pay.

**Employment:** Full Time Equivalents (FTEs) approach is taken. FTEs based on a 37-hour working week:

- $FTEs = (\text{Number of full-time employees} \times \text{average full-time weekly hours } 37) + (\text{number of part-time employees} \times \text{average part-time weekly hours } 37)$
- Defence FTEs per company will be calculated using the total FTEs for the companies (including defence and civil employment) then multiplying the figure by % turnover allocated to defence.

Image credit: From member companies or Shutterstock images

# APPENDIX: CONTINUED

## SOURCES

Data points and key findings in this report are sourced from UK Defence ESG Charter signatories and are constituted as ADS own data to set our ESG reporting baseline. Other ADS data is used throughout this report which has been compiled with Oxford Economics, Ministry of Defence Statistics and Office for National Statistics data.

### Resources for data points and case studies include:

[Defence - ADS Group](#)

[ADS data for 2023](#)

[Ministry of Defence Climate Change and Sustainability Strategic Approach](#)

[Key Statistics on Women in Leadership | AWL](#)

[Task and Finish Group: industry resilience for critical minerals - GOV.UK](#)

[Search and compare gender pay gap data - Gender pay gap service - GOV.UK](#)

[Flagship UK science and technology education programme | Airbus](#)

[WBIB: Curriculum](#)

<https://www.airbus.com/en/newsroom/stories/2024-12-flagship-uk-science-and-technology-education-programme>

[Gosport: Aspiring engineers build and race model speedboats - BBC News](#)

[The Henry Beaufort School - QinetiQ Powerboat Challenge](#)

[Gosport school gets funding boost for project to build powerboat](#)

[Powerboat challenge 2023](#)

[Diversity & Inclusion at QinetiQ](#)

[MBDA UK Ltd - Supply Chain Sustainability School](#)

[Partners - Supply Chain Sustainability School](#)

[School Structure - Supply Chain Sustainability School](#)

[About Us | Action Sustainability](#)

[Supply chain sustainability school - Designing Buildings](#)

## NOTES ON OMISSIONS:

Signatories were also asked to provide data on gross value add but this proved a reporting challenge and will be reframed in reports going forward. Similarly, there was also a relative lack of responses for questions on UK supply chain spend. Therefore, we will also examine how we might re-frame this question to better fit existing data capabilities from our signatories.

<sup>1</sup> Ministry of Defence Climate Change and Sustainability Strategic Approach

<sup>2</sup> Defence - ADS Group

<sup>3</sup> According to ADS data for 2023.

<sup>4</sup> According to ADS data for 2023.

<sup>5</sup> Key Statistics on Women in Leadership | AWL

<sup>6</sup> Key Statistics on Women in Leadership | AWL

<sup>7</sup> Search and compare gender pay gap data - Gender pay gap service - GOV.UK



## ABOUT ADS

ADS is the trade association for the UK's aerospace, defence, security, and space industries, representing more than 1400 members. We work with those industries to secure the UK's advantage, enhance our international positioning as a go-to destination for innovation, and deliver on our sustainable leadership goals.

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