



LEONARDO UK LTD

CARBON REDUCTION PLAN 2024

AN OVERVIEW OF CLIMATE ACTION AT LEONARDO

Leonardo is committed to taking action on climate change and reducing greenhouse gas (GHG) emissions across the value chain, which encompasses all of the activities and processes required to create products and services.

“Over the last four years Leonardo has reduced more than 40% of direct and indirect emissions coming from operations and is now pushing on actions to address Scope 3 emissions. In line with this strategy and with our decarbonization targets validated by SBTi, we will enhance the sustainability of our supply chain and the development of low-carbon products and solutions.”

R. Cingolani

CEO & General Manager of Leonardo

At a Group level, Leonardo received recent validation for near-term [Science Based Targets](#), in particular:

- **53%** absolute reduction in Scope 1 & 2 GHG emissions by 2030 from a 2020 baseline year
- **58%** of Leonardo suppliers with emissions covering Scope 3, categories 1 and 2 (purchased goods and services and capital goods) will set science-based targets by 2028
- Reduce Scope 3 GHG emissions from fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, businesses travel, employee commuting, upstream leased assets, and use of sold products **52%** per flight hour equivalent by 2030 from a 2020 baseline year

The Leonardo Group's [TCFD Report](#) and [Sustainability in Action 2024](#) have been published, setting out these targets and associated actions.

Against a global backdrop where 2023 was the warmest year ever registered globally - with average global temperatures exceeding pre-industrial levels by 1.5°C - Leonardo is committed to reducing GHG emissions across the value chain, supporting the development of technologies to address climate change adaptation and mitigation.

1. LEONARDO UK COMMITMENT TO ACHIEVING NET ZERO

As part of the Group commitment to climate action and the SBTi targets, Leonardo UK Limited (Leonardo UK) is committed to achieving a near-term Net Zero target for Scope 1 and 2 emissions by 2030 against a 2018 baseline. By 2050, Leonardo UK is focused on reaching Net Zero for its Scope 1, 2 and 3 emissions (Scope 3 emissions as defined in PPN 06/21) against the baseline year.

Leonardo UK is pursuing a path of continuous improvement, to develop innovative solutions that integrate environmental issues into the organisation's business strategy, to reduce its environmental impact.

Over the last six years, Leonardo UK has recorded progress against each of its targets by monitoring energy consumption and calculating the carbon emissions at the majority of its UK sites.



2. BASELINE EMISSIONS FOOTPRINT

Baseline emissions are a record of the greenhouse gases (GHG) that have been produced in the past and were created prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Leonardo UK Net Zero Baseline Year: 2018

ADDITIONAL DETAILS RELATING TO THE BASELINE EMISSIONS CALCULATIONS

Leonardo UK's GHG emissions are calculated for the reporting period running between January and December 2023, in line with the GHG Protocol Corporate Accounting and Reporting Standard. UK 2023 CO₂e conversion factors and calorific converters have been used as part of this methodology. The reporting covers all material emissions sources within Leonardo UK's operational boundary, using the operational control approach.

Scope 1 encompasses Leonardo UK's direct emissions, including those associated with the direct consumption of gas and fuel and the emissions generated by owned and leased fleet vehicles and fugitive emissions. Scope 1 emissions are calculated based on the volume of consumed fuel detailed on utility invoices, the number of miles travelled by company owned vehicles and the equivalent CO₂e value of fugitive emissions lost from refrigeration systems.

Scope 2 encompasses indirect emissions, including those associated with the purchase and consumption of electricity. Scope 2 emission calculations are based on the volume of consumed fuel detailed on utility invoices and use the 'Market-Based' methodology.

Scope 3 encompasses emissions that are a consequence of company activities, generated from sources not owned or controlled by Leonardo. The Scope 3 figures reported in this CRP include the following emissions as per the Technical Standard guidance: upstream transportation and distribution; business travel; employee commuting; downstream transportation and distribution; and waste generated in operations.

The Leonardo UK Net Zero baseline year is 2018, to align with the base year chosen by other UK government schemes such as Climate Change Agreements (CCA).

3. EMISSIONS REPORTING

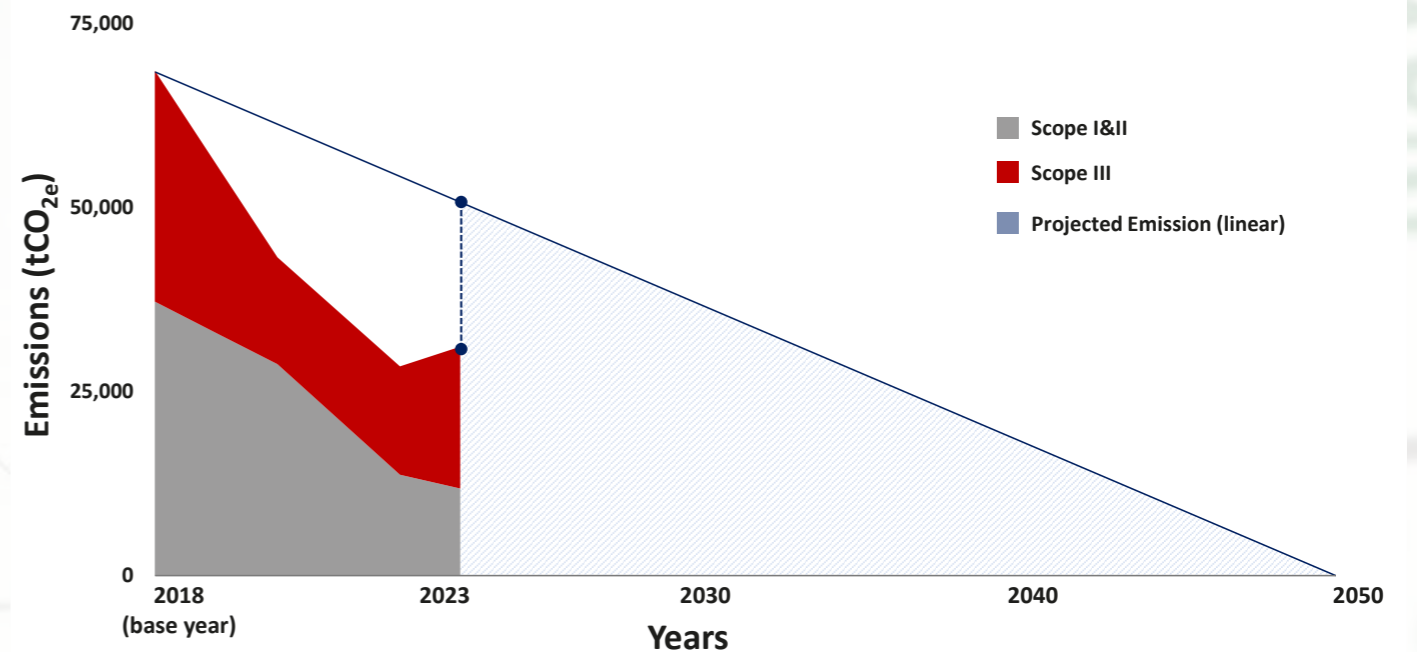
Table 1: 2023 emissions against the 2018 baseline. Scope 1 & 2 emissions have reduced by 68%.

Emissions Scope	2018 tCO ₂ e	2022 tCO ₂ e	2023 tCO ₂ e	% Change
Scope 1	16,365	12,540	10,981	33%
Scope 2	20,827	1,166	845	96%
Total Scope 1 & 2	37,192	13,706	11,826	68%
Scope 3				
Category 4: Upstream Transportation and Distribution	7,082	1,636	1,601	77%
Category 5: Waste	241	133	800	-232%
Category 6: Business Travel	10,900	6,453	9,839	10%
Category 7: Employee Commuting	13,106	6,482	7,068	46%
Category 9: Downstream Transportation and Distribution*	0	0	0	0%
TOTAL SCOPE 3	31,329	14,704	19,308.08	38%
TOTAL EMISSIONS	68,521	28,410	31,134.08	55%

* Leonardo does not currently assess downstream transportation and distribution emissions.

In alignment with the principles of the Greenhouse Gas Protocol, Leonardo UK is continuing to review the coverage and accuracy of data for all emissions categories.

CARBON REDUCTION: PROJECTED VS ACTUAL FOR SCOPE 1, 2 AND 3



4. EMISSIONS REDUCTION TARGETS

Leonardo UK is committed to achieving Net Zero for Scope 1 and 2 emissions by 2030 and Scope 3 emissions by 2050 as defined in PPN 06/21. Leonardo UK adopted the near-term carbon reduction target below as part of its journey towards net zero, which has since been surpassed:

Reduce Scope 1 and 2 GHG emissions by 40% by the end of 2025 from a 2018 baseline.

LEONARDO UK'S PERFORMANCE SO FAR.

Scope 1 and 2 emissions have decreased by 68% from 37,192 tCO_{2e} in 2018 to 11,826 tCO_{2e} in 2023. Leonardo UK now procures 95% of its energy from renewable sources, which are the main driver of this reduction to date.

Variations in the emissions reduction trends are mainly due to the following reasons: (1) Improvement in data coverage in 2023 respect to 2022 (e.g. capturing more data for reporting and/or improving accuracy); (2) Increased headcount/business growth (e.g. increase in commuting and travel); (3) Additional elements in 2023, not present in previous years (e.g. Waste – there was no construction waste in 2018, but there was in 2023) and post-Covid 19 (e.g. business travel/commuting returning to pre-Covid levels).

As outlined below, Leonardo UK continues to initiate projects that reduce energy usage and GHG emissions across the organisation.

5. COMPLETED CARBON REDUCTION INITIATIVES

The following measures and projects have been completed or implemented since the baseline year of 2018. These significant investments have improved efficiencies to reduce Leonardo UK's GHG emissions.

SCOPE 1

- Replacement of several gas heating systems with solutions that generate lower GHG emissions across various sites.
- Reduction in the company's office footprint and maximisation of its office spaces, to improve energy efficiency and reduce heating demand.
- Continued investment in a more efficient heating, ventilation, and air conditioning (HVAC) infrastructure that uses lower Global Warming Potential (GWP) refrigerants.
- Installation of Electric Vehicle (EV) Charging Points to support Leonardo UK employees who are transitioning to EVs, with seven UK sites now offering EV chargers.
- In 2023, the Leonardo UK car fleet comprised 59% ultra-low emission vehicles (ULEV), leading to a 37% reduction in GHG emissions from the fleet.

SCOPE 2

- Across the majority of UK sites, electricity usage is covered by Renewable Energy Guarantees of Origin certificates, with plans to extend coverage to the entire estate in 2024.

- Energy efficiency projects to reduce electricity consumption including:
 - Investment in LED lighting continued in 2023 across all of the UK sites. Leonardo UK is using Lighting as a Service (LaaS) on its Yeovil site, as part of its commitment to transition to 100% LED. Leonardo has now converted 14 key buildings to LaaS, generating a saving of c.725 tCO_{2e} per annum. In other facilities, Leonardo continues to invest directly in LED.
 - Continued investment in more efficient Cooling Towers, to support industrial manufacturing processes and reduce energy consumption.
 - Reduction in the company's office footprint and maximisation of its office spaces, to improve energy efficiency.
 - Initiation of humidity control studies for manufacturing facilities, to reduce energy consumption.
 - Increasing efficiencies of on-site data centres, moving from on-site data centres to the Cloud to reduce energy demand.

SCOPE 3

- Continuation of a salary sacrifice Green Car Scheme, supporting Leonardo UK employees to transition to EVs to reduce GHG emissions generated by employee commutes, with 151 colleagues now using the scheme.
- Installation of Electric Vehicle (EV) Charging Points to support Leonardo UK employees transitioning to EVs.

OTHER INITIATIVES

- Launching employee initiatives such as the UK Couch to Carbon Zero project and UK Sustainability Week, to build engagement in climate action and wider sustainability topics.
- UK Supplier Engagement workshop in 2023, supporting the Group programme to engage the supply chain on climate and wider sustainability topics.
- Support of the Group Ecovadis programme to develop a sustainable supply chain
- Signatories to the Defence Aviation Net Zero Strategy.
- Signatories to the ADS UK Defence ESG Charter.

6. CARBON REDUCTION INITIATIVES PLANNED

Moving forward, Leonardo UK has a pipeline of activity to reduce GHG emissions towards Net Zero. Leonardo UK is planning to implement the following further measures to reduce its overall GHG emissions:

SCOPE 1 & 2

- Constructing a new direct wire 15.23MW Solar Photovoltaic (PV) farm for our Helicopters facility.
- Investment in further decarbonisation of infrastructure, exploring technologies to eliminate the use of natural gas for heating.
- Expanding Smart Building Management Systems within facilities.
- Leonardo UK is working with the Innovate UK consortia on Project Butterfly, to assess resources and improve energy efficiencies in manufacturing.
- Exploring the use of new Data Centres, to minimise energy consumption on premises.

- Collaborating with international teams to explore the use of digitisation to reduce flying-hours in testing, and researching the use of Sustainable Aviation Fuels where flight is required.
- Exploring further decarbonisation of on-site vehicles and fleet vehicles.

SCOPE 3

GHG emissions and reduction initiatives are being developed across all Scope 3 categories, including:

- **Supply Chain:** Globally, Leonardo is committed to ensuring that 58% of suppliers with emissions covering purchased goods and services and capital goods will have science-based targets by 2028.
- **Digital and Cloud:** Where digital infrastructure is moved from on-site servers to the Cloud, Leonardo UK will implement Digital Sustainability principles to reduce the energy use and associated emissions from use of Cloud infrastructure.
- **Commuting & Homeworking:** In the UK, annual Commuting and Homeworking Surveys will be conducted to accurately measure and track emissions to identify opportunities for further reductions. The existing employee benefits will be developed to further support active travel (e.g. cycle to work) and energy savings for employees at home.
- **Business Travel:** Leonardo UK is partnering with an SME software platform to help to accurately measure associated emissions, and develop guidance to help reduce associated emissions.
- **Circularity, Waste & Materials:** Leonardo UK has a target to reduce waste production by 15% by 2030. In the UK, Leonardo sites are working to reduce waste, material and water consumption in line with our Group targets. Additionally, innovative waste reduction and circularity projects are being developed to further reduce waste and material use.
- **Products:** At a Group level, Leonardo has a commitment to reduce emissions associated with product use. UK teams are collaborating with international colleagues to measure the impact of products and identify innovative means to reduce emissions. Additionally, UK teams are developing 'Design for Sustainability' principles to embed sustainability in the product-life cycle.
- **Logistics:** Leonardo teams across the UK will continue working with our logistics partners to reduce GHG emissions in our transportation and distribution chains.
- **Investments:** In the UK, the Leonardo Pension Funds have set an overarching goal to reach Net Zero GHG emissions by 2050, and the Trustees work in collaboration with Schroder's to measure and track progress towards this target.

OTHER INITIATIVES

- **Beyond Value-Chain Mitigation:** In addition to investing in reducing emissions, Leonardo UK is also investing in voluntary Beyond Value-chain Mitigation with co-benefits for biodiversity and people, such as 8000 trees/hedgerows being planted in the UK this year.
- **Biodiversity** Leonardo UK is committed to protecting and enhancing biodiversity, and has recently partnered with a key UK ecology consultancy to develop biodiversity audits and management plans at several UK sites.

7. ALIGNMENT TO LEONARDO GROUP

Leonardo UK's parent company, Leonardo SpA, continues to lead the Aerospace and Defence Sector in its commitment to Sustainability.

The integration of Sustainability into the Group's business model is enabled by the full coordination of strategic targets and initiatives envisaged in the Sustainability Plan. The direct involvement of each business, legal entity, or division will be required to support the achievement of such targets. Leonardo is committed to reducing climate-altering emissions, mitigating climate change risks, and fostering the transition to a low-carbon economy, especially through research and the implementation of innovative solutions, which also encompass the wider supplier ecosystem.

In 2024, Leonardo gave further impetus to its climate-related strategy, by setting a target with the Science Based Target initiative (SBTi) to reduce direct and indirect CO₂ emissions, in line with the objectives set in the Paris Agreement. This positions the company as a leader in its commitment to climate change, confirmed by a Carbon Disclosure Project (CDP) assessment, inclusion in the Dow Jones Sustainability Indices for the 14th consecutive year and named as the leader among Aerospace and Defence companies for the fifth year running.

8. DECLARATION AND SIGN OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and the associate guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard, using the appropriate Government emission conversion factors for GHG company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with Streamlined Energy and Carbon Reporting (SECR) requirements. The required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Board of Directors (or equivalent Management Body).

Signed on behalf of Leonardo UK Ltd.



Clive Higgins
Chair and CEO, Leonardo UK
30 August 2024

For more information:

infomarketing@leonardo.com

Leonardo UK

One Eagle Place - St James's - London SW1Y 6AF
United Kingdom - T +44 (0) 1268 522822

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