

## **Carbon Reduction Plan**

**Reporting Year: 2025**

### **Commitment to Achieving Net Zero**

STS Defence is committed to achieving Net Zero greenhouse gas emissions by 2050 or earlier for its UK operations, in line with UK Government policy and the requirements of Procurement Policy Note (PPN) 06/21.

This commitment applies across Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased electricity) and material Scope 3 (value chain emissions) categories.

STS Defence's Net Zero commitment is implemented through a structured decarbonisation programme aligned to internationally recognised greenhouse gas accounting standards, including the GHG Protocol Corporate Accounting and Reporting Standard.

### **Group Alignment and Reporting Framework**

STS Defence is part of the Cicor Group and aligns its environmental reporting methodology, Scope boundaries, emissions-factor selection, and internal assurance processes with the Cicor Group Environmental Reporting Guideline (Version 2.0, August 2025).

The Cicor Group guideline is grounded in the GHG Protocol Corporate Accounting and Reporting Standard and provides a standardised framework for Scope 1, Scope 2 and material Scope 3 emissions reporting across all Cicor entities.

STS Defence uses the Banyan sustainability data platform in line with Cicor Group reporting requirements, enabling:

- Category-level Scope 3 reporting
- Automated emissions-factor updates
- Supplier-level mapping
- Transparent audit trails
- Internal assurance and data validation

This framework ensures consistent, auditable and comparable greenhouse gas reporting across the Cicor Group while supporting continuous data-quality improvement at site level.

### **Net Zero Commitment and Group Decarbonisation Strategy**

While the Cicor Group has adopted a decarbonisation journey approach that prioritises absolute emissions reductions and operational feasibility over a formal net zero declaration, STS Defence has adopted a Net Zero by 2050 commitment for its UK operations in order to align with UK Government policy and the requirements of Procurement Policy Note (PPN) 06/21.

STS Defence's Net Zero commitment is implemented through the same robust emissions-reduction methodology, data-quality standards, and supply chain engagement framework defined within the Cicor Group Environmental Reporting Guideline.

This approach ensures both compliance with UK Government procurement requirements and alignment with the Cicor Group's science-informed decarbonisation strategy.

Carbon reduction performance is reviewed through STS Defence's ISO 14001 environmental management system and reported through internal management review processes.

## Baseline Emissions Footprint

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

### Baseline Year: 2021

Scope	Source of CO <sub>2</sub>	Tonnes of CO <sub>2</sub> e (tCO <sub>2</sub> e)
Scope 1	Natural Gas (for heating)	85.7
Scope 1	Vehicle fuel (for business use)	35.5
Scope 2	Electricity	96.2
Scope 3	Category 5 – Waste generated in operations	266
Scope 3	Category 6 – Business travel	122.6
<b>Total Baseline Emissions (2021):</b>		<b>606 tCO<sub>2</sub>e</b>

### Additional Details Relating to Baseline and Methodology

STS Defence has enhanced its greenhouse gas emissions accounting methodology since the 2021 baseline year.

For the 2021 baseline year, Scope 3 reporting included only:

- Category 5 – Waste generated in operations
- Category 6 – Business travel

This partial Scope 3 coverage reflected data availability and methodological maturity at the time.

From the 2025 reporting year, Scope 3 emissions data is captured and managed using the Banyan sustainability data platform. This has enabled a material expansion in Scope 3 coverage and a significant improvement in data completeness, traceability, and category-level accuracy.

The following additional Scope 3 categories are included from 2025 onwards:

- Category 1 – Purchased goods and services
- Category 2 – Capital goods
- Category 3 – Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
- Category 4 – Upstream transportation and distribution
- Category 8 – Upstream leased assets
- Category 9 – Downstream transportation and distribution

The only Scope 3 category not yet included is Category 7 (Employee commuting), which is currently excluded due to data availability and assessed non-materiality. This category will be incorporated into future reporting cycles as employee travel-mode datasets mature.

### Scope 3 Coverage Statement

STS Defence has materially expanded and matured its Scope 3 emissions reporting in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

For the 2021 baseline year, Scope 3 reporting included Categories 5 (Waste generated in operations) and 6 (Business travel) only.

From 2025 onwards, all material Scope 3 categories relevant to STS Defence's operations are now included, with the sole exception of Category 7 (Employee commuting).

Category 7 is currently excluded due to data availability and assessed non-materiality and will be incorporated into future reporting cycles as employee travel-mode datasets mature.

## Current Emissions Reporting

### Reporting Year: 2025 (Banyan Platform)

Scope	Emissions (tCO <sub>2</sub> e)
Scope 1	62.88
Scope 2	84.48
Scope 3	369.66
<b>Total Emissions</b>	<b>517.02</b>

### Scope 1 Breakdown

Source	Description	Emissions (tCO <sub>2</sub> e)
<b>Stationary combustion</b>	Natural gas used for heating and building services	37.78
<b>Company vehicles</b>	Fuel consumption from company-owned or controlled vehicles used for business travel and operational activities	25.10
<b>Production of electricity</b>	On-site electricity generation	0.00
<b>Manufacturing process emissions</b>	Process-related emissions from manufacturing activities	0.00
<b>Fugitive emissions</b>	Refrigerants or other fugitive emissions	0.00
<b>Total Scope 1</b>		<b>62.88</b>

### Scope 2 Breakdown

Source	Emissions (tCO <sub>2</sub> e)
<b>Purchased electricity</b>	84.48
<b>Scope 2 Total</b>	<b>84.48</b>

### Scope 3 Category Breakdown (2025)

GHG Protocol Category	Description	Emissions (tCO <sub>2</sub> e)
<b>Category 1</b>	Purchased goods and services <i>(including packaging purchased and repair &amp; maintenance)</i>	228.63
<b>Category 2</b>	Capital goods	45.71
<b>Category 3</b>	Fuel and energy-related activities (not included in Scope 1 or Scope 2)	0 (reported as 0 for 2025)
<b>Category 4</b>	Upstream transportation and distribution	14.44
<b>Category 5</b>	Waste generated in operations	16.43
<b>Category 6</b>	Business travel	57.36
<b>Category 8</b>	Upstream leased assets	2.28
<b>Category 9</b>	Downstream transportation and distribution	4.63
<b>Total Scope 3</b>		<b>369.66</b>

Note: Scope 3 category totals are presented using rounded Banyan category values. As a result, individual line items may not sum exactly to the reported Banyan Scope 3 total of 369.66 tCO<sub>2</sub>e.

### Energy and Renewables (2025)

Metric	Value
<b>Total energy consumption</b>	634.74 MWh
<b>Renewable energy usage</b>	208.61 MWh
<b>Renewable energy share</b>	32.9%

### Explanation of 2025 Emissions Increase

Total reported greenhouse gas emissions for the 2025 reporting year are higher than in prior reporting years. This increase does not represent a deterioration in operational carbon performance.

The increase is primarily attributable to the expansion of Scope 3 reporting boundaries and improved data completeness enabled by the Banyan sustainability data platform.

In particular, the expansion of Scope 3 reporting to include Categories 1, 2, 4, 8 and 9 from 2025 onwards has brought into scope material value-chain emissions that were not previously captured within the 2021 baseline or 2024 reporting boundary.

As a result, year-on-year comparisons between the 2021 baseline, 2024 totals and 2025 totals are not directly like-for-like.

The increase reflects a methodological and reporting-boundary change rather than an underlying increase in emissions intensity or business activity.

STS Defence considers this expansion to represent a step-change improvement in the completeness and integrity of its emissions reporting.

### Emissions Reduction Targets

STS Defence has adopted a long-term ambition to achieve Net Zero greenhouse gas emissions by 2050 or earlier.

Given the material expansion of Scope 3 boundaries in 2025, the emissions-reduction trajectory is reset from the 2025 reporting year to preserve like-for-like comparability.

Interim reduction targets are based on a projected annual reduction trajectory from the 2025 baseline, subject to refinement as Scope 3 data quality improves through the Banyan platform.

Where material methodological changes occur, historical Scope 3 emissions will be restated to maintain comparability and avoid artificial trend distortion.

### Emissions Reduction Trajectory (Reset Baseline)

Year	Total Emissions (tCO <sub>2</sub> e)	Basis
2021	606	Original baseline (partial Scope 3)
2024	279	Pre-Banyan reporting
2025	517.02	Reset baseline (expanded Scope 3 coverage)
2050	Net Zero	PPN 06/21 commitment

This Carbon Reduction Plan supports STS Defence's commitment to achieving Net Zero greenhouse gas emissions by 2050 or earlier.

Interim emissions-reduction targets will be developed once Scope 3 data maturity stabilises and supplier-specific emissions data improves through the Banyan platform, and will be subject to operational feasibility and governance approval.

### Carbon Reduction Projects

#### Current Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2021 baseline to reduce greenhouse gas emissions across Scope 1, Scope 2 and Scope 3. Initiatives are prioritised based on operational feasibility, carbon impact and alignment with ISO 14001 environmental objectives.

- ISO 14001 Accreditation (AUVA)**  
 Implementation of a certified environmental management system to drive structured carbon reduction planning, performance monitoring and continuous improvement across all operations.
- Fleet Telematics Deployment**  
 Installation of a telematics system across the company vehicle fleet to optimise route planning, reduce idling, improve driving behaviour and enable data-driven reductions in fuel consumption and associated Scope 1 emissions.

- **Bike2Work Scheme**  
Introduction of a Bike2Work scheme to encourage low-carbon commuting and reduce reliance on single-occupancy vehicle journeys.
- **Waste Segregation and Recycling Infrastructure**  
Implementation of enhanced waste segregation for metals, WEEE, mixed dry recyclables and general waste to improve recycling rates, reduce landfill disposal and lower Scope 3 Category 5 (Waste generated in operations) emissions.
- **Digital Collaboration and Teleconferencing**  
Increased use of teleconferencing with customers, suppliers and internal teams to reduce business travel requirements and associated Scope 3 Category 6 (Business travel) emissions.
- **Hot Water System Upgrade**  
Installation of a modern, more energy-efficient hot water system to reduce on-site energy consumption and associated Scope 1 and Scope 2 emissions.

### **Fabrication Equipment Modernisation and Process Efficiency Improvements**

As part of a programme to modernise production assets and improve manufacturing efficiency, STS Defence has implemented the following capital upgrades:

- **Installation of an Energy-Efficient Brake Press (Q1 2025)**  
Commissioning of a new, more energy-efficient brake press to replace legacy plant, resulting in lower electricity consumption per unit of output and associated reductions in Scope 2 emissions.
- **Installation of an Energy-Efficient Guillotine (Q4 2025)**  
Commissioning of a new, more energy-efficient guillotine to replace older cutting equipment, further reducing electricity consumption per job and improving overall production energy intensity.
- **Decommissioning of Legacy High-Energy Equipment**  
Disposal of older, less energy-efficient fabrication machinery following commissioning of the new brake press and guillotine, removing structurally inefficient assets from the production estate and delivering a permanent reduction in baseline energy demand.
- **Improved Tooling Accuracy and Material Yield**  
Improved machining accuracy and tool alignment associated with the new equipment have reduced material scrap, rework and process waste. Early operational experience indicates lower kWh per job, reduced scrap rates and reduced rework hours, lowering Scope 3 Category 1 (Purchased goods and services) and Category 5 (Waste generated in operations) emissions.

### **New Top-Floor Development and Building Efficiency Improvements**

As part of a major facilities upgrade programme, STS Defence has completed the construction of a new top-floor office and operational space incorporating modern energy-efficient design features. This has delivered multiple carbon-reduction benefits:

- **High-Performance Building Fabric**  
The new top-floor development incorporates modern insulation standards and improved thermal performance, reducing heat losses and lowering space-heating and cooling demand.
- **Efficient Heating and Cooling Systems**  
Installation of modern, high-efficiency heating and cooling systems to replace older, less efficient plant, reducing energy intensity and associated Scope 2 emissions.

- **Decoupling from Legacy Building Infrastructure**  
The new development has enabled STS Defence to disconnect from the older building's heating and cooling systems. As a result, the legacy building no longer requires active heating or cooling as it is prepared for demolition.
- **Operational Consolidation into Energy-Efficient Space**  
Relocation of office and operational functions into the new, energy-efficient top-floor space, reducing reliance on older, poorly performing building areas and lowering overall site energy demand.
- **Future Demolition of Legacy Building**  
Preparation for demolition of the older building will permanently remove a high-energy-intensity asset from the estate, delivering a structural reduction in baseline energy consumption going forward.

### Future Carbon Reduction Initiatives

The following initiatives are planned or under development to further reduce greenhouse gas emissions across Scope 1, Scope 2 and Scope 3 categories:

- **Supplier Engagement for Scope 3 Categories 1 and 2**  
Expansion of supplier engagement to improve data quality and reduce emissions associated with purchased goods and capital equipment.
- **Low-Carbon Procurement Criteria**  
Introduction of preferred-supplier low-carbon procurement criteria to incentivise lower-carbon materials, components and services across the supply chain.
- **Logistics Optimisation**  
Optimisation of logistics planning and carrier selection to reduce Scope 3 Category 4 (Upstream transportation and distribution) and Category 9 (Downstream transportation and distribution) emissions.
- **Capital Project Embodied Carbon Tracking**  
Integration of embodied-carbon tracking for major capital projects via the Banyan sustainability data platform to inform low-carbon design and procurement decisions.
- **LED Lighting Transition**  
Progressive transition to LED lighting throughout the site to reduce electricity consumption and associated Scope 2 emissions.
- **Low-Carbon Energy Tariffs**  
Progressive transition to lower-carbon electricity and energy tariffs to reduce Scope 2 emissions intensity.

### Data Quality and Improvement Statement

STS Defence recognises that Scope 3 emissions reporting carries higher inherent uncertainty than Scope 1 and Scope 2 data due to supplier data availability and evolving emissions-factor methodologies.

The implementation of the Banyan sustainability data platform in 2025 represents a material improvement in Scope 3 data quality through:

- Category-specific emissions-factor assignment
- Supplier-level mapping
- Automated factor updates
- Transparent audit trails

Categories 5 (Waste generated in operations) and 6 (Business travel) were already included within the 2021 baseline and are now integrated into the Banyan platform alongside newly added Scope 3 categories.

Where material methodological changes occur, historical Scope 3 emissions will be restated to preserve year-on-year comparability.

Banyan platform outputs are treated as the authoritative dataset for Carbon Reduction Plan reporting and government procurement disclosures.

### **Methodological Reconciliation Note**

Minor differences may exist between internal monthly tracking datasets and Banyan platform totals due to emissions-factor updates, category backfills, rounding conventions, lifecycle smoothing for capital goods and timing cut-offs. Banyan platform outputs are treated as the authoritative dataset for Carbon Reduction Plan reporting and government procurement disclosures.

### **Future Baseline Restatement**

Once Scope 3 category coverage and supplier-specific data maturity stabilise, STS Defence intends to restate its historical Scope 3 baseline to reflect the expanded reporting boundary.

This will enable like-for-like year-on-year performance tracking and more accurate measurement of decarbonisation progress across the full value chain.

### **Declaration and Sign-Off**

This Carbon Reduction Plan has been completed in accordance with Procurement Policy Note (PPN) 06/21 and associated guidance and reporting standards for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and use appropriate Government emissions conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and a material subset of Scope 3 emissions has been reported in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard.

STS Defence uses the Banyan sustainability data platform in line with Cicor Group Environmental Reporting Guidelines to ensure data completeness, traceability and internal assurance.

This Carbon Reduction Plan has been reviewed and signed by the Managing Director.



Ben Stancliffe  
Managing Director  
STS Defence Ltd

Date: 26 January 2026