
LEONARDO UK LTD

CARBON REDUCTION PLAN 2023

COMMITMENT TO ACHIEVING NET ZERO

Leonardo UK Limited (Leonardo) is committed to achieving a near-term Net Zero target for Scope 1 and 2 emissions by 2030 against a 2018 baseline. By 2050, the organisation 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 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 five years, Leonardo has recorded progress against its targets by monitoring energy consumption and calculating the carbon emissions of its UK sites.



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.

BASELINE YEAR: 2018

ADDITIONAL DETAILS RELATING TO THE BASELINE EMISSIONS CALCULATIONS
Leonardo's GHG emissions are calculated for the reporting period running between January and December 2022, in line with the GHG Protocol Corporate Accounting and Reporting Standard. UK 2021 CO₂e conversion factors and calorific converters have been used as part of this methodology. The reporting covers all material emissions sources within Leonardo's operational boundary, using the financial control approach.

SCOPE 1

Encompasses Leonardo's direct emissions, including those associated with the direct consumption of gas and fuel and the emissions generated by owned and leased vehicles and fugitive emissions. Scope 1 emissions are calculated based on the volume of consumed fuel detailed on utility invoices 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.

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

EMISSIONS REPORTING

TABLE 1: 2022 EMISSIONS AGAINST THE 2018 BASELINE. SCOPE 1 & 2 HAS REDUCED BY 63%.

Emissions Scope	2018 Baseline tCO ₂ e	2021 Baseline tCO ₂ e	2022 Baseline tCO ₂ e	% Change
Scope 1	16,365	14,082	12,540	23%
Scope 2	20,827	1,203	1,166	94%
Scope 1 & 2	37,192	15,285	13,706	63%
Scope 3				
Business Travel	10,900	1,220	6,453	41%
Employee Commuting	13,106	5,242	6,482	51%
Upstream Transportation and Distribution {1}	7,082	3,835	1,636	77%
Downstream Transportation and Distribution {1}				
Waste	241	132	133	45%
TOTAL SCOPE 3	31,329	10,429	14,704	53%
TOTAL EMISSIONS	68,521	25,714	28,410	59%

⁽¹⁾ Leonardo is assessing all transportation and distribution emissions, but is not able to separate upstream and downstream emissions. This report therefore combines all transportation and distribution emissions into the upstream total.

EMISSIONS REDUCTION TARGETS

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

REDUCE SCOPE 1 AND 2 GHG EMISSIONS BY 40% BY THE END OF 2025 FROM A 2018 BASELINE.

Leonardo's performance so far.

SCOPE 1 AND 2 EMISSIONS HAVE DECREASED BY 63% FROM 37,192 TCO₂E IN 2018 TO 13,706 CO₂e IN 2022. LEONARDO PROCURES 100% OF ITS ENERGY FROM RENEWABLE SOURCES, WHICH HAS BEEN THE MAIN DRIVER OF THIS REDUCTION TO DATE.

Leonardo continues to initiate projects that reduce energy usage across the organisation.

COMPLETED CARBON REDUCTION INITIATIVES

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

- Investment in LED lighting continued in 2022 across all sites. Leonardo is using an approach of Lighting as a Service (LaaS) on its Yeovil site as part of its commitment to be 100% LED. In other facilities, Leonardo continues to invest directly in LED.
- Installation of Electric Vehicle (EV) Charging Points continued in 2022, to support Leonardo employees who are transitioning to EVs.
- Roll out of a new salary sacrifice Green Car Scheme to encourage Leonardo employees to transition to EVs to reduce GHG emissions generated by employee commutes.
- Continued investment in more efficient Cooling Towers, to support industrial manufacturing processes.
- Continued investment in a more efficient heating, ventilation, and air conditioning (HVAC) infrastructure that uses more environmentally friendly gases.
- Replacement of gas heating systems with more energy efficient solutions.
- 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.
- Signatories to the Defence Aviation Net Zero Strategy.

CARBON REDUCTION INITIATIVES PLANNED

Moving forward, Leonardo has an ambitious pipeline of activity to accelerate its carbon reduction performance further. Leonardo is planning to implement the following further measures to reduce its overall carbon footprint:

- Investigation and assessment of large scale Solar Photovoltaics (PV). This will include a direct site feed and own site projects.
- Expanding Smart Building Management Systems within its facilities.
- Leonardo is working with the Innovate UK consortia on Project Butterfly, to assess resources and energy efficiencies in manufacturing.
- Exploring the use of new Data Centres, to minimise energy consumption on premises.
- Researching the wider use of Sustainable Aviation Fuel within its core fleet.

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 2022, Leonardo gave further impetus to its climate-related strategy, by committing itself to the Science Based Target initiative (SBTi), to define an ambitious target to reduce direct and indirect CO₂ emissions, in line with the objectives set in the Paris agreement. On this basis, Leonardo has received several awards in major sustainability ratings, positioning the company as a leader in its commitment to climate change, confirmed by a CDP assessment (former Carbon Disclosure Project).

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.



Date: 1st September 2023

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