



CONTINUING TO INNOVATE, PROTECT AND GROW





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OUR PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect and defeat ever-changing threats.

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OUR VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source, or market-leading, positions.

**CAPITALISE ON THE GROWTH
IN OUR NICHE MARKETS**

**GROW OUR MARKET-LEADING
AND SOLE SOURCE POSITIONS**

[> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023](#)

OUR ESG PILLARS

The long-term success of the Chemring business can only be enhanced by a positive interaction with all of our stakeholders, and therefore a positive and engaged approach to corporate responsibility and sustainability is important to us. Our approach is focused around the following key areas:

**HEALTH AND
SAFETY**

ENVIRONMENT

PEOPLE

**ETHICS AND
BUSINESS
CONDUCT**

[> READ MORE ON PAGES 4 TO 30](#)

OUR VALUES

Innovating to protect lies at the core of our foundations, underpinned by our values of Safety, Excellence and Innovation. Every day, our people play an essential role in protecting armed forces, national security and commercial operations in sovereign states across the globe.



SAFETY

We place safety at the heart of everything we do.



EXCELLENCE

We are focused on ensuring we consistently meet high standards in all that we do.



INNOVATION

We create world-class solutions and develop world-class thinking.

[> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023](#)

FOCUS ON



PEOPLE

[> READ MORE ON PAGES
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HEALTH & SAFETY

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ENVIRONMENT

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[> DISCOVER MORE ABOUT CHEMRING AT
CHEMRING.COM](#)



WHAT WE DO

INNOVATION AND TECHNOLOGY IS AT OUR CORE

At Chemring we create market-leading technology solutions and develop world-class thinking to solve the most challenging problems.

Using our extensive science and engineering expertise, we turn ideas into reality, designing and developing critical solutions that protect and safeguard in an uncertain world.

We achieve this by innovating at every stage of the value chain, from research and development ("R&D"), through to design, manufacture and in-service support for our intelligence and advance technology detection systems, countermeasures, precision engineered devices and specialist materials.

Our customer base spans national defence organisations, security and law enforcement agencies, as well as commercial markets such as space and transport. We support our customers in more than 50 countries across the globe.

CHEMRING IS ORGANISED INTO TWO STRATEGIC SECTORS



SENSORS & INFORMATION

Innovation is core to solving our clients' difficult problems.

With over 1,000 scientists, engineers and consultants, our Sensors & Information sector continues to invest in technologies that safeguard and protect in an uncertain world.

Operating across defence, national security, law enforcement and industrial domains, we enable our clients to deliver competitive advantage, defend their people, assets and information, and defeat their adversaries.

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

Our Roke business draws on a 60-year heritage of innovation in sensors, communications, cyber and artificial intelligence to innovate and apply these technologies in new ways.

We operate across the whole lifecycle providing advice, research and development, engineering, design and in-service support for our products and services.

REVENUE

£187.0m
(2022: £120.5m)

UNDERLYING OPERATING PROFIT

£34.2m
(2022: £25.4m)



COUNTERMEASURES & ENERGETICS

Chemring is the world leader in the design, development and manufacture of advanced expendable countermeasures for protecting air and sea platforms against the growing threat of guided missiles.

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

Our niche, world-class energetics portfolio produces high-reliability, single-use devices that perform critical functions for the space, aerospace, defence and industrial markets. We also manufacture specialist materials including propellant and energetic materials that are used in a wide variety of applications in the defence and civil markets.

Every day, our energetic products, services and experts assist customers, including NASA and SpaceX, to achieve mission success. This ranges from cutting-edge technology to enable our customers to launch rockets and satellites into orbit, to the provision of aircraft safety systems including oxygen mask deployment on commercial aircraft and ejector seats for aircrew egress.

REVENUE

£285.6m
(2022: £280.5m)

UNDERLYING OPERATING PROFIT

£50.5m
(2022: £48.9m)





SUSTAINABILITY OVERVIEW

COMMITTED TO A SUSTAINABLE FUTURE

At Chemring we acknowledge and embrace our collective responsibility to contribute to a sustainable future. We have a strong and recognised obligation to ensure the responsible operation of our business and are fully committed to long-term sustainable value creation through safe, sustainable and ethical business conduct at all times. Our goal is to ensure that we protect our planet and our people, that we support our customers and their critical needs, and that we have a positive impact on the communities in which we operate.



> DISCOVER MORE ABOUT SUSTAINABILITY AT
[CHEMRING.COM/SUSTAINABILITY/COMMITTED-TO-A-SUSTAINABLE-FUTURE](https://chemring.com/sustainability/committed-to-a-sustainable-future)

Improving our sustainability performance plays a key role in the way in which we run our business today and plan for the future as we manage our environmental, social and governance ("ESG")-related risks. Our sustainability goals are directly linked to targets for remuneration and reward across all our leadership teams.

We also recognise that our ESG credentials are an increasingly important factor in our ability to attract and retain first-class people. Engaged, motivated, empowered and appropriately skilled employees are integral to our success as we build a sustainable company of which all our stakeholders can be proud.

PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect and defeat ever-changing threats.

VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source, or market-leading, positions.

APPROACH

The long-term success of Chemring can only be enhanced by a positive interaction with all of our stakeholders. An engaged and constructive approach is therefore important to us. We regularly collect feedback from our key stakeholders to better understand those issues that are of material importance to them. Our approach is therefore currently focused on the following key topics and associated areas of focus.

MAKING THE WORLD A BETTER PLACE



HEALTH AND SAFETY

FOCUS

- Control of major accident hazards
- Injury prevention
- HSE risk management
- Occupational and process safety

ESG HIGHLIGHTS

- Total recordable injury frequency rate increased slightly to 0.90 (2022: 0.78) but still below our annual limit of 1
- High-potential incidents: 12 (2022: 13)
- Zero injuries in connection with or arising from energetic events

> READ MORE ON PAGES 8 TO 9



PEOPLE

FOCUS

- Culture
- Diversity and inclusion
- Employee wellbeing and engagement
- Employee learning and development

ESG HIGHLIGHTS

- Employee engagement remains a high priority with positivity score up at 76% in FY23 (2022: 75%)
- Board diversity improved further to 44%/56% female to male gender split (2022: 38%/62%)

> READ MORE ON PAGES 24 TO 28



MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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As of 2022, Chemring Group PLC received an MSCI ESG Rating of AAA*.

PROGRESS IN 2023

Chemring's purpose is to help make the world a safer place. The ongoing war in Ukraine has tragically highlighted the critical role that the defence and security industry plays in preserving peace, democracy and freedom in the western world. It has reinforced the argument that for sustainability to thrive, it requires global stability at its foundations. We are proud of the role that Chemring plays in providing that stability and are equally focused on ensuring that we manage and progress our own sustainability agenda, and in particular our ESG-related risks.

> [READ MORE ON PAGES 4 TO 30](#)

It has been another busy year in which we have built on the good progress made during FY22.

Our ESG strategy over the current and future years will seek to identify those areas where our activities can have most impact. Plans are now in place to continue this journey and to ensure that we meet the growing disclosure requirements of our stakeholders and demonstrate our ability to successfully address ESG-related issues.



ENVIRONMENT

FOCUS

- Emissions reduction
- Waste generation and hazardous materials management
- Energy usage
- Water consumption

ESG HIGHLIGHTS

- Scope 1 and scope 2 market-based GHG emissions reduced by 9.1% (2022: 7.3%) on higher revenue
- Water consumption decreased by 3.9%
- Waste decreased by 31.2% across the business

> [READ MORE ON PAGES 10 TO 13](#)



ETHICS AND BUSINESS CONDUCT

FOCUS

- Operational Framework and Code of Conduct
- Compliance oversight and risk management
- Whistleblowing
- Anti-bribery and corruption

ESG HIGHLIGHTS

- Code of Conduct training issued to employees
- Ethics & Compliance Committee consolidated into the ESG Committee

> [READ MORE ON PAGES 29 TO 30](#)

OUR VALUES



SAFETY

We place safety at the heart of everything we do



EXCELLENCE

We are focused on ensuring we consistently meet high standards in all that we do



INNOVATION

We create world-class solutions and develop world-class thinking

“Our commitment to protection goes beyond our customers and immediate stakeholders; it includes our planet and broader society and is underpinned by our values and behaviours.”

Michael Ord
Group Chief Executive

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COMMITTED TO A SUSTAINABLE FUTURE



Michael Ord
Group Chief Executive
and Chairman of the ESG Committee

PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect and defeat ever-changing threats.

VISION

To be a leading provider of critical and innovative technologies that detect and protect people, platforms, missions and information against constantly changing threats.

Improving our sustainability performance plays a key role in the way we both run our businesses today and plan for the future, as we manage our ESG-related risks. We also recognise that our ESG credentials are an increasingly important factor in our ability to attract and retain first-class people. Engaged, motivated, empowered and appropriately-skilled employees are integral to our success.

Whilst our approach to sustainability continues to mature we are committed to implementing transparent policies and procedures, and to fostering an inclusive culture across the Group where everyone does the right thing and takes responsibility for their actions. Increasingly this focus will develop from working as a trusted partner to our many customers and ensuring that our internal standards are fit for purpose, to working with our supply chain to ensure that they too work to the same standards. In doing so we will build a sustainable company of which all our stakeholders can be proud, now and in the future.

OUR APPROACH TO SUSTAINABILITY

The long-term success of the Chemring business can only be enhanced by a positive interaction with all of our stakeholders and therefore a positive and engaged approach to corporate responsibility and sustainability is important to us. Our approach is focused around the following key areas:

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

Our approach to corporate responsibility and sustainability is embedded within the business units and all senior leaders have specific objectives around these areas identified which are linked to their incentive plans.

“Chemring acknowledges its responsibilities to contribute to a sustainable future. We have a strong and recognised obligation to ensure the responsible operation of our business and are fully committed to long-term sustainable value creation through safe, values-based and ethical business conduct at all times.”

PROGRESS IN 2023

Chemring's purpose is to help make the world a safer place and the ongoing wars in Ukraine and Gaza continue to tragically highlight the critical role that the defence and security industry plays in preserving peace, democracy and freedom in the western world. It has reinforced the argument that for sustainability to thrive, it requires global stability at its foundations. We are proud of the role that Chemring plays in providing that stability and are equally focused on ensuring that we manage and progress our own sustainability agenda, and in particular our ESG-related risks.

ESG forms part of our everyday thinking, from how we run our businesses from day to day, to long-term strategic planning. Climate-related issues, such as emissions, are now addressed in every monthly Board report and ESG is a regular, scheduled Board agenda item. It is also a standing agenda item for every meeting of the Group's Executive Committee and forms part of the monthly reporting cycle of each of our business units.

2023 has seen us make further progress as we proactively manage our sustainability agenda. Focus areas included health and safety, diversity and inclusion, reducing climate change, and employee wellbeing. As a business we are committed to building a sustainable company of which all our stakeholders can be proud, both now and in the future.

It is pleasing that our efforts have been recognised externally. In 2023 we were again given a rating of AAA by MSCI, putting us in the top 3% of the Aerospace and Defence sector. Furthermore, in June 2023, the Group was identified by Investec's Sustainable Investment Research as a 2023 rising star. Their research identified UK companies in the small and mid-cap market that are demonstrating a growing commitment to ESG. They noted that Chemring has the third most improved Bloomberg ESG score among all UK companies below \$5bn market capitalisation, with this improvement being mainly attributed to better disclosure on social issues, where Chemring has gone from below median in 2020 to leading its peer group.

Across the Group we continue to actively seek ways to reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and water, and understanding the impact of global climate change on our operations. These four focus areas have been identified based on an overall evaluation of environmental impacts and risks, with a focus on impacts that we can influence and have consequently influenced financial planning.



We are setting Group targets, focusing on energy usage to drive further improvements in this area. Our strategy is to reduce our global greenhouse gas ("GHG") emissions through improving energy efficiency to reduce consumption and by purchasing electricity from renewable sources.

Many of our businesses have environmental management systems and have undertaken local initiatives and programmes to reduce environmental impacts. To improve energy efficiency, improvements across all facilities have been undertaken, from installing new storage tanks to upgrading facilities to more efficient variable speed pumps, heating, ventilation and air conditioning ("HVAC") systems, and general upgrades to buildings and refurbishment to improve energy efficiency for heating and lighting at multiple locations. These portfolio-wide activities have been supplemented by site-specific initiatives, such as upgrades to storage tanks, water cooling pumps, and the use of electric vehicles. We have also focused on waste management, with the two priority areas being the reduction of waste generation and the reduction of waste sent to landfill. Our efforts have resulted in a decrease of 31.2% in waste generation, with only 10.9% (2022: 19.0%) going to landfill.

In 2021 we committed to becoming net zero for market-based scope 1 and 2 emissions by 2030 and working to be a net zero organisation by 2050. Chemring's definition of net zero is to reduce greenhouse gas emissions to zero or to a residual level consistent with reaching net-zero emissions at the global or sector level, and to neutralise any residual emissions by the net zero target date, and any GHG emissions released into the atmosphere thereafter with certified emission reductions. Our net zero commitments are in line with the United Nations and SBTi definition. Against those longer-term targets we set the near-term target of reducing scope 1 and 2 GHG emissions year-on-year, with this being linked to remuneration and rewards across all our senior teams. In 2023 we have continued to make good progress, reducing our overall scope 1 and scope 2 market-based GHG emissions by 9.1% (2022: 7.3%). We have now reduced our scope 1 and scope 2 market-based GHG emissions by 15.7% against our FY21 baseline.

As our disclosure has increased, so has the need to ensure that the data that we report to the market is accurate. We have in place an auditable framework for our emissions reduction activities, with external subject matter experts appointed to verify the data and to report to the Group's Audit Committee.

A key focus for both the Board and the Group's ESG Committee has been to ensure that we not only actively manage our sustainability agenda in order to meet the near and longer-term targets that were set in FY21, but that we continually look for ways in which we can improve further. Next year we will be introducing a new environmental data platform to better assess the environmental impacts of our operations.

In addition to our environmental performance management, this year has seen us continue to progress our activities around diversity, equity and inclusion ("DE&I"), and employee development and wellbeing.

Chemring is committed to ensuring that we are able to attract and develop an appropriately diverse workforce. Our DE&I agenda has evolved this year, moving from a 2022 initiative to business as usual. Our employees continue to help us identify where we can improve across many aspects of the DE&I agenda, whether it is focused on gender, ethnicity, neurodiversity or any other characteristic that makes up our workforce. We see a diverse workforce as a key enabler for continuing to innovate our products and services for our customers.



PURPOSE IN ACTION

ENERGY AND MATERIAL SAVING PROGRAMMES ACROSS CHEMRING

Improving our sustainability performance across Chemring plays a key role in how we run our businesses today and plan for the future. All Chemring businesses have active sustainability programmes, both globally and locally, to reduce our environmental impact. We are on a path to becoming net zero by 2030. Some of our projects include:

CHEMRING NOBEL, NORWAY

System for excess heat from the acid recovery process: In 2022, the team introduced a new hot water system to heat new acid storage tanks, the raw materials for nitration, and hot water for the filtration process. The system is designed for further expansion of excess heat sources, and new sources for heating have also been identified.

The energy saving equates to 0.85 GWh per year.

NEW COMPRESSOR FOR COMPRESSED AIR

In 2022, the old fixed-speed compressor was replaced by a new variable-speed compressor with a proper drying system. The excess heat from the compressor is used for heat tracing, the snow melt system, and to heat the filtration building.

The energy saving equates to 150-200 MWh per year.

STORAGE TANKS IN NORWAY

400V power supply to seawater/cooling water system: Work has started on replacing the current 230V power supply to seawater and freshwater pumps with a 400V supply. The pumps will be supplied with variable speed rather than fixed speed.

The energy saving equates to 80 MWh per year.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023



LINK TO OUR VALUES









> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023











INNOVATION



OUR SUSTAINABILITY GOALS

	SUSTAINABILITY OBJECTIVES	SUPPORTIVE ACTIONS AND ACTIVITY	FURTHER INFORMATION
ENVIRONMENTAL Respecting and protecting our planet by actively seeking ways to reduce our environmental impact   	<ul style="list-style-type: none"> - Reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and water, and by understanding the impact of global climate change on our operations - Challenge our business unit leaders to safely improve operational, resource and energy efficiency and to minimise environmental impact - Invest in support of product development and production techniques that meet our customers' needs and support their environmental goals 	<ul style="list-style-type: none"> - Chemring will be net zero by 2030 (scope 1 and scope 2 market-based) - Chemring is working towards being a scope 3 net zero organisation by 2050 and is committed to supporting its value chain - We will reduce our total direct (scope 1) and indirect (scope 2) GHG emissions year on year - We will continue to focus our efforts on reducing energy consumption and on embracing green technology - We will target zero waste to landfill by 2030 	> ENVIRONMENT ON PAGES 10 TO 23
SOCIAL The safety, wellbeing and development of our people is at the heart of our business   	<ul style="list-style-type: none"> - Maintain compliance with both internal and external standards of safety and the wellbeing of our workforce - Ensure that, in support of our wider commitment to ethnic and gender diversity, our workforce represents the diversity of the local communities we operate in - Implement effective policies and procedures and continually invest in support of operational excellence and the development of our people - Promote inclusion and diversity at all levels - Promote fair employment and skills development 	<ul style="list-style-type: none"> - We will set a recordable injury frequency rate limit of below 1 in line with upper quartile benchmark performance - We will continue to work towards reducing the risks of high-hazard events - We will increase the proportion of women in all senior management positions across the business to at least 33% by 2027 	> HEALTH AND SAFETY ON PAGES 8 TO 9 > OUR PEOPLE ON PAGES 24 TO 28
GOVERNANCE Conducting business in an ethical and responsible manner at all times  	<ul style="list-style-type: none"> - Operate with integrity and transparency and to the highest ethical standards across all our businesses - Ensure the highest standards of product safety and comply with all relevant standards - Promote a culture where everyone does the right thing and takes personal responsibility for their actions - Actively seek to increase representation of ethnicity and gender on our Board, within our leadership teams and across all our localities - Protect information security and data privacy - Maintain prudent and responsible financial and tax planning and management 	<ul style="list-style-type: none"> - We will aim to maintain compliance with the UK Listing Rules on gender and ethnic diversity on the Board - All Chemring employees and third parties acting on our behalf must comply with the Chemring Code of Conduct, wherever they are located in the world 	> ETHICS AND BUSINESS CONDUCT ON PAGES 29 TO 30

ICON	GOAL	DESCRIPTION
	Good health and wellbeing	Ensure healthy lives and promote wellbeing for all at all ages
	Gender equality	Achieve gender equality and empower all women and girls
	Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all
	Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Reduced inequalities	Reduce inequality within and among countries
	Responsible consumption and production	Ensure sustainable consumption and production patterns
	Climate action	Take urgent action to combat climate change and its impacts
	Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

**PROGRESS IN 2023** *continued*

The Board has played an active role in supporting our DE&I activity with Board members taking part in various employee round-table discussions and networking events. Laurie Bowen, as the non-executive director with responsibility for employee engagement on behalf of the Board and as Chair of the Remuneration Committee, met with groups of colleagues from different business areas and at different levels in the organisation. Laurie was able to hear directly from these groups their views on working at Chemring, as well as being able to share with them the work of the Board. These groups included colleagues at all levels from operators to the senior leadership teams at Roke, and Chemring Energetics UK in Scotland, as well as at Chemring Nobel in Norway. The groups Laurie met were overwhelmingly positive about their experiences of working at Chemring and pointed to many examples of support from the Group. Laurie also gathered input as to how we can continue to develop, and colleagues provided clear and constructive input on areas such as enhancing cross-business collaboration which are being acted on.

Our talent management efforts, resourcing strategies and development programmes have all matured in 2023 and are focused on helping to create the workforce we need both now and in the future. We see development as not only a strategic enabler to meet our business and customer needs, but a key way in which we engage and motivate our employees. Established Chemring development programmes include our two-year Early Careers Programme, our supervisor focused “Leading our people” programme, and our Aspire@Chemring programme which is designed to connect and equip a global cohort of future senior leaders.

On the wellbeing side, we have continued to roll out a number of campaigns to engage our global and diverse workforce, not just as individuals, but as teams within their communities. The focus of this for 2023 was our “Around Chemring in 80 Days” challenge. The challenge provided a platform for all our sites to increase engagement with our workforce in health, leisure and wellbeing activities, while sharing challenge-related stories globally and promoting knowledge of our business units across the Group.

Our ESG strategy over the current and future years will seek to identify those areas where our activities can have most impact. Plans are now in place to continue this journey and to ensure that we meet the growing disclosure requirements of our stakeholders and demonstrate our ability to successfully address ESG-related issues.

We will also continue to work with our advisers and shareholders to identify how we can constructively feed into and inform the debate on the future of ESG reporting and the creation of a common set of standards against which we can be measured. Chemring is now a business whose evolving purpose is innovating to protect, and with that we are focused on protecting our customers, people, platforms, missions and information.

As a business we remain fully committed to building a sustainable company of which all our stakeholders can be proud, both now and in the future.

**PURPOSE IN ACTION****AROUND CHEMRING IN 80 DAYS CHALLENGE**

During May to July 2023, teams from across the Group joined the Around Chemring in 80 Days challenge.

The challenge invited teams of ten from all our businesses to travel virtually to each of our Chemring sites, tracking their mileage as they went. Team members clocked up miles by participating in any activity, be it running, walking, swimming, yoga, or trampolining.

Actual miles achieved by each team were converted to “Chemring miles” and tracked via a map showing when they reached the various Chemring locations.

43 teams took part in the challenge.

The main objective of this challenge was to motivate people to get moving, improve their physical and mental health, and have some fun with colleagues. Throughout the challenge, photos and activities were shared across the Group, along with information about our businesses and sites.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023

**LINK TO OUR VALUES**

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023

**INNOVATION**



ESTABLISHING A STRONG HEALTH AND SAFETY CULTURE

Our goal is zero harm, not as a statistical target but as a moral imperative, which will be achieved by establishing a strong calculative safety culture.

POLICIES AND PRACTICES

The Board recognises that the highest levels of safety are required to protect employees, product users and the general public. The Board believes that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day. The Group Chief Executive has overall responsibility for health, safety and environmental ("HSE") matters across the Group.

The Group HSE Director reports directly to the Group Chief Executive and is responsible for the ongoing development and assurance of the Group's health, safety and environment strategy, known as our Journey to Zero Harm. The Group HSE Director is a member of the Executive Committee and reports on the performance of all businesses against agreed limits and objectives. The Group Chief Executive reports monthly to the Board on all key HSE KPIs.

The Board requires that all businesses systematically manage their health and safety hazards, set objectives and monitor progress by regular measurement, audit and review. Each managing director is responsible for the implementation, management and ongoing compliance of health and safety within their business, and for providing adequate resources to satisfy the Board's requirements. All managing directors have health, safety and environmental-related objectives incorporated within their annual incentive plan.

Managers and supervisors in the Group's businesses are required to ensure compliance with procedures, and to provide leadership and commitment to promote and embed a solid calculative culture. The Board emphasises the importance of individual responsibility for health and safety at all levels of the organisation, and expects employees to report all hazards, to be involved in implementing solutions and to adhere to the Fundamental Safety Principles, which are underpinned by local rules and procedures.

A key element in the continuous improvement of health and safety management is collaboration at all levels resulting in the sharing of best practice and lessons learnt from incidents across the Group's businesses and the wider industry. Accidents, incidents and near misses are investigated, with actions generated to prevent recurrence.

CONTROL OF MAJOR ACCIDENT HAZARDS

Our Countermeasures & Energetics businesses are required to manage major accident hazards which are governed by stringent legislation within their respective operating countries. Over the last four years, we have implemented several processes to enhance our focus in this area by ensuring we design, maintain and operate with integrity. We continue to invest in modern processes and technology to remove our employees from exposure to energetic hazards. During the design of these processes we have placed more scrutiny on the application of process hazard analysis.

ACHIEVEMENTS

This year has seen a continued focus on becoming a solid calculative organisation, ensuring our systems create data-informed discussions and decision making at all levels, with particular focus on:

- control of major accident hazards;
- injury reduction; and
- HSE risk management.

Actions taken in delivering the HSE plan included:

- continued roll-out of the asset integrity management system;
- implementation of the electrostatic discharge protocols; and
- deployment of the Fundamental Safety Principles supported by the Leadership Guide and the provision of training.

In 2019 we mandated that all Countermeasures & Energetics businesses would need to conduct regular reviews to identify the potential for major process safety events. The reviews are based on a "stress test" that addresses the following questions:

- Have potential major accident hazards been identified?
- Are there effective controls in place to prevent and contain a major event?
- Are these controls being actively monitored?

This year saw a continued iteration of that review process, with an increase in the number of hazard scenarios being identified as the rigour of process hazard analysis matured. As a result of this maturing process, we continue to develop an understanding of our residual risks and throughout the year have taken further steps to reduce these to a level as low as is reasonably practicable. To help reduce our residual risks the implementation of a common computerised maintenance management system continues to be rolled out across selected businesses, improving management and accountability for safety-critical assets.

We continue to share best practice through the Technical Safety Committee, Technical Learning Group and our quarterly "Shared Learning" events.

INJURY PREVENTION

Injury prevention focuses on the reduction of injuries through the adoption of safety as an inherent part of everything we do. This is enacted through safety leadership, clear expectations, accountability and establishing a safety culture that drives learning and improvement, not blame.

This year we aligned our corporate incident reporting platform to the three pillars of our HSE strategy, People, Plant and Processes, to better understand the root causes of our incidents and where to focus our levels of assurance. These additional data points will help our continued focus on becoming a learning organisation. This data has reconfirmed trends regarding musculoskeletal injuries due to the manual handling nature of some of our processes, together with slips, trips and falls. The relevant businesses continue to manage these risks whilst considering further automation.



HSE RISK MANAGEMENT

Safe delivery of our business continues through the management of risk and is built around understanding our hazards, and establishing clear expectations and consistency. Our HSE Management System Framework Standard puts our HSE policy into practice by setting standards on nine core elements across the Group to drive a robust and common approach to the management of HSE. Each business within the Countermeasures & Energetics sector is audited annually to ensure compliance, with high-priority non-compliances being reported and monitored at Executive Committee level. The changes made in 2022 to our Operational Assurance Statement process continue to help the businesses focus on compliance with the HSE Framework which in turn provides useful insights when planning the Line of Defence 2 ("LOD2") audits. Safe delivery of our business continues through the management of risk and is built around understanding our hazards and establishing clear expectations and consistency.

OUR HSE PERFORMANCE

We measure our HSE performance to reflect both occupational and process safety. In doing so we have several data points, one of which is an external review of our prevailing safety culture. Last year we invited back a team of experts to review our progress. The review highlighted good progress as we journey towards becoming a high reliability organisation. The review confirmed our businesses as approaching a Group-wide calculative status, with robust processes and systems generating data and signals around our high-hazard operations. The level of collaboration has also increased, with many businesses sharing best practice on a regular basis to help accelerate our performance, all of which is supported by a positive tone from the top and underpinned by risk-informed, visible, and proactive safety leadership. This year has seen a focus on supporting the leadership through the introduction of the Leadership Guide and the provision of training support.

OCCUPATIONAL SAFETY

Our safety performance in terms of our total recordable injury frequency ("TRIF") rate is currently at 0.90, which shows a slight increase when compared to last year's 0.78 but remaining below our annual limit of 1.

Most injuries were caused by slips, trips and falls, or were musculoskeletal in nature.

We focus not only on actual injuries but also hazards and near miss events. We therefore place an emphasis on near miss and hazard reporting as a leading indicator of our maturing safety culture. This year we had 3,097 occupational safety near miss and hazard reports, compared to 2,828 in 2022. We had a total of 12 high-potential ("HIPO") incidents compared to 13 last year.

We are embedding this learning into the organisation through quarterly Learning from Incidents reviews with all business leaders and increased use of Safety Alerts, not only to share incident learning but also as good practice.

PROCESS SAFETY

In addition to our reactive metrics we also measure process safety near miss events, with a total of 1,559 recorded in 2023 compared to 880 in the previous year. Near miss reporting is crucial if we are to understand and prevent incidents, which is why we encourage all our employees to stop, warn and inform so we can manage any emerging risks. The increase in near miss reporting represents good progress as an organisation willing to learn and improve on a continuous basis. During 2022 we consolidated the reporting of our leading indicator for process safety events ("PSEs"), which are categorised as level 1, 2 and 3, with 3 being the event with the most serious potential. We set a limit of below 2 for PSEs at level 2 and 3 per 100 production employees. This year we exceeded our limit with a PSE rate of 2.87 (2022: 1.86). Having reviewed the data we believe this is down to improved reporting, due to a better understanding of upset conditions, and higher levels of data assurance with PSE events reviewed on a bi-weekly basis.

It should be noted that for the second year running there have been no injuries associated with energetic events.



PURPOSE IN ACTION

SAFETY SCENARIOS HIGHLIGHT HAZARD HOT SPOTS

Across Chemring, we continue to make good progress on our Journey to Zero Harm whilst establishing a calculative safety culture.

During 2023, we launched and embedded our Chemring Fundamental Safety Principles. Key to this is continuously providing safety training and communications materials tailored to the Hazards our people are facing in Chemring. To do this, we have created a series of targeted safety scenarios to allow our employees to explore several different outcomes.

The safety scenarios are based on actual events that have occurred or have been reported to prevent incidents. Our Occupational Safety, Health and Environmental scenarios are linked to our Spot it, Stop it, Share it ("SSS") campaign and our Process Safety scenarios are linked to our Stop, Warn, Inform and Manage ("SWIM") requirements.

Each quarter, we issue a new safety scenario in a new format of animation for use across Chemring. These animations have been a great way of sharing common scenarios in one universal format across our businesses regardless of country, culture, and language. These are posters or talked-through scenarios in training or toolbox talks.

The scenarios have been created dynamically, providing a new, tailored approach for Chemring. They visually demonstrate how an unsafe condition and unsafe actions can lead to a near miss, dangerous occurrences or ultimately, an accident.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023



LINK TO OUR VALUES

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023



INNOVATION

HSE STRATEGY FORWARD OUTLOOK

In 2023 we have continued to focus on maturing the plant and process elements of our strategy through the continued delivery key programmes such as the Asset Integrity Management Maintenance Systems and ESD Protocols. Towards the end of 2023 we focused on the people element of our strategy by introducing the Fundamental Safety Principles, with significant focus on every employee's duty to Stop, Warn, Inform, Manage ("SWIM"). These themes will remain our priority throughout 2024.

Our progress against this strategy will be reported in the next annual report.



REDUCING OUR ENVIRONMENTAL IMPACT

Our goal of zero harm goes beyond the management of safety. We are committed to environmental sustainability, both globally and in our local communities, and reducing our environmental impact.

OUR COMMITMENT

In 2021 we committed to reduce our total direct and indirect greenhouse gas ("GHG") emissions year-on-year and to be net zero by 2030. In this report we include information on our climate-related risks and opportunities in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). We have made good progress on our goals, with an overall 15.7% reduction in scope 1 and market-based scope 2 emissions from our 2021 baseline, and we have achieved a 9.1% year-on-year reduction in 2023. We also have identified a path to become net zero by 2030. We continue to make Carbon Disclosure Project ("CDP") submissions and we have developed the quality and range of scope 3 carbon emission data that we report on with a clear path to reporting all material scope 3 emissions. This work is overseen by our ESG Committee with regular progress reports to the Board.

INTRODUCTION

Our environmental performance information is presented in accordance with the Streamlined Energy and Carbon Reporting ("SECR") Guidance (March 2019), as specified under the Companies Act 2006 (strategic report and directors' report) Regulations 2013. Data is presented for our financial year, from 1 November through to 31 October, and includes information on significant environmental aspects: energy consumption, associated GHG emissions; freshwater use; and waste generation. Our GHG emissions calculations are undertaken in accordance with the GHG Protocol Corporate Accounting and Reporting Standard as outlined in our basis of reporting document, this can be found on the Group's website at www.chemring.com/basisofreporting23.

OUR APPROACH

We are actively seeking ways to reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and understanding the impact of global climate change on our operations. These focus areas are periodically reviewed by our ESG Committee and are due to be reviewed and expanded on in 2024 in line with broader sustainability goals and reporting guidelines.

OUR STRATEGY

Our strategy is to reduce our global GHG emissions through improving efficiency to reduce consumption and waste.

- Scope 1 associated emissions are being addressed through the adoption of green fuels and upgrading of facilities and equipment to be more efficient or to use alternative greener energy sources.
- Scope 2 associated emissions are being addressed by implementing energy efficient practices and upgrading facilities to aid in energy efficiency. We are also using certified renewable energy through the acquisition of verified REGO and REC certificates.
- Scope 3 emissions tracking continues to be developed and explored to ensure we have a clear understanding of these emissions, so that we can plan a clear and effective route to becoming a net zero organisation by 2050.

IMPROVEMENTS IN 2023

- 1) Storage tank upgrade project is estimated to save 700MWh of energy and provide a reduction of 13.3tCO₂e emissions per annum.
- 2) Upgrade of fixed speed 230V pumps for sea water/cooling water system to a variable speed 400V pump is estimated to save 80MWh of energy and provide a reduction of 1.52tCO₂e emissions per annum.
- 3) System for return of condensate from a distillation column to feed a tank for a steam boiler is estimated to save 1,500MWh of energy and provide a reduction of 28.5tCO₂e emissions per annum (project is supported by Enova public funding).
- 4) General upgrade to buildings and refurbishment to improve energy efficiency for heating and lighting at multiple locations reducing energy use and CO₂e emissions.
- 5) LED lighting replacement ongoing across the organisation.
- 6) Passive Infra-red Sensor ("PIR") light controller installation ongoing across the organisation.
- 7) Electric vehicle trials to start at one of our facilities with the aim of reducing use of fossil liquid fuels in site vehicles resulting in an estimated 21.08tCO₂e of emissions reduction if the trial is successful.
- 8) Steam line insulation lagging replacement project is ongoing and will reduce energy use and CO₂e emissions.
- 9) Continued HVAC systems upgrades will reduce energy use and CO₂e emissions.

CLIMATE CHANGE RESILIENCE

We recognise that climate change has the potential to have an impact on our operations, having experienced flooding from a severe weather event at our Tennessee facility in 2018 and wildfires in areas surrounding our Australia operations in 2019. In 2024 we are further developing our climate-related scenario analysis to ensure our scenarios are accurate and up to date with the latest data, to ensure we are regularly reviewing the physical and transition risks of global climate change on our operations and supply chain.

ENERGY USE AND ASSOCIATED GHG EMISSIONS FOR 2023

In 2023 we reviewed and updated our carbon reduction plans in all our businesses to achieve our target of becoming a net zero organisation for scope 1 and scope 2 market-based GHG emissions by 2030.

Location	Scope 1	Scope 2 (market-based)
UK operations	76.19%	-%
US operations	14.35%	89.54%
Norway operations	6.78%	10.46%
Australia operations	2.68%	-%
	100.00%	100.00%

In 2023 we achieved a 9.1% reduction in market-based scope 1 and scope 2 market-based GHG emissions, from 19,175 tCO₂e in 2022 to 17,430 tCO₂e in 2023. Location-based emissions have decreased by 0.95% in 2023, compared to 2022. When normalised for gross revenue, market-based scope 1 and 2 emissions reduced 16.4%, from 43.3 tCO₂e to 36.2 tCO₂e per £m of revenue.



	2023			2022		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
Scope 1 emissions – continuing operations						
Combustion of fuel in any premises, machinery or equipment operated, owned or controlled by the Group						
CO₂e (tonnes)						
Gas	4,807	485	5,292	4,901	460	5,361
Heating oil	1,070	460	1,530	1,000	388	1,388
Bio fuels	2	—	2	1	—	1
LPG	49	186	235	39	239	278
Fuels consumed by Group-owned and leased vehicles, excluding business travel and employee commuting						
CO₂e (tonnes)						
Diesel	73	76	149	95	78	173
LPG	—	25	25	—	25	25
Petroleum	2	217	219	—	216	216
The operation or control of any manufacturing process by the Group						
CO₂e (tonnes)						
On-site waste incineration	23	225	248	26	160	186
Refrigerants discharged	2	211	213	25	518	543
Total scope 1 emissions CO₂e (tonnes)	6,028	1,885	7,913	6,087	2,084	8,171
Scope 2 emissions – continuing operations						
Total emissions CO₂e (tonnes)						
Electricity – location-based	2,483	12,174	14,657	2,426	12,372	14,798
Electricity – market-based	—	9,517	9,517	—	11,004	11,004
Total scope 1 and 2 emissions – continuing operations						
Location-based CO ₂ e (tonnes)	8,511	14,059	22,570	8,513	14,456	22,969
Market-based CO ₂ e (tonnes)	6,028	11,402	17,430	6,087	13,088	19,175
Total energy consumption (MWh)	44,581	86,151	130,732	44,361	87,478	131,839

We engaged ERM CVS to provide independent limited assurance of our 2023 total scope 1 and total scope 2 location-based GHG emissions data as well as total scope 2 market-based GHG emissions data. Their Independent Assurance Report can be found on pages 14 to 15. The basis of reporting document can be found on the Group's website at www.chemring.com/basisofreporting23.

	2023	2022
Total scope 1 and scope 2 emissions CO ₂ e (tonnes) – location-based	22,570	22,969
Total scope 1 and scope 2 emissions CO ₂ e (tonnes) – market-based	17,430	19,175
Group revenue, continuing and discontinued operations (£m)	481.9	442.8
Total CO₂e (tonnes) per £m of revenue – location-based	46.8	51.8
Total CO₂e (tonnes) per £m of revenue – market-based	36.2	43.3

**SCOPE 3 CARBON EMISSIONS DATA COLLECTION**

This year we have expanded the collection of a subset of scope 3 emissions in categories 1, 3, 5 and 6:

- **Category 1** Purchased goods and services; currently we collect data for water supply.
- **Category 3** Energy and fuel related activities.
- **Category 5** Waste generated in operations and waste disposal; we collect emissions data based on destination.
- **Category 6** Business travel; currently we collect data on air travel, automotive hire and hotel usage in the UK, and air travel in the US.

Category	Tonnes CO ₂ e UK	Tonnes CO ₂ e US, Norway, Australia	Tonnes CO ₂ e Group total
1 Water supply	26	16	42
3 Energy and fuel related activities	1,792	3,979	5,771
5 Waste generated in operations and waste disposal	33	182	215
6 Business travel	872	500*	1,372

* US air travel only.

We are reviewing the following categories and expect to start data collection during FY24:

Category	Coverage
1 Purchased goods and services	Global
2 Capital goods	Global
4 Upstream transportation and distribution	Global
6 Business travel	Global
7 Employee commuting	Global
9 Downstream transport and distribution	Global

WATER CONSUMPTION

In 2023 we used a total of 906,624m³ of freshwater. This is a reduction from 2022 of 37,145 m³ following improvements in leak detection and the repair of water pipes in our Energetics facility in Scotland.

None of our operations are in water-stressed regions as defined by the United Nations. Our Australian facility continues to collect and use rainwater that falls on the site for facility needs.

	2023			2022		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
Freshwater (m³)						
Freshwater use	236,288	670,336	906,624	437,274	506,495	943,769

**PURPOSE IN ACTION****COMMITMENT TO ENVIRONMENTAL TRANSPARENCY**

Chemring has furthered its commitment to environmental transparency by disclosing its environmental impact through CDP, a global non-profit that runs the world's leading environmental disclosure platform.

In 2023, we completed CDP's Climate Change submission.

With a record 23,000+ companies disclosing through CDP in 2023, disclosing data on environmental impact is now a business norm. Our data will be added to the most comprehensive inventory of self-reported environmental data in the world – helping to drive action through greater transparency. By disclosing through CDP, Chemring is prepared to respond to the increasing demand for environmental transparency from financial institutions, customers and policymakers. In our climate change submission, we shared information on a number of areas including governance, risks and opportunities, business strategy, targets, verification and breakdowns of emissions and energy data.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023

**LINK TO OUR VALUES**

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023



INNOVATION



WASTE GENERATION

In 2023, efforts to improve efficiency and reduce waste across the business resulted in a 31.2% decrease in waste production from our businesses with only 10.9% of all waste going to landfill.

Our total hazardous and non-hazardous waste was 1,787 and 978 tonnes respectively. Of this, 73% of hazardous and 48% of non-hazardous waste was recycled.

Our total waste to incineration was 387 tonnes with 59% of the waste being incinerated for energy recovery. This is equal to 8% of all waste generated.

	2023			2022		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
Waste (tonnes)						
Recycled, non-hazardous	134	333	467	129	1,064	1,193
Recycled, hazardous	40	1,271	1,311	59	1,302	1,361
Not recycled, non-hazardous	176	335	511	172	739	911
Not recycled, hazardous	117	359	476	36	517	553
Total waste (tonnes)	467	2,298	2,765	396	3,622	4,018

At our Countermeasures & Energetics businesses we generate unique waste which is often best managed by destroying it at on-site treatment facilities.

With respect to waste management there are two priority areas: the reduction of waste generation and the reduction of waste sent to landfill. To help improve in these areas we are engaging with our end destinations of waste to ensure it is processed and treated in the best available method to ensure as little possible goes to non-beneficial landfill. We aim to update our waste reduction plans as more detailed data from this engagement becomes available.

LAND QUALITY

Our facility in Chicago, US, is located on a site which has "superfund" status under the US contaminated land regime. The business continues to work with consultants and the regulatory authorities to ensure that its legal obligations in relation to this matter are fully satisfied.

In 2023, we incurred costs in connection with environmental remediation of the sites of the munitions businesses formerly owned by the Group in Belgium and Italy in accordance with the terms of sale of those businesses. The Group carries a £3.5m (2022: £3.9m) provision in respect of environmental liabilities, which the Board considers to be adequate (see note 23 of the Annual Report and Accounts 2023).



PURPOSE IN ACTION

CHEMRING COUNTERMEASURES USA ACHIEVES 85% LANDFILL AVOIDANCE

Improving our sustainability performance across Chemring is key to running our businesses today and planning for the future. All Chemring businesses have active sustainability programmes, both globally and locally, to reduce our environmental impact. Across Chemring, we are on a path to becoming carbon neutral by 2030.

In 2023, the team at Chemring Countermeasures USA (CCM USA) in Toone, Tennessee, reached an 85% landfill diversion rate. This exceeds their target of 75% landfill avoidance, largely due to the efforts of Willie Thomas, Environmental Manager, and his 'Green Team'. This means that 85% of waste generated at the site is now being diverted away from landfill.

Over the past 12 months, the CCM USA team have undergone a significant transformation in terms of waste management with the support of Doxicom Global, a waste management consultancy based in Jackson, Tennessee.

Where there was once a waste compactor and a fleet of 32 8-yard skips, or dumpsters, there are now just two 8-yard skips at the Toone facility for the remaining 15% of waste. The other 85% of waste that would have gone to landfill is now diverted to be reused, repurposed or recycled.

Doxicom Global recently visited the Toone facility to present the team with a commemorative plaque to mark their achievements.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023



LINK TO OUR VALUES

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023



INNOVATION



ERM Certification and Verification Services Limited (“ERM CVS”) was engaged by Chemring Group PLC (“Chemring”) to provide limited assurance in relation to the selected information set out below and presented in Chemring’s 2023 Sustainability Report (the “Report”).

ENGAGEMENT SUMMARY	
SCOPE OF OUR ASSURANCE ENGAGEMENT	<p>Whether the 2023 data for the following selected disclosures, as presented on page 11, are fairly presented in the Report, in all material respects, in accordance with the reporting criteria:</p> <ul style="list-style-type: none"> - Total Scope 1 direct GHG emissions (tonnes CO₂e) - Total Scope 2 indirect GHG emissions (location-based) (tonnes CO₂e) - Total Scope 2 indirect GHG emissions (market-based) (tonnes CO₂e) <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.</p>
REPORTING PERIOD	1 November 2022 – 31 October 2023.
REPORTING CRITERIA	<ul style="list-style-type: none"> - WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard (2004, as updated January 2015) and GHG Protocol Scope 2 Guidance - Chemring’s Basis of Reporting (available at: www.chemring.com/basisofreporting23)
ASSURANCE STANDARD AND LEVEL OF ASSURANCE	<p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) <i>Assurance Engagements other than Audits or Reviews of Historical Financial Information</i> issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p>
RESPECTIVE RESPONSIBILITIES	<p>Chemring is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the selected information.</p> <p>ERM CVS’ responsibility is to provide conclusions to Chemring on the agreed scope based on our engagement terms with Chemring, the assurance activities performed and exercising our professional judgement.</p>

OUR CONCLUSION

Based on our activities, as described below, nothing has come to our attention to indicate that the 2023 data and information for the disclosures listed under “scope” above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

OUR ASSURANCE ACTIVITIES

Considering the level of assurance and our assessment of the risk of material misstatement of the selected information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Evaluating the appropriateness of the reporting criteria for the selected information;
- Interviews with management representatives responsible for managing the selected issues;
- Interviews with relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures;

- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information;
- An analytical review of the year-end data submitted by all locations included in the consolidated group data for the selected disclosures which included testing the completeness and mathematical accuracy of conversions and calculations, and consolidation in line with the stated reporting boundary;
- In-person visits to High Post (UK) and Saetre (Norway) to review source data and local reporting systems and controls;
- Assessing conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.



THE LIMITATIONS OF OUR ENGAGEMENT

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

EMPHASIS OF MATTER

Without affecting our conclusion, which is not modified, we draw attention to Chemring's explanation in its Basis of Reporting around the disclosure of emission factors for the specific energetic materials. Consequently ERM CVS was unable to assess the accuracy of GHG emission factors for on-site waste incineration materials (Scope 1). While Chemring considers emissions from on-site waste incineration materials immaterial to group totals, we draw attention to the possibility that if we had assessed the accuracy of the GHG emission factors for all on-site waste incineration materials, we may have identified errors in the assured information.

OUR INDEPENDENCE, INTEGRITY AND QUALITY CONTROL

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy-related services to Chemring in any respect.

Gareth Manning

Partner, Corporate Assurance

London, United Kingdom

12 December 2023

ERM Certification and Verification Services Limited
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The Task Force on Climate-related Financial Disclosures (“TCFD”) establishes a number of recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change.

The Board notes the recommendations in relation to the mandatory disclosures of climate related financial risk arising from Listing Rule 9.8.6(8) and has concluded that the business strategy is of Intermediate Resilience given the mitigations already implemented and planned.

We consider our disclosure to be consistent with all the TCFD Recommendations and Recommended Disclosures including section C of the 2021-TCFD Annex entitled “Guidance for all Sectors” and section E of the TCFD Annex entitled “Supplemental Guidance for Non-Financial Groups” excluding full completeness

of scope 3 emission (we currently report several categories in scope 3 but not all) and cross-industry climate related metric categories of which we currently report GHG Emissions and Remuneration from the cross-industry climate metric categories. We are continuing to embed the relevant capabilities across the organisation to track and disclose the complete data sets and metrics. In 2024, we will focus on developing our reporting of all scope 3 categories and cross industry metrics, aspects and climate-related risk and strategies to enable future disclosure.

Our statement to meet these requirements, providing information on the governance of climate-related issues, integration with overall risk management, strategy in managing climate-related issues and opportunities, and the metrics to measure progress towards our targets, is set out in the following pages.

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES	<p>The Board is responsible for overseeing climate-related risks and opportunities in delivering the Group’s strategy and running the Group’s operations. The Group Chief Executive is the Board director responsible for sustainability across the Group which includes climate-related risks and opportunities. The Board reviews the Group Risk Register as a scheduled agenda item every six months in which both physical and transitional climate-related-risks alongside opportunities are considered. Progress of our decarbonisation strategy is embedded within our senior executives’ remuneration.</p> <p>The ESG Committee ensures that appropriate climate and environmental systems are in place and remuneration is set as necessary to aid the reduction in the Group’s environmental impact. Other elements, including associated action plans, capital expenditure and budgeting and financial planning related to targets, are overseen and reviewed by the Board. Further detail included on page 172 of the Annual Report and Accounts 2023.</p> <p>During 2023, the Board and ESG Committee received updates on the development of our 2030 and 2050 targets, and the initiatives to increase usage of green energy sources, reduce energy consumption and increase efficiency of energy use, as well as improve the Group’s capability to monitor and measure carbon emissions.</p> <p>The Board recognises that to meet our net zero goals we need to have a more robust and developed system to ensure accurate data collection and monitoring, as well as strong working relationships with our supply chain.</p> <p>> FURTHER DETAIL ON PAGES 4 TO 7</p>
MANAGEMENT’S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES	<p>To facilitate and ensure a centralised approach to sustainability across all our businesses, the Group ESG Committee (consisting of members of the Group’s Executive Committee) was formed during 2021. The Committee is chaired by the Group Chief Executive and has oversight of all the Group’s ESG-related activity including that of assessing and managing climate-related risks and opportunities.</p> <p>> FURTHER INFORMATION ON OUR GOVERNANCE STRUCTURE CAN BE FOUND ON PAGE 84 OF THE ANNUAL REPORT AND ACCOUNTS 2023</p> <p>The Group Chief Executive, informed by the ESG Committee, is responsible for ensuring that the Board is updated regularly on all key matters including the impact of climate-related issues. Members of the ESG Committee are informed through their respective departments on matters relevant to climate-related issues.</p> <p>Executive directors and members of the senior leadership team within the Group are incentivised to achieve the Group’s carbon reduction targets through their annual bonus and long-term incentive plan (the Performance Share Plan (“PSP”) as detailed on page 105 of the Annual Report and Accounts 2023, including results for the current year.</p>



STRATEGY

CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM AND LONG-TERM

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The risks and opportunities associated with climate are reflected in our strategy and plans, and we strive for continuous improvement to reflect our purpose, our growth strategy, the external landscape and the expectations of our stakeholders. Climate risks and opportunities, covering both physical and transitional aspects of climate change, were considered during the year. Associated time horizons associated were viewed as short-term (0 to 2 years), medium-term (2 to 5 years), or long-term (5 to 30 years). The basis for the time horizons was to align with our internal strategic and financial planning processes. Short-term being the immediate budget period, medium-term covering the remaining detailed financial planning period and long-term being outside of these periods. From this, the key risks and opportunities that could have a material financial impact on the organisation have been identified. Where material, the Group is committed to managing regulatory, reputational and market risk related to climate change.

We have set net zero and carbon zero targets. These carbon reduction ambitions will drive efficiency, innovation, and collaboration across our Group. We recognise and understand that our supply chain emissions are going to be significantly larger than those of our scope 1 and 2 emissions, and it is critical that we accurately monitor and collaborate with our suppliers to reduce our scope 3 emissions by 2050.

Our strategy to reduce carbon emissions encompasses material climate-related risks and opportunities that have the potential to impact our business model and strategy over the short, medium and long-term taking into consideration our assets and infrastructure.

Details of the principal risks and uncertainties which could have a material impact on the Group's business model, strategy, future performance or reputation, of which climate change has been identified as a risk, are covered in the principal risks and uncertainties section on pages 69 to 76 of the Annual Report and Accounts 2023.

To facilitate and ensure a centralised approach to sustainability across all our businesses, the Group ESG Committee (consisting of members of the Group's Executive Committee) was formed during 2021. The Committee is chaired by the Group Chief Executive and has oversight of all the Group's ESG-related activity including that of assessing and managing climate-related risks and opportunities.

> CLIMATE-RELATED RISKS AND OPPORTUNITIES ARE OUTLINED IN MORE DETAIL ON PAGES 18 TO 23

THE BOARD

The Board oversees climate-related risks and opportunities affecting the Group, incorporating these considerations into the overall strategy, including climate-related expenditures and investments. Certain responsibilities are delegated to Board committees.

Meets monthly

INFORMING

REPORTING

THE BOARD DELEGATES SPECIFIC ESG, INCLUDING CLIMATE CHANGE, OVERSIGHT TO ITS COMMITTEES

RISK MANAGEMENT COMMITTEE

Oversees the implementation of the risk management policy and framework; identifies the principal risks to which the Group is exposed; monitors risk mitigation plans; and maintains the Group risk register.

Meets every three months

EXECUTIVE COMMITTEE

Manages climate-related risks and opportunities, driving the decarbonisation strategy across the business and value chain as part of the integrated business planning process.

Meets bi-monthly

NOMINATION COMMITTEE

Manages succession planning, ensuring future skills for both executive and non-executive Board members, with a focus on climate-related expertise.

Meets every six months

REMUNERATION COMMITTEE

Determines the remuneration policy, incorporating long-term incentive plan ("LTIP") performance conditions related to climate change and other ESG matters.

Meets every six months

INFORMING

REPORTING

ENVIRONMENTAL, SOCIAL & GOVERNANCE COMMITTEE

Oversees the Group's ESG performance, monitors executive progress in strategically addressing climate transition risks, and ensures alignment with objectives and targets.

Meets every three months

GROUP HEALTH, SAFETY & ENVIRONMENT DIRECTOR

Responsible for environmental strategy and assurance, including climate-related aspects and the decarbonisation strategy. A key member of the Executive Committee and ESG Committee, providing regular updates on the environmental and net-zero programme. Oversees the Environmental Policy, outlining the commitment to addressing environmental impacts, including climate-related issues.

INFORMING

REPORTING

BUSINESS UNIT

The local business units support the implementation of the Group's ESG strategy including climate change risk and are responsible for the day-to-day compliance.

SUSTAINABILITY COMMITTEE

Co-ordinates the advancement of decarbonisation ambitions, comprising functional representatives, business leads, and environmental specialists. This group reports to the Group Health, Safety & Environment Director.

Meets monthly



STRATEGY continued

CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM AND LONG TERM continued

<p>THE RESILIENCE OF CHEMRING’S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO</p>	<p>In 2021/22 the Group began to develop its climate-related scenario analysis to improve understanding of the behaviour of certain risks given different climate outcomes. In 2023 we expanded on our three public climate-related scenarios which we deem to be reliable and related to our business operations to aid our understanding of the business’ resilience to climate change. In 2024 we are further developing our climate-related scenario analysis to ensure our scenarios are accurate and up to date with the latest data. We will revisit these scenario analyses to ensure these remain appropriate. The scenarios are as follows:</p> <ul style="list-style-type: none"> - Sustainable Development (“SDS”)¹, outlining a global low carbon transition which limits the global temperature rise to 1.65 °C by 2100, with 50% probability; - Stated Policies (“STEPS”)¹, outlining a combination of physical and transitions risk impacts as temperatures rise by 2.6°C by 2100, with 50% probability; and - RCP 8.5², an extreme physical risk scenario, where global temperatures rise between 4.1 and 4.8°C by 2100. <p>Scenarios have been supplemented with additional sources that are specific to each risk to inform assumptions included in projections. The Group continues to refine its approach to quantitative aspects of this modelling and will report further information as this develops.</p> <p>Assumptions have been made as part of this scenario analysis:</p> <ul style="list-style-type: none"> - Chemring will have the same business activities that are in place today. That means impacts should be considered in the context of the current financial performance, prices and operational locations. - Impacts are assumed to occur without the Company responding with any mitigation actions, which would reduce the impact of risks. - The analysis considered each risk and scenario in isolation, when in practice they may occur in parallel as part of a wider set of potential global impacts. - Carbon pricing was informed by the Global Energy Outlook 2021 report from the International Energy Agency (“IEA”). <p>> RESULTS OF THE SCENARIO ANALYSIS ARE OUTLINED ON PAGES 19 TO 23</p>
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1. IEA (2021), World Energy Model, IEA, Paris, <https://www.iea.org/reports/world-energy-model>.

2. IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

RISK MANAGEMENT

ALL BUSINESS UNITS ARE REQUIRED TO ASSESS RISK IN RELATION TO THE DELIVERY OF THEIR STRATEGY AND OBJECTIVES, WITH CLIMATE-RELATED RISKS FORMING PART OF THIS CONSIDERATION

<p>CHEMRING’S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS</p>	<p>Current and emerging climate-related risks and opportunities are considered, whether they arise within the Group’s operations or within the value chain, including existing and emerging regulations. In 2021/22, climate risks and opportunities relevant to the Group were identified and reviewed with the aid of external consultants, and refined through consultation with key Chemring personnel, including members of the ESG Committee, the Risk Management Committee and the Board. Risks and opportunities were assessed in line with the Group’s methodology to assess principal risks. A probability and impact matrix defines the likelihood of the risk, assessed based on historical evidence or experience that such consequences have materialised (Very Unlikely, Unlikely, Neutral, Likely, Very Likely). The magnitude of impact is also classified (Low, Low-Medium, Medium, Medium-High, High) and, where possible, a single figure estimate for the financial impact was calculated.</p>
<p>CHEMRING’S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS</p>	<p>Once each climate-related risk and opportunity was identified, the Group sought to quantify the financial impact, appropriate strategic response, and the cost of implementing the mitigations. This process includes considering the long-term impacts arising from the risks identified on our products and services. This in turn helped to determine the materiality, allowing the Group to prioritise resources to manage its most significant climate-related impacts, determine the best management response or highlight areas requiring further investigation. All of the Group’s climate change risks and opportunities are covered by existing or planned mitigation and adaptation strategies. Further detail set out in Principal Risk and Uncertainties on page 69 to 76 of the Annual Report and Accounts 2023.</p>
<p>PROCESSES FOR IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS INTEGRATED INTO CHEMRING’S OVERALL RISK MANAGEMENT</p>	<p>Climate is considered as a Group principal risk alongside the risks identified in the wider risk management process. This ensures climate-related risks are integrated into the Group’s overall enterprise risk management framework.</p> <p>The management of each business is responsible for the identification, management and reporting of local risks, in accordance with the Group’s risk management framework.</p> <p>The Risk Management Committee meets quarterly and, utilising the input from the business risk registers and the US risk register, identifies those principal risks which are material to the Group as a whole. The climate-related risks and opportunities were reviewed by the Board during the financial year.</p>



METRICS AND TARGETS

METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH CHEMRING'S STRATEGY AND RISK MANAGEMENT PROCESS WITH CLIMATE-RELATED RISKS FORMING PART OF THIS CONSIDERATION

SCOPE 1, 2 AND, IF APPROPRIATE, 3 GHG EMISSIONS AND THE RELATED RISKS	Chemring monitors scope 1 and 2 emissions with aspects of scope 3 disclosed on page 11 to 12. The Group also discloses other environmental metrics such as freshwater use and waste generated, as reported on pages 12 to 13.
CHEMRING'S TARGETS FOR MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS	<p>As a crucial first step in Chemring's approach to addressing climate-related risks and opportunities in FY21, Chemring set appropriate near and longer-term sustainability goals, with targets against which our progress could be measured. These included but were not limited to reducing our direct (scope 1) and indirect (scope 2) emissions year-on-year, to be net zero by 2030 (scope 1 and 2 market-based) and to be net zero by 2050.</p> <p>> EMISSIONS TARGETS FOR THE GROUP ARE OUTLINED ON PAGE 6</p>

CLIMATE-RELATED RISKS

RISK: WILDFIRES	
Type	Physical
Area	Own operation/Downstream/Upstream
Primary potential financial impact	Loss of reputation, market share and revenue
Time horizon: short (0 to 2 years), medium (2 to 5 years) or long-term (5 to 30 years)	Short/Medium-term
Likelihood	Likely
Magnitude of impact to Group	Low impact
Est financial impact	Not quantified
Est financial asset impact	Not quantified
Est cost of response	Not quantified
Description	Wildfires pose a massive risk to individuals, communities, and businesses. Most organisations that experience a fast-moving wildfire turn to ashes, or at the very least, are left structurally unsound and incapable of operational continuity, the effects of which are felt by their communities on an economic and social level.
Impact	Climate change imposes an increased risk to the likelihood and severity of wildfires which could have the potential to disrupt production and product delivery due to physical damage to surrounding infrastructure and Chemring facilities, as well as incurring additional costs of remediation. Such events also endanger Chemring's personnel, who are a fundamental priority to protect.
Mitigation	<p>Although none of the Chemring operations have been directly affected by wildfires, Chemring has initiated an enhanced vegetation management programme for trimming and removing potential wildfire hazards surrounding our operations in high wildfire threat areas and Chemring is aware of local mitigations in place such as planned burns.</p> <p>Chemring business units seek to manage supply issues relating to unforeseen environmental risk through assessing supply chain sustainability and ensuring where possible alternative suppliers are available for key or crucial parts or services.</p> <p>Chemring is looking at energy supply to facilities with the potential for it to be affected by wildfires, with the ambition to ensure back-up power systems are in place to ensure safe shut down and isolation in case of loss of power to the facilities.</p>
Strategic change required	No change required, continued monitoring and analysis as per normal operations.
Conclusion	Using analysis conducted for the risk assessment of wildfires in Australia (the area in which the likelihood for the risk is highest), differences in scenarios were analysed to understand the change in land annually exposed to wildfires in Victoria. Looking at the worst-case climate change scenario (RCP 8.5), the median shifts by ~0.1% to the SDS scenario. The minimal impacts from this risk are highlighted within the Australia region in the physical risks table (Table 1).
Resilience rating	Intermediate Resilience



CLIMATE-RELATED RISKS continued

RISK: EXTREME WEATHER EVENTS	
Type	Physical
Area	Own operation/Downstream/Upstream
Primary potential financial impact	Loss of reputation, market share and revenue
Time horizon: short (0 to 2 years), medium (2 to 5 years) or long-term (5 to 30 years)	Short-term
Likelihood	Very likely
Magnitude of impact	Low impact
Est financial impact	Not quantified
Est financial asset impact	Not quantified
Est cost of response	Not quantified
Description	Extreme weather events resulting from cyclones, earthquakes, storms, etc. will be intensified by climate change, having the potential to impact Chemring's operations the effects of which are felt by their communities on an economic and social level.
Impact	Extreme weather events can cause disruption to supply chains across the globe as well physical damage to Chemring's facilities and could result in disruption to production and product delivery and impact overall revenue. Such events also endanger Chemring's personnel, who are a fundamental priority to protect.
Mitigation	<p>Operations deemed at risk of flooding from extreme weather events have had drainage improvements made with further mitigations planned to reduce the impact of flooding type events.</p> <p>Chemring business units seek to manage supply issues relating to unforeseen environmental risk through assessing supply chain sustainability and ensuring where possible alternative suppliers are available for key or crucial parts or services.</p> <p>Chemring is looking at energy supply to facilities with the potential to be affected by extreme weather events, with the ambition to ensure back-up power systems are in place to ensure safe shut down and isolation in case of loss of power to the facilities.</p>
Strategic change required	No change required, continued monitoring and analysis as per normal operations.
Conclusion	In looking at future scenarios, the physical risk of severe weather events remained localised to sites within the US. Even in the RCP 8.5 scenario, the risk of expected damage from river flooding projected out to 2050 remains similar to scenario SDS. This is also summarised within Table 1.
Resilience rating	Intermediate Resilience



RISK: TECHNOLOGY	
Type	Transition
Area	Own operation/Downstream
Primary potential financial impact	Higher capex expenditure
Time horizon: short (0 to 2 years), medium (2 to 5 years) or long-term (5 to 30 years)	Medium/Long-term
Likelihood	Unlikely
Magnitude of impact	Low impact
Est financial impact	Not quantified
Est financial asset impact	Not quantified
Est cost of response	Not quantified
Description	Climate-related requirements are changing in key customer procurement contracts, which presents potential issues with capability development, technology transfer or efficient manufacturing.
Impact	This would influence expenditure, along with other potential impacts, including loss of contracts and disposal or write-off of legacy/stranded assets, as well as a knowledge gap between the current systems and future systems affecting training in skilled resource pool.
Mitigation	In response to this risk, Chemring maintains continual assessment of government priorities in terms of technology roadmaps and procurement requirements as necessary. Additionally, close relationships with customers are maintained to facilitate effective risk management and long-term planning. Chemring is part of an industry working group to address these new climate-related requirements. Under the SDS scenario, the Ministry of Defence has outlined its approach to climate change and sustainability strategy.
Strategic change required	No change required, continued monitoring and analysis as per normal operations.
Conclusion	At present we do not expect this to affect the Group given the low amount of carbon emitted in the use phase of products. Future procurement decisions may focus on the sustainability of a supplier's business operations, for which Chemring has an internal transitional plan for becoming a net zero organisation by 2050.
Resilience rating	Intermediate Resilience

TABLE 1 – OVERALL PHYSICAL RISK IMPACTS SPLIT BY GEOGRAPHIC REGION AND SCENARIO ANALYSED (STEPS EXCLUDED DUE TO DATA LIMITATIONS)

Scenario	Site location			
	Australia	Europe	UK	North America
SDS	■	■	■	■
RCP 8.5	■	■	■	■

■ Low impact ■ Medium impact ■ High impact



CLIMATE-RELATED OPPORTUNITIES

OPPORTUNITY: RESOURCE EFFICIENCY	
Type	Transition
Area	Own operation
Primary potential financial impact	Reduction in cost
Time horizon: short (0 to 2 years), medium (2 to 5 years) or long-term (5 to 30 years)	Short/Medium-term
Likelihood	Likely
Magnitude of impact	Low impact
Est financial impact	Not quantified
Est financial asset impact	Not quantified
Est cost of response	Not quantified
Description	Improvements to both product and energy efficiency will help to reduce waste, cost and CO ₂ e emissions for operations.
Impact	Chemring strives to employ the best available technology for its operations and ensures rigorous monitoring and maintenance of facilities to maintain a high level of efficiency, along with initiatives such as upgrading building facilities. LED lighting retrofits have the benefit of saving on direct energy costs. Plans for future initiatives are in place with planned financial savings.
Opportunity	Opportunity for any future expansion or development within the business to implement energy efficient methods such as heat pumps, LED lighting etc.
Strategic change required	No change required, continued monitoring and analysis as per normal operations.
Conclusion	This opportunity is largely unaffected by external changing policy scenarios, as future initiatives are already in place with planned financial savings.
Resilience rating	Intermediate Resilience



OPPORTUNITY: LOW EMISSIONS ENERGY				
Type	Transition			
Area	Own operation			
Primary potential financial impact	Reduction in cost			
Time horizon: short (0 to 2 years), medium (2 to 5 years) or long-term (5 to 30 years)	Short/Medium-term			
Likelihood	Very likely			
Magnitude of impact	Low impact			
Est financial impact	Not quantified			
Est financial asset impact	Not quantified			
Est cost of response	Not quantified			
Description	There are increased renewable energy with zero CO ₂ e emissions options becoming available across the globe. With improvements to technology, renewable energy is becoming increasingly inexpensive.			
Impact	Chemring will benefit from de-linking energy costs to fossil fuel prices through the procurement of renewable energy for its sites. In addition, this will reduce the Group's exposure to GHG emissions and thereby lower sensitivity to changes in the cost of carbon.			
	The carbon price (US\$/tCO ₂ e) is projected to increase as follows:			
	Scenario	2030	2040	2050
	STEPS	65	75	90
	SDS	120	170	200
	Difference	85%	127%	122%
Opportunity	There is an opportunity to benefit from the emissions avoided by sourcing energy from fossil fuel-based providers.			
Strategic change required	Incorporating an internal carbon price assigns a monetary value to greenhouse gas emissions, empowering business units to integrate this cost into investment decisions and daily operations. This utilisation of internal carbon pricing serves as a strategic approach to effectively navigate climate-related business risks and proactively prepare for the shift towards a low-carbon economy.			
Conclusion	Future scenarios that drive up fossil fuel prices such as the phase-out of subsidies (SDS) and incentives for clean energy transitions such as those under the European Green Deal (STEPS) provide further impetus for procuring energy from more renewable sources.			
Resilience rating	Basic Resilience			

RATING SYSTEM FOR IMPACT

1. LOW IMPACT

Definition: Low impact refers to climate-related risks or opportunities that are anticipated to have a relatively minor effect on Chemring Group PLC's financial performance, resilience, reputation, or strategic direction.

Characteristics: These risks might have limited financial consequences, manageable operational disruptions, or a relatively low level of exposure. Conversely, low-impact opportunities may contribute modestly to Chemring Group PLC's overall strategy.

2. MEDIUM IMPACT

Definition: Medium impact signifies climate-related risks or opportunities that have the potential to cause noticeable effects on Chemring Group PLC's financial performance, resilience, reputation or strategic direction.

Characteristics: Risks at a medium impact level may lead to moderate financial consequences, more significant operational disruptions, or a moderate level of exposure. Medium-impact opportunities can contribute meaningfully to Chemring Group PLC's strategy and performance.

3. HIGH IMPACT

Definition: High impact denotes climate-related risks or opportunities that pose a substantial threat or benefit to Chemring Group PLC's financial performance, resilience, reputation or strategic direction.

Characteristics: Risks with a high impact level may result in significant financial consequences, severe operational disruptions, or a high level of exposure. High-impact opportunities have the potential to be transformative, significantly influencing Chemring Group PLC's strategy and performance.

RESILIENCE RATING

- 1. Basic Resilience:** Limited formalised resilience strategies, reactive approach to challenges, and basic contingency planning of climate-related risks and opportunities, with limited integration into overall financial strategy.
- 2. Intermediate Resilience:** Defined resilience strategies addressing key risks, proactive measures in place, and a moderate level of integration with business operations, with a clear assessment of climate impacts on the business, integration into strategic planning.
- 3. Advanced Resilience:** Robust resilience strategies incorporating comprehensive risk assessments, proactive adaptation strategies, and strong integration with overall business strategies and a deep understanding of climate-related risks and opportunities, well-integrated into financial decision-making processes, and a commitment to continuous improvement in line with evolving standards.
- 4. Exemplary Resilience:** Industry-leading resilience strategies, transparency, comprehensive scenario analysis, proactive adaptation strategies, and a demonstrated commitment to driving positive climate impacts with continuous improvement, innovation in risk management, and a company-wide culture that prioritises adaptability and anticipates emerging challenges. Setting a benchmark for best practices in TCFD reporting.



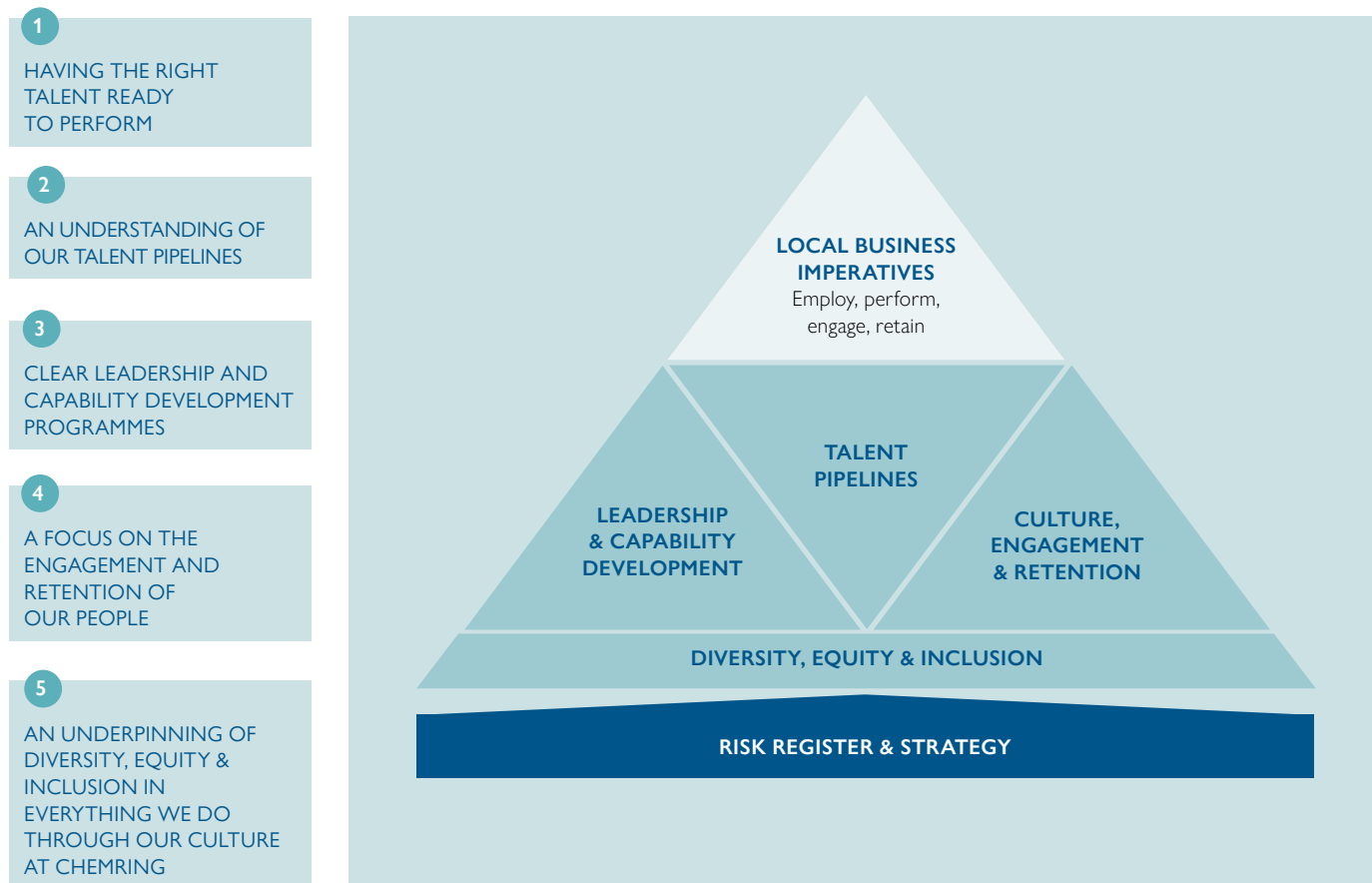
OUR PEOPLE

INVESTING IN OUR PEOPLE FOR SHARED SUCCESS

At Chemring our people are at the heart of everything we do. We invest in our people at all levels, across every location and function. This focus ensures we have the right talent enabled to perform, whatever the challenge.

The past few years have seen changes in all of our external talent markets, from the effects of the COVID-19 pandemic changing people's expectations of work, leveraging the advantages of hybrid working where possible, through to inflationary pressures and a higher cost of living for all our people. It has made it more important than ever to ensure that we are focusing on our people, delivering an employee experience that motivates and empowers our workforce.

OUR OVERALL PEOPLE APPROACH IS FOCUSED ON FIVE KEY AREAS:



CULTURE AT CHEMRING

Everything we do is underpinned by our culture at Chemring. As a group of companies, we embrace what ties us together and respect what differentiates us. Our principle of Global Voice, Local Accent defines the approach to investing in our people to bring the best of our corporate programmes in areas such as talent, development and a focus on engagement whilst ensuring our businesses bring their local unique customs and practices to empower their workforce.

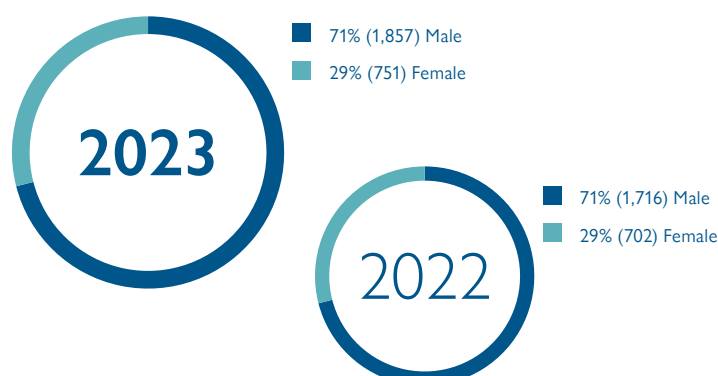
We have a values-based culture of Safety, Excellence and Innovation and 2023 saw an even greater focus on our safety culture through the launch of our Fundamental Safety Principles supporting our goal of zero harm.

OUR POPULATION

Each and every business unit has a focus on the skills it needs from its workforce to meet our customer commitments. Additionally, their focus continues to be on the diversity of the talent coming into our organisation to ensure we have a healthy and vibrant mix of backgrounds, experiences and perspectives to bring innovative ideas and support a mindset of continuous improvement. Chemring strives for diversity on a broad basis including gender, age, background, education, disability, neurodiversity and

nationality (within the constraints of our regulatory requirements) and this diversity brings a more agile, engaged and higher-performing workforce.

Gender diversity is one measure that we monitor throughout our population and programmes. Our total global population in 2023 was:



**PURPOSE IN ACTION****ASPIRE@CHEMRING – FIRST COHORT GRADUATION!**

Earlier this year, the first cohort of the Aspire@Chemring talent development programme successfully completed the course and graduated.

The programme started in May 2022 with the aim of preparing and developing the future senior leadership of Chemring. The modules were designed to help them develop the skills, best practices, and strong leadership network they need to succeed.

A total of 75 people graduated from this first cohort, who had been nominated for the programme by senior leaders.

The Aspire@Chemring programme is made up of six modules in total, each delivered virtually by a mix of internal and external experts. The first half of the course focused on leading human performance, with the second half centred around leading organisational performance.

Chemring partnered with an innovative digital executive education platform provider, which gave access to three top business schools to provide the cohort with a series of elective modules from which they could choose two. The modules were delivered by business school partners (MIT, Tuck, and Columbia Business Schools), and the cohort selected the modules which best aligned with their individual development goals.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023

**LINK TO OUR VALUES**

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023

**INNOVATION**

We benchmark both to our external local talent markets and to relevant peers and will continue to consider how we can improve the diversity within our organisation.

Our population has grown significantly in the past year and this change in volume has driven a focus on maturing our people activities to ensure they create a best in class employee experience for all colleagues, whether they be recent joiners or those with longer service. One area of strategic focus is our use of technology and data to drive people decisions. Where appropriate, we are investing in HR systems at a business unit or regional level to streamline activity, reduce waste and improve data quality. This approach also extends to offering a modern "digital" employee experience where possible through access to communications, employee information and even access to roles available across the Group. Access and transparency are key to our approach to creating a more digital employee experience.

OUR TALENT PIPELINES

To create the diverse and broad employee population we need, we look at a number of pipelines both internally and externally. Our external talent pipelines cover a broad range of sources, from direct hires into specific key segments in our organisation, to early careers professionals who are yet to discover their passions and find their home within the organisation. Additionally, we take innovative approaches to creating pipelines where they traditionally have not existed, such as the Roke Academy where those with a diverse and varied work career are given the chance to retrain in the skills we need for the future.

Our Early Careers Programme in the UK goes from strength to strength with a record 145 early careers professionals going through our two-year programme across our UK businesses. Bringing in a strong cohort of apprentices and graduates each year helps us to grow our talent and constantly challenges us to grow and listen to the next generation of Chemring leaders.

Our focus on talent also extends to supporting the pipelines of talent to move through our organisation. Our talent assessment activities are centred around the need to plan and develop to solve today's challenges and tomorrow's opportunities. We actively seek how to create opportunities for those experiences to be gained by our talent before they are needed.

One such programme is Aspire@Chemring which launched in May 2022 and ran for 11 months. Aspire@Chemring was designed to connect a global cohort of future senior leaders to develop some of the experiences required at the highest levels of our leadership.

Where possible we also work in alignment with wider industry and government organisations to increase the skills and mobility of talent into our organisations. In the UK we have partnered with the Institute of Engineering and Technology ("IET") for the last five years to sponsor bursary students from disadvantaged backgrounds to create opportunities for education which may previously not have been open to them. This diversity of background brings a different perspective, which is brought into Chemring through our IET bursary students taking summer internships and permanent positions.

LEADERSHIP AND CAPABILITY DEVELOPMENT

Along with a focus on finding the best talent to join our organisation, we put equal measures on developing from within to ensure we have the right skills in the right place at the right time. Over the last few years, Chemring has been able to create a series of programmes designed to support the needs of leadership at each level.

As well as our focus on leadership, it is equally important to invest in the technical, operational and functional skills to deliver first-class products and services. Our Countermeasures and Energetics businesses have been focussing on maintaining operator competence in 2023 as a priority area whilst Roke has been developing their professional & consultancy capabilities, as a key enabler of their growth ambitions.

We see development as a strategic enabler for meeting our business and customer commitments. We also see it as a key way in which we engage our employees. All leadership proactively talk with their teams about their aspirations, goals and development needs through processes such as Performance Conversations - which reinforces how important each colleague's contribution is. Open conversations about performance help us focus on what individuals need to be successful and allow development to be seen as a positive investment of time and prioritised accordingly. This is a win-win for both our workforce and our organisation.

Established Chemring programmes include our two-year Early Careers Programme in the UK, and our supervisor-focused Leading Our People Programme through to our Aspire@Chemring Programme which will launch with our second cohort in early 2024.



LEADERSHIP AND CAPABILITY DEVELOPMENT continued

Additionally, we are fully engaged in the UK with the Apprenticeship Levy, and maximise our levy fund to create apprentice level positions (48 active apprenticeships in 2023) as well as to fund apprentice programmes for more established colleagues in functional and leadership positions looking to further develop their education.

ENGAGEMENT AND RETENTION

Our workforce is one of our key assets, and we work to ensure it thrives. The external talent market is highly buoyant with industry turnover rates at record levels. We are aware of the risk this presents and we never take our workforce for granted. Employee experience and day-to-day engagement are of the highest priority.

Listening to our colleagues is a fundamental leadership principle, both as individuals and as an organisation. Our company-wide approach to continuously listening to our colleagues is called Employee Voice. Through regular sentiment surveys, our leadership teams are able to review how our employees feel about working at Chemring. Our positivity score across the globe stands at 76% for 2023, compared to 75% for 2022. We will continue to review trends at an organisational level to support our data-driven decision making, and equally important, at the individual level.

There are many ways in which our colleagues are engaged with individually, from one-to-one performance conversations to works councils and Employee Resource Groups ("ERGs"). In many of our businesses, leadership make themselves available through all-hands "town hall" meetings in which any employee can raise questions.

Our Board is actively involved in understanding the needs and engagement of the workforce. Laurie Bowen, Chair of the Remuneration Committee and the non-executive director responsible for employee engagement on behalf of the Board, meets with colleagues from different business areas and levels in the organisation to hear their views on working at Chemring. In 2023, Laurie visited three of our businesses that are focused on investment and growth: Roke, Chemring Energetics UK and Chemring Nobel. This year, common themes emerged, including the appreciation of leadership for communicating how individual products and services support the organisation's purpose of building engagement; that safety is now an integral part of the culture of how things are done; and that growth and investment are building pride across our workforce. The groups identified specific opportunities to improve, which were openly and constructively communicated; and summarised to the leadership team for action.

Thanks to this feedback, our local leadership teams at these locations can ensure that employee feedback informs and supports their growth agendas. Employee feedback remains a key channel for insights into how we can shape Chemring's employee engagement priorities both at a local level and Group-wide level.

Our local business ERGs, in particular, are helping us to understand "what good looks like" in many areas of the inclusion agenda; one size does not fit all.

This approach is how we focus on developing our culture so that it serves our employees and our customers. We work to the principle of embracing what ties us together and respecting what differentiates us. Our values driven culture is based on our values of Safety, Excellence and Innovation and is the foundation all our businesses work to.



PURPOSE IN ACTION

EARLY CAREERS CONFERENCE SUCCESS

In June, the Chemring People Team hosted the Early Careers Conference as part of the Chemring Early Careers Programme. The in-person event was held in Southampton, UK, and brought together 135 graduates and apprentices from across Chemring Countermeasures UK, Chemring Energetics UK and Roke.

One of the key benefits of the conference was the opportunity to network with leadership team members and get first-hand career advice and guidance while the cohort is still in the early stages of their careers.

The two-year programme combines virtual sessions throughout the year and the face-to-face Early Careers Conference. The programme has been designed to support our graduates and apprentices from across Chemring's UK businesses to build the foundational early career and professional skills needed in the workplace today.

One of the most important and valuable aspects of the Early Careers Programme is being part of a community of colleagues at the same stage in their careers. It enables members of the cohort groups to connect across the different businesses and gain broader exposure to the entire organisation while sharing skills and knowledge with peers.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023



LINK TO OUR VALUES

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023



INNOVATION

DEVELOPING OUR PEOPLE

48

Apprenticeships currently in progress

145

Graduates and apprentices took part in UK-wide Early Careers Development programme

75

Experienced managers graduated from the first cohort of Aspire@Chemring, our first fully virtual leadership development programme



DIVERSITY, EQUITY AND INCLUSION (“DE&I”)

We have worked hard over the past 12 months to evolve our focus on DE&I from an initiative to business as usual. DE&I underpins every process, action and decision made in Chemring.

In FY23 we went back to basics to define what was important to focus on in our drive to improve our gender balance in senior management positions. We defined that it was important to capture all members of senior management who influence the day to day employee experience and lead our culture. We therefore tightened the definition of the population we monitor to ensure that all these senior leadership positions continue to be developed towards a more gender balanced and inclusive population.

Senior management positions are now defined as Executive/Senior Leadership, Direct Reports to Executive/Senior Leadership (if in a leadership role) and Key Positions holding a senior position or role of influence in the organisation. This revised our baseline to 30% female and 70% male at the start of FY23, on our way to our 2027 target of at least 33% female and 67% male.

Through this increased focus we saw our gender split in Senior Management Positions increase across the year through a combination of active development and promotion, turnover and hiring changes, growth of our positions of influence in line with organisational growth and structural reorganisation efficiencies. This resulted in a change in our gender balance to 32% female and 68% male in this important population. We are therefore in an excellent position to revisit the ambition of our gender targets in FY24 in line with our business growth plans.

Furthermore, in 2023 we added the requirement for DE&I to be considered within our five-year planning activities. Gender is not the only focus of our efforts. Chemring strives for diversity on a broad basis including gender, age, background, education, disability, neurodiversity and ethnicity (within the constraints of our regulatory requirements). This is an area where we continue to develop both globally and locally and which will be central to our success in the coming years.

We continue to focus on ethnicity at the various levels within our organisation, as a way of ensuring our workforce is reflective of the communities we are situated in and operate within. Our reporting on ethnic diversity at Chemring is set out in the table below.

OUR COMMUNITIES

In many of our locations, our employees are from the local community and provide a valuable link to ensure we support those communities. This can be through the form of open days where family and other community members can gain insight into what we do at Chemring. It is also through our employees volunteering their time both to community initiatives at to raising much needed donations through charity events and challenges. Chemring fully supports and celebrates all employees who go the extra mile to contribute to our communities.

The education sector is another area of focus with the opportunity to provide STEM sponsorship and support in local schools and colleges.

	Asian %	Black %	Mixed race %	White %	Other* %
Senior managers	3.17	1.06	0.53	94.71	0.53
Mid-level managers	1.39	7.32	1.39	88.15	1.74
All other employees	4.26	13.28	1.71	76.65	4.10

* Including Hispanic, NHOPI, Native American.



PURPOSE IN ACTION

CREATING COMMUNITIES AND SUPPORTING INCLUSION

Across Chemring, our aim is to create a working environment where all employees have the freedom, support, and trust to succeed. We want everyone to feel able to bring their whole selves to work.

One way of helping us to feel comfortable and confident to be ourselves at work and let our individual strengths shine is through connection with other colleagues - whether that's to connect over shared experiences, or to understand different ways of thinking or ways of working.

One such way that Roke achieves this is through its Employee Resource Groups (“ERGs”). The ERGs connect colleagues together around a unifying mission, raising awareness of issues such as gender, ethnicity, and sexual orientation.

At present, Roke has a total of eight ERGs - Women in Roke, Inspire (LGBTQ+), Majority Ethnic, Veterans, Neurodiversity, Disability and Regional Groups (grouping those regional groups and adding in Disability). These groups provide opportunities for mentoring, volunteerism, networking, development and community involvement.

LINK TO STRATEGY

> READ MORE ON PAGES 18 TO 19 OF THE ANNUAL REPORT AND ACCOUNTS 2023



LINK TO OUR VALUES

> READ MORE ON PAGE 25 OF THE ANNUAL REPORT AND ACCOUNTS 2023



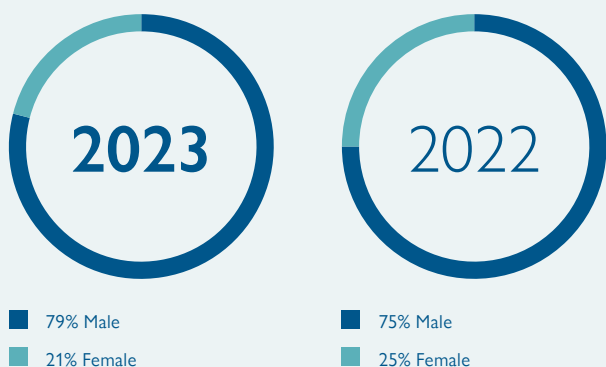
INNOVATION

Investing in this community helps us to build a broader and more diverse pool of talent to join the engineering and defence sector in years to come.

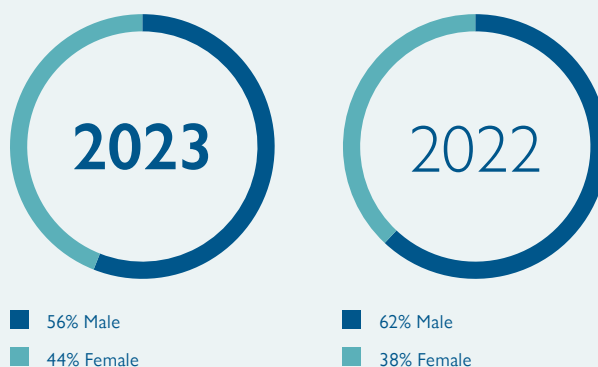
In addition, we partner with charities that directly support those who are end users of our products and services. We honour the service that they have given through the support to events such as “Ride with a Veteran” and “The Big Sleep”.



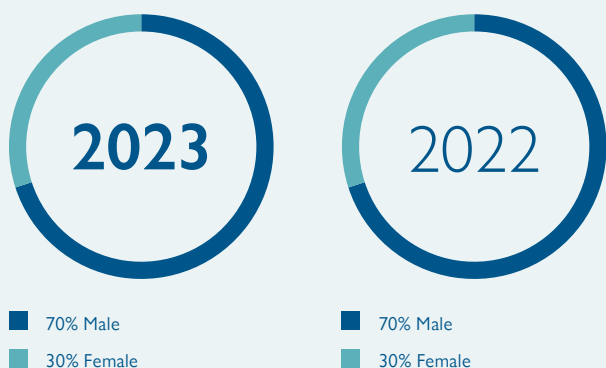
TOTAL GRADUATES AND APPRENTICES



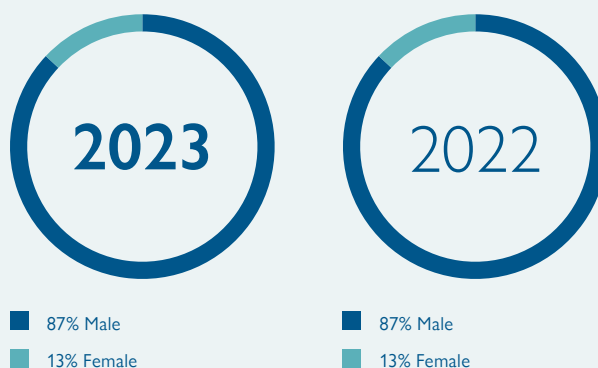
BOARD DIRECTORS



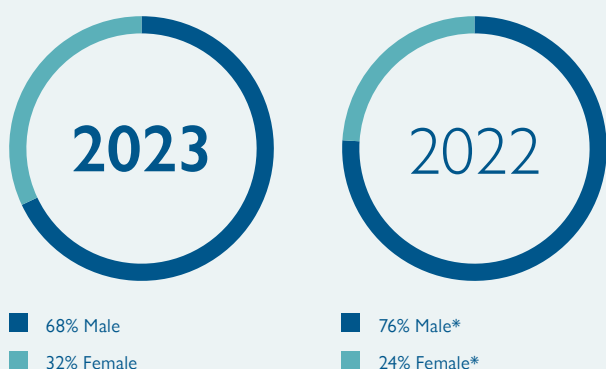
COLLEAGUES INVOLVED IN LEADERSHIP DEVELOPMENT PROGRAMMES IN 2023



EXECUTIVE COMMITTEE



SENIOR MANAGEMENT POSITIONS



* 2022 split is based on prior year definition.

LISTENING TO OUR PEOPLE

2,270

colleagues with regular access to bespoke Employee Voice pulse survey

34%

regular response rate of participants in Employee Voice

76%

positivity score

>4,500

individual comments and feedback received



ETHICS AND BUSINESS CONDUCT

DOING THE RIGHT THING

Chemring is committed to conducting its business in an ethical and responsible manner at all times, and in full compliance with all applicable laws and regulations.

OUR APPROACH

We are committed to promoting a culture within Chemring where everyone does the right thing and takes personal responsibility for their actions. Our Operational Framework and Code of Conduct set out the standards of business conduct and behaviours we expect of all of our businesses, our employees and all third parties who act on our behalf. We require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

ESG COMMITTEE

The Board has established an ESG Committee, which has oversight of the Group's environmental, social and governance policies and objectives. The ESG Committee, which was merged during the year with the Ethics & Compliance Committee previously operated by the Group, is chaired by the Group Chief Executive, with the other members being the Group HSE Director, the Group Director of Corporate Affairs, the Group Financial Controller, the Group Legal Director & Company Secretary and the Group Sustainability Lead. The President of our US operations, our US General Counsel and our US Vice President HSE also attend meetings by invitation. The ESG Committee has oversight of the Group's ethical business conduct and compliance framework, including our anti-bribery processes. It monitors the implementation of the framework across the Group and recommends areas for future improvement.

The Committee met four times during the year. At every meeting the Committee reviews and monitors compliance with our anti-bribery processes and other key compliance policies. During the year the Committee also reviewed:

- metrics on the due diligence and appointment of third party sales partners;
- statistics on the completion of compliance training; and
- approvals granted under our policy on sales to customers located in higher risk territories.

The Group Chief Executive reports to the Board on the Committee's activities following each meeting.

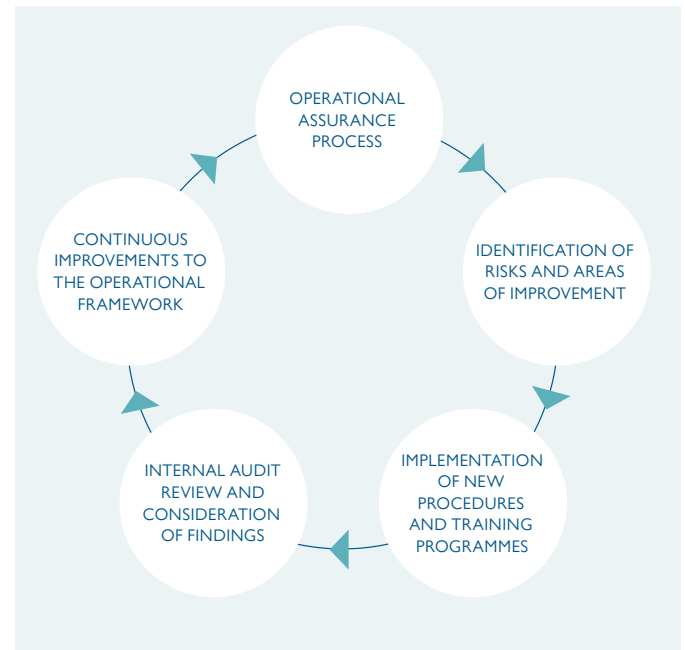
OPERATIONAL FRAMEWORK

Our Operational Framework incorporates a broad range of more than 35 policies and procedures which have been adopted by all of our businesses. The Operational Framework implements a robust governance and compliance framework to enable us to operate in a safe, consistent and accountable way.

The leaders of each of our businesses are required to ensure that:

- every employee, at every level of the organisation, has access to and understands the requirements of the Operational Framework;
- appropriate training and monitoring processes are in place to ensure proper implementation of the Operational Framework; and
- local procedures and processes are adopted to implement the requirements of the Operational Framework.

All of our Operational Framework policies, procedures and associated training material are hosted on the Chemring Compliance Portal. This innovative on-line system allows us to issue new and updated policies and training to employees across the Group, targeted to their specific roles, and enables us to monitor completion of mandatory training on a timely basis.



Our governance framework also includes a requirement for all businesses to complete an Operational Assurance Statement on an annual basis, providing a detailed assessment of their compliance with the Operational Framework. The output from the operational assurance process enables us to drive continuous improvement in our governance and compliance framework, including the identification of additional training requirements for our employees. It also allows us to monitor and address the evolution of a number of the key risks we face, and provides valuable input to our internal audit programme.

CODE OF CONDUCT

Our Code of Conduct, which sits alongside our Operational Framework, embraces our fundamental values of Safety, Excellence and Innovation. It provides direction to all employees on legal, ethical and risk issues that they may encounter in their day-to-day activities.

All employees and all third parties who act on the Group's behalf are required to comply with our standards of behaviour and business conduct, as set out within the Code, and applicable laws and regulations in all of the countries in which we operate. All employees, current and new, are provided with a copy of the Code of Conduct and asked to confirm that they will adhere to its standards. The Code is reproduced in Norwegian for our employees in Norway.

Updated scenario-based training on the Code was provided to employees during the year.



> DISCOVER MORE ABOUT OUR CODE OF CONDUCT AT [CHEMRING.COM/CODEOFCONDUCT](https://chemring.com/codeofconduct)



WHISTLEBLOWING

Our Chemring culture embraces transparency and openness, and we encourage all employees to speak up if they have any concerns. We have a whistleblowing policy and associated procedures in place which enable all employees to raise concerns, in confidence, about possible improprieties or wrongdoing within the business, without fear of reprisal or retaliation. Employees are able to raise issues by contacting our 24-hour ethics reporting service by phone or email or by accessing an external website. All issues reported are taken seriously and investigated appropriately in a confidential manner. Third parties may also access our ethics reporting services.

Our internal procedures on the handling of whistleblowing reports are designed to ensure that all reports made, whether through the external service or through other internal channels, are dealt with in a proper and consistent manner, with appropriate oversight from the UK and US legal departments. Training is provided to members of our leadership teams on how to identify whistleblowing reports which may emanate through less-obvious channels and how to engage with employees who make whistleblowing reports.

ANTI-BRIBERY AND CORRUPTION

The Group has well-established anti-corruption policies, which are included within our Operational Framework. Specifically, these cover bribery and corruption, conflicts of interest, gifts and hospitality, and facilitation payments. A number of other policies within the Operational Framework also address bribery and corruption risks in areas such as finance, political donations and lobbying, charitable donations and offset.

The Group has also adopted a policy on sales to customers located in higher risk territories, which requires our businesses to prepare a risk mitigation plan for any proposed transaction in a territory rated less than 50 on Transparency International's Corruption Perceptions Index. This plan is required to address both bribery and corruption risks and broader risks which may be encountered in doing business in such territories.

Our detailed anti-corruption procedures are incorporated within our Bribery Act Compliance Manual ("BACM"), which is updated on a regular basis, and includes requirements for:

- each business to routinely conduct informed bribery risk assessments as part of normal operating procedures, to determine the nature and extent of the Group's exposure to potential internal and external risks of bribery and corruption on its behalf by persons associated with it;
- approval of the appointment of all sales partners and other third party advisers, which in all circumstances requires the completion of risk-based due diligence, appropriate management approvals, use of standard form contracts, and ongoing monitoring and review;
- risk-based anti-corruption due diligence processes for the engagement of service providers and suppliers;
- regular mandatory training on BACM and its application to their respective roles for management, supervisors and all employees working within commercial, sales and marketing, finance and human resource functions or in customer-facing roles;
- approval of the giving and receiving of reasonable, proportionate and appropriate gifts and hospitality in the normal course of business; and
- proper identification, disclosure and management of potential or actual conflicts of interest.

A BACM "Pocket Guide" is issued to all employees across the Group, which provides an overview of our anti-corruption policies and the requirements of the detailed manual.

All businesses are required to complete a BACM Compliance Certificate on an annual basis, confirming that all policies and procedures within BACM have been complied with and providing supporting information to demonstrate compliance. BACM Compliance Certificates are reviewed by the ESG Committee following each submission.

We recognise that the appointment of third party sales partners in our routes to market can present particular bribery and corruption risks, and we therefore implement enhanced anti-corruption procedures for the engagement of sales partners where there is a genuine business need by mandating:

- restrictions on the number of sales partners to be engaged in each territory;
- the preparation of a full business case to justify the appointment of all new third party sales partners, including a two-stage bribery risk assessment incorporating the requisite level of risk-based due diligence, which must be approved by the Group Chief Executive before the sales partner is appointed;
- due diligence reports from external consultants for higher risk appointments;
- a full periodic reappointment process for all retained sales partners, including recommissioning of the appropriate risk-based due diligence and resubmission of a full business case for approval by the Group Chief Executive; and
- increased reporting requirements for all payments made to third party sales partners and higher risk service providers.

The review and approval processes for our third party sales partners are automated through the Chemring Compliance Portal, which enables us to adopt a consistent approach to the application of our due diligence and approval processes across the Group. Due diligence processes for the third party service providers and higher risk suppliers engaged by our non-US businesses are also managed in the Chemring Compliance Portal. The US businesses have adopted a similar automated system in the US for their service providers and higher risk suppliers.

The Chemring Compliance Portal also incorporates a module for employees to seek approval on-line prior to giving or receiving gifts and hospitality, or making charitable donations on behalf of the business.

Selected third party sales partners are subject to an independent audit by an external consultant. These audits provide additional assurance on the suitability of our sales partners and help to further strengthen our anti-bribery and corruption processes.

Compliance with BACM procedures continues to be a core aspect of our internal audit programme. BACM compliance audits were completed at three businesses during the year.

HUMAN RIGHTS

The Group is committed to respecting human rights in the countries in which we do business. Our Code of Conduct and other applicable policies under the Operational Framework support our commitment to ensuring, as far as we are able, that there is no slavery or human trafficking in any part of our business or in our supply chain. All suppliers are provided with a copy of our Supplier Code of Conduct, which requires them to adhere to our ethical standards and expectations, including in relation to human rights. We do not knowingly support or do business with any suppliers who are involved in slavery.

> A STATEMENT OF THE GROUP'S COMPLIANCE WITH THE MODERN SLAVERY ACT 2015 CAN BE FOUND ON THE GROUP'S WEBSITE AT WWW.CHEMRING.COM

We fully adhere to all relevant government guidelines designed to ensure that our products are not knowingly incorporated into weapons, or other equipment, used for the purposes of terrorism, international repression or the abuse of human rights.





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Chemring |
Innovating to protect