



# Engineering the future of sustainable flight

Melrose Industries PLC  
Sustainability Report 2025



# Melrose Industries PLC Sustainability Report 2025

Melrose is a technology-focused global aerospace and defence business. Through our business, GKN Aerospace, we design and deliver advanced aerospace and defence components across our Engines and Airframes divisions for civil and defence markets.

Driven by our long-standing mission to be the most trusted and sustainable partner in the sky, we are focused on improving our technology towards a zero-emission future of flight, while ensuring our operational sustainability and efficiency, and resilience of our supply chain.



## CONTENTS

### Introduction

- 1 CEO statement
- 3 2025 Highlights

### General disclosures

- 4 Sustainability governance
- 6 Risk management and internal controls
- 7 Strategy
- 10 Metrics and targets
- 13 Outlook for 2026 and beyond

### Environment

- 15 Environmental impact
- 17 Climate change
- 34 Resource use and circular economy
- 37 Water
- 38 Biodiversity and ecosystems

### Social impact

- 40 Own workforce
- 49 Workers in the value chain
- 50 Affected communities
- 51 Consumers and end users

### Governance

- 53 Business conduct
- 56 SASB index

## OTHER READING

This Sustainability Report should be read in conjunction with our 2025 Annual Report as well as our Transition Plan.

→ **For more information**  
[www.melroseplc.net](http://www.melroseplc.net)

→ **Read our 2025 Annual Report**  
[www.melroseplc.net/investors/results-reports-and-presentations/](http://www.melroseplc.net/investors/results-reports-and-presentations/)



→ **Read our Transition Plan**  
[www.melroseplc.net/media/wm3bc11s/melrose-transition-plan-2023.pdf](http://www.melroseplc.net/media/wm3bc11s/melrose-transition-plan-2023.pdf)



2025 was a year of good progress, with continued emissions reduction, ongoing focus on clean technologies and decarbonisation, improved resource efficiency and deeper collaboration across the value chain.”

We continued to advance our social priorities, strengthening the skills, safety and responsible business practices that underpin the design and manufacture of our products. To build on this progress, we introduced a refreshed set of sustainability targets to guide our next phase of action, sharpening our focus on where we can deliver the most meaningful impact.

### MISSION, STRATEGY AND SUSTAINABILITY IN ACTION

Our mission – to be the most trusted and sustainable partner in the sky – continues to shape the design and delivery of our products and the disciplined execution of our strategy.

2025 was a year of good progress and momentum for the Group, culminating in the successful achievement of the sustainability targets we set in 2020. We are pleased to report that through focused collaboration and innovation across priority areas of the business, all of our environmental targets have been achieved. This reflects our sustainability focus and leadership, demonstrated through active reduction of emissions, more efficient management of resources and disciplined, strategically targeted investments.

### ENVIRONMENT AND CLIMATE TRANSITION

The aerospace and defence sector is undergoing a dynamic phase of technological transformation, driven by the acceleration of innovation in materials, advances in digital engineering, automation and data-enabled manufacturing, and a heightened focus on aircraft emissions. These factors are transforming aerospace design, manufacturing and operations, enabling progress towards the global net zero ambition. Within this context, we maintained focus on reducing emissions across our own operations. We continued to prioritise innovation in lower-emission propulsion systems and lighter, more efficient structures in our support of the sector's transition to lower-carbon aviation and in strengthening our long-term competitiveness in a rapidly evolving market.

In parallel, work continued throughout 2025 to analyse and quantify the emissions footprint of our products, informing our investments in advanced manufacturing and material technologies, such as additive fabrication, resin transfer moulding, lightweight metallic and composite structures, and supporting customer demand for more efficient aircraft platforms. We also continued the expansion of our engine repair solutions, which seek to improve in-flight efficiency and extend product life, reducing resource use and waste. This supports the mitigation of lifecycle environmental impacts associated with our products.

Partnerships with customers, industry partners, academia and government, and participation in programmes such as SWITCH, RISE and ICEFlight, support the development of electric, hybrid and hydrogen propulsion systems, to increase the efficiency of future aircraft. Across our operations, sites delivered local improvements in energy and resource efficiency, including renewable energy installations, process electrification, logistics optimisation and waste reduction initiatives.

In 2025, we continued to improve data accuracy and analysis across the full breadth of ESG metrics, enabling greater focus on priority areas. Significant effort was put into strengthening responsible practices across our supply chain in support of our Science Based Target initiative (“SBTi”) engagement target. This included the development of a five-year sustainable procurement strategy which introduces measurable performance indicators and shifts engagement priorities from spend-based to risk-based supplier assessments. The first round of supplier assessments, completed via our online supplier portal, provided clearer visibility of supplier alignment with our and the industry's net zero goals, as well as regulatory expectations.

### OUR PEOPLE

Our people remain the driving force behind our sustainability progress. We continued to prioritise the health, safety, and wellbeing of our workforce and encourage meaningful engagement across the Group.

Our Global Skills Fund, a dedicated investment programme within the Group, provided targeted funding to build technical and leadership capabilities across our global workforce. We continue to support training in advanced manufacturing, engineering and digital skills, strengthening the capabilities required to develop the next generation of aerospace technologies.

Throughout 2025, programmes on inclusion, diversity and belonging<sup>(1)</sup>, and on employee wellbeing continued, with careful consideration and adaptation to local contexts and applicable regulations. Our 2025 annual employee engagement survey recorded a 92% response rate (2024: 84%), reflecting a strong culture of participation and accountability across the Group. Discipline in action planning and consistent follow-through have delivered measurable gains with 2025 being the sixth consecutive year of improvement in Group engagement scores. GKN Aerospace has been recognised with the 2026 Gallup Exceptional Workplace Award, an honour given to organisations that demonstrate some of the most engaged and high-performing workplace cultures globally. This recognition marks an important milestone in the company's engagement journey, showing strong improvement over recent years and reinforcing the commitment to becoming a world class workplace.



Peter Dilnot / Chief Executive Officer

(1) All inclusion diversity and belonging initiatives and activities referenced throughout this report are applicable only within the scope of legally permitted jurisdictions.

## Governance and oversight

During the year, as part of our preparation for the Corporate Sustainability Reporting Directive (“CSRD”), we continued to advance our Double Materiality Assessment (“DMA”), while also allowing time for the publication of the revised associated draft European Sustainability Reporting Standards (“ESRS”) to inform its further development. As a result, we paused the scoping of our reporting framework aligned to the DMA but continued to strengthen the underlying analysis of our impacts, risks and opportunities. We also started reviewing the implications of the upcoming UK Sustainability Reporting Standards.

2025 was a milestone year for our sustainability agenda, with all environmental targets successfully achieved. This progress reflects the strength of our strategy and execution, and provided a platform for the development of a new set of medium-term targets to drive continued performance and impact. As the regulatory landscape continues to evolve, we expect to revisit and further enhance our approach to double materiality, to ensure alignment with the latest standards and forthcoming guidance. This may, in due course, inform future refinements to our sustainability priorities, targets and associated timelines. Please see pages 4 to 5 for details on our governance over sustainability matters.

We were again recognised by leading ESG rating agencies, reflecting strong improvements in governance, performance and quality of disclosures, and the contribution of our people across the business. Our most notable achievement was the EcoVadis Gold Rating awarded in August 2025.

Looking ahead to 2026 and beyond, sustainability remains a core part of our business strategy and a key driver of long-term value creation for our stakeholders. We will maintain our focus on delivering innovation that reduces environmental impact, supports operational resilience and contributes to a more efficient and sustainable future for aerospace.

**Peter Dilnot**  
Chief Executive Officer

17 April 2026

## RECOGNITION – OUR CURRENT ESG SCORES

MSCI<sup>(1)</sup>

**'A'**

ESG Rating: A

ISS Corporate Score

**C+**

Prime with a decile ranking of 1 in Aerospace and Defence

EcoVadis Sustainability Rating

**Gold**

78 out of 100 (well above the 'Manufacture of air and spacecraft and related machinery' industry average of 52)<sup>(2)</sup>



CDP Climate Change

**B**

CDP Water Security

**B**

Sustainalytics<sup>(3)</sup>

ESG risk rating

**23.5**

Medium  
Ranked 5th out of 112 Aerospace and Defence

**57**

(out of 100) in the 2025 S&P Global Corporate Sustainability Assessment (“CSA”)

Ranked in the 95th percentile among Aerospace and Defence

- (1) The use by Melrose Industries PLC of any MSCI ESG Research LLC or its affiliates (“MSCI”) data, and the use of MSCI logos, trademarks, service marks or index names herein, does not constitute a sponsorship, endorsement, recommendation or promotion of Melrose PLC by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.
- (2) Please see our EcoVadis medal recognition page here <https://recognition.ecovadis.com/T1PwpPApdkCdsWF6-RU3jQ>
- (3) As of February 2026, Melrose received an ESG Risk Rating of 23.5 from Morningstar Sustainalytics and was assessed to be at Medium risk of experiencing material financial impacts from ESG factors. In no event shall the ESG Risk Rating be construed as investment advice or expert opinion as defined by the applicable legislation.

## 2025 SUSTAINABILITY HIGHLIGHTS

We are committed to strengthening our environmental performance by reducing emissions, improving resource efficiency and advancing circularity across our operations, while supporting the decarbonisation of the aerospace and defence sector and safeguarding natural resources. In 2025, decarbonisation efforts continued across both our own operations and among suppliers. We continued to leverage our deep technical expertise to identify opportunities for in-flight emissions reduction. Partnerships remain core to our mission, enabling significant progress through investment and industry-wide collaboration. The route to Net Zero demands coordinated action to improve the efficiency of existing aircraft, support the development of next-generation ultra-efficient platforms, scale sustainable aviation fuels and advance zero-emission technologies. During the year, we continued to build the technology, partnerships and supply chain capabilities required to support long-term decarbonisation.

To support our workforce and to contribute to broader societal goals, we place a strong emphasis on safety, wellbeing, engagement and inclusion, recognising these as essential to achieving operational excellence and employee retention. We are committed to upholding human rights and ethical standards, while fostering a skilled and capable workforce through continuous development and growth. Our selected sustainability highlights, including supporting data and case studies, are set out in this report.

### HIGHLIGHTS /

## ACCELERATING AVIATION'S TRANSITION TO NET ZERO

### Technology leadership

- Advanced next-generation engine demonstrator programmes, including CFM RISE and Pratt & Whitney GTF, to improve efficiency and reduce lifecycle emissions.
- Progressed hydrogen-electric propulsion through H2GEAR and H2FlyGHT, including integration of a 1MW system and advancement towards 2MW capability.
- Scaled additive fabrication with full-rate Fan Case Mount Ring production, the largest FAA-certified additively manufactured aerospace component.

### Operational emissions reduction and energy efficiency

- Continued delivery of emissions-reduction and SBTi commitments through improved energy efficiency, optimisation of energy-intensive processes and installation of on-site renewable capacity.
- Developed a renewable power purchasing agreement ("PPA") strategy to support long-term operational decarbonisation.
- Implemented logistics optimisation programmes to reduce transport emissions.

### Partnerships for innovation

- Worked with global engine and aircraft OEMs on efficiency improvements, including the GTF Advantage programme.
- Collaborated through the UK Aerospace Technology Institute ("ATI"), Clean Sky and Clean Aviation Europe to advance lightweight structures, aerodynamic efficiency and next-generation propulsion integration.
- Supported Advanced Air Mobility ("AAM") through structural and electrical integration expertise, enabling hydrogen-aviation opportunities and innovation start-ups, such as SORA Aviation.

### Supply chain decarbonisation and circularity

- Expanded supplier engagement towards the target for 70% of suppliers (by spend) to set science-based targets by 2028.
- Strengthened responsible procurement through enhanced supplier monitoring and carbon footprint assessments.
- Improved circularity through collaboration to increase recycled aluminium content and reduce embodied emissions.
- Continued waste reduction and recycling initiatives, reducing landfill and promoting circular material use.

### HIGHLIGHTS /

## EMPOWERING PEOPLE TO DELIVER THE FUTURE OF AEROSPACE

We are committed to fostering a culture that supports innovation, safety and wellbeing, inclusion, and the continuous development and engagement of our global workforce. These priorities underpin operational excellence and long-term employee retention, while supporting our contribution to broader societal goals. Beyond our operations, we aim to

inspire the next generation of engineers and create a positive impact in the communities where we live and work, ensuring we build the capabilities required to transform aerospace and defence.

- We continued to enhance our holistic approach to wellbeing, supporting our people's mental, physical, financial and social health within the Group through a range of targeted initiatives.
- Our global Health and Safety programme focused on strengthening risk prevention and standardising controls across all sites, with key initiatives in 2025 covering chemical safety management, vehicle and pedestrian safety, and contractor control.
- We advanced targeted programmes to reduce workplace injury risks and strengthen occupational health data collection and compliance, supporting long-term health, safety and wellbeing planning.
- Our annual engagement survey achieved a record-high response rate of 92%, with improved overall results, marking another year of consistent progress.
- Our Employee Resource Groups ("ERGs") continued to provide safe and inclusive spaces for connection and support.
- The Global Skills Fund remained a globally inclusive opportunity, supporting collaboration across the business and the development of critical capabilities, including digital skills, robot programming, safety assessment of aircraft systems, model-based systems engineering and composites training.
- Over the year, total annual spend on workforce training reached £6.3 million.
- Our commitment to developing early-career talent continued in 2025, with 33 graduates and 191 apprentices joining the business, alongside additional individuals through internships and work experience programmes.
- Sites undertook local community initiatives, including STEM outreach and charitable activities, as well as a range of impactful environmental projects, fostering collaboration with communities around us.
- ESG remained integrated into executive remuneration through the Melrose Performance Share Plan.

## BASIS FOR PREPARATION

Unless otherwise stated, our sustainability reporting, including data, covers the entire Group where Melrose Industries PLC has operational control. The reporting boundary applied for this Sustainability Report is consistent with the consolidation boundary used in the Group's consolidated financial statements, unless otherwise stated. Data from entities disposed of during the reporting period is not accounted for in this section in respect of the FY 2025 data, target base years and most recent comparator year. Unless stated otherwise, the data incorporates newly acquired entities once the necessary processes and systems are in place to ensure consistent data collection and consolidation at the Group level.

To the extent information is available, this Sustainability Report covers all three stages of the value chain: upstream, our own operations and downstream activities.

This Sustainability Report has been prepared with consideration of, and using as guidance for structure and terminology, the ESRS drafts available at the time of writing. The initial outputs from our ongoing DMA, which seeks to identify potential sustainability impacts, risks and opportunities, were applied to inform the ESRS topics most relevant to our business.

## GOVERNANCE

### Board structure, responsibilities and sustainability oversight

Our sustainability and climate change governance framework supports the delivery of the Group's key sustainability priorities and the Transition Plan by overseeing the implementation of the Group's most relevant topics, the assessment and management of risks, impacts and opportunities, and the setting of appropriate targets under Board oversight and approval. The Audit Committee meets at least four times a year. It reviews and monitors the integrity of financial statements and reviews the Group's risk management and internal control framework, which includes an assessment of the Group's principal risks, such as Climate Change risk. The Remuneration Committee meets at least twice a year, and determines and implements the Directors' Remuneration Policy, which can include the integration and monitoring of sustainability performance measures into the remuneration structure. The Nomination Committee meets at least twice a year, and oversees Board membership and executive management succession planning, ensuring that diversity is reflected in the process.

During 2025, matters considered by the Board included progress against the Group's sustainability targets and sustainability priorities, climate risks, and the introduction and approval of our new 2030 sustainability targets. Additionally, the Board also appointed Ian Barkshire as the Board's Non-executive Sustainability Lead. Ian spent most of his career driving the development, commercialisation and delivery of innovative technologies and specialised products to the world's leading industrial companies, and during his time as Chief Executive Officer of Oxford Instruments Plc, he was responsible for initiating and leading its sustainability programme. Sustainability-related opportunities, such as investment in major projects, are presented to and discussed by the Board for review and approval. Sustainability is discussed at Board meetings at least annually. Where required, the Board receives structured briefing materials as training and educational support, covering key sustainability themes and developments relevant to the Group.

### Management roles and accountability

The Chief Technology Officer, who is a member of the Executive Committee, leads the Group Sustainability function. This function is responsible for the Group's sustainability strategy, materiality assessments, climate scenario analysis and transition planning, and is accountable for the Group's sustainability priorities, performance against targets, Group-wide non-financial sustainability reporting, external engagement, ESG ratings and external assurance. The function operates established reporting protocols to ensure delivery by the Engines and Airframes divisions, each of which drive progress across its specific operational footprint, technologies and customer base. The health, safety and environmental ("HSE") function oversees health and safety across the business, environmental compliance, and waste management at site level. The Group's HSE performance and effectiveness are monitored at site level through scorecards, regular business reviews, audits, certification status, internal control processes and leadership safety tours, with escalation processes in place to ensure concerns are addressed promptly.

Oversight sits with the Senior Vice President of Safety and Corporate Compliance, who is supported by business line site directors and HSE directors. The Chief Financial Officer and Finance function oversee the Group's financial resilience and controls, TCFD financial risks, information security and IT energy efficiency. The Legal function oversees corporate governance. The Human Resources function oversees inclusion, diversity and belonging, as well as engagement, education, training and human rights matters. The Quality function oversees product safety, escape prevention,

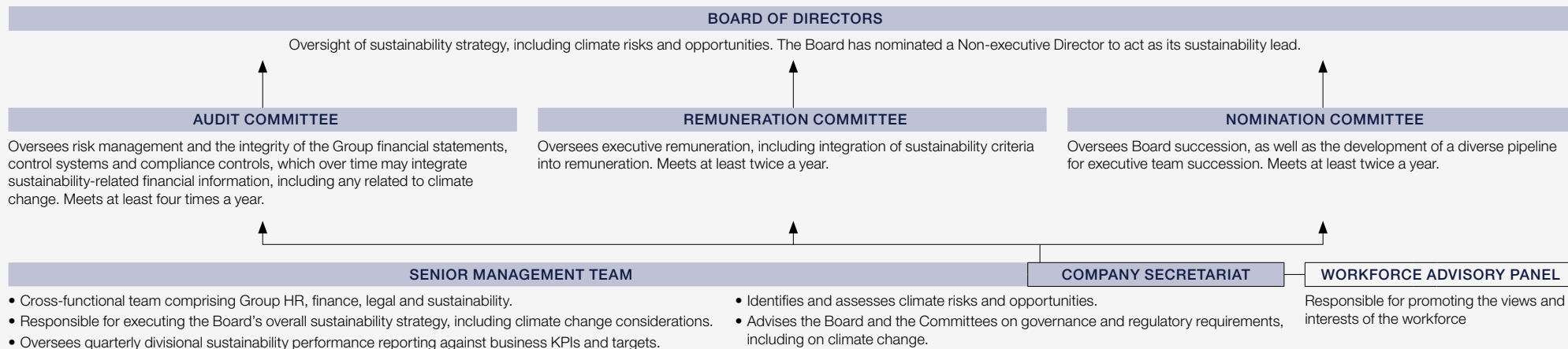


safety management systems, global standards and quality culture training. To strengthen our sustainable procurement activities and deliver on our targets, a dedicated sustainability procurement function supports the Group and its divisions with strategy, processes and tools to enable responsible sourcing and due diligence.

### Integrating ESG performance into incentive schemes

Melrose incorporates sustainability-related performance into its executive management remuneration. An ESG metric related to the reduction in Scope 1 and 2 emissions intensity has been integrated, since 2024, into remuneration for the executive Directors (as well as other eligible members of the senior management team) as an element of the Melrose Performance Share Plan.

## SUSTAINABILITY AND CLIMATE CHANGE GOVERNANCE FRAMEWORK



SUSTAINABILITY FUNCTION	CORPORATE FUNCTIONS			DIVISIONS
<ul style="list-style-type: none"> <li>• Cross-functional integration, coordination and governance of all ESG activities.</li> <li>• Oversight and governance of ESG data, quarterly performance against targets, internal and external assurance and audit, and annual reporting and disclosures.</li> <li>• Compliance with public company ESG obligations and requirements.</li> <li>• Development and execution of Transition Plan.</li> <li>• Delivery of materiality assessments, climate scenario analysis, and sustainability risk assessments.</li> <li>• Formulation of key strategic ESG priorities for senior management and Board approval.</li> <li>• Engagement with ESG ratings agencies on strategic and disclosure-related topics.</li> <li>• Monitoring and integration of sustainability initiatives towards fulfilling sustainability targets and commitments.</li> </ul>	<p><b>HSE</b></p> <ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Waste management</li> <li>• Environmental compliance (ISO, water, waste, air, etc.)</li> <li>• HSE auditing</li> <li>• Site energy efficiency best practice</li> <li>• Biodiversity</li> </ul>	<p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• Financial resilience and controls</li> <li>• TCFD financial risks</li> <li>• Information security</li> <li>• IT energy efficiency</li> <li>• Data, systems and reporting</li> </ul>	<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>• Board and Committee oversight</li> <li>• Ethics and corporate governance</li> </ul>	<p><b>Leadership teams</b></p> <ul style="list-style-type: none"> <li>• Keeping our people safe and delivery of safe products to our customers.</li> <li>• Performance of operational sites and suppliers including execution of plans, performance and reporting in line with ESG goals;</li> <li>• Execution and compliance with all regulatory, customer and internal standards and policies.</li> <li>• Management of risk, including sustainability, and maintaining business continuity.</li> </ul> <p><b>Divisional sustainability teams</b></p> <ul style="list-style-type: none"> <li>• Monitoring and delivery of operational ESG performance towards fulfilling sustainability targets and commitments in line with the divisional management and business plans and strategy.</li> <li>• Management, implementation and oversight of divisional sustainability strategy and climate-related risk assessment and implementing mitigation actions where necessary.</li> <li>• Implementing actions for adapting to changing customer preferences, divisional markets' demands and regulatory requirements for sustainability and climate topics.</li> </ul>
	<p><b>HR</b></p> <ul style="list-style-type: none"> <li>• Inclusion and diversity</li> <li>• Employee engagement</li> <li>• Education, training and skills</li> <li>• Human rights</li> <li>• Wellbeing</li> <li>• Attrition/retention</li> <li>• Community outreach</li> <li>• Fair employment</li> <li>• Trade union engagement</li> </ul>	<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>• Product safety: escape prevention</li> <li>• Safety management system</li> <li>• Global quality standards</li> <li>• Quality culture training and awareness</li> <li>• Assurance and compliance</li> </ul>	<p><b>Procurement</b></p> <ul style="list-style-type: none"> <li>• Supplier engagement</li> <li>• Supply chain due diligence</li> <li>• Oversight of divisional procurement performance</li> </ul>	

## Statement on due diligence

This table sets out where in this Sustainability Report we disclose our due diligence processes, including how we identify, assess and take action on negative impacts in our value chain, and how we track effectiveness, in line with the ESRS expectations.

Core elements of due diligence	Sections in the Sustainability Report	Sustainability Report 2025
<b>Embedding due diligence in governance, strategy and business model</b>	Sustainability Governance	Page 4
	Integrating sustainability-related performance into our incentive schemes	Page 4
<b>Engaging with affected stakeholders</b>	Sustainability Governance	Page 4
	Interests and views of stakeholders	Page 9
<b>Identifying and assessing negative impacts on people and the environment</b>	Double Materiality Assessment	Page 9
<b>Taking action to address negative impacts on people and the environment</b>	Actions sections	Pages 15, 27, 34, 37, 42, 49, 51 and 54
<b>Tracking the effectiveness of these efforts</b>	Metrics and targets sections	Pages 10, 16, 31, 36, 37 and 46



**Strengthening data governance and internal controls remains a priority to support the reliability, transparency and future assurability of our sustainability information.”**

## RISK MANAGEMENT AND INTERNAL CONTROLS

### Risk management

Sustainability risks are embedded within the Group enterprise risk management framework which serves as the foundation of our approach to risk management. Key elements of our Group risk management process include required compliance with the Code of Ethics and Group compliance policies, mandatory training, regular risk assessments, whistleblowing mechanisms, responsible delegated authorities, active senior management engagement and oversight, robust policies and procedures, internal audit, and adherence to the Supplier Code of Conduct. Further information on the structure and governance of our Group's risk management process can be found in the Risk Management and Principal Risks and Uncertainties sections on pages 32 to 41 of our 2025 Annual Report.

### Internal controls, governance and standards

Strengthening data governance and internal controls remains a priority to support the reliability, transparency and future assurability of our sustainability information. External sustainability data is subject to regular review and validation processes. The identification and oversight of material controls over ESG and sustainability data is the responsibility of the Group Sustainability function which reviews all ESG-related processes and data for robustness on a quarterly basis at a minimum, in line with prominent international regulatory standards. Each site, business line and function has clearly identified data owners and data approvers, who together ensure that the data collected is fit for purpose and cleansed of any anomalies. All data is subject to quarterly internal reviews by subject matter experts at business line and Group levels. The central Sustainability Team set the standards, requirements and best practice around reporting, supported by a central Business Intelligence Team who is responsible for the reporting infrastructure. Finally, consolidated numbers are reviewed and approved by the Chief Technology Officer. All reported figures represent the latest available internal data, unless otherwise specified. Some of the totals presented may reflect the rounding down or up of subtotals. Melrose has a central internal reporting system which captures and records the majority of ESG data alongside financial and operational metrics, used in the Group's Annual Report and Sustainability Report. These processes are designed to support the completeness and integrity of sustainability information, including the accuracy of estimation methodologies where primary data is not available.

## STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Melrose delivers advanced aerospace components and systems to all major OEMs across both civil and defence markets. Our Engines and Airframes divisions provide technology for more than 100,000 flights a day. With our global manufacturing footprint and deep engineering capability, we deliver long-term sustainable value for our customers, shareholders, partners and other stakeholders. Sustainability is an integral part of our business model. For details on our sustainability framework and targets, please see page 12.

### Two industry-leading divisions

#### Engines

We are a trusted technology partner to global aircraft engine manufacturers. Our structural engine components feature on the world's leading civil and defence aircraft today, with long-term partnerships built on differentiated products, processes and intellectual property. We also hold the Military Type Certificate for the RM12 engine.

**Customers:** GE Aerospace, Pratt & Whitney, Rolls-Royce and other engine OEMs.

**Product solutions:** Engine mount structures; fan cases and turbine cases; shafts and rotating components; parts repair and aftermarket services.

**Technology:** Engineered metallic structure design and manufacture; advanced welding capability; industry-leading additive fabrication.

#### Airframes

We deliver cutting-edge airframe technology and electrical distribution systems from a global manufacturing footprint. We have embedded positions on all of today's major aircraft, and our design-led solutions are well placed for the next generation of aircraft across both the civil and defence markets.

**Customers:** Airbus, Boeing, Lockheed Martin and other airframe OEMs.

**Product solutions:** Wing structures, empennage, fuselage, electrical wiring interconnection systems ("EWIS"), advanced aircraft transparencies, landing gear and ice-protection systems.

**Technology:** Lightweight composite and metallic structure design and manufacture; EWIS design and components; proprietary coating solutions.

## OUR GLOBAL PRESENCE

32

Manufacturing sites

12

Countries of operation

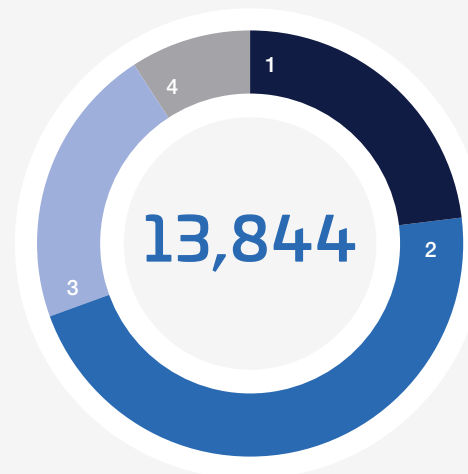
4

Technology & Innovation centres

3

Engine repair centres of excellence

### Employee headcount by geographical region



1	United Kingdom	3,238	23%
2	Rest of Europe	6,372	46%
3	North America	2,921	21%
4	Other	1,313	10%

Our operational footprint is located in strategically important aerospace hubs across the United States, the United Kingdom, the Netherlands and Sweden. This network provides proximity to major OEMs, collaborative access to innovation ecosystems, and strong industrial partnerships. At year end, the Group employed 13,844 people, with a broad geographic spread across Europe, North America and Asia.

This broader context of how we generate value for our stakeholders and our activities across our value chain has been considered as part of our internal analysis to support the identification of sustainability matters. The process included a focus on activities, business relationships and geographies that may give rise to potential impacts, how risks and opportunities may affect our value chain, as well as external factors such as regulatory developments, market changes and technology pathways. The value chain overview is provided on page 8.

## How we create value – and where our sustainability priorities sit

Across our value chain, we design, engineer, manufacture and support advanced aerospace components and systems that improve aircraft performance, safety and environmental efficiency.

Sustainability is integrated across the value chain – from sourcing materials and running our operations to product use, maintenance and end-of-life.

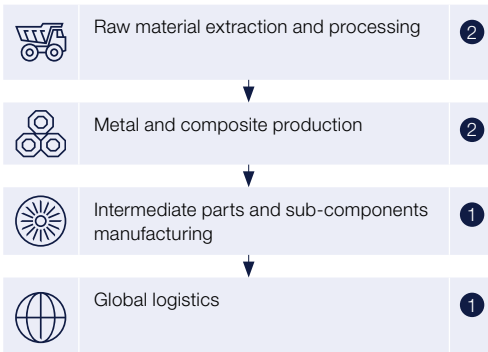
This value chain overview highlights the stages where our sustainability priorities are most relevant and how they align with the ESRS topics. Together, these priorities show how sustainability is integrated into the way we operate, innovate and partner across our value chain, and how our management connects operational performance with long-term environmental and social outcomes.

### Our priorities

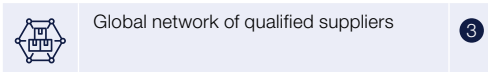
- 1 Reduce emissions as a business
- 2 Conserve our planet's natural resources
- 3 Enable aviation's route to Net Zero 2050
- 4 Keep our people and business safe
- 5 Invest in skills and development
- 6 Promote inclusion, diversity and belonging

### UPSTREAM

Upstream activities involve sourcing high-performance metals and composites through a global network of qualified suppliers, covering the extraction, processing and logistics of critical raw materials and intermediate products. This includes coordinated supplier logistics to maintain a resilient, high-performance supply base.



#### Actors in value chain

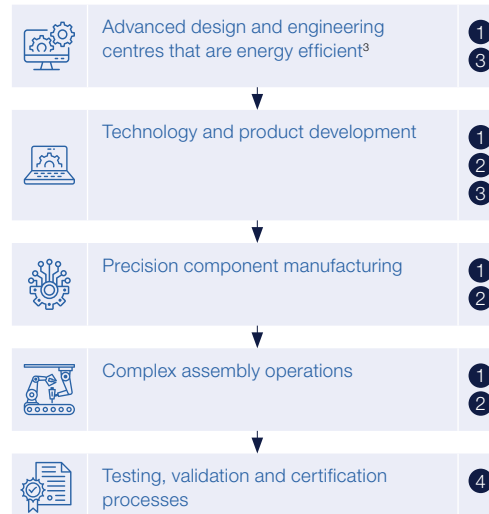


#### ESRS topics

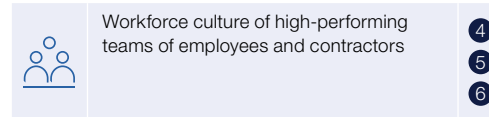
- S2: Workers in the value chain (see page 49)
- E1: Climate change (see page 17)
- E5: Resource use & circular economy (see page 34)

### OWN OPERATIONS

We design, engineer and manufacture advanced aerospace components through end-to-end in-house capabilities – from conceptual design and analysis to toolmaking, advanced manufacturing, assembly, certification testing and aftermarket engineering. Driven by innovation and R&D, our expertise across the Engines and Airframes divisions, enables uncompromising safety, quality and performance, while meeting stringent aerospace requirements and partnering with OEMs on next-generation propulsion and airframe technologies.



#### Actors in value chain



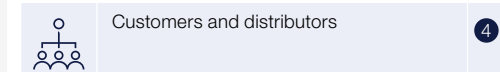
- S1: Own Workforce (see page 40)
- G1: Business conduct (see page 53)

### DOWNSTREAM

Our advanced components are integrated into aircraft and engines produced by global OEMs, helping to drive safety, performance and lower lifecycle emissions. Once in service, they support aircraft efficiency and reliability before entering maintenance, repair and overhaul cycles. At end of life, parts may be recovered or recycled, with downstream outcomes shaped by how customers operate and maintain their aircraft.



#### Actors in value chain



- S4: Consumers and end users (see page 51)

→ For further information on our divisions please refer to our 2025 Annual Report

→ For more information on our relationships with stakeholders see the Section 172 Statement in our 2025 Annual Report

## INTERESTS AND VIEWS OF STAKEHOLDERS

The Board is responsible for setting and overseeing the Group's culture, its purpose, strategy and values. The Board recognises that the long-term success of the Group depends on maintaining constructive relationships with our key stakeholders and understanding how our business decisions, operations and products affect them. Stakeholder perspectives are therefore integral to the Board's oversight of strategy, business model resilience, culture, and sustainability priorities.

The Board receives regular updates on stakeholder matters, which help guide its deliberation on strategic investment, risk management (including, where relevant, material sustainability impacts, risks and opportunities once they are identified), operational performance and sustainability priorities. The Board cultivates strong relationships with the Group's key stakeholders so that it is well placed and sufficiently informed to take their considerations into account when making decisions, where appropriate, and to pursue the Company's strategic objectives. Stakeholder engagement enables the Board to assess and monitor whether key stakeholder priorities have changed.

Our stakeholders are identified using clear criteria based on their influence on or exposure to the Group's activities. This identification is reviewed periodically to reflect changes in our business footprint, regulatory expectations and emerging sustainability themes. The Section 172 Statement, available in our 2025 Annual Report, sets out the ways in which the Board takes stakeholder considerations into account in its decision-making each year. While all stakeholders are important, not every group holds equal relevance across our decisions. A range of structured and informal engagement channels, appropriate to each stakeholder group, is therefore tailored to the topics under consideration and the degree of stakeholder impact or interest. Our key stakeholders are our people, shareholders, customers and suppliers, environment and communities, government bodies, regulators and independent bodies. For more information on how we integrate our key stakeholders' interests and views in our strategy and business model, how the Board engaged with them during the year, and the outcomes of these processes, please see the Section 172 Statement in our 2025 Annual Report.

During the year, we further embedded stakeholder input into our sustainability decision-making, considering perspectives from internal and external experts, customers, legal experts, employees, supply chain partners, sustainability specialists, academics with expertise in environmental impacts and community representatives. Stakeholder insights continue to be incorporated into our DMA process, sustainability priorities and sustainability targets.

## DOUBLE MATERIALITY ASSESSMENT

Through our DMA, we seek to identify and assess both the risks and opportunities that could financially impact the Group and the implementation of its strategy, and the Group's impacts on society and the environment. The process to assess impacts, risks and opportunities has started on a phased and iterative basis, strengthening the integration of sustainability considerations into business strategy, financial planning and the enterprise risk management process. Internal and external stakeholder engagement, industry benchmarking and regulatory developments continue to inform this evolving assessment.

The Group considered the proposed amendments to the CSRD and the ESRS, informed by the EU Omnibus package, and additional guidance issued by the European Financial Reporting Advisory Group ("EFRAG") throughout 2025. The DMA remains under development and will be further refined as methodologies, data inputs and regulatory guidance evolve. Outcomes will be revisited and validated through the Group's governance structures, including engagement with senior leadership and the Board, prior to final confirmation of the Group's double materiality conclusions.

At this current stage, the DMA reflects an initial, data-informed assessment based on available performance data, stakeholder feedback and the evolving regulatory context, and remains subject to further review and refinement. The DMA will also be comprehensively reassessed in response to material business changes, shifts in regulatory requirements, emerging sustainability trends, or any other significant changes that may occur that could affect the conclusions of the materiality assessment conducted in previous reporting periods, to ensure its continued relevance and accuracy.



## METRICS AND TARGETS

### Performance against 2025 targets and commitments

Our sustainability targets and commitments provide a clear framework for delivering progress across our priority areas. They address the environmental and social challenges most material to our business, those most relevant across the aerospace and defence sector, and by aligning with the UN Sustainable Development Goals (“SDGs”), remain consistent with the global agenda for responsible growth.

Our 2025 sustainability targets established a strong foundation for embedding sustainability across our operations and advancing our approach. Building on this progress, we set a new generation of longer-term ambitions. Our 2030 targets reflect our evolving business outlook and refreshed sustainability priorities (see page 12 for details). The Group has achieved all of its 2025 environmental targets, covering Scope 1 and 2 emissions intensity, water withdrawal intensity, and waste diverted from landfill.

Our progress towards achieving the SBTi-validated target for absolute Scope 1 and 2 emissions reduction remains on track in line with the Transition Plan, and currently ahead of the linear reduction pathway. This reflects continued progress in energy efficiency, targeted decarbonisation initiatives and operational optimisation, supported by strengthened environmental management practices at our sites, including an increased share of renewable electricity, improved waste segregation, waste handling, resource efficiency and water stewardship measures. Our SBTi-validated Scope 3 emissions target remains a key focus as we implement our decarbonisation roadmap and progress towards our 2030 indirect emissions target. Absolute Scope 3 emissions decreased by 18% compared with 2022 (see page 31 for details). We continued to advance the actions set out in the Transition Plan to improve data coverage and tracking, while working to reduce targeted emissions from transport and distribution, business travel and employee commuting.

In line with our Scope 3 supply chain engagement target, we continued to work with suppliers to encourage the adoption of science-based emissions targets. Our target is to encourage 70% of our supplier base by spend to have set their own science-based targets by 2028. As at 31 December 2025, 19% of our suppliers by spend had science-based targets in place (16% have SBTi-validated targets), from the 63% of suppliers (by spend) engaged to date.











Engagement has been driven through structured divisional roadmaps and targeted training to improve response rates and strengthen visibility of supplier sustainability performance. In 2026, we will move towards more granular supplier segmentation, focusing support on suppliers who have the highest emissions footprint.

Across the business, health and safety performance remained strong, with Lost Time Accident (“LTA”) Frequency Rate, our long-standing primary indicator, maintained well below 0.1 in 2025. To support a more comprehensive and forward-looking assessment of safety performance, the Group has transitioned to Total Injury Rate (“TIR”) as its primary health and safety metric from 2026, enabling improved trend analysis and proactive risk management. In parallel, the Group continued to strengthen its approach to inclusion, diversity and belonging, and employee wellbeing, supporting fair working conditions, workforce engagement and long-term employability through programmes adapted to local contexts and applicable regulations.

Our sustainability targets are reviewed annually to ensure alignment with the Group’s strategic priorities and evolving regulatory requirements. Where existing targets have been achieved or exceeded, new targets have been introduced to drive continued improvement and maintain alignment with our evolving strategic and sustainability priorities, and sustainability regulations. Our matured and retired targets remain part of our broader sustainability focus and undergo continued performance monitoring and tracking. Please see page 12 for the Group’s new and ongoing targets.

Performance against our matured short-term (up to end of 2025) and other medium-term sustainability targets and commitments is set out on page 11.



Measure	Targets/ commitments	Baseline year	2025 performance <sup>(1)</sup>	Target maturity	Progress
<b>UN SDGs</b>    Target 6.4: Improving water efficiency through our water withdrawal intensity target. Target 9.4: Advancing sustainable aviation through low-carbon technologies and products. Target 13.2: Integrating climate considerations into strategy, risk management and industry engagement.					
<b>Sustainability principle: Respect and protect the environment</b>					
Reduce Scope 1 and 2 GHG emissions intensity <sup>(2)</sup>	50%	2020	57%	2025	Achieved
% of global electricity sourced from renewable sources <sup>(3)</sup>	50%	2020	55%	2025	Achieved
% of our solid waste diverted from landfill <sup>(4)</sup>	95%	2020	96%	2025	Achieved
Reduce water withdrawal intensity <sup>(5)</sup>	40%	2021	41%	2025	Achieved
Reduce absolute Scope 1 and 2 GHG emissions <sup>(6)</sup>	50%	2020	33%	2030	On Track
Reduce absolute Scope 3 GHG emissions <sup>(7)</sup>	25%	2022	18%	2030	On Track
Encourage suppliers, covering purchased goods and services, to have science-based targets by 2028 <sup>(8)</sup>	70%	2022	63%	2028	On Track
<b>UN SDGs</b>    Target 7.3: Investing in energy efficiency, enabling solutions for climate change adaptation and mitigation. Target 9.5: Advancing aerospace innovation through climate-related research and development. Target 13.2: Integrating climate considerations into product development and commercial strategy.					
<b>Sustainability principle: Continue to invest in, and support development of, products and services aligned with a net zero future</b>					
% of total R&D expenditure on climate-related R&D annually	80%	2020	80%	2025	Achieved
% of new products which contribute to the decarbonisation of aerospace	100%	–	100%	2025	Achieved
<b>UN SDGs</b>    Target 3.9: Reducing air pollution through lower-emission aerospace technologies and products. Target 5.5: Promoting inclusion and diversity across leadership and the wider workforce. Target 8.8: Strengthening health and safety standards, fair employment and skills development across our operations.					
<b>Sustainability principle: Prioritise health and safety, promote diversity and nurture the wellbeing and skills development of employees, and support the communities that they are part of</b>					
Protect our employees <sup>(9)</sup> from injury and maintain our LTA <sup>(10)</sup> frequency rate <sup>(11)</sup>	<0.1	2020	0.019	–	Achieved
Invest £5 million in skills development per year <sup>(12)</sup>	Commitment		£6.3 million		Achieved
Ensure that all employees receive regular (annual) performance reviews <sup>(12) (13)</sup>	Commitment		75%		On Track
% female Board membership	40%	–	40%	Maintain	Achieved
At least one member of an ethnic minority background on the Board	1	–	Yes	Maintain	Achieved
% of women in senior management <sup>(14)</sup> by 2025	40%	–	36%	2025	Not met
% ethnic minority representation in UK-based senior management <sup>(14)</sup> by 2027	13%	2024	6%	2027	On Track
<b>UN SDGs</b>  Target 8.7: Preventing forced labour and modern slavery through robust ethics, due diligence and supply chain controls. Target 8.8: Protecting labour rights and promoting safe and fair working conditions across our operations and supply chain.					
<b>Sustainability principle: Exercise robust governance, risk management and compliance</b>					
Ensure compliance of all employees, suppliers and contractors with our Code of Ethics, conducting business with integrity and in a responsible, ethical and sustainable manner	Commitment	2020			On Track

(1) All historical and current data exclude data from divested entities, and includes entities whose operations have ceased, in accordance with the Reporting Boundaries, Scope and Basis of Preparation section.

(2) The Group's chosen intensity ratio is emissions reported per £1,000 of revenue. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only. Scope 1 and 2 emissions intensity in 2020 (recalculated in 2024) was 0.046.

(3) Where renewable electricity is commercially and reasonably available in the relevant jurisdiction.

(4) Excluding hazardous waste.

(5) The Group's chosen intensity ratio is water withdrawal reported per £1,000 of revenue. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only. Water withdrawal intensity in 2021 (recalculated in 2024) was 0.275 m<sup>3</sup> per £1,000 of turnover.

(6) SBTi-validated Group target. Absolute 2020 baseline Scope 1 and 2 GHG emissions (recalculated in 2024) were 108,411 tCO<sub>2</sub>e.

(7) SBTi-validated Group target. Target covers Scope 3 emissions from Category 3: Fuel- and energy-related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, and Category 7: Employee commuting. Absolute 2022 baseline Scope 3 GHG emissions (recalculated in 2024) were 1,152,330 tCO<sub>2</sub>e. Scope 3 GHG emissions covered by our Scope 3 absolute SBTi-validated target in 2022 were 82,100 tCO<sub>2</sub>e.

(8) SBTi-validated Group target. Target covers suppliers by spend, covering purchased goods and services. In 2025, 63% of suppliers were engaged, with 19% confirmed as already having science-based targets in place.

(9) Throughout this Sustainability Review the definition of employees includes the following categories of employment: "Regular", "Temporary", "Apprentice", and "Intern/Co-op", but excludes "Agency" workers. The target does not include contractors.

(10) A Lost Time Accident ("LTA") is a work-related incident that results in an injury or illness that prevents an employee from performing their normal duties for at least one day (or shift) beyond the day the incident occurred.

(11) The LTA target has been replaced with a new target based on Total Injury Rate ("TIR"), as detailed in the Strategic Sustainability Priorities section on page 12.

(12) The skills investment, performance reviews and compliance targets are not continuing as part of a broader review of our strategic priorities. As detailed in the Strategic Sustainability Priorities section on page 12, this review has led to a refreshed set of targets reflecting how our focus has evolved.

(13) Where permitted by local laws and employee representative bodies.

(14) Senior management defined as Executive Committee and its direct reports, excluding support staff.

## SUSTAINABILITY FRAMEWORK

### Strategic sustainability priorities and targets

In 2025, we advanced the assessment of sustainability matters which are material to our business. In parallel, we refreshed our strategic sustainability priorities which anchor our sustainability targets, policies, and actions, supporting our mission to be the most trusted and sustainable partner in the sky.

Sustainability targets are set at Group level, informed by our strategic sustainability priorities and the preliminary outcomes of our DMA, mapped to the UN SDGs and aligned to recognised external standards (including the SBTi for GHG emissions).




Our sustainability framework is built around six key priorities, shaped by our business strategy and the evolving DMA. These priorities are implemented through strong governance mechanisms that guide the Group's actions, metrics, and targets.

Our sustainability priorities are:

- reducing our emissions;
- enabling aviation's route to Net Zero;
- conserving natural resources;
- keeping our people and business safe;
- investing in skills and development; and
- promoting inclusion, diversity and belonging.

Our 2030 targets were developed in conjunction with our long-term sustainability strategy and business outlook, providing a clear roadmap for continued progress, resilience and sustainable value creation, while addressing the most critical sustainability risks and opportunities facing the Group.

We have outlined on this page our strategic sustainability priorities alongside corresponding ESRS topics. While our strategic priorities define the Group's long-term focus areas, the DMA is intended to provide, once finalised, a more granular ESRS-aligned view of impacts, risks and opportunities, addressing both financial and impact materiality across the Group's value chain.

Sustainability priorities	Measure	Target	Baseline year	Target maturity	UN SDGs	ESRS topics
Reducing our emissions	Reduction in absolute Scope 1 and 2 GHG emissions <sup>(1)</sup>	50%	2020	2030	 	E1: Climate Change
Enabling aviation's route to Net Zero	Reduction in absolute Scope 3 GHG emissions <sup>(2)</sup>	25%	2022	2030	 	E5: Circular Economy and Resource Use
	R&D that qualifies as eligible under the EU Taxonomy <sup>(3)</sup>	75%	2025	2030		
	Suppliers encouraged to set science-based targets <sup>(4)</sup>	70%	% of annual spend	2028		
Conserving natural resources	Absolute reduction of solid non-hazardous waste <sup>(5)</sup>	20%	2025	2030		
Keeping our people and business safe	Total Injury Rate <sup>(6)</sup>	3 (per 1,000 FTE)	annual	2030	 	S1: Own Workforce S2: Workers in the value chain
Investing in skills and development	Annual employee engagement	Top Quartile	annual	2030	 	S4: Consumers and End-users G1: Business conduct
Promoting inclusion, diversity and belonging	Female representation within senior management <sup>(7)</sup>	40%	2025	Continuous improvement target (annual trajectory disclosed) <sup>(8)</sup>		
	Ethnic minority representation within UK-based senior management	13%	2025	By the end of 2027		

(1) SBTi-validated Group target. Absolute 2020 baseline Scope 1 and 2 GHG emissions (recalculated in 2024) were 108,411 tCO<sub>2</sub>e.

(2) Scope 3 SBTi-validated Group. Target covers Scope 3 emissions from Category 3: Fuel- and energy-related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, and Category 7: Employee commuting. Absolute 2022 baseline Scope 3 GHG emissions (recalculated in 2024) were 1,152,330 tCO<sub>2</sub>e. Scope 3 GHG emissions covered by our absolute SBTi target in 2022 were 82,100 tCO<sub>2</sub>e.

(3) The Group aims for 75% of total R&D expenditure to qualify as eligible under the EU Taxonomy by 2030, supporting activities that have the potential to make a substantial contribution to one or more of the EU Taxonomy's environmental objectives.

(4) SBTi-validated Group target. Target covers suppliers by spend, covering purchased goods and services.

(5) For the purposes of the waste target, reductions are measured based on decreases in the total quantity of solid non-hazardous waste generated, which includes both the prevention of waste generation at source and the diversion of waste from disposal through recovery operations such as recycling. Waste diverted from disposal is accounted for separately from waste directed to disposal and contributes to an overall reduction in reported waste volumes.

(6) Total Injury Rate ("TIR") measures the frequency of Lost Time Accidents, Major Incidents, and Medically Treated Injuries over a rolling 12-month period, relative to the average Full-Time Equivalent ("FTE") headcount.

(7) Senior management is defined as the Executive Committee and its direct reports, excluding support staff.

(8) The Nomination Committee monitors senior management diversity and receives biannual diversity reports to track Board and senior management diversity statistics, as well as to review the wider diversity initiatives that are in place within the Group.

## OUTLOOK FOR 2026 AND BEYOND

As the global aviation industry continues its transition towards Net Zero, we remain focused on driving efficiency, innovation, and sustainability across our operations and within our value chain. This approach combines engineering excellence with responsible business practices, strong governance, and the continued integration of sustainability considerations into strategy, decision-making and daily operations.

In 2026, our sustainability and business priorities will centre around the following focus areas:

- **Double Materiality Assessment and data assurance:** refine our DMA to reflect the latest CSRD requirements, the ESRS draft General Disclosures, and enhance data assurance, ensuring better alignment with the overall reporting structure. Continue to improve data governance through testing and validating key ESG datasets, including GHG emissions.
- **2030 targets integration:** ensure our new sustainability targets are fully integrated within the Group's business strategy and governance, where appropriate, cascading through functions, business lines and sites to enable measurable progress.
- **Climate scenario and transition planning:** update our climate scenario analysis to ensure that our assessment and management of climate mitigation and adaptation activities remain relevant to current climate risks and opportunities; and refine our Transition Plan in line with evolving investor and other stakeholder expectations and emerging best practice to enhance quantified disclosure.
- **Decarbonisation:** advance the implementation of our decarbonisation roadmap, across our own operations and within our supply chain, informed by our science-based targets; and advance application of EU Taxonomy principles and assessments to our investment in decarbonisation programmes.
- **Supplier collaboration:** embed our five-year sustainable procurement strategy, expanding supplier assessments and developing tailored action plans across each of our business lines' direct and indirect suppliers.

- **Workforce and culture:** continue to promote inclusion, diversity and belonging, and wellbeing in line with local contexts and embed holistic wellbeing activities that support mental, physical, financial and social health.
- **Regulatory readiness:** monitor developments in upcoming legislation, including the CSRD and the IFRS Sustainability Disclosure Standards, aligning our reporting processes and activities to best practice.
- **Partnerships:** continue to deepen innovation and policy partnerships with customers, suppliers, academia and government to advance next-generation product solutions and manufacturing technologies, support the sector's transition to Net Zero, and help shape future industry standards.



We remain focused on driving efficiency, innovation, and sustainability across our operations and within our value chain."



# Environment

## STRATEGIC ENVIRONMENTAL PRIORITIES AND TARGETS

Our sustainability strategy sets the direction for environmental action across the business. Our environmental impacts arise primarily from the inflight operation of our customers' aircraft and engines, the Group's energy use and GHG emissions associated with our manufacturing operations and those of our supply chain, and the generation and treatment of waste. We embed climate and resource considerations into how we design, manufacture and operate, accelerating decarbonisation through cleaner technologies and resource stewardship across our products' lifecycle. We invest in robust systems and processes to manage and minimise environmental impacts and continuously strengthen them in line with evolving best practice.

### Reducing our emissions

Reducing operational carbon emissions remains a key strategic priority. We are committed to achieving a 50% reduction in absolute Scope 1 and 2 emissions by 2030 from a 2020 baseline. We have achieved significant energy reductions, driven by continuous improvements in energy efficiency, including operational optimisation, investment in energy-efficient equipment and insulation, increasing electrification, renewable energy, disciplined capital allocation at site level, and use of advanced manufacturing technologies to significantly reduce energy consumption compared to traditional methods.

### Conserving natural resources

The responsible use of materials and natural resources underpins our approach to circularity and waste management. By 2030, we aim to reduce by 20% the quantity of our generated solid non-hazardous waste and substantially increase the recovery rate through enhanced recycling and circular waste management practices. Site-specific water management plans are being implemented to mitigate pollution risks and ensure sustainable water use, while targeted chemical management strategies are implemented at sites using a risk-based approach, to prevent and control emissions of pollutants. These measures strengthen operational resilience and contribute to reducing the Group's environmental impact.

### Enabling aviation's route to Net Zero

Our most immediate contribution as a business is delivering products that support the production of more efficient aircraft and engines, enabling the retirement of older, less efficient aircraft. A significant share of aviation's carbon footprint arises in aircraft operation. To help customers reduce aircraft emissions, we aim for 75% of the Group's R&D investment to qualify as EU Taxonomy eligible by 2030, unlocking investment in clean technologies that drive product efficiency, optimise manufacturing processes and enhance our capabilities, as well as bringing to market products that reduce the lifecycle impact of aerospace. This target supports our focus on additive manufacturing, hydrogen-electric propulsion, hybrid-electric systems and lightweight composite structures, alongside lower-impact production processes. We are also working on improving our understanding of emissions associated with the use of sold products, including our engine components and systems in service.



## Environmental impact

### POLICIES

The Group's sustainability framework is supported by our Code of Ethics and additional standalone sustainability policies, and is implemented through action plans aligned with our strategic sustainability priorities and targets. These policies define the Group's commitments, expectations and governance arrangements for managing environmental impacts across our operations and value chain. Where applicable, these policies are reviewed by the Board.

Our Group Environmental Policy provides the overarching framework for managing environmental impacts across the Group, covering key topics including climate change, resource use, waste and circularity, in addition to water and biodiversity. It establishes the Group's environmental commitments and the principles guiding the management of environmental impacts across our operations and value chain. The Policy sets out the framework for preventing and mitigating material environmental impacts, and defines objectives relating to emissions reduction, energy efficiency, increased use of renewable electricity and the integration of environmental considerations into product design, manufacturing processes and capital planning. It also sets out the Group's commitment to use sustainable production methods and infrastructure and to minimise potentially negative impacts over the long term. The Environmental Policy operates alongside, and is complemented by, other policies which address specific environmental topics, including the Biodiversity Policy, Water Policy and Supply Chain Policy. They collectively integrate environmental considerations across operational emissions, purchased goods and services, resource efficiency and innovation, land use, natural resource management and responsible sourcing.

The Environmental Policy is approved by the Board and is applicable to all individuals working at all levels throughout the Group, including contractors, trainees, casual workers and agency staff, volunteers, or any other person working for the Group. The Policy therefore applies to all of the Group's activities and forms the basis for managing environmental impacts associated with our operations and supply chain relationships.

The leadership teams of the Engines and Airframes divisions are responsible and accountable for ensuring effective transmission of this Policy throughout their division, implementing appropriate systems and processes, together with relevant guidance, training, monitoring, resources and safeguards, in order to ensure compliance with this Policy and maintain alignment with evolving best practices. Divisional leadership is responsible for integrating the policy into operational management systems and ensuring effective implementation at site level.

The Environmental Policy sets out our expectations for our upstream value chain through alignment with our Supply Chain Policy and Supplier Code of Conduct, which serve as the foundational documents through which we communicate our expectations for responsible business practices across our supply chain. These policies require suppliers to operate responsibly, comply with applicable environmental legislation and progressively reduce their environmental and climate impacts.

Many of the Group's long-term service agreements contain environmental compliance clauses and require suppliers to adhere to applicable environmental laws and regulations, obtain and maintain the necessary environmental permits, and manage and appropriately dispose of hazardous and regulated substances, while adhering to the Group's own policies relating to environmental sustainability. The Supplier Code of Conduct also requires that suppliers work towards ensuring that appropriate environmental management systems, such as ISO 14001, are in place. The Group's normal corrective action procedures are implemented in the case of supplier non-conformance with environmental standards, as per non-conformance with any other standard or policy.

→ **Our Group compliance policies are available at** [www.melroseplc.net/governance/documents-and-policies](http://www.melroseplc.net/governance/documents-and-policies).

### ACTIONS

This section sets out the actions that the Group has been taking or intends to take to support the implementation of the Environmental Policy objectives across the Group's operations and value chain. Similarly to policies, we plan and implement actions that address and manage a broad range of environmental topics. Implementation is overseen through established governance structures with Board and Executive Committee oversight, divisional accountability and site-level management systems.

### Environmental management

Our Environmental Policy is implemented through site-level Environmental Management Systems supported by both internal and external standards, including our Environment Management Standard, which sets mandatory minimum requirements and provides a structured approach to environmental management and regulatory compliance. Each site must identify and comply with all applicable environmental laws, submit required air, water and waste emissions returns to relevant regulators, and meet local planning requirements for building, groundworks and maintenance activities, securing ecological permits and licences where needed with adherence monitored through internal audits. Our operational Environmental Management Systems, aligned with the ISO 14001 framework, guide the assessment and management of environmental impacts, drive continual improvement, and support reductions in energy use and waste, with all manufacturing sites required to achieve or align with ISO 14001 certification. Sites also use HSE scorecards to self-assess performance and maintain alignment with ISO 14001's risk-based approach. Where relevant, our policies reference recognised external frameworks and regulatory requirements and undergo periodic review, with no material changes made during the reporting period.

The ISO 50001 certification validates how we have implemented an effective Energy Management System to improve energy performance, reduce costs, and lower greenhouse gas emissions. The ISO 50001 certification or energy audits are also applied to meet the Energy Savings Opportunity Scheme ("ESOS") in the UK and Energy Efficiency Directive in the EU, while sites without certification are still required to adhere to the principles of the standards by identifying, assessing, and mitigating risks.

## Supplier collaboration

In 2025, we continued to operate our supplier collaboration and compliance portal (the “Portal”) to enhance due diligence and transparency of our suppliers’ data, supporting the management of environmental impacts across our supply chain, including climate change and resource use.

With our supplier engagement programme, we continued to focus on internal capability building, supplier analysis, and the creation and delivery of business line engagement roadmaps. These roadmaps outline a range of engagement strategies, from formal communications and notifications to dedicated sustainability reviews and, ultimately, the integration of sustainability into the standard business review process.

2025 marked the first full cycle of supplier surveying through the Portal, enabling more robust tracking of supplier alignment with net zero ambitions and other ESG criteria. Prioritising high-impact suppliers, the surveys assessed regulatory compliance, environmental practices and alignment with international frameworks and legislation including REACH, and our Supplier Code of Conduct.

The Portal is used to conduct enhanced supplier screening, which considers public sources of information and reports potential risks and issues relating to suppliers, their supply chains and the local environments in which they operate.

The Procurement teams continued to embed the Portal across business functions and sites. The new five-year sustainable procurement strategy will introduce measurable performance indicators and shift engagement priorities from spend-based to risk-based supplier assessments. This strategy will be integrated into the wider business strategy with tailored action plans cascaded for each business line, reflecting the varying levels of supplier maturity, with an initial focus on strengthening the quality of supplier assessment and compliance trends.

To ensure robust governance, engagement is delivered by divisional procurement teams through targeted supplier discussions, while the Group procurement function coordinates the overall strategy and roadmap.

The Group continues to focus on its supply chain by investing in equipment and capacity within its existing facilities, identifying dual source suppliers and investing in alternative materials and production methods, supporting both supply chain resilience and reductions in environmental impact, including emissions and resource use.

For more information about how we implement our supplier collaboration strategy to address specific sustainability topics and actions we take resulting from that engagement, please see page 49.

For a description on how we control and mitigate potential supplier disruptions within the Group principal Operations risk, covering the entirety of our supply chain, refer to the Principal Risks and Uncertainties section of our 2025 Annual Report on page 36.

## METRICS AND TARGETS

The Group uses defined metrics and targets to monitor the effectiveness of environmental management actions and track progress across its operations. The ISO 14001 certification provides the framework for sites to maintain environmental compliance, and most of our manufacturing sites (servicing external customers) are required to achieve or be working towards obtaining this certification. We use compliance with ISO 14001 as a metric to track the implementation and maturity of Environmental Management Systems across the Group. As of 31 December 2025, 31 sites (66%) across our operating sites were certified to ISO 14001 standard (2024: 30 sites, 65%).

Five sites (11%) had ISO 50001 certification (2024: five sites, 11%).

No material environmental fines or penalties were issued in 2025.

For disclosure on metrics and targets that manage specific environmental topics, see those topics sections.



## Climate change

### ENABLING SUSTAINABLE TRANSITION

The major manufacturers in the aerospace sector need to collaborate with all parts of the supply chain to innovate and deliver solutions that accelerate the path to Net Zero. Manufacturers need to scale up production of the world’s most efficient aircraft in a sustainable manner, while developing future aircraft that will reduce and ultimately eliminate the climate impact of aviation.

Industry-wide collaboration is central to tackling this challenge successfully, given the hugely complex aerospace supply chains, cumulative support delivered through cross-sector partnerships and enabling the required infrastructure. The UK Government has committed to achieving net zero carbon emissions by 2050, reducing net CO<sub>2</sub>e output from around 39 million tonnes to zero while still growing UK aviation by 78%. This will require improvements in aircraft and engine efficiency, improved aircraft flight management, the use of sustainable aviation fuels, investment in innovative alternative energy solutions and finally, the use of out of sector levers to address residual emissions.

### TRANSITION PLAN

In line with our Transition Plan, we focus on decarbonising our operations, accelerating change across our supply chain, and enabling customers to reduce their climate impact. Continued investment in breakthrough technologies and world-class engineering supports the ongoing transformation of aviation, advances product efficiency and enables solutions that strengthen progress towards a more sustainable future. Our advanced design and production capabilities enable more efficient flight, reduce energy use and minimise waste. This ensures we provide competitive, sustainable solutions that support the low-carbon transition of the global aviation sector.

Our approach in each area is described in the Actions section below. Climate-related risks and opportunities, including their identification through our climate scenario analysis, are described in our TCFD and CFD disclosures on page 17 to 33. Information on resilience of our strategy and business model to climate change, and its impact on financial planning for managing climate-related risks and opportunities can also be found in the same section. Our progress in implementing the Transition Plan is discussed in the Metrics and Targets section.

### Financial planning for decarbonisation

Our Transition Plan recognises that achieving our Scope 1, 2 and 3 targets requires sustained investment integrated into our business strategy and capital allocation processes. In the short to medium term (to 2030), resourcing for our net zero commitments is incorporated into capex and spending plans, where reasonably foreseeable. We do not anticipate material changes in resource allocation to achieve our plans and targets and expect that actions taken to reduce emissions in the near term will result in costs and revenue impacts already reflected within our strategy and growth projections. While we anticipate increased investment and revenue from low-carbon products to support delivery of this target, financial returns have not yet been quantified, reflecting uncertainty and assumptions around revenue streams that depend on technology development and aerospace market growth rates.

#### → Group Transition Plan

[www.melroseplc.net/sustainability/reports-and-data-centre](http://www.melroseplc.net/sustainability/reports-and-data-centre)

**We drive significant progress to support the net zero agenda through decarbonising our own operations and driving impact throughout the value chain.”**

### TCFD AND CFD DISCLOSURES

For clarity around consistency of the following information with the Task Force on Climate-related Financial Disclosures (“TCFD”) framework, the TCFD All Sector Guidance<sup>(1)</sup> and the requirements arising from UK Listing Rule 6.6.6(8), we consider our disclosure to be consistent with all TCFD recommendations and recommended disclosures and with the climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations (CFD Regulations) 2022<sup>(2)</sup>. This is shown in the TCFD cross reference and disclosure consistency summary below. Please see our justification on why we do not currently report against Scope 3: Use of sold product emissions on page 31. The information in the report below contains all relevant information that supports our consistency with the TCFD. Where references have been made to external reports and documents, this is only in a complementary nature.

(1) [assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing\\_Guidance.pdf](https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf)

(2) Reference to consistency with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Recommendation	Recommended disclosures	Page reference	CA 414CB <sup>(1)</sup>
<b>Governance</b> Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities	Page 19	(a)
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 19	(a)
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 20	(d)
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 27	(e)
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 27	(f)
<b>Risk management</b> Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 19	(b)
	b) Describe the organisation's processes for managing climate-related risks	Page 19	(b)
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 19	(c)
<b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 31	(h)
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	Page 31	(h)
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 33	(g)



## GOVERNANCE

### Board oversight of climate change

The Board oversees the Group sustainability strategy (including climate change), approves targets, disclosures and reporting, and is supported in this role by the senior management team and the Sustainability function led by the Chief Technology Officer (“CTO”). The Board is informed of relevant climate change matters at least bi-annually, and more regularly, if required. As part of the Board’s regular review of the Group’s principal risks, the Board assesses climate risks and monitors performance against environmental targets. Climate-related opportunities, such as investments in significant projects and their return on investment are also presented to the Board where appropriate. In 2025, the Board nominated a Non-executive Director, Ian Barkshire, to act as its sustainability lead.

For information on the Board’s skills and experience, please see pages 89 to 91 of our 2025 Annual Report, and details on Board induction, training and support can be found on page 98. The Board and Audit Committee’s approach to risk management is discussed in the Risk Management and Principal Risks and Uncertainties sections on pages 32 to 39 of our Annual Report.

Climate Change has been identified as a Group principal risk and the details of how it is managed can be found on page 38. The Remuneration Committee implements the Directors’ Remuneration Policy. An ESG metric related to the reduction in Scope 1 and 2 emissions intensity has been integrated, since 2024, into remuneration for the executive Directors (as well as other eligible members of the senior management team) as an element of the Performance Share Plan. Please see the Directors’ Remuneration Report on pages 113 to 129 of our Annual Report for more details.

### Management oversight of climate change

The Group Sustainability function plays a central role in managing sustainability matters, including the identification, assessment and monitoring of climate-related risks and opportunities. It is responsible for ensuring appropriate controls, risk mitigation measures, and performance monitoring are consistently in place. The Group Sustainability function informs the Executive Committee and Board of any implications, thereby ensuring relevant climate risks and opportunities are reflected within the Board’s agenda, governance framework, business strategy, and, where relevant, financial planning.

The Group Sustainability function is responsible for tracking performance against key metrics and targets such as energy consumption, emissions reduction and spend on R&D programmes focused on decarbonisation, in line with our Transition Plan. It also works with relevant members of the executive team, the Engines and Airframes divisions, and other Group functions to support strategic decision-making.

Climate-related risks and opportunities are tracked and discussed regularly between the Group Sustainability function and the Engines and Airframes divisions, supporting strategic decision making to mitigate risks or realise climate-related business opportunities. Where relevant, the Group senior management team engages directly with divisional leadership to review and guide strategy, including the approval of major capital expenditure.

For the Group’s Sustainability and Climate Change governance framework, please see page 5

### Risk management

#### Identification, assessment and integration of climate change risks

We apply a Group-wide approach to risk management which is discussed in detail in the Risk Management and Principal Risks and Uncertainties sections on pages 32 to 41 of our 2025 Annual Report, with details on how Climate Change is managed as a Group principal risk can be found on page 38.

The Climate Change principal risk comprises of a combination of transition and physical risks (see pages 21 to 25), which are integrated into the overall risk management framework. Climate risks are evaluated in conjunction with climate opportunities, applying consistent assessment criteria across both.

The identification and assessment of specific transition climate risks and opportunities, and physical climate risks is delivered through a climate scenario analysis. The analysis is subject to an annual review, which considers changes to the current organisational make-up and revenue profile, and includes the reassessment of the impact and likelihood of specific transition and physical risks and opportunities.

RISK AND OPPORTUNITY LIKELIHOOD AND IMPACT SCALE					
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
<b>Likelihood</b>	Highly unlikely, but the risk event may occur in exceptional circumstances. The risk event could happen, but probably never will.	Not expected, but there’s a slight possibility the risk event may occur at some time.	The risk event might occur at some time as there is a history of casual occurrence.	There is a strong possibility the risk event will occur as there is a history of frequent occurrence.	The risk event is expected to occur in most circumstances as there is a history of regular occurrence.
	1 Minimal	2 Low	3 Medium	4 High	5 Very high
<b>Impact</b>	Inconvenience, but no impact on ability to achieve objectives.	Disruption to activities but limited to the immediate term. No longer-term impact on ability to achieve objectives.	Considerable issue but short-term. Only relatively minor concern about longer-term business prospects.	Significant impact. Casts significant doubt on the ability to meet objectives and places the future of the business in peril.	Failure of the business. Unable to achieve corporate objectives.
	Regulator is aware, but no impact. Not in the public domain.	Small fines or written warnings. Customers aware.	Large fines and written judgements. Public awareness but limited long-term impact on reputation.	Significant adverse regulatory judgement and/or fines. National press coverage and significantly tarnished reputation.	Loss of licence or ability to operate. Very significant fines or criminal proceedings.



## Identification, assessment and integration of climate change risks [continued](#)

The climate scenario analysis is also renewed at least every three years (with the most recent analysis carried out in 2023), to ensure alignment with our business strategy, relevant external events and industry trends, regulatory requirements, best practice and latest science.

Our climate risks and opportunities are assessed on a five-point scale for both likelihood (the probability of the risk or opportunity occurring) and impact (the financial and reputational outcome of the risk or opportunity occurring), as described in the table above.

Likelihood and impact scores are multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high for each time horizon and scenario as described below. The likelihood and impact criteria allow the materiality of risks to be determined, meaning that we can prioritise the most material of them. Material climate-related risks and opportunities are defined as those that have a likelihood and impact score of 15 or above.

The list of the identified and assessed climate transition risks and opportunities and physical risks is provided in the Strategy section on pages 21 to 25.

The Group Sustainability function is responsible for reviewing and considering climate-related risks on a regular basis, including their impact on business strategy and the effectiveness of management and mitigation controls. The decision to tolerate, transfer or treat a risk is partially determined by the risk impact and likelihood criteria. Risks with higher scores are managed appropriately to bring the risk exposure back in line with an appropriate risk appetite. Mitigation actions are developed for higher scoring risks which detail existing controls and descriptions of response actions needed to mitigate the risk.

## Strategy

Our commitment to net zero emissions presents both risks and opportunities. The roadmap for achieving our targets through operational decarbonisation, products and services, and engagement with our value chain, and the approach for addressing our risks and opportunities, is detailed in our Transition Plan.

In line with regulatory guidance and prevailing market practice, we delivered an annual review of our scenario analysis in 2025, which concluded that it remained valid as there were no significant changes to the business. Such annual reviews ensure the continued relevance of our assessment of climate risks and opportunities (both transitional and physical) and our associated exposures, potential financial impacts and emerging opportunities identified under each scenario. This process supports strategic planning, capital allocation and target setting within our Transition Plan, ensuring our climate response remains aligned with evolving market, regulatory and technological developments. Key updates from the 2025 annual review of the climate scenario included:

- the **'Regulatory changes to flight time and routes'** risk is no longer considered a risk to manage as existing flight-time regulations have not had an impact on the Group. Future regulatory changes are also assessed to be minor, which is consistent with projected aviation sector growth. Relevance will be reconsidered as part of future annual reviews.
- the time horizon of the **'replacement of carbon-intensive machinery'** risk was reclassified from a long-term to a medium-term risk, reflecting our Transition Plan strategy to decarbonise carbon-intensive assets.
- risk exposure to storm-related events under the **'damage to Group assets from storm events'** risk decreased due to the proportion of sites at high risk falling from 17% of total sites in 2023 (first assessment year) to 9% of total sites in 2025.

## Transition risks and opportunities

The speed at which the economy decarbonises will determine the severity and impact of climate transition risks, as well as the ability to capture the opportunities related to the transition to a low-carbon economy. The TCFD framework defines transition risks in four categories (Policy and Legal, Market, Technology, and Reputation) and transition opportunities in five categories (Resource Efficiency, Energy Source, Products and Services, Markets, and Resilience). As part of our transition climate scenario analysis, we considered risks and opportunities within these nine categories and ranked them by their likelihood and impact on the Group. Several other risks and opportunities were considered and analysed but only those with the greatest potential exposure have been disclosed. For the purpose of

our transition-related scenario analysis, assessment of risks and opportunities was carried out at a gross level, meaning the impacts of the risks and opportunities assumed no mitigating actions are already in place.

To understand our business resilience to future climate scenarios, in line with the TCFD guidance, we used the International Energy Agency's ("IEA") Net Zero Emissions by 2050 Scenario ("NZE") and Stated Policies ("STEPS")<sup>(1)(2)(3)</sup> climate scenarios to model transition risks and opportunities, and the Intergovernmental Panel on Climate Change ("IPCC") framework recommended scenarios<sup>(4)</sup>. These scenarios have been used to help us guide our strategy and identify any potential new opportunities or risks climate may pose. The climate scenarios we use are kept under review to ensure they remain viable, plausible and stretching.

In our assessment, we considered the short-, medium-, and long-term impacts of climate change when examining the identified transition climate-related risks (and opportunities) and their actual and potential business impacts (including on strategy and financial planning). Three time horizons were used to identify and assess specific transitional climate-related issues. These time horizons allowed us to consider the lifespan of our assets and infrastructure, as well as any longer-term regulatory changes.

Time Horizons	Rationale
Short Term (ST): 2025 – 2027	In line with short-term specific business planning.
Medium Term (MT): 2027 – 2030	Encompasses the Group's near-term emissions targets.
Long Term (LT): 2030 – 2050	Encompasses the Group's and the UK Government's Net Zero by 2050 target and other long-term policy trends.

The following table details the identified and assessed climate transition and physical risks and transition opportunities as informed by our 2023 climate scenario analysis and reviewed in 2025.

(1) IEA (2025), World Energy Outlook, IEA, Paris [www.iea.org/reports/world-energy-outlook-2025](http://www.iea.org/reports/world-energy-outlook-2025).

(2) NZE outlines a pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050, which limits the global temperature rises to 1.5°C by 2100, with 50% probability. This scenario is included as it informs decarbonisation pathways used by the SBTi.

(3) STEPS outlines a combination of physical and transition risk impacts as temperatures rise by 2.5°C by 2100, with 50% probability. This scenario is included as it represents a midway path with the trajectory implied by today's policy settings.

(4) IPCC, 2023, Sixth Assessment Report of the Intergovernmental Panel on Climate Change, IPCC, Geneva, Switzerland.

## TRANSITION RISKS

Risk exposure key<sup>(1)</sup>  Low (0 to 5)  Moderate (6 to 14)  High (15 to 25)

Risk	Risk description	Potential impact on the business	Mitigation and adaptation <sup>(2)</sup>
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### EXPOSURE TO CARBON PRICING MECHANISMS

<b>Risk type</b> Policy and Legal	<p><b>Market-based carbon pricing</b> Increased market-based exposure to carbon pricing mechanisms, such as the ReFuel EU, EU Emissions Trading System, and Carbon Offsetting and Reduction Scheme for International Aviation ("CORSA").</p> <p><b>Supply chain carbon pricing</b> Increased supply chain exposure to carbon pricing mechanisms such as the EU's Carbon Border Adjustment Mechanisms ("CBAM") applied through raw materials, such as aluminium, imported into our EU operations.</p>	Reduced revenue from dampening of air traffic growth and higher costs of raw materials from suppliers.	<ul style="list-style-type: none"> <li>Delivering on our SBTi-validated supplier engagement target.</li> <li>Delivering on the Transition Plan and emissions reduction targets.</li> <li>Participating in industry body memberships to inform policy developments, e.g. International Aerospace Environmental Group ("IAEG").</li> </ul>
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<b>Metric</b>	Scope 1, 2 and 3 emissions.	<b>NZE scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input checked="" type="radio"/> LT	<b>STEPS scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input checked="" type="radio"/> LT
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### DECLINING DEMAND IN AIR TRAVEL DUE TO CONCERNS ABOUT CLIMATE CHANGE

<b>Risk type</b> Market	Evolving consumer and investor expectations may temper growth in legacy aircraft platforms.	Decreased revenue from diminishing demand for current products.	<ul style="list-style-type: none"> <li>Engaging with industry and government associations such as UK Jet Zero Taskforce to deliver SAF strategies at scale.</li> <li>Continuing to invest in R&amp;D relating to low-carbon technologies.</li> </ul>
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<b>Metric</b>	Aviation market growth predictions.	<b>NZE scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input checked="" type="radio"/> LT	<b>STEPS scenario</b>	<input type="radio"/> ST <input type="radio"/> MT <input checked="" type="radio"/> LT
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### RAW MATERIAL SCARCITY

<b>Risk type</b> Technology	Global competition for critical raw materials may intensify as more sectors electrify. Supply concentration and geopolitical instability heighten procurement risk.	Increased costs of raw materials.	<ul style="list-style-type: none"> <li>Considering alternative supply sources where practical.</li> <li>Increasing focus on resource efficiency through raw materials recycling.</li> <li>Increasing investment in technologies, such as composite recycling, nesting and additive fabrication.</li> </ul>
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<b>Metric</b>	Market signals for the prices of critical raw materials.	<b>NZE scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input checked="" type="radio"/> LT	<b>STEPS scenario</b>	<input checked="" type="radio"/> ST <input checked="" type="radio"/> MT <input checked="" type="radio"/> LT
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(1) Our risks and opportunities were ranked on a five-point risk and opportunity likelihood and impact scale. Likelihood and impact scales were multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high.

(2) Mitigation and adaptation measures include actions already embedded across the business, alongside others that are in advanced planning or development.

## TRANSITION RISKS continued

Risk exposure key<sup>(1)</sup>  Low (0 to 5)  Moderate (6 to 14)  High (15 to 25)

Risk	Risk description	Potential impact on the business	Mitigation and adaptation <sup>(2)</sup>
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### FAILURE TO ACHIEVE SUCCESSFUL ENTRY INTO SERVICE OF NEW TECHNOLOGY

<b>Risk type</b> Technology	Delays in certifying new technologies, such as hydrogen and battery-electric propulsion, could hinder our ability to match the pace of growing production demand.	Reduced revenue from unsuccessful entry of lower-carbon technologies.	<ul style="list-style-type: none"> <li>Collaborating in research tests with regulators and certification bodies.</li> <li>Working with customers, partners and academic bodies to optimise technology analysis, testing and certification processes.</li> </ul>
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<b>Metric</b>	Number of new products which contribute to aerospace decarbonisation.	<b>NZE scenario</b>	<input type="radio"/> ST <input type="radio"/> MT <input checked="" type="radio"/> LT	<b>STEPS scenario</b>	<input type="radio"/> ST <input type="radio"/> MT <input checked="" type="radio"/> LT
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### REPLACEMENT OF CARBON-INTENSIVE MACHINERY

<b>Risk type</b> Technology	Upgrading carbon-intensive manufacturing processes and machinery to electric and energy-efficient alternatives will require increased capital investment. Currently, the existing technologies to electrify carbon-intensive processes either do not exist or are too expensive.	Increased costs from replacing carbon-intensive assets.	<ul style="list-style-type: none"> <li>Prioritising the most carbon-intensive assets for decarbonising.</li> <li>Encouraging sites to consider energy efficiency factors when choosing new assets and equipment.</li> </ul>
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<b>Metric</b>	Spend on energy-efficient equipment.	<b>NZE scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input type="radio"/> LT	<b>STEPS scenario</b>	<input type="radio"/> ST <input type="radio"/> MT <input checked="" type="radio"/> LT
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### INABILITY TO MEET NET ZERO TARGETS

<b>Risk type</b> Reputation	The ability to meet our net zero targets depends in part on third parties within our supply chain and on technologies that are yet to be developed. While achievement of our Scope 1 and 2 target is more certain, given the greater control we have over operational emissions and access to existing decarbonising technologies, reducing our Scope 3 emissions remains more challenging.	Lower profit margins through increased cost of capital and decreased revenue from reputational impact.	<ul style="list-style-type: none"> <li>Delivering on supplier engagement plan.</li> <li>Driving emissions reduction initiatives across logistics.</li> <li>Working with customers and peers to align decarbonisation objectives, drive actual emissions reduction and advance reporting transparency and consistency in our shared supply chains.</li> </ul>
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<b>Metric</b>	Progress on our SBTi targets.	<b>NZE scenario</b>	<input type="radio"/> ST <input checked="" type="radio"/> MT <input type="radio"/> LT	<b>STEPS scenario</b>	<input type="radio"/> ST <input type="radio"/> MT <input type="radio"/> LT
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(1) Our risks and opportunities were ranked on a five-point risk and opportunity likelihood and impact scale. Likelihood and impact scales were multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high.

(2) Mitigation and adaptation measures include actions already embedded across the business, alongside others that are in advanced planning or development.

## TRANSITION OPPORTUNITIES

Opportunity exposure key<sup>(1)</sup>  Low (0 to 5)  Moderate (6 to 14)  High (15 to 25)

Opportunity	Opportunity description	Potential impact on the business	Strategy to capitalise <sup>(2)</sup>
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### OPERATIONAL EFFICIENCY IN WATER, WASTE AND ENERGY

<b>Opportunity type</b> Resource Efficiency	Modernising assets and implementing data-driven energy management reduces resource intensity and operational costs, while strengthening resilience to energy price volatility.	Reduced costs of resources.	<ul style="list-style-type: none"> <li>Targeted retrofit programmes at energy-intensive sites.</li> <li>Delivering on Group waste targets.</li> <li>Water management efficiencies across select sites.</li> <li>Transition to additive fabrication processes.</li> </ul>
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<b>Metric</b>	<ul style="list-style-type: none"> <li>Energy consumption.</li> <li>Solid non-hazardous waste.</li> <li>Water withdrawal.</li> </ul>	<b>NZE scenario</b>	ST MT LT	<b>STEPS scenario</b>	ST MT LT
			<input type="radio"/> <input type="radio"/> <input type="radio"/>		<input type="radio"/> <input type="radio"/> <input type="radio"/>

### MATERIAL EFFICIENCY INNOVATIONS

<b>Opportunity type</b> Resource Efficiency	Increased recycling of raw materials (including metals) and investment in technologies, such as additive fabrication and nesting, ultimately helps reduce energy consumption, emissions and metallic waste. It also leads to shorter supply chains with a reduced reliance on certain sets of suppliers.	Reduced costs from raw materials.	<ul style="list-style-type: none"> <li>Investing in technologies such as composite recycling, nesting and additive fabrication.</li> <li>Further improvements in recycling of raw materials such as aluminium and titanium.</li> </ul>
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<b>Metric</b>	Solid non-hazardous metallic waste intensity <sup>(3)</sup> .	<b>NZE scenario</b>	ST MT LT	<b>STEPS scenario</b>	ST MT LT
			<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>		<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>

### RENEWABLE ENERGY SOURCING AND GENERATION

<b>Opportunity type</b> Energy Source	Transitioning to renewable electricity through renewable certificates and power purchasing agreements and on-site solar arrays mitigates carbon-pricing exposure and stabilises long-term energy costs.	Reduced energy costs.	<ul style="list-style-type: none"> <li>Short-term plan to purchase renewable energy certificates with the medium- and longer-term goal being the use of power purchasing agreements (“PPAs”).</li> <li>Exploring options at several sites for installing solar arrays and other renewable self-generation opportunities.</li> </ul>
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<b>Metric</b>	Percentage of renewable electricity.	<b>NZE scenario</b>	ST MT LT	<b>STEPS scenario</b>	ST MT LT
			<input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>		<input type="radio"/> <input type="radio"/> <input checked="" type="radio"/>

(1) Our risks and opportunities were ranked on a five-point risk and opportunity likelihood and impact scale. Likelihood and impact scales were multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high.

(2) Strategy to capitalise measures include actions already embedded across the business, alongside others that are in advanced planning or development.

(3) Tonnes of solid non-hazardous metallic waste per £1,000 of revenue.

## TRANSITION OPPORTUNITIES continued

Opportunity exposure key<sup>(1)</sup> ○ Low (0 to 5) ● Moderate (6 to 14) ● High (15 to 25)

Opportunity	Opportunity description	Potential impact on the business	Strategy to capitalise <sup>(2)</sup>
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### NEXT-GENERATION PRODUCT EFFICIENCY

<b>Opportunity type</b> Products and Services	Adoption of advanced materials, lightweight structures and aerodynamic improvements support Original Equipment Manufacturers (“OEMs”) in meeting International Civil Aviation Organisation (“ICAO”) and International Air Transport Association (“IATA”) efficiency targets.	Reduced costs from raw materials.	<ul style="list-style-type: none"> <li>Driving R&amp;D in new design concepts, materials and manufacturing processes, such as additive fabrication, resin transfer moulding, metallic and composite bonding and electrification of systems.</li> </ul>
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<b>Metric</b>	Climate-related R&D expenditure.	<b>NZE scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>	<b>STEPS scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>
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### EXPANSION INTO LOW-CARBON AVIATION MARKETS

<b>Opportunity type</b> Markets	Electrification, hydrogen propulsion and electric Vertical Take-Off and Landing (“eVTOL”) platforms open new addressable markets in regional and urban air mobility. Electric technology has the potential to unlock commuter aircraft market and a range of regional routes. In parallel, the development of eVTOLs creates entirely new markets in urban mobility, offering lower-carbon, quieter and more cost-efficient alternatives to current modes of transport, adding to initiatives such as airspace modernisation in the UK which will further support the sector’s transition. Hydrogen technologies provide further opportunities, both as an enabler of the next generation of low-impact, drop-in Sustainable Aviation Fuel (“SAF”) and as a foundation for future low-carbon aviation solutions.	Increased revenue from new markets.	<ul style="list-style-type: none"> <li>Strategic partnerships with leading developers of next-generation flight technologies (e.g. Joby Aviation (eVTOL), Supernal (hydrogen-electric propulsion systems), and Eviation Aircraft (fully electric regional aircraft)).</li> <li>Policy engagement to shape standards for low-carbon aviation.</li> <li>Industry associations such as Aerospace Technology Institute, Aerospace, Security and Defence Industries in Europe (ASD) and Swedish Aerospace Industries.</li> </ul>
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<b>Metric</b>	Climate-related R&D expenditure.	<b>NZE scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>	<b>STEPS scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>
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### TECHNOLOGY LEADERSHIP IN CLIMATE SOLUTIONS

<b>Opportunity type</b> Products and Services	<p><b>Improved engine efficiency</b> By focusing on efficient engine technologies, such as advanced materials, lightweight components, and innovative propulsion systems, we can help minimise fuel consumption and emissions, enhancing both operational sustainability and cost effectiveness for customers.</p> <p><b>Battery-electric technology</b> Using batteries to power aircraft produces no in-flight emissions and offers fully net zero travel if renewable electricity is used. The Advanced Air Mobility market provides new product opportunities.</p> <p><b>Hydrogen technology</b> Hydrogen technology has the potential to reduce aviation’s impact on climate through green hydrogen for low-impact, drop-in SAF and the development of hydrogen-powered aircraft.</p>	Increased revenue from new products and services.	<ul style="list-style-type: none"> <li>Participation in RISE engine demonstrator programme that facilitates the development of open rotor engines which can reduce fuel consumption by 20% compared to conventional gas turbine engines.</li> <li>Global partnerships with electric aircraft manufacturers.</li> <li>R&amp;D investment in ultra-efficient power distribution systems targeted at hydrogen propulsion technologies.</li> <li>Work within the UK Jet Zero Taskforce, the Aerospace Technology Institute and the Aerospace Growth Partnership to support the development of new low-carbon technologies.</li> </ul>
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<b>Metric</b>	Climate-related R&D expenditure.	<b>NZE scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>	<b>STEPS scenario</b>	ST <span style="color: #ccc;">○</span> MT <span style="color: #ccc;">○</span> LT <span style="color: #0056b3;">●</span>
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(1) Our risks and opportunities were ranked on a five-point risk and opportunity likelihood and impact scale. Likelihood and impact scales were multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high.

(2) Strategy to capitalise measures include actions already embedded across the business, alongside others that are in advanced planning or development.

## PHYSICAL RISKS

Consistent with our transitional risks, this year, we have reviewed the scenario analysis carried out in 2023 to account for changes in business structure. Physical risks, both acute and chronic, have been assessed at all Group sites including potential material risks such as drought stress, tornados, storms, sea-level rise and flooding events among other hazards, while heat stress and fire stress were considered but were not deemed material for our operations. The revenue and property value of each site was considered to determine the materiality of identified risks to specific sites. During the year, we had no insurance claims that were climate-related.

- **RCP 2.6 (approximately 1.8°C warming by 2100):** a scenario in line with the United Nations Climate Change Agreement of 2015. According to the IPCC, it requires that GHG emissions start to decline immediately and go to zero by 2100. This relies on global implementation of stringent climate policies.
- **RCP 8.5 (approximately 4.4°C warming by 2100):** a 'business as usual' high-emissions scenario, assuming no major policy changes or industry moves take place to reduce emissions globally, leading to high atmospheric GHG concentrations.

For the risks assessed we have chosen to use the best-case and worst-case scenarios as follows:

We have considered three time horizons: 2030 (short-term ("ST")), 2050 (medium-term ("MT")) and 2100 (long-term ("LT")). This differs from our time horizons used for our transitional risk assessment as there are limited, predicted, material physical climate-related risks up to 2030 due to the delayed nature of modelled climate impacts.

Risk exposure key<sup>(1)</sup> ○ Low (0 to 5) ● Moderate (6 to 14) ● High (15 to 25)

Risk	Risk description	Potential impact on the business	Mitigation and adaptation actions <sup>(2)</sup>
<b>DAMAGE TO GROUP ASSETS FROM FLOODING (STORM SURGE, RIVERINE AND FLASH FLOOD)</b>			
<b>Risk type</b> Acute	Coastal and riverine flooding can damage site infrastructure, products and equipment or disrupt production, delay delivery schedules and disrupt logistics, particularly at low-lying facilities.	Increased repair and insurance costs and temporary output loss leading to decreased revenue.	<ul style="list-style-type: none"> <li>• Collaboration with local environment agencies and councils on defences.</li> <li>• Property damage and business interruption insurance specific to natural hazards.</li> <li>• Site-level flood risk assessments and management plans to include the training of teams to deploy flood barriers and relocation of machinery.</li> </ul>
<b>Metric</b>	% of sites deemed to be at high risk of flooding events.	<b>RCP 2.6</b> ST MT LT <span style="color: #ccc;">○</span> <span style="color: #ccc;">○</span> <span style="color: #003366;">●</span>	<b>RCP 8.5</b> ST MT LT <span style="color: #ccc;">○</span> <span style="color: #ccc;">○</span> <span style="color: #003366;">●</span>
<b>DAMAGE TO GROUP ASSETS FROM STORM EVENTS</b>			
<b>Risk type</b> Acute	Exposure to other extreme weather events, such as tornados, hailstorms and extra-tropical storms, could result in damage to sites, power outages and transport disruption affecting employee access and supply deliveries.	Increased repair and insurance costs and temporary output loss leading to decreased revenue.	<ul style="list-style-type: none"> <li>• Site-specific emergency preparedness plans.</li> <li>• Use of semi-generators for storms that are anticipated to cause power outages of more than 24 hours.</li> <li>• Property damage and business interruption insurance specific to natural hazards.</li> </ul>
<b>Metric</b>	% of sites deemed to be at high risk of storm events.	<b>RCP 2.6</b> ST MT LT <span style="color: #ccc;">○</span> <span style="color: #ccc;">○</span> <span style="color: #003366;">●</span>	<b>RCP 8.5</b> ST MT LT <span style="color: #ccc;">○</span> <span style="color: #ccc;">○</span> <span style="color: #003366;">●</span>
<b>SUPPLIER DISRUPTION FROM EXTREME WEATHER</b>			
<b>Risk type</b> Acute	Extreme weather events, including flooding and storms, may cause supply chain disruptions or temporary site shutdowns, affecting the availability of raw materials and essential services, leading to output interruptions and delayed production.	Supply chain delays, working-capital strain, loss of sales.	<ul style="list-style-type: none"> <li>• Buffer stocks to protect manufacturing process from short interruptions.</li> <li>• Encouraging suppliers to have business continuity plans with provisions for specific climate risks.</li> </ul>
<b>Metric</b>	Percentage of assessed suppliers that have processes in place to identify and assess physical climate risks.	<b>RCP 2.6</b> ST MT LT <span style="color: #003366;">●</span> <span style="color: #003366;">●</span> <span style="color: #003366;">●</span>	<b>RCP 8.5</b> ST MT LT <span style="color: #003366;">●</span> <span style="color: #003366;">●</span> <span style="color: #003366;">●</span>

(1) Our risks and opportunities were ranked on a five-point risk and opportunity likelihood and impact scale. Likelihood and impact scales were multiplied together, resulting in a combined risk or opportunity exposure score of low, moderate or high.

(2) Mitigation and adaptation measures include actions already embedded across the business, alongside others that are in advanced planning or development.

## FINANCIAL QUANTIFICATION

To complement the previous qualitative scenario analysis carried out in 2023, we have undertaken high level quantitative assessments for our risks and opportunities. Risks and opportunities have been quantified where possible. The results are shown in the table below. These assessments show the gross impact before any action which the Group might take to respond. These quantifications do not represent any type of financial forecast and thus are not directly incorporated into any projections of long-term cash flows. Due to the nature of climate change and the uncertainties associated with some of the data,

figures will be updated and improved yearly, as assumptions are improved. This may result in a difference between the potential impact on the business disclosed within the scenario analysis on pages 21 to 25 (where financial in nature), and the impact on adjusted operating profit within the financial quantification section disclosed below. Quantification is disclosed as percentage impact on adjusted operating profit, as defined in the glossary in the financial statements on page 209 in our 2025 Annual Report.

Financial quantification key (percentage impact on adjusted operating profit)  0–1%  1–5%  5–10%

Risk/Opportunity	Impact on adjusted operating profit <sup>(1)</sup>			Scenario implications
	ST	MT	LT	
<b>Transition risks</b>				
Exposure to carbon pricing mechanisms	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	NZE scenario predicts an increased number and ambition of carbon pricing mechanisms, meaning a higher exposure than in STEPS.
Declining demand in air travel due to concerns about climate change	N/A	<input type="radio"/>	<input type="radio"/>	NZE predicts a faster rollout of lower-carbon technologies meaning a greater exposure of risk than under STEPS.
Raw material scarcity	N/A	<input checked="" type="radio"/>	<input checked="" type="radio"/>	NZE sees a greater demand for REM and other materials associated with lower-carbon aviation, indicating a greater exposure of risk compared to STEPS.
Failure to achieve successful entry into service of new technology	N/A	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Under NZE, the rate of new technology certification will need to be high and delays in certification could cause a bottle neck in production, causing a high risk exposure.
Replacement of carbon-intensive machinery <sup>(2)</sup>	N/A	<input checked="" type="radio"/>	<input checked="" type="radio"/>	NZE expects a faster decarbonisation pathway, meaning carbon-intensive assets will need to be replaced quicker.
Inability to meet net zero targets	N/A	<input type="radio"/>	<input checked="" type="radio"/>	Under STEPS scenario, a lower rate of technological development would hinder the achievements of our net zero targets.
<b>Physical risks<sup>(3)</sup></b>				
Damage to Group assets from flooding (storm surge, riverine and flash flood)	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	RCP 8.5 scenario forecasts more severe extreme weather events than RCP 2.6.
Damage to Group assets from storm events	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
Supplier disruption from extreme weather	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	
<b>Transition opportunities<sup>(4)</sup></b>				
Operational efficiency in water, waste and energy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	NZE sees greater progress on improving efficiencies than STEPS.
Material efficiency innovations	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	NZE sees greater focus and investment in lifecycle sustainability, meaning a greater exposure to technology that can improve material efficiency compared to STEPS.
Renewable energy sourcing and generation	<input type="radio"/>	<input type="radio"/>	N/A	NZE sees more rapid scaling of renewable energy and grid electrification compared to STEPS.
Next-generation product efficiency				Increased demand for these technologies and heightened expectations to reduce emissions associated with flying will increase the exposure of this opportunity under NZE compared to STEPS.
Expansion into low-carbon aviation markets	N/A	<input type="radio"/>	<input checked="" type="radio"/>	
Technology leadership in climate solutions				

(1) Where impact on adjusted operating profit is described as N/A, financial impact was considered negligible.

(2) Replacement of carbon-intensive machinery impact is presented as percentage of capital expenditure.

(3) Physical risks are assessed against longer-term time horizons of 2030, 2050 and 2100 as defined on page 25.

(4) The scenario implications and impact on adjusted operating profit for "Next-generation product efficiency," "Expansion into low-carbon aviation markets," and "Technology leadership in climate solutions" have been presented together, as these opportunities are interrelated and influenced by similar underlying assumptions. Each reflects a common driver of increased demand for low-emission aviation technologies and innovation in advanced propulsion and materials, making separate quantification less meaningful at this stage of modelling.



## Impact on strategy, financial planning and resilience to climate change

Climate change influences the Group's business and product strategies, innovation pipeline and financial planning. Our ambition is to deliver sustainable long-term growth through continued investment in innovation and product quality across our engines and airframes solutions and products, underpinned by integrated emissions-reduction activities. In the short term, we do not anticipate material changes to operational and capital investment required to achieve our existing plans and targets.

Our greatest contribution to decarbonisation lies in product design, function and performance. Our second largest contribution lies in our supply chain, for which we explore solutions which reduce embodied carbon in materials or improve the 'buy to fly' ratio to reduce material consumption.

In 2025, we invested £73 million in climate-related R&D, primarily directed towards technologies that improve the efficiency of aircraft and engines. This continued investment supports the resilience of our business model and positions us to adapt to emerging lower-carbon technologies and opportunities. Finally, within our business, we focus on cutting operational emissions, optimising energy efficiency, minimising waste, maximising recycling, upgrading the manufacturing procedures and replacing energy inefficient equipment. These activities are embedded in our sustainability targets and form a core part of our operational and innovation strategies, and financial planning.

Looking ahead to 2030, resources to deliver our net zero commitment are built into capital expenditure and spending plans, where reasonably foreseeable. We expect that the costs and revenue impacts associated with short- and medium-term emissions reduction actions will remain consistent with those already reflected in our strategy and growth projections, supporting the resilience of the Group to climate-related risks.

### Resilience of our strategy to climate change

Our scenario analysis concluded that our overall climate risk exposure is moderate, and our business is financially and operationally resilient to our climate-related risks. We are therefore well-positioned to manage these risks in the short to medium term within the bounds of our 'business as usual' operations, considering that many of the risks are already being addressed through existing or planned mitigation or adaptation activities. In addition, significant focus and investment, such as our R&D programmes, is ongoing to support realisation of a number of climate-related business opportunities.

Our scenario analysis posed key questions on how different climate scenarios would impact future revenue, production costs and the life of current assets.

The limitations of the scenario analysis we carried out are:

- scenarios often only provide high level global and regional forecasts;
- not all risks are easily subject to scenario analysis;
- scenario analysis requires analysis of specific factors and modelling them with fixed assumptions;
- impacts are to be considered in the context of the current financial performance and prices;
- gross impacts are assumed to occur without the Group responding with any mitigation actions, which would reduce the impact of risks;
- impacts are modelled to occur in a linear fashion, when in practice, dramatic climate-related impacts may occur suddenly after tipping points are breached; and
- the analysis considers each risk and scenario in isolation, when in practice, climate-related risks may occur in parallel as part of a wider set of potential global impacts.

## POLICIES

Our Environmental Policy highlights our commitment to climate change mitigation and adaptation, reducing GHG emissions across the value chain in line with the global goal of reaching Net Zero by 2050, in order to achieve the goals of the Paris Agreement. Delivery of this ambition is supported through a combination of operational improvements, technology development and supply chain engagement. For more information on environmental management, the Environmental Policy and associated policies covering climate change matters, please see page 15.

## ACTIONS

### Operational decarbonisation

Scope 1 and 2 emissions are primarily associated with energy use across manufacturing operations and facilities, and we have developed emissions reduction targets in relation to these. Our focus on these emissions reductions in the near term is concerned with continuing to improve energy efficiency and addressing hard to abate, carbon intensive assets within our operations. Potential measures include improving insulation and ventilation, replacing older equipment and machinery, energy efficiency programmes, electrification of manufacturing processes, operational improvements at site level, and increased automation. Achieving our emissions reduction targets will require progressive decarbonisation of these

priority assets, which represent the largest contributors to our operational carbon footprint. We therefore anticipate that associated investments may be required over the medium and long term. Actions are prioritised based on feasibility, impact and alignment with broader business strategy.

For our indirect Scope 2 emissions reduction, over the longer term, investment in procurement of renewable electricity through power purchase agreements is required. In order to deliver real-time emissions reductions in the grid systems where we consume electricity, developing microgrid solutions and internal projects to provide stable and reliable on-site renewable energy generation will be required in the long run. A number of ongoing solar energy projects are being developed at some of our sites, including at Izmir, Turkey, Langfang, China, Pune, India, and the UK Global Technology Centre.

### Energy efficiency

During 2025, we continued to take actions towards our Group-wide energy intensity target to drive more efficient use of electricity, fuel and heat across the business. Not only has this resulted in an absolute reduction in energy consumption of 3.8%, but employees are now also more aware and supportive of Group-wide sustainability ambitions. Progress on this target is also supported through increased renewable energy procurement and implementation of other climate-positive actions, such as sustainable transport initiatives. During 2025, Group investment in energy efficiency programmes totalled £3,518,000 (2024: £7,638,000).

Type of energy efficiency programmes	2025	2024	Change 2025/2024
LED lighting retrofits	£837,000	£434,000	93%
More efficient air conditioning and heating systems	£715,000	£2,076,000	-66%
Renewable energy installations	£13,000	£1,778,000	-99%
Insulation improvements	£1,253,000	£1,268,000	-1%
Energy efficient equipment	£700,000	£2,082,000	-66%
<b>Total</b>	<b>£3,518,000</b>	<b>£7,638,000</b>	<b>-54%</b>

## Initiatives and activities to reduce energy consumption and associated emissions

### MANUFACTURING PROCESSES



Our Trollhättan, Sweden, site continued its machine energy-metering programme and introduced procedures to shut down equipment when not in use. During the summer period alone, this resulted in electricity savings of 83 MWh compared with the previous year, equivalent to approximately £6,000 in avoided energy costs.

Further operational improvements are planned through the introduction of weekend shutdown routines, expected to deliver an additional 45 MWh in energy savings. Maintenance actions, including cleaning of heat exchangers and routine servicing of machines, are estimated to reduce energy use by a further 121 MWh, corresponding to approximately £8,700 in cost savings.

Additional efficiency measures included the installation of lids on heat treatment compartments in 2025, which are expected to deliver a further 200 MWh reduction in energy consumption and approximately £14,400 in avoided costs.

### TRANSPORTATION EMISSIONS

We are implementing a range of initiatives across our sites to reduce the environmental impact of transportation. From behavioural employee incentives, flexible working arrangements, and vehicle leasing programmes to infrastructure improvements, strategic office location planning and shuttle services, many sites aim to reduce commuting-related travel and associated transport emissions. We are also gradually supporting the transition to lower-emission vehicles. As an example, one of our sites plans to install charging infrastructure and introduce electric vans for supplies.

### ENERGY-EFFICIENT EQUIPMENT



The Group continues to invest in energy-efficient equipment and monitoring systems to improve operational efficiency and reduce energy consumption. Energy monitoring equipment has been installed at our Filton, UK, site, with further locations being rolled out on a trial basis to identify high-consumption equipment and optimise shutdown procedures during non-operational periods.

Upgrades to building infrastructure have also contributed to improved efficiency. Newly installed air conditioning and HVAC systems, together with LED lighting equipped with Durr sensors, reduce electricity consumption compared with older systems.

Humidity management has been identified as an important factor in energy use, particularly as higher humidity levels increase gas consumption in heating systems and clean room environments. At our UK Global Technology Centre, humidity levels are monitored through the Building Management System, supported by sensors installed in clean rooms to maintain optimal conditions.

At the Trollhättan, Sweden, site, further efficiency improvements included enhanced compressed air leakage detection using new camera technology, expected to deliver energy savings of approximately 100 MWh.

Energy efficiency initiatives are also delivered through our Group-wide energy saving programme. In 2025, this programme delivered an estimated combined saving of approximately 4,000 MWh across more than 60 civil infrastructure projects, including solar panel installations, LED lighting upgrades and smart Wi-Fi building thermostats.

### SUPPLY CHAIN DECARBONISATION



For the upstream portion of our Scope 3 footprint, we have an engagement roadmap focusing on Tier 1 suppliers, prioritising those procured products and services where targeted supplier engagement is most required and expected to deliver the most material emissions reductions.

During 2025, divisional teams held targeted discussions with selected suppliers to understand their emissions strategies and future ambitions, with information captured in a central repository to support monitoring and continued engagement.

In 2025, we continued to operate our supplier collaboration and compliance portal to enhance due diligence and transparency of our suppliers' data through surveys on environmental topics and expert guidance. By year-end, suppliers representing 19% of annual Scope 3 Category 1 spend had been directly engaged, with 16% already having science-based targets in place.

Further details on our supply chain engagement are available on pages 16 and 49 and the Scope 3 performance in 2025 is provided on page 11.

## Initiatives and activities in 2025 continued

### LOWER-CARBON AVIATION

Continued investment in breakthrough technologies and world-class engineering supports the ongoing transformation of aviation and enables solutions that strengthen progress toward a more sustainable future. We develop and deliver advanced materials design solutions for civil and defence aerospace platforms, enabled by technologies that span additive fabrication, composites and electrification. Our design and manufacturing capabilities improve aircraft efficiency while reducing energy use and material waste, supporting the sector's transition to lower-carbon aviation.

Our market-leading positions are driven by technological innovation, advanced manufacturing processes, and automation and engineering expertise, and are supported by operational excellence, high-volume production and smart industry capabilities. Together, these strengths are advancing the industry towards lower energy consumption, reduced material waste and higher performance, while shortening production lead times and improving affordability for our global customers.

Recognising that a significant proportion of aviation's carbon footprint occurs during aircraft operation, we plan to introduce a dedicated target to monitor and reduce emissions associated with the use of sold products, including the engines, components and systems in service. This will strengthen the assessment of our technologies' lifecycle performance and accelerate the development of solutions that reduce our customers' operational impact.

#### Research and development

Our target of 100% of new products which contribute to the decarbonisation of aerospace was achieved in 2025. As we continue our dedicated R&D programmes to deliver more efficient technologies with lower environmental impacts, we have set a new target for 75% of the Group's R&D investment to qualify as eligible under the EU Taxonomy by 2030, reflecting our focus on advancing clean technologies that substantially contribute to climate change mitigation. This includes continued progress in energy-efficient engine and airframe concepts enabled by advanced additive fabrication, composite and electrification technologies while also supporting progress toward future zero emission solutions through hydrogen-electric systems. Our most immediate focus is enabling our customers to deliver the world's most efficient aircraft and engines, supporting fleet renewal globally and reducing the

environmental impact of flight. This includes further improvements to existing platforms, such as our involvement in the Geared Turbofan ("GTF") Advantage performance improvement programme, which is expected to deliver improved fuel burn and reduced emissions and has also been successfully tested for 100% Sustainable Aviation Fuel ("SAF"). Our role has been to reduce weight on the Turbine Exit Case ("TEC") compared to the GTF base configuration.

In 2025, we invested £73 million in climate-related R&D programmes primarily focused on developing technologies to help customers improve energy efficiency and reduce GHG emissions compared with conventional technologies. The Group collaborates with leading aircraft and engine manufacturers to apply its design leadership and technology innovation to support the next generation of highly efficient aircraft, designed from the outset to be compatible with sustainable aviation fuels. During the year, collaboration continued with the GE/Safran CFM RISE engine demonstrator, with Pratt & Whitney on the next generation GTF engine, and with Airbus in preparation for the next generation of Airbus aircraft.

R&D investment in low-carbon technologies, such as battery electric and hydrogen, also provides pathways to enable customers to eliminate in-flight emissions. In 2025, we continued our work on the H2GEAR technology programme to develop core capabilities in hydrogen-electric power generation, cryogenic electrical distribution and motors.

# £73 million

invested in climate-related R&D programmes in developing technologies to help customers improve energy efficiency

## Initiatives and activities in 2025 continued

### INDUSTRY LEADERSHIP, POLICY ADVOCACY AND CLIMATE ENGAGEMENT



Balancing commercial viability and sustainability remains central to our success and that of our partners. We play an active role in industry taskforces and regulatory working groups within the aerospace and defence sector.

We work closely with governments, funding bodies, trade associations and industry partners on manufacturing innovation, future skills and policy development. This engagement is primarily undertaken through collaborative industry platforms and public-private research initiatives where the Group contributes technical expertise on emerging propulsion systems, advanced manufacturing and materials innovation. For example, the Group participates in Clean Aviation, the EU's flagship programme for developing next-generation low-emission aircraft technologies. Through Clean Aviation and associated programmes, including OFELIA and SWITCH, the Group contributes to research on open-fan architectures, hybrid-electric propulsion and other technologies aimed at improving fuel efficiency and reducing aircraft emissions.

Participation in such initiatives enables industry, academia and governments to coordinate research priorities and inform the policy frameworks required to accelerate aviation decarbonisation, as well as to collectively address shared climate transition risks and opportunities linked to the decarbonisation of the sector.

The Group engages actively in industry and government-led initiatives including the UK Jet Zero Taskforce, the Aerospace Technology Institute, the Hydrogen in Aviation Alliance and the Aerospace Growth Partnership and we were among the first signatories of the UK Defence Aviation Net Zero Strategy.

During the year, we engaged with the UK Department for Business and Trade, which works on policy-relevant matters relating to skills, competition and technology adaptation, providing factual input to inform public policy discussions on climate-aligned innovation, industrial competitiveness and long-term economic growth.

We are also active in the IAEG working groups on GHG management, lifecycle assessment, circular economy, materials declarations and REACH compliance.

The Group also contributes to the Aerospace, Security and Defence Industries Association of Europe ("ASD"), and participates in the Swedish Institute of Standards ("SIS"), supporting development of best practice and the Clean Aviation programme under Horizon Europe.

All engagement is conducted in line with our sustainability governance framework and our commitment to transparent, Paris-aligned climate advocacy. We seek to support effective, evidence-based climate policies that incentivise decarbonisation, address market failures, and enable the aerospace sector's transition.

For more information and key developments across our industry leadership programmes, next-generation propulsion and electrified aviation technologies, advanced aircraft structures and low-carbon manufacturing innovation, please refer to our website at [www.gknaerospace.com](http://www.gknaerospace.com)



## METRICS AND TARGETS

### Climate-related metrics

We disclose a range of metrics associated with climate change, including GHG emissions by type, decarbonisation-focused investment, energy and renewable electricity consumption, water withdrawal and waste generation. Specific metrics used to track each risk and opportunity are outlined below, and some of them may include supplier performance. Our energy consumption and emissions data, the statement of alignment with the GHG Protocol and statement on the Streamlined Energy and Carbon Reporting (“SECR”) Regulation disclosures can be found on page 17.

### Energy and emissions

Scope 1 emissions are emissions from sources that we own or control directly, and Scope 2 emissions are those that we cause indirectly as they come from where the energy we use is purchased and produced.

Scope 3 emissions refer to indirect GHG emissions that occur outside our direct operations but within our value chain. In accordance with the Greenhouse Gas Protocol’s Corporate Value Chain (Scope 3) Accounting and Reporting Standard, we assess emissions across all 15 categories. However, we report and have targets on only those categories deemed relevant and material to our business<sup>(1)</sup>. Currently, emissions associated with the use of our

products (Category 11) are being quantified and are not yet included in our reported footprint. During the Science Based Targets initiative validation process, it was confirmed that Category 11 emissions are not formally required within our target boundary. Nevertheless, through collaboration with the IAEG, we continue to develop better processes and methodologies to enable accurate quantification. Over the past year, we have improved both the methodology and data quality for Category 11 calculations, and work is ongoing to refine these estimates. In line with SBTi requirements, we will review and update our validated targets if future results indicate a material change to our overall emissions profile.

The GHG emissions for the Group, broken down by Scope 1, Scope 2 and select Scope 3 emissions, for 2024 and 2025, are set out in the table below. In 2025, operational energy consumption decreased by 3.8% in absolute terms, and 10% in intensity ratio<sup>(2)</sup> terms compared to 2024. This is reflective of both revenue increasing and energy consumption decreasing, driven by energy efficiency measures in 2025. Scope 1 emissions reduced by 4.4% year-on-year, driven by fuel efficiency initiatives across our sites. For Scope 2 emissions, a decrease of 8.3% (location-based) and 10% (market-based) emissions is attributed to more of our sites procuring renewable electricity, as well as new renewable electricity installations going live at some sites. The underlying electricity consumption across the Group also decreased by 3.7% year-on-year.

Our reported Scope 3 emissions decreased 3.7% year-on-year, largely due to a decrease in Category 1 Purchased Goods and Services emissions as a result of lower expenditure on carbon-intensive materials such as aluminium and titanium. Category 4 Upstream Transportation and Distribution emissions have also decreased year-on-year due to a decreased volume of shipments in 2025. The Scope 3 categories covered by our SBTi-validated target<sup>(1)</sup> have decreased 16% year-on-year and 18% relative to the 2022 base year, highlighting we are on track to meet this target by 2030. The reduction from base year can partly be attributed to a decreased volume of shipments in 2025, but also reflects a continued focus on our energy and waste performance. We expect Scope 3 emissions to fluctuate in future years as the quality of our reporting improves.

	Metric	FY25 Performance
<b>Transition risks and opportunities</b>		
Exposure to carbon pricing mechanisms	Scope 1, 2 and 3 emissions (Market-based)	Scope 1 and 2: 72,869 tCO <sub>2</sub> e
Inability to meet net zero targets		Scope 3: 1,188,967 tCO <sub>2</sub> e
Declining demand in air travel due to concerns about climate change	Aviation market growth predictions	Internally monitored market trends and forecast
Raw material scarcity	Market signals for the prices of critical raw materials	Internally monitored market trends and forecast
Material efficiency innovations	Solid non-hazardous metallic waste intensity <sup>(3)</sup>	0.0019
Failure to achieve successful entry into service of new technology	Number of new products which contribute to aerospace decarbonisation	5
Replacement of carbon-intensive machinery	Spend on energy-efficient equipment	£0.7 million
Operational efficiency in energy, waste and water	Energy consumption	437,094 MWh
	Solid non-hazardous waste	13,456 tonnes
	Water withdrawal	601,286 m <sup>3</sup>
Renewable energy sourcing and generation	Percentage of renewable electricity	55%
Expansion into low-carbon aviation markets	Climate-related R&D expenditure	£73 million
Technology leadership in climate solutions		
Next-generation product efficiency		
<b>Physical risks</b>		
Flooding and storm physical risks	Number of sites deemed to be at high risk of flooding events	5
	Number of sites deemed to be at high risk of storm events	4
Supplier disruption from extreme weather	Percentage of assessed suppliers that have processes in place to identify and assess physical climate risks	38.6%

(1) The Group’s Scope 3 emissions target includes Scope 3 emissions from Category 3: Fuel- and energy-related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, Category 6: Business travel, and Category 7: Employee commuting.

(2) The Group’s chosen intensity measurement is energy reported (standardised to MWh) reported per £1,000 revenue, which we believe remains the most appropriate intensity ratio for the Group. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only.

(3) Tonnes of solid non-hazardous metallic waste per £1,000 of revenue.



## Total energy consumption and GHG emissions for the period 1 January 2025 to 31 December 2025

Energy consumption (MWh)	UK	Global (excl. UK)	Total 2025	UK	Global (excl. UK)	Total 2024	Change (2025/24)
<b>Total operational energy consumption</b>	<b>74,967</b>	<b>362,127</b>	<b>437,094</b>	<b>78,504</b>	<b>375,744</b>	<b>454,248</b>	<b>-3.8%</b>
<b>Total renewable energy consumption</b>			<b>159,684</b>			<b>129,743</b>	<b>23.1%</b>
<b>Share of renewable electricity in total electricity mix</b>			<b>55%</b>			<b>43%</b>	<b>12p.p.</b>
<b>Energy consumption intensity<sup>(1)</sup></b>			<b>0.119</b>			<b>0.131</b>	<b>-10%</b>
<b>Fuels</b>							
<b>Total fuels consumption</b>	<b>24,485</b>	<b>84,287</b>	<b>108,872</b>	<b>27,051</b>	<b>85,669</b>	<b>112,720</b>	<b>-3.5%</b>
Non-renewable fuels consumption	24,485	84,287	108,872	27,051	85,669	112,720	-3.5%
Renewable fuels consumption	0	0	0	0	0	0	0
<b>Electricity</b>							
<b>Total electricity consumption</b>	<b>50,482</b>	<b>242,232</b>	<b>292,714</b>	<b>51,453</b>	<b>252,584</b>	<b>304,037</b>	<b>-3.7%</b>
Renewable electricity consumption (self-generated, purchased or acquired)	1,313	158,371	159,684	171	129,572	129,743	23.1%
Non-renewable electricity consumption (purchased or acquired)	49,169	83,861	133,030	51,282	123,012	174,294	-23.7%
<b>Steam</b>							
Steam consumption (purchased or acquired)	0	35,608	35,608	0	37,490	37,490	-5.0%

Emissions (tCO <sub>2</sub> e)	UK	Global (excl. UK)	Total 2025	UK	Global (excl. UK)	Total 2024	Change (2025/24)
<b>Operational emissions (tCO<sub>2</sub>e)<sup>(2)(3)</sup></b>							
Scope 1: Direct GHG emission <sup>(4)</sup>	4,501	15,950	20,451	4,965	16,434	21,400	-4.4%
Scope 2: Indirect GHG emissions (Location-based) <sup>(5)</sup>	7,503	50,645	58,148	9,051	54,332	63,383	-8.3%
• Total purchased electricity	7,503	50,469	57,972	9,051	54,145	63,196	-8.3%
• Steam (purchased or acquired)	0	175	175	0	186	186	-5.9%
Scope 2: Indirect GHG emissions (Market-based) <sup>(5)</sup>	20,688	31,730	52,418	19,918	38,336	58,254	-10.0%
• Total purchased electricity	20,688	30,805	51,493	19,918	37,181	57,099	-9.8%
• Steam (purchased or acquired)	0	924	924	0	1,154	1,154	-19.9%
<b>Total Scope 1 and Scope 2 emissions (Location-based)</b>			<b>78,599</b>			<b>84,783</b>	<b>-7.3%</b>
<b>Total Scope 1 and Scope 2 emissions (Market-based)</b>			<b>72,869</b>			<b>79,654</b>	<b>-8.5%</b>
<b>Emissions intensity<sup>(1)</sup> (Market-based)</b>			<b>0.02</b>			<b>0.023</b>	<b>-13.0%</b>

Emissions (tCO <sub>2</sub> e)	UK	Global (excl. UK)	Total 2025	UK	Global (excl. UK)	Total 2024	Change (2025/24)
<b>Upstream Scope 3 emissions (tCO<sub>2</sub>e)<sup>(2)</sup></b>							
Category 1: Purchased Goods and Services		1,086,982			1,122,941		-3.2%
Category 2: Capital Goods		34,724			31,854		9.0%
Category 3: Fuel & Energy Related Activities		21,923			21,151		3.6%
Category 4: Upstream Transportation and Distribution		24,906			31,279		-20.4%
Category 5: Waste Generated in Operations		781			1,364		-42.7%
Category 6: Business Travel		7,135			11,909		-40.1%
Category 7: Employee Commuting		12,516			14,166		-11.6%
<b>Total Scope 3 emissions</b>		<b>1,188,967</b>			<b>1,234,665</b>		<b>-3.7%</b>
<b>Total emissions (tCO<sub>2</sub>e)<sup>(2)</sup></b>							
<b>Total Scope 1, Scope 2 (Location-based) and Scope 3 emissions</b>		<b>1,267,566</b>			<b>1,319,447</b>		<b>-3.9%</b>
<b>Total Scope 1, Scope 2 (Market-based) and Scope 3 emissions</b>		<b>1,261,836</b>			<b>1,314,318</b>		<b>-4.0%</b>

This section has been prepared for the reporting period of 1 January 2025 to 31 December 2025. We report on all of the material emission sources in line with an operational control approach method, as required in Part 7 under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's SECR requirements. These emission sources fall within our Consolidated Financial Statements. We do not have responsibility for any emission sources that are not included in our Consolidated Financial Statements.

(1) The Group's chosen intensity ratio is energy consumption and emissions reported megawatts usage ("MWh") and tonnes of CO<sub>2</sub>e, per £1,000 of revenue. The data has been standardised from the source units in which it was initially collected. The revenue figures used to calculate the intensity ratio include continuing operations under operational control only.

(2) CO<sub>2</sub>e – carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide.

(3) We have restated our 2024 Scope 1 and 2 emissions figures, following a change in methodology to our emissions factors for Steam and Purchased Electricity.

(4) Scope 1 figures include emissions from fuel used on premises, transport emissions from owned or controlled vehicles, losses of refrigerant, and process and fugitive emission.

(5) Scope 2 figures include emissions from electricity and heat purchased.



## Energy and emissions continued

Our energy consumption and emissions data is reported in accordance with the reporting requirements of the Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard, Revised Edition 2004 and the Environmental Reporting Guidelines 2019, including the SECR guidance dated March 2019. The GHG Protocol standard covers the accounting and reporting of seven Greenhouse gases covered by the Kyoto Protocol. We currently disclose Scope 1 and 2 and select Scope 3 GHG emissions, representing a breakdown of the Group's emissions by type and intensity measurement. We review our GHG inventory on an annual basis and will restate our data and/or recalculate our science-based targets when required, to reflect significant changes to the Company structure, methodology changes or errors.

Emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2024 (the Department for Energy Security and Net Zero ("DESNZ") factors) have been used to calculate Scope 1 emissions. Scope 2 emissions associated with the GHG Protocol 'Location Based' method have been calculated using International Energy Agency ("IEA") country-specific emission factors. Scope 2 emissions associated with the GHG Protocol 'Market Based' method have been calculated using residual mix emission factors from the Association of Issuing Bodies 2024 where applicable. In the absence of residual mix emission factor availability, IEA country-specific emissions factors have been used in line with the GHG Protocol guidance. If sites generate their own renewable electricity or purchase electricity backed by contractual instruments (such as Renewable Energy Guarantee Origin), this has been taken into consideration within the calculations. For Scope 3 emissions, we reported in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance.

Emissions factors from DESNZ and the IAEG Industry Tool for Calculating Scope 3 GHG emissions have been used to calculate Scope 3 emissions. A Scope 3 inventory was carried out, and the relevant categories were calculated using a combination of spend based and average data-based methodologies. Due to recognised inherent uncertainties in calculating Scope 3, we have adopted a continuous improvement approach. We will continue to review our processes and disclose in a timely and transparent manner.

## Targets

### Climate-related targets

The Group has set near- and long-term science-based emissions reduction targets which were validated by the SBTi in 2024.

The SBTi stipulates that targets shall be reviewed, and if necessary, recalculated and revalidated every five years at a minimum. Emissions data is reported quarterly as part of our internal system which enables us to monitor and assess performance against our targets.

Revisions of targets will be conducted as and when necessary and updates on progress towards achieving them will be reported on at least an annual basis within our Annual and Sustainability Reports.

Please see reference to our performance against existing targets on page 11

# 50%

Reduce absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2020 base year

# 70%

Encourage 70% of suppliers by spend, covering purchased goods and services, to have science-based targets by 2028

# 25%

Reduce absolute Scope 3 GHG emissions by 25% by 2030 from a 2022 base year<sup>(1)</sup>

# Net Zero

Reach net zero<sup>(2)</sup> GHG emissions across the value chain by 2050

## Residual emissions

As demonstrated by our emissions reduction targets that have been validated by the SBTi, we are committed to reducing our carbon footprint to stay on track with our journey in the roadmaps discussed earlier and in our Transition Plan. Where it is not possible to eliminate residual emissions, we may explore opportunities to source credible and legitimate solutions, such as carbon credits, to help us achieve our ambition. Each of these projects will need to be carefully researched to be able to find carbon schemes that are most relevant to our business and have the ability to generate a positive environmental and social impact. While our primary focus remains on reducing the carbon emissions associated with our operations and products, we recognise the important, yet complex role offsetting will play in the global transition to net zero. Carbon offsetting does not constitute a significant part of our current climate strategy. We have not yet modelled impact against our emissions, and our approach to carbon credits may change in time as we explore available credible solutions.

(1) Scope 3 emissions from Fuel- and energy-related activities, transportation and distribution, waste in operations, business travel and employee commuting.

(2) We define Net Zero as per the SBTi guidelines which require companies to reduce their Scope 1, 2 and 3 GHG emissions by at least 90% by 2050, with the remaining emissions neutralised by carbon removals. Net zero by 2050 is also consistent with the Paris Agreement.

## Resource use and circular economy

By embedding circular economy principles into our design and manufacturing processes, we reduce our environmental impact while delivering products with improved durability and longevity and reducing emissions and waste for end markets.

### POLICIES

By embedding circular economy principles into our design and manufacturing processes, we reduce our environmental impact while delivering products with greater durability and longevity, lowering emissions and minimising waste across end markets. We are committed to sourcing raw materials and manufacturing products in a responsible, ethical and sustainable manner, and to embedding circular economy principles across our operations. This includes reducing reliance on virgin resource use and increasing the relative use of secondary and recycled resources where feasible, while recognising the constraints of aerospace material qualification requirements.

Our Code of Ethics, the Supply Chain Policy and Supplier Code of Conduct form the foundational framework governing supplier relationships and responsible business practices across our supply chain, including in relation to hazardous substances and chemicals.

Within this framework, our policies governing resource use, chemical stewardship and circular economy aligned practices, establish clear expectations for supplier performance and responsible material management. These policies require all chemical and material suppliers to operate under recognised quality management standards: ISO 9001:2015 as mandatory, AS/EN 9100 as preferred, and Nadcap accreditation for specific chemical processes. The Group also sets policy obligations for suppliers to comply with all environmental and hazardous materials regulations, maintain safe working conditions supported by appropriate personal protective equipment ("PPE"), report spills or safety concerns immediately, and uphold documentation traceability requirements.

Our approach to circularity within operations and responsible sourcing is governed by our Environmental Policy and other dedicated policies and standards relating to resource use and circular economy matters across our operations and value chain. These policies are discussed in detail on page 15.

### ACTIONS

Our commitments are operationalised through a structured supplier management system that evaluates supplier capabilities, requires shipment-level evidence of conformity such as Certificates of Conformity and relevant airworthiness releases, and ensures materials are clearly identified and traceable. Policies and standards are supported by supplier surveys, periodic assessments and ongoing monitoring of delivery and quality performance, with corrective actions required where standards are not met. Together, these policies and supporting processes ensure responsible resource use, safe chemical handling and consistent adherence to our environmental and quality expectations across our supply chain.

We are committed to ensuring that our sourced products do not contain any substances which are prohibited by any environmental laws and that all chemical substances contained in the products have been registered with, authorised by, or notified to, the European Chemicals Agency as required by REACH, in addition to existing controls that require suppliers to provide REACH disclosures through the collaboration portal to support chemical management and downstream reporting. Within this framework, suppliers are required to comply with applicable hazardous substance and chemical management regulations, including alignment with the OSHA Hazard Communication Standard. This includes the provision and review of Safety Data Sheets ("SDS"), the disclosure of hazardous chemicals used on site, and ensuring consistency between product labelling and SDS documentation to support safe handling and regulatory compliance.

### Operational waste management

We aim to go beyond recycling and landfill diversion by implementing material-efficient manufacturing practices and improving the quality and management of waste streams to support circularity and, where feasible, reintroduction of materials into the production cycle.

In 2025, we continued to reduce the amount of waste generated and to divert solid waste from landfill, achieving our target to divert 95% of solid non-hazardous waste from landfill by the end of 2025. Our waste generation data for 2025 shows an overall decrease in the solid waste generated compared to 2024. There have also been reductions in the absolute landfill volumes.

To support the delivery of our waste reduction target, many of our sites implemented recycling initiatives, focusing on segregating waste at source, while some sites are also making major operational changes to waste transportation, including the installation of waste compaction equipment, with a view to reduce the associated emissions. In addition, selected waste streams are being diverted to energy recovery or incineration, where appropriate, while our circular cutting tools partnership recycling project has reduced our use of virgin materials across the business. Our sites treat metal swarf as a valuable resource, not waste, and are investing to maximise its purity and recyclability for future aerospace use. Improvements include labelled collection bins to prevent cross-contamination, daily notifications so operators can prepare the correct bins in advance, and in-house testing of brickettes to better control moisture content and quality.

One example of advancing circularity through supplier collaboration is our partnership with Sandvik Coromant, which enables used carbide cutting tools and swarf to be recovered and remanufactured into new tools, reducing reliance on virgin critical materials such as tungsten while generating environmental and financial value. Further details are available on our website at [www.gknaerospace.com](http://www.gknaerospace.com).

Regular on-site waste audits are performed as part of the audit programme delivered by the HSE function, ensuring compliance with waste regulations and identifying further opportunities for improving waste management. Specific waste management, recycling and chemical waste management programmes are implemented at a site level and are complemented by hazardous material and waste management training provided to all site employees regularly.



## Product lifecycle management and circular economy

Circularity principles are integrated within our business where appropriate, with sustainable design approaches informing product development and responsible material management practices applied throughout manufacturing. These efforts support resource efficiency and contribute to the transition towards a more circular economy.

Sustainability requirements are embedded into business processes for technology selection, investment and R&D, new product development and supplier selection to ensure lifecycle implications are considered in decision-making and to support the use of recycled material in production.

We continue to invest in technology solutions that improve material utilisation and reduce waste, energy use and associated emissions. By applying circular economy principles into product design and across manufacturing, we seek to reduce environmental impacts while increasing operational value, by using fewer resources, reducing emissions and generating less waste to help us deliver products with greater reparability and longevity. One example of our strategic investment in technologies that support the use of recycled materials in production is additive fabrication, which reduces environmental impact by maximising material utilisation and minimising the volume of procured material removed during production and the associated waste generated. Further details on additive fabrication and its sustainability benefits are available on our website. Another example is the new project launched by GKN Aerospace in 2025, ASPIRE (Advanced Structural Product Integrated Airframe), a £12 million UK R&D programme to develop full-scale composite wing tip variants and a novel composite flap using low-energy manufacturing and recycled materials, targeting up to 80% CO<sub>2</sub>e savings.

Our Global Skills Fund has been investing in developing lifecycle assessments and associated training programmes to support such assessments for both existing and new products. Our technology selection, product development and supplier processes are regularly reviewed and updated where relevant, to integrate sustainability considerations and ensure that lifecycle impacts are factored into decision-making. We evaluate products through lifecycle assessments (“LCAs”) which cover all lifecycle stages including design, development, procurement, industrialisation, and end-of-life considerations, and include upstream impacts related to material sourcing and downstream use-phase impacts where relevant. Our assessments consider both resource inflows (including demand for virgin and critical materials) and resource outflows (including waste generation and disposal routes), as well as associated pollution pathways.

We conduct comparative LCAs on future products to evaluate alternative materials, processes and technologies. This supports informed decision-making in design and manufacturing and guides the development and choice of new technologies with improved environmental performance. The assessments have already identified improvement actions, such as weight reduction, increased use of renewable energy, optimised logistics and preference for land and sea transportation, sourcing from local suppliers, enhanced material circulation and recycling, reduced waste, and substitution of solvent-based materials with water-based materials. Further opportunities include fewer process steps (e.g. drying) and embedding environmental considerations into wider process optimisation initiatives. LCAs provide quantified data that inform sustainable decision-making and offer a detailed view of the environmental impact of our products.

We also contribute to industry-wide progress by participating in sector groups focused on advancing circularity, including the IAEG Working Group on Circular Economy and the RISE Circular Business Lab (Research Institute of Sweden).

Supplier insights are integrated into our LCA approach, with supplier data, engagement and discussions on material sourcing, processes and emissions feeding into our lifecycle assessments where relevant. Further details on supplier collaboration are provided in the Environmental impact section under Supplier collaboration on page 16.

## Maintenance, repair and overhaul

Aligned with circular economy principles, our maintenance, repair, and overhaul (“MRO”) services are designed to extend product lifespans by keeping them in use for longer, reducing the need for new manufacturing and minimising resource consumption. Fan blades experience a range of damage and erosion during standard operation, and repairing them back to their original condition also delivers a quantifiable improvement in engine efficiency, reducing in-flight emissions by up to 1%. Our MRO facility in San Diego, California, was set up to repair both civil and military engine components for more than 400 customers and features state-of-the-art automation and robotics for reduced turnaround time and increased reliability, including for the industry-leading CFMI LEAP and Pratt & Whitney GTF engines.

In addition, we continued to collaborate with key suppliers to explore operational efficiency improvements in resource use and logistics, contributing to the reduction of value chain emissions. At our Filton, UK, site, collaboration with OCS Services enabled the full transition of hard-service vehicles from diesel to electric alternatives, delivering operational efficiency gains and reducing emissions. We also worked with one of our suppliers Rubix, Europe’s largest supplier of industrial MRO products and services, on energy efficiency measures, including the replacement of fluorescent lighting with more efficient alternatives and the identification of air leaks, resulting in energy savings within supplier-managed activities. Work with Quaker Houghton enabled the recycling of almost 200,000 litres of metalworking fluid year-to-date through the installation of a new Coolant Health Unit, improving resource efficiency and circular use of materials. At our site in Papendrecht, collaboration with logistics suppliers Meilink Borculo and Meilink Project Forwarding focused on optimising supplier-managed transportation of empennage shipments for one of our customers.

Packaging was redesigned to enable containerised transport in place of break-bulk freight, significantly reducing costs, packaging waste and transport-related emissions within the supply chain. Further savings and efficiency gains are being explored through expanded stacked deliveries and improved packaging solutions for associated components.

## METRICS AND TARGETS

### Metrics

Across all operations, we seek to translate resource use and circular economy priorities into measurable targets and indicators, enabling consistent performance monitoring across sites and supporting ongoing improvement. Metrics capture both waste volumes and the effectiveness of waste management routes (including landfill diversion), supported by internal programmes that aim to reduce virgin material use and strengthen circular practices.

#### Waste generation data for the period 1 January 2025 to 31 December 2025

Tonnes	2025	2024	Change (2025/24)
<b>Total solid waste</b>	<b>15,762</b>	17,146	<b>-8.1%</b>
thereof non-hazardous waste	<b>13,456</b>	15,308	<b>-12.1%</b>
• thereof non-hazardous waste to landfill	<b>511</b>	1,559	<b>-67.2%</b>
• thereof non-hazardous waste for recycling/reused	<b>9,827</b>	11,042	<b>-11.0%</b>
• thereof non-hazardous waste incinerated	<b>508</b>	166	<b>206%</b>
• thereof non-hazardous waste incinerated with energy recovery	<b>2,610</b>	2,540	<b>2.8%</b>
thereof hazardous waste	<b>2,306</b>	1,838	<b>25.5%</b>
• thereof hazardous waste to landfill	<b>788</b>	803	<b>-1.9%</b>
• thereof hazardous waste for recycling/reused	<b>666</b>	456	<b>46.1%</b>
• thereof hazardous waste incinerated	<b>272</b>	162	<b>67.9%</b>
• thereof hazardous waste incinerated with energy recovery	<b>580</b>	417	<b>39.1%</b>
<b>Solid waste to landfill (hazardous and non-hazardous)</b>	<b>1,299</b>	2,362	<b>-45.0%</b>
<b>Solid waste diverted from landfill (hazardous and non-hazardous)</b>	<b>14,463</b>	14,783	<b>-2.2%</b>
<b>Solid non-hazardous waste diverted from landfill</b>	<b>12,945</b>	13,748	<b>-5.8%</b>
<b>Solid non-hazardous waste diverted from landfill rate</b>	<b>96%</b>	90%	<b>7.1%</b>
<b>Group's chosen intensity measurement: Tonnes of solid non-hazardous waste per £1,000 revenue</b>	<b>0.0037</b>	0.0044	<b>-15.9%</b>

Across the business, LCAs were completed for 15% (by revenue) of total products sold in 2025 (2024: 12%).

### Targets

We are committed to minimising waste generation and maximising resource efficiency across our operations. In support of this commitment, we have set a new target to reduce absolute solid non-hazardous waste by 20% by 2030<sup>(1)</sup> against a 2025 baseline. This target builds on our long-standing focus on waste minimisation, landfill diversion and the increased adoption of circular practices across the organisation.



(1) For the purposes of the waste target, reductions are measured based on decreases in the total quantity of solid non-hazardous waste generated which includes both the prevention of waste generation at source and the diversion of waste from disposal through recovery operations such as recycling. Waste diverted from disposal is accounted for separately from waste directed to disposal and contributes to an overall reduction in reported waste volumes.

# Water

We have a responsibility to ensure careful and conscientious use of water within our business.

## POLICIES

Our dependency on clean and fresh water remains relatively limited. Nonetheless, we recognise that water scarcity is a pressing global challenge and an important issue for our stakeholders. We therefore have a responsibility to manage our water practices, including the volumes of water withdrawn and consumed, carefully and conscientiously. Our Water Policy is built around the key principles of maintaining resilience to water-related risks, minimising potential impacts on water availability and quality and contributing positively to improved water management practices. For more information on the Group environmental management framework and associated policies covering water-related matters, please see pages 4 and 15.



## ACTIONS

### Operational water management

Our day-to-day operations use water, primarily, for diluting coolants in machining, cleaning and chemical treatments, as well as for employee hydration and hygiene. To date, we have not experienced any operational disruption caused by water-related issues, but we acknowledge the potential risks presented by water shortages both in our own production and across the wider supply chain, and where necessary, we have established operational resilience plans and put contingency measures in place to monitor and address those risks.

Our sites are advancing water efficiency practices through site-specific initiatives, including water recycling, preventive leak detection and maintenance, replacing fixtures with low-consumption alternatives, and proposals for rainwater harvesting. Several sites have introduced closed-loop systems, upgraded equipment, rolled out behavioural awareness programmes, and integrated monitoring to reduce water use. In Cowes, UK, a site-wide audit led to measures such as leak repairs, adjusted flush rates, and rainwater collection for landscaping. In recognition of the Cowes site team efforts in water management, the site was shortlisted as a finalist in The Sustainable Energy/Water Achievement Award 2025 by Green Awards UK, for demonstrating measurable improvements and innovative approaches to energy and water management, including initiatives that reduce resource consumption and enhance operational efficiency.

Other sites have also explored initiatives that help to reduce water usage. Our Chihuahua, Mexico, site, is located in an area of extremely high water stress and as such, targeted measures have been introduced to reduce water usage including smart irrigation controls, landscaping changes and dry sanitation systems; these measures are expected to save over 14 million litres of water annually. Another site is implementing a wastewater and storm water reclamation project aimed at cleaning and reusing process water from grind and polish operations. This initiative is expected to have a measurable impact in future periods through a reduction in freshwater usage and cost savings. Several other sites are also working on initiatives to improve water efficiency and recycling.

## METRICS AND TARGETS

We continue to monitor our sites that are located in water-stressed areas to better understand related risks. The analysis, which uses the World Resources Institute ("WRI") Aqueduct Water Risk Atlas tool<sup>(1)</sup> to assess all manufacturing and office locations against the baseline water stress levels, is conducted every three years, or when there is a notable change in the business. 9% of our sites were identified as being in areas of 'extremely high' water stress, with a further 22% in 'high' water stress areas<sup>(2)(3)</sup>.

Based on our water risk assessment, of our top 10 water usage sites which account for 81% (2024: 82%) of our total water withdrawal, two sites are in high or extremely high water stressed areas (2024: two). These two sites are located in the USA and are prioritised for engagement to understand their patterns and further exposure to water-related risks with a view to mitigating their potential impact in their respective local areas.

### Water withdrawal<sup>(4)</sup> data for the period 1 January 2025 to 31 December 2025

Cubic metres	2025	2024	Change (2025/24)
<b>Water withdrawal (m<sup>3</sup>) in operations</b>	<b>601,286</b>	<b>647,192</b>	<b>-7.1%</b>
North America	249,626	301,193	-17.1%
Rest of Europe	193,816	194,634	-0.4%
UK	122,325	118,395	+3.3%
Asia	35,520	32,970	+7.7%

Company's chosen intensity measurement:

<b>Water withdrawal (m<sup>3</sup>) per £1,000 revenue</b>	<b>0.163</b>	<b>0.188</b>	<b>-13.3%</b>
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Total water withdrawal in 2025 decreased by 7.1% year-on-year. The majority of our withdrawal continues to take place in North America, where several reduction initiatives have been particularly successful. The overall decrease in water intensity is attributed to targeted water savings initiatives implemented across our sites. Our target for a 40% reduction in water withdrawal intensity by the end of 2025 since the 2021 baseline, has been achieved.

(1) WRI Aqueduct tool, [www.wri.org/aqueduct](http://www.wri.org/aqueduct)

(2) As per 2024 assessment.

(3) According to WRI, 'extreme water stress' means a region is using at least 80% of its available supply. 'High water stress' means it is withdrawing 40% of its supply.

(4) For these purposes, water withdrawal is defined as the sum of all water drawn into the boundaries of the organisation (or facility) from all sources or any use over the course of the reporting period.

## Biodiversity and ecosystems

We recognise the fundamental importance of biodiversity to society and are committed to protecting and enhancing ecosystems so that future generations can continue to benefit from them.

### POLICIES

We recognise the fundamental importance of biodiversity to society and are committed to protecting and enhancing ecosystems so that future generations can continue to benefit from them. Our Biodiversity Policy, complementing the Environmental Policy, sets out the guiding principles for promoting the natural world, safeguarding its ecosystems and ultimately, our approach to managing our potential impacts on nature and dependence on surrounding ecosystems. For more information on the Group environmental management framework and associated policies covering biodiversity matters, please see pages 4 and 15.

### ACTIONS

Most of the Group's operational sites are located in industrial zones and operate under permits, exemptions or general binding rules. These regulatory requirements set a framework of limits and conditions that must be adhered to in order to safeguard local ecosystems. We conduct monitoring of our processes using standardised monitoring methods and provide data to regulators as and when required, to show adherence to applicable permits, exemptions or general binding rules. This ensures that our sites do not compromise ecological integrity, community wellbeing or natural functions, and show that they are committed to our 'no net loss' approach.

We continue to deepen our understanding of biodiversity impacts and dependencies across the Group's operational locations. We undertake biodiversity assessments every three years using the World Wide Fund for Nature ("WWF") biodiversity risk filter<sup>(1)</sup> to identify and account for the physical risks associated with our operational sites, namely the ways in which our operations depend on and impact nature and surrounding ecosystems. The principles of the Taskforce on Nature-related Financial Disclosures ("TNFD") have informed our approach to identifying and assessing nature-related issues, impacts and dependencies, supporting a structured understanding of nature-related risks and opportunities across our operations. The last review, which took place in 2024, identified biodiversity risks across 29 of our industrial sites. Three of our sites recorded a high physical risk score, while 18 scored at medium risk.

In line with ISO 14001, biodiversity-related matters are managed through our environmental management system. Risks are recorded in aspects and impacts registers, with mitigation measures integrated into change management processes, which include measures such as minimising land and water use, preventing harmful discharges, and implementing site-specific action plans.

All HSE teams receive dedicated training, and biodiversity is incorporated into multi-function audits to ensure mitigation measures are in place to maintain compliance. In addition, sites are required to provide information on any new or planned activities, including new processes, decommissioning or building extensions, confirming compliance with national planning laws and ecological permitting requirements, as well as alignment with the Biodiversity Policy and its 'no net loss' commitment.

Beyond compliance, our sites also take steps to support local biodiversity. Examples of initiatives across our sites in 2025 include an innovative water-saving and biodiversity-boosting project in the UK to create havens for pollinators and insects, the renewal of a park in Sweden with perennial flowers and shrubs to support pollinators and birdlife, large-scale tree planting at Sireh Park in Malaysia, and improved green spaces across our sites.



(1) WWF Biodiversity Risk tool, <https://riskfilter.org/biodiversity/home>

# Social impact

## STRATEGIC SOCIAL PRIORITIES AND TARGETS

Our sustainability strategy sets the direction for how we create meaningful social impact across the business. We place people, safety and responsible business practices at the heart of how we operate by supporting our workforce, strengthening supply chain standards and contributing to the communities where we operate. We invest in robust systems and processes to manage social risks, promote wellbeing and uphold human rights standards, continuously strengthening them in line with evolving expectations and best practice.

### Keeping our people safe

We place the health, safety and wellbeing of our people at the heart of our culture. Our Group-wide programmes emphasise accountability, prevention and continuous improvement, underpinned by rigorous health, safety and quality management systems. Ongoing initiatives throughout the business emphasise proactive risk management, visible leadership and continuous learning across all of our sites. Through transparent reporting, cross-site collaboration and regular engagement campaigns, we strive to ensure that every employee returns home safely each day. Our new Group-wide safety target is to achieve a Total Injury Rate of 3.0 per 1,000 FTE by the end of 2030.

### Investing in skills and development

Developing talent is essential to sustaining long-term competitiveness and innovation. Our ambition is to ensure that every eligible employee has an active personal development plan which is supported by ongoing training, skills development and career progression and is aligned with individual roles and the Group's business and sustainability priorities.

### Promoting inclusion, diversity and belonging

Building a diverse and inclusive workplace is fundamental to our culture. We are committed to achieving 40% female representation in senior management in line with the FTSE Women Leaders' Review, and 13% ethnic minority representation in the UK senior management by the end of 2027, in line with the Parker Review, supported by continued investment in inclusive culture and focus on increasing female leadership representation.



## Own workforce

Our people are at the heart of our business. We prioritise safety, invest in skills for the future, and foster a workplace where everyone feels they belong and can thrive.



### POLICIES

Our sustainability priorities include keeping our people safe, investing in skills and development, and promoting inclusion, diversity and belonging. By embedding these priorities within our culture and governance structures, we seek to build and sustain an engaged, skilled and motivated workforce. With a combined workforce of 13,844 employees (3,238 in the UK), we have a strong global presence across major markets in Europe, North America and Asia. Our workforce spans a diverse range of technical, operational and professional roles, driving innovation, operational excellence, and sustainable growth. Our organisational scale and reach bring both opportunities and responsibilities for our people, underpinning our commitment to create an inclusive and supportive environment for all, providing high-quality employment opportunities, and contributing to local economies.

We are committed to creating a safe and inclusive working environment that prioritises the health, safety, and wellbeing of our employees, values diversity in its broadest sense<sup>(1)</sup>, upholds fair and equitable working conditions, and empowers employees to grow, innovate and act with integrity.

These commitments are embedded within our Code of Ethics and the suite of Group compliance policies which together set clear standards of conduct for all employees, partners and contractors, and serve as a core governance framework reinforcing our sustainability principles. The Code of Ethics provides clear expectations as to how business should be conducted by our people and in conjunction with other Group compliance policies, promotes consistent practices across the Group in relation to a range of topics including ethical conduct, health and safety, human rights, and inclusion, diversity and belonging. It sets out principles for integrating ethical considerations into decision-making and sets out the consequences of non-compliance. The Code of Ethics is approved by the Board and was last updated in December 2025.

We maintain dedicated Group compliance policies and standards that support delivery of our commitments. These cover the entirety of the Group and are communicated through training and internal communications and implemented locally through site and business line processes. The policies include the Human Rights Policy, the Anti-Slavery and Human Trafficking Policy, the Diversity, Inclusion and Belonging Policy, the Board Diversity Policy and the Whistleblowing Policy.

Promoting inclusion, diversity and belonging, ensuring fair working conditions, prioritising employee wellbeing, investing in skills and development, and contributing to the communities in which we operate, are critical to our long-term sustainable success, and to delivering a positive impact across the areas in which we operate.

We believe that an inclusive culture is one of the foundations for long-term success. Fostering a diverse, inclusive and safe workplace is a priority, and we are committed to championing diversity in the broadest sense to build and sustain a high-calibre workforce.

Our Code of Ethics underscores the importance of inclusion and diversity and is supported by our Board of Directors Diversity Policy and our Group Diversity, Inclusion and Belonging Policy, both of which are reviewed and approved annually by the Nomination Committee. Our inclusion and diversity commitments keep us focused on progress and are embedded across our people processes, from candidate sourcing and recruitment to career progression and succession planning, always in line with local legal requirements. Our aim is to ensure that every employee has the opportunity to fulfil their potential and achieve their aspirations. If an employee feels there has been a breach of policy, or if they have any other concerns, they are able to report these matters to their line manager, HR or other specialist functions, such as the Legal function. Employees are also able to raise matters confidentially and if preferred, anonymously, through our whistleblowing platform.

In 2025, we launched a refreshed Diversity, Inclusion and Belonging Policy setting out our approach to driving an open, fair and respectful workplace. The policy sets out clear expectations for equal treatment, zero tolerance for discrimination or harassment (both sexual and non-sexual), and bullying, while also reinforcing our commitment to employee wellbeing and equal opportunities. This policy applies to all individuals working for, or on behalf of Melrose, with overall responsibility lying with the Chief Human Resources (“HR”) Officer. With our focus on driving long-term business success, the policy underpins our culture of belonging and the role of diversity in respectful alignment with regional context.

Regarding Health and Safety, we recognise both the challenges and the responsibilities inherent in our industry and remain steadfast in our commitment to ensuring the highest safety standards across all areas of our business, including employees, contractors and visitors.

(1) All inclusion, diversity and belonging initiatives and activities referenced throughout this report are applicable only within the scope of legally permitted jurisdictions.

We are committed to conducting business ethically, with integrity and transparency, and to maintaining effective systems and controls across the Group to prevent adverse human rights impacts. Our commitment to respecting human rights and ethical business conduct is reinforced through our Code of Ethics, which is approved by the Melrose Board. This is embedded further through our Human Rights Policy, which reflects the principles of the Universal Declaration of Human Rights.

We maintain a zero-tolerance approach to all forms of modern slavery and human trafficking, as set out in the Anti-Slavery and Human Trafficking Policy, and remain fully committed to integrating respect for human rights across our operations and supply chains.

→ **Our Code of Ethics and Group compliance policies are available at:**

[www.melroseplc.net/governance/documents-and-policies](http://www.melroseplc.net/governance/documents-and-policies)

## Engagement

Engaging with our employees in a meaningful way means ensuring fair and positive working conditions, supporting their professional development, and providing an inclusive and safe working environment. Regular consultations with employees are conducted to ensure that concerns are addressed constructively.

The annual all-employee EngageMe survey, conducted in partnership with Gallup, is our primary engagement measurement tool. Our engagement and internal communications efforts in 2025 resulted in a record 92% response rate (2024: 84%); the highest to date. Results are shared with the Board, the Executive Committee, Site Directors, HR teams and people leaders, and are further analysed at a team level. Action planning, year-round follow-through and the focus on persistent bottom-quartile teams have driven results and now brings the business into the top half of the Gallup database with improvements reported in the majority of the responses to the survey questions. Strengthening employee engagement to improve our understanding of their expectations remains an opportunity for further improvement.

In 2025, we introduced dedicated inclusion and wellbeing measures into the survey. These help to provide a clearer view of our people experience and help us track the impact of our actions. Our accountability target will continue to drive progress and reinforce shared responsibility for building an inclusive culture.

To strengthen follow-through, we continued to embed the Take Two initiative, which simplifies action planning and enables more effective team sessions based on the results of the EngageMe survey. Participation in the June 2025 Pulse survey, which is part of the Take Two initiative, reached 87% (2024: 76%) and the October Pulse survey reached a record breaking 91% (2024: 86%). Results showed measurable improvement this year, with the Accountability Index achieving the Group's highest recorded score. One-third of sites improved their accountability scores, although making progress on goals remains an area of focus.

Alongside surveys, a range of mechanisms support employee engagement. These include monthly 'All Hands' briefings, global employee recognition awards and structured daily tiered meetings across all sites to cascade priorities and escalate issues.

Engagement with employee representative bodies also remains a priority, and over half of our workforce (7,983 employees, 58%) are covered by collective bargaining and national agreements.

In recognition of our efforts in 2025, we have been recognised in the 2026 global Gallup Exceptional Workplace Award as one of the organisations with the most engaged and high-performing workplace cultures.

Participation in collective bargaining agreements and freedom of association are recognised as one of our employees' fundamental rights across the business. Workers are entitled to join, or form, trade unions of their own choosing and to bargain collectively where legally permissible within their jurisdiction. Employee representation groups are not discriminated against, and have access to carry out their representative functions in the workplace.

We are committed to safeguarding the contractual and statutory employment rights of our employees through the development of constructive relationships with employee representative bodies, including unions and works councils.

The Group operates a Workforce Advisory Panel ("WAP") which enables key views of the Group-wide workforce to be heard and considered at senior management level and fed into executive management decisions. The WAP is chaired by the Chief Human Resources Officer or equivalent, with other members comprising the Group General Counsel and Company Secretary, and members of the Group Company Secretariat and divisional Human Resource leadership teams. Each member of the WAP is in turn responsible for promoting workforce engagement, monitoring how the Company's culture is embedded within the Group, collating the voice of their workforce, and demonstrating how key workforce views are reflected in executive management decisions. They also ensure that outcomes are communicated back to employees so that the issues raised are addressed. The WAP meets at least twice per year, and an annual report is prepared by the Chair of the WAP for the Board which highlights workforce engagement, the implementation of Group culture and key views.

We operate a number of channels through which employees can raise reports or concerns. In particular, we have a multilingual whistleblowing platform, which is available 24/7, and allows employees to raise concerns confidentially and anonymously. Further details can be found on page 54.

## ACTIONS

### Health and safety

Over the past year, we continued to make meaningful progress in safeguarding our operations and protecting our workforce, in line with our commitment to continuous improvement of health and safety performance.

Our approach to wellbeing is equally comprehensive, extending beyond physical safety to mental health, social wellbeing and the upholding of human rights. This is complemented by a positive workplace culture that helps us attract, retain and nurture talented people.

In order to remedy negative impacts on the workforce, Health and Safety departments conduct investigations of all Major Near Misses and Major Accidents. These result in either a Lessons Learned or a Safety Alert issued to all divisions. If a Safety Alert is issued, the sites must address specific corrective actions (if applicable to the site). All Safety Alert corrective actions are tracked to completion by the divisional HSE Director. Site controls are verified through audits, leadership safety tours and follow-up action plans. Any incidents are investigated by business line directors and escalated to senior management, with corrective actions implemented as required. Safety alerts, lessons learned and good practices are shared across the organisation to promote learning and continuous improvement.

The safety of our contractors is as much of a priority as our employees. As such, all contractors complete site-specific training, with detailed focus on the types of hazards. The Golden Safety Rules are covered in detail in all training for contractors.

As part of our engagement with employees on health and safety, employees are offered several wellbeing programmes, such as Employee Assistance Programmes offering 24/7 confidential support, Mental health first aiders and 'Mental health as a Manager' training. Sites continued to strengthen health and safety through proactive, employee-led initiatives and continuous improvement programmes. Examples include Mexicali Metallica's 'high-impact' safety approach, with regular hazard-reduction actions and over 800 days without an LTA, alongside multiple Civil sites achieving multi-year LTA-free performance, including more than a decade at sites in Phoenix and Langfang. To reduce the risk of Hand-Arm Vibration Syndrome, our site in Trollhättan, Sweden, installed

preheating systems for compressed air lines and enhanced safety measures, including PPE usage and emergency preparedness. Sites have also implemented targeted measures such as enhanced PPE and ergonomics training, safety-focused daily meetings, emergency preparedness planning, mental-health support, and waste-reducing process improvements.

We also operate third-party audits over a three-year cycle which are supported by annual surveillance audits. Health and safety training is delivered locally, including annual Golden Safety Rule training, supported by role-based training programmes, with accountability for completion held at site level.

Together, these programmes demonstrate a strong safety culture focused on injury prevention, shared best practice and sustained operational discipline across the Group.

### Health and safety governance

Safety is embedded in our culture and management systems and underpinned by strong governance principles, clear policies and consistent controls across the Group. Continued investment in equipment, training and capability supports safe working practices, while a strong emphasis on incident prevention, near-miss reporting and hazard identification and awareness reinforces proactive risk management. Behaviour-based programmes and ongoing training and awareness campaigns remain central to strengthening safety performance.

Our Group safety management system operates across the business with local health and safety systems subject to regular audits and oversight by the senior management team. Site controls are verified through internal audits, leadership safety tours and follow-up action plans, while incidents are investigated by business line directors, escalated as appropriate and addressed through corrective actions. Safety alerts, lessons learned and good practices are shared across the organisation to promote learning and continuous improvement.

At each Board meeting, the Board receives regular updates on health and safety performance against KPIs and details on any material incidents. Escalation is supported through site scorecards, compliance reviews and weekly Safety and Corporate Compliance focus meetings with monthly validation by HSE directors and outcomes embedded within business reviews.

## Talent and career management

### Training and development

We are committed to supporting the professional growth and learning of our people. We take a proactive approach to anticipating both short- and long-term workforce needs and future skills, ensuring our employees remain at the forefront of innovation and best practice. Enhancing productivity is central to our performance strategy, underpinned by a strong focus on providing relevant training opportunities that are accessible and actively promoted across all career stages.

Training programmes begin with structured onboarding to support effective integration and understanding of our culture, strategy and objectives. Ongoing development opportunities are designed to strengthen workforce capability, progression and engagement, and employees are encouraged to take an active role in their career development through performance discussions and development planning.

### Leadership development and succession

Leadership development plays a key role in keeping our workforce engaged and innovative. Annual talent reviews help us identify individuals with the ambition and potential to take on more challenging roles, while building a diverse pipeline of successors for key leadership positions. These processes support organisational resilience and promote equal opportunity for career progression. We invest in managerial and leadership development programmes, such as our Future Leaders Development Programme, Set4Success, Maximising Leadership Potential development programme for direct line managers and leaders of projects, Leadership Development Programme, Leading for Organisational Impact, and our in-house training for senior employees.

### Access to training and participation

We offer a broad range of flexible training opportunities through online and in-person programmes to all employees and contingent workers. This includes full access to LinkedIn Learning, ensuring employees can engage with high quality, self directed content that supports their personal and professional development. Participation continued to grow as colleagues explored curated learning pathways and collections designed to build essential capabilities and strengthen our future-ready workforce. We also launched a new global mentoring platform, which opened to a pilot group at the end of 2025, creating additional opportunities for employees to connect, learn, and grow.

Across the business, the Group has supported employees in achieving professional qualifications, including National Vocational Qualifications, Masters, doctoral degrees, and other professional certifications. In 2025, three colleagues were also awarded the GKN Aerospace Technical Fellowship, joining a distinguished group of nine Fellows in recognition of outstanding technical expertise, leadership and innovation that help drive the business forward and inspire the next generation of engineers.

In 2025, we updated our global mandatory training programme to deliver a more engaging learning experience, with shorter, more efficient modules and real-world scenarios that employees can easily relate to, without compromising on the quality or importance of the content. All employees, including part-time employees and contractors, who meet the assignment profile criteria, are required to complete this training programme.

### Operational excellence and capability building

In 2025, we expanded the roll-out of our 'Brilliant Basics' lean operating model and its three core elements of: Daily Management Systems; Delivering Breakthrough Initiatives; and Problem Solving, which aim to provide a clear structure for all teams and maximise the impact of lean practices. Existing lean knowledge and tools support this approach with success depending on consistent leadership behaviours and leading by example. We have rolled out 235 internal workshops, reaching over 2,000 employees, centred on key topics such as productivity, inventory, and enterprise projects, cascading the model across relevant functions, ensuring full business engagement. To date, over 80% of the events that have taken place, have already delivered on their expected outcomes with the remainder soon to follow. The approach is picking up speed and is now part of the way we drive accelerated business impact across the Group, striving for excellence in everything we do.

### Skills development

The Global Skills Fund continued to provide high-quality training opportunities across all functions and locations within the Group. In line with our commitment to investing in new skills and strengthening collaborative ways of working, we continued our efforts by supporting the development of the Procurement Academy. We deliver training across a range of emerging and critical technologies, including high-performance battery systems, model-based systems engineering to enhance aircraft and systems design, certification processes for parts, process simulation techniques for additively manufactured components, variation analysis on parts and assemblies, and power conversion systems. These initiatives ensure the optimal development of functional and complex systems. With the rapid rise in the use of Artificial Intelligence ("AI"), we identified and delivered a comprehensive AI training programme covering multiple aspects of generative AI, including model development, testing, and deployment. The programme further expanded knowledge of the critical infrastructure requirements necessary for successful AI implementation across the Group.

### Apprenticeships, graduate and skills programmes

Apprenticeship and graduate programmes play a central role in developing the next generation of talent and ensuring that critical knowledge and expertise are retained within the business. Through our Apprentice School, approximately 30 students qualify each year, completing the programme as certified operators ready to enter the workforce.

In 2025, an additional 191 apprentices joined the business, resulting in a total of 294 active apprentices across the business (2024: 272), offering participants a combination of on-the-job learning and classroom-based training. This programme combines practical on-the-job experience with structured classroom-based learning, supporting the development of technical capabilities across our operations.



Our Global Graduate Programme is designed to develop and grow high-potential individuals, and to accelerate their progression into more advanced roles within the business over a two-year period. Graduates form an important part of our leadership succession plans and represent the future talent of the Group. In 2025, 33 graduates joined the programme (2024: 25), bringing the total number of graduates currently working within the organisation to 70. Upon successful completion of the programme, participants progress into specialist or leadership roles across the business. The programme aims to create a continuous pipeline of future talent, delivering immediate value through placements and assignments, while also supporting long-term retention and the development of a cohort of skilled ambassadors for the business.

Alongside these initiatives, we also operate a range of internship and cooperative education programmes, giving students the opportunity to complement their studies with paid work placements. These programmes provide valuable industry experience, broaden skillsets and strengthen our pipeline of diverse, skilled recruits.

## Reward and recognition

In our collaborative business model, operational business leaders are empowered and accountable for setting the tone for their teams, supporting a culture of respect, performance and responsible workforce management. Our focus on retaining and recruiting talent and ensuring employees are paid fairly for their work is part of our approach to managing workforce-related risks. We benchmark pay rates in local markets where practical to promote equitable remuneration aligned with local labour conditions.

Our approach to recruitment, talent development and succession planning is underpinned by robust policies and protocols, structured training programmes and effective management practices. These ensure that employees have access to meaningful opportunities to progress their careers and develop their skills.

We are committed to paying a living wage across the Group. All employees receive at least a living wage or locally applicable market-equivalent rate, aligned with regional employment standards. In the UK, we pay all employees at least the national living wage, with apprentices, interns and year-in-industry students paid in line with statutory minimum wage requirements for their age group. All UK employees are offered the opportunity to work at least 15 hours per week. In other jurisdictions, employees receive at least a living wage or a locally applicable market-equivalent rate in line with regional employment standards.

Performance evaluations are conducted across the business, subject to local legal requirements and agreements with employee representative bodies.

Various employee assistance plans, programmes, benefits and allowances are also in place to support employees in managing the increased cost of living. These include access to counselling support, mental health and wellbeing resources, and guidance on legal and financial matters, helping to safeguard employee wellbeing and mitigate workforce-related risks linked to financial stress.

We actively promote internal mobility, encouraging employees to apply for open positions across the Group.

To ensure fairness and consistency, annual salary reviews are aligned with performance evaluations where applicable. This approach supports our commitment to pay employees equitably and appropriately for the roles they hold.

The majority of our employees were covered by a pension plan across all geographies in line with the local regulations in 2025, and benefit from a variable performance-based incentive in line with local plans.

We also use a range of approaches to acknowledge and reward employees for their contributions to the business and to reinforce positive behaviours aligned with our values. For example, the annual Excellence Awards, which is open to all employees, received over 170 entries in 2025, each involving multiple team members, showcasing work across the business and within local communities (2024: 200). Award categories included Living the Culture Principles, Health and Safety, Quality and Sustainability.



Recognition also takes place at site level, supporting employee engagement and a sense of belonging. Sites hold annual employee recognition events celebrating colleagues who have contributed to business success and those reaching long-service milestones. Together, these practices form part of our broader approach to fostering an engaged, fairly rewarded and motivated workforce.

## Inclusion, diversity and belonging<sup>(1)</sup>

Our work on inclusion, diversity and belonging reflects our local contexts and regulatory environments, and is adapted to the specific needs and circumstances of our global workforce. We recognise that colleagues may face different challenges and, in line with local laws, some may require additional support to ensure their voices are heard and their ideas are put into practice. To help address this, we have Employee Resource Groups ("ERGs"), which are open to all employees, where legally permissible, and provide support, networking and collaboration opportunities across six focus areas: Connected Women, Future GKN, LGBTQIA+, African Black Caribbean Professionals, Mastering Neurodiverse Strengths, and Veterans and Reservists. Our ERGs bring employees together, helping them to share experiences, raise awareness of challenges, and contribute ideas that strengthen inclusion and belonging across the organisation.

(1) All inclusion, diversity, and belonging initiatives and activities referenced throughout this report are applicable only within the scope of legally permitted jurisdictions.

We also offer a robust inclusion, diversity and belonging learning curriculum, combining formal learning and communication to create the foundations for sustainable change. Our e-learning library continues to evolve, with new modules on a variety of inclusion, diversity and belonging topics, such as Approaching Mental Health as a Manager, Minding Your Assumptions, and Suicide Prevention Day, all designed to challenge bias and discrimination while enhancing the employee experience. In 2025, we delivered a variety of events and campaigns, including in support of 'World Mental Health Day', 'Disability Pride Month', and 'Spring Festival'. We also worked on localising content, ensuring relevance and improving accessibility of learning materials, as well as embedding lived experiences through employee communication and panel discussions, amplifying diverse voices and perspectives across the organisation.

We have also continued to strengthen accessibility and wellbeing across the employee experience. As a Disability Confident Level 1 employer, we launched a Workplace Adjustments Policy in 2025 to support colleagues with disabilities, neurodivergence, mental health needs or temporary conditions, alongside improvements to the accessibility of learning materials. Our holistic wellbeing approach spans mental, physical, financial, social and career wellbeing, recognising the close link between inclusion, psychological safety and performance. We expanded manager guidance, mental health support resources, and employee wellbeing initiatives, including awareness campaigns, Employee Assistance Programmes and flexible working options. Through our "Development for All" approach and local wellbeing activities, we aim to create a workplace where people feel supported, able to be themselves and equipped to do their best work.

To ensure we continually assess the support we are providing to our employees, we have initiated an Inclusion, Diversity and Belonging Strategy. This includes mapping our organisational readiness and creating an Inclusion Action Plan that aims to progress good intention into sustainable actions. There are initiatives across the Group to recruit diverse talent in line with local laws, such as but not limited to, diverse candidate short lists and diverse interview panels.

We recognise that supporting work-life balance and family responsibilities is essential to the wellbeing of our people and to the long-term strength of our business. Across the Group, we provide flexible working practices and family-related benefits that reflect local legislation while promoting fairness across our global workforce.

All employees are provided with statutory maternal, paternity and paternal leave in line with the laws of the countries in which we operate. In several locations, benefits exceed statutory requirements through enhanced provisions, for example, paid paternity leave in Sweden and a range of family-oriented policies in the UK covering adoption, fertility treatment and neonatal care. We also recognise that people may need time away from work for reasons beyond statutory leave. Career breaks, whether for study, caring responsibilities or other personal circumstances, can be considered on an individual basis. While each site retains its own policies to reflect local legislation, union or works council agreements, and community expectations, our overall approach ensures that colleagues across the organisation are supported through key life events in a way that is consistent, fair and aligned with our values.

## Human rights, modern slavery and human trafficking

### Human rights

We implement proportionate measures to identify, assess, mitigate and prevent potential labour and human rights abuses across our operations and supply chains. These measures include an Anti-Slavery and Human Trafficking Policy and employee training. We are also committed to adopting grievance mechanisms for employees to raise concerns. All policies and protocols are reviewed locally within each business line or site to ensure, at a minimum, compliance with local laws and regulations. We are committed to investigating, addressing and giving remedy to human rights violations that we have caused or contributed to.

## Modern slavery and human trafficking

Our approach ensures that senior managers, closest to day-to-day operations, are responsible for designing and implementing effective measures to prevent slavery and trafficking within our operations and supply chains.

We deliver employee training on anti-slavery and human trafficking, providing employees with the knowledge to assess and manage the associated risks and to take appropriate action should they suspect modern slavery within the business or our supply chain.

In line with the UK Modern Slavery Act 2015, Melrose and GKN Aerospace published a joint Modern Slavery Statement, approved by the Melrose Board, and available on our website.

### → Joint Modern Slavery Statement

[www.melroseplc.net/media/j03p5mmb/modern-slavery-statement.pdf](http://www.melroseplc.net/media/j03p5mmb/modern-slavery-statement.pdf)

Following the updated UK Government's modern slavery guidance issued in 2025, we continue to mature our human rights due diligence processes in alignment with this guidance, the UN Guiding Principles for Business and Human Rights and other internationally recognised standards.



## METRICS AND TARGETS

### Metrics

#### Group employees as at 31 December 2025

	2025	2024	2025 %
Permanent employees of which:	13,156	13,032	95
Full-time employees	12,459	12,291	
Part-time employees	697	741	
Temporary employees	347	396	3
Apprentices	294	272	2
Intern/Co-op	47	37	0
Total	13,844	13,737	100

As of 31 December 2025, Melrose had 2,143 agency workers (2024: 1,962).

We have collective bargaining agreements in all operational sites in the UK, the Netherlands, Sweden, Germany, Canada, Turkey and Norway. There are also agreements in place at some of our USA sites, with 7,983 (2024: 8,107) employees covered by either a collective bargaining unit, a national collective agreement or a union agreement.

In 2025, 10,402 (75%) (2024: 10,303 (75%)) eligible employees received a performance appraisal with remaining evaluations ongoing at the time of reporting.

During 2025, 47 (2024: 76) cases were reported through our Group-wide whistleblowing platform.

In 2025, 361(21%) (2024: 293(17%)) of open positions were filled by internal candidates, reflecting the strength of our internal talent pipeline.

#### Overall voluntary attrition in 2025 was

# 7.2%

(2024: 7.8%)

### Health and safety

The ISO 45001:2018 certification for occupational health and safety helps us track compliance with global standards. Most of our manufacturing sites are expected to achieve or be actively working towards obtaining the certification. As at 31 December 2025, 29 sites (62% of all sites) (2024: 29 sites, 63%), were certified to the ISO 45001 international standard with further sites progressing towards certification.

Total Injury Rate<sup>(1,2)</sup> tracks the total number of recordable injuries, which includes Lost Time Accidents, Major Incidents and Medically Treated Injuries over a rolling 12-month period, relative to the average full-time equivalent headcount.

#### 2025 TIR

# 4.16

(2024: 6.15)

#### Major Accident Frequency Rate records the average number of LTAs that have resulted in more than three days off work (defined as 'major' accidents), per 200,000 hours worked

	2025	2024
Employees	0.019	0
Total (including contractors)	0.019	0

In 2025, we achieved our target of an LTA Frequency Rate<sup>(3)</sup> below 0.1.

#### LTA Frequency Rate records the average number of LTAs, both major and minor, per 200,000 hours worked

	2025	2024
Employees	0.019	0.006
Total (including contractors)	0.019	0.012

#### Fatality Rate

	2025	2024
per 100,000 employees	0	0
for Group employees and contractors	0	0

#### Accident Severity Rate records the average number of days an employee takes off work following an accident at work

	2025	2024
Employees	68.6	2
Total (including contractors)	68.6	1

(1) The TIR health and safety ("H&S") metric excludes data relating to contractors, and for the purposes of this report the definition of employees includes the following categories of employment: "Regular", "Temporary", "Apprentice", and "Intern/Co-op", and excludes "Agency" workers.

(2) All data across the above KPIs, including the H&S KPI, has been restated to only include Melrose and GKN Aerospace performance and excludes data relating to sites that have been sold. The 2023 and 2024 metrics have been restated to exclude data relating to sites sold.

(3) A Lost Time Accident ("LTA") is a work-related incident that results in an injury or illness that prevents an employee from performing their normal duties for at least one day (or shift) beyond the day the incident occurred.

## Diversity and inclusion<sup>(1)</sup>

### Senior management diversity

A key area of focus is increasing the representation of women and individuals from ethnic minority backgrounds in senior management roles.

We note that the FTSE Women Leaders Review set a target for FTSE 350 companies to achieve 40% female representation in senior management by 2025. As at 31 December 2025, Melrose had 36% female representation at a senior management level, which represented an increase on the prior year (2024: 35%). We recognise though that Melrose has not met the FTSE Women Leaders Review target. Both the Board and the Nomination Committee remain committed to achieving 40% female representation.

We further note that in line with the expectations of the Parker Review, Melrose set a target in 2024 to achieve 13% ethnic minority representation within its UK-based senior management population by the end of 2027. The Group currently has 6% ethnic minority representation within this group, which represents a decrease on the prior year (2024: 8%). On the basis that the UK-based senior management population is small, any departures can have a notable impact on the percentages. The Nomination Committee has tasked senior management with reviewing the roadmap for achieving this target.

## Diversity overview

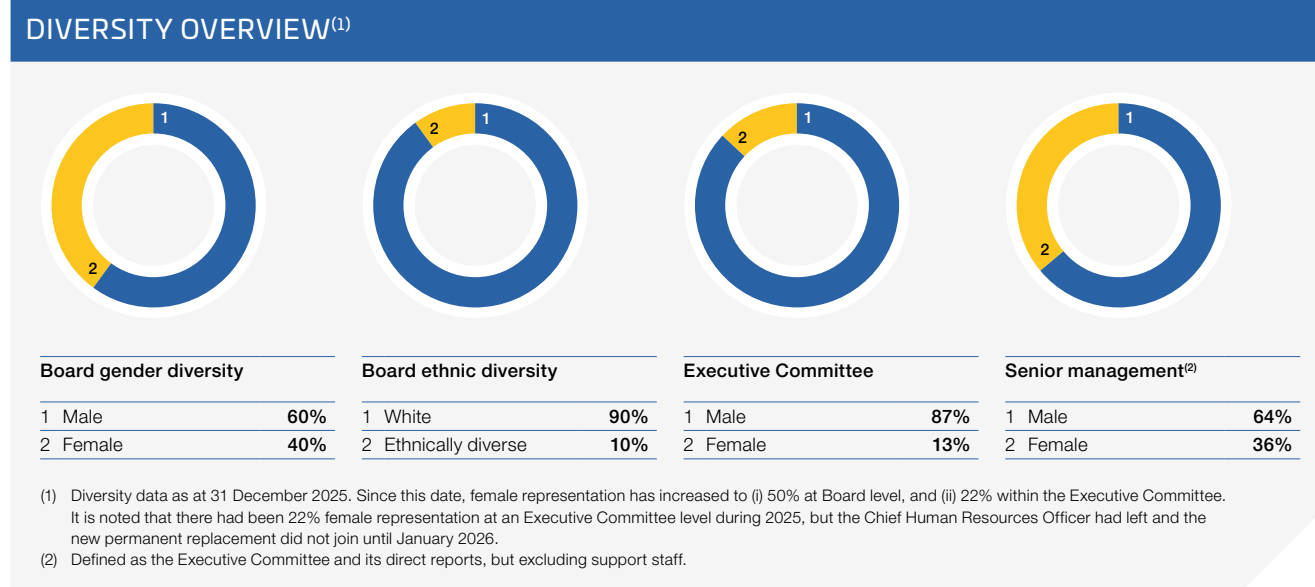
### Group permanent employee gender diversity at 31 December 2025

	Male	Female	Not specified	Total	Male (%)	Female (%)
Group permanent employees	9,536	3,535	85	<b>13,156</b>	72%	27%

As a signatory of the Women in Aerospace and Aviation Charter, we remain committed to strengthening the pipeline of female leaders across the organisation. We continue to focus on sustaining and accelerating this progress.

### Board diversity

The Board, with support from the Nomination Committee, has made significant progress in improving Board diversity over the past year. As at 31 December 2025, the Board consisted of 40% female representation (2024: 33%), which has since increased to 50% female representation following David Lis stepping down from, and Mary Petryszyn being appointed to, the Board. Furthermore, with the appointment of Alison Goligher to the role of Senior Independent Director in October 2025, Melrose now has female representation within a senior Board position. Melrose therefore meets the expectations of the FTSE Women Leaders Review, as well as the targets set out in the Financial Conduct Authority's Listing Rules (the "Listing Rules"), in relation to gender diversity at Board level. In addition, Melrose also continues to meet the expectations of the Parker Review, as well as the target set out in the Listing Rules, of having one director from an ethnic minority background.



(1) All Inclusion, Diversity and Belonging initiatives and activities referenced throughout this report are applicable only within the scope of legally permitted jurisdictions.

## Gender pay gap reporting

The gender pay gap indicates the percentage difference in the mean and median base and bonus pay between all employees in the workforce. GKN Aerospace Services Limited is the only entity within the Group to which the gender pay gap reporting legislation is applicable. In 2025, the Group saw its median gender pay gap increase to 6.4% (2024: 5.6%), which remains below the UK's national average median gender pay gap of 6.9% (2024: 7%).

## Training and development

In 2025 there were 13,641 (85%) employees<sup>(1)</sup>, including part-time employees, who received training during the year.

	2025	2024
Average training time per employee (hours)	28	39
Average training spend per employee (£)	394	418
Total number of training hours	449,414	531,624
Total annual spend on workforce training (£)	6,300,000	5,721,000

## Human rights

There have been no violations of human rights in 2025 or in the previous two years.

## Targets

We continue to prioritise health and safety improvements throughout the organisation, reflecting our ambition to eliminate accidents through proactive risk identification, strong safety behaviours and hazard awareness. To strengthen our control and oversight of safety performance, in 2025, we introduced a new Group-level safety target of a TIR at 3.0 (or below) per 1,000 FTE by the end of 2030. This measure strengthens our focus on proactive risk management by capturing all recordable injuries which include 'Lost Time Accidents' and 'Medically Treated Injuries' which do not result in lost time. This provides a more comprehensive view of safety performance and allows the business to identify emerging patterns and trends, where additional focus may be required to mitigate safety incidents occurring, supporting early intervention and targeted proactive controls to mitigate foreseeable risks and injuries. By incorporating a broader range of incident types, TIR provides a more comprehensive and sensitive indicator of health and safety performance and is not isolated to 'one-off' events. This new target supports our long-term zero harm ambition by strengthening how we measure, monitor and manage safety risks and drive consistent performance.

# 40%

female representation within senior management<sup>(2)</sup> in line with the expectations of the FTSE Women Leaders' Review.

# 13%

ethnic minority representation within the UK-based senior management team by the end of 2027 in accordance with the expectations of the Parker Review.



(1) For reporting purposes, the denominator for all training metrics comprises the total employee and agency workforce. Training is offered to both employees and agency staff, where appropriate, with no distinction made between the two groups.

(2) Senior management is defined as Executive Committee and its direct reports, excluding support staff.

## Workers in the value chain

We operate responsibly and sustainably across our supply chains and look to manage risks from the outset by only working with trusted and verified suppliers. Sustainability requirements are clearly communicated to all suppliers through our Supply Chain Policy which is approved by the Board of Directors having overall responsibility.

### POLICIES

This policy, together with other relevant Group policies and our Supplier Code of Conduct form an integral and mandatory part of the General Purchasing Conditions, which is reflected in contractual agreements, where relevant.

Our suppliers are required to work in alignment with the Supplier Code of Conduct, which outlines our expectations to all suppliers to conduct ethical business practices, including on anti-bribery and anti-corruption. It serves as a foundational document to ensure that all our suppliers and sub-suppliers uphold the standards we require in human rights and corporate integrity. Suppliers are also expected to operate in accordance with applicable laws and recognised international standards on business ethics, including the prevention of bribery, corruption, fraud and other forms of improper conduct. Our Supplier Code of Conduct encourages suppliers to 'speak up' if they see or suspect any wrongdoing in their operations.

We maintain a zero-tolerance approach to all forms of modern slavery and human trafficking, as set out in the Anti-Slavery and Human Trafficking Policy. We expect all suppliers to meet our stated standards of conduct by providing safe and fair working conditions in a diverse and inclusive environment, upholding equality of opportunity and non-discrimination, treating their staff fairly and equally. Our culture of ethics is underpinned by the Human Rights Policy, which reflects the principles of the Universal Declaration of Human Rights. These commitments are reinforced through our Code of Ethics, approved by the Board in December 2025, which sets our expectations for suppliers. These include having practices in place that prohibit the recruitment of child labour and use of forced, bonded, or trafficked labour. We expect our suppliers to respect

all labour and human rights through their value chains including, at a minimum, those expressed in these documents. We are committed to working with suppliers to address adverse human rights impacts and expect suppliers to take appropriate steps to remedy any identified issues. Suppliers are also expected to comply with applicable wage laws, meet or exceed the minimum or prevailing industry standards, prevent excessive working hours, and maintain appropriate health and safety standards in the workplace. We require suppliers to maintain effective systems and controls to prevent modern slavery and human trafficking within their operations and supply chains.

#### → Supply Chain Policy

[www.melroseplc.net/governance/documents-and-policies](http://www.melroseplc.net/governance/documents-and-policies)

### Conflict minerals

In line with the Conflict Minerals Policy, we maintain strict procedures for sourcing products and raw materials containing tin, tungsten, tantalum and gold ("3TG") minerals. Our approach is designed to ensure that in accordance with legal requirements and customer expectations, these minerals are responsibly sourced from conflict-free locations.

#### → Conflict Minerals Policy

[www.melroseplc.net/governance/documents-and-policies](http://www.melroseplc.net/governance/documents-and-policies)

### ENGAGEMENT

We engage with suppliers as key intermediaries to understand and manage social and labour-related impacts, risks and opportunities related to workers in the value chain. Our supplier portal is used as a central tool for collaboration and compliance to further enhance due diligence and transparency of suppliers' practices and flag potential risks.

Engagement is undertaken through a combination of methods, including the portal, targeted supplier discussions and surveys with insights informing the prioritisation of suppliers, improving visibility of risks and supporting internal training.

As the portal continues to be embedded through business functions and sites to monitor key social impact areas, including human rights, child labour and modern slavery, we are continuously advancing more in-depth identification of risks and impacts.

### ACTIONS

Building on the engagement described above, we use insights from supplier surveys, targeted discussions and the portal to manage impacts and risks through structured due diligence, risk assessments and continuous improvement or corrective action processes. Suppliers are regularly assessed on compliance with our Supplier Code of Conduct among other sustainability topics and compliance areas, such as the Conflict Minerals (Dodd-Frank Act Section 1502) and REACH. In 2025 there were 1,352 suppliers assessed for compliance with the Supplier Code of Conduct.

During 2025, the Group Sustainability function worked with the HR, Legal and Procurement functions to consider modern slavery risks and mitigation and control actions within the Group and our supply chain in order to enhance our understanding of modern slavery risks and develop improvement actions and areas of focus.

Additional due diligence and risk assessments are undertaken as appropriate. Where issues are identified, suppliers are expected to take steps to remedy adverse impacts. Our standard corrective action procedures are in place to address any non-conformance with our standards or policies, including issues related to human rights and labour practices. Where practical, non-compliance is addressed through capacity building utilising educational materials available through our supplier collaboration and compliance portal. We may reconsider our relationship with suppliers that do not meet our human rights expectations, with disengagement taken when appropriate.

Grievance and whistleblowing mechanisms are available to suppliers and workers in the value chain, enabling concerns to be raised confidentially. We assess the effectiveness of these mechanisms by centrally tracking cases, reporting trends to senior leadership and the Audit Committee, escalating priority issues promptly, and following up with suppliers in accordance with contractual obligations, applicable legislation, and our Supplier Code of Conduct.



We implement employee training with respect to anti-slavery and human trafficking to ensure employees understand the risks and are prepared to take action if modern slavery is suspected internally or within the supply chain. Procurement teams receive regular training on the contents of our Supplier Code of Conduct.

In parallel with building our supply chain engagements, during 2025 the members of the Legal function engaged directly with the Independent Anti-Slavery Commissioner's ("IASC") Office. This engagement focused on sharing perspectives on human rights due diligence and forced labour regulation, including the policy and legislative changes required to better protect workers, provide greater clarity for businesses seeking to eliminate forced labour from their value chains and do the right thing, and support economic growth free from exploitation. Our engagement contributed to the IASC's draft Forced Labour and Human Rights Bill, released in December 2025, which provides a blueprint for updated forced labour and human rights legislation in the UK.

The IASC's Strengthening the UK's Forced Labour and Human Rights Legislative Framework paper sets out the proposed policy and draft legislative changes for the UK Government to consider adopting in the next King's Speech, aimed at strengthening protections for victims of forced labour and modern slavery.

## Conflict Minerals

We have a structured process to work with suppliers in maintaining conflict-free supply chains. Risk assessments are conducted to identify potential exposure to conflict-affected or high-risk areas, while educational resources and guidance on conflict minerals compliance are made available to suppliers through the supplier collaboration and compliance portal. Conflict mineral supplier assessments are conducted using the compliance portal, tracking supplier responses by site. Suppliers are then categorised using a high, medium and low risk heatmap for further follow-up.

Suppliers are required to conduct due diligence to confirm that any 3TG minerals in their products are conflict-free and to complete the Responsible Minerals Initiative Conflict Minerals Reporting Template. We review and assess these submissions to evaluate the quality of responses and identify any smelter-related risks. Structured questionnaires are issued through the portal to gather detailed information on supplier sourcing practices and due diligence procedures. We require suppliers to adhere to conflict minerals laws and to have their own policies and procedures in place to ensure compliance by their employees and sub-tier supply chains.

Each business line has its own raw material strategy to manage sourcing risks and promote responsible resource use. Conflict minerals training is provided to employees in roles where this knowledge is required, ensuring appropriate awareness of procedures and reinforcing accountability.

## Affected communities

We believe our responsibilities extend beyond our business operations. Supporting the communities in which we operate is an integral part of our corporate ethos.

### COMMUNITY IMPACT

We continue to invest in local initiatives through volunteering, donations and sponsorships, helping to create positive and lasting impacts in the communities we serve.

In 2025, we contributed £229,000 (2024: £222,000) to charitable and community causes worldwide. This included £172,380 (2024: £161,000) in community investments, sponsorships and employee volunteering; and £56,620 (2024: £61,000) in direct cash donations to non-profit organisations. Community investment is managed at site level, and all initiatives are required to comply with our Anti-Bribery and Corruption Policy.



## Consumers and end users

We are committed to ensuring the highest standards of product quality, reliability and in-flight safety, recognising our responsibility to protect the safety and wellbeing of end users.

### POLICIES

Robust design and development processes and continuous improvements are fundamental to delivering products that meet customer specifications. These are also used to embed quality, safety and environmental performance improvements across the product life cycle. With these processes, we seek to not only achieve compliance but also to enhance in-service performance, safety outcomes and environmental efficiency.

Suppliers in scope are expected to implement a quality management system similar to ISO 9001, AS 9100 or equivalent, to meet the quality standards through quality assurance processes and defect prevention.

### ACTIONS

The Group assesses risks associated with product quality, reliability and safety across the product lifecycle, recognising its responsibility to protect the safety of end users of its products. Every site maintains active plans and targets to minimise risks of non-conformance and reduce the cost of poor quality. We embed effective controls, follow industry safety and quality assurance standards, and apply crisis management procedures and processes including potential recall programmes where required. Oversight of product and service safety is assigned to defined senior management roles within our engineering, quality and safety functions, ensuring clear accountability for policy implementation and performance monitoring.

Site-level quality and safety controls are supported by structured reporting and investigation processes, enabling the identification of root causes, sharing of lessons learned and implementation of corrective and preventive actions. Safety and quality performance are monitored through defined KPIs and reviewed through operational and governance forums to ensure sustained focus on protecting end users and maintaining trust in our products.

We take a preventative approach to product responsibility through instilling effective controls and processes around social factors such as safety and quality assurance, including crisis management procedures and processes including, but not limited to, potential recall programmes. All raw material is certified based on specific qualification requirements described in the specification of the material and produced at a qualified source. Regular tests are performed at an approved laboratory certified to end customers' requirements.

Certification audits are conducted annually by independent bodies, with full recertification every three years. Several entities hold further approvals including, the European Union Aviation Safety Agency ("EASA"), the Federal Aviation Administration ("FAA") and the European Military Airworthiness Authorities Forum ("EMAR") covering design, production and repair. In 2025, we enhanced our Group safety management system to strengthen product safety, reinforce safety risk controls for flight-critical components, and continued to embed a proactive safety culture across the organisation. This included aligning organisational practices with EU and UK regulatory requirements in design, production and maintenance EASA Part 21 and Part 145.

Quality assurance is supported through active supplier engagement across the value chain. This includes ongoing collaboration with suppliers, targeted training on quality assurance requirements, and regular quality reviews and audits to verify compliance with internal standards and support improvements where needed to ensure materials and components meet required specifications and regulatory standards.

The Group continues to focus on its supply chain by investing in equipment and capacity within its existing facilities, identifying dual source suppliers and investing in alternative materials and production methods.

We require suppliers across Tier 1, Tier 2 and Tier 3 to meet defined certification and quality criteria, including recognised industry accreditations where applicable. The alignment of direct suppliers to international social standards is monitored through a combination of structured surveys and policy acceptance tracking which is supported by the GKN Aerospace Collaboration and Compliance Portal. Tier 2 suppliers are typically certified to Nadcap or equivalent recognised certifying bodies, with audit status and results accessible through the OASIS database. In addition, all raw materials are required to be certified and sourced from approved laboratory sites, providing assurance over material integrity and traceability.

Our approach emphasises prevention, learning and continuous improvement. Through enhancements to our Safety Management System ("SMS") in 2025, we strengthened safety risk identification and management processes for flight-critical components and reinforced a proactive safety culture across the organisation.

Through these measures, we aim to deliver products that not only meet stringent regulatory and customer requirements, but also contribute to safer, more reliable and more sustainable aviation systems for the communities and passengers who ultimately depend on them.

Training is a core element of our approach to product safety and quality, embedded within our SMS through defined personnel competency requirements. In 2025, we rolled out SMS awareness e-learning modules to all employees to support the knowledge and skills needed for compliant safety management.

### METRICS

A new quality training module was developed and assigned to all employees (13,844, 100%) as a mandatory requirement at the end of 2025, with updates as required. The 20-minute scenario-based e-Learning module focuses on embedding a culture of quality and compliance across the Group. Through immersive scenarios, employees face real-world challenges that highlight the importance of following procedures, maintaining integrity, and speaking up about risks. The training reflects the 10 Quality Matters Global Standards and helps employees apply these standards in daily tasks. As of the date of publishing this report, a total of 9,755 (70.5%) have completed the training.

Most of our manufacturing sites are expected to achieve or be actively working towards certification to the quality management standard of ISO 9001:2015, or EN/AS9100. In 2025, 98% of the Group's product portfolio by revenue (2024: 97%) was certified.

# Governance

## STRATEGIC GOVERNANCE PRIORITY

### Keeping our business safe

Strong governance is the foundation of a resilient and trusted business. Safeguarding our people, assets and information is integral to how we operate, underpinned by clear standards, robust controls and a culture of accountability.



## Business conduct

The Group implements its business conduct commitments through a coordinated programme of governance, compliance and risk management activities designed to embed ethical standards into day-to-day decision-making.



### POLICIES

#### Code of Ethics and Compliance Policies

Our strategy and values are underpinned by a resilient governance framework, a strong commitment to business ethics, and a culture of integrity. This framework is supported by effective financial and non-financial controls that are continually assessed, tested and reviewed. It supports our public disclosure and financial reporting requirements as well as independent external audits and the expectations for public accountability set by the UK Corporate Governance Code. It also enables regular engagement with shareholders, proxy advisors and wider stakeholders, to ensure that the Group's governance practices reflect evolving expectations.

Our Code of Ethics and suite of Group compliance policies set clear standards of conduct for all employees, partners and contractors. The Code of Ethics covers areas including anti-bribery and corruption, anti-money laundering, anti-fraud measures, prevention of tax evasion, competition law, trade compliance, conflict minerals, treasury and financial controls, data privacy, document retention, joint ventures, whistleblowing, inclusion, diversity and belonging, human rights, anti-slavery and human trafficking, supply chain management, biodiversity, water stewardship and environmental responsibility. Directors, officers, employees, and contractors, whether they are part of our permanent or temporary workforce, are obligated to uphold the highest standards of conduct. Our Group compliance policies are reviewed regularly to ensure that they reflect good practice and are aligned with the Group's core principles.

The Code of Ethics and associated Group compliance policies are approved by the Board and implemented across the divisions. Their implementation is supported by risk assessments, Group-wide audits and annual reviews and compliance certifications, whistleblowing and other reporting mechanisms, delegated authorities, senior management engagement and management oversight, as well as the implementation of the Supplier Code of Conduct. Implementation, enforcement, and compliance are backed by investment, resources and appropriate employee training on ethical standards. Implementation, monitoring and enforcement of ethical standards are managed through the relevant subject-matter policies and governance processes across the business. Responsibility for oversight sits with the functions that manage

these topics, including Legal, Compliance, HR, Procurement and operational management, which maintain procedures, training and controls designed to support compliance with the Code of Ethics and applicable laws. These processes include policy implementation, internal controls, due diligence and periodic reviews tailored to the specific risk areas covered by the Code of Ethics.

#### → Code of Ethics and Compliance Policies

[www.melroseplc.net/governance/documents-and-policies](http://www.melroseplc.net/governance/documents-and-policies)

#### Anti-bribery and corruption

We take a zero-tolerance approach to bribery, corruption and other unethical practices, and are committed to acting professionally, fairly and with integrity in all business dealings and relationships.

Our Anti-Bribery and Corruption Policy applies across all of the jurisdictions within which we operate and is supported by regular training and compliance monitoring.

#### → Anti-Bribery and Corruption Policy

[www.melroseplc.net/governance/documents-and-policies/](http://www.melroseplc.net/governance/documents-and-policies/)

Although the policy prohibits party political donations, it does recognise that from time to time, business representatives within our Group may engage in policy debate and advocacy activities on subjects of legitimate concern to the aerospace and defence sector and key stakeholders, including their staff and the communities in which they operate.

#### Whistleblowing

Our Whistleblowing Policy sets out the principles, scope and governance of our speak-up framework, including protections against retaliation, confidentiality safeguards, and clear procedures for reporting, handling and investigating concerns.

The Policy applies to employees and, where relevant, third parties, and is designed to ensure that concerns are raised and addressed in a timely, fair and consistent manner, in line with applicable legal and regulatory requirements.

#### → Whistleblowing Policy

[www.melroseplc.net/governance/documents-and-policies/](http://www.melroseplc.net/governance/documents-and-policies/)

## Responsible tax

We are committed to paying tax responsibly, complying fully with applicable laws and engaging transparently with tax authorities. The Group does not engage in aggressive tax planning.

The Group does not operate in countries considered as partially compliant or non-compliant according to the Organisation for Economic Co-operation and Development (“OECD”) Transparency and Exchange of Information on Request (“EOIR”) compliance ratings as at 21 January 2026, or in any countries included on the EU list of non-cooperative jurisdictions for tax purposes, per the list released as at 17 February 2026.

→ **OECD tax transparency report**  
[www.oecd.org](http://www.oecd.org)

## Information security and data privacy

We place a high priority on privacy and information security, striving to minimise the collection of personal data, ensure secure storage, and protect against growing cyber threats. Given the Group’s scale, reach, and the sensitivity of civil aerospace and defence data, cyber risk is reviewed by the Audit Committee and the Board at least twice per year, in addition to an annual IT/Cyber functional review.

For more information about the Group’s Information Security and Cyber Threats principal risk, please see the Principal risks and uncertainties section of the 2025 Annual Report.

## ACTIONS

The Group implements its business conduct commitments through a coordinated programme of governance, compliance and risk management activities designed to embed ethical standards into day-to-day decision-making. These actions operate across several interlinked streams, including:

- regular risk assessments and internal control reviews;
- mandatory employee training on ethics, compliance and information security;
- whistleblowing awareness campaigns and monitoring of case outcomes;
- supplier due diligence and application of the Supplier Code of Conduct;
- internal audit and external audit reviews of financial and non-financial controls; and
- Board and Audit Committee oversight of compliance performance and risk management.

A core element of this framework is the systematic identification and management of compliance risks. Regular risk assessments and internal control reviews are conducted across business lines and functions to identify areas of heightened exposure to bribery, fraud, regulatory non-compliance or control weaknesses. Findings from these reviews inform updates to policies, procedures and mitigation measures, ensuring that the control environment evolves alongside changes in operating context and regulatory expectations.

Building awareness and accountability among employees is another key focus. Mandatory training programmes on ethics, anti-bribery and corruption, information security and compliance are delivered across the organisation, supported by periodic communications and targeted training for higher-risk roles.

## Whistleblowing

The Group maintains robust speak-up and investigation processes, allowing employees to report incidents such as bribery and corruption (including money laundering and fraud), and other concerns. In particular, we operate a Group-wide whistleblowing platform hosted by an independent third-party, whereby all employees have access to a multilingual online portal, together with local hotline telephone numbers, which are available 24/7. This provides our employees with a platform to raise concerns, confidentially and anonymously, about possible wrongdoing in any aspect of the business, including financial and non-financial matters, without fear of reprisal or retaliation.

The whistleblowing platform is overseen by the Legal function. The most material whistleblowing cases are notified to the Chair of the Audit Committee promptly, and quarterly whistleblowing reports are prepared by senior management for discussion at each Audit Committee meeting on particularly serious cases. The Audit Committee is also provided with an annual whistleblowing report, which considers key themes and trends across all whistleblowing cases received, as well as follow-up and remedial actions; this is ultimately fed back to the Board.

A range of actions are taken to raise employees’ awareness of the whistleblowing platform, using both online and offline media as appropriate. Cases raised through the hotline are notified to the Legal function which then acknowledges receipt of the case, ensures that investigations are triaged to the right team (for example, day-to-day HR grievances are triaged to the HR function, where appropriate to do so), and monitors both the prompt conduct of investigations, as well as their outcomes. Local grievances are monitored locally with central oversight.

## Responsible tax

The Group’s tax affairs and risks are reviewed periodically by the Board and the Audit Committee, and the Group Tax Strategy is reviewed, discussed and approved by the Board annually. The Group has specific measures in place to provide guidance on undertaking risk assessments and training to employees in relevant roles, in order to prevent the facilitation of tax evasion and does not pursue aggressive tax planning.

## Information security implementation, monitoring and training

To mitigate the impact of external cyber attacks, the senior management team works with business line leadership and external experts to review the Group’s information security and cyber threat risk profile, a principal risk area. Results are reported to the Board, who with the support of the senior management team, oversees the framework and mandates that each business function safeguards commercial and personal data, ensures responsible IT system use, and complies with the General Data Protection Regulation (“GDPR”) which also covers privacy management.

Our information security strategy is aligned with UK, Dutch and US government recommendations and encompasses risk profiling, mitigation planning, and quarterly performance measurement. We conduct regular perimeter testing, including penetration testing, to support proactive threat monitoring. We also follow national and international accreditations and standards, such as UK Cyber Essentials, the UK National Cyber Security Strategy (“NCSS”), and industry-specific National Institute of Standards and Technology (“NIST”) 800-171 controls.

We implement a multi-layered data security strategy that addresses people, processes, and technology. This includes employee and supplier checks, mandatory training, contractual safeguards, monitoring tools, threat intelligence and potential breaches. Oversight is provided through a comprehensive Information Security Management System (“ISMS”) that applies to all data, systems and assets. The ISMS is aligned with international standards and is reinforced by mandatory policies, regular risk assessments, audits, and continuous improvement processes to ensure effective governance and integration of information security objectives across the business.

## METRICS

At the end of 2025, 3,825 out of 13,844 (27.6%) employees (including part-time) have been assigned the Code of Ethics training, of which 3,704 (96.8%) out of those to whom it was assigned, have completed the training. Online compliance training continued to be conducted within the business, covering topics such as anti-trust, trade compliance and export controls, data privacy, anti-bribery and corruption, and anti-money laundering, to enhance and supplement the existing compliance regime. Training is available to all employees, including part-time workers and contractors where this is required by their role.

**Code of Ethics and Group compliance policies reviews:** conducted periodically or annually when required.

In 2025, 100% of operational sites met their specific requirements of the UK Cyber Essentials, NIST 800-171 standard, or similar international standards. A new cyber security training module was assigned as a mandatory requirement to all eligible employees in addition to the multiple cyber security awareness training courses. In 2025, the new IT security training was completed by 7,849 employees (57%) of the Group's total workforce. The scenario-based eLearning module is designed to build practical cyber security awareness and decision-making skills. Through interactive, real-life scenarios, learners face time-critical dilemmas that mirror the threats they may encounter in the workplace or when working remotely.

0

Employees disciplined or dismissed due to non-compliance with the Anti-Bribery and Corruption Policy (2024: 0)

47

Whistleblowing cases were recorded through the platform in 2025 (2024: 76)

0

Political donations made in 2025 (2024: £0)

100%

Operational sites meeting recognised cyber security standards



## SASB Index

### Sustainability Accounting Standards Board (“SASB”) Index for 2025

The following tables detail our disclosures made against the SASB Aerospace and Defence sector standards, with topics identified as being most relevant to the sector in which our business operates. All data and descriptions are for Melrose Industries PLC on a consolidated basis for continuing businesses. By reporting in line with the SASB standards, we are providing our investors and other stakeholders with comparable, consistent, and reliable data on financially material sustainability factors which directly impact our long-term enterprise value

**Table 1a: Aerospace and Defence standard – accounting metrics**

Topic	Metric	Response	SASB Code
Energy Management	Total energy consumed	1,573,538.4 (2024: 1,635,292.8) (Gigajoules (GJ)) 36.5% Renewable Energy as a proportion of total energy consumed 66.2% grid electricity as a proportion of total energy	RT-AE-130a.1
Hazardous waste management	Amount of hazardous waste generated	Please refer to page 36	RT-AE-150a.1
Data Security	Description of approach to identifying and addressing data security risks in (1) Company operations and (2) products	1) Information security and cyber threats against commercial businesses, particularly those which operate in key sectors such as aerospace and defence, continue to increase as a result of heightened geopolitical tensions and pervasive cyber crime generally. Addressing such threats continues to be a key Board-level priority, and during the year the Board held a deep dive review of information technology and cyber security with the Chief Information Officer and Chief Information Security Officer who oversee the cyber security and data protection programme and seek to both reduce risk and minimise the effect of potential incidents. As a principal risk, information security and cyber is addressed through the Group’s risk management framework. Management processes to address these risks include, among other measures, employee training and incident and vulnerability detection and response, and a security champions network ensuring compliance and risk assessment at sites. The Group runs a digital security programme which provides policies and procedures governing the business’s operations and approach to safeguarding data and information systems. It includes employee screening, supplier and vendor checks, third-party penetration testing and 24/7 security operating centre service to detect, analyse and respond from alerts to incident response based on the security monitoring tools deployed. 2) n/a	RT-AE-230a.2
Product Safety	Number of counterfeit parts detected	0 (2024: 0)	RT-AE-250a.1
	Percentage of counterfeit parts avoided	n/a (2024: n/a)	RT-AE-250a.2
Fuel economy and emissions in use-phase	Revenue from alternative energy related products	£127m (2024: £115m)	RT-AE-410a.1
	Description of approach and discussion of strategy to address fuel economy and Greenhouse gas (“GHG”) emissions of products	Our approach to addressing fuel economy and GHG emissions is embedded in our Transition Plan and spans our operations, supply chain and products. For our own operations (Scope 1 and 2), we focus on improving energy efficiency, replacing carbon-intensive equipment, electrifying manufacturing processes where feasible and increasing the use of renewable electricity. In our supply chain (Scope 3), we prioritise engagement with key suppliers to encourage emissions reductions and the adoption of science-based targets, alongside initiatives to improve material efficiency, recycling and responsible sourcing of critical materials. In parallel, we work with OEM customers and industry partners to develop next-generation aircraft and propulsion technologies designed to improve fuel efficiency and reduce in-flight emissions. Our innovation strategy focuses on lightweight structures, advanced materials, electrification, automation and emerging propulsion concepts, supporting fleet renewal and the introduction of more efficient aircraft platforms. Over the longer term, continued progress towards lower- and zero-emissions technologies, including sustainable aviation fuels, hydrogen and electric propulsion, is expected to contribute to aviation decarbonisation and may create long-term growth opportunities for the Group.	RT-AE-410a.2

**Table 1a: Aerospace and Defence standard – accounting metrics** continued

Topic	Metric	Response	SASB Code
Materials sourcing	Description of the management of risks associated with the use of critical materials	The management of risks associated with the use of critical materials is an essential element of responsible sourcing for the Group. A critical material is defined as a material that is essential in use for the manufacture of our products but also subject to the risk of supply restriction. Critical materials, such as cobalt and lithium, are typically used in metal alloy products associated with clean energy technologies such as batteries, fuel cells and wiring. These technologies are key components in many of the products produced by the Group that are required for the transition to zero emissions transport. It is acknowledged that deeper focus is required to ensure the robustness of business supply chains in relation to these materials, and appropriate mitigation procedures are in place to combat any price increases. Strategic measures put in place to mitigate physical and economic risks by the Group involve diversification of potential suppliers, development of alternative solutions and materials and the use of circularity in design for increased recycling, recovery and reuse. Please see page 21 for further details.	RT-AE-440a.1
Business ethics	Discussion of processes to manage business ethics risks throughout the value chain	Sound business ethics and integrity are core to the Group's values and are fundamental for the success of our strategy. The high standards of financial and non-financial controls, and strong governance backed by internal and, where required, external review of financial and non-financial compliance, are enforced throughout the Group. Directors, officers, employees and contractors throughout the Group, whether permanent or temporary, and in respect of any entities over which Melrose has effective control, must comply with the Code of Ethics and Group compliance policies, which reflects current best practice and strong corporate citizenship. The Code of Ethics and Group compliance policies have been approved by the Board and include policies covering best practice with respect to anti-bribery and corruption, anti-money laundering, anti-facilitation of tax evasion, competition, conflict minerals, trade compliance, data privacy, whistleblowing, treasury and financial controls, document retention, anti-slavery and human trafficking, joint ventures, inclusion and diversity, environmental, human rights, supply chain, biodiversity and water.	RT-AE-510a.3

**Table 1b: Aerospace and Defence standard – activity metrics**

Activity metric	Response	SASB Code
Production by reportable segment	<p>Melrose designs and delivers advanced aerospace and defence components for the world's leading aircraft and military programmes. We have two core divisions of Engines and Airframes.</p> <p><b>Engines:</b> Our industry-leading Engines division is a trusted technology partner to all global engine manufacturers, with differentiated products helping power around 90% of the world's major aircraft. It has significant diversification, across both civil and defence and original equipment ("OE") and aftermarket. Its technology leadership, especially in additive fabrication, has earned it a unique position on both next-generation engine development programmes.</p> <p><b>Airframes:</b> Our Airframes division is a Super Tier-1 design-to-build partner on the world's most successful and highest volume civil and military aircraft. Through differentiated technology we are well positioned as partner of choice for next generation and emerging platforms.</p>	RT-AE-000.A
Number of employees	Please refer to page 7	RT-AE-000.B

## Energy consumption and carbon emissions by type

Table 1c: Melrose Group GHG emissions by type (CO<sub>2</sub>e) for the period 1 January 2025 – 31 December 2025 (tonnes CO<sub>2</sub>e<sup>(1)</sup> unless stated)

	FY2025			FY2024			Change (2025/2024)
	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total	
<b>Scope 1<sup>(2)</sup></b>							
CO <sub>2</sub>	4,491	15,906	20,397	4,955	16,383	21,338	-4.4%
CH <sub>4</sub>	7	26	33	8	27	35	-5.7%
N <sub>2</sub> O	3	18	21	3	24	27	-22.2%
<b>Total Scope 1 CO<sub>2</sub>e</b>	<b>4,501</b>	<b>15,950</b>	<b>20,451</b>	<b>4,966</b>	<b>16,434</b>	<b>21,400</b>	<b>-4.4%</b>
<b>Scope 2<sup>(3)</sup></b>							
CO <sub>2</sub>	7,410	50,493	57,903	9,026	54,181	63,207	-8.4%
CH <sub>4</sub>	39	65	104	10	68	78	33.3%
N <sub>2</sub> O	54	87	141	15	83	98	43.9%
<b>Total Scope 2 (Location-based) CO<sub>2</sub>e</b>	<b>7,503</b>	<b>50,645</b>	<b>58,148</b>	<b>9,051</b>	<b>54,332</b>	<b>63,383</b>	<b>-8.3%</b>

Table 1d: Melrose Group energy consumption by type for the period 1 January 2025 – 31 December 2025 (MWh unless stated)

Energy type	FY2025			FY2024			Change (2025/2024)
	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total	
Natural gas	24,076	77,695	101,771	26,630	76,875	103,505	-1.7%
LPG	183	427	610	169	515	684	-10.8%
Diesel	221	2,553	2,774	230	4,187	4,417	-37.2%
Petrol (gasoline)	5	99	104	22	385	407	-74.4%
LFO	0	3,513	3,513	0	3,707	3,707	-5.2%
<b>Total non-renewable fuels consumption</b>	<b>24,485</b>	<b>84,287</b>	<b>108,772</b>	<b>27,051</b>	<b>85,669</b>	<b>112,720</b>	<b>-3.5%</b>
Steam	0	35,608	35,608	0	37,490	37,490	-5.0%
Total renewable electricity consumption	1,313	158,371	159,684	171	129,572	129,743	23.1%
Total non-renewable electricity consumption	49,169	83,861	133,030	51,282	123,012	174,294	-23.7%
Total electricity consumption	50,482	242,232	292,714	51,453	252,584	304,037	-3.7%
<b>Total operational energy consumption</b>	<b>74,967</b>	<b>362,127</b>	<b>437,094</b>	<b>78,504</b>	<b>375,744</b>	<b>454,248</b>	<b>-3.8%</b>
<b>Company's chosen intensity measurement: MWh per £1,000 revenue<sup>(4)</sup></b>			<b>0.119</b>			<b>0.131</b>	<b>-10%</b>

(1) CO<sub>2</sub>e – carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide.

(2) Scope 1 figures include emissions from fuel used on premises, transport emissions from owned or controlled vehicles, losses of refrigerant, and process and fugitive emission.

(3) Scope 2 figures include emissions from electricity and heat purchased by the Group's businesses. Scope 2 emissions, and total GHG emissions, are calculated using both the location-based and market-based methods.

(4) The revenue figure used to calculate the intensity ratio does not include any share of revenues from entities in which the Group holds an interest of 50% or less.

**Table 1d: Melrose Group energy consumption by type for the period 1 January 2025 – 31 December 2025 (MWh unless stated) Continued**  
**Scope 3 emissions**

Emissions (tCO <sub>2</sub> e)	Global UK (excl. UK)	Total 2025	Global UK (excl. UK)	Total 2024	Change (2025/24)
<b>Upstream Scope 3 emissions (tCO<sub>2</sub>e)<sup>(1)</sup></b>					
Category 1: Purchased Goods and Services		1,086,982		1,122,941	-3.2%
Category 2: Capital Goods		34,724		31,854	9.0%
Category 3: Fuel & Energy Related Activities		21,923		21,151	3.6%
Category 4: Upstream Transportation and Distribution		24,906		31,279	-20.4%
Category 5: Waste Generated in Operations		781		1,364	-42.7%
Category 6: Business Travel		7,135		11,909	-40.1%
Category 7: Employee Commuting		12,516		14,166	-11.6%
<b>Total Scope 3 emissions</b>		<b>1,188,967</b>		<b>1,234,665</b>	<b>-3.7%</b>

(1) CO<sub>2</sub>e – carbon dioxide equivalent, this figure includes GHGs in addition to carbon dioxide.



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It has been printed using 100% offshore wind electricity sourced from UK wind.

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