

CAE Carbon Reduction Plan FY23



CARE

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A message from the CEO and CCDO

At CAE Technology Services Limited, we do our work the right way, according to our values, and with great care for people and the world around us. We are committed to shaping a sustainable future for the upcoming generations so that we leave a positive environmental legacy through all our technology endeavours.

To achieve this, we must work to improve our environmental impact by reducing our own direct as well as indirect carbon dioxide equivalent (CO_{2e}) emissions as efficiently and effectively as possible.

Our experience with the ISO 14001:2015 environmental management certification made us realise how environmental issues were embedded in the solutions provided to our customers as well as the actions to continuously improve our system towards the reduction of our carbon dioxide equivalent (CO_{2e}) emissions.

We acknowledge the carbon dioxide emissions generated through the delivery of our services, and as a signatory of the government's **Net Zero** emissions and the UN framework **Absolute Zero** by 2050. To that effect, CAE is committed to set a common target to reduce its carbon emissions gradually by **25% every five years** to contribute to the government's Net Zero scheme and reduce greenhouse gas emissions.



Justin Harling

Justin Harling
Chief Executive Officer



Richard Behan

Richard Behan
Chief Corporate
Development Officer

Our UNFCCC Race to Zero Pledge

As a business, we commit to the following:

- To achieve Net Zero in line with the Science Based targets set out by the UNFCCC3 i.e., to achieve Net Zero no later than 2040 and target a 50% reduction in emissions by 2030. This is 10 years ahead of our legal commitments.
- To set realistic short and longer-term targets that are designed to achieve our Net Zero commitments.
- To report our business's total Greenhouse Gas emissions regularly and for our performance to be part of Future Net Zero's and CBN Expert's annual reporting back to the UNFCCC.

CAE acknowledges that our commitment is reported on the Network Net Zero website.

CAE made its pledge to the Race to Zero via the Network Net Zero Community on 24th January 2023. The record of the pledge can be found at <https://www.futurenetzero.com/net-zerointernational-race-to-zero/>

Executive Summary

During this reporting period, we at CAE have ramped up our efforts to accurately assess and address the carbon footprint from our business operations and supply chain. This has led to a consistent reduction in our annual carbon impact and a better understanding of areas for further carbon footprint reduction. These efforts align with our commitment to cut our carbon footprint by **50% from 2019 levels by 2030 and achieve net zero by 2040**, a decade ahead of government targets.

These activities include –

- Moving accountability of sustainability to be a key operational outcome of the Senior Leadership Team at CAE Technology Services.
- Engaging with NetZero International to review and validate carbon data and calculations, providing an independent view of CAE's activities, whilst offering support on strategies and best practices for the implementation of change in how we conduct our business in order to meet the commitments.
- Transitioning from calendar year calculations to Financial Year calculations to align with corporate governance reporting.
- Setting up a working group that meets regularly to drive sustainability initiatives across the business.
- Providing the sustainability aspect of CAE Technology Services under the distinctive banner and our sustainability strategy, CARE.

The benefits of these activities are already being felt, with many initiatives that have been completed or are in progress. The highlights include –

- Installing solar panels in our northern hub office which will generate approximately 50% of the required power over a year.
- Installing an additional 9 EV charging points at our headquarters office in Hemel Hempstead, Hertfordshire. This increases our total EV charging plug points to 19, allowing us to support our people, eco-conscious customers and partners visiting our office.
- Migrating all electricity tariffs to 100% renewable energy.
- Planning the planting of lavender around key office sites to drive the biodiversity within the local environment.

While these actions may not have an immediate effect, they are future investments that will persistently reduce our carbon footprint. CAE is committed to becoming net zero by 2040, and whilst we focus activities to achieve that target, we'll also commit to offset our carbon emissions annually through carbon removal and avoidance projects, in partnership with **Ecologi**, who manage Gold Standard Carbon offset schemes.

As of January 2024, **CAE Technology Services Limited is a Carbon Neutral company**, as per the current recorded emissions.

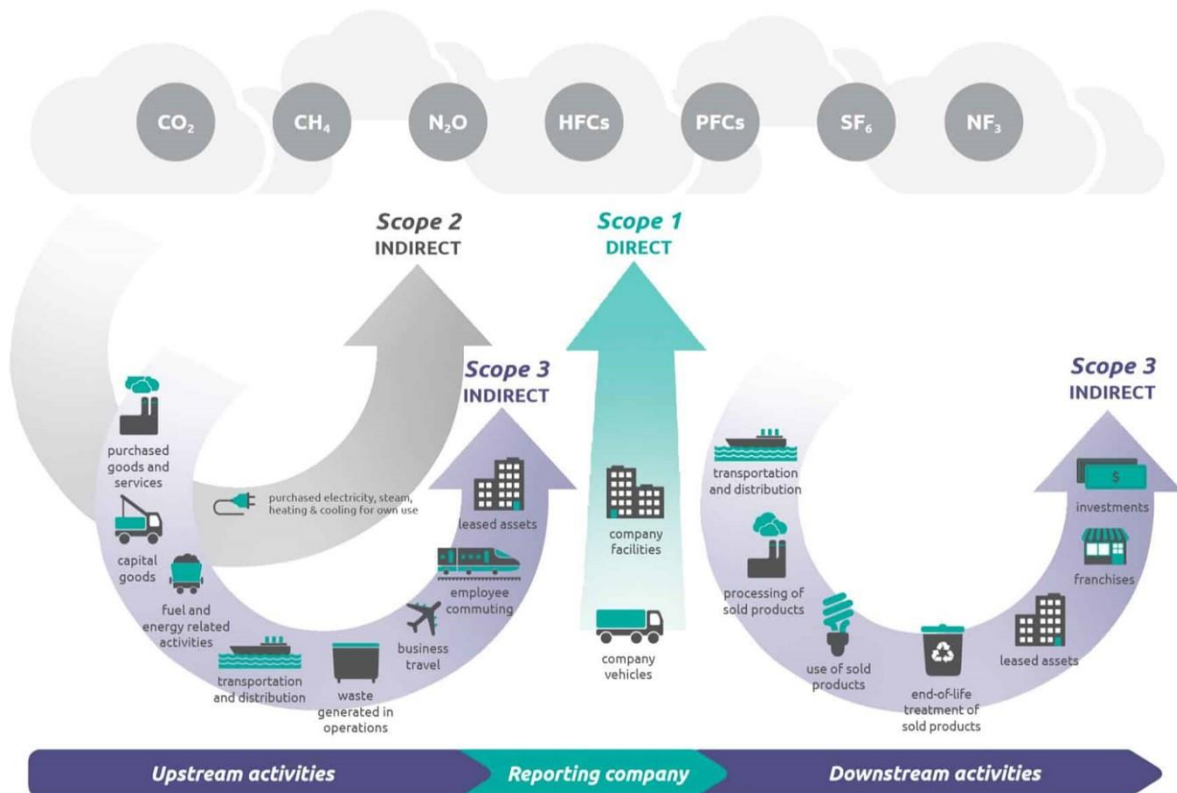
Carbon Emissions Data and Methodologies

Overview

CAE uses internationally accepted frameworks, methodologies and best practices, specifically those produced by the GHG Protocol, for calculating carbon emissions.

Carbon emissions are calculated from internationally agreed conversion factors that are based on specific activities undertaken by organisations, such as energy use, business travel, etc. Data is then converted into kgCO₂e (kilograms of carbon dioxide equivalent) or tCO₂e (tonnes of carbon dioxide equivalent), which are where CAE’s carbon emissions are derived.

Carbon emissions activities are defined into 3 scopes –



Scopes 1 and 2 emissions data are calculated from use (e.g., kWh’s from electricity and gas, miles/kilometres from travel, etc.). Scope 3 is the most significant volume of carbon emissions for CAE and the industry that we operate in.

CAE Technology Services Limited is working with its upstream and downstream partners in identifying ways to accurately calculate the carbon footprint of all of the products and services that are provided. The volume and complexity of obtaining this data for the total product lifecycle make this a challenge. For now, we are only reporting the carbon emissions that can

be measured in the Scope 3 category. As data reporting improves from the upstream supply chain partners, these will then be included in ongoing reporting.

Operational Scope

Emissions from Scope 1 and 2 have been identified and measured along with certain Scope 3 emissions. The Scope 3 emissions that have been included are those that have been practical to measure with available data, which are as follows:

- Business Travel.
- Employee Commuting.
- Waste.
- Transmission & Distribution of Electricity.

Benchmark Year

The company's benchmark year is from **July 2018 – June 2019**.

Data Collection Methodologies

The Scopes 1 and 2 data collected from CAE consists of the following:

- Natural Gas
- Own Fleet Fuel
- Electricity

Scope 3 data consists of:

- Waste
- Employee commuting
- Business travel

Data was collected from a mixture of bills, surveys, and available company data. The organisation owns sites in Hemel Hempstead, Oxford, Warrington, and Cardiff.

All data is now collated within a secure portal and assessed by NetZero International, this is then audited to ensure external validation of data.

FY22-23 Carbon Performance

The current recorded carbon emissions for CAE are **201.4 tCO₂e** compared to **319.9 tCO₂e** in the baseline year, a **decrease of 37%**, which puts CAE ahead of its commitment to reduce emissions by **25% every 5 years**, and on track to achieve its commitment of reducing levels by **50% by 2030**.



CAE are pleased that whilst as a business we have grown in both revenue and people, its carbon footprint has experienced a continuous decrease thanks to investments related to the environment. A breakdown of emissions can be seen in the table below.

CAE Carbon Footprint Emissions		
	Tonnes of CO ₂ e	
	Baseline Year 2018/2019	Reporting Year 2022/2023
Scope 1		
Gas consumption	26.57	14.9
Leased cars/Vans	10	10.1
Total Scope 1	36.57	25
Scope 2		
Purchased electricity	98.36	4.5*
Total Scope 2	98.36	4.5
Scope 3		
Business travel- Diesel/Petrol Cars	66	133.3
Employee Commuting	90	31.4
Waste disposal	29	0.4
Electricity transmission & Distribution	0	6.8
Total Scope 3	185	171.9
Total annual net emissions	319.93	201.4

**CAE uses the Renewable Energy Guarantees of Origin (REGO) guidance via the green tariffs for all its sites, which qualifies the reduction of its purchased electricity. Using the locationbased method REGOs guidance, the electricity emissions would be 88.6 tCO₂e as opposed to 4.5 tCO₂e.*

Intensity Metrics

The business metric used to define the intensity ratio is based on the CAE's headcount as it relates more to the business activities. This choice has been made according to the government's environmental reporting guidelines and is calculated based on the organisation's financial year.

The calculation method used to obtain the emissions intensity metrics involves the total emissions for the financial year divided by the total headcounts for this particular year and displayed as per the below table.

FY	2018/19	2022/23
Scope 1,2 & 3	1.1	0.5

Put into comparison with the benchmark year, we can notice that despite the growth of the headcount for the reporting year (FY22/23), the carbon emissions per employee are 50% lesser mainly due to the action plans implemented to reduce and monitor the organisation's CO2e.

Ongoing Actions

People Engagement

The Sustainability Working Group at CAE are creating and driving initiatives across all areas of the business covering areas such as carbon reduction, biodiversity, and social value. Whilst the group is relatively new, its impact is already being felt with wider activities taking place throughout teams in the organisation.

As a management team, we feel that carbon reduction is everybody's responsibility and at times will mean that people will need to change their ways of working or operating in the business. We feel that change is best done with people rather than to people, and therefore the Sustainability Working Group plays a critical role in the success of CAE achieving its carbon reduction targets.

Business Travel

We are pleased with the momentum that the Sustainability Workgroup at CAE Technology Services is driving across the organisation and the impacts that these activities will have in future years. In understanding our data better, the key challenge that CAE has in maintaining the pace of reduction is addressing the increasing trend in business travel. Whilst we use technologies, such as Microsoft Teams for video calls with customers and suppliers, CAE prides

itself on being a relational organisation, where at times, in-person meetings are preferred by both parties, over a video call.

Previous year's results have remained artificially low, due to national lockdowns and workfrom-home initiatives driven by the COVID-19 pandemic, which is why, along with an increase in number of people, business travel carbon emissions have risen so sharply. Over this next financial year, we will look at alternative travel methods and the commercial viability of implementing an EV scheme for CAE's people.

Supply Chain

CAE continues to work with its major supply chain to find a way to capture, assess and publish the total carbon lifecycle of products that are provided to our customers. As CAE is not a manufacturer of products, we are 100% reliant on accurate data coming from our supply chain partners for this information. Despite being pleased with the progress made, the data provided by several platforms is not mature enough to be put into operational use.

Activity Summary

The table below shows some of the key activities that we be undertaken in the near future.

Reporting		<ul style="list-style-type: none"> Absolute Efficiency (Intensity) 	<ul style="list-style-type: none"> Tracking and reporting absolute emissions to Net Zero Tracking & reporting emissions intensity – efficient growth & operations Comply with all current energy legislation and seek to meet legislative targets Seeking the ISO 14061 -1:2012 or PAS 2060 Greenhouse gases certification or equivalent
Scope 1		<ul style="list-style-type: none"> Fuels Fugitive emissions (coolants & refrigerants) 	<ul style="list-style-type: none"> Take regular gas readings.
Scope 2		<ul style="list-style-type: none"> Energy 	<ul style="list-style-type: none"> Decrease the energy consumption for the HQ by 17% annually compared to the previous years. Using existing measurement technology and adding Submetering (calculations based on installing 2 submeters). Increase Solar PV Array. Air conditioning filter maintenance and energy saving settings Server room cooling setpoints Allow for less manual control of AC control panels Avoid portable electric heaters Ask staff for energy saving ideas
Scope 3	Up stream	<ul style="list-style-type: none"> Purchased Goods Waste Business Travel Employee Commuting 	<ul style="list-style-type: none"> Replacing the use of plastic cups for glass by 2023. Diverting annually, 100% of waste by promoting recycling and the use of recycling products to avoid the burden of landfill. Repair the plastic moulding/trim around the bay door Repair gaps between doors and frames Evaluate the potential benefits of carbon offsetting such as collecting rainwater to water the plants inside the CAE offices
	Down stream	<ul style="list-style-type: none"> Pension Events Projects 	<ul style="list-style-type: none"> Using a licensed IT charity to donate all the decommissioned laptops . Work with key partners and other stakeholders to achieve a better understanding and support on the waste emission categories and how to control them. Raise environmental awareness for all the employees through the training program by end of 2025 .

Standard and Methodology Used

CAE categorises its Greenhouse Gas (GHG) Emissions as Scope 1, 2 or 3 as referred to in the WBCSD – WRI Greenhouse Gas Protocol (revised edition, dated March 2014). Emissions in Carbon Dioxide equivalent (CO₂e) for all scopes are calculated using the conversion factors listed in DESNZ Greenhouse Gas Conversion Factors for the relevant 12-month period over which the Carbon Footprint is calculated. Procured renewable electricity and gas are calculated in accordance with the WBCSD – WSI Scope 2 Guidance on procured renewable energy (2015).

Data Quality / Confidence

The data used to generate this report has been collected from various sources from both within the company and using assumptions gathered by Net Zero International. These emissions have been converted to CO₂e using GHG Protocol and DESNZ frameworks and conversion factors for the relevant period.

Declaration & Sign Off

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

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

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

This Carbon Reduction Plan has been reviewed and agreed by the board of directors.

Date: **16th January 2024**

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