

Environmental, Social and Governance Report 2022/2023

KBS Maritime

A KBR and BAE Systems Joint Venture



Contents

JUMP TO:





01

Tackling key ESG challenges

Tackling key Environmental, Social and Governance Report challenges

We have achieved an enormous amount since the start of KBS Maritime in 2021, and our Environmental, Social and Governance (ESG) Strategy is an ongoing, committed, and progressive journey.

Tackling ESG challenges requires a proactive and comprehensive approach. It demands that we go beyond compliance and embrace a mindset of sustainability, responsibility, and long-term thinking.

We recognise the importance of constantly evolving and improving our practices to create a safer and more sustainable future. Equally, we recognise that the path to addressing ESG challenges is not without obstacles. We face complex issues that require innovative solutions, collaboration, and continuous improvement. It necessitates transparent reporting, meaningful engagement with stakeholders and a commitment to accountability.



WE RECOGNISE THE IMPORTANCE OF CONSTANTLY EVOLVING AND IMPROVING OUR PRACTICES



We are dedicated to staying ahead of industry standards, embracing innovative technologies, and engaging in continuous learning and improvement. By setting ambitious goals, collaborating with shareholders and stakeholders, and fostering a culture of responsibility, we aim to make meaningful contributions towards a safer and more sustainable future for KBS Maritime and the Naval Base.

For the coming year, we will be further increasing our commitments and goals to create a more inclusive, robust supply chain, to continue our strong Zero Harm ethos, not only within KBS Maritime, but also across the Base, as well as setting key diversity and inclusion targets and initiatives within our workforce and policies.



James Davis
Managing Director, KBS Maritime



02

Overview









Our Commitment

We will always deliver solutions that are safe for our people and the environment. We are also motivated to continuously drive investment into improving the safety environment and establishing a sustainable Naval Base. Our people are our biggest asset. Without them we could not deliver to our customers so keeping them safe is our number one priority.

**AT KBS MARITIME
WE'RE FOCUSED
ON SAFETY &
SUSTAINABILITY.**

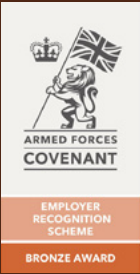
Our ESG Highlights

							
Environment	People			Supply Chain	Zero Harm		
43,207 tCO2e	20%	£200,000	26%	2330	£42.8m	> 300	2
Target carbon reduction at PNB	of our population are female	spent on training	of our population have worked at the Base for over 15 years	Purchase Orders placed in 2022	Spent in Supply Chain in 2022	hazards or incidents reported for resolving, review and investigation	1 employee and 1 subcontractor RIDDOR reportable injuries in year



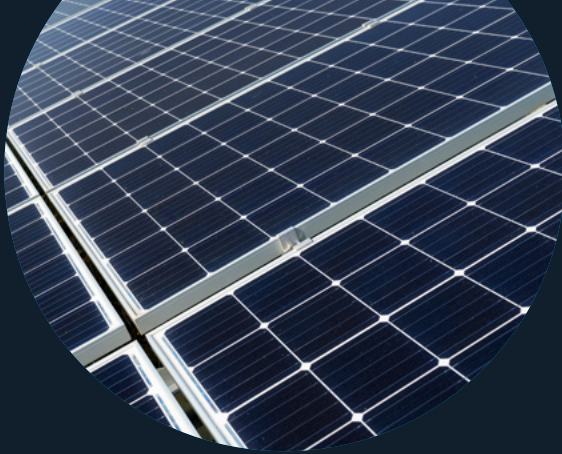
Zero Harm shareholder award

As part of the annual Zero Harm Day held by our shareholder KBR, KBS Maritime has walked away with one of the nineteen coveted awards given to recognise and celebrate Zero Harm achievements and success across KBR's global business.



Armed Forces Covenant – Bronze ERS (Employer Recognition Scheme)

We have received the Bronze Award for the Ministry of Defence's Employer Recognition Scheme and we have signed the Armed Forces Covenant, demonstrating our strong commitment to supporting the Armed Forces community.



Environment

Environment

KBS Maritime has a key role in supporting Portsmouth Naval Base achieve its Net Zero Carbon goal by 2040 (scope 1, 2 and 3). KBS Maritime has supported the MOD in developing and proving the capability to meet the goal and it is uniquely placed to ensure it remains on track.

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Net Zero Carbon Planning



KBS Maritime has developed its own **NET ZERO CARBON PLAN**, which aligns our company's goal with our customer's.



We will review and update our metrics (and our customers) at least annually, and our action progress quarterly.

KBS Maritime has a key role in supporting Portsmouth Naval Base achieve its Net Zero Carbon goal by 2040 (scope 1, 2 and 3).

Energy and Decarbonisation



KBS Maritime has supported the MOD in developing and proving the capability to meet the goal and it is uniquely placed to ensure it remains on track.



During 2023 KBS Maritime supported the Naval Base to **INSTALL 100 CHARGING POINTS** to encourage the uptake of electric vehicles.

The goal is to have **1,000 CHARGING POINTS AVAILABLE ACROSS THE NAVAL BASE BY 2030.**

SAVING APPROX. 4,380 METRIC TONNES of carbon emissions each year.

Emissions 2021-22 (baseline year) – 16,424tCO₂e (scope 1, 2 and 3)

Targets - We project that KBS Maritime's carbon emissions will increase over the period to a baseline of 64,965 tCO₂e by 2029/30. This is predominantly due to a planned increase in construction project activities for the Naval Base. Our target is a reduction of this projected baseline through active interventions. The target is 43,207 tCO₂e. This is a reduction of 33.5% on the baseline



Recycling and Waste

Case Study

A new life for old rope!

In March 2023, we were able to give 10 tonnes of old rope a second life – instead of being wasted in landfills or incinerated, it is being transformed into various items such as spill kits!

Working with supplier Plastic Expert, it is an utterly amazing feeling to see the lines that once secured the Royal Navy fleet alongside at HMNB Portsmouth now being put to alternative use.

10 TONNES OF OLD ROPE A **SECOND LIFE**





04

Social



People

Our organisation places significant emphasis on our people. Our goal is to foster a culture of continuous learning and development, empowering our employees to thrive in our ever-evolving industry. We have made substantial progress by implementing training and development programmes that equip our teams with the necessary skills and knowledge. Additionally, we have actively sought to bring in new talent to the Naval Base to foster innovation and adaptability within our workforce. To further grow our skills, we have developed multi-skilled Port Operatives who can seamlessly navigate and respond to the requirements of the Royal Navy when alongside in Portsmouth.

As part of our continual development, we have recently launched our Equality, Diversity and Inclusion (ED&I) Policy, which will guide our actions in creating a sustainable and inclusive workplace.

Moving forward, we will continue to invest in our people, ensuring their growth and well-being while driving our organisation towards a brighter, more sustainable future.



Training and Development

Investing in your people is not only the right thing to do, it's proven to be essential in delivering sustainable results. Organisations that lead, support and develop their workforce effectively are 17% more productive and 21% more profitable. With this in mind we intend to apply for Investors in People Bronze accreditation. We continue to encourage professional development and are looking to start our early careers training in 2024.

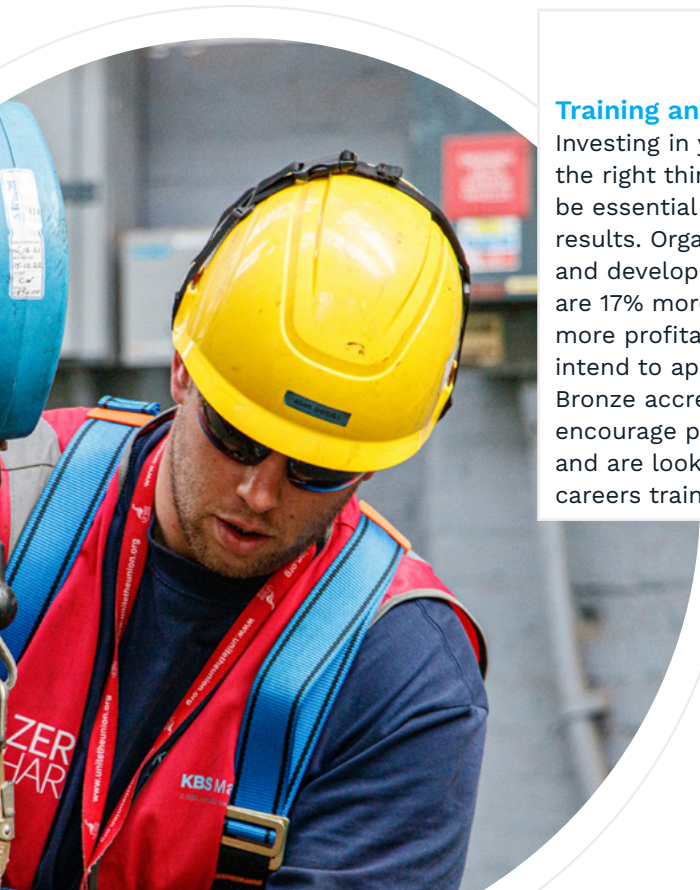
17%
MORE
PRODUCTIVE

21%
MORE
PROFITABLE

300 CLASSROOM
APPROXIMATELY 300 CLASSROOM COURSE
DAYS OF SHE TRAINING PER ANNUM

£200,000
OVER £200,000 SPENT ON EMPLOYEE
TRAINING IN 2022-23

**WE INTEND TO APPLY FOR A PEOPLE ACCREDITATION
IN THE NEXT 12 MONTHS**



Case Study

Crane Operative

One of our newest members of the team, Carl Perkins, has been fully signed off as a qualified Crane Operator. Carl has worked as part of the Dockyard at Portsmouth since leaving school, having spent most of his career working with BAE Systems. Early in 2022, Carl pursued his HGV license and in September 2022, he joined KBS Maritime as a trainee Crane Operator.

KBS Maritime have supported Carl to achieve his Crane Operators license, which he achieved in February 2023. Mentored by an experienced Operator, Carl has gained several hundred hours of operation using the mobile cranes to achieve the license. Carl will continue to work the mobile cranes, whilst working alongside his mentor on some of the larger cranes to gain experience before progressing to become skilled and competent across all the crane capability within the Dockyard.



People



Our goal is to support individuals to manage the stresses of work and home and achieve the right balance for all employees.

OUR ABSENCE RATES ARE BELOW THE AVERAGE (2.8%) AT 1.64%

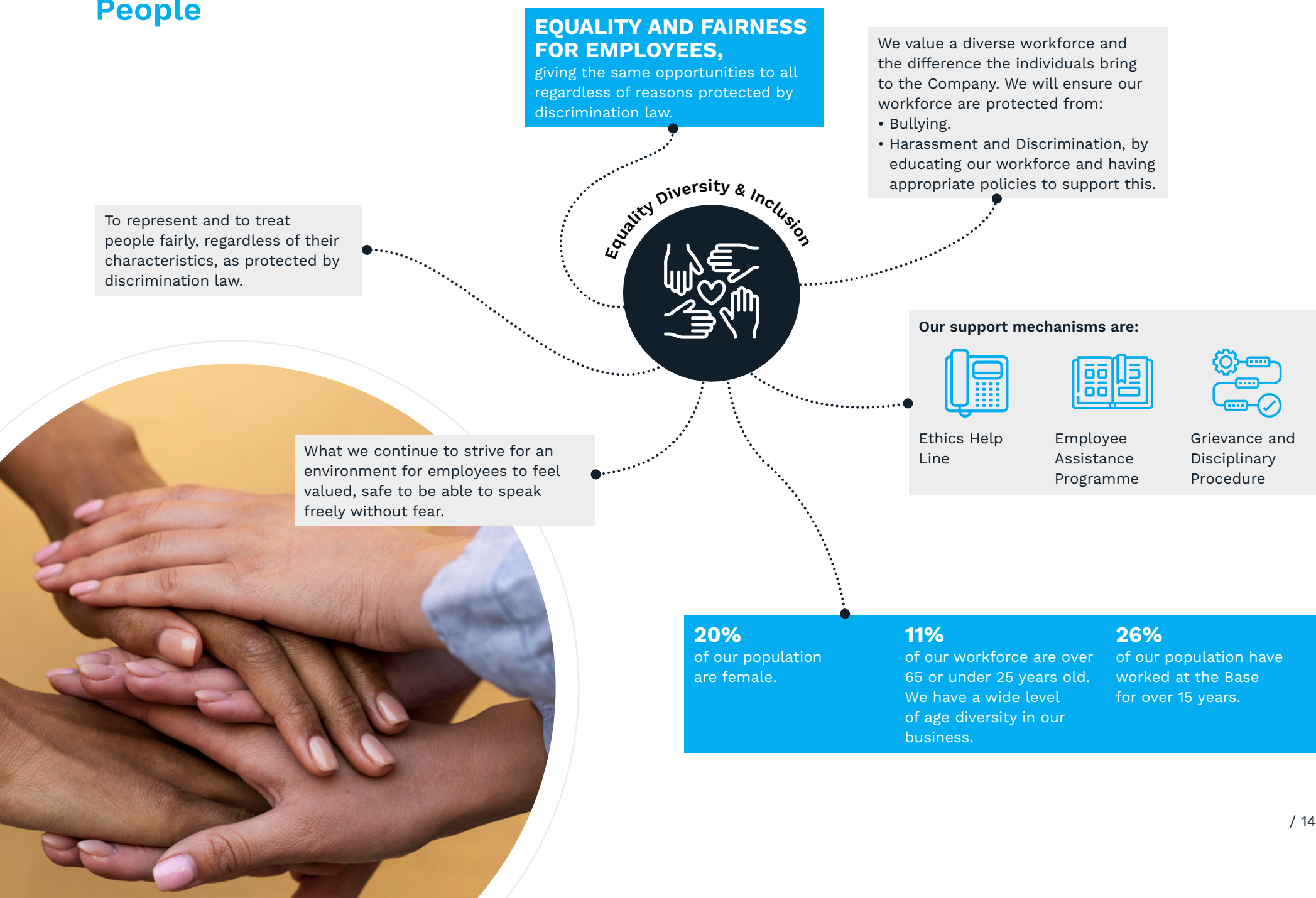
We have implemented comprehensive stress and mental health risk assessments and controls, aligned with the management standards established by the HSE. Part of our strategy approach was the provision of **MENTAL HEALTH FIRST AIDER TRAINING FOR 4% OF OUR POPULATION PERSONNEL IN 2022/23.**

Our next step is to increase our Mental Health First Aider trained population. We will also be running Mental Health and Wellbeing Manager sessions, to enable our managers to support our employees in the best possible way.

We also have created a Mental Health and Well-Being Employee Resource Group to bring awareness, support and visibility.



People



People



Reward and Recognition

Investing in your people is not only the right thing to do, it's proven to be essential in delivering sustainable results.

Organisations that lead, support and develop their workforce effectively are
17% MORE productive and
21% MORE profitable.

With this in mind we intend to apply for a **People Accreditation**. We continue to encourage professional development and are looking to start our early careers training in 2024.

£1000 COST OF LIVING PAYMENT TO ALL ELIGIBLE EMPLOYEES IN 2023

IN 2023, WE REVIEWED ALL OF OUR ROLES AND ADJUSTED SALARIES OF THOSE JOBS THAT WERE NOT IN LINE WITH INDUSTRY BENCHMARKS.





KBS Kudos

At KBS Maritime we value the hard work, commitment and achievements of our colleagues and recognise this through different mechanisms; seeking to reward and recognise people based on their contribution and the scope of their role. Supporting our 'One Team' performance culture, our recognition schemes seek to acknowledge both team and individual achievement.

Our KBS Kudos platform focuses on instant financial and non-financial recognition for colleagues who have delivered over and above. An essential element is that recognition through Kudos does not need to be top-down, anyone can recognise someone doing a wonderful job.

53 AWARDS GIVEN SINCE THE LAUNCH OF THE SCHEME IN MAY 2023



KBS Plus

Our employee discount scheme, KBS Plus, offers employees exclusive discounts on a wide range of products and services. Through the scheme, employees can enjoy significant savings from things like supermarket shopping to holidays. We understand the importance of work-life balance and the desire to stretch the purchasing power of our employees, and our discount scheme aims to enhance their overall wellbeing.

EMPLOYEES HAVE ACCESS TO 1000 DIFFERENT OFFERS AND SAVINGS



Community

We are an active part of the communities we operate in, supporting them through a wide range of initiatives, and helping to deliver social value commitments not only for ourselves, but also for our customers.

Our goal is to enrich the community by providing employment opportunities to underrepresented groups and providing outreach opportunities within the local business community. We aim to diversify our workforce continually through active engagement across the local communities and develop policies specifically to support those coming from an Armed Forces background including active Reservists.



Signing the Armed Forces Covenant

Veterans at KBS Maritime make a positive difference every day. With their background in facilitating, resilience and ability to make things happen, they bring the right skillset and experiences that support our projects and services at Portsmouth Naval Base. **In 2023, we have created an Employee Resource Group to specifically support Service Leavers within our business.**

We actively support the Armed Forces community, including veterans, reservists, and family members of those in the forces. We have received the Bronze Award for the Ministry of Defence's Employer Recognition Scheme and we have signed the Armed Forces Covenant, demonstrating our strong commitment to supporting the Armed Forces community. Throughout 2023, we will work to achieve the Silver Award for the Ministry of Defence's Employer Recognition Scheme.



Partner of The White Ensign Association

KBS Maritime is a partner of The White Ensign Association, a charity aimed at supporting Service Leavers into employment. Throughout 2023, we aim to work with the Association to further build knowledge and skills within the Royal Navy veteran community by offering career discussions, advice, and insight into some key industry roles through our existing veteran community and our leadership team.



Supporting the Career Transition Partnership

Throughout 2023, KBS Maritime will support two Career Transition Partnership (CTP) events to promote our current roles and future roles throughout the Armed Forces Community. To further support the transition, we regularly update the on-site jobs board and engage with the CTP team as to future requirements and skills.



Local Community Engagement and Investment

TEAM PORTSMOUTH WORKING WORLDWIDE



Team Portsmouth

As part of our contract at Portsmouth Naval Base, we are marked against annual collaboration targets. For FY'22/23, KBS Maritime achieved the maximum score for collaboration and incentivisation. This significant achievement is a testament to our team's commitment to collaboration and innovation with DE&S (Defence Equipment and Support) and the Royal Navy. This is part of an annual incentivisation measure under the FMSP (Future Maritime Support Programme) contract which is based on our performance against relationship management, adherence to delivery plans and management of cross lot risks. As part of relationship management, six behaviours are assessed, including Decision Making, Communication, Leadership & Management, External Interfaces, Commercial Behaviours & Alignment and Flexibility. To "pass" the incentive measure, we must achieve a minimum of four categories as "Green" status with no "Red" scores and which must include the single mandatory measure Commercial Behaviours & Alignment. As KBS, we have received exceptional feedback directly from the Naval Base Commander, Cdre John Voyce, specifically around our willingness to adapt coupled with our enterprise approach to the development of the infrastructure programme and commitment to joint ways of working over the last twelve months.



Image: Crown Copyright



SHAPING PORTSMOUTH

Shaping Portsmouth

KBS Maritime is an Associate Partner of Shaping Portsmouth. Through Shaping Portsmouth, we aim to support key programmes within the Portsmouth footprint including the Business Climate Action Group. Our partnership with Shaping Portsmouth has the goal of increasing our local supply chain and increasing the skills and employment within the area.



Image: Crown Copyright

Supply Chain

KBS Maritime Supply Chain vision is to continuously deliver greatest value for money considering technical requirements, capabilities, and operational criticality. We aim to develop and engage in market innovations to improve sustainability outputs and support the local markets in accessing opportunities supporting Portsmouth Naval Base.



Supply Chain Spend

In 2022, our Supplier spend was £42.8m. As we continue to develop, we aim to identify our current level of small and midsize enterprises and the voluntary and community sector engagement and their associated spend, and further track our development and improvement in this area, as we continue to engage with local markets.

£42.8M SPENT IN 2022

within the Supply Chain



Developing a wider group of suppliers

KBS have a Supplier Communication Strategy, kicked off with a 'Meet the Buyer' day, where we invited existing and potential suppliers to come and meet the KBS team, to learn who KBS are and to understand the future opportunities and challenges at Portsmouth Naval Base. We engaged with the local market and had many local organisations come to the event and subsequently register on KBS E-Procurement System.

Over **200** people attended the event,
60% of which were potential new providers to KBS.

To continue our engagement, KBS will be issuing a monthly Supply Chain Newsletter to our wider supply chain group notifying them of upcoming opportunities. We will also be hosting further face-to-face engagement sessions to explore Market advances and innovations that align with the objectives of developing Portsmouth Naval base.

The local supply chain, SME's and VCSE's are all engaged in these communications and events.

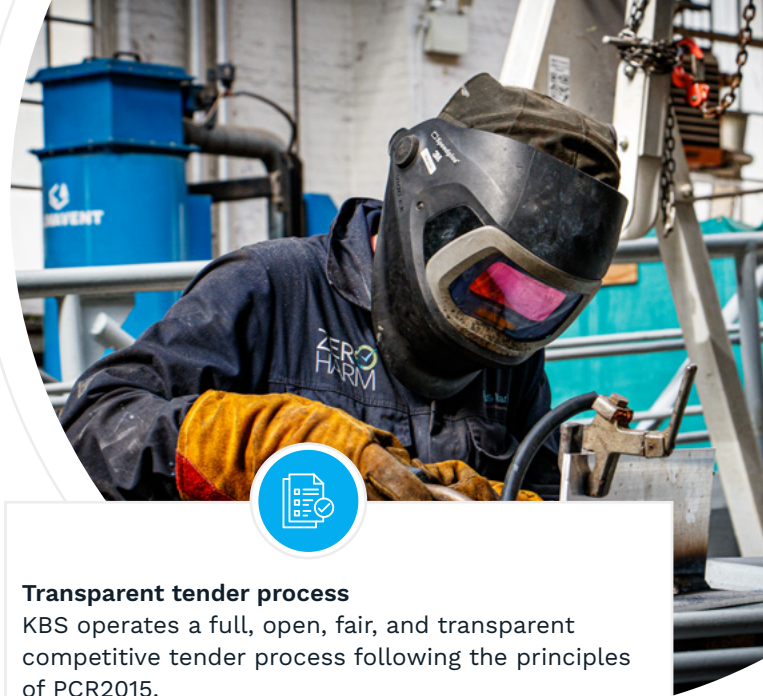


Transparent tender process

KBS operates a full, open, fair, and transparent competitive tender process following the principles of PCR2015.

The process allows for the local SME market to bid on a level playing field with the existing supply chain and larger organisations. A standard Statement of Need is released with an Invitation to Tender pack that includes a bespoke pricing document for completion. Tender period clarifications support the transparent process and ensure the entire process remains fair for all potential bidders. Tender responses are evaluated using a predefined and advertised scoring system, supporting fair supplier selection based on value for money, capabilities, and quality.

KBS's tiered tendering approach facilitates a continuous flow of opportunities released to the market. Additionally, several longer-term framework opportunities are being made available, allowing expenditure with the selected supply chain over multiple years.



Supporting local suppliers and supply chain

Through our transparent tender process, KBS have engaged with local SME's to support numerous opportunities across Portsmouth Naval Base. Working with Local SME's provides the Naval base with companies who are able to demonstrate a clear understanding of the Naval Base requirements and the unique challenges this environment poses.

Recent examples of engagements with SME's who were not on the approved vendor list, but have now demonstrated, through the tendering process, that they have the required industry knowledge, capability and accreditations required to work alongside KBS include:



Mtech Southern Solutions Ltd is a local company providing engineering solutions, steel fabrication and lifting and testing services. KBS currently is engaged with MTech in relation to a new support structure in relation vessels during maintenance. MTech have also been awarded Head Contract status for at least the next 2 years.



Through our tendering processes Mildren Construction Limited have been retained on a Head Contract status as a supplier supporting many civils projects across the base. This tender evidenced their ongoing value, capability, and commitment to the evolving needs on Base.



KBS WILL CONTINUE TO ENGAGE WITH LOCAL SUPPLIERS AND SMES WITH A VIEW TO INCREASE OUR PRESENCE IN THE LOCAL MARKETS.

Supporting Social Value through our supply chain.

KBS promote the use of organisations that have good Social Value standings. We include tender evaluation questions that test areas such as diversity, engagement with SME's & VCSE's and their ability to be able to create local training and education opportunities in industries with known skills shortages, in high growth sectors, or located in deprived areas.

Suppliers are also evaluated on their Environmental policies and practices that make an effective contribution through their operation and project delivery services.

These values are a reflection of the latest Government Directive concerning Social Value and Environmental Impacts. KBS give a minimum 10% weighting to the Social Value related questions in the published tender documents. This weighting is increased depending on the type of project being delivered and the required outcome.

KBS will continue to be aligned to the latest Government directives for supplier selection. We aim to develop our tracking and reporting of our Sub-Contract progress in these areas.

**KBS GIVE A MINIMUM OF 10%
WEIGHTING TO THE SOCIAL VALUE RELATED
QUESTIONS IN THE PUBLISHED TENDER DOCUMENTS**



Zero Harm

Our Goal for Safety, Health and Environment is Zero Harm. This means zero fatalities, zero serious injuries, zero significant environmental incidents.

KBS Maritime has developed an integrated SHE (Safety, Health & Environmental) Management System certified to ISO 45001 and 14001, including the identification and communication of Safety Critical Controls for our highest hazard activities.

SHE dashboards are used by the business to ensure controls remain in place and are monitored easily. We monitor and learn from all near misses, reviewing these as robustly as if they had led to an injury.

SHE inspections

2022-23: >500 inspections per annum

>300 HAZARDS or incidents reported for resolving, review and investigation

1 employee and 1 subcontractor RIDDOR reportable injuries in year

In June 2023 we held a Zero Harm Day to embed our Zero Harm goal and actions, inviting our customers, subcontractors, shareholders and employees.

Our next steps are to continue to develop our risk reduction activities and SHE solutions, benchmarking ourselves against construction and FM industry best practices.





05

Governance

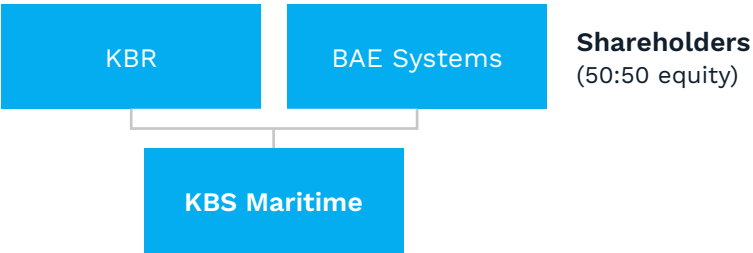


Governance

Effective corporate governance is the fundamental compass that guides KBS Maritime to sustainable success. It ensures accountability, transparency, and ethical decision-making, fostering trust among shareholders and paving the way for long-term prosperity.

Shareholder Overview and Board Structure

KBS Maritime Corporate Structure



The KBS Maritime Leadership Team is committed to ongoing and proactive dialogue with shareholders. A full programme of formal and informal events is held throughout the year through a set of monthly JV Board meetings with focus topics. This programme of shareholder engagement aims to ensure that the KBS Maritime performance, strategies and objectives are clearly communicated to shareholders and provides a forum for shareholders to address any issues. ESG forms part of an annual review cycle to monitor our commitments and engage the shareholders. The KBS annual objectives ensure commitment to ESG through targeting specific goals and targets. Our commitment to community initiatives is communicated and approved through the shareholder forum to ensure alignment to both KBS and parent company ESG vision and values.

The shareholders are committed to the future development of KBS Maritime within the wider UK and International defence infrastructure market, drawing on their respective capabilities.





Ethics & Code of Conduct

At KBS Maritime we are committed to behaving ethically in all aspects of our business, and each of us has a key role to play in ensuring we maintain our reputation for being a trusted and responsible business.

We ensure a strong Code of Conduct within our business, agreed upon with our shareholders and managed throughout the organisation through comprehensive briefings, training and open discussions at team meetings, making integrity one of our core values.

Effective management of any concerns or breaches is managed through a system of manager escalation, supported by trained HR experts, and further supplemented by an anonymous Ethics Helpline, which is provided by our shareholder, BAE Systems. Raising issues or concerns can result in a range of outcomes, including, where appropriate, changes to governance, practices, and training.



Modern Slavery

We are committed to promoting ethical practices and upholding human rights in every aspect of our business. We firmly condemn modern slavery in all its forms and have zero tolerance for any associated practices with our business and our supply chain.

KBS Maritime expect that our suppliers shall not engage in any form of modern slavery, including human trafficking, forced, bonded, or indentured labour. All work should be voluntary on the part of the employee. Suppliers should allow employees to freely choose to work or to leave employment. Our suppliers are expected to provide all employees with a written contract or offer letter (depending on the jurisdiction of employment) in their local language clearly indicating their rights and responsibilities regarding wages, working hours, benefits and other working and employment conditions, and where legally required, register that contract.

We also expect our suppliers to ensure that child labour is not used in the performance of work. The term 'child' refers to any person under the minimum legal age for employment where the work is performed, and/or the minimum working age as defined by the International Labour Organization (ILO), whichever is higher.



Business Continuity

KBS Maritime understands the benefit of maintaining a Business Continuity Management System (BCMS), which has been adapted to meet the business needs and that of the Authority within Portsmouth Naval Base. In the maintenance of the contract fulfilled by KBS, it is imperative that critical functions are kept up and running during times of crises and downtime minimised during incidents. By following the methodology and processes prescribed within ISO22301:2019 for which certification to the Management Standard is held, KBS is fully prepared for unplanned events that could interrupt daily activities and takes a proactive approach to minimising the impact of incidents.



ISO Standards/Accreditation

During our initial year of operation, we configured our business management systems and obtained certification to the International Quality Management Standard ISO 9001.

We are currently working towards the Asset Management Standard ISO 55001 seeking certification in 2023/24.





06

Future Targets



Future Targets



Environmental impact:

We are committed to providing sustainable solutions and services that support our customers to achieve their Net Zero goals and minimise their carbon footprint, conserve resources and adopt environmentally friendly practices.

We have a target reduction of 33.5% in the Net Zero Carbon plan. We also continue to evaluate and improve our own business operations through promoting responsible environmental practices across our entire value chain.



Diversity and inclusion:

Our colleagues play a crucial role in delivering quality and driving success. To enhance employee fulfillment, well-being, and ultimately improve service quality for our customers.

We will also continue to promote Employee Resource Groups to offer inclusion and bring wider awareness across the business to diverse topics and communities



Sustainable Supply Chain:

Our 350 suppliers make a vital contribution to our performance. Through promoting transparency and accountability from our supply chain, addressing, and mitigating any environmental or social impacts.

We aim to set clear and fair expectations and foster collaborative relationships.

Our goals for the next twelve months will be focusing on three key areas:

BY SETTING OURSELVES AMBITIOUS GOALS, COLLABORATING WITH STAKEHOLDERS AND SHAREHOLDERS, AND EMBRACING INNOVATION, WE AIM TO FURTHER INTEGRATE ESG CONSIDERATIONS INTO OUR STRATEGY AND OPERATIONS.



07

Full Emissions Disclosure

Current Emissions Reporting

Reporting Year: 2021-22 (Currently the same as the Baseline year)

EMISSIONS TOTAL (tCO₂e)

Scope 1 Gas (steam boilers) – 332.51

Gas (CHP) – 1,131.41

Bottled gas (propane, acetylene) – 1.00

Fuel (Non-EV Fleet, 64 vehicles of 112) – 156.33

Scope 2 Electricity (buildings, EV fleet) – 76.21

Scope 3 (Included Sources)

Diesel (for site generators & mobile plant) – 908.10

Diesel (UHAF generator) – 83.65

F-Gases – 0.50

Commuting – 362.23

Business travel – 54.54

Air travel – 24.17

Water supply – 4.00

Water treatment – 4.13

Electrical losses (T&D) – 28.05

Fuel deliveries (to Base) – 1.86

Fuel deliveries (in Base) – 3.42

Food – 226.04

Site materials (embedded) (maintenance) – 84.00

Site materials (embedded) (construction) – 12,942.27

Total Emissions KBS Maritime (16% allocation of Base) – 16,424 tCO₂e

[HMNB Portsmouth emissions – 102,970 tCO₂e]



Environmental, Social and Governance Report

2022/2023

KBS Maritime

A KBR and BAE Systems Joint Venture

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