

FY 2023 Greenhouse Gas Inventory Disclosure

Last updated: January 27, 2025



At ARA, we serve our customers by providing technically excellent, in-depth and diversified research support services, answering complex and challenging problems in the physical sciences. As a leader in providing sustainable solutions to defense technologies, we are committed to operating in a way that is responsible and aligns with our customers' sustainability goals. This includes a formal approach to environmental management and climate strategy by monitoring our footprint and seeking ways to manage our most significant impacts, including our largest sources of carbon emissions.

For our 2023 fiscal year, we took foundational steps to begin formal climate reporting through the development of our inaugural greenhouse gas inventory. Partnering with a third-party consultant, we took our first steps to identify our major emission sources and quantify our baseline performance aligned with industry best practices. We calculated our emissions from our direct operations (Scope 1 and 2) as well as our value chain (Scope 3) in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. These emissions are summarized below.

FY 2023 GHG Inventory

Scope Category	Emissions (tCO ₂ e)
Scope 1	1,513
Scope 2 (Location Based)	2,362
Scope 3	34,351
Category 1: Purchased Goods & Services	26,871
Category 3: Fuel- and Energy-Related Activities	137
Category 6: Business Travel	7,239
Category 7: Employee Commuting	105
Total Direct Emissions (Scope 1 and 2)	3,874
Total Emissions (Scopes 1, 2, and 3)	38,226

Our inventory covers emissions for our fiscal year 2023 (October 1, 2022 – September 30, 2023) and takes the operational control approach for determining our direct emissions (Scope 1 and 2). This includes emissions from our owned and operated vehicles as well as natural gas and electricity from our leased facilities. Our Scope 2 emissions for purchased electricity follow a location-based calculation based on current data availability. Over time we will work to provide market-based reporting and improve our reporting procedures.

Our Scope 3 emissions are comprised of our upstream value chain activities, comprised largely of purchased goods and services, as well as business travel. As a professional services company, our value chain activities are largely intangible goods, with purchased goods and services comprised

mainly of software and consulting services. In addition, we have several hardware purchases that comprise a significant portion of our Scope 3 emissions.

In our first year of reporting Scope 3 emissions, we took a spend-based approach using information readily available through our current accounting systems. Over time, we will explore whether we can take a more detailed approach to these calculations and reporting, and use activity data at the product and service level as well as include other relevant categories for which we do not currently have data to report.

We plan to calculate this inventory annually and make the results public for any interested stakeholder.

GHG Reduction Target:

As a company that is committed to improving the environmental profile of our operations, we are determined to manage our emissions and are committed to doing so on an intensity basis. After completing our first year of GHG reporting, we set a baseline for FY23 to develop an inaugural target.

We seek to reduce our direct emissions intensity normalized on a revenue basis (Scope 1 + 2 CO₂e/ \$MM Revenue) by 20% from our baseline year FY2023 by year end FY2030.

We commit to report on our progress towards this goal annually in our annual emissions disclosure. These insights will help us refine our strategies and enhance our efforts to reduce emissions moving forward.

Contact: Beth Fisk, VP, DCO, bafisk@ara.com, 505-881-8074