SUSTAINING OUR GROUP OUR PEOPLE AND OUR PLANET

ANNUAL SUSTAINABILITY REPORT
2024 - 2025

CONTENTS

VISION

Our vision is to excel in aerospace and defence services delivery, in Britain and beyond, building value for all our stakeholders.

We're building a relevant, resilient, valuable, aviation, aerospace and defence business that is Sustainable for the long term.

We've started fast and accelerated towards a Sustainable aviation future where environmental responsibility, operational excellence and social impact are coherently aligned to build our Brand reputation and performance.

We're committed to reducing our environmental footprint and to achieving Net-Zero emissions in line with international and National climate goals.

We believe that a thriving aerospace Company must be a responsible one, helping to fight climate change, committed to its people and its local communities, providing job security for its staff and delivering resilient and relevant operational outputs for the long term.

SUSTAINABILITY APPROACH

2Excel is a high-performance aerospace services business doing difficult things, well.

It uses the unique perspective offered by 'height' and the power of the electro-magnetic spectrum to provide timely knowledge to its customers and partners so that they can take decisive actions.

Our 600 employees help to save lives, protect people and critical national infrastructure, provide security, save trees and clean the seas.

The rapid growth in global temperatures resulting from new human activities, among which aviation is significant, means our industry is under pressure to change.

Environmental Stewardship is a responsibility and a strategic imperative for the long-term success of the aviation industry and for 2Excel within it.

As a socially and environmentally responsible organisation we recognise the importance of minimising our negative impacts on the environment, maximising our positive impacts and helping to fight climate change. As an integral part of our Governance model, this is Sustainability.

Although we operate as an airline, which means we operate above the very highest safety bar, only three of our 30 aircraft operate to transport people.

The majority of the flying we do is to help enhance our Nation's security, protect our critical infrastructure, inform environmental and risk-based decision making, reduce the effects of major oil spills across the globe and, help save lives at sea.

Taken as a whole, 2Excel has a very positive environmental and social impact.

This Annual Sustainability Report for our Financial Year (FY) 2024-25 outlines our Group's comprehensive approach to Sustainability.

Noting that many of our social value, safety and security outcomes are protected and cannot be revealed in this Report, this Annual Sustainability Report has a particular focus on our decarbonisation journey, which is in line with the UK's National commitments and wider global climate goals.

We are dedicated to doing the right thing on climate, not just meeting the UK Government's statutory and contractual obligations on us but, because it's right for us to do as a business, for our people, for the communities we serve and among which we operate and, for the planet.

We are inculcating a '**Care Culture**' in everything our people do.

By measuring, monitoring and analysing our energy consumption and our carbon emissions, we identify areas where we can improve. We implement targeted environmental plans to continuously improve our Sustainability performance.

As we grow, we continuously improve our Governance to keep it appropriate for our size and complexity to make it more effective.

Our Social Value activities in the past year have ranged from saving lives through helping to inspire a new generation of aviation and aerospace professionals to charity funding and Volunteering (enabling our employees to donate time and money to causes they care about).

We describe the progress we have made in the past FY to reduce our environmental impact. We have done well; we are 92% of the way towards our interim milestone of halving our FY20 net Greenhouse Gas Emissions by 2030, in half the time we have to achieve it.

We include key highlights from a year of activity that has seen significant investment in environmental and social value initiatives

We also outline our intended next steps as we continuously improve what we do and how we do it.

For our staff, we hope you find this Report illuminating and inspiring as you play your part in **enhancing the experience of everyone and everything we interact with**.

ESG Steering Group

SUSTAINABILITY STRATEGY

The Sustainability Challenge

The aviation sector faces unprecedented pressure from regulators, investors, customers and employees to reduce its environmental footprint while delivering its outputs, demonstrating operational excellence and maintaining safety and financial performance. At the same time, we should be good corporate citizens, enhancing the experience of everyone and everything our business interacts with.

We must act boldly, transparently and collaboratively on Environmental, Social Value and Governance (ESG) issues.

Therefore, as regulatory frameworks evolve and stakeholder expectations intensify, we have positioned ourselves at the forefront of providing more sustainable aviation by setting ourselves ambitious targets and taking decisive actions to meet them.

Our Sustainability Policy

Our overarching direction is in our Sustainability Policy. This is used to foment, develop and implement subordinate ESG polices, strategies and plans in order to support and promote our long-term resilience.

The prosperity of our business is predicated not just on our financial value, growth and productivity but also the sustainable delivery and management of our activities.

The aim of our Sustainability Policy is to enhance the experience of everyone and everything our business interacts with including, but not limited to, our people, customers, other businesses, suppliers, local communities and the environment by consistently achieving the following objectives:

Our Sustainability Objectives:

- Nurture and sustain our caring culture, empowering and engaging all staff to care about our social values and the environment in which we operate.
- Be recognised as an exemplary, socially and environmentally conscious aerospace Group.
- Be regarded as an employer of choice that improves working lives.
- Be positively regarded by our local communities, customers, partners and stakeholders that establishes and sustains partnerships with like-minded customers and suppliers.

FY22-25 SAP

Since 2021, under our Sustainability Policy, we have been developing, implementing and delivering our rolling series of 3-year long SAPs to:

Meet our Sustainability Policy goals by:

- Recruiting and retaining staff who care about ethical standards, social value and the environment and who are significantly more ESG-committed than was the case in previous decades;
- Continuously improving our strength, resilience, reputation and brand;

Remain relevant to stakeholders (customers, suppliers, staff and shareholders) in an everchanging context by demonstrating our commitment to:

- Providing sustainable and resilient, long-term job security, manageable workloads and personal enjoyment at work, within an organisation that has mature moral core values and standards that reflect our swiftly changing society.

Contribute to long-term economic, environmental and social Sustainability by:

- Tackling economic inequality (including providing high-quality jobs in far-flung and depressed areas)
- Providing Equal Opportunities (including providing equal pay for equal roles regardless of protected characteristics)
- Promoting Wellbeing

Reduce our environmental impacts to support environmental protection and improvement through our Environmental Policy and Plans, which detail our environmental commitments regarding:

- Environmental Stewardship (understanding our obligations)
- Fighting Climate Change (reducing Greenhouse Gas Emissions)
- Environmental Management (ISO14001) including our Circular Economy Plan, using sustainable materials and reducing waste;
- Increasing Biodiversity.

This Annual Sustainability Report describes our performance against the final year of the FY22-25 SAP (which is shown below):

RESULTS

This Year's Annual Sustainability Report is our First Such Report

It highlights the significant steps we have taken toward achieving Net-Zero emissions since 2020 as well as continuing to deliver our People Plan. It details our progress along our FY23-25 SAP to achieve our Governance, Environmental and Social Value ambitions.

Governance

Having refinanced 2Excel right at the start of the reporting period, we implemented momentous Governance changes at the same time. Cementing the fall out of that new structure throughout the newly subordinated companies and their people has required significant work. Nevertheless, we have completed 100% compliant reporting across the Group and responded to the all the Procurement Policy Notes (PPNs) within our bids. The evidence that those Governance changes are working will be more obvious in next year's Annual Report.

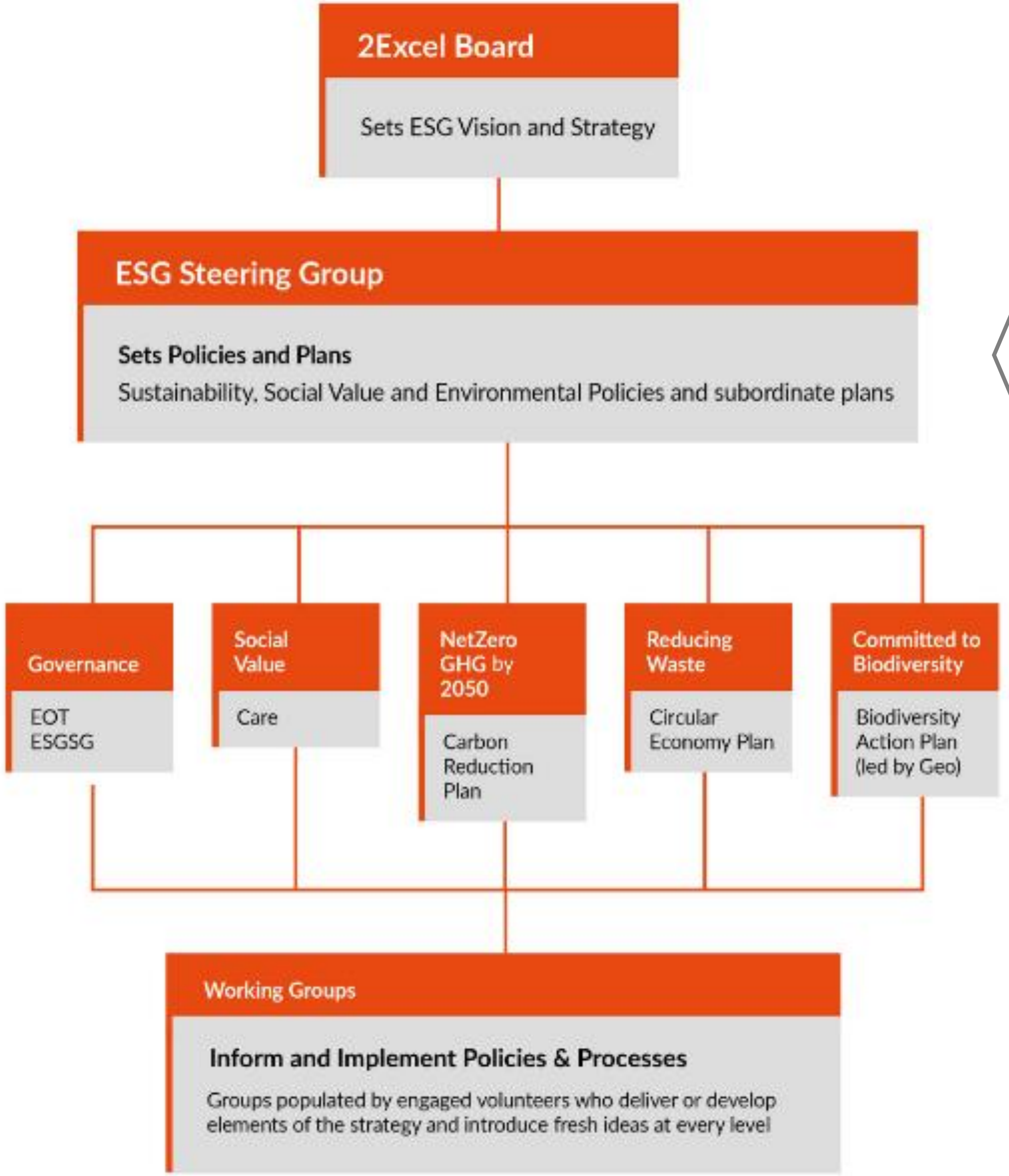
Environment

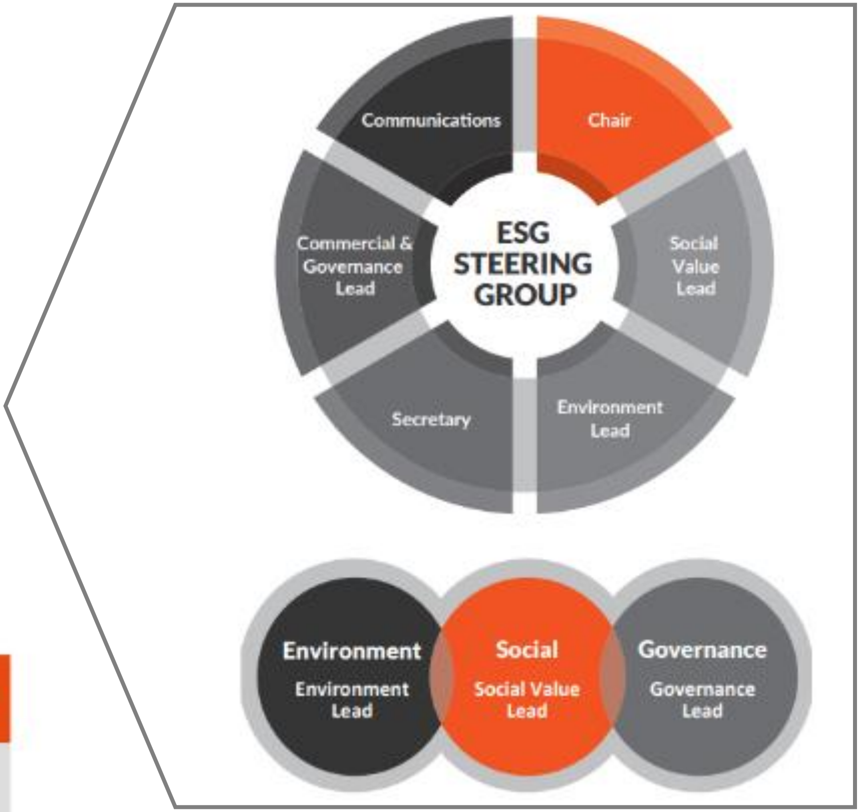
Environmentally, this Report describes our investments into fleet modernisation (the aircraft Resilience Plan), initiatives to improve operational efficiency (re-basing) and expanding 'Care' across our activities to reduce waste, improve circularity and decrease our wider carbon footprint. We are 92% of the way towards our 2030 carbon reduction milestone in half the time we have to achieve it.

Social Value

Acknowledging that many of our Social Value initiatives are small scale, collectively, the breadth of our activities has been huge. We've invested time in initiatives that support Science. Technology, Engineering and Maths (STEM) learning, championed veteran employment and, continued to build a workplace where wellbeing, inclusion and long-term careers can thrive. Across the business, we're working to ensure that Social Value isn't a standalone activity but is an integral part of how we operate and deliver for our customers, now and into the future. This Report describes our People Plan and how we are protecting and building our Brand, Reputation and Goodwill.

Governance


2Excel Board
Sets ESG Vision and Strategy
ESG Steering Group
Sets Policies and Plans
Sustainability, Social Value and Environmental Policies and subordinate plans
Governance
EOT
ESGSG
Social
Value
Care
NetZero
GHG by
2050
Carbon
Reduction
Plan
Reducing
Waste
Circular
Economy Plan
Committed to
Biodiversity
Biodiversity
Action Plan
(led by Geo)
Working Groups
Inform and Implement Policies & Processes
Groups populated by engaged volunteers who deliver or develop
elements of the strategy and introduce fresh ideas at every level


Communications
Chair
Commercial &
Governance
Lead
ESG
STEERING
GROUP
Social
Value
Lead
Secretary
Environment
Lead
Environment
Environment
Lead
Social
Social Value
Lead
Governance
Governance
Lead

OUR ESG STEERING GROUP

Members (pictured left to right):

Chris Norton, Ben Griffiths, Saskia Norton, Louise Campbell, Caroline Herman, Louise Heap, Chloe Barnes, Simon Spurgeon, Graham Thurstan

HOW ESG SITS WITHIN OUR GROUP

Policies

Oversight, monitoring and development of our Sustainability Policy, Strategy and Plans is the responsibility of the ESGSG.

Our Sustainability Policy provides the overarching ESG direction under which the ESG Steering Group (ESGSG) develops and implements subordinate ESG policies, strategies and plans in order to support our long-term relevance and resilience.

There are two fundamental policy pillars within the Sustainability Policy: the Social Value Policy and the Environmental Policy.

Each of these policy pillars has its own subordinate strategy and plans that deliver their intent.

Their implementation is achieved through the delivery of our Sustainability Action Plan (SAP).

Benchmark Year (FY20)

The benchmark against which ESG performance is measured is Financial Year 2019-20 (FY20).

It is accepted that, because our record keeping was not focused on ESG then, the data in this historical start point may be more subjective than our assessments of subsequent FYs but, the negative impact of Covid-19 on Group activities necessitated going back to FY20 (pre-Covid) to provide a robust benchmark.

SAP

The SAP is developed, directed, led, enabled, overseen and reported on by the ESGSG. The ESGSG includes two Group Board members, Board members from 2Excel Aviation (2EA) and 2Excel Engineering (2EE), five Executive Leadership Team members and our dedicated Sustainability expertise.

The ESGSG monitors Group performance against its Sustainability objectives using recognised and, where appropriate, independent tools. It reports both quarterly and annually.

Board Directors are charged to ensure our business dealing conduct is in line with our commitments to protect and enhance our business, resilience, reputation, brand and goodwill.

These Directors also forward customer and supplier feedback to the Compliance Monitoring Department to record our Brand, reputation and goodwill for ISO 9001-2015 reporting.

We've recruited dedicated Sustainability expertise to enable delivery of our SAP across our Group. This included our Sustainability and Environmental Managers, our Health, Safety and Wellbeing Managers and our HR team.

Our Employee Forum and Working Groups provide feedback for the ESGSG to continuously improve the efficiency and effectiveness of the SAP and the monitoring and reporting tools.

While the SAP is owned and monitored by the ESGSG, its delivery is the responsibility of the entire organisation.

Support to Commercial Bids

Successive UK Governments have put Sustainability (Net Zero) targets into UK law. Therefore, Government invitations to tender now usually incorporate Policy Procurement Notes (PPNs) that put Sustainability into the heart of procurement activities.

These PPNs expect tenderers to demonstrate how they have achieved Sustainability, and promise what they will achieve, within their commercial bids for government work. Sustainability objectives often represent 10% of the marks awarded in commercial evaluations.

The ESGSG supports those commercial bids by providing objective evidence.

Subsequent delivery of the SAP ensures we keep the contractual Sustainability promises we have made.

Development

Development of the Group's Governance processes means, in the next five years, 2Excel will be able to disclose its climate-related financial risk under the Task Force on Climate-related Financial Disclosures (TCFD) Framework.

TCFD is a global initiative that provides a framework to disclose climate-related risks and opportunities to investors and stake-holders.

This will also see improved procurement and supply chain management processes and diversity, inclusion and equity.

GOVERNANCE ACTIVITIES

Ambition

We want to be an employer of choice, recruiting and retaining exceptional people, providing job security and job satisfaction.

We are driven by ensuring cleaner seas, saving lives, saving trees and providing security, well-being and safety – not just for ourselves but also for our customers.

Governance includes our various Boards' activities, our Management System, our Manuals, our Organisational Structure, the Annual Financial Plan, the Group Strategic Plan, the Group Financial Model, our People Plan, our Meetings and Reporting Structure, our Terms of Reference, our Roles, Responsibilities, Delegated Authorities, Objectives, Opportunities and our Supply Chain.

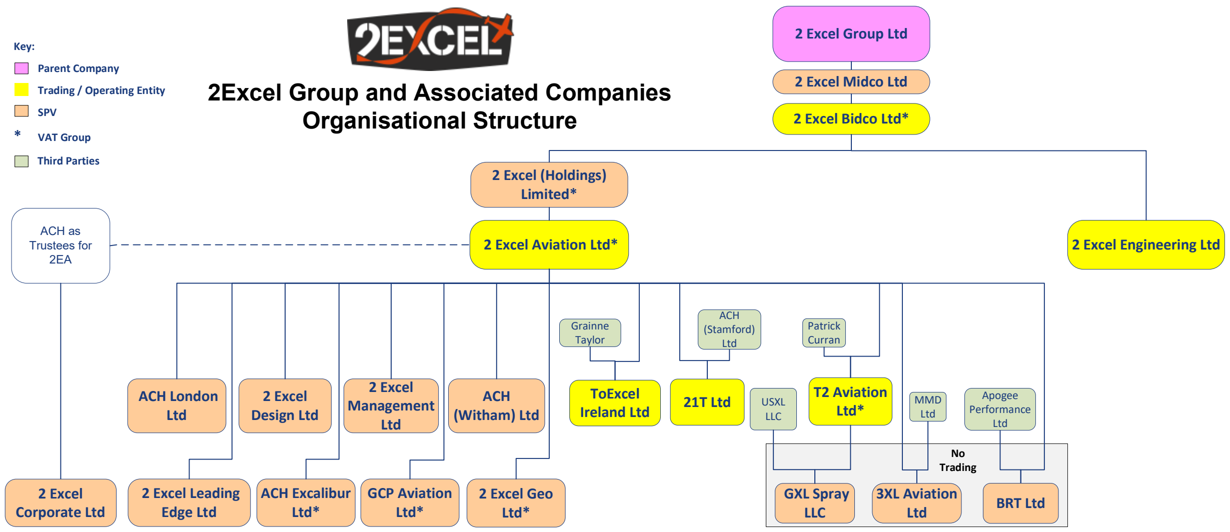
Refinancing and Restructuring

During FY25 we completed our corporate refinancing and restructuring, creating 2Excel Group, which now includes 2Excel Engineering as a wholly owned subsidiary for the first time.

We created 2Excel Ireland in preparation for the delivery of our fixed wing Search and Rescue (SAR) service for the Irish Coastguard.

Creation of the Group included new Terms of Reference for senior roles and new Three-Line Objectives (TLOs) for our Companies and Divisions.

The Board made a £750,000 extraordinary bonus payment to the Employee Ownership Trust (EOT), shared between all eligible employees, factored by remuneration and length of service, in line with the EOT scheme rules



Policies, Reports and Publications

Oversight and development of, and reporting on, our Sustainability Policy, Strategy and Plans is the responsibility of the ESG Steering Group (ESGSG).

Our ESGSG devoted significant time to discussing, planning, implementing and reporting on ESG matters and across the Group, during the year, it published the following Policies, Reports and other publications:

Statutory Reports

- Modern Slavery Statement
- Gender Pay Gap Report
- Carbon Reduction Plan Report
- Streamlined Energy and Carbon Reporting
- Audited Accounts (for 2EG and 2EH)

Policies and Reports

- Sustainability Policy
- Environmental Policy
- Social Value Policy
- Intensity Based Targets
- GOAT Business Risk Policy and Guidance
- Code of Ethics
- Supplier Code of Conduct
- Group Security Manual
- Group Health and Safety Manual
- Work Experience Policy
- Recruitment Policy
- Anti-Harassment Policy
- Emergency Response Plan
- Business Continuity Plan
- Quality Plans (including our ISO 9001 and AS9100 certifications).
- Four, quarterly, Sustainability Reports

COMMUNICATING WITH STAFF

From the Top

We take communicating with our employees very seriously. We seek to maintain open channels of communication so that all employees are kept well informed about what's happening around our Companies, the Group's strategy and plans and everyone's role in our overall plan.

We do this via weekly 'Rapid Fire' videos, which debrief the weekly Company Operations Meetings, the monthly Company Integration Meetings and the weekly Accountable Manager's Meeting at 2EE. These internal, bite-sized videos were watched by 4,259 times during the year.

We also publish a Group-wide Newsletter at least ten times a year. This recorded an average of 307 views per edition.

Feedback

Every year we undertake to host three employee 'Town Hall' meetings at each of Lasham, Humberside and Doncaster, with the ability to watch meeting recordings, ask questions in advance and, more recently, engage in live broadcasting over teams with live Q&A and a recording for those who are unable to attend in person due to leave or being off shift. We have consistently achieved this each year of the SAP.

We also seek feedback via monthly Employee Forums whereby designated representative can highlight issues or bring suggestions to the management team.

We report back to all employees where ideas have been actioned - You Asked, We Did. Examples of initiatives are shown in the graphic below.

External Communications

Externally, we want 2Excel to be instantly recognisable, nationally important and globally relevant.

We want to do that in a way that shows we understand our obligations towards our people, the communities in which we work, environmental management, biodiversity net gain, fighting climate change and achieving NetZero by 2050.

SOCIAL VALUE

Sustainable Management of our Activities.

The prosperity of our Group, our business, and of the communities within which we operate, requires it. We recognise the opportunities that being a responsible business, with positive social performance, brings.

Our Social Value Policy details our commitments. Its forms one of the two pillars of our Sustainability Policy and our SAP.

Enhancing the experience of everyone and everything our business interacts with is a key commitment of our Social Value approach. Everyone and everything includes, but is not limited to, our people, other businesses, suppliers, local communities as well as the environment.

We do this in line with the principles and practices set out in our **People Strategy**, which is owned by the Group HR Director and sets out our plan to deliver on these commitments and build our Business Reputation, Brand and Goodwill:

2EE CEO Matt Caswell hands over a cheque to Shona Bowman (Chair of Aerobility)

People

We are committed to:

- Creating and sustaining employment opportunities, supporting charities and being sensitive to the needs of local people and groups within the communities that we work.
- The well-being, safety and security of our employees and clients.
- Providing an environment that fosters a happy and engaged employee experience.
- Encouraging employee participation, progression and continuous professional development.
- Training our workforce, giving them regular feedback, so that each employee has a clear understanding of their role and how they contribute to the overall business.
- Ensuring fair pay for all employees, making sure they are recognised and rewarded on the basis of their performance, effort, contribution and achievements.
- Nurturing a high-performance culture, including high job-satisfaction, regularly engaging with employees for feedback through surveys and our Employee Forum, aiming to involve and consult regularly regarding the direction of the business.
- Promoting equitable treatment, encouraging diversity and embracing inclusion in our workforce.

Business Reputation, Brand and Goodwill

We recognise the significance of reputation, brand and goodwill in how our business is perceived and how important these intangible elements are to our enduring success.

Therefore, in business we act in accordance with our Code of Ethics and expect our Suppliers to act in line with our Supplier Code of Conduct.

We engage with our customers and suppliers, to protect and enhance our reputation, brand and goodwill, by ensuring we operate as an exemplary, socially and environmentally responsible aerospace Group.

To do this, we are committed to:

- Building and maintaining long-term relationships with all our customers, partners and stakeholders, understanding their objectives as they evolve over time and by meeting their needs.
- Giving fair value for money, consistent quality, flexibility and reliability by over-delivery.
- Having the highest professional and ethical standards and being honest, open and transparent in all our business dealings.
- Creating and maintaining strong relationships with key suppliers and contractors.
- Choosing suppliers that share our ethos in relation to moral standards, employment practices, quality and environmental controls wherever possible.
- Procuring goods and services and create work opportunities, for small and medium sized businesses and social enterprises wherever possible, including in our local communities.

JOB SECURITY

Resilient, Rewarding Job Security

We aim to provide resilient and secure jobs that are both satisfying and enjoyable for employees and sustainable for the long-term.

Our Stability Indices of 88.55% at 2EE and 82.42% at 2EA show that we're achieving this.

The numbers of those leaving the business voluntarily (Voluntary Staff Churn) remain low: 16.18% at 2EE and just 12.7% at 2EA.

Our staff numbers continue to grow as we expand the business across the UK and for the first time into Ireland having won new contracts and secured follow-on contracts. We have created dozens of new posts, increasing our headcount by 62 across the Group in year

Building on our longstanding HR Hand-book we now have our Social Value Plan which is built around our People Plan and enhancing our Brand, reputation and goodwill to deliver our many objectives.

We are proactive with our approach to diversity and inclusion.

During FY25 we dismissed two employees for gross misconduct who were not acting in accordance with our policies.

Down the supply chain, we want to support small and medium-sized companies and local businesses, to cement strong, long-term relationships, to be open, honest and transparent and to provide fair, value-for-money services that are reliable, flexible and high quality.

EMPLOYEE BENEFITS

Total Reward: The total increase to the Group's wage bill following the FY25 Pay Review outstripped inflation.

Pensions: We make a 5% employer contribution to our auto-enrolment Royal London Pension scheme.

2Excel Aviation (Holdings) Ltd Employees Ownership Trust (EOT):

- £750,000 was paid to eligible members of the EOT when the Group refinanced.
- Upon refinancing, EOT ownership of 51% of 2Excel Holdings Ltd was transferred up to 2Excel Group Ltd, our new parent company and became 38% of 2Excel Group Ltd.
- With that change, the EOT became closed to new entrants
- Our Employee Forum provided opportunities for employees to input to the organisation's strategic direction.

Enhanced Holiday Entitlements:

- After five full years' service, holiday entitlement grows by one day per year, up to a maximum of five additional days per year.
- We also provide the ability for employees to buy and sell up to five days holiday a year – 79 employees used this in FY 25.

Life Insurance: Group Life Insurance designated next of kin will receive double annual salary at 2EA as a one-off payment in the event of an employee passing and 4 times annual salary at 2EE.

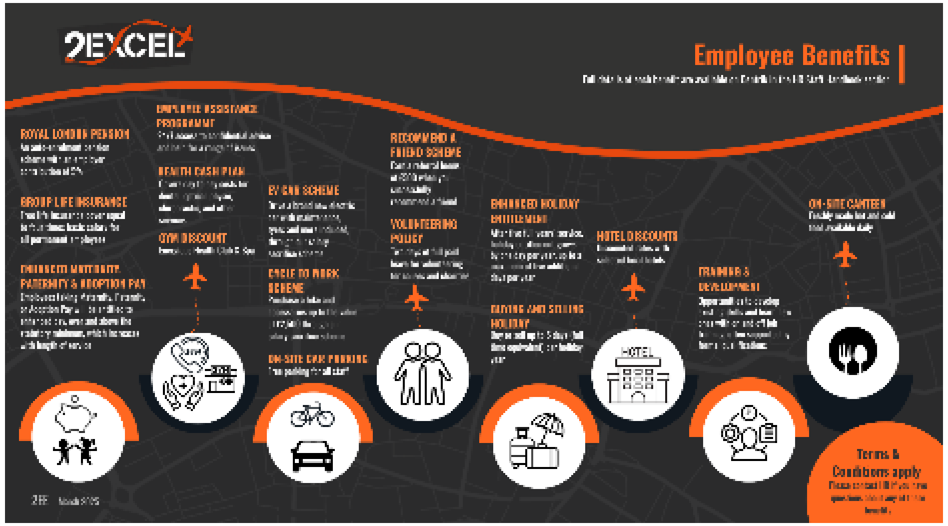
For 2EA, our Vitality Health Insurance Scheme was renewed (despite a steep premium increase)

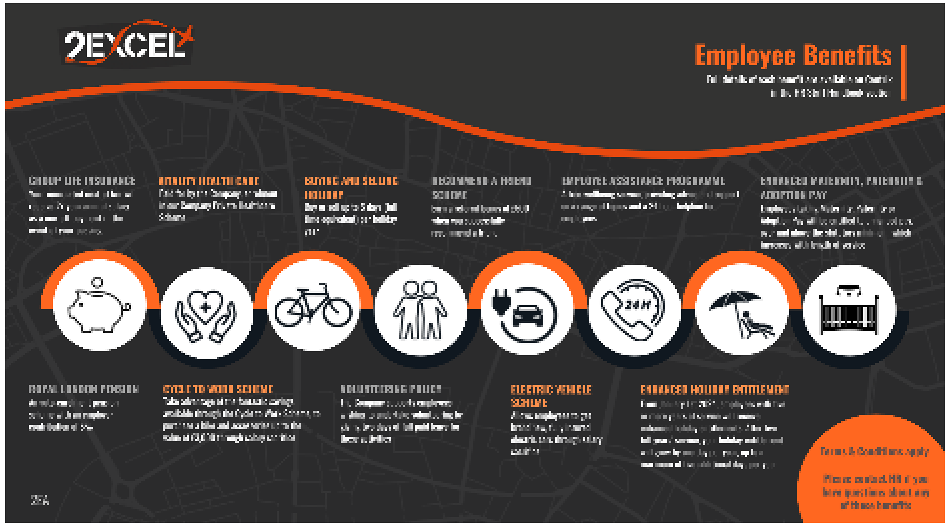
Employee Assistance Plan, a free wellbeing service and 24-hour helpline

Cycle to Work Scheme supports the purchase of bikes and accessories up to the value of £3,000 – 20 employees took part

Octopus Electric Vehicle Scheme - 16 employees have taken advantage of this scheme in FY25

Recommend a Friend – A referral bonus of £500 for recommending a friend who takes employment in Group - 8 employees benefited from this in FY25





CAREER DEVELOPMENT

Job Satisfaction

Our average length of service continues to rise as many of our employees stay with us for the long-term, developing their careers and building their skills at 2Excel.

We have worked to enable some aircrew to continue flying commercially beyond age 65. Similarly, subject to internal risk assessments, we have made it possible for pilots to fly commercially single pilot beyond age 60.

Our annual employee survey consistently demonstrates staff engagement levels are high:

- *I would recommend 2Excel as a Great Place to Work – up nearly 12% to 86.46%*
- *I am satisfied with the amount of communication I receive about what is going on in the Company – up 13% to 86.46%*
- *I am happy at work – up 14.66% to 85.94%*
- *I am happy with my work life balance up 11% to 81.25%*
- *I care about the future of 2Excel up 12.29% to 97.4%*

Career Resilience

Two of the bedrock pillars of Job Satisfaction are ‘certainty’ and resilience.

Our commercial philosophy is to keep our customers happy. Once again, we have won follow-on contracts for our existing work – most notably for HM Coastguard Fixed Wing Search and Rescue; OSRL oil spill response and the SCYLLA contract to replace SPEAR for MBDA.

While these commercial wins demonstrate excellent customer satisfaction, they also provide steadiness and certainty for our staff, which is crucial for people feeling their jobs, and indeed their careers, are safe and sound.

Continuous Professional Development has enabled several of our people to work their way up the Company

We offer high quality apprenticeships, for engineers at our Lasham site and in other roles, including HR and Operations.

Career Transition

As Bronze members of the Armed Forces Covenant, we promoted our support for veterans moving into the civil sector and for those serving as Reservists or as cadet instructors. This year we are seeking to upgrade to Silver membership and, in the future, Gold.

Every year we attend numerous careers fairs, including for Career Transition Pathway events for those leaving the Armed Forces. 39 of our New Starters in the Group this Financial Year were Veterans.

Accidents at Work

We had zero Employer Liability Insurance claims during the year.

CHARITABLE WORK

Chosen Charities

The Group donated £11,702 to our partner charities in FY25.

We launched our Payroll Pennies Scheme in September, which rounds up the pennies from payroll for those employees who have opted in.

One of our Directors provided reporting advice to charity partner Don’t Lose Hope. Our Group Communications Director supports disabled flying charity Aerobility as a Board Trustee. Employees supported the annual RAF Association fund-raising bike ride. We sponsored the annual Aerobility charity fund-raising ball and introduced potential new donors and sponsors.

Volunteering

The Group supports employees wanting to undertake volunteering by giving two days of full paid leave for these activities.

Our Policy supported 32 days of volunteering, including:

- Media Ops support for D-Day 80th commemorations in Normandy
- Calls to RAF veterans for RAF Association outreach campaigns
- A local school netball tournament
- Homeless charities
- A local school Christmas fete

INVESTING IN THE FUTURE

Employment, Recruitment and Training

- We created six new trainee mechanic apprenticeships at Lasham – our seventh cohort since the 2017 launch of the 2EE Apprenticeship Scheme.
- Our apprentice Operations Controller completed her course with distinction.
- We attended four Career Transition Partnership employment fairs as part of our commitment to recruit veterans from the Armed Forces.
- We hosted free sessions to inspire young people into aviation and STEM careers with Go Gliding and the British Gliding Association. (Below Centre)
- We introduced enhanced pay for periods of maternity, paternity and adoption.
- More than five-sixths of employees completed Environmental Awareness Training this year.
- We gave gifts to all female members of staff on International Women's Day.
- We tested and then implemented a sustainable period care scheme at Doncaster.
- We attended school careers and outreach events, hosted student visits from Farnborough College of Technology.
- We launched the 2Excel Women's Network and held events including interactive presentation and workshops. (Below left)
- We supported the Royal Aeronautical Society's annual Careers event.
- We were invited to join the judging panel for the National Apprenticeship Awards, following our own success in the competition in the previous year.
- Our Graduate Design Engineer Recruitment Day was attended by more than 20 candidates, with of these four eventually being recruited into 2Excel. (Below Right)
- We attended the National Air and Space Camp engaging with 2,000 Cadets at RAF Syerston interested in STEM and aerospace careers.
- We hosted young people visiting Lasham with the charity TurnPoint to learn about career opportunities in aerospace engineering.

Left: Training Day for Women's Network; Middle: STEM Event at Lasham; Right: Graduate Design Engineer Showcase at Doncaster

ENVIRONMENTAL ISSUES

Anthropogenic climate change is real

The term CO_2e includes (but is not limited to) CO_2, methane, nitrous oxide and fluorinated gasses.

Humankind produces about 50 billion Tonnes of CO_2e annually. Of this 36 billion Tonnes is CO_2 - that's around 90 times the CO_2 emitted by all the volcanoes in the world combined.

One Tonne of carbon equates to 3.67 Tonnes of CO_2e. Putting those gasses back into the ground or the sea is slow and hard to do. While all the Earth's amazing land and sea systems combined do re-absorb a huge amount of that CO_2e, humankind is not offsetting the rest. The CO_2e gasses trap the Sun's and the Earth's energy inside the atmosphere so the planet is warming fast.

Aviation is Entering a Low-carbon Era

Aviation has been responsible for up to 4% of global CO_2e emissions but that number now around 2.5%.

Humankind is increasingly recognising that climate change is real and what aviation's part in that is.

Global society wants to constrain the effects of climate change but, humankind still wants to fly and, in many of our own use cases, it needs to.

Therefore, the aviation sector must simultaneously meet rising demand and reduce emissions. This is a defining challenge of our generation and a strategic opportunity.

While the bulk of 2Excel's operations sit outside traditional airline models, the majority of the Group's carbon emissions are generated by our flying Divisions.

So, reducing those emissions is our biggest decarbonisation lever.

Climate Change Act

The Climate Change Act 2008 is the basis for the UK's approach to tackling and responding to climate change. It requires that emissions of CO_2 and other greenhouse gases are reduced and that climate change risks are adapted to. Through the Climate Change Act, the UK Government has set a legally binding target to significantly reduce UK greenhouse gas emissions by 2050 and it has published a roadmap to get there. We have committed to Net-Zero CO_2e emissions by 2050 and to be over half-way there by 2030.

UK Legislation

We are obligated to adhere to many aspects of UK Environmental Legislation. Non-compliance can have adverse effects on the environment as well introducing risk to our business through fines and reputation. We manage our legislative requirements through our ISO 14001:2015 Environmental Management System. Our compliance is audited annually by our external accreditation provider.

Jet Zero Strategy

The Jet Zero Strategy sets out the Government's vision for decarbonising aviation, focusing not only on aviation fuel, but also increasing the efficiency of aircraft, airfields and use of airspace. Developing carbon markets and greenhouse gas removal methods and helping consumers to make sustainable flying choices are also part of the mix.

ESG is now Core to Competitiveness

Investors, regulators and customers increasingly expect transparent and forward-leaning ESG performance. Our leadership in this space directly supports our Brand, our reputation, our risk profile and customers' buying choices.

Decarbonisation is partly achievable through transformation

New aircraft technologies and operational efficiencies have halved absolute carbon emissions per passenger or freight kilometre since 2000. Historically, many of 2Excel's aircraft have been legacy, thirsty types. Our decarbonisation progress is being achieved through more efficient operations, aircraft fleet renewal and by embedding 'care' into all our decision-making. Using Sustainable Aviation Fuel (SAF) will be an opportunity once it is more widely available. However, transformation only goes so far.

Absolute Decarbonisation Requires New Technologies

Currently, only fossil fuels provide the power required to keep aircraft aloft long enough and fast enough to deliver their operational tasks.

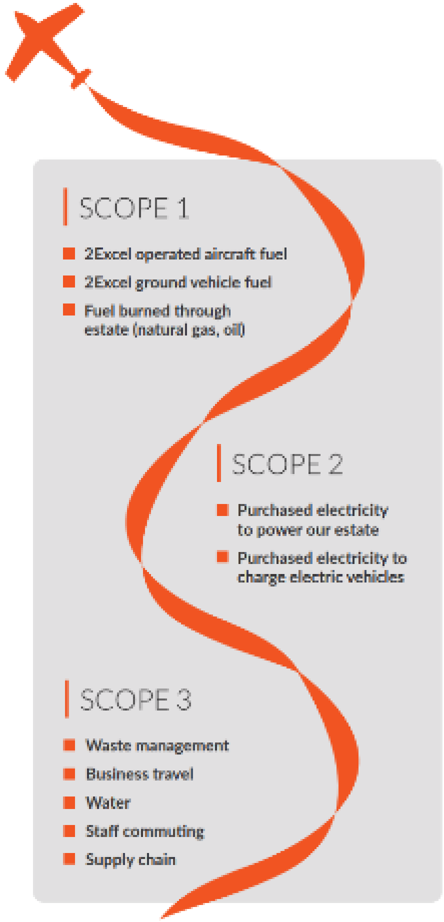
New, high-power fuel technologies are required to decarbonise aviation but, they don't exist yet. We're keen to use them when they do. We are alive to new, more Sustainable ways of achieving our tasks. That may mean new engines, new platforms, new operational models or completely alternative solutions.

Carbon Offsetting is a Temporary Fix

Carbon offsetting schemes are in their infancy; their credibility and effects vary wildly.

While carbon offsetting can be used to meet NetZero, science-based environmental targets exclude carbon offsetting from their calculations.

ENVIRONMENTAL MANAGEMENT PERFORMANCE



Sustainability is a Shared Responsibility

From Board oversight to frontline execution, we are integrating Sustainability into every part of 2Excel and, we are growing our culture of 'Care.'

Laying the Foundation for Long-term Impact

Our actions today are building a more resilient business for the future, reducing exposure to carbon risk and preparing us to thrive in a Net-Zero economy.

Environmental Policy

We're well aware of the environmental impacts of our Group and we're committed to reducing them to support environmental protection and improvement.

During FY25 the ESGSG reviewed and updated the Group's Environmental Policy, which is one of the two pillars of our Sustainability Policy.

Our Environmental Policy details our environmental commitments regarding Environmental Stewardship (understanding our obligations), fighting Climate Change (reducing Greenhouse Gas emissions), Environmental Management (our Waste Management and 'Circular Economy' Plans) and increasing Biodiversity.

During the year, we continued to implement detailed plans to reduce our environmental impact, particularly with our aircraft fleet Resilience Plan and our Circular Economy Plan. These had impressive effects.

Environmental Management System

In 2023 we obtained certification to the internationally-recognised BN ISO 14001:2015 standard for our Environmental Management System (EMS).

Every year our external auditors, BSI, conduct vigorous audits of our EMS to ensure we maintain compliance to this standard. FY25 was no different and, following 3-day audit, 2Excel was re-accredited with no non-conformances

To support our continued compliance, five internal environmental site inspections were completed during the year and environmental related awareness training was delivered to 511 colleagues.

We did receive 10 Noise Complaints during the period, each of which was instigated by our aircraft operations. Each complaint was logged and the complainants were responded to in accordance with our Noise Policy.

Wherever we can, we try to move our aircraft operations around so that the areas below our operations don't receive persistent noise. However, sometimes noise is unavoidable.

Measuring Effectiveness

As we work towards our interim target to halve our net intensity GHG emissions by 2030, it is important to set evidence based and measurable metrics for each key area of focus.

As we develop our management systems to encompass and track emissions data across all 3 'Scopes,' we can combine our evidence-based data with science-based factors to create robust performance indicators. This is part of our SAP.

EMISSIONS ASPECT	SCOPE	MEASURE/INTENSITY
Heating (Fossil Fuels)	Scope 1	kWh/WTE
Refrigerants	Scope 1	kg/WTE
Aircraft Fuel	Scope 1	litres/WTW
Company Fleet (ICE Road)	Scope 1	miles/WTE
Mains Electricity	Scope 2	kWh/WTE
Water (consumption)	Scope 3	m3/WTE
Waste Disposal	Scope 3	tonnes/WTE
Business Travel (transport)	Scope 3	miles/WTE
Business Travel (accommodation)	Scope 3	nights/WTE
Employee Commuting	Scope 3	miles/WTE
T&D Losses	Scope 3	kWh/WTE

Intensity definitions:
WTE = Whole Time Equivalent (Staff)
WTW = Well to Wake

Scope 3 Supply Chain will be explored and measurable metrics assigned

FIGHTING CLIMATE CHANGE

2Excel's Environmental Targets

In FY25 we created our first Group Carbon Reduction Plan (CRP) and established intensity-related GHG reduction targets to deliver NetZero Greenhouse Gas (GHG) emissions by 2050 through the socially and environmentally conscious delivery of our CRP.

To achieve this, we have set the following intensity-based targets:

> **Reach half of our 2019-20 (FY20) Net GHG intensity-based emissions by 2030 (FY30)** by reducing our intensity-based emissions to half, at a flat rate of 10% per year (equating to 5% of our total Net Zero target per year).
>
> **Deliver Net Zero GHG emissions by 2050** by reducing our intensity-based emissions from at or below 50% of the FY20 (Baseline Year) to zero, at a flat rate of 5% per year (equating to 2.5% of our total Net Zero target per year).

Progress

Progress against our intensity-based milestones are calculated by dividing our Total GHG Emissions (in Tonnes) by our Total Group Turnover (in £millions - Sterling).

Since the Baseline Year, our total (absolute) emissions have risen from 9,434 to 14,750 tCO2e. This 56% rise in absolute emissions is due to the growth of the Group which, during the same period, has more than trebled in size.

Since our Baseline Year, by the end of FY25, the Group headcount had increased by 203%, our number of operational bases had increased by 71%, our flying hours had increased by 41% and, our aircraft fleet size had increased by 15%.

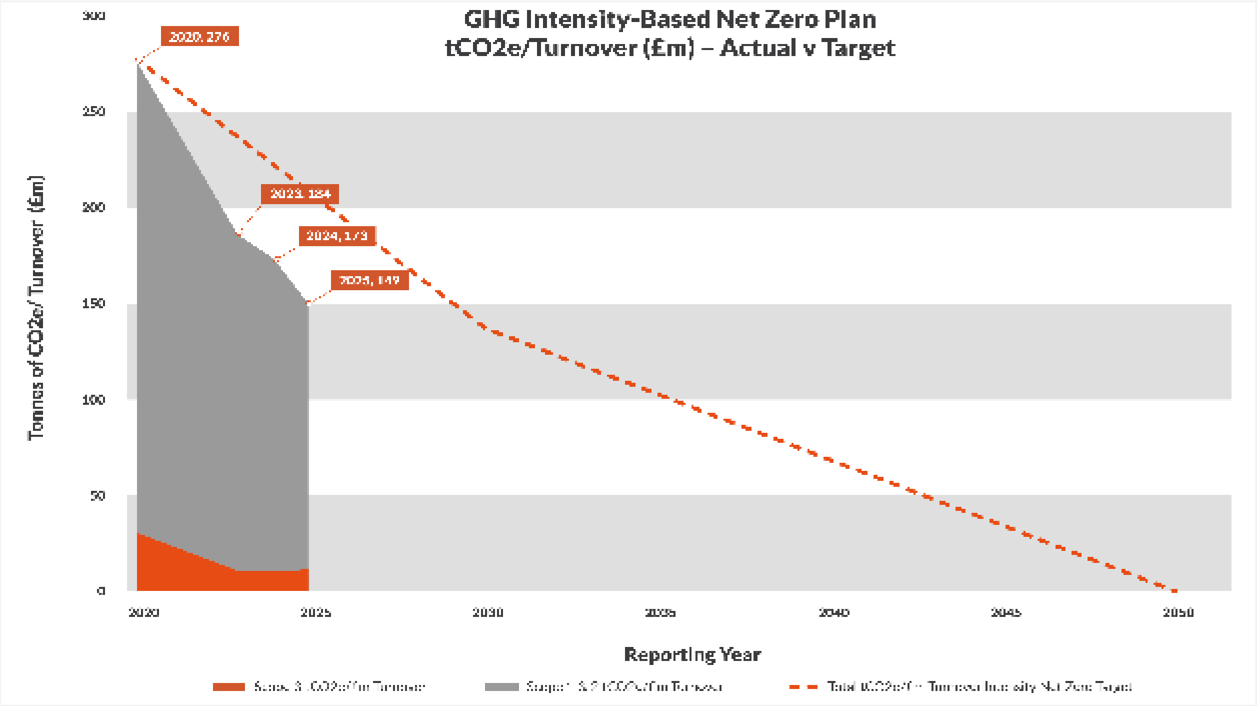
Each of these growth factors together have increased the Group's overall, absolute operational Scope 1 emissions by 4,896 tCO2e. However, the operational efficiencies driven throughout the organisation by the SAP have markedly reduced our intensity-based emissions. Our growth has been holistic, across all our Approvals and capabilities, not just in our flying operations.

This FY, the Group refinanced its operations and incorporated 2Excel Engineering Ltd (2EE) into its new much larger and now more diversified organisation - 2Excel Group Ltd. Having incorporated 2EE, and having removed any intra Group-company trading, our turnover has increased by 289% since our Baseline Year.

This means 2Excel has reduced its intensity-based carbon footprint to 54% of that of its Baseline Year and is now 92% of the way to meeting its 2030 Interim Target in just 5 of the 10 years it has to achieve it.

We're unlikely to maintain this rate of progress in each of the coming years. Ultimately, the overall carbon footprint of our flying operations will be constrained by the availability and affordability of Sustainable Aircraft Fuel (SAF) and, the development of new engine technologies that can provide enough power for each of our platforms' various needs.

Nevertheless, we are doing all we can to spend our carbon wisely and reduce our footprint as fast as we can.



SPENDING OUR FUEL WELL

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Spending our Fuel Well

In order to exceed the highest standards of safety, compliance and aviation professionalism, 2Excel holds an Air Operator's Certificate (AOC) which is the highest bar in commercial air transport. However, only three of our 30 aeroplanes are operated for the transportation of people albeit, two of them are relatively large Boeing 737 aircraft. Annually, flying people from A-to-B accounts for around 20% of 2Excel's revenue.

The majority of the flying we do, using the other 27 operational aircraft, provide wider societal benefits, such as geo-environmental monitoring, support to our National security, responding to major oil spills and saving lives at sea. All these operations have positive environmental and/or social value effects with as little carbon footprint as possible. Our organisation is designed and configured to spend our fuel wisely.

The LEAP (Leading Edge Application Pod) on the belly of one of our HM Coastguard King Air aircraft

Improved Aircraft Design

Our Cap Dev Division has re-designed and introduced sleeker sensor pods than initially planned for our new SAR2G B300 Series aircraft. This reduced the pods' drag penalty by 26% which has led to a significant fall in fuel consumption for each hour flown across the fleet.

Sustainable Aviation Fuel (SAF)

We would welcome the opportunity to use SAF in our operations, and we have approved its use, given it emits 70% less Greenhouse Gas over its life cycle than traditional aviation fuels.

SAF offers the industry its greatest chance of meeting UK Government climate targets, amid rising aviation emissions as other sectors de-carbonise at a faster pace.

However, to date, SAF is not available in sufficient quantities, or indeed at all, at most of the locations from which we operate.

Via our membership of Airlines UK, we are signed up to the Sustainable Aviation Coalition, a UK industry alliance including airlines, airports, manufacturers, and fuel producers. Its decarbonisation roadmap targets Net Zero by 2050 through a combination of fleet modernisation, airspace reform, operational efficiencies, SAF, and longer-term propulsion technologies like hydrogen and electric engines.

CORSIA and UK ETS

There are two aviation carbon reporting requirements for aircraft operators in the UK. These are the Carbon Offsetting and Reduction Scheme for Internation Aviation (CORSIA) and the UK Emissions Trading Scheme.

Both Schemes are intrinsically linked, and some processes are similar to ensure they work effectively together. However, the two Schemes are driven by separate legislation and have different goals.

Both Schemes only apply to aircraft operators that have annual emissions over 10,000 tCO_2e. Additionally, only certain size aircraft, usage and routes fall within the scope of the Schemes.

For 2Excel, only our two Charter Boeing 737s fall within the scope of both schemes, but, because the total footprint of our Charter operations fall well below the (10,000 tCO_2e) minimum threshold of the Schemes, we don't currently meet the requirements to participate in either.

We continue to monitor this situation using our new Emissions Monitoring System.

WASTE MANAGEMENT AND CIRCULAR ECONOMY

We improved the accuracy of waste data collection from each of our waste contractors and integrated 2EE's waste data with 2EA's to create our first Group Waste Reports. Capturing this data identified our 'most wasteful' sites and established recycled waste volumes that were being sent to waste energy facilities or to landfill.

Due to the size and type of operations at the site, Lasham is the largest waste generator in the Group. Surprisingly, Sywell was the second scoring more highly this year due to a clear out of a hangar that was handed back to the landlord. *(fig1)*

In FY25 the Group recycled 48% of its metal, wood, paper, cardboard and its plastic and tin drink container waste.

In line with UK Government strategy to reduce the volume of waste going to landfill, our waste contractors send the majority of the waste that cannot be recycled, to energy plants to generate electricity.

In FY25, only 9% of our waste went to landfill, which is already below our 2035 target of sending no more than 10% of our waste to landfill by 2035. *(fig2)*

As 2Excel Group grows, we want to reduce waste as low as practically possible through recycling, re-using aircraft, aircraft equipment and parts, facilities and assets. We've developed the company's Circular Economy Plan, which will assist in reducing waste, purchase costs and Scope 3 emissions.

In FY25, the following initiatives exemplify our increasing use of Circular Economy:

- We moved the PA-3s we retired through our Resilience Plan to Doncaster to harvest their parts for our remaining fleet.
- We continued to use G-BYAW's parts to minimise our Excalibur aircraft build costs, to reduce Programme risk and reduce our upstream Scope 3 emissions.
- While one of our Boeing 727s was offline for 9 months, we re-used its parts (where we could) to minimise external supply chain provision of parts for her sister aircraft.
- Our Re-use Scheme recovered 129 items from Sywell, our Leeds Crew House and Shannon and re-used 101 items to equip and furnish our new SAR sites at Newquay and Prestwick.
- Charter also introduced Circular Economy initiatives that are detailed at page 26 of this Report.

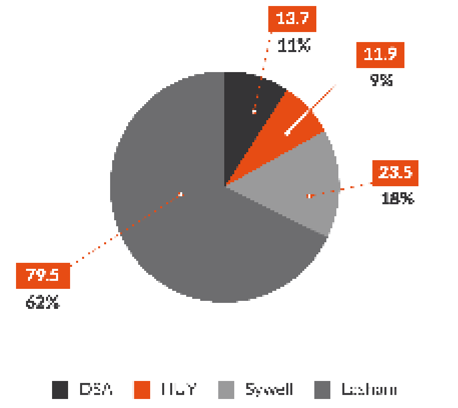


fig 1 **FY25 Waste Generation per Site (Tonnes)**

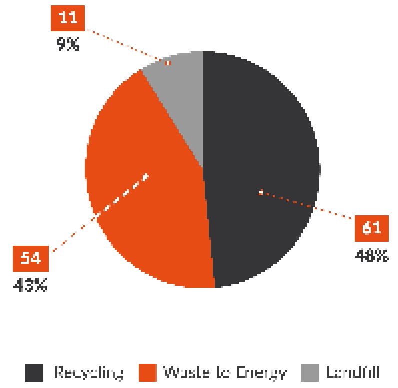


fig 2 **FY25 General Waste Disposal Route (Tonnes)**

AIRCRAFT FLEET RESILIENCE PLAN

Fleet Renewal

We are gradually renewing our 30-strong fleet of aircraft to use more modern, more fuel-efficient types (alongside using more fuel-efficient basing - permanently using airfields that are closer to our operating areas).

Significantly, we are running down our large fleet of PA-31 Navajo aircraft as they become more difficult to maintain (due to the lack of replacement parts). We are replacing them with aircraft that burn much less fuel per flying hour and, thereby, we are reducing our greenhouse gas emissions per flying hour. This has seen us invest in new-build Diamond DA-62 aircraft. These use only about a third of the fuel used by our PA-31s per flying hour.

These DA-62 aircraft are already in use with our Special Missions Division in the Search and Rescue role, in surveillance, in military training and in survey collecting hyperspectral imagery for our Insight's Division's Tree Health and Risk Mapping services.

DA-62 G-ZEAB was delivered into service during the year, providing the fourth DA-62 in this expanding fleet.

We have committed to taking on two more DA-62s in FY26 to take our fleet to six.

We've also invested in four larger King Air 350 aircraft for SAR. These have much longer endurance than our fleet of B200 King Airs. That endurance means they can stay on station longer and, therefore, require less transit flying to and from their operational areas over the long term.

These newer aircraft types also require less maintenance and fewer spare parts especially in their early years of operation.

Re-use, Re-cycle

Where possible, as part of our Circular Economy Plan, we strip the 'retired' aircraft of their re-usable parts to provide spares to keep the remainder of those fleet flying at minimum financial cost and carbon footprint. This was essential to manage the obsolescence of our Navajo fleet but, with our first Boeing 757 (G-BYAW), which was broken up as part of the Excalibur Significant Reverse Engineering Project, we have stored and are recycling its valuable parts for re-sale or, where they are applicable, re-use on our second Boeing 757 (G-FTAI). We have used the same model for our Boeing 727s, cannibalising three Boeing 727s from Lasham to help to keep G-OSRA and G-OSRB flying on 'recycled' parts.

Pictured: Recycled aircraft parts in storage at Lasham (Far Left)   Replacing the PA-31s (Above Left) with DA-62s (Above Right)

PROPERTY ENERGY MANAGEMENT

We improved our energy data monitoring and analysis and, we integrated 2EE's and 2EA's data to create our first Group-level Carbon Reduction Reports.

Establishing more robust processes to capture energy usage has helped us identify the sites and activities that consume the most energy. This tells us where to focus our future energy saving projects to reduce costs and our Scope 1 and 2 carbon emissions.

Lasham is the Group's largest site and it has old and energy-inefficient hangars. Consequently, it consumes the highest amount of heating energy across our estate, amounting to over 75% of our total property energy usage.

Hangar 3 at Doncaster with its large hangar and multiple offices is our second highest user of property energy at 15% of the Group total.

Heating represents the greatest proportion of our property energy consumption, with heating oil and gas representing 74% of the Group's total facilities energy usage. Our old, energy inefficient hangars make this difficult to overcome. Even with significant investment, it would be a challenge to operate them efficiently compared to more modern buildings.

Nevertheless, we have continued to work to minimise our energy consumption and, during FY25, introduced a number of energy consumption reduction initiatives to work towards improving energy efficiency as practically as possible:

We insulated two of the four aircraft hangars at Lasham to improve energy efficiency and working conditions inside them. This reduced our Scope 1 heating costs and made it much more comfortable working environment.

We launched a "Switch Off Campaign" across the Group to encourage colleagues to turn off lights, heating/cooling and electrical items when leaving the office to prevent unnecessary use and waste.

We maintained zero emission electricity supplies at two of our bases to minimize our Scope 2 footprint. While this did not reduce our energy use, it did assist with our pathway to Net Zero. To that end, we have solar powered lighting at Prestwick.

We also continued our ongoing project to replace lighting with energy-efficient light emitting diodes (LEDs) when the original incandescent bulbs fail. LED bulbs use approximately 60% less electricity than the legacy ones.

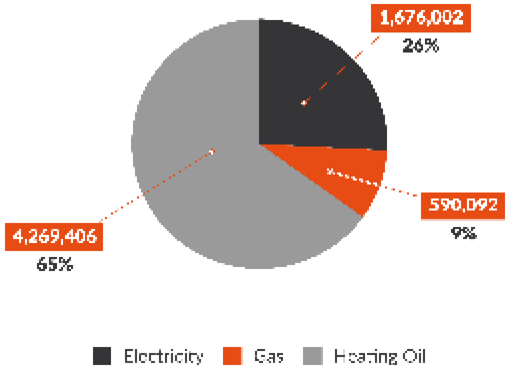


fig 1 **Breakdown of Energy Usage (kWh)**

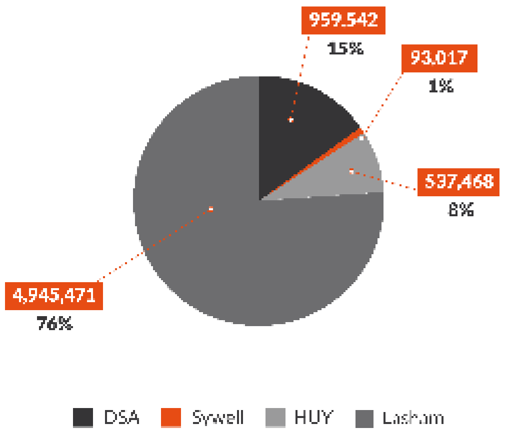


fig 2 **FY25 Energy Usage Per Site (kWh)**

As we re-open our hangar at Doncaster in FY26 for maintenance, we are likely to see a significant rise in our gas consumption, which has been historically low ever since we had to bolt-hole to Humberside, Teesside Leeds and Southend following the closure of DSA in November 2022.

GREEN TRAVEL PLAN

Travel, Transport and Hotel Accommodation

Travel and transport includes the use of pool cars, personal cars, air, train and taxi travel, commuting to a place of work, and hotel accommodation for business purposes

FY25 saw significant progress in increasing the accuracy of Group travel and transport data collation, which feeds into the Group's Scope 1 and Scope 3 emissions reporting.

Of these activities, which amounted to 1,429 tCO_2e:

- Colleagues commuting to their place of work contributed the highest proportion of emissions at 49% of the total.
- Business air travel was the second highest, at 20%.
- Personal car use for business purposes came in at 12% and 'pool car' vehicles at a further 10%.

Now we have the data, we can all try to drive these numbers down.

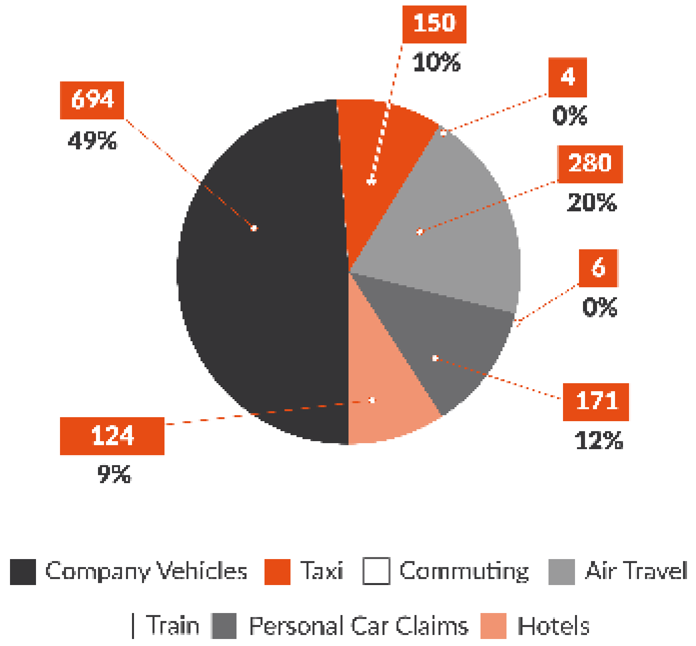
Whilst travel and transport remains an essential element of our business to put people in the right places to do their jobs, to reach our NetZero target we're developing our Green Travel Plan to encourage colleagues to use the most Sustainable mode of transport whenever practical. Reducing our Scope 1 and Scope 3 business travel is a focus for our next SAP.

Nevertheless, initial actions implemented to reduce travel-driven emissions include:

- Maintaining our flexible working policy to reduce our Scope 3 commuting impact;
- Maintaining our Octopus EV Salary Sacrifice Scheme across 2EA;
- Extending this EV Scheme to 2EE;
- Providing EV charging points at our operational hub at DSA.

Commuting

3% of journeys made to our Doncaster, Humberside and Sywell sites during FY25 were 'zero emission' journeys thanks to car-sharing, walking, cycling and the use of public transport. That's a total of 744 journeys. We want to do better.



FY25 Travel and Transport (Tonnes CO_2e)

CASE STUDIES: INSIGHT AND CHARTER

Insight

Our Insight Division has led the way in environmental Sustainability activities by being passionate ambassadors for Environmental Stewardship as well as delivering its ongoing Tree Health and Risk Mapping contract for Network Rail. This work included collecting airborne data from 1,540 route miles of the rail network during FY25.

Among the raft of other ESG activities Insight registered were:

Aerial photography and hyperspectral data collection from Nene Valley Park following our corporate Volunteering day held in the Park.

Data and academic support provided for a University of Edinburgh MPhil student investigating the detection of invasive plant species from airborne hyperspectral imagery.

Supporting a SPIN intern project to look at satellite and airborne data to detect invasive plant species on the River Dee.

Combining pilot training and airborne data capture to reduce overall emissions from Insight’s summer survey flying.

Competing a three-year Rhododendron mapping project for the Woodland Trust.

Proving data and mentorship for three university students to support their remote sensing projects.

Building an automated seal counting application from aerial photography presented to Natural England.

Charter

Our Charter Division have also embraced environmental Sustainability, proactively identified items they could reduce, re-use or re-cycle in their operation which included the following:

Replacing their plastic cups with Vegware cups (a plant based, compostable, disposable catering packaging).

Changing their teaspoons from plastic to metal ones enabling them to be washed and re-used.

Introducing laminated paperwork which can be rewritten on repeatedly using dry wipe markers.

NEXT STEPS

SAP FY26-29

We are now working with our second 3-year SAP, which covers FYs 26-29 inclusive.

It is designed to help us to build our resilience, maintain our job security and deliver on our Sustainability obligations for the long term.

All 2Excel Group's business activities depend on our Approvals. Our Approvals are founded on our Governance, our Management System, our manuals and our organisational structure.

Our Group Strategic Plan, our Group Financial Model, our People Plan, our Annual Financial Plan, all our meetings, our terms of reference, our roles, responsibilities, delegated authorities, objectives, opportunities and our supply chain are harmonized to generate a coherent Management System.

We want to be an employer of choice, recruiting and retaining exceptional people to provide job security, job satisfaction, cleaner seas, saving lives, saving trees and providing security, well-being and safety not just for ourselves but also for our customers.

We want to be instantly recognisable, nationally important, globally relevant and we want to do that in a way that shows we understand our obligations for environmental management, biodiversity, net gain, fighting climate change and achieving Net Zero by 2050.

Our SAP covers all that, with two primary policies: Social Value and Environmental.

We've always had our HR handbook, but now we have a Social Value Plan, built around our People Plan, enhancing our brand reputation and goodwill to deliver our many objectives.

We have a myriad of other plans, Security manuals, Safety manuals, a Health and Safety Manual, meeting ISO 45001, our Emergency Response Plan, our Business Continuity Plan, our Code of Ethics, our Supplier Code of Conduct, our Procurement Plan, our Quality Plans (our ISO 9001 and AS 9100 certifications).

On the environmental side, we have our Environmental Plan, our Environmental Stewardship Plan, our Circular Economy Plan, our Environmental Management System, (ISO 14001), our Biodiversity Action Plan and our Carbon Reduction Plan, which primarily is built around our Resilience Plan, particularly, but not exclusively, for our aircraft fleets (such as replacing our aging Boeing 727s with more efficient Boeing 737s), with our Green Travel Plan affecting how we commute and arrange business travel.

For each of those plans, we have a multitude of initiatives, the leaves on our tree, the little plans to deliver the bigger ones. That means we have Sustainable ways of delivering the fruits of our tree: Support, Engineering and our contracts with Network Rail, the MCA, the Irish Coastguard, Oil Spill Response, all our Charter customers and the whole panoply of Defence and Security projects.