

# ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY

# ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

At Pennant we believe that a commitment to the principles of ESG not only makes good business sense for us and our key stakeholders, but also complements our business strategy.

Pennant's approach to ESG is deeply rooted in our Company Core Values. We embrace a holistic and responsible corporate identity, demonstrating a commitment to ESG principles and actively reinforcing them throughout our operations, thus making a positive impact on wider communities worldwide.



**Phil Walker, CEO:** "At Pennant, we're dedicated to creating a positive impact on the world around us.

While we're taking small but meaningful steps, each one brings us closer to lasting change. I'm excited to see how our continued efforts will shape the future and deliver real benefits."

In continually developing our strategy, we aim to deliver gradual but continuous improvements in our performance every year.

Transparent Governance

Sustainability

Community

Ethical Business Conduct

Responsible Production



PERFORMANCE



INNOVATION



RESPECT



QUALITY



TEAMWORK

# ENVIRONMENTAL

**Our products** reduce impact on the natural environment by transitioning traditional training activities from the real physical environment to synthetic technology led training systems. This strategic shift reduces the need to perform resource-intensive tasks on tangible assets, replacing them with simulated or synthetic alternatives - eliminating the need for fuel or hydraulic fluid.

**AUXILIUM** **Auxilium, our system support software is contributing to environmental sustainability in several indirect but impactful ways including:**

- **The creation of IETPs reduces printed manuals, cutting down paper use**
- **Spares optimisation can help reduce waste**
- **Fewer breakdowns, which can lead to more sustainable operations overall**

Within physical product delivery we actively work to reduce the use of hazardous substances and consumption of natural resources, considering the holistic environmental impact of our products, utilising the project oriented environmental management system (POEMS) framework, particularly for MoD acquisition projects.

## A TRAINING SYSTEMS EXAMPLE

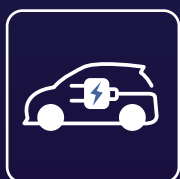
The team at our Wagga Wagga, Australia site, undertook analysis on our Marshalling Trainer (commonly known as SEPT), to highlight just some of the benefits and cost savings our device offers. Two key differences were found for customers that incorporate trainers into their training activities, compared to legacy flight lines:

- **resourcing, particularly in labour effort**
- **a reduction of circa. 30 hours of training, representing a significant reduction in emissions compared to the hours required to operate a live aircraft**



## ELECTRIC VEHICLE (EV)

100% of our employee UK company cars are EV models. Our UK sites are equipped with charging points to cater for those with an allocated company vehicle. Our commercial fleet is regularly reviewed, as greener commercial vehicles become more widely available.



**ELECTRICAL  
COMPANY CARS**

## SUPPLIERS

During our approval process we review the environmental management processes our suppliers have in place to ensure that they align with our own goal to minimise impact on the environment through continual review and improvement activities. In Cheltenham, the majority of Pennant's supply chain are SMEs with 89% of our Approved Supplier List being situated within 30 miles of our facility.



**LOW CONSUMPTION  
LIGHTING**



**REDUCED  
WASTE WATER**

## LIGHTING AND WATER

Within our buildings, the majority of lighting is provided by low energy consumption LED fittings and we have installed motion activated lighting in lower traffic areas. This is complemented by the use of 'aerated taps' to reduce the amount of water used for hand washing, and the use of 'dual flush' toilets and water efficient urinals.



**RECYCLING FACILITIES  
AT OUR SITES**



# SOCIAL

We aim to deepen relationships with our key stakeholders by investing in our employees and partnering with our customers, communities, investors and suppliers. We focus on creating the right workplace culture in which employees feel valued, respected, empowered, and inspired. The Group is committed to creating a positive impact in the global communities and the regions we operate. We recognise the significance of enhancing these communities, fostering local connections, and striving to make them better places for all.

## INCLUSION AND DIVERSITY

Compared to the last published stats the total number of female employees has risen and female managers has decreased. We continue to work directly with our recruiting partners to improve gender diversity in our hiring process. We are also focusing on our internal processes to create promotional and training opportunities across our workforce. We are also proud signatories of the Armed Forces Covenant.

We are steadfast in our commitment to fostering an inclusive, equal and diverse workplace and look to increase representation of diverse groups at all levels.

We believe that strength comes from combining what we have in common (our shared goals and values) with what makes each of us different, in a diverse and inclusive environment which will help us to achieve our vision and aims.

We all have a personal responsibility to ensure that we treat others as we would like to be treated, and that our action and interactions reflect our commitment to diversity and inclusion. We ask all our colleagues to make a personal commitment to these aims.



**26%**  
OF OUR GLOBAL  
EMPLOYEE POPULATION  
IS FEMALE



**356**  
HOURS OF TRAINING  
IN 2024

## TALENT DEVELOPMENT

Pennant believes in supporting all its employees to achieve the very best they can and to further develop in their roles and as individuals. We ensure all employees have access to learning, development, and training opportunities which enables the growth of our people.

In 2024 our team completed 356 hours of training across the group, with a further 67 hours of volunteering. We conduct annual mandatory training on preventing sexual harassment at work and display our zero-tolerance policy on sexual harassment at each facility.

Pennant has partnered with The Air and Space Institute (ASI) to expand our reach and support world-class training programmes and aspiring professionals in the aviation and space sectors. Through this exciting partnership, Pennant will provide ASI with cutting-edge equipment and consultancy services to support the delivery of the institute's training programs. This collaboration will enhance the quality of training offered by ASI and ensure that students receive hands-on experience with state-of-the-art technology and equipment used in the aerospace and defence industries. In addition to the supply of equipment, we are excited to engage a number of our experienced employees from many areas of the business to offer career guidance, mentorship and employability skills to give the students the best possibility of a successful career.

Pennant is proud to have active STEM Ambassadors offering educational institutions work experience opportunities, career talks, apprenticeship programmes and "Ask the Professionals" events.

## SOCIAL (CONTINUED)

### BENEFITS AND WELLNESS

In 2021 Pennant launched a Mental Health programme which includes training managers in mental health awareness and establishing a network of mental health first aiders across the group. We also established a global Employee Assistance Programme, which not only provides confidential counseling to our employees supporting financial, mental and physical wellbeing, but also provides regular self-care content, tools and self-assessments.

Pennant is committed to offering a range of benefits to our employees as part of a total reward package, with focus on providing benefits which contribute towards improving the financial, physical, and mental wellbeing of our employees. Continually, we review our benefits to ensure they remain relevant to our employees and that Pennant remains competitive against other similar sized organisations.

### COMMUNITY INVOLVEMENT

Pennant has volunteered 67 hours in 2024 through our volunteering scheme which offers employees across the Group two volunteering days per year to give back to our community. Throughout the year we host numerous events and activities to raise funds and we recognise that the success of supporting these charities hinges on our employees. We have achieved this through several projects including, engaging with local communities, sponsoring youth sports teams, and contributing the Pennant team's time, resources, and expertise.

Each year our colleagues vote and nominate local charities that our employees wish to generously support. We also support charities and causes that strategically align to us, including providing support to ex-service men and woman and users of our products and services. Fundraising events include distance covering challenges, bake sales, Olympic medal sweepstakes, themed clothes days, and photography competitions. Over the course of the year we are actively involved in Macmillan's Coffee Morning, raising money for the British Legion, and taking part in the annual Save The Children's 'Christmas Jumper day'.

The Group is committed to good corporate governance and has elected to comply with the Quoted Companies Alliance Corporate Governance Code. Our Corporate Governance Documents can be viewed on our website [here](#).

### WORK EXPERIENCE IN OUR LOCAL COMMUNITIES

We offer work experience placements in partnership with local schools to provide local students with an invaluable insight into the world of work.

### RECOGNITION

We recognise the contributions of our employees through the annual Chair Award and long service recognition.

### PDR PROCESS

We have a well-established, annual process (PDR) designed to recognise, enhance and support employee performance including learning & development.





# GOVERNANCE

## THE BOARD

The Directors acknowledge their responsibility to maintain their skills, knowledge and competences. Based on the skills and expertise of the composition of the Board, the Board have the necessary mix of capabilities, experience and personal qualities to deliver the Group's strategic objectives, manage internal controls and risk.

## SECTION 172

The Directors are fully aware of their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The following bullet points provide some detail as to the approach taken in relation to key matters and stakeholders.

- **SHAREHOLDERS:** Investors are at the centre of all financial discussions including equity, distributions and corporate finance, with the Board taking advice from the Company's nominated adviser and its corporate lawyers as appropriate. As examples the decisions as to non-payment of a dividend, and the continued internal investment in the new IPS software suite. Led by the Chairman and CEO, the Company is active in engaging with its investors, holding periodic meetings, calls and an open Q&A at the AGM. Fairness between investors is prioritised during such engagements, and presentations are made available on the Company's website so that all investors can view them.
- **CUSTOMERS:** Of course, customers are absolutely key to the Company's business. Often working together on long-term multi-year programmes, the Company endeavours to build strong relationships with its customers at every level. The Board places a significant premium on the Group's reputation for quality and gives its full support to the maintenance of the Group's ISO9001 status.
- **EMPLOYEES:** Without employees, there is no business. The Company's approach to the interests of its employees is in the 'Social' section of this framework. With global economic challenges, and in particular inflationary pressures, employee welfare is very much at the forefront of Directors' minds.
- **SUPPLIERS:** The Group works closely with its suppliers, and has a core cohort of trusted partners engaged in delivering its long-term programmes. The Group is committed to fair dealing with its suppliers, including meeting agreed payment terms, and favours building lasting relationships.
- **COMMUNITY AND ENVIRONMENT:** The Board is mindful of the Group's impact on the environment and the communities within which it operates. The Group has implemented various recycling, energy usage monitoring and waste reduction programmes, incentivises electrical vehicle use and tracks products which may need safe disposal in the future. Community engagement is highly regarded at Board level, with apprenticeships, work experience and science fairs all being supported.