

Sustainability Report

At AFC Energy, our goal is to help the planet to reach Net Zero using our proprietary hydrogen power generation technology.

In resetting the Company’s strategy and the execution of such strategy, sustainability remains a key focus for AFC Energy in delivering our suite of products.



As the Company grows and works with an increasing number of partners, we do so knowing that delivery of our strategy in an environmentally responsible way and having sustainability at the heart of what we do is essential to AFC Energy’s growth and success.

Monika Biddulph
Non-Executive Director

Materiality

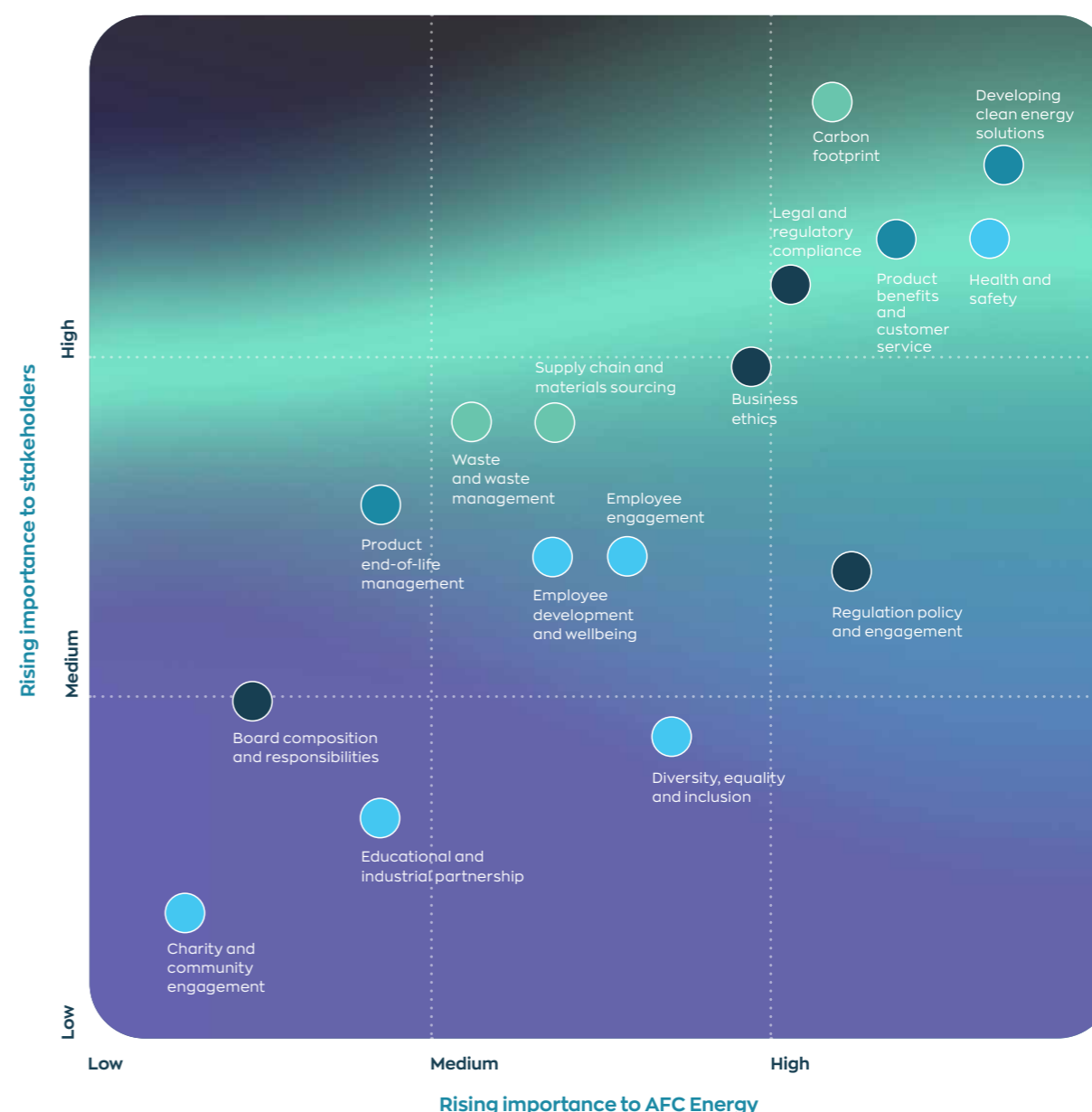
The evaluation of risks to the business and opportunities for improvement underpin AFC Energy’s long-term strategy of delivering a cleaner future.

We performed our first materiality assessment with our stakeholders in 2022 to understand the risks and opportunities facing the business in the context of ESG.

We continue to focus our efforts on the most material items in the ESG Materiality Matrix, which are fully integrated with our overall risk management procedures (see pages 36-37 for more details), receiving full oversight, leadership and support from the Board.

Climate related risks are identified as part of our overall risk management procedures and provide the Company with commercial opportunities as wider society works to mitigate such risks.

ESG Materiality Matrix



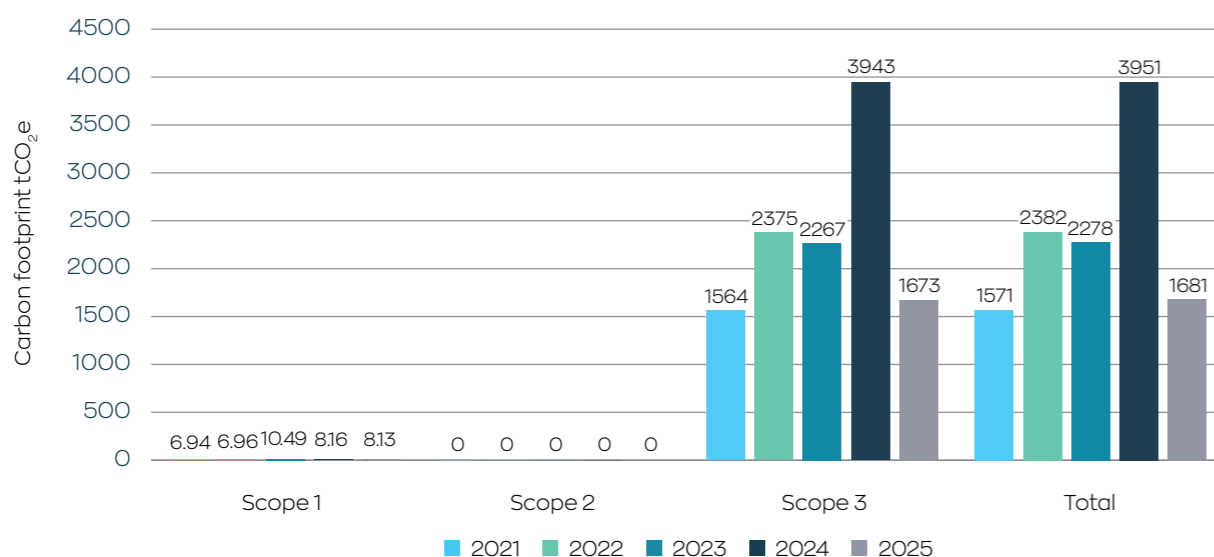
Key
● PRODUCT BENEFIT ISSUES
 ● GOVERNANCE ISSUES
 ● ENVIRONMENTAL ISSUES
 ● SOCIAL ISSUES

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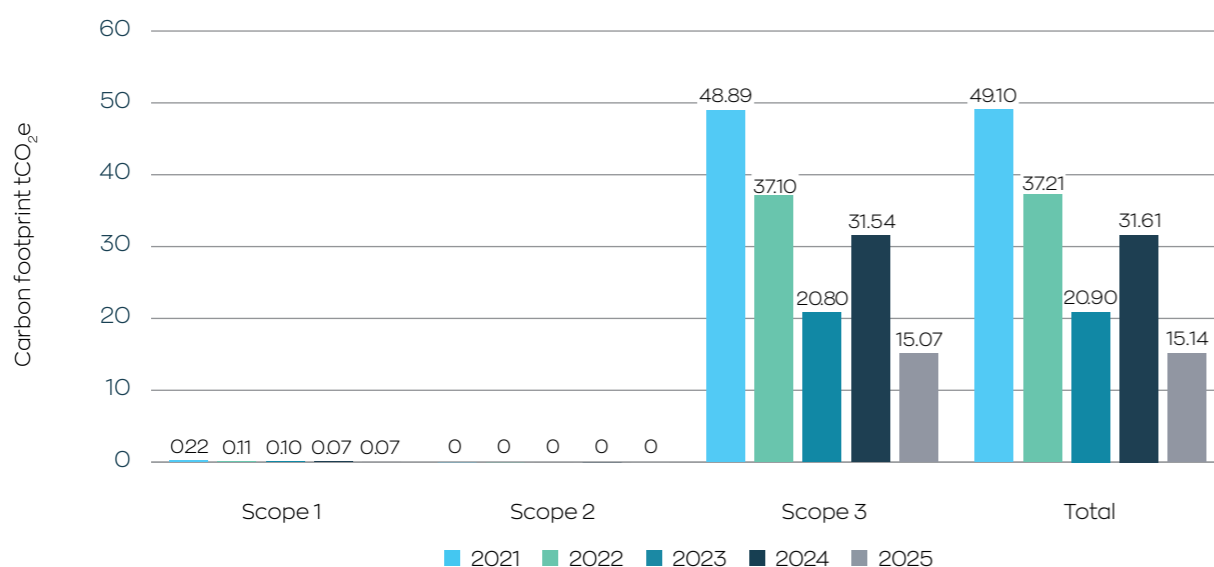
Carbon Footprint

AFC Energy undertakes carbon footprint reporting using an independent assessor, Alectro, in accordance with the World Research Institute (WRI) Accounting and Reporting Principles. Financial Year 2025 saw a reduction in total emissions per scope and per employee, as set out in the graphs below. Such reductions are primarily as a result of the Company manufacturing fewer products in-house and the consequential decrease in parts ordered through our supply chain. We continue to purchase 100% of our electricity needs from a solar farm, resulting in the Company having zero scope 2 carbon emissions. Our employee engagement survey continues to evidence the importance to our employees of addressing climate change issues.

Total emissions per scope per year



Total emissions per scope per employee per year



As part of our environmental commitment, we continue to offer electric vehicle charging facilities at our Dunsfold Park offices and encourage the use of bicycles through the Cycle to Work scheme.

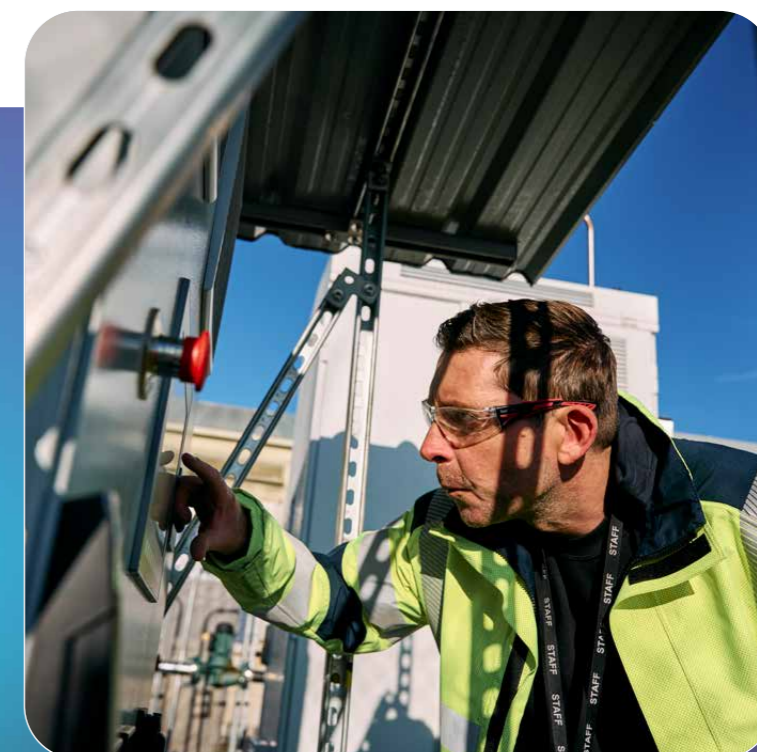
AFC Energy is not currently subject to Streamlined Energy & Carbon Reporting (SECR), and the above does not purport to comply with SECR reporting requirements.

Health and Safety

The drive to improve our health and safety practices is a continuing one. In financial year 2025 and under the guidance of our new CEO and CFO, we reviewed and updated our health, safety and environmental policies to strengthen our ongoing commitment to create and maintain a safe working environment. Full leadership engagement was fundamental in driving meaningful change and progress in our HSE management approach, and a number of initiatives warrant particular attention:

Management Safety Walks

- Introduction of a structured, planned programme of regular management safety walks across all operational areas.
- Comprehensive planning of safety walks, assigning all managers to specific zones using a pre-defined checklist. Observations and findings were recorded in the HSE software platform, enabling data-driven comparison of safety performance by area and over time.
- Frequency of management safety walks is determined by risk level – ensuring that higher-risk operations are reviewed more frequently. This structured approach allows us to track improvement actions, celebrate best practices, and continuously enhance workplace safety standards.



5 Golden Health and Safety Rules

Introduction of 5 Golden Health and Safety Rules to promote a proactive safety mindset and reinforce good practice:

#1. Work Safely
Follow Procedures, Training and Risk Assessments

#2. Handle with Care
Gases, Chemicals, Machinery and High-Risk Materials

#3. Speak Up
Communicate, Report and Intervene

#4. Protect Yourself
Use PPE and Stay in Safe Zones

#5. Keep it Clean
Tidy Workspaces, Clear Access and Emergency Routes

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Lost Time Incidents

1

Minor accident across the Company

Training and Development

- Enhanced training management process by identifying and delivering the most critical courses beyond those available through the iHasco online training platform.
- Delivery of practical training sessions covering a range of safety topics, and in response to the needs of the Company and its employees including:
 - forklift certification;
 - compressed gas safety;
 - hydrogen safety;
 - the 5 Golden Health & Safety Rules

Such training is focused on improving understanding of hazards, risk control measures, and practical application through hands-on experience.

Health and Safety Performance

Thanks to the strong commitment and active participation of our leadership team, numerous improvements implemented during the year and strong employee engagement, we achieved excellent HSE performance across both leading and lagging indicators. We are proud to report that financial year 2025 closed with:

- zero (0) Lost Time Incidents (LTIs); and
- one (1) minor accident across the Company.

These outstanding results reflect the positive cultural shift within AFC Energy, where safety and environmental awareness continue to be integral to daily operations. The improvements established last year continue to strengthen our HSE culture and ensure we deliver sustainable, safe, and high-quality performance for our customers, investors, and stakeholders.

	Financial Year 2025	Financial Year 2024	Financial Year 2023	Financial Year 2022	Financial Year 2021
On-site hours	213,241	238,139	205,982	152,453	78,505
Near miss	6	8	9	10	2
LTI	0	2	0	0	1
LTI per on-site hours (LTIFR)	0	1.68	0	0	0.000013

Environmental

Several initiatives contributed to the successful completion of our ISO 14001 (Environmental Management) accreditation, including the improvement of our waste management system through enhanced segregation into multiple waste streams, supporting greater recycling and minimising environmental impact.

ISO Certification Audits

In October 2025, we were delighted to complete surveillance audits for our ISO 14001 (Environmental Management) and ISO 9001 (Quality Management) systems with no non-conformities. Our employees continued to embrace initiatives to support such important management systems.

People

AFC Energy's people are our greatest asset and we recognise this through a number of initiatives:

- Provision of a range of benefits, including private medical insurance, direct access to doctors, a counselling service and an employee assistance programme open to employees and their families, and we continue to review our benefits portfolio for all employees.
- Management gained further insight into the views of our employees by conducting an annual employee survey to measure employee engagement, motivation and commitment to AFC Energy. With 86% of employees engaging (an increase of 2% from the financial year 2024

figure), the survey results provided an invaluable snapshot of the organisation, in identifying what we do well and what areas require improvement.

- Company hosted Christmas lunch and summer party, where employees' individual performances were recognised by their peers and managers respectively.
- Participation in the football Shooting Stars Corporate Cup, raising c.£1,500 in aid of the Shooting Star Children's Hospices.
- Hosting of four work experience students for week-long placements where such students received invaluable experience in engineering, finance, project management and fabrication.

Recruiting, keeping and supporting employees from a diverse range of backgrounds allows us to better understand the society we serve and the communities we work in. Not only is it the right thing to do, but it is good for our business – it lowers risk, increases employee retention and wellbeing and encourages greater social equality and mobility.

Ethical Business and Good Governance Supply Chain

Being a responsible business is essential to our success, and we work hard to encourage sustainable procurement and supply chain management. We continue to monitor and evolve our suppliers in support of our sustainability principles. All tier 1 and 2 suppliers to AFC Energy are required to evidence their compliance with ISO 14001 (Environmental Management Systems) or other satisfactory evidence of commitment to sustainability values. We have embraced DHL's Sustainable

Shipping service in order to use increasingly carbon efficient transportation services and request consolidated deliveries from suppliers to further reduce our carbon footprint.

In October 2025, AFC Energy underwent an independent sustainability maturity assessment by Planet Mark, as part of Speedy Hire's Net Zero Supply Chain Programme. The review recognised AFC Energy's strong progress in carbon reporting, environmental management and internal sustainability engagement.

As we scale up our business, we shall look for more ways to improve, with a focus on further screening our existing and new suppliers to ensure they meet the standards we expect.

Internal Governance and Compliance

Our key internal policies and procedures defend the rights of our employees and guide us to conduct our business in the correct way, including the following:

- Anti-bribery and corruption.
- Whistleblowing policy.
- Anti-slavery and human trafficking policy.
- Equal opportunities policy.
- Social media policy.

All internal policies and procedures are reviewed on a regular basis and supported with online employee training. During the 2025 financial year, a health and safety concern highlighted to the Company's leadership through our whistleblowing service directly resulted in modifications to our health and safety procedures. This process demonstrated that policy improvements are the responsibility of all employees and that AFC Energy adopts a collaborative approach to the ongoing improvement of governance and specifically health and safety.

Monika Biddulph
Non-Executive Director
24 February 2026

Our support for the UN's Sustainable Development Goals

AFC Energy is committed to advancing the United Nations' Sustainable Development Goals, including those set out below:

UN Sustainability Goals – What we are doing

 <p>3 GOOD HEALTH AND WELLBEING</p>	<p>Air pollution remains a significant health issue in many cities across the world, particularly amongst the young or vulnerable. The replacement of diesel generators with hydrogen fuel cells such as ours reduces air pollution.</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Our commitment is to low-cost on-site hydrogen production and fuel cell technologies which produce zero emissions at the point of use, replacing their fossil fuel equivalent in use today. With increased production and availability of clean hydrogen and its falling price (forecasted to halve in price by 2030), we are playing our part in unlocking the UK hydrogen economy by delivering affordable and clean energy without government subsidy.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>We employ a diverse workforce with professional, technical, engineering, scientific and other highly specialised skills and experience. Our people join and stay with us because of the opportunity to work on innovation and sustainability, and to support the global energy transition.</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Execution of strategic and innovative partnerships, with plant hire companies to support roll-out of hydrogen fuel cell generators and chemical companies to support ammonia cracking technology and discussions around additional partnerships.</p>
 <p>13 CLIMATE ACTION</p>	<p>The vision for a world without hydrocarbons often puts hydrogen centre stage. We are contributing to the global efforts to get to both net zero and real zero with our ammonia cracked hydrogen generation and hydrogen fuel cell technologies.</p>