

Greenergy Flexigrid Limited
Corporate Governance Report 2022

Greenergy

Corporate Governance report

Governance Framework

The Group's mission is to deliver long-term value for our stakeholders through the production and distribution of waste-derived transportation fuels. We do this by retaining strong customer relationships and loyalty. That loyalty is not just earned through the products and services that we provide, but also includes the way we carry on our business, our staff interactions with customers, our governance and values.

The close relationship between effective Governance and effective Executive authority and action is at the heart of this process and our business.

Governance Overview

All entities in the Greenergy Group operate under the Group Corporate Governance Framework mandated by the Board of Directors (the "Board") of the ultimate parent company, Greenergy Group Holdings Limited

The Company maintains its own Board and a Flexigrid Leadership Team composed of twelve members of senior management. The Company Board receives its mandate from the Board of the ultimate parent company, Greenergy Group Holdings Limited, and includes Flexigrid Leadership Team members from the Group level. In line with the rest of the Group, the Flexigrid Leadership Team has authority to make key decisions on operational, commercial and stakeholder matters specific to the Company.

This framework ensures that the Company's executive and core management team are empowered with the appropriate level of authority to make decisions on behalf of the individual operating entities.

Company operating structure

Chief Executive Officer

Recommends strategy for approval by the Company Board and collects necessary mandates on an annualised basis as well as on a case by case basis.

Flexigrid Leadership Team

Led by the Chief Executive, the Executive Team manage the business on a day to day basis and have executive authority to make key decisions on operational, commercial and stakeholder matters

Management Group

Staff and other key stakeholders

In line with the Group, the day to day running of the business starts with the senior management team of the Company.

Meetings, processes and engagement

Management group

They meet on a weekly basis, including the Executive Leadership Team, heads of all functions of the business and budget holders, to discuss key stakeholder matters at an operational level to ensure that staff across the business remain informed and the Company is meeting its operational and financial targets. In addition, Leadership Team meets monthly to discuss and review business strategy.

A standing agenda is set for these meetings, as follows:

- » Process Integrity
- » Financial Review
- » Volume, Customer and Operations
- » Specific Items as required.

Specific items are added to the agenda on a regular basis as required by any member of the leadership team. These meetings allow informed discussion and debate amongst the key management team on critical operational matters. Where required, matters are escalated to the appropriate Group Board authority after due consideration from the management team, ensuring that the Group Board is given the right information and facts to be able to make an informed decision on the matter at hand in a timely manner.

A number of specific meetings are held on a daily and weekly basis on key matters such as daily operations and Process integrity.

Executive Leadership Team

Output from the various management meetings and discussions is disseminated by the Executive Leadership Team who meet informally on a weekly basis to discuss key stakeholder matters and make decisions within their Executive Authority.

Comprehensive monthly reports are shared with all Executive Leaders and Group Board members, of both the Company and the Group. These reports address key matters arising in the month, including Process Integrity events, market & customer developments, strategic priorities and detailed financial results. They are the informative narrative of the business and they are used to steward progress against strategic targets.

A subset of these reports are shared with key external stakeholders such as the Group's banking syndicate to provide an insight into the financial and operational performance of the business.

Sub-committees

The Company is supported by six sub-committees that sit at Group level, mandated by the Group Board.

These sub-committees consider and debate specific topics and make recommendations to the Group Board, and have oversight of the business.

These are:

- » Process Integrity
- » Ethics
- » Remuneration
- » Audit
- » Internal Risk
- » ESG

The committees are 'access all areas' both from a data gathering and from an advisory perspective.

The Company Board

The Company Board uses its meetings as a mechanism to evaluate and review business operations and how they align with our growth strategy. Each Company Board meeting follows a considered agenda, agreed in advance by the Company Board.

Beginning of the year

- » Quarterly recurring board meetings for the Company are scheduled for the year and dates are set.
- » Venues for the meetings are set, with an aim to hold meetings at different locations to allow the non-executive board members the opportunity to meet staff at different locations.
- » Dates for monthly board updates are also scheduled at the start of the year.
- » Recurring board meetings cover standing prescribed sections as follows:
 - Approval of minutes and actions from prior meeting
 - Process integrity
 - Service Updates
 - Industrial Relations
 - Business Strategy
 - Finance Review
- » Within the set sections there are certain standing items such as review and discussion on Process Integrity data and events.
- » There are also special topics which are added to individual sections as required. These agenda items are set by the executive directors and agreed with the Chair.

Board Papers

- » Meeting papers follow a consistent format;
- » Papers are distributed to the Board at least a week in advance of the board meeting.
- » Where approval is requested from the Board, this is made clear in the Board papers.

Board meeting

- » Each meeting has a Chairperson who ensures meeting agendas are followed and sufficient time is given for discussion and debate by all Board members on the key topics.
- » Non-board Executives and key management are periodically invited to Board meetings for specific items to provide their expertise to the Board discussion dependent on matters under consideration.

Post-meeting follow up

- » Draft minutes and actions from the Board meetings are produced and distributed to the Board for review and feedback
- » The minutes are formally approved at the next board meeting, or in advance via email
- » Actions are documented and the person responsible is asked to provide an update at subsequent meetings

Section 172(1)¹ – Companies Act 2006 Statement

Our stakeholders are essential for Greenery to deliver on our mission. This section summarises our relationships with our key stakeholders and their influence on Company Board decision making.

Our stakeholders

Our colleagues	
Our people are our most important asset. They are a reflection of our culture and values and are essential to upholding our values and delivering on our purpose and mission.	
<p>Our priorities</p> <ul style="list-style-type: none"> • Ensuring all staff can perform their roles safely • Ensuring diversity and inclusion across our workforce • Ensuring that all key positions are filled with the best person for the job • Maintaining high employee engagement • Instilling our culture and values with rapid employee growth • Developing the skills and talents of our people • Supporting the mental and physical health of our people. 	<p>How we engage and communicate</p> <ul style="list-style-type: none"> • Safety underpins all that we do. Lessons Learned and safety updates are shared with employees across the entire business • Colleagues are kept informed of performance and strategy through Staff Reviews and Monthly Drivers Road Shows. All executives regularly engage with our colleagues around the business • Our Intranet provides regular updates of what is going on around the business, along with updates from the CEO • In 2022, we launched an employee news app to help our staff keep up-to-date with news across the business. • The Knowledge Hub provides a learning and development tool for our colleagues, to provide people with a range of programmes that be accessed anywhere on any device.
Our shareholders	
Our shareholders support the growth of our business to achieve our long-term growth objectives.	
<p>Our priorities</p> <ul style="list-style-type: none"> • Demonstrate sound financial and operational performance, in line with the Group strategy. 	<p>How we engage and communicate</p> <ul style="list-style-type: none"> • Attendance at board meetings • Regular communications such as financial updates, investment plans and capital allocation.
Government	
As a fuel supplier, we maintain close relationships with Government bodies in the regions we operate.	
<p>Our priorities</p> <ul style="list-style-type: none"> • Develop productive relationships with Government bodies, particularly in the UK where we provide a critical role in the national supply chain. 	<p>How we engage and communicate</p> <ul style="list-style-type: none"> • Regular meetings and communications with our Government contacts to provide business updates • Involvement in round table discussions and industry consultations.

¹ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 'S172(1) statement'. Pages 4 to 8 are our section 172(1).

Customers and Suppliers

Our customers include supermarkets, major oil companies, commercial users, independent retailers and consumers. Our customers rely on us to run their business', and our relationships with our suppliers allows us to meet the needs of our customers and consumers.

Our priorities

- Build supply chain optionality through our relationship with our suppliers
- Develop long-term relationships with customers and suppliers who support our strategic growth objectives.

How we engage and communicate

- By demonstrating our values and living our mission in every interaction we have
- Dedicated and engaged teams, who are available to our customers when they need us most. Our local Customer Care teams remain a key differentiator in our offer and allows us to support our customers day or night.
- Regular and timely communications, including financial and operational updates throughout the year. We understand the important role our suppliers and partners have in achieving our growth objectives.

Environment

Our business was founded in the 1990s to supply low emission diesel, and our commitment to produce and supply low carbon renewable fuels at scale continues today.

Our priorities

- We recognise the urgent need to further reduce greenhouse gas emissions in the transportation sector
- We continuing to invest in the sector and progress projects to reduce our own operational emissions.

How we engage and communicate

- Reducing the environmental impact of our activities by continued investment in process improvements at our depots to improve efficiency of our operations
- Investing in a higher percentage biodiesel (B20) capable fleet
- Involvement in round table discussions and industry consultations on best practice
- Encouraging all employees to play a role in our continual improvement of processes to improve the sustainability of our operations
- Support of Greenergy's ESG framework and strategy to drive more detailed reporting.

Financial institutions

We rely on support from our banks to fund our ongoing working capital requirements to allow us to operate in the way in which we do.

Our priorities

- Develop long-term relationships with a syndicate of banks and other institutions to support our ongoing business.

How we engage and communicate

- Monthly financial and operations update provided to our lenders

Communities	
We believe in supporting our communities. Our charity programme and our STEM projects help support our communities.	
<p>Our priorities</p> <ul style="list-style-type: none"> • Through our employee-led charity programme, help fund a range of charity initiatives with a directly identifiable benefit • Engage with our local communities through STEM projects that provide information and inspiration to young people considering their future careers. 	<p>How we engage and communicate</p> <ul style="list-style-type: none"> • While the total charity budget is set by the Group Board, the allocation of funds is nominated by charity teams that involve all employees of the Group, and final approval by the employee-led Charity Committee • Employees are encouraged to work closely with the charities to understand how funds will be used • The Charity Committee is made up of volunteer staff, and each team within the business is led by a Captain to encourage engagement
Unions	
We maintain close relationships with Unions in the regions we operate.	
<p>Our priorities</p> <ul style="list-style-type: none"> • Develop productive relationships with Unions. 	<p>How we engage and communicate</p> <ul style="list-style-type: none"> • Regular meetings and communications with Unions to provide business updates. • Involvement in round table discussions.

Board activities

	Our decision Process	Our decision	Interested Stakeholder Groups
Process Integrity			
<p>Increase in lost time injuries</p> <p>The Board observed an increase in lost time injuries across the Company, driven by manual handling policies not being followed.</p>	<p>The Process Integrity (PI) team reviewed and reported our PI data, both in terms of absolute numbers and broader trends, presented by the CEO</p>	<p>The Board supported the approach outlined by the CEO including:</p> <p>Continued campaigns across all sites and office locations to reiterate the importance of manual handling;</p> <p>Manual handling learning courses provided to staff on the Knowledge Hub</p> <p>Established standard operating practices to task specific duties to help reduce injuries</p>	<ul style="list-style-type: none"> • Our colleagues • Our shareholders

	Our decision Process	Our decision	Interested Stakeholder Groups
Strategy			
<p>Entry into Hydrogen distribution</p> <p>As part of the Group's NextGen division, the Board evaluated opportunities to enter the distribution of hydrogen through the Group's in-house haulage operations..</p>	<p>The Executive Directors provided an overview of the risks and benefits of distributing hydrogen through Greenergy Flexigrid.</p> <p>The Board discussed the opportunity and evaluated the benefits and risks and how the opportunity fit with Greenergy's strategic direction in the energy transition.</p>	<p>The Board approved the decision to proceed with entering into an agreement to distribute hydrogen via Greenergy Flexigrid.</p>	<ul style="list-style-type: none"> • Our colleagues • Our shareholders • Our customers and suppliers • Our environment

	Our decision Process	Our decision	Interested Stakeholder Groups
Financial			
<p>Strategic business plan and financial budget</p> <p>Each year, the business prepares a five year strategic plan and financial budget to share with the Board giving consideration to longer term strategic direction of the Company, noting the impact of climate risk and the energy transition, and what steps are required to ensure that the plan can be delivered.</p>	<p>The business plan process was iterative with several follow up sessions to review key changes and impacts on the financial budgets.</p>	<p>The Board reviewed the five year strategic business plan and financial budget and after due consideration and discussion approved the plan</p>	<ul style="list-style-type: none"> • Our shareholders • Our customers and suppliers • Financial institutions

	Our decision Process	Our decision	Interested Stakeholder Groups
Operational			
<p>New parking location in South East</p> <p>The Company has significant presence in South East and current parking arrangements in Thames Navigator no longer support growth.</p>	<p>The CEO presented new project to enter long term lease for alternative parking facilities in South East.</p>	<p>The Board approved the project and gave CEO authority to proceed.</p>	<ul style="list-style-type: none"> • Our shareholders • Our customers and suppliers • Our colleagues

	Our decision Process	Our decision	Interested Stakeholder Groups
Environment			
<p>Taskforce for Climate Related Financial Disclosures (TCFD)</p> <p>The TCFD requirements will become mandatory for the Group in 2023 as a large, private entity. The Board discussed the requirements and early adoption reporting.</p>	<p>The Board discussed the requirements of the TCFD and completed a specific awareness session on TCFD and the process undertaken by the business in 2022 to complete qualitative assessments.</p>	<p>The Board agreed with the proposal to obtain support for dedicated Flexigrid sustainability reporting aligned with Group's reporting.</p>	<ul style="list-style-type: none"> • All shareholders