

Greenergy Flexigrid Limited
Corporate Governance Report 2021

Greenergy

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 an Executive Leadership Team composed of three members of senior management. The Company Board receives its mandate from the Board of the ultimate parent company, Greenergy Group Holdings Limited, and includes Executive Leadership Team members from the Group level. In line with the rest of the Group, the Flexigrid Executive 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.

Executive 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

Governance Framework (continued)

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 Board authority after due consideration from the management team, ensuring that the 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 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 Boards, 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.

Governance Framework (continued)

The Board

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

Our relationships with our stakeholders are essential for us to deliver on our mission. This section summarises our key stakeholders and their interests, how we regularly engage with them, and the effect stakeholders have on Board decision making.

Our colleagues	<p>Our people are our most important asset. They are a reflection of our culture and values and are essential to delivering on our mission of developing long-term customer relationships and business growth.</p> <p>Our priorities</p> <ul style="list-style-type: none"> » Ensuring all staff can perform their roles safely » 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. <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. During the pandemic, these were done via virtual meetings and through our online learning platform. In addition, we continued to provide Toolbox Talk to our drivers and reinstated depot meetings, adhering to COVID safety rules. » Our training program has been updated and our approach reflects the importance of positive trends, focusing on specific areas to deliver best service to our customers. » Our in-cab devices, emails and group intranet provides regular updates of what is going on around the business, along with updates from Company and Group CEO » We launched a monthly Wellness newsletter across the Group, introduced an Employee Assistance Programme and share wellness tips from our colleagues, » We introduced, to supplement our group HR function, a dedicated Flexigrid HR resource to provide a bespoke HR service to the Company. » We launched the High Five initiative, to give an opportunity for everybody in the business to get the recognition they deserve for a job well done as part of their day-to-day service to our customers. » The Knowledge Hub provides a learning and development tool for our colleagues, to provide people with a range of programmes across various platforms. » Each year, we celebrate our staff through the Greenery Awards and in 2021 this was done virtually.
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Our shareholders	<p>Our shareholders support the growth of our business to achieve our long-term growth objectives.</p> <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. » Refreshed company strategy to align with current Group strategic objectives, to support delivered-in business and develop haulage only customer base to remain cost efficient and increase revenue streams. » Defined assets strategy and secured business's long-term interest by ordering new equipment early and extending useful life of existing assets.
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¹ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 'S172(1) statement'.

Section 172(1) – Our stakeholders (continued)

Our customers & suppliers	<p>Our primary customer and supplier is the Greenery Group. However, as the in-house haulier of the Group, by extension customers of Greenery are also our customers. Our customers rely on us to deliver their fuel.</p> <p>Our priorities</p> <p>» Build long term loyalty with Greenery Group customers by providing safe and reliable fuel supply.</p> <p>How we engage and communicate</p> <p>» By living our values and being the easiest people to deal with, providing the most transparency and the best systems and controls.</p> <p>» Dedicated and engaged teams, who are available to customers when they need us most. Our local Customer Care teams remain a key differentiator in our offer and allows us to support our customer.</p> <p>» 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.</p> <p>» Recognising the needs of our key customers and delivering focussed projects (like MIDAS) to secure long term partnerships and deliver value and best service to our stakeholders.</p>
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Our communities	<p>We believe in supporting our communities. Our Charity Programme help support our communities.</p> <p>Our priorities</p> <p>» Through our Charity Programme, help fund a range of charity initiatives with a directly identifiable benefit.</p> <p>How we engage and communicate</p> <p>» The total charity budget is determined by the Group Board, however the allocation of funds is nominated by charity teams that involve all employees of the Group, with the Charity Committee making the final decisions.</p> <p>» Employees are encouraged to work closely with the charities to understand how funds will be used.</p> <p>» The Charity Committee is made up of volunteer staff, and each team within the business is led by a Captain to encourage engagement.</p>
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Section 172(1) – Our stakeholders (continued)

Our environment	<p>Our business was founded in the 1990s to supply low emission diesel, and our commitment to the environment continues in our values today.</p> <p>Our priorities</p> <p>» We recognise the urgent need to further reduce greenhouse gas emissions in the transportation sector. We continue to invest in more fuel-efficient vehicles in order to reduce our carbon footprint.</p> <p>How we engage and communicate</p> <p>» Reducing the environmental impact of our activities by continued investment in our fleets, training of our staff and process improvements to improve efficiency of our operations.</p> <p>» Investment in vehicles that can run off higher percentage biodiesel blends such as B20 and agreed to bunker B20 at Navigator Thames.</p> <p>» Involvement in round table discussions and industry consultations on best practice.</p> <p>» Continuous improvement of carbon emission report reviewed quarterly at Board level, with a view to move to internal reporting and review monthly in 2022.</p>
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Unions	<p>We maintain close relationships with Unions in the regions we operate.</p> <p>Our priorities</p> <p>» Develop productive relationships with Unions.</p> <p>How we engage and communicate</p> <p>» Regular meetings and communications with Unions to provide business updates.</p> <p>» Involvement in round table discussions.</p>
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Financial Institutions	<p>The Group relies on support from our banks to fund its ongoing working capital requirements to allow us to operate in the way in which we do.</p> <p>Our priorities</p> <p>» Support Greenergy Group in developing long-term relationships with a syndicate of banks and other institutions to support our ongoing business.</p> <p>How we engage and communicate</p> <p>» We communicate at a group level, providing monthly financial and operations updates, and supporting annual all banks presentation on group results and strategy.</p>
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Section 172(1) – Board activities

Process integrity	<p>Increase in minor injuries</p> <p>The Board observed an increase in minor injuries across the Company, driven by manual handling policies not being followed.</p>	
	<p>Our decision process</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>Our decision</p> <p>The Board supported the approach outlined by the CEO including:</p> <ul style="list-style-type: none"> • Continued campaigns across all sites and office locations to reiterate the importance of manual handling; • Manual handling learning courses provided to staff on the Knowledge Hub
	<p>Interested stakeholder groups</p> <p>» Our colleagues</p> <p>» Our shareholders</p>	

Strategy	<p>Oil Planner Upgrade</p> <p>Following the introduction of Oil Planner, the Board listened to staff feedback to further improve Oil Planner – the new integrated order management and scheduling system, that optimises asset utilisation and delivery efficiency.</p>	
	<p>Our decision process</p> <p>Engaging with IT, the Board discussed ways in which the Group could further improve Oil Planner to improve customer experience and operational efficiency.</p>	<p>Our decision</p> <p>The Board approved a budget to continue to invest in Oil Planner.</p>
	<p>Interested stakeholder groups</p> <p>» Our colleagues</p> <p>» Our customers</p>	

Section 172(1) – Board activities (continued)

Financial	<p>Statutory accounts The Company prepares statutory financial reports which are not only a legal requirement, but are used by our stakeholders to understand the financial performance and decisions taken by the Company.</p>	
	<p>Our decision process</p> <p>The Board requested further visibility on the statutory accounts and their preparation.</p>	<p>Our decision</p> <p>The Board agreed to include review of statutory accounts as a standing Agenda item for every board meeting between year end and formal approval.</p>
	<p>Interested stakeholder groups</p> <ul style="list-style-type: none"> » Our shareholders » Our customers and suppliers 	

Risk Management	<p>Risk Register</p> <p>The Company prepares and maintains a risk register specific to our operations in the haulage industry to show our commitment to risk management and keep track of the constantly evolving environment, ensuring appropriate mitigating actions are in place.</p>	
	<p>Our decision process</p> <p>The Board requested further visibility and regular review of risk register</p>	<p>Our decision</p> <p>The Board agreed to include review of risk register as a standing agenda item for every Board meeting.</p>
	<p>Interested stakeholder groups</p> <ul style="list-style-type: none"> » Our shareholders » Our customers and suppliers 	

Section 172(1) – Board activities (continued)

Environment	<p>Carbon emissions</p> <p>The Board recognises the Company has a responsibility to reduce carbon emissions.</p> <p>Sustainability is integral to the way in which Greenenergy operates. It is embedded in our history and is a key part of our values and culture</p> <p>Our business was founded to supply low emission diesel that offered significant air quality benefits. As we have grown, we have remained committed to reducing emissions in transport fuels.</p>	
	<p>Our decision process</p> <p>The Board considered changes, risks, trends and opportunities to reduce carbon emissions, including how to most efficiently operate our assets.</p>	<p>Our decision</p> <p>As part of our commitment to continual improvement and reducing our emissions, the Board approved that a structured plan would be developed for the Company, led by Process Integrity and in line with the Group's ESG strategy.</p> <p>Decisions included:</p> <ul style="list-style-type: none"> - the purchase of new vehicles that can run on higher percentage biodiesel blends such as B20, and the bunkering of B20 at Navigator Thames. This was completed post year-end. - Encouraging staff to reduce emissions from other sources (not fleet).
	<p>Interested stakeholder groups</p> <p>» All stakeholders</p>	