

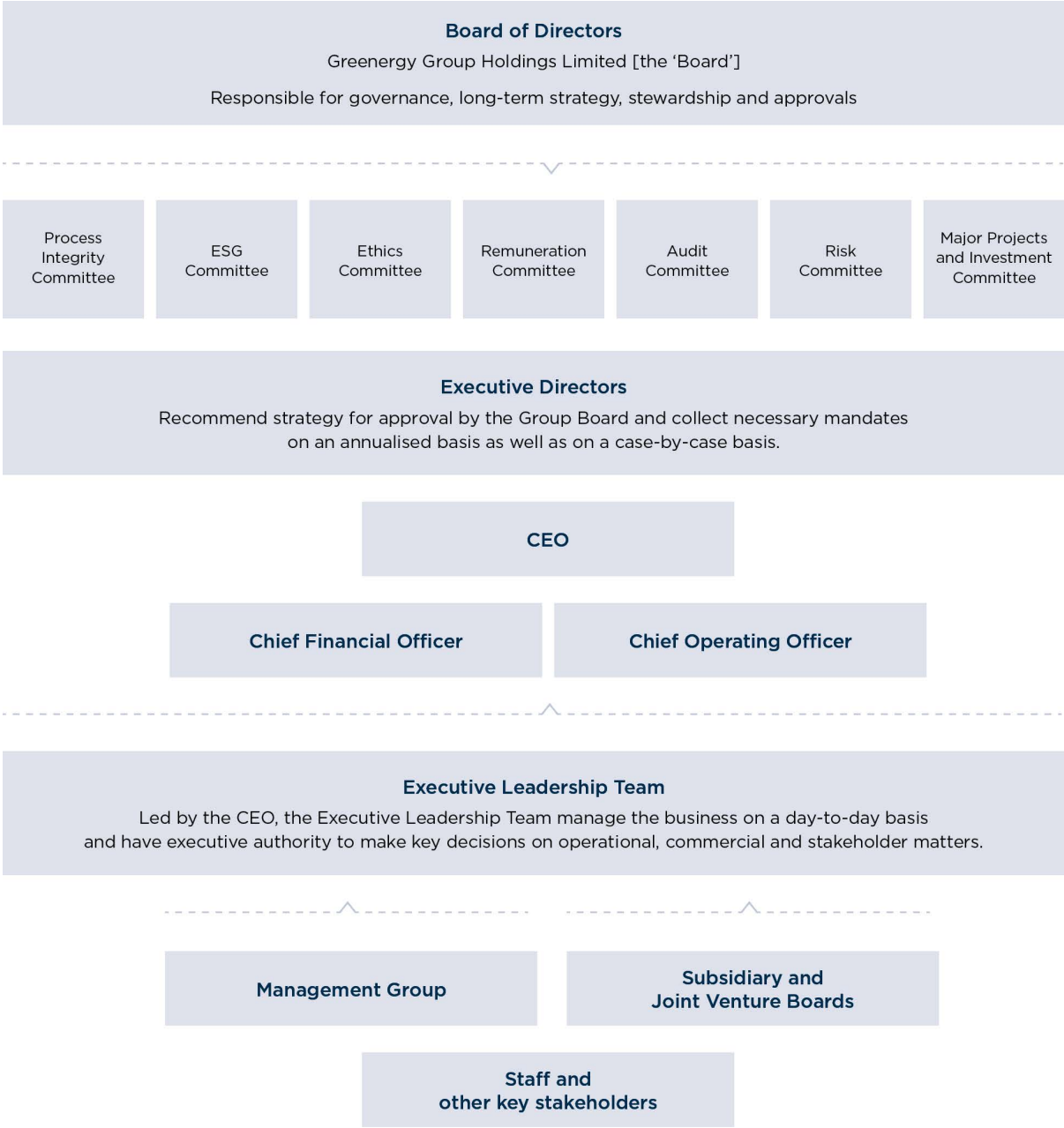
Greenergy Halo Holdings III Limited  
Corporate Governance Report 2023

**Greenergy**

# Corporate Governance report 2023

As a large private company, we are required to disclose our corporate governance arrangements under the Companies (Miscellaneous Reporting) Regulations 2018 to ensure sustainable and responsible governance practices.

All entities in the Greenergy Group operate under the Group Corporate Governance Framework mandated by the Board of Directors (the 'Board') of the parent company Greenergy Group Holdings Limited. The Group has adopted the Wates Principles as part of its governance framework and considers these integral to its governance approach.



### **Principle 1 - Purpose and leadership**

The Group's purpose is to drive transport decarbonisation through continued leadership in waste-derived renewables, supported by our mission to deliver long-term value for our stakeholders through the production and distribution of waste-derived renewable transportation fuels. We do this by evolving our supply chain, retaining strong customer relationships, delivering change through innovation, acting responsibly and being accountable.

As the energy transition accelerates, Greenergy's history of being an innovative transportation fuel producer and supplier remains a key focus for the Board, as we look to continue developing cleaner, lower emission fuels. This is supported through the Group's purpose and mission that drive our business plan and strategy.

Our purpose and mission is more than just supplying products and services. It is the way we do business, our interactions with our stakeholders, our governance and is underpinned by our values and culture and is integral to ensuring delivery of the Group's strategy and long-term success.

The close relationship between effective governance and effective executive authority and action is vital to ensure the success of the Group. This relationship is managed through the Group's governance framework which ensures the appropriate levels of authority is provided, allowing key decisions on operational, commercial and key stakeholder matters to be made.

### **Principle 2 - Board composition**

The Board comprises three executive directors, the CEO, Chief Financial Officer and Chief Operating Officer and seven non-executive directors, including a non-executive Chairman and three independent directors. Certain reserved matters such as governance, long-term strategy, mergers and acquisitions, restructuring and commercial deals over a certain size or duration are submitted to the Board for advice and ultimate approval.

The size and experience of the Group Board is considered appropriate for the size of the Group, with the directors bringing a wide range of commercial and industry knowledge, ensuring a well-balanced range of views and experience.

The Directors recognise the Board composition lacks diversity. We are committed to supporting diversity, equity and inclusion across the entire workforce and in particular continuing to improve diversity among the senior management and executive leadership teams.

### **Principle 3 - Director's responsibilities**

The Board is continuously improving its approach to Corporate Governance ensuring clear responsibilities are allocated to individuals and sub-committees and reviewing if the strategy is still fit for purpose. All sub-committees are governed by agreed Terms of Reference and include subject matter experts, providing the Board with regular and timely updates on specific topics.

At the beginning of each year, quarterly recurring Group board meetings are scheduled. Two additional strategic board meetings are also set to discuss and define the Group's strategy and five year strategic plan.

Board meetings are a mechanism to evaluate and review business operations and how they align with the Group's overall strategy and the impact on our key stakeholders. Some of the key activities and decisions undertaken by the Board in 2023 are outlined in the 'Section 172(1) Companies Act 2006 Statement' (see s172(1)).

In addition to formal meetings, the Board will regularly hold informal meetings to discuss specific topics. The Board is provided with regular and timely updates on all key aspects of the business including process integrity, financial performance, operational items, market themes, ESG and risks and opportunities impacting the Group.

#### **Principle 4 - Opportunities and risks**

Greenergy's mission, values and overall Group strategy guide the Board's decisions to promote and deliver long-term value, taking advantage of opportunities which arise whilst ensuring an appropriate risk framework is in place to manage the risks we face in our business. The risks we face in our business, and the action we take to mitigate those risks, are formalised in a risk register which is reviewed by the Risk Committee and formally approved by the Board. Refer to pages 35 to 45 for the Group's key risks and mitigants.

The Group's Risk Committee, chaired by the Chief Financial Officer, aims to assist the Board in the fulfilment of its corporate governance, establishment of procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take to achieve its long-term strategic objectives.

Principal risks are identified across the business at all levels, to ensure those are registered and reported to the Board along with the mitigation plans associated with them. Different business units assess the risk in their area of expertise, with the Board being informed of such risks to establish the level of risk accepted to meet its strategic objectives.

#### **Principle 5 - Remuneration**

The role of Greenergy's Remuneration Committee is to determine and oversee the Group's overall remuneration strategy and policy, ensuring its aligned to the successful delivery of the Group's purpose, culture, values and Group wide strategy. It regularly reviews the on-going appropriateness and relevance of the remuneration policy to ensure compliance and appropriate consistency and effectiveness of application, and, if necessary, make proposals for changes.

The Remuneration Committee sets and reviews the strategy and policy in relation to terms and conditions of engagement (including remuneration) of Greenergy's Leadership Team and to determine their specific total remuneration (including payments and awards under annual bonus plans, share incentive schemes, pension schemes and any other compensation arrangements), ensuring that payments awarded are fair and appropriate based on performance.

It also oversees any major changes in employee benefit structures of the Group and establishes the overall parameters for annual salary reviews and bonus plans of the Group's employees, making recommendations to the Board for approval.

The Remuneration Committee supports Greenergy's ambition to be and remain a preferred employer, attracting, motivating and retaining talent at all levels as well as succession planning by developing and promoting where possible from within.

The Committee is responsible for the development of the remuneration policy which ultimately is approved by the Board.

#### **Principle 6 - Stakeholders**

Stakeholder engagement is considered crucial by the Board, and this is applied at all levels of the organisation supported by the Leadership Team and reported to the Board. Our key stakeholders, how we engage with them, and the effect stakeholders have on Board decision making is outlined in the Section 172(1) Companies Act 2006 Statement on pages 49 to 54.

## Section 172(1)<sup>1</sup> – Companies Act 2006 Statement

The Board recognises that it can only deliver on our mission and create long-term success for all of our members if we actively engage, consider and respect our various stakeholders. How we engage with them is considered crucial by the Board, and this is applied at all levels of the organisation supported by the Leadership Team.

Each Director and the Board as a whole are aware of their duty to act in a way which would most likely promote the success of the company for the benefit of its members as a whole.

### Our stakeholders

This section summarises our key stakeholders, our priorities and how we engage with them.

#### Key stakeholder: Our people

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.

##### Our priorities

- 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 employee growth
- Developing the skills and talents of our people
- Supporting the mental and physical health of our people

##### Engagement activities

- Safety underpins all that we do. Lessons Learned and safety data are shared with employees across the entire business
- Colleagues are kept informed of performance and strategy through Staff Reviews and Quarterly Meetings. All executives regularly engage with our colleagues around the business
- Our Intranet and news app provides regular updates to keep our people informed
- 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.

#### Key stakeholder: Shareholders

Our shareholders support the growth of our business to achieve our long-term growth objectives.

##### Our priorities

- Demonstrate sound financial and operational performance, in line with the Group strategy.

##### Engagement activities

- Attendance at board meetings
- Regular communications such as financial updates, investment plans and capital allocation.

<sup>1</sup> In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 'S172(1) statement'. Pages 4 to 9 are our section 172(1).

### Key stakeholder: Customers & 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.

#### Engagement activities

- 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.
- 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.

### Key stakeholder: Environment

Our business was founded in the 1990s to supply low emission diesel, and our commitment to produce and supply low carbon 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 further expand our renewable fuel production and are actively exploring projects to supply lower carbon fuels.

#### Engagement activities

- Reducing the environmental impact of our activities by continued investment in process improvements at our plants to improve efficiency of our operations
- Manufacturing biodiesel from waste raw materials where possible giving higher carbon savings
- 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
- Development of our ESG framework and strategy to drive more detailed reporting.

## Key stakeholder: Communities

We believe in supporting our communities. Our charity programme and our STEM projects help support our communities.

### Our priorities

- 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.

### Engagement activities

- While the total charity budget is set by the Board, the allocation of funds is nominated by employees 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
- Through our STEM projects, we aim to work with local schools and educational colleges to inspire students, and demonstrate tangible career options that are available through STEM
- In our retail businesses in Ireland, we partner with retailers to support their local communities.

## Key stakeholder: Government

As a fuel supplier, we maintain close relationships with Government bodies in the regions we operate.

### Our priorities

Develop productive relationships with Government bodies, particularly in the UK where we provide a critical role in the national supply chain.

### Engagement activities

- Regular meetings and communications with our Government contacts to provide business updates
- Involvement in roundtable discussions and industry consultations.

## Key stakeholder: 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.

### Engagement activities

- Monthly financial and operations update provided to our lenders
  - Annual all banks presentation on our results and outlook and strategy for the years ahead
  - Regular ad hoc meetings with all lenders to discuss business operations.
-



## Board activities

All entities in the Greenery Group operate under the Group Corporate Governance Framework mandated by the Board of Directors (the 'Board') of the parent company Greenery Group Holdings Limited.

During the year, the Board made a number of key decisions. In arriving at these decisions, the Board specifically considered the interests of and the impact on all of its stakeholders. Some examples of these key decisions are outlined below.

### Key Decision: Sale of Canadian retail operations

The Board reviews strategic options for existing assets and business units, including the potential disposal, closure and downsizing of operations.

#### Decision process

- When assessing the potential disposal of Canadian retail operations, the Board gave consideration to the investment rationale, risks, impact on stakeholders and link to the overall future strategy of the Group
- The Board appointed external advisors to support throughout the disposal.
- The Board reviewed and considered the various offers proposed.

#### Outcome

- After considering the offers proposed and the impact on the various stakeholders, the Board approved the disposal of the Canadian retail business.

### Key Decision: Refinance the Group's key banking facilities

The Group relies on key banking facilities for both working capital and senior secured debt to ensure it can continue to operate as a going concern. The Group's existing facilities all fell due in 2023 and as such the Group undertook a detailed process to refinance its key facilities.

#### Decision process

- A detailed process was undertaken with a selection of new and existing financial institutions to determine the most appropriate capital structure for the Group.
- Following a detailed process, the CFO presented an overview of the proposed facilities including the impact and costs on the business both financially and operationally
- The Board considered the risks and opportunities of restructuring its existing facilities
- The Board considered the current and future capital structure of the Group.

#### Outcome

- On recommendation of the Group CFO, the Board approved the restructuring and refinance of the Group's banking facilities

Key Decision: Focused campaign to reduce the number of crossovers

- The Group's PI team reported on delivered-in crossovers (when product is delivered into the wrong tank at a customer's site). The Board recognised that the rate of crossovers was increasing.

Decision process

- Process Integrity (PI) is the first standing agenda item at all Board and Executive meetings
- The PI Committee Chairman presented an update on PI to the Board including trends on crossovers
- The Board discussed that the use of the MIDAS system was an effective way to remove human factors from deliveries to customer sites.

Outcome

- The Board supported the approach outlined by the PI Committee Chairman including:
- A targeted retraining and awareness program; and
  - The continued rollout of MIDAS systems to another key strategic delivered-in retail customer.