



## Responsible Business Report 2022

Published June 2023



# Foreword from our CEO



I am delighted to introduce the Phoenix Energy Responsible Business Report for 2022, which provides an annual update into how we, as the largest gas distribution network operator in Northern Ireland, undertake our responsibilities and deliver real economic, social and environmental value to local communities.

Operating in a socially responsible manner has never been as important as it is today, and as you will see from our outputs in this area we continue to evolve the responsible business culture that has been embedded into our business operations ever since Phoenix Energy was established in 1996, as we continue to grow our network, engage with new communities and realise our vision to be recognised for excellence as a world leading utility.

The principles that drive our responsible business programme have continued to progress in recent years and have become increasingly targeted in nature, with a focus on developing strategic partnerships that reach out to those in our community with greatest need with tailored community interventions, specific targets, and measures to evaluate success.

Our commitment to excellence in responsible business continues to be recognised both by peers and external accreditation bodies locally and internationally. In 2022 Phoenix were once again awarded a 5-star rating GRESB Infrastructure Asset Benchmark Report.

I am particularly pleased with how the Phoenix Values Programme has been embedded into our workplace culture during 2022. The Phoenix Values are designed to ensure that we as an organisation set out common behaviours that we expect from our employees that in turn drive a consistently high level of customer experience in a workplace that celebrates employees that excel together.

In recent years there have been a wave of societal challenges that have further reinforced the breadth of vulnerabilities that exist among our customers and across the communities we serve. Our team have continued to refine our procedures and enhance our training provisions to ensure that we are best placed to identify such vulnerabilities, and in turn adjust our service delivery to ensure that we provide an inclusive experience for all.

In October 2022, in conjunction with other gas network operators locally, Phoenix launched the NI Gas Networks Pathway to Net Zero. At the heart of the pathway is an affordable, least disruptive, transition to Net Zero where energy users can continue to enjoy all the convenience and benefits of gas heating safe in the knowledge that the gas they use will be 100% renewable by 2050.

In the same month last year, Phoenix hosted the inaugural NI Renewable Gas Conference, with around 300 delegates from local, national, and international communities. The conference provided a timely platform for industry, academia, and policy makers to identify the considerable opportunities that exist for gas networks, specifically the role they can play in progressing an increasingly self-sufficient, circular integrated energy system.

I trust you will find this report to be interesting. This is an exciting time for the NI Gas Industry, and we are enthusiastically looking forward to working with long standing and new emerging partners as we continue to provide energy solutions that meet all consumers needs into the future.

**Kailash Chada**  
Chief Executive Officer

## Responsible Business 2022

### Key Environment, Social & Governance (ESG) Highlights

**720** k tonnes  
of CO<sub>2</sub> avoided<sup>1</sup>, equivalent  
to 350,000 cars off the road



**11.8** k tonnes  
CO<sub>2</sub> Scope 1 & 2 emitted



**99%**  
of electricity procured  
from renewable  
resources (212MWhs)



**6,050** tonnes  
of materials recycled / reused



**58** k tonnes<sup>2</sup>  
of materials diverted  
from landfill



**97%** ★★★★★  
& 5\* GRESB ESG  
Benchmarking Assessment

**165**  
people employed<sup>3</sup>



**Platinum** 🏆  
in BITC's NI  
Environmental  
Benchmarking Survey



**Gold** 🏆  
in the BITC's CORE  
Corporate Social  
Responsibility accreditation



**TCFD** ✓  
We continue to make strong  
progress on full compliance  
with TCFD recommendations.



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#### DISCLAIMER

While all due diligence has been taken to prepare this document, we cannot completely guarantee the quality, accuracy and completeness of the information as other external factors may fluctuate any statistics and interpretations may deviate from what has been published. Information in this document was deemed accurate and appropriate to the best of the knowledge of Phoenix Energy as of June 2023.

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<sup>1</sup> Estimate based on the premise that, if natural gas was not used, more polluting fossil fuels would be used in the same proportion in which they are currently consumed, for CO<sub>2</sub> avoided

<sup>2</sup> Materials diverted from landfill through the utilisation of directional drilling techniques

<sup>3</sup> Employees of Phoenix Energy and Phoenix Energy Services



# Company Information

Phoenix Energy has been providing fuel choice to homes and businesses across its licence area since it was first established. Since then it has created considerable environmental, social and economic value to the region and customer base it serves.

The company now owns and operates the largest natural gas distribution network locally, providing the safe and secure distribution of natural gas to the 250,000 domestic and business customers already connected to its network. With a natural gas pipeline that extends across nearly 4,000km, Phoenix is responsible for the maintenance of its infrastructure as well as the 24/7 operation and transportation platform for natural gas suppliers and customers across its licenced area which encompasses Greater Belfast, Larne and East Down.

Having invested over £600m into the local economy, the gas industry has developed an extensive independent local supply chain that provides employment to over 2,500 people locally, made up of qualified installers, manufacturers, retailers and suppliers.

While warmly welcomed for its associated lifestyle and convenience benefits, consumers are increasingly connecting to gas for efficiency and environmental reasons, with natural gas significantly less carbon polluting than traditional home heating fuel choices.

Phoenix is actively working to further decarbonise home heating for consumers, enabling them to continue to enjoy all the flexibility of gas with minimum disruption, by using its existing infrastructure to deliver renewable gas solutions such as biomethane and hydrogen direct to consumers homes as it plays a key role in supporting a net-zero carbon future. Phoenix is regulated under licence by the Northern Ireland Authority for Utility Regulation and operates under a framework similar to other UK regulated entities which includes regular price control reviews and compliance with a range of licence obligations.



# Market Development

Phoenix Energy is responsible not only for the development of its infrastructure within its license area, but also for the continued growth of our customer base.

As the gas network continues to expand into new towns and villages, it means thousands of consumers each year gain access to natural gas for the first time.

This ongoing growth and development has created significant economic opportunities locally as the gas industry supports a wide range of related local businesses. This includes installation companies and merchants, all of which play a key role in delivering a seamless and positive gas customer experience.

Independent market research undertaken in 2022 with newly connected consumers continues to evidence a consistently high quality experience with 96% of customers advising they would recommend installing gas to a friend.

The research also shows that consumers continue to enjoy the range of convenience, lifestyle and environmental benefits of gas heating, with access to instant heat and hot water key drivers for consumer connections.

With an increasing focus on energy efficiency and environmental impacts for consumers, the lower carbon properties of natural gas coupled with the benefits of highly efficient appliances, ensure connection to the gas network remains high on the list of consumer home improvement priorities.



Did you find the installation process easy?

'Yes' 96%\*

Instant hot water\*

ranked as the most beneficial aspect of natural gas for connected consumers, followed by the efficiency of the system.

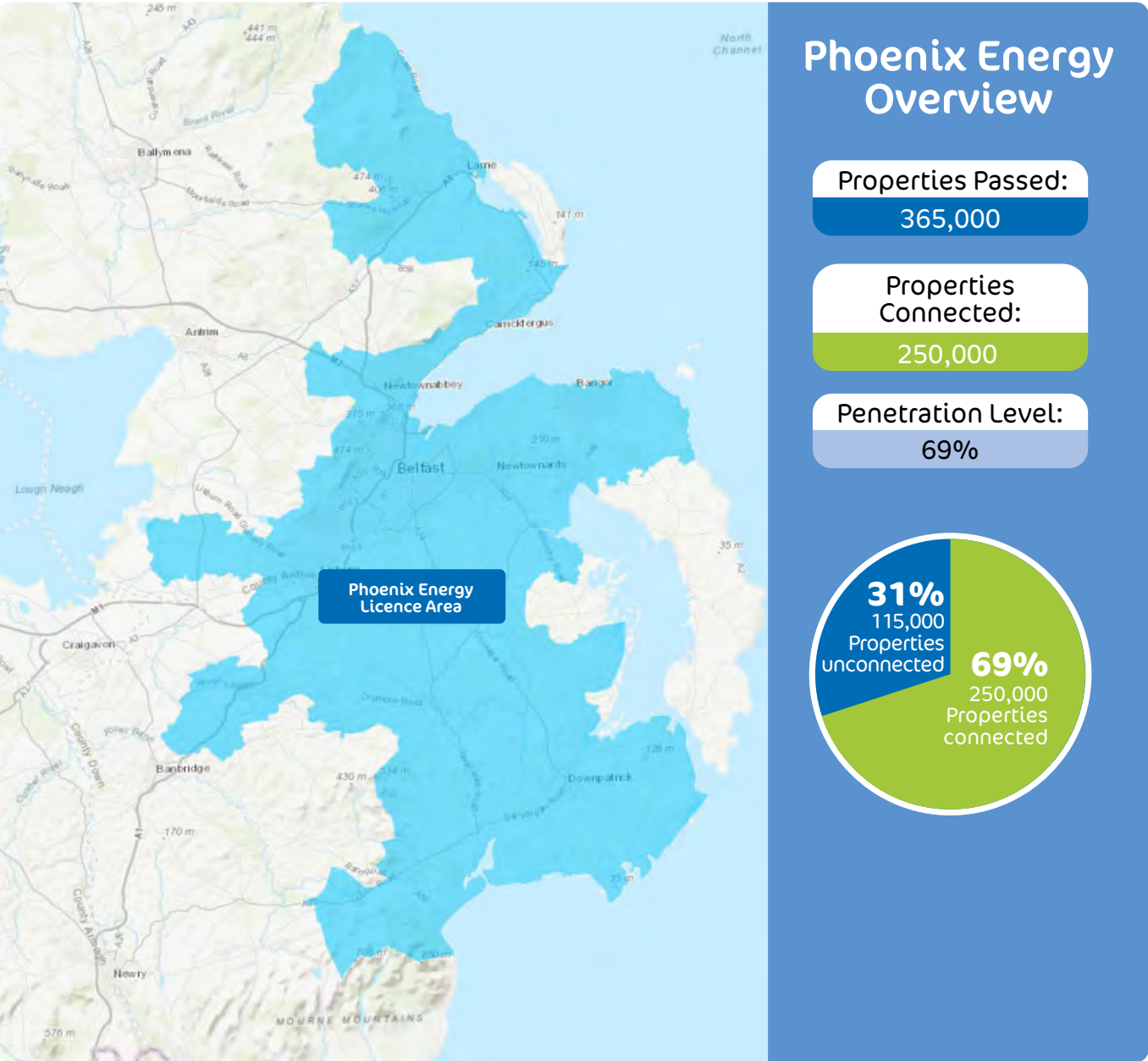
\*MRNI April 2022

# Overview of Phoenix Energy availability

Figures as at end of December 2022

There are three gas network operators under licence from the Northern Ireland Authority for Utility Regulation, with each operator responsible for gas distribution across a specific geographical area.

Phoenix Energy is the owner and operator of the largest gas distribution network locally, covering the Greater Belfast, Larne and East Down areas of Northern Ireland as outlined below:



## Gas Availability by Area

A further breakdown of availability of Phoenix Energy by town is outlined below, demonstrating the continued opportunity for growth within each area. The Phoenix Energy licence area was extended in 2016 to the East Down and Whitehead areas. With mains laying now broadly complete, there is further opportunity in these developing markets to drive new customer connections.

Figures as at end of December 2022

Area	Total Gas Availability	Connected	Penetration
Bangor	31,000	21,500	69%
Belfast	183,000	139,500	76%
Carrickfergus	17,400	12,200	70%
Carryduff	3,200	2,300	72%
Donaghadee	3,800	2,600	68%
Dundonald	8,500	6,300	74%
Holywood	5,800	4,600	79%
Larne	10,000	5,900	59%
Lisburn	24,200	15,800	65%
Newtownabbey	32,800	22,200	68%
Newtownards	21,300	13,000	61%
Whitehead*	1,600	500	31%
East Down*	22,400	3,600	16%
TOTAL	365,000	250,000	69%

\*Developing Networks



# Customer and Network Growth

From laying the first mains and connecting the first customer in 1996, Phoenix Energy's infrastructure and connection activity has enjoyed a period of significant and continued growth.

## Connections 1996 – 2022

the number of customers connected to Phoenix Energy

Fig 1: Cumulative connections from 1996 – 2022

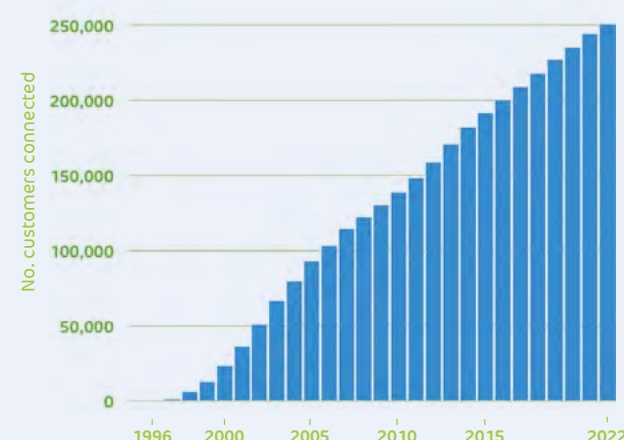


Fig 2: Annual New Connections



The continued development of the natural gas network means that the Phoenix network is available to thousands of new consumers each year. There is now almost 4,000km of Phoenix pipeline across the licence area, with 72.6km constructed in 2022.

## Network Build (km)

the amount of pipe laid by Phoenix Energy across its network in km

Fig 3: Cumulative network build 1996 – 2022

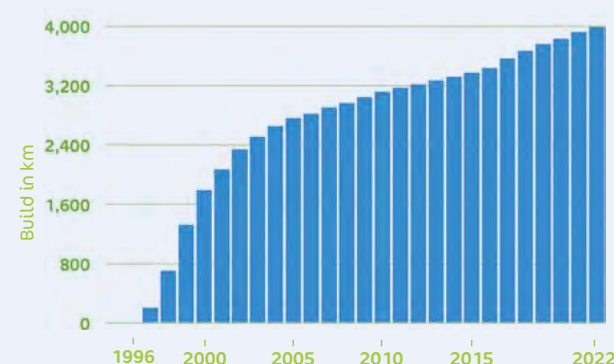


Fig 4: Annual Network Build Constructed



# Carbon Reduction

As well as the lifestyle and efficiency benefits associated with natural gas, consumers are increasingly moving to natural gas to benefit from its environmental efficiencies. As an inherently cleaner fuel, coupled with replacing older, inefficient systems with a highly efficient gas boiler and associated heating controls, consumers can displace up to 50%\* of their home energy carbon emissions by connecting to natural gas.

As a result of moving to natural gas, consumers have helped prevent

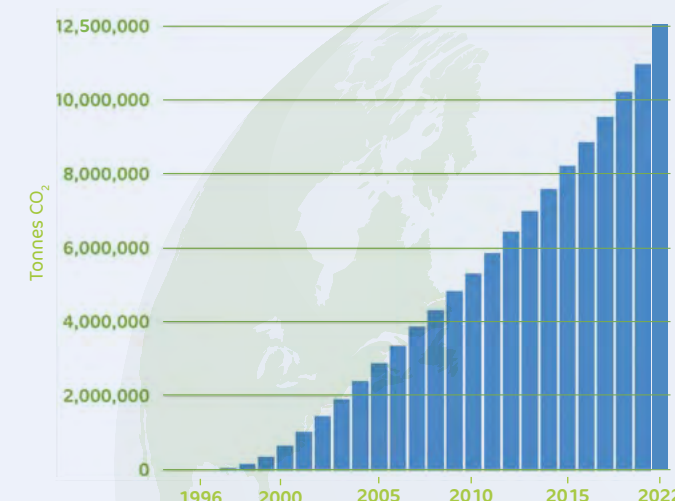
**12.5 million tonnes**

of CO<sub>2</sub> from entering the atmosphere.

## CO<sub>2</sub> Avoided (tonnes CO<sub>2</sub>)

total CO<sub>2</sub> saved from entering the atmosphere by Phoenix Energy users in tonnes

Fig 5: Cumulative from 1996 to, and including, 2022



\* Carbon saving figures are based on the installation of a natural gas boiler, the displacement of a household's oil fired boiler and associated system efficiency gains achieved from system upgrade.

Efficiency gains applied are based on the installation of a high efficiency gas boiler and associated high efficient heating controls. An efficiency factor of 30% has been applied that is consistent with the minimum efficiency gains and reduced energy use achieved as a result of replacing a SEDBUK F oil boiler (70% -74% efficiency rating) with a natural gas high efficiency boiler (minimum performance standard of 92%), the upgrade of heating controls and water treatment improvements.

The carbon savings resulting from efficiency upgrades are in addition to the 26% reduction in carbon emissions that natural gas produces compared to home heating oil. The total reduction in carbon emissions from moving to a natural gas high efficiency boiler therefore reflects a saving of up to 50% when compared to a SEDBUK F oil boiler.

Cumulative carbon saving figures are calculated in line with the indicative NI fuel mix each year. New build natural gas connected properties have carbon savings applied compared to likely alternative fuel solution, but do not include any system efficiency gains.

# Our Vision

Phoenix Energy has a clear vision – to be recognised for excellence as a world leading energy utility.

Our vision drives the business strategy and is embedded in every decision.

To achieve the vision, our Corporate Objectives provide a framework for success across 6 key areas:



# Our Values

The Phoenix Values are at the heart of how we do our business.

Aligned with our vision and corporate objectives, the Values reflect our employee culture and the behaviours that continue to drive our success.

Embedded within our business, they are the standards we hold ourselves and our employees to, in delivering the best possible outcomes for our customers, our business and our communities.

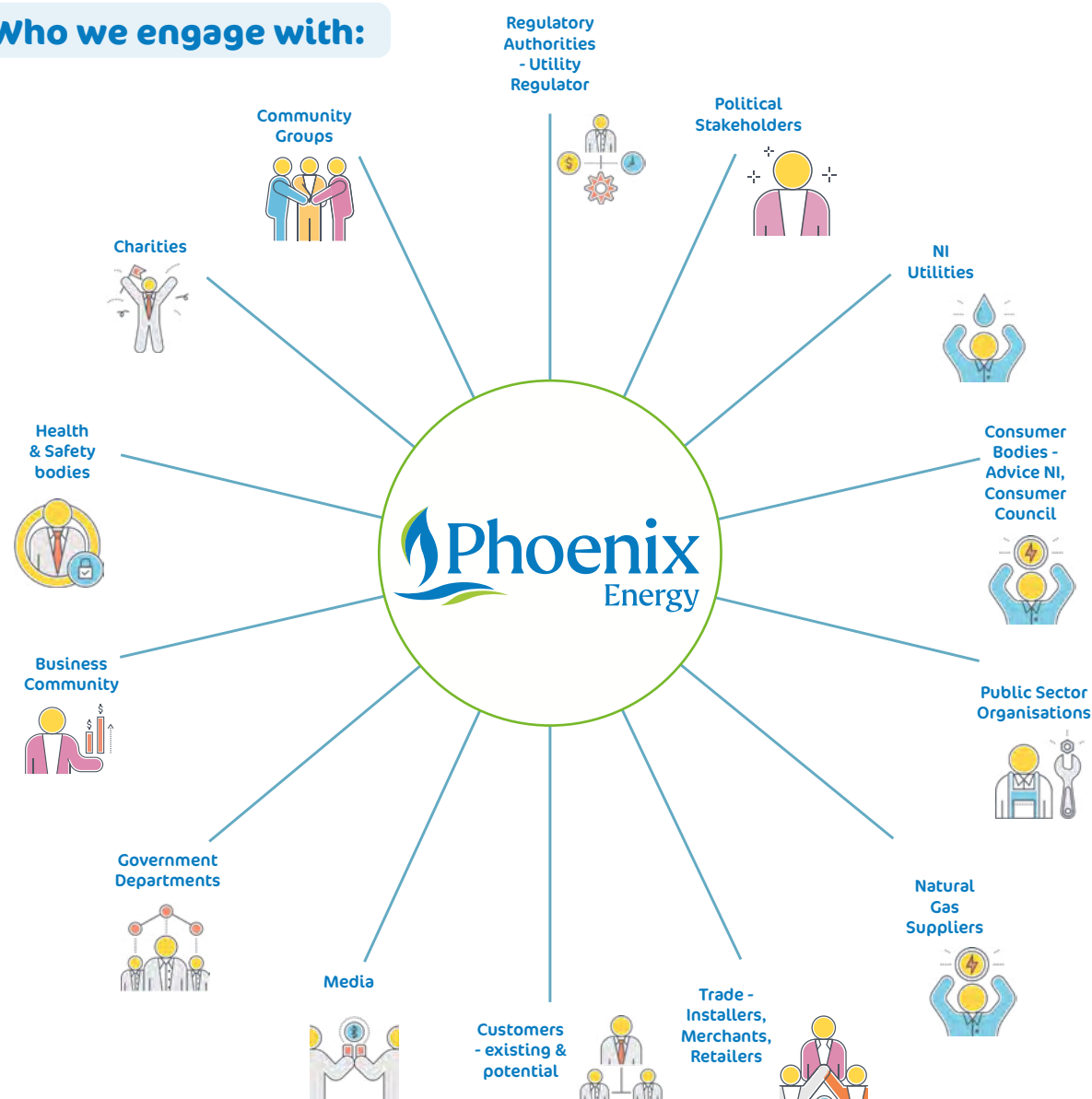
The Phoenix Values have been co-designed through a collaborative process led by the Phoenix LIFE Committee which is comprised of employee representatives from all parts of the business, and supported by the Executive Management Team. This partnership approach ensured that the values reflected and resonated at all levels of the business.



# Stakeholder and Consumer Engagement

We know that consumers and stakeholders have a significant interest in our business and we recognise the importance of such groups being involved in the development of future business needs.

## Who we engage with:



## A snapshot of organisations we regularly engage with:



## Responsible Business Approach

The principles of responsible business have been at the core of our business since its beginning and our commitment to our environmental, social and governance (ESG) responsibilities is demonstrated through the Phoenix LIFE Programme, which encapsulates our responsible business approach and activity in the areas of Leadership in the Marketplace, Investing in our People, Fostering our Community and Environmental Responsibility.

These pillars of responsible business activity are embedded across all areas of our organisation and culture, and are integrated across our strategy, risk and governance processes.

Each year we perform a materiality assessment to develop our Responsible Business Principles, aligned with the LIFE Programme. They are:

### Leadership in the Marketplace

- To act with integrity in all our dealings.
- To maintain the highest standards of governance in the management of our business.
- To maintain appropriate contingency planning arrangements to enable the continuation of key activities as a result of a major incident.

### Investing in our People

- To promote the health and wellbeing of our staff to ensure that we maintain a happy, healthy and engaged workforce. Create a positive working environment that, where possible, provides staff with the opportunities to fulfil their potential and achieve their career ambitions.
- To operate with high standards in respect of health, safety and worker protection, and as a minimum, comply with all relevant regulations and standards.

### Fostering our Community

- To create a positive impact for our stakeholders and the community we serve through meaningful engagement, contribution, and volunteering.
- To always be non-discriminatory (whether on grounds of gender, race, disability or other), and maintain the highest standards of equality and diversity in our employment practices.

### Environmental Responsibility

- To minimise the impact of our operations on the environment, aiming for a sustainable approach to the use of resources, reducing our use of energy, water, and paper, avoiding irresponsible disposal of hazardous products and unnecessary waste.
- To act as an environmentally responsible business by supporting biodiversity projects and initiatives within the community that we serve.



# Leadership in the Marketplace

Having led the way in introducing natural gas to Northern Ireland in 1996, twenty seven years on, Phoenix continues to set the standards for responsible business, leadership and collaborative working, within the energy industry and beyond.

Phoenix has generated significant economic, social and environmental returns locally and continues to play a pivotal role in leading, supporting and nurturing the wider gas industry and independent trade, with particular focus on decarbonisation and the future utilisation of gas infrastructure in delivering net-zero carbon solutions.



**Above:** In October 2022, Northern Ireland's five Gas Network Operators launched their joint plan to fully decarbonise the region's gas network by 2050.

# Leadership in Action

In 2022, Phoenix held a landmark conference in Belfast which outlined the opportunity for Northern Ireland to be a leader in the delivery of a new renewable gas future.



- The 'Fuelling the Future' conference saw contributions from leading local and international speakers. The 250 delegates learned more about the opportunity to decarbonise the gas network with the introduction of renewable gas alternatives such as biomethane and green hydrogen, providing clean energy solutions for the 550,000 homes and business that have access to the existing gas network.
- Speakers from Queen's University Belfast, Department for Agriculture, Environment and Rural Affairs, Catagen, SGN, B9 Energy, Translink, Renewable NI, the Consumer Council NI, KPMG and John Thompson and Sons Ltd, discussed the opportunity for local energy decarbonisation, demonstrating that the transition to renewable gas solutions has the capacity to positively benefit the whole of society.



- Providing an international insight on decarbonisation, delegates heard from Torben Brabo, Director of International Relations at Energinet, the Danish national transmission system operator for gas and electricity. In 2022, biomethane production is expected to go over 30% consumption and Torben explained its importance in delivering Danish Government ambitions of 100% green gas coverage by 2030.



# Spotlight on Standards

We benchmark our performance with local, national and internationally respected external bodies. Our external achievements include:



## GRESB

For the fifth year in succession, Phoenix was recognised as a leader in Europe for its environmental, social and governance performance by GRESB in its Infrastructure Assessment. GRESB is an industry-driven organisation committed to assessing the Environmental, Social and Governance (ESG) sustainability performance of Real Estate and Infrastructure assets around the globe. For the fourth consecutive year, Phoenix placed 1st in Europe in the Gas Distribution category.

## CORE

Business in the Community NI's CORE assessment is recognised as the standard for responsible business in NI. In 2021, Phoenix Energy achieved Gold status in the assessment, demonstrating Phoenix's commitment to integrating corporate responsibility into the way it does business. The standard remains attributed to the company until 2024, when we will have the opportunity to re-apply.



## Arena Survey

In 2022, Phoenix retained its Platinum status in the Business in the Community NI Environmental Benchmarking Survey. The Survey recognises positive environmental influencers by helping organisations to measure and improve their environmental impacts, benchmark themselves against others and be recognised for green leadership.



## Vitality

In 2022, Phoenix took part in the UK's largest workplace wellbeing survey. We placed 3rd in our category for the whole of the UK, showcasing our continued commitment to the health and wellbeing of our colleagues.



# Spotlight on Partnership

## Centre for Advanced Sustainable Energy

Recognising the importance of partnership, Phoenix worked alongside The Centre for Advanced Sustainable Energy at Queen's University and AFBI to deliver a study on spatial mapping and life cycle assessment to evaluate the potential of biomethane for the decarbonisation of the gas grid. One of the key findings was that Northern Ireland has significantly greater volumes of the renewable gas available than previously thought. In total, there is estimated to be over 6000 GWh worth, which is more than 80 per cent of Northern Ireland's Gas Distribution Network demand.

Research conducted also highlighted that using biomethane produced through anaerobic digestion of livestock manure and under utilised grass silage could lead to a significant greenhouse gas emission reduction of c.845,000 tonnes of CO<sub>2</sub> in Northern Ireland.



## Joint Utilities prepare for Winter

Helping customers prepare for the winter, Phoenix once again worked in partnership with other leading local utilities to provide a range of information to help consumers be prepared for colder weather conditions.



## NI Chamber Public Affairs Forum

Recognising the importance of our relationships with other leading local businesses, Phoenix became the sponsor of the Public Affairs Forum series of events hosted by the Northern Ireland Chamber of Commerce and Industry. The platform allows us to tackle important public affairs issues and be at the helm of the discussion and ideas that are brought to the forefront by our peers.



## Phoenix Meets video series

Our Phoenix Meets series of discussions with industry representatives continued with a visit to Winton in England where hydrogen is being blended into the gas network as part of an ongoing trial with a number of residents. We also showcased a visit to a 100% hydrogen home which enabled our Consumers, through social media, to see how it could work for them in the future.





# Investing in our People

**Our people are a fundamental part of our business success, and their engagement and development is of critical importance to us.**

We recognise that investing in an engaged workplace encourages commitment, motivation and productivity. We foster a great place to work that puts people and their wellbeing at its core by ensuring our programmes are led and supported by our employees.

This is delivered by the Phoenix LIFE Committee, a representative group of employees from all areas of our business, ensuring the ideas and feedback from right across our business is acted upon and included in our employee engagement activity.



The Phoenix LIFE Committee who represent all areas of the wider Phoenix business.

## Healthy Life Programme

The Phoenix Healthy LIFE Programme recognises the importance of delivering targeted, relevant and holistic wellbeing initiatives that go beyond the boundaries of the workplace and provides real and tangible benefits for employees at all levels of the organisation.

Each year, through the Britain's Healthiest Workplace Survey, we ensure a relevant approach to our wellbeing programme by asking our employees what matters most to them, using their responses to shape and inform our Healthy LIFE activity.

The key wellbeing issues, and some of the ways in which we work to support employees in these areas are outlined below:

### Cancer Awareness



TEENAGE AND YOUNG ADULT  
CANCER AWARENESS MONTH

Through our workplace cancer awareness programme we aim to help our employees take positive action for their health by raising awareness of how they can reduce their cancer risk and identify the signs to help spot cancer early. We deliver sessions in partnership with cancer charities as well as through regular spotlight information sessions on our intranet.

### Physical Activity



Essential for good health, physical activity contributes to positive wellbeing. We invited colleagues to sign up to our Step Challenge in May, encouraging them to get active, with weekly check ins and a 'buddy' to keep morale high. As a whole, the participants took a total of 6,953,579 steps! That's an average of 347,679 per person. We recently launched a Fitness Friday session for staff, with the intention of rolling this out as a weekly event.

### Employees who feel supported...

	Phoenix	Overall benchmark
To consume alcohol responsibly	30%	12%
To eat a healthy diet	48%	26%
To be physically active	45%	34%
To manage their stress	40%	38%
To live tobacco free	35%	13%
When unwell	63%	61%

Extract from Britain's Healthiest Workplace Survey

### Mental Health



Creating a safe space to talk about mental health is critical in delivering a holistic employee wellbeing programme. In 2022, we continued working with expert partners in mental health management to ensure our employees know there are accessible sources of support for any mental wellbeing issues they or their families may face. As a responsible business, we also profiled the role of our Mental Health First Aider across the organisation, ensuring employees know there is access to immediate mental health support when they need it. Through the workplace mental health sessions our focus is not just on talking about mental health, but also to encourage good mental health throughout the organisation.

### Healthy Eating



Helping encourage healthy eating and the importance of increasing fruit and vegetable consumption. In 2022, every Thursday we have provided a free healthy juice drink for every employee. We also shared a series of informative healthy options for eating over festive seasons as well as advice on healthy eating and drinking as part of wider healthy lifestyle choice advice.



# Employee Engagement: In Action

## Raising and Giving

Providing opportunities for staff to contribute and give back to their local communities is of great importance as it can promote social inclusion as well as giving a sense of pride and purpose. In 2022, we launched our 'Give and Gain' policy whereby staff are encouraged to take a day out of work to contribute instead to a local charity or community group. We promoted various opportunities for staff to get involved in raising and giving, including a sky dive in aid of Energy for Children and NI Hospice, and a selection box appeal for local charities at Christmas time.



## LIFE Matters:

Recognising the breadth of wider societal issues that colleagues are dealing with, in 2022 we ran a series of lunchtime learning sessions giving access to expert speakers across a range of different issues that our employees tell us matter most to them. From insights on finance and budgeting through to stress management sessions there was plenty on offer to suit everyone.



## Training & Development:

Since 2002, Phoenix Energy Services has had an active apprenticeship programme in place and in that time, we have recruited some 100 apprentices, the majority of which have remained within the gas industry, demonstrating the long-term career potential of the programme. We invest in the training and development of our employees, enabling them to reach their potential and see the opportunities for progression with Phoenix and across the wider natural gas industry. In 2022, we were pleased to promote three of our Apprentice Engineers to the role of Emergency Response Engineer.



## Great Place to Work:

It is important to us that our employees feel valued, therefore we aim to make Phoenix a great place to work through various initiatives throughout the year that serve to give back to our colleagues, inspire them, bring people together, and to reward their hard work on a regular basis. In 2022, we were certified by our employees as a great place to work in the 'Great Place to Work' survey. While 2022 continued to have some COVID-19 challenges, as restrictions began to lift, we made sure our staff were among the first to benefit from interacting socially together again. Below are just some of the ways we said 'thank you' to our staff in 2022:

- **Tuck Shop Trolley** – a light-hearted service bringing sweet treats to the desk of every employee, supporting office morale.
- **Diversity Week** – a week long series of off-site visits to help employees learn about some of the challenges different groups of people in society face and the small ways we can help be more inclusive and respectful of all. We had groups of staff visit community groups from Arts organisations to social enterprises and charities, including the Women'sTec and community-based charity Yeha.
- **Family Fun Day** – bringing staff back together again as the COVID-19 restrictions lifted, we held a family fun day for our colleagues and their families to include 'sports day' style games, a barbecue and fun activities for children. We had over 100 in attendance.



## Phoenix 15:

We host monthly Phoenix 15 sessions where employees are invited to spend 15 minutes with colleagues learning more about key business activities, ways to get involved in Responsible Business activities and get sight of career support and development opportunities available to them.

97%

97% of colleagues rated Phoenix 15 as Excellent or very good



# Fostering our Community

As a responsible business, we aim to deliver positive impacts, beyond our core business operations, across the communities we serve.

In fact, **Serving Community Needs** is one of 5 Core Company Values, and we deliver it by working in partnership with local communities, with a particular focus on:

- Taking time to understand the needs of each local community
- Identifying the areas where our skills can add value and leave legacy beyond our core business objectives
- Working with local experts to identify and deliver meaningful and impactful initiatives that enable communities development

In 2022, Phoenix supported a broad range of community initiatives to deliver real benefit to communities. In this section of the report we look at just some of the ways we have invested in the customers, businesses and communities across our licence area and beyond.



Helping communities reconnect, Phoenix launched its Building Back Together Fund in 2021.

## Spotlight on Community

Following a hugely successful Year 1, in 2022 Phoenix continued with its Community Fund, supporting more grass-roots projects in the heart of local communities.

Here are just some of the ways the Phoenix Community Fund helped fuel community connections:

### Book Buzz, St. Colm's High School, Belfast

The Bookbuzz reading programme from BookTrust helps schools inspire a love of reading in 11 to 13-year-olds, by giving them the opportunity to choose their own book to take home and keep from a list of 17 titles. Every book is carefully selected by a panel of experts to ensure quality, suitability and to encourage reading for pleasure. Through the Phoenix Community fund, St. Colm's High School in Belfast were able to access the programme and receive 150 new books for their pupils to take home and keep.

*"Thanks to Phoenix, having the new Bookbuzz books will inspire the pupils to use the library and hopefully further their love of reading, especially for the more reluctant readers."*  
Adrian Walsh, Principal at St. Colm's High School



### RIOT Community Event, Dundrum

RIOT is a non-profit youth organisation located in the heart of the Dundrum community. We were delighted to support their Family Fun Day in celebration of a brand new playpark on their site for local children to enjoy. The event brought together families from various backgrounds and all sides of the community locally, with the intention of showcasing what the playground - a free resource for families, has to offer. Around 300 people attended with the children enjoying food, a puppet show and of course a big play on the swings and slides!



### Carrickfergus Child Contact Centre, Carrickfergus

When Phoenix were contacted by the Child Contact Centre in Carrickfergus, they explained to us how COVID and the cost-of-living crisis had a hugely negative impact on families locally both financially and socially. They were keen to get parents and toddlers socialising again in a space that provided warmth, snacks and lots of fun for the children. With funding from Phoenix, the Centre was able to run a series of 'Stay and Play' sessions with 12-15 families attending per week.





## Enabling Sporting Ambition

Phoenix has been helping to fuel the ambitions of local athletes working to compete on the national and international stage through its Sports Bursary Programme.

Designed to provide financial support towards the many costs associated with training, travel and equipment, the fund has been a lifeline for talented athletes, many of whom have to rely on their own funding and fundraising in order to continue to compete.

In 2022, Phoenix Sports Bursaries were awarded to 3 young sports stars:

- **Oliver Gunning**, a paratriathlete who is ranked top 10 in the Commonwealth and has represented Ireland and Northern Ireland in international races and the Commonwealth Games respectively. The support of the Phoenix Sports Bursary will help Oliver, who has been registered as partially sighted since the age of 3 and was told by doctors that he would be unable to play competitive sport or ride a bike, in his ambition to be selected for the 2024 Olympics in Paris.



- **Molly McKenna**, a 16-year-old Double Mini Trampolinist is Northern Ireland and National Age Group Champion in her age category, and Junior British Champion in the Double Mini event. The support that Molly received from Phoenix allowed her to travel to Bulgaria for the FIG Trampoline Gymnastics World Age Championships at the end of 2022, where she made history when she became the first female Northern Ireland gymnast to win all four titles in her discipline and age category.



- **Philip Doyle** from Banbridge who is a rower for the Irish national team, and a World Championships Silver medal winner. The support of the Phoenix Sports Bursary will help Philip, who during the coronavirus pandemic returned full-time to his career in the NHS, to compete on an international stage once again. He has now set his sights on the 2024 Paris Olympics.



## Helping Young People to Navigate Climate Anxiety



In 2022, Phoenix embarked on a partnership with a new, ambitious local organisation, Farming Carbon, who run a small sustainable farm in Castlewellan which promotes biodiversity by using non-chemical farming solutions. With recent research showing that 59% of young people are 'extremely worried' about climate change. The interactive workshop was designed to help young people see the actions being taken now to help address climate concerns, whilst empowering them to understand how they can take action to have their voice heard.

Early feedback from the sessions has shown a 34% increase in young people's awareness of the actions being taken by local companies to make a difference to the planet now. The session was delivered to over 100 pupils, with over 10 engaging in a podcast session for their school. There are more sessions planned for the year ahead.

Teacher feedback from the sessions:

*"So many of our students get their information about climate change from social media and news reports so it was great for students to have the opportunity to hear about the actions being taken here by local organisations to make a positive difference and to show the opportunities that exist for young people to get involved, take action and look at how they want to define their own futures."*

*"We've had great feedback from the students involved and I would encourage other local schools take the opportunity to get involved with the workshops."*





# Energy for Children Charitable Trust

The Energy for Children Charitable Trust provides funding support to improve the lives of disadvantaged children and young people across Northern Ireland.

Established by the natural gas industry in 2005, the Trust has made a positive difference to the lives of more than 8,000 children and young people, giving them access to programmes and equipment to help improve their quality of life when there was no other sources of support available.

In 2022, the Energy for Children Charitable Trust provided over £10,000 in funding to help 12 organisations and families helping children with specific needs. This included:

## Brooklyn, Age 5, Belfast

When Brooklyn's family contacted Energy For Children they told the charity about his love of getting out in the fresh air, and outdoor space. Brooklyn's family explained that he has additional needs and a diagnosis of Autism, Global Developmental Delay, and social communication issues. Due to his additional needs, his current pram was no longer fit for purpose and they required a new, sturdy pushchair for Brooklyn. This would enable him to get back out in the open air and enjoy doing the things he loves most like exploring forests and playing in play parks, which hugely reduces his stress levels and number of meltdowns.

The Energy For Children charity was delighted to provide funding to the family to purchase a new Tomato IEO buggy for Brooklyn. He is now enjoying trips out with his family again.

*"We had reached to other charities but had not found anyone who could help us until we found Energy For Children. Brooklyn loves getting out and about his new pushchair which is perfect for his needs. We are so grateful to Energy For Children."*

- Elizabeth, Brooklyn's Grandmother



## Specialised Equipment for NI Hospice



Northern Ireland Children's Hospice provides specialist care for children with life-threatening and life-limiting conditions. Every year, they care for approximately 300 children, and over 70 bereaved families, with their principal aim being to improve the quality of life of children with life-limiting conditions.

With the support of the Energy for Children Charitable Trust, the NI Children's Hospice has been able to purchase a new specialist trike and walker that can be used to help children at the Hospice with their physiotherapy needs while also giving them greater independence and freedom to explore the Hospice with their family.

Detailing the benefits of the new equipment for children coming to the Hospice, Suzanne Gordon, Physiotherapist at Children's Hospice, explains: "Learning to ride a bike is one of the most memorable milestones of childhood, giving children an amazing sense of independence and achievement. With the specialist trike we can help give the children here that same sense of independence and achievement, providing new experiences while providing physical benefits such as improved hand and eye co-ordination, spatial awareness and lower limb mobility.

*"The specialist walker is also of significant benefit as it assists children who struggle to walk, helping them build their strength and confidence in a safe way and ensures that children who have access to this type of therapy at home don't miss out when they need to stay with us at the Hospice."*

*"We are so grateful to the Energy for Children Charitable Trust for their support to fund these two important pieces of specialist equipment, which will bring so much joy to many children that come to Horizon House each year."*

## Family Support:

If you know of a group or individual who could benefit from Energy for Children Charitable Trust support or if you want to find out more about supporting the work of the Trust, please contact Charity Liaison Officer Rebecca Dalzell at: [Rebecca.dalzell@energyforchildren-ni.org](mailto:Rebecca.dalzell@energyforchildren-ni.org)



# Environmental Responsibility

Operating in an environmentally responsible manner has been a core principle of how we do business. We have a longstanding commitment to ensure any impact on the environment is managed and mitigated.

Within our business we see our approach to environmental responsibility across three key strands:

- 1 Responsibility in our Product
- 2 Responsibility in our Operations
- 3 Responsibility in our Community



## Responsibility in our Product

While many consumers move to natural gas to make the most of the lifestyle and convenience benefits, there are also significant environmental benefits when consumers make the move from coal and oil to natural gas, with households reducing their home heating carbon emissions by up to 50%.\*

That's not all, as well as reducing carbon emissions, consumers moving to highly efficiency gas heating systems improve their homes' energy efficiency, ensuring they only use the energy they need. Energy efficiency is an important element in our service delivery, so much so that our City and Guilds qualified Energy Advisors conduct a Home Energy Audit to identify areas for efficiency improvements in every home they visit as part of the pre-connection process.

Consumers locally benefit from access to one of the most modern and efficient gas networks, and there remains a sizeable opportunity to make immediate carbon emission reductions through encouraging new connections to natural gas.

### Environmental Contribution associated with consumers moving to Phoenix Energy:



12.5m tonnes of cumulative CO2 avoided from entering the atmosphere



720,000 tonnes of CO2 avoided from entering the atmosphere in 2021



Equivalent of 350,000 cars taken off the road each year



We recognise that there is considerable opportunity to further reduce carbon emissions within the gas industry and fully engage in developing renewable solutions. This will result in further enhancing the environmental credentials of the gas consumers use to heat their homes and businesses, now and into the future, and in doing so play a key role in delivery of net-zero targets for heating.

With a modern gas network and access to indigenous resources that can produce renewable gas, we are well placed to support the energy needs of our connected customers now and into the future. Further insight on our journey to net-zero is available in the Fuelling the Future section, p34.

\*Based on carbon savings associated with the installation of natural gas and the displacement of existing fuel type, coupled with efficiency gains assumed on the installation of a high efficiency gas boiler and associated highly efficient heating controls.



# Responsibility in our Operations

Across our operations Phoenix continues to target a reduction in energy consumption of over 50% by 2030. This is delivered across:

## Fleet Management



- We are committed to transitioning our entire commercial fleet to renewable fuels by 2035.
- We have incentivised the selection of plug-in hybrid and fully Electric Vehicles (EVs) in the company car scheme and through the provision of EV charge points at our office building.
- In partnership with Kier Construction, we completed a trial of the use of Hydrogenated Vegetable Oil (HVO) as fuel for Kier vehicles and plant utilised on the Phoenix contract. The replacement of diesel with HVO significantly reduced Phoenix's greenhouse gas emissions associated with relevant vehicles that took part in the trial. It is now estimated to have lowered Phoenix's carbon emissions by 30tCO<sub>2</sub>e in 2022.

## Partnership working:



- Working with our partners we are committed to reducing the volume of waste sent to landfill by more than 75% by 2030.
- In collaboration with our construction partners we ensure excess materials are reused where possible, and in 2022 we recycled or reused more than 6,000 tonnes of material.
- Alongside our construction partner and the other gas distribution network operators. We joined the NI Gas Cross Contract Sustainability Forum to identify and implement sustainability improvements right across the wider local natural gas industry.

## Business Delivery



- We help our customers reduce the energy they use and undertook over 4,000 Home Energy Audits with customers in 2022 as part of our pre-connection process.
- Working with our partners at Shredbank to ensure the safe disposal of paper records, we recycled 12.6 tonnes of paper and through our Management of Data working group. We continue to look at ways in which we can further reduce our paper usage.
- In 2022, we procured 425MWhs of renewable electricity.

## Employee Support



- Helping employees make use of public transport, we provide a free shuttle bus between Belfast City Centre and our operational control centre each day.
- Helping make the cycling more cost effective for employees, we are part of the Bike to Work Scheme which provides tax savings on bikes and cycling equipment. We also provide a secure bike shelters, lockers and changing facilities for employees to make cycling to work as easy as possible for employees.
- The Phoenix Energy operational control centre has been designed for low energy use with a range of efficiency measures, such as motion sensors and thermal insulations.

# Responsibility in our Community

We recognise that environmental responsibility goes far beyond our core business operations and we take action to help protect and enhance the environment for the customers and communities right across our licence area.

In 2022, our partnership with leading local conservation charity, The Conservation Volunteers continued to thrive. It enabled us to deliver environmental impact in our community across three core themes:

## Environmental Action

Trees play a vital role in removing CO<sub>2</sub> from the atmosphere, yet Northern Ireland remains the least wooded area in the UK. Working with The Conservation Volunteers, we supported the planting of a further **8,000** new native trees in community spaces and wooded areas throughout 2022. This brought our total number of trees planted throughout the duration of our partnership with The Conservation Volunteers to 16,000.

As well as enhancing community spaces, the planting of native trees also supports the development of habitats and provides sustainability for many species such as wildlife, birds and insects which are essential for a healthy wooded ecosystem.



## Environmental Volunteering

Spending time in green spaces has proven mental and physical health benefits and as part of our strategic partnership with The Conservation Volunteers we provided hands on support from our employees for tree planting and biodiversity projects alongside their existing community volunteers. Over the course of the year, our employees gave a total of 60 Volunteering Days, digging in with the team from TCV and learning about the vital role of green spaces in supporting healthy communities.

*"We had a great day volunteering with the TCV. They made us feel so welcome – from the minute we arrived we were part of the team! It was great not only to get out in the fresh air and away from my desk for the day, but also to learn about why what we are doing is so important to the environment and for enabling biodiversity. I'd recommend it to a colleague for sure."*  
– Phoenix staff member



## Environmental Education

Engaging young people in the environment around them and giving them a sense of responsibility for green spaces is an important element of our community environmental responsibility. Over the course of our 2022 partnership with TCV, we delivered a new Planet Protectors workshop for Primary School pupils. This was designed to increase learning of how to be planet friendly; small steps to reduce our carbon footprint and of course included planting trees. Through TCV, we delivered 6 workshops to 4 Primary Schools, engaging over 540 pupils in environmental education.





# Fuelling the Future

## Climate Change: A worldwide problem

The earth is surrounded by a layer of gases that act like the walls of a greenhouse - allowing sunlight to pass through and stopping much of its heat from leaving. While it is recognised that an element of greenhouse gas is necessary, as a result of how we live our lives, there is too much greenhouse gas in the atmosphere which is impacting our climate.

Carbon dioxide is the most significant greenhouse gas affected by human activity, which is why there is a focus on how we can reduce the amount of carbon dioxide being released into the atmosphere.

Northern Ireland's total annual greenhouse gas emissions is estimated to be 20.9 million tonnes of carbon dioxide equivalent divided across a number of key sectors:

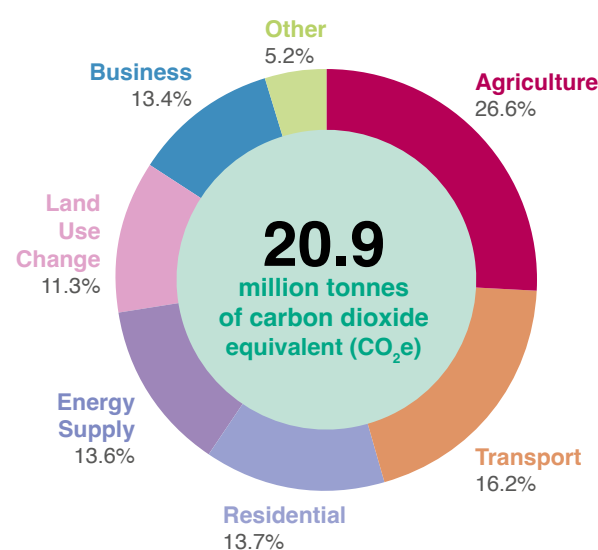
Northern Ireland  
accounted for

4%

of UK greenhouse  
gas emissions.\*

## Greenhouse Gas Emissions by Sector NI\*

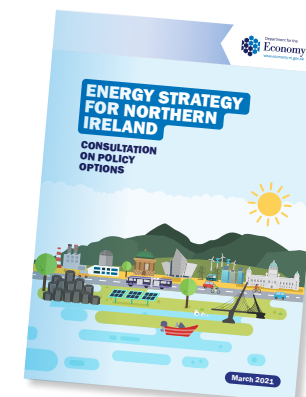
Fig 3. NISRA Northern Ireland Greenhouse Gas Emissions 2020



## Local Action

To reach net-zero carbon targets we need to find new and greener ways to do lots of things, including how we travel and how we heat our homes.

At Phoenix, we are working on ways to decarbonise home heating for consumers by offering fuel choice and access to a less carbon polluting form of home heating fuel. The move to a net-zero society will be one that requires a continued period of change within the energy landscape and we are making progressive improvements and adapting new technologies to deliver greener gas solutions that will enable consumers to continue enjoying all the flexibility of gas with minimum disruption, with greener gas solutions delivered through our existing grid infrastructure.



This was recognised in the Department for the Economy's new Energy Strategy "The Path to Net-Zero Energy" published in December 2021. This landmark strategic framework clearly established that the NI Gas Network would have a significant role to play in Northern Ireland's pathway to net-zero.

*As natural gas has lower emissions than oil we will continue to encourage people with access to the gas network to connect to it.*

*We also intend to utilise our modern gas infrastructure and the potential to generate and import zero carbon gases. We will continue to engage with gas network operators on replacing natural gas with renewable gas.*

## NI Gas Infrastructure: fit for the future

Natural gas is available to over 550,000 properties in Northern Ireland, reaching around 70% of properties locally. With workstreams already underway to deliver alternative renewable gas blends through the existing natural gas polyethylene pipe network, there is a real opportunity to provide a green gas solution for a significant proportion of local consumers without the need for disruptive, expensive retrofitting or consumer behaviour change.

With a network extending to some 4,000km, the gas infrastructure has the unique ability to manage seasonal energy demand with multiple times more energy delivered by the gas network at peak times compared to the electricity demand, contributing to system resilience and energy security.

In addition to the environmental benefits associated with the development of renewable gas solutions, the maximisation of the gas infrastructure locally also provides an economic stimulant with over 2,500 people employed in the gas supply chain in towns and villages right across Northern Ireland. This skilled workforce of installation companies, engineers, and merchants deliver a trusted and high-quality installation and maintenance service for consumers within their local communities and they will have a key role to play in educating, influencing and supporting the needs of householders through an energy transition which must be accessible and affordable to every member of our society.

## Renewable Gas Solutions

Natural gas has played an important role in enabling carbon emission reductions locally with consumers reducing their home heating carbon footprint by up to 50%\* when they move to natural gas.

We know there is more to do in supporting consumers on the journey to a net-zero carbon future and believe we take the solution available through the use of renewable gases.

Renewable gas solutions are simply those which can be produced and delivered through the existing gas infrastructure that are carbon neutral. These can be from biomethane, which is generated from repurposing naturally occurring agricultural waste or from hydrogen, which can be generated through the process of electrolysis.

Biomethane injection into the natural gas network is already underway across Europe, demonstrating the potential that exists to further 'green' the gas that heats homes connected to the natural gas network. Trials are already underway in the UK to provide full hydrogen gas solutions to homes using existing gas infrastructure.

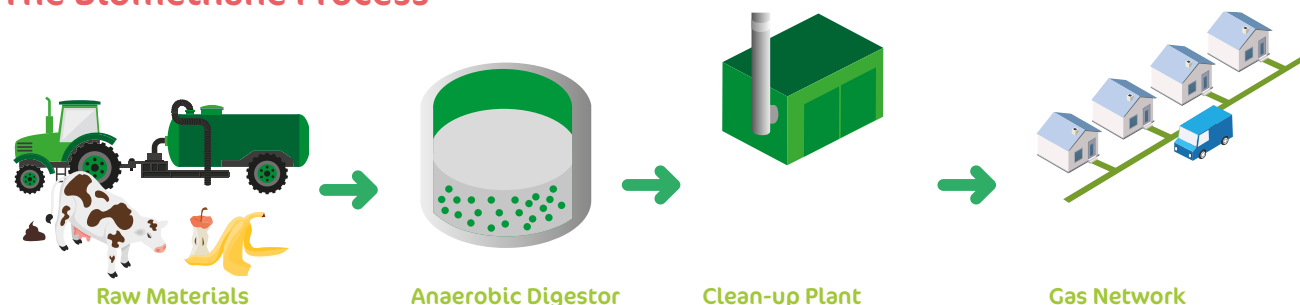
\* Based on carbon savings associated with the installation of natural gas and the displacement of existing fuel type coupled with efficiency gains assumed on the installation of a high efficiency gas boiler and associated highly efficiency heating controls.

\*Source: Department for Agriculture, Environment and Rural Affairs, Northern Ireland Greenhouse Gas Emissions 2020.

## Biomethane Explained

**What:** Biomethane is a green, non-fossil source of energy, produced from biogas derived from organic matter (often from landfill, food waste or agricultural waste). Biomethane has a number of environmental benefits, the main one being that it re-purposes methane from waste which would otherwise be released into the atmosphere.

### The Biomethane Process



### The Opportunity

- **It's proven** – biomethane is already being injected into existing gas infrastructure across Europe, GB and ROI and has been proven to work safely and effectively. **A third of all Danish gas was biomethane at the end of 2022.**
- **No consumer disruption** – as biomethane is a like-for-like replacement for natural gas there is no need for consumers to change appliances or energy behaviour and offers a decarbonised heat solution which doesn't require deep retrofit.
- **Whole system benefits** – as well as providing a solution for decarbonising heat, biomethane production re-purposes methane from waste which would otherwise be released into the atmosphere. By capturing the carbon dioxide released when biogas is upgraded to biomethane, it becomes a negative emission energy source. At the same time its production can produce significant benefits for the rural economy – improving farm productivity and supporting 1000 jobs for every TWh of biomethane.
- **A collaborative research project** – involving Queen's University Belfast, Agri AD, Enerchem, AFBI & Phoenix and supported by the Centre for Advanced Sustainable Energy and Invest NI - has found that Northern Ireland has the resources to produce more Biomethane from agricultural waste and underutilised grassland than previously thought possible – over 600 million cubic metres per annum – the equivalent of 82% of 2021 regional distribution network demand.

### Key Results

NI's total Biomethane potential from (housed) cattle, pig and poultry manure plus underutilised silage is

**6,124 GWh**

**83%**

of potential Biomethane feedstock is located within 10km of the NI Gas Distribution Network

6,124 GWh of Biomethane equates to

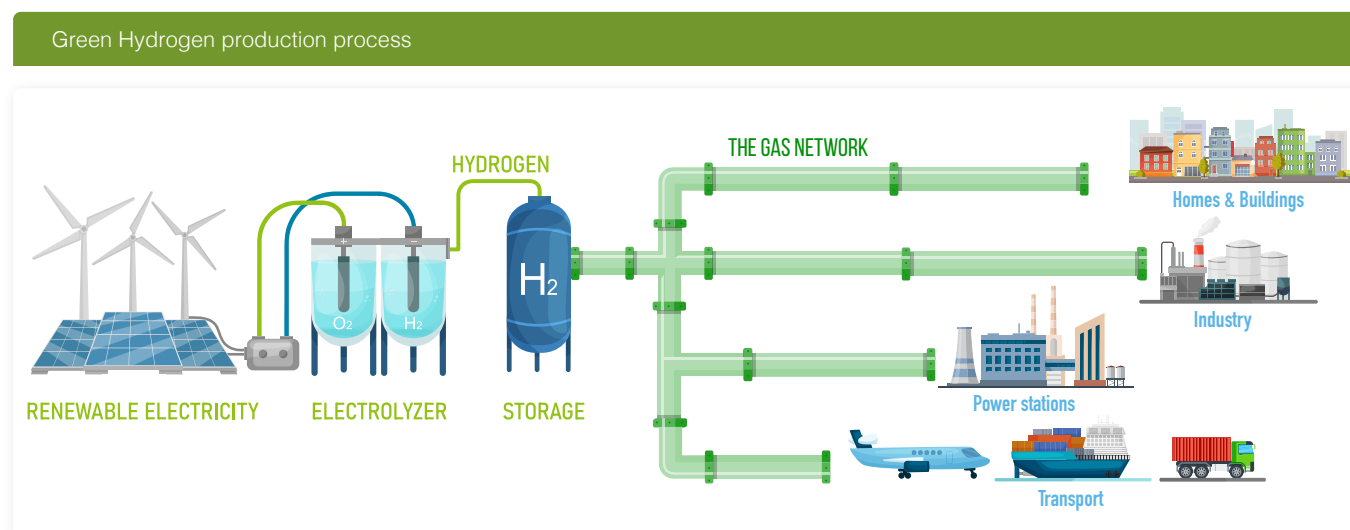
**82%**

of 2021 gas distribution network demand

## Hydrogen Explained

**What:** Hydrogen is one of the most abundant elements in the universe and is considered to be a critical part of our energy transition away from fossil fuels due to the fact that it can be used as a raw material, stored, and as an energy carrier, and all without emitting CO<sub>2</sub>, or affecting air quality.

### The Hydrogen Process

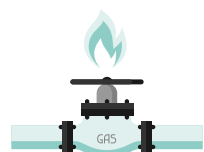


### The Opportunity

- **It's practical** – replacing natural gas with hydrogen provides a decarbonised heating solution to properties locally without the need for a deep retrofit.
- **Secure supply** – our local climate creates changing energy needs and the gas infrastructure can be used to store hydrogen so it can provide energy to consumers as and when they need it without a reliance on wind or solar power for its generation.
- **Maximises local landscape** – Northern Ireland is uniquely placed in the UK to maximise green hydrogen production given our significant wind resources. Using hydrogen in the gas network for provides a positive outlet to utilise the substantial excess wind energy which is currently being curtailed.
- **Supports a just transition** – while industry and policy makers have led the conversation on net-zero to date, consumers will be the enablers of the change. A hydrogen gas solution will be delivered in phased stages, enabling hydrogen ready boilers to be introduced that will future proof homes and work within natural cycles for home and heating improvements.
- **Injecting Hydrogen safely into the gas network** – In July 2021, the UK Government announced the results of the Hy4Heat project, which examined the safety of using Hydrogen inside homes. After conducting hundreds of tests, Hy4Heat's Safety Assessment suggests that with relatively small changes to the gas pipes used to transport Hydrogen from the gas grid into a home, the use of 100% Hydrogen can be made as safe as the existing natural gas based system we use today.

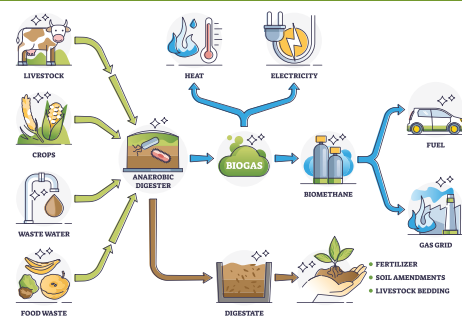
# Consumer Journey to Net-Zero Gas

## Switching to Natural Gas



Consumers continue to make the switch from oil to immediately reduce their carbon footprint and enjoy the lifestyle and efficiency benefits associated with connecting to natural gas - safe in the knowledge that the network they are connecting to will switch to renewable gases in the future.

## Biomethane Injection



Biomethane produced from Anaerobic Digestion can be used as a direct substitute for natural gas. It's expected that the first injection of biomethane into the network will take place late 2023 with the percentage of biomethane on the gas network growing steadily thereafter.

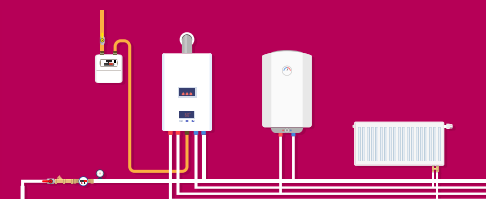
## Energy Efficiency



Energy efficiency is central to the consumer journey to net-zero as the least expensive unit of energy is the one that's never used.

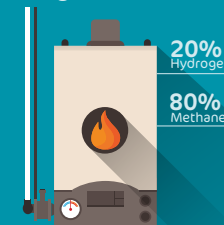
As is already standard practice, gas industry Energy Advisers will continue to encourage and support consumers by providing information on energy efficiency measures when new gas connections are being installed.

## Getting Hydrogen-Ready



When installing a new heating appliance – at first connection or end of life – consumers will be advised to install a Hydrogen-Ready boiler/hybrid heat-pump (once they become available) to ensure they are future-proofed should their gas supply switch to 100% Hydrogen.

## Hydrogen blending



Modern gas boilers and appliances can accommodate a methane/hydrogen blend of up to 20% hydrogen. Consumers should anticipate hydrogen to be first blended into the NI Gas Network from the middle of this decade.

Extensive safety trials at Keele University and Winlaton have demonstrated that hydrogen can be blended into the existing distribution network safely and without any disruption to the consumer.

## Switching to 100% Renewable Gases



As the Energy Transition accelerates and more renewable gases become available, the NI GNOs will begin switching consumers over to either biomethane or hydrogen. Whichever renewable gas each village, town or region is switched to will be determined by a range of factors that drive the most effective and economic solution.

The switch over process will take place in a phased manner to ensure that consumers enjoy a least-disruptive switch. This is a process that the gas industry has experienced before when the gas network in Great Britain switched from town gas to natural gas in the 1960s and 1970s. Moreover, the recent switching of tanked Liquefied Petroleum Gas fuelled homes to natural gas.

**At Phoenix, we are well placed to play a central role in delivering practical, affordable and realistic solutions to provide lower carbon and ultimately carbon free home heating that's accessible, affordable and comfortable for consumers right across Northern Ireland.**



# Health & Safety Management

The natural gas industry is one of the most regulated in the world, and within Phoenix the safety of our customers, colleagues, contractors and communities is of paramount importance.

That's why achieving the highest standards in health, safety and environmental performance is important to us and why we continue to invest in Health and Safety Management at all levels of our operations.

## How we deliver Health and Safety within our business



Phoenix Energy was awarded a Distinction in the 2021 British Safety Council International Safety Awards

We recognise the pivotal role our employees play in ensuring the safe operation of our business and our internal ASHES (Awareness of Safety, Healthy and Environmental Systems) Committee is comprised of representatives from all levels and departments across our business. The Committee meets regularly to discuss pertinent Health & Safety issues, ensure key messages are cascaded to all teams and to develop effective procedures that reflect and are embedded across all areas of Phoenix Energy's operations.

As well as having robust and relevant Health, Safety and Environmental policies that enable us to meet our statutory and regulatory obligations, we also continually monitor the performance of policies and procedures to ensure they are effective and that activities across our business are delivered in line with policy expectations.

## How we deliver Health & Safety outside our business

As a responsible business, we ensure relevant health and safety information is provided and made available to customers, consumers and wider communities to help reduce the risk of damage to the gas network and ensure the continued safe operation of gas for consumers. We do this through:

**Dial Before you Dig** – Unexpected damage to gas pipelines causes inconvenience and unnecessary risks. To help reduce these occurrences, we have developed a Dial Before You Dig Programme to ensure that anyone undertaking digging or construction works near our pipeline undertakes adequate precautions when digging. The Dial Before You Dig guide includes contact details for our team who can provide help and advice in advance of digging works being undertaken.

The Dial Before You Dig programme is designed to help those undertaking work to think GAS: Get in touch with us before undertaking any digging, be aware of where our gas pipes are and to work Safely at all times when working around gas apparatus.



**Play Safe, Stay Safe** – Construction sites can pose serious dangers for children with many hazards that can cause accidents. Through the 'Play Safe, Stay Safe' programme we help make children aware of the dangers and take them through the SAFETY code to help them understand the importance of playing safely near construction sites.

'Play Safe, Stay Safe' sessions are freely available to primary schools and community groups across the Phoenix Energy license area. They are delivered both online and in person, depending on the needs and preference of the school or group.

**Gas Safety Week** – Led by Gas Safe Register, Gas Safety Week is an annual industry wide campaign focussed on raising awareness for consumers on how to be gas safe and the importance of proper maintenance of gas appliances.

Phoenix Energy has been a long time supporter of the campaign and in 2021, with consumers spending more time at home, focussed on delivering an online and digital campaign using social media to deliver key gas safe messages to as many local consumers as possible.



## Endorsements of our approach

Achievement of Distinction in the British Safety Council International Safety Awards. Phoenix Energy was one of 57 companies globally to receive the distinction which require companies to demonstrate their commitment to safety across a range of key areas.

Achievement of Platinum, the highest level, in the Business in the Community NI Environmental Benchmarking Survey which assesses the extent to which environmental business practices are embedded within the corporate strategies and operations of organisations.

Achievement of Gold status in the Business in the Community NI CORE accreditation, recognised as the standard for responsible business in Northern Ireland.

Retention of ISO 14001 and ISO 45001 Health, Safety and Environment Management System accreditations.



# Looking after our Network

The Phoenix Energy network currently comprises nearly 4,000km of pipeline making gas available to more than 250,000 homes and businesses.

The network remains modern, constructed with high density polyethylene pipe in conjunction with the latest remote monitoring technology, ensuring sector leading reliability and the continued safe and secure supply of gas for our customers.

Phoenix Energy operates an internationally accredited asset management system with continuous measurement and analysis of network performance data. This is to ensure we can take the decisions necessary to maintain current performance levels over the long term.

## Asset Replacement

- Continued investment in the natural gas network to provide the highest standards of service, safety and supply.
- Series of asset replacement activities for consumer installations in line with advised warranty and regulatory timescales.
- In 2022, we completed 22,000 asset replacement jobs across the year.



## Network Operation

- Always on Network Control Room, emergency call centre and emergency response team in operation.
- We set a standard of attending high priority calls within one hour of them being reported and achieved this on 98% of occasions in 2022.
- Network monitoring points at key strategic locations which relay key information on gas pressure, supply and security with outputs monitored by the control centre.



## Network Performance

- Daily analysis of network performance.
- Daily condition assessment and analysis undertaken across the network.
- In 2022, we completed 41,000 jobs as part of our routine and responsive maintenance programme.





# Risk Management

**Risk Management is a fundamental component of sound corporate governance. It is a crucial aspect of Phoenix Energy's operation and is key to our success.**

Risk management has been embedded as part of the culture at Phoenix and is integrated at a strategic and operational level.

Management within Phoenix see the mitigation of risk as a challenge and utilise risk management processes to identify and implement measurable actions to mitigate against identified risks. This has enabled us to deal appropriately with changes in the economic, social and regulatory context in which we operate, contributing to the progress of people and businesses. Risk management is therefore one of the key functions in ensuring that Phoenix remains a robust, safe and sustainable company, that is aligned with the interests of our employees, customers, shareholders and our community.

Risk management is as much about identifying opportunities as avoiding or mitigating losses.

## How we manage risk

Phoenix have a holistic approach to the identification of risks, creating controls to mitigate those risks, and for monitoring and revising identified risks and controls.

The Risk Management and Control Model we deploy is aligned to best practice and is based on the risk management principles of:

<b>Governance</b>	This includes risk policies and registers, risk oversight committees and clearly defined roles and responsibilities. The Group Chief Executive Officer (CEO) oversees the risk management function and is responsible for reporting to the Board.
<b>Strong risk management culture</b>	Risk management is underpinned by a shared culture that ensures that every employee understands and manages the risks that are part of their daily work.
<b>Robust risk management processes</b>	The processes we use to identify, measure, manage, monitor and report risks, including the use of our risk assessment templates and risk registers are designed to enable dynamic risk-based decision-making and effective day-to-day risk management.

## The Risk Management and Control Model in place at Phoenix Energy enables:

- The identification and management of risk and opportunities at a strategic and operational level
- Increased performance and improved governance as a result of risk-aware decision-making and strategic planning
- The reduction of company vulnerability against different risks by proper evaluation and mitigation through action plans
- Creation of a more risk focused culture across the company that allows risk to be considered more openly at all levels
- An increase in trust and security perception by the Board and other stakeholders, based on the fact that key risks are being monitored and communicated in a timely manner
- Effective coordination of regulatory and compliance matters
- An improvement in risk information and communication

## The risk management activities in the Phoenix Energy Risk Management and Control Model include:

### Corporate Risk Register

The Corporate Risk Register is the central repository for our risk information and allows the information identified from risk management processes to be managed from a strategic and business risk perspective. The Corporate Risk Register is reviewed and updated on a regular basis and is approved by the Board.

### Operational Risk Register

The Operational Risk Register is utilised to record identified significant risks (and controls) specifically concerning the safety and integrity of the distribution network including occupational safety of those involved in network activities.

### Network Performance Group

The Network Performance Group is responsible for the review and management of all issues relating to the safe management

and operation of the Distribution Network through the Asset Management system. This Group is chaired by the Director of Engineering and is composed of senior health and safety and engineering personnel.

### Risk Review Group

The Risk Review Group is responsible for the identification and assessment of risks in relation to the safe operation of the network asset and for the implementation and monitoring of agreed mitigation measures and controls. The Risk Review Group reports to the Network Performance Group.

### Risk assessment

The risk assessment process is fundamental in ensuring both an environment that is safe for staff and members of the public and for facilitating effective and productive working practices. We utilise risk assessments

on all areas or issues that may impact on the integrity of the gas distribution network.

### Internal Audit

The internal audit function regularly reviews and follows up the implementation of different risk management programs and provides senior management with objective assurance on the effectiveness of risk management.

### Net Zero & Climate Change Risks & Opportunities Register

Net Zero & Climate Change & Opportunities Register is utilised to record climate-related risks (physical and transitional) and opportunities that may impact on Phoenix Energy's operations (for further information see section on 'Environmental Governance and Climate Action').

# Environmental Governance & Climate Action

## CLIMATE CHANGE

We recognise climate change as the biggest environmental threat the world faces, and one which poses particular challenges to our business, most notably in the role that Phoenix Energy continues to play in the transition to net zero emissions.

The transition to a low carbon economy is vital for a sustainable future. In order to make progress, it is necessary that we understand the material financial implications of climate change on businesses and investments. Therefore, measurement and integration of comparable, consistent, and reliable Environmental, Social, and Governance (ESG) factors is fundamental to making more informed decisions to facilitate long term sustainable growth.

### The Taskforce on Climate related Financial Disclosures

To encourage company disclosure of material climate-related risks and opportunities, the Financial Stability Board created the Taskforce on Climate related Financial Disclosures ('TCFD'). In 2017, the TCFD published their recommendations for all sectors, with additional disclosures for the energy sector.

This framework encourages action and transparency in the following areas:

- Governance;
- Risk management; and
- Strategy;
- Metrics and Targets.

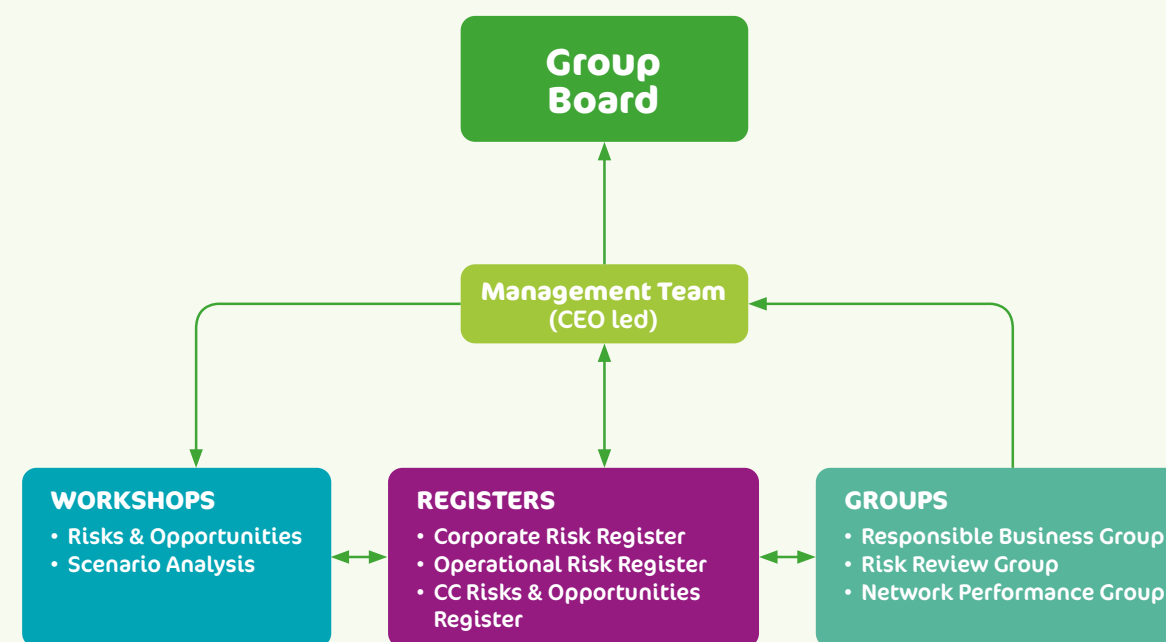
Phoenix Energy is committed to implementing the recommendations of the TCFD, the information outlined in this report, alongside disclosures contained within Phoenix Energy Financial Statements represent our third disclosure. In 2022 we have continued to enhance our full compliance with the recommendations of the TCFD.

## GOVERNANCE

The Group Chief Executive Officer has the highest level of responsibility for Phoenix's preparedness for adapting to climate change and driving our mitigation strategy. The Group CEO has executive responsibility for ESG, a significant proportion of which relates to climate change. The Group CEO and Director of Business Services (Phoenix ESG Lead) regularly provide the Board with updates on the Group's ESG priorities, commitments, and reporting.

The Board, in combination with the Management Team, are responsible for ensuring that ESG issues, including Climate Change, are appropriately considered when reviewing company strategy, risk management policies and setting annual budgets. There is regular engagement on energy transition risks and opportunities, associated stakeholder engagement and communication strategy to position Phoenix Energy as part of the decarbonisation solution. The Board approves material long term strategic decisions and major investment decisions.

The Board actively monitors Phoenix Energy's performance against ESG ambitions and targets. ESG Strategy including KPI's established by the Board are included in the annual incentive plan for management.



Non-executive directors have a collective responsibility to challenge constructively and monitor the delivery of the risk and control framework set by the Board.

Phoenix's risk management framework includes the performance of climate change workshops to both identify, monitor and manage climate change risks and opportunities for Phoenix Energy. The Management Team actively participate in climate change workshops ("Risk & Opportunities" and "Scenario Analysis" workshops). The outputs of the workshops are utilised to populate risk registers.

Phoenix Energy maintain three relevant risk registers:

- Net Zero & Climate Change Risks & Opportunities Register;
- Operational Risk Register; and
- Corporate Risk Register.

The Net Zero & Climate Change Risks & Opportunities Register and the Corporate Risk Register are reviewed in detail at least annually by the Management Team. The more significant climate-related risks are included within the Corporate Risk Register and managed through the group's risk management and internal control systems which includes a full review by the Board on at least an annual basis.

The Operational Risk Register details risks identified that could impact on the ongoing safe management and operation of the Distribution Network (including physical risks that could impact our network). The Operational Risk Register is reviewed on at least an annual basis and is managed by the Network Performance Group.

Beyond the Management Team, a variety of functions and groups assist to manage Phoenix Energy's climate change and sustainability issues. These include:

1. **The Risk Review Group** - responsible for the identification and assessment of risks in relation the safe operation of the network asset. Risks identified as emerging and/or significant are addressed;
2. **The Network Performance Group** - overall responsibility for the ongoing safe operation of the distribution network, including ensuring the network is appropriately resilient to climate change issues; and
3. **Responsible Business Group** - responsible for ensuring that our quality and sustainability operations and processes are fit for purpose and are in line with best practice



## STRATEGY

Addressing the challenge of climate change and facilitating the transition to green energy is core to Phoenix Energy's strategy. Phoenix Energy's approach to help address climate change is centred on:

1. Reducing the carbon impact of our business operations; and
2. Playing a key role in the UK's transition to net zero.

Due to the nature of our business and operations, we recognise the impact climate change could have on our operations and the importance of being transparent and proactive to identify, assess, and manage those risks and opportunities that directly impact our business.

## Our Approach

It is Phoenix Energy's ambition to be a net zero gas distribution network by 2050 or sooner. Phoenix Energy has made a strong commitment to addressing climate-related risks and to accelerating the energy transition.

Our long-term strategies include a defined governance structure on addressing climate-related risks and improving our disclosures to provide clear and reliable information to our stakeholders. The outputs from Phoenix Energy's net zero and climate change risks and opportunities processes serve as an input to Phoenix Energy's strategic and financial planning processes, including consideration of:

- Regulatory planning;
- Revenues;
- Operating costs;
- Capital expenditures (including R&D);
- Acquisitions / investments;
- Impairment or assets / write downs;
- Access to capital (including green lending).

In 2022, Phoenix Energy developed a Greenhouse Gas ('GHG') Emissions Reduction Plan that outlines a realistic and attainable pathway for Phoenix to reach net zero. The plan includes meaningful actions to reduce the impact of our operations on the environment and sets challenging targets that progress can be monitored against.

## Our Climate Change Commitments

Phoenix Energy are committed to:

- Supporting the United Nation's Sustainable Development Goals ('SDGs'). For example, by taking urgent action to combat climate change and its impacts (SDG13) while providing affordable and clean energy for generations to come (SDG 7). For further information see 'Sustainable Development Goals' on page 49;
- Adopting the recommendations of the Financial Stability Board's ('FSB') Task force on Climate Change-related Financial Disclosures ('TCFD') and reporting on progress made;
- Aligning our operations to the goals of the Paris Agreement to attempt to limit the increase in global average temperature to well below 2°C above pre-industrial levels, and preferably 1.5°C;
- Integrating the assessments of both physical and transition climate change risks into our corporate reporting as well as corporate risk management systems;
- The implementation of ambitious, effective and incremental targets for enabling the transition to a low carbon economy;
- Reporting our Greenhouse Gas ('GHG') emissions targets, results and activities openly and in accordance with the Greenhouse Gas Protocol;
- Minimising the environmental impact of our own business operations;
- Establishing strategies and programs to reduce the carbon footprint of our business operations, supply chain, and services by improving energy efficiency;
- Engaging our suppliers to improve transparency and collaboration, and minimise the environmental impact, including the carbon footprint, of our purchased goods and our services and products;

## Delivering Low Carbon Solutions

Phoenix Energy recognise the important role that the gas infrastructure in NI will play in realising net carbon zero solutions locally and are committed to:

- Optimising new connections to the gas network recognising that householders converting an older oil boiler to a natural gas system with high efficiency controls reduce their carbon footprint by up to 50%;
- Promoting and educating energy users on the importance of 'whole house solutions' and the key role that energy efficiency plays in lowering carbon emissions;
- Working with key stakeholders across industry, regulation, academia, business and consumer bodies to progress renewable gas solutions in NI to include the introduction of renewable gas solutions (biomethane and hydrogen) into the existing gas infrastructure;
- Seeking out trial and demonstration projects with industry partners that help to shape a low carbon future and accelerating the energy transition in a manner that recognises the existing energy landscape in NI; and
- Realising the ambition to transition to a gas network that distributes net zero carbon solutions by 2050.

## Sustainable Development Goals

Phoenix Energy are committed to contributing to the United Nation's Sustainable Development Goals ('SDGs')



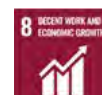
**Ensure a positive and healthy working environment for our employees**

Active promotion of health & well-being initiative for employees, based on four main health priorities (physical activity, healthy eating, mental health and cancer awareness)



**Providing a less polluting source of heating by offering natural gas to customers which switch away from oil**

Exploring the use of renewable gas through our network (e.g. biomethane and hydrogen) as a pathway to net zero



**Supporting job creation and innovation**

Promoting high employment standards for staff through diligent screening and selection processes and policies adoption and implementation (modern slavery, equal opportunities, diversity & inclusion and well-being)



**Building, improving and maintaining reliable, sustainable and resilient infrastructure to supply continuous, affordable and essential services through long term investment**

Transitioning gas infrastructure to form part of the net zero solution



**Promoting active and safe waste management while increasing recycling / reuse and appropriate disposal**

Supporting actions to prevent / reduce waste generation



**Performance of qualitative and quantitative climate change scenarios analysis**

Full public disclosure in line with the recommendations of the TCFD



**Preserving and improving wildlife and biodiversity through targeted initiatives including tree planting and habitat enhancement/restoration**

## Scenarios Analysis

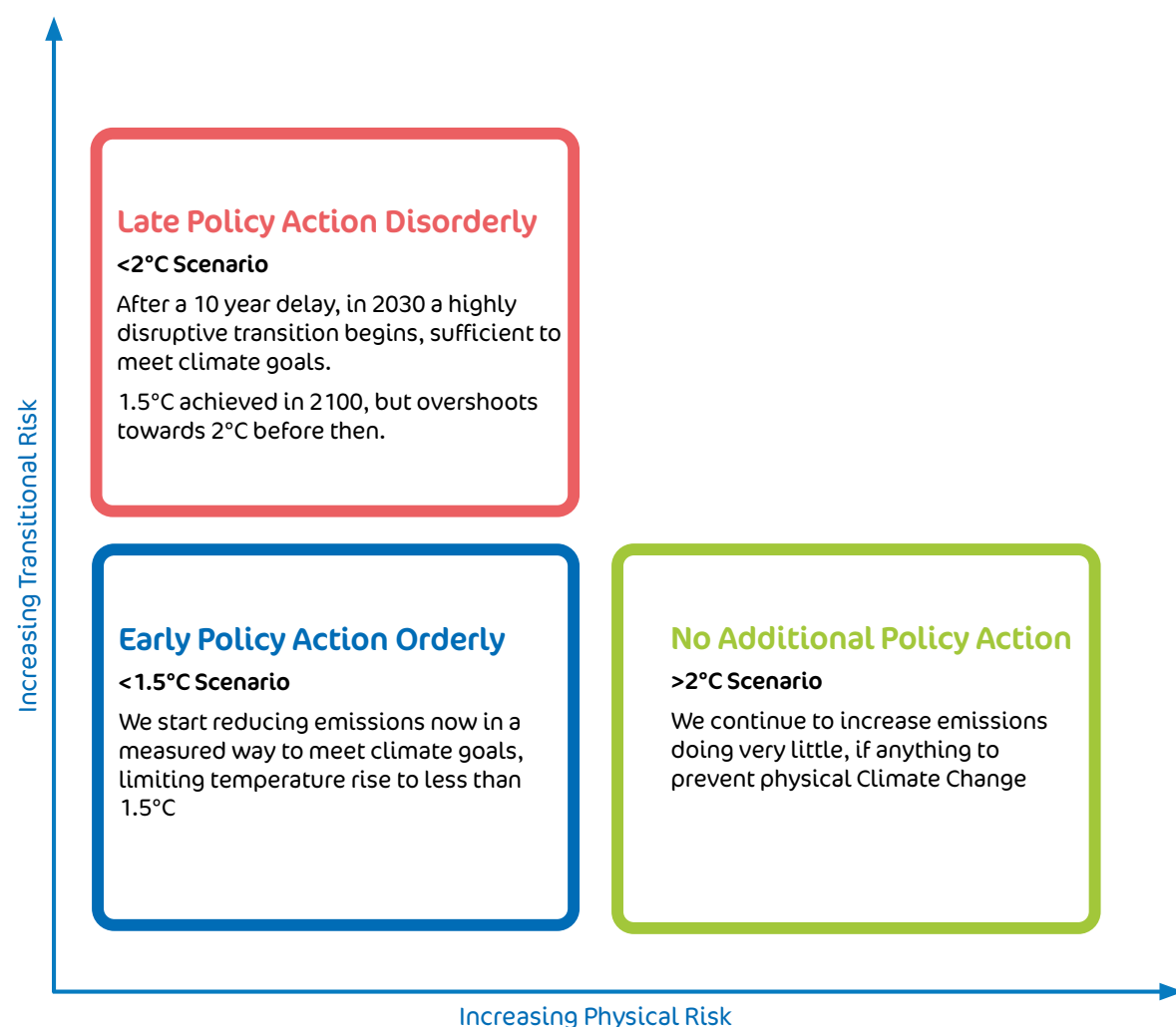
Phoenix Energy engaged with a specialist provider of climate change scenario analysis to help understand the resilience of our business to different climate change scenarios and the impact of different scenarios on our products and investment strategies.

The scenarios utilised were based on the Network for Greening of the Financial System (NGFS) reference scenarios, with additional detail for the natural gas distribution sector, the UK, and Northern Ireland specifically.

Together with the specialist advisors, Phoenix Energy used qualitative analysis to develop 3 potential scenarios for Phoenix Energy for the period to 2050. A narrative was created for each of the following scenarios:

1. **No Additional Policy Action** - resulting in temperature rise greater than 2°C;
2. **Late Policy Action - (Disorderly)** after a period of inaction, a sharp transition is needed, resulting in temperature rise of below 2°C; and
3. **Early Policy Adoption/Steady Progress - (Orderly)** - resulting in temperature rise of below 1.5°C.

The three scenarios are shown below, arranged by the level of physical and transition risk that exists in each.



The analysis demonstrated that Phoenix Energy's operations are resilient to, and have a key role to play in, all three scenarios, with significant opportunities for Phoenix Energy to align with and form part of the net zero carbon solution.

During 2022, to further understand the financial impact that climate change risks (physical and transitional) and opportunities could have on our business, we have undertaken additional detailed quantitative climate change scenario analysis using our in-house scenario analysis model. The quantitative analysis undertaken continued to utilise the NGFS reference scenarios, which include plausible pathways to net zero, and has built upon the qualitative analysis previously performed.

The in-house scenario analysis model was utilised to assess the potential positive and negative implications of each climate change scenario on company valuation, the distribution price charged to consumers and business activities and spending (operating expenditure and capital expenditure). The quantitative scenario analysis modelling included consideration of short (up to 2030), medium (between 2030 and 2040) and long term (beyond 2040) time horizons.

The quantitative analysis demonstrated that Phoenix Energy's operations are resilient to, and have a key role to play in, all scenarios. Phoenix is well positioned to mitigate the risks associated with climate change and to avail of the significant opportunities available, most notably the potential role Phoenix can play in the decarbonisation of heating in Northern Ireland.

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The quantitative analysis demonstrated that Phoenix Energy's operations are resilient to, and have a key role to play in, all scenarios. Phoenix is well positioned to mitigate the risks associated with climate change and to avail of the significant opportunities available, most notably the potential role Phoenix can play in the decarbonisation of heating in Northern Ireland.

## RISK MANAGEMENT

Phoenix Energy acknowledges the material risk to our business associated with climate change and the implementation of net zero carbon emissions.

Climate-related risks (physical and transitional) are managed through our embedded risk management framework and across our governance and reporting processes. Our approach ensures the identification, assessment and management of Climate Change risks to reduce the impact and likelihood and maximise opportunities.

Phoenix Energy utilise climate change workshops to identify and assess climate change risks and opportunities relevant to Phoenix Energy's operations. The workshops are attended by senior PGNL personnel, including the Management Team, and include the performance of a specific climate related risk assessment process to identify and assess relevant climate risks and opportunities under the climate change scenarios utilised for Phoenix Energy's qualitative and quantitative climate change scenarios analysis:

1. **No Additional Policy Action** – resulting in temperature rise greater than 2°C;
2. **Late Policy Action (Disorderly)** after a period of inaction, a sharp transition is needed, resulting in temperature rise of below 2°C; and
3. **Early Policy Adoption/Steady Progress (Orderly)** – resulting in temperature rise of below 1.5°C.

**The outputs of the workshops are utilised to review and update the Net Zero & Climate Change Risks & Opportunities Register.**



## Time Horizons

The following time horizons are utilised by Phoenix Energy to consider and assess identified Climate Change risks and opportunities:

- **Short-Term (up to 2030);**
- **Medium Term (from 2030 to 2040): and**
- **Long term (beyond 2040).**

When developing appropriate time horizons for assessing Climate Change risk and opportunities, consideration was given to:

- **The useful life of Phoenix Energy's assets and infrastructure – some of which are depreciated over 40 years;**
- **The length of Phoenix Energy gas distribution licence (currently runs until 2046); and**
- **The fact that climate related issues often manifest themselves over considerable time periods (for example energy transition of the gas network is likely to take decades rather than years).**

### Potential financial impact

Identified risks and opportunities were then assessed in terms of potential financial impact, including consideration of the potential impact on Phoenix Energy.

- **Products and services;**
- **Supply chain;**
- **Adaptation and mitigation;**
- **Investments and research and development;**
- **Operations;**
- **Finance; and**
- **Carbon footprint and energy use.**

In line with Phoenix Energy's existing risk and internal control framework, risk and opportunities rating matrices provide the framework to rank each risk and opportunity by likelihood of impact and significance of potential financial impact. This helps to identify the importance and materiality of each material risk or opportunity to the business.

### Risk Matrix

IMPACT	High (3)			
	Medium (1)			
	Low (1)			
		Remote (1) (<10%)	Possible (2) (10%-50%)	Likely (3) (>50%)
		PROBABILITY		

### Opportunity Matrix

IMPACT	High (3)			
	Medium (1)			
	Low (1)			
		Remote (1) (<10%)	Possible (2) (10%-50%)	Likely (3) (>50%)
		PROBABILITY		

## Climate Related Risks and Opportunities

Risks are categorised into two categories as outlined by the TCFD:

1. **Transition risks** – created by the world's transition to a low-carbon economy as a result of carbon policy changes; and
2. **Physical risks** – created from a changing climate.

As part of our risk management activities, we have assessed our risks to identify those most adversely impacted by Climate Change. While the most significant are all transition risks, physical risks are also managed through our risk management framework.

Phoenix Energy's key climate-related opportunities arise from continuing to transition oil customers to gas from the transition to a low carbon economy.



## Metrics & Targets

Our approach to the low-carbon transition will be steered by our commitment to set emission reduction targets as well as to reaching net-zero emissions from our operations by 2050 or sooner.

## Carbon Footprint

Phoenix Energy's carbon footprint is calculated in line with the GHG Protocol methodology by converting all emissions of relevant gases into a carbon dioxide equivalent (tCO<sub>2</sub>e). Emissions are categorised as direct or indirect. Direct emissions (Scope 1) are those from activities we own or control including those from company vehicles and burning of fossil fuels for heating. Indirect emissions, known as Scope 2 and 3 emissions, result from operational activities we do not own or control. These include emissions produced as a consequence of electricity we purchase (Scope 2) and other indirect emissions such as travel on company business (Scope 3).

CARBON EMISSIONS	Current Year 2022 tCO <sub>2</sub> e	Baseline Year 2019 tCO <sub>2</sub> e <sup>1</sup>
<b>Scope 1 Direct Emissions</b>		
Fossil Fuels	477	581
Bio Energy	0.5	
Transport	1,476	1,524
Fugitive emissions from refrigerants	1	1
<b>Total Scope 1 Direct Emissions (excluding shrinkage factor)</b>	<b>1,955</b>	<b>2,107</b>
Shrinkage factor	9,841	10,580
<b>Total Scope 1 Direct Emissions</b>	<b>11,796</b>	<b>12,688</b>
<b>Scope 2 Indirect Emissions Electricity</b>		
Purchased electricity (Location Based)	83	114
Purchased electricity (Market Based) <sup>2</sup>	1	n/a
<b>Total Scope 2 Indirect Emissions Electricity<sup>3</sup></b>	<b>1</b>	<b>114</b>
<b>Total Scope 1 &amp; 2 Emissions</b>	<b>11,796</b>	<b>12,802</b>
<b>Total Scope 1 &amp; 2 Emissions (excluding shrinkage factor)</b>	<b>1,955</b>	<b>2,221</b>
<b>Scope 3 Other Indirect Emissions</b>		
Business travel	28	18
Employee Commuting	191	274
Fuel Related Activities	464	490
Energy Related Activities <sup>4</sup>	8	27
Waste	132	176
Purchased Goods & Services <sup>5</sup>	1,973	unknown
<b>Total Scope 3 Other Indirect Emissions</b>	<b>2,795</b>	<b>985</b>
<b>Total Carbon Emissions</b>	<b>14,592</b>	<b>13,787</b>
<b>Total Carbon Emissions (excluding shrinkage)</b>	<b>4,751</b>	<b>3,207</b>

The principal reason for the increase in total carbon emissions in 2022 when compared to the 2019 Base Year was from the inclusion of Scope 3 emissions associated to purchased goods and services, for which comparable data for the base reporting year 2019 is not available. The total amount of estimated information calculated is within the 0-10% banding. Phoenix Energy's carbon footprint has been independently audited by an external Energy and Carbon Consultant (CarbonFit) and has been verified to ISO 14064 Greenhouse Gases.

<sup>1</sup>With regards to comparative information shown in accordance with our fixed base year selection as highlighted within the table, we have restated where applicable our 2019 figures based on acquiring better information for compliance reporting. This has improved the accuracy of information that we have decided to include and account for within this reporting year and onwards.

<sup>2</sup>The GHG Protocol recommends using two methods to quantify emissions – the 'location based' method which uses average grid electricity emissions factors and the 'market-based' method which is specific to the actual electricity purchased. Mid way through 2021, Phoenix Energy entered into a contractual arrangement with the electricity supplier of our main office building to procure electricity required for our operations from 100% renewable sources. This has enabled Phoenix Energy to be able to report on Scope 2 Indirect Emissions relating to purchased electricity using both the 'location based' and 'market based' methods for 2021.

<sup>3</sup>Scope 2 Dual Reporting confirms there is allowance as per guidance to display a reduced figure associated to market-based electricity rather than location-based electricity. Phoenix have elected to utilise the market-based approach when accounting for Scope 2 emissions.

<sup>4</sup>Scope 3 Dual Reporting confirms there is allowance as per guidance to display a reduced figure associated to market-based well to tank electricity.

<sup>5</sup>For FY 22 Phoenix Energy have engaged with the top 92% of our supply chain within the Purchased Goods and Services category to identify associated carbon emissions. A screening exercise and data collection over a period of months resulted in a combination of calculation methodologies being implemented in line with the GHG protocols to produce carbon emissions for reporting purposes. Comparative data for the base year (2019) is not available.

## GHG Emissions Intensity Metric

As Phoenix Energy is continuing to grow the gas market, we believe carbon per customer connected to our network to be the most meaningful measure of our carbon performance.

GHG EMISSIONS INTENSITY METRIC	Current Year 2022 tCO <sub>2</sub> e	Baseline Year 2019 tCO <sub>2</sub> e
Scope 1 & 2 carbon emissions per connected customer	0.047	0.056
Total Carbon emissions per connected customer <sup>1</sup>	0.058	0.061

## Energy

Phoenix Energy acknowledge that globally, the use of energy represents by far the largest source of GHG emissions from human activities. About two thirds of global greenhouse gas emissions are linked to burning fossil fuels for energy to be used for heating, electricity, transport and industry. To that end, Phoenix Energy is targeting reducing our energy consumption (excluding shrinkage) by over 60% by 2030. This includes transitioning from fossil fuel energy sources to greener energy sources (e.g. renewable electricity, green gas etc).

Summary information on Phoenix's energy use is provided in the table below:

ENERGY	Current Year 2022 MWh	Baseline Year 2019 MWh <sup>2</sup>
Fossil Fuels	2,069	2,457
Transport	6,162	8,298
Electricity	417	447
Shrinkage factor	9,456	10,165
<b>TOTAL</b>	<b>18,104</b>	<b>21,366</b>

## Air Pollution

Air pollution refers to the release of pollutants into the air, such as extremely small particles and gases, that are detrimental to human health and the planet as a whole. These include:

- gases such as nitrogen dioxide, ozone, sulphur dioxide and carbon monoxide; and
- particulate matter (PM), made up of solid and liquid particles such as soot and dust.

As part of the process to attempt to quantify the impact we have on the environment, Phoenix Energy have calculated the volumes of air pollution generated by our operations. The majority of air pollution produced by Phoenix Energy relates to pollutants produced through the use of our commercial fleet. In order to reduce the volume of air pollution Phoenix Energy generates, we have committed to transition our entire commercial fleet to green fuels that do not raise any air pollution by 2035.

Summary of information on Phoenix Energy's water use is provided in the table below

AIR POLLUTION	Current Year 2022 kg	Baseline Year 2019 kg
Sulphur Oxides (SO <sub>x</sub> )	4	4
Nitrous Oxides (NO <sub>x</sub> )	2,790	3,354
Particle Matter 2.5 (PM <sub>2.5</sub> )	44	61
Particle Matter 10 (PM <sub>10</sub> )	44	61

<sup>1</sup>For 2022 Phoenix Energy have engaged with the top 92% of our supply chain within the Purchased Goods and Services category to identify associated carbon emissions. A screening exercise and data collection over a period of months resulted in a combination of calculation methodologies being implemented in line with the GHG protocols to produce carbon emissions for reporting purposes. Comparative data for the base year (2019) is not available.

<sup>2</sup>With regards to comparative information shown in accordance with our fixed base year selection as highlighted within the table, we have restated where applicable our 2019 figures based on acquiring better information for compliance reporting. This has improved the accuracy of information that we have decided to include and account for within this reporting year and onwards.



Waste

At a global scale, the waste management sector makes a relatively minor contribution to greenhouse gas emissions. However, the waste sector is in a unique position to move from being a minor source of global emissions to becoming a major saver of emissions. Although minor levels of emissions are released through waste treatment and disposal, the prevention and recovery of waste (i.e. as secondary materials or energy) avoids emissions in all other sectors of the economy.

Phoenix Energy is targeting reducing the volume of waste sent to landfill as a consequence of our operations by over 75% by 2030. This will be achieved by substantially reducing the volumes of waste produced from our operations.

Summary information on Phoenix Energy’s waste sent to landfill is provided in the table below:

WASTE	Current Year 2022 tonnes	Baseline Year 2019 tonnes²
Total Waste	89,943	125,498
Re-use	(23)	(17)
Re-cycling	(6,032)	(853)
Diverted ¹	(58,725)	(78,524)
WASTE TO LANDFILL	25,164	46,104

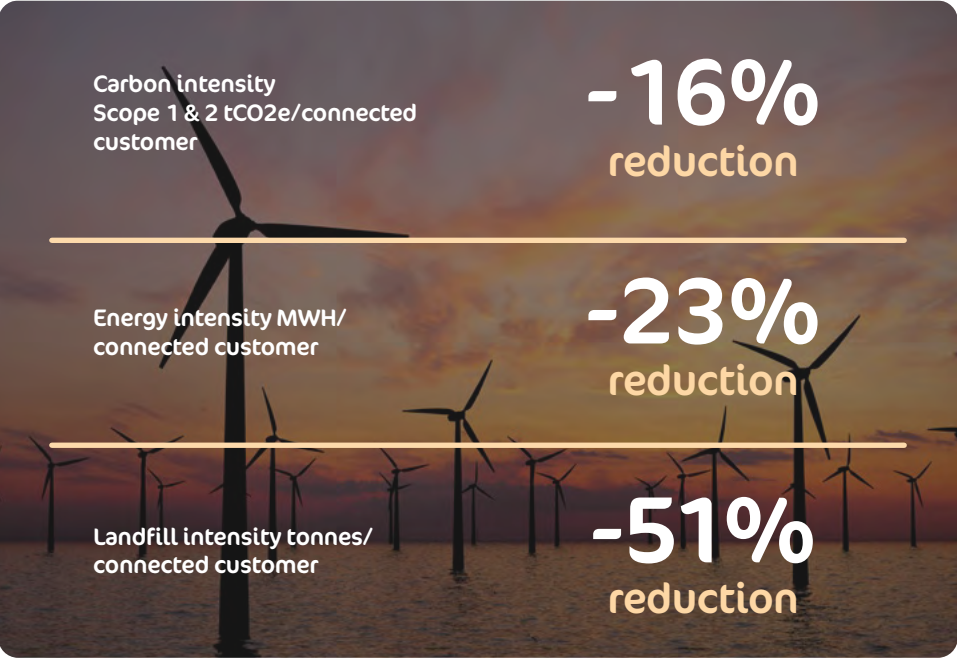
Water

The water cycle is expected to undergo significant change as a consequence of Climate Change. Water availability is becoming less predictable in many places, and increased incidences of flooding threaten to destroy water points, sanitation facilities and contaminate water sources. Phoenix Energy recognises that ensuring that everyone has access to sustainable water and sanitation services is a critical component of Climate Change mitigation.

Phoenix Energy has committed to investigating improvement measures to reduce the volume of water consumed as consequence of our operations and to consider means for water re-cycling / re-use (e.g. rain water capture).

Summary information on Phoenix Energy’s water use is provided in the table below:

WATER	Baseline Year 2022 Megalitres	Current Year 2021 Megalitres
Water Consumption (potable)	0.7	1.1
TOTAL	0.7	1.1



[1] Waste diverted from landfill from the use of directional drilling techniques.

Climate Action Targets

We have set ambitious climate action goals with science-based targets for our own operations (Scope 1 & 2 emissions). Our own operations targets are aligned with the Paris Agreement’s aspiration to limit global warming to 1.5°C and demonstrate our leadership in Climate Action.

We strive to reduce our environmental footprint by seeking opportunities for increased efficiency and resource conservation.

Targets include:

### Greenhouse Gas Emissions

- Eliminating all emissions except for ‘residual emissions’<sup>1</sup> by 2048;
- Reducing our scope 1 & 2 carbon emissions by >60% (excluding shrinkage) by 2030;
- Reducing our scope 1 & 2 carbon emissions by >90% (excluding shrinkage) by 2035;
- Eliminating all air pollution emissions from Sulphur Dioxide (SOx) and Particulate Matters (PM2-5 & PM10) by 2035;
- Eliminating all but residual emissions<sup>2</sup> for Nitrous Oxide (NOx) by 2048
- Transitioning our entire commercial fleet to green fuels by 2035;
- Engaging with our supply chain to further improve the quantification of our Scope 3 indirect emissions associated with purchased goods and services;
- Extending our GHG Emissions Reduction Plan to include targets and meaningful actions to reduce and where possible eliminate Scope 3 carbon emissions;
- Procurement of 100% of electricity required for our operations from renewable sources by 2030;
- Obtaining approval from the Science Based Targets Initiative (SBTi)<sup>4</sup> for our greenhouse gas emission reduction targets;

### Energy

- Reducing the energy consumed from our operations by:
  - 50% by 2030 (excluding shrinkage); and
  - 75% by 2040 (excluding shrinkage).

### Circular

- Reducing the volume of waste sent to landfill as a consequence of our operations by over 75% by 2030;
- Partnering with The Conservation Volunteers to plant 8,000 native trees each year until 2030;
- Commitment in investigating improvement measures to reduce the volume of water consumed as consequence of our operations and to consider means for water re-cycling / re-use (e.g. rain water capture).

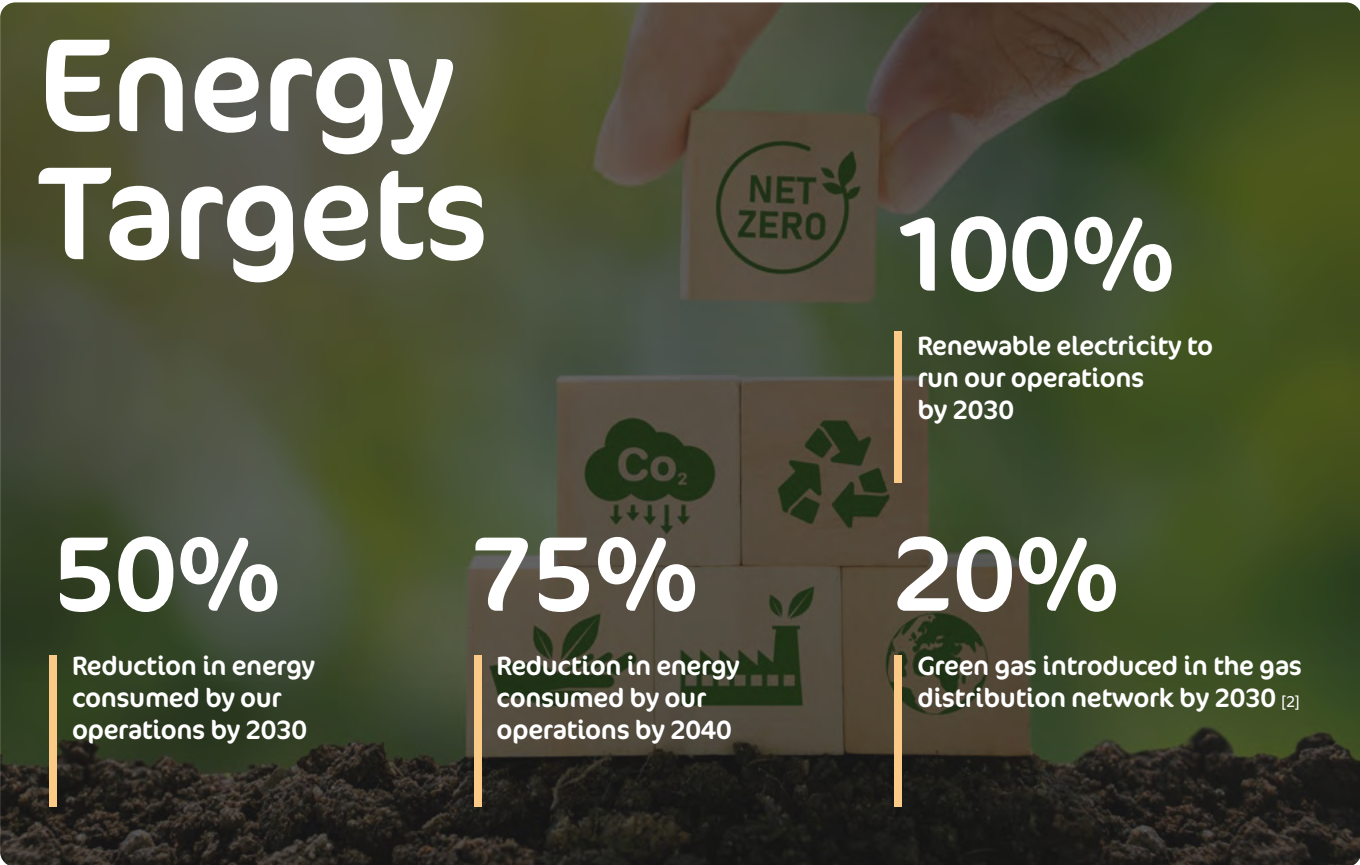
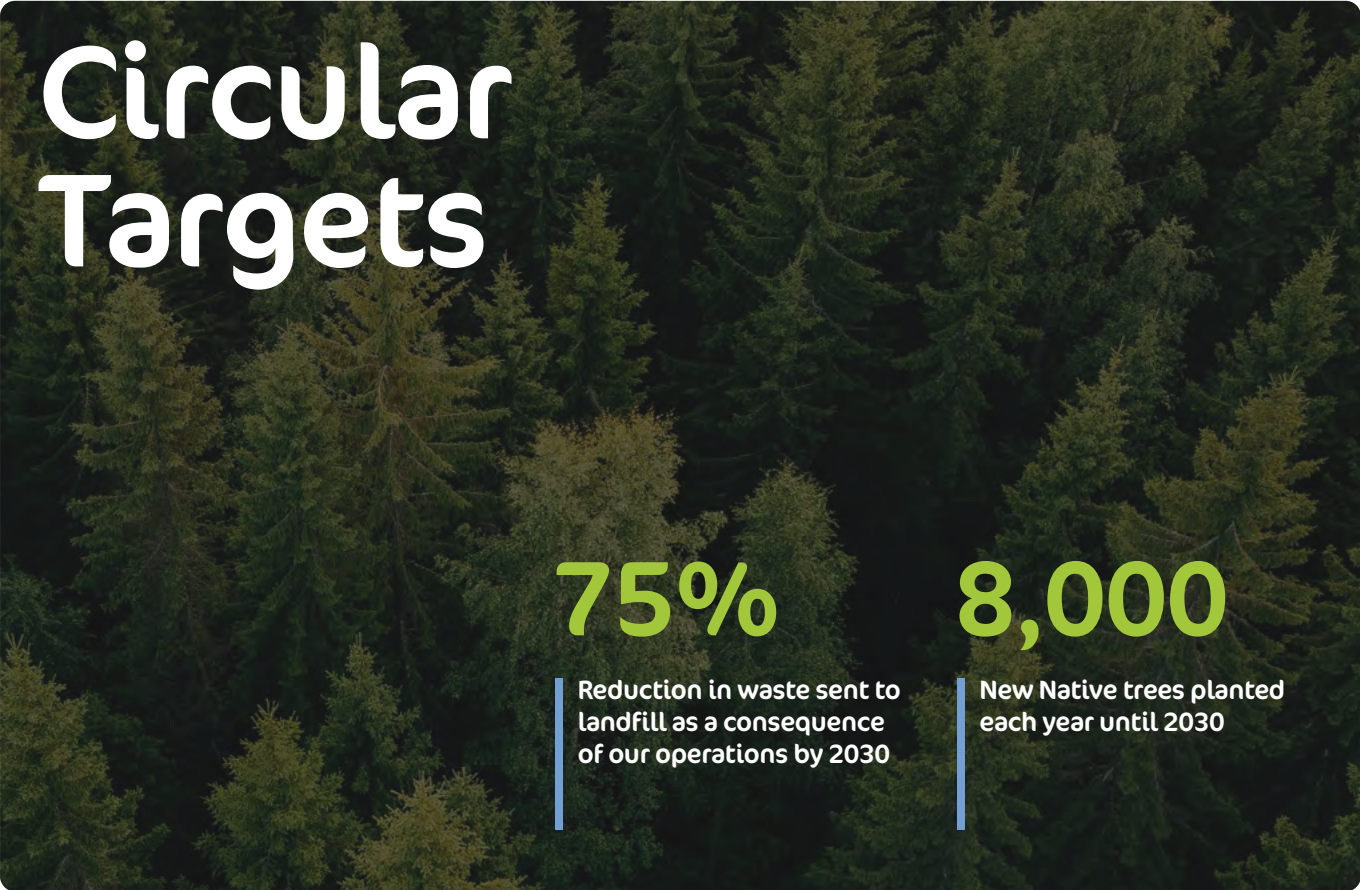
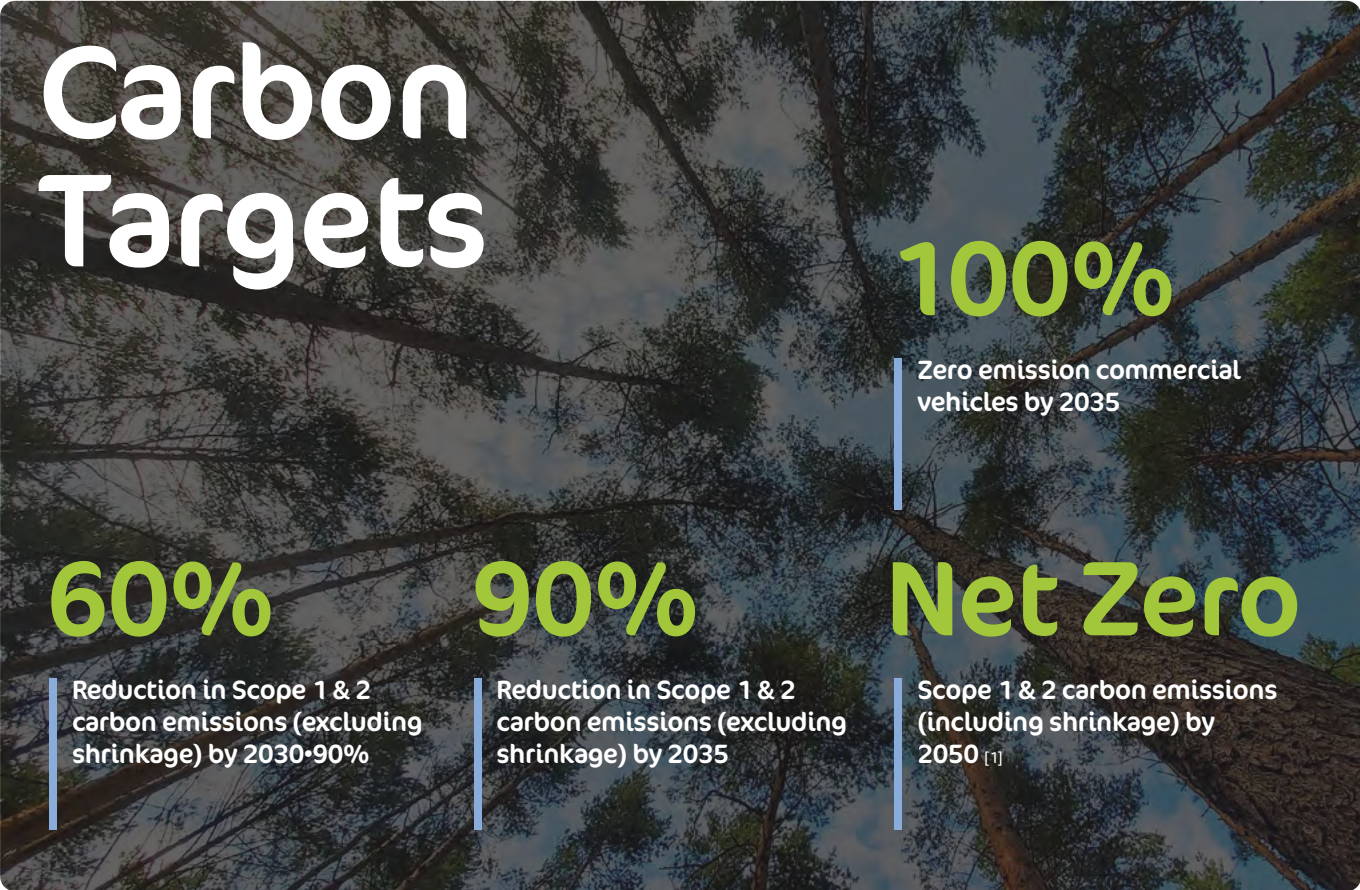
### Introduction of 20% green gas (hydrogen / biogas blended)<sup>3</sup> into the Phoenix Energy Distribution Network by 2030;

- Facilitate the distribution of biomethane in the Phoenix Energy network by 2025;
- Facilitate the distribution of hydrogen in the Phoenix Energy network by 2027

An important part of Phoenix Energy’s strategy to support the net zero transition is to measure and report performance against stretching carbon targets. We will report annual progress against these targets and, in line with the requirements of the Science Based Target Initiative, Phoenix Energy has reviewed and refined its targets in 2022 according to the latest scientific evidence. Phoenix Energy will review the targets again by 2030 to ensure they remain in line with the latest scientific evidence.

[1] Residual emissions are GHG Emissions that are emitted after all reasonable efforts have been made to reduce GHG Emissions. In Phoenix Energy’s case these will relate to the continued distribution of biomethane.  
[2] It is anticipated that Phoenix Energy will be required to offset residual emissions.  
[3] The introduction of hydrogen blended mix of gas into the Phoenix Energy Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK Gas Distribution network.  
[4] The Science Based Targets initiative (SBTi) have yet to develop a methodology for companies in the oil and gas sectors to set science-based targets. It is anticipated that the new methodology will become available in 2023. However, Phoenix Energy have commenced preparatory work to obtain approval of our greenhouse gas emission reduction targets by the SBTi.





[1] It is anticipated that Phoenix Energy will be required to offset residual emissions..  
[2] The introduction of hydrogen blended mix of gas into the Phoenix Energy Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK Gas Distribution network



# How we have performed

Phoenix Energy prides itself on delivering the highest standards of customer service. As well as operating in a highly regulated environment where standards are expected, we believe in exceeding customer expectations in every interaction.

Outlined below are the Phoenix Standards of Service including actual performance for 2022.




STANDARD OF SERVICE	ACTUAL	PERFORMANCE LEVEL TARGET
CUSTOMER CONTACT		
<b>Customer correspondence</b> Written correspondence will receive a reply within ten working days. Correspondence may be responded to by telephone unless you request a written response.	100%	97%
<b>Customer Complaints</b> Complainants will receive a full response to their complaint within 10 working days, where applicable.	100%	97%
CONNECTION		
<b>Moving of meter</b> Phoenix Energy will reposition an ordinary meter within 15 days of a quotation being accepted.	100%	100%
<b>Change of meter</b> Phoenix Energy will change the meter of a domestic customer within 10 working days of a referral by the Supply Company	100%	100%
RESPONDING TO GAS EMERGENCIES		
<b>Uncontrolled gas emergencies</b> Uncontrolled gas escapes will be attended to within one hour of being notified to Phoenix Energy.	98%	97%
<b>Controlled gas escapes</b> Controlled gas escapes will be attended to within two hours of being notified to Phoenix Energy.	100%	97%
PREPAYMENT METERS		
<b>Faulty Prepayment Meters</b> Phoenix Energy will visit a faulty prepayment meter with 4 hours of being notified.	100%	97%
RESTORATION OF GAS SUPPLY		
<b>Supply Restoration</b> Following the disconnection of a domestic customer's gas supply due to a fault in the network, the transportation business will restore, on the basis of reasonable practicality, the domestic customer's gas supply within 24 hours.	100%	97%
<b>Reconnection after non-payment</b> Customers disconnected for non-payment will be reconnected within 24 hours of referral by a gas supplier.	100%	100%

The Individual Standards of Service were introduced as part of the Energy Act (Northern Ireland) 2011 and determine the expected standards of performance measures which local gas companies must provide for their customers.

The standards appliance for Phoenix and how we have performed against them in 2022 are outlined below:

STANDARD OF SERVICE	% pass
METER DISPUTES	
Distribution companies must provide customers an explanation on the probable cause of any meter accuracy issues within 15 working days. If an appointment is necessary, the company must offer this within seven working days to investigate. Where a customer informs their supplier of an issue, the supplier must report this to the distribution company within one working day.	100%
METER MIX UPS	
Distribution companies must ensure that customers are not billed erroneously due to a wrongly assigned meter.	100%
PREPAYMENT METERS	
Distribution companies must deal with reports of problems with prepayment meters within four working hours. Where a customer informs their supplier of a problem with a prepayment meter, the supplier must notify the distribution company of any report of the problem within four working hours.	100%
APPOINTMENTS	
Distribution companies and supply companies must offer and keep an appointment within a maximum two hour time band, or if acceptable to the customer an appointment within the time bands: • AM 8.30-13.00 or • PM 12.00-5.00	100%
SUPPLY RESTORATION	
Distribution companies must restore supply within 24 hours to a customer whose gas supply has been discontinued as a result of a failure of, fault in or damage to the pipe-line system operated by the relevant gas conveyor.	100%
REINSTATEMENT OF CUSTOMERS	
Distribution companies must reinstate customer premises within 5 working days following work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer.	100%
QUOTATIONS FOR CONNECTION	
Distribution companies are required to provide customers with a cost estimate for a new gas supply within 10 working days for standard jobs and 28 days for non-standard work.	100%
NOTICE OF PLANNED INTERRUPTION	
Distribution companies must give at least three days notice to customers whose supply will be interrupted by planned maintenance or replacement work to the pipe-line system operated by the relevant gas conveyor.	100%
RESPONDING TO COMPLAINTS	
Distribution companies must provide a substantive response to written or verbal complaints within 10 working days.	100%

Progress Against Targets

<div>Green House Gas Emissions</div> <div></div>	Metric	Units	Base Year 2019	2022	Change	Phoenix Target	Target Year	Progress
	Carbon - Scope 1 & 2 (excluding shrinkage)	tCO2e	2,221	1,955	-12%	60% reduction	2030	<div><div></div><div>20%</div></div>
	Carbon - Scope 1 & 2 (excluding shrinkage)	tCO2e	2,221	1,955	-12%	90% reduction	2035	<div><div></div><div>13%</div></div>
	Carbon - Scope 1 & 2	tCO2e	12,802	11,796	-8%	Net Zero <sup>1</sup>	2050	<div><div></div><div>8%</div></div>
	Zero emission commercial vehicles	count	-	-	-	100%	2035	<div><div></div><div>0%</div></div>
	Sulphur Dioxide	kg	4	4	-13%	100% reduction	2035	<div><div></div><div>13%</div></div>
	Particulate Matters	kg	61	44	-27%	100% reduction	2035	<div><div></div><div>27%</div></div>
	Nitrous Oxide	kg	3,354	2,790	-17%	100% reduction	2048	<div><div></div><div>17%</div></div>
<div>Energy</div> <div></div>	Renewable electricity	%	0%	99%	99%	100%	2030	<div><div></div><div>99%</div></div>
	Energy consumed (excluding shrinkage)	MWH	21,366	18,104	-15%	50% reduction	2030	<div><div></div><div>31%</div></div>
	Energy consumed (excluding shrinkage)	MWH	21,336	18,104	-15%	75% reduction	2040	<div><div></div><div>20%</div></div>
	Green gas introduced in the gas distribution network <sup>2</sup>	%	-	-	-	20%	2030	<div><div></div><div>0%</div></div>
<div>Circularity</div> <div></div>	Waste sent to landfill	tonnes	46,104	25,164	-45%	75% reduction	2030	<div><div></div><div>61%</div></div>
	Native trees planted	count cumulative	-	16,000	-	80,000 trees	2030	<div><div></div><div>20%</div></div>

[1] It is anticipated that Phoenix Energy will be required to offset residual emissions  
[2] The introduction of hydrogen blended mix of gas into the Phoenix Energy Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK Gas Distribution network.



