



Responsible Business Report 2020

Published June 2021

Foreword from our CEO



Welcome to the 2020 Phoenix Natural Gas Responsible Business report, designed to offer an insight into how our business undertakes its responsibilities as the largest natural gas network operator in NI and creates economic, environmental and social value to the communities we serve.

The responsible business culture and objectives that we operate today are a result of over 20 years of evolving and fine tuning our programme and setting new benchmarks. These objectives are underpinned by the consistent aim of carrying out our business activities in a manner that recognises the specific needs of our customer base whilst also delivering on our vision to be recognised for excellence as a world leading utility.

Our strategy as a responsible business has evolved from one that simply sought to ‘do the right thing’ to one that is fully aligned to important shareholder values of delivering ‘best in class’, environmental, social and governance performance – being structured with defined targets, key measures to evaluate success and an approach that is fully embedded into the Phoenix Natural Gas culture across staff values and behaviours.

Such principles have never been more important than across the last 12-months as every aspect of wider society has been impacted by consequences of COVID-19.

Our business did not escape these challenges and as an essential utility provider charged with providing safe, reliable supplies of natural gas at a time when the need for uninterrupted heat and hot water was arguably more critical than at any time before, I am very proud of the resilience, commitment and agility shown by our staff in adapting to the needs of gas users at this time.

Maintaining operations during the pandemic meant that many established procedures and practices needed to be tailored to ensure our works could continue to be completed in a way that protected our staff and customers alike without any dilution to our core responsibilities.

A key feature throughout has been an increased need for engagement with both existing and new stakeholder partners. The established relationships we enjoy across a range of sectors left us well placed to understand and

deliver bespoke solutions to customers and communities who were experiencing increasing levels of need during this period.

The success of our responsible business programme in recent years has been our ability to provide value to the community we serve over and beyond our business activities and specifically in a manner that is responsive to the individual needs of our broad customer base.

Whilst the ways in which we achieved this looked very different in 2020, the principle remained the same, and throughout the pandemic we remained responsive to an ever-changing need. This year’s report highlights how our business and critically our people delivered a range of very positive initiatives across a number of themes that addressed the specific needs of those around us.

This year’s report also focusses in on Phoenix Natural Gas’s continued commitment to environmental responsibility which spans across targets to reduce our operational carbon footprint, our investment in biodiversity environmental projects that help create community green spaces and critically shaping the role of existing natural gas infrastructure assets locally to support a low carbon economy in the years ahead.

The decarbonisation of our local economy will require extensive collaboration across industry, policy makers, consumer bodies and academia in Northern Ireland and in this regard, the reputation that Phoenix Natural Gas has established as a leader in the marketplace, coupled with our reputation of delivering effective change across the energy sector, leaves us well placed to play a key role in the delivery of low carbon solutions. Furthermore, Phoenix Natural Gas will champion the need for a ‘Just Transition’ to ensure consumer needs are protected and that, as a region, the economic opportunities that come with progressing a low carbon vision are enjoyed across local society.

I trust you will find this report helpful in understanding how Phoenix Natural Gas executes its operations in the most responsible manner.

Michael McKinstry
Chief Executive Officer

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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 Natural Gas as of June 2021.

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Company Information

Phoenix Natural Gas transformed the local home heating market when it was established in 1996 to bring natural gas for the first time to Northern Ireland.

Now, as the owner and operator of the largest natural gas distribution network in Northern Ireland, Phoenix Natural Gas is responsible for the safe and secure supply of natural gas to its 235,000 domestic and business consumers already connected. These responsibilities include the development and maintenance of its 3,850km pipeline network and a 24/7 operation and transportation platform for natural gas suppliers and consumers across its licence area which covers Greater Belfast, Larne and East Down.

Since its beginnings, Phoenix Natural Gas has invested over £500m into local economy, supporting the wider natural gas industry which now provides employment to over 2,500 people locally.

Providing increased fuel choice and with a range of associated lifestyle, convenience and environmental benefits, Phoenix Natural Gas continues to be warmly welcomed by consumers with thousands of new customers connecting each year.

Phoenix Natural Gas continues to be innovative and is exploring opportunities for renewable gas solutions as it plays its role in delivering a lower carbon future.

Phoenix Natural Gas is regulated under licence by the Northern Ireland Authority for Utility Regulation and operates under a framework similar to other UK regulated utilities which includes regular price control reviews and compliance with a range of licence obligations.



Market Development

Since its beginnings in Greater Belfast in 1996, the natural gas network in Northern Ireland has been constructed on a rolling basis as it reaches more consumers across the region.

This means that market development and utilisation locally is still undertaking a period of growth as more and more consumers each year gain access to the natural gas network for the first time.

Phoenix Natural Gas is responsible not only for the growth of its infrastructure within the licenced area, but also for the continued growth of its customer base.

This ongoing growth and development has created significant economic, social and environmental opportunities locally as the natural gas industry supports a wide range of related local businesses, including installation companies, merchants, manufacturers, distributors, training centres and retailers, all of which benefit from continued support from Phoenix Natural Gas in recognition of the role they play in delivering a consistently seamless and positive customer experience.

Independent market research conducted during 2020 with customers who have recently connected to the natural gas network continues to evidence a consistently high quality customer experience with **99%** of customers advising they would recommend getting natural gas installed to a friend. Furthermore, **96%** of customers reporting it was very easy, or quite easy, to purchase and install Phoenix Natural Gas.

Coupled with the efficiency, convenience, lifestyle and environmental benefits that consumers enjoy as a result of making the connection, the focus on a high standard of connection and installation service that Phoenix Natural Gas and its industry partners maintain is a core part of the business's strategy to continually grow its market reach and convert unconnected customers.



Would you, based on your experience, recommend installing Phoenix Natural Gas to a friend?

99%

How easy, in overall terms, would you say it was to purchase and install Phoenix Natural Gas?

96%

Said very or quite easy

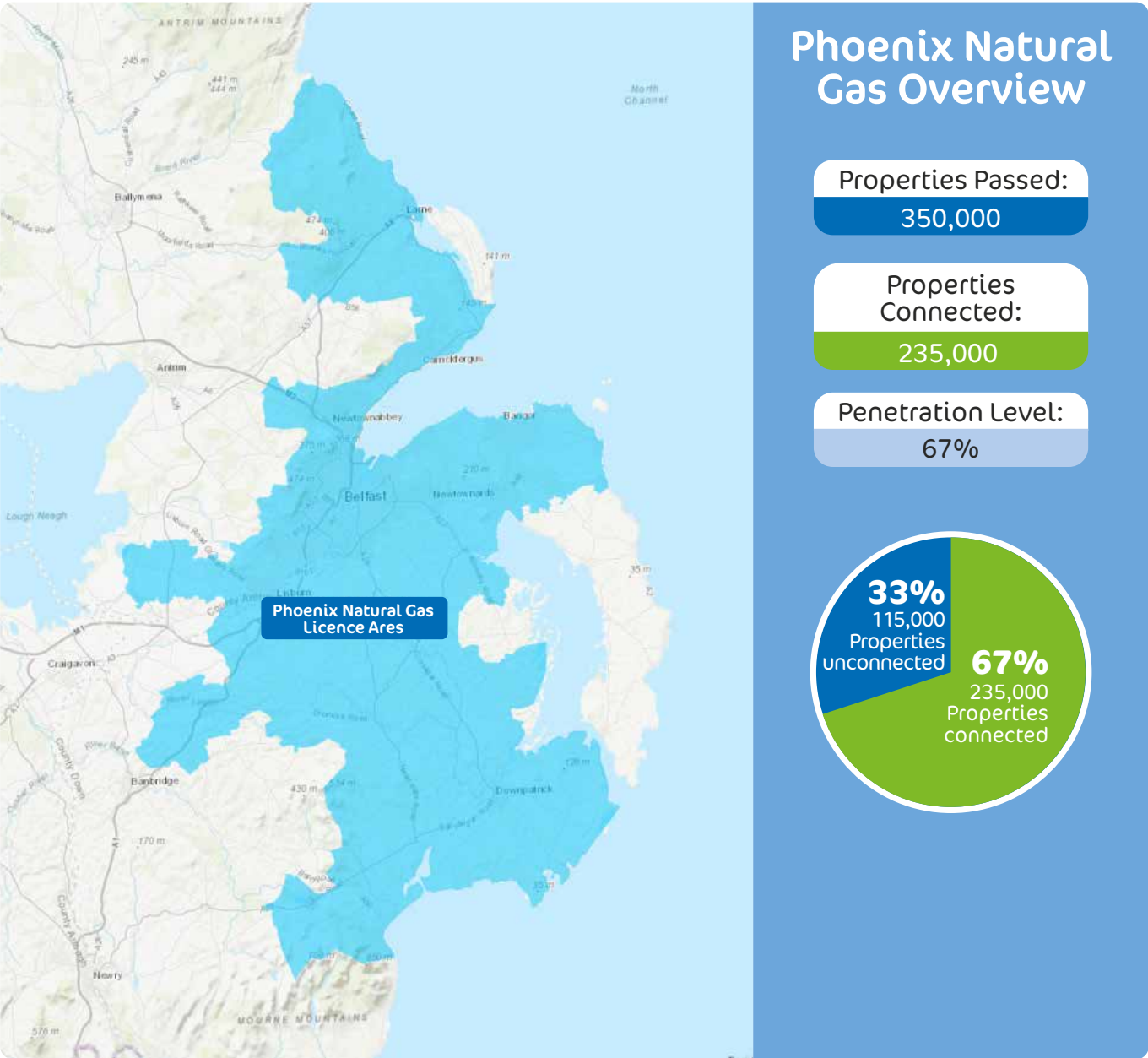
*MRNI June & October 2020

Overview of Phoenix Natural Gas availability

Figures as at end of December 2020

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

Phoenix Natural Gas 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 Natural Gas by town is outlined below, demonstrating the continued opportunity for growth within each area. The Phoenix Natural Gas 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 2020

Area	Total Gas Availability	Connected	Penetration
Bangor	30,500	20,000	66%
Belfast	181,000	133,000	73%
Carrickfergus	16,200	10,600	65%
Carryduff	3,000	1,800	60%
Donaghadee	3,600	2,400	67%
Dundonald	8,100	5,800	72%
Hollywood	5,700	4,200	74%
Larne	8,700	5,300	61%
Lisburn	22,900	14,800	65%
Newtownabbey	31,100	22,000	71%
Newtownards	20,000	13,000	65%
Whitehead*	1,600	300	19%
East Down*	17,800	1,800	10%
TOTAL	350,000	235,000	67%

*Developing Networks

Customer and Network Growth

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

Connections 1996 – 2020

the number of customers connected to Phoenix Natural Gas

Fig 1: Cumulative connections from 1996 – 2020

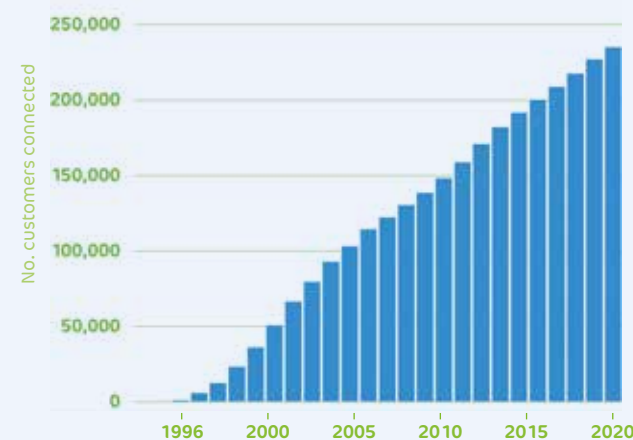
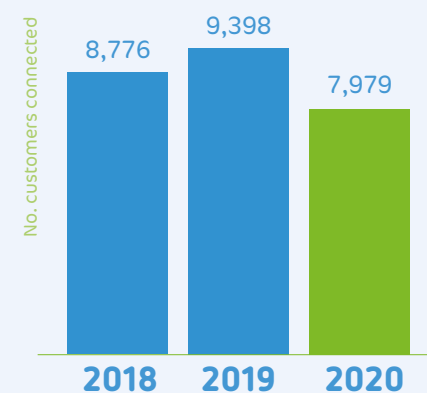


Fig 2: Annual New Connections



The development of the Phoenix Natural Gas infrastructure has enabled even more consumers to access increased fuel choice. Following a large mains network build programme across East Down in recent years, there is now 3,850km of Phoenix Natural Gas pipework across the licence area with 82.5km constructed in 2020.

Network Build (km)

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

Fig 3: Network build 1996 – 2020

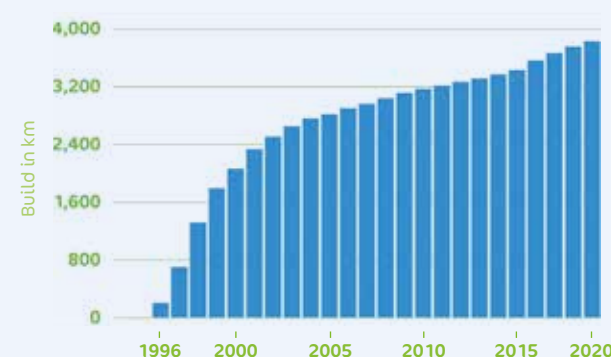


Fig 4: Annual Network Build Constructed



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 and by 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 **11 million tonnes** of CO₂ from entering the atmosphere.

CO₂ Avoided (m tonnesCO₂)

total CO₂ saved from entering the atmosphere by Phoenix Natural Gas users in tonnes

Fig 5: Cumulative from 1996 to, and including, 2020



* Carbon saving figures are based on the installation of a natural gas boiler and 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%) and the upgrade of heating controls and water treatment improvements.

The carbon savings resulting from efficiency upgrades are in addition to the 28% 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 Natural Gas 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 business decision.

To achieve the vision, our Corporate Objectives provide a framework for success across 6 key areas – Growth, Regulation, Service Delivery, Corporate Responsibility, Health & Safety and Stakeholders.



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.

Our Values are more than words, they are the standards we hold ourselves and our colleagues 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 with the Management Team and colleague involvement throughout, ensuring each value has meaning at all levels of Phoenix Natural Gas.

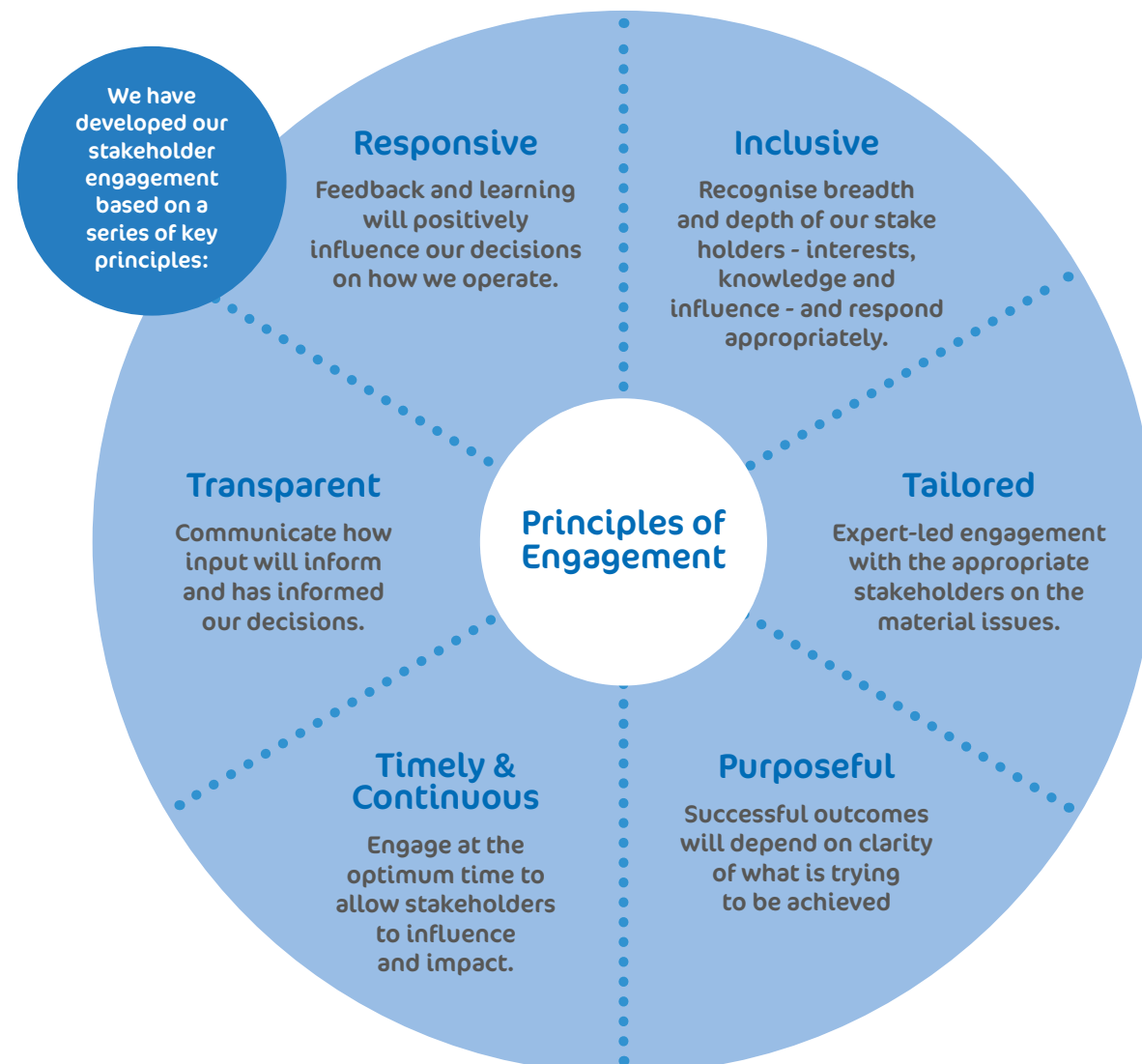


Stakeholder Engagement

The development of a world leading natural gas industry, which has seen 3,850km of pipeline fitted underground and delivers significant social, economic and environmental benefits while supporting a wider supply chain of over 2,500 people, can only be achieved through effective collaboration and stakeholder engagement.

As we continue to grow our business, and as attitudes to energy and the environment are changing, stakeholder engagement plays an integral part in our strategy, operations and responsible business activity as we seek to inform and maximise engagement.

Principles of Stakeholder Engagement



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 responsibilities is demonstrated through the Phoenix LIFE Programme, which encapsulates our responsible business approach and activity in the areas of Leadership, Investment, Fostering Community and Environment.

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.

In growing our business, we strive to continue making a positive difference in the lives of our customers, colleagues and communities and we have developed the LIFE Programme to provide a framework for impact in these areas.

LIFE is defined as:

LEADERSHIP
in the marketplace

INVESTMENT
in our people

FOSTERING
our community

ENVIRONMENTAL
Responsibility



Corporate Social Responsibility Principles

On an annual basis we perform an assessment to identify and prioritise the Corporate Social Responsibility issues most relevant to us.

The outputs of the assessment are used to develop our Corporate Social Responsibility Principles which are aligned to our LIFE programme.



L

To act with integrity at all times 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.

I

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 in the UK.

F

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.

E

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 continue providing low carbon solutions to homes and business, supporting net zero carbon targets.

To act as an environmentally responsible business by supporting biodiversity projects and initiatives within the community that we serve.

Leadership in the Marketplace

In the 25 years since its inception, Phoenix Natural Gas has led the way in setting standards of responsible business, leadership and collaborative working.

From its start-up roots to its established position as a leading business generating significant economic, social and environmental returns locally, Phoenix Natural Gas has played a pivotal role in leading the natural gas industry and it continues to set best in business standards while supporting the independent natural gas trade.



Above: Phoenix Natural Gas achieved first in Europe and maintained its five-star rating in the 2020 GRESB Infrastructure Assessment.

Leadership in action

As architects of the natural gas industry in Northern Ireland, Phoenix Natural Gas has led the way in setting standards and establishing best practice locally.

Phoenix Natural Gas works collaboratively with the business community and industry partners to connect with consumers and communities, supporting initiatives that assist vulnerable consumer groups.



Phoenix Natural Gas works in partnership with leading utility organisations to provide a range of supports for consumers ahead of the winter period



Collaboration across the NI Natural Gas Industry led to the development of an industry-wide website providing advice and support to consumers during the Covid-19 pandemic



Working with the Alzheimer's Society we helped colleagues better support consumers with dementia



Supporting discussions on decarbonisation in partnership with the Institute of Directors NI

Leading the Industry

The natural gas industry in Northern Ireland provides skilled employment opportunities with a supply chain that now employs over 2,500 people locally across a range of sectors, from manufacturing to retailers, installers to merchants. While these businesses are independently operated, they play a vital role in the success of the industry and overall customer experience.

As an industry leader, Phoenix Natural Gas played a significant role in supporting the wider supply chain during the Covid-19 pandemic in providing practical guidance, support and signposting to help the many small, independent local traders and businesses to understand government guidance and enabling them to continue to safely meet the needs of their customers.

Phoenix Natural Gas continued to recognise success across the industry moving the annual Natural Gas Achievement Awards online and through regular communication, continued to provide opportunities for businesses within the supply chain to support and get involved in our responsible business activities.



The Northern Ireland Natural Gas Association (NINGA) was established by Phoenix Natural Gas in 1997 to provide a sustainable platform for like-minded organisations to meet regularly to receive training support, get exposure to best practices, and be upskilled on natural gas developments.

During 2020, the Association was more important than ever in providing a platform for Covid best practice across the industry and ensure there was continued industry support for consumers throughout the pandemic. Phoenix Natural Gas quickly adapted to educate and engage the industry through online NINGA event activity and the development of a new NINGA website.



To provide additional support to the wider natural gas industry during the pandemic, Phoenix Natural Gas created a pop up kiosk which attended a variety of merchant premises across the licence area.

Our experienced team provided updated guidance and relevant safety information for small and independent natural gas businesses, enabling them to continue supporting consumers safely despite the challenges of the pandemic.

Phoenix Natural Gas also provided additional marketing support for local traders to provide reassurance for consumers on safe working practices.



Company Accreditation

We set the standard for excellence across the natural gas industry locally and benchmark our performance with local, national, and international respected external bodies. External achievements include:

- **Awarded 5 stars and placed 1st across Europe and 3rd in the World in the 2020 GRESB Survey which benchmarks the Environment, Social, and Governance credentials of Real Estate and Infrastructure Assets.**
- **Achievement of Platinum, the highest level possible, in the latest Business in the Community NI Environmental Benchmarking Survey.**
- **Awarded 5 out of 5 stars in the British Safety Council's independent assessment of our Occupational Health & Safety Management Systems.**
- **Achievement of ISO standards across our Occupational Health & Safety Management, Environmental Management, and Asset Management.**



The Responsible
Business Network
Northern Ireland



Phoenix Natural Gas achieved Platinum, the highest level, in the Business in the Community Environmental Benchmarking Survey

Leading through Covid

The safety of our customers, colleagues, and communities has always been the number one priority for Phoenix Natural Gas and in 2020 this became more important than ever as the Covid-19 pandemic impacted all areas of society.

Having been designated as an essential service, delivering a safe and secure supply of natural gas was critical in keeping hospitals, homes, and businesses in operation, and we had to ensure our colleagues, customers, and communities could continue depending on us during this time.

Customer Covid Support

Responding to the impact of the pandemic for consumers, Phoenix Natural Gas, in collaboration with the wider natural gas industry in Northern Ireland, created a Natural Gas NI website providing practical advice, support, and information to assist natural gas consumers. From support for meter and payment issues through to energy efficiency and care scheme information, the site was warmly welcomed by consumers and consumer bodies who raised awareness of the website for consumers across their respective areas.

Phoenix Natural Gas continued to provide routine and non-routine asset maintenance as well as emergency response throughout the pandemic to ensure consumers could continue to access the safe and uninterrupted supply of natural gas.

Colleague Covid Support

Our colleagues are critical to our ability to deliver a safe and secure supply of natural gas and we quickly had to adapt our procedures in line with government guidance in order to keep them safe. From sourcing and educating on relevant PPE, through to adapting to new workplace practices, including the development of new working practices, a workplace guide and signage for all areas, all activity was focused on establishing a Covid-secure workplace that they could feel confident and assured to come into.



Thanking the East Down Scrub volunteers



The Phoenix Natural Gas Covid-19 Workplace Guide

Community Covid Support

Phoenix Natural Gas remained committed to the communities it serves, supporting a number of local initiatives that were designed to make a positive difference during the pandemic.

We partnered with the East Down Scrubs NI team to provide material that enabled them to continue making vital scrubs to support front line workers during a critical time in the pandemic. We also wanted to recognise the efforts of each and every one of the volunteers who were giving up their time to help their community so we provided funding to recognise their efforts and also publicly thanked them for their support in the local press with an advert featuring the image of each and every member of the East Down Scrubs team.

Working with local schools we provided funding to allow Cedar Integrated Primary School to buy reading materials to ensure every child had access to their own book as resources could not be shared. We also worked with a local production company who produced a helpful animation to explain the changes children would see ahead of their return to the classroom after the lockdown.

Investing in our People

We know that an engaged workplace encourages commitment, motivation, and productivity that improves business performance, supports staff wellbeing, and makes the organisation a great place to work.

Our people are fundamental to our business success, and their engagement and development is critically important to us.

The Phoenix LIFE Committee, a representative group of colleagues from all areas of our business, we ensures the ideas, opinions, and feedback from all our people is listened to and acted upon in all areas of our employee engagement activity.



The Phoenix LIFE Committee at the launch of the Phoenix Values

Healthy Life Programme

With colleagues spending a significant period of their lives in the workplace, it is becoming increasingly important to ensure we deliver a targeted, relevant, and holistic wellbeing programme. This goes beyond the confines of the workplace and traditional wellbeing initiatives as we seek to ensure our colleagues are informed, and can access help and support in the areas that they need.

Each year we ask our people what matters most to them through an annual survey, ensuring their responses drive the development of our Healthy LIFE activity.

In 2020 the issues that colleagues told us mattered most to them were:

- Mental Health
- Physical Activity
- Healthy Eating
- Cancer Awareness

Some of the ways we are working with our colleagues to support them with these issues are outlined below:

Mental Health



We recognise that mental wellbeing is as important as physical wellbeing for our colleagues and in 2020 promoted a range of mental health wellbeing resources to colleagues. In addition to a spotlight on the role and support available from our Mental Health first aider we actively promoted our employee assistance programme which provides free, confidential help where our people are worried about themselves, their colleagues or a family member.

Physical Activity



In 2020, we re-invented our Step Challenge and encouraged people to get active in their local area to increase their physical activity. With weekly check-ins and encouragement, our Step Challengers completed more than 4 million steps between them, covering over 800km, the distance of a journey from Belfast to Paris! We also continued to profile our on-site cycle shelter and bike to work scheme that allows colleagues to purchase a bike tax-free.

Healthy Eating



Every week we provide a selection of free fruit for staff members but with the pandemic we had to adapt our fruit provision to keep our colleagues safe. We swiftly brought in individual fruit juice bottles which were safely delivered direct to colleagues desks each week so they could continue to enjoy a fruit treat. Throughout the year we also supported colleagues with a range of information on leading a Healthy Lifestyle.

Cancer Awareness



Cancer continues to have a devastating impact on individuals and families across Northern Ireland. We support colleagues by raising awareness of the signs and symptoms of the most common cancers through sessions with local charities and regular spotlight intranet features.

Employee Engagement

100%
of employees
were involved in
an engagement
activity.

As the providers of an essential service for consumers across the licence area we had to ensure our ability to provide a safe and secure supply of energy was retained and our colleagues were central to that delivery. We adapted our employee engagement activity across a number of platforms aiming to engage, educate and at times provide a break from the daily news feed and impacts of the pandemic. Some of the ways we adapted our employee engagement activity include:

Phoenix Fifteen:

Our monthly Phoenix Fifteen sessions provide an important platform to reach every member of our team. The sessions provide an opportunity for colleagues to find out more about the wealth of activity that takes place across the business as well as showing the breadth of opportunity within the organisation to support employee career decisions and development. Phoenix Fifteen also plays a vital wellbeing role with external experts invited to speak at a number of sessions each year. In 2020, Phoenix Fifteen was recorded and shared virtually with all colleagues with strong engagement scores and feedback from the online sessions.

92%

of colleagues
rated the Phoenix
Fifteen sessions
as very good.



Lunch and Learn:

In addition to formal training and development workstreams we also engage employees in a series of informal and informative lunch sessions where they can find out more about an area of interest, often unconnected to their day-to-day role. In early 2020 this involved working with Guide Dogs NI to learn about the impact of a guide dog for a person with visual impairments. As Covid-19 impacted the delivery of face-to-face group sessions we provided a regular monthly information session online offering support for Covid related issues – from helping children understand the virus through to activities to keep yourself and your family entertained as restrictions took hold.

100%

of colleagues agreed
sessions like these
make Phoenix a great
place to work.

Celebrating Diversity:

We know that each of our colleagues are different and in 2020, we shone a light on our differences with the first Phoenix Natural Gas Diversity Week.

Looking at themes of culture, disability, sexuality and age and in partnership with Cara-Friend, NOW Group, Arts Ekta and Business in the Community NI, we produced short online video resources that all of our colleagues were encouraged to get involved with, watch and educate ourselves on the challenges faced by different groups of people and the small steps we can each take to better understand how people want to be treated.

As a workplace with a diverse workforce the week was an opportunity to celebrate the differences that exist in our business and wider society.

100%

of colleagues rated
the topics covered
during Diversity
Week as excellent.



Getting Involved:

Our colleagues are passionate about giving back and getting involved in the community. While in person volunteering was a challenge during the pandemic, our colleagues looked at other ways to give back and make a difference. Activities ranged throughout the year from a bake sale in support of Women's Aid and the Energy for Children Charitable Trust through to a food and present collection in support of Lisburn Foodbank and DePaul.



Having Fun:

With new workplace procedures and internal movement restrictions in order to maintain a Covid secure workplace it was important to provide some light relief to keep colleagues engaged and uplifted. This involved introducing a Phoenix 'Tuck Shop' Trolley providing sweet treats as well as establishing the Phoenix 'Grub Club' which provides access to and showcases different local food service providers, offering a taste of something different. We also hosted an online 'Big Night In' with colleagues and their families invited to join a hosted Quiz Night with plenty of opportunity for prizes. All of which contributed to high levels of employee engagement throughout the pandemic.



Fostering our Community

Fuelling community connections and delivering sustainable long-term benefits is an important element of the Phoenix Natural Gas Responsible Business Programme.

As a local business we invest significantly in our community programmes, working collaboratively with local organisations to deliver relevant and impactful interventions. We achieve this by:

- Understanding the needs of each local community
- Identifying the areas where our unique skill set can most add value and leave legacy beyond our primary business objectives
- Working with industry partners, local experts, and our people to deliver meaningful and impactful initiatives that enable communities to grow.

In 2020, Phoenix Natural Gas continued to deliver a range of community initiatives and activities that delivered real benefits for local communities. In this section of the report, we shine a light on just a few of the ways we helped make a difference.



Supporting the work of the Brighter Whitehead volunteers who give up their time to maintain the floral displays across the town.

Spotlight on Youth Engagement



Ulster Rugby

Fuelling wellbeing for young people is a vital focus of our fostering community programme. In 2020 we worked with a number of partners and community organisations to help provide vital interventions to support young people before and during the pandemic.

Working in partnership with Ulster Rugby through the LineOut Programme we provided schools in disadvantaged and non-traditional rugby playing areas with an introduction to rugby session led by Ulster Rugby's coaching team. We offered a fun and engaging sports session where the children were encouraged to participate and learn about a new sport. In post primary schools we provided workshops for young people on nutrition and resilience, equipping them with skills to ensure their wider wellbeing while being inspired by the experiences of the professional players who brought the sessions to life.

More than 250 children have been supported through the Phoenix Natural Gas and Ulster Rugby Line Out Programme.

Rainbow Factory

As schools began to close and social contacts were significantly reduced a lot of young people lost their sense of self as their physical and creative outlets became unavailable to them. We worked with Youth Action's Performing Arts Centre to enable them to quickly adapt their operating model and create the Virtual Rainbow Factory giving their members much needed continuity and stability at a time when nothing was the same around them.

Through our support the Virtual Rainbow Factory was online within weeks and over 400 Rainbow Factory members have been accessing their sessions online each week.



Spotlight on Supporting Local

The Phoenix Natural Gas licence area covers 3,850km of pipeline and reaches communities across Belfast out to Whitehead and, through the East Down extension, as far as Newcastle.

We actively engage with communities right across the licence area to bring programmes, projects and activities that add real value in the communities we serve.

Business Support

During the pandemic as we undertook works in towns across our licence area we facilitated a platform for local business through a fortnightly Business Support page in the Down Recorder. The page was designed to promote local businesses providing essential services in their communities and to encourage consumers to come and shop local. **More than 30 local businesses featured throughout 2020.**



St Patrick's Way

Working with the St Patrick's Centre in Downpatrick we provided high-visibility vests that could be used by walkers along the new St Patrick's Way Pilgrim Walk, a 22km Camino style trek. Created during the first lockdown, the new trek offered an opportunity for people to get active and explore the rich history in an area of outstanding natural beauty, with the high-visibility vests critical to keeping the walkers safe and visible along the route.



Whitehead Wombles

Marking the availability of natural gas to 1,500 properties in the Whitehead area, Phoenix Natural Gas sponsor two local groups in the area who give up their time to help the town bloom. The Whitehead Wombles, a group of volunteers who organise and take part in regular litter picks in the town, were able to use the funding to purchase new equipment for the group as they continue to keep the town looking its very best.



Christmas Cheer

Recognising that Christmas would be very different for many local children, Phoenix Natural Gas liaised with primary schools and community groups across its licence area to provide a **free selection box to more than 1,000 pupils and families.**



Spotlight on Sports Bursary

Designed to fuel sporting ambition, the Phoenix Natural Gas Sports Bursary helps athletes competing locally and internationally reach their potential by contributing to the costs of equipment, training or travel, enabling local athletes to compete on the global stage.

In 2020, seven young stars across a range of sporting disciplines were given a boost through the Bursary Programme, helping them focus on their sporting development despite the impact of the pandemic.

The recipients included an 18-year-old rower from Coleraine seeking to improve on a Top 5 World Junior Championship placing, a 16-year-old triathlete from Bangor working towards securing a place at the Commonwealth Games, and a 13-year-old gymnast from Glenavy who travels monthly to attend training camps in England as part of Team GB.

The Phoenix Natural Gas Sports Bursary Programme has been running for a number of years now and continues to help propel young people to meet their sporting potential and ambition.



"The Phoenix Sports Bursary will be a great help in my upcoming eight-week training camp for the Junior Championships." Molly, Rower



"The Sports Bursary will help me with the day-to-day equipment and costume expenses as well as with travel for squad competitions." Fionnuala, Gymnast

Energy for Children Charitable Trust

The Energy for Children Charitable Trust has been making a difference to the lives of disadvantaged children and young people across Northern Ireland ever since it was established by the natural gas industry in 2005.

Over that time, the Trust has focussed on reaching into communities across Northern Ireland to help improve the quality of life for children and young people who have slipped through the net of the wider charity network to offer them hope and opportunity when they feel there is nowhere else to turn to.

In 2020, the Energy for Children Charitable Trust supported a further 10 applications for funding, with more than £15,000 donated to children and families most in need, including:

Clarawood Special School – A New Sensory Space

Supporting 25 pupils with a range of social, emotional, behavioural, and wellbeing needs, Clarawood Special School provides a safe space for learning and development, with a relentless focus on developing all pupils in their care to be the best they can be.

Having invested in an indoor sensory room at the school some time ago there was a real need to provide further sensory learning experiences. The funding boost from Energy for Children has helped transform an under-utilised courtyard area in the school grounds into a safe space for outdoor play, learning and self-regulation.

The new sensory space is already adding value to the school and its pupils as Mr Rae from Clarawood School explains; “We work with some of the most vulnerable and special young people in Belfast, each of which comes with their own needs and set of circumstances. We strive to help every one of our children be the best version of themselves and that means being equipped to deal with a range of issues.

“In the classroom pupils can often become upset, anxious and frustrated as they try and regulate their emotions, having access to a safe space where they can become calm and have their sensory needs met is invaluable in enabling them to return to the classroom to continue learning.

“The outdoor sensory space has been hugely beneficial for the entire school community, especially in the last few months where there have been so many other challenges for our young people as a result of the pandemic. We are so grateful for the support of the Energy for Children Charitable Trust to fund the equipment for the sensory space which will be an integral part of our school for many years to come. It simply wouldn’t be here now without them.”



Brain Injury Matters

Brain Injury Matters received a welcome boost from the Energy for Children Charitable Trust to support its work in reducing the isolation experienced by young people with acquired brain injury.

Enabling the development of group sessions for 10 young people between the ages of 13-18, the funding helped bring young people with acquired brain injury together for a range of workshops where they learned new skills and spent time with other young people facing similar issues, allowing them to be themselves without judgement or prejudice from others.

Teresa Rice, Engagement Manager at Brain Injury Matters explains: “Often due to the cognitive and physical effects of an acquired brain injury, young people can find it difficult to communicate or express themselves effectively with their peers which leaves them feeling very isolated and vulnerable. That’s why group sessions where we can bring young people living with acquired brain injury together are so important. As well as helping them understand they are not alone it also allows them to be part of a community where they feel safe and connected and where they can learn new ways to manage and cope with the physical, emotional and psychological effects of their brain injury.

“We are so grateful for the support of the Energy for Children Charitable Trust in our Youth Matters Programme which is making such a positive difference in the lives of young people living with acquired brain injury across Northern Ireland.”



Giving some R-E-S-P-E-C-T to our fundraisers and families

To help reach even more children, in 2020, the Energy for Children Charitable Trust, working with partners at Peter Corry Productions and Ulster Rugby alongside Phoenix Natural Gas colleagues and Energy for Children supported families, produced a new charity awareness video to help raise awareness of the charity and the families it has supported.

The R-E-S-P-E-C-T video was designed to be fun and uplifting and promote the positive impact of the Trust in the lives of the families and charities it has supported to date.

At the launch of the new video, Joanne Quinn, Trustee at the Energy for Children Charitable Trust said: “It’s been an incredibly difficult year for so many and we wanted to do something a bit fun and uplifting to give back to our fundraisers and the amazing families and charities that we have been able to support.

“All those involved threw themselves into the spirit of it helping us create a really heart-warming video which we hope helps lift people’s spirits while raising awareness of the charity and the positive difference it makes.



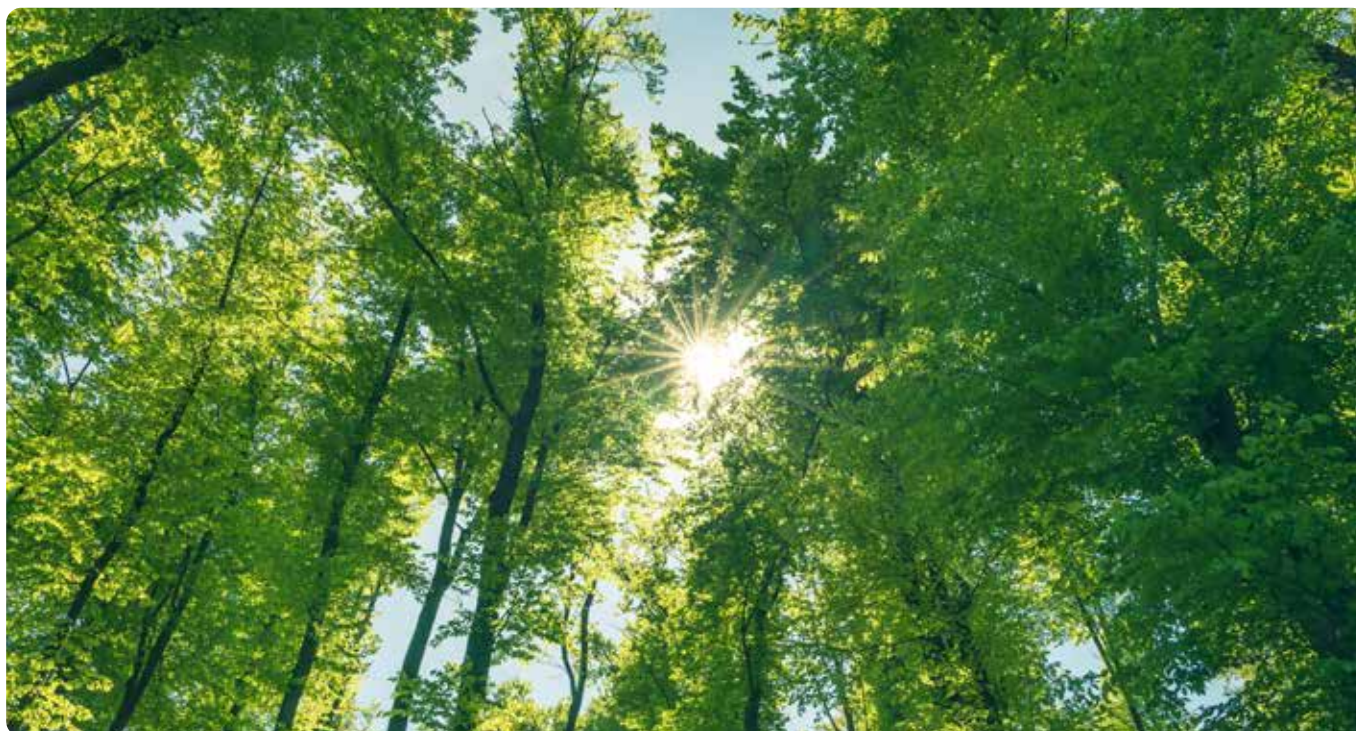
If you know of a group or individual who could benefit from the Trust, or if you have a fundraising idea, contact Charity Liaison Officer Gillian Orr at gillian.orr@energyforchildren-ni.org for further details.

Environmental Responsibility

Phoenix Natural Gas is committed to reducing the impact of its operations on the environment and does this in a number of ways:

- 1 Responsibility in our product
- 2 Responsibility in our operations
- 3 Responsibility in our community

We recognise and are proud of the environmental credentials and impact from consumers making the move to natural gas from other more polluting fuels such as coal and oil. We work to minimise the impact of our work and operations on the world around us and seek out opportunities to preserve and protect the environment.



Responsibility in our Product

Since its introduction to Northern Ireland just 25 years ago, natural gas has quickly become the fuel of choice in areas where it is available with 67% of consumers in the Phoenix Natural Gas licence area now connected.

While consumers are primarily motivated to move to natural gas for the associated lifestyle and convenience benefits, there are also significant environmental benefits as the installation of a gas system can reduce a household's carbon heating footprint by up to 50%*. Taken collectively, as a result of natural gas usage in Northern Ireland, 11m tonnes of CO₂ have been avoided from entering the atmosphere. In addition to the carbon reductions from moving to natural gas, the conversation is also a driver for additional efficiency measures to be carried out with an Energy Audit conducted by Phoenix Natural Gas as part of every connection. The Audit helps identify the thermal efficiency of homes and areas for improvement to reduce energy use and in turn maximise carbon savings.

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 of Phoenix Natural Gas



11m tonnes
of cumulative
CO₂ avoided from
entering the
atmosphere



750,000 tonnes
of CO₂ avoided
from entering the
atmosphere
in 2020



Equivalent of
220,000 cars
taken off the
road each year



* 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.

Responsibility in our Operations

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

Business Delivery



- Through the Management of Data Working Group, we continue to reduce our paper usage. In 2020 we reduced paper usage by nearly 2 tonnes.
- We operate a Sustainable Procurement Policy to ensure we source products and services in a sustainable and ethical manner and ensure environmental impact is minimised.
- We seek ways to minimise the use of single use plastics across our business, where it is safe to do so.

Phoenix Natural Gas Partners



- We are committed to reducing the volume of waste sent to landfill by over 75% by 2030.
- We work with our construction partners to ensure any excess materials can be reused. In 2020, recycling from the 20-year meter replacement programme generated 48 tonnes of recycled material with a further 14 tonnes of recycled polyethylene pipe being generated from site off cuts.
- Site specific environmental risk assessments are undertaken as part of our construction and maintenance activities to ensure we minimise the impact of construction and reduce the risk of contamination to the natural environment.

Fleet Management



- We are committed to transitioning our entire commercial fleet to green fuels by 2035.
- We installed electric charging points at our operational control centre to promote and enable the charging of electric vehicles on-site.
- We manage and plan driver routes for maximum efficiency.

Phoenix Natural Gas Colleagues



- We operate a Bike to Work scheme for all employees and installed a secure bike shelter to encourage employees to consider cycling to and from work.
- We operate a free shuttle bus between Belfast City Centre and our operational control centre to enable employees to make use of public transport as a means of travelling to and from work.
- The Phoenix Natural Gas office building has been designed for low energy consumption with a range of efficiency measures including thermal insulations and motion sensors designed to reduce electricity consumption.

Responsibility in our Community

We believe in helping our colleagues and communities to be environmentally responsible citizens and seek to give back in all that we do. Recent examples of how we bring that to life include:

Biodiversity

Working with Keep NI Beautiful we have helped over 60 local children learn about the vital role that trees play for sustainable life on our planet and the diverse range of species that are sustained as a result.

In our works programme, we seek to enhance areas we disrupt and look for opportunities to volunteer and work with local stakeholders to add environmental value.



Environmental Action

We work with environmental charities and community organisations to provide helpful hands for environment and conservation projects.

In 2020, we worked with the residents of the Tullybrannigan and Kinghill community to plant trees and give roots to a new community orchard, providing a social growing space for residents at the heart of their community.

Environmental Education

Engaging young people with the environment around them is an important element of our environmental responsibility. Through the Learning About Forests programme with Keep NI Beautiful and Eco-schools we have helped provide practical learning opportunities to help young people learn about their environment and how to protect it in a fun and innovative way.



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.

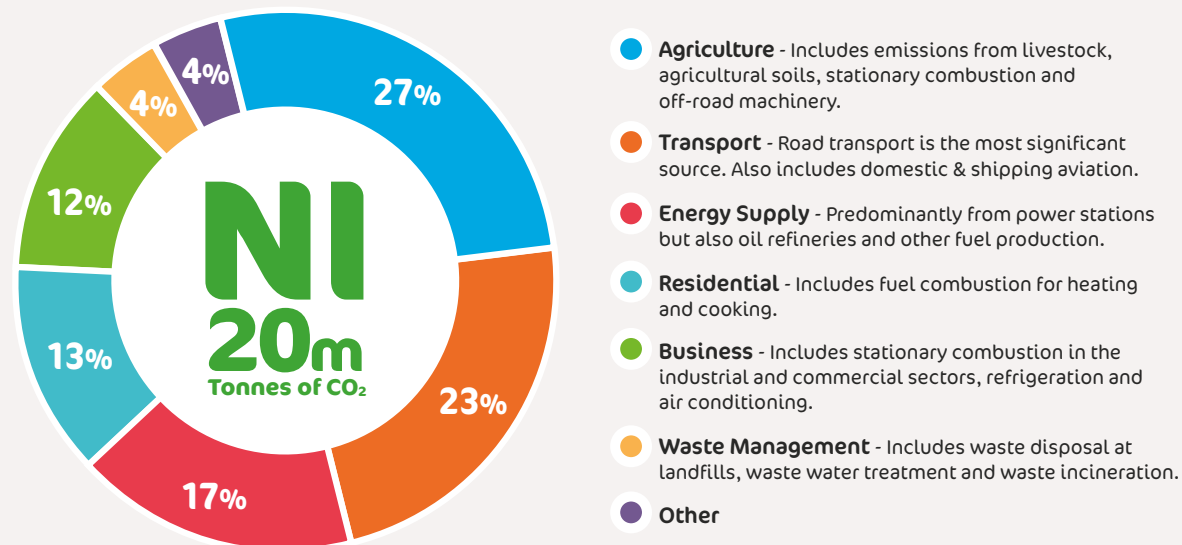
Northern Ireland accounts for around 20 million tonnes of greenhouse gas emissions divided across a number of key sectors:

Northern Ireland
accounted for

4%

of UK greenhouse
gas emissions in 2017.

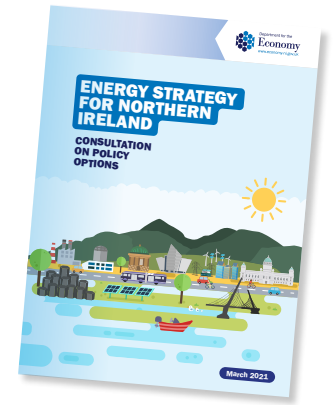
Greenhouse Gas Emissions by Sector NI 2017



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.

In working to a net-zero future, the Department for the Economy is set to deliver a new energy strategy to outline the decarbonisation pathway for the Northern Ireland energy sector, scheduled for publication in late 2021. Given the global focus on Climate Change, critical nature of energy for consumers, and wider ambition to deliver a net-zero carbon economy, this will arguably be one of the most important strategic frameworks to be produced and will continue to develop through a new energy journey.



At Phoenix Natural Gas, 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 at Phoenix 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.

NI Gas Infrastructure: fit for the future

By 2022, natural gas will be 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 over 3,850km, 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.

Greener 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 greener gas.

Greener gas solutions are simply those which can be produced and delivered through the existing gas infrastructure that are not carbon emitting. For gas, that can be from biomethane, which is generated from repurposing naturally occurring agricultural waste or from hydrogen, which is generated through the process of electrolysis or steam methane reforming.

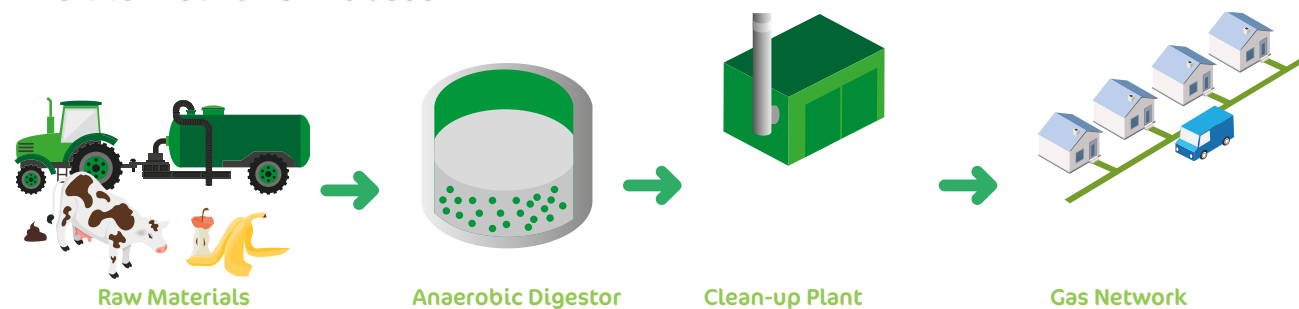
Biomethane and hydrogen blending into the natural gas network is already underway across Europe, demonstrating the potential that exists to further 'green' the gas that heats homes connected to the natural gas network already, and trials are already underway in the UK to provide full hydrogen gas solutions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

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.
- **No consumer disruption** - as biomethane can blend with natural gas there is no need for change to consumer appliances or energy behaviour.
- **Circular benefit** - as well providing a greener solution for home heating, re-purposing biomethane from agricultural waste also helps lower carbon emissions from the agricultural sector, enabling farmers to diversify and make best use of their agricultural waste.
- **Local availability** - given Northern Ireland's strong agricultural sector there is a readily accessible source of waste to be re-purposed.

Biomethane in action

Making the CASE for biomethane

A collaborative research project is underway to quantify the opportunity available locally to harness biomethane from agricultural waste that can be utilised to produce biomethane for injection into the natural gas infrastructure.

The project is led by the Centre for Advanced Sustainable Energy (CASE) hosted by Queen's University Belfast in collaboration with Phoenix Natural Gas and industry partners Agri AD and EnerChem Solutions.



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 CO₂, or affecting air quality.

The Hydrogen Process

There are two main sources of hydrogen production:

Blue Hydrogen is produced by splitting natural gas into its raw elements, Hydrogen and Carbon, in a process called Steam Methane Reforming. Once separated, the Hydrogen can then be used for clean energy purposes while the Carbon is sequestered underground in depleted reservoirs through a method of carbon capture storage and is therefore not dispersed into the atmosphere.

Green Hydrogen is processed entirely differently, and is particularly well suited to our local energy landscape. Green Hydrogen is produced through electrolysis, using electric current from renewable sources to separate Hydrogen and Oxygen, both sought after commodities. An especially attractive feature of the development of Green Hydrogen locally is the opportunity to use renewable electricity currently being wasted and not used.

Northern Ireland is well placed with access to a wealth of indigenous resources to be a driver of hydrogen production and to create a thriving local hydrogen economy in its journey to a net-zero future.

The Opportunity

- **It's practical** - replacing natural gas with hydrogen provides a decarbonised home heating solution to around 70% of 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 home heating 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.



Green Gas in Action

Water Power

Northern Ireland Water has been awarded £5m of funding from the Department of the Economy to undertake an innovative oxygen and hydrogen demonstrator project using an electrolyser to separate both elements from water. The project will help kick start the hydrogen economy locally and showcase the opportunities that exist for Northern Ireland to be a leader in hydrogen production.



Hydrogen Connected

A live trial is ongoing by HyDeploy at Keele University with a number of properties at the campus heated through a blend of hydrogen and natural gas, all provided through the existing gas infrastructure. The first phase of the trial has successfully completed and will now progress to a larger demonstration on a public network in the North East.



Hydrogen Safe

H21 is a series of gas industry projects carrying out vital work to demonstrate the ability of the gas network to safely transport hydrogen. Following successful outcomes from trials in Leeds, plans are in development to trial supplying 100% hydrogen to a number of homes on the gas network, demonstrating that the conversion of existing gas networks to hydrogen can be achieved safely and with minimal disruption to consumers.

Hydrogen Ready

Industry leaders such as Worcester Bosch and Baxi are making significant progress in the design and delivery of hydrogen ready boilers with trials underway in test areas across the UK. As hydrogen ready boilers can operate from natural gas until hydrogen gas is available, they are an ideal appliance to enable consumers to transition as their existing systems come to the end of their natural life cycle.



Fuelling Transport

In addition to providing a solution for home heating, there is also potential for the gas infrastructure to support the decarbonisation of haulage and heavy goods vehicles which are not suitable for electrification. The use of compressed green gas in place of petrol and diesel can provide a sustainable decarbonisation solution for the HGV sector.



McCulla Ireland based in Lisburn is taking the lead on environmental fleet management as it aims to phase out its diesel-powered haulage vehicles in favour of Biomethane Compressed Gas fuelled alternatives, enabling them to significantly reduce the carbon footprint of their fleet. With 10 compressed natural gas vehicles already on the road the company is leading the way locally on demonstrating the potential for compressed natural gas as a solution for HGV vehicles.

Fuelling your future

Across the natural gas industry the pathway to delivering net-zero carbon solutions is already underway across a number of areas that are critical to success. This includes not only investment in green gas solutions but also in developing routes to market for new technologies and investing in the skills base across our industry to deliver the transition to a decarbonised energy sector.

Increasing Gas Volumes

Facilitate Biomethane Injection

Trial and implement solutions to kickstart the biomethane injection industry in NI.
Standardise gas network connection requirements.
Develop a common connection regime across three gas network operators in NI.

Legislation

Mandate Hydrogen ready boilers

New appliance installations to be 'Hydrogen Ready' once commercially available to support ease of transition

Developing Policy Frameworks

Developing Routes to Market

Introduce an energy efficiency policy framework and funding mechanism.
Support for emerging low carbon and renewable gas production technologies.
Ensure that low carbon transition considers the needs of all energy users (fuel poor, industrial competitiveness)

Feasibility and Demonstration

Hydrogen Storage Needs

Examine the potential future storage requirements for hydrogen locally

Low Carbon trials including dedicated hydrogen production

Secure funding from UK/NI government programmes to advance demonstration projects with Hydrogen ready appliances to improve evidence and prepare for mass market roll out

Skills and Communication

Raising Awareness

Communicate the need and mechanisms for end users to switch to low carbon and renewable gas heating technologies

Developing Skills Base

Develop skills and labour capacity to deliver the transition to a decarbonised energy sector

At Phoenix Natural Gas 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 safety of our employees, contractors and customers is of vital importance to us at Phoenix Natural Gas.

It is paramount that we maintain the integrity of our gas distribution network and provide a safe environment to our employees, contractors, and the public. We set high standards to ensure a positive health and safety culture across Phoenix Natural Gas.

Our award winning ASHES Programme (Awareness of Safety, Health and Environmental Systems) is the overarching framework that facilitates the management of all Health, Safety and Environmental issues within Phoenix Natural Gas. At the core of the system are tailored policies and procedures that allow us to meet our legal, contractual, and management obligations. Our ASHES management system is audited on a regular basis internally and externally as we seek to continually improve our processes and we are proud to be accredited to ISO14001 and ISO45001 standards.

How we deliver Health & Safety within our business



'Play Safe Stay Safe' helps educate children on the dangers of playing near construction sites.

In addition to having robust and relevant Health, Safety and Environmental Policies that enable us to meet our statutory and regulatory obligations, we also monitor the performance and implementation of our policies to ensure that our activities across the business are aligned to and are delivered in line with our policy expectations.

Every employee across Phoenix Natural Gas has a part to play in ensuring the safe operation of our business which is why we established an internal ASHES Committee with representatives from all areas of Phoenix Natural Gas. The Committee meets regularly to discuss any pertinent Health & Safety issues and to ensure key messages are cascaded across all teams in our business.

How we deliver Health & Safety outside our business

We also place a responsibility on ourselves to provide health and safety information and to educate our communities to minimise the risk of damage to the public and to our asset. We do this through:

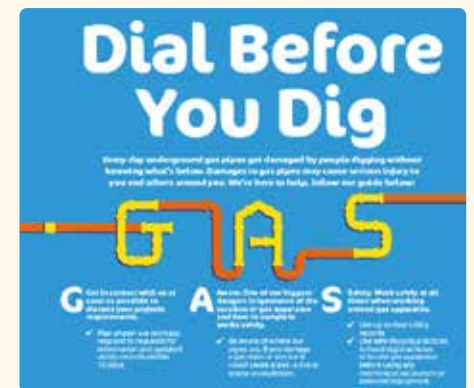
Gas Safety Week – Co-ordinated by Gas Safe Register this week long campaign focusses on raising awareness of the importance of proper maintenance of gas appliances.

In 2020 with consumers spending more time at home than ever before we delivered a digital awareness campaign using social media to share key safety tips to reach as many consumers as possible.



Dial Before You Dig – Through this programme we seek to support other utilities, contractors, builders and developers to undertake relevant precautions when digging near natural gas pipes.

It's designed to encourage anyone undertaking work to **Get in touch** before they undertake any work, to be **Aware** of where natural gas and other utility pipes are and to **stay Safe** when working around gas apparatus.



Play Safe, Stay Safe – Designed to help educate young children on how they can be safe around construction sites and to raise awareness of the dangers of playing in or around a construction site. These sessions are offered to primary schools across the licence area where construction is taking place.

With pupils at home during the pandemic we adapted the sessions so they could be delivered online and have created a bespoke safety video which is available to all primary schools across our licence area.

Endorsements of our approach

Achievement of British Safety Council Sword of Honour – widely seen to represent the pinnacle of achievement in Health & Safety management, which has been awarded to Phoenix Natural Gas on three separate occasions.

Achievement of 5 stars (highest rating) in the British Safety Council 5 star audit which allows a company to test its health and safety performance against the latest legislation, recognised standards and best practice techniques.

Achievement of Platinum, the highest level, in the latest Business in the Community Environmental Benchmarking Survey which assesses the extent to which environmental business practices are embedded within the Corporate Strategies and Operations of local organisations.

Achievement of ISO14001 accreditation

Achievement of ISO45001 accreditation

Looking after our Network

The Phoenix Natural Gas network is currently comprised of 3,850km of pipeline connected to over 235,000 homes and businesses.

The network is relatively young with an age of 25 years or less and has been constructed with high density polyethylene pipe in conjunction with the latest remote monitoring technology. This ensures sector leading reliability and safety standards providing security of supply for our customers. Phoenix Natural Gas operates an internationally accredited asset management system, ensuring continual measurement and analysis of network performance data which allows us to take the decisions required to maintain the current levels of performance over the long term.

Network Operation

- 24/7 Network Control Room, emergency call centre and emergency response team in operation
- Network monitoring points at strategic locations across the network relay key information on gas pressure, supply and security alarms which are monitored by the Control Centre
- 1 hour response time for high priority calls



Network Performance

- Daily analysis of network performance and safety statistics
- Daily network condition analysis and assessments undertaken
- Routine and responsive maintenance programme with over 35,000 jobs per annum to ensure highest security of supply and customer safety



Asset Replacement

- Series of asset replacement activities for customer installations on reaching 20 years of service
- Asset replacement programme undertaken daily with more than 15,000 jobs per annum
- Continued investment in the natural gas network to provide high standards of service, supply and safety



Risk Management

Risk Management is a fundamental component of sound corporate governance, is a crucial aspect of Phoenix Natural Gas's operation and is key to our success.

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

Management within Phoenix Natural Gas 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 Natural Gas 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 Natural Gas 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:

Governance	This includes risk policies and registers, risk oversight committees and clearly defined roles and responsibilities. The Group Chief Financial Officer (CFO) oversees the risk management function and is responsible for reporting to the Board.
Strong risk management culture	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.
Robust risk management processes	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 Natural Gas 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 Natural Gas 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.

Climate Change Risks & Opportunities Register

The Climate Change & Opportunities Register is utilised to record climate-related risks (physical and transitional) and opportunities that may impact on Phoenix Natural Gas'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 Natural Gas Limited 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 (TCFD)

To encourage company disclosure of material climate-related risks and opportunities, the Financial Stability Board created the 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:

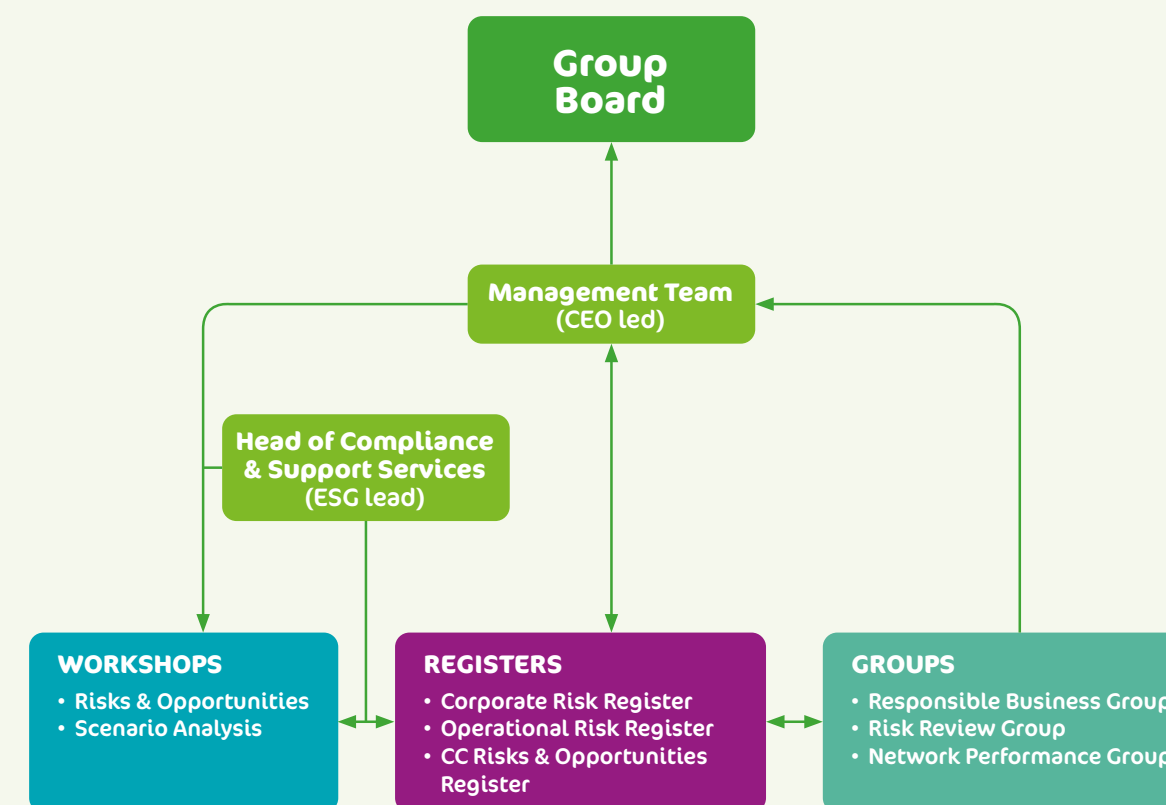
- Governance;
- Strategy;
- Risk management; and
- Metrics and Targets.

Phoenix Natural Gas Limited is committed to meeting the TCFD recommendations. Phoenix Natural Gas Limited believes the information outlined in this report, alongside disclosures contained within Phoenix Natural Gas Limited's Financial Statements represent its compliance with the TCFD recommendations.

GOVERNANCE

The Group Chief Executive Officer has the highest level of responsibility for the group's preparedness for adapting to Climate Change and driving our mitigation strategy. The Group CFO has executive responsibility for Environment, Social & Governance (ESG), a large part of which relates to Climate Change. The Group CFO regularly provides the Group 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 Natural Gas Limited as part of the decarbonisation solution. The Board approves material long term strategic decisions and major investment decisions.



The Board actively monitors Phoenix Natural Gas Limited's performance against ESG ambitions and targets. ESG KPIs which incorporate ESG strategy, that are 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.

The groups risk management framework includes the performance of Climate Change workshops to both identify, monitor and manage Climate Change risks and opportunities for Phoenix Natural Gas Limited. The Management Team as well as the Head of Compliance & Support Services (ESG & Risk Management lead) actively participate in Climate Change workshops ("Risk & Opportunities" and "Scenario Analysis" workshops). The outputs of the workshops are utilised to populate risk registers.

Phoenix Natural Gas Limited maintain three relevant risk registers:

- Climate Change Risks & Opportunities Register
- Operational Risk Register
- Corporate Risk Registers

The 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 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. 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 Natural Gas Limited's Climate Change and sustainability issues. These include:

1. **The Risk Review Group** - responsible for the identification and assessment of risks in relation to 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 Natural Gas Limited's strategy. Phoenix Natural Gas Limited's approach to help address Climate Change is centred on:

1. Reducing the carbon impact of our 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 Natural Gas Limited's ambition to be a net zero gas distribution network by 2050 or sooner. Phoenix Natural Gas Limited 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 Natural Gas Limited's Climate Change risks and opportunities processes serve as an input to Phoenix Natural Gas Limited's strategic and financial planning processes, including consideration on:

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

Our Climate Change Commitments

Phoenix Natural Gas Limited are committed to:

1. Supporting the United Nation's Sustainable Development Goals ('SDGs') by taking urgent action to combat Climate Change and its impacts (SDG13) while providing affordable and clean energy for generations to come (SDG 7);
2. Adopting the recommendations of the Financial Stability Board's ('FSB') Task force on Climate Change-related Financial Disclosure ('TCFD') and reporting on progress made;
3. 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;
4. Integrating the assessments of both physical and transition Climate Change risks into our corporate reporting as well as corporate risk management systems;
5. The implementation of ambitious, effective and incremental targets for enabling the transition to a low carbon economy;



6. Reporting our greenhouse gas emissions (GHG), targets, results and activities openly and in accordance with the Greenhouse Gas Protocol;
7. Minimising the environmental impact of our own operations;
8. Establishing strategies and programs to reduce the carbon footprint of our operations, supply chain, and services by improving energy efficiency;
9. Engaging our suppliers to improve transparency and collaboration, and minimize the environmental impact, including the carbon footprint, of our purchased goods and our services and products;

Delivering Low Carbon Solutions

Phoenix Natural Gas Limited 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) in to 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

Scenarios Analysis

Phoenix Natural Gas Limited 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.

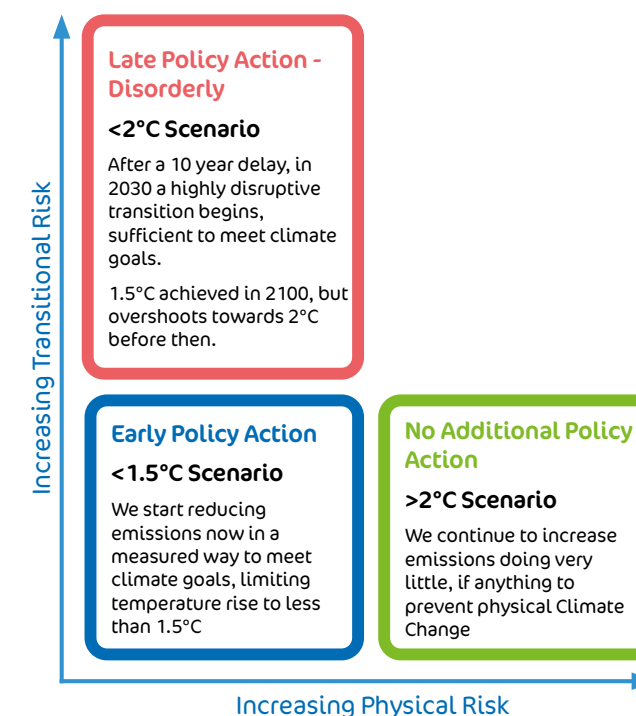
The scenario narratives utilised were based on the Network for Greening of the Financial System (NGFS) reference scenarios, with additional detail for the natural gas distribution sector, the UK, and Northern Ireland specifically.

Three scenarios were utilised to explore three different pathways to develop a view of what 2050 would look like for Phoenix Natural Gas Limited. 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** - 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 Natural Gas Limited's operations are resilient to, and have a key role to play in, all three scenarios, with significant opportunities for Phoenix Natural Gas Limited to align with and form part of the net zero carbon solution.



RISK MANAGEMENT

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 impact and likelihood and maximise opportunities.

In 2020, Phoenix Natural Gas Limited engaged with an external Climate Change expert to facilitate a Climate Change specific workshop to identify and assess Climate Change risks and opportunities relevant to Phoenix Natural Gas Limited's ongoing operations.

The workshop was attended by senior Phoenix Natural Gas Limited personnel, including the Management Team, and included the performance of a specific climate related risk assessment process to identify and assess relevant climate risks and opportunities under the following 3 Climate Change scenarios:

1. **No Additional Policy Action** - resulting in temperature rise greater than 2°C;
2. **Late Policy Action** - 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 workshop were utilised to develop a Climate Change Risks & Opportunities Register.

Time Horizons

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

- **Short-Term – 10 years (up to 2030);**
- **Medium Term – 10 to 20 years (from 2030 to 2040); and**
- **Long term – 20+ years (beyond 2040).**

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

- **The useful life of Phoenix Natural Gas Limited's assets and infrastructure – some of which are depreciated over 40 years;**
- **The length of Phoenix Natural Gas Limited's gas distribution license (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 on the potential impact on Phoenix Natural Gas Limited.

- **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 Natural Gas Limited's existing risk and internal control framework, risk and opportunities rating matrices provides 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 Natural Gas Limited's key climate-related opportunities arise 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 Natural Gas Limited's carbon footprint is calculated in line with the GHG Protocol methodology by converting all emissions of relevant gases into a carbon dioxide equivalent (tCO₂e). 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).

Summary information on Phoenix Natural Gas Limited's Carbon Footprint is provided in the table below:

CARBON EMISSIONS	Current Year 2020 tCO ₂ e	Baseline Year 2019 tCO ₂ e
Scope 1 Direct Emissions		
Fossil Fuels	272	325
Transport	399	446
Fugitive emissions from refrigerants	1	1
Total Scope 1 Direct Emissions (excluding shrinkage factor)	673	772
Shrinkage factor	10,644	10,581
Total Scope 1 Direct Emissions	11,317	11,353
Scope 2 Indirect Emissions Electricity		
Purchased electricity (Location Based)	96	114
Purchased electricity (Market Based) ¹	n/a	n/a
Total Scope 2 Indirect Emissions Electricity	96	114
Total Scope 1 & 2 Emissions	11,413	11,467
Total Scope 1 & 2 Emissions (excluding shrinkage factor)	769	886
Scope 3 Other Indirect Emissions		
Business travel	8	18
Employee Commuting	212	280
Fuel Related Activities	204	242
Energy Related Activities	23	27
Waste	291	176
Water	1	1
Purchased Goods & Services ²	unk	unk
Total Scope 3 Other Indirect Emissions	739	744
Total Carbon Emissions	12,152	12,211
Total Carbon Emissions (excluding shrinkage factor)	1,508	1,630

¹The 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. PNGL have committed to source 100% of our electricity from renewable sources by 2030. As such, in the future PNGL will be able to report on Scope 2 Indirect Emissions relating to purchased electricity using both the 'location based' and 'market based' methods.

²PNGL are in the process of attempting to quantify the Scope 3 indirect emissions associated with our purchased goods and services. It is envisaged that PNGL will include information on Scope 3 purchased goods and services emissions in 2022.

Phoenix Natural Gas Limited's carbon footprint has been independently audited by an external Energy and Carbon Consultant (SDS Energy) and has been verified to ISO 14064 Greenhouse Gases.

GHG Emissions Intensity Metric

As Phoenix Natural Gas Limited 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 2020 tCO ₂ e	Baseline Year 2019 tCO ₂ e
Total carbon emissions per connected customer	0.049	0.050
Scope 1 & 2 carbon emissions per connected customer	0.052	0.054

Energy

Phoenix Natural Gas Limited acknowledge that globally, the use of energy represents by far the largest source of greenhouse gas 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 Natural Gas Limited is targeting reducing our energy consumption by over 50% 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 Natural Gas Limited's energy use is provided in the table below:

ENERGY	Current Year 2020 MWh	Baseline Year 2019 MWh
Fossil Fuels	1,245	1,459
Transport	1,662	1,825
Electricity	411	447
Shrinkage factor	10,226	10,165
TOTAL	13,544	13,895

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 Natural Gas Limited have calculated the volumes of air pollution generated by our operations. The majority of air pollution produced by Phoenix Natural Gas Limited relates to pollutants produced through the use of our commercial fleet. In order to reduce the volume of air population Phoenix Natural Gas Limited generates, we have committed to transition our entire commercial fleet to green fuels that do not raise any air pollution by 2035.

Summary information on Phoenix Natural Gas Limited's Air Pollution levels is provided in the table below:

AIR POLLUTION	Current Year 2020 kg	Baseline Year 2019 kg
Sulphur Oxides (SO _x)	2	2
Nitrous Oxides (NO _x)	1,320	1,451
Particle Matter 2.5 (PM _{2.5})	23	26
Particle Matter 10 (PM ₁₀)	23	26

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 wastes (i.e. as secondary materials or energy) avoids emissions in all other sectors of the economy.

Phoenix Natural Gas Limited 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 drastically reducing the volumes of waste produced from our operations.

Summary information on Phoenix Natural Gas Limited's waste sent to landfill is provided in the table below:

WASTE	Current Year 2020 tonnes	Baseline Year 2019 tonnes
Total Waste	98,188	125,498
Re-use	(24)	(17)
Re-cycling	(70,502)	(79,377)
WASTE TO LANDFILL	27,661	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 and sanitation facilities and contaminate water sources. Phoenix Natural Gas Limited recognises that ensuring that everyone has access to sustainable water and sanitation services is a critical component of Climate Change mitigation.

Phoenix Natural Gas Limited 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 Natural Gas Limited's water use is provided in the table below:

WATER	Baseline Year 2019 Megalitres	Current Year 2020 Megalitres
Water Consumption (potable)	0.9	1.1
TOTAL	0.9	1.1

Climate Action Targets

We have set ambitious climate action goals with science-based targets for our own operations (Scope 1, 2 & 3 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:

- Having net zero carbon emissions from our operations by 2050 or sooner;
- Reducing our Scope 1 & 2 carbon emissions (excluding shrinkage factor) by 50% by 2030 and 80% by 2040;
- Transitioning our entire commercial fleet to green fuels by 2035;
- To engage with our supply chain to quantify our scope 3 indirect emissions associated with purchased goods and services;
- To establish targets to reduce our scope 3 indirect emissions associated with purchased goods and services;
- To partner with The Conservation Volunteers to plant 8,000 native trees per annum for the next 10 years;

- To introduce 20% green gas (hydrogen / biogas blended) into the Phoenix Natural Gas Limited Distribution Network by 2030** ;
- To reduce our energy consumption by over 50% by 2030. This includes transitioning from fossil fuel energy sources to greener energy sources (e.g. renewable electricity, green gas etc.). Phoenix Natural Gas Limited will procure 100% of electricity required for our operations from renewable sources by 2030;
- To reduce the volume of waste sent to landfill as a consequence of our operations by over 75% by 2030; and
- Commitment 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).

An important part of Phoenix Natural Gas Limited's strategy to support the net zero transition is to measure and report performance against stretching carbon targets. Phoenix Natural Gas Limited will report annual progress against these targets and, in line with the requirements of the Science Based Target Initiative, will review the targets themselves in 2025 according to the latest scientific evidence.

** The introduction of hydrogen blended mix of gas into the PNGL 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 Natural Gas prides itself on delivering the highest standards of customer service. As well as operating in a highly regulated environment where standards of service are expected, we believe in exceeding customer expectations in every interaction.

Outlined below are the Phoenix Natural Gas Standards of Service by which our business operates and includes 2020 performance in each area.

STANDARD OF SERVICE	ACTUAL	PERFORMANCE LEVEL TARGET
CUSTOMER CONTACT		
Customer correspondence 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%
Customer Complaints Complainants will receive a full response to their complaint within 10 working days, where applicable.	100%	97%
CONNECTION		
Moving of meter Phoenix Natural Gas will reposition an ordinary meter within 15 days of a quotation being accepted.	100%	100%
Change of meter Phoenix Natural Gas 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		
Uncontrolled gas emergencies Uncontrolled gas escapes will be attended to within one hour of being notified to Phoenix Natural Gas.	98%	97%
Controlled gas escapes Controlled gas escapes will be attended to within two hours of being notified to Phoenix Natural Gas.	100%	97%
PREPAYMENT METERS		
Faulty Prepayment Meters Phoenix Natural Gas will visit a faulty prepayment meter with 4 hours of being notified.	100%	97%
RESTORATION OF GAS SUPPLY		
Supply Restoration 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.	99%	97%
Reconnection after non-payment Customers disconnected for non-payment will be reconnected within 24 hours of referral by a gas supplier.	100%	100%

The Individual Standards of Performance 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 applicable for Phoenix Natural Gas and how we have performed against them in 2020 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.	99%
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%
LATE PAYMENTS	None

Notes

