

Phoenix Energy Holdings Ltd

Environmental & Biodiversity Policy

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Policy Authorisation:

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1.0 INTRODUCTION

The Company recognises that its operations can directly impact on the environment, and the way in which biodiversity is affected, both directly and indirectly and that it has a responsibility to identify, address and manage these impacts. This includes humans and their interaction with air, water, land, natural resources, flora and fauna. With this the Company acknowledges the services provided to the organisation by nature, and commits to continue to further the conservation of biodiversity.

The Company aims through this Environmental & Biodiversity Policy to continually assess and manage the environmental implications of our activities by complying with all relevant environmental legislation in order to promote the protection, conservation, and sustainable use of biologically diverse ecosystems and habitats.

The Policy is intended to establish a reference framework for integrating the protection of the environment and promotion of biodiversity into the Group's strategy, and to define the principles of conduct for the development of a business model that is sustainable and positive with nature.

The Company has set objectives and targets within the framework of a programme for continual improvement. We monitor and measure our environmental performance through meaningful key performance indicators, regularly reviewing this progress against our stated objectives. The overall aim being to strive for continual improvement of our environmental performance.

The Company will identify the potential and indirect impacts of our activities on biodiversity and the environment and assess the risks, taking appropriate measures to minimise the negative impacts and promote positive actions.

The Company will continue to work within and engage with our local communities and any other interested parties in order to enhance our opportunities to protect the environment and to support biodiversity.

Our approach to environmental responsibility is based across three key strands:

- Responsibility in our product
- Responsibility in our operations
- Responsibility in our community

The Company will actively seek and expect the compliance and co-operation of contractors, sub-contractors and suppliers along with all employees working on its behalf in minimising the adverse effects that its operations can have on the surrounding environment.

The Environmental Management System is designed to comply with the requirements of the BS EN ISO 14001 standard. It is appropriate to the nature, scale and environmental impacts of the Company's activities throughout their life cycle.

2.0 PURPOSE

The purpose of this policy is to outline how the company will endeavour to minimise the impact to the environment and promote biodiversity within all areas of the Company's activities.

3.0 SCOPE

This policy applies to all employees of Phoenix Energy Holdings Group and its subsidiaries ("The Group"). Companies within Phoenix Energy Holdings:

Phoenix Energy is responsible for the construction and safe operation of the Phoenix Energy Distribution Network.

Phoenix Energy Services Ltd provide servicing and maintenance services to the home heating market within Northern Ireland. They also provide emergency response and asset maintenance services to Phoenix Energy.

4.0 DEFINITIONS

Environment: Surroundings in which an organisation operates, including air, water, land, natural resources, flora, fauna, humans and their interaction.

Biodiversity: The variety of plant and animal life in a particular habitat, a high level of which is considered to be important and is to be protected.

5.0 POLICY

The Group Directors and Management team are fully committed to the protection of the environment and the promotion of biodiversity and sustainability, achieving high standards in environmental performance and minimising the environmental impact from all activities, via the implementation, operation and maintenance of its Environmental Management System.

5.1 Policy Statement Specifically the Group:

Will comply with or exceed compliance obligations, including legislation requirements, regulations, and any other industry standard to which the Group subscribes. We will ensure that all significant environmental impacts have been identified and assessed and measures taken to mitigate against them throughout their life cycle stages.

Will set challenging biodiversity and environmental objectives and targets. The targets and objectives implementation programme will be regularly reviewed, to ensure they cover all aspects of the Group's activities.

Will benchmark our performance externally against our peers to ensure that we continue to identify environmental impacts, measure progress, drive improvements, and raise awareness of the environment as an important, strategic and competitive issue.

Will liaise with government agencies where appropriate to ensure continued compliance with environmental legislation and the promotion of biodiversity.

- **Air Pollution:**

Will continue to reduce air pollutants from traditional fossil fuels (i.e. coal and oil) and their impact on climate through conversion to natural gas as an alternative fuel source.

- **Biodiversity & Habitat:**

Will operate in a sustainable manner to minimise the environmental risks of our activities, promote biodiversity and habitat protection and the prevention of pollution such as water and air pollution, the generation of greenhouse gases and environmental contamination by controlling its activities and those of the contractors working on its behalf.

Foster an understanding of environmental issues and biodiversity relating to its business among staff, suppliers, customers, shareholders, the regulator and local community. Take account of their concerns and consult with them where appropriate.

Will set targets and objectives to provide, promote and participate in opportunities for staff to engage in biodiversity activities such as tree planting, habitat maintenance and protection initiatives as part of our Corporate and Social responsibilities.

In order benchmark Phoenix progress, the business is to participate in the Business In the Community Biodiversity Charter accreditation, committing to attain (at least) Silver Level within this process.

Will risk assess new infrastructure projects in spaces that are protected due to their ecological, biological, cultural and/or landscape value or areas catalogued as having high value for biodiversity.

Identify, quantify and assess, on an ongoing basis and throughout the life cycle of Phoenix assets, the impacts and dependencies of the Group's activities on natural capital, including diversity and the protection of protected areas and vulnerable species, fostering respect for them in all lines of conduct.

- **Contaminated Land:**

Will engage with ecological and biodiversity experts in assessing and managing risks and opportunities through project specific environmental risk assessments and manage compliance with our legal obligations through careful site management.

- **Energy:**

Will set challenging short and long-term targets to promote energy efficiency; reducing, wherever practicable, the level of harmful emissions. Reductions will be facilitated by regular measuring and monitoring of our energy use, and the continued use of energy efficient means, such as reduced emission and electric vehicles in order to minimise the impact of our vehicle fleet. Across our operations Phoenix continues to target a reduction in energy consumption of over 50% by 2030.

- **Greenhouse gas emissions:**

Will adapt to the consequences of climate changes (physical and transitional) to ensure the safe ongoing operation of the natural gas network.

Will measure and analyse the carbon footprint of our business activities in conjunction with other climate change mitigation and adaptation efforts, including incorporating energy efficiency measures into business facilities and promoting energy use in all areas of business activity.

Will continue to enhance the green credentials of natural gas in heating through the utilisation of biogas as well as the solution for other sectors such as agriculture and transport.

Will quantify, verify (in line with ISO 14064 Greenhouse Gases), and reduce in line with a GHG emissions reduction Plan that provides a realistic pathway to net zero.

- **Hazardous Substances:**

Will control and manage our use of hazardous substances (in accordance with the Control of Substances Hazardous to Health Regulations (COSHH) and the Environmental Protection Act) and internal controls and procedures to ensure both the safety of our workers along with the continued protection of the environment.

- **Light Pollution:**

Will risk assess specific sites where artificial lighting is required as part of construction, maintenance or, emergency works and seek to minimise light pollution that may impact local residents or wildlife.

- **Material Sourcing and Resource Efficiency**

We endeavour to continually reduce consumption of natural resources, to conserve, protect and enhance biodiversity and eliminate waste by adopting environmental best practice.

The Group will only do business with responsible suppliers who understand the nature of the products, services and materials they are supplying and who recognise their responsibility to protect the environment and foster good relations with their employees and local communities.

- **Net Zero:**

Will aim to position the existing gas network as part of the net zero carbon emissions solution.

Will work to minimise the impact our operations will have on the environment through climate change.

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

- **Noise Pollution:**

Will recognise that noise and vibration associated with our operations can cause serious disturbance and inconvenience to those exposed to it and will work to primarily avoid any significant adverse impact, whilst mitigating and minimising any remaining adverse impacts.

- **Physical Risk**

Will continue to manage the assets of the Company to mitigate physical risks that could lead to loss of integrity or compliance. This will include asset maintenance activities as per legal obligations.

- **Waste:**

Will apply the waste hierarchy of prevention, preparing for re-use, recycling, other recovery and as a last resort responsible disposal method, when dealing with all types of waste, including hazardous waste.

Will continue to explore and implement new ways in which we can recycle materials used in the construction and maintenance of our network.

- **Water Outflows/discharges**

Will risk assess, plan and manage all works where the potential for pollution discharges to waterway (including groundwater) could occur and ensure that all relevant Employees and Contractors have the necessary resources, training and competency to maintain compliance.

Identify potential emergency incidents and, where appropriate, develop and maintain effective contingency plans in conjunction with relevant authorities and emergency services.

- **Water Inflows/withdrawals**

Will monitor water usage figures within the main Phoenix operational control centre as part of its KPI's.

Will continue to investigate additional improvement measures to reduce the volume of water consumed as a consequence of our operations and to consider means for water re-cycling / re-use (e.g. rainwater capture).

Will continue to promote water efficiency and awareness across the business e.g., staff awareness campaigns on reducing water.

- Consult and communicate with workers to make available appropriate resources and training to enable the implementation of this policy.
- Require all workers to work with due consideration for the environment and will provide training and supervision for employees to meet these obligations.
- Communicate this policy to all workers and contractors, involving and consulting them where appropriate.
- Co-operate fully with relevant enforcement agencies and work with external bodies to further their understanding and development of good environmental management and practice.
- Ensure understanding and compliance with policy through a process of education, review and formalised audit programme.
- Strive for continual improvement in the environmental management system to enhance environmental performance, the prevention of pollution, and the promotion of biodiversity.

This policy will be made available to the public and any other interested parties and will be placed on www.phoenixenergyyni.com (the Groups) internet site. The policy will be reviewed at any time deemed necessary to ensure its continued relevance but at least annually.

5.2 Roles and Responsibilities

5.2.1 Chief Executive Officer and Non-Executive board.

The Chief Executive Officer is responsible, through the Management team, for ensuring that adequate organisation and arrangements exist for the effective implementation of the policy and for compliance with statutory requirements and best practice. The CEO is responsible for demonstrating clear visibility of Environmental Leadership. The Non-Executive Board members shall act as scrutineers, ensuring the processes to support Health and Safety risks are robust.

5.2.2 Executive Team

- Executive team set targets and objectives as appropriate and ensure adequate resources are available to meet Environmental and Biodiversity objectives and the full implementation of this Policy.

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- Executive team actively promote Environmental and Bio-diversity issues and ensure that performance is measured and reviewed at Board and Senior Management meetings.
- Executive team ensure details of any environmental incident or near miss are reported at the earliest opportunity.
- Executive team ensure all incidents are fully investigated and any lessons learned are identified, communicated and recommendations implemented through the senior management team.
- Executive team ensure that employees or their representatives are involved in decisions that affect Environmental Management.

5.2.3 Director of Engineering

Whilst all Directors within the group have clear Environmental responsibilities, Phoenix Director of Engineering is the Director responsible for Environmental & Biodiversity Management.

In addition to the above responsibilities of all directors, the Director of Engineering will also be responsible for;

- Ensuring Environmental issues appear on every board meeting agenda and report to the board on all Environmental Matters.
- Ensuring the Environmental management system and its performance are reviewed on a regular basis.
- Ensuring the Environmental & Biodiversity Policy is developed, implemented and monitored.
- Ensuring adequate resources are made available to allow effective Environmental Management

5.2.4 Responsibilities of Managers and Supervisors

Management of Health and Safety and Environmental issues is a prime responsibility of all levels of Management and shall be an integral part of all business processes. Managers and Supervisors must;

- Understand and comply with the requirements of the Group's Environmental policies and the Group ASHES management system.
- Implement the policy within their area of responsibility.
- Ensure they are familiar with the issues and the legal requirements relevant to their area of work and understand the risks of the operations and activities for which they are responsible.
- Minimise risks, by risk assessing the work activities they control and take measures commensurate with the level that the risk demands.

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- Ensure that all work is properly planned and resourced, that appropriate controls are implemented and that the personnel involved are adequately instructed, trained and competent.
- Ensure that in-house inspections, audits or reviews, where relevant, are carried out and that any corrective actions are taken.
- Ensure all environmental incidents, including “near misses”, are reported promptly, where applicable assist in their investigation, implement and communicate any lessons learnt.

5.2.5 Responsibilities of all Workers

All workers have a duty to co-operate in ensuring that their workplace is safe for everyone who might be affected by their actions, and to take reasonable care not to do anything which might endanger themselves or others or cause undue harm to the Environment.

- Be familiar with the workplace Environmental arrangements and work according to the Groups safe systems of work and operational controls at all times.
- Report any environmental incidents and “near misses” they may have when working, as soon as possible to their Manager or Supervisor, including any situations which are potentially unsafe.
- Not knowingly act in a way in which may cause either themselves or the Company to be in breach of the law. They must also take into account the potential hazards and risks in everything they do.

5.2.6 Health, Safety and Environmental Manager

HSE Manager’s responsibilities are as follows;

- Advise the Director of Engineering, Group Management Team, the Executive Team and the CEO on policy formation and strategy programme for Environmental management.
- Advise the Director of Engineering, Group Management Team and the Executive Team of proposed changes to statutory legislation and the implications of same.
- Maintain an up-to-date portfolio of specialist advice and information on techniques to assist the business processes and achieve compliance with legislation and the Group Environmental & Biodiversity policy.
- Ensure a suitable HSE Management system is implemented, maintained and reviewed.
- Advise and support Group managers in fulfilling their Environmental Responsibilities.
- Maintain contacts with Regulators, Legislators, other companies and organisations to influence developments in safety legislation and monitor comparative performance.

- Communicate effectively Biodiversity and Environmental issues and information throughout Group and to external bodies as appropriate.
- Investigate all incidents and near misses in conjunction with relevant Senior Managers.
- Lead by example in relation to HSE matters.
- Report to the Senior Management/Executive team on HSE performance.

5.3 Organisation

The Group Chief Executive Officer has overall responsibility for environmental and biodiversity management.

The responsibility for Environmental Management is clearly allocated to Senior Management, Line Management and Supervisors who are fully committed to achieving continuous improvement and to leading by example.

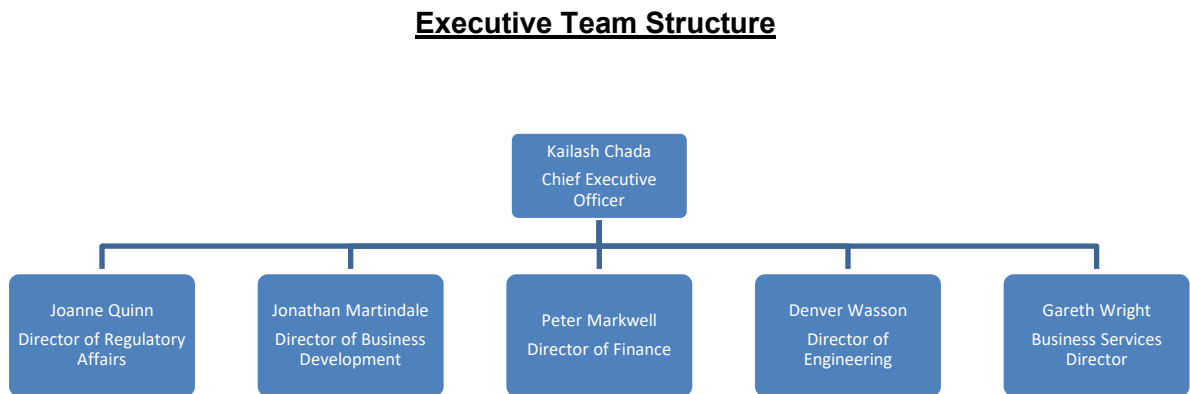


Fig. 1 PEHL Executive Team and line of responsibility.

Director of Engineering Structure

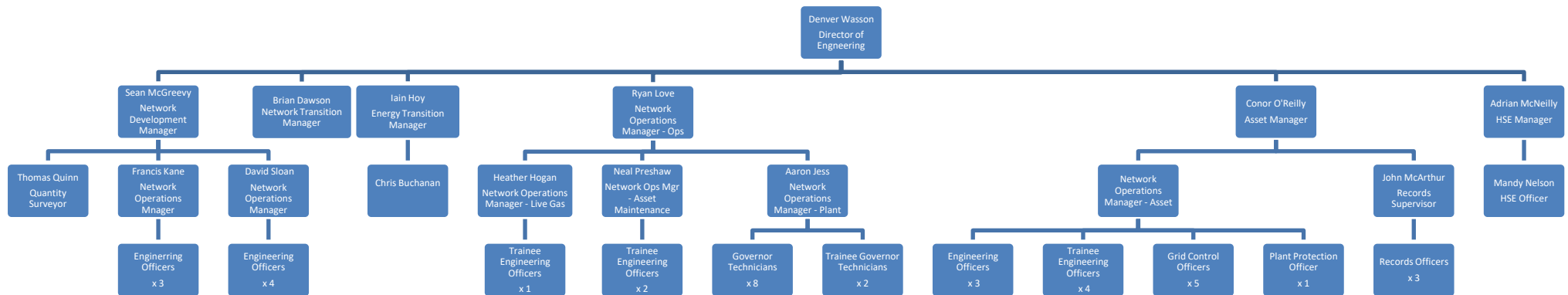


Fig. 2: Director of Engineering's Structure and line of responsibility.

PEHL have defined, documented, and communicated roles and responsibilities in order to facilitate an effective HSE management system. The need for sufficient and adequate resources is reviewed at management meetings and addressed where necessary.

The HSE Manager is the management representative for Health, Safety and the Environment and reports directly to the Director of Engineering. The Director of Engineering reports to the Group Chief Executive Officer.

5.4 Arrangements

The Group will develop, maintain and improve a positive culture through Senior Management by: -

- Ensuring the effective operation of the Health, Safety and Environment Management System. The Awareness of Health, Safety and Environmental Systems (ASHES) Manual shall contain all Health, Safety and Environmental operating procedures. These procedures shall be communicated to relevant Managers and Workers, audited at scheduled intervals and revised where appropriate.
- Ensuring, where necessary, risk assessments have been completed assessing the risks arising from activities, adequate control measures implemented and risk assessments reviewed on a regular basis.
- Ensuring that consultation with workers is carried out and that they are competent, adequately trained, and have the necessary resources available to be able to carry out the duties assigned to them.
- Implementing measures, reviewing and auditing systems to monitor the achievement of performance standards against compliance with legislation, company policy, best practice and Key Performance Indicators.
- Ensuring systems are in place for the reporting and investigation of accidents, incidents and “near misses”.
- Having arrangements in place to assess the performance of contractors carrying out work on the Group’s behalf.

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