

Responsible Business Report

2023



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June 2024

 **Phoenix**
Energy

Foreword from our CEO

Welcome to the 2023 Phoenix Energy Responsible Business Report, which offers an update into how we, as the largest gas distribution network operator in Northern Ireland, continue to serve our customers whilst delivering real economic, social and environmental value to the communities we operate in.



It has never been more important than it is today to operate in a socially responsible manner and at Phoenix Energy, we take pride in the responsible business culture that has been embedded into our business operations ever since Phoenix was established in 1996. Our core objectives are underpinned by the consistent aim of recognising the needs of our customer base, which I am sure you will see from our outputs captured within this report. As we continue to grow our network, engage with new communities and realise our vision to be recognised for excellence as a world leading utility, we hold our responsible business values at the centre of all our operations.

The principles that drive our responsible business programme continue to progress and have become increasingly targeted in nature. In 2023 we continued to focus on developing strategic partnerships that reach out to those in our community with greatest need, through tailored community interventions.

There were a number of responsible businesses programmes during the year that I feel really captured the calibre and agility that we strive for in this area. The Good Food Fund, established by Business in the Community in March 2023 to help tackle the issue of children's nutrition, supported over 10,000 children in 2023. We are very proud to work with other local businesses and demonstrate how powerful the collaborative support of businesses can be to both highlight and help to address emerging societal issues.

We have always believed that the most effective form of responsible business activity is when employees take ownership of an initiative and use their skills sets to champion and deliver positive outcomes. In May 2023 staff members from across the business took part in the annual Cancer Focus NI Shop Challenge. The combined efforts of many across the business led to around £8,000 being raised for the charity and with over 10 individual fund-raising events across the spring period, it made for a period of considerable fun and staff camaraderie.

Our commitment to excellence in responsible business continues to be recognised both by peers and external accreditation bodies locally and internationally. In 2023 Phoenix were once again awarded a 5-star rating GRESB Infrastructure Asset Benchmark Report. We also retained the Platinum award for Environmental Benchmarking through Business in the Community.

The Phoenix Values Programme entered its second year in 2023 and I am delighted that the level of staff engagement in this area continues to grow. Our company values are designed to ensure that we, as an organisation, set out common behaviours that we expect from our employees that in turn drive a consistently high level of customer experience in a workplace that celebrates employees that excel together.

At the Phoenix Energy annual Renewable Gas Conference in October 2023 Phoenix launched five 2030 'No Regret Commitments', in conjunction with other gas network operators locally, to help accelerate near term decarbonisation outcomes. The delivery of affordable, least disruptive, and reliable low carbon solutions is a key focus of our business, and we are committed to continuing to be leaders in this area.

In 2023, we continued our journey to reach net zero, and have now extended our Greenhouse Gas Emissions Reduction Plan to include Scope 3 emissions. We also engaged with external climate change experts to refresh our analysis of the potential impact climate change could have on our operations.









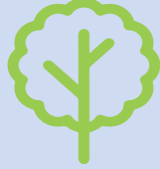

This is an exciting time for the NI Gas Industry, and we are enthusiastically looking forward to working with long standing and new emerging partners as we continue to provide energy solutions that meet all consumers needs into the future.

Kailash Chada

Chief Executive Officer

Responsible Business 2023

Key Environment, Social & Governance (ESG) Highlights

 <p>770 k tonnes of CO₂ avoided¹, equivalent to 400,000 cars off the road</p>	 <p>12 k tonnes CO₂ Scope 1 & 2 emitted</p>
 <p>99% of electricity procured from renewable resources (212MWhs)</p>	 <p>2,800 tonnes of materials recycled / reused</p>
 <p>45 k tonnes² of materials diverted from landfill</p>	 <p>97% & 5* GRESB ESG Benchmarking Assessment</p>
 <p>FTEs 160³ Part-time 15 Full-time 150 Gender 28% Female : 72% Male</p>	 <p>Platinum in BITC's NI Environmental Benchmarking Survey</p>
 <p>18 different biodiversity initiatives organised in 2023</p>	 <p>TCFD Full compliance with TCFD recommendations</p>

This 2023 Responsible Business Report provides an overview of Phoenix Energy's sustainability performance and achievements from 1 January to 31 December 2023.

For any further information, you can get in touch with us on info@phoenixenergy.com

Please note, sustainability reporting is based on Phoenix Energy, but also includes energy use and greenhouse gas emissions reporting from subcontractors working on behalf of Phoenix (Phoenix Energy Services and Kier Utilities).

¹ Estimate based on the premise that, if natural gas was not used, more polluting fossil fuels would be used in the same proportion in which they are currently consumed, for CO₂ avoided

² Primarily materials diverted from landfill through the utilisation of directional drilling techniques.

³ Employees of Phoenix Energy and Phoenix Energy Services

Contents

6	Company Information
8	Overview of Phoenix Energy Availability
10	Customer and Network Growth
12	Our Vision and Values
14	Stakeholder and Consumer Engagement
16	Leadership in the Marketplace
20	Investing in our People
24	Fostering our Community
30	Environmental Responsibility
34	Fuelling the Future
40	Health and Safety Management
42	Looking after our Network
44	Risk Management
46	Environment Governance and Climate Action
66	How we have Performed

DISCLAIMER

While all due diligence has been taken to prepare this document, we cannot completely guarantee the quality, accuracy and completeness of the information as other external factors may fluctuate any statistics and interpretations may deviate from what has been published. Information in this document was deemed accurate and appropriate to the best of the knowledge of Phoenix Energy as of June 2024.

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Company Information

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

The company now owns and operates the largest gas distribution network locally, providing the safe and secure distribution of natural gas to the 256,000 domestic and business customers already connected to its network. With a gas pipeline that extends across more than 4,000km, Phoenix is responsible for the maintenance of its infrastructure as well as the 24/7 operation and transportation platform for natural gas suppliers and customers across its licenced area which encompasses Greater Belfast, Larne and East Down.

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

Phoenix is actively working to further decarbonise home heating for consumers, enabling them to continue to enjoy all the flexibility of gas with minimum

disruption, by using its existing infrastructure to deliver renewable gas solutions such as biomethane and hydrogen direct to consumers. Phoenix is regulated under licence by the Northern Ireland Authority for Utility Regulation and operates under a framework similar to other UK regulated entities which includes regular price control reviews and compliance with a range of licence obligations.

Phoenix operates long-term commercial relationships with selected Service Providers and Suppliers, The majority of these contracted Parties are based within the UK albeit there are also a small number located in the EU. Phoenix operates an alliance contract, based upon a contracting "partnership" arrangement with KIER Utilities - to construct and maintain our gas network.



Market Development

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

Around 100k properties in the Phoenix licensed area have the opportunity to connect to the gas network.

Ongoing growth and development creates significant economic and employment opportunities locally, with over 2,500 people employed in the gas industry supply chain, typically across SME organisations. Phoenix Energy work closely with installation companies, retailers, training centres and trade merchants, and through forums such as the NI Natural Gas Association to support the delivery of a high level of customer experience and satisfaction across gas users.

Independent market research undertaken in 2023 with newly connected consumers continues to evidence a consistently high quality experience with 94% of customers advising they would recommend installing gas to a friend.

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

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

Would you recommend installing gas to a friend?

'YES' 94%*

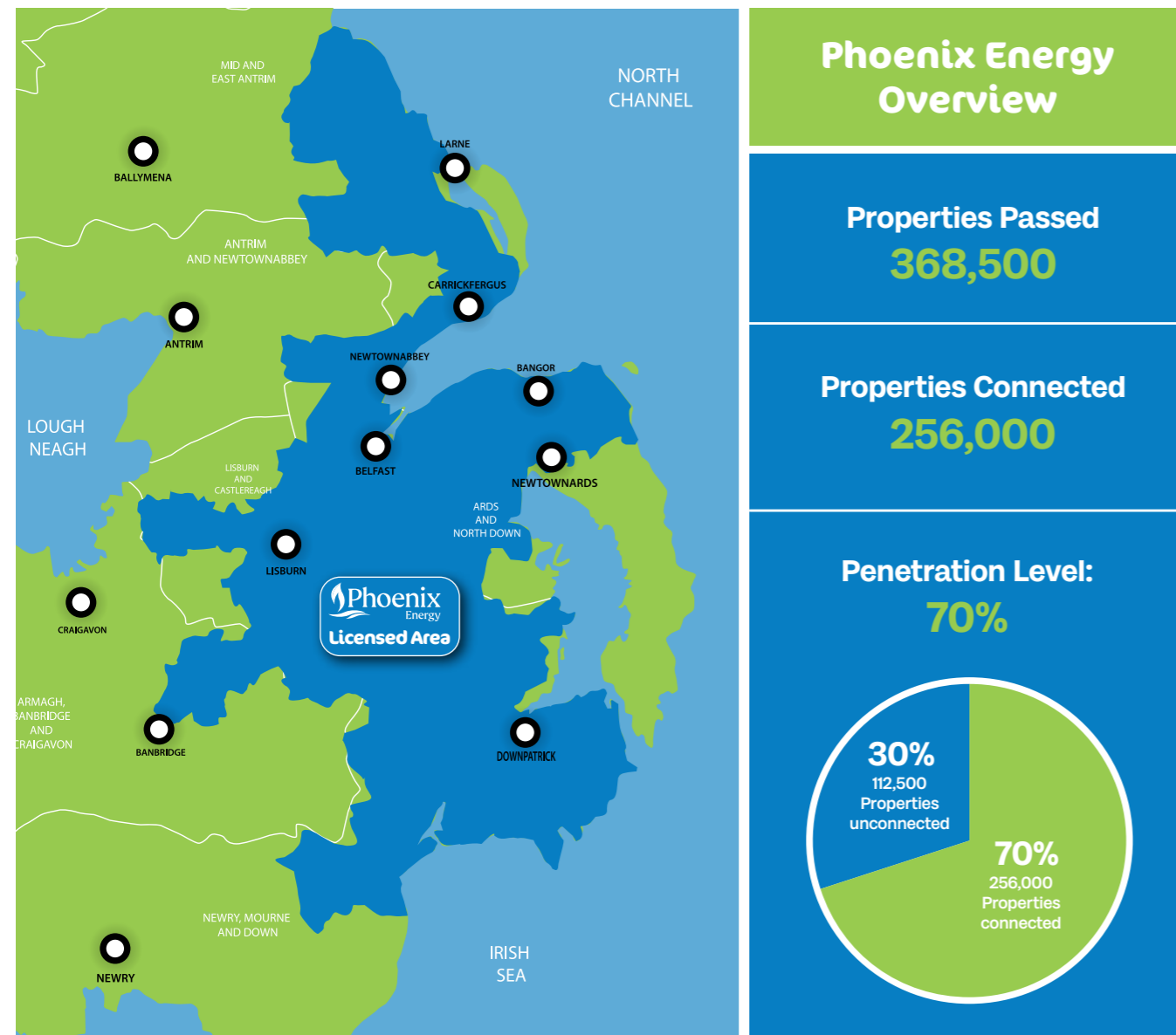
'Instant hot water'
ranked as the most beneficial aspect of natural gas for connected consumers.

*MRNI April 2023

Overview of Phoenix Energy Availability

Figures as at end of December 2023

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



Gas Availability by Area

A further breakdown of Phoenix Energy availability by town is outlined below, demonstrating the continued opportunity for growth within each area. Construction work to extend the Phoenix network to Whitehead and East Down commenced in 2016, which explains the lower penetration levels and considerable potential for growth in these areas.

Figures as at end of December 2023

Area	Total Gas Availability	Connected	Penetration
Bangor	31,000	22,000	71%
Belfast	184,000	142,000	77%
Carrickfergus	17,500	12,500	71%
Carryduff	3,400	2,400	71%
Donaghadee	3,900	2,700	69%
Dundonald	8,800	6,500	74%
Hollywood	6,100	4,800	79%
Larne	10,300	6,100	59%
Lisburn	24,500	16,000	65%
Newtownabbey	33,000	22,900	69%
Newtownards	22,000	13,500	61%
Whitehead	1,600	600	38%
East Down	22,400	4,000	18%
Total	368,500	256,000	70%

Customer and Network Growth

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

Connections 1996 – 2023

the number of customers connected to Phoenix Energy

Fig 1. Cumulative connections from 1996 - 2023

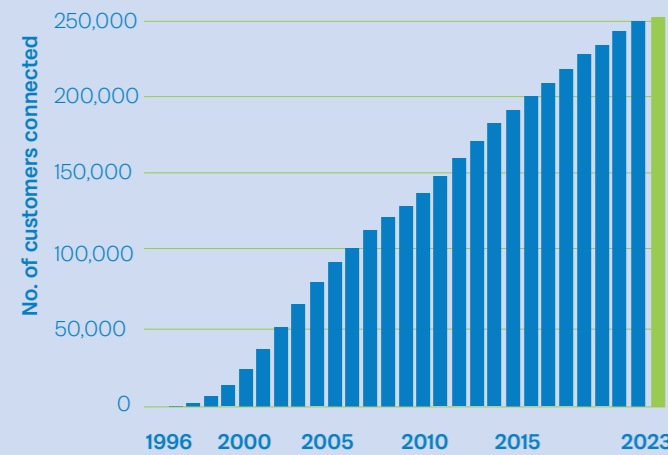
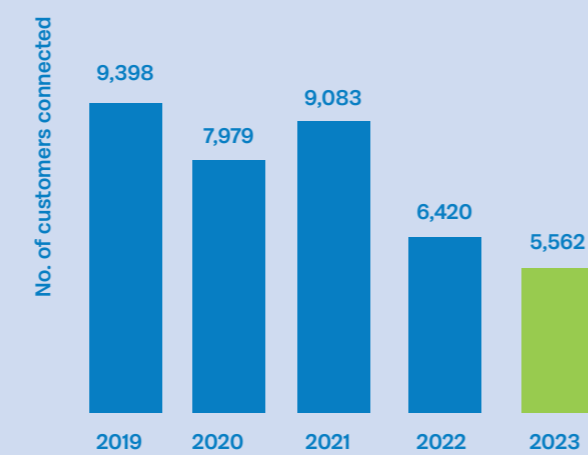


Fig 2. Annual New Connections



The continued development of the natural gas network means that the Phoenix network is available to thousands of new consumers each year. There is now more than 4,000km of Phoenix pipeline across the licence area, with a further 56km constructed in 2023.

Network Build (km)

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

Fig 3. Cumulative network build 1996 - 2023

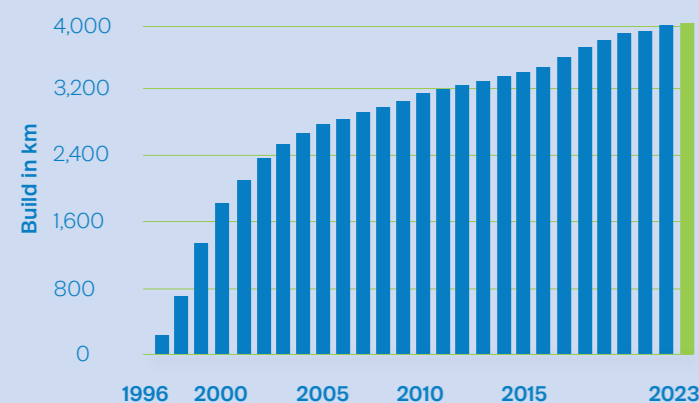
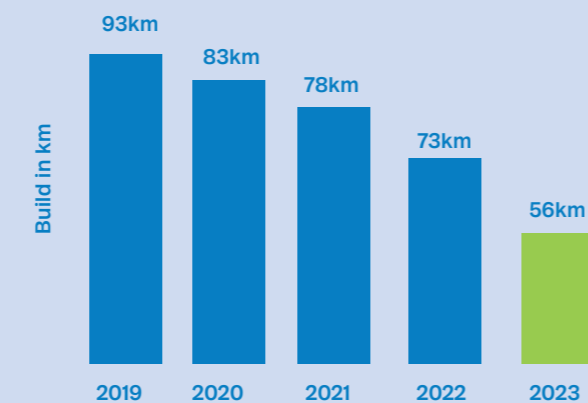


Fig 4. Annual Network Build Constructed



Carbon Reduction

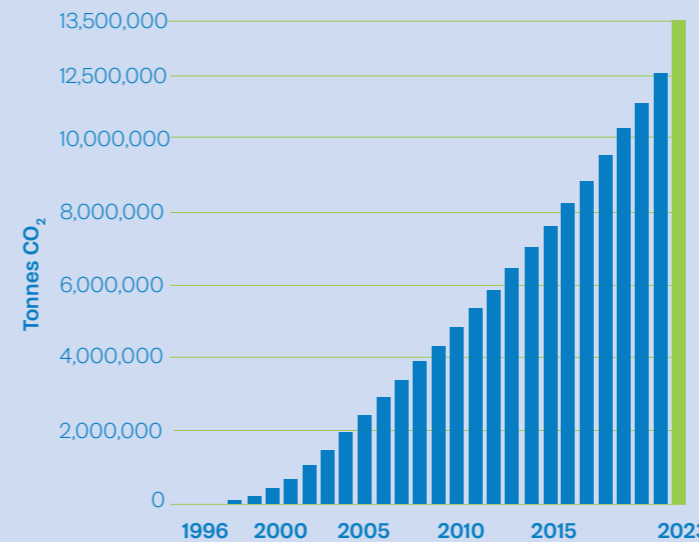
As well as the lifestyle and efficiency benefits associated with natural gas, consumers are increasingly moving to natural gas to benefit from its lower carbon credentials. As an inherently cleaner fuel, coupled with replacing older, inefficient systems with a highly efficient gas boiler and associated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

As a result of switching to natural gas, consumers have helped prevent **13.5 million tonnes** of CO₂ from entering the atmosphere

CO₂ Avoided (tonnes CO₂)

total CO₂ saved from entering the atmosphere by Phoenix Energy users in tonnes.

Fig 5. Cumulative from 1996 to, and including, 2023



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

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

The carbon savings resulting from efficiency upgrades are in addition to the 26% reduction in carbon emissions that natural gas produces compared to home heating oil. The total reduction in carbon emissions from moving to a natural gas high efficiency boiler therefore reflects a saving of up to 50% when compared to a SEDBUK F oil boiler. Cumulative carbon saving figures are calculated in line with the indicative NI fuel mix each year. New build natural gas connected properties have carbon savings applied compared to likely alternative fuel solution, but do not include any system efficiency gains.

Our Vision

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

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



Our Values

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

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

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

The Phoenix Values have been co-designed through a collaborative process led by the Phoenix LIFE Committee which is comprised of employee representatives from all parts of the business, and supported by the Executive Management Team.

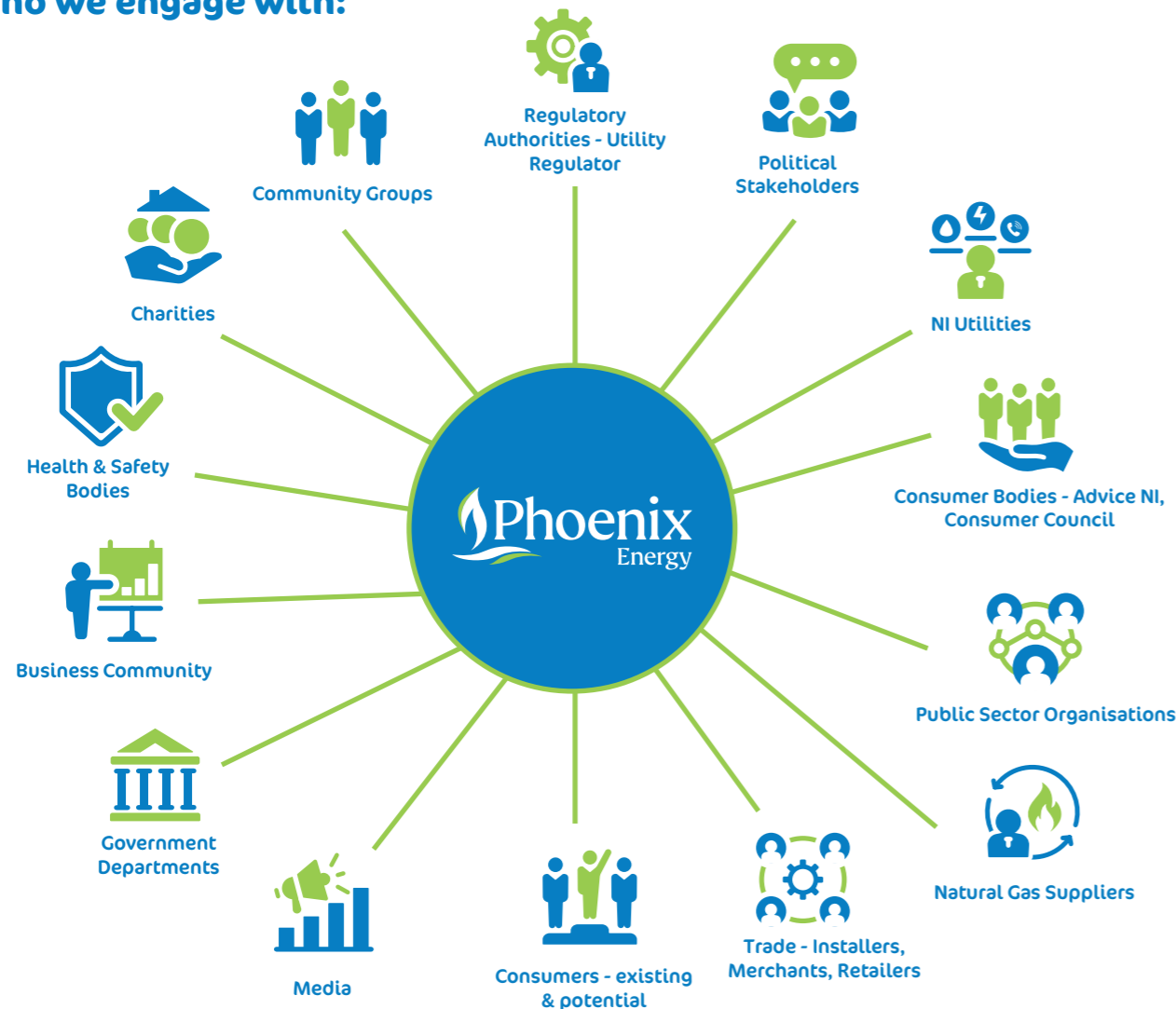
This partnership approach ensured that the values reflected and resonated at all levels of the business.



Stakeholder and Consumer Engagement

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

Who we engage with:



A snapshot of organisations we regularly engage with:



Responsible Business Approach

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

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

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

Leadership in the Marketplace

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

Investing in our People

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

Fostering our Community

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

Environmental Responsibility

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

Leadership in the Marketplace

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

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



Above: In October 2023, Northern Ireland's five Gas Network Operators launched their 'No-Regret Actions' to provide near-term purpose to their pathway to net zero.

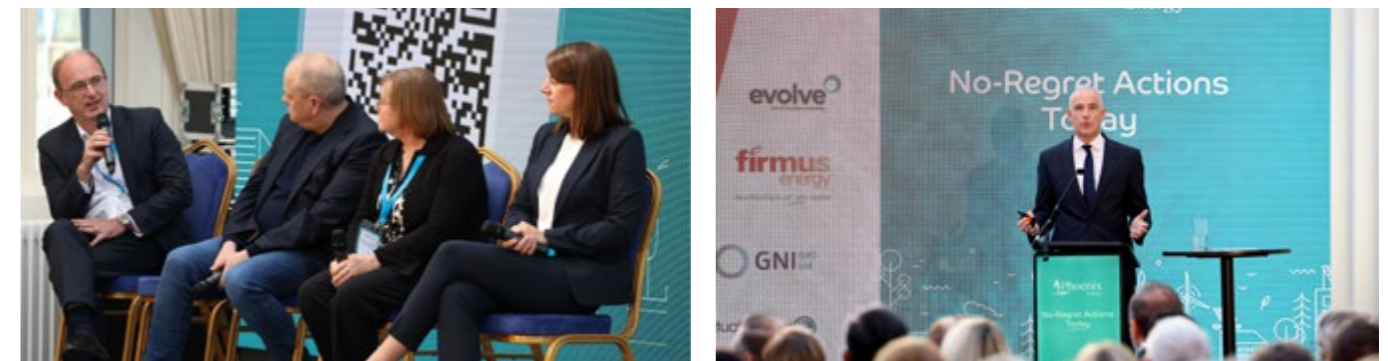
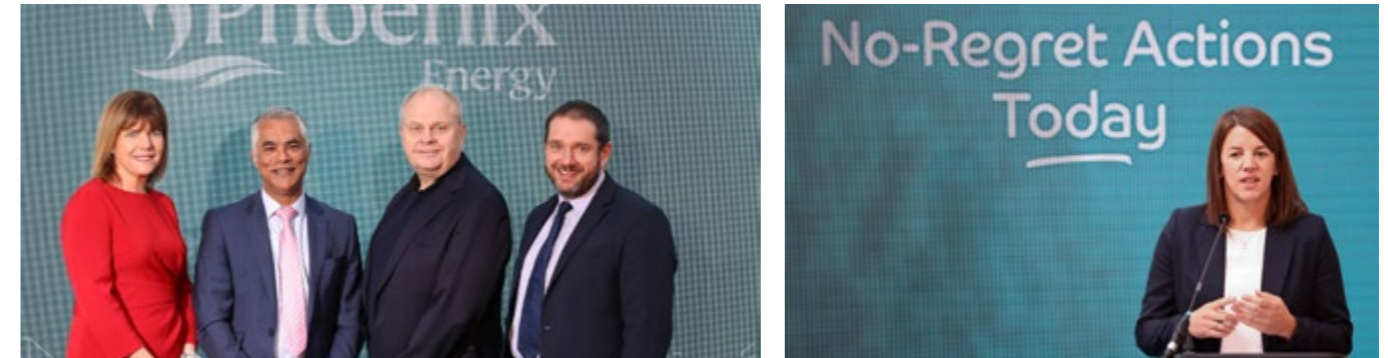
The Gas Industry's Five 'No-Regret Actions'

1	2	3	4	5
Research & Development	Advance No Regret Outcomes	Acceleration of Biomethane Injection Volumes	Network ready for a Hydrogen Economy	Develop Integrated Energy System Solutions

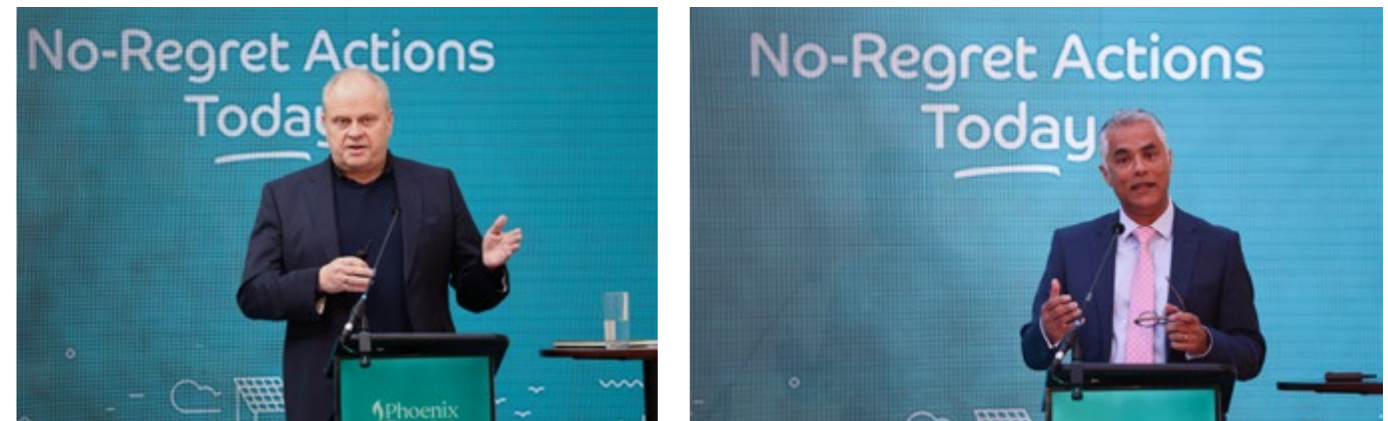
Above: The five actions (listed above) included commitments from the NI Gas Industry which will enable the progression of renewable gas, and outlined the support required from various stakeholders, including the NI Executive. You can read the actions and commitments in full on page 38.

Leadership in Action

Following a hugely successful inaugural year, in 2023 Phoenix Energy held it's second annual Renewable Gas Conference.



- The conference, which was themed 'No-Regret Actions Today', saw contributions from leading local and international speakers. The 250 delegates learned more about the opportunity to decarbonise the gas network with the introduction of renewable gas alternatives such as biomethane and green hydrogen.
- Speakers from Department for Agriculture, Environment and Rural Affairs, Nature Energy (Denmark), NREL (USA), Future Biogas and Belfast City Council and more, demonstrated how the transition to renewable gas solutions has the capacity to positively benefit the whole of society.
- Providing an international insight on decarbonisation, delegates heard from Lars Kaspersen, Head of Corporate Affairs at Nature Energy, the largest biomethane production company in Europe. With 40% biomethane already in the grid in Denmark, Lars outlined how 10-year ambitions are achievable for Northern Ireland, with political support. In 2023, biomethane production is expected to go over 30% consumption and Lars explained its importance in delivering the Danish Government ambitions of 100% green gas coverage by 2030.



Spotlight on Standards

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

GRESB

For the sixth year in succession, Phoenix was recognised as a leader in Europe for its environmental, social and governance performance by GRESB in its Infrastructure Assessment. GRESB is an industry-driven organisation committed to assessing the Environmental, Social and Governance (ESG) sustainability performance of Real Estate and Infrastructure assets around the globe. For the fourth consecutive year. During 2023 Phoenix was once again awarded 5 stars, the highest grade achievable and maintained its GRESB score at 97%. This placed Phoenix as one of the top performing gas distribution networks in Europe.



CORE

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



NI Environmental Benchmarking Survey

In 2023, Phoenix retained its Platinum status in the Business in the Community NI Environmental Benchmarking Survey. The Survey recognises positive environmental influencers by helping organisations to measure and improve their environmental impacts, benchmark themselves against others and be recognised for green leadership.



Vitality

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

Spotlight on Partnership

The local natural gas industry employs over 2,500 individuals from across the wider supply chain in what tend to be smaller independently run businesses.

Whilst Phoenix is responsible for the installation and ongoing maintenance of the gas network within Greater Belfast, downstream activities, for example, boiler installation, boiler servicing, are carried out by these consumer-facing companies. It is therefore imperative that Phoenix has strong working relationships with these organisations, to ensure positive consumer outcomes.

In 1997 Phoenix established the Northern Ireland Natural Gas Association (NINGA) which created a platform to both communicate directly with consumer-facing companies and to provide a hub for them to network, share best practice and to input into key business strategies of Phoenix. NINGA meets at least 6 times per year, and in 2023 introduced a new Breakfast Information Series.



Joint Utilities prepare for Winter

Helping customers prepare for the winter, Phoenix, in 2023, once again worked in partnership with other leading local utilities, including Openreach, NI Water and NI Electricity, to provide a range of information to help consumers be prepared for colder weather conditions.

NI Chamber Public Affairs Forum

Recognising the importance of our relationships with other leading local businesses, In 2023, Phoenix continued its sponsorship of the Public Affairs Forum series of events hosted by the Northern Ireland Chamber of Commerce and Industry. The platform allows us to tackle important public affairs issues and be at the helm of the discussion and ideas that are brought to the forefront by our peers.



'Phoenix Meets' video series

'Phoenix Meets' series of of renewable energy discussions with industry representatives continued. In 2023, we visited Norfolk's Egmore Energy, the UK's first ever AD Biomethane injection plant. The video provided an in-depth insight into the AD process, from the origins of growing the crop, through to carbon capture technologies.

Investing in our People

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

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

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



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

Healthy Life Programme

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

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

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

Cancer Awareness



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

Physical Activity



Essential for good health, physical activity contributes to positive wellbeing. We invited colleagues to sign up to our Step Challenge in May, encouraging them to get active, with weekly check ins and a 'buddy' to keep morale high. As a whole, the participants took a total of 7 million steps! That's an average of over 350k per person. In 2023 we rolled out a series of Fitness Friday events. Available most Fridays throughout the year, colleagues were invited to finish work 30 minutes early to take part in classes such as Yoga and High Intensity Interval Training.

Mental Health



In 2023, Phoenix continued working with expert partners in mental health management to ensure our employees know there are accessible sources of support for any mental wellbeing issues they or their families may face. We have a dedicated Employee Assistance Programme whereby employees or members of their family can access, by telephone, an anonymous counsellor, should they need discuss any mental health issues.

As a responsible business, we also profiled the role of our Mental Health First Aiders across the organisation, ensuring employees know there is access to immediate mental health support when they need it.

All employees of Phoenix receive Mental Health Awareness Training, and in 2023, our 'Mindful Manager' training was rolled out to all people-managers, ensuring they are equipped to assist staff who are in need of mental health support.

Healthy Eating



As a responsible employer, we encourage healthy eating and the importance of a balanced diet, including increased fruit and vegetable consumption. Throughout 2023, every Tuesday, Phoenix continued to provide free fresh fruit to staff through our 'Tutti Fruity Tuesdays' campaign. Additionally, we shared a series of informative healthy options for eating over festive seasons as well as advice on healthy eating and drinking as part of our 'Healthy LIFE' calendar of activity.

Employee Engagement: in Action

Raising and Giving

Providing opportunities for staff to contribute and give back to their local communities is of great importance as it can promote social inclusion as well as giving a sense of pride and purpose.

In 2023 we took part in a Charity Shop Challenge in aid of Cancer Focus NI. Over 50 colleagues were actively engaged in fundraising initiatives. Activities culminated in a 'Take Over' day, when Phoenix took charge of the Cancer Focus Charity Shop in Holywood to raise as much money as possible. The challenge raised £7,693 for the charity.



Phoenix 15:

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

In 2023, we reformatted the sessions and introduced a Phoenix Values segment. Every month, colleagues can nominate one another for a 'Living Our Values' award. An internal judging panel selects winners each month who are recognised in front of their colleagues.

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



LIFE Matters:

Recognising the breadth of wider societal issues that colleagues are dealing with, in 2023 we ran a series of 'lunch and learn' sessions giving access to expert speakers across a range of different issues that our employees tell us matter most to them.

From insights on finance and budgeting through to The British Heart Foundation's basic CPR training, there was plenty on offer to suit everyone.

Phoenix Champions an Inclusive Service!

In 2023, we appointed 5 Vulnerability Champions from across all areas of our operations, who provide our colleagues with specialist guidance and advice on assisting customers with additional needs. The introduction of our Signs, Consider, Adjust campaign, also reminds customer-facing staff to consider who may need additional support, and how to adjust their approach accordingly.

Speaking about the role, Annemarie Scott, Phoenix Vulnerability Champions explains



"We want to ensure employees are aware of and confident in raising any concerns or issues they have about a consumer in a vulnerable situation, and when they need further guidance or support, that's where we as a team of Vulnerability Champions can help. It's really important that having completed the vulnerability training that employees feel empowered to help consumers and to know they have the tools available to enable them to provide the best possible service and support for all consumers."

Great Place to Work:

It is important to us that our employees feel valued, therefore we aim to make Phoenix a great place to work through various initiatives throughout the year that serve to give back to our colleagues, inspire them, bring people together, and to reward their hard work on a regular basis. In late 2022, we were certified by our employees as a great place to work in the 'Great Place to Work' survey. Below are just some of the ways we said 'thank you' to our staff in 2023:



Tuck Shop Trolley

A light-hearted service bringing sweet treats to the desk of every employee, supporting office morale.



Diversity Day

The Phoenix Diversity Day was held in October 2023 with over 90 staff members engaging on the day. The theme was 'Challenging Unconscious Bias' and invited people with lived experiences in to tell their stories, for example drag artist Marcus Hunter-Neil and Yemini refugee Motaz Amir. This was followed by Arts Ekta providing food and entertainment 'of the world' in the newly refurbished Phoenix Glass House Lounge.



Family Walk and Barbecue

Following a suggestion from the Phoenix LIFE Committee to change the format of our Family Day and pursue something 'active', we invited colleagues to the Phoenix 5k Walk and Barbecue, together with their families, on Saturday 26th August 2023. Over 100 people turned out to enjoy the day.

Fostering Our Community


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

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

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

In 2023, Phoenix supported a broad range of community initiatives to deliver real benefit to communities. In this section of the report we look at just some of the ways we have invested in organisations and communities across our licensed area and beyond.

In 2023 we held a total of **24** Community Engagements/Events reaching over **2,600** members of the local community.




East Belfast Mission



Youth Action Rainbow Factory

Spotlight on Community

Throughout 2023, the Phoenix Community Fund continued to support local communities by providing grant support to help organisations to support their service users.

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



Youth Celebration Night Nettlefield Multisports, Belfast

Every Saturday night throughout the year, Nettlefield Multi Sports holds football game sessions. These evenings attract young people from various social and ethnic backgrounds, in an area of high social deprivation in East Belfast. On the 8th July, Phoenix supported the organisation to host a celebratory event for their young people who had engaged with them throughout the year.

“ Thank you Phoenix. Our fun day enabled our local young folk from various backgrounds to engage in a safe space through street games, and families to join in a meal together. ”

-Ian McClean, Center Leader

Family Fun Day Home Start East Antrim

Home Start East Antrim is a volunteer led charity, providing family support services for families with young children living in Newtownabbey, Larne and Carrickfergus. Volunteers come from a wide variety of backgrounds and enrich the value of the organisation. To say ‘thank you’ to their volunteers, Home Start, with the support of Phoenix, hosted a Volunteer Appreciation Day, where volunteers would come together with the families they had support throughout the year and enjoy fun activities at the local Kilkreggan farm.



Joy of Dromore Via Wings

Via Wings work to break the cycle of poverty, social isolation, and mental health crisis in the community of Dromore.

Through the support of Phoenix, they held ‘Joy of Dromore’; a remembrance event to celebrate and honour the lives of loved ones in the community who have passed away. The event brought people together for an evening of food and live music and Phoenix Energy funds helped to support this, alongside the provision of memorial cards for people to take home.



Phoenix awarded a total of **9 Community Fund grants** to grassroots organisations across 2023.

NEW in 2023



Sport Changes Life

In 2023, Phoenix embarked on a new partnership with a forward-thinking local health charity, Sport Changes Life. The charity works within a range of communities to help young people find a path to a brighter future. Their sporting programmes aim to promote both mental and physical wellbeing from a young age.

With many young people now facing climate anxiety in their everyday lives, Phoenix worked with the charity to align our own environment impact goals, with tackling this issue. This led to the creation of environmental-themed workshops led by Sport Changes Life, in 13 of our local primary schools.

“ Sport Changes Life were able to make the educational part of the workshop engaging and fun. They allowed children to understand how they can protect the environment and help by reusing items in everyday life. This was reflected in the fun games they had developed and planned. The message was received loud and clear as the children were able to answer numerous questions at the end to show their understanding. ”

- Rory Mason, P7 teacher, St. McCartan's Primary School, Loughrinisland

Sport Changes Life Statistics:

Following the sessions

69% of pupils had a greater understanding of Phoenix Energy's approach to the environment

82% had increased knowledge and understanding of environmental issues

90% had greater understanding of practical skills for conservation

85% had increased motivation to take action to protect the environment

Enabling Sporting Ambition

In 2023, we helped young athlete, Matthew Spence to achieve his sporting ambition through a Sports Bursary.

17-year-old Matthew, who plays hockey for Banbridge Hockey Club, Ulster and the Irish U18 squad, traveled to England, Poland, and Germany to represent Ireland at European Championship level. The support from Phoenix helped Matthew to continue with his training and enable him to purchase a new high quality, carbon-fibre, composite hockey stick.



Whitehead Coastal Rowing Club is a community based rowing club in the town of Whitehead.

For the club's annual rowing regatta, they invite clubs from across Ireland to complete in a family friendly event, aimed at encouraging members from aged 11 upwards, with varying levels of ability to take part. The event is free to participate in, ensuring there are no barriers to inclusion. Phoenix Energy were delighted to fund the medals for the 2023 regatta, which saw 120 rowers getting involved.



Energy for Children Charitable Trust

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

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

In 2023, the Energy for Children Charitable Trust provided over £10,000 in funding to help organisations and families helping children with specific needs. This included:



Isla, Age 2, Ballymena

Isla's mother contacted Energy For Children and explained that Isla is nonverbal, extremely sensitive to noise and crowded areas, and requires a great deal of sensory input daily, and throughout the night, to remain regulated. The family became familiar with the charity following an earlier round of funding, whereby Energy For Children donated £1,300 to local charity Sensory Kids, which Isla frequents on a weekly basis. Isla's mum, for 1 hour per week, found that the equipment in Sensory Kids playrooms afforded Isla an emotional outlet and a great deal of much needed stimulation. On the days she visited the centre, her

sleep would be more regulated and she would have less episodes of challenging behaviours such as biting and hitting.

Isla's mother asked Energy For Children for support for Isla in the form of sensory equipment that the family could keep at home. The charity was delighted to provide funding for Isla's mum to purchase a bubble tube and fibre optics for Isla. Isla can now get the sensory stimulation at home when she needs it most, which is especially helpful to the family when this is needed during the night. Isla still enjoys her trips to Sensory Kids too!

Rainbow Packs for Autism NI

Northern Ireland's leading local Autism charity wrote to Energy For Children seeking funding to supply the production of their Rainbow Resource kits which were in extremely short stock.

The packs provide crucial support to the parents of children who have received a diagnosis of Autism by giving useful practical tips and advice aimed at supporting both the parent and the child. "The support that we have received from Energy for Children's fund has enabled us to provide our Rainbow Resource Kits to families right across NI, who have recently received a diagnosis of autism for their child, or are awaiting assessment."

These booklets provide information and practical strategies to build a parent's understanding and confidence in connecting with their child and navigating their unique journey.

"I called the Helpline and received the Rainbow Resource Kit. I was new to autism and strategies. I loved it so much! I took it along to Afterschool's who are now using the booklets to support other autistic children in their setting. Oh my goodness thank you so much!"

- Parent Quote



Family Support:

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



Environmental Responsibility

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

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



Responsibility in our Product

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

Energy efficiency is an important element in our service delivery, so much so that our City and Guilds qualified Energy Advisors conduct a Home Energy Audit to identify areas for efficiency improvements in every home they visit as part of the pre-connection process.

Consumers locally benefit from access to one of the most modern and efficient gas networks, and there remains a sizeable opportunity in NI to make further carbon emission reductions by supporting householders using high polluting fuel to switch to natural gas.

Environmental Contribution associated with consumers moving to Phoenix Energy:



13.5m tonnes of cumulative CO₂ avoided from entering the atmosphere



770,000 tonnes of CO₂ avoided from entering the atmosphere in 2023



Equivalent of 400,000 cars taken off the road each year

We recognise that there is considerable opportunity to further reduce carbon emissions within the gas industry and are actively engaged in developing renewable solutions. This will result in further enhancing the environmental credentials of the gas network users, and in doing so play a key role in delivery of net-zero targets for heating.

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

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

Responsibility in our Operations

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



Fleet Management

- We are committed to transitioning our entire commercial fleet to renewable fuels by 2035.
- We have incentivised the selection of plug-in hybrid and fully Electric Vehicles (EVs) in the company car scheme and through the provision of EV charge points at our office building.



Partnership Working

- Working with our partners we are committed to reducing the volume of waste sent to landfill by more than 75% by 2030.
- In collaboration with our construction partners we ensure excess materials are reused where possible, and in 2023 we recycled or reused more than 2,800 tonnes of material.
- Alongside our construction partner and the other gas distribution network operators. We joined the NI Gas Cross Contract Sustainability Forum to identify and implement sustainability improvements right across the wider local natural gas industry.



Business Delivery

- We help our customers reduce the energy they use and undertook over 3,800 Home Energy Audits with customers in 2023 as part of our pre-connection process.
- Working with our partners at Shredbank to ensure the safe disposal of paper records, we recycled 12.1 tonnes of paper and through our Management of Data working group. We continue to look at ways in which we can further reduce our paper usage.
- In 2023, we procured 426MWhs of renewable electricity.



Employee Support

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

Responsibility in our Community

We recognise that our environmental and biodiversity responsibilities go far beyond our core business operations, and we take action to help protect the environment and enhance biodiversity for communities right across our licensed area and beyond.

In 2023, our partnership with leading local conservation charity, The Conservation Volunteers continued to thrive. It enabled us to deliver environmental and biodiversity impact in our community across three core themes:



Environmental Action

Trees play a vital role in removing CO2 from the atmosphere, yet Northern Ireland remains the least wooded area in the UK. Working with The Conservation Volunteers, we supported the planting of a further 8,000 new native trees in community spaces and wooded areas throughout 2023. This brought our total number of trees planted throughout the duration of our partnership with The Conservation Volunteers to 24,000.

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

Environmental Education

Engaging young people in the environment around them and giving them a sense of responsibility for biodiverse green spaces is an important element of our community environmental responsibility. Over the course of our 2023 partnership with TCV, we delivered a new Planet Protectors workshop for Primary School pupils. This was designed to increase learning of how to be planet friendly; small steps to reduce our carbon footprint and of course included planting trees. Through TCV, we delivered 6 workshops in local primary schools, engaging 223 pupils. In addition to this, we also reached 72 family volunteers across 5 Summer Scheme workshops at TCV's Tree Nursery in Cultra.

We organised **18** different biodiversity initiatives during 2023



Environmental Volunteering

Spending time in green spaces has proven mental and physical health benefits and as part of our strategic partnership with The Conservation Volunteers our employees provided hands on support for tree planting and biodiversity projects alongside their existing community volunteers. Over the course of the year, our employees gave over 185 digging hours with the team from TCV and learned about the vital role of green spaces in supporting healthy communities.



Since 2021, we have planted **24,000 trees** and we have pledged that by the year 2031, we will have planted **80,000 trees.**

Fuelling the Future

Climate Change: A worldwide problem

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

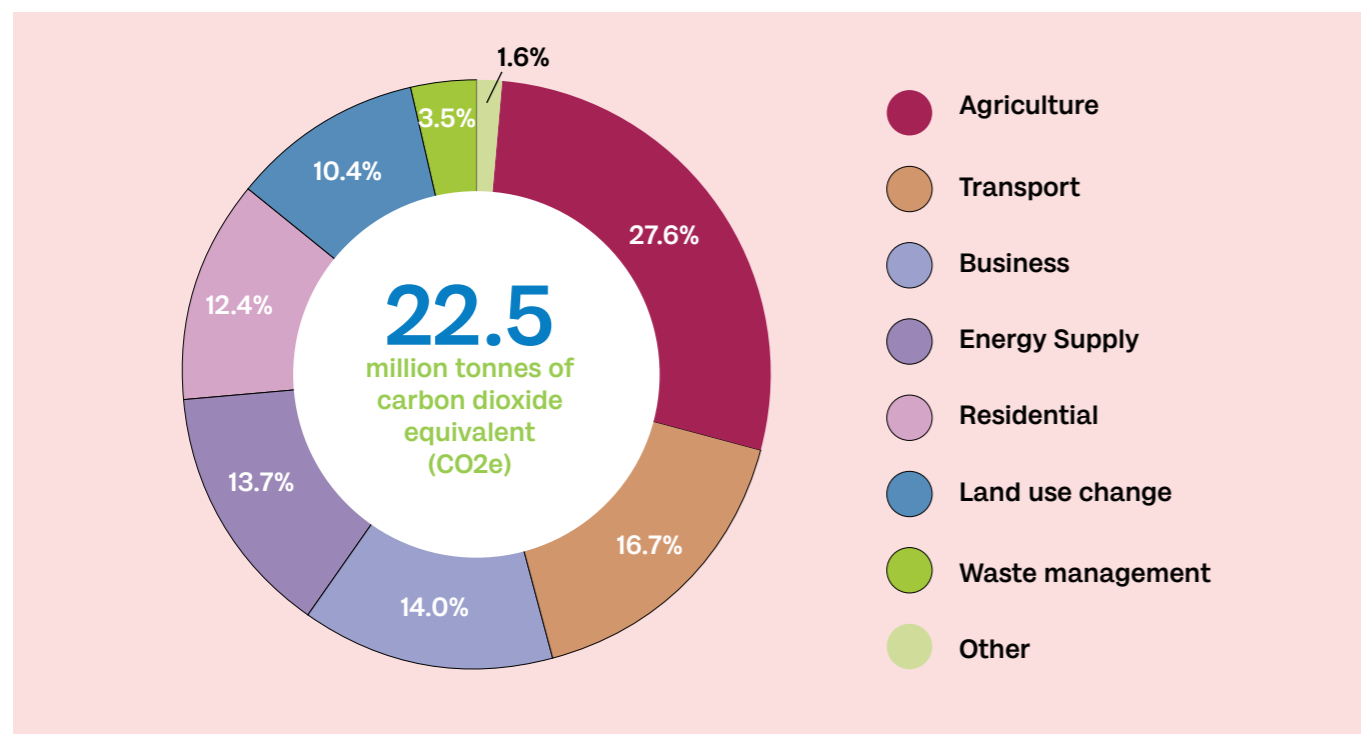
Carbon dioxide is the most significant greenhouse gas affected by human activity, which is why there is a focus on how we can reduce the amount of carbon dioxide being released into the atmosphere.

Northern Ireland's total annual greenhouse gas emissions is estimated to be 22.5 million tonnes of carbon dioxide equivalent divided across a number of key sectors:

In 2021 Northern Ireland accounted for **5.3%** of UK greenhouse gas emissions.*

Greenhouse Gas Emissions by Sector NI*

Fig 3. NISRA Northern Ireland Greenhouse Gas Emissions 2021

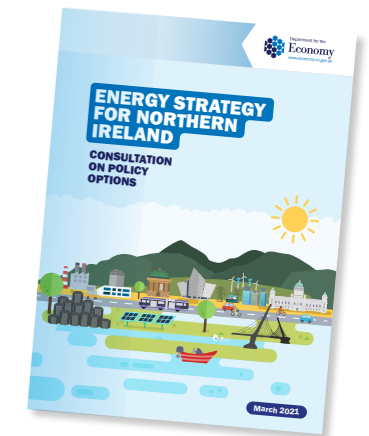


*Source: Department for Agriculture, Environment and Rural Affairs, Northern Ireland Greenhouse Gas Emissions 2021.

Local Ambition

At Phoenix, we are working on ways to decarbonise heating for our consumers by replacing natural gas with renewable gases and embracing new technology. The move to a net-zero society will be one that requires a continued period of change within the energy landscape and we will deliver greener gas solutions that will enable consumers to continue enjoying all the flexibility of gas with minimum disruption.

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



Department for the Economy - The Path to Net-Zero Energy (December 2021)

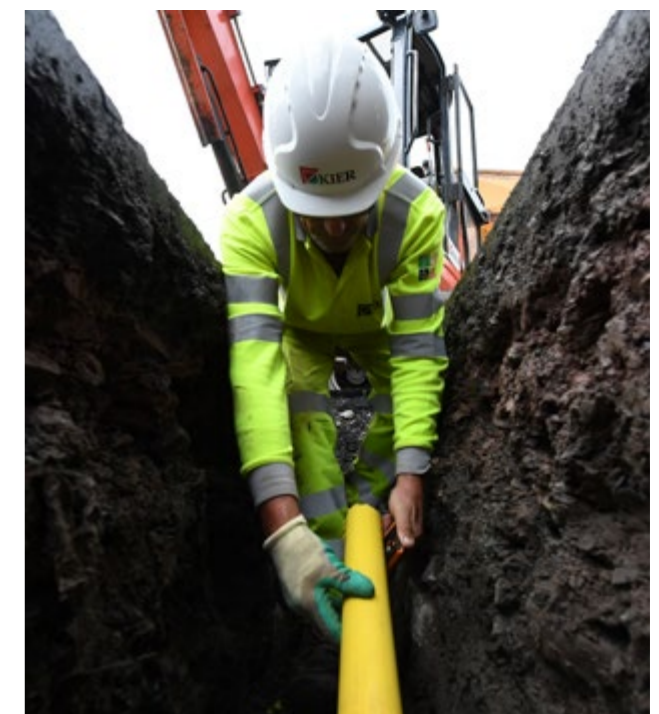
“ As natural gas has lower emissions than oil we will continue to encourage people with access to the gas network to connect to it.

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

NI Gas Infrastructure: fit for the future

With a modern gas polyethylene pipe network extending to more than 4,000km, the regional 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. This modern flexible network is well placed to support the transition from natural gas to renewable gases such as biomethane and hydrogen.

The maximisation of the regional gas infrastructure also provides an economic stimulant with over 2,500 people employed in the gas supply chain. 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. They will play a key role guiding consumers through the transition to low-carbon heating.



Renewable Gas Solutions

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

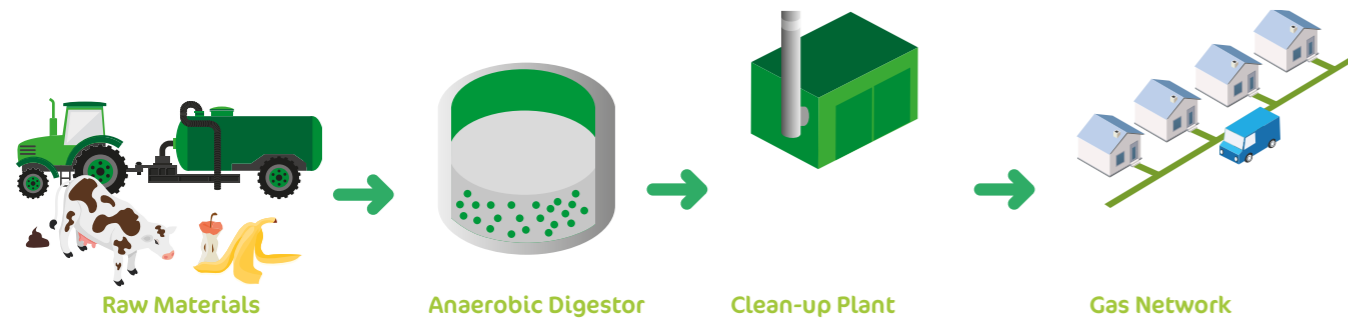
Biomethane injection into the natural gas network is already underway across Europe, demonstrating the potential that exists to further 'green' the gas that heats homes connected to the natural gas network. Trials are already underway in the UK to provide full hydrogen gas solutions to homes and businesses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

* Phoenix are working with industry partners to develop the market frameworks to maximise the introduction of renewable gas solutions into the local gas network.

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 has been injected into existing gas infrastructure across Great Britain and Europe for many years now and has been proven to work safely and effectively. In 2023, nearly 40% of all Danish gas consumption was biomethane. In November 2023, biomethane was successfully injected into the NI gas network for the first time.
- **No consumer disruption** – as biomethane is a like-for-like replacement for natural gas there is no need for distribution network consumers to change appliances or energy behaviour and offers a decarbonised heat solution which doesn't require deep retrofit.
- **A collaborative research project** – involving Queen's University Belfast and industry in 2022 found that Northern Ireland has the resources to produce more Biomethane from agricultural waste and underutilised grassland than previously thought possible – over 600 million cubic metres per annum – the equivalent of over 90% of 2022 regional distribution network demand.
- **Circular benefit** – as well as providing a green energy solution for multiple sectors of the economy, 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.
- **Negative emissions** – the Committee for Climate Change highlighted in its March 2023 NI Advice Report the potential for biomethane to contribute negative emissions to NI's carbon budget.

Key Results

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

6,124 GWh

83%

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

6,124 GWh of Biomethane equates to over

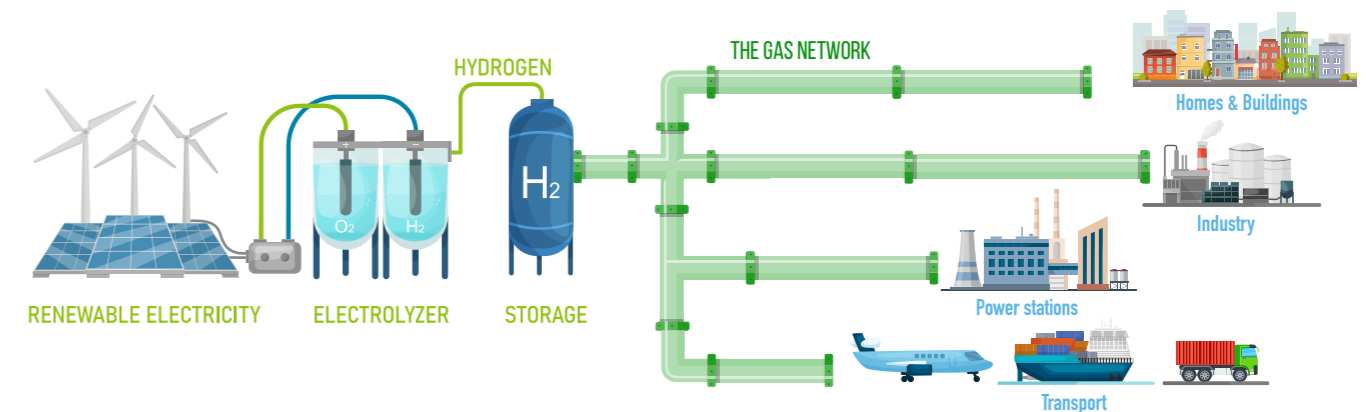
90%

of the 2022 gas distribution network demand

Hydrogen Explained

What: Hydrogen is one of the most abundant elements in the universe and is considered to be a critical part of our energy transition away from fossil fuels due to the fact that it can be used as a raw material, stored, and as an energy carrier, and all without emitting CO2.

The Hydrogen Process



The Opportunity

- **It's a Swiss army knife** - hydrogen is expected to support the decarbonisation of power, industry, residential, maritime, aviation and transport. It can also be combined with biogenic CO₂, a co-product of biomethane production, to produce sustainable e-fuels
- **It's necessary** - informed commentators such as the CCC and Royal Society see Hydrogen as a crucial enabler of a fully decarbonised energy system. Being produced when wind/solar electricity is plentiful, stored, and then fuelling net-zero compliant dispatchable generation when wind/solar is unavailable.
- **Maximises local resources** - hydrogen production is seen as a means to address significant renewable electricity generation oversupply - 24.3% of available wind generation was wasted in Q3 2023¹ - which can negatively impact the economics of new renewable electricity projects. Flexible electricity demand from hydrogen electrolyzers can take advantage of this otherwise wasted renewable electricity.
- **The NI Gas Network can offer flexible demand** - the NI gas network, via blending, offers a potential source of ready demand required to support the development of a hydrogen economy. The independent NI Science Industry Panel (Matrix)/Frontier Economics report Northern Ireland's Future Hydrogen Capability and Demand 2022 described hydrogen blending into the gas network as one of the critical anchors required to kickstart a regional green hydrogen economy.²

¹SONI/Eirgrid, Wind Dispatch Down - 2011 to Date

²Northern Ireland's Future Hydrogen Capability and Demand 2022, Matrix/Frontier Economics, October 2022

Northern Ireland's Gas Network Operators are committed to the full decarbonisation of the regional gas network.

We have launched 5 near-term actions to support the sustainable introduction of renewable gases in Northern Ireland. We believe successfully delivering these no-regret commitments will lead to a step-change in the decarbonisation of Northern Ireland's homes, businesses and wider energy system.

But we can't do it alone. We need support from industry, policy and public sector stakeholders to unlock the economic, decarbonisation and environmental benefits associated with producing and utilising renewable gases in Northern Ireland.

1 Research & Development

Continue to invest in research and demonstration projects to inform the lowest cost transition of NI's Gas Networks to support NI's Integrated Energy System

Our Commitments

- From 2024, we stand ready to significantly increase our investment in research projects which help accelerate the energy transition, using best in class learning and NI's world-class research institutions.
- Champion and support the green investment opportunities that exist in NI, attracting new market participants and supply chain investment opportunities that align to the NI 10X Delivery Plan.

Support Required

- The effective and timely provision of regulatory Energy Strategy Funding, for the NI gas network operators to collectively advance technical, market and regulatory readiness of decarbonisation solutions.
- Strategic leadership from NI Executive and government departments to embed a culture of green innovation within the local economy, to include centres of excellence, flagship projects, ring fenced green growth funding and acceleration of enabling skill sets.

2 Advance No Regret Outcomes

In parallel to growing gas customer base, become a leader in the championing and facilitation of energy efficiency and energy volume reduction initiatives

Our Commitments

- Between 2023 and 2028 Distribution Network Operators will invest a further £150m in developing gas network connections – representing a further c.72,000 properties connecting to the gas network – reducing carbon emissions by up to an additional c.165,000 tonnes of CO₂ per year by 2030.
- Distribution Network Operators will champion energy efficiency advice at the time of all new domestic gas connections, educating and advocating that connecting householders also undertake thermal efficiency enhancement, with a target of 50% uptake by 2026.

Support Required

- Continued regulatory support for the ongoing growth of gas network connections and implementation of renewable gas market solutions.
- Urgent implementation of a suitably funded NI Executive led Energy Efficiency Programme to provide awareness, support and guidance to energy users. To include effective support schemes that target both low income and able to pay householders to enhance the thermal efficiency of their properties.

3

Acceleration of Biomethane Injection Volumes

Support the development of a sustainable biomethane industry that provides competitive renewable energy solutions to NI Energy users

Our Commitments

- By 2030 1.5TWh of Biomethane will be injected into the NI Gas Network annually.

Support Required

- Urgent development of a NI Biomethane Action Plan, that sets out a clear regional ambition and pathway to achieving interim milestones, and which helps to stimulate wider enabling supply chains.
- A targeted market mechanism that aids the transition of large energy user volumes to biomethane solutions.

4

Network ready for a Hydrogen Economy

Facilitate the growth of an indigenous hydrogen economy in NI that can support the decarbonisation of multiple sectors

Our Commitments

- By 2028 the gas network in NI will meet all relevant technical and regulatory standards to accept both hydrogen blend imports and locally produced hydrogen injection.
- By 2028, working with sectoral partners, complete a full technical and commercial assessment, evaluating a strategically sited regional 'Hydrogen Valley' that will connect strategic hydrogen production sites with large-scale storage and demand.

Support Required

- NI Executive and Regulatory support to develop a forward-looking, ambitious Northern Ireland Hydrogen Action Plan in conjunction with NI stakeholders.
- Relevant NI Executive Departments support engagement with the UK Government to access the necessary funding to support the development of a regional Hydrogen Valley/Cluster asset.

5

Develop Integrated Energy System Solutions

Advance our pathway in conjunction with other energy system stakeholders to achieve the most optimal decarbonisation pathway for NI consumers

Our Commitments

- Establish a long-term strategic gas system planning framework, which would interact on a cross sector basis, including with NI's electricity operators to promote an integrated whole energy system approach.
- By 2026, Distribution Network Operators will have commenced extensive Hybrid Heating early adopter activity across owner occupier/social and small commercial properties.

Support Required

- NI Executive and the Utility Regulator to develop an increasingly integrated / whole energy system approach across their forward work plans and energy system planning.
- Policy support that recognises the value of Hybrid Heating systems and the establishment of a regional target and supporting market frameworks that encourages early adoption.

No Regret Actions Today



Health & Safety Management

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

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

How we deliver Health and Safety within our business

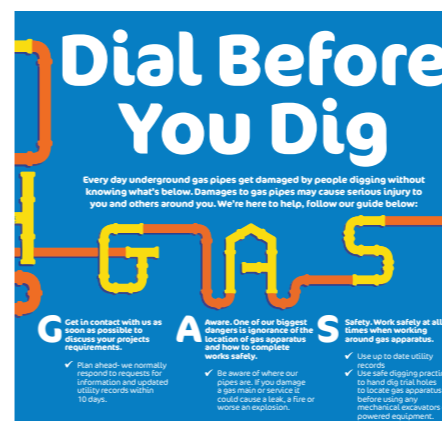


We recognise the pivotal role our employees play in ensuring the safe operation of our business and our internal ASHES (Awareness of Safety, Healthy and Environmental Systems) Committee is comprised of representatives from all levels and departments across our business. The Committee meets regularly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

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

How we deliver Health & Safety outside our business

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



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

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

Email: dialbeforeyoudig@phoenixenergy.com Phone: 028 9055 5819

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

'Play Safe, Stay Safe' sessions are freely available to primary schools and community groups across the Phoenix Energy license area.



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

Phoenix Energy has been a long time supporter of the campaign and in 2023, our support of the campaign continued when we launched a video interview with Neil Boyce, Head of Phoenix Energy Services, highlighting the best ways for consumers to be gas safe. The video reached over 37k people on social media.

Endorsements of our approach

- Continued achievement of Platinum, the highest level, in the Business in the Community NI Environmental Benchmarking Survey which assesses the extent to which environmental business practices are embedded within the corporate strategies and operations of organisations.
- Achievement of Gold status in the Business in the Community NI CORE accreditation, recognised as the standard for responsible business in Northern Ireland.
- Retention of ISO14001 and ISO45001 Health, Safety and Environment Management System accreditations.

Looking after our Network

The Phoenix Energy network currently comprises over 4,000km of pipeline making gas available to more than 256,000 homes and businesses.

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

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

Asset Replacement

- Continued investment in the natural gas network to provide the highest standards of service, safety and supply.
- Series of asset replacement activities for consumer installations in line with advised warranty and regulatory timescales.
- In 2023, we completed 22,000 asset replacement jobs across the year.



Network Operation

- 24/7 Network Control Room, emergency call centre and emergency response team in operation.
- We set a standard of attending high priority calls within one hour of them being reported and achieved this on 98% of occasions in 2023.
- Network monitoring points at key strategic locations which relay key information on gas pressure, supply and security with outputs monitored by the control centre.

Network Performance

- Daily analysis of network performance.
- Daily condition assessment and analysis undertaken across the network.
- In 2023, we completed 43,000 jobs as part of our routine and responsive maintenance programme.



Risk Management

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

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

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

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

How we manage risk

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

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

Governance

This includes risk policies and registers, risk oversight committees and clearly defined roles and responsibilities. The Group Chief Executive Officer (CEO) oversees the risk management function and is responsible for reporting to the Board.

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 Energy enables:

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

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

Corporate Risk Register

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

Operational Risk Register

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

Network Performance Group

The Network Performance Group is responsible for the review and management of all issues relating to the safe management and operation of the Distribution Network through the Asset Management system. The Group is composed of senior health and safety and engineering personnel.

Risk Review Group

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

Risk Assessment

The risk assessment process is fundamental in ensuring both an environment that is safe for staff and members of the public and for facilitating effective and productive working practices. We utilise risk assessments on all areas or issues that may impact on the integrity of the gas distribution network.

Internal Audit

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

Net Zero & Climate

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

Environmental Governance & Climate Action

ESG

In 2023, to improve the transparency of our sustainability reporting, On at least an annual basis, Phoenix performed a sustainability reporting gap analysis against Global Reporting Initiative (GRI) sustainability standards. The outcomes of the gap analysis have been utilised to improve our sustainability reporting in this Responsible Business Report.

Material Topics

Materiality in Environment, Social & Governance ('ESG'), refers to the business importance, financial significance, and stakeholder value of a specific ESG topic. On an annual basis Phoenix reviews the relevance of individual ESG topics and assigns a materiality level for each topic:



The process for assigning levels of materiality for each ESG topic includes Phoenix's internal assessment of materiality as well as incorporating the views of relevant stakeholders, including views from shareholders, suppliers and employees. The appropriateness of Phoenix's assessment of material ESG topics is also cross checked against independent external ESG tools tailored for Phoenix's industry, operations and geographical location (e.g. ESG materiality assessment tool within the GRESB Global ESG Benchmarking Assessment).

Material ESG topics¹:

Environment

Air pollution	Medium
Biodiversity & habitat protection	Medium
Climate Change ('Net Zero')	High
Contamination	No Relevance
Deforestation	No Relevance
Energy	Medium
Greenhouse gas emissions	High
Hazardous Substances	Medium
Light pollution	No Relevance
Noise pollution	Low
Sourcing of materials	Medium
Use of paper	Low
Waste produced	Medium
Water pollution	Low
Water use	No Relevance
Resilience to catastrophe/ disaster	High

Social

Child labour	No Relevance
Community development	Medium
Customer satisfaction	Medium
Employee engagement	Medium
Equality, Diversity & Inclusion	High
Forced or Compulsory Labour	Low
Freedom of Association	Low
Health & safety: Employees	High
Health & safety: Customers	High
Health & safety: Community	High
Health & safety: Contractors	High
Health & safety: Supply chain	Medium
Health & wellbeing: Employees	Medium
Local Employment	Medium
Staff development & training	Medium
Safe working conditions	High
Social Enterprise Partnering	Low
Stakeholder relations	Medium

Governance

Audit Committee structure	Low
Board composition	Medium
Bribery prevention	Low
Conflicts of Interest	Low
Cybersecurity	Medium
Data protection & Privacy	Medium
Delegated Authority	Low
Ethical business practices	Medium
ESG Oversight	Medium
Executive compensation	Low
Fiduciary Duty	Low
Fraud prevention and fraud response	Low
Independence of the Board Chair	Medium
Lobbying activities	Low
Money laundering	Low
Political contributions	Low
Remuneration Committee independence	Low
Shareholder Rights	Low
Tax evasion prevention	Low
Whistleblower protection	Medium

Management of Material Topics: Environment

Topic	Materiality	Impact	Policies / Commitments / Actions
Climate Change	High	As the largest gas distribution network operator in NI, Phoenix requires significant volumes of energy to operate and generates greenhouse gas emissions (GHG) from its operations. Further information on Phoenix's energy use and GHG emissions is provided at pages 60 & 61	It is Phoenix's ambition to be a Net Zero gas distribution network by 2050 or sooner. Phoenix 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.
Greenhouse Gas Emissions	High		
Air Pollution	Medium		Phoenix has taken the proactive steps to:
Energy	Medium	In line with the UK's 2050 net zero target, Phoenix is playing a leading role in the development and implementation of solutions to reduce the GHG emissions associated with heating in NI. This includes: <ul style="list-style-type: none"> Continuing to convert consumers heating systems from traditional fossil fuels to natural gas, and thereby reducing driving carbon reductions; and The development and introduction of green gas solutions to replace natural gas. 	<ul style="list-style-type: none"> Develop a Net zero and Climate Change Policy; Voluntarily disclosing in line with the requirements of the Taskforce on Climate Related Financial Disclosures Support relevant United Nation's Sustainable Development Goals ('SDGs'). Quantify its carbon footprint (Scopes 1-3), including its energy use and greenhouse gas (GHG) emissions; Develop a GHG Emissions Reduction Plan, that provides a meaningful and realistic pathway for Phoenix to reach net zero; and Publicly report on its progress against targets, including on failures
Resilience to Catastrophe/ Disaster	High	As an operator of an essential service, namely the distribution of gas primarily utilised for heating, it is imperative that Phoenix is appropriately resilient to catastrophe / disaster.	Phoenix maintains a suite of business continuity and disaster recovery (DR) procedures and plans that are designed to help maintain continuity of service and that we can respond to disasters or other emergencies. The business continuity plans and DR procedures are routinely reviewed and updated, and are regularly tested to ensure Phoenix can recover operations successfully and in a timely manner.
Biodiversity & Habitat Protection	Medium	Phoenix recognises the potential negative impacts that our operations (e.g. the continued construction of the gas network) could have on biodiversity. Preserving biodiversity is essential to minimise environmental impacts, maintain ecosystem functions, and ensure the long-term sustainability of natural resources.	Through its Environmental & Biodiversity Policy, Phoenix aims 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. Phoenix's certified Environment Management System (EMS) embraces the need to protect habitats and promote bio-diversity. Our construction works are planned taking account of the requirements to protect local features and site-specific risk assessments and methodologies are created and implemented to ensure that we protect the existing habitats found in the areas in which we work.
Hazardous Substances	Medium	Phoenix is required to utilise hazardous substances as part of its operations. Controlling hazardous substances is critically important for ensuring workers health and safety, for ensuring Phoenix comply with relevant legal compliance and to protect the environment.	Phoenix are complaint with the Control of Substances Hazardous to Health Regulations 2002. Where possible, Phoenix eliminates hazardous materials from the workplace (e.g. by substituting with less hazardous materials). Where this is not possible, Control of Substances Hazardous to Health (COSHH) risk assessments are performed to ensure appropriate control measures are put in place to reduce exposure to hazardous substances to as low as reasonably practicable.
Sourcing of Materials	Medium	Ethical sourcing of materials is not only a moral imperative but also a strategic business decision taken by Phoenix. By prioritising ethical considerations in its supply chains, Phoenix helps safeguard its reputation, mitigate risks, promote sustainability, and meet the evolving expectations of its consumers and stakeholders.	Phoenix's Procurement Policy: <ul style="list-style-type: none"> Outlines our commitment to procure goods and services from sources with known ethical standards to prevent exploitation of labour and ensure that the environmental impact is minimised; and Mandates that sustainability be considered as part of the procurement process. Contractors and members of the Phoenix supply chain are challenged to provide information on the sustainability of materials purchased.
Waste Produced	Medium	Environmentally, it contributes to pollution, land degradation, and resource depletion. Economically, it leads to increased disposal costs, project delays, and loss of potential revenue from salvaged materials. Additionally, it can harm Phoenix's reputation and lead to legal consequences if waste management regulations are violated.	Through careful planning during our construction and maintenance works, all possible opportunities are taken to minimise waste. All elements of the business seek to reduce, re-use and recycle waste and to conserve scarce natural resources where possible. Phoenix's strategy includes applying 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.

Management of Material Topics: Social

Topic	Materiality	Impact	Policies / Commitments / Actions
Health & Safety: Employees	High	Health and safety considerations are critically important for Phoenix due to the inherent risks associated with handling and distributing gas and those associated with constructing a gas network. Neglecting health and safety protocols can lead to severe consequences, including gas leaks, explosions, fires, exposure to toxic substances and increased accidents and injuries. These incidents can result in loss of life, property damage, environmental harm, legal liabilities, and damage to Phoenix's reputation.	Phoenix ensures strict adherence to safety regulations, conducting regular inspections and maintenance, providing comprehensive training to employees, and investing in advanced safety technologies. Phoenix's Occupational Health & Safety Management system is certified to ISO45001 and compliance is measured as part of the internal audit programme managed within the business and is externally verified on a 6-monthly basis.
Health & Safety: Customers	High		
Health & Safety: Community	High		
Health & Safety: Contractors	High		
Health & Safety: Supply Chain	Medium		
Safe Working Conditions	High		
Equality, Diversity & Inclusion	High	Equality, diversity, and inclusion (EDI) are essential for fostering a positive work environment, driving innovation, improving customer service, attracting top talent, ensuring legal compliance, enhancing brand reputation, and fulfilling Phoenix's social responsibility obligations. By prioritising EDI, Phoenix can create a more inclusive and equitable workplace and contribute to long-term business success and sustainability.	Phoenix recognises that prioritising EDI is not only the right thing to do ethically but is also strategically important to drive sustainable growth, innovation, and competitive advantage in an increasingly diverse and dynamic business environment. We maintain an Equality, Diversity and Inclusion Policy that outlines our commitment to promoting equality and to operating fairly and equitably in our dealings with employees, prospective employees and in all our external relations. Phoenix promotes a good and harmonious working environment where every individual is treated with respect and dignity and in which no worker feels threatened or intimidated for any reason.
Community Development	Medium	As a leading NI utility, Phoenix has the potential to play a pivotal role in community development by leveraging our resources, expertise, and influence to create positive social, economic, and environmental outcomes that contribute to the overall well-being and prosperity of the communities we serve.	The importance of community development within the Phoenix CSR plan is demonstrated by its positioning with the LIFE programme, the F standing for 'Fostering our Community'. Phoenix has an active and visible presence in the local communities within our Licence areas. Positive impacts for our stakeholders and the community we serve are delivered through meaningful engagement, contribution and volunteering that reflect the needs of each community.
Customer Satisfaction	Medium	Customer satisfaction is a critical success factor for Phoenix, impacting reputation, regulatory compliance, competitive position, revenue growth, and operational efficiency. By prioritising customer needs and delivering exceptional service experiences, Phoenix can build trust, loyalty, and long-term relationships with our customers, driving sustainable business performance and shareholder value.	Phoenix regularly performs customer satisfaction surveys to assess customer's perception of the services provided Phoenix and independent installer companies. The feedback obtained from customer surveys are utilised to improve our service offering, thus ensuring that high levels of service continue to be provided to our customers.
Employee Engagement	Medium	Employee engagement is a critical driver of success for Phoenix, impacting safety, service quality, innovation, productivity, talent retention, and organisational culture. By prioritising employee engagement and creating a supportive work environment, Phoenix can unlock the full potential of our workforce and achieve sustainable growth and success in the long term.	Phoenix's Employee Engagement Policy outlines our commitment to effective staff engagement and recognises the benefits this can bring in securing commitment and delivery of the Company's aims and objectives

Management of Material Topics: Social (contd)

Health & Wellbeing: Employees	Medium	Investing in employee health and wellbeing is not only a moral imperative but also a strategic business decision for Phoenix. By prioritising the health and wellbeing of employees, Phoenix can improve operational performance, enhance customer satisfaction, mitigate risks, ensure regulatory compliance, and strengthen its corporate reputation, ultimately driving long-term success and sustainability.	<ul style="list-style-type: none"> Phoenix's Health and Wellbeing Policy outlines a number of initiatives that we employ to safeguard the health and wellbeing of our employees. These include: <ul style="list-style-type: none"> Promoting work / life balance; Promoting good nutrition; Promoting our Employee Assistance Programme ('EAP'); and Promotion of a dedicated Health and Wellbeing Staff Programme. Phoenix has implemented a series of health and wellbeing initiatives, championed by our 'LIFE Committee', that is based on the four main health priorities: <ul style="list-style-type: none"> Physical activity; Healthy eating; Mental health; and Cancer awareness
Local Employment	Medium	Phoenix can play a vital role in supporting local employment by creating job opportunities, stimulating economic growth, investing in training and development, engaging with local communities, and promoting diversity and inclusion in the workforce. By prioritising local employment, Phoenix will contribute to the prosperity and well-being of the communities it serves while driving its own success and sustainability.	Phoenix directly employs a significant number of people locally and recognises that investing in an engaged workplace encourages commitment, motivation, and productivity. Phoenix invests in the training and development of its employees, enabling them to reach their potential and recognise opportunities for progression within Phoenix and across the wider gas industry.
Staff Development & Training	Medium	Staff development and training are essential investments for Phoenix, impacting safety, service quality, operational efficiency, innovation, talent retention, regulatory compliance, and reputation management. By prioritising employee development, Phoenix can build a skilled and motivated workforce capable of driving sustainable business success and delivering value to customers and stakeholders.	A dedicated focus is given to developing staff and forms part of our CSR programme, known as 'LIFE', with 'I' standing for 'Investing in Our People'. Phoenix has a dedicated HR function that looks after staff, their wellbeing and their personal development in a structured way, through an effective Learning & Development Strategy designed to help people perform to their best. This includes a number of structured activities including: <ul style="list-style-type: none"> Engineering Officer Programme: a structured training and development programme for assistant engineers to be developed in stages to become Engineering Officers. Apprenticeship Schemes: A blended learning approach to studies and on-the-job learning as part of the route-to-employment with the company. Employee Development Programme: Offers employees the opportunity to avail of training courses that do not necessarily form part of their job role requirement. HR Training Cycle. Appraisal process for all staff; and Further Education Policy to support employees who wish to continue their development through formal education.
Stakeholder Relations	Medium	Effective stakeholder relations are essential for the success and sustainability of Phoenix. By prioritising relationships with regulators, communities, customers, investors, suppliers, and employees, Phoenix builds trust, fosters collaboration, and creates shared value for all stakeholders, ultimately driving long-term business growth and prosperity.	Phoenix has developed and implemented a structured Stakeholder Engagement Strategy. This has allowed Phoenix not only to identify who its stakeholder groups are, but to execute a specific engagement plan to best capture the needs and opinions of these groups, which ultimately informs internal decision making. The key aspects of our Stakeholder Engagement Strategy include: <ul style="list-style-type: none"> the identification of relevant stakeholders including their key contacts. assignment of personnel to manage the relationship with each relevant stakeholder; and development of a programme for engaging with relevant stakeholders.

Management of Material Topics: Governance

Topic	Materiality	Impact	Policies / Commitments / Actions
Board Composition	Medium	The composition of the board significantly impacts governance, strategy, risk management, stakeholder relations, and corporate performance. By ensuring a well-balanced board (including having an independent chairperson) with diverse skills, expertise, and perspectives, Phoenix can enhance its ability to navigate complex challenges, seize opportunities for growth and innovation, and create long-term value for shareholders and stakeholders.	The Phoenix Board is responsible for promoting the highest standards of corporate governance. The tone is set at the top by the Board and is embodied by our Executive Management Team. Under the terms of our licensed, Phoenix energy must ensure that our Board comprises a majority of Independent Non-Executive Directors and who possess relevant experience and knowledge of regulated industry and at least one Independent Non-Executive Director must have experience of the energy industry. The Board currently comprises two independent Non-Executive Directors, one of which is the Chair, together with the CEO as an Executive Director.
Independence of the Board Chair	Medium		
Cybersecurity	Medium	Cybersecurity is a critical priority for gas distribution companies to protect critical infrastructure, safeguard sensitive data, ensure regulatory compliance, manage supply chain risks, maintain operational resilience, and preserve reputation and trust among customers and stakeholders. By prioritising cybersecurity investments and implementing comprehensive security measures, Phoenix can mitigate cyber risks and enhance their ability to deliver safe, reliable, and resilient gas services to customers.	Phoenix adopts a policy of security and privacy first. We have adopted a multi layered approach to security where software and hardware controls are in place to minimise the risk of threat ingress. Phoenix proactively reviews its risk to cybersecurity and ensures that controls required to mitigate against risks identified are implemented. Cyber and IT security training is regularly provided to all Phoenix personnel. Regular simulated phishing attack testing is performed.
Data Protection & Privacy	Medium	Data protection is a critical priority for Phoenix to safeguard customer data, ensure regulatory compliance, maintain operational efficiency, protect reputation and brand image, mitigate legal liabilities, and secure supply chain relationships. By prioritising data protection and implementing robust security measures, Phoenix can protect sensitive information, build customer trust, and mitigate risks associated with data breaches and cybersecurity threats.	Phoenix regularly reviews and refreshes our data protection policies, procedures and controls to ensure that we remain compliant with relevant legislation and that our systems in place are significantly robust to ensure that data we hold is held and processed securely. Regular audits on compliance with data protection legislation are performed across the business and with relevant sub-contractors.
Ethical Business Practices	Medium	Ethical business practices are essential for the success and sustainability of Phoenix. By prioritising integrity, transparency, and social responsibility in all aspects of business operations, Phoenix builds trust with customers, complies with regulatory requirements, enhances its reputation, engages employees, attracts investors, and mitigates risks, ultimately driving long-term value creation and stakeholder satisfaction.	Along with good corporate governance, ethical behaviour is an integral part of everything that Phoenix does. Phoenix is committed to sound business ethics in all our business activities and relations with stakeholders. We build relationships through honesty and integrity, and we respect laws and regulations. Ensuring that employees understand the company's corporate values is achieved by our Code of Business Ethics which makes clear the behaviour we seek from employees.
ESG Oversight	Medium	ESG oversight has a transformative impact on businesses, driving sustainability, resilience, and long-term value creation. By integrating ESG considerations into their business strategies, operations, and decision-making processes, Phoenix can enhance its competitiveness, mitigate risks, and contribute to a more sustainable and equitable future for society and the environment.	The Phoenix Board has overall responsibility for the oversight of CSR / ESG performance. This includes the setting of performance targets for the organisation and for assessing performance. The Phoenix Mgt Team are required to provide the Board with regular updates on the CSR / ESG performance.
Whistleblower Protection	Medium	Whistleblower protection is essential for promoting ethical conduct, corporate governance, risk management, reputation management, legal compliance, and employee engagement. By implementing robust whistleblower protection policies and procedures, Phoenix can create a safe and supportive environment for employees to raise concerns, prevent misconduct, and uphold the company's values and integrity.	Phoenix is committed to the highest standards of quality, honesty, openness and accountability. In line with that commitment, we encourage employees and others with genuine concerns about any aspect of Phoenix's business to come forward and voice those concerns. The Board and Mgt Team promote whistleblowing and the protection of whistleblowers as an important part of our business culture. Phoenix's whistleblowing arrangements are in line with best practice and include: <ul style="list-style-type: none"> • Commitment from the Board and Mgt Team to encourage whistleblowing (where appropriate); • Clear reporting channels for employees to report concerns; and • A robust regime of Whistleblower protections.

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 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 ESG factors is fundamental to making more informed decisions to facilitate long term sustainable growth.

The Taskforce on Climate related Financial Disclosures

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

This framework encourages action and transparency in the following areas:

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

Phoenix is committed to implementing the recommendations of the TCFD, and the information outlined in this report, alongside disclosures contained within Phoenix's Financial Statements represent our fourth disclosure. In 2023 we have fully complied with the recommendations of the TCFD.

GOVERNANCE

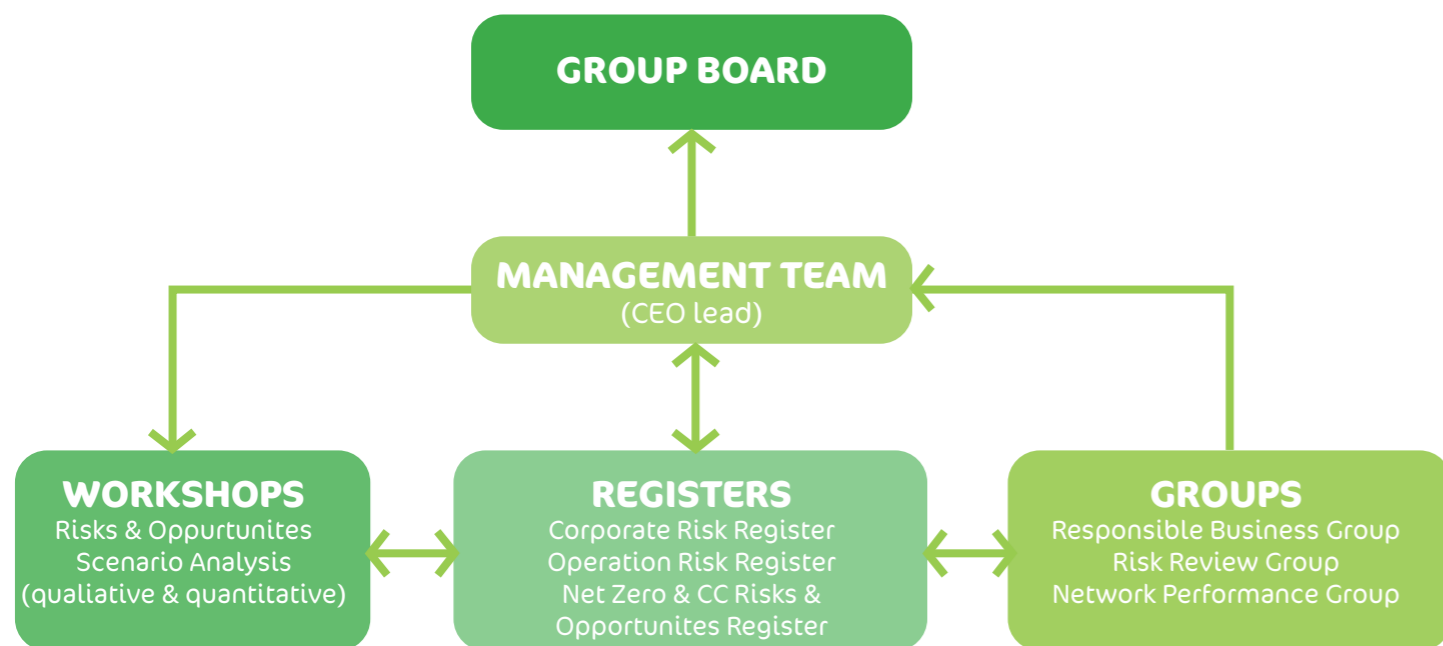
The Board has overall responsibility for the oversight of CSR / ESG performance. This includes the setting of performance targets for the organisation and for assessing performance. The Board currently comprises two independent Non-Executive Directors, one of which is the Chair, together with the CEO as an Executive Director. All appointments to the Phoenix Board are approved by shareholders. The balance and mix of appropriate skills, competencies and experience of non-executive directors is taken into account when considering new appointments. Responsibility for the management of the impact of ESG including climate change has been delegated by the Board to the CEO and the Director of Business Services.

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

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

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

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



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

Phoenix maintain three relevant risk registers:

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

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

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

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

<p>1.</p> <p>The Risk Review Group - responsible for the identification and assessment of risks in relation the safe operation of the network asset. Risks identified as emerging and/or significant are addressed;</p>	<p>2.</p> <p>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</p>	<p>3.</p> <p>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</p>
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In 2023, Phoenix engaged with an external climate change expert (Deloitte) to facilitate a climate changes risks and opportunities workshop that was tailored specifically for Phoenix's activities and the potential impact of climate change. The outputs of the workshop were subsequently utilised to update and refresh Phoenix's Net Zero & Climate Change risks and Opportunities Register.

STRATEGY

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

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

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

Our Approach

It is Phoenix's ambition to be a net zero gas distribution network by 2050 or sooner. Phoenix 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's net zero & climate change risks and opportunities processes serve as an input to Phoenix's strategic and financial planning processes, including consideration of:

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

In 2022, Phoenix developed a Greenhouse Gas ('GHG') Emissions Reduction Plan (Scope 1 & Scope 2 carbon emissions) that outlined a realistic and attainable pathway for Phoenix to reach net zero. The Plan includes meaningful actions to reduce the impact of our operations on the environment and sets challenging targets that progress can be monitored against.

In 2023, the GHG Emissions Reduction Plan was extended to include Scope 3 carbon emissions and now provides a realistic pathway for reaching net zero GHG emissions including Scope 3.

Phoenix have elected not to set a carbon price. However, this is something that may be revisited in the future.

Our Climate Change Commitments

Phoenix are committed to:

1. Supporting the United Nation's Sustainable Development Goals ('SDGs'). For example, by taking urgent action to combat climate change and its impacts (SDG13) while providing affordable and clean energy for generations to come (SDG 7).
2. Adopting the recommendations of the Financial Stability Board's ('FSB') Task force on Climate Change-related Financial Disclosures ('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 ('GHG') emissions targets, results and activities openly and in accordance with the Greenhouse Gas Protocol;
7. Minimising the environmental impact of our own business operations;
8. Establishing strategies and programs to reduce the carbon footprint of our business operations, supply chain, and services by improving energy efficiency; and
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 recognise the important role that the gas infrastructure in NI will play in realising net carbon zero solutions locally and are committed to:

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

Sustainable Development Goals

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

<p>3</p>	<p>GOOD HEALTH</p> 	<p>Ensure a positive and healthy working environment for our employees.</p> <p>Active promotion of health & well-being initiative for employees, based on four main health priorities (physical activity, healthy eating, mental health and cancer awareness).</p>
<p>7</p>	<p>CLEAN ENERGY</p> 	<p>Providing a less polluting source of heating by offering natural gas to customers which switch away from oil.</p> <p>Exploring the use of renewable gas through our network (e.g. biomethane and hydrogen) as a pathway to net zero.</p>
<p>8</p>	<p>GOOD JOBS & ECONOMIC GROWTH</p> 	<p>Supporting job creation and innovation</p> <p>Promoting high employment standards for staff through diligent screening and selection processes and policies adoption and implementation (modern slavery, equal opportunities, diversity & inclusion and well-being).</p>
<p>9</p>	<p>INNOVATION AND INFRASTRUCTURE</p> 	<p>Building, improving and maintaining reliable, sustainable and resilient infrastructure to supply continuous, affordable and essential services through long term investment.</p> <p>Transitioning gas infrastructure to form part of the net zero solution.</p>
<p>12</p>	<p>RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Promoting active and safe waste management while increasing recycling / reuse and appropriate disposal.</p> <p>Supporting actions to prevent / reduce waste generation.</p>
<p>13</p>	<p>PROTECT THE PLANET</p> 	<p>Performance of qualitative and quantitative climate change scenarios analysis</p> <p>Full public disclosure in line with the recommendations of the TCFD</p>
<p>15</p>	<p>LIFE ON LAND</p> 	<p>Preserving and improving wildlife and biodiversity through targeted initiatives including tree planting and habitat enhancement/restoration.</p>

Scenarios Analysis

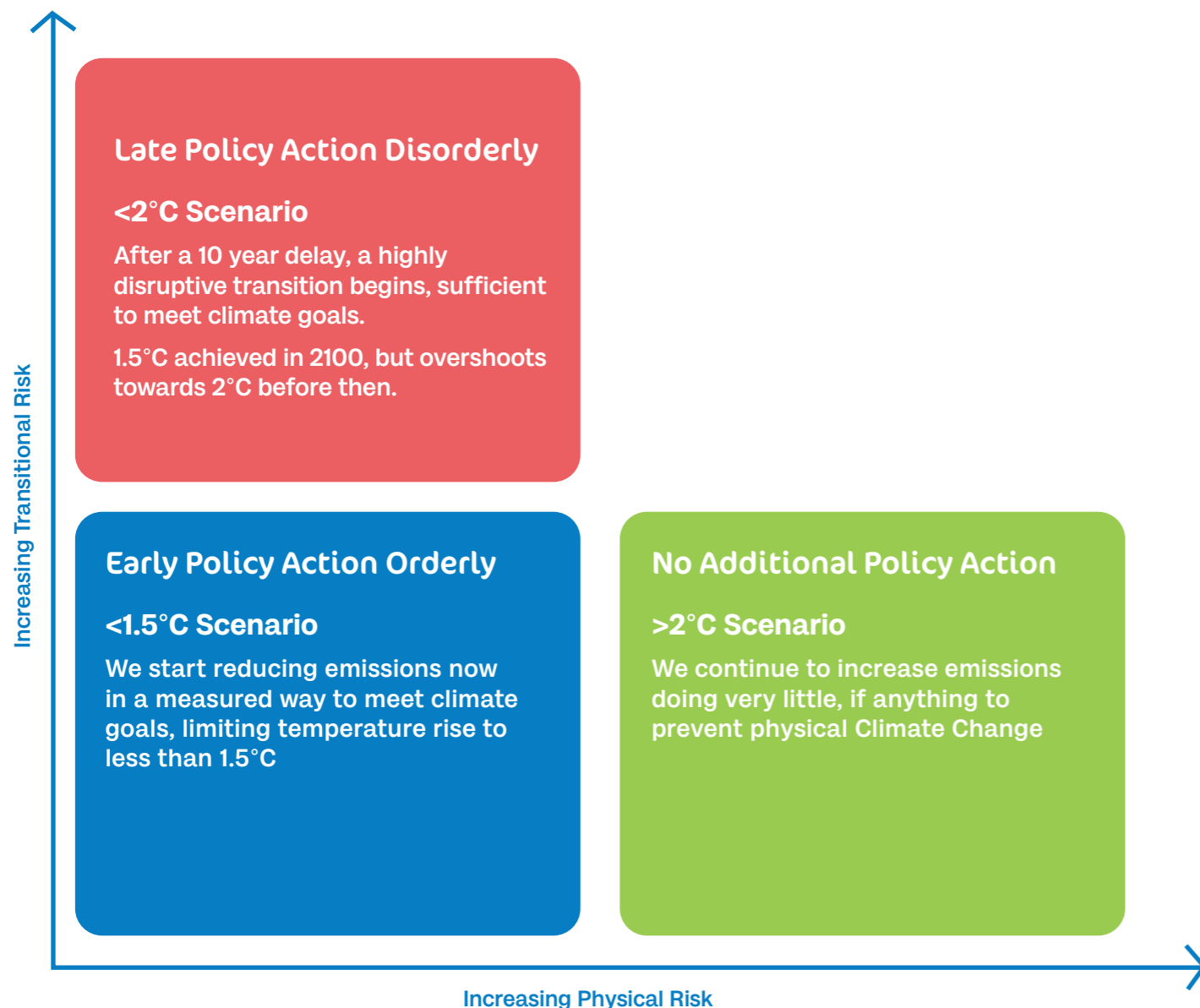
Phoenix engaged with a specialist provider of climate change scenario analysis to help understand the resilience of our business to different climate change scenarios and the impact of different scenarios on our products and investment strategies.

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

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

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

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



Quantitative Scenario Analysis

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

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

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

In 2023, Phoenix engaged with an external climate change expert (Deloitte) to independently review Phoenix’s quantitative climate change scenario analysis performed to ensure that it was appropriate and remained in line with best practice. It was concluded that “Phoenix Energy’s scenarios are aligned to the latest NGFS scenarios (current best practices)”.

RISK MANAGEMENT

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

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

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

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

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

Time Horizons

The following time horizons are utilised by Phoenix to consider and assess identified climate change risks and opportunities:

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

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

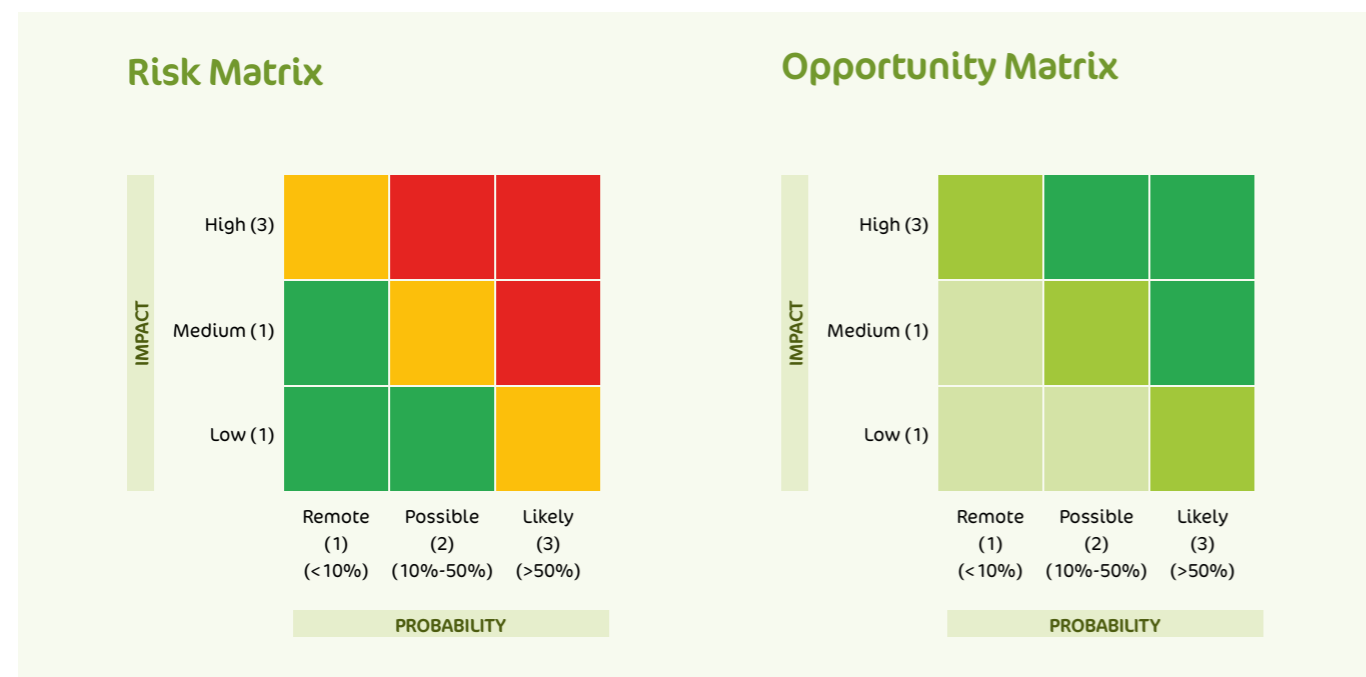
- **The useful life of Phoenix’s assets and infrastructure – some of which are depreciated over 40 years;**
- **The length of Phoenix’s gas distribution licence (currently runs until 2046); and**
- **The fact that climate related issues often manifest themselves over considerable time periods (for example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

Potential financial impact

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

- **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’s existing risk and internal control framework, risk and opportunities rating matrices provide the framework to rank each risk and opportunity by likelihood of impact and significance of potential financial impact. This helps to identify the importance and materiality of each material risk or opportunity to the business.



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’s key climate related opportunities arise from continuing to transition oil customers to gas and from the transition to a low carbon economy.



Metrics & Targets¹

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'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's Carbon Footprint is provided in the table below:

CARBON EMISSIONS	Current Year 2023 tCO ₂ e	Baseline Year 2019 tCO ₂ e
Scope 1 Direct Emissions		
Fossil Fuels	385	581
Bio Energy	0	
Transport	1,409	1,524
Fugitive emissions from refrigerants	1	1
Total Scope 1 Direct Emissions (excluding shrinkage factor)	1,795	2,107
Shrinkage factor	10,327	10,580
Total Scope 1 Direct Emissions	12,121	12,688
Scope 2 Indirect Emissions Electricity		
Purchased electricity (Location Based)	89	114
Purchased electricity (Market Based) ²	1	n/a
Total Scope 2 Indirect Emissions Electricity³	1	114
Total Scope 1 & 2 Emissions	12,122	12,802
Total Scope 1 & 2 Emissions (excluding shrinkage factor)	1,796	2,221
Scope 3 Other Indirect Emissions		
Business travel	16	18
Employee Commuting	195	274
Fuel Related Activities	430	490
Energy Related Activities ⁴	0	27
Waste	139	176
Purchased Goods & Services ⁵	2,486	unknown
Total Scope 3 Other Indirect Emissions	3,266	985
Total Carbon Emissions	15,388	13,787
Total Carbon Emissions (excluding shrinkage)	5,062	3,207

The principal reason for the increase in total carbon emissions in 2023 when compared to the 2019 Base Year was from the inclusion of Scope 3 emissions associated to purchased goods and services, for which comparable data for the base reporting year 2019 is not available.

The total amount of estimated information calculated is within the 0-10% banding. Phoenix's carbon footprint has been independently audited by an external Energy and Carbon Consultant (CarbonFit) and has been verified to ISO14064 Greenhouse Gases.

¹There have been no restatements of previously reported information.

²The 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. In 2021, Phoenix entered into a contractual arrangement with the electricity supplier of our main office building to procure electricity required for our operations from 100% renewable sources. This has enabled Phoenix to be able to report on Scope 2 Indirect Emissions relating to purchased electricity using both the 'location based' and 'market based' methods.

³Scope 2 Dual Reporting confirms there is allowance as per guidance to display a reduced figure associated to market-based electricity.

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

⁵For FY 23 Phoenix have engaged with the top 91% of our supply chain within the Purchased Goods and Services category to identify associated carbon emissions. A screening exercise and data collection over a period of months resulted in a combination of calculation methodologies being implemented in line with the GHG protocols to produce carbon emissions for reporting purposes. Comparative data for the base year (2019) is not available.

GHG Emissions Intensity Metric

As Phoenix 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 2023 tCO ₂ e	Baseline Year 2019 tCO ₂ e
Scope 1 & 2 carbon emissions per connected customer	0.047	0.056
Total Carbon emissions per connected customer ¹	0.060	0.061

Energy

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

Summary information on Phoenix's Energy Use is provided in the table below:

ENERGY	Current Year 2023 MWh	Baseline Year 2019 MWh
Fossil Fuels	1,775	2,457
Transport	5,651	8,298
Electricity	417	447
Shrinkage factor	9,626	10,165
TOTAL	17,469	21,366

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 have calculated the volumes of air pollution generated by our operations. The majority of air pollution produced by Phoenix relates to pollutants produced through the use of our commercial fleet. In order to reduce the volume of air population Phoenix 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's Air Pollution levels is provided in the table below:

AIR POLLUTION	Current Year 2023 kg	Baseline Year 2019 kg
Sulphur Oxides (SO _x)	4	4
Nitrous Oxides (NO _x)	2,682	3,354
Particle Matter 2.5 (PM _{2.5})	44	61
Particle Matter 10 (PM ₁₀)	44	61

¹For FY 23 Phoenix have engaged with the top 91% of our supply chain within the Purchased Goods and Services category to identify associated carbon emissions. A screening exercise and data collection over a period of months resulted in a combination of calculation methodologies being implemented in line with the GHG protocols to produce carbon emissions for reporting purposes. Comparative data for the base year (2019) is not available. Scope 3 total reporting figure accounts for the allowance to display a reduced figure specifically relating to scope 2. Due to the dual reporting location / market-based emissions, by having a fully backed renewable energy grid supply in place, energy related activities is lower as per GHG protocol guidance.

Waste

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

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

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

WASTE	Current Year 2023 tonnes	Baseline Year 2019 tonnes
Total Waste	69,193	125,498
Re-use	(24)	(17)
Re-cycling	(2,871)	(853)
Diverted ¹	(45,089)	(78,524)
WASTE TO LANDFILL	21,209	46,104

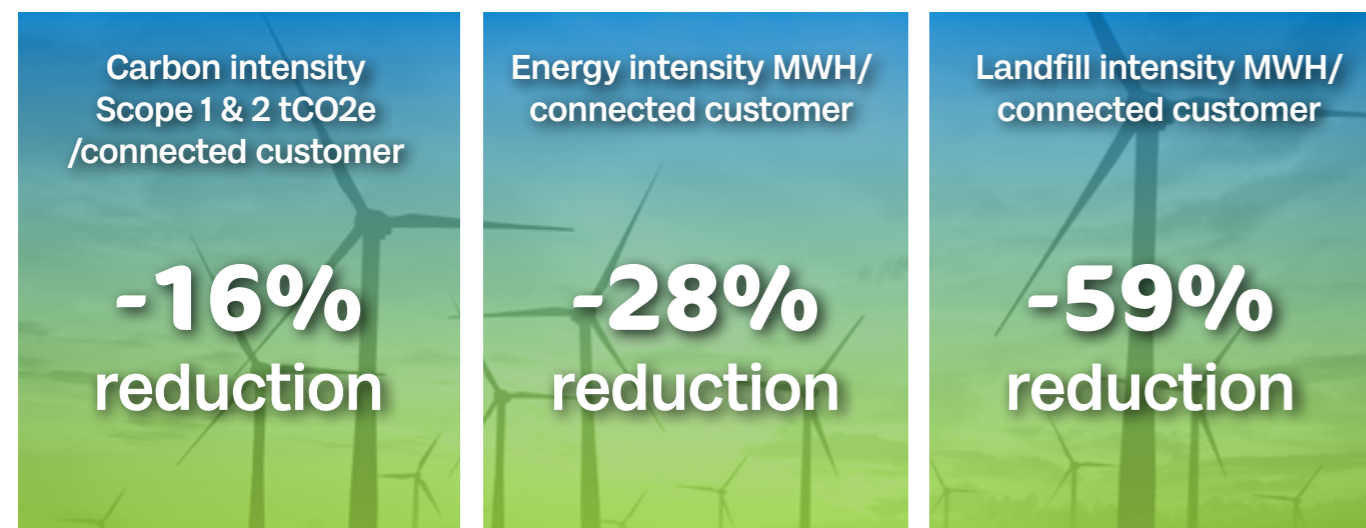
Water

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 recognises that ensuring that everyone has access to sustainable water and sanitation services is a critical component of climate change mitigation.

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

WATER	Current Year 2023 Megalitres	Baseline Year 2019 Megalitres
Water Consumption (potable)	0.9	1.3
TOTAL	0.9	1.3



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

Climate Action Targets

We have set ambitious climate action goals with science-based targets for our own operations (Scope 1 & 2 emissions).

Our own operations targets are aligned with the Paris Agreement's aspiration to limit global warming to 1.5°C and demonstrate our leadership in Climate Action.

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

Targets include:

- Eliminating all emissions except for 'residual emissions'¹ by 2048;
- Reducing our scope 1 & 2 carbon emissions by >60% (excluding shrinkage) by 2030;
- Reducing our scope 1 & 2 carbon emissions by >90% (excluding shrinkage) by 2035;
- Reducing the energy consumed from our operations by:
 - >50% by 2030 (excluding shrinkage); and
 - >75% by 2040 (excluding shrinkage).
- Reducing Scope 3 emissions by >60% by 2030 ²;
- Reducing Scope 3 emissions by >80% by 2040 ³;
- Eliminating all air pollution emissions from Sulphur Dioxide (SOx) and Particulate Matters (PM2-5 & PM10) by 2035;
- Eliminating all but residual emissions for Nitrous Oxide (NOx) by 2048; and
- Be Net Zero (including shrinkage) by 2050; ⁴
- Transitioning our entire commercial fleet to green fuels by 2035;
- Engaging with our supply chain to further improve the quantification of our Scope 3 indirect emissions associated with purchased goods and services;
- Partnering with The Conservation Volunteers to plant 8,000 native trees each year until 2030;
- Introduction of 20% green gas (hydrogen / biogas blended) into the Phoenix Distribution Network by 2030; ⁵
- Facilitate the distribution of biomethane in the Phoenix network by 2025;
- Facilitate the distribution of hydrogen in the Phoenix network by 2027;
- Procurement of 100% of electricity required for our operations from renewable sources by 2030;
- Reducing the volume of waste sent to landfill as a consequence of our operations by over 75% by 2030;
- Obtaining approval from the Science Based Targets Initiative (SBTi) for our greenhouse gas emission reduction targets⁶; 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's strategy to support the net zero transition is to measure and report performance against stretching carbon targets. Phoenix will report annual progress against these targets and, in line with the requirements of the Science Based Target Initiative, Phoenix has reviewed and refined its targets in 2023 according to the latest scientific evidence. Phoenix will review the targets again by 2030 to ensure they remain in line with the latest scientific evidence.

¹ Residual emissions are GHG Emissions that are emitted after all reasonable efforts have been made to reduce GHG Emissions. In Phoenix's case these will relate to the continued distribution of biomethane.

² Targeted reductions in scope 3 emissions are compared to a base year of 2022 rather than 2019, as emissions associated to hotel stays and purchased goods and services were not captured until 2022.

³ Targeted reductions in scope 3 emissions are compared to a base year of 2022 rather than 2019, as emissions associated to hotel stays and purchased goods and services were not captured until 2022.

⁴ It is anticipated that Phoenix will be required to offset residual emissions.

⁵ The introduction of hydrogen blended mix of gas into the Phoenix Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK Gas Distribution network.

⁶ The Science Based Targets initiative (SBTi) have yet to develop a methodology relevant for Phoenix (companies in the oil and gas sectors). However, Phoenix have commenced preparatory work to obtain approval of our greenhouse gas emission reduction targets by the SBTi.

Carbon Targets

60%

Reduction in Scope 1 & 2 carbon emissions (excluding shrinkage) by 2030

100%

Zero emission commercial vehicles by 2035

90%

Reduction in Scope 1 & 2 carbon emissions (excluding shrinkage) by 2035

Net Zero

Scope 1 & 2 carbon emissions (including shrinkage) by 2050¹

Energy Targets

50%

Reduction in energy consumed by our operations by 2030

100%

Reduction in energy consumed by our operations by 2040

75%

Reduction in energy consumed by our operations by 2040

20%

Reduction in energy consumed by our operations by 2040²

Circular Targets

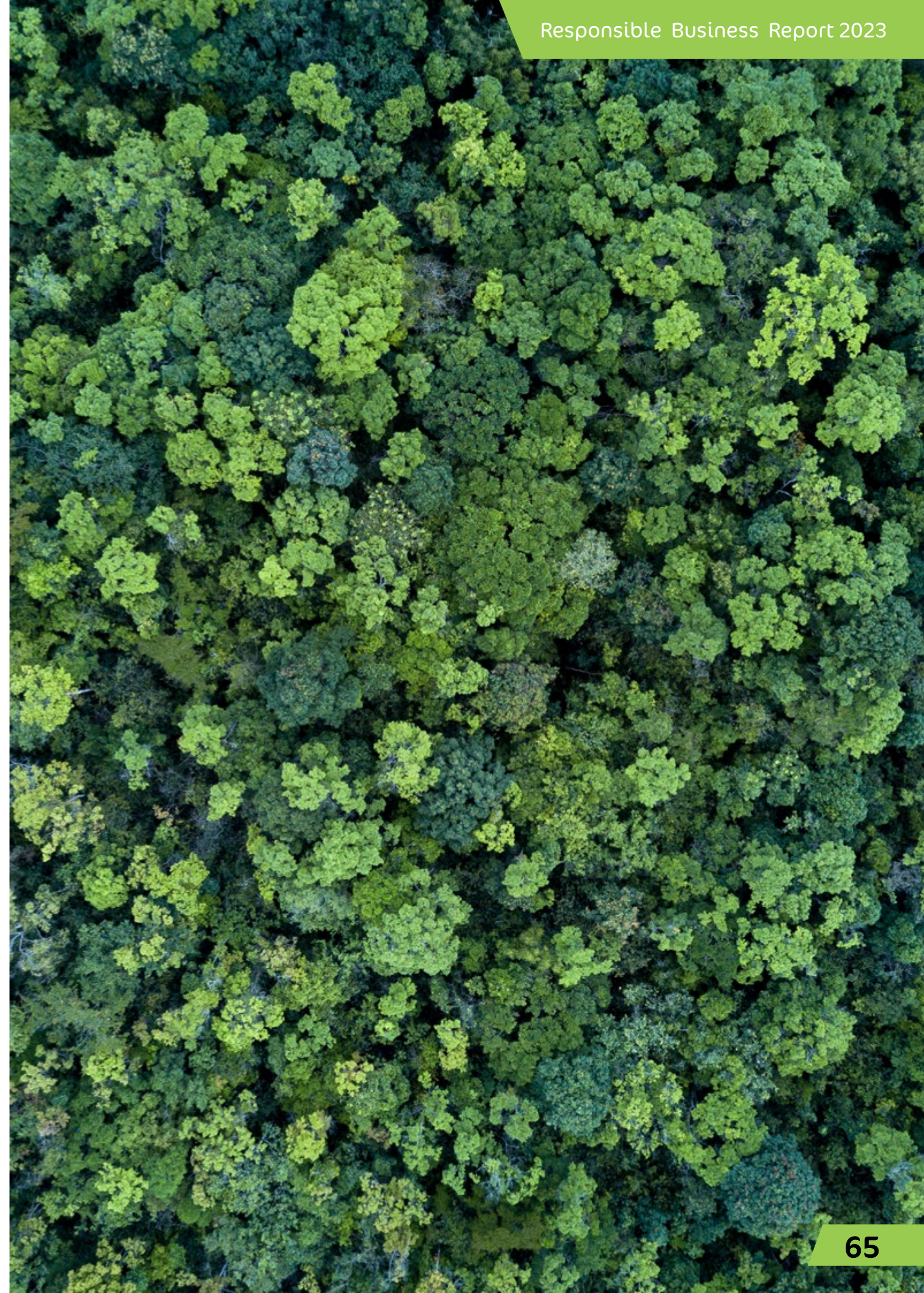
75%

Reduction in waste sent to landfill as a consequence of our operations by 2030

8,000

New Native trees planted each year until 2030

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



How we have performed

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

Outlined below are the Phoenix Standards of Service including actual performance for 2023.




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.	99%	97%
CONNECTION		
Moving of meter Phoenix Energy will reposition an ordinary meter within 15 days of a quotation being accepted.	100%	100%
Change of meter Phoenix Energy will change the meter of a domestic customer within 10 working days of a referral by the Supply Company	100%	100%
RESPONDING TO GAS EMERGENCIES		
Uncontrolled gas emergencies Uncontrolled gas escapes will be attended to within one hour of being notified to Phoenix Energy.	98%	97%
Controlled gas escapes Controlled gas escapes will be attended to within two hours of being notified to Phoenix Energy.	100%	97%
PREPAYMENT METERS		
Faulty Prepayment Meters Phoenix Energy 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.	100%	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 Service were introduced as part of the Energy Act (Northern Ireland) 2011 and determine the expected standards of performance measures which local gas companies must provide for their customers.

The standards appliance for Phoenix and how we have performed against them in 2023 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 • 1PM 12.00-5.00	100%
SUPPLY RESTORATION	
Distribution companies must restore supply within 24 hours to a customer whose gas supply has been discontinued as a result of a failure of, fault in or damage to the pipe-line system operated by the relevant gas conveyor.	100%
REINSTATEMENT OF CUSTOMERS	
Distribution companies must reinstate customer premises within 5 working days following work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer.	100%
QUOTATIONS FOR CONNECTION	
Distribution companies are required to provide customers with a cost estimate for a new gas supply within 10 working days for standard jobs and 28 days for non-standard work.	100%
NOTICE OF PLANNED INTERRUPTION	
Distribution companies must give at least three days notice to customers whose supply will be interrupted by planned maintenance or replacement work to the pipe-line system operated by the relevant gas conveyor.	100%
RESPONDING TO COMPLAINTS	
Distribution companies must provide a substantive response to written or verbal complaints within 10 working days.	100%

Progress Against Targets

	Metric	Units	Base Year 2019	2023	Change	Phoenix Target	Target Year	Progress
Green House Gas Emissions 	Carbon - Scope 1 & 2 (excluding shrinkage)	tCO ₂ e	2,221	1,796	-19%	60% reduction	2030	<div style="width: 32%;"></div> 32%
	Carbon - Scope 1 & 2 (excluding shrinkage)	tCO ₂ e	2,221	1,796	-19%	90% reduction	2035	<div style="width: 21%;"></div> 21%
	Carbon - Scope 1 & 2	tCO ₂ e	12,802	12,122	-5%	Net Zero	2050	<div style="width: 5%;"></div> 5%
	Zero Emission Commercial Vehicles	count	-	-	-	100%	2035	<div style="width: 0%;"></div> 0%
	Sulphur Dioxide	kg	4	4	-3%	100% reduction	2035	<div style="width: 3%;"></div> 3%
	Particulate Matters	kg	61	44	-29%	100% reduction	2035	<div style="width: 29%;"></div> 29%
	Nitrous Oxide	kg	3,354	2,682	-20%	100% reduction	2048	<div style="width: 20%;"></div> 20%
Energy 	Renewable electricity	%	0%	99%	99%	100%	2030	<div style="width: 99%;"></div> 99%
	Energy consumed (excluding shrinkage)	MWH	21,366	17,469	-18%	50% reduction	2030	<div style="width: 36%;"></div> 36%
	Energy consumed (excluding shrinkage)	MWH	21,366	17,496	-18%	75% reduction	2040	<div style="width: 24%;"></div> 24%
	Green gas introduced in the gas distribution network ²	%	-	-	-	20%	2030	<div style="width: 0%;"></div> 0%
Circularity 	Waste sent to landfill	tonnes	46,104	21,209	-54%	75% reduction	2030	<div style="width: 72%;"></div> 72%
	Native trees planted	count cumulative	0	24,000	-	80,000 trees	2030	<div style="width: 30%;"></div> 30%

¹ It is anticipated that Phoenix Energy will be required to offset residual emissions

² The introduction of hydrogen blended mix of gas into the Phoenix Energy Distribution Network is likely to be dependent on government policy and on the introduction of hydrogen blended gas into the UK Gas Distribution network.

