

Registered number: 04058825

Greenergy Fuels Limited

Annual report and financial statements for the year ended 31 December 2022

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Strategic report

The Directors present their strategic report and the audited financial statements for the year ended 31 December 2022.

Business review

Greenergy Fuels Limited ("the Company") is the principal UK trading subsidiary of Greenergy Group Holdings Limited, which is the parent Company of the Greenergy Group ("the Group"). The Greenergy Group is an international manufacturer, supplier and retailer of waste derived renewable and transportation fuels with primary operations in the UK, Ireland and Canada. The Company's principal activities during the year were the blending, supply and marketing of transportation fuels and waste derived renewable fuels.

For the year ending 31 December 2022 the Company made a profit after tax of £68.88m (31 December 2021: profit after tax of £66.43m). Revenue increased by £4.37bn to £18.91bn and cost of sales increased by £4.35bn. This improvement in performance was driven by rising commodity prices and a return to demand following the COVID-19 pandemic, but offset by additional costs incurred in maintaining security of supply following Russia's invasion of Ukraine.

Cash and cash equivalents reduced by £24,678,000. This was primarily the result of the net of cash inflows generated from operating activities of £58,775,000 (31 December 2021: outflows £212,727,000) and cash outflows relating to financing activities of £78,759,000 (31 December 2021: inflows £203,214,000).

Net assets

Net assets increased by £53.14m to £119.38m (31 December 2021: £66.24m) as a result of the profit after tax of £68.88m for the year, offset by dividends paid in the year of £15.74m.

Our purpose

Our purpose is to drive transport decarbonisation through continued leadership in waste-derived renewables.

Greenergy is a leading supplier of waste-based renewables and transportation fuels. Originally founded over thirty years ago to supply diesel with lower emissions than standard diesel at the time, Greenergy is committed to reducing emissions in transport fuels.

As Europe's largest manufacturer of waste-based biodiesel, renewables are integral to our core strategy. Our flexible, global supply gives us optionality to source the lowest-cost feedstocks and products, ensuring reliable supply to our market-leading customer portfolio and extensive retail network.

Our mission

To deliver long-term value for our stakeholders through the production and distribution of waste-derived renewable transportation fuels.

We do this by:

- Delivering change through innovation: developing and driving renewable projects
- Evolving our supply chain: maintaining quality and reliable supply
- Retaining strong customer relationships: honesty and transparency in how we work
- Acting responsibly and being accountable: doing no harm to people or place

Our values

Our values underpin every interaction we have, whether with colleagues, customers, suppliers and the communities in which we operate.

- Respect
- Ownership
- Care
- Integrity

Strategic report (continued)

Markets and opportunities

Global context

Following two years of disruption from COVID-19, early 2022 saw demand for both gasoline and diesel recover following the rollout of vaccines for and movement restrictions lifted.

The faster-than-expected demand growth combined with reduced refinery production in 2021 eroded inventories and resulted in market backwardation at the start of the year, where forward prices were lower than prompt prices. Market tightness continued throughout the year despite refiners increasing production, exacerbated by the war in Ukraine, and diesel remained at all-time highs as inventories stayed low.

Ukraine

Russia's invasion of Ukraine on 24 February 2022 significantly impacted commodity and financial markets. OECD inventories of refined products were already low and when global governments began to introduce sanctions on Russian products, supplies declined further. This created upward pressure on prices as buyers sought alternative supply from countries further afield.

Markets responded and regular supply chains were significantly disrupted as vessel owners avoided loading at Russian ports and restrictions were placed on funding and insurance of Russian product. Whilst UK and EU refineries together produce enough gasoline to meet regional demand, they do not supply enough diesel, so their output needs to be supplemented by diesel imports from further afield with Russia being one of the closest and cheaper available sources of supply.

With the market seeking additional supply, product was sourced from alternative countries which involved longer lead times for transport and delivery which impacted cost of supply. Changes to supply chains required flexibility as products were sourced from as far away as Middle East and USA. However, with further distance to travel, additional freight and handling costs, plus market premiums for non-Russian product, costs rose significantly.

Following the invasion into Ukraine, we replaced Russian diesel with non-Russian diesel where contractually possible and ceased importing Russian origin products ahead of UK Government sanctions that took effect 5 December 2022.

The conflict and subsequent sanctions resulted in significant upward pressure on commodity prices and combined with the lengthening of our supply chain to remove Russian diesel, led to an overall reduction in liquidity for a period. As a result, the Group obtained short-term shareholder working capital support to assist with its peak borrowing requirements. This was repaid in full during the year resulting in nil balance at year end.

Core to our business model is our commitment to offer supply resilience. We have a responsibility to ensure security of supply in the UK and worked closely with our suppliers and Government to prepare for every contingency. Our experience in managing risk and volatility in our usual business equips us to manage these challenges and minimise any potential disruptions for our customers.

Post COVID-19

Following two years of disruptions from COVID-19 that saw demand fall significantly across our key markets, 2022 saw demand return along with improved availability of biodiesel feedstock for our plants and operations returning to pre-pandemic approach with staff returning to sites, plants and offices. Our robust operations and unique supply chain capability allow us to maintain continuity of operations and ensure supply of products for our customers.

UK

Road transportation fuel demand rose again in 2022 following the easing of COVID restrictions. Overall demand remains slightly below pre-pandemic levels at 47.0 million tonnes (2021: 46.7 million tonnes)¹ however has stabilised with a marked change in demand structure owing to changed consumer purchasing habits.

In a bid to reduce emissions, the UK and Ireland have both introduced bans on the sale of new gasoline and diesel vehicles, planned from 2030 in the UK and 2035 in Ireland (Europe). Longer term, this will reduce demand for diesel and gasoline however with the average lifespan of a car at scrappage around 14 years and heavy vehicles around 20 years, cars and vans powered by gasoline and diesel will be on the road for some time. Biofuels, such as the waste-based biodiesel we produce, remains one of the most readily deployable renewable options available to tackle greenhouse gas emissions in transport, and are capable of reducing carbon emissions from the many vehicles that will remain on the road for some time.

¹ Source: JODI (www.jodidata.org/oil)

Strategic report (continued)

Markets and opportunities (continued)

Import market

The UK continues to depend on fuel imports to meet demand as domestic refiners export product to achieve a higher margin.

As markets tightened following Russia's invasion of Ukraine, demand for non-Russian product increased significantly. Without additional domestic strategic product storage or increased production from UK refiners, imports were critical during this period, however competition for non-Russian product increased, resulting in significant delays and additional costs.

As a net importer in the UK, our flexible supply chain allows us to source product from other regions to provide optionality and ensure security of supply.

Renewables

Rising sustainable obligations in the UK, Europe and Canada continue to increase demand for renewable transport fuels.

UK

The percentage of sustainable biofuel that fuel suppliers are obliged to blend into their gasoline and diesel is regulated under the Renewable Transport Fuel Obligation (RTFO) and continued to rise to 12.5% in 2022 and will continue to rise further to 17.4% by 2032.

Development fuels

As part of the RTFO legislation, a growing percentage of biofuel included in the obligation must be classed as development fuels, also known as dRTFCs.

Defined as new types of advanced biofuels made from sustainable wastes and residues, they are required to have a greenhouse gas savings threshold of at least 65% and represent a significant opportunity for Greenergy.

We are actively exploring opportunities to develop next generation waste-derived renewables and circular economy solutions for transport, energy and feedstocks. Within these projects, we are advancing projects that will advanced biofuels that qualify as development fuels, capable of replacing diesel and petrol components as blended for use in conventional combustion engines.

Strategic report (continued)

Renewables (continued)

Biodiesel raw material supply

The market continued to be constrained by further disruptions to raw material supply in 2022 owing to continued lockdowns in Asia and tightening markets for chemicals used in biodiesel production. As legislative blending obligations increased once more in the UK, Europe and North America, demand for high quality biofuels continued to grow.

Our flexible supply chains enabled us to adapt our sourcing to other regions and ensure consistent feedstock supply for our three plants.

Operational review

Renewables

We aim to build on our position as the largest waste-based biodiesel producer in Europe and accelerate investment in next generation renewables to support the energy transition.

Source raw materials globally

Our robust global supply chain provides optionality to manage our raw material costs and source a wide range of waste oils best suited to meet our technical quality and sustainability specifications.

As supply of waste oils continued to be limited in 2022 owing to prolonged COVID-19 lockdowns in certain regions, we are able to adapt our processes for more challenging quality oils. Our historical investments in our sourcing supply chain ensures we can maintain supply to our plants and diversify our sourcing from beyond the UK and Europe.

We continue to work with industry innovators such as Bioledger to further improve efficiency of data collection and ensure traceability in our supply chains.

Manufacture renewables from waste

The Group continues to expand our manufacturing operations through additional investments at our plants to increase output and operational efficiency. This year, we completed incremental works at our Teesside plant, and began expansion works in Amsterdam to increase output by over 25% when complete in 2023. Further works are continuing at Teesside and will be completed in 2023.

Ongoing process and technical enhancements improve the efficiency of our plants, increase output and allow us to optimise our biodiesel blends whilst reducing our raw material costs. This is essential for us to achieve our own net zero targets.

Strategic report (continued)

Operational review (continued)

Supply renewables to third parties

We continue to sell biofuel to other oil companies throughout the UK, Europe and North America to meet increasing obligations.

Our expertise allows us to meet customer-specific sustainability and local quality requirements, recognising the characteristics of different countries and markets. This was particularly important throughout the pandemic which saw reduced availability in waste oils.

We blend biofuel in the gasoline and diesel we supply in the UK to meet our own biofuel supply obligations under the Renewable Transport Fuel Obligation ('RTFO') and generate certificates that can be sold to other oil companies by blending more biofuel than our obligated amount.

Biofuel demand continues to increase as legislative blending mandates increase in our key markets. By applying our unique sustainability intellectual property, we are creating value for customers and maximising the value of the biofuels we supply.

Progress next generation renewable projects

The Group is investing and progressing advanced biofuels from waste projects and exploring further opportunities to develop next generation renewable solutions for transport, energy and feedstocks including hydrogen, petrochemical, plastic-to-plastics and others.

Currently in FEED phase, our end-of-life tyre project GTT will take over 155,000 tonnes of shredded end-of-life tyres per annum and produce development fuel diesel, renewable naphtha, renewable very low sulphur fuel oil (VLSFO) and recovered carbon black, a product that can be used in the circular economy to produce new tyres and other industrial rubber products.

When complete, the GTT project will also satisfy the RTFO legislation that requires a growing percentage of biofuel to be classed as development fuels (dTRFCs) and exceed the greenhouse gas saving requirement of 65%. We are also progressing plans to produce sustainable aviation fuel ('SAF') from used cooking oil.

By creating renewable fuels and other products from waste, we are solving waste disposal problems and creating lower carbon and no carbon fuels for the future and supporting a circular economy.

Marketing and supply

UK and Ireland

We aim to earn the loyalty of our customers through reliable fuel supply, utilising our market leading renewables production, national supply footprint and access to key import infrastructure.

Create cost and operational efficiencies

We work to create operational and supply chain efficiencies to reduce costs and ensure supply resilience.

Against a backdrop of rising costs, we benefited from access to strategic infrastructure that gave us the flexibility to source larger cargo size ships from further afield creating economies of scale. By optimising our haulage patterns through our in-house haulage company daily, we were able to minimise disruptions for customers amidst national supply chain and protestor disruptions that continued throughout 2022.

Strategic report (continued)

Operational review (continued)

Source diesel from the lowest cost global producers

Following the easing of restrictions related to COVID-19, demand for diesel returned at the start of 2022 whilst global inventories were low creating backwardated market conditions. Following Russia's invasion of Ukraine on 24 February 2022 that saw global supply chains impacted, inventory levels were further strained and we saw record high prices for non-Russian fuel products.

The Group's access to strategic import infrastructure and robust supply chains ensured we were able to maintain supply security for the UK. Our capacity rights at the UK's only east-coast deep-water road fuel jetties, Navigator North Tees, and its pipeline connections gave the flexibility to source larger ships from further afield as sanctions on Russian ships and products were introduced. However, longer transport distances and increasing demand for non-Russian product increased costs throughout the year whilst global markets adjusted.

Greenergy welcomed government sanctions to phase out the import of Russian fuel products, and we worked closely with our suppliers to replace Russian diesel with imports from alternative sources ahead of the December 2022 deadline.

Blend gasoline from component products

The Group operates sophisticated gasoline blending systems at three UK import terminals. The scale of our operations allows us to accommodate a wide range of components, creating optionality and flexibility in our gasoline blending.

As demand for single use plastics declined as pandemic restrictions eased, blending components such as naphtha became more readily available and allowed us to optimise our gasoline blending.

Make safe, reliable and cost-efficient fuel deliveries to customers

Our in-house haulage operation, Flexigrid, remains a key differentiator in our supply offer in the UK market, providing customers with highly responsive customer service.

Disruptions to supply chains owing to the war in Ukraine, coupled with protest activity across the UK and rising costs were felt across the haulage industry however the safety, quality and reliability of Flexigrid ensured we were able to minimise disruptions for our customers and secure new contracts.

As we look to maximise our efficiency, the average miles per gallon (MPG) from our in-house fleet remain stable in 2022 at 9.19MPG (2021: 9.20MPG). As supply chain disruptions have also delayed our investment in new vehicles, we have had to maintain less fuel-efficient vehicles in our tractor fleet to ensure supply resilience for our customers.

To reduce our own emissions, in January 2022, we began a trial to use B20 fuel in 17 of our trucks operating out of Thames to reduce emissions and measure its efficiency. Across the trial, we saw an improvement in annual emissions of 13% on average above standard B7 diesel, along with no operational issues recorded.

Grow in target markets

We have expanded sales of renewable fuels such as high percentage biodiesel blends like B20 and hydrogenated vegetable oil (HVO) to help our customers reduce their emissions. Renewables remain key to our future strategy to support the energy transition and we are investing and progressing projects to produce and supply renewables for the future.

Strategic report (continued)

Responsible business

Process safety

Safety underpins everything we do.

We operate a comprehensive central reporting system that supports the systematic investigation of each reported observation and event. This allows us to identify lessons learned from individual events and broader trends to ensure we correct issues that have the potential to lead to injuries, asset damage, environmental impacts or significant business impacts. Where we gain important learning from events, this information is communicated across the Company through noticeboards, weekly management meetings, intranet and employee app, monthly safety bulletins, toolbox talks and meetings as part of our policy of prevention and continual improvement.

Safety record

Across the Group, we maintain a strong reporting culture across all parts of the business and across all locations – from high hazard operating sites and haulage operations to offices. We encourage observation and reporting of hazards, near misses and unwanted events, however small, without fear or blame. This allows us to ensure our processes are appropriate.

Our safety record remained steady through 2022, with the rate of reportable injuries and near misses increasing slightly to 0.3 and 6.3 respectively per 100,000 hours worked (2021: 0.2 and 5.9), but lost time injuries and minor injuries decreasing.

In 2022, there were eight reportable injuries across the Group, an increase from 2021 in absolute terms (2021: 3). Whilst reportable injuries have remained stable across UK operations, the increase has been driven by international business acquired in 2021. We continue to review our processes and update our risk assessments to ensure our processes are appropriate for our business.

Every incident is shared across Greenergy management team, and safety performance reports are compiled weekly and reviewed by the senior management team to ensure full scrutiny and to share lessons across different businesses.

Group Process Integrity audits continued across all our operations, both our own facilities and also at joint venture facilities. To ensure compliance with Greenergy performance requirements, we include third-party terminals and contract haulage operations within our audit programme.

Strategic report (continued)

Responsible business (continued)

Approach

Process integrity determines how we perform our roles every day, and includes: health, personal and process safety, quality, environment, security, management of change and compliance.

We continue to review, extend and improve our Safe Operating Standards to provide a structured and consistent approach to Safety across all our operations. Continual improvement of the standards is driven by the Process Integrity team.

Our open and honest reporting captures data from across the entire Group so that we can reduce risks and improve the safe working practices for our business. New staff, contractors and new business acquisitions are rapidly introduced to the Greenergy culture of open and honest reporting.

Gap assessments and regular audits are completed on all new business areas to gain an understanding of the SHEQ culture. A tailored programme of training in safety awareness, hazard observations and Greenergy expectations of safety walks, event reporting and investigations is then developed and implemented. Across the Group, follow-up audits take place to ensure recommendations have been implemented.

Our Process Integrity management systems focus strongly on the prevention of unwanted events, however we recognise the potential for such events to occur and the need to be prepared for them. All of our facilities and business operations have effective emergency management plans in place, and review and test these plans on a regular basis. We operate a Group Crisis Management Plan that is reviewed, updated and communicated regularly. It provides management with clear processes to facilitate effective decision-making in a crisis.

Strategic report (continued)

Responsible business (continued)

Supporting our local communities

Community initiatives

STEM-in-a-box

Working with local -primary schools, in September 2022 we launched STEM-in-a-box, an experience for children to experiment and explore different materials used to make energy. Working with local schools, teachers are provided with educational videos and support materials needed for the experiment.

To date, the programme has been launched in five schools with nine classes.

Greenergy Challenge

Focused on secondary schools, the Greenergy Challenge asks students to investigate energy saving projects within their school or academy. Ideas are submitted and reviewed by a panel of experts for viability.

Successful projects will be initiated, and children invited to join teams to facilitate development. Supported by Greenergy's technical team, the challenge is designed to give students taking part something unique and different to incorporate into their CVs to help them stand out.

Our environment

We seek to reduce the carbon emissions from every litre of fuel we supply and reduce the energy and resource requirements of our operations. Our priorities are:

1. Expand production and supply of waste-based biodiesel
We blend biofuels derived from wastes because they deliver the greatest carbon benefit and have a lower land-use impact than biofuels made from crops and do not compete with food chains.
In order to secure our own supply of waste-derived biofuels, we continue to invest in improving the efficiency and capacity of our own manufacturing capability.
2. Establish diverse and sustainable supply chains with robust certification systems
We continue to expand our purchasing of waste oils from around the world as raw materials for our biodiesel manufacturing. We source not only in the UK and Europe, but also from countries where comparable biofuel incentives do not exist, and often used cooking oils are not disposed of responsibly with significant health and environmental impacts.
We rely on robust supply chain certification processes that meet the International Sustainability and Carbon Certification (ISCC) standards that trace every litre of oil back to the specific restaurant or food producer.
3. Develop next generation renewables
We continue to explore opportunities to develop next generation renewable solutions for transport, energy and circular economy and low carbon feedstocks.

Biofuel sustainability

We devote time and resources into sourcing low carbon biofuels. Our priorities are:

1. Maximising the carbon savings from the biofuels we choose
2. Preventing land use change and protecting biodiversity
3. Choosing biofuels made from waste
4. Creating sustainable supply chains

Since 2017, 100% of our biodiesel manufactured has come from wastes.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD)

Whilst the climate transition poses a risk, it also creates opportunities for Greenergy to continue its development of new products and services that deliver low-carbon and circular solutions, as well as enhance the Group's future business resilience.

The Taskforce on Climate-related Financial Disclosure (TCFD) framework provides Greenergy with the opportunity to demonstrate the important role it has in the low-carbon transition and circular economy in the delivery of renewables from waste resources.

Although we are not required to make any climate-related financial disclosure until year² ended 31 December 2023, work has been undertaken in 2022 to identify, assess and manage the climate-related risks and opportunities that we believe to be relevant and material to our business. Looking forward, this will be used to inform an ongoing review of the measures required to manage exposure and seize the associated opportunities.

Governance

Governance structure for climate-related matters

Board oversight

The Board has oversight of climate-related issues with support from the ESG Committee, chaired by the Chief Operating Officer. For example, it ensured climate considerations are incorporated into the Group's annual business plan and 5-year rolling strategy plan. During December 2022, the Board also took part in a dedicated ESG session which included a climate risks and opportunities education session.

The ESG Committee is responsible for reviewing and guiding the formulation of the Group's ESG policies and strategies. It is the role of the ESG Committee to keep the Board informed of all relevant climate-related issues (and associated actions) as a key strategic theme on a quarterly basis.

The Board is supported by the Process Integrity Committee, the Audit Committee, and the Risk Committee, which play an important role in the identification, assessment, and management of risks across the business. The Major Projects and Investment Committee supports the Board in assessing major capital expenditures and investment decisions, in addition to monitoring Greenergy's progress against targets.

Please refer to s.172 (page 48) for Board activities and decisions.

Management role

ESG and climate-related responsibilities are integrated throughout the management and operations of our business.

At management level, climate change issues and performance, as well as the development and implementation of the Group's ESG strategy including climate matters, are the responsibility of the ESG team, who report directly to the CEO, and are core members of the ESG Committee. The Head of ESG is responsible for leading our assessment and management of climate-related risks and opportunities in the future across climate scenarios, with reference to the TCFD recommendations.

The ESG team also engages with government bodies and trade associations to identify existing and emerging regulatory requirements related to climate change.

Climate and energy-related compliance issues are monitored at the site level by managers from individual business functions.

The ESG Working Group is a cross-functional group that is responsible for sharing information and ideas between the ESG Committee, the ESG team and the wider business, such as proposing decarbonisation initiatives for further investigation. The Working Group meets every quarter, to share insights of the respective business areas.

² Under the Companies (strategic Report) (Climate related Financial Disclosure) Regulations 2022.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Sustainability and climate-related Governance

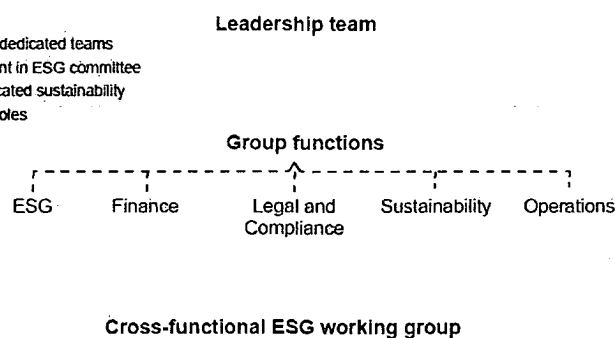
Board of Governance

Only Board committees with allocated responsibilities related to sustainability and climate change are listed



Management Governance

Group functions and dedicated teams with direct involvement in ESG committee matters, or with dedicated sustainability and climate change roles



Strategy

As a leading supplier of waste-based renewables, we are committed to reducing emissions in transport and supporting a circular economy.

The climate scenario analysis process

Greenergy has committed to complete a Group-level assessment of climate-related risks and opportunities. In 2022 we completed the first phase of our climate scenario analysis by undertaking a qualitative assessment of identified climate-related risks and opportunities across different climate scenarios, which entailed scoring and ranking the most material climate risks and opportunities that affect our business.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Climate risks and opportunities assessment

Climate-related risks and opportunities, and an understanding of how potential impacts may affect on Greenery were identified through desk-based research and extensive engagement across the business.

The tables on pages 14 to 18 set out the priority risks and opportunities that were qualitatively assessed, grouped using the TCFD classification.

Identified risks and opportunities were scored and ranked using three assessment criteria: vulnerability (a function of exposure, adaptive capacity, and sensitivity), magnitude and likelihood across climate scenarios and time horizons.

The identified risks and opportunities were considered across the following time horizons:

- **Short-term:** equivalent to 0-1 years, which aligns with the Group's annual business planning
- **Medium-term:** equivalent to 1-5 years, which aligns with the Group's strategy planning cycle
- **Long-term:** equivalent to 5 years to 2050, in recognition that climate manifests over longer time periods, and in alignment with typical timelines for global Net Zero goals.

Greenery referenced climate projections from a range of scenarios to assess the potential impact of climate change under uncertain futures. We have adopted three sets of scenarios to ensure the spectrum of potential impacts is considered.

	Paris ambitious action (Paris)	Delayed action (Delayed)	Business as usual (BAU)
Scenario storyline	Paris-aligned scenario, with ambitious and gradual efforts to limit temperature rise.	Slower, less ambitious policy action OR a time lag before sudden ambitious action.	Limited to no action, with society continuing along past trends resulting in extreme warming.
Scenario sources	<ul style="list-style-type: none"> • Network for Greening the Financial System³ (NGFS) Orderly (net zero 2050) transition • REMIND-MAgPie Net Zero scenario • IPCC's SSP1-2.6 	<ul style="list-style-type: none"> • NGFS Disorderly (delayed) transition • REMIND-MAgPie Delayed Action scenario • IPCC's SSP2-4.5 	<ul style="list-style-type: none"> • NGFS Hot House World (current policies) • REMIND-MAgPie Current Policy scenario • IPCC's SSP5 8.5
Temperature outcome range (2100)	1.4°C - 1.8°C	1.6°C – 2.7°C	2.6°C - 4.4°C

Qualitative assessment results

Presented below are the priority risks and opportunities that have been identified as the most material risks to Greenery's business, and the actions we are taking to manage and respond to these risks. These have been prioritised on their overall risk score across all three scenarios and time horizons.

Broadly, transition risks have been identified as posing the greatest potential impact on our business and strategy. Physical risks pose less of a risk to Greenery in the short and medium term but have the potential to increase in the long-term. Mitigating actions across several risks are already in place which reduces our risk exposure. In addition to the opportunities outlined, we deliver products aligned with the low carbon transition and circular economy.

³ Network for Greening the Financial System (NGFS) scenarios used for transition risks, including projections on energy demand, price changes, shadow carbon price etc. IPCC WGI Interactive Atlas utilised for physical risks providing information on changes across climate variables including temperature, precipitation, snowfall, and wind.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Key for risk and opportunity tables

H – High or Very high impact M - Moderate impact L – Low or minimal impact

Assessment of priority R&Os

Market Risks				
Increased competition to procure waste-derived feedstock		Short	Medium	Long
	Paris	M	H	H
	Delayed	M	M	H
	BAU	M	L	L
Shift in demand for road fuels reduces demand for Greenergy's product		Short	Medium	Long
	Paris	L	H	H
	Delayed	L	H	H
	BAU	L	M	H
Management actions: <ul style="list-style-type: none"> • Greenergy has a robust and diverse global supply chain to ensure continuity of feedstock supply • Greenergy's Next Generation team is actively exploring opportunities to develop circular economy solutions for transport, energy and feedstocks including hydrogen and petrochemicals, to diversify supply and help customers decarbonise. • With the average lifespan of a car at scrappage around 14 years, and heavy-goods vehicles difficult to electrify, cars and trucks powered by gasoline and diesel will remain on the road for some time. Greenergy intends to continue serving this demand alongside investing and developing next generation renewable solutions. 				
Linked opportunities: <ul style="list-style-type: none"> • Expansion of low-carbon road fuel product offering – commercial clients are increasingly motivated to achieve GHG reduction targets and are seeking low-carbon fuels whilst electric is not viable or suitable. • Growing pressure on other sectors such as marine and aviation to decarbonise presents additional opportunities for Greenergy to leverage our experience in waste derived fuels and next generation projects. EU and UK legislation in support of SAF is due to be implemented in 2025. Greenergy's experience and its GTT project are positioned to meet demand for these biofuels. • Development of low carbon / circular economy products – Increasing demand for low carbon fuels and by-products that support decarbonisation and other environmental targets (e.g., tyre pyrolysis (GTT), plastic pyrolysis, hydrogen) will provide future growth opportunities • Globally diversified supply chain ensures Greenergy are more resilient to climate events. 				

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Policy Risks				
Increased pricing of GHG emissions applied to direct operational emissions		Short	Medium	Long
	Paris	M	H	H
	Delayed	M	M	M
	BAU	M	M	M
Increased costs to meet RTFO/ Clean Fuel mandates		Short	Medium	Long
	Paris	M	M	M
	Delayed	M	M	M
	BAU	M	M	M
Management actions: <ul style="list-style-type: none"> • Greenergy is committed to carbon neutral operations by 2035, with a 50% reduction by 2030 against a 2020 baseline. • Greenergy has piloted the use of solar panels and energy-saving measures at our Amsterdam plant. We intend to replicate this at both of our UK biodiesel facilities. In addition, the installation of new boilers and cooling towers and implementation of energy policies will reduce carbon-intensity across operations. • Greenergy is also undertaking feasibility studies to understand potential GHG reduction and energy-saving measures including green steam and electric supply, and carbon capture systems. • We are actively exploring opportunities to develop new and advanced forms of renewable liquid fuels, as defined under the RTFO legislation, which requires a growing percentage of biofuel to be classed as new development fuels and exceed the greenhouse gas saving requirement of 65%. 				
Linked opportunities: <ul style="list-style-type: none"> • Increasing mandates for renewable fuels increases the market for renewable fuels. Next Gen projects give Greenergy further opportunities to produce development fuels under the RTFO. Emerging legislation in markets outside of the UK – Legislation to incentivise the use of low-carbon fuels is emerging in new markets such as Ireland and Canada where Greenergy already have a supply footprint. • Competitive advantage in marketing low-carbon products in Canada – Greenergy's Canadian business is able to leverage Greenergy's certification experience to gain a competitive advantage in an emerging Canadian market. • Investment in low-carbon measures reduces Greenergy's exposure to transition risks – Greenergy is investing in haulage trucks that are B20 compliant which delivers significant GHG emission savings, as well as implementing energy efficiency measures at plants and terminals (e.g., the installation of new boilers and cooling towers and energy policies, and feasibility studies for green steam, electric supply and carbon capture systems) to reduce operational emissions. 				

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Technology Risks				
Cost to invest in infrastructure to align with the direction of energy transition		Short	Medium	Long
	Paris	M	H	H
	Delayed	M	II	II
	BAU	M	M	M
Large costs, and limited technological solutions to decarbonise emissions intensity of operations		Short	Medium	Long
	Paris	M	H	H
	Delayed	M	M	H
	BAU	M	M	H
Management actions: <ul style="list-style-type: none"> • Greenergy is investing in infrastructure to support the energy transition. We have directed capital investment to develop further next generation renewables and circular economy solutions for transport, energy and feedstocks including hydrogen, petrochemicals and plastics. • Greenergy is active in developing and implementing a low-carbon strategy, to decarbonise operations as well as increase the supply of low-carbon products and services. • Greenergy is committed to carbon neutral operations by 2035, with a 50% reduction by 2030 against a 2020 baseline. • Greenergy has introduced energy-saving measures at our Amsterdam plant. We intend to replicate this at both of our UK biodiesel facilities. 				
Linked opportunities: <ul style="list-style-type: none"> • Development of low carbon / circular economy products – Increasing demand for low carbon fuels and by-products that support decarbonisation and other environmental targets (e.g., tyre pyrolysis (GTT), plastic pyrolysis, hydrogen) will diversify revenue. • Reputational benefits– An ambitious strategy and transparent disclosures will differentiate Greenergy from peers by enhancing reputation and brand value, retaining talent etc. • Investment in low-carbon measures reduces Greenergy's exposure to transition risks –the installation of new boilers and cooling towers along with energy policies will reduce carbon-intensity across operations. Feasibility studies underway to understand other areas of potential including green steam, electric supply and carbon capture systems. 				

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Reputational Risks				
Decreased access to working capital for the oil and gas sector in the low-carbon transition		Short	Medium	Long
	Paris	M	H	H
	Delayed	M	H	H
	BAU	M	M	H
Decreased access to financing for fixed capital if Greenergy does not meet ESG lending requirements		Short	Medium	Long
	Paris	M	H	H
	Delayed	L	M	H
	BAU	L	M	M
Management actions: <ul style="list-style-type: none"> • Greenergy's strategic plans are focussed on longer-term projects with the Next Generation project pipeline for renewables and circular economy solutions. • Greenergy is committed to carbon-neutral operations by 2035, with a 50% reduction by 2030 against a 2020 baseline. • Greenergy is developing a transition plan to outline our approach in aligning ourselves with the energy transition. 				
Linked opportunities: <ul style="list-style-type: none"> • Expansion of low-carbon road fuel product offering – commercial clients are more motivated to achieve GHG reduction targets and are seeking low-carbon fuels whilst electric is not viable or suitable. • Development of low carbon / circular economy products – Increasing demand for low carbon fuels and by-products that support decarbonisation and other environmental targets (e.g., tyre pyrolysis (GTT), plastic pyrolysis, hydrogen) will diversify revenue. • Reputational benefits- An ambitious strategy and transparent disclosures could differentiate Greenergy from peers by enhancing reputation and brand value, retaining talent etc. 				

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Physical Risks				
Damage to terminals, plants, and other owned equipment from extreme weather events e.g., flooding		Short	Medium	Long
	Paris	H	H	H
	Delayed	H	H	H
	BAU	H	H	H
Disruption in the supply chain at supplier assets or in transportation		Short	Medium	Long
	Paris	L	H	H
	Delayed	L	H	H
	BAU	L	H	H
Management actions: <ul style="list-style-type: none"> • Greenergy uses FM Global's Natural Hazard map to review physical risks to key sites. • Following previous flooding at Immingham, Greenergy rebuilt the site with flood defences to improve site resilience. • Greenergy's insurance program covers damages and business interruption due to physical damage, or loss of access, to sites. • Greenergy sources feedstock and products from around the world. By maintaining optionality, we are able to quickly respond to disruptions to the supply chain. 				
Linked opportunities: <ul style="list-style-type: none"> • Investment in adaptation measures to increase resilience of operations to extreme weather. • Globally diversified supply chain means Greenergy are more resilient to climate events. 				

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Climate resilience

Greenergy is committed to delivering sustainable solutions for transportation through the energy transition. As such, our business is closely tied to climate change solutions and as a result, climate is already embedded in the way we think about our strategy and how we manage and respond to risks, ensuring the resilience of our strategy under the climate transition.

By investing in the diversification of products and services we provide through the delivery of next generation renewables, Greenergy seeks to not only maintain Group performance but to look for opportunities to grow the business. We are making progress on driving innovation, investing in the delivery of next generation renewables that support the low-carbon transition but also deliver in line with circular economy ambitions. Diversification of the products we supply our customers will also minimise the effect of changing customer preferences.

Ensuring the Group's resilience to physical climate hazards is a primary aspect of the Business Continuity Plans developed for each site. In addition, investment in climate adaptation measures ensures the Group can enhance its preparedness and ensure resilience.

Greenergy has invested in the decarbonisation of our own operations through the implementation of energy efficiency measures and switching to renewable or lower-carbon energy sources at our plants and terminals. For example, at Immingham, the installation of new boilers and cooling towers will be more efficient and are exploring opportunities to switch to LNG from natural gas and Kerosene at Tees and Immingham respectively.

In addition, we have invested in haulage trucks which can use B20 fuel. These measures are essential levers to reduce our emissions and the carbon intensity of our operations.

In the longer term we will be monitoring the development of emerging technologies to reduce or eliminate the harder-to-abate emissions in our direct operations. Our project pipeline supports our resilience through the climate transition. In 2022, we:

- Continued to progress our end-of-life tyre project, Green Tyre Technology Lt (GTT) currently in front end engineering design. Taking end of life tyres, GTT will produce development fuel diesel, and recovered carbon black that can be used in new tyre production, supporting a circular economy. The GTT plant will also have the capability to produce sustainable aviation fuel (SAF) from waste oils.
- Invested in the expansion of our Amsterdam biodiesel manufacturing plant by over 25% and allowing us to process a wider range of waste oils, demonstrating our commitment to expand capacity in the delivery of renewables from waste.
- Partnered with Octopus Hydrogen for the collection and delivery of green hydrogen to Octopus Hydrogen customers, with the first delivery made in December 2022. This partnership is the first step in our strategy of delivering hydrogen.
- Trialled B20 in a portion of our in-house haulage fleet Flexigrid, to reduce emissions from our operations and demonstrate the savings and impact of B20 on a commercial fleet.

Refer to strategic report pages 2 to 54 for further detail.

Risk Management

Climate change and climate-related regulatory and compliance risks are part of the Group's principal risk register (refer pages 26 to 40).

Greenergy has welcomed adoption of the TCFD framework to help guide development of the internal assessment of climate related risks and opportunities. This assessment was undertaken in 2022 and the results have provided the Board and senior management with a more granular understanding of the drivers of climate-related risks.

Looking forward, this will be used to inform an ongoing review of the measures required to manage exposure and seize the associated opportunities.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Risk and opportunities identification and assessment process

In the first stage of the assessment, Greenergy held internal interviews to understand the effect of climate risks and opportunities in different parts of the business. Each identified transition risk (including emerging regulatory requirements), physical climate risk, or related opportunity was qualitatively assessed and scored to understand the significance on the Group's strategic resilience.

For risks, a total score was determined as a function of three indicators: vulnerability, likelihood, and magnitude of impact. For opportunities, the total score was determined using two indicators: the size of the opportunity and the business' ability to execute based on existing strategic alignment and cost to realise the opportunity.

Each identified risk and opportunity were quantitatively assessed, score and ranks to understand the comparative significance to the business. This scoring was repeated for each climate scenario and time horizons considered (see pages 26 to 40 for more information). See pages 26 to 40 for the principal climate risks and opportunities identified.

Risk controls

Greenergy incorporates climate factors into its risk management, and has taken action to avoid, mitigate and adapt to physical and transition risks.

Operational and major incident hazards, including those aggravated by climate change such as flooding or extreme temperatures, are identified, monitored and managed at site level, with support from the Process Integrity and Business Continuity Plan team.

Flooding is one of the main hazards faced by many of our terminals and plants which are coastal or riverside and the risk and associated mitigants are outlined in the Risk Register on page 26 to 40.

The Group has also responded to transition risks, such as the adoption of an internal carbon price. This was reviewed in 2022, and at £80 per tonne/CO₂e to reflect recent increases with the UK ETS cost. The carbon price has been incorporated into investment calculations and large capital decisions, and the Group is defining relevant metrics to drive its commitment to prioritise growth capital on projects that reduce emissions intensity.

Risk integration

Climate change and climate-related regulatory and compliance risks, such as biofuel supply obligations or the Renewable Transport Fuel Obligation (RTFO) scheme feature in the Group's principal risk register. Climate-related physical risks sit as risk drivers to the Business Continuity principal risk. Both form part of the Group's principal risk register, refer to pages 26 to 40 for more detail.

Metrics and Targets

Climate change is identified as a principal risk in recognition of low carbon transition impacts and potential physical impacts of climate change. Our climate impact assessment has provided a more granular understanding of risks and subsequently increased the comparative importance of climate change as a principal risk.

Greenergy monitors its performance across a range of absolute and intensity environmental indicators, which keeps the Group informed of and accountable for its environmental impact.

We measure operational (Scope 1 and 2) GHG emissions as well as emissions from Scope 3 categories relating to indirect emissions from business travel, waste and water for all UK plants, terminals and offices and other environmental metrics related to avoided emissions, water, energy, renewables, waste, and fuel-specific intensity metrics. In 2022, the Group prioritised the development of a more comprehensive Scope 3 inventory (see page 23) and it is our intention to disclose all material Scope 3 emission categories, including those relation to emissions from the use of our products, alongside the adoption of the requirements for of the TCFD in 2023.

Greenergy has committed to achieving Net Zero by 2050 or sooner, and to attaining carbon neutrality of operational (Scope 1 and 2) emissions by 2035, with an interim target to reduce gross emissions by 50% by 2030 against our 2020 baseline. In line with our strategic commitment to supply low-carbon fuels and circular solutions, we have a target of helping our customers avoid 8m tCO₂e by 2030, and 12m tCO₂e by 2035, with our products, which we are on track to achieve (see page 23)

The Science-based Targets Initiative (SBTi) is currently developing a new methodology for oil and gas companies to set science-based targets. Greenergy continue to monitor best practice and global industry standards for decarbonisation targets.

Strategic report (continued)

Task Force on Climate-related Financial Disclosure (TCFD) (continued)

Greenenergy's alignment with TCFD cross-industry metrics

Greenenergy has various KPIs that are used to report publicly and track internally but recognise the benefit of setting metrics that align with our most material risks and opportunities. The table below sets out our alignment with the TCFD recommended cross-industry metrics and our actions to improve our metrics and targets.

Metric category	Alignment and rationale
GHG emissions: Absolute Scope 1, Scope 2, and Scope 3; emissions intensity	Scope 1, Scope 2, Scope 3, Tonnes CO₂e per cubic metre of product sold (Scope 1 & 2), Tonnes of CO₂e per employee, Flights, train, car travel (metric tonnes), Waste and water (metric tonnes), CO₂ emissions by activity (renewables, Retail, marketing, and supply – Europe, Retail, marketing, and supply – Americas, Middle East). Greenenergy have been reporting their GHG emissions since 2019. In 2022, we have incorporated in our internal reporting where our material risks and opportunities are connected to our GHG emissions. Please refer to page 24 for information on the methodology used.
Transition Risks: Amount and extent of assets or business activities vulnerable to transition risks	Greenenergy is looking to set metrics and risk management indicators to measure and monitor the extent to which our most material transition risks impact our business, and to monitor the management actions we are taking.
Physical Risks: Amount and extent of assets of business activities vulnerable to physical risks	Greenenergy is looking to set metrics and risk management indicators to measure and monitor the extent to which our most material physical risks impact our business, and to monitor the management actions we are taking.
Climate-related Opportunities: Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	Greenenergy is looking to set metrics to measure and monitor the scale of the opportunities that align with our business activities.
Capital Deployment: Amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities	Greenenergy is looking to set metrics for capital deployment following our forthcoming quantitative scenario analysis.
Internal Carbon Prices: Price on each ton of GHG emissions used internally by an organisation	Internal carbon price (£ 80 per tonne). Greenenergy recently updated our internal carbon price which is used in decision making for new projects including decarbonisation and next generation projects.
Remuneration: Proportion of executive management remuneration linked to climate considerations	Greenenergy does not have a remuneration metric and does not anticipate setting one in the near-term.

Next Steps

In 2023, Greenenergy will progress our alignment with the TCFD recommendations with a quantitative assessment of our priority risk and opportunities.

Strategic report (continued)

Streamlined energy and carbon reporting

We continually look to improve all of our processes, making them more efficient and sustainable to reduce the impact of our operations.

Energy consumption

We have continued to make good progress to improve our energy consumption across our operations through introduction of energy efficiency measures and modifications to our plants. However, as we delivered a higher volume of product in 2022 compared to 2021, energy consumption increased across the Group.

We aim to have 100% of electricity purchased coming from renewable sources by 2025 or sooner. In 2022, we continued the process of switching the electricity contracts we control to certified renewable tariffs.

Energy consumption (kWh) across the Company and subsidiaries by type

	2022	2021
Non-renewable fuel	86,247,662	79,497,762
Renewable fuel	5,226,165	4,954,666
Non-renewable electricity	2,070,450	4,595,518
Renewable electricity	24,467,557	23,698,877
Heat	218,118,154	233,590,953
Total non-renewable energy	306,436,266	317,684,233
Total renewable energy	29,693,722	28,653,543
Total energy consumption	336,129,988	346,337,776

Fuel – includes diesel, biofuel, business travel.

Heat – includes natural gas, gas oil and kerosene.

Carbon emissions

We are committed to reducing our emissions from our operations, and the products we supply. We do this by continually improving our processes to operate more efficiently and our using our expertise and continued leadership to develop waste-based renewables.

In setting our commitments, we chose to separate our emissions into operational (Scope 1 and 2) and Scope 3, so that we can better measure progress made within our operational control. We have also chosen to focus on increasing the greenhouse gas savings of the products we sell.

Guidance from the GHG Protocol, Science Based Targets Institute and the Task Force on Climate-related Financial Disclosures has been used in agreeing our commitments.

Throughout 2023, we will further develop our roadmap to meeting our commitments, including the setting of milestone targets for our scope 3 emissions.

Capital expenditure

As we continue to expand our operations, this year we have considered the impact to our emissions intensity of projects requiring growth capital. We will continue to assess this impact, prioritising projects that support a reduction in emissions intensity.

Our commitment:

1. Carbon neutral operations by 2035 (50% by 2030) against 2020 baseline
2. Help our customers avoid 8m tCO₂e by 2030 and 12m tCO₂e by 2035 with our products
3. Achieve Net Zero⁴ by 2050 or sooner

⁴ Net Zero is defined as a state of zero/neutral carbon dioxide emissions, primarily through reducing/removing of emissions and then by balancing (Scopes 1, 2, and 3).

Strategic report (continued)

Streamlined energy and carbon reporting (continued)

2022 Carbon emissions

Total operational CO₂e emissions decreased across the Group in 2022, driven by modifications and energy efficiency measures to our plants, and the continued roll out of renewable electricity purchase contracts. We have seen an increase in Scope 3 emissions from business travel, this follows the easing of Covid-19 restrictions in 2022 in comparison to 2021.

CO₂e emissions (*metric tonnes) for the Company and subsidiaries

		2022	2021
Scope 1 – direct emissions from operations		64,429	65,756
Scope 2 – indirect emissions	Location based ⁵	5,253	6,026
	Market based ⁶	522	994
Scope 3 – indirect emissions related to business travel, waste and water where available		187	75
Total emissions	Location based	69,870	71,857
	Market based	65,138	66,825

Intensity figures

	2022	2021
Metric tonnes CO ₂ e per cubic meter of product sold	0.004	0.004
Metric tonnes CO ₂ e per employee	58	64

Scope 3 – CO₂e emissions (metric tonnes) from business travel, waste and water⁷

	2022	2021
Flights, train, car travel	179	54
Waste and water	8	21
Total	187	75

⁵ Location based method of calculating emissions reflecting the average emissions intensity of grids on which energy consumption occurs

⁶ Market based method reflects emissions from electricity specific chosen, for example from the purchase of renewable energy.

⁷ 2021 Scope 3 emissions relate to indirect emissions from business travel, waste and water for all UK plants, and terminals/offices where information is available.

Strategic report (continued)

Streamlined energy and carbon reporting (continued)

Methodology

Conversions from Greenergy operational data have been calculated in accordance with the Defra Conversion Factors 2022 (version 2.0 expiry 7 June 2023).

During 2022 we reviewed and updated our organisational boundary, updating our consolidation approach from financial to operational control, with an equity share approach utilised for our investments. The use of operational control better aligns with others in our sector, to allow for more comparable information, and with the draft guidance of the SBTi sector standard.

We have included all emissions classified in Scope 1 (fuel combustion, company vehicles and fugitive emissions) and Scope 2 (purchased electricity) of the Greenhouse Gas (GHG) Protocol – A Corporate Accounting and Reporting Standard. Certain aspects of Scope 3 have also been included as required, relating to business travel in addition to waste and water where information is available. This reporting is in alignment with the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard".

Emissions associated with office and travel have been allocated to the relevant business unit.

KWh figures follow same methodology as CO₂e calculations, using conversion factor where necessary.

Carbon emissions

To meet our targets, we are continuing to progress plans to reduce our carbon footprint further, we remain focused on reducing our consumption and emissions further. This year, total CO₂e emissions declined from 65K mt to 64K mt as we benefitted from investments in our operations to improve efficiency.

This year, we reviewed and updated the reporting methodology and organisational boundary for our emissions, moving from a financial control basis to operational control to better align with others within the industry. Historical data has been restated to align with this new methodology.

We continue to actively evaluate further measures to reduce emissions.

Strategic report (continued)

Future Outlook

Our strategy to lead in waste-based renewables, grow our supply chain infrastructure advantage, retail portfolio and expand our route to key markets will enable us to deliver on our purpose and mission. We continue to focus our capital on waste-based renewables and Next Gen fuels to support the energy transition.

Strategic bolt-on acquisitions remain a priority for the Group, and we are continuing to progress projects to reduce our own carbon emissions.

Further indication of the likely future developments in the business, including the impact of government net zero by 2050 policies, can be found in the strategic report.

Key performance indicators

The Company uses a number of key performance indicators to evaluate the overall performance of the Company from a financial and operations perspective. The Company's key financial and other performance indicators during the year were as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
Gross profit (£'000)	230,452	206,793
Profit before tax (£'000)	76,813	76,090
Volume of fuel supplied (CBM'000)	14,434	14,886

Gross profit/Profit before tax

The increase in gross profit was driven by strong gasoline blend margins in the year, which outweighed the rising costs of diesel purchases into the UK following the Russian invasion of Ukraine. The spread between the Company's major gasoline blend component, Naphtha, and the finished Gasoline product was widened by the combination of both strong Gasoline prices, following the Russian invasion of Ukraine, and weak Naphtha prices due to a fall in global demand for Naphtha.

Despite the increase in gross profit achieved in the year, profit before tax remained consistent with the prior period. Distribution costs increased significantly during the year to £90,668k (2021: £76,090) due to rising fuel costs. Finance costs also increased during the year to £27,152k (2021: £15,823k) due to climbing SOFR and SONIA rates in the year. The Company also incurred greater utilisation fees on the borrowing facility due to higher commodity prices in the year.

Sales Volume

Higher commodity prices and rising inflation in 2022 impacted on fuel demand in the UK and ultimately dampened our supply volumes. We also took the decision to exit our marine business which led to lower supply volume.

Strategic report (continued)

Principal risks and uncertainties

The Group operates in a global industry exposed to risk from a variety of sources. These risk areas pose challenges to all parties involved in oil markets and supply. The Group invests heavily in risk management to identify and implement responses as mitigants.

The risks we face in our business, and the action we take to mitigate those risks, are formalised in a risk register which is reviewed regularly by the Board.

The principal risks to the Group are discussed below. We operate a numerical range for magnitude of impact and likelihood of occurrence after mitigation, with 1 being negligible/low and 5 being extreme/expected. Principal risks identified are considered risk of occurrence in the next 12-24 months.

Group risks		
<p>Health, safety and environmental incidents</p> <p>Our operations involve the storage and processing of fuel products and the movement of these products by ship, train and truck, and includes deliveries to both customer and retail sites. These activities bring us into contact with members of the public and the environment.</p> <p>Our retail operations include the preparation and storage of food items, and bring our staff into contact with members of the public.</p>		
<p>Mitigating action</p> <p>The personal health and safety of our staff and customers is our top priority. Safety is embedded in our culture and all staff understand their responsibility, and are empowered to operate safely.</p> <p>We focus on preventing major pollution, injury and/or loss of life due to systems or equipment failure through process management.</p> <p>Our Group Process Integrity function oversees our global operations and sets the standard for all activities.</p> <p>Personal and process management systems are based on best industry practice and implemented at both corporate and country level.</p> <p>As we expand internationally, we audit across all businesses on an appropriate timeline. Our approach is to ensure all activities are assessed, people trained, and all incidents are reported. Investigations are in an atmosphere of ownership and responsibility.</p>		
Magnitude of impact	Responsibility	Magnitude of impact after mitigation
4.5 (2021: 4.5)		3 (2021: 2.75)
Likelihood of occurrence	Executive Directors and Head of Process Integrity	Likelihood of occurrence after mitigation
4 (2021: 4)		2.5 (2021: 2.5)

Strategic report (continued)

Principal risks and uncertainties

<p>Climate change</p> <p>Climate change is identified as a principal risk in recognition of low carbon transition impacts and potential physical impacts of climate change.</p> <p>Risks associated with climate change and the transition to a lower carbon economy will affect markets, policy, technology, reputational and physical risks.</p> <p>Broadly, transition risks have been identified as posing the greatest potential impact on Greenergy's business and strategy. Physical risks pose less of risk to Greenergy in the short and medium term but have the potential to increase.</p> <p>Although we are not required to make any climate-related financial disclosures until year ended 31 December 2023, Greenergy has welcomed the TCFD framework to help guide development of the internal assessment of climate related risks and opportunities.</p> <p>The information from this assessment will be used to information ongoing review of the measures required to manage exposure and seize the associated opportunities.</p> <p>For more detailed information, refer TCFD disclosure p15..</p>		<p>Mitigating action</p> <p>Our climate impact assessment has provided a more granular understanding of risks and subsequently increased the comparative importance of climate change as a principal risk.</p> <p>Greenergy is committed to delivering sustainable solutions for transportation through the energy transition. Climate is already embedded in the way we think about our strategy and how we manage and respond to risks.</p> <p>We are investing in the delivery of next generation renewables that support the low-carbon transition but also deliver against circular economy ambitions. Diversification of our products we offer will also minimise the effect of changing customer demands.</p> <p>Ensuring the Group's resilience to physical climate hazards is a primary aspect of the Business Continuity Plans developed for each site. In addition, investment in climate adaptation measures ensures the Group can enhance its preparedness and ensure resilience.</p> <p>We are decarbonising our own operations, implementing energy efficiency measures and switching to renewable or lower-carbon energy sources at our plants and terminals. Longer term, we believe emerging technologies will be needed to further reduce emissions in our direct operations.</p> <p>Our project pipeline supports our resilience through the climate transition.</p> <p>Whilst the climate transition poses a risk, it also creates opportunities for Greenergy to continue its development of new products and services that deliver low-carbon and circular solutions, as well as enhance the Group's future business resilience.</p>
<p>Magnitude of impact</p> <p>4 (2021: 4)</p>	<p>Responsibility</p> <p>Executive Directors, ESG Committee and Head of ESG</p>	<p>Magnitude of impact after mitigation</p> <p>3 (2021: 4)</p>
<p>Likelihood of occurrence</p> <p>4 (2021: 3)</p>		<p>Likelihood of occurrence after mitigation</p> <p>3.5 (2021: 3.5)</p>

Strategic report (continued)

Principal risks and uncertainties

Pandemic A global outbreak of an infectious disease, increasing the risk of morbidity and mortality. As seen from the outbreak of the COVID-19, a global pandemic can have sudden and widespread impacts on our operations, global economies and the physical and mental health of our employees		Mitigating action To protect our staff during COVID-19, we transitioned non-operational staff to working from home where possible and implemented a raft of measures to protect our operational staff, such as those at plants, terminals and our drivers. These measures minimised contact with colleagues and the public to provide as safe a working environment as possible whilst ensuring continuity of supply for our customers. The approach taken allows us to make quick risk-based decisions to protect our team and limit the impact of any different virus mutations that arise or any future pandemic.
Magnitude of impact 5 (2021: 5)	Responsibility Executive Directors	Magnitude of impact after mitigation 4 (2021: 4)
Likelihood of occurrence 2.5 (2021: 2.5)		Likelihood of occurrence after mitigation 2.5 (2021: 2.5)

Strategic report (continued)

Principal risks and uncertainties

<p>Business continuity Unforeseen extreme events are by their nature difficult to predict but have potential to cause severe impact on business performance and customer service.</p> <p>The COVID-19 pandemic and Russian sanctions introduced following the invasion of Ukraine, highlights the importance of planning and preparation of unforeseen events and our ability to respond.</p>		<p>Mitigating action The Group has a well-established and communicated crisis management plan, which gives a structured response to unforeseen events and detailed plans to ensure business continuity. This includes the setting up of response teams to co-ordinate a structured response for longer-term situations.</p> <p>Comprehensive disaster recovery processes are tested regularly, which allow business operations to continue in the event of a disruption that impacts our critical systems or office locations.</p> <p>Office staff are well equipped to work remotely with secure access to all resources.</p> <p>As demonstrated through the pandemic and the introduction of Russian sanctions we were able to maintain operations to ensure continuous fuel supply for customers. Drawing on our crisis plans and flexible supply chains that allowed us to source product from further afield to ensure business continuity and compliance with sanctions.</p>
<p>Magnitude of impact 4 (2021: 4)</p>	<p>Responsibility Executive Directors</p>	<p>Magnitude of impact after mitigation 3 (2021: 3)</p>
<p>Likelihood of occurrence 4.5 (2021: 4.5)</p>		<p>Likelihood of occurrence after mitigation 3 (2021: 3)</p>

Strategic report (continued)

Principal risks and uncertainties

<p>Regulatory changes The Group is exposed to regulatory changes in all the regions in which it operates. These can significantly impact the cost of supplying fuel to the end-user and it may not always be possible to pass on additional costs through our supply chain.</p> <p>Any change to global sanctions and tariffs can also disrupt our supply chain, increasing costs.</p> <p>Examples of historical changes have included:</p> <ul style="list-style-type: none"> • The UK's Renewable Transport Fuel Obligation (RTFO) obligation scheme which sets out the requirements to blend biofuels into road fuel <ul style="list-style-type: none"> - Ireland's Biofuel Obligation Scheme which sets out the requirements to blend biofuels into road fuels • The UK standard moving from an E5 standard to E10 (maximum 10% ethanol for gasoline) in 2021. 		<p>Mitigating action</p> <p>Our global supply chain allows us optionality to switch product sourcing between regions as required. We have multiple sourcing and delivery locations for all of our feedstock, components and products, ensuring security of supply to our customers.</p> <p>We continue to work with governments in the regions we operate to prepare for any changes and minimise any potential disruptions for our customers.</p> <p>As Europe's largest manufacturer of biodiesel from waste, we are uniquely positioned to meet growing demand for biofuels from higher UK blending obligations from our own plants, and we continue to invest in next generation renewables from waste projects to support transport decarbonisation. These projects also meet the RTFO legislation that requires a growing portion of biofuels to be derived from development fuels, such as our end-of-life tyre project.</p>
<p>Magnitude of impact</p> <p>3.5 (2021: 3.5)</p>	<p>Responsibility</p> <p>Board</p>	<p>Magnitude of impact after mitigation</p> <p>3 (2021: 3)</p>
<p>Likelihood of occurrence</p> <p>3 (2021: 3)</p>		<p>Likelihood of occurrence after mitigation</p> <p>2 (2021: 2)</p>

Strategic report (continued)

Principal risks and uncertainties

<p>Cyber</p> <p>The profile and therefore the risk of cyber-attack is increasing for businesses globally. Threats present themselves in many forms, including viruses or targeted emails which create data integrity issues or loss of data, leading to inaccurate reporting or financial loss.</p> <p>Unauthorised access to systems either internally or externally create risk of loss of data and exposure under GDPR legislations. Local approaches to GDPR exist in many jurisdictions we operate in including UK, EU and Canada.</p> <p>The pandemic created an increased risk of cyber-attack particularly through complex social engineering attacks as much of the workforce moved to a remote working platform.</p>		<p>Mitigating action</p> <p>We work with leading external security specialists to improve our technology, staff awareness and involve multiple layers of security to protect the business. Participation in specialist Government/industry committees provides additional notification and ensures we remain aligned with industry best practice.</p> <p>Our systems retain the same security and access restrictions in a remote working environment as they do when physically present in the office and as such are well structured for the new ways of working in response to the pandemic</p> <p>Our information security strategy is reviewed at Board level.</p>
<p>Magnitude of impact</p> <p>4 (2021: 4)</p>	<p>Responsibility</p> <p>Board, Executive Directors and Head of IT</p>	<p>Magnitude of impact after mitigation</p> <p>4 (2021: 4)</p>
<p>Likelihood of occurrence</p> <p>5 (2021: 5)</p>		<p>Likelihood of occurrence after mitigation</p> <p>3 (2021: 3)</p>

Strategic report (continued)

Principal risks and uncertainties

<p>Loss of key staff</p> <p>Loss of key staff would mean loss of knowledge and skills to the Group. As we expand, the importance of experienced senior management increases.</p> <p>The response to COVID-19 has reinforced the ability of the workforce to operate effectively in a wider range of settings. The increased expectation for flexible working and the failure to provide this could lead to staff losses.</p>			<p>Mitigating action</p> <p>Staff retention and succession planning is carried out with a focus on both culture and financial reward, including an established performance related pay scheme.</p> <p>With the acceleration of the energy transition, it is important that all staff understand our strategy for the future and their role within in. The Group recognises the need to engage staff, along with training and retraining our people to ensure they are skilled for the transition.</p> <p>We have a strong focus on wellness and mental health supported by a number of initiatives including an employee assistance helpline.</p> <p>There is good management connection and team building between different offices and a long-serving senior management team.</p> <p>Our business preparedness plans review our dependence on key staff and our ability to respond to events, such as COVID-19, in particular to ensure staff are available to maintain business continuity.</p>		
Magnitude of impact		Responsibility		Magnitude of impact after mitigation	
3 (2021: 3)		Executive Directors		2 (2021: 2)	
Likelihood of occurrence				Likelihood of occurrence after mitigation	
4 (2021: 4)				2 (2021: 2)	
<p>Liquidity risk</p> <p>Greenergy operates in a capital-intensive industry. Market volatility can lead to increased calls on working capital as security for our ongoing operations or through heightened purchasing costs.</p>			<p>Mitigating action</p> <p>We monitor the utilisation of capital within all areas of the business to ensure that resources are appropriately allocated.</p> <p>The impact on working capital of our trading terms and operations is built into strategic decision making across the Group.</p> <p>Customers are actively managed to ensure that the costs of providing working capital is built into commercial assessments.</p>		
Magnitude of impact		Responsibility		Magnitude of impact after mitigation	
4 (2021: 3)		Treasury / Chief Financial Officer		3 (2021: 3)	
Likelihood of occurrence				Likelihood of occurrence after mitigation	
4 (2021: 3)				3 (2021: 3.5)	

Strategic report (continued)

Principal risks and uncertainties

<p>Currency Risk We purchase fuel products mainly in US Dollars and Euros. Because the international oil markets generally price in US Dollars, and our customers generally wish to purchase fuel products in their domestic currency, there can be a significant foreign currency exchange risk inherent in our business.</p> <p>Without mitigating action, the nature of our business creates significant currency exposure, particularly as we expand further into new markets and operations, and this has increased in recent years.</p>		<p>Mitigating action To eliminate transactional foreign exchange risk, our treasury department ensures that, at all times, the financial assets denominated in a particular currency match the financial liabilities denominated in the same currency.</p> <p>As a further control, balance sheets for each of our major currencies are prepared on a monthly basis and any surplus assets or liabilities are hedged as appropriate. In response to market and exchange risks we continue to develop and refine our internal control processes and hedging mechanisms.</p> <p>Our experience in managing market volatility provides us with the expertise to manage any increase currency volatility.</p>	
Magnitude of impact	Responsibility Chief Financial Officer	Magnitude of impact after mitigation	
4.5 (2021: 4.5)		2 (2021: 2)	
Likelihood of occurrence		Likelihood of occurrence after mitigation	
5 (2021: 5)		2.5 (2021: 2.5)	

<p>Bribery and corruption, codes of conduct, ethics and good governance</p> <p>The business sources product globally from a wide variety of suppliers, counterparties, agents and intermediaries.</p> <p>As we expand internationally, we sell to customers on increasingly complex terms with the number of counterparties connected to transactions increasing.</p> <p>There is a need to ensure compliance with domestic and international rules around full disclosure of business dealings, codes of conduct and controls on facilitation and equivalent payments (such as those stipulated in the UK under the Bribery Act 2010).</p>		<p>Mitigating action</p> <p>The Group has in place clear and company-wide policies to inform and set limitations and prohibitions, including reporting of conflicts of interest, a gift register, a record of supplier/customer entertainment and regular ethics/ABC training sessions. Staff across the business undertake annual training to ensure awareness. We identify any roles, which may be considered to be high risk and ensure those staff members particularly are aware of the requirements placed on them.</p> <p>The Group has established an "ethics hotline" to allow staff to report concerns and we have rolled out a process of agreement to a code of conduct by all non-driver staff.</p>	
Magnitude of impact	Responsibility Chief Financial Officer	Magnitude of impact after mitigation	
2 (2021: 2)		2 (2021: 2)	
Likelihood of occurrence		Likelihood of occurrence after mitigation	
3 (2021: 3)		2 (2021: 2)	

Strategic report (continued)

Principal risks and uncertainties

<p>Oil price volatility</p> <p>Fluctuations in fuel product prices can result in a difference between purchase and sales prices. Unless managed, these fluctuations could very significantly impact purchase and sales margins.</p>		<p>Mitigating action</p> <p>Our comprehensive control processes and hedging mechanisms are in place to limit exposure to oil and product price fluctuations.</p> <p>The objective of these mechanisms is to match our priced physical positions (generated from spot and term contracts entered into with suppliers and customers with equal and opposite hedging instruments).</p> <p>Our risk committee assesses and limits exposure to particular markets and products to ensure that risk is in line with company appetite.</p> <p>In response to global supply and demand risk, we maintain an active forward purchasing and sales activity hedged with appropriate market instruments. Sales contracts also include floating elements which are linked to market prices which reduces exposure to fuel product price rises.</p> <p>Significant changes in demand, such as seen in early 2020 because of COVID-19 and most recently in 2022 following Russia's invasion of Ukraine has caused more intense price fluctuations in the oil and product markets. Our controls to mitigate the effect of volatility allows us to minimise its impact on the business.</p>	
<p>Magnitude of impact</p> <p>4.5 (2021: 4.5)</p>	<p>Responsibility</p> <p>Executive Directors</p>	<p>Magnitude of impact after mitigation</p> <p>1 (2021: 1)</p>	
<p>Likelihood of occurrence</p> <p>5 (2021: 5)</p>		<p>Likelihood of occurrence after mitigation</p> <p>4 (2021: 4)</p>	

Strategic report (continued)

Principal risks and uncertainties

<p>Interruption of fuel supply to customers</p> <p>An event which significantly interrupts the supply of fuel to our customers has potential to cause reputational, commercial and financial damage.</p> <p>Supply disruption could be market-wide or site-specific:</p> <ul style="list-style-type: none">- A political or physical event in a major oil producing nation or a significant supply location could disrupt supplies- Weather-related shipping delays, industrial action, a fuel quality issue or an IT failure could cause product unavailability at a specific supply location.- Events that significantly disrupt the normal demand for fuel (e.g. fuel crisis in 2021) where disruption to competitors create a panic situation affecting our ability to meet demand- Protest action that affects operations, such as seen in 2022 by protests at terminals around the UK.		<p>Mitigating action</p> <p>Supply resilience is central to our mission. By maintaining optionality across our supply chain, we minimise reliance on any single supplier, supply location or haulage provider.</p> <p>Our access to storage allows us to effectively manage product availability and ensure supply resilience for customers.</p> <p>With our flexible global supply chains and our deep-water infrastructure, we can quickly switch our purchasing to other locations in the event of a major event disrupting oil flows.</p> <p>In Europe, our global product sourcing, network of storage and supply locations, in-house and third-party haulage arrangements all give operational flexibility and the ability to switch supply to ensure security of supply.</p> <p>In North America, supply resilience is achieved by combining rail and import infrastructure, giving us the ability to source from local suppliers and also from the USA and Europe.</p>	
<p>Magnitude of impact</p> <p>3 (2021: 3)</p>	<p>Responsibility</p> <p>Executive Directors</p>	<p>Magnitude of impact after mitigation</p> <p>1 (2021: 1)</p>	
<p>Likelihood of occurrence</p> <p>3 (2021: 3)</p>		<p>Likelihood of occurrence after mitigation</p> <p>2 (2021: 2)</p>	

Strategic report (continued)

Principal risks and uncertainties

Product quality issues The supply of fuel failing to meet quality standards could lead to significant reputational damage and remediation costs.		Mitigating action The risk of a field quality issue is minimised through extensive operational controls embedded within our quality management system and certified to ISO 9001. This includes independent product quality tests on receipt of product, in tank and prior to releasing product for customer deliveries. Our own internal procedures go above and beyond national standards.
Magnitude of impact 3.5 (2021: 3.5)	Responsibility Process Integrity Committee	Magnitude of impact after mitigation 1.5 (2021: 1.5)
Likelihood of occurrence 3.5 (2021: 3.5)		Likelihood of occurrence after mitigation 1.5 (2021: 1.5)
Counterparty risk Our global supply chain means that we transact with a wide range of counterparts around the world. Failure of any of these parties to perform could affect our results. There is also the risk that counterparts behave in a fraudulent or unethical manner, including failure to adopt processes to identify and mitigate human rights and modern slavery risks, placing our supply chain at risk, exposing the company to increased risk of litigation as well as compromising our ability to comply with mandated sustainability schemes. The lingering effects of both COVID-19 and Brexit, combined with the current financial environment that is impacting debt servicing costs leads to an increased risk of corporate failure in 2023. The introduction of sanctions against Russia following its invasion of Ukraine creates further counterparty risk.		Mitigating action We have a robust KYC process on all new counterparts to ensure that companies not previously known to the Group are thoroughly checked. Our risk committee monitors and sets appropriate trading levels for all counterparts ensuring that risks of trading are well managed and reported. We proactively manage our counterparty risk and exposure daily. Drawing on our strong relationships with counterparts, we can quickly identify counterparts that may be experiencing increased cash flow pressure. We use third party auditors and adopt standards such as the ISCC to ensure that our biofuel supply chain is compliant with the regulations of the UK RTFO scheme. These standards include issues such as human and labour rights, emissions and environmental management practices. We focus on knowing our suppliers and maintain regular contact through our purchasing, sustainability, and credit teams. Credit insurance is maintained where considered appropriate. As sanctions have been introduced against Russia, we have proactively reviewed our KYC process on both new and existing counterparties to ensure compliance.
Magnitude of impact 4 (2021: 4)	Responsibility Risk Committee	Magnitude of impact after mitigation 2 (2021:2)
Likelihood of occurrence 4 (2021: 4)		Likelihood of occurrence after mitigation 3.5 (2021: 2)

Strategic report (continued)

Principal risks and uncertainties

Industrial relations <p>From time to time our global operations are impacted by third party industrial relations disputes. Previous examples include third party strike action in Brazil (2018) and Canada (2019) affecting our ship, road and rail operations and having a knock-on impact on our ability to supply fuel.</p> <p>In the UK our driver workforce is largely unionised. An industrial dispute involving our drivers has the potential to disrupt fuel supply to customers, with potentially significant implications for the business. Deliveries could also be disrupted by industrial action involving third party facilities or drivers.</p>		Mitigating action <p>We maintain a diverse supply chain with multiple supply points and options around different delivery methods. By keeping in close communications with all our delivery partners we minimise the impact of any disruption.</p> <p>In the UK we have in-sourced most of our haulage operations. We focus on open dialogue with our in-house drivers under a respect agenda and provide a variety of forums for communication, both formal and informal, including regular updates on the performance of the business. Past and present drivers are also stakeholders in Greenergy Flexigrid, encouraging performance and ownership.</p> <p>A practical working relationship with the union is ensured through various channels including full engagement with shop stewards.</p> <p>In the event of disruption we have the flexibility to lift from alternative storage locations as and when required.</p>
Magnitude of impact <p>3 (2021: 3)</p>	Responsibility <p>Executive Directors and CEO Greenergy Flexigrid</p>	Magnitude of impact after mitigation <p>3 (2021: 3)</p>
Likelihood of occurrence <p>3.5 (2021: 3.5)</p>		Likelihood of occurrence after mitigation <p>3 (2021: 3)</p>

Strategic report (continued)

Principal risks and uncertainties

<p>Biofuel compliance risk</p> <p>To count towards our biofuel supply obligations under the UK's RTFO, biofuel must meet independently audited sustainability and carbon requirements. With a buy-out fee currently set at 50ppl, audit failure would have significant financial implications for the business.</p> <p>For all jurisdictions we comply with the criteria set out in the local legislation be that in the UK RTFO and the implementation by member states or in other state's biofuel legislation.</p>		<p>Mitigating action</p> <p>We own and operate a number of biodiesel production locations. Our manufacturing facilities are certified by the ISCC sustainability and carbon system, making the biodiesel we produce automatically compliant with RTFO criteria. We work with feedstock suppliers to implement our ISCC accreditation in their supply chain.</p> <p>We have invested upstream in the supply chain providing us with greater visibility of our biofuel supply chain and increased confidence of its sustainability data.</p> <p>In Canada, we blended sustainable biofuels above our blending obligation and sell Compliance Units to other parties. A trained compliance team fulfils our reporting and auditing requirements.</p>
<p>Magnitude of impact</p> <p>4 (2021: 4)</p>	<p>Responsibility</p> <p>Chief Operating Officer</p>	<p>Magnitude of impact after mitigation</p> <p>4 (2021: 4)</p>
<p>Likelihood of occurrence</p> <p>3 (2021: 3)</p>		<p>Likelihood of occurrence after mitigation</p> <p>2 (2021: 2)</p>

Strategic report (continued)

Principal risks and uncertainties

Inflation (NEW) Sustained higher levels of inflation can lead to a growing cost base without sufficient ability to pass those costs on to our customers.		Mitigating action Our pricing of customer contracts passes through any increase or decrease in the price of fossil fuels directly to the customer and is not exposed to inflation, however there are significant costs embedded in the supply chain that are exposed to inflation. We have long term agreements over critical assets that contribute to supply chain costs limiting the impact of inflation on our cost base. Greenergy maintains long term relationships with our customers which are renewed at regular intervals, sustained levels of inflation impacting on our overheads is built into renewal of contracts.
Magnitude of impact	Responsibility Board	Magnitude of impact after mitigation
2.5		2
Likelihood of occurrence		Likelihood of occurrence after mitigation
3		3

Renewable products (NEW) The energy transition has been accelerated by availability of new products and legislation changes to meet government targets. In countries where we operate, demand for alternative products such as HVO, hydrogen and higher percentage biodiesel blends is increasing. Increasing demand for renewables is also increasing competition to procure waste feedstock, such as used cooking oil.		Mitigating action Already Europe's largest manufacturer of biodiesel, we work with suppliers and customers to understand their transition strategies and provide reliable supply of renewable fuels. We are continuing to progress next generation projects to create and supply waste-based renewables both now and for the future. We work with our customers to ensure that differences between products are clearly understood.
Magnitude of impact	Responsibility Board	Magnitude of impact after mitigation
3		3
Likelihood of occurrence		Likelihood of occurrence after mitigation
3		3.5

Strategic report (continued)

Principal risks and uncertainties

Protest action (NEW) Greenergy delivers road fuel across the UK and Ireland. With increasing focus on climate change, there is increasing risk of our supply locations or customers being targeted with a goal of disrupting supply to carry a political message. Although less likely that Greenergy is the target of such protests, we are likely to be impacted owing to our supply footprint. Disruption of supply is likely to gain public visibility.		Mitigating action We work with the relevant authorities, our terminal partners and our customers to provide as secure and reliable a supply chain as possible. Where protest action is anticipated, we proactively engage with our staff to ensure they are prepared and aware of procedures. We will always comply with the prevailing regulations and where sanctions or other restrictions exist with those as well.	
Magnitude of impact 3	Responsibility Board	Magnitude of impact after mitigation 3	Likelihood of occurrence after mitigation 4.5
Likelihood of occurrence 4.5			

Input costs (NEW) Greenergy operations, particularly in biofuels, are heavily dependent on steam for the creation of UCOME. Steam boilers are primarily run from either gas or kerosene and are key contributors to utility costs. With the current war in Ukraine, these costs are significantly higher in 2022 than historical.		Mitigating action Where possible, flexibility on fuel sources is maintained and fixed term utility costs to allow appropriate management of site running costs. The spread between feedstock and finished biodiesel has widened to reflect some of the increased cost of operation.	
Magnitude of impact 3.5	Responsibility Board	Magnitude of impact after mitigation 3	Likelihood of occurrence after mitigation 5
Likelihood of occurrence 5			

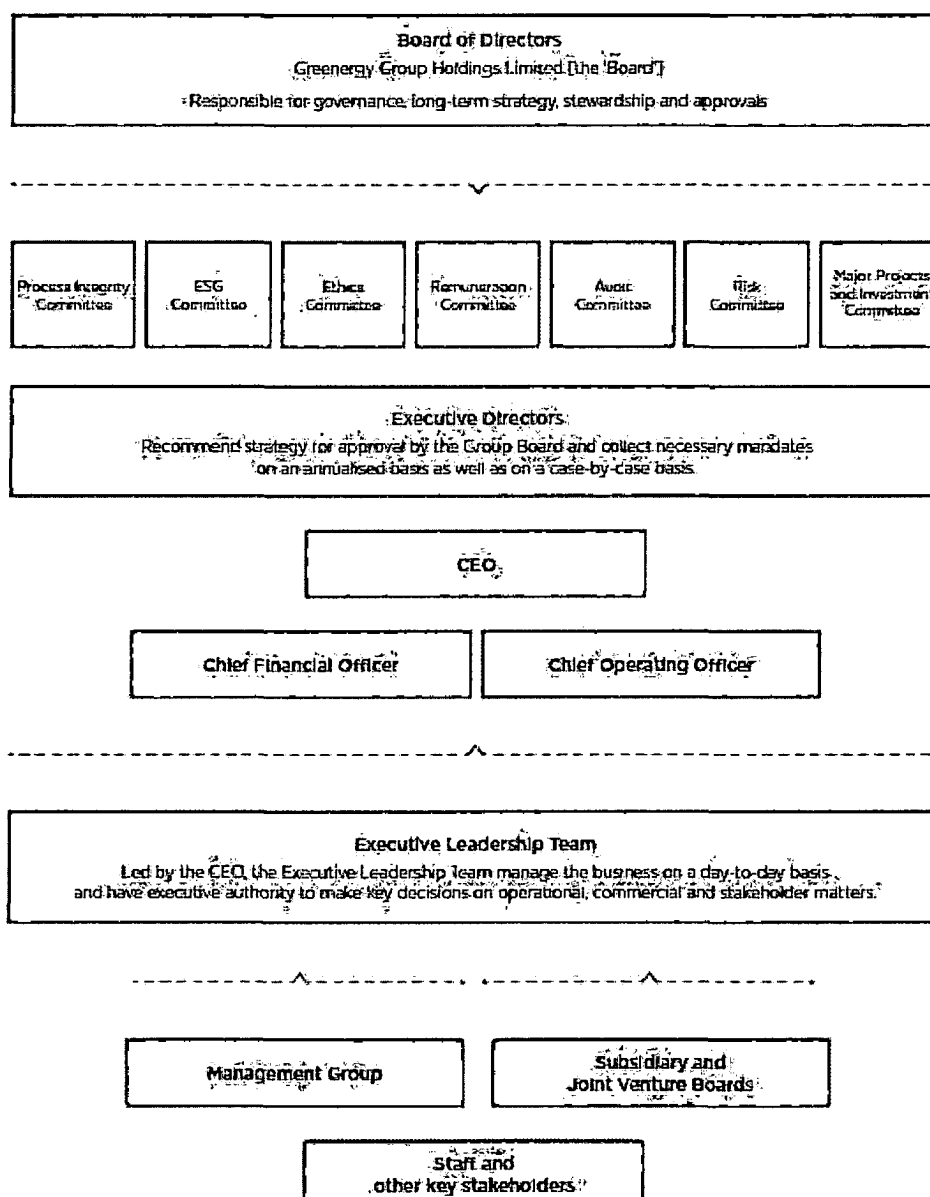
Strategic report (continued)

Corporate Governance report

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

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

Governance framework



Strategic report (continued)

Corporate Governance report (continued)

Principle 1: Purpose and leadership

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

Our purpose and mission is more than supplying products and services. It includes the way we do business, our interactions with our stakeholders, our governance and is underpinned by our values and culture.

The close relationship between effective Governance and effective executive authority and action is at the heart of this process and our business.

Day-to-day operations of the Group are managed by the Executive Leadership Team, comprising twelve members of senior management (female: two) who have executive authority to make key decisions on operational, commercial and key stakeholder matters.

The Executive Leadership Team meet formally and informally on a weekly basis to discuss key stakeholder matters and make decisions within their executive authority. In addition to these meetings, the Executive Directors also meet on a weekly basis.

The Executive Leadership Team receives its mandates and guidance from the Board and the committees, each with a particular mandate, which have been established to directly advise and engage with the company. They in turn give mandates and guidance to the senior management team with weekly management meetings as well as regular engagement through emails, blogs and stewardship meetings with the functional heads. This framework ensures that the Greenergy Group's executive and Leadership Team are empowered with the appropriate level of authority to make decisions on behalf of the individual operating entities.

Throughout the year, the primary focus for the Board and Executive Leadership Team was to ensure the Group was able to maintain security of supply given the war in Ukraine, and actively review projects to drive the energy transition and grow the business. As the energy transition accelerates, Greenergy's history of being an innovative transportation fuel producer and supplier remains a key focus for the Board, as we look to continue developing cleaner, lower emission fuels. This is supported through the Group's purpose and mission that drive our business plan and strategy.

Principle 2: Board composition

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

The size and experience of the Group Board is considered appropriate for the size of the Group, with the directors bringing a wide range of commercial and industry knowledge, ensuring a well-balanced range of views and experience. The Directors recognise the Board composition lacks diversity. We are committed to supporting diversity, equity and inclusion across the entire workforce and in particular continuing to improve diversity among the senior management and executive leadership teams.

Strategic report (continued)

Corporate Governance report (continued)

Principle 3: Directors' responsibilities

The Board is continuously improving its approach to Corporate Governance ensuring clear responsibilities are allocated to individuals and sub-committees and reviewing if the strategy is still fit for purpose, requesting updates from the sub-committees and subject matter experts. All sub-committees are governed by agreed Terms of Reference. At the beginning of each year, quarterly recurring board meetings for Greenergy Fuels Limited are scheduled for the year and dates set. Two additional strategic board meetings are set to discuss and define the Group's strategy and five year strategic plan.

Board meetings are a mechanism to evaluate and review business operations and how they align with the Group's overall strategy and the impact on our key stakeholders. The key activities and decisions undertaken by the Board in 2022 are outlined in the 'Section 172(1) Companies Act 2006 Statement' (see s172(1) page 45)

Each board meeting follows a considered agenda, agreed in advance by the Board. Within the set sections there are standing items such as a review and discussion on Process Integrity data and events along with Governance.

Special topics are also added to individual sections as required with non-board Executives and key management personnel periodically invited to Board meetings for specific items to provide their expertise to the Board and discussion dependent on matters under consideration.

Principle 4: Opportunity and risks

Greenergy's mission, values and overall Group strategy guide the Board's decisions to promote and deliver long-term value, taking advantage of opportunities which arise whilst ensuring an appropriate risk framework is in place to manage the risks we face in our business.

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

Principal risks are identified across the business at all levels, to ensure those are registered and reported to the Board along with the mitigation plans associated with them. The risks we face in our business, and the action we take to mitigate those risks, are formalised in a risk register which is reviewed by the Risk Committee and formally approved by the Board.

Different business units assess the risk in their area of expertise, with the Board being informed of such risks to establish the level of risk accepted to meet its strategic objectives.

Strategic report (continued)

Corporate Governance report (continued)

Principle 5: Remuneration

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

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

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

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

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

Principle 6: Stakeholders

Stakeholder engagement is considered crucial by the Board, and this is applied at all levels of the organisation supported by the Leadership Team and reported to the Board.

All stakeholders are appropriately considered throughout our decision-making process and consulted and engaged regularly through dedicated surveys or meetings; including tailored initiatives. The impact that activities might have on each stakeholder is balanced and assessed throughout the decision-making process to ensure the stakeholders' interests are appropriately considered.

Our key stakeholders, how we engage with them, and the effect stakeholders have on Board decision making is outlined in the Section 172(1) Companies Act 2006 Statement on page 45.

Strategic report (continued)

Section 172(1)⁸ Companies Act 2006 Statement

Our stakeholders are essential for Greenergy to deliver on our mission. This section summarises our relationships with our key stakeholders and their influence on board decision making.

Our stakeholders

Our colleagues	
Our people are our most important asset. They are a reflection of our culture and values and are essential to upholding our values and delivering on our purpose and mission.	
Our priorities <ul style="list-style-type: none"> Ensuring all staff can perform their roles safely Ensuring diversity and inclusion across our workforce Ensuring that all key positions are filled with the best person for the job Maintaining high employee engagement Instilling our culture and values with rapid employee growth Developing the skills and talents of our people Supporting the mental and physical health of our people. 	How we engage and communicate <ul style="list-style-type: none"> Safety underpins all that we do. Lessons Learned and safety updates are shared with employees across the entire business Colleagues are kept informed of performance and strategy through Staff Reviews and Quarterly Meetings. All executives regularly engage with our colleagues around the business Our Intranet provides regular updates of what is going on around the business, along with updates from the CEO In 2022, we launched an employee news app to help our staff keep up-to-date with news across the business. Following the pandemic, we reintroduced staff conferences in Europe and North America as an important opportunity to foster team building and instil our values across the business. The Knowledge Hub provides a learning and development tool for our colleagues, to provide people with a range of programmes that be accessed anywhere on any device.
Our shareholders	
Our shareholders support the growth of our business to achieve our long-term growth objectives.	
Our priorities <ul style="list-style-type: none"> Demonstrate sound financial and operational performance, in line with the Group strategy. 	How we engage and communicate <ul style="list-style-type: none"> Attendance at board meetings Regular communications such as financial updates, investment plans and capital allocation.

⁸ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 's172(1) statement'. Pages 45 to 54 are our section 172(1).

Strategic report (continued)

Section 172(1)⁹ Companies Act 2006 Statement (continued)

Customers and Suppliers	
Our customers include supermarkets, major oil companies, commercial users, independent retailers and consumers. Our customers rely on us to run their business', and our relationships with our suppliers allows us to meet the needs of our customers and consumers.	
Our priorities <ul style="list-style-type: none"> • Build supply chain optionality through our relationship with our suppliers • Develop long-term relationships with customers and suppliers who support our strategic growth objectives. 	How we engage and communicate <ul style="list-style-type: none"> • By demonstrating our values and living our mission in every interaction we have • Dedicated and engaged teams, who are available to our customers when they need us most. Our local Customer Care teams remain a key differentiator in our offer and allows us to support our customers day or night. • Regular and timely communications, including financial and operational updates throughout the year. We understand the important role our suppliers and partners have in achieving our growth objectives.

Environment	
Our business was founded in the 1990s to supply low emission diesel, and our commitment to produce and supply low carbon renewable fuels at scale continues today.	
Our priorities <ul style="list-style-type: none"> • We recognise the urgent need to further reduce greenhouse gas emissions in the transportation sector • We continuing to invest in the sector and progress projects to further expand our renewable fuel production and are actively exploring new, innovative projects to produce renewables from wastes. 	How we engage and communicate <ul style="list-style-type: none"> • Reducing the environmental impact of our activities by continued investment in process improvements at our plants to improve efficiency of our operations • Manufacturing biodiesel from waste raw materials, rather than virgin vegetable oils, giving higher carbon savings and reducing land-use impacts • Involvement in round table discussions and industry consultations on best practice • Encouraging all employees to play a role in our continual improvement of processes to improve the sustainability of our operations • Development of our ESG framework and strategy to drive more detailed reporting.

⁹ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 's172(1) statement'. Pages 45 to 54 are our section 172(1).

Strategic report (continued)

Section 172(1)¹⁰ Companies Act 2006 Statement (continued)

Communities	
We believe in supporting our communities. Our charity programme and our STEM projects help support our communities.	
Our priorities <ul style="list-style-type: none"> Through our employee-led charity programme, help fund a range of charity initiatives with a directly identifiable benefit Engage with our local communities through STEM projects that provide information and inspiration to young people considering their future careers. 	How we engage and communicate <ul style="list-style-type: none"> While the total charity budget is set by the Board, the allocation of funds is nominated by charity teams that involve all employees of the Group, and final approval by the employee-led Charity Committee Employees are encouraged to work closely with the charities to understand how funds will be used The Charity Committee is made up of volunteer staff, and each team within the business is led by a Captain to encourage engagement Through our STEM projects, we aim to work with local schools and educational colleges to inspire students, and demonstrate tangible career options that are available through STEM. In our retail businesses in Ireland and Canada, our local team partner with retailers to support their local communities.
Government	
As a fuel supplier, we maintain close relationships with Government bodies in the regions we operate.	
Our priorities <ul style="list-style-type: none"> Develop productive relationships with Government bodies, particularly in the UK where we provide a critical role in the national supply chain. 	How we engage and communicate <ul style="list-style-type: none"> Regular meetings and communications with our Government contacts to provide business updates Involvement in round table discussions and industry consultations.
Financial institutions	
We rely on support from our banks to fund our ongoing working capital requirements to allow us to operate in the way in which we do.	
Our priorities <ul style="list-style-type: none"> Develop long-term relationships with a syndicate of banks and other institutions to support our ongoing business. 	How we engage and communicate <ul style="list-style-type: none"> Monthly financial and operations update provided to our lenders Annual all banks presentation on our results and outlook and strategy for the years ahead Regular ad hoc meetings with all lenders to discuss business operations.

¹⁰ In accordance with Companies Act 2006 Regulations, the Directors are required to provide a 's172(1) statement'. Pages 45 to 54 are our section 172(1).

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Section 172(1) Board activities

	Our decision Process	Our decision	Interested Stakeholder Groups
Process Integrity			
<p>Process integrity reporting for new business units</p> <p>The Board observed challenges integrating new business units (e.g. through acquisitions) to Greenenergy's culture of process integrity reporting.</p>	<ul style="list-style-type: none"> • Process Integrity (PI) is the first standing agenda item at all Board and Executive meetings • The PI Committee Chairman presented an update on PI to the Board including trends on health and safety events • The PI Committee Chairman outlined challenges in reporting culture with businesses that were acquired and proposed an approach to address these issues. 	<p>The Board supported the approach outlined by the PI Committee Chairman including:</p> <ul style="list-style-type: none"> • A targeted campaign across all sites and office locations to reiterate the importance of health and safety and encourage an open and honest culture of reporting • Increased management presence and safety walks to be undertaken by the Leadership Team 	<ul style="list-style-type: none"> • Our colleagues • Our shareholders • Our customers and suppliers • Our environment
Environment, Social & Governance (ESG)			
<p>Taskforce for Climate Related Financial Disclosures (TCFD)</p> <p>The TCFD requirements will become mandatory for the Group in 2023 as a large, private entity.. The Board discussed the requirements and early adoption reporting.</p>	<ul style="list-style-type: none"> • The Board discussed the requirements of the TCFD and completed a specific awareness session on TCFD and the process undertaken by the business in 2022 to complete qualitative assessments. • A gap analysis was completed against FRC and TCFD implementation guides and the Board considered the findings. 	<ul style="list-style-type: none"> • The Board agreed with the ESG Committee's proposal to obtain external support for the completion of scenario analysis modelling and risk/opportunity heat map. 	<ul style="list-style-type: none"> • Our colleagues • Our shareholders • Our customers and suppliers • Our environment • Our communities • Government • Financial institutions

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

	Our decision Process	Our decision	Interested Stakeholder Groups
Environment, Social & Governance (ESG)			
2021 Sustainability Report Following its inaugural Sustainability Report in 2020, the Group again prepared a standalone Sustainability Report in 2021 to provide stakeholders with an overview of the Group's approach to ESG and strategic direction to achieve sustainability commitments.	<ul style="list-style-type: none"> The ESG Committee, comprising both executive and non-executive directors, is mandated to articulate Greenergy's strategy for environment, social and governance – including our climate change policy and strategy The Board discussed the content for the 2021 Report and our future strategy. 	<ul style="list-style-type: none"> On the recommendation of the ESG Committee, the Board approved the issue of the 2021 Sustainability Report Board supported the appointment of a Head of ESG to help build, develop, and articulate Greenergy's ESG strategy. 	<ul style="list-style-type: none"> Our colleagues Our shareholders Our customers and suppliers Our environment Our communities Government Financial institutions
ESG Framework and Reporting	<ul style="list-style-type: none"> The ESG Committee, comprising both executive and non-executive directors, is mandated to articulate Greenergy's strategy for environment, social and governance – including our climate change policy and strategy The ESG Committee presented data from across the business and presented a strategic proposal to the Board for consideration The Board discussed the updated ESG strategy framework, including material areas of focus and ambition levels The Board discussed expanding the reporting of emissions and updating the internal carbon price The Board discussed climate scenario modelling and reviewed the TCFD qualitative scenarios analysis work. 	<ul style="list-style-type: none"> The Board approved the ESG strategy framework and associated focus areas. The Board approved the updated approach to emissions reporting and expansion of scope 3 greenhouse gas data reporting. The Board agreed to update the internal carbon price. 	<ul style="list-style-type: none"> Our colleagues Our shareholders Our customers and suppliers Our environment Our communities Government Financial institutions

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

	Our decision Process	Our decision	Interested Stakeholder Groups
People			
Inflationary pressures and cost of living With over 1,500 employees, people remain the biggest asset of Greenergy. With rising inflation and cost of living crisis, consideration was given to how the business could support our employees	<ul style="list-style-type: none"> The executive directors and Head of HR discussed and considered how the business could support its employees through the cost-of-living crisis and rising inflationary pressures After due consideration, a proposal was established and presented to the Remuneration Committee by the CEO. 	<ul style="list-style-type: none"> The Group's Remuneration Committee approved cost of living support and initiatives for our employees. 	<ul style="list-style-type: none"> Our colleagues
Financial			
Establishment of Major Projects and Investment Committee Where relevant, a sub-committee of the Board is established to assist the Board in its oversight of key areas	<ul style="list-style-type: none"> The Board discussed the need for a Major Projects & Investment Committee to assist in oversight of acquisitions, disposals and major capital projects that require Board approval Terms of Reference for the committee were prepared and shared with the Board for consideration Committee members with relevant expertise and experience were put forward on behalf of the Board. 	<ul style="list-style-type: none"> The Board approved the proposed Terms of Reference and established the Major Projects and Investment Committee. 	<ul style="list-style-type: none"> Our shareholders Our environment Financial institutions

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

	Our decision Process	Our decision	Interested Stakeholder Groups
Financial			
<p>Restructure and refinance of the Group's working capital facility</p> <p>The Group relies on a working capital facility to finance its ongoing business. The existing facility is due to expire on 30 April 23. The Board considered a proposal to refinance the existing facility with new bilateral inventory and receivables facilities.</p>	<ul style="list-style-type: none"> The CFO presented an overview of the existing facility to the Board and outlined the options available to the company for the refinance. The Board considered the impacts of restructuring from a single borrowing base facility into separate bilateral inventory and receivables facilities. The Board considered the current and future capital structure of the Group. 	<ul style="list-style-type: none"> On recommendation of the Group CFO, the Board agreed to proceed with the restructure of the existing facility and refinance with separate facilities for inventory and receivables 	<ul style="list-style-type: none"> Our colleagues Our shareholders Our customers and suppliers Government Financial institutions
<p>Strategic business plan and financial budget</p> <p>Each year, the business prepares a five year strategic plan and financial budget to share with the Board giving consideration to longer term strategic direction of the Group, noting the impact of climate risk and the energy transition, and what steps are required to ensure that the plan can be delivered.</p>	<ul style="list-style-type: none"> The Group business plan process commences with a Board strategy day to discuss and debate the future strategic direction and how it would benefit and support our business and key stakeholders The output from the strategy day is input into the five year business plan for the Board to assess The key drivers and underlying assumptions were discussed, debated, and challenged by the Board The business plan process was iterative with several follow up sessions to review key changes and impacts on the financial budgets. 	<ul style="list-style-type: none"> The Board reviewed the five year strategic business plan and financial budget and after due consideration and discussion approved the plan. This included the approval of the Group's capital expenditure program and major projects and subsequent alignment with the financial budget and business plan. 	<ul style="list-style-type: none"> Our colleagues Our shareholders Our customers and suppliers Our communities Our environment Government Financial institutions

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

	Our decision Process	Our decision	Interested Stakeholder Groups
Strategic priorities			
Closure of Cardiff fuel operations The Board reviews strategic options for existing assets and business units, including the potential closure and downsizing of operations	<ul style="list-style-type: none"> • A review of the current and expected future supply / demand breakdown was discussed and consideration given to the various options that were available to the Group taking into consideration the various stakeholders • The Board considered the impact that ceasing operations would have on its key stakeholders, including its staff • The Board reviewed various options including continued operation, partial shut down, and full closure 	<ul style="list-style-type: none"> • The Board reviewed the analysis and recommendation provided by the Executive Directors • After due consideration, the Board agreed to cease fuel distribution operations at the Group's Cardiff Terminal • The Board acknowledged the impact that its decision would have on staff, ultimately resulting in a number of redundancies for staff who could not be redeployed to other parts of the business. 	<ul style="list-style-type: none"> • Our colleagues • Our shareholders • Our customers and suppliers • Our environment

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

	Our decision Process	Our decision	Interested Stakeholder Groups
Strategic priorities (continued)			
Entry into Hydrogen distribution As part of the Group's NextGen division, the Board evaluated opportunities to enter the distribution of hydrogen through the Group's in-house haulage operations.	<ul style="list-style-type: none"> The Executive Directors provided an overview of the risks and benefits of distributing hydrogen through Greenergy Flexigrid The Board discussed the opportunity and evaluated the benefits and risks and how the opportunity fit with Greenergy's strategic direction in the energy transition. 	<ul style="list-style-type: none"> The Board approved the decision to proceed with entering into an agreement to distribute hydrogen via Greenergy Flexigrid. 	<ul style="list-style-type: none"> Our colleagues Our shareholders Our customers and suppliers Our environment
Legal and regulatory			
Approval of statutory accounts The Group prepares statutory financial reports which are not only a legal requirement, but are used by our stakeholders to understand the financial performance and decisions taken by the Group.	<ul style="list-style-type: none"> The final statutory accounts and any adjusting items are presented to the Audit Committee. The audit committee reviews these and once satisfied, recommends to the Board to approve the statutory accounts. 	<ul style="list-style-type: none"> On the recommendation of the Audit Committee, the Board approved the statutory accounts and authorised them for issue. 	<ul style="list-style-type: none"> Our Shareholders Our customers and suppliers Financial institutions Our environment
Introduction of Sanctions on Russian Oil Following Russia's invasion of Ukraine, the UK and EU moved to introduce sanctions on Russian origin oil products.	<ul style="list-style-type: none"> The Board considered the implications of the sanctions on the wider supply chain and the Group's business The Executive Directors provided the Board with an overview of how the business could remove Russian origin oil from its supply chain and ensure security of supply for the UK prior to the sanctions being imposed. 	<ul style="list-style-type: none"> The Board agreed with the overview presented to ensure security of supply for the UK ahead of sanctions being introduced. 	<ul style="list-style-type: none"> Our customers and suppliers Our colleagues Shareholders Financial institutions Government

Strategic report (continued)

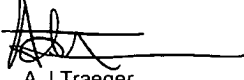
The Directors of the Company and Group have acted in the way they consider, in good faith, would be most likely to promote the success of the Company and Group for the benefit of its members as a whole.

The Directors present their strategic report for the Group for the year ended 31 December 2022 on pages 2-54.

Review of the business

The review of the business can be found on page 2.

Approved for issuance by order of the Board on 20 April 2023 and signed on their behalf:



A J Traeger
Director

Directors' report

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2022.

Items covered in the strategic report on pages 2 to 54

In accordance with s414C(11) of the Companies Act 2006 information relating to Key Performance Indicators, streamlined energy and carbon reporting and financial risk management have been included within the strategic report.

Results and dividends

The Company made a profit for the financial year of £68,875,000 (31 December 2021: profit of £66,429,000).

Interim intragroup dividends declared in the year were £15,739,000 (31 December 2021: £22,381,000 paid). Of the total intragroup dividends declared, the Directors proposed no final dividend (31 December 2021: £nil). No external dividends were declared in the year.

Going concern

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Global events in recent years such as the COVID pandemic and Ukraine conflict have had significant impacts on fuel demand as well as financial and commodity markets in which the Company operates. Whilst the Company was able to successfully navigate these events, the Directors have used these events and the knowledge gained from them to carry out extensive sensitivity analysis and assessment of its ability to continue as a going concern.

The primary risk identified by the Directors was in respect of the Company's ability to finance its working capital facilities. The Directors continue to believe this remains the primary risk to going concern and as such have taken steps to address this risk through a restructuring and refinancing of its debt facilities.

As at 31 December 2022 the Company had both committed and uncommitted borrowing facilities which all mature before December 2023. The amount drawn down under these facilities and outstanding as at 31 December 2022 was US\$ 584m (£485m), maturing on 30 April 2023.

Access to these facilities has been core to the ongoing operations of the Company and they were sized appropriately given consideration to the scale of the business, underlying commodity prices, volumes and the indirect tax and excise duty payment cycles applicable to Greenergy.

Subsequent to year end, the Company has successfully restructured and refinanced its global financing facilities into various new facilities which are suitable to support the business going forward. These facilities consist of:

- US\$ 650m committed Receivables Purchase Facility expiring in 2025; and
- US\$ 250m – US\$ 500m committed, volumetric based Inventory Monetisation Facility with facility size flexing depending on commodity prices expiring in 2026.

The Company has prepared detailed base forecasts and scenario "stress testing" analysis taking into consideration the principal risks and uncertainties that it faces and the resulting impact on key business drivers such as volume demand and key commodity prices. Specific consideration was given to the impacts that upward pressure on oil prices would have on available liquidity. Principal risks not specifically modelled were either deemed not to have an impact within the going concern period or the financial effect sufficiently considered through the downside economic factors already applied. When assessing both the base forecasts, and the downside sensitivities, the Company's liquidity remains strong and financial covenants continue to be in compliance for a minimum of the next 12 months.

Directors' report (continued)

Going concern (continued)

After careful consideration of the principal risks and uncertainties, and on the fact that the Group has secured a new package of debt facilities as highlighted above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the going concern period, being a period of 12 months from the date the financial statements are authorised for issue. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Post balance sheet events

Post balance sheet events of the Company are detailed in note 27 of the financial statements.

Political and charitable contributions

The Company made no charitable donations during the year (2021: £nil). No political donations or expenditure were incurred during the year (2021: £nil).

Future developments

At a Group level, our strategy to lead in waste-based renewables, grow our supply chain infrastructure advantage, retail portfolio and expand our route to key markets will enable us to deliver on our purpose and mission. We continue to focus our capital on waste-based renewables and Next Gen fuels to support the energy transition.

Strategic bolt-on acquisitions remain a priority for the Group, and we are continuing to progress projects to reduce our own carbon emissions.

Suppliers

Terms and conditions for business transactions are agreed individually with suppliers. Payment is then made on these terms, subject to the terms and conditions being met by the suppliers including the timely submission of satisfactory invoices and the due verification of the bank account to which payment is made. For this period the average trade payables period for the Company was one day, unchanged from last year.

Stakeholders

Our key stakeholders, how we engage with them, and the effect stakeholders have on board decision making is outlined in the 'Section 172(1) – Companies Act 2006 Statement' on page 45.

Engagement with suppliers, customer and others

Details on engagement with suppliers, customers and others presented within the Strategic Report.

Directors' report (continued)

Financial risk management

The financial risk management programme of the Company, which includes liquidity risk, market risk, credit risk and foreign exchange risk is detailed on pages 26 to 40.

Streamlined energy and carbon report

The 'Streamlined energy and carbon report' is presented in the Strategic report on page 22.

Corporate Governance Report

The Corporate Governance Report is presented within the Strategic Report.

Directors

The Directors who served during the year and up to the date of this report were as follows:

P T Bateson
C S Lumbard
A J Traeger
C F Flach

Greenergy International Limited on behalf of the Company and its subsidiaries has made qualifying third-party indemnity provisions for the benefit of its directors and the directors of other group undertakings, which were made during the year and remain in place at year end.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report (continued)

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

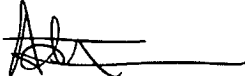
- As far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board and signed on its behalf by:



A J Traeger

Director

20 April 2023

Independent auditor's report to the members of Greenergy Fuels Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Greenergy Fuels Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtained an understanding of relevant controls over management's going concern model, including the review of the inputs and assumptions used within the model.
- assessed the adequacy of the financial facilities that are available to the group, including the uncertainties that exist in relation to those due for renewal within the next 12 months.
- Checked the mathematical accuracy of management's model including agreement to approved budgets and forecasts.

- challenged the key assumptions of these forecast by:
 - reading industry data and other external data and comparing these with management's estimates.
 - comparing forecast results with the historical performance
 - evaluating the historical accuracy of forecasts prepared by management.
 - assessing the sensitivity of the headroom within management's forecasts.
- assessed the sufficiency of the group's disclosure in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Data Protection Act 1998, Disability Discrimination Act, Age Discrimination Act 2006, Health and Safety at Work Act 1974, Anti-Bribery Act 2010 and general employment laws.

We discussed among the audit engagement regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address it are described below:

Revenue recognition fraud risk in relation to:

- occurrence of non-rack sales and network sales within the UK operations.

In order to respond to the revenue significant risk within the UK operations we performed the following procedures:

- tested the relevant controls over management's network revenue calculation and the revenue recognition for non-rack sales;
- assessed the applicable contracts or alternative documentation to agree pricing and sale terms with the customer;
- assessed the contracts to understand the performance obligations present in the contract to evaluate whether revenue has been appropriately recognised in line with IFRS 15;
- obtained confirmation from the counterparty of the transaction; and
- performed an assessment of historic customer trading activities to identify any unusual trends.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Heather Bygrave

Heather Bygrave, FCA
For and on behalf of Deloitte LLP
Statutory Auditor
St Albans, United Kingdom
20 April 2023

Greenergy Fuels Limited
Income Statement

Income Statement
For the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£'000	£'000
Revenue	3	18,909,896	14,539,988
Cost of sales		(18,679,444)	(14,333,195)
Gross profit		230,452	206,793
Distribution costs		(90,668)	(76,956)
Administrative expenses		(45,656)	(42,290)
Other operating income		40	52
Operating profit		94,168	87,599
Finance income	5	9,797	4,314
Finance costs	6	(27,152)	(15,823)
Profit before taxation	4	76,813	76,090
Taxation charge	7	(7,938)	(9,661)
Profit and total comprehensive income for the financial year		68,875	66,429

There were no other items of comprehensive income or expense for the year 31 December 2022 (31 December 2021: none) and accordingly no separate statement of comprehensive income has been presented.

The results stated above are all derived from continuing operations.

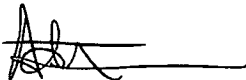
The notes on pages 68 to 96 are an integral part of these financial statements.

Greenergy Fuels Limited
Balance Sheet
Company number: 04058825

Balance Sheet
As at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
Non-current assets			
Intangible assets	8	5,798	8,107
Property, plant and equipment	9	7,117	8,300
Right-of-use assets	21	223,991	244,331
Investments	10	2,918	315
Non-current receivables	12	254,812	243,495
		<u>494,636</u>	<u>504,548</u>
Current assets			
Inventories	11	905,113	714,387
Trade and other receivables	12	987,277	920,664
Derivative financial instruments	23	17,185	13,102
Cash and short-term deposits	13	19,756	42,530
Corporation tax receivable		4,197	2,874
		<u>1,933,528</u>	<u>1,693,557</u>
Total assets		<u>2,428,164</u>	<u>2,198,105</u>
Current liabilities			
Trade payables and accrued liabilities	14	(1,581,867)	(1,357,367)
Interest-bearing loans and borrowings	18	(485,566)	(507,887)
Lease liabilities	22	(36,239)	(36,041)
Derivative financial instruments	23	(7,288)	(13,595)
		<u>(2,110,960)</u>	<u>(1,914,890)</u>
Net current liabilities		<u>(177,432)</u>	<u>(221,333)</u>
Non-current liabilities			
Lease liabilities	22	(195,874)	(208,150)
Deferred income tax liabilities	15	(1,906)	(2,249)
Provisions	19	(49)	(6,577)
		<u>(197,829)</u>	<u>(216,976)</u>
Total liabilities		<u>(2,308,789)</u>	<u>(2,131,866)</u>
Net assets		<u>119,375</u>	<u>66,239</u>
Equity			
Issued capital	16	1,333	1,333
Share premium		1,715	1,715
Retained earnings		116,327	63,191
Total equity		<u>119,375</u>	<u>66,239</u>

The notes on pages 68 to 96 are an integral part of these financial statements. The financial statements were approved by the board of Directors on 20 April 2023 and were signed on its behalf by:



A J Traeger
Director

Statement of changes in equity
For the year ended 31 December 2022

	Note	Issued capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		1,333	1,715	19,143	22,191
Comprehensive income					
Profit for the financial year		-	-	66,429	66,429
Total comprehensive income		-	-	66,429	66,429
Transactions with owners					
Dividend paid	20	-	-	(22,381)	(22,381)
Total transactions with owners		-	-	(22,381)	(22,381)
Balance at 31 December 2021		1,333	1,715	63,191	66,239
Comprehensive income					
Profit for the financial year		-	-	68,875	68,875
Total comprehensive income		-	-	68,875	68,875
Transactions with owners					
Dividend paid	20	-	-	(15,739)	(15,739)
Total transactions with owners		-	-	(15,739)	(15,739)
Balance at 31 December 2022		1,333	1,715	116,327	119,375

Share premium arose where the amount received for the issue of shares was above nominal value.

Retained earnings represents the cumulative balance of earnings not distributed.

The notes on pages 68 to 96 are an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2022

		Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
	Note		
Net cash generated from/(used in) operating activities	17	58,775	(212,727)
Investing activities			
Acquisition of subsidiaries, net of cash acquired		(2,603)	-
Purchases of intangibles assets	8	(2,091)	(1,530)
Net cash used in investing activities		(4,694)	(1,530)
Financing activities			
(Repayment of)/ Proceeds from borrowings	18	(23,403)	258,056
Facility extension fees		-	(3,286)
Finance income	5	9,797	4,314
Finance costs		(17,290)	(15,823)
Repayment of lease liabilities – principal	21	(47,863)	(40,047)
Net cash (used in)/generated from financing activities		(78,759)	203,214
Decrease in cash and cash equivalents		(24,678)	(11,043)
Foreign exchange differences		1,904	-
Cash and cash equivalents at the beginning of the year		42,530	53,573
Cash and cash equivalents at the end of the year		19,756	42,530

The notes on pages 68 to 96 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of business and significant accounting policies

General business description

Greenery Fuels Limited (the "Company") is a private Company limited by shares and incorporated in the UK under the Companies Act 2006, and registered in England and Wales. The address of the registered office is given on page 1. The Company is a major supplier of UK transportation fuels and waste derived renewable fuels.

Basis of preparation

The separate financial statements have been prepared under the historical cost convention as modified by financial instruments and inventories recognised at fair value unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Basis of consolidation

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. The Company is included in the consolidated financial statements of Greenery Fuels Holdings Limited, a Company incorporated in the United Kingdom. The registered address of Greenery Fuels Holdings Limited is 198 High Holborn, London, WC1V 7BD.

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- information relating to the entities objectives, policies and processes for managing capital (IAS 1.134-136);
- the requirements of IFRS 3 Business Combinations;
- IAS 36 Impairment of Assets;
- IFRS 15 Revenue from Contracts with Customers (including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations);
- IFRS 16 Leases (the maturity analysis of lease liabilities, as required by paragraph 58 of IFRS 16 Leases, has not been disclosed separately as details of indebtedness required by Companies Act has been presented separately for lease liabilities in note 22;
- All the disclosure requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IFRS 13 Fair value measurement;
- the requirements of paragraph 17 and 15A of IAS 24 'Related party disclosures' (key management);
- the requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets; and

Going concern

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Global events in recent years such as the COVID pandemic and Ukraine conflict have had significant impacts on fuel demand as well as financial and commodity markets in which the Company operates. Whilst the Company was able to successfully navigate these events, the Directors have used these events and the knowledge gained from them to carry out extensive sensitivity analysis and assessment of its ability to continue as a going concern.

The primary risk identified by the Directors was in respect of the Company's ability to finance its working capital facilities. The Directors continue to believe this remains the primary risk to going concern and as such have taken steps to address this risk through a restructuring and refinancing of its debt facilities.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Going concern (continued)

As at 31 December 2022 the Company had both committed and uncommitted borrowing facilities which all mature before December 2023. The amount drawn down under these facilities and outstanding as at 31 December 2022 was US\$ 584m (£485m), maturing on 30 April 2023.

Access to these facilities has been core to the ongoing operations of the Company and they were sized appropriately given consideration to the scale of the business, underlying commodity prices, volumes and the indirect tax and excise duty payment cycles applicable to Greenergy.

Subsequent to year end, the Company has successfully restructured and refinanced its global financing facilities into various new facilities which are suitable to support the business going forward. These facilities consist of:

- US\$ 650m committed Receivables Purchase Facility expiring in 2025; and
- US\$ 250m – US\$ 500m committed, volumetric based Inventory Monetisation Facility with facility size flexing depending on commodity prices expiring in 2026.

The Company has prepared detailed base forecasts and scenario “stress testing” analysis taking into consideration the principal risks and uncertainties that it faces and the resulting impact on key business drivers such as volume demand and key commodity prices. Specific consideration was given to the impacts that upward pressure on oil prices would have on available liquidity. Principal risks not specifically modelled were either deemed not to have an impact within the going concern period or the financial effect sufficiently considered through the downside economic factors already applied. When assessing both the base forecasts, and the downside sensitivities, the Company's liquidity remains strong and financial covenants continue to be in compliance for a minimum of the next 12 months.

After careful consideration of the principal risks and uncertainties, and on the fact that the Company has secured a new package of debt facilities as highlighted above, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the going concern period, being a period of 12 months from the date the financial statements are authorised for issue. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts. Accordingly, the financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Foreign currency

a) Functional and presentation currency

The financial statements are presented in Pounds Sterling (GBP or £), which is the Company's functional and presentational currency.

b) Transactions and balances

Transactions in foreign currencies are initially recorded at functional currency's spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement within administrative expenses. Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions.

Investments in subsidiaries and associates

Investments in subsidiary companies and associates held by the Company are stated at cost less impairment. The company assesses whether there has been impairment of investments in subsidiaries based on the financial position and future prospects of the investments. This takes into consideration a range of factors such as the net assets of the investees, its recent trading performance and the expected revenue growth.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any.

Historical cost includes the original purchase price or construction cost, any costs directly attributable to bringing the asset to its working condition for its intended use and the initial estimate of any decommissioning obligation, if any, and borrowing costs.

Depreciation is calculated using the straight-line method and charged to write off the cost less the estimated residual value by equal instalments over their estimated useful lives. The useful lives of the Company's property, plant and equipment are as follows:

Plant and machinery	2 to 20 years
Office equipment	2 to 5 years

Depreciation is not charged on assets which are under construction or on plant and machinery which has yet to be successfully commissioned until such time that the asset is in a working condition for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with 'Other operating income/(expense)' in the income statement.

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The useful lives of Company's intangible assets are as follows:

Branding rights	1 to 10 years
Software	1 to 10 years

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in countries where the Company operates and generates income.

(b) Deferred taxes

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or subsequently enacted by the balance sheet date.

Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Financial assets (continued)

Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets. The Company's loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

Financial assets at fair value through other comprehensive income

Other investments in debt and equity securities held by the Company are classified as being equity investments and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised through other comprehensive income is recognised in the income statement.

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in fair value of the financial assets at fair value through profit or loss category are presented in the income statement within interest income or expenses in the period in which they arise, except in the case of commodity derivatives, where the gains or losses are presented in the income statement within cost of sales in the period in which they arise.

(c) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income ('FVOCI'), lease receivables, trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Trade receivables overdue by 90 days are provided for in full at the reporting date.

For all other financial instruments, the Company recognises lifetime Expected Credit Losses (ECL) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Financial liabilities

Classification

When a financial liability is recognised initially, the Company measures it at its fair value less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Financial liabilities include trade payables, other payables, borrowings and derivative financial instruments. Subsequent measurement depends on its classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities classified as held for trading and derivative liabilities that are not designated as effective hedging instruments are classified as financial liabilities at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses being recognised in the income statement.

Financial liabilities at amortised cost

All other financial liabilities not classified as fair value through profit or loss are measured at amortised cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments, such as forward commodity contracts are used to hedge commodity price risks. No hedge accounting has been applied to these derivatives. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair values of various derivative instruments used for hedging purposes are disclosed in note 23.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income and presented within operating profit.

Trade Receivables

Trade receivables are amounts due from customers for fuel products sold or for services performed in the course of ordinary business. If collection is expected in one year or less, they are classified as current assets, otherwise they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Cash and short-term deposits

Cash and short-term deposits include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Trade payables and accrued liabilities

Trade payables and accrued liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less, otherwise they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it related.

Bank overdrafts are included within current liabilities on the balance sheet.

The Company is subject to various banking covenants on their financing facilities. These generally take the form of a requirement to meet a variety of financial ratio targets. Such targets are monitored as part of the regular reporting processes for the entities concerned and forms part of the Company's going concern assessment as detailed in note 1.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Provisions

Provisions are made when an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

Revenue recognition

The Company recognises revenue from the following sources:

- Sale of fuel products and RTFO certificates;
- The provision of managed services and storage services; and
- The provision of haulage services to third-party customers on a delivered-in basis.

Revenue is measured in line with IFRS 15 and is based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. The transaction price is allocated to fuel products on a price-per-litre basis in line with weekly published averages.

Sale of fuel products and RTFO certificates

Revenue from the sale of goods represents net invoiced sales of fuel products and RTFO certificates, excluding value added tax and including excise duty. Revenue is recognised when the control of goods has transferred, this being the point at which the product has been delivered to/lifted by the customer.

Managed services and storage services

Revenue is recognised for these services based on the stage of completion of the contract, which is deemed to be complete on satisfaction of the performance obligations under IFRS 15. Revenue related to one-off services is recognised on the date of the service provision.

Revenue in note 3 is disclosed as only sale of fuel products as the other sources noted above are considered to be immaterial.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Leases

(a) The Company as lessee

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets which are recognised as expense on a straight-line basis over the lease term. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

All of the Company's right-of-use assets are Plant and Machinery.

Right of use assets are depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. On average this is 6 years.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liability is presented as a separate line in the statement of financial position.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are presented in other income.

Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Inventories

Fuel products are traded in active markets and are purchased with a view to resale in the near future, generating a profit from fluctuations in process or margins. As a result, stocks of fuel products are carried at fair value (less costs to sell), taken as the market value by reference to quoted market prices at year end, in accordance with the broker/trader exemption granted by IAS 2. Changes in fair value are recognised in the income statement through cost of sales. Used cooking oil and other products and chemicals used in the production of biofuels are valued at the lower of cost and net realisable value. Tank heels and duty paid on stock are valued at cost.

At each balance sheet date, stocks valued at cost are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets and liabilities at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

Fair value measurement (continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above

Renewable Transport Fuel Obligation (RTFO)

The Company is part of the Renewable Transport Fuel Obligation (RTFO) scheme under which it is required to meet annual targets for the supply of biofuels. The obligations which arise are either settled by cash or through the delivery of certificates which are generated by the Company through the blending of biofuels.

To the extent that the Company generates certificates in excess of its current year obligation, these can either be carried forward to offset up to 25% of the obligation of the Company in the following year or sold to other parties.

The liability associated with the Company's obligations under the scheme are recognised in the year in which the obligation arises and is valued by reference to either the cost of generating the certificates which will be surrendered to meet the obligation or the expected future cash outflow where cash settled. This is disclosed as the fuel compliance obligation.

Certificates generated or purchased during the year which will be used to settle the current obligation are recognised at the lower of cost and net realisable value. Where certificates are generated, cost is deemed to be the average cost of blending biofuels during the year in which the certificates are generated.

Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

Certificates for which no active market is deemed to exist are not recognised.

Notes to the financial statements (continued)

1. Summary of business and significant accounting policies (continued)

New and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). These amendments had no impact on the financial statements of the Company as it is not a first time adopter.

1. Summary of business and significant accounting policies (continued)

New and amended IFRS Standards that are effective for the current year (continued)

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 17 (including the June 2020 amendments to IFRS 17)	<i>Insurance Contracts (effective for periods beginning on or after 1 January 2023)</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is yet to be set the IASB)</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (effective for periods beginning on or after 1 January 2023)</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2024)</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates (effective for periods beginning on or after 1 January 2023)</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for periods beginning on or after 1 January 2023)</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods. The Company will adopt these standards on the effective dates.

Notes to the financial statements (continued)

2. Critical judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 1, the Directors are required to make judgements which have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and associated assumptions applied within the business are continually evaluated and are based on historical experience, current issues and events, and expectations of future events. Actual results may differ from these estimates.

Recognition of revenue from contracts with customers containing non-standard terms and conditions

The Directors have identified the assessment of revenue derived from contracts with customers under non-standard terms and conditions to be a critical accounting judgement in light of the fact that the Company enters into a significant number of non-standard revenue transactions each year. Critical judgements include the determination of when revenue should be measured on a gross or net basis depending on whether the Company controls goods from a contractual perspective, in addition to the timing of revenue recognition for transactions that fall outside of standard terms for delivery of goods.

Specific revenue streams where judgement is involved in recognition are:

- a) Bookouts: the Group does not physically control the goods that are supplied in these transactions and is therefore unable to recognise revenue in relation to these transactions. The gain or loss from net settlement is taken to cost of sales.
- b) Network customers: risk and title do not transfer at the same stage. Management have assessed the performance obligation to have been met in respect of these sales when physical delivery to end customer takes place.

Key sources of estimation uncertainty

No key sources of estimation uncertainty were identified.

3. Revenue

An analysis of the revenue by class of business is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Sale of fuel products	18,909,896	14,539,988

Revenue is recognised in line with the provisions of IFRS 15. Contracts with customers for the sale of fuel products did not contain any significant financing components. Consideration per litre is not dependent on volumes sold and is based upon weekly published averages for price per litre of the specified fuel product.

Revenue is disclosed as only sale of fuel products as the other sources of income noted in note 1 are considered to be immaterial. Those revenue sources are included within sale of fuel products.

Revenue generated in the year ended 31 December 2022 is disclosed as only attributable to Europe, as revenue generated attributable to other locations is considered to be immaterial.

Notes to the financial statements (continued)

4. Profit before taxation

The profit before taxation is stated after charging/(crediting):

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£'000	£'000
Depreciation property, plant and equipment	9	1,173	1,240
Amortisation of intangible assets	8	4,322	4,219
Depreciation on right-of-use assets	21	40,222	36,641
Gain on disposal of property, plant and equipment		(61)	-
Fair value gain on financial instruments		(24,967)	(24,908)
Net foreign exchange loss		30,494	4,151
Cost of inventory recognised as an expense		18,021,074	13,735,070

During the year, no employees received remuneration from the Company given that all members of staff were employed by Greenergy International Limited, and the appropriate costs were recharged by way of management fees.

No Directors received emoluments from the Company in respect of qualifying services to the Company. All emoluments paid to or receivable by Directors are paid by the Company's fellow group Company, Greenergy International Limited, in respect of their services as either Directors or employees of that Company. Management have deemed it impractical to apportion remuneration figures for services provided to Greenergy Fuels Limited.

Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	910	748
- Other audit related services	485	365
Total audit fees	1,395	1,113

Auditor's remuneration has been recharged to subsidiaries from Greenergy International Limited on a proportionate basis. There were no non-audit fees incurred during the year (2021: none).

5. Finance income

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Bank interest receivable	181	11
Interest receivable from group companies	9,616	4,303
	9,797	4,314

Notes to the financial statements (continued)

6. Finance costs

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Interest payable in servicing of:		
Working capital facilities and bank overdrafts	20,434	8,270
Lease liabilities	6,718	7,553
	<u>27,152</u>	<u>15,823</u>

7. Income tax expense

Analysis of charge in the year:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Current tax		
Current tax on income for the year	2,528	3,219
Group relief payable	9,851	8,758
Adjustments in respect of prior years	(4,900)	(2,728)
Total current tax charge	<u>7,479</u>	<u>9,249</u>
Overseas tax		
Overseas tax on income for the year	578	-
Adjustments in respect of prior years	663	-
Double taxation relief	(439)	-
	<u>802</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences (note 15)	(290)	340
Adjustments in respect of prior years (note 15)	(53)	72
Total deferred tax charge	<u>(343)</u>	<u>412</u>
Tax charge on profit on ordinary activities	<u>7,938</u>	<u>9,661</u>

Notes to the financial statements (continued)

7. Income tax expense (continued)

Factors affecting tax charge for year

The total tax charge for the year is lower (31 December 2021: charge is lower) than the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before tax	76,813	76,090
At tax rate of 19%	14,594	14,457
Effects of:		
Expenses not deductible for tax	121	5
Fixed asset differences	2	11
Remeasurement of deferred tax for changes in tax rates	(70)	540
CIR reactivation	(1,330)	-
Foreign tax credits	139	-
Effects of group relief not paid for	(1,228)	(2,696)
Adjustment in respect of prior periods	(4,290)	(2,656)
Total tax charge for the year	7,938	9,661

Factors that may affect future tax charges

Finance Bill 2021 announced that the main rate of Corporation Tax would increase to 25% from April 2023. This increase was reversed in the Mini budget in September 2022 but subsequently reinstated in the October 2022 Autumn Statement. Therefore deferred tax balances continue to be calculated at the rate of 25%.

8. Intangible assets

	Branding rights £'000	Software £'000	Total £'000
Cost			
At 1 January 2022	21,085	22,337	43,422
Additions	2,070	21	2,091
Foreign exchange movements	14	1	15
At 31 December 2022	23,169	22,359	45,528
Accumulated depreciation			
At 1 January 2022	(19,105)	(16,210)	(35,315)
Charge for the year	(2,039)	(2,283)	(4,322)
Foreign exchange movements	(28)	(65)	(93)
At 31 December 2022	(21,172)	(18,558)	(39,730)
Net book value at 31 December 2022	1,997	3,801	5,798
Net book value at 31 December 2021	1,980	6,127	8,107

Branding rights relate to the costs associated with the Company becoming a branded wholesaler within the UK market. Software relates to internally generated software. Intangible assets amortisation is recorded in administrative expenses in the income statement.

Notes to the financial statements (continued)

9. Property, plant and equipment

	Plant and machinery £'000	Office equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2022	28,028	3,380	86	31,494
Foreign exchange	-	-	(8)	(8)
Reclassifications*	(1,704)	1	(78)	(1,781)
At 31 December 2022	26,324	3,381	-	29,705
Accumulated depreciation				
At 1 January 2022	(19,858)	(3,317)	(19)	(23,194)
Charge for the year	(1,080)	(93)	-	(1,173)
Foreign exchange	-	(2)	-	(2)
Reclassifications*	1,725	37	19	1,781
At 31 December 2022	(19,213)	(3,375)	-	(22,588)
Net book value at 31 December 2022	7,111	6	-	7,117
Net book value at 31 December 2021	8,170	63	67	8,300

*Reclassifications in 2022 relate to a prior year correction between cost and depreciation which is not deemed material to restate comparatives. No impact on Net book value from the reclassification.

The depreciation charge for the year forms part of distribution costs and administrative expenses.

10. Investments

Direct subsidiary undertakings

	£'000
At 1 January 2022	315
Additions	2,603
At 31 December 2022	2,918

During the year ended 31 December 2022, the Company purchased an additional 3,000,000 shares in Greenery Fuels Spain SL at €1 per share.

The following were subsidiary undertakings of the Company during the year:

Name	Country of incorporation	Holding	Address	Principal activity
Greenery Brazil Trading SA	Brazil	100%	Rua Gomes de Carvalho, 1069, cj 181 and 182, Advanced Tower, Vila Olimpia, Sao Paulo - SP Brazil, 04547 - 004	Supply and marketing of road fuel
Greenery Fuels Spain SL	Spain	100%	C/ Velázquez, nº 64, 4º izq, Madrid, Spain	Holding company

As at 31 December 2022, the Company had no interests in joint arrangements.

Notes to the financial statements (continued)

11. Inventories

	31 December 2022	31 December 2021
	£'000	£'000
Stocks held at cost	33,805	13,796
Fuel products	571,967	437,097
Compliance certificates - own use	299,341	263,494
	905,113	714,387

During the year £18,021,074,000 of raw materials was expensed through cost of sales (31 December 2021: £13,735,070,000).

Fuel products are traded in active markets and are purchased with a view to resale in the near future, generating a profit from fluctuations in prices or margins. As a result, stocks of fuel products are carried at fair value by reference to quoted market prices at year-end, in accordance with the broker/trader exemption granted by IAS 2. As such, these inventories are categorised as level 1 within the fair value hierarchy.

Inventories with a carrying amount of £905,113,000 were pledged as security for certain of the Company's borrowings at the balance sheet date (31 December 2021: £714,387,000). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity. See note 25 for details.

Compliance certificates include fuel sustainability compliance obligations in the UK. The UK compliance is managed through the RTFO scheme. There is currently no externally quoted market for the valuation of RTFO certificates. In order to value these contracts, management have adopted a pricing methodology, combining both observable inputs based on market data and the assumptions developed internally based on observable market activity.

The anticipated market premia above the calculated cost of creation of RTFO certificates is the most significant input. Assuming other inputs remain unchanged, if the premia was decreased by 1ppl, pre-tax profit would remain the same (31 December 2021: remain the same) due to holding no certificates for trading at the year end.

12. Trade and other receivables

	31 December 2022	31 December 2021
	£'000	£'000
Current		
Trade receivables	732,589	593,363
Less: Provision for impairment of receivables	(2,471)	(2,619)
	730,118	590,744
 Amounts owed by other related parties	 172,663	 157,518
Other receivables	26,900	44,724
Prepayments	8,302	17,808
Accrued income	49,294	109,870
	987,277	920,664
Non-current		
Amounts owed by parent company	241,620	224,208
Amounts owed by related parties	13,192	19,287
	254,812	243,495

Amounts owed by other related parties relate to intercompany trading and loans provided to Group companies which are used to meet the capital requirements of the borrower. These balances are unsecured and have no formal repayment plan and as such trading balances have been classified as current. In the instances where interest is charged on these balances, it is charged at a rate of SONIA plus 4%.

Notes to the financial statements (continued)

12. Trade and other receivables (continued)

Amounts owed by parent company and other Group companies which are used to meet the capital requirements of the borrower have been classified as non-current receivables. Repayment of these balances is not expected within 12 months and these assets are intended for use on a continuing basis.

A provision of £2,471,000 (31 December 2021: £2,618,699) has been made against trade receivables. The debit during the year in relation to the movement in the bad debt provision was £294,000 (2021: debit of £1,328,816).

Reconciliation of loss allowance

	£'000
At 1 January 2022	2,619
Recovery of receivables provided for	(442)
Increase in provision for impairment of receivables	294
At 31 December 2022	2,471

Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables and derivative instruments) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In respect of trade receivables, the Company operates a strict policy of applying credit limits to all new customers prior to entering into a transaction. These limits are then subject to regular review throughout the term of the contractual relationship. The Company uses third party credit referencing agencies as an input into this process and monitors all trade debtor balances on a daily basis. Exposure to debt default is managed by the use of credit insurance where the cost of acquiring cover is considered commensurate with the risk incurred. At 31 December 2022, the Company had 2 customers (2021: 3) whose credit limit is greater than 10% of the Company's gross monetary assets at year end. These customers make up 21% (2021: 19%) of the Group's year-end trade receivables balance. The need for an impairment is analysed at each reporting date on an individual basis for major clients. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The counterparties involved in the Company's other financial instruments such as swaps, futures and fixed price sales and purchase contracts within the scope of IFRS 9 are subjected to the same credit review process. In addition, contractual terms for all such instruments are reviewed in detail to ensure that credit risk is minimised.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The value of trade and other receivables pledged as security against borrowings is disclosed in note 25.

The Company recognises a loss allowance for expected credit losses on contract receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision analysis based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

	Total £'000	Current - 90 Days £'000	90+ Days £'000
At 31 December 2022			
Expected credit loss rate		0%	100%
Estimated total gross carrying amount at default	732,589	730,118	2,471
Expected credit loss	(2,471)	-	(2,471)
At 31 December 2021			
Expected credit loss rate		0%	100%
Estimated total gross carrying amount at default	593,363	590,744	2,619
Expected credit loss	(2,619)	-	(2,619)

Notes to the financial statements (continued)

13. Cash and short-term deposits

Cash and short-term deposits include the following:

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank and in hand	19,756	42,530
Cash and short-term deposits	19,756	42,530

14. Trade payables and accrued liabilities

	31 December 2022 £'000	31 December 2021 £'000
Trade payables	88,165	79,044
Amounts owed to other Group companies	100,010	78,846
RTFO - current year obligation	465,818	312,249
Other taxes and social security	588,571	600,297
Other payables	-	478
Accrued expenses	328,920	272,414
Deferred income	10,383	14,039
	1,581,867	1,357,367

There are no amounts falling due after more than 5 years.

The carrying amounts of trade payables and other payables approximate to their fair values.

Amounts due to group undertakings relate to intercompany trading are unsecured, have no formal repayment plan and as such are classified as current. In the instances where interest is charged on intercompany balances, it is charged at a rate of SONIA plus 4%.

The Company has taken advantage of the exemption under FRS 101 relating to IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

Notes to the financial statements (continued)

15. Deferred taxation

	31 December 2022 £'000	31 December 2021 £'000
Accelerated capital allowances	(1,721)	(1,779)
Intangible fixed assets	(185)	(470)
Net deferred tax liability	(1,906)	(2,249)

The movement on deferred taxation is as follows:

	Accelerated capital allowances	Intangible fixed assets	Total
At the beginning of the year	(1,779)	(470)	(2,249)
Adjustment in respect of prior years	1	52	53
Current year income statement charge	57	233	290
At the end of the year	(1,721)	(185)	(1,906)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority.

16. Issued capital

	31 December 2022 £'000	31 December 2021 £'000
Allotted, called up and fully paid		
1,333,334 (2021: 1,333,334) Ordinary shares of £1 each	1,333	1,333

Total number of shares authorised is equal to the amount allotted, called up and fully paid.

Notes to the financial statements (continued)

17. Net cash generated from/(used in) operating activities

Net cash provided by operating activities	31 December 2022 £'000	31 December 2021 £'000
Profit before taxation	76,813	76,090
Adjustments for:		
Depreciation of property, plant and equipment	9 1,173	1,240
Amortisation of intangibles	8 4,322	4,219
Right-of-use asset depreciation	21 40,222	36,641
Gain on disposal of property, plant and equipment	(61)	-
Foreign exchange loss on operating activities	(1,401)	(1,335)
Net movement on derivatives	(9,838)	(24,909)
Repayment of lease liabilities - interest	-	(7,553)
Net finance costs	4,5 17,355	11,509
Operating cash flows before movements in working capital	128,585	95,902
Increase in inventory	(111,037)	(81,839)
Increase in receivables	(100,145)	(290,036)
Increase in payables	142,270	75,278
Cash generated from/(used in) operations	59,673	(200,695)
Income taxes paid	(898)	(12,032)
Net cash generated from/(used in) operating activities	58,775	(212,727)

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's cash flow statement as cash flows from financing activities.

	At 1 January 2022 £'000	Financing cash flows £'000	Lease additions £'000	Interest capitalised £'000	Non-cash movements £'000	At 31 December 2022 £'000
Bank overdrafts (note 18)	507,887	(56,515)	-	-	34,194	485,566
Lease liabilities (note 22)	244,191	(47,863)	21,518	6,718	7,549	232,113
	752,078	(104,378)	21,518	6,718	41,743	717,679

There were no changes in financing cash flows from losing subsidiaries or other businesses or changes in the fair value of the liabilities.

Notes to the financial statements (continued)

18. Interest-bearing loans and borrowings

Interest-bearing loans and borrowings - current

		31 December 2022	31 December 2021
	Maturity	£'000	£'000
Bank overdrafts:			
United Kingdom	On demand	485,566	507,887
		485,566	507,887

All related covenants were satisfied during 2022.

Bank overdrafts of £485,566,000 (2021: £507,887,000) have been secured by a charge over certain assets held by the Company - see note 25.

The bank overdraft includes £485,566,000 drawn on the asset backed facility, secured with a syndicate of UK and European banks. On 28 April 2021, the Group, including the Company, entered into an agreement with its banks to renew this facility at \$930,000,000 for a further two years, expiring on 30 April 2023.

Subsequent to year end, the Company has successfully restructured and refinanced its financing facilities into various new facilities which are suitable to support the business going forward. These facilities consist of:

- US\$ 650m committed Receivables Purchase Facility expiring in 2025; and
- US\$ 250m – US\$ 500m committed, volumetric based Inventory Monetisation Facility with facility size flexing depending on commodity prices expiring in 2026.

19. Provisions

	Provision for legal claims	Total
	£'000	£'000
As at 1 January 2022	6,577	6,577
Utilised during the year	(6,528)	(6,528)
At 31 December 2022	49	49

The legal provision relates to a claim in relation to continuing operations incurred in previous financial period by the Greenergy Group. £6,528,000 has been paid during the year ended 31 December 2022 in settlements on this claim.

20. Dividend paid

Intragroup dividends declared and paid in the year were £15,739,000 or £11.80 per share (31 December 2021: £22,381,000 or £16.79 per share). No external dividends were declared in the year.

Notes to the financial statements (continued)

21. Right-of-use assets

	Plant and Machinery £'000	Total £'000
Cost		
At 1 January 2021	323,131	323,131
Additions	14,434	14,434
Reinstatement*	15,202	15,202
Disposals	(9,189)	(9,189)
Foreign exchange	-	-
At 31 December 2021	343,578	343,578
Additions	21,518	21,518
Disposals	(8,700)	(8,700)
Foreign exchange	(1,091)	(1,091)
At 31 December 2022	355,305	355,305
Accumulated depreciation		
At 1 January 2021	(65,454)	(65,454)
Charge for the year	(36,641)	(36,641)
Disposals	8,721	8,721
Reinstatement*	(2,332)	(2,332)
Foreign exchange	(3,541)	(3,541)
At 31 December 2021	(99,247)	(99,247)
Charge for the year	(40,222)	(40,222)
Disposals	8,700	8,700
Foreign exchange	(545)	(545)
At 31 December 2022	(131,314)	(131,314)
Carrying amount at 31 December 2022	223,991	223,991
Carrying amount at 31 December 2021	244,331	244,331

The average lease term is 6 years. The maturity analysis of lease liabilities is presented in note 22.

	31 December 2022 £'000	31 December 2021 £'000
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	40,222	36,641
Interest expense on lease liabilities	6,718	7,533
Expense relating to short-term leases	462	-
Expense relating to leases of low value assets	204	-

Total cash outflows for leases were £47,863,000 (2021: £40,047,000). Future cash outflows in respect of leases may differ from lease liabilities recognised due to future decisions that may be taken by the Group in respect of the use of leased assets. The Group may reconsider whether it will exercise extension options or termination options, where future reconsideration is not reflected in the lease liabilities. In addition, many of the Group's leases are repriced regularly with inflation related clauses. There is no exposure to these potential additional payments in excess of the recognised lease liabilities until these decisions have been taken by the Group.

*Reinstatement relates to a lease incorrectly disposed of in the year ended 31 December 2020 being brought back into cost and accumulated depreciation which is not deemed material to restate comparatives. Impact to net book value was £12,870,000.

Notes to the financial statements (continued)

22. Lease liabilities

	31 December 2022	31 December 2021
	£'000	£'000
Maturity analysis		
Year 1	42,716	39,172
Year 2	38,134	33,362
Year 3	34,773	29,875
Year 4	31,350	27,230
Year 5	29,640	26,047
Onwards	81,763	99,660
	258,376	255,346
Less: unearned interest	(26,263)	(11,155)
	232,113	244,191
 Analysed as:		
Current	36,239	36,041
Non-current	195,874	208,150
	232,113	244,191

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

23. Financial instruments

The Company has the following financial instruments measured at fair value through profit or loss:

	31 December 2022	31 December 2021
	£'000	£'000
Assets		
Derivative financial instruments	17,185	13,102
 Liabilities		
Derivative financial instruments	7,288	13,595

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Initial measurement is at fair value and transaction costs are expensed in the income statement. Subsequent measurement is at fair value with gains or losses to the fair value recognised in the income statement.

Notes to the financial statements (continued)

24. Related party transactions

The Company has taken advantage of the exemption under FRS 101 relating to IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The following are transactions with Group companies that do not meet the above exemption criteria.

	Sale of goods		Purchase of goods	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£'000	£'000	£'000	£'000
Greenergy Flexigrid Limited	13,935	10,630	79,261	66,491
	Amounts owed by related parties		Amounts owed to related parties	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£'000	£'000	£'000	£'000
Greenergy Flexigrid Limited	-	-	4,138	30,578

The Company has identified no further transactions, which need to be disclosed under the terms of FRS 101. The Company has also taken advantage of the exemption available under FRS 101 relating to paragraph 17 and 18A of IAS 24 'Related Party Disclosure' (key management compensation).

Trading transactions

Balances and transactions with joint ventures and equity investments measured at fair value through other comprehensive income are shown in the following table.

	Sale of goods		Purchase of goods	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£'000	£'000	£'000	£'000
PD Ports Limited	-	-	2,780	2,731
Navig8 Chemical Pools Inc	-	-	-	2,078
Hartree Partners Singapore Ltd	-	-	-	44,176
Freightliner Limited	29,848	12,953	-	-

PD Ports Limited is a related party of the Company because it is owned by the ultimate parent undertaking and controlling party, Brookfield Corporation. The transaction relates to the purchase of conservancy services.

Navig8 was a related party of the Group because it was owned by the ultimate parent undertaking and controlling party, Brookfield Corporation, during the year ended 31 December 2021. The transaction related to the purchase of distribution services. During the year ended 31 December 2021, Brookfield Corporation disposed of their interest in the entity, therefore no transactions have been disclosed with this entity for the year ended 31 December 2022.

Hartree Partners Singapore Pte Ltd is a related party of the Group because it is an Oaktree entity. Oaktree is an equity accounted investment of the ultimate parent undertaking and controlling party, Brookfield Corporation. The transaction relates to the purchase of fuels. During the year ended 31 December 2021, Brookfield Corporation disposed of their interest in the entity, therefore no transactions have been disclosed with this entity for the year ended 31 December 2022.

Freightliner Limited is a related party of the Group because it is owned by the ultimate parent undertaking and controlling party, Brookfield Corporation. The transaction relates to the sale of fuels.

Notes to the financial statements (continued)

24. Related party transactions (continued)

Loans from related parties

	31 December 2021 £'000	Receipts £'000	Repayments £'000	31 December 2022 £'000
BCP IV Fuel Finco Ltd				
Short term funding	-	572,384	(572,384)	-
Non-recourse funding	-	33,112	(33,112)	-

The Ukraine conflict and subsequent sanctions resulted in upward pressure on commodity prices and combined with the lengthening of our supply chain to remove Russian diesel, led to an overall reduction in available liquidity. During the year the Group obtained short-term shareholder working capital support to assist with its peak borrowing requirements. This was repaid in full during the year resulting in nil balance at year end.

The Company has identified no further transactions which require disclosure under the terms of IAS 24.

25. Assets pledged as collateral

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Notes	31 December 2022 £'000	31 December 2021 £'000
Current assets			
Inventories	11	905,113	714,387
Trade and other receivables	12	814,614	763,146
Cash and cash equivalents	13	19,756	42,530
Derivative financial instruments	23	17,185	13,102
Total current assets pledged as security		1,756,668	1,533,165
Non current assets			
Intangible assets	8	5,798	8,107
Property, plant and equipment	9	7,117	8,300
Investments	10	2,918	315
Total non current assets pledged as security		15,833	16,722

Cash with a carrying amount of £36,918,000 (2021: £52,700,000) have been pledged as SOCGEN as collateral against all open derivative positions of the Company (see note 23). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

The remaining current assets of £1,719,750,000 (2021: £1,480,465,000), and non-current assets with a carrying amount of £15,833,000 (2021: £16,722,000) have been pledged to secure borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings.

The Group, of which Greenergy Fuels Limited is a part, held letters of credit of £184,927,879 (2021: £113,490,695) as at the year-end date, which is secured against the Group's borrowing facility.

Notes to the financial statements (continued)

26. Capital commitments

	31 December 2022	31 December 2021
	£'000	£'000
Contracted but not provided for:		
Intangible assets	6,344	2,426
Property, plant and equipment	49	163

27. Events after the reporting period

Subsequent to year end, the Company has successfully restructured and refinanced its global financing facilities into various new facilities which are suitable to support the business going forward. These facilities consist of:

- US\$ 650m committed Receivables Purchase Facility expiring in 2025; and
- US\$ 250m – US\$ 500m committed, volumetric based Inventory Monetisation Facility with facility size flexing depending on commodity prices expiring in 2026.

28. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Greenergy International Limited, a Company incorporated in the UK. The ultimate parent undertaking and controlling party is Brookfield Corporation, a Company incorporated in Canada.

Greenergy Fuels Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2022. Brookfield Corporation is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2022.

The consolidated financial statements of Greenergy Fuels Holdings Limited can be obtained from its registered address at 198 High Holborn, London, WC1V 7BD. The consolidated financial statements of Brookfield Corporation can be obtained from its registered address at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.