Our Approach to ESG

July 2021





































Environmental impact

We're committed to reducing our contribution to climate change, and to helping the UK meet its environmental targets.

Our focus SDGs







Improving our environmental performance

Environmental factors are rising to the top of the global agenda. The UK government is accelerating moves to reduce greenhouse gases, while consumer behaviour and priorities are changing. As this

trend continues, MFG will continue to play a key role by minimising the impact of its operations on the environment and supporting the UK's transition to a low carbon economy.

To make sure we adhere to our legal and environmental responsibilities, we operate an Integrated Health, Safety and Environmental (HSE) Management System that provide comprehensive policies and procedures to minimise our environmental impacts and drives continuous improvement.

Managing environmental risks

MFG follows the established
Streamlined Energy and Carbon
Reporting (SECR) governance
framework, which ensures that risks
associated with climate change are
on the agenda at every Board
meeting. It also provides clear
requirements for us to measure
ourselves against.

Fast, clean energy for electric vehicles

The forecourt of the future will need to cater for various different energy sources. Changing attitudes towards hydrocarbon fuel products and the development of more efficient technology and cleaner fuels is steadily driving down demand for liquid fuels. In addition, the government has brought forward the planned ban on the sale of new petrol- and diesel-only cars and light vans by five years to 2030. MFG is at the forefront of this revolution.

We're playing a pivotal role in developing the core infrastructure that will underpin the Government's policy to provide an extensive electric vehicle (EV) charging network across the UK. We embraced this change back in 2018, and charging points have now been installed at more than 10% of our sites – the highest rate of rollout in the independent sector. We're also investing in ultrarapid EV charging hubs. The first one opened in February 2021, and we'll roll out hubs to around 40 more sites during 2021.

Customers will of course still require petrol and diesel fuels for decades to come, and we will continue to provide these in the most socially and environmentally responsible manner possible.

Environmental impact

Climate change and carbon emissions

The pressure on businesses to reduce their carbon footprints will continue to increase. We're proactively implementing programmes and policies that enable us to drive continual improvements in energy efficiency.

This includes upgrading our fuel infrastructure on an ongoing basis, replacing ageing equipment with newer, more energy efficient alternatives, relining fuel tanks, and improving fuel pumps and fuel lines.

We constantly strive to reduce our consumption of energy and raw materials – and the associated emissions – through:

- installing energy management and energy reduction systems
- using sustainable resources and renewable energy wherever possible
- replacing halogen lights with LED alternatives
- performing hundreds of energy audits to identify high consumption sites
- replacing inefficient infrastructure and equipment
- evaluating the merits of photovoltaic (solar panels) energy at our sites

Our strategy for reducing carbon emissions includes purchasing electricity that is derived from 100% green sources. In 2020, this enabled us to reduce our scope 2 emissions by over 50% to 12,450.57 tCO2e.

Minimising our environmental impact

We're committed to minimising any negative consequences our business operations might have on the environment, such as through spills. This includes stringent policies designed to prevent incidents that might cause environmental damage from occurring.

Our highly trained, dedicated in-house environmental team works closely with accredited third-party consultants to manage environmental risks across our network of filling stations – in particular around land contamination and remediation.

Hazardous waste and waste management

To reduce the risk of pollution, we commit to the responsible disposal of all hazardous waste, as well as recycling waste created at our facilities. We are focused on minimising and controlling the risks to the environment associated with the storage, handling, sale and distribution of hydrocarbon oil and gas products and electric power.

Measures include:

Environmental impact

- ensuring that waste residues from forecourts are contained in specialist drainage systems and removed from sites regularly by qualified and competent contractors
- identifying asbestos locations across the estate, and managing removal or encapsulation
- obtaining environmental permits for all regulated facilities that we operate and ensuring that we comply with all conditions
- ensuring that any waste materials in relation to development or construction activities are properly disposed of according to their waste classification by qualified and competent licenced waste carriers

Water management

We treat freshwater as a valuable resource and are committed to maintaining the integrity of all water related infrastructure across our estate. We ensure that water is used efficiently and water wastage is kept to a minimum by employing a third-party consultancy firm to monitor consumption. Any unusual readings are investigated and we take remedial action as a priority.

People

We value our people highly, and recognise, appreciate and reward the contribution they make to our business.



Our people are essential to MFG's long-term success and reputation, and we place them at the centre of every decision we make.

We're committed to giving all employees the opportunity to develop their skills and build a fulfilling career, and work hard to create a fair and inclusive environment where everyone can flourish. We reward good performance and celebrate achievements, and provide fair pay and comprehensive benefits.

Keeping employees engaged

The lines of communication between senior leaders and managers and our employees are open, with regular updates delivered in person, virtually, and by email. Staff are encouraged to share their opinions and suggestions using our online employee portal, which serves as a one-stop-shop for all relevant administration and information.

We are now aiming to carry out a regular employee satisfaction survey to 'take the temperature' of the MFG workforce, and check on their wellbeing and happiness at work. The response to our latest survey was extremely positive, with a high response rate and the majority of employees expressing a strong degree of satisfaction, and this is reflected in our low staff turnover rate of just 8% in our core franchise operations in 2020. However, we strive for continuous improvement and we have developed a resulting action plan to further improve the breadth of communication we provide employees on the status of all different areas of the business, where we want to be in the future and how we are going to get there.

We want to build and maintain a workplace that thrives on entrepreneurial spirit and creativity. The working environment is structured in a way that fosters collaboration, team-building and dialogue. Employees can also take advantage of a wellbeing portal that provides resources and ideas to support both their mental and physical health.

Equality, diversity and inclusion

A diverse workforce is a source of great strength and value to our business. We benefit from the unique insights, perspectives and experiences of the individuals we employ, and they help us to understand the needs of our customers better.

Considering people with disabilities

We've implemented measures and adaptations to make our offices accessible for disabled staff. If an employee becomes incapacitated or disabled, we continue employment wherever possible and make any necessary adjustments to facilitate this.

People

At MFG we believe that no-one should be discriminated against because of their age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, religion or belief, sex or sexual orientation. We ensure equal opportunities in recruitment, career development and reward, based firmly on merit, and endeavour to provide a fair environment for all employees and franchisees.

Reward and pay

We believe everyone should be well compensated for the work they do. We're committed to awarding fair pay, as well as offering a comprehensive benefits package and enabling and encouraging participation in pension schemes. Every employee's base salary is reviewed annually.

Rewarding good performance helps us to retain great people, and we run both financial and non-financial reward schemes designed to recognise outstanding efforts. All employees are included in a discretionary annual bonus scheme, which gives them a direct involvement in the future of the business.

Gender representation

At the end of 2020 we had 759 employees, of which 48% were female – with the percentage of females being 30% in the core franchise operations and 62% in our directly owned petrol stations.

We recognise that women are under-represented at leadership level in the core business and we continue to work to redress this imbalance by:

- making it clearer that we welcome applications from men and women in our job advertising,
- appointing more females into management and leadership positions
- identifying high-potential female talent at middle management levels to encourage progression to senior roles
- In 2021, we appointed a female as a non-Executive Director to our Board, which was previously all male

We are committed to offering the same pay packages to people doing comparative jobs regardless of gender. Our directly owned petrol station business out-performs the national average on gender pay gap with both the mean and median gender pay gap (GPG) being 0%.

The gender pay gap for our franchise operations is impacted by low female representation at leadership and managerial levels. But as a result of the above since 2018 we have seen:

- our mean GPG decrease by 12.5%
- our median GPG decrease by 42%
- the percentage of females in the lower pay quartile reduce by 13.5%
- the number of females in the upper middle quartile increase by 40%

People

there were no females in the upper quartile in 2018 while now they make up 15.7%

Training and development

Well trained and motivated staff are the key to the success of our business. We offer opportunities for learning and career progression that enable all of our people to build a fulfilling career within the MFG team, and reach their full potential.

We invest extensively in training courses and continuous professional development programmes, as well as offering both financial and practical support to employees who want to undertake professional training qualifications.

Activities include:

- mentoring and coaching by experienced managers
- on the job training
- web-based training
- in-class training

Supporting employees during COVID-19

Staying connected with all of our employees and franchisees has been particularly important during the pandemic, particularly with so many people working remotely. We undertook numerous initiatives to support their welfare, and keep them healthy and motivated. These included providing financial support for those required to isolate, fully equipping staff with what they needed to do their jobs at home, and rewarding all employees with a 'Covid bonus' to thank them for their efforts and flexibility.

At MFG, we prioritise the health and safety of our employees, suppliers, contract managers and customers.



We have a strong health and safety culture, together with management systems that drive continuous improvement. To support this endeavour, we've set safety KPIs that are linked to performance related pay for our operational staff.

How we manage health and safety

Identifying potential risks and hazards is the first step to preventing incidents or accidents from happening. As a business that handles volatile and potentially dangerous substances, we're acutely aware of our responsibility to keep our operations as safe as possible.

MFG operates an integrated Health, Safety and Environmental (HSE) Management System, which sets out comprehensive policies, procedures and safe systems of work for our employees to follow.

Our contract managers are also required to follow an HSE Management System that aligns with our own procedures. The system covers all aspects of running a petrol forecourt station business, including daily and weekly checks, and risk assessments for shops, forecourts and manual handling activities, which are reviewed yearly. Each site is also subject to a Fire and DSEAR risk assessment which is undertaken as a minimum every three years.

Our health and safety risks

We have identified all of the major H&S risks in MFG's daily operations. All are covered by risk assessments and safe systems of work undertaken as part of our Integrated HSE Management System.

Training our staff

We do all we can to ensure our staff understand their responsibilities around keeping themselves and others from harm. All new joiners receive H&S induction training, when they're introduced to the company management systems, as well as the risks and challenges specific to the fuel retail industry. Our field-based staff follow a tailored ongoing H&S training plan.

We communicate our policies and procedures clearly and directly through our own HR platform, and employees are required to sign up to them. The HSE team also produces update bulletins that are shared with employees, contract managers and contractors.

Contract manager and contractor safety

All prospective new contract managers (CMs) attend a four-day Forecourt Operator Course, where they gain a thorough grounding in the H&S risks associated with operating a petrol forecourt station, and how to manage them effectively. Following this, we provide regular coaching and access to elearning. CMs are responsible for cascading the training they receive to their own employees through a structured induction programme, the content of which we provide.

We have an approved supplier list for contractors undertaking development, maintenance or repair works at our assets. To become an approved supplier, contractors must evidence their own H&S policies, insurances, risk assessments, method statements and qualifications. Any major works

require further approval before they can start. This process is followed up by unannounced audits carried out by external safety consultants.

How we manage incidents and accidents

MFG has defined policies and procedures for reporting and investigating incidents and accidents. Our web-based reporting tool enables staff or contract managers to report all incidents, creating an automated document trail of follow-up actions. If an incident results in an investigation, we require the investigating individual to make recommendations to prevent recurrence. Any reported incident remains open until all recommended actions have been completed.

Emergency preparedness

We have clear unplanned emergency procedures in place to enable us to respond to a serious incident or accident, with clearly detailed actions and lines of communication. These procedures are incorporated into our H&S training and each site is equipped with an emergency response pack. CMs are required to provide practical fire and safety training to their on-site staff which is supplemented by online fire and safety training.

2020 safety performance

In 2020 our incident frequency rate for employees was 0.99 injuries per 200,000 hours worked, (2019: 0.51 injuries per 200,000 hours worked). The LTIFR rate for employees was 0.00 injuries per 200,000 hours worked (2019: 0.00 per 200,000 hours worked).

In addition to monitoring the safety of our own operations, we look to improve the performance of our contract managers. In 2020, the number of serious incidents reduced by 19%, while the overall number of incidents or near misses decreased by 31%.

Incidents and accidents at petrol forecourt stations

	2019		2020		2019 vs 2020
	Number	Frequency	Number	Frequency	
		rate per		rate per	
		200,000 hours		200,000 hours	
		worked		worked	
Serious	646	0.71	522	0.57	-124
incident					
Near misses	666	0.74	253	0.28	-413
Total	2283	2.53	1614	1.77	-669

Promoting health and wellbeing

We continually look for ways to enhance the health and wellbeing of our workforce, prevent health issues, and support our staff with disability and long-term sickness.

All employees are offered private medical insurance which includes mental health cover, and are entitled to discretionary company sick pay. We provide access to counsellors and specialist advice via a confidential telephone service which is available round the clock. In 87%

Staff agree that MFG supports their wellbeing (March 2021)

addition to health and wellbeing issues, the service provides information on personal, legal and financial matters. We also offer access to a Wellbeing Centre where staff can find education, support and tools.

Mental health focus

We understand how mental health can impact the wellbeing, safety and productivity of our employees. The Covid-19 pandemic brought this issue into greater focus, as we looked to support our staff during these difficult times. In addition to our four trained mental health first aiders, we introduced quarterly check-ins with every employee – a practise that will continue. We also offered online training courses and workshops, published monthly news bulletins, and arranged online get-togethers to keep our staff informed and connected. From 2021 specific mental health training will be offered to all line managers.

Our actions during Covid-19

MFG is classified as an essential service and all our sites have remained open during the pandemic, following all government guidelines at all times. At the start of the pandemic and when PPE was in short supply, we provided PPE to our staff, our contract managers and their employees free of

charge. Since PPE has become widely available, we have continued to provide PPE to our own staff. All remote workers were equipped with a home working essentials training package and IT equipment. For those who needed to work in the office, we introduced safety measures to maintain distancing and reduce contact, and increased ventilation and cleaning.

Communities

MFG is active in the communities in which it operates, and we run a large number of local and national initiatives. Our stations are an important part of the fabric of the cities, towns and rural areas where we have a presence.

Our focus SDG

Engaging with communities

We engage with people in the communities where we operate, and support relevant and appropriate activities both at a local and national level. Making sure we're providing for specific local needs is high on our agenda, and is discussed regularly in our quarterly ESG Board meetings. Covid-19 highlighted just how important we are to our local communities and how we could be doing more to support them. In 2021, we are refreshing our community strategy so that we can make a greater social impact.

Staying open during COVID-19

As an essential service provider, it was vital that our sites stayed open throughout the pandemic. To keep our people and customers safe we continued to make regular visits to our forecourts to provide advice on changing guidelines and offer support. In the early days, when safety equipment was hard to come by, we offered free PPE to our staff and customers. From the outset we supported the UK government's 'Stay at Home' message, and the majority of office-based staff worked from home to make sure our business continued working seamlessly.

LOCAL COMMUNITIES

We sit at the heart of our local communities and offer essential services and items that are often no longer available on the high street or in village shops. We aim to provide goods and services with specific local needs and demand in mind.

Being a good neighbour

We aim to be a good neighbour, engaging and providing support where we can through direct action or sponsorship. By keeping our properties well-maintained and in good condition, we aim to enhance the visual appeal of neighbourhoods, and avoid any negative impact on surrounding communities. We abide by local planning and by-laws and seek to settle any disputes quickly and amicably. When our neighbours do raise concerns over any aspect of our activities, we respond as quickly as possible.

Communities

Supporting local communities

We encourage our staff and contract managers to support local causes and initiatives. In addition to charity fund raising activities all our staff are encouraged to get involved in some way, and we recently introduced two days paid volunteering leave for them to work with registered charities or local community initiatives. Many of our contract managers also do sponsored events for charity.

At our direct managed sites, we work with Too Good To Go to reduce food wastage and provide low-cost food to people local to our sites, saving over 15 tonnes of food from being thrown away in the last year. We're now expanding this to all our Greggs outlets, and we're currently looking into how we might be able to roll this out more widely cross our franchise network.

Meeting community needs during Covid-19

During Covid-19 our stores became vital community hubs to many of our customers and therefore it was crucial that we remained open, providing fuel, groceries and food services. To help customers who were concerned over taking unnecessary trips, we rolled out UberEATS and Deliveroo as fast as we could to as many sites as we were able, so that locals were able to receive grocery and food deliveries directly to their homes – this service is now provided at two thirds of our sites.

Many of our franchisees provided support to their local communities in any way they could, such as donating food and drink to local hospitals and giving NHS nurses a boost with chocolate gifts at Easter. All our sites displayed banners supporting NHS and essential workers, and collected funds for NHS Charities Together, helping to raise more than £250,000.

SUPPORTING COMMUNITY-FOCUSED CHARITIES

MFG has a long track record of supporting charities that are active in the communities our sites serve. Thanks to the immense generosity of our customers, we've collected over £2 million since 2017 in partnership with Pennies, who help us collect small optional digital donations that can be added to fuel and grocery bills at about 50% of our sites. In addition to this we collect via charity collection boxes at all sites.

Over the years, a number of different charitable organisations, including Help for Heroes, RNIB, NSPCC and Air Ambulance regional charities have been supported in this way.

Annual national charity partner

We've selected Macmillan Cancer Support as our national charity partner from April 2021, and we're proud to be playing a part in the organisation's aim to be there for everyone living with cancer across the UK. COVID-19 has been a particularly difficult time for many people with cancer, with vital

Communities

tests, diagnoses and treatments being postponed, cancelled or changed, and widespread impacts on people's mental health.

In support of the COVID pandemic between May 2020 and March 2021 we raised £250k for NHS Charities Together.

In addition to customer donations at sites, and as part of our support, we're providing free advertising space to Macmillan to advertise their support line number at many of our fuel pumps, have introduced charity payroll giving for employees and are encouraging MFG employees and our contract managers and their staff to raise funds through sponsored events.

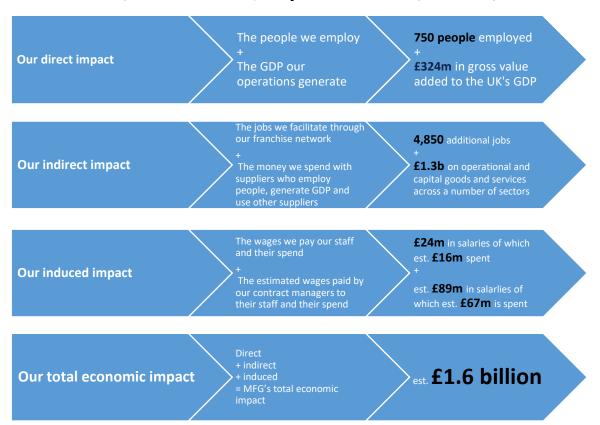
Economic impact

MFG's contribution to the communities it serves extends beyond the provision of fuel, convenience shopping and food to go.

We create employment, support local and national supply chains and contribute to the national tax reserve.

How MFG contributed to the UK economy in 2020

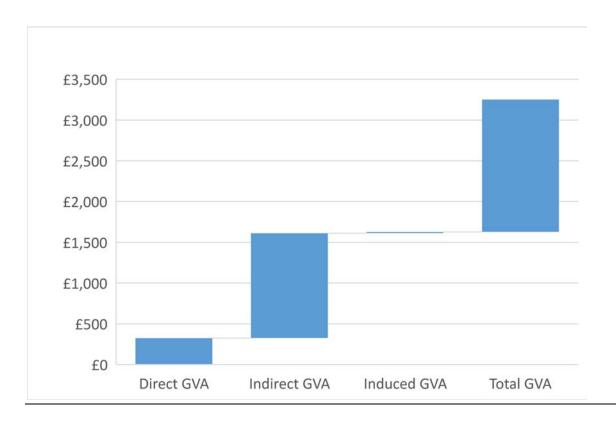
In 2020, we estimate that we supported over **£1.6 billion in economic value added** to the UK GDP and are responsible for around **4,850 jobs***, either directly or indirectly.



^{*}Direct and indirect jobs include full-time, part-time and flexible opportunities in all regions of Great Britain.

Economic impact

MFG's gross value added



We are committed to meeting the highest standards of corporate governance and ethics throughout our operations.

We apply the Wates Corporate Governance Principles, which provide guidance for large private companies. These principles guide us in our approach to good corporate governance and disclosures on our purpose and leadership, board composition, directors' responsibilities, opportunity and risk, remuneration, and stakeholder relationships and engagement.

ESG governance

We know that maintaining all aspects of our environmental, social and governance commitments, and behaving as a good corporate citizen, are essential to the success of the business. ESG is a standing item at quarterly Board meetings and a comprehensive reporting pack is prepared for review in advance, containing a full suite of metrics and KPIs against which our performance is measured. Any high-level ESG related risks are also tabled and considered.

Tax and transparency

We believe in paying our fair share of taxes in line with the UK corporation tax rate. MFG prepares its accounts in line with UK law and in accordance with International Financial Reporting Standards (IFRSs) and UK accounting standards (FRS 1010). Under company law, the directors are required to give a true and fair view of the state of affairs of the company. The taxes we pay are disclosed in our Annual Report.

Setting out our ESG roadmap

We are continually looking at ways to improve how we manage and report on our ESG commitments. In 2021, MFG is reviewing its ESG strategy and will be setting a roadmap and targets for the next three years.

Ethical conduct

MFG is committed to conducting its business with integrity, and in a social and ethical manner, complying with the letter and the spirit of the law at all times. Our Core ESG Principles set out our expectations towards our responsibilities and behaviour. In addition, we have a number of internal policies and procedures in place to ensure we conduct ourselves correctly. Each year we update and re-release our employee handbook which includes policies on corporate social responsibility, equal opportunities, anti-harassment and bullying, anti-corruption and bribery, and whistleblowing.

We monitor and review the ESG performance of our suppliers on an ongoing basis to ensure that their behaviours are in line with our own high standards.

Speaking up

We encourage our employees to speak up if they have any concerns relating to inappropriate behaviour, either in MFG or within our supply chain. A whistleblowing policy and procedure is included in the employee handbook. We make it clear that speaking up is treated in the utmost confidence, and that employees can do so without fear of retaliation or reprisal.

Human rights and modern slavery

We respect and acknowledge fully the human rights of every individual. We have a zero-tolerance policy towards child or forced labour and human trafficking, and we're committed to ensuring neither occurs in any part of our business, whether in our own operations, our supply chain, or amongst our contract managers. This is set out in our Core ESG Principles.

MFG's Core ESG Principles

We will:

- 1. Always comply with both the letter and the spirit of the law, wherever it applies.
- 2. Ensure that we take a responsible approach to investing, recognising the potential impact of businesses on the environment, workers, communities and society, as well as the potential impact of climate change on the businesses in which MFG operates.
- 3. Ensure that we and our subsidiary companies always respect human rights and ensure no exploitation of child labour.
- 4. Ensure there is no bribery or corruption in any of our dealings.
- 5. Act with integrity at all times in all our dealings.
- 6. Always be non-discriminatory (whether on grounds of gender, race or disability), and adopt equality and diversity in our employment practices.
- 7. Act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of hazardous products and unnecessary waste.

- 8. Ensure that our management structures and policies reflect the need for transparency, accountability, equality and probity in the management of our businesses.
- 9. Actively manage ESG considerations and risks effectively.

Aligning our commitments with the UN SDGs

We align our material issues and commitments to the United Nations' Sustainable Development Goals (UN SDG). We focus on the SDGs where our business can make the greatest impact and where we can affect the greatest change.

Our environment

We are investing in creating a national network of fast and efficient electrical vehicle chargers while reducing our own carbon footprint.

Provide electric vehicle charging facilities with the capacity of supplying 250m miles every year.

Reduce our energy usage by 30% by 2030

Reduce our carbon emissions by 30% by 2030.

Strive for zero pollution at all MFG locations arising from loss of primary containment

Ensure an ecology and diversity net gain during all developments from 2022 onwards



7.2 substantially increase the share of renewable energy



9.4 upgrade infrastructure and retrofit industries to make them sustainable



13.1 strengthen resilience and adaptive capacity to climate-related hazards

Our people

We want to provide our staff with long-term rewarding careers and provide them with the opportunity to develop their skills.

Develop our personnel and provide information, instruction and training to all employees



5.5 ensure participation and equal opportunities at leadership level

Health and safety

We have an excellent health and safety record within our own operations. We recognise the responsibility we have towards keeping our customers safe as well, and therefore we also provide a comprehensive health and safety framework and training programme for our contract managers.

Strive for zero harm to customers, employees, and suppliers at all MFG locations

Ensure compliance with all relevant HSE related legal and regulatory obligations



8.8 protect labour rights and promote safe and secure working environments for all workers



3.9 substantially reduce the number of deaths and illnesses from pollution

Our communities

With a network across the UK, our stations are often a hub for local communities. We do what we can, where we can, to support local communities. In addition to this, our network provides the opportunity to make a real difference to raising funds on behalf of important charity campaigns.

Commit to supporting our charitable partners both through maximising the opportunity for donation and raising the profile of our partner organisations



11.3 inclusive and sustainable urbanisation

We are committed to transparent disclosure and report our ESG metrics on an annual basis. We are looking to incorporate more data metrics in our reporting going forward and have these independently verified in the future.

Environment

Carbon and emissions

We have reported our carbon and emissions data using the Streamlined Energy and Carbon Reporting (SECR) requirements, full details of which can be found in our <u>Annual Report 2020 on p. 51</u>.

The data reported follows the March 2019 HM Government 'Environmental Reporting Guidelines', including the streamlined energy and carbon reporting guidance and uses the UK Government GHG Conversion factors for Company Reporting (Full set 2020. Version 1.0).

Our people

Details of our employees by gender as at 31 December 2020 can be found in our <u>Annual Report 2020</u> on p. 45.

Health and safety

Petrol forecourt station incident and accident summary

	2019		2020		
	Incidents	Average	Incidents	Average	2019 vs. 2020
Medical condition	14	0.02	14	0.02	1
Crime/violence/robbery	337	0.37	315	0.35	-22
Enforcement visit	68	0.08	29	0.03	-39
Third party damage	889	0.98	796	0.87	-93
H&S accident/incident/fire	309	0.34	207	0.23	-102
Near miss	666	0.74	253	0.28	-413
Total	2283	2.53	1.614	1.77	-669
Number of retail sites 904		911			

Employee health and safety training, core franchise operations

	2019	2020
	Hours	Hours
Training hours provided	1,222	1,607

Average training hours provided	5.7	7.4
per employee		