



Integrated Management System

Environmental, Social & Governance Policy

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CONTENTS

1. Environmental, Social and Governance (ESG) Principles.....	2
2. ESG Definition	2
3. Environmental	2
4. Social	2
4.1 General.....	2
4.2 Corporate Governance.....	3
4.3 Core ESG Principles	3
5. ESG Procedures.....	3
5.1 Pre-Investment Due Diligence	3
5.2 ESG Steering Group	4
5.3 Operational Implementation Process	4
5.3.1 Environmental	4
5.3.2 Social.....	5
5.3.3 Serving Local Communities	6
5.3.4 Diversity.....	6
5.3.5 Corporate Governance.....	8

1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES

Responsible investment is a key priority for the Company in seeking to build a safe, strong and profitable business portfolio, thereby generating competitive returns for its investors. The Company believes:

- A responsible approach towards its operations, employees, Contract Managers, contractors, suppliers, local communities, the environment, and society is an essential part of its success
- Responsible ownership and business success go hand in hand and, as such, the Company is fundamentally committed to building long-term, sustainable businesses, which will grow, provide employment, and generate economic benefit in an environmentally and socially responsible manner; and
- Responsible investment, and subsequently responsible ownership, require proper analysis, judgement, and mitigation of risk. The Company aims to invest in assets that take a responsible approach towards the environment, society, and corporate governance

2. ESG DEFINITION

The three (3) main areas of focus relate to the environmental and social impact of any business's activity, and the manner in which a business is managed. Together, these factors are known as **Environmental, Social and Corporate Governance (ESG)**.

ESG processes and procedures focus on non-financial performance areas that address the Company's approach towards responsible operations, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations.

3. ENVIRONMENTAL

Depletion of the world's natural resources and the threat of climate change have raised international and global concerns affecting the environment and potential financial implications.

Environmental sustainability is being considered as part of investment choices. Global issues are diverse and may influence the Company's overall business strategy, the main areas of consideration include:

- Climate change and carbon emissions
- Energy management
- Waste, pollution, and responsible disposal of hazardous waste
- Sustainability of resources and renewable energy; and
- Biodiversity

4. SOCIAL

4.1 GENERAL

Inclusion, diversity, and equality are becoming more important considerations in relation to the way in which businesses operate and can generate competitive advantage, importantly as these areas attracting increasing scrutiny from a range of stakeholders.

There are increasing commercial benefits for businesses which have inclusive and diverse work ethics and practices; as stakeholders look at the impact a Company has on its employees, local communities, and society. The main areas of consideration are:

- Preservation of human rights, and avoidance of any complicity in human rights abuses
- Equality and diversity amongst employees
- Non-discriminatory employment practices
- Ensuring there is no exploitation of child labour or indentured servitude

- Health and safety; and
- Corporate donations

4.2 CORPORATE GOVERNANCE

Corporate governance covers the rights and responsibilities regarding the management of the Company, including its structures, corporate values, and accountability processes, for example:

- Management structure
- The power balance between the Chief Executive Officer (CEO) and Board, separation of Chairperson from CEO, appropriate checks, and balances for members of the management team
- Employee relations and workplace grievances
- Executive remuneration; and
- Corporate Codes of Conduct

4.3 CORE ESG PRINCIPLES

The Company's **Core ESG Principles** have been defined and will be reviewed periodically (at least annually) to ensure continued applicability. The Company will seek to:

- Always comply with both the letter and the spirit of the law, wherever it applies
- Ensure that it takes a responsible approach to investing recognises 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 the Company operates
- Ensure that we and our subsidiary Companies respect human rights and ensure no exploitation of child labour
- Ensure there is no bribery or corruption in any of our dealings
- Act with integrity at all times, in all our dealings
- Always be non-discriminatory (whether on grounds of gender, race, or disability), and adopt equality and diversity in our employment practices
- 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
- Ensure that our management structures and policies reflect the need for transparency, accountability, equality, and probity in the management of our businesses; and
- Actively manage ESG considerations and risks effectively

5. ESG PROCEDURES

5.1 PRE-INVESTMENT DUE DILIGENCE

Before acquiring a business, the Company's Investment Team will identify whether there are any ESG related key risks or opportunities and may also contract specialist external consultants to help assess specific risks. The Company's ESG considerations may be company-specific or common to the fuel retail industry or geography as a whole and include political and regulatory developments. The considerations are researched through a variety of sources, including:

- Regulatory/compliance filings
- Investor disclosures; and/or
- Media reports

With support from legal advisors, the Company will assess anti-bribery and corruption (**ABC**) risk and seeks assurance that the Company is fully compliant with the ESG laws and regulations in the relevant jurisdictions, for example health and safety, labour, and energy usage.

If material ESG issues or risks are identified during the due diligence process, the Company will initially prioritise those which are most material. The Company determines on a case-by-case basis whether further assessment is required and may seek independent analysis and expert advice from specialist external consultants, for instance environmental experts, if required.

The ESG considerations are presented to, and considered by, the Board. The Board must give its approval before any investment is undertaken.

The Company will subsequently consider whether it deems the risk(s) unacceptable, and thus rejects the investment opportunity on those grounds, or determines that any risk(s) identified need to be addressed, managed, or rectified during its ownership.

In cases where material ESG risks are identified and deemed acceptable, a plan will be developed and agreed with management to prioritise, address, manage and/or remedy the issues. This plan will be incorporated into the broader business plan that is developed with the management team post-investment. In some instances, further obligations or warranties from the vendor may be sought, for instance in the purchase documents or as on-going obligations.

5.2 ESG STEERING GROUP

The Company has established and will retain an ESG Steering Group to oversee reporting requirements and initiatives. The following individuals are assigned these responsibilities within the Steering Group:

- **Executive:**
Executive Board Representative.
- **Finance:**
Director, Group Financial Control.
- **Environment:**
Group Director, Infrastructure & Technical Services, Risk & Compliance Manager and HSE Manager; and
- **Human Resources and Social Governance:**
HR Operations Director.

5.3 OPERATIONAL IMPLEMENTATION PROCESS

5.3.1 ENVIRONMENTAL

An **Environmental Aspects and Impacts Register** has been developed to document and assess the impact of Company activities to the environment in terms of air, water, waste and nuisance and resource use. The risk of each aspect is assessed and opportunities for improvement are formulated and implemented based upon environmental risk rating.

The Company will seek to reduce the impact of its business activities on factors contributing to climate change by actively investigating the potential of alternative energy sources that will reduce its carbon footprint, as described in the Company's Environmental Objectives and Targets, and periodically reported in the ESG metrics.

The Company will carefully assess the potential impact of climate changes on its business and take proactive steps to minimise the potential negative consequences. The primary ways in which climate change could impact the Company are damage to:

- Underground storage systems, loss of containment and/or contamination of fuel products because of severe flooding; and

- Above ground assets such as shop building, pumping units, valeting equipment, and forecourt canopies because of severe weather (i.e., gale force winds).

The Company will ensure that adequate insurance cover is in place to provide remediation if either of these of these eventualities occur. Additionally, any property situated in an identified Flood Zone will be subject to further risk assessment as necessary, and the recommendations resulting from the assessment implemented were reasonably practicable.

The Company will:

- Strive to be as efficient as possible in its consumption of raw materials and energy
 - Comply with the requirements of the:
 - Energy Savings Opportunity Scheme (ESOS) by conducting energy audits periodically and take steps, were reasonably practicable, to implement any energy savings opportunities identified by assessment
 - Streamlined Energy and Carbon Reporting (SECR) framework implemented by the UK Government and will produce the required reports at the end of each calendar/financial year and review the findings before determining appropriate further actions; and
 - Applicable biodiversity conditions and requirements when undertaking any development work
 - Seek to:
 - Further reduce its impact on the environment by committing to the use of sustainable resources wherever possible, specifically:
 - Plant and assets will be continually assessed to ensure they are operating in the most efficient and sustainable manner possible; and
 - Alternative solutions investigated where this is identified not to be the case

Note 5.3.1.1: Current initiatives are as described in the Company's Environmental Objectives and Targets and periodically reported in the ESG metrics.
 - Ensure that all waste created at its facilities under employee control is recycled wherever possible

Note 5.3.1.2: The Company considers the responsible disposal of hazardous waste to be a top priority and will ensure that all waste uplifted from any of its facilities is only performed by an appropriately licensed Contractor, who has been subjected to the relevant approval process. Hazardous waste from Company facilities can include but is not limited to:

 - Waste hydrocarbon residue from forecourts
 - Asbestos containing materials
 - Refrigerant gasses; and
 - Human waste.
 - Put into place service contracts will suitably qualified environmental consults to provide advice and services to manage environmental risks associated with operations across the Company's Service Station Network, focussing specifically on mitigation of contaminated land.
- Note 5.3.1.3:** Such activities will involve implementing programmes of groundwater monitoring and installation of groundwater monitoring wells across a proportion of the high-risk environmental sites in the Company's network, as well as systems for active and passive remediation.

5.3.2 SOCIAL

The Company is committed to:

- Conducting its business activities in a socially and ethically responsible manner; and
- The health, safety and welfare of its employees, customers and those who may be affected by its business activities, specifically:

- A Health and Safety Policy has been developed that outlines the Company's strategy towards promoting a positive health and safety culture, including the implementation of relevant Policies, Programmes and Operational Control Procedures that provide the:
 - Foundation of the Health, Safety, Environmental and Quality Management System (Integrated Management System); and
 - Information and instructions necessary to ensure the attainment of the objectives of the management system

5.3.3 SERVING LOCAL COMMUNITIES

The Company conducts its business in an ethically aware manner so as not to detrimentally affect the quality of life enjoyed by those in the communities it operates and strives to:

- Respond quickly to issues or concerns by neighbours pertaining to Company business activities
- Engage with local communities and support appropriate activities at local and national level
- Abide by local planning and other by-laws prevalent where sites are based
- Support community activity through actions and sponsorships as appropriate; and
- Maintain properties, land, and boundaries in such conditions as not to degrade the visual amenities of the neighbours or affect or endanger the surrounding communities.

The Company considers its Service Stations to be focal points for the local communities they serve. Consequently, the Company works hard to provide retail offerings that are in line with specific demands of the local community. This is particularly pertinent in more rural parts of the country where the convenient aspect of the local station is becoming more important to the community.

5.3.4 DIVERSITY

The Company recognises the value of a diverse work force and looks to offer equal opportunities to everyone and foster a culture that embraces diversity and fosters inclusions. Diversity is seen as a strength and is committed to:

- Ensuring a fair and inclusive environment for all where the unique insights, perspectives and background of individuals are valued; and
- Providing equal opportunities in its franchisee selection, recruitment, career development and rewards

5.3.5 DISABILITY INCLUSION

The Company seeks to ensure:

- Disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of those vacancies that they can fill and are not discriminated against on the grounds of their disability
- Offices provide inclusive access for disabled staff
- Employment is continued if an employee becomes incapacitated or disabled, wherever possible, and that the necessary adjustments to facilitate ongoing employment are undertaken
- Service Stations are assessed to ensure inclusive access for its customers
- A commitment to providing a first-class service to all customers, regardless of whether or not they have particular mobility needs

Note 5.3.4.1.1: To facilitate this, the Company has chosen to partner with a leading developer of software applications to assist disabled motorists in locating service stations with staff available in real time to assist with their fuel and convenience retailing requirements.

5.3.5.1 Eligibility to Work

The Company operates a robust recruitment process that includes eligibility to work in the UK checks and references for recruits and its contract managers and insists its contract managers do the same.

5.3.5.2 Modern Slavery

The Company is committed to:

- Ensuring that there is no modern slavery or human trafficking in any part of its business; and
- Acting ethically and with integrity in all its business relationships and expects the same from its suppliers, partners, and contract managers

The Company has **Zero Tolerance Policy** towards slavery and human trafficking and actively supports the authorities with any investigations into such practises and enforcement of legal minimum wage levels across its business.

5.3.5.3 Internal Policies

The Company has developed and implemented a range of internal Policies, Programmes and Operational Control Procedures designed to ensure the Company conducts its business in a legally compliant and socially ethical manner. Additionally, the Company's Employee Handbook contains the following policies:

- **Corporate Social Responsibility**

Makes clear to employees the Company's social responsibilities by staff and to staff and the communities in which they operate. It further states that the Company and its employees will comply with all relevant and applicable local and international labour regulations, treaties, conventions, and principles related to:

- The protection, welfare and health and safety of children; and
- Forced labour, including the Modern Slavery Act 2015

Furthermore, the Company will not employ any person deemed by local or international laws, conventions, or regulations to be a child in any capacity in any operation under its control.

- **Equal Opportunities Policy**

Makes clear to employees the Company's approach to equal opportunities, conduct at work and the avoidance of discrimination at work. It commits that all will receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex, or sexual orientation.

- **Anti-Harassment and Bullying**

Makes clear to employees the Company's commitment that their working environment will be free from harassment and bullying and ensure that all staff are treated, and treat others, with dignity and respect.

- **Anti-corruption and Bribery**

Makes clear to employees that Company business activities are to be conducted in an honest and ethical manner, that there is a zero-tolerance approach to bribery and corruption, and that all employees are required to comply with the requirements and obligations of the Bribery Act, 2010. The Company is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

- **Whistleblowing Policy**

Makes clear to employees the Company commitment to conducting business with honesty and integrity and its expectation on all staff to report all concerns, and its commitment that such disclosures can be made without fear of retaliation.

Note 5.3.5.3.1: The Policies or Programmes identified above provide an explanation regarding how employees can identify and raise concerns to Senior (Executive) Management.

- **Charity Support**

The Company takes the opportunity to use its forecourts to support several nationally recognised charities with total customer donations via Pennies and Charity Tins.

5.3.6 CORPORATE GOVERNANCE

The Company has chosen to adopt the Wates Corporate Governance Principles for large private companies, a voluntary framework which adopts the **comply or explain** approach.

The approach is based upon six broad principles, they are:

- **Purpose and Leadership:**

An effective Board develops and promotes the purpose of the Company and ensures that its values, strategy, and culture align with that purpose.

- **Board Composition:**

Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.

- **Director Responsibilities:**

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's Policies, Programmes and Procedures should support effective decision-making and independent challenge.

- **Opportunity and Risk:**

A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.

- **Remuneration:**

A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, considering pay and conditions elsewhere in the Company.

- **Stakeholder Relationships and Engagement:**

Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders including the workforce and having regard to their views when taking decisions.

In addition to adopting these principles and to comply with the Companies Act 2006, the Company publish a Section 172 Statement, outlining the relationships held with key stakeholders. The impact on stakeholders of business decisions is considered at quarterly formal Board meetings. These formal meetings are supplemented with additional Board updates which are used to review, consider, and challenge the operational and financial decisions made by the business.

The Section 172 Statement is incorporated in the Governance Report in the Parent Company's statutory accounts published on the Company's website. It can be accessed using the link below:

<https://www.motorfuelgroup.com/reports-publications/>