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SHV ENERGY

Sustainability Report 2023

Advancing Energy Together





On the cover:

The Chakan LPG filling plant is an integral part of our SUPERGAS operations. Located near Pune, in Maharashtra state, Western India, the plant is a key hub to service our LPG customers in the region.

The filling plant has an installed storage capacity of 300 tonnes (t) and does a cylinder filling of 11,500t and a bulk filling of 2,400t per year. The solar panels situated onsite provide an efficient, sustainable power source for our filling plant operations. The panels generate 13,500 KWH of electricity energy every month, reducing our Scope 2 emissions by 120t per year, and resulting in electricity-related cost savings.

Throughout this report, you will find short impact stories that illustrate the positive influence of our programmes and initiatives. Click on the headline to be taken to the full-length impact story on our website.

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CEO statement

As the Corporate Sustainability Reporting Directive (CSRD) approaches on the horizon, SHV Energy has redefined how we measure sustainability progress. While our focus in 2022 was on Scope 3 emissions, in the past year we placed renewed attention on our Scope 1 and 2 emissions. We are confident this proactive step will better position SHV Energy for the future.

Commitments to sustainability

While SHV Energy will need to publish our report in line with CSRD in 2026, we are already working towards the requirements, underscoring our commitment to our purpose, 'Courage to care for generations to come'. Showing transparency in our compliance with CSRD represents more than a one-year journey; we laid the foundations for this work in 2023 by integrating the business of SHV Energy with that of our parent company, SHV Holdings.

Besides the CSRD requirement, a broadening of how we define our sustainability progress is a consequence of our Double Materiality Assessment (DMA). The priorities revealed by the assessment are largely aligned with our existing sustainability agenda, but a heightened focus on energy security and customer inclusion in the energy transition emerged from the results.

Challenges and opportunities

In previous years, our climate change mitigation efforts concentrated on reducing Scope 3 emissions, as this category comprises most of our CO2 emissions. We continued making considerable progress on Scope 3 in 2023, but our DMA emphasised that we cannot ignore Scopes 1 and 2. 2023 represented year one of action plans for the next three years to accelerate our Scope 1 and 2 efforts, where we focused on transport and operational facilities.

»Our existing sustainability agenda has a heightened focus on energy security and customer inclusion in the energy transition.«

BRAM GRÄBER, CHIEF EXECUTIVE OFFICER, SHV ENERGY





The expansion of our Renewable Solutions business, initiated two years ago with the acquisition of SunSource Energy, continued in 2023 with the tripling of our deployed solar capacity, while EM3, our industrial energy efficiency specialist business, grew by 70% over the course of the year. Through our Futuria Fuels business, we identified new partnerships in sustainable fuels to continue expanding our products and services.

Price volatility from enduring geopolitical problems in 2023 created difficulty for all our customers around the world, but particularly in Europe, which is almost half of our total business. We sharpened our assessment of each market's future potential, considering customer demand and how the energy transition and energy mix are developing in each country, enabling us to calibrate our activity with future expectations.

Compared to even five years ago, establishing the required level of flexibility to adapt during these volatile periods by employing people with sufficient talent and skill levels is challenging, and we cannot take it for granted. We make every effort to ensure that we are an inclusive and attractive employer in order to retain and attract the right people.

2024 and beyond

Looking ahead to 2024, our focus remains on reducing our Scope 1 and 2 emissions while accelerating the growth of our Renewable Solutions and Futuria Fuels businesses. We produced 50 megawatts of solar energy in 2021 and 250 in 2023, but we are projected to double this to 500 megawatts in 2024. We are also planning our first important investment decision to produce energy from waste gas.

Another focus in 2024 is increasing the investment in our people and their skills at all levels of SHV Energy; our top 120 managers are midway through a dedicated mini-MBA leadership programme, and we recently launched a new core curriculum of capability sets for the wider employee base. This corresponds to the evolving role of the SHV Energy head office in Hoofddorp, the Netherlands, to build capabilities rather than only provide solutions. Fundamentally, this means that people in our businesses can generate their own solutions.

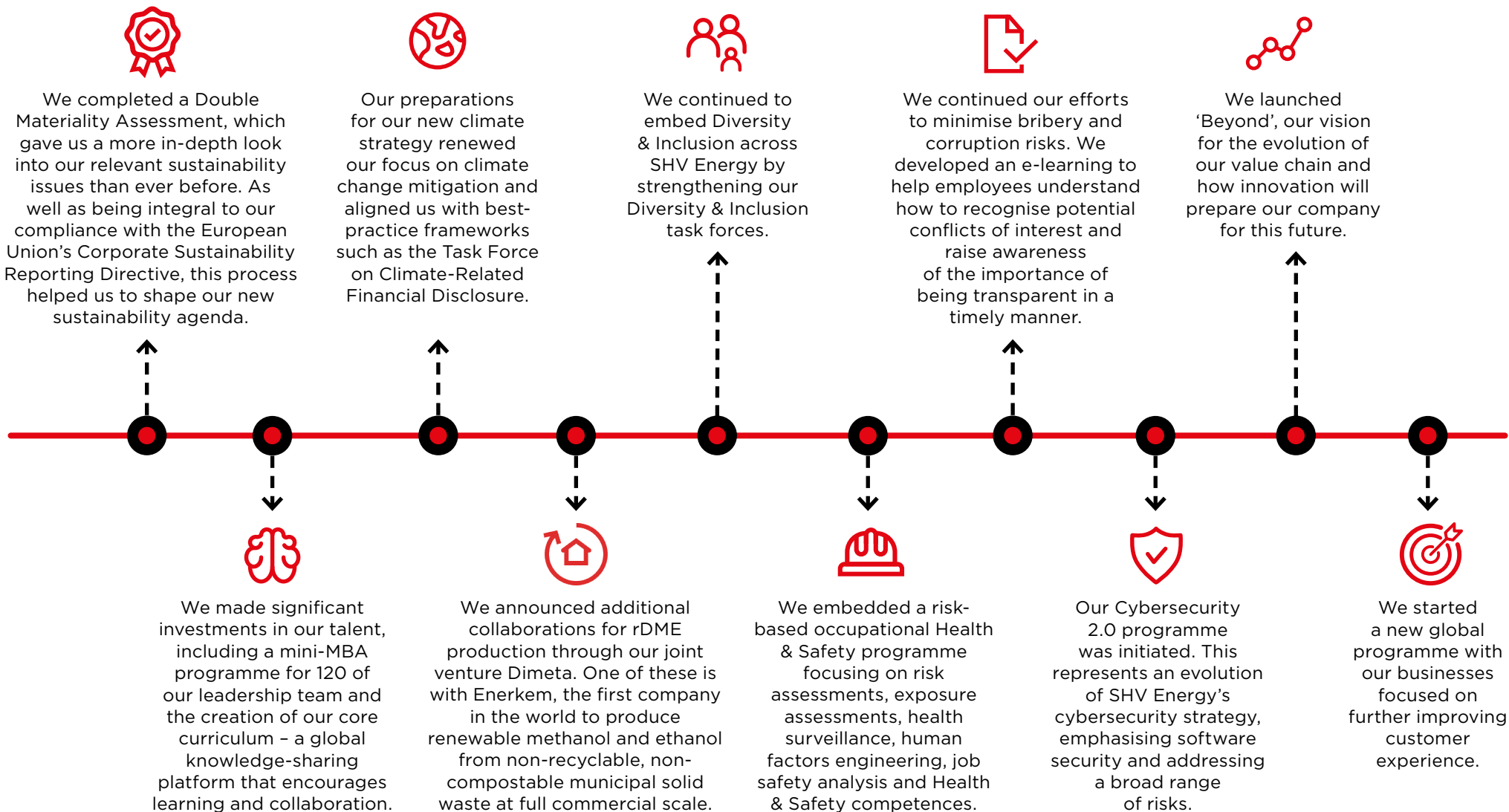
In the coming year and beyond, SHV Energy's revamped sustainability approach will propel our mission of Advancing Energy Together. We aim to create a future where our people, planet and performance all flourish.

Bram Gräber

Chief Executive Officer, SHV Energy

Our company today

Our 2023 highlights



Who we are

Globally, SHV Energy aims to position itself within the changing energy market as a supplier of lower-carbon and renewable energy options for applications beyond the utility grids. We serve many sectors, including the domestic, industrial, public, hospitality, agricultural, transport and automotive sectors.

Our key products are LPG, LNG and bioLPG. Additionally, we provide services focused on supply and risk management.

We have 12,956 employees (average FTE 15,167) and 26 million customers, spread across the three regions and 24 countries where we operate. We are headquartered in Hoofddorp, the Netherlands.

Our employees

Europe: 7,307
Asia: 829
Americas: 4,820

Our products



LPG



LNG



bioLPG



bioLNG

Countries

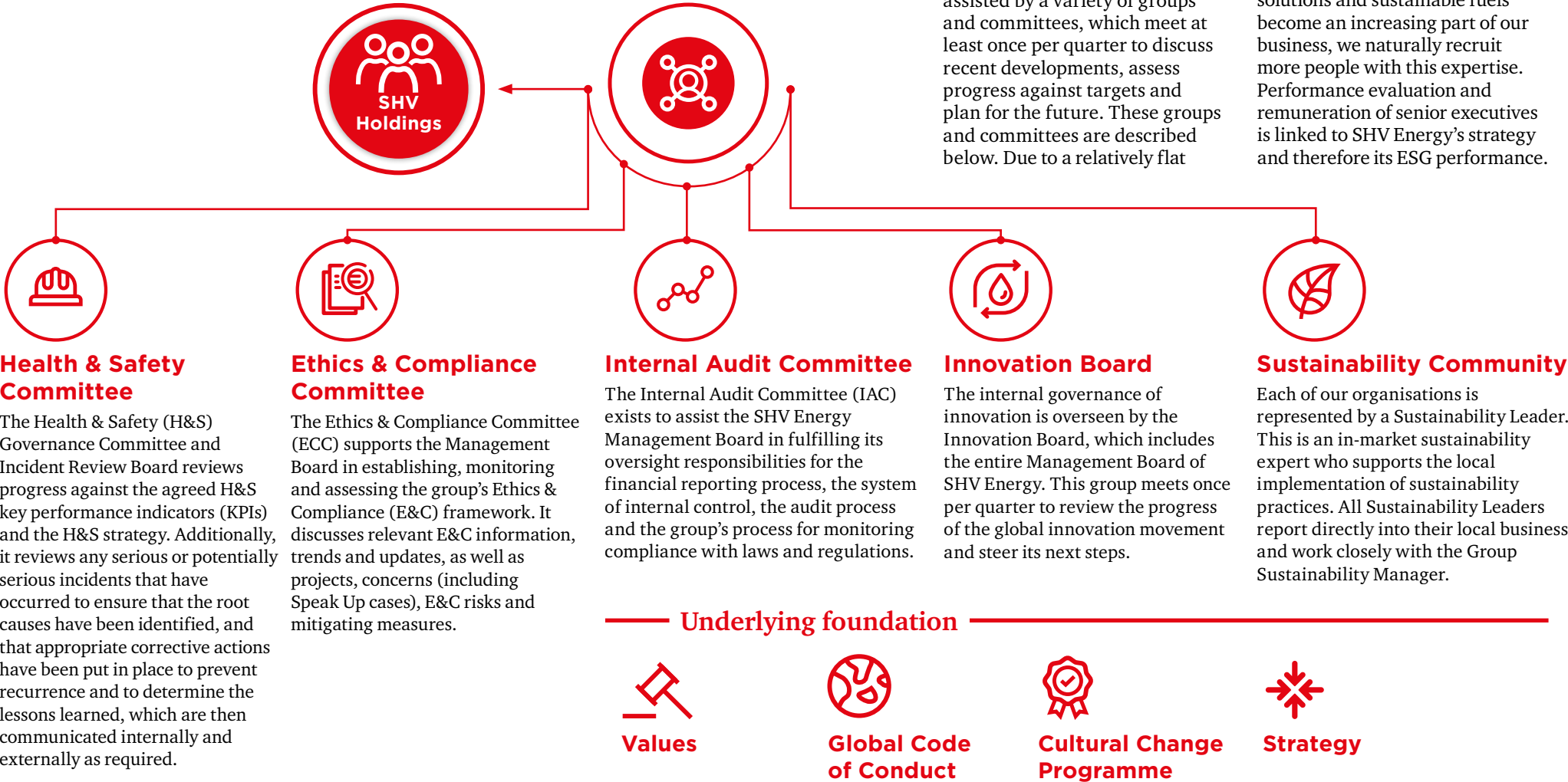


- | | | | | |
|--------------------------|------------------|--------------------|------------------------|-----------------------------|
| 1 Austria | 6 Czechia | 11 Germany | 16 Malta | 21 Spain |
| 2 Bangladesh | 7 Croatia | 12 The Netherlands | 17 Northern Ireland | 22 Sweden |
| 3 Belgium | 8 Denmark | 13 India | 18 Poland | 23 Türkiye |
| 4 Bosnia and Herzegovina | 9 France | 14 Italy | 19 Republic of Ireland | 24 United States of America |
| 5 Brazil | 10 Great Britain | 15 Luxembourg | 20 Slovenia | |

Our brands



Corporate governance



Our products and services

SHV Energy provides lower-carbon and cleaner energy solutions for hundreds of applications, ranging from cooking and heating to fuelling low-polluting vehicles. We contribute to the energy transition by switching customers away from more polluting energy sources.

Our businesses serve over 26 million customers worldwide. We distribute off-grid energy, namely LPG and LNG, and we are increasingly active in sustainable fuels, such as bioLPG and bioLNG, and renewable energy solutions. We continue to explore sustainable fuels, including renewable and recycled carbon dimethyl ether (or rDME), ammonia, methanol and novel e-fuels.

Our product portfolio



LPG



LNG



bioLPG



bioLNG



rDME



LPG

We are a global leader in the distribution of liquefied petroleum gas (LPG, also known as propane) to both companies and domestic consumers. This fuel is burned as a gas but transported as a liquid. LPG is a key part of the off-grid energy transition. It is our strong belief that the energy transition is a long-term commitment that requires realistic and cost-effective solutions. By providing customers with LPG, we are replacing their use of more polluting energy sources such as oil, coal and wood that contribute to poor local air quality.

LNG

SHV Energy also specialises in providing LNG, which is a colourless, odourless liquid fuel. Switching to LNG offers a more sustainable solution than oil-based products for industrial applications and transportation as it releases significantly less CO₂, NO_x (nitrogen oxides) and SO₂ (sulphur dioxide), and virtually no particulate matter. We are active in the small-scale LNG market and very experienced in distributing LNG as an off-grid energy solution to our industrial customers and refuelling stations.

BioLPG

BioLPG refers to renewable propane or butane. This functions in the same way as traditional LPG but the feedstock differs: bioLPG is made from non-fossil feedstock, including waste, vegetable oil and residues. Using bioLPG can reduce CO2 emissions by up to 80% when compared with traditional LPG, making it a key part of our defossilisation strategy. These CO2 savings are calculated based on a 100% blend compared with the CO2 emissions from conventional LPG. The level of CO2 savings may vary per production batch as it depends on the feedstock used.

rDME

rDME refers to dimethyl ether produced from renewable or recycled carbon feedstock. It is a sustainable, lower-carbon liquid gas which we anticipate will make a considerable CO2 reduction impact in our collective ambition to defossilise. SHV Energy has accelerated the development of rDME in recent years and raising industry awareness of its potential.

We are fully committed to scaling up the production of rDME. It provides an excellent opportunity to produce a circular, community-scale fuel that can harness readily available sustainable feedstocks such as waste and residues. Compared with other solutions that are still in the research stage, rDME is far more advanced in terms of production readiness, therefore offering a more immediate solution for supporting the LPG industry and its customers to transition to a more sustainable future. Our joint venture with UGI International, called Dimeta, will accelerate the production and use of rDME through encouraging and enabling production with the goal to distribute 300 kilotonnes per year by 2027.



»We are proud to be part of both consortiums and develop rDME production routes and enable access to defossilisation for everyone.«

FRANKIE UGBOMA, CEO, DIMETA

IMPACT STORY

Revolutionising energy: Dimeta's role in renewable fuel projects

Dimeta, a joint venture between SHV Energy and UGI International focused on the production and adoption of renewable and recycled carbon DME, is part of two powerhouse consortiums, BUTTERFLY and POWERED, led by the independent organisation for Applied Scientific Research TNO. Both projects aim to revolutionise the energy landscape by advancing the production of renewable and recycled carbon fuels.

Dimeta's participation focuses on providing storage solutions for the produced DME, facilitating trials and testing with potential end-users, as well as conducting crucial policy and sustainability assessments. Together with other consortium members, Dimeta's contributions are fundamental in driving the project forward and ensuring its success.



Our renewable solutions

Our current product portfolio is focused on LPG, LNG and increasingly bioLPG and bioLNG, with other fuels such as rDME beginning to play a role. However, the energy mix is constantly developing and we are determined to keep playing a significant part in its future. Our Renewable Solutions business, which includes energy transition services and distributed generation, continues to go from strength to strength.

We first moved into energy transition services in 2020 with the acquisition of EM3, an industrial energy efficiency specialist based in Ireland. EM3 provides energy solutions primarily to the pharmaceutical and food and beverage sectors. Its energy efficiency, energy management and sustainability solutions deliver environmental improvements alongside cost efficiencies. In 2021, we moved into distributed generation with the acquisition of SunSource Energy, an Indian solar business. SunSource Energy develops, engineers, procures, constructs and operates solar power plants and projects. Its clients are in institutional, industrial, commercial and non-profit sectors.

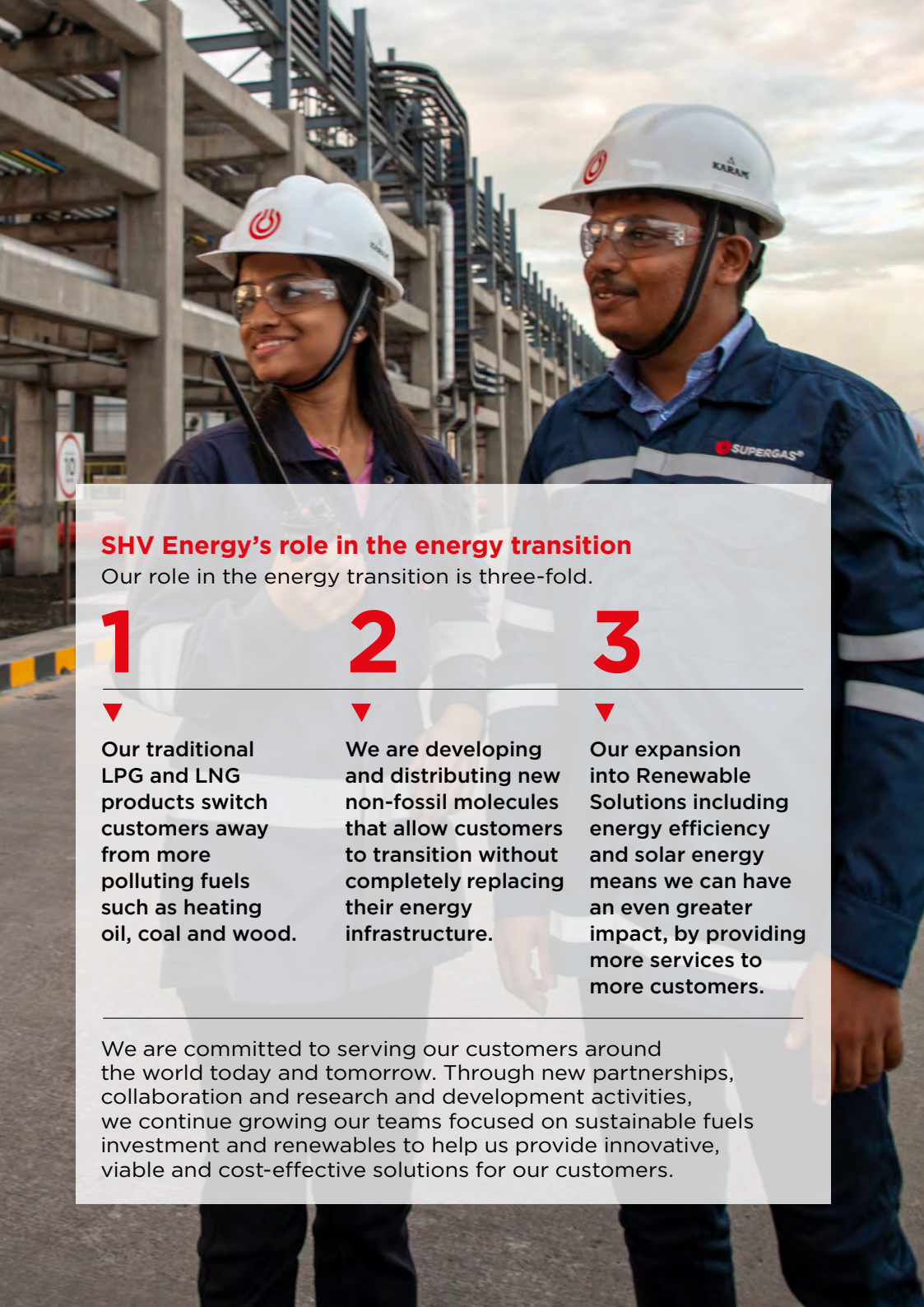
See the chapter 'Access to cleaner energy' for more information about our sustainable fuels and renewables progress.

Our business model and strategy

SHV Energy supplies over 26 million customers around the world with energy for their domestic heating, industrial heating, cooking and transportation needs. By providing our products and services to off-grid, rural communities, we make cleaner energy combinations accessible and affordable for as many customers and businesses as possible. We strive to achieve this while minimising our environmental impact and never compromising while keeping a strong focus on Health & Safety.

Our products play a vital role in the energy mix and are specifically tailored to the needs of certain underserved groups. Our core customer group comprises a significant group within the global population – those without access to the gas grid. These people or businesses are generally based in rural communities and have fewer options for essential tasks such as heating, cooking or manufacturing. They are more likely to rely on higher-carbon and higher-polluting sources of energy – often coal, oil or wood, depending on the country.

Thanks to our products, these people are empowered to make a cleaner, safer and lower-carbon energy choice, lowering their carbon footprint and helping them move towards a defossilised future. We are pragmatic about our role in the energy transition; we do not provide the only or the ultimate energy solution for everyone, but our products play a practical role in the energy mix and meet the urgent needs of underserved rural communities.



SHV Energy's role in the energy transition

Our role in the energy transition is three-fold.

1



Our traditional LPG and LNG products switch customers away from more polluting fuels such as heating oil, coal and wood.

2



We are developing and distributing new non-fossil molecules that allow customers to transition without completely replacing their energy infrastructure.

3



Our expansion into Renewable Solutions including energy efficiency and solar energy means we can have an even greater impact, by providing more services to more customers.

We are committed to serving our customers around the world today and tomorrow. Through new partnerships, collaboration and research and development activities, we continue growing our teams focused on sustainable fuels investment and renewables to help us provide innovative, viable and cost-effective solutions for our customers.



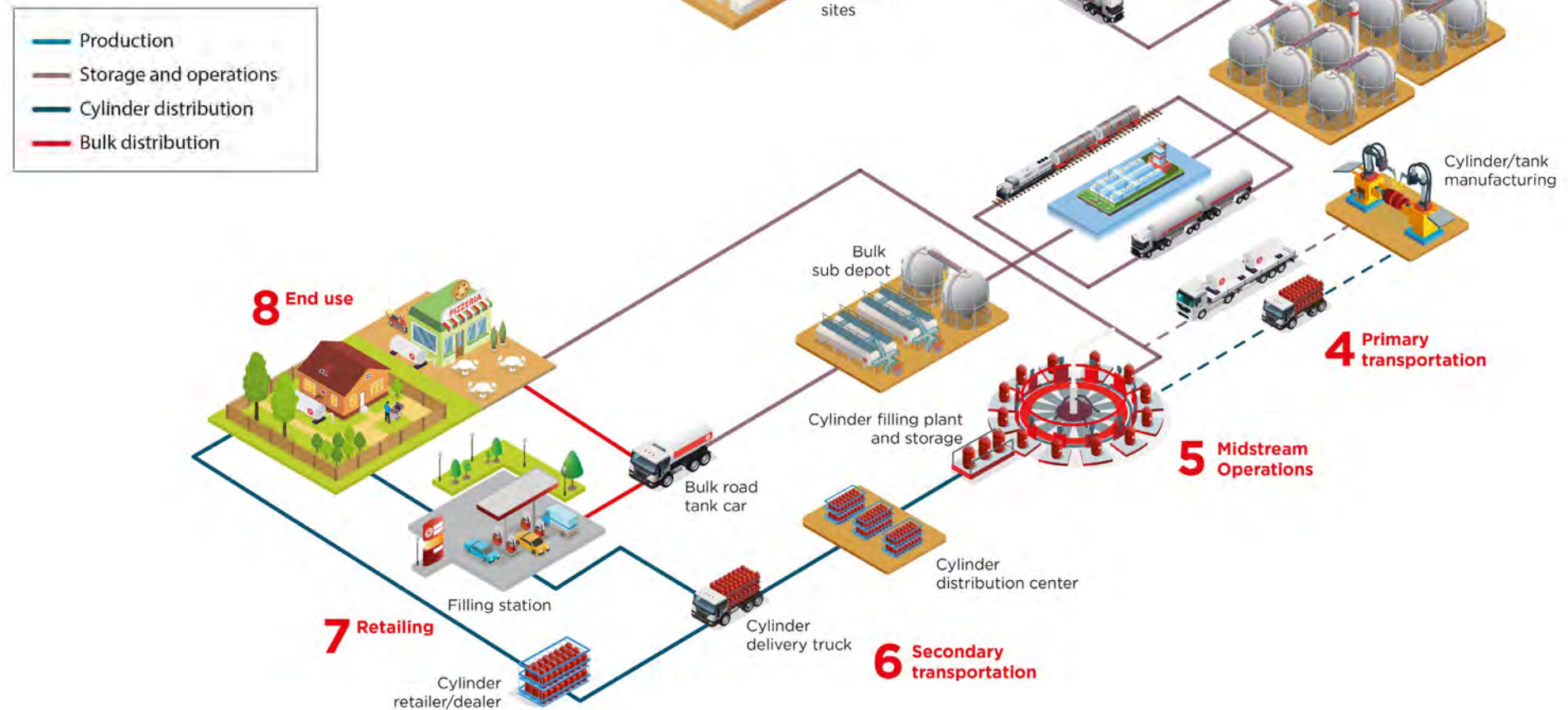
Energy equity

The energy transition must be inclusive to be successful. As well as the disparity between options available in rural versus urban locations, we are concerned by the gap between mature markets such as Europe and North America. People and businesses here are increasingly able to transition towards defossilised solutions and emerging markets while their counterparts in other markets are often unable to access practical

cleaner energy options. This concern was one of the motivations behind our entrance to the Bangladeshi market in 2022, with the acquisition of LPG company Petromax. Our investment in Petromax's expansion will provide many thousands of customers with the opportunity to switch to a cleaner energy alternative, compared with the highly polluting fuels widely in use in the country.

Value chain

This infographic depicts the most extensive version of our supply chain for LPG and is not representative of every supply chain within the group.



External trends and developments

As a company operating all over the world, SHV Energy is impacted by trends both on the global and local levels. In 2023, we were impacted by and responded to sustainability-related trends that created new risks, opportunities and challenges.

Managing a tight economic landscape

Global economic downturn in the last few years has resulted in a disappointing reduction in investment in sustainable fuels projects, as potential investors have become more risk-averse. Research and development and emerging technology projects tend to have a high risk profile, and are therefore less attractive in a persistently challenging economic environment.

This affects SHV Energy because it makes it more challenging for us to find partners progressing at scale and speed with solutions that we could co-develop, and then offer to our customers. This challenge is compounded by a skilled worker shortage in many markets, which slows the speed of development. However, SHV Energy remains committed to investing in and exploring new sustainable fuels, expanding the options we provide to our customers.

Many of our customers, both business and domestic, also found their finances tighter due to rising inflation and the linked cost of living crisis experienced in many countries. We work hard to ensure that our products remain affordable for our customers despite rising costs, including raw materials and labour.

Preparing for European sustainability reporting legislation

Relevant sustainability reporting legislation, particularly on the European level, continues to shape how we approach sustainability in our business.



We continue to prepare for the European Union's CSRD. In 2023, we moved away from a sustainability agenda shaped around five aspirational goals and towards the Environmental, Social and Governance (ESG) lens. We conducted a Double Materiality Assessment to identify the material topics to our businesses and our stakeholders. This process is described in more detail in the 'Double Materiality Assessment' section of this report.

One of the topics our Double Materiality Assessment confirmed that we should further enhance our focus on was circular economy. Several of our businesses, for example our French business Primagaz, already do significant work on circular economy, so we will be learning from their experience as we continue developing our global approach to this topic.

The year 2023 was the hottest on record, due to a combination of human-caused climate change and the El Niño weather pattern, and several of our markets, including India and Brazil, experienced extreme heat. Our adaptation and mitigation work is described in more detail in the 'Climate change' chapter of this report.

A significant focus in 2023 was educating our businesses and preparing our functional leads for the new and more comprehensive CSRD approach. We enhanced our internal climate change adaptation and mitigation work via monitoring, understanding and educating relevant employees. We sought additional expert advice to guide us in this process.

Another aspect of preparing for CSRD is refining our data management processes and working to improve the reliability of the data we collect. This is led by our Internal Audit, Internal Control and Risk Management teams, which work to ensure that our businesses understand the new criteria for data they must submit and that the sources are reliable. For our smaller businesses, we do a full audit every two to three years, with regular checks in between. For our larger businesses, we do a full audit every year. Our businesses are at different levels of maturity regarding data accuracy and process reliability, and our central teams are working to standardise this as much as is practical. A wider internal control framework, covering all our domains including sustainability, will aid this effort significantly.



We have also been preparing for the European Union Carbon Border Adjustment Mechanism (CBAM), which aims to prevent carbon leakage by equalising the carbon price of domestic products versus imports. In its transitional phase, which began in late 2023, only certain products are affected. This includes steel, which we use for our cylinders. Much like CSRD, CBAM preparation has been a joint effort between several departments, in this case Public Affairs, Procurement, Sustainability, Ethics & Compliance and Tax. Having the ability to work effectively across functions is very important and we have benefitted from the opportunity to practise this.

Gathering energy transition momentum

2023 was a year of significant progress in the energy transition. One key step was the establishment of the Global Biofuels Alliance, an initiative launched at the G20 by its chair, India. This multi-stakeholder alliance brings together governments, industry representatives and international organisations – including the biggest consumers and producers of biofuels – to pursue a common goal: positioning biofuels as a key part of the energy transition and driving their development and deployment. The World LPG Association, which SHV Energy actively supports, is a founding member of the Global Biofuels Alliance.

Promoting industry competitiveness

In 2023, two landmark European Union (EU) acts were announced related to industry competitiveness and net-zero technologies. The first, the Green Deal Industrial Plan, aims to enhance the competitiveness of Europe's net-zero industry and accelerate the energy transition. It is designed to help scale up the EU's manufacturing capacity for net-zero technologies and products, with a simplified regulatory environment sitting at the heart of the plan. The Net-Zero Industry Act, which stems from the Green Deal Industrial Plan, aims to increase the EU's manufacturing capacity of energy transition technology. Both EU acts were inspired by the United States of America's Inflation Reduction Act, which was announced in 2022. These similar climate policies offer funding, programmes and incentives to accelerate the transition to a cleaner energy economy. SHV Energy supports these decisive actions in their bid to accelerate the energy transition.

As off-grid renewable gases and recycled carbon fuels can play a significant role in this acceleration, it is important that all renewable gas production pathways and related technologies are recognised in these industrial policy frameworks to support their development and uptake. The Net-Zero Industry Act could, for instance, assist in speeding up permitting procedures and cutting administrative red tape. This will help to diversify supply, ensure supply security and maximise production.

Keeping abreast of rapid technological development

2023 saw a boom in artificial intelligence (AI) technology, with interfaces such as ChatGPT seeing a huge growth in users. Many members of the public and businesses began to explore how AI could help them make efficiency gains for the first time. For several years now, SHV Energy has harnessed the power of AI in several areas of its business.

For example, our Innovation team uses AI to improve our customers' experience. One such application is a cylinder forecasting model based on machine learning and AI, used in Primagaz France to plan deliveries. This model can be readjusted and fed new data on a daily basis to continuously improve its forecasting. It means that we have a better understanding of when customers require new cylinders, based on their unique usage, reducing the likelihood of delivering to customers who are already fully stocked and lowering the risk of selling out of our products. As well as improving the experience of our customers and delivery drivers, using this AI-based model has positive sustainability, efficiency and cost implications. We continue to explore new opportunities to apply technology like AI to improving the customer experience.

Our Cybersecurity team also uses an AI tool for continuous threat exposure management. This tool scans for risks, prioritises them based on likelihood and potential impact, and provides instructions to remediate the vulnerability. Its implementation has saved us up to 40 hours of manual work per week.



Stakeholder engagement

As a group of companies that focuses on value creation, stakeholder engagement is critical to the success of our businesses. We continuously engage with our stakeholders through a range of channels and use their input to create, validate and improve our sustainability strategy. We often work alongside our businesses to engage stakeholders such as customers, employees and suppliers.

Our key industry associations and initiatives



Stakeholder group	Channels of engagement	Discussion topics in 2023
Employees	Meetings Newsletters Polls and questionnaires Speak Up Sustainability report Councils Yammer (social networking platform) Videos	Code of Conduct Collaboration Company strategy and results Compliance register Health & Safety Awareness campaigns Trade compliance
Customers	Conference calls Newsletters Social media and campaigns Calls and meetings	Company strategy and results Product safety Research and development Sustainable fuels
Suppliers	Audits Contracts Direct correspondence Supplier Code of Conduct	Health & Safety Supplier Code of Conduct Sustainable supply chain
Regulators/government authorities	Collaboration initiatives Conferences Direct correspondence Meetings Calls and meetings Consultations	Energy transition Innovation Investments Product safety Regulatory issues Sustainable fuels
Local communities	Meetings Social media and campaigns	Impact on society Product safety
NGOs	Collaboration initiatives Conferences	Company strategy and results Energy transition Innovation Product safety
SHV Holdings family	Meetings	Company strategy and results Investments

How we create value

Double Materiality Assessment

As part of our commitment to Corporate Social Responsibility and sustainability, SHV Energy undertook our first Double Materiality Assessment (DMA) in 2023, a critical milestone in our journey towards compliance with evolving regulatory standards and enhancing sustainability reporting practices. Drawing on established frameworks such as ESRS 1 and ESRS 2, SHV Energy embarked on a comprehensive evaluation of ESG topics, aiming to identify material issues and assess their dual impact on financial performance, as well as broader societal and environmental domains.

Understanding double materiality

By scrutinising sustainability impacts and risks, this assessment aimed to refine and update the materiality matrix established in 2020. Crucially, the findings of the DMA serve as a compass for strategic decision-making, empowering SHV Energy to manage its ESG-related impacts and risks effectively.

This assessment is an ongoing process integrated into the risk assessment cycle, ensuring continuous improvement and alignment with sustainability objectives. The significance of this initiative is underscored by its role as a key input for sustainability due diligence, reinforcing SHV Energy's commitment to transparent and responsible governance practices.



Perspectives on materiality

The assessment explored ESG topics from two distinct perspectives:

Financial materiality: Assessing the influence of ESG factors on cash flows, development and overall performance.

Impact materiality: Identifying the tangible effects of SHV Energy's operations on people and the environment, encompassing both positive and negative outcomes. Assessing the external influence of ESG factors on cash flows, development and overall business performance.

Methodology of the DMA

SHV Energy employed a rigorous three-phase approach in line with ESRS requirements as defined by EFRAG in the first quarter of 2023:

Phase 1: Compilation of a comprehensive topic longlist, subsequent shortlisting, and mapping along the value chain to assess relevance and stakeholder impact.

Phase 2: Assessment of each ESG topic's financial and impact materiality, incorporating insights from our local businesses.

Phase 3: Consolidation of results into a matrix, validation with internal and external stakeholders, and endorsement by the Management Board, ensuring transparency and inclusivity in decision-making.

EFRAG launched new guidance for the DMA in December 2023, which will be taken into consideration to refine our DMA methodology as input for future reports.

Throughout the assessment process, SHV Energy actively engaged general stakeholders through consultations, workshops and feedback sessions, fostering a culture of collaboration and trust.

Key findings

The DMA identified strategic and material topics to prioritise in SHV Energy's business strategy and ESG approach. These topics are reflected in the subsections underneath chapter four, 'Sustainability performance':

Environmental

- Climate change
- Circular economy

Social

- Health & Safety
- Talent attraction, development and retention
- Diversity & Inclusion
- Customer experience
- Access to cleaner energy

Governance

- Anti-bribery and corruption
- Cybersecurity
- Innovation and technology
- Political engagement

The identification of new material issues – notably access to cleaner energy – underscores SHV Energy's responsiveness to evolving societal needs and regulatory requirements.

In conclusion, SHV Energy's first DMA underscores its proactive stance towards sustainability, embedding ESG considerations into its strategic and operational frameworks. As SHV Energy advances its sustainability agenda, the DMA will inform the organisation's ESG strategy, driving resilience, innovation and positive societal impact.

Sustainability performance



Environmental



Climate change

How SHV Energy approaches climate change

To meet our goals in CO2 reduction and long-term value creation, a unified CO2 reduction strategy across SHV Energy is essential. The SHV Energy head office in Hoofddorp, the Netherlands, leads this effort, supported by Sustainability Leaders across all our businesses. The heart of our approach to climate change and 'Advancing Energy Together' requires all of our employees to play a role.

To manage the material impacts, risks and opportunities related to climate change, we look at two distinct areas that are closely related: climate change mitigation and climate change adaptation. We conduct a yearly risk assessment and bi-yearly materiality assessment to establish where climate change sits amongst our most important business risks. This helps guide our policies for energy efficiency, renewable energy deployment, technological developments and customer behaviour.

Our climate change ambitions

We continually lower our CO2 emissions, but we have taken this further by aligning with the Paris Agreement, compatible with limiting global warming to 1.5 Celsius degrees. We used the Transition Pathway Initiative (TPI) to produce our new CO2 reduction targets. The TPI's assessment approach covers the whole lifecycle of energy sold by SHV Energy. Science Based Targets initiative (SBTi) applies sector-specific guidance, but oil and gas sector guidance has not been published yet. Once it is available, we aim to align with SBTi.

Our achievements at a glance

1

We held an Open Innovation Challenge to lower our Scope 1 and 2 emissions and worked together with five outstanding startup companies.

2

We placed renewed focus on climate change mitigation by preparing the foundations for a new climate mitigation strategy aligned with the Paris Agreement, and climate change adaptation by aligning with the Task Force on Climate-related Financial Disclosures (TCFD).

3

We also embedded CO2 reduction plans in our businesses, each with specific targets for the next three years.



»This project shows that operational improvements can go hand in hand with cost savings.«

MARTIN SVENSSON, TERMINAL AND OPERATION MANAGER, PRIMAGAZ SCANDINAVIA

IMPACT STORY

New heat exchanger at Primagaz terminal powered by sustainable district heating

Primagaz in Sweden recently invested in a major upgrade of its terminal in Karlshamn – a strategic location for LPG imports/exports and distribution in the country – by investing €1 million in a new heat exchanger-powered sustainable district heating network.

It can reduce the cost to power the heat exchange by 38% and increase the productivity flow rate by approximately 20%, but the most impressive benefit of the new heat exchanger is that by using district heating instead of LPG as fuel, the terminal reduces its CO2 emissions by 99.6%, which translates into 3,770Mt/year of CO2 savings. This is equivalent to taking 815 fossil fuel cars off the road or planting 62,833 trees.

»District heating for our heat exchanger benefits our operations from both an environmental and economical perspective.«

OLA SVENSSON, PLANT MANAGER, PRIMAGAZ SCANDINAVIA



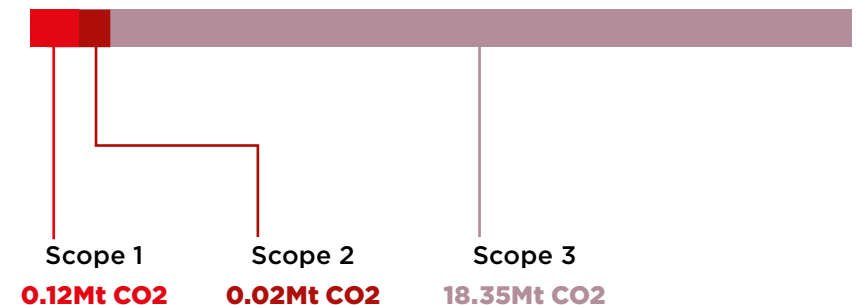
Our performance at a glance

CO2 emissions in 2023

18.5 million

tonnes of CO2 emissions

Total carbon footprint: 18.5 million tonnes



We will use the GHG Protocol as a guiding principle to adjust our ambitions to account for future developments, such as divestments and acquisitions, and how that impacts our CO2 emissions. An important change in our approach towards CO2 reduction is that we stopped using our so-called carbon impact, which involves offsetting our CO2 emissions by considering the effect of our products or services on our customers' carbon footprint. We raised our ambition levels in our climate change mitigation strategy and embraced the TPI to align our reporting framework with the widely accepted Paris Agreement.

To comply with the CSRD, we developed a CO2 reduction roadmap that includes CO2 reduction interventions. Where possible, our climate change mitigation strategy avoids using carbon credits. To achieve net zero, we aim to inset and reduce all the CO2 emissions we can, only offsetting residual emissions as a final resort.

Mitigating negative impacts in our value chain

We began aligning with the CSRD in 2023 by investigating what types of energy it considers. SHV Energy discloses absolute Scope 1, 2 and 3 emissions, with relevant Scope 3 categories for SHV Energy being:

- Purchased goods and services
- Fuel- and energy-related activities
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Downstream transportation and distribution
- Processing of sold products
- Use of sold products
- Franchises

Our continued focus on Scope 3 led to Scopes 1 and 2 being overlooked in comparison, so we increased our focus on 1 and 2 in 2023. In October 2022, we launched an Open Innovation Challenge to ask startups and scaleups to help lower our Scope 1 and 2 emissions, as we can influence these emissions directly. Numerous startups reached out, leading to five finalists being selected to work with us and at least one of our businesses testing their solutions.

For example, in 2023, we tested two technologies in our Italian business Liquigas. One of these technologies converts trucks from requiring diesel to run on around 50% LPG. Although this is an early-stage technology, there was a 15% reduction in CO2 emissions in the pilot and a significant reduction in the cost of operating the trucks. The second innovative technology involves installing a specific kind of solar panel on top of our trucks. This means that part of the electricity required by the trucks is generated in a self-sustaining system, reducing fuel consumption by 8-10% while idling, and 4-6% reduction while driving.

At the end of 2023, we discussed the challenge's outcomes and assessed their scalability so that more of our businesses can use their innovations. Encouraged by the measured success of the pilot projects, several of our businesses have also engaged with the startup companies.



»Heading towards a more sustainable way of transport, powered by HVO diesel.«

KOEN DE BOOSER, LOGISTICS
AND S&OP MANAGER,
PRIMAGAZ BELGIUM

IMPACT STORY

Primagaz Belgium drastically reduces CO2 emissions from secondary transport thanks to HVO diesel

To achieve a CO2 emission reduction in secondary transport (transport from the depot to the customer), Primagaz set up a pilot project from November 2022 to April 2023 with one of the transporters. This includes installing a 5,000 litre tank system to refuel HVO diesel at the transporter's depot.

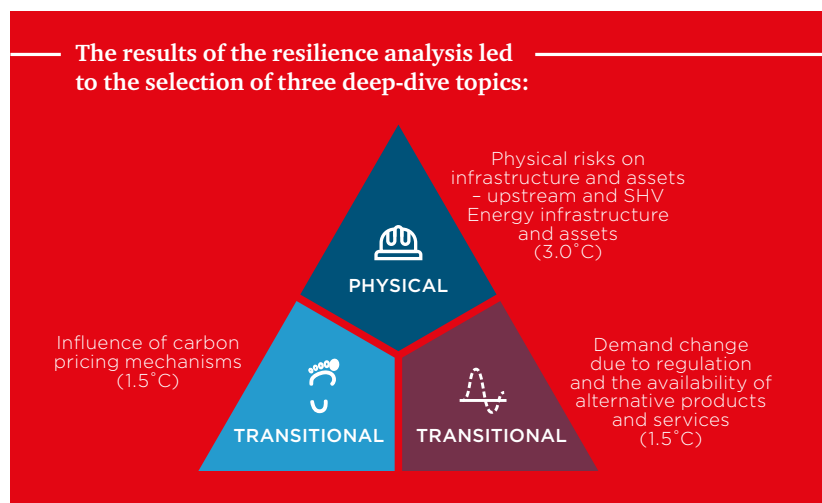
Three bulk trucks drove about 65,000km during this period with HVO diesel (in this case transport from the depot to the customer). This resulted in a total CO2 reduction of 14 tonnes of CO2 during the pilot.

Climate risks and opportunities

A compounding factor to mitigation is that climate change is already happening, challenging our ability as an organisation to adapt to volatile external circumstances. To build our climate change adaptation policies, we will conduct a climate change risk and opportunities assessment as a first step.

The TCFD, or Task Force on Climate-related Financial Disclosures, helped us identify the main climate-related risks and opportunities in our value chain. These include physical risks on our logistics, transitional risks such as carbon pricing, and changes in customer behaviour from new technological developments.

In 2023, we looked at two different scenarios for physical and transitional risks. One scenario stayed within a 1.5 degrees Celsius increase in temperature, and the other was an increase of 3 degrees Celsius. The former involves plenty of transitional, law-related risks to stay within the target, whereas the latter increases physical risks resulting from climate change. This does not solely concern our organisation, but our whole value chain: upstream, midstream and downstream.



We conducted a qualitative climate risk and opportunity assessment. The next step in the process is conducting a quantitative climate risk and opportunity assessment, which will provide more insights into the financial effects of each scenario on SHV Energy.

Understanding the requirements of the CSRD and starting preparation for assurance was a challenge, but also provided an opportunity. We have always tried to align with the most important frameworks that concern CO₂ emissions, although regulatory clarity on how we should be doing this has been lacking. With the CSRD, we have the years between now and 2026, when it comes into effect, to understand what is expected from the company.

From the TCFD assessment we conducted, the opportunity that is perceived to be the most important is developing and/or expanding new products and services.

Exploring innovative technologies and solutions in areas such as carbon capture and storage (CCS), hydrogen production and biofuels can position the company as a leader in the transition towards a lower-carbon economy. By investing in sustainable technologies, SHV Energy can adapt to evolving market trends and regulatory requirements.

In 2022, SHV Energy entered a new strategic partnership with LanzaTech, which will involve employing LanzaTech's carbon capture and transformation technology to bring renewable propane and other sustainable fuels to the market via existing and novel pathways. Examples such as this display SHV Energy's ability to increase collaboration with technology providers, governments and other stakeholders to foster innovation and develop new applications for LPG. For example, supporting research and development in LPG-powered vehicles or LPG-based microgrids can help expand the usage of LPG in sectors beyond traditional heating and cooking, creating new business opportunities.



Our next steps on climate change adaptation and mitigation

All members of the SHV Energy Management Board are expected to have an appropriate level of understanding of sustainability-related issues, as sustainability is integral to our strategy. Climate-related factors are taken into account for remuneration, with Scopes 1 and 2 included in the bonus goals of our businesses' managers. We track Scope 1 and 2 emissions separately. Our businesses each have specific targets and reduction plans in place for the next three years.

2023 was a year of significant development in this regard, as we previously had less oversight of our businesses' emissions due to our decentralised model, but we now have sufficient data to closely track and follow up on the progress they make.

Therefore, moving into 2024, our aim is to decentralise authority in SHV Energy's approach to sustainability, transitioning from only sustainability management with responsibilities to a wider range of employees working in specific business functions having sustainability responsibilities. New SHV Energy employees receive materials from our sustainability awareness campaign, helping them understand that anyone in the organisation can contribute, not just sustainability managers or leaders.

We will also continue our focus on reducing Scope 1 and 2 emissions via a strategic programme to devise new CO2 reduction targets based on what each of our businesses is doing to decarbonise. As the largest proportion of our CO2 emissions, we will also continue addressing Scope 3. We need to work together with Supply and Risk Management to look at upstream emissions, but also customer-facing downstream departments such as sales in our Futuria Fuels and Renewable Solutions businesses.



Circular economy

The topic of circular economy was highlighted by our Double Materiality Assessment, which identified material topics requiring inclusion in SHV Energy's sustainability reporting.

We have established two priority areas regarding circular economy: the impact we create by generating pioneering rDME from municipal waste, and the impact of the steel quantity required to produce bulk tanks and cylinders.

SHV Energy does not currently have any strategies, policies or targets in place related to circular economy. However, this topic was raised as strategically relevant during our Double Materiality Assessment.

We will utilise the waste hierarchy to understand and address these priorities, and our aim is to start work on further understanding these impacts in 2024.

The waste hierarchy

PREVENTION

REUSE

RECYCLING

RECOVERY

DISPOSAL



»Super Recolhe repurposes harmful waste residue for biodiesel production, investing 100% of revenue into local communities.«

GABRIEL RODRIGUES ROMERO,
SUSTAINABILITY MANAGER,
SUPERGASBRAS, BRAZIL

IMPACT STORY

Super Recolhe: from waste to energy

Super Recolhe is a used cooking oil recycling project that avoids discarding a harmful residue to the environment, particularly into surface and sea water, and converts it to cleaner energy. Super Recolhe uses this residue as a feedstock for biodiesel production.

The pilot started in March 2022 with the first phase involving 10 bulk customers from bars and restaurants. The first phase was concluded in February 2023 with 1000 litres of oil collected, avoiding the contamination of 25,000,000l of water. Supergasbras also partnered with the NGO Ação da Cidadania to distribute 500 meals to the Quilombola Community Santa Luzia, located in the pilot area (Porto Alegre).





Social



Health & Safety

How SHV Energy prioritises health, safety and well-being

The safety of our employees and those who work on our behalf is our number one priority. The topic of Health & Safety (H&S) is managed by our global H&S team, based at our head office in Hoofddorp, the Netherlands, and the local H&S teams in each of our businesses. Safety is the first topic on the agenda of every Management Board meeting.

The CEO, board members and all managers in our businesses are responsible for implementing our H&S policies, ensuring accountability throughout the entire SHV Energy organisation and adherence to LPG industry standards.



Our achievements at a glance

1

All our businesses adopted SHV Energy Health & Safety Global Standards, KPIs and a common governance structure to manage H&S.

2

Our filling plants and terminals were all assessed locally for operational discipline and process safety, with improvement plans implemented where necessary. The independent Operational Discipline & Process Safety (ODPS) audit programme continued throughout the year.

3

We embedded a risk-based occupational health programme focusing on risk assessments, exposure assessments, health surveillance and human factors engineering. We also rolled out an occupational safety programme focusing on risk assessments, job safety analyses and safety competence.

Our performance at a glance

Safety risk management in 2023

5,721
leadership tours planned



96%
completed
against plan

752
audits planned



99.73%
completed
against plan

184
corrective actions raised



81%
corrective actions completed
so far, 100% of corrective
actions are on track

Training



51,713
H&S training sessions
attended by workers

Product safety in 2023



100%
of our product and service categories
covered by and assessed for compliance
with product safety procedures



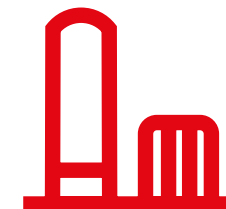
LPG
cylinders



LPG
tanks



LPG
bulk



LNG
installations



»Combining health and safety with sustainability reflects our mindset that every life matters, both now and for future generations.«

**VIJAY ASANANI, SENIOR EXECUTIVE
ENVIRONMENT, HEALTH & SAFETY,
SUNSOURCE ENERGY, INDIA**

IMPACT STORY

People-centred projects: SunSource Energy's values in action

At SunSource Energy, any project that stands tall today is not bricks and mortar, but its people. We live our values of putting people at the heart of what we do, every day in every project.

Contractors play a key role in any project, and their H&S performance is of utmost priority for us. It is essential that we involve them in all H&S activities to achieve our goal "Zero Incident, Every Day".

A 100MW project would require an average workforce of 320 a day, for example, and ensuring every one of them reaches their homes safely is our dictum.

We know that H&S excellence happens when everyone, regardless of their position, is a H&S leader. Everyone who works for us is empowered, encouraged and expected not to work in unsafe conditions, or any conditions that they believe may be unsafe. Our ultimate ambition is to have zero incidents.

SHV Energy's Global Health & Safety Policy states that we sustain safe, secure and healthy working conditions for all who work with and for us, and that our business is based on high-quality, safe and environmentally responsible products and services that meet or exceed customer expectations. We continuously improve our performance and actively manage all H&S risks in our business through our six 'Engines for Change':

- Visible H&S governance
- Visible felt leadership (VFL) roadmap
- Operational discipline and process safety
- Cultural change programme
- Occupational health and safety
- Incident and near-miss reporting alignment, reporting and investigation

Promoting health and safety in our workplaces

We ran our annual Global Health & Safety Week as usual in 2023, with specific plans for each of our businesses throughout the week of activities. Each business in the SHV Holdings group holds this themed week simultaneously each year. Although the subject matter is serious, the activities are designed to be engaging and enjoyable; some businesses hold events that include employees' families.

Following our Global Innovation Challenge in 2022 on transport and manual handling to reduce transportation incidents, we reviewed several solutions currently available in the market, shared the outcomes with our businesses and gave them the flexibility to review and search for local solution providers. We ended this Innovation Challenge as of March 2023 and revised our standards to include the outcomes. The revision will be released in the first half of 2024 after consultation with our businesses.

Accident and incident reporting

Accident and incident reporting relies first on an appropriate identification process. 100% of SHV Energy employees are covered by the SHV Energy Global Health & Safety Policy. The biggest challenge we faced in 2023 was continuing to reduce injury rates in our operations. This mostly concerns how we manage incidents and ensure that our workforce knows how and when to report, depending on an incident's severity. Our investigation procedures are dependent on incident severity. Beyond our own workforce, we disclose information on H&S coverage for non-employees on a quarterly basis.

With the hindrances of COVID-19 waning, we could visit facilities to gain assurance on global health and safety programmes again in 2023. Terminals and cylinder filling plants were assessed, with improvement plans implemented where necessary. The independent Operational Discipline & Process Safety (ODPS) audit programme continued throughout 2023, allowing us to verify the H&S assessments of our businesses. Risk assessments are in place to limit material negative impacts on our workforce, and each of our businesses has its own improvement plan in this regard.

SHV Energy places great emphasis on preventing harm to its workforce. If we purchase any service or material globally, the Group H&S function is involved in risk assessments.

Our risk assessment procedures are site- and task-based. SHV Energy has a Health & Safety Risk Assessment procedure and analyses the effectiveness of its actions to prevent incidents via actions tracking and verification, as well as audit follow-up in EcoOnline, our health and safety incident management system.

EcoOnline provides a central database for all the different incident event types that can occur, and easy access for quickly reporting them on a desktop or mobile phone app. All incidents are marked as work-related or not, and all incidents involve an injury record of the person types involved, such as employee, contractor, agency or third party.





If negative impacts on our workforce do occur, we have a Health & Safety Risk Assessment process, Business Continuity Plan (BCP) and Crisis Management Plan to consult. Our Incident and Near Miss Management Procedure applies at all SHV Energy locations and our businesses are committed to following this procedure. We also have global H&S KPIs focusing on leading and lagging indicators, including visible governance of health and safety, improving transport safety, prevention of incidents and achieving zero overdue actions.

To recognise positive H&S behaviours, we give Recognition Awards to our businesses. We also continued our cultural change CARE campaign in 2023 to focus on embedding CARE principles into colleagues' work activities at all levels of SHV Energy, including new starters and key contractors. We have implemented a programme of Group CARE audits and our businesses agree SMART action plans with Group H&S to ensure accountability.

Looking ahead

In 2024, each of our businesses will produce a new H&S plan, which will be reviewed and approved by Group H&S. This structured framework will help us to effectively manage risks and promote a safe and healthy workplace. We will also simplify our root cause analysis tool, which is integrated into our online incident management software EcoOnline, to make it easier to understand and thereby promote its use.

Another area of focus will be H&S training and competency across the organisation. To deliver this training to the appropriate target audience, we will deliver the minimum training and competency requirements for the H&S professionals in the first stage; this will then be extended to safety critical roles gradually. This training will help us to optimise our incident and near miss management, as well as how we report and learn from recordable incidents.



Talent attraction, development and retention

How SHV Energy approaches talent attraction, development and retention

Strong talent attraction, development and retention equips SHV Energy to realise its ambitions and succeed in the long term. We work hard to ensure we have the best people with the relevant skillsets in the right roles to tackle the challenges of the future.

Our Human Resources (HR) strategy is based on three key elements vital for our long-term success: development, engagement and attraction, and Diversity & Inclusion for growth. At its core, our approach to talent management is based around knowing our people and investing in their development. Development can be summarised as ‘building capabilities’. This involves identifying and nurturing essential skills for strategic execution. Employee life cycle (“Hire to Retire”) is a priority in our HR strategic planning. Initiatives such as employee engagement surveys, fair pay commitment and robust succession planning make a difference in making SHV Energy a great place to work.

Developing and retaining our talent

Our development programmes are all aligned with our values: integrity, trust, curiosity, inclusivity and passion. Putting these values at the heart of our activities ensures a consistent approach across our businesses and reinforces the connection between our daily operations and our overarching mission.

Our achievements at a glance

1

We continued to promote a high-performance culture by recognising our internal talents. In 2023, we filled 40 senior leadership positions with around 80% from within, which underscores our dedication to talent growth.

2

A remarkable development initiative made a difference for SHV Energy’s senior leadership. CEOs and C-level management across the globe engaged in broad assessments, marking a significant contribution to improving leadership practices in our organisation.

3

We partnered with Rotterdam School of Management to design a mini-MBA programme linked to our energy transition ambition. The programme addresses financial acumen, strategic planning, business acumen and leadership capabilities.



»The people strategy of the Adriatics is well connected with the business strategy and is strongly sponsored by leadership at every single stage.«

MELTEM OKTARESKARA, PEOPLE & CULTURE DIRECTOR, SHV ENERGY, THE NETHERLANDS

IMPACT STORY

SHV Energy in Adriatics is unifying cultures, strategies and talents

2023 marked an important transformation journey for the Slovenian, Croatian and Bosnian entities of SHV Energy as we started working as one Adriatic team, bringing unique aspects of our diverse cultures, expertise and perspectives together.

As part of this unified approach, we reviewed our strategic goals and business opportunities – as well as optimised how we share sources and assets – to enrich our power in the region.

We believe that business transformation is not possible without strong leadership commitment. A new Adriatic-level management team – and extended leadership teams at both the region and country levels – was established to foster alignment with strategic priorities and initiatives.

Our performance at a glance

Our employees in 2023



Employee training in 2023



Hiring in 2023



At SHV Energy, we open space for people to grow. We respect, acknowledge and recognise our people that make a difference to our business. For retention, we focus on creating a safe workplace environment that supports employee well-being. This includes comprehensive compensation initiatives and policies aimed at fostering a satisfying and rewarding work experience. These retention strategies are integral to maintaining a motivated and committed workforce, ensuring that we not only attract top talent but also retain it effectively.

Attracting and retaining top talent is crucial for maintaining our dynamic and committed workforce. Talent management is not just a HR function, but a strategic discussion involving all leaders that is embedded in our organisational agenda. We actively engage in talent mapping to identify successors, emerging talent and individuals with high potential within our organisation. This process is crucial for ensuring that we have a clear view of our talent landscape and can strategically plan for future leadership and skill needs. By identifying potential successors for key roles, we ensure business continuity and align with our objective of nurturing our internal leadership pipeline.

As part of this talent mapping process, we proactively identify high-performing individuals with potential for career advancement through a standardised global approach, with a focus on critical roles. This is linked to our high level of internal promotion.

Our talent attraction and employee development strategy

To manage the material impacts, risks and opportunities related to our workforce, SHV Energy has developed a robust HR strategy that is continually updated to reflect the evolving needs and dynamics of our workforce. The HR strategy comprises four strategic projects:

- **Building capabilities:** We defined eight core capabilities (business acumen, leadership behaviours, strategy and planning, digital and analytics, governance and compliance, social purpose, customer experience and operational excellence) across our businesses and developed training programmes to support them. We provide specific training that depends on role type.
- **Courage to lead:** More than 600 leaders at SHV Energy have already participated in our leadership programmes. We focus on leadership behaviour that aligns with our purpose and values to enhance engagement and leadership development.
- **Employee value proposition (EVP):** A 'glocal' (global and local) push to strengthen our employer brand through engagement, retention and development. We track our EVP success using our employee net promoter score as a standardised measure across all our businesses. We placed significant focus on projects related to enhancing our EVP in 2023, which directly impacts employee engagement. Future initiatives will further develop and refine our EVP to align it more closely with employee needs and market trends.
- **Digital workplace:** Leveraging digital tools to enhance the employee experience, with a focus on enterprise resource planning and human resources systems.

We have introduced a variety of programmes to strengthen capabilities, such as our Logistics Excellence Academy, a digital and business transformation academy.





Engaging with our workforce

SHV Energy operates as a decentralised company, emphasising local senior management teams' engagement with the workforce through our purpose and values, which connect with our management practices. Our HR community, including all HR Directors, facilitate the sharing of best practices to enhance engagement.

Our employee net promoter score reflects strong global engagement with our employees. Engagement is primarily managed locally by HR Directors, but we have global guidelines to ensure alignment with our overarching strategy.

We conduct an engagement survey to gauge the general sentiment of our employees and assess the effectiveness of our engagement with our workforce. While our businesses operate autonomously and may have their own unique engagement practices, we recognise the importance of direct dialogue with workers and their representatives. The extent, timing and methods of such engagement can vary by region. This decentralised approach allows each business to adapt their engagement practices to local needs and regulations. Strengthening direct engagement with our workforce globally is an area we aim to improve in, and it is on our agenda for strategic development.

Employee well-being

Specific businesses have their own practices for gaining insight into the perspective of people from more vulnerable groups. Our 'blue card' initiative, implemented globally, provides employees with a tool they can use to communicate that they don't feel respected in a certain situation.

Initiatives such as employee engagement surveys help us to understand and respond to the concerns of our employees. Through our various leadership development programmes, we enhance the strengths of our leaders and future leaders, which helps to mitigate negative impacts on our workforce. Strong leadership plays a crucial role in addressing employee concerns and fostering a positive work environment.

It is crucial for us to create a workplace where our employees feel emotionally safe and treated with respect, and we strive for a culture where different views are heard. Alongside measuring our employee net promoter score, we have global guidance to measure emotional safety in our organisation and promote this culture locally through relevant initiatives.

We strive for an open culture where all employees feel comfortable raising any concerns about our policies, Code of Conduct or the law being breached or potentially breached. Employees are encouraged to speak directly to the person involved where possible. If this is not possible, the next step is to approach their manager or a member of their local HR or Ethics & Compliance team, or to use the Speak Up helpline. Speak Up is described in more detail in the 'Anti-bribery and corruption' chapter of this report under the subheading 'Reporting anti-bribery and corruption concerns'.

We believe that retaining employees relies on creating the right working environment, which includes fair pay, good leadership and positive opportunities for career growth. The primary factors that can potentially damage workforce satisfaction include poor working conditions, non-compliance with local laws, inadequate leadership, and an unfavourable workplace environment. Addressing these aspects is crucial to avoiding or mitigating negativity within the workforce.



Diversity & Inclusion

How SHV Energy approaches Diversity & Inclusion

Diversity and Inclusion (D&I) is not only our responsibility as an employer, but key to our businesses' success and results. We know that diverse teams are more creative, more innovative, better understand our customers and stakeholders, and have stronger analytical and problem-solving capabilities.

Our company is committed to the welfare of our workers and we have established specific principles to eliminate discrimination and promote a culture of equal opportunity, diversity and inclusion. These principles are set out in our Code of Conduct Policy under our Workers' Welfare document, which is part of our onboarding process.

These principles are as follows:

- We hire the right people for the job based on equality of opportunity
- We encourage our people to develop personally and professionally
- We provide the right conditions for our colleagues to thrive and develop, and we each commit to our own continuous personal development
- We do not employ people against their will or deprive them of their rights
- We adhere to the legal minimum age requirements and labour laws of the countries we operate in and we do not employ children under the age of 16. We comply with International Labour Standards.
- We treat everyone with dignity and respect
- We support diversity and inclusion
- We have zero tolerance for harassment and discrimination, including culture, nationality, race, religion, gender, disability, association, sexual orientation or age
- We ensure that working hours and remuneration are fair, just and in compliance with the law
- We respect individual rights to freedom of opinion and association

Our achievements at a glance

1

We continued to embed D&I across SHV Energy through strengthening our D&I task forces and creating a dedicated information source for this subject.

2

Our fair pay analysis progressed as planned, with significant ground covered in 2023. We are on track to take action and prepare for reporting in 2024.

3

We worked on increasing our female representation in senior positions and representation of different nationalities in management team composition in our local businesses.



»Empowering women in leadership roles fosters diversity, innovation and organisational resilience.«

**AJAY SANGHI, CEO,
SUPERGAS, INDIA**

IMPACT STORY

Diverse voices, unified vision: a narrative of inclusion and belonging

In an era where diversity and inclusivity are increasingly vital components of corporate culture, our company embarked on a transformative journey by recruiting and empowering women in leadership positions. This decision not only reshaped our organisational structure and cultivated a culture of inclusivity, but fostered innovation, creativity and growth.

The Supergas D&I roadmap includes targets to employ women in 15% of both leadership and frontline positions – as well as 10% in mid-level positions – by 2025. With a focused and consistent approach, Supergas accomplished the 15% targets in senior and frontline positions in 2023, while women in mid-level positions were only short of the 10% target by 1%.

Each of our businesses is responsible for translating our global D&I strategy into actionable local governance, with monitoring mechanisms that respect and incorporate the nuances of their local culture. Our global HR team provides each local team with support in creating its own D&I roadmap, which must be reflective of its unique context. This support includes a custom toolkit. This system ensures that the D&I strategy is global in its vision, but local in its application and impact.

Inclusivity is one of our five values (alongside integrity, trust, curiosity and passion). Alignment with our values and our purpose (Courage to care for generations to come) guides every initiative run by our HR team. Our HR strategy is based on three key elements vital for our long-term success: development, engagement and attraction, and diversity and inclusion.

Diverse working environment

SHV Energy's approach to D&I has focused predominantly on two metrics. The first is the proportion of senior leadership positions held by women (with a target of 30% by 2030). In 2023, we achieved 28%. The second metric is the proportion of senior management team members coming from underrepresented nationalities (with a target of at least two different nationalities present on each local management team). In 2023, 85% of senior management teams achieved this target.

This approach was underpinned by the belief that focusing initially on gender and nationality would indirectly improve the representation of other underrepresented groups. In 2023, we laid the groundwork for a new, broader D&I strategic agenda for SHV Energy, which we expect to launch in 2024.

We also created a new set of SHV Energy D&I guidelines that are specific to our company. For example, the lack of representation of women is a challenge across the energy sector, where women still constitute a significantly smaller share of the workforce. The guidelines are designed to help foster, encourage and cultivate a culture of inclusion across all our businesses. They include definitions of inclusion-related terminology, an explanation of SHV Energy's perspective on the many benefits of prioritising D&I, guidance on how to behave and speak inclusively, personal anecdotes from our employees and examples of what inclusivity looks like in the workplace.

Inclusion and equal opportunities

In 2022, we began a pilot scheme to analyse fair pay in preparation for upcoming EU legislation. In 2023, we developed this analysis further, including our legal obligations and aligning on what we would like to deliver. We expect to take action based on our findings in 2024.

We continue to run targeted training sessions related to D&I. One training we offer is called 'Taking the stage'. It is targeted at female employees who wish to present themselves as stronger leaders and involves developing communication and self-presentation skills in a supportive environment. A similar 'Sharing the stage' training programme exists for male employees to help them support female colleagues' development.

In 2024, we plan to train local HR teams and hiring managers to recognise and mitigate unconscious bias in the recruitment process. We also plan to build on the foundational D&I training conducted in 2023. These efforts underscore our commitment to fostering a more inclusive and fair hiring landscape across the organisation.

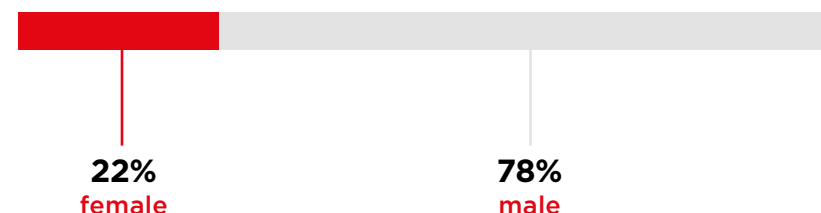
Workforce engagement

We have several methods of gaining insight into people's perspectives in our workforce, including anonymous methods that may be preferable for employees from underrepresented or otherwise more vulnerable groups. For example, our annual employee engagement survey includes six questions related to D&I, which cover an employee's perception of their emotional safety in the workplace. One question asks whether employees feel comfortable voicing their opinions at work.

Our Speak Up mechanism, including the Speak Up helpline, is our central whistleblower programme. It is also available to report concerns related to D&I. The Speak Up helpline can be reached by telephone or through the online portal 24 hours a day, in the local language of the reporting employee. We do not tolerate retaliation to anyone who files a report in good faith. Reports are treated confidentially and can be made anonymously, although we encourage reporters to come forward so we can engage with them directly about their concerns.

Our performance at a glance

Our employees in 2023 **12,956**
employees



We also have a 'blue card' tool that employees can use to communicate that they don't feel respected or that they are concerned about marginalisation, acting as an accessible channel for voicing concerns that might otherwise be unreported.

In addition to these overarching initiatives and processes, some of our businesses have implemented specific practices tailored to address issues faced by minority groups. For instance, Supergasbras in Brazil has established groups focused on minority issues, providing targeted support and advocacy.

We are a decentralised company, so although we have global policies the process of engaging with workers and workers' representatives related to the respect of human rights is led by our local businesses. Currently, SHV Energy coordinates the knowledge-sharing process and promotes alignment, commitment and fairness, in order to build a safe working environment aligned with compliance requirements. We recognise the importance of promoting and safeguarding human rights and their importance for the future of our organisation. This approach reflects our commitment to continually enhance our practices and policies in line with global standards and the well-being of our employees.



Customer experience

How SHV Energy ensures a positive customer experience

Customer experience is critical for the future of SHV Energy. When we consider customer experience, we are generally looking at the end-users of our products and our partners, and assessing how we can best meet their needs and expectations. We also consider how to improve the experience of certain partners, for example our dealers and installers.

Due to the decentralised model of SHV Energy, each of our businesses adapts its customer experience approach to fit its local market.

So far, we have established a global programme around strengthening our customer experience capabilities.

Our Brazilian business Supergasbras has the most mature approach to customer experience, with a team dedicated to understanding customer needs and meeting them. As a result of its customer experience efforts, Supergasbras has seen, among other results, a reduction in customers running out of LPG, an increase in customer loyalty and a decrease in churn. Its net promoter scores have also been rising. Therefore, we have focused largely on exploring how we can replicate or adapt Supergasbras' practices in other markets.



»Facilitating energy efficiency for all, through bespoke solutions that motivate and ease the transition.«

ALI ZARZOURI, RESPONSIBLE FOR DIGITALISATION AND DIGITAL INNOVATION, PRIMAGAZ FRANCE

IMPACT STORY

Primagaz France's energy savings certificates (CEE) platforms project: a key initiative for energy transition

As part of our ongoing commitment to energy sobriety and efficiency, Primagaz France has embarked on a pioneering initiative with the implementation of platforms dedicated to CEE.

The CEE platforms at Primagaz France are designed to facilitate and encourage the undertaking of energy renovation projects among our customers, both private individuals and businesses. They also include additional premium incentives for large-scale projects such as thermal insulation and comprehensive renovation. These extra incentive measures are a testament to our commitment to go beyond expectations – doubling down on efforts to encourage ambitious renovations that have a significant impact on energy efficiency.



Customer engagement and communication

We engage with our customers through everyday touchpoints, such as our customer service function and our delivery. We use their feedback to inform our decision-making. Our businesses' specific processes for handling customer feedback vary but are generally managed by local customer services or customer operations teams. Our businesses' processes for measuring the effectiveness of our engagement with

customers and handling of their feedback also vary and are tailored to the specific needs of each business.

In 2024, we aim to assess these capabilities in our different businesses, develop roadmaps and implement a series of pilot projects that aim to improve customer experience.



Access to cleaner energy

Access to cleaner energy in relation to our business model

The topic of access to cleaner energy and our mission of Advancing Energy Together go hand in hand, as both support our customers in their energy transition. Access to energy is crucial in every market, but in different ways. It entails a safe and efficient service delivery, often under difficult conditions, and secures long-term supply and manages strategic terminal infrastructure.

We want to continue giving our existing and new customers access to cleaner energy; moving them up the energy ladder by switching to cleaner, defossilised reliable alternatives that improve local air quality and increase the health and well-being of communities.

In practice, this entails firstly increasing the number of energy users switching from higher-carbon solid and liquid fuels such as oil and coal to LPG, as well as moving people away from burning wood that negatively impacts both indoor and local air quality – not to mention causes deforestation. Secondly, it includes increasing the share of sustainable fuels in our portfolio. And thirdly, in the area of Renewable Solutions, it is about increasing the number of newly commissioned distributed solar projects and sites, and promoting energy audits for energy intensive industrial energy users through our energy efficiency measuring, monitoring and management business.

Our achievements at a glance

1

We established Futuria Fuels as a dedicated business to lead and manage all SHV Energy sustainable fuels-related activities, showing our commitment to developing our sustainable fuels strategy to our businesses and external stakeholders.

2

We continued advancing our research and development efforts, growing our portfolio with new collaborations via Dimeta, as well as more than 20 further research and development projects managed by Futuria Fuels.

3

We continued to deliver bioLPG (HVO/HEFA) to our customers, making progress in delivering services and solutions that assist the sustainable energy transition. In 2023, we supplied 28kt of product to our businesses.



»This project increased sustainability understanding while providing a macro view of how to support our customers to reduce CO2 emissions.«

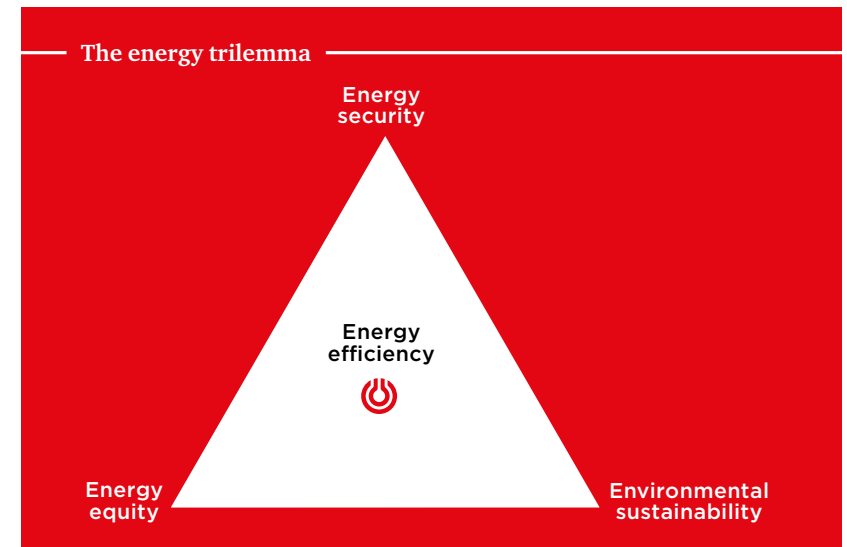
MAURO ROBERTO LESSA
DE AZEVEDO, SALES MANAGER
B2B, SUPERGASBRAS, BRAZIL

IMPACT STORY

Sales team targets to switch customers away from polluting energy sources

Since 2022, the Supergasbras business and sustainability teams began establishing internal targets to gain new LPG customers that were using higher-polluting energy sources such as wood, diesel and heavy fuel oil. By doing this, the sales team began engaging with sustainability concepts, better enabling them to support Supergasbras customers with reducing emissions. Meanwhile, the sustainability team contributed with training for fellow staff about sustainability concepts, as well as a calculator to avoid CO2 emissions.

In 2023, 130 customers were converted with 4.3 kilotonnes of LPG sales, and 12.1 kilotonnes of CO2 avoidance in the value chains of customers.



Our energy mix is a combination of LPG, LNG, sustainable fuels and renewable solutions to power industry heating, domestic heating, transportation and cooking. The majority of SHV Energy's revenue is generated from LPG, but the diverse – and growing – focus on sustainable fuels and renewable solutions is essential to ensuring we care for our planet, people and performance while Advancing Energy Together. We believe LPG is a necessary solution in the energy transition for certain markets. There is not one sustainable energy transition pathway, but different transitions at different speeds for residential, commercial and industrial commercial groups, which also vary based on location.

An example from Supergasbras where LPG plays a role in the sustainable energy transition relates to transitioning customers away from wood to LPG as a more sustainable solution. Brazil is a market where many people use wood for cooking indoors, which can have negative health effects. However, rather than trying to attract customers from competing LPG companies, Supergasbras employees were encouraged to focus on switching customers from more polluting fuels as the net gain in cutting emissions is greater than attracting customers from competitors. Being a good corporate citizen is an essential foundation to enable access to cleaner energy, so Supergasbras also started a pilot collecting used cooking oil to prevent illegal dumping that pollutes waterways, showing our courage to care for generations to come.

Renewable Solutions

The objective of our Renewable Solutions business is to ensure that we have a lasting business for generations to come, all while serving the energy needs of our customers.

As a decentralised organisation, our Renewable Solutions business grows by acquisition. We continue to explore target business models and geographies within our strategy. It currently consists of two businesses: EM3, an Irish energy efficiency company acquired in 2020, and SunSource Energy, an Indian solar company acquired in 2021. EM3 continues to grow rapidly, with high energy costs attracting new customers to its energy efficiency services, while SunSource Energy continues to expand its operational capacity.

Futura Fuels

We established Futuria Fuels in 2023 as a dedicated business to lead and manage all SHV Energy's sustainable fuels-related activities. This is a major step forward in demonstrating our commitment to the sustainable energy transition to our internal and external partners.

Futura Fuels' goal is to develop pathways for the on-purpose production and delivery of viable sustainable fuel to off-grid customers of all our businesses around the world. During 2023, we further strengthened the team to lead Futuria Fuels, working closely with a wide range of stakeholders to steer the scale up of renewable liquid gas.

Bringing together the brightest minds in the LPG industry, academia and technology providers, at Futuria Fuels we are 'all in' on sustainable fuels, innovating on-purpose processes to produce bioLPG, rDME, eLPG, rLPG and H2.

Futura Fuels also aims to encourage fresh perspectives on sustainable fuel production, novel or repurposed fuel production processes, increased yield efficiency and CO2 reduction across the fuel's life cycle.



»We are transforming homes with affordable LPG access to improve people's lives.«

**PAVEL HASAN, DELIVERY MAN,
PETROMAX, BANGLADESH**

IMPACT STORY

Petromax LPG's direct delivery: making cleaner energy easy

In Bangladesh, Petromax LPG is making waves with its new project, Direct Delivery, bringing cleaner energy to homes across the country in a simple, affordable way. But while LPG is a cleaner option, it is often hard to procure and costly for many families.

The Direct Delivery pilot started in Bogura, a rural district in the north of Bangladesh where there is no natural gas connection and traditional polluting fuels are widely used. Direct Delivery cuts out dealers and retailers, bringing LPG straight to people's homes. Skipping the traditional middle steps means we can sell at the affordable price set by the Bangladeshi government.



During 2023, we saw some promising international developments in awareness for needing renewable liquid gas solutions as part of the broader energy mix. One example is the Global Biofuels Alliance launched at the G20 summit in India in September 2023. This unique initiative, bringing together governments, global associations and industry partners, highlights the opportunity and need for collaboration in how sustainable fuels – in all their forms – will support customers around the world to access energy.

Closer to home, we made progress on numerous promising R&D pathways. Our partnership with GTI and Drochaid research has now moved to the stage of preparing for a pilot plant to demonstrate our alcohol to LPG process. This builds on our research and identification of a viable way to successfully convert bioethanol into renewable propane, using a wide range of globally available waste, bio-based and recycled carbon feedstock.

Our portfolio of global academic collaborations also continues to deliver great results. For example, our partnership with Aston University, Birmingham, UK, is developing a promising route to high yield bioLPG production, which was featured in the Fuel academic journal in 2023.

In 2022, we launched Dimeta, our joint venture with UGI International. In 2023, Dimeta continued to accelerate the production and use of rDME as a solution for the off-grid energy sector. There is widespread interest in the broader LPG industry and our global association (the World LPG Association) took an important step in 2023 in validating that rDME can be blended up to 12%.

Dimeta has a wide portfolio of activities in rDME project development. One of these, as previously announced, is with Kew Technology in the UK. During 2023, Dimeta announced further collaborations with MyRechemical – as part of the Sustainable Technology Solutions business led by NextChem (MAIRE Group) – and Enkern. Dimeta was also involved in two successful grant applications for innovative R&D projects for rDME production, as featured in one of our impact stories (see page 09 of this report).

Looking ahead

During 2023, high costs of natural gas and competition from the petrochemical industry, as well high costs of vegetable oil feedstock, proved to be challenging for the supply of bioLPG. This highlighted the need for the accelerated development and scale up of on-purpose production pathways beyond bioLPG. Moving into 2024, Futuria Fuels will continue exploring feedstock, technology and application viability while investing in new energy solutions and technology.



Governance



Anti-bribery and corruption

How SHV Energy approaches anti-bribery and corruption

SHV Energy takes a risk-based approach to all subjects related to ethics and compliance (E&C), including anti-bribery and corruption. We have identified bribery and corruption as one of the most important risks for SHV Energy. We continuously monitor and seek to improve awareness of anti-bribery and corruption at all levels across SHV Energy, and clearly communicate our zero-tolerance policy towards bribery or corruption.

We assess anti-bribery and corruption risks on different levels, including region and business type. SHV Energy has traditionally focused on LPG, but we continue to diversify and expand our business into other areas, including renewable solutions and sustainable fuels. In order to decide on a risk-based approach for managing these new areas, we must understand the E&C risks related to the relevant business and its value chain.

Tone at the top

A strong tone at the top, stemming from a Management Board committed to ethical leadership, is key to maintaining our culture of integrity. Our company's purpose and values are fundamental to SHV Energy's company culture and how we conduct business.

Bribery and corruption prevention

On a global level, we have minimum standards to mitigate the risks related to anti-bribery and corruption. However, we may enhance or amend these standards in specific businesses depending on local legislation, the type of business and the region in which it operates.

Our achievements at a glance

1

We organise so-called validation sessions on E&C topics, including bribery and corruption, on a yearly basis. These sessions provide valuable insights on how the risks may impact the business. With each of our businesses, we perform an assessment and verify the mitigating measures, processes and procedures.

2

Attention is paid to creating the right level of awareness on E&C topics. One of the tools we use is our global e-learning. In addition to the existing e-learning, we developed a new short e-learning on conflict of interest to help employees understand how to recognise potential conflicts of interest and what to do if they perceive one.

3

We continued to onboard the businesses SHV Energy has acquired in recent years by an E&C programme, including our policies and procedures related to anti-bribery and corruption.



»Third-party due diligence ensures we assess and address possible risks that third parties may bring to our company.«

MICHAŁ FALISZEWSKI, LEGAL COUNSEL, GASPOL POLAND & PRIMAGAZ SCANDINAVIA

IMPACT STORY

In pursuit of transparency: GASPOL's anti-bribery measures and employee lottery

At GASPOL, we believe that awareness on ethical conduct can be created in many ways, which is why we came up with a New Year's lottery. In this event, employees who received gifts from customers or suppliers had the chance to contribute them to a company-wide lottery. Before the lottery, an insightful article on ethics and compliance topics, including anti-bribery and corruption, was featured in our internal magazine.

We recognise that responsibility extends beyond our own actions to encompass those of our contractors, and we have implemented a third-party due diligence process to uphold integrity across our network. We screen new parties using a dedicated tool under SHV license, emphasising transparency and ethical standards.

»The employee lottery highlights our commitment to transparent business and compliance principles, celebrating collective successes in the process.«

ARKADIUSZ URBANCZAK, HR DIRECTOR, GASPOL POLAND & PRIMAGAS CZECHIA



Our performance at a glance

Speak Up reports in 2023 **195**

Speak Up reports

100%
Speak Up reports investigated

49%
classified as substantiated or partially substantiated

100%
of cases led to action being taken

Creating awareness in 2023

95%
of target audience completed all ethics and compliance e-learning*

*These e-learning cover our Code of Conduct, anti-bribery and corruption, competition law, trade sanctions and trade controls, privacy and Speak Up.

Raising awareness of anti-bribery and corruption

One of our primary tools for raising awareness of anti-bribery and corruption is our e-learning, which are part of the onboarding pack for new employees. We use these e-learning to help employees understand the risks of bribery and corruption. The e-learning is mandatory for the target audience, which we assess on a risk basis. Everyone in the target audience must complete the e-learning every two years. We strive to have 95%-plus completion rates on e-learning. To raise the awareness of our employees who do not have easy access to our learning management tools, such as employees in our filling plants, we run classroom sessions.

In addition to the mandatory e-learning, each of our businesses plans its own training agenda of various initiatives to create further awareness for target groups. This agenda is then submitted to our Hoofddorp Ethics & Compliance team for review. These initiatives include face-to-face trainings for specific target groups and town hall meetings. They can also include events such as compliance weeks or compliance days. We extend our efforts outside of SHV Energy, for example by addressing E&C, including anti-bribery and corruption, at third-party meetings such as supplier or dealer events.

Our global Code of Conduct, our policies and manuals help employees and contractors make the right decisions and act with integrity and loyalty. We expect our suppliers and other business partners to act according to the same principles and to work collaboratively with us in complying with, and helping us improve upon, these principles. In 2023, we rolled out our new Business Partner Code of Conduct, which complements our existing Employee Code of Conduct and Supplier Code of Conduct in outlining our expectations regarding safety, integrity and sustainability. The Business Partner Code of Conduct extends this clarity of expectations to third parties including agents and dealers. The document is available in multiple languages.

Third-party due diligence

To mitigate third-party risks, our Ethics & Compliance team performs third-party due diligence (TPDD). We screen third parties on bribery risk, corruption risk and sanction risk. We also check for adverse media. Our

TPDD tool allows us to continuously monitor these parties. Depending on the outcome of our TPDD screening, we advise our businesses whether they should proceed with a proposed business arrangement with a third party, and on what mitigating measures need to be in place. We updated our TPDD tool and processes in 2023 and we continuously strive to further strengthen our monitoring of changes in a third party's risk level.

Our TPDD process is not only focused on bribery and corruption risks, but also on other risks, such as sanctions. Our third-party due diligence tool and process help us to identify which new or existing third parties could be impacted by sanctions.

In 2022, right after Russia invaded Ukraine, we chose to stop importing LPG from Russia. Although it was not prohibited at the time, we felt it was ethically the right thing to do. Our business continues to be affected by this choice, especially our Polish business GASPOL as it clearly is a competitive disadvantage. The 12th sanction package, introduced by the EU in December 2023, bans imports of LPG from Russia with a 12-month transitional period.

Reporting anti-bribery and corruption concerns

We strive for an open culture where all employees feel comfortable raising any concerns about our policies, Code of Conduct or the law being breached or potentially breached. Employees are encouraged to speak directly to the person involved where possible. If this is not possible, the next step is to approach their manager or a member of their local HR or E&C team, or to use the Speak Up helpline.

The Speak Up helpline is a centralised whistleblower platform managed by a third party. The helpline can be reached by telephone or through an online portal 24 hours a day. Employees can report or speak to a representative in their local language. Information on Speak Up, including the helpline, is available on our intranet. In addition, all our locations worldwide have posters up with information on how to access the Speak Up helpline. We regularly publicise our Speak Up mechanism at town hall meetings, in our Code of Conduct training and in all other E&C trainings (including our anti-bribery and corruption e-learning).



Non-retaliation and confidentiality are at the heart of how we approach any concerns reported. We do not tolerate any retaliation against anyone who, in good faith, raises a concern or reports a potential violation of the law, our Code of Conduct or our internal policies. All concerns are taken seriously and handled objectively by an investigator who is not involved in the situation. Reports can be filed anonymously, but we always encourage the reporter to come forward with their name in order to facilitate the investigation.

Our Speak Up reports are categorised under the following headings: accounting and auditing; business integrity; environment; H&S; human resources; diversity and workplace respect; misuse or misappropriation of corporate assets; and other, which covers reports that do not fit under any of the stated headings.

In 2023, the EU Whistleblowing Directive came into force. The Directive requires member states to provide whistleblowers working in the public and private sectors with effective channels to report breaches of EU

rules confidentially, establishing a robust system of protection against retaliation. Even though all national legislation among the EU member states should align with the EU Directive recommendations, there might be slight changes. Therefore, we checked our whistleblowing policy and procedures with our European businesses to ensure they meet all local legal requirements. We found we largely complied with the legislation already, with only very minor adjustments necessary.

Investigating Speak Up reports, audits and findings

100% of Speak Up reports are investigated. Even reports that are ultimately not substantiated can result in actions such as explanatory conversations, additional training or changes to our processes. Alongside Speak Up investigations, audit checks can also result in findings related to bribery or corruption. There are a range of remediating actions we can take as a result of an investigation or audit finding, ranging from termination to no action. When disciplinary action is taken, HR is involved.



Cybersecurity

How SHV Energy approaches cybersecurity

As is the case for many other global organisations, cybersecurity is the number one risk for SHV Energy. We mitigate this risk with a comprehensive cybersecurity programme. Large cybercrime events can cause legal, financial and reputational costs to businesses, so we make every effort to develop and maintain our resilience against existing and potential threats. We adhere to the ISF Standard of Good Practice for Information Security for a comprehensive set of security objectives and controls covering all possible security dimensions.

Data privacy

The more we digitise, the more we risk, so we have a responsibility to protect our employees and customer data. In our risk methodology, we assess the impact of confidentiality, integrity and the availability of data. If we want to process personal information, our policy requires privacy and security impact assessments to be carried out. Through these assessments, we can decide on the technical and organisational measures that must be put in place to protect the data, all in compliance with GDPR and other local data protection laws and regulations.

Evolving our cybersecurity safeguards

In 2023, we initiated our Cybersecurity 2.0 programme, an evolution of SHV Energy's cybersecurity strategy. This includes an extensive list of 20 projects to improve our security, shifting from a defensive security approach to a more balanced offensive and defensive approach. We expanded our Cybersecurity team at the SHV Energy head office in Hoofddorp, the Netherlands, including an offensive security engineer. In addition, we implemented an AI machine learning system that continuously monitors our global external attack surface for new risks.

Our achievements at a glance

1

We initiated our Cybersecurity 2.0 programme with the aim to further mature various security domains and increase our cyber resiliency.

2

Our Cybersecurity 2.0 projects include Identity and Access Management (IAM) and External Attack Surface Management (EASM).



»The AI-powered offensive security platform allows us to quickly identify and remediate critical risk in our continuously changing environment.«

MAHDI ABDULRAZAK, GROUP
INFORMATION SECURITY & RISK
OFFICER, SHV ENERGY,
THE NETHERLANDS

IMPACT STORY

SHV Energy deploys artificial intelligence to continuously monitor cybersecurity risks in its external attack surface

At SHV Energy, we believe that defensive security should be validated by offensive security.

Historically, offensive security is conducted by ethical hackers looking for security vulnerabilities in applications, systems and networks.

While SHV Energy extensively deploys manual security testing, we decided to power up our offensive security and scale it globally through AI. We partnered with an innovative Dutch startup and use their AI-powered system to continuously monitor our external attack surface (public internet facing systems) for new risks and vulnerabilities.

Adopting a hacker perspective reveals the targets and methods that could be used in a real-world security incident. The system continuously discovers, scans and validates risks completely autonomously.



Data breaches and losses

As cybercrime continues to increase, external threats are the biggest cybersecurity challenge faced by SHV Energy. We have a very strict governance and reporting structure for security incidents, data breaches and losses, but the potential for significant disruption remains, especially because the human factor increases the likelihood of risks.

To tackle the human factor and not only reduce the risk of becoming a cybercrime victim, but also prevent accidental or negligent incidents, we have a global security and privacy awareness programme. This includes annual e-learning training for all employees, specific training for new hires and phishing simulations. Around 9,000 SHV Energy employees are trained annually in cybersecurity and privacy.

Looking ahead

In 2024, we will continue Cybersecurity 2.0, as it is a two-year programme. Specifically, we will focus on further improving our controls in Identity and Access Management, data classification and leak prevention, as well as our operational technology security programme.



Innovation and technology

Embedding innovation

At SHV Energy, innovation shapes our response to current and future challenges. It guides our efforts to enhance customer service and fortify our businesses by exploring new solutions. Ultimately, innovation is where you start when trying to solve a problem.

The current scope of our innovation projects comprises three global programmes – commercial innovation, AI and sustainability. These projects cover secondary transportation, retailing, filling plants (midstream operations) and the end-user. The innovation programme is periodically discussed with the Management Board and with our businesses to assess adjustments to our innovation action plan. By viewing innovation as an exploration ground, we can progress faster from initial innovation phases to the implementation phase within our businesses, enhancing alignment across the wider SHV Energy group and promoting efficiency in exploring and implementing solutions. We are always dealing with uncertainties in innovation, which is why projects start with testing in small-scale pilots.

Our innovation initiatives in 2023

We launched an Open Innovation Challenge in 2022 to find new solutions to help reduce our Scope 1 and 2 emissions. In 2023, we followed this up by testing and implementing some of these solutions in our businesses. The timeline for each project varies based on factors including complexity, with projects running from as little as four-six months to two-three years. Capital expenditures depend on project scale-up and the initial phases usually involve relatively small investments. Generally, after finalising the pilot phase, the scale-up project is led by the business and managed within their own portfolio.

Our achievements at a glance

- 1

We launched our vision for the evolution of our value chain and how innovation will prepare our company for this future.
- 2

We held an Open Innovation Challenge to lower Scope 1 and 2 emissions, after our Double Materiality Assessment highlighted these as priorities in addition to lowering Scope 3 emissions.
- 3

We carried out six pilots with startups based around the goal of reducing our CO2 emissions from secondary transportation.



»We made a crucial step to transform SHV Energy's gas delivery bulk vehicles into mobile solar parks, significantly lowering emissions.«

MARTIJN ILDIZ, CEO AND COFOUNDER OF IM EFFICIENCY

IMPACT STORY

From startups to solutions: SHV Energy's innovative pilot projects

In 2022, SHV Energy began a quest to identify startups with innovative solutions for sustainability, culminating in a selection of five startups for six pilot projects throughout 2023. These pilots were designed to integrate cutting-edge technologies into our operations, demonstrating our commitment to reducing Scope 1 and 2 CO2 emissions.

Collaborations with Gravity, CombiFuel© and IMEfficiency, amongst others, are testaments to SHV Energy's dedication to fostering innovation that aligns with our sustainability goals. As we continue our journey towards sustainability, these projects serve as milestones, demonstrating our commitment to implementing solutions that not only enhance our business, but also contribute positively to the planet and reinforce our mission to care for generations to come.

Our performance at a glance

Innovation movement in 2023



10

of our businesses participating



101

Innovation Leads, sponsors and ambassadors across SHV Energy



73

active innovation initiatives



€2.9 million

invested in active innovation projects

We further developed our capabilities in data and analytics to deliver innovations in the business. One example is a project that involved developing a logistics model, which is a digital twin of our distribution data model that runs a simulation to optimise distribution systems. This was tested and is now in the implementation stage in Belgium, which will lead to a reduction in the number of trucks required to make deliveries. This has the knock-on effect of reducing CO2 emissions and delivery times.

Another example is a project in Spain where we analysed our operating costs to prioritise profitable customers and enhance decision-making. We also developed a requalification model to optimise cylinder requalification plans, prioritising based on market demand and estimated results. This work indicated a potential 6-8% improvement in cylinder availability. This result showcases the effectiveness of these initiatives in streamlining operations and resource allocation.

SHV Energy has not set measurable, time-bound, outcome-oriented targets to assess innovation progress, but through portfolio management it is possible to assess the health of the projects and estimate their potential impact.

Innovation supporting our purpose

To connect innovation as closely as possible to SHV Energy's purpose of 'Courage to care for generations to come', we developed a playbook to guide our employees in the process of continuously innovating. The playbook is not a policy, but a standardised set of procedures to support project leads to explore innovation opportunities, de-risk and validate the main assumptions. This means we can assess more appropriately which best practices to follow and which types of methodology are required to innovate in our businesses to advance SHV Energy's sustainability agenda.

Our priority topics are always connected to our 'Beyond' vision, which consists of four pillars:

- Filling plant automation
- Net-zero for CO2 reduction
- Peace of mind for stakeholder relationships
- Digital twin for customer anticipation

SHV Energy manages a community of ten businesses that also invest in innovation, and all ten follow the playbook to ensure a consistent and effective workstream across the organisation. It includes how to:

- Manage innovation projects
- Interact with users to gather insights and feedback
- Address risks
- Pursue opportunities

After progressing through the playbook's recommendations, the project lead is able to decide whether to scale up or discard the explored solution. The assumptions validation methodology in the playbook serves to nullify any negative impacts to our workforce.

We identified room for improvement in our innovation funnel in 2023, simplifying it for our businesses to three stages – scoping, problem/solution fit, and product/market fit – in a platform where all the innovation community, leads, teams and sponsors can access and manage their own portfolio.

Discussed and built together with the innovation community, most of the metrics are qualitative and they are continually refined as each project matures.

Looking ahead

We delivered 13 innovation projects in 2023 and we expect to maintain a similar volume in 2024. Our innovation community is also expected to be stable in 2024, with ten businesses involved, but our ambition over the coming year is to increase our overall innovation maturity level by implementing solutions in more of our businesses. For example, our collaboration with American startup Gravity improved the maturity of SHV Energy's CO2 emissions data. This was piloted in Brazil and the United Kingdom, but we aim to test the system in a further two of our businesses. Such expansion will equip more of our businesses to deliver strategic projects aligned with SHV Energy's overall strategy. The four pillars of our 'Beyond' vision will also equip us to contribute valuable insights into sustainability and technology within SHV Energy.

Innovation supports customer experience by helping us to explore and understand customer needs. This link is explored further in the 'Customer experience' chapter of this report. We are still developing a metering device, but we finished developing another device called the Tanktastic in 2023. This is a state-of-the-art device for monitoring gas levels in cylinders, initially targeting Brazil's P45 cylinder customers. Developing such technologies will help to enhance the services we provide to our customers, thereby improving customer experience. This technology has the potential for wider application across various regions and cylinder types, but will be tested on customers in early 2024 now it has been certified as safe to be installed in cylinders.



Political engagement and lobbying activities

SHV Energy's approach to political engagement and lobbying

Political engagement and advocacy is integral to SHV Energy's vision: Advancing Energy Together. We cannot achieve our mission of building the future and driving the transition to cleaner, more sustainable energy solutions that are accessible and affordable if we work alone. The reference to 'together' involves all our key stakeholders, beyond our colleagues and customers. To achieve long-lasting change, we collaborate with a broad network to make the energy solutions of the future a reality, including policymakers, energy experts, other players in the energy sector, industry associations, civil society groups and local communities.

Our main focus for our advocacy-driven engagement includes – but is not limited to – energy, climate, environment and transport policy, as well as technical and safety legislation. We are particularly interested in activities that support consumer choice, affordability, energy efficiency and air quality in the implementation of the energy transition. Against this background, we have been involved in consultations and discussions at the European level on elements of the EU's Green Deal that affect off-grid heating such as the Energy Performance of Buildings Directive and Eco-Design. At the global level, our awareness and engagement activities related to sustainable fuels, amongst others, took place within the framework of the Biofutures Campaign, around the Clean Energy Ministerial, and also involved supporting the World LPG Association in joining the Global Biofuels Alliance.

Our political engagement and lobbying work is conducted by our Public Affairs Community and led by our Head of Group Public Affairs, who reports to the CEO. Public affairs is the strategic process of anticipating and participating in political decision-making, changes in society, and in





»It was great to share our vision for a successful energy transition in rural areas with the Prime Minister of Saxony.«

STEFAN SCHMIDT, HEAD OF
SUSTAINABLE FUELS & PUBLIC
AFFAIRS, PRIMAGAS GERMANY

IMPACT STORY

Pioneering renewable energy solutions in rural Germany

In September 2023, PRIMAGAS Germany held the opening ceremony of its Futuria DME test facility near Dresden. Next to raising awareness for Futuria DME, PRIMAGAS wanted to present it to policymakers as a solution for domestic and industrial customers in rural areas. Therefore, PRIMAGAS was very happy to welcome the Prime Minister of Saxony, Mr. Michael Kretschmer.

In his speech, Mr. Kretschmer referred to the needs of rural areas and the important role renewable molecules such as renewable LPG and rDME play. The subsequent media coverage enabled us to spread the word on our renewable solutions to show the importance of these molecules in the energy transition.



public opinion that affect our business, our customers and the functioning of our organisation. At SHV Energy, this means creating our own climate for change through issue management and stakeholder engagement. We advocate for the interests of our people, customers and the local communities in which we operate, and inform the regulatory and policy environment on national, regional and group level directly and through trade associations. Our public affairs community brings together the public affairs leads from SHV Energy's businesses. In recent years, we have sought to better integrate the work of our public affairs specialists with other relevant teams. For example, in 2023 we organised a first joint public affairs and sustainability conference, which brought these two internal communities together to learn from one another. The conference activities included a workshop on reducing our Scope 1 and 2 emissions and a discussion of what CSRD means for SHV Energy.

Our rules on lobbying

As stated in SHV Energy's Lobby Manual, our company is committed to working sustainably with communities, stakeholders and policymakers, as integrity is one of our core values. Lobbying is any direct or indirect communication with public officials, political decision-makers or government representatives made, managed or directed for the purpose of influencing public decision-making. It is a normal and useful part of the process of developing legislation, provided it is done in line with laws and regulations.

Organisations such as interest groups, representative bodies, industries, NGOs, charities and third-party professional lobbyists all provide necessary input and feedback through communication of their views and concerns to government. This interaction is a welcome and necessary integral part of public policy development in which businesses' experiences and expertise are appreciated by policymakers.

SHV Energy believes that public policy engagement is important and we actively participate in public policy dialogues that are of specific interest to our business and its stakeholders. When doing so, we must make sure we act in accordance with the relevant rules and regulations. SHV Energy's rules on lobbying include that the company's lobbying is open and truthful when communicating with stakeholders, and where possible a joint effort with other stakeholders who have similar interests or points of view.

SHV Energy is registered on the EU Transparency Register (ID number 292576015608-71). By its registration, SHV Energy has signed the Transparency Register Code of Conduct.

Any lobbying activities carried out on behalf of SHV Energy will be conducted by specific employees or by third parties explicitly appointed to this purpose. They require written approval from their business manager before engaging in such activities.

There is an annual Management Board decision and an annual local business decision that state who is considered and designated a 'lobbyist' amongst employees. This refers to the company's anti-bribery and corruption rules and competition rules, whilst also including applicable national and local lobby legislation and rules. All lobbyists must keep track of whom they meet with and for what purpose as part of our Compliance Register.

SHV Energy's approach to lobbying includes operating on a politically neutral basis, and does not involve donations or payments to influence policymakers.

Engaging with regulators

We are part of a European Financial Reporting Advisory Group (EFRAG) Community Sector stakeholder group for oil and gas companies. This group provides us with the opportunity to gain an understanding of what lies ahead in the development of sector-specific European Sustainability Reporting Standards (ESRS).





Our role in industry groups

After two consecutive mandates, SHV Energy handed over the presidency of its main European trade association, Liquid Gas Europe, in 2023. We assumed the chairman role of the industry's main global trade association, the World LPG Association, during LPG Week in Rome in November 2023. We participate in industry groups at a European and international level. Our participation in international platforms includes the Biofutures Campaign and the World Biogas Association.

Looking ahead

A new European Parliament and European Commission will require SHV Energy to make these new policymakers aware of the needs and realities of rural and off-grid energy users, and the practicalities of off-grid energy providers such as SHV Energy. We will also continue to inform such stakeholders of the potential of drop-in sustainable fuels in our existing infrastructure and assets and for the existing appliances at the customers' side.

Simultaneously, we will explain the regulatory framework and policy support that companies and investors require to make significant investments in on-purpose production of renewable LPG and rDME, whilst informing them of the ongoing innovation in this area and sharing examples of our R&D projects and collaborations to advance the technology readiness level of such alternatives. We will support our global industry and its main trade associations to accelerate its development by producers, and to encourage market uptake by actively engaging in their stakeholder outreach and providing sufficient technical support and expertise.

Outlook



Outlook

Future goals and targets

SHV Energy's commitment to our purpose, the 'Courage to care for generations to come', led to a decisive transition in our sustainability focus in 2023. This reflects not only our dedication to reducing environmental impact, but also our resolve to lead as trailblazers at the forefront of the energy sector.

Proactively embracing the approaching CSRD, despite not needing to report on it yet, means that significant progress has been made to embed our new sustainability targets and KPIs in our financial reporting. This will ensure regulatory compliance, but also amplify our commitment to be transparent, responsible and, ultimately, attain excellence in our sustainability practices.

Legislation such as the CSRD and EU taxonomy for sustainable activities means that the ground to continue growing our Renewable Solutions and Sustainable Fuels business is becoming more fertile. We continue to plant the necessary seeds with our plans to venture towards new horizons, such as producing fuels from waste streams.

Investing in the capabilities of more SHV Energy employees in 2024 through an enriched learning curriculum ensures that our workforce is at the forefront of industry standards and leaves us poised to reach new heights as a high-performing, desirable employer equipped for future challenges.

As we continue navigating a dynamic business landscape, our sustainability approach encapsulates our mission of Advancing Energy Together. By fostering an environment where our people, our planet and our performance can still thrive amid unpredictability, we remain committed to creating a prosperous future.

About this report

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This is the seventh annual sustainability report of SHV Energy N.V., focusing on our sustainability operations across all our businesses during the 2023 calendar year.

Scope of the report

The scope of the report is SHV Energy, established in Hoofddorp, the Netherlands.

The report applies only to the geographical markets where we had active operations in the full year 2023. Our scope of reporting does not include markets where businesses were sold or acquired during the financial year, cylinder tank manufacturing businesses, businesses where we do not have management control, or terminals and businesses that represent less than 0.5% of our service revenue. The exceptions are EM3 and SunSource Energy, which are included in scope as these two entities are strategically important. The activities of any other associates are not in scope.

In 2023, through our subsidiaries, we continued to expand and acquire new facilities. With these transactions we strengthened our product portfolio and increased our customer base.

Reporting boundaries

This report was developed by drawing on the reporting principles defined by the GRI Standards. The content of the report is built around the group's direct impact on economy, environment and people, its value to stakeholders and the topics that are identified as most material for SHV Energy and our stakeholders. The process for defining the strategic and material topics, as well as the list of topics, is described in the Double Materiality Assessment chapter.

Data quality

To support our ambition of continuously improving the data quality in 2023, we enhanced our data collection methods and aligned on the definitions and metrics used. We have done this to prepare for the more stringent reporting and CSRD regulations that we aim to be compliant with in 2025.

The qualitative information was provided and justified by the staff members responsible for the various topics. The data was verified and consolidated at group level. The reported data was generated with the highest level of reliability possible, but we note that uncertainties are inherent in measuring methods and data collection. We have the ambition to collect data as prescribed by the CSRD and will work to implement this in the coming year.

The number of employees reported may differ from our financial reporting due to different calculation methodology. They calculate average FTE whereas we count FTE at the end of the year.

To capture our carbon footprint, we measure Scope 1, Scope 2 and Scope 3 emissions arising from our operations. We have made certain assumptions and estimations in relation to energy use and CO2 emissions in our supply chain (Scope 3). The calculation of CO2 emissions is based on the GHG Protocol. We use UNFCCC, GHG Protocol, DEFRA and IEA as our emission factors sources. Where we reference CO2 emissions in this report, we refer to CO2 equivalents.

This report has not been externally assured. SHV Energy is currently working on aligning our reporting to meet the CSRD standards, which do not yet apply to us. Preparing for the CSRD has created changes in the reporting scope, which means that some new KPIs are being measured, while other topics are not included in this report.

SHV Energy's key figures

Health & Safety						
Health & Safety audits	2023		2022		2021	
H&S audits planned	752		1131		744	
H&S audits completed (%)	99.73		91		94	
Corrective actions	2023		2022		2021	
Corrective actions raised	184		275		306	
Actions overdue	10		0		0	
Customer Health & Safety	2023		2022		2021	
Significant product and service categories for which H&S impacts are assessed for improvement (%)	100		100		100	
Work-related injuries	2023		2022		2021	
	Employees	Other workers	Employees	Other workers	Employees	Other workers
High consequence work-related injuries	2	1	2	2	4	2
Recordable work-related injuries	262	62	265	49	335	60
Hours worked	37,829,250.00	9,148,665.00	40,462,899.00	9,942,294.00	41,260,774.00	9,221,408.00
Innovation and technology						
Innovation movement	2023		2022		2021	
Business units that are part of the innovation movement	10		10		10	
Innovation leads, sponsors, practitioners and ambassadors	101		150		183	
Active innovation initiatives	73		65		70	

Climate change

CO2 emissions	2023	2022
Carbon footprint (absolute) - Total (t CO2e)	18,484,623	18,945,901
Carbon footprint (absolute) - Scope 1 (t CO2e)	117,615	118,081
Carbon footprint (absolute) - Scope 2 (t CO2e)*	16,851	9,923
Carbon footprint (absolute) - Scope 3 (t CO2e)	18,350,157	18,047,951

The following changes were made for 2022 and 2023: added Bangladesh, Malta, and USA, removed China

*Market-based

Talent attraction, development and retention

Employees by employment contract**	Permanent			Temporary			Permanent			Temporary		Permanent		Temporary	
	2023			2023			2022			2022		2021		2021	
	Male	Female	Not specified	Male	Female	Not specified	Male	Female	Not specified	Male	Female	Male	Female	Male	Female
Europe	4,568	1,751	2	235	107	0	4,244	1,715	4	261	136	3,920	1,686	233	105
Asia	1,110	62	0	0	0	0	3,505	1,196	0	0	0	3,570	1,210	0	0
America	3,899	1,055	15	68	82	1	3,762	893	2	9	23	3,682	830	21	40

Learning and development	2023			2022			2021		
	Male			Female			Male		
Average training hours per employee	8			14			9		
							10		
							11		
							11		

Diversity of senior management	2023			2022			2021		
Male	95			82			119		
Female	30			23			34		

**Based on EOY headcount

Anti-bribery and corruption

Speak Up reports	2023	2022	2021
Speak Up reports	195	149	168
Accounting and auditing (%)	2	3	2
Business integrity (%)	10	10	17
Environment, health and safety (%)	9	9	6
HR: Diversity and workplace respect (%)	71	70	67
Misuse or misappropriation of corporate assets (%)	5	5	5
Other (%)	4	3	4
Investigated reports (%)	100	100	100
Reports classified as substantiated or partially substantiated (%)	49	51	54
Cases that led to action being taken (%)	100	100	100



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