



## COMPANY GOVERNANCE

### Business background and ownership

Dragon LNG Group Limited acts as holding company for a group whose principal activity is the ownership and operation of a liquefied natural gas (“LNG”) import and storage terminal in Milford Haven, West Wales. It is a joint venture between BG Energy Holdings Limited (BGEH) - a UK registered company controlled by Shell plc, and VTTI LNG UK Limited - a UK registered company controlled by VTTI B.V. (“VTTI”), a company registered in The Netherlands, who each own 50% of the issued share capital.

The company owns 100% of both Dragon LNG Limited and Dragon Energy Limited.

Dragon LNG Limited has signed a twenty-year Throughput Agreement with its customers Shell Energy Europe Limited and Petronas Energy Trading Limited who each have access to 50% of the terminal capacity. This agreement commenced in 2009. Subject to maintaining the operational availability of the terminal, this largely fixes the group’s main revenue stream over this period.

Since April 2023 when it became operational, Dragon Energy Limited has earned 100% of its revenue from solar generation from Dragon LNG Limited. The solar generation alone is insufficient to meet this demand, so Dragon Energy Limited also supplies Dragon LNG Limited electricity imported from the national grid which it recharges at a commercial rate.

## **SECTION 172(1) STATEMENT**

### **Decision making**

The board of directors comprises of four directors – two from each of the shareholders of Dragon LNG Group Limited – Shell plc and VTTI.

The board meets on a quarterly basis at meetings that are also attended by the Extended Leadership Team (LT) of Dragon LNG Limited. The LT are responsible for the day to day management of the group. The LT includes the Managing Director who is seconded from Shell plc and the Head of Finance and Administration who is seconded from VTTI.

The board regularly meets to discuss a broad range of topics including;

- Health, safety & environmental performance (HSE)
- Financial performance
- Cash flow
- Continuous improvement
- Industry benchmarking
- Commercial performance and opportunities
- Audit & compliance
- Business risk management
- Operations and asset integrity
- Company performance scorecard
- Major projects

On an annual basis the Board reviews and approves the annual plans for HSE Improvement, Audit, Stakeholder Engagement, Corporate Social Responsibility, Business plans and Budgets and business opportunities.

In addition to the board meetings the directors also attend annual business risk and process safety workshops at the terminal where they have the opportunity to tour the site and speak with staff.

The strategic objectives of the group are to be Safe, Reliable, Competitive and Agile in a changing market. These objectives are central to all the decisions made by the directors.

The board believes that the long-term success of the group is dependent on how it works with a range of key stakeholders. These stakeholders are considered in their decision making and therefore ensures the directors' duties under Section 172 of the Companies Act 2006 are met.

## **Stakeholder engagement**

### **Employees**

People and safety are the group's main priorities. Our terminal operates safely, reliably and competitively because of our team of highly skilled, experienced and qualified employees. The group has a structured annual training plan and regularly assesses the competency of all key staff through its robust Competency Assurance Framework – performance against this framework is reported to and reviewed by the Board as part of the group's overall asset integrity.

Employee engagement in decision making is achieved through regular staff 'town hall' briefings to update staff on topical issues and regular meetings of the Works Council which is made up of employee representatives and chaired by the Managing Director. Employee engagement surveys are carried out on a regular basis to highlight opportunities for improvement and help develop an action plan, which is shared with the Board. An annual 'People Day' is also held at which employees can discuss a wide range of subjects with the Senior Management Team.

Further channels of communication are provided by safety observation cards which can be submitted by any employee or business partner and a confidential 'Speak Up' line.

Dragon LNG Limited operates a company scorecard, performance against which is measured monthly and communicated to staff. This also forms part of our reward and recognition and provides a basis for discussion around prioritisation, decision making and business performance.

### **Community**

Community engagement includes regular meetings of the Community Liaison Committee at which members of the local community can meet with members of the LT to discuss plant operations and raise any concerns that they may have.

The group also nominates and supports a local charity of the year, arranges charity volunteering days for employees, sponsors various local events and has a close working relationship with Pembrokeshire College.

With Dragon LNG Limited's corporate social responsibility (CSR) strategy being youth development and training in Pembrokeshire, its principal

charitable donations since 2005 have focused on delivering the UK award winning 'Dragon LNG Darwin Experience' (DLNGDE) through registered charity The Darwin Centre.

## **Environmental**

Prior to construction of the terminal, the group undertook an Environmental Impact Assessment (EIA), consulting with over 50 organisations, including local interest groups and statutory and non-statutory bodies.

Key concerns were addressed to safeguard the Pembrokeshire Marine Special Area of Conservation by reducing the visual impact of the facility and minimising loss of terrestrial habitat. In all cases, a minimum impact philosophy was adopted and the final landscaping and water features provide environmental gain in terms of biodiversity and nature conservation. The group has completed several projects to enhance the natural environment such as planting a wildflower meadow, developing a reptile friendly area and grazing rare breeds.

The group has an Environmental Management System (EMS) which meets the requirements of ISO14001. This ensures all our operational activities that impact the environment are risk assessed. Based on the environmental risk assessment, actions are put in place to eliminate, reduce and mitigate environmental impact.

## **Customers**

The group has two key customers who have each contracted to purchase 50% of the available terminal capacity in a twenty-year throughput agreement (TA) that runs until 2029.

Regular monthly customer calls are held with the customers and representatives of the group's LT to discuss any issues or concerns and potential opportunities. The Board is aware of these topics through the quarterly commercial board paper and other briefings where required.

Customer representatives regularly visit the site and enjoy frequent interaction and discussion with the LT and staff.

## **Suppliers**

The group values the importance of good relationships with suppliers and business partners and relies on them to provide a high level of service where safety is always paramount.

The group maintains an approved vendor list containing suppliers that have been through a robust qualification process and also carries out regular vendor audits. This ensures that all vendors meet the company's high standards for ethical behaviour and comply with all relevant laws and regulations.

Major contracts, including high value, long-term and key contracts, are highlighted to the Board in the quarterly commercial board paper and approved by them at Board meetings.

## **Regulators and Governmental Organisations**

The group has excellent relationships with key regulatory and governmental organisations which include National Resources Wales (NRW), the Health and Safety Executive (HSE), HM Revenue and Customs (HMRC), Port of Milford Haven, Pembrokeshire Coast National Park Authority, Pembrokeshire County Council, the Centre for the Protection of National Infrastructure (CPNI), National Cyber Security Council and South Wales Industrial Cluster.

We co-operate with all requests for information and encourage site visits where the LT and other employees are available to provide any information requested.

Relationships with regulators are regularly discussed in various HSE, commercial, operations and asset integrity Board papers.