



SECTION 172(2) STATEMENT

vital energi information for a sustainable future



Introduction: As a leading provider of innovative sustainable energy solutions, Vital Energi's mission is to create sustainable, intelligent, and reliable energy solutions, that build healthy and thriving communities to drive a greener future. Guided by this mission, we will support the transition to a net zero future in a sustainable way, creating value for our customers, employees, suppliers, investors, local communities and the environment.

STATEMENT

Section 172 of the Companies Act 2006 requires a director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of the Company as a whole. In doing this, section 172 requires the directors to have regard to, amongst other matters:

- ▶ Anticipated long-term consequences of their decisions.
- ▶ The welfare of the Company's employees.
- ▶ Nurturing the Company's relationships with suppliers, customers, and other stakeholders.
- ▶ Evaluating the environmental and community impact of Company operations.
- ▶ Upholding the Company's reputation for exemplary business conduct and ethical standards

In discharging their section 172 duties, the directors have regard to all the matters set out above.

Day-to-day management of the Company is entrusted to business sector boards. To aid directors in fulfilling their Section 172 duties and to foster consistent engagement with business sector boards, a variety of informational formats are at their disposal. These formats are employed in various facets of our corporate governance, including:

- ▶ Formulating, endorsing, and executing business strategies, plans, and policies.
- ▶ Continuously assessing business performance.
- ▶ Prudently managing risk.
- ▶ Decisions pertaining to significant business initiatives and other

pertinent matters.

- ▶ Regular scrutiny of health and safety protocols.
- ▶ A comprehensive review of the impact of the COVID-19 pandemic

Our directors and business sector boards conscientiously manage the business, with the overarching aim of upholding the Company's reputation for exemplary business conduct and strong governance. Several Company policies underscore this commitment, including policies related to conduct and standards, the Criminal Finance Act, anti-bribery and corruption measures, equal opportunities and diversity, and modern slavery. For a more in-depth review of our stance on modern slavery, please visit our website at www.vitalenergi.co.uk.

Key stakeholders of the Company encompass our employees, clients, suppliers, the community, and our investors. When making decisions, our directors actively consider the perspectives of these stakeholders. We engage with these groups through various channels, including:

EMPLOYEES

Our Company places a strong emphasis on fostering a culture of employee engagement, well-being, equality, diversity and inclusion. The board acknowledges the pivotal role that employees play in achieving our strategic objectives, with a focus on cultivating a supportive work environment that values and promotes diversity. We routinely hold company-wide meetings and communicate customer feedback, product development updates, and business

performance to our staff. In addition, our employees receive regular briefings on developments in their respective business sectors and benefit from news communications that cover business progress, project updates, and employee-related news and achievements. To further enhance employee satisfaction, we continually evaluate and refine our compensation and benefits packages, and we have established a Remuneration Committee to oversee matters related to pay and benefits while ensuring equitable opportunities for all employees, irrespective of their background and identity.

CUSTOMERS

Our directors, Business Area Boards, and employees remain steadfast in their commitment to delivering exceptional services to our valued customers. We consistently gather customer feedback to ensure the provision of outstanding service, value for money, and alignment with current and future customer needs. Feedback at every touchpoint in the customer journey is collected and distributed throughout the organisation to guide our efforts in enhancing our customer proposition and expanding our business.

SUPPLIERS

Our Company maintains close relationships with key suppliers and subcontractors through regular feedback and periodic meetings. This ongoing collaboration is instrumental in ensuring stock availability, service quality, and competitive pricing. It also allows us to navigate market risks and plan effectively in an ever-changing



environment. Our procurement approach requires that suppliers share core values that align with ours, and our contract terms are designed to align the interests of our Company with those of our suppliers and subcontractors.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Vital Energi's CSR initiatives span across community involvement, the marketplace, environmental responsibility, and workplace engagement. We actively engage our employees in energy consumption reduction and recycling targets, demonstrating our commitment to sustainability. We invest in skill development to support the transition to a net-zero emissions future, helping drive post-COVID economic recovery in the UK. Our training programs, CPD sessions, and Lessons Learned sessions at our recently established Head Office Training Centre in Blackburn enable our employees to acquire the skills needed to address climate change and contribute to a sustainable workforce. Furthermore, our expertise in low/zero carbon energy generation and heat networks positions us as a vital player in the UK's net-zero objectives. We are also exploring opportunities to engage with charitable organisations and expand our charitable efforts. In the past year, we made a donation to the Christie Charity, which provides enhanced services beyond what the NHS funds, benefiting patients, their families and the whole community.

INVESTORS

Our shareholders are actively represented in the corporate governance and operational structure of our Company. We are committed to providing clear, fair, and comprehensible information to all stakeholders, especially our shareholders and investors. The board ensures alignment with shareholder interests through monthly board meetings, where third-party shareholder representatives are present.

UPHOLDING HIGH STANDARDS OF BUSINESS CONDUCT

Vital Energi is incorporated in the UK and operates under the governance of the Companies Act 2006. Our board acknowledges the importance of maintaining robust corporate governance standards to protect the interests of our stakeholders. We maintain rigorous financial controls, regularly review and document these controls, and have in place policies for data protection, health and safety, and anti-bribery and corruption. The board has reviewed all related party transactions and maintains a register of Directors' Interests.

EFFECT AND IMPACT - PRINCIPAL BOARD DECISIONS AND HOW THE BOARD CONSIDERED STAKEHOLDERS VIEWS

Strategic move into investing in Chiltern Group Companies and Scotia Gas Networks Joint Venture: Throughout the year, the Group expanded its Equity investments and loan investments (in other debtors) in Chiltern Group Companies and extended financial support to facilitate the development of new business prospects. The Board's assessment affirmed that these investments and funding initiatives persist in fostering the Group's longterm success. These strategic moves are instrumental in significantly expanding our business, solidifying Vital's position as a key player in energy services and contributing both capital and recurring operational revenue. Additional details can be found in Note 19 for comprehensive information.

CONSIDERATIONS	OUTCOME/IMPACT
Customers: The Board considered the impact on our existing customers of a significant move into asset ownership and concluded that we had the necessary people and financial resources to not adversely impact on our existing business.	The board concluded there was a strong strategic fit and that the move into Chiltern Investments and the SGN JV agreement would deliver attractive returns in excess of our cost of capital over the long-term. The board concluded that these investments should be structured within a separate part of the business where all investments could be managed under separate board structures.
Shareholders: Considered the strategic fit and financial merits of making these investments.	
Governance: The Board considered the importance of the governance structure under which these investments would operate.	
Employees: Considered the impact on our existing employees of adding a new venture to our core business and concluded that this would create opportunities for existing Group employees to work in the new business areas.	
Suppliers: We considered how the move into investing in Chiltern Group companies and Scotia Gas Networks joint venture would affect our existing suppliers and concluded that there would be a positive impact	