

Strategic report for the year ended 30 June 2021

Statement by the directors in performance of their statutory duties in accordance with s172(1)(a) to (f) Companies Act 2006

Individually and collectively the board of directors consider that they have acted appropriately to promote the long-term success of the group, having regard for Section 172(1)(a) to (f) Companies Act 2006. The approach taken to Section 172 applies to all subsidiaries in the group.

Long-term business plans are in place for both the Biomass and Landfill Gas divisions. These are subject to annual review and assessed against long-term cash flows forecasts and key performance indicators (“KPIs”) relevant to the business.

The directors’ intention is to behave responsibly and ensure that management operates the business in a safe and responsible manner, operating with high standards of business conduct and good corporate governance. In this regard, the directors place great emphasis on relationships with key stakeholders, specifically: staff, shareholder, Ofgem, Environment Agency, SEPA, lenders, fuel suppliers, landfill operators, power purchase agreement providers and equipment and service suppliers.

Relationships with stakeholders

Employees

Our employees continue to be fundamental to the delivery of our long-term business plans. The health, safety and well-being of our employees remains fundamental to, and at the heart of our business operations, as demonstrated on an ongoing basis through provision of our safety management system with ISO 45001 certification, ongoing audit programme, provision of appropriate training, and most recently displayed by our rapid and robust response to the Covid-19 pandemic. The group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which actively encourages the flow of information and ideas. In parallel, this is supported by a suite of appropriate policies to ensure appropriate reward and remuneration and effective training, development and staff management.

Environmental Regulation (Ofgem, Environment Agency, SEPA)

The group places great importance on operating in line with all its environmental regulatory requirements and has appropriate processes in place to manage its operations in accordance with its environmental permits and to ensure accurate reporting to Ofgem.

As well as providing a secure and sustainable disposal route for poultry litter and other agricultural residues, the operations of the group in the year ended 30 June 2021 reduced CO₂ emissions by some 162,000 tonnes (30 June 2020: 181,000 tonnes). This was achieved by displacing the equivalent amount of generation from alternative UK power sources, with the calculation based upon BEIS’s assessment of average emissions for UK electricity generation.

Other stakeholders

In addition to our employees and regulatory bodies, the directors consider that maintaining strong and effective relationships with our shareholder, lenders, suppliers, PPA counterparties and landfill site operators is key to the success of our business.

The group maintains long-term business relationships with key suppliers in the Biomass division by means of regular communications and long-term fuel supply contracts. Similarly the Landfill Gas division maintains relationships with each of the owners and operators of the site from which it operates by way of regular meetings and long-term gas agreements. Relationships with power purchase counterparties are supported by good information flow and communication of planned and unplanned outages. Lenders are kept up to date with business operations through six monthly operating reports and ad hoc information as and when required.

These positive relationships are all facilitated by regular, clear communication and by adhering to agreed terms and conditions, particularly with regards to payment terms.

Directors' report for the year ended 30 June 2021

Employee Information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The group is firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes a combination of monthly team briefings at a local level, quarterly newsletters and roadshows (presently held virtually) and the publication of key performance indicators covering output, operating costs and health and safety on a weekly and monthly basis.

Carbon dioxide emissions

Renewable electricity generated by the group's Biomass power stations reduced CO₂e emissions by 162,000 tonnes in the year ended 30 June 2021 (30 June 2020: 181,000 tonnes). This was achieved by displacing the equivalent amount of generation from alternative UK power sources and is calculated using the assessment of average emissions provided BEIS for UK electricity generation.

The group generates electricity by burning a combination of waste and non-waste biomass fuels and landfill gas. During the course of its electricity generation activities, the group also consumes energy primarily in the form of electricity imported during power station outages and fossil fuel usage (gas oil and gas) for the purposes of plant start up and combustion stabilisation.

We report our carbon dioxide equivalent emissions following the Greenhouse Gas Protocol, utilising the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021.

Scope 1 CO₂e emissions arising from:

- Non-waste biomass fuel (straw, woodchip) and landfill gas consumed directly for the purposes of renewable electricity generation.
- Fossil fuel consumed for the start-up of the power stations and combustion stabilisation.

Scope 2 CO₂e emissions arising from:

- Electricity and natural gas used by the generating assets and at the group's head office.

Scope 3 CO₂e emissions arising from:

- Fuel consumed by company vehicles in the course of business activities.

The usage data is captured through continuous measurement of fuel consumed for the purposes of generation, utility billing or meter readings for imported electricity and internal mileage records for company vehicle usage.

Global Green House Gas (GHG) Emissions

	2021	2020
Scope 1 CO ₂ e emissions (tonnes)	17,872	21,775
Scope 2 CO ₂ e emissions (tonnes)	2,083	1,642
Scope 3 CO ₂ e emissions (tonnes)	108	123
Total CO₂e (tonnes)	20,063	23,540
Intensity ratio		
Total generation (GWh)	1,018	1,049
Total CO ₂ e per GWh generation (tonnes)	19.71	22.44
Energy consumption used to calculate above emissions (GWh)	11.0	7.9