

ENVIRONMENT, SOCIAL AND GOVERNANCE POLICY

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MARCH 2026

1. POLICY STATEMENT

WFL (UK) Ltd (known as “Watson Fuels”) is committed to operating responsibly, sustainably, and ethically to ensure our actions and decisions consider all stakeholders and have a positive impact on the world around us.

This Environment, Social & Governance (ESG) Policy outlines our approach to managing environmental impact, supporting our people and communities, and upholding strong governance practices.

2. ENVIRONMENTAL STEWARDSHIP

We strive to minimise environmental impact at every point in our business. Our approach is based on prevention, by assessment of environmental risks and by fully understanding the impacts of our operation. We are committed to this through the following actions:

2.1 Reducing our carbon impact

Watson Fuels is committed to reducing our impact on the environment.

We adhere to all applicable carbon emissions legislation and have a continual focus on minimising our impact on the environment by reducing greenhouse gas emissions (GHG) and improving air quality.

Good environmental performance is central to being a responsible and successful operation. It helps us protect the environment and the health of the public, many of whom may be our customers. Fuel also accounts for a significant percentage of our operational running costs; therefore, improving fuel efficiency is important to our continued success.

Initiatives include:

- Ensuring our people comply with all environmental regulations and standards.
- Selecting vehicles and fuel types that are reputedly sourced and suitable for the operation.
- Campaigns to reduce engine idling and fuel waste, and a continuous focus on reducing emissions.
- A fleet replacement cycle that prioritises the latest Euro rated engine standards with the latest automatic fuel efficient drivelines.
- Minimising and effectively managing fuel spillages and collisions involving our fleet and drivers.

We achieve this through:

- Communication – keeping our people informed of our targets and initiatives so that they feel part of the journey.
- Engagement and training - including 1-2-1 feedback, in-cab alerts, toolbox talks, and driver training programmes.
- Optimising data - using telematics and fuel card data, monitoring fuel in L/Km to track fuel consumption per vehicle, focusing on reducing engine idling, Safe and Fuel Efficient Driving (SAFED), and optimising routes.

Our focus on reducing our carbon footprint also extends to our offices, where we have measures in place to reduce our energy consumption and waste. These include the management of energy, lights, thermostats, electrical appliances, waste reduction, printing, electronic forms, water use, recycling, paper, and toner cartridges.

As a company, we continue to review our environmental strategy to ensure any climate related risks are managed effectively.

2.2 Promoting carbon reduction

Watson Fuels is committed to offering customers the solutions they need for their day-to-day operations, and we constantly review the market to ensure our product offering is in line with those needs. In recent years, this included the introduction of low-carbon fuel alternatives and EV charger installations.

Watson Fuels is an approved Renewable Fuel Supplier under the Renewable Fuels Assurance Scheme (RFAS). Our RFAS reference number is WF-P20/23. The scheme ensures the renewable diesel we distribute meets strict criteria for greenhouse gas (GHG) emissions, feedstock sustainability, and transparent supply chains. The RFAS guarantees accurate and representative GHG emission data for company carbon reporting by providing renewable fuel supply chain-specific data and traceability. It is a valuable tool for customers who are looking for assurance that the renewable fuels they are purchasing meet their sustainability goals.

Carbon offsetting is also available to all our customers, whether they'd like to offset carbon each time they purchase fuel or in one standalone purchase to offset their fuel footprint in one go.

Internally, we actively encourage our people to make a difference. We promote the 3 Rs (Reduce, Reuse, Recycle) and encourage the reduction of single-occupancy car use by promoting car sharing, cycling, walking and public transport. This includes a cycle to work initiative.

ENVIRONMENT, SOCIAL & GOVERNANCE POLICY

MARCH 2026

2.3 Responsibly handling fuel

To maintain the highest standards of safety and environmental stewardship, we operate a ‘Zero Harm’ approach across our vehicle fleet and fuel and lubricant storage locations.

This approach aims to prevent incidents through rigorous maintenance and continuous training, while maintaining a rapid incident response capability to limit the severity and impact of any unforeseen events.

Our overarching goal is to ensure that the storage and distribution of our products has minimal impact on the environment and communities in which we operate. Our core commitments are:

Storage integrity and infrastructure

- Primary containment: All storage tanks are constructed and maintained to industry standards.
- Secondary containment: We ensure 100% of our bulk storage tanks across all locations are bunded (secondary containment).
- Pipework and product transfer systems: These are designed to safely transfer fuel into bulk storage and to safely load our fuel tankers. Loading operations are automated and include overflow prevention devices and vapour recovery.
- Asset inspection: We implement a rigorous maintenance schedule involving daily visual checks and routine third-party inspections to identify any potential issues.
- Leak detection: We use a wet-stock management system to monitor fuel levels. Any unexplained variance triggers an immediate investigation.

Safe distribution and fleet management

- Vehicle readiness: Our fleet of tankers undergoes daily pre and post-use defect checks and regular servicing to identify any issues and prevent mechanical failures that could lead to loss.
- Driver training: All drivers are ADR-certified and undergo continuous training through our in-house accredited Driver Academy.
- Loading and unloading procedures: We enforce strict Standard Operating Procedures during loading and deliveries to prevent cross-contamination and overfills during our operations.

Emergency preparedness and response

- Spill response: Recognising that operational risks exist, every depot and delivery vehicle is equipped with spill kits to mitigate impact immediately. Rapid third-party incident response is available 24/7.

- Drills: We conduct emergency drills at our depots to ensure employees can act instantly to contain a potential spill, minimising environmental impact.
- Reporting transparency: We maintain a transparent “Near Miss” reporting culture, encouraging colleagues to report potential hazards without fear of reprisal, allowing us to address issues before incidents occur.

2.4 Effectively managing waste and resources

The physical impacts of climate change on our operations are highly uncertain. These include changes in rainfall, storm patterns and high temperatures.

We enforce a strict tracking system for all hazardous waste streams (including tank sludge, oily rags, used absorbents, and interceptor waste). We only partner with licensed waste carriers who ensure total traceability in line with the Hazardous Waste Regulations.

We maintain full retention interceptors at all depot locations. These are inspected by a third party biannually and emptied by certified environmental contractors to prevent any hydrocarbon runoff from entering the water system and environment. Each depot conducts and records checks on the interceptors on a weekly basis.

In the unlikely event of a spill, our first priority is to limit the impact and spread of any fuel to contain the spill in as small an area as possible. On remediation, we seek to treat contaminated material on site.

All byproducts from our vehicle fleet maintenance (waste oil, lead-acid batteries, and tyres) are segregated and sent to specialist facilities for recovery or recycling, ensuring zero hazardous waste goes to landfill.

In addition, we recycle waste at all our depots, educating our people and visitors with clear signage to encourage participation.

ENVIRONMENT, SOCIAL & GOVERNANCE POLICY

MARCH 2026

3. SOCIAL RESPONSIBILITY

We are very conscious of the presence we have, and contributions we make, within our local communities – from providing meaningful and sustainable recruitment opportunities, to supporting the people and businesses around us. We always act with integrity and aim for our actions to have a positive impact on our people, customers, suppliers, and local communities.

3.1 Health and safety

Watson Fuels distributes fuel and lubricants. The nature of the business means there are potential significant health and safety risks and as such, to ensure we mitigate these health and safety risks, ‘Safety’ is firmly embedded in our culture.

This ensures we continually seek to minimise the impact of our operations and protect the health and safety of our people, contractors, customers, suppliers, and the communities in which we operate.

We are committed to playing a leading role in promoting best practices and are closely involved in developing, setting, and maintaining health and safety industry standards.

In an ever-evolving world, we regularly speak with our suppliers to understand the latest technologies and developments that could further enhance our health, safety and compliance procedures.

Health and safety is addressed at all Board meetings as the first agenda item. The Board holds responsibility for ensuring the culture of Watson Fuels consistently nurtures and develops a safe working environment.

We relentlessly educate our people to ensure they understand the risk and precautions necessary to keep themselves and those around them safe. This includes monthly Health & Safety Toolbox Talks where we share our health, safety and compliance statistics to show our people the difference they are making and help them feel proud of what we are achieving together.

We continually measure data points such as total injury rate, lost workday case rate, road traffic collisions, and volume of product split.

Our comprehensive processes ensure we constantly identify, assess and manage health and safety risks in our operations. We set targets for performance improvements, regularly measure, audit and report on our performance, and investigate any near misses and incidents to determine root causes and prevent similar incidents from occurring in future.

We also expect our contractors to manage health and safety matters in line with our policies to ensure the same standards are met throughout the communities in which we operate.

3.2 People, culture and wellbeing

At Watson Fuels, our goal is simple: to make Watson Fuels a great place to work. One where everyone feels supported, heard, and able to do their best work every day. We are therefore very passionate about ensuring our people have the culture, training and support they need for both their own and our company’s growth.

We all operate by the Watson Fuels values:

- **Pragmatism** – we focus on practical, straightforward solutions that work in the real world and make a tangible difference.
- **Determination** – we persevere through challenges with energy and resilience, delivering what we say we will deliver for our customers and each other.
- **Kindness** – we treat every customer, colleague, and the community with respect and care, earning trust through empathy and understanding.

3.2.1 Health, wellbeing and development

We are committed to supporting the wellbeing of our people in all dimensions. This includes:

- Healthcare and dental cover (also available to family members at an additional cost).
- Employee Assistance Programme (EAP).
- Mental health first aiders supporting their colleagues on a day-to-day basis.
- Wellbeing and benefits hub.
- Free flu vaccinations.
- Cycle to Work Scheme.
- Hybrid working options.

3.2.2 Benefits

In addition to the wellbeing support, we also provide a number of other benefits. These include:

- Long service awards.
- Competitive pension scheme.
- Incentive bonuses.
- Employee referral bonus programme.
- Home and tech scheme.

ENVIRONMENT, SOCIAL & GOVERNANCE POLICY

MARCH 2026

3.2.3 Learning and development

We believe in fostering a culture that empowers our people to succeed. To enable this, we have an in-house training team covering a wide range of topics from HSSEQ to customer engagement. Our in-house driver training team are accredited to deliver ADR and CPC (Certificate of Professional Competence) training to our own drivers and those of our customers. We also work with external training bodies to help ensure our people have the knowledge they need to be experts in what they do.

3.3 Community engagement

Watson Fuels regularly engages with key stakeholders to better understand their perspectives. This dialogue helps to inform the Company's decision-making processes and ensures interests remain well aligned with our key stakeholders and communities we operate within.

Engagement includes regular communication with customers, suppliers, trade associations and colleagues through customer service reviews, supplier presentations, and internal meetings and performance reviews.

With depots across the UK, we maintain a strong local presence and work with like-minded partners, such as recruitment agencies, that share our values. We also support local communities by sponsoring clubs and charities and participating in local events.

4. GOVERNANCE & ETHICAL CONDUCT

Watson Fuels is committed to operating in a safe, responsible and ethical manner through sound corporate governance that promotes accountability, transparency and engagement.

This commitment begins with the Board of Directors who review business practices and related risks as part of the annual review and planning process. They maintain the primary responsibility for setting and delivering on the strategic priorities designed to create long-term sustainable value for all stakeholders. This flows through the entire business. Quarterly risk reviews are held at a senior management level, reviewing all aspects of risk. Any major risks identified are then highlighted to the Board for action or resolution.

We expect our suppliers to operate ethically with appropriate governance in place. We achieve this through our robust onboarding process and conducting regular audits of high-risk suppliers to ensure ongoing compliance with our ethical and environmental standards.

4.1 Evidencing our ethical business practices

Watson Fuels is committed to high standards of business ethics, ensuring we operate with integrity and transparency. We have policies in place to maintain these standards, such as the Anti-Bribery and Corruption Policy, Anti-Tax Evasion Policy and Modern Slavery Statement.

ESG Key Performance Indicators, including carbon output and safety rates, are integrated into senior management reviews to ensure departmental accountability. To further strengthen our standards, we have ISO 9001 (quality management), 14001 (environmental management) and 45001 (occupational health and safety management). We are also a member of SafeContractor which independently verifies our safety standards, risk management, and compliance.

Every one of our operational sites has FORS Bronze accreditation. The Fleet Operator Recognition Scheme (FORS) is the UK's leading accreditation for fleet operations, recognising our commitment to safety and environmental protection.

4.2 Compliance and risk management

The Board regularly review and understand operational risks which include health and safety, environmental and climate-related risks along with compliance to the company's Operators Licence and Fleet operations.

They evaluate whether the company's processes, policies and procedures are reasonably designed to respond to and mitigate these risks.

In these reviews, current performance is monitored and evaluated and metrics such as heating degree days and mix of renewable liquid fuels vs fossil liquid fuels are used to assess the impact on business performance.

The purpose of these assessments is to:

- Ensure risk management efforts are focused and directly linked to the underlying business strategy.
- Implement a sustainable and scalable framework to identify, manage and monitor risk.
- Assign responsibility for each risk, put mitigation plans in place and then assess the effectiveness of such mitigation plans.
- Enhance risk management capabilities for priority risks and continue the development of risk management policies and action plans.

ENVIRONMENT, SOCIAL & GOVERNANCE POLICY

MARCH 2026

Additionally, we continuously invest in our technology and maintain robust information security standards. This includes recognised frameworks such as Cyber Essentials Plus, to protect data and ensure operational resilience.

The Company maintains valid HGV operator licenses across all eight UK traffic areas, supported by a robust governance framework overseen by qualified Transport Managers, Fleet Engineers and a centralised Fleet Operations and Compliance department.

We uphold the highest standards of road safety through a rigorous Remedial and Preventative Maintenance program and Inspection (PMI) cycle; our vehicle fleet undergoes comprehensive safety inspections at a maximum interval of nine weeks, augmented by digital daily walk-around checks and monitored telemetry, whilst ensuring a high level of annual test first time pass rates and maintaining good Operator Compliance Risk Scores (OCRS).

To ensure driver welfare and regulatory alignment, we utilise automated telematics and tachograph monitoring to maintain 100% compliance with EU Drivers' Hours and the Working Time Directive. All our drivers follow a robust driver training program to ensure we fulfil all statutory undertakings set by the "Traffic Commissioners" and all regulators. We maintain many accreditations with all necessary regulators such as DFT, JAUPT, SQA and Trading Standards.

4.3 Reporting and transparency

Watson Fuels tracks and reports greenhouse gas (GHG) emissions on a variety of climate-related metrics, including direct and indirect emissions (Scope 1 and 2) and renewable energy procured on behalf of our customers. GHG emissions are tracked and calculated in accordance with the World Resources Institute and World Business Council for Sustainable Development Greenhouse Gas Protocol (GHG Protocol) as well as the 2019 HM Government Environmental Reporting Guidelines.

Data is reported in metric tonnes of CO₂e for total output and kilograms of CO₂e per KM for fleet efficiency.

5. IMPLEMENTATION & REVIEW

This policy is reviewed annually and updated as necessary to ensure it is effective. Compliance with this policy will be monitored regularly. Watson Fuels is committed to embedding ESG principles into everyday decision-making and long-term strategy.