SOUTH HOOK
LNG TERMINAL COMPANY LTD

Company Governance

Background

South Hook LNG Terminal Company Ltd (the "Company") operates a Liquefied Natural Gas ("LNG") receiving and regasification Terminal at Milford Haven, West Wales, United Kingdom ("UK").

The Company's business model is underpinned by long-term capacity agreements which offer Terminal Users the facility to receive up to 19.5 million tonnes per annum of LNG together with a regasification service capable of delivering up to 812.5 GWh per day of natural gas into the UK market.

The Company has signed the following long-term agreements with South Hook Gas Company Ltd ("SHG"), a related party, for the use of its regasification capacity:

- Terminal Capacity Agreement ("TCA"), a 25-year agreement for a base capacity of 650 GWh per day, which commenced in March 2009.
- Incremental Capacity Agreement ("ICA"), a 25-year agreement for an incremental capacity of 162.5 GWh per day, which commenced in December 2025.

These agreements are subject to Regulated Third-Party Access ("RTPA") exemptions granted by the Office for Gas and Electricity Markets ("Ofgem") under the Gas Act 1986.

The activities of the Company are governed by a Joint Venture Agreement with its Shareholders, whose interests in the Company are as follows:

QatarEnergy Holdings (UK) Ltd	67.50%
ExxonMobil Qatargas (II) Terminal Company Limited	24.15%
Elf Petroleum UK Limited	8.35%

The Board's approach to section 172(1) and decision making

The primary purpose of the Company, as outlined above, is the safe and reliable receipt, storage and regasification of LNG on behalf of Terminal Users.

Collectively the Board, appointed by the Company's Shareholders, are responsible for effective oversight of the Company and have implemented a governance structure to support the long-term success of the Company to deliver sustainable shareholder value. Responsibility for the day-to-day management of the Company is delegated to a shareholder appointed General Manager, with whom the Board works closely to determine the Company's strategic direction and objectives, business plans, and to embed the desired culture throughout the organisation.

The Company's culture is underpinned by its Board approved Code of Business Ethics policy, along with a number of supporting policies and procedures. These policies describe the

Company's desire to carry out its business in accordance with the highest ethical standards, emphasising the importance of upholding ethical principles such as honesty, integrity, respect, reliability, fairness, and openness. The Company has in place a controls framework to ensure proper functioning of the Company's governance arrangements, and is overseen by an Audit & Controls Committee. The Board acknowledges that the long-term success of the Company is dependent on the way it works with a number of key stakeholders. Key stakeholders are considered in their decision-making, and in doing so, ensures the directors' duty is discharged under section 172 of the Companies Act 2006.

Stakeholder engagement

The Company's focus on key stakeholder relationship management and how this engagement is reported up to the Board to support its decision-making is set out below. A significant amount of stakeholder engagement is managed locally, with an overview of developments reported to the Board on a regular basis. In most cases, this will be in the form of periodic updates from the General Manager.

Employees

The Company views its people as central to the long-term success and is committed to attracting, retaining, and developing talent while ensuring a safe and inclusive workplace. Employee engagement is maintained through surveys, meetings, updates, and an employee forum chaired by Human Resources, enabling two-way communication. During the year, initiatives included an open forum with the General Manager, workshops to embed behavioural frameworks, and wellbeing programs.

Suppliers

The Company relies on suppliers and contractors with proven experience in the Oil and Gas industry to provide a range of quality goods and services in order to maintain the highest standards of safety and reliability. The Company has developed business relationships with both large international suppliers, and a number of smaller local suppliers. The Company clearly articulates its stance on anti-corruption, anti-bribery, and modern slavery with all suppliers ensuring the highest standards of ethics and transparency are maintained. The Company operates and maintains an approved vendor list, which includes a robust qualification process to ensure suppliers are screened and meet the standards expected by the Company.

The Company engages with existing suppliers through regular business-level meetings, providing a forum to discuss key topics including safety, quality, and security of supplies.
The Company acknowledges the importance of prompt payments to suppliers, publishing its payment practices report, as approved by a member of the Board, on a six-monthly basis.

Customers

The Company has in place capacity agreements with SHG for the full use of the regasification capacity at the Terminal. Proactive engagement with Terminal Users is crucial to ensure the Company is able to meet the obligations set out in its agreements. This is managed via engagement with SHG which includes both formal and informal meetings, at the business level.

Community and environment

Community engagement remains central, with initiatives focussing on safety, environment, education, and wellbeing being supported through a community fund, volunteering, and staff matched funding. During the year, the Company's 'Roots' programme entered its sixth year, providing over 5,000 local children the chance to take part in outdoor learning experiences in partnership with the Pembrokeshire Coast Charitable Trust. The Company also continued to build collaborative relationships with local schools and Pembrokeshire College providing educational visits, work experience and apprenticeship opportunities for students as well as attending various open evenings and educational events to promote future careers in the energy sector.

The Company has in place a Community Liaison Group, where elected representatives from the community meet with the Company's Management to share relevant information and receive feedback from the wider communities or organisations that they represent.
The Company is committed to environmental responsibility and being a considerate neighbour. It operates under strict Environmental Permits regulated by Natural Resources Wales ("NRW") and prioritises compliance and strong community relationships within Pembrokeshire to maintain its licence to operate and uphold ethical standards. Operations are continuously monitored for environmental impact, with mitigation measures developed in collaboration with experts.

A significant portion of the Terminal is a designated Nature Conservation Area within the Pembrokeshire Coast National Park, managed in partnership with Pembrokeshire Coast National Park Authority ("PCNPA") to protect habitats and encourage biodiversity.

Regulators & Government Organisations

The Company maintains strong relationships with a number of key regulators and government organisations including the Health and Safety Executive ("HSE"), NRW, Ofgem, Department for Energy Security and Net Zero ("DESNZ"), Department for Transport ("DFT"), the National Protective Security Authority ("NPSA"), and HM Revenue and Customs ("HMRC").

Maintaining a transparent and constructive relationship with all regulators is critical to the ongoing success of the Company. The Company takes a proactive approach to engagement with these stakeholders through regular meetings and communication in respect to both current and future business developments. The Board is regularly updated with any relevant information in respect to the business level interactions with regulators via periodic briefings, and during face-to-face meetings.

Engagement with regulators and government organisations during the year has focused around the Terminal’s incremental capacity and general day-to-day matters.

Debt investors

The construction of the Terminal was partly funded under a project financing arrangement, and the Company is subject to ongoing loan compliance obligations.

Meeting the ongoing compliance obligations of loan covenants ensures the Company is able to meet its capital management objective of maintaining adequate capital ratios, whilst maximising shareholder value. In particular, compliance with relevant debt service funding and maintaining adequate interest cover are key parts of the Company’s ability to meet its capital allocation objective of payment of dividends.

The Company proactively engages with its debt investors through an Inter-Creditor Agent, providing all relevant reporting and responding to any requests for information in a timely manner.