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ANNUAL REPORT TO THE DEPARTMENT FOR TRANSPORT

BIOFUELS SUPPLIED UNDER
THE RENEWABLE TRANSPORT
FUEL OBLIGATION

15 APRIL 2010 -
14 APRIL 2011

FOREWORD

This document forms Greenergy Fuels Ltd's (Greenergy) Annual Report to the Department for Transport (DfT) on biofuel supplied under the third year of operation of the Renewable Transport Fuel Obligation (RTFO) between 15th April 2010 and 14th April 2011.

The compilation and reporting of this data has been prepared in accordance with the sections of the RTFO Technical Guidance and other reporting guidance as listed in Appendix A.

Additional information, including monthly descriptions of biofuel supplied since before the start of the RTFO, is available on our website at: www.greenergy.com

ASSURANCE AND AUDIT

We have appointed PricewaterhouseCoopers LLP to perform a limited assurance engagement as defined by the International Framework for Assurance Engagements issued by the International Auditing and Assurance Standards Board (IAASB), conducted in accordance with the International Standard on Assurance Engagements 3000 (revised) 'Assurance engagements other than audits or reviews of historical financial information', issued by the IAASB. Their report, including scope of work, is enclosed on page 32.

We also appoint external auditors to complete site visits, greenhouse gas calculations, land use audits and sustainability audits. The results of their work supports the data presented in this report.

CONTENTS

Foreword	1
Assurance and Audit	1
Executive summary	3
Introduction	6
Our sustainable sourcing strategy 2010/11	7
Our approach to Government targets	9
Performance against Government targets	10
Summary Annual Biofuel Supply Profile	13
Bioethanol	14
Bioethanol from sugar cane	15
Bioethanol from corn	16
Biodiesel	17
Biodiesel from used cooking oil	18
Biodiesel from soy	20
Biodiesel from oilseed rape	21
Biodiesel from tallow	22
Biodiesel from unknown origin	23
Biodiesel from palm	24
Further measures to encourage sustainability	25
BioCarbon Tracker	26
Case Study: Changing practices on sugar cane plantations in Brazil	29
Improving the Carbon Data on biofuels	31
US corn bioethanol	31
Waste-based biodiesel	31
Limited Assurance Report	32
Appendix: Basis of Preparation	34
Figures 1a, b & c: Performance against Government Targets	10
Table 1: Summary Annual Biofuel Supply Profile	13

EXECUTIVE SUMMARY

APPROACH

We work to ensure that we only supply biofuels that use the world's resources appropriately.

That means:

- » Devoting time and resource into sourcing the lowest carbon biofuels possible;
- » Breaking down barriers to sustainable biofuel sourcing by forging new levels of traceability from port back to farm, to put environmental concerns firmly on our suppliers' agenda; and
- » Reporting monthly on the origin of our biofuels and the carbon savings achieved, because disclosure drives improvement.

We have also sought to encourage an understanding of the wider impact of agriculture on the environment, and on land use change in particular, through the development of BioCarbon Tracker.

HIGHLIGHTS

- » We have achieved an average carbon saving of 71% from over 500 million litres of biofuel.
- » We have increased the proportion of our biodiesel sourced from wastes from 38% of all biodiesel in RTFO Year 2 to 84% this year.
- » Our Brazilian audit programme has continued. 91% of all the Brazilian mills that supplied us this year with bioethanol were successfully audited against the Greenergy Gold Standard¹.
- » We have analysed the lifecycle greenhouse gas emissions from a number of US corn bioethanol mills and sourced from those producing bioethanol with the highest carbon savings.
- » The European Commission approved the Greenergy Gold Standard for Sustainable Brazilian Bioethanol as one of the first Voluntary Schemes to prove Renewable Energy Directive (RED)² compliance in all 27 EU Member States.
- » In cooperation with independent auditors and our suppliers in the waste industry, we have developed the first audit standard to verify the origin of wastes.
- » We have used BioCarbon Tracker³ to assess the previous land use of farms that supply agricultural feedstocks to biofuel plants in each of the EU, USA and Brazil.

¹The Renewable Fuels Agency described our sustainability criteria as meeting a "Gold Standard" for biofuels: www.renewablefuelsagency.gov.uk/news/rfa-reports-progress-biofuel-sustainability-poor-performers-drag-rtfo-below-target-0

²Directive 2009/28/EC on the promotion of the use of renewable energy from renewable sources. 23rd April 2009.

³www.biocarbontracker.com

PERFORMANCE AGAINST TARGETS

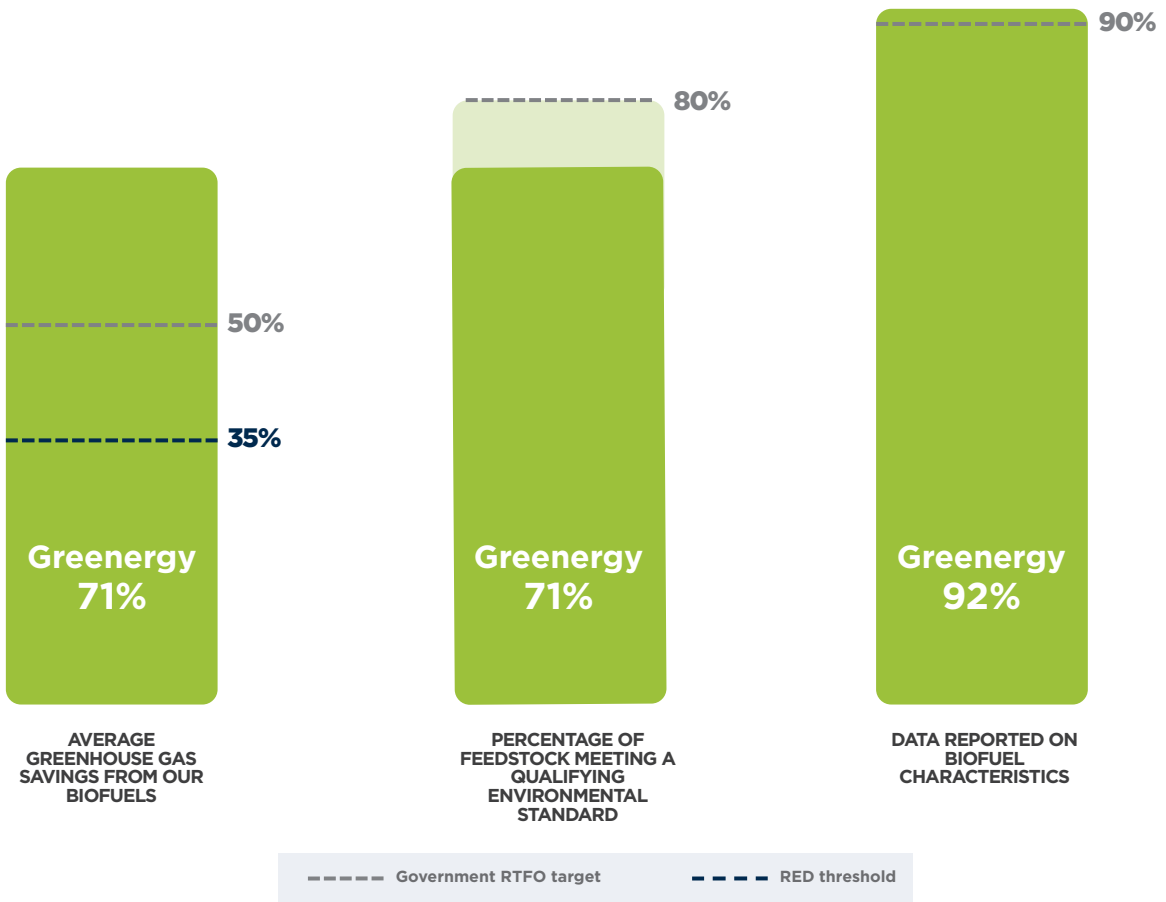
Our performance against all three Government RTFO sustainability targets has increased for the third consecutive year due to our continued efforts to understand and achieve more from our supply chain.

This year we also adopted our own company sustainability targets.

Our main objective is to achieve the highest greenhouse gas savings possible from the biofuel we use, and therefore we set ourselves the target to achieve 70% carbon savings across all our biofuels.

To ensure high carbon savings, we set an additional target of sourcing or manufacturing 100% of our biodiesel from waste feedstocks.

We also expanded our use of Qualifying Environmental Standards for biofuels produced from crops grown in areas that are perceived to be high risk.



EXECUTIVE SUMMARY (CONTINUED)

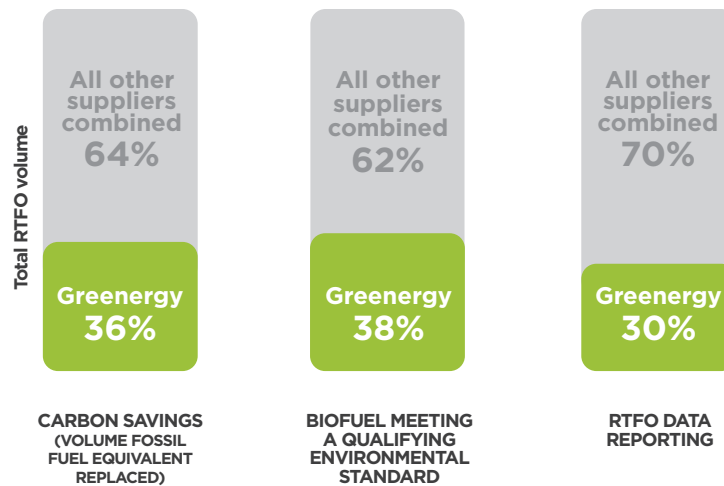
PERFORMANCE RELATIVE TO OTHER SUPPLIERS

The RTFO legislation requires biofuel suppliers to report on the carbon and sustainability characteristics of their biofuel, but does not permit the Department for Transport to disclose the volumes of biofuel supplied by individual Obligated Parties. As a result, the true scale of carbon and sustainability benefits delivered by one supplier relative to another is not apparent from Government RTFO reports.

In reality, some Obligated Parties supply a small amount of biofuel, so even if their biofuel is sustainable the overall impact is relatively small. Greenergy supplied 29% of the biofuel market this year and its impact is therefore important. This is a responsibility that Greenergy takes seriously.

We have calculated the carbon and sustainability characteristics that were achieved by Greenergy in relation to the total UK biofuel market, which comprises 16 Obligated Parties and 29 non-Obligated Parties. The carbon and sustainability benefits from our biofuel were disproportionate to the volume of biofuel we supplied.

BIOFUEL SUSTAINABILITY: CONTRIBUTION OF GREENERGY BIOFUEL TO UK TOTAL



Our biofuel contributed disproportionately to the Government RTFO targets. Even though we supplied only 29% of the RTFO market volume:

- » We delivered 38%¹ of the biofuel supplied in the UK that was reported as meeting a Qualifying Standard;
- » Of the carbon savings reported from biofuel supplied under the RTFO, 36%¹ were delivered by Greenergy.

¹Total UK biofuel market information is based on pre-verified data published by the Department for Transport: Biofuels statistics quarterly year to April 2011. Released 11th August 2011.

INTRODUCTION

In 2010/11 we supplied one fifth of the UK's road transport fuel and a significant proportion of the biofuel used in the UK. As a major road transport fuel provider, we see biofuels as the only immediate, economically viable option to cut transport-related greenhouse gas emissions in the UK.

We appreciate that the production of biofuel crops has the potential to cause environmental and social impact and requires land and water that could have alternative uses.

Therefore we have a company-wide commitment to:

- » Maximising the carbon savings from the biofuels we choose;
- » Using biofuels made from wastes wherever possible;
- » Ensuring that any high-risk crops used in our biofuels are produced in a sustainable way.

We have worked with suppliers to develop a detailed understanding of the biofuel production process at the field (or waste collection point) and at the biofuel processing plant.

We have also audited farms against Qualifying Environmental and Social Standards where we believe that the audit process will deliver additional safeguards against environmental degradation or carbon loss, or bring improvements to social welfare and justice. In countries where we have identified these as locally relevant issues, we have aimed to certify all product against a formal sustainability standard.

“We believe that there is no Plan B to biofuels – the world needs more energy to feed and sustain itself. So when we’re using the world’s finite resources to produce fuel, we believe we must do so responsibly.”

OUR SUSTAINABLE SOURCING STRATEGY 2010/11

Our biofuel sourcing strategy includes the following objectives:

1. Achieve an average carbon saving of 70% across all our biofuels;
2. Choose biofuels made from wastes wherever possible;
3. Take a risk based approach to sustainability:
 - » Where environmental and social conditions are at risk, conduct sustainability audits;
 - » Where these are adequately protected by legislation or regulation, ensure compliance with minimum regulatory requirements.
4. Develop BioCarbon Tracker to better understand where vegetation is at risk and to monitor where high bio-carbon stock land is being converted to agriculture; and
5. Provide detailed information about our biofuels, because we believe that disclosure drives improvement.

Choosing biofuels which give the greatest carbon saving

Our approach is to:

- » **Maximise recovery and processing of wastes, which give over 80% greenhouse gas savings:**
 - » We made significant changes to our Immingham biodiesel plant to process 100% wastes;
 - » Develop supply chains from used cooking oil collectors – UK, EU, USA;
 - » Implement waste supply chain traceability and verification systems;
 - » Develop technology to recover waste oils from municipal and supermarket waste.
- » **Continue sourcing of Brazilian sugar cane ethanol at 71% GHG savings.**
- » **If buying US corn ethanol, ensure that suppliers meet our “best in class” criteria, a target of 50% average carbon savings compared to petrol.**
- » **Identify and avoid any carbon loss from land use change from agriculture:**
 - » Developed www.BioCarbonTracker.com to analyse previous land use using satellite data.

SUSTAINABILITY KPIS

KPI	INDICATORS	RESULT YEAR 1	RESULT YEAR 2	RESULT YEAR 3	TARGET YEAR 4
70% GHG (double RED)	Average biofuel carbon savings	61%	66%	71%	70%
100% biodiesel from waste	Proportion of biodiesel from UCO & tallow	36.66%	38%	84%	100%
Audit 100% sugar cane suppliers	% sugar cane audited to Gold Standard or RTFO Qualifying Environmental Standard	44%	70%	91%	100%
0% of unknown feedstocks origin	% of unknown biodiesel feedstock	0.61%	2.01%	0.29%	0%
	% of unknown bioethanol feedstock	0.42%	0%	0%	0%
% RED ready	% of biofuels meeting RED requirements			98%	100%

OUR APPROACH TO GOVERNMENT TARGETS

In our sustainability strategy, we identified carbon savings as our key sustainability objective. We aimed to achieve double the RED target for carbon savings⁴, with 70% carbon savings from our biofuels compared to fossil fuels.

We also concluded that achieving the 80% target for the proportion of biofuels meeting a Qualifying Standard would be impossible to meet in practice without compromising on our carbon savings strategy, since few sustainability standards had been developed or assessed as Qualifying Standards and, of those, the majority related to lower carbon savings biofuels.

Greenergy has been one of the pioneers in the development and use of field audit standards to ensure sustainable biofuel production. Our experience is that, where environmental or labour regulations are relatively weak, sustainability audits force suppliers to improve agricultural practices and deliver on key sustainability criteria. However, where environmental and labour protection is already strong,

complying with Qualifying Standards can be a 'tick box' exercise. Therefore, we have chosen to prioritise our resources on those supply chains that deliver real improvements to sustainability, and always to the supply chains we identify as high risk. BioCarbon Tracker has helped us identify how these risk factors change across our global biofuel supply chain - more on page 26.

We believe the RTFO Qualifying Standards and European Voluntary Schemes provide essential assurance for the global free trade of sustainable biofuels and we have continued to support the development of these standards. Of the seven sustainability standards recently approved by the European Commission for RED compliance, Greenergy developed the first to be submitted, and is a long-standing member of RTRS, RSB and BSI/Bonsucro and a recent member of ISCC.

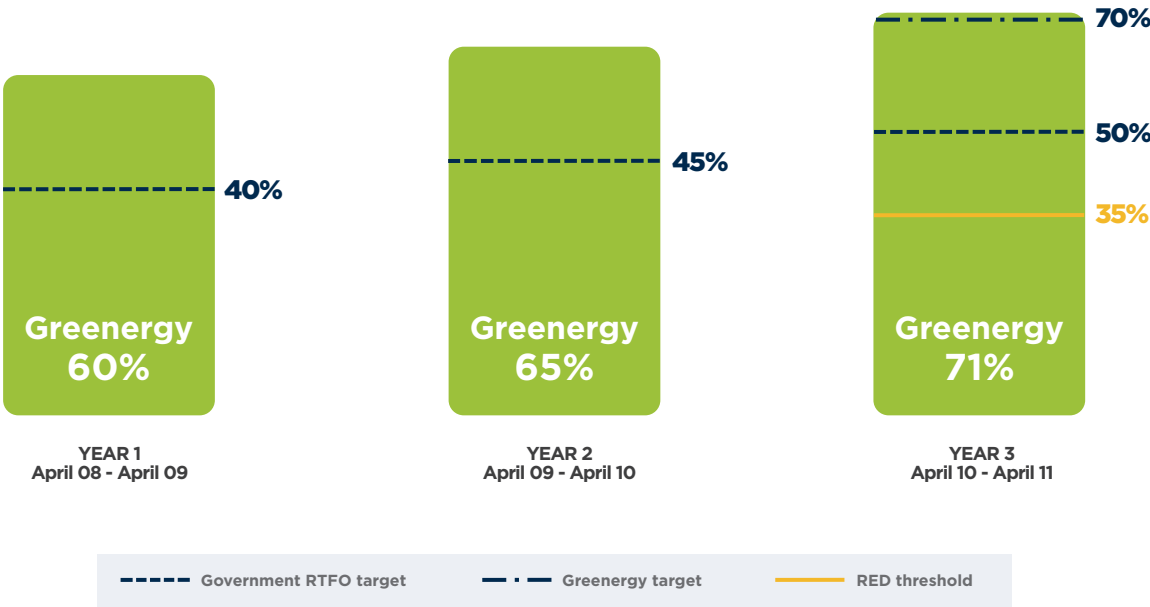
We also believe the RTFO industry reporting requirements are valuable in driving competition between suppliers on the basis of sustainability - increasing the average benefit to the planet from biofuels.

We are pleased that in this RTFO year, we have been successful in delivering continued improvement against these general indicators of sustainability.

⁴Renewable Energy Directive (RED) 2009 sets a minimum GHG performance of 35%.

GOVERNMENT TARGET 1 GREENHOUSE GAS SAVINGS FROM OUR BIOFUEL

AVERAGE CARBON SAVINGS FROM OUR BIOFUELS



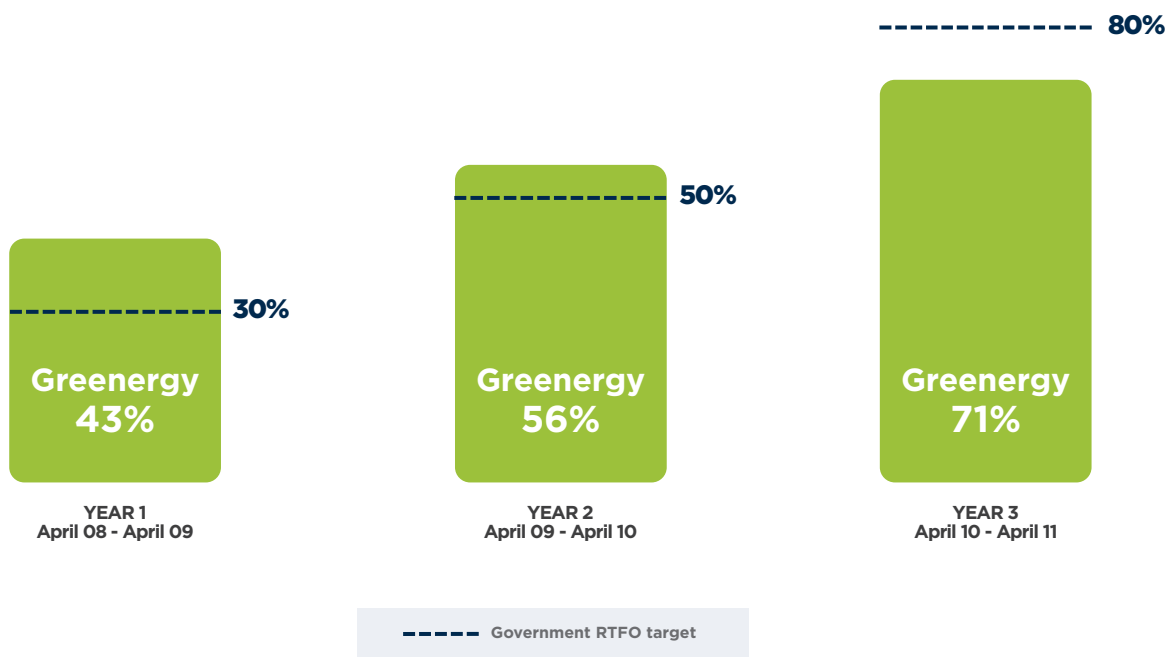
By maximising our use of the highest GHG saving feedstocks, actively sourcing from 'best in class' suppliers, and by developing waste feedstock supply chains, we exceeded both our own target and the Government target by achieving an average emissions saving of 71% from our biofuels.

“We do not believe the RTFO carbon target (50%) and RED carbon threshold (35%) are ambitious enough. They do not represent the full potential carbon savings from the biofuels available today”.

OUR APPROACH TO GOVERNMENT TARGETS (CONTINUED)

GOVERNMENT TARGET 2 PERCENTAGE OF FEEDSTOCK MEETING A QUALIFYING ENVIRONMENTAL STANDARD

% OF OUR BIOFUEL MEETING A QUALIFYING ENVIRONMENTAL STANDARD



This year 71% of our biofuels were either certified as meeting a qualifying standard or qualified automatically as wastes with no land use requirements:

- » Used cooking oil and tallow accounted for 84% of total biodiesel and 47% of total biofuels.

- » 91% of Greenergy sugar cane bioethanol came from mills that were audited against the Greenergy Gold Standard for sustainability.
- » Our US corn bioethanol and rapeseed did not meet a qualifying standard. No qualifying standard exists under the RTFO for non-UK corn or rapeseed and, since

these feedstocks were of EU or US origin and determined to be low risk, we chose not to invest in developing a Qualifying Standard. Instead we gained evidence of carbon and land use.

GOVERNMENT TARGET 3 DATA REPORTING OF RENEWABLE FUEL CHARACTERISTICS (PROVISION OF SUPPLY CHAIN INFORMATION)

DATA REPORTING OF RENEWABLE FUEL CHARACTERISTICS



To meet Renewable Energy Directive (RED) sustainability requirements due to take effect in December 2011, biofuel suppliers will have to provide evidence to prove that 100% of their biofuels deliver at least a 35% carbon saving and preserve highly biodiverse areas and carbon stocks. With this in mind, the Government's decision to increase the RTFO Data Reporting target to 90% was a proactive and ambitious challenge to the industry.

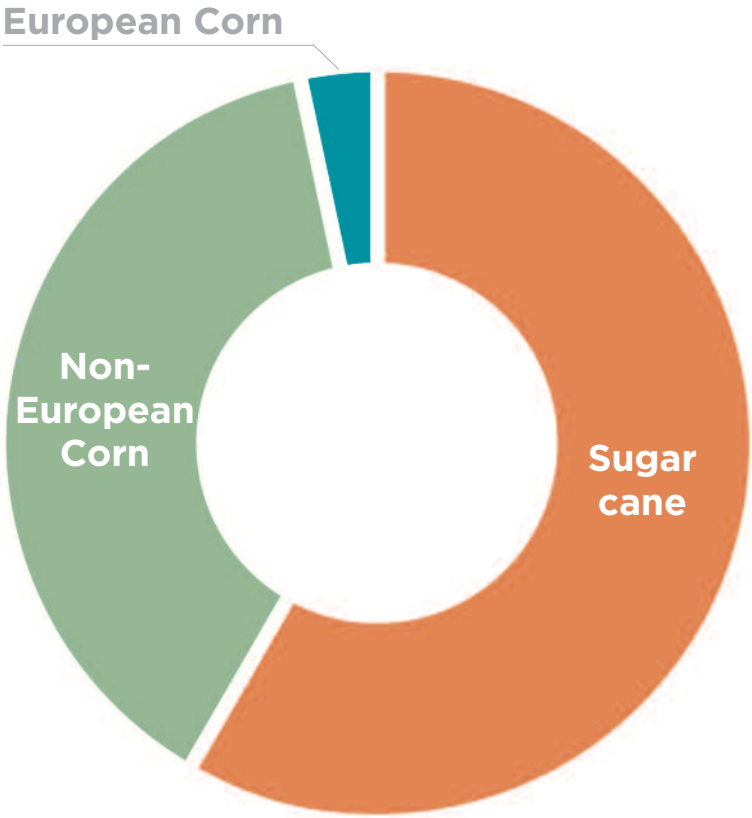
Greenergy exceeded the target, reporting on 92% of the RTFO sustainability characteristics. To achieve 100% Data Reporting Greenergy would have had to source 100% biofuels meeting a Qualifying Standard. Preferentially buying from the limited availability of Qualifying Standard certified product could have detracted from the sourcing of the highest carbon saving biofuels.

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE

The table below shows the biofuels we have used this year, and their sustainability characteristics.

	General		Environmental	Social	Carbon	
Bioethanol	% Fuels supplied by Feedstock by volume	% Data reported on Biofuel characteristics	% Meeting Qualifying and/or RTFO standard	% Meeting Qualifying and/or RTFO standard	Average carbon intensity g CO ₂ /MJ	Average GHG saving %
Sugar cane	58.60%	98%	91%	91%	24	71%
Non-European Corn	38.29%	73%	0%	0%	39	54%
European Corn	3.11%	75%	0%	0%	40	52%
Weighted average of all bioethanol		88%	53%	53%	30	64%
Biodiesel						
Used cooking oil	78.37%	100%	100%	100%	14	84%
Soy	7.88%	75%	0%	0%	50	41%
Oilseed rape	7.29%	77%	9%	0%	52	38%
Tallow	6.05%	100%	100%	100%	16	81%
Unknown	0.29%	0%	0%	0%	93	-11%
Palm	0.12%	100%	100%	100%	68	19%
Weighted average of all biodiesel		96%	85%	85%	20	77%
Grand totals		92%	71%	71%	24	71%

BIOETHANOL



- 58.60% sugar cane
- 38.29% non-European corn
- 3.11% European corn

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE (CONTINUED)

SUGAR CANE BIOETHANOL

58.60% OF OUR TOTAL BIOETHANOL



General information		Sustainability information			Carbon information		
% of total Sugar Cane	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
72.71%	Brazil	Meta	RTFO	RTFO	Cropland non-protected	24	71%
17.86%	Brazil	Meta	RTFO	QS	Cropland non-protected	24	71%
9.23%	Brazil	Unknown	Unknown	Unknown	Cropland non-protected	24	71%
0.18%	Brazil	Meta	Unknown	QS	Cropland non-protected	24	71%
0.02%	Brazil	Unknown	Unknown	Unknown	Unknown	24	71%
0.00%	Brazil	Meta	Unknown	RTFO	Cropland non-protected	24	71%

We have again made good use of our local relationships through Greenergy Brasil to continue sourcing bioethanol from sugar cane plantations and mills that meet our Gold Standard for sustainability.

In 2010/11 we conducted third

party audits at all of the mills that we bought from directly during the year, to verify compliance with the 7 RTFO Environmental and Social Meta criteria as well as the RED land use and biodiversity criteria. In June 2010, Greenergy submitted this Gold Standard to the European Commission for

approval as a voluntary scheme and in July 2011 the standard was adopted into European law as one of the first standards to demonstrate compliance with the RED sustainability criteria.

“Greenergy’s Gold Standard Sustainability Criteria was one of the first of the voluntary sustainability schemes to gain formal approval by the European Commission under the Renewable Energy Directive (RED)”.

CORN BIOETHANOL

41.40% OF OUR TOTAL BIOETHANOL



General information

Sustainability information

Carbon information

% of total Corn	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
86.51%	United States	Unknown	Unknown	Unknown	Cropland non-protected	37	56%
7.52%	France	Unknown	Unknown	Unknown	Cropland non-protected	40	52%
5.96%	United States	Unknown	Unknown	Unknown	Unknown	62	26%

In 2010/11 global prices of bioethanol shifted due to an excess supply of US corn bioethanol and increased domestic consumption of Brazilian bioethanol.

To ensure cost effective delivery of carbon savings from our biofuels, Greenergy engaged with the bioethanol industry in the US to identify the best performing US bioethanol producers. We audited the carbon emissions of bioethanol production from a

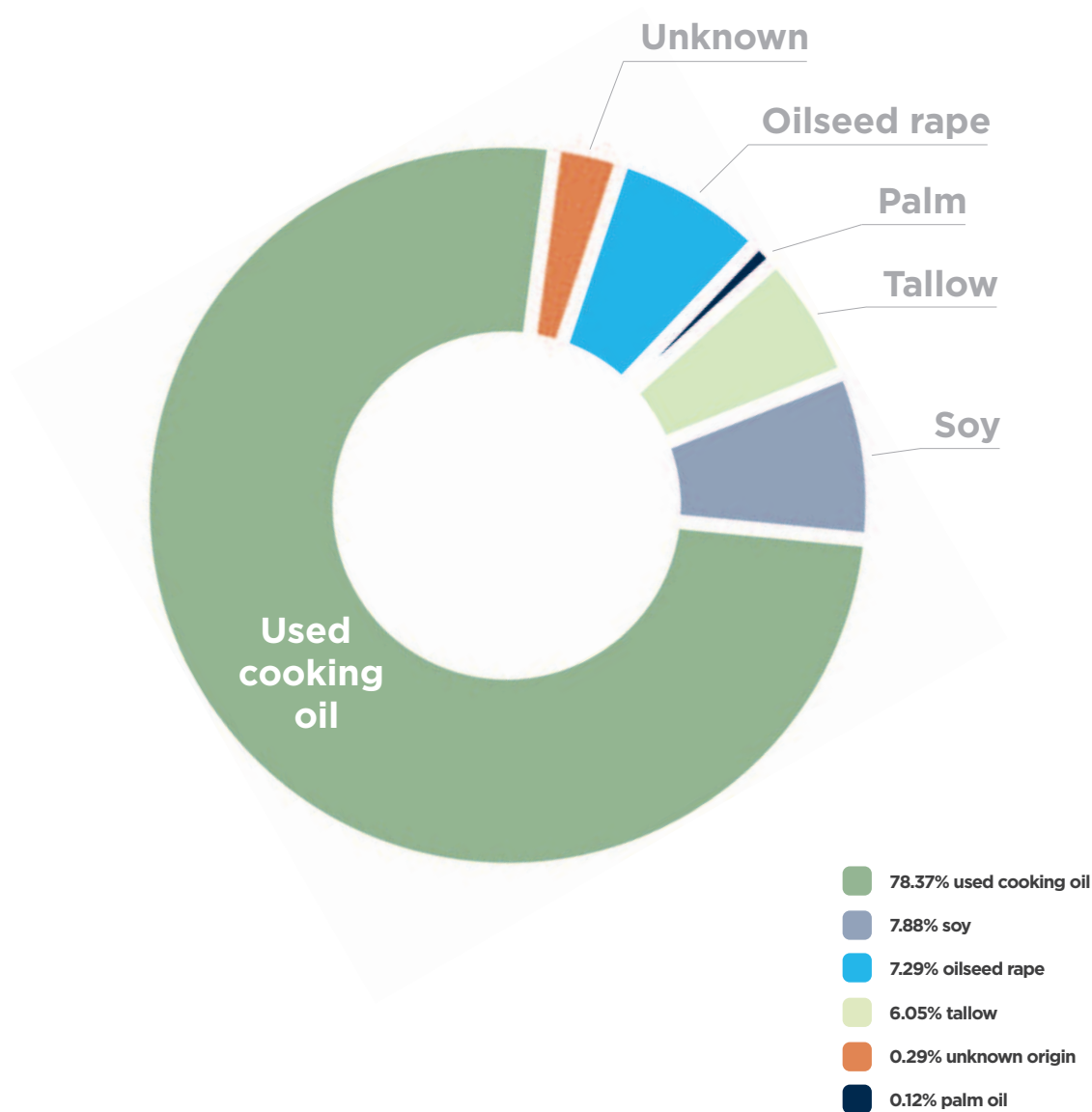
number of US producers and preferentially bought from those with the highest performance.

The average carbon savings from our US corn bioethanol was 50%.

We also conducted land use analysis using satellite data on BioCarbon Tracker, more on page 26.

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE (CONTINUED)

BIODIESEL



USED COOKING OIL BIODIESEL

78.37% OF OUR TOTAL BIODIESEL



General information		Sustainability information				Carbon information	
% of total Used cooking oil	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
34.64%	United Kingdom	BYPRO	QS	QS	By-product	13	84%
20.14%	Netherlands	BYPRO	QS	QS	By-product	14	83%
13.69%	United States	BYPRO	QS	QS	By-product	13	84%
11.58%	Germany	BYPRO	QS	QS	By-product	14	83%
5.23%	United States	BYPRO	QS	QS	By-product	14	83%
3.86%	Spain	BYPRO	QS	QS	By-product	14	83%
3.77%	Belgium	BYPRO	QS	QS	By-product	14	83%
3.38%	United Kingdom	BYPRO	QS	QS	By-product	14	83%
2.35%	France	BYPRO	QS	QS	By-product	14	83%
0.47%	Austria	BYPRO	QS	QS	By-product	14	83%
0.37%	Denmark	BYPRO	QS	QS	By-product	13	84%
0.20%	Sweden	BYPRO	QS	QS	By-product	13	84%
0.13%	Finland	BYPRO	QS	QS	By-product	13	84%
0.12%	Chile	BYPRO	QS	QS	By-product	13	84%
0.03%	Luxembourg	BYPRO	QS	QS	By-product	14	83%
0.01%	Mexico	BYPRO	QS	QS	By-product	14	83%
0.01%	Republic of Ireland	BYPRO	QS	QS	By-product	13	84%

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE (CONTINUED)

USED COOKING OIL BIODIESEL (CONTINUED)

We have been adapting our Immingham biodiesel plant to process high levels of waste feedstocks since 2008 and this long term strategy continued successfully through 2010/11. The

proportion of our biodiesel made from used cooking oil increased from 3.48% in 2009/10 to 78.37% in 2010/11.

“During the year we made investments at our biodiesel production facility in Immingham in order to efficiently process used cooking oils. This has allowed us to significantly increase our use of biofuel made from wastes.”

In order to increase our used cooking oil utilisation, we have significantly extended our supply chain of used cooking oil collectors. Used cooking oil is most readily available in areas of high population density and the most immediate resources available to Greenergy were within the UK, from used cooking oil collected from restaurants and food cooking factories. Used cooking oil resources were also available across EU and further afield.

Greenergy has worked with waste

collectors, independent auditors and sustainability consultants to develop an audit standard to assess whether potential used cooking oil suppliers have appropriate control over their supply chains and systems in place to assure that the product they are proposing to sell to Greenergy is actually used cooking oil from a cooking process. This audit standard is a precursor to the development of an industry code of practice for waste biodiesel within the European Biodiesel Board⁶.

⁶EBB Waste biodiesel code of practice

SOY BIODIESEL

7.88% OF OUR TOTAL BIODIESEL



General information

Sustainability information

Carbon information

% of total Soy	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
92.44%	United States	Unknown	Unknown	Unknown	Cropland non-protected	49	42%
6.27%	Argentina	Unknown	Unknown	Unknown	Cropland non-protected	58	31%
1.30%	Argentina	Unknown	Unknown	Unknown	Unknown	58	31%

Soy biodiesel amounted to 7.88% of our total biodiesel usage. The main source of soy beans (92%) was from the mid west USA. We also sourced a small amount of Argentinean soy biodiesel and gained confidence that the vast majority of soy had been grown on long-term agricultural land from a survey which mapped and analysed the soya bean supply chain into our biodiesel supplier's production plant. For the remaining 1.30% our supplier was unable to provide similar satellite evidence to prove previous land use.

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE (CONTINUED)

OILSEED RAPE BIODIESEL

7.29% OF OUR TOTAL BIODIESEL



General information		Sustainability information			Carbon information		
% of total Oilseed rape	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
40.62%	Germany	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
17.21%	United Kingdom	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
16.91%	France	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
9.71%	Ukraine	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
8.58%	United Kingdom	ACCS	QS	Unknown	Cropland non-protected	52	38%
3.59%	United States	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
3.33%	Poland	Unknown	Unknown	Unknown	Cropland non-protected	52	38%
0.06%	Belgium	Unknown	Unknown	Unknown	Cropland non-protected	52	38%

To maintain technical performance quality in cold weather conditions, we chose to blend a small proportion of rapeseed biodiesel into our waste-based biodiesel. We engaged expert land use analysis to ensure the rapeseed came from areas with strong environmental protection and established cropland.

TALLOW BIODIESEL

6.05% OF OUR TOTAL BIODIESEL



General information		Sustainability information			Carbon information		
% of total Tallow	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
64.85%	United States	BYPRO	QS	QS	By-product	17	80%
16.62%	United Kingdom	BYPRO	QS	QS	By-product	13	84%
9.89%	United Kingdom	BYPRO	QS	QS	By-product	17	80%
3.80%	Germany	BYPRO	QS	QS	By-product	17	80%
3.10%	Denmark	BYPRO	QS	QS	By-product	17	80%
0.95%	Finland	BYPRO	QS	QS	By-product	17	80%
0.48%	Belgium	BYPRO	QS	QS	By-product	17	80%
0.29%	Netherlands	BYPRO	QS	QS	By-product	17	80%
0.01%	Poland	BYPRO	QS	QS	By-product	17	80%
0.00%	Switzerland	BYPRO	QS	QS	By-product	17	80%

Like used cooking oil, biodiesel made from animal fats has exceptional sustainability characteristics because it is a by-product of the meat processing industry. As a major producer of poultry, pork and beef fat, the

USA contributed the largest proportion of our tallow feedstock. Tallow processed at Immingham achieved greater carbon efficiencies than the default.

SUMMARY ANNUAL BIOFUEL SUPPLY PROFILE (CONTINUED)

UNKNOWN ORIGIN

0.29% OF OUR TOTAL BIODIESEL



General information

Sustainability information

Carbon information

% of total Unknown	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
100%	Unknown	Unknown	Unknown	Unknown	Unknown	93	-11%

For 0.29% of our total biodiesel, Greenergy's suppliers were unable to provide sufficient evidence to prove the origin or feedstock type of their biodiesel. In these cases Greenergy has reported this biodiesel as 'unknown origin'. While this is improved from 2.01% in 2009/10, Greenergy will ensure that the proportion of biofuels from 'unknown origin' is reduced to 0.00% for the implementation of RED in December 2011.

PALM OIL BIODIESEL

0.12% OF OUR TOTAL BIODIESEL



General information

Sustainability information

Carbon information

% of total Palm	Feedstock Origin	Sustainability Standard	Environment Level	Social Level	Land use on the 01/01/08	Weighted average CI (gCO ₂ e /MJ)	GHG Saving (%)
100%	Malaysia	RSPO	QS	QS	Cropland non-protected	68	19%

0.12% of our biodiesel was produced from palm oil. We ensured that all biodiesel produced from palm oil achieved RSPO certification from a Malaysian mill where Greenergy had engaged land use analysis in addition to the mill's conformance with the RSPO criteria.

FURTHER MEASURES TO ENCOURAGE SUSTAINABILITY

“We seek to maximise the carbon savings from our biofuels and eradicate environmental damage such as deforestation. We have been first mover in many of the regulatory provisions which are now in place to ensure this can happen.”

Use of waste-based biofuel:

- » Our aim to source 100% biodiesel from wastes will be supported by the double counting of biofuels from qualifying wastes and residues under RED. This will reduce the land use required for biofuels and improve their average carbon saving.

Development of Sustainability Standards:

- » Greenergy Gold Standard – In July 2011, Greenergy’s Sustainability Standard for Brazilian sugar cane was announced as one of the first standards to prove compliance with the RED sustainability criteria in any EU Member State.
- » All of the sugar cane plantations and mills within the Greenergy sustainability programme complied with the full Environmental and Social Meta criteria of the RTFO during the 2010/11 harvest. This was a result of Greenergy’s continued support and audit programme, in operation since 2007.
- » 7 EU voluntary sustainability schemes, including Greenergy’s Gold Standard, were approved by the European Commission for EU wide RED compliance. This finally gives producers and suppliers the confidence to invest in compliance with a single standard to prove sustainability throughout the EU.

- » Greenergy developed a Used Cooking Oil Verification Protocol in conjunction with Dutch supply chain traceability experts and based on the Dutch Double Counting Standard, for use in international used cooking oil supply chains. This has been used to verify that used cooking oil suppliers have sufficient controls and systems in place to prove the origin of their used cooking oil. This standard has been presented to the European Biodiesel Board to provide the basis for an industry Code of Best Practice.
- » Greenergy has continued to contribute to the development of sustainability standards and maintained our membership of the following:
 - » BONSUCRO
 - » RSB
 - » RTRS
 - » RSPO
 - » ISCC
 - » Dutch Double Counting

BIOCARBON TRACKER

To prepare for RED compliance in Year 4 and understand the full sustainability of our biofuel supply chains, we have been working with our suppliers to gather evidence on the origin, land use and carbon savings of our supply chain. In addition to our programme of sustainability field audits, we have used BioCarbon Tracker⁵ to obtain much more reliable and detailed information about the preservation of high carbon and biodiversity land in our supply chain.

BioCarbon Tracker is a publicly available website developed for Greenergy by Ecometrica and has been endorsed by the University of Edinburgh and the UK National Centre for Earth Observation. It uses satellite data to map global biocarbon and land use change risk factors.

The website also allows full public disclosure of our international biofuel supply chain. For this work on supply chain transparency and sustainability assurance, Greenergy was named the Winner in the Biofuels Sector of the Forest Footprint Disclosure Project.



BioCarbon Tracker is a new, interactive web tool that uses satellite data and remote sensing to observe and map carbon reserves and land use change globally. It:

- » Provides best available data to inform our biofuel sourcing strategy, helping us evaluate risk and prioritise our actions effectively.
- » Improves wider understanding of the direct and indirect emissions from biofuels and other crops.
- » Provides us with data to comply with the RTFO's reporting requirements as well as future provisions under RED on land use, conservation and protected areas.
- » Provides an effective mechanism for us to provide information about our supply chain.

⁵www.biocarbontracker.com

FURTHER MEASURES TO ENCOURAGE SUSTAINABILITY (CONTINUED)

“BioCarbon Tracker gives a unique insight into global carbon reserves and the threats they face.

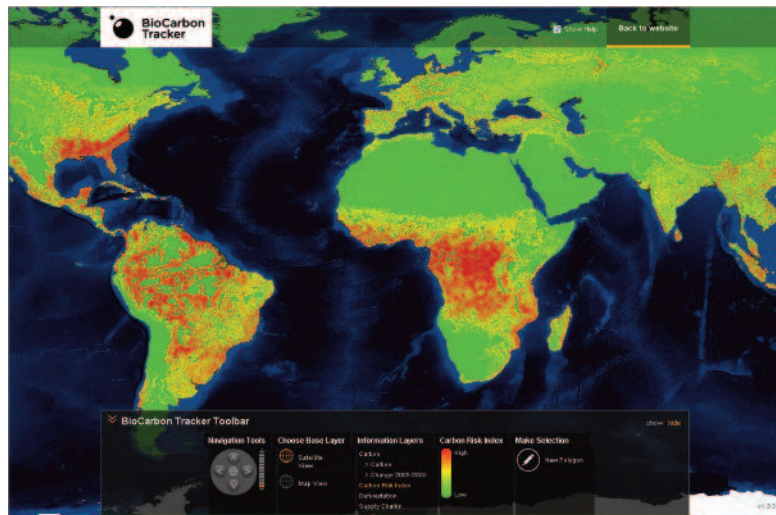
We use it to gather accurate and detailed information about the previous land use of farms that produce agricultural products, to meet our RTFO reporting and future RED requirements.”

Using BioCarbon Tracker to understand Carbon Risk

As previously explained, we prioritise our sustainability efforts according to where environment and social risks are greatest. When making decisions about the likelihood of land use change and carbon loss, we refer to the carbon risk map on BioCarbon Tracker.

Where we want to source biofuel from crops grown in an area identified on BioCarbon Tracker as being of high risk of carbon loss, we work to understand the risk factors particular to that area, looking at how they relate to biofuel production. This allows us to ask more meaningful questions of our suppliers.

In areas where carbon loss is likely to be low and environmental

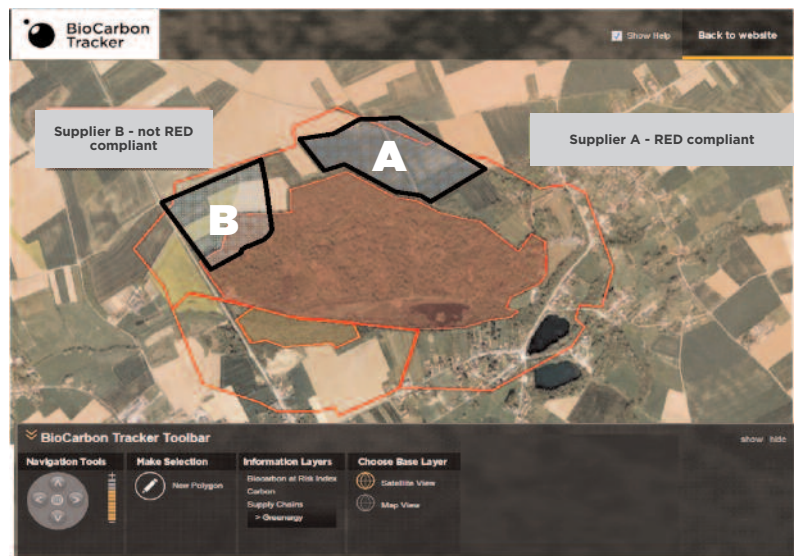


Global BioCarbon Risk map

protection is strong, we may not require additional compliance with biofuels sustainability standards.

Using BioCarbon Tracker to provide evidence of land use for RTFO and RED compliance

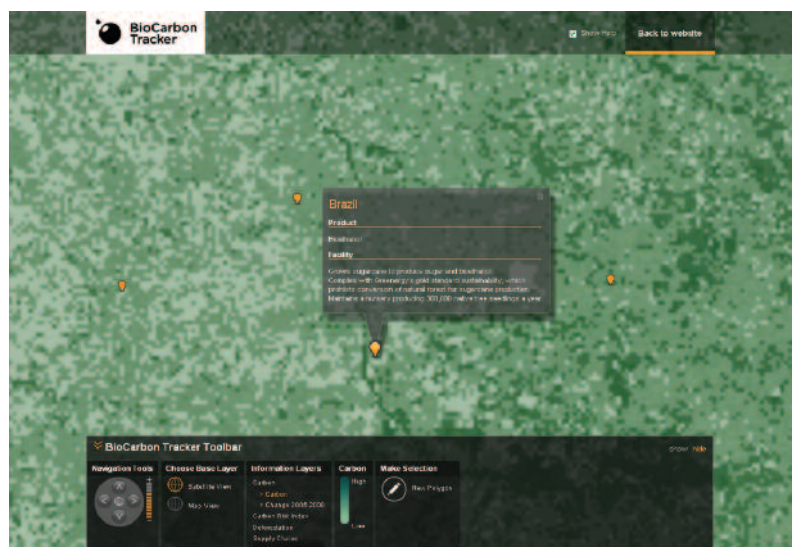
BioCarbon Tracker maps carbon reserves lost and gained between 2005 and 2009. By referring to these maps, and maps of vegetation cover, we can establish whether biofuel crops have been grown on long-term agricultural land, and whether there has been any change in land use since 1st January 2008. We have also mapped the protected land use categories, conservation and protected areas defined in RED, to create in BioCarbon Tracker a complete RED compliance tool.



Analysis of a European farm for RED compliance

Using BioCarbon Tracker for Supply Chain Disclosure

By presenting our biofuels supply chain on BioCarbon Tracker, we aim to encourage consumers and policy makers to understand more about the origin and sustainability of Greenergy biofuel. For this commitment to transparency, Greenergy was awarded the Forest Footprint Disclosure Project Award for the Biofuels Sector.



Greenergy's Supply Chain published on BioCarbonTracker

⁶http://pdf.wri.org/navigating_numbers.pdf World Resources Institute

CASE STUDY

CHANGING PRACTICES ON SUGAR CANE PLANTATIONS IN BRAZIL

“Greenergy Brasil works with sugar cane bioethanol mills directly, training mill managers to implement all 7 principles of the Greenergy Gold Standard Sustainability Programme.

Under a programme of continuous improvement, we guide and persuade mills to resolve any non-conformances within a set time period. And by refusing to buy from a mill with major non-conformances, we drive demand for mills complying with our Gold Standard.”



In October 2010, Greenergy commissioned the Brazilian organic auditing company; BCS Oko Garantie to perform an annual audit against the Greenergy Gold Standard for Brazilian sugar cane bioethanol at one of Greenergy's suppliers, a sugar cane plantation in the state of Sao Paulo.

At this audit several major and minor non-compliances were observed:

- » No survey of local fauna and flora had been conducted;
- » No biodiversity management plan had been developed or implemented;
- » There were no formalised procedures to control wash and rinse water from pesticide spraying vehicles;
- » There was no water proofing and appropriate retention of rainwater in the vehicle garage;
- » There were no records of environmental compliance by sub contractors;
- » Absence of records of monitoring weeds (integrated pest management concept);
- » Soil preparation implements were not cleaned before being transported to another plot;
- » The hand washing tank was situated on the side of the pesticides truck, with potential for contamination;
- » Sub contracted workers (mechanised harvesting and sugar cane transportation) were working in excess of national legislation; and
- » The support truck had oil leakage in the hydraulic system and a degraded tyre.

To be considered as an ongoing supplier to Greenergy, the mill's management was tasked with resolving these non-compliances within 90 days. To do so they worked with the Greenergy sustainability team (Greenergy Brasil, Ecosistemas, Proforest) to identify and implement management practices to resolve the non-conformances.

In December, BCS reviewed and were satisfied with the evidence of resolution, and in particular with the management plans to control subcontractors and hold them to national legislation and environmental practices according to the Greenergy Gold Standard. BCS recommended that next annual audits paid specific attention to these management plans and also to the requirement to monitor surface and ground water to prove effective containment of pesticide run off from the sprayer washing area.

In this case, enforcement of the Greenergy Gold Standard criteria led to real improvements in social and environmental sustainability, with:

- » Implementation of biodiversity conservation plans;
- » Improvements to agricultural practices to protect soil and water quality; and
- » Improvements in working conditions.

Our work is also contributing more widely to the development and use of sustainability standards for sugar. Agricultural experts trained by Greenergy Brasil have gone on to conduct their own sustainability seminars and environmental audits at other farms. This shows the benefit of biofuels investment in promoting the demand for, and capacity to deliver sustainable agriculture.

IMPROVING THE CARBON DATA ON BIOFUELS

The EU Renewable Energy Directive sets “default” greenhouse gas savings for all biofuels based on assumptions about typical fertiliser use, yields, transport distances and energy inputs for each particular feedstock and region. Actual data

can be used instead to give more accurate calculations of the carbon savings achieved.

We gathered detailed carbon information from a number of our suppliers:

US CORN BIOETHANOL

Under RED, corn bioethanol produced outside of the European Union has one the lowest default greenhouse gas savings of all biofuels, at just 26% carbon saving. However corn bioethanol from within the European Union with natural gas as process fuel achieves a higher default value of 49%.

In order to assess whether US suppliers could demonstrate greater carbon savings, and to highlight the importance of carbon savings as a purchasing criteria, Greenergy gathered detailed carbon emission data from a number of American bioethanol producers, and used this data to calculate the carbon emissions from each specific process and supply chain.

Whilst some producers were close to the conservative default level, most ethanol suppliers showed much higher carbon savings for bioethanol production. The average carbon saving of all the bioethanol plants analysed was 45% GHG saving.

Greenergy actively sourced only from those refineries that delivered the highest savings compared to petrol, by using lower energy and fertiliser inputs in the field compared to the RED default data. One ethanol refinery also used less steam and electricity from natural gas than was assumed by the conservative default values.

By performing this analysis and highlighting GHG performance as a procurement criteria for US bioethanol, Greenergy is promoting carbon efficiency improvements in the US.

WASTE-BASED BIODIESEL

We own and operate a biodiesel production facility at Immingham, and we seek to monitor and improve the energy efficiency of biodiesel production according to different feedstocks.

In 2010/11 we reduced the energy consumption per tonne of biodiesel produced compared to the typical biodiesel plant and achieved:

- » 1% improvement in the carbon savings for biodiesel made from used cooking oil compared to the RED default;
- » 4% reduction in the emissions from processing tallow into biodiesel.

We will be making investments designed to improve these carbon savings even further.

LIMITED ASSURANCE REPORT



Independent Assurance Report to the Directors of Greenergy Fuels Limited on selected information in the Annual Report to the Department for Transport¹

We have been engaged by the Directors of Greenergy Fuels Limited (the "Company") to perform an independent limited assurance engagement in respect of selected information (the "Identified RTFO Data") contained in the Company's Annual Report to the Department for Transport - Biofuel Supplied under the Renewable Transport Fuel Obligation (the "RTFO") for the year ended 14 April 2011 (the "RTFO Annual Report").

Scope and subject matter

The Identified RTFO Data subject to limited assurance consists of:

- a) the following tables in the RTFO Annual Report:
 - Table 1 – Summary Annual Biofuel Supply Profile (page 13)
 - Table 2 – Bioethanol from Sugar Cane (page 15)
 - Table 3 – Bioethanol from Corn (page 16)
 - Table 4 – Biodiesel from Used Cooking Oil (page 18)
 - Table 5 – Biodiesel from Soy (page 20)
 - Table 6 – Biodiesel from Oilseed Rape (page 21)
 - Table 7 – Biodiesel from Tallow (page 22)
 - Table 8 – Biodiesel from Unknown origin (page 23)
 - Table 9 – Biodiesel from Palm Oil (page 24)

¹ From 1 April 2011, the Renewable Fuels Agency ceased to exist and the RTFO responsibilities transferred to the Department for Transport.

- b) Greenergy's membership of the sustainability standards organisations set out on page 25 during the period.

We read the other information included in the RTFO Annual Report and consider whether it is consistent with the Identified RTFO Data and our understanding of the business from undertaking this engagement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Identified RTFO Data. Our responsibilities do not extend to any other information, including information contained in documents referenced in the RTFO Annual Report. Our work and our report are entirely separate from our responsibilities as auditors of the statutory financial statements of the Company.

Respective responsibilities of the Directors and PricewaterhouseCoopers LLP

The Directors of the Company are responsible for:

1. ensuring that the measurement, compilation, evaluation and reporting of the Identified RTFO Data is in accordance with the sections of the RTFO Technical Guidance published by the Renewable Fuels Agency (the "RFA") Part 1, v3.4 (May 2011) and Part 2, v3.1 (April 2010), and other reporting guidance, as set out in the Basis of Preparation (the "Criteria") section of the RTFO Annual Report on page 34;
2. ensuring the Criteria are relevant and appropriate to the Company and the users of the RTFO Annual Report;
3. the content of the RTFO Annual Report; and
4. maintaining underlying records sufficient to support the Identified RTFO Data.

Our responsibility is to form an independent conclusion based on our limited assurance procedures, on whether anything has come to

our attention to indicate that the Identified RTFO Data is not fairly stated in all material respects in accordance with the Criteria.

This report, including the conclusion, has been prepared for the Directors of the Company as a body, to assist the Directors in reporting the Company's RTFO information. We permit the disclosure of this report, together with the Identified RTFO Data to which it relates, within the RTFO Annual Report for the year ended 14 April 2011, to enable the Department for Transport to verify that the Directors have discharged their responsibilities by commissioning an independent assurance report in connection with the Identified RTFO Data.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and the Company for our work or this report save where terms are expressly agreed and with our prior consent in writing.

Assurance work performed

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). In designing our test procedures we also had regard to the RFA Guidance for Verifiers, Version 3, March 2011.

LIMITED ASSURANCE REPORT (CONTINUED)

Our limited assurance procedures primarily comprised:

- conducting interviews with management at the Company, including those operational managers charged with related responsibilities;
- sample testing of relevant controls within the information systems used for the Identified RTFO Data;
- considering the competency of third parties who have assessed Carbon and Sustainability Characteristics in the supply chain where their work is being used and reviewing their reports, where appropriate;
- checking collation and aggregation of Identified RTFO Data presented in the RTFO Annual Report;
- substantive testing back to relevant supporting documentation of the Carbon and Sustainability Characteristics for a selected sample of fuel;
- re-performing the calculation of averages and weighted averages within the Identified RTFO Data; and
- checking Greenergy's membership of the sustainability standards organisation to relevant membership documentation maintained by Greenergy or identifying Greenergy on the member lists that are publicly available on the relevant sustainability standards organisations' websites.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time (in particular, information and conversion factors derived from third parties as set out in the RTFO Technical Guidance for reporting period ended 14 April 2011).

Our assurance work has not included examination of the derivation of conversion factors and other third party information. Additionally, the Carbon and Sustainability Characteristics rely on information assessed by third parties. Our assurance work has not included an examination of the underlying information assessed by those third parties.

Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in our report to any future periods would be inappropriate.

Conclusion

Based on the results of our procedures described in this report, nothing has come to our attention that causes us to believe that:

- The Identified RTFO Data for the year ended 14 April 2011 is not fairly stated, in all material respects, in accordance with the Criteria.
- The other information included in the RTFO Annual Report is inconsistent with the Identified RTFO Data and our understanding of the business from undertaking this engagement.



**PricewaterhouseCoopers LLP,
Chartered Accountants,
London
9 September 2011**

Note:

The maintenance and integrity of the Greenergy Fuels Limited website is the responsibility of the Directors of the Company; the work carried out by the independent accountants does not involve consideration of these matters and, accordingly, the independent accountants accept no responsibility for any changes that may have occurred to the RTFO Annual Report since it was initially presented on the website.

BASIS OF PREPARATION

The compilation and reporting of this data has been prepared in accordance with the sections of the RTFO Technical Guidance for year 3 and other reporting guidance as listed below, taking into account any updated fuel chain data as published by the RFA* at:

www.dft.gov.uk/publications/carbon-sustainability-technical-guidance

a) Technical Guidance: Part One v3.4 May 2011

Section:

- 2 Scope and Principles for RTFO C&S Reporting
- 3 Monthly reporting, Parts:
 - 3.2 What to report
 - 3.3 Reporting on the sustainability of renewable fuels
 - 3.4 Filling in the monthly report
 - 3.5 Further Guidance
 - 3.6 Changing C&S data after the monthly reporting deadline
 - 3.7 Reporting on purchased certificates
- 4 Annual Reporting, Parts:
 - 4.1 What to report
 - 4.2 When to report
- 5 Expected reporting levels and targets

6 The Chain of Custody, Parts:

- 6.1 General
- 6.2 Which chain of custody systems are permitted for C&S reporting under the RTFO?
- 6.3 When to set up a chain of custody
- 6.4 Guidance for operating a mass balance type of chain of custody
- 6.5 Equivalence trading

7 Verification of company reporting, Parts:

- 7.1 General
- 7.2 Setting up a system for Carbon and Sustainability reporting
- 7.3 Which data will be verified?
- 7.4 Further Guidance

Annexes:

- A Guidance on sustainability standards
- B Eligible by-products
- C RTFO Biofuel Sustainability Meta standard Criteria & Indicators
- D Benchmarks of standards
- E Assessing carbon intensity and calculating direct GHG saving
- F Assessing the impact of land-use change
- G Accuracy level
- H Standard terms

b) Technical Guidance: Part Two v3.1 April 2010

Section:

- 2 Using qualitative information to calculate a known carbon intensity
- 3 Editing pre-defined fuel chains with actual data

c) RFA Detailed Carbon intensity data & templates

http://assets.dft.gov.uk/publications/carbon-and-sustainability-technical-guidance/RFA_C_and_S_TG_Part_two_Detailed_carbon_intensity_data_2010-11_v3.3.xls

d) Other reporting guidance

1. RTFO Sustainable Biofuel Meta Standard: Greenergy bioethanol interpretation for Brazilian Sugarcane Version 2, 10th September 2008.
2. Guidance on interpretation of field audit results for RFA reporting: ProForest 2009.
3. Greenergy RTFO fuel chains May 2011.xls updated 18/5/2011 by Charlotte Wylie – Ecometrica

The Directors of the Company deem this basis of preparation to be sufficient and appropriate for the purpose of this report as outlined above.

*Regulatory responsibilities for the RTFO transferred to the Department for Transport on the 1st April 2011

The logo for Greenenergy, featuring the word "Greenenergy" in a bold, dark blue, sans-serif font. A thin, light green vertical line is positioned to the left of the text.

Greenenergy

Greenenergy
198 High Holborn
London WC1V 7BD

www.greenenergy.com