

Energy for today and tomorrow.

Sustainability Report 2021



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Cautionary Statement

This report contains certain 'forward-looking statements' that relate to the operations and activities of Flogas and sets out how Flogas intends to conduct its business in the future. While Flogas has made every effort to ensure the report is as accurate as possible, forward-looking statements are based on assumptions using currently available information that is subject to a range of uncertainties. Actual results or outcomes may differ materially from those projected or implied in such statements. Forward-looking statements are subject to risks that will or may occur in the future and which are beyond Flogas' ability to control. They therefore do not represent a guarantee of future conduct or policy. Flogas assumes no obligation to publicly update any statements made in this sustainability report and does not guarantee the appropriateness, accuracy, usefulness or any other matter whatsoever regarding this information.

Our approach to

Governance and compliance

Climate change and energy transition

People and social

Welcome from our Managing Director

This is our second annual account of our sustainability performance. Its focus is on the progress we've made against the objectives we set last year, some of which stretch well into the future. We have made good progress already, as the report demonstrates.

One of our most demanding challenges is the energy transition – shifting away from fossil fuels and supporting customers in their journey to net zero carbon. We are working with refineries, technologists, customers, and business partners to develop alternative fuels for the future, including ammonia, hydrogen, and renewable di-methyl ether. These are long-term prospects in many cases, but in the meantime, we are continuing to deliver supplies of biopropane for customers. There is no single answer to the complex challenge of moving away from fossil fuels, but we are taking action and are eager to be an integral part of the solution.

Our commitment includes minimising our own greenhouse gas emissions. Since our last report, we have reduced our direct GHG emissions by 14%. We have continued to switch customers from oil to liquid gas, contributing to lower emissions, improved air quality, and achieved cost savings. And, of course, we provide customers with the option of offsetting their emissions through high-quality verified offset projects.

Our board-level sustainability committee plays an important role in prioritising our actions. It encourages ideas from across the business about improving efficiency, minimising waste, and developing better processes. A focus of its attention has been on changes to our vehicle fleet - the largest source of our GHG emissions. We are transitioning away from diesel-fuelled vehicles and 43% of our company car pool is now electric or hybrid.

We will only succeed in becoming a more sustainable business when sustainability is ingrained in everybody's working practices. We've engaged

with colleagues across the business, informing, educating, and welcoming input. Sustainability considerations are now integrated into senior management and board-level objectives, with an impact on financial reward. Our sales teams are being incentivised to work with customers to develop sustainable energy solutions. Winning the hearts and minds of colleagues and customers is key to our long-term success.

More immediately, we continue to safeguard our colleagues' health, safety, and security as the coronavirus pandemic has continued. We are providing resources to support our people's mental health and well-being and will continue to implement lessons learned about work-life balance, working environments, and practices. I'm delighted to report a significant improvement in our personal safety performance this year, with a 40% reduction in lost-time injury frequency. We have maintained an excellent process safety record. Safety, of course, is the one job in the business that is never complete and we remain committed to ensuring everyone remains safe.

I hope you enjoy this report. We are working to continuously improve our reporting as well as our performance. Your feedback will help us on our journey to a more sustainable future.

Lee Gannon Managing Director, Flogas Britain Ltd



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Highlights 2021

Robust finances

Continuing robust financial and operating performance, with a turnover of £244.9 million in 2021



Targeted growth

Growth in targeted market sectors

Board leadership

Board-level Sustainability Committee established and now taking a strategic lead on our sustainability action plans



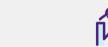
Waste reduction

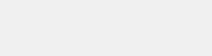
Significant increase in waste recycling and recovery rates - now at nearly 90%



Emissions progress

14% reduction in our direct CO₂ scope 1 and 2 emissions, making good progress against our target to reduce emissions by 20% by 2025, from a 2019 base







Female leadership

Continued increase in the proportion of leadership roles held by women - now at 32%



Equality

Further narrowing of the gender pay gap - now at 0.18%



Top team diversity

6% increase in gender diversity across our management team in past 18 months



Reduced accidents Limiting impact

40% reduction in the frequency of lost-time accidents across the company



Significant decrease in the severity impact of the accidents that have occurred



Expanded training

Customer emissions

Continued cumulative

emissions by supporting

customer switches from oil

reductions in indirect

to gas

Expanded the range of our training offer, with renewed emphasis on engagement, diversity, and health and wellbeing



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About Flogas

The principal activity of Flogas Britain Limited is the processing and distribution of liquid gas – liquefied petroleum gas (LPG), liquefied natural gas (LNG), and related equipment in the United Kingdom. Our Medical Gas division provides essential supplies of critical gases to healthcare facilities and emergency services around the UK.



We have more than 35 years' experience in providing reliable, affordable energy solutions to customers across the UK. We employ more than 1,100 people at locations around the UK and have more UK depots than any other LPG supplier.

In 2021, our turnover was £244.9 million for the year.

Flogas Britain Limited is a subsidiary of DCC plc, a leading international sales, marketing and support services group which operates in four divisions: LPG, Retail and Oil, Technology, and Healthcare. Headquartered in Dublin, DCC employs more than 13,700 people and operates in some 20 countries across three continents.

In addition to our Flogas business in Britain, DCC has LPG businesses in the Republic of Ireland, France, Sweden, Belgium, Norway, the Netherlands, the USA and Hong Kong. In supplying approximately 2.2 million tonnes of LPG in 2020, to some three-quarters of a million customers, DCC is one of Europe's leading LPG suppliers.

Our Products

LPG is an exceptional and efficient energy source that would otherwise go to waste if not captured. It is readily available and comes in cylinders or larger bulk tanks depending on the amount of space required. This makes it suitable for a wide range of different industries and applications and it can be used



1,100+

We are proud to have more than 1,100 skilled, diverse and committed colleagues

57

We have a network of 57 operational sites throughout the British Isles

DCC LPG: a global presence



DCC is a leading international sales, marketing leading LPG suppliers, supplying approximately 2.2 million tonnes of LPG in 2020 to some three-quarters of a million

DCC is a leading international sales, marketing and support services group with a clear focus on performance and growth. We operate through four divisions: LPG, Retail & Oil, Healthcare and Technology.

Our purpose is to enable people and businesses to grow and progress.

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customers.

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practically anywhere, including the most remote areas. LPG systems are also easy to install, making it easy to switch from oil to gas.

LNG is composed primarily of methane and is created by cooling natural gas to an extremely low temperature. As well as being an extremely efficient fuel, it is completely odourless, colourless, nontoxic and non-corrosive – providing a safer and more environmentally-friendly gas for businesses.

LNG takes up about 600 times less space than natural gas and is lightweight, making it much more efficient to transport and store. Supplies of LNG are abundant, enabling businesses to rely on it as a long-term dependable fuel supply. It is particularly suited to businesses that have continuous, energy-intensive processes or that are looking to run their vehicle fleet on cleaner fuels.

Our strategy and vision

As a leading LPG supplier, we're fully committed to building a lower carbon future for UK homes and businesses.

We believe the transition to a renewable future should be simple, with the lowest level of disruption possible for end users.

We endeavour to supply customers with 100% renewable energy solutions by 2040. Not only will this help towards meeting the UK's environmental targets, but it means our customers maintain all the benefits that gas has to offer.

At the heart of this ambition is biopropane – a renewable gas which is chemically identical to LPG but is made from biological sources such as waste, sewage and energy crops. It can be easily accommodated in the existing comprehensive LPG network



- making it the most feasible, lowcarbon option that results in near-zero disruption to the end-user.

We believe that biopropane has the potential to grow rapidly. Rates of growth will be influenced significantly by government policy to promote advanced chemical processes for the production of biofuels, and by design choices that will determine the most desirable production processes.

Innovation

The development of alternative energy solutions underpins our vision and is a key aspect of success in making the energy transition. We are already working with suppliers, research laboratories and regulators to carry out research to provide lower-carbon alternatives in the long term. This includes work into securing supplies of biopropane.

Liquid gas can replace coal or oil in all heating processes, meaning there

600

LNG takes up about 600 times less space than natural gas and is lightweight, making it much more efficient to transport and store



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is scope for the take-up of a range of LPG-based technologies such as LPG boilers and air source heat pumps, microgrid heat networks for multiple properties, and LPG fuel cells. When switching customers from oil to liquid gas, we offer innovative designs and tailored solutions that switch them over seamlessly.

Efficiency and digital transformation

Our three-year business plan and specific operating objectives rely

on our ability to run our business as efficiently as possible, minimising waste and maximising efficiency.

Digital technologies and approaches in our own operations offer tremendous potential to improve the efficiency of our processes. For example, investing in computer-based scheduling has enabled us to adopt seven-day rolling scheduling periods. On-truck computing systems mean more efficient routing, increased customer contact regarding the time services will be

delivered, and the preparation of invoices in real-time.

Digitisation is also helping deliver efficiencies with our customers and in our supply chain. Through demand sensing, for example, we can look in more depth at customer consumption data to improve our forecasting.

Growth

We continue to balance short-term risks and long-term growth objectives and pursue all avenues for growth both within the LPG sector and other

complementary industry areas, including but not limited to renewable energy technology.

Disciplined and selective capital investment is made available by our parent company for deployment into organic growth and acquisition opportunities within the business where returns can be achieved in line with the group's objectives.

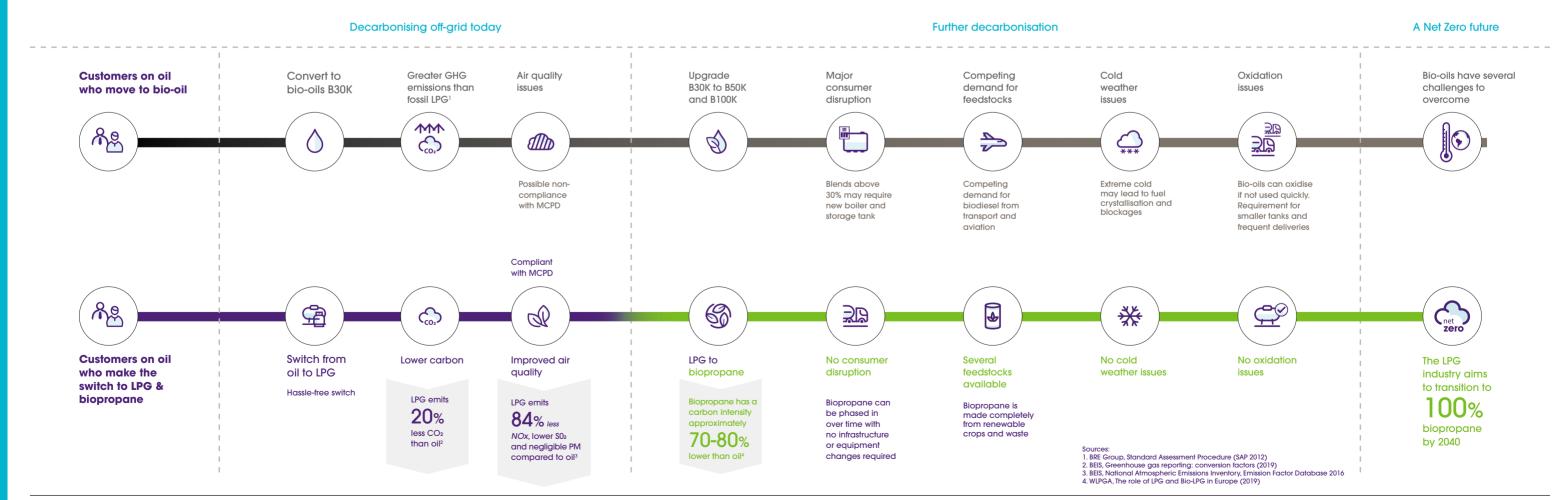
Decisions are focused on delivering growth and shareholder returns which are sustainable over the long term.

"Our continuing growth is underpinned by our disciplined culture of robust engineering."

Alan Kirk, Technical & Engineering Director



LPG and biopropane: The clear pathway to net zero for off-grid businesses



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Introduction

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"Sustainability is a long-term strategic challenge, but we are taking action now. We are minimising emissions from our own activities and helping our customers reduce their emissions. Our principal products offer clear advantages over other fossil fuels and we are also working to secure supplies of alternative, renewable fuels.

We understand that all the positive impacts we want to create are underpinned by some very traditional drivers - serving our customers well, investing in our assets, operating safely and reliably, and being commercially astute. Our approach to sustainability relies upon and supports our strong financial and operating performance."

Lee Gannon, Managing Director



Our four pillars

Our sustainability plan is founded on four pillars: climate change and energy transition, safety and environment, people and social, governance and compliance. These pillars, which seek to ensure that everyone can enjoy healthy and prosperous lives in harmony with the natural world, provide the basic architecture for sustainability activity across the DCC group.

For each pillar, we have assessed what the ambition means for our business and have formulated a set of specific objectives for each.

Climate change and energy transition

Decarbonisation

Transitioning our business and off-grid Britain towards a net zero carbon future by delivering immediate carbon savings to our customers through oil to liquid gas conversions and introducing renewable fuels as a long-term decarbonisation pathway

Innovation

Creating economic value by providing flexible energy solutions, building a business resilient to change and investing in the future of the energy mix

Safety and environment

Safety

Maintaining a culture in which safety is at the heart of everything we do to ensure our customers, colleagues, suppliers and external stakeholders stay protected

Air auality

Cleaner air for our customers and communities as LPG emits low levels of NOx, SOx and particulate matter

People and social

Providing access to a safe, reliable and low-carbon energy source that enhances our customers' way of living and makes a positive difference in the communities in which we operate

Colleagues

Ensuring the safety, health and wellbeing of all our colleagues while attracting and retaining a skilled, diverse and sustainable workforce



Integrity

Committed to being honest, open, accountable and fair, and treating all of our stakeholders with respect

Compliance

environmental, financial and legal compliance through enhanced processes and collaboration











Ensuring high standards of safety,



Who are our stakeholders?

What are the key issues?

community good causes.

Stakeholder engagement

"Our decisions are always improved by having conversations with stakeholders."

colleagues keen to engage in volunteering for community projects.

David Taylor, Commercial Director

How do we engage with them?



Strong and stable stakeholder relationships are a cornerstone of our continuing success.
Our stakeholders are the many individuals and organisations who are affected in some way by our activities.

| Who are our stakeholders? | What are the key issues? | How do we engage with them? |
|--|--|---|
| Our customers and suppliers including commercial and domestic customers across the | Meeting the energy needs of our customers is vital to our continuing success. | Our Customer Charter puts the customer at the heart of our day-to-day decision making. We aim to be dependable, professional, and responsible in our interaction with all customers. |
| UK and a wide range of suppliers and business partners, including 1,700 stockists. | We want to retain our customers' trust and to take care of their energy needs so that we are their first-choice supplier. | Our Vulnerable Customer Policy makes sure we deal appropriately with customers who are, or might be, in need of support or additional levels of discretion or urgency in their contact with us – such as the elderly, disabled, or financially vulnerable. This includes supporting those who are exposed to challenges such as fuel poverty. |
| | | We subscribe to the Trustpilot online review platform where any consumer with a buying or service experience can review our performance. We are always concerned by negative reviews, and typically reply to them within 24 hours. |
| Our colleagues in Flogas | The strategic direction and performance of the business, and individual and team concerns and views. | We engage through one-to-one discussions, team meetings, and regular trading and safety meetings, as well as focus groups, conferences, newsletters, regular and ad-hoc online content. |
| | | We have an overarching engagement plan in place, supported by locally owned plans. |
| Shareholders and investors | Information on our strategy, performance, and updates as required for the wider shareholder base. | Regular management and business dialogue with our parent company, DCC. |
| Regulators and policymakers including the Health & Safety Executive and the Department for Business, Energy and Industrial | Strategic issues for the industry, such as regulation and standards, the energy transition, clean air strategies, and net zero carbon goals. | We maintain a close watch on developments in national and international public policy that shape the future of our business, such as the Paris Agreement on climate change, the UN Sustainable Development Goals, and UK government initiatives on net zero carbon and clean air. |
| Strategy. | | We engage directly across the UK through our industry association, Liquid Gas UK. |
| Local communities including local business, authorities and | Supporting communities that do not have access to the grid by providing | Our network of depots around the UK means that we have a presence in most parts of the country. |
| government. | them with reliable and affordable energy, enabling them to live the lives they choose. | Minimising our environmental impact by recycling waste, refurbishing, and reusing assets, and driving efficiency into our distribution operations. |
| | Jobs for local people and supporting | We are developing our approach to community relations including supporting colleagues keen to engage in volunteering for community projects. |



"We value our customer reviews, and love hearing about their experience using our services and products."

Reena Mistry, Head of Marketing

★ Trustpilot

77%

Ratings of 'excellent' and 'great' based on more than 5,300 reviews

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Action on the UN Sustainable Development Goals

The actions we are taking in each of our pillars are aligned with the UN Sustainable Development Goals (the SDGs). While the 17 UN goals are interconnected, our impacts and contribution are focused on a subset of them, outlined here.



- Engaging with governments on policy goals relating to the energy
- Support for the UK government's net zero carbon legislation and goals.
- Support for the UK Clean Growth
- Engagement with Liquid Gas UK, our industry association.
- Collaborative work with industry partners to develop alternative
- Working in partnership with suppliers and business partners around the UK.



- Providing affordable energy to off-grid customers - in domestic, commercial, industrial heat and transport.
- Investing in the Avonmouth terminal, to increase security of supply.
- Pursuing digital initiatives (such as telematics) to increase efficiencies in our operations and in our supply
- Investing in research into the indigenous production of bio LPG.





- Our products provide cleaner burning, lower carbon fuels than oil or solid fuels.
- Reducing carbon emissions in our transport fleet - including CNG truck procurement and transition to vehicles fuelled by Hydrotreated Vegetable Oil.
- · Switching to green electricity at all our sites.
- Cutting emissions and reducing waste in our property portfolio.
- Helping customers reduce their emissions by switching from oil to gas.
- Securing supplies of biopropane, from renewable crops and waste feedstocks.
- · Carbon offsetting initiative for companies and domestic customers.
- Endeavouring to provide 100% renewable energy solutions by 2040.
- Committed to reduce our own direct CO₂ emissions by 20% by 2025.
- Holder of Carbon Trust Standard.



- Direct job creation, at Flogas locations throughout Britain.
- Providing an inclusive working environment.
- Offering exciting personal development opportunities.
- Supporting apprenticeships.
- Extensive learning and development offer.
- An unwavering commitment to personal and process safety - one of our fundamental values.

"I'm proud to work for a company that is tackling the big issues that matter."

Billy Patel, Customer Experience Advisor

3 GOOD HEALTH



- CNG is a cleaner transport fuel than diesel, cutting pollution in inner cities, reducing the incidence of cardiac, respiratory and other diseases caused by poor air auality.
- Comprehensive COVID-19 response, safeguarding colleagues.
- Medical Gas business provides essential supplies of medical gases to healthcare facilities and emergency services.
- Wide-ranging support and training on mental health and well being for all colleagues.







- Continuing progress in narrowing the gender pay gap.
- Increasing percentage of leadership roles held by women - nearly onethird of total leadership positions are now held by women.
- Due diligence to protect against abuses in our supply chain, including modern slavev and human trafficking.

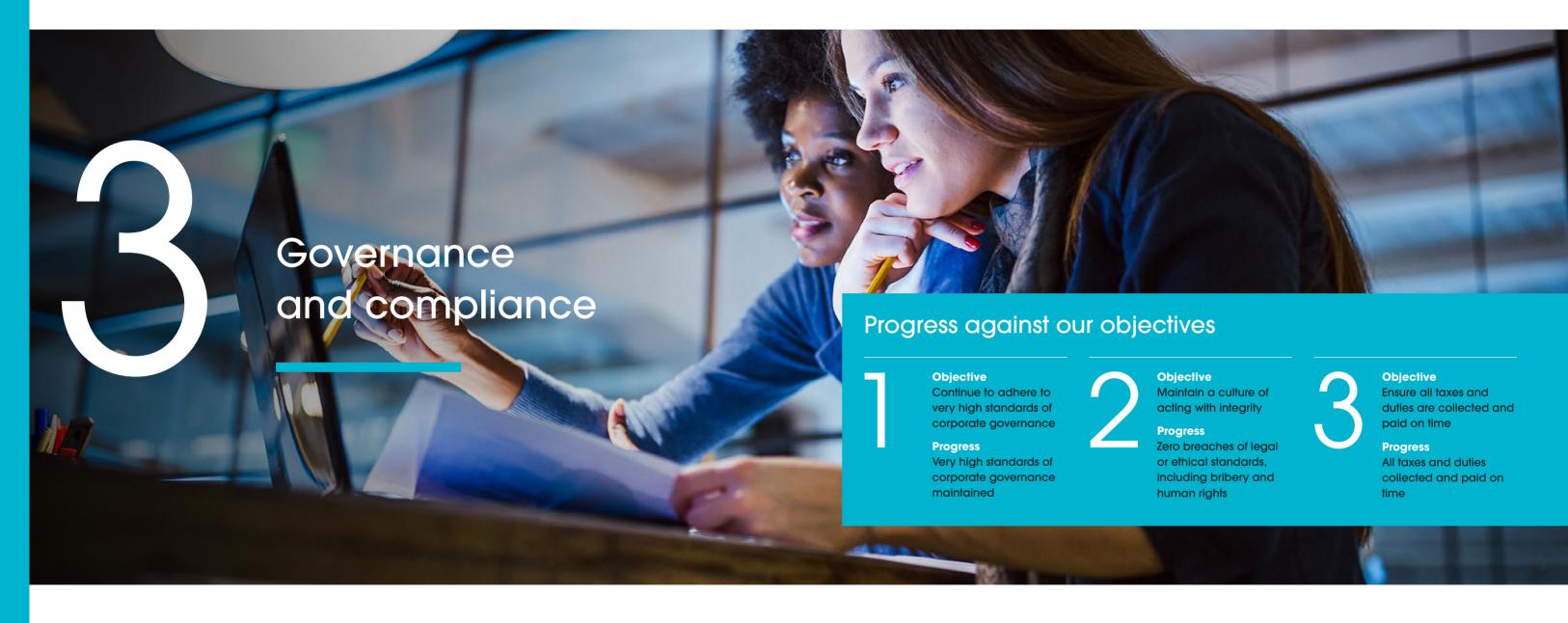




17 PARTNERSHIPS

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The governance of sustainability

We fully recognise the arowina importance many stakeholders place on a wide range of nonfinancial topics such as climate change, health and safety, security, the environment and ethical behaviour. Investors, too. are increasingly requesting aovernance information to inform their financial decisions and to help them generate sustainable, longterm returns.

32%

32% of Flogas senior

management team

are female

In considering sustainability, our senior management team takes a longterm strategic view of our business, focusing on its resilience to risk and on maximising the opportunities that

Governance architecture

The Flogas board is the highest governance body and has ultimate responsibility for economic, environmental and social issues. It has the authority to delegate responsibility for sustainability topics to senior executives and colleagues, as appropriate.

The board is chaired by the Managing Director. Its purpose is to review and manage performance across all functions, consider strategy, compliance and risk management. It is responsible for significant business decisions and includes key functional and operational directors.

The board reviews and approves sustainability information provided to DCC, as well as the Flogas sustainability report.

Board composition

The board of Flogas Britain currently has 12.5% female representation, together with a range of backgrounds and experience. In addition, 32% of the senior management team are female, with ongoing initiatives across the business to ensure that diverse views and opinions are heard. This

includes the implementation of the My Voice forum, including colleague representation from all areas of the business.

Across our senior management team, we have seen a seven-percentage point increase in gender diversity over the past 18 months, with a 20-percentage point increase in female BAME senior management team colleagues.

Additionally, we are increasing our systems and capabilities to gain better insight into the diversity of our colleagues, which helps monitor and foster diversity within the business.

We have also worked to improve the positioning and language of job advertisements to ensure an inclusive approach to recruitment. This will help to ensure that we are making our employment opportunities attractive to a diverse population of applicants.

Board appointments

Our recruitment practice is evolving to ensure that we attain a diverse group of candidates applying for

manage our people, employee benefits, safety and the environment, the use and security of information technology systems and data, security, gifts, hospitality and sponsorship, anti-corruption, anti-money laundering, and many other topics. all roles that we recruit for. Our job advertisements, for example, highlight the inclusive atmosphere of the business and the opportunity for flexible working. We expect the diversity of applicants to increase as a result, but to ensure that this requirement is not overlooked in the interim, we include diversity considerations in the role briefings for all board and senior management team roles and request diverse shortlists from recruitment partners.

Codes, policies and procedures

In addition to complying with legal and external

standards, we apply the DCC code of conduct.

The code is based on the simple principle that

Our policies cover matters relating to how we

of policies and procedures.

we must do the right thing, in everything we do. It

covers all our activities and is supported by a range

Skills and competencies

Our commitment to the pillars of our sustainability framework ensures that board members and senior management develop their skills knowledge and understanding of the sustainability agenda. This includes:

 regular briefings to senior management, functional divisions and engagement forums from internal specialists driving key areas of our sustainability initiatives.

 as part of our ISCC (International) Sustainability and Carbon Certification) accreditation, training of colleagues at nine ISCC accredited Gas Terminals (where we may choose to import biopropane), as well as other key individuals within Logistics Planning, Finance and Internal Audit, on the process of receiving, storing and trading biopropane to our customers.

These initiatives are all built on by regular corporate communications,



Board appointments at Flogas Britain are undertaken sensitively and holistically, involving all appropriate stakeholders to ensure that any appointment made is right for the business and its key stakeholders. DCC plc is involved in all board level appointments, taking into account functional and business leadership

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providing further guidance to senior management and the wider business so that all colleagues have the knowledge and competencies required to maintain a sustainable and successful business.

As a result of these training and communication initiatives, new sustainable ways of doing business become part of normal business processes. A good example of this is how the energy transition and pathway to net-zero has become a key part of the sales process for National account managers and teams focussing on small- and medium-sized enterprises.

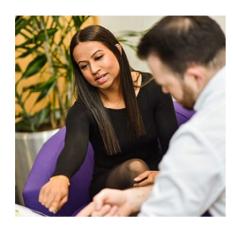
Future recruitment for board and senior management team appointments and for specific roles critical to our sustainability agenda will consider relevant sustainability criteria for selection.

Relationship with DCC plc

Our governance structure includes a review committee comprised of DCC and Flogas directors. The purpose of the committee is to review shareholder management, compliance and performance and to assess proposals for capital expenditure.

As a wholly owned subsidiary of DCC, we contribute to DCC's objective to build a growing, sustainable and cash-generative business that consistently provides returns on capital employed significantly ahead of its cost of capital.

DCC fosters a culture of high performance and entrepreneurship in its management teams and businesses, underpinned by high standards of compliance and integrity embodied by the group Code of Conduct. Disciplined and selective capital investment is made available for deployment into organic growth



and acquisition opportunities within its businesses where returns can be achieved in line with the group's objectives.

We share the DCC culture of sustainable performance and high standards of conduct that apply to the whole company, led by the directors and the management team. Our decisions are focused on delivering growth and shareholder returns that are sustainable over the long term, through developing deep and long-lasting relationships with stakeholders, maintaining a high degree of integrity and compliance, and taking account of short- and long-term risks and trends.

DCC's Governance and Sustainability committee, a main committee of the DCC board, provides strategic guidance on the group's sustainability programme, monitors compliance with legal and best practice, and approves recommendations from the Executive Sustainability committee.

The work of the Flogas Sustainability board committee

In recognition of the strategic importance of sustainability to our business, we established in 2020 a Sustainability committee as a subcommittee of the main board to focus on our sustainability initiatives and strategy.

The committee is chaired by the Managing Director and includes the Finance, HR, Commercial and HSEQ directors, the Chief Operating Officer, as well as Legal Counsel and the Head of Marketing. The breadth of functions represented on the committee seeks to ensure that stakeholders from across the business are fully engaged in its work and that decisions taken by the committee can be properly implemented.

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"We're actively encouraging our colleagues to give us their ideas so we can plan and prioritise our sustainability actions."

Ivan Trevor, Finance Director



Our management systems and standards

We have management systems in place that govern the day-to-day conduct of our operations in addition to our systems of internal control for financial matters and our compliance framework.

Our health, safety and environment management system sets out policies and procedures designed to ensure that we take a disciplined approach to HSE management. It is underpinned by operating procedures, work instructions and standards. The system complies with the requirements under the COMAH (2015) Regulations and our other legal obligations.

The system incorporates the goal of continuous improvement and our HSEQ internal audit team regularly assesses aspects of the management system. We commit to industry codes of practice and guidance provided by Liquid Gas UK, our trade association. These include standards and guidance relating to the safe siting of LPG storage vessels. We have accredited systems for the provision of technical services and safe contracting.



13,700

DCC is headquartered in Dublin, and employs approximately 13,700 people. DCC operates four divisions: LPG, retail and oil, healthcare and technology

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"We all want to work for businesses that do the right thing. Flogas is one of those businesses."

Paul Horton, Chief Operating Officer



The committee is the main mechanism for identifying risks, opportunities and impacts arising from sustainability issues. It reports to the board on a regular basis and holds meetings every quarter.

To date, the committee's work has focused on climate change and energy transition and in particular on our actions to minimise our scope 1 and scope 2 GHG emissions.

Embedding sustainability objectives and targets

All business objectives, including those that relate specifically to sustainability, are woven into the three-year business plan, which is submitted to DCC and agreed with them. The board's performance is measured on an ongoing basis against the items within that plan, and formally in an annual plan review and update.

Sustainability criteria are built into all board objectives and measurement of those objectives is undertaken locally and at group level.

Sustainability objectives are not yet built into everyone's performance goals throughout the company, although some aspects are universally applied, such as those relating to health and safety. Work is under way to make the link between sustainability and broader objectives more explicit in performance targets. It is intended that sustainability considerations will be included in everyone's performance targets from 2022.

Managing sustainability risk

The Flogas Britain risk management process includes a bi-annual review of all significant risks to the business (including those impacting the sustainability of the business) and provides clear identification, analysis

and ownership of those risks. Each identified risk is:

- reviewed by the board.
- assigned ownership at an operational level.
- analysed to identify the impact, mitigants/controls, current level of control, likelihood, trends and planned actions.

This proactive risk management approach ensures that Flogas Britain acts responsibly to reduce both the possibility and impact of any significant risk to the sustainability of the business.

Climate change risk

We recognise the risks and opportunities that climate change poses for our business and for society. We believe the products we supply to off-grid customers can make an important contribution to reducing CO₂ emissions. We see LPG as a valuable transitional fuel, with advantages over other fossil fuels. For the longer term, we are seeking to secure supplies of renewable LPG as an alternative fuel that can be readily integrated into existing infrastructure.

An example impact that the changing climate is having is the physical risk posed by extreme weather events. In response, we have issued guidance to customers on what to do if their LPG cylinders or tanks are threatened by flooding, and on actions they should take in the event of flooding.

Ethical conduct

We apply the DCC anti-bribery and corruption policy, which provides guidance on issues such as facilitation payments, gifts and hospitality, and doing business in high-risk countries.

We are opposed to any practice that

improperly or illegally disrupts proper business conduct.

Directors and colleagues who do not follow the anti-bribery and corruption policy are subject to disciplinary action, up to and including dismissal.

We provide face-to-face or online training on our code of conduct to all new starters, followed by refresher courses. We monitor the amount of training carried out and update the board monthly. Our annual code of conduct certification process involves colleagues self-certifying their awareness of the code and that they have adhered to it.

We provide face-to-face training for colleagues whose responsibilities mean they are more likely to face ethical dilemmas in their daily work. For example, we provide training on competition law for every Flogas employee who negotiates with suppliers or business customers, attends meetings where our competitors are present, or is involved in processes relating to the switching of supplier by a customer.

Our assurance processes are supported by channels that enable people to report concerns. Our independent third-party 'Safe Call' service, through DCC, enables everyone to raise concerns anonymously and confidentially where they feel a breach of the code of conduct has been committed. Safe Call is well-publicised in company communications and is available to all colleagues with local freephone numbers, 24 hours a day, every day. We also provide an online tool for people to report their concerns, at www.safecall. co.uk/report. Retaliation against any person who raises a concern is strictly prohibited.



Supply chain risk

We also have a supply chain integrity policy, which seeks to ensure that suppliers are meeting the legal and ethical standards that we and our customers expect – and that, in many cases, the law requires. The policy includes provisions on product quality and supplier integrity. We carried out nearly 200 supplier due diligence assessments in the reporting period.

We complete a twice-yearly compliance questionnaire for partners and suppliers that checks their conformance with our standards of integrity. The findings are supplied to and assessed by the DCC audit committee.

Our approach to public advocacy and lobbying

We engage with the UK government on matters of policy relating to our business, such as the energy transition, energy security and air quality. Our engagement, carried out either directly or through Liquid Gas UK, is fully transparent.

Our anti-bribery and corruption policy governs all interactions with officials and governments, wherever located. It includes guidance on political contributions, sponsorship, and charitable donations.

The guidance includes information on how to do business in countries that have been assessed as being at higher risk of bribery and corruption. These include actions such as carrying out background checks, assessing the policies and procedures of third parties and introducing suitable contractual clauses.

Any political contribution must be expressly approved in advance by the Managing Director. Records are kept of any contributions made.

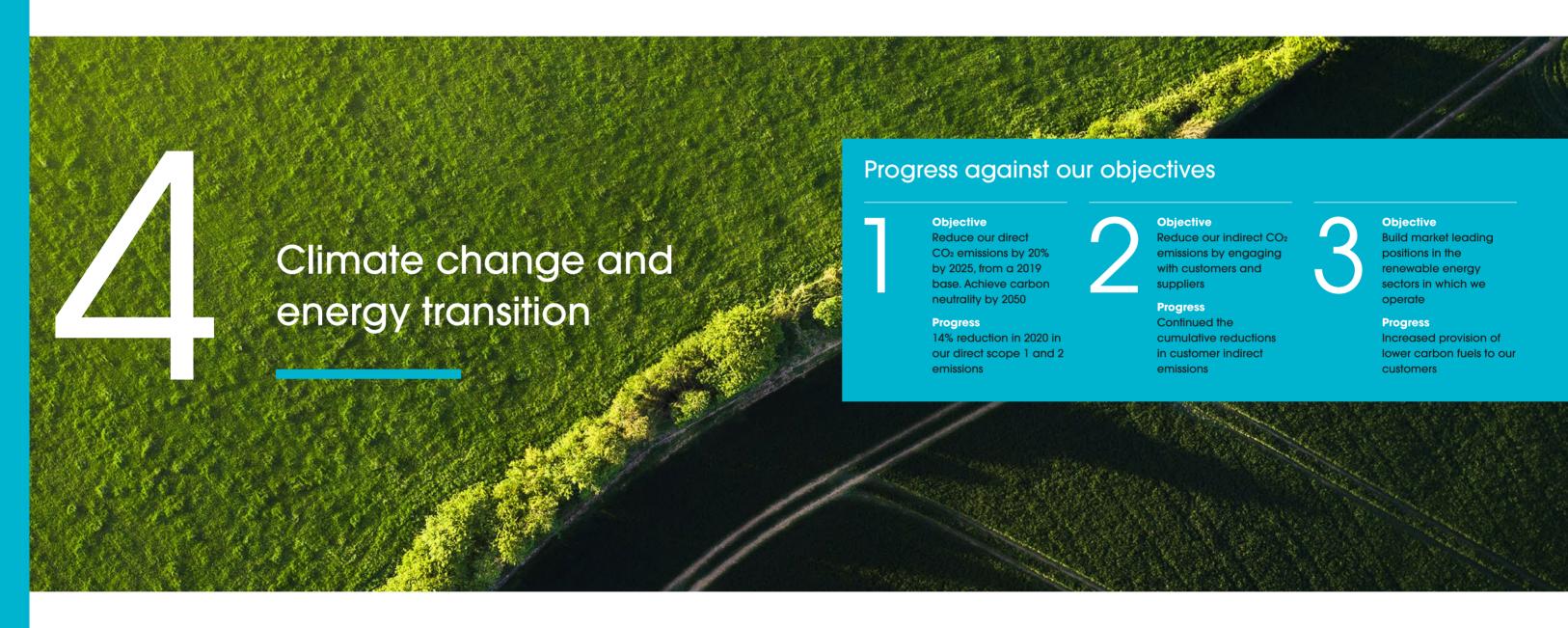
We made no direct or indirect political contributions during the reporting period.

200

We carried out nearly 200 supplier due diligence assessments in the reporting period

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Climate change

Climate change is our most significant strategic challenge, and the area of our most important environmental impact.

43%

Forty three percent of our company car pool is now electric or hybrid

Climate change strategy To improve our own perform

To improve our own performance, we have set ourselves strategic goals and put initiatives in place to reduce carbon emissions in our own operations now and for the long term.

We are also working to support our customers in their transition to net zero carbon. Our products and technical expertise provide a lower-carbon alternative for customers. This includes supporting customers in switching from oil to gas, and by offering alternative fuels with increasingly high bio blends. Our goal is to expand our market position in the renewable energy sector. We provide bio-LNG and are looking to invest in bio-LPG in the future.

We use carbon offsetting as part of our approach to emission reduction, but not before reducing our own operational emissions first. We offer guidance to other companies on offsetting initiatives, purchase credits and make investments on their behalf. We support the UK government's commitment to net zero emissions by 2050 and believe that LPG has an important role to play in helping homes and businesses that are not connected to the mains gas grid reduce their emissions. As LPG is also a cleaner burning fuel than many alternative off-grid fuels, we also support the UK Government's clean air strategy. We engage with customers, suppliers, regulators and policymakers in helping to reduce the UK's carbon footprint by working with prospective customers to convert from oil to LPG and LNG.

From strategy to action

The actions we are taking to reduce our emissions include, but are not limited to, the use of 100% renewable electricity, energy efficiency projects, investing in lower carbon vehicles in our fleet and enhanced scheduling. We are evaluating emission reduction possibilities including initiatives across the fleet, property network and colleague base.

Reducing our transport emissions

help to solve it."

Hari Trivedi, Customer Experience Advisor

The principal source of our CO₂ emissions is our vehicle fleet, representing approximately 90% of our total emissions in the reporting year.

We are reviewing alternative fuel options to replace the diesel-fueled vehicles that currently make up most of our fleet. Replacing a diesel vehicle with one using CNG or HVO (Hydrotreated Vegetable Oil) can reduce fuel consumption and makes a positive contribution to improving air quality, especially in urban areas. We took delivery of the first CNG-powered vehicles in the first quarter of the year as part of a wider procurement strategy.

We have reviewed our company car policy and now offer more fuel-efficient vehicles for colleagues to choose from. Our policy includes incentives for users to take up lower emissions-rated vehicles. Forty three percent of our company car pool is now electric or hybrid.



The benefits of switching from oil to Liquid Gas



Carbon savings

Liquid Gas is a lowercarbon alternative to oil, with LPG having approximately a 20% lower carbon intensity*



Cost savings

Benefit from potential financial savings



Meet air pollution reduction targets

Meet legislative requirements such as Medium Combustion Plant Directive (MCPD) and ErP



Start your journey to Net Zero

Switching to Liquid Gas will help you on the path to Net Zero



Greater efficiency

"It's really important to be part of a company that is working to tackle climate change. It's

a huge issue for everyone, and we want to

Changing to a new condensing Liquid Gas boiler can improve efficiencies by up to 21%**



Minimal maintenance

Liquid Gas tanks are Flogas's responsibility, so we'll take care of any ongoing tank maintenance



Flexible solutions

With Liquid Gas, you can have above-ground or underground tanks, or gas bottles

Greenhouse gas reporting: conversion factors, BEIS, 2019 BRE/OFGEM

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We are also seeking to achieve fleet emission reductions through more efficient operations. We have successfully reduced the frequency of unsuccessful deliveries to customers by reviewing our processes, with the improvements resulting in fewer wasted journeys, cuts in fuel use, and a better customer experience.

We have also provided training and awareness raising to our fleet drivers – which leads to safety benefits as well as greater fuel efficiency. We use telematics data from our vehicle use to improve fuel efficiency, and our driver reward scheme recognises and rewards the best individual performers.

Reducing emissions from our property portfolio

Our electricity supply is certified as 100% renewable, generated from wind and hydro assets matched to renewable energy guarantees of origin, as provided by our electricity supplier.

We are introducing low-energy lighting and recycling at all sites and are in the process of replacing our existing head office air conditioning system. To save paper and energy we encourage and support customer online accounts and are moving towards electronic billing for our customers. The majority of contracts are now e-contracts and site drawings are increasingly carried out electronically. We share files electronically and have transitioned to online and cloud-based document storage platforms.

Our carbon emissions

Our total carbon emissions, which are independently verified, decreased by approximately 14% in 2021, following marginal increases over the past four years despite the organic growth of our business and expansion through

↓14%

Our total carbon emissions, while reflecting lower activity due to COVID, decreased by approximately 14%

acquisitions. An important factor in the emission reduction this year was the lower levels of activity as a result of the coronavirus pandemic. The carbon intensity of our activities, which measures emissions of carbon per unit of revenue, reduced in comparison to last year.

We have offset our entire Scope 1 and Scope 2 emissions since 2019 by investing in Verified Emission Reductions (VERs).

Our strategy supports the energy transition

LPG is already helping to achieve off-grid decarbonisation in domestic, commercial and industrial heat, and transport. Alongside LNG, it provides high-grade heat to off-grid businesses / industrial process where there is a diverse range of heat requirements and processes.

We believe that a mixed technology approach will provide the most cost-effective route to decarbonisation for the UK. Levelised cost analysis* into off-grid heat decarbonisation shows that this mixed approach to decarbonising off-grid properties can deliver emission savings aligned to climate change targets at a lower cost than a pathway that only supports electric heating. Reliance on connections to the gas grid and electrification, by contrast, would be costly and capacity is often constrained. The approach should also take account of consumer choice, social and economic circumstances, and building types.

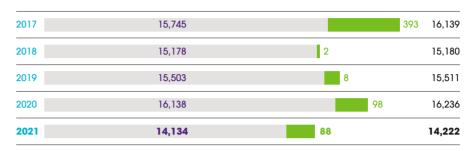
LPG and LNG can form part of a sustainable solution

Our industry is focused on delivering 100% biopropane solutions by 2040 – recognising that fuels such as these offer a deeper decarbonisation and more credible pathway to net zero. In the meantime, our £40m investment in the Avonmouth terminal will increase security of supply, while also being renewable ready.

The infrastructure and supply chain needed to support biopropane, which is chemically identical to LPG is already in place. It can therefore be used as a 'drop-in' fuel. LPG, biopropane and LNG to bio-LNG are cost-effective routes to move to low-carbon energy without disruption or radical shifts in consumer behaviour.

We already have volumes of biopropane in the UK and are investing in research into indigenous production methods – helping to deliver a future increase in volumes.

Carbon emissions (tonnes CO₂ equivalent)



■ Scope 1 ■ Scope 2

Note: Scope 1 and 2 data include business travel.

Carbon emissions by business activity (tonnes CO₂ equivalent)

| | Fleet (distribution of gas) | Utilities (air, car, train) | Business travel | Other |
|------|-----------------------------|--------------------------------|-----------------|-------|
| 2019 | 13,450 | 1,608 | 543 | 90 |
| 2020 | 14,259 | 1,517 | 460 | - |
| 2021 | 13,034 | 975 | 213 | - |

Carbon intensity (emissions per unit of revenue)

| | 0.4 | | | ^ % increase |
|------|------|------|------|--------------|
| 7.2 | | 2.4 | 7.8 | % reduction |
| 2018 | 2019 | 2020 | 2021 | |

Energy Use

| | Diesel use (litres) | | Electricity (kWh) |
|----------------------------|---------------------|------|-------------------|
| | 5,315,837 | 2017 | 3,317,860 |
| 7 | 5,105,841 | 2018 | 3,416,173 |
| トマナ | 5,119,499 | 2019 | 3,568,891 |
| $\Gamma_{\alpha} \uparrow$ | 5,411,213 | 2020 | 3,909,823 |
| | 5,119,236 | 2021 | 3,272,985 |





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^{*} Source: 'A practical approach: Analysis of off-grid heat and decarbonisation pathways'; Liquid Gas UK Technical Paper.

Introduction



The Carbon Trust Standard

Flogas has held The Carbon Trust Standard for carbon since 2009. The standard provides a certification and mark of excellence for organisations that have successfully reduced their carbon footprint. As the first off-grid business in the UK to achieve this standard, we have committed to reducing CO₂ emissions year on year.

The Path to Net Zero

Staying on a carbon-intensive path creates a range of risks for businesses – strategic, financial, regulatory and reputational – which will only increase.

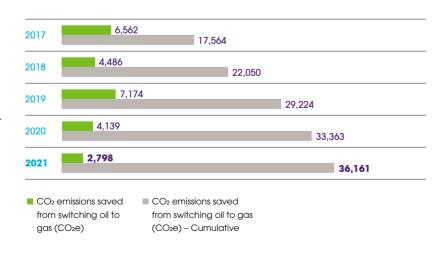
We offer our customers the opportunity to reduce those risks and follow a lower-carbon route that provides a path to net zero emissions. By switching from oil to LPG or LNG, they can make immediate carbon savings. Doing so also delivers emission savings from the introduction of new heating systems and fuel efficiencies. Using alternative fuels, such as our bio-LPG blends, will deliver further carbon savings. Throughout this journey, we also offer customers the option of reducing their environmental impact further through carbon offsetting.

Reducing customer and value chain emissions

Flogas has an important role to play in helping to decarbonise customer emissions and those within our value chain – known as 'scope 3' emissions – which includes the use of sold products.



Annual customer emissions saved from switching from oil to gas (CO₂ equivalent)



The environmental advantages of LPG/LNG

LPG is a natural by-product of natural gas and oil extraction (66%) and oil refining (34%). It is a blanket term for two types of natural gas: propane (C3H8) and butane (C4H10). Although similar in chemical make-up, each gas is slightly different, making it suitable for different applications.

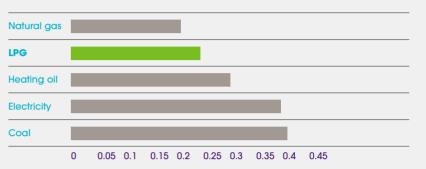
LPG offers significant and immediate carbon savings and air quality benefits when compared to oil and coal. It has the lowest carbon footprint of all off-grid fossil fuels, with:

- 20% lower carbon intensity than oil; 30-40% lower than coal.
- 84% lower emissions of NOx and lower SO₂ and PM emissions than oil.

Because it burns faster than oil due to its higher calorific value per tonne, it offers faster heating for hot water in central heating systems and industrial processes.

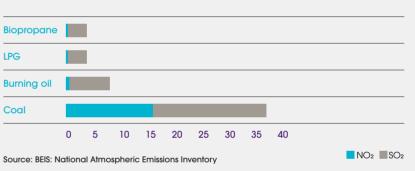
LPG is also a cleaner-burning fuel, emitting 30-40% less CO₂e than coal. LPG emits virtually no black carbon and 84% less nitrogen oxides (NOx) than oil and lower levels of sulphur dioxide (SO₂) and negligible particulate matter. It can therefore make a valuable contribution to improving local air quality.

Carbon intensity comparison of LPG with other fuel sources

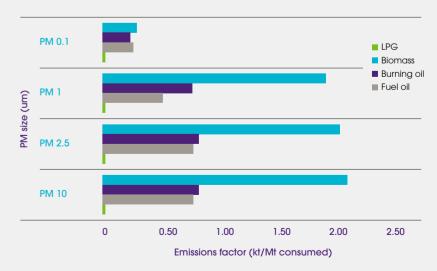


Source: BRE: Standard Assessment Procedure for Energy Rating of Dwellings, 2012

Comparison of NO₂ and SO₂ emissions between fuel sources (kg/tonne)



Comparison of particulate emission factors between fuel sources



Source: BEIS: National Atmospheric Emissions Inventory

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Collegaue

Rob McCord

General Manager, Commercial Bulk

Rob has been at Flogas for 14 years, and in that time has worked in various roles in the commercial bulk market. He is now responsible for all commercial bulk sales teams and activities company-wide, and has been leading our teams in the work to secure oil to gas transitions.

"In my time at Flogas, we have seen huge changes in our business and in the market. We have products to help our customers - such as our carbon offsetting. We are delivering bespoke offerings for them. The old customer/supplier relationship is changing - and becoming more inclusive, with like-minded businesses working closely together to meet zero carbon goals. We are not just supplying fuels but working together to understand carbon reduction goals. Our products provide solutions for industries that require high-grade industrial heat such as aggregates and asphalt, distilleries, food and drink manufacturing, all the way to SMEs, hotels, pubs and restaurants.

Transition is key and a seminal word - as this is all about change - in our operating culture, in our customer base, in our product offerings, and the expectations of society. By 2040, we are endeavouring to supply customers with 100% renewable energy solutions. We are committed to working towards this and recognise it will require a phased approach initially through blended fuels, to help our customers and the UK reach net zero goals by 2050. To do so, we need to win hearts and minds, through education and effective communication.

Our team has started to develop specific sustainability objectives in our performance targets, such as measuring our success in switching customers from oil to gas. We have run 10-12 week one-hour sessions for the entire commercial sales function, focused on customerfacing teams. We are taking real strides, working now to build a more sustainable future for all."





"Eurovia Roadstone is an excellent example of how a simple move from oil to gas can have a major impact on a company's carbon footprint and efficiency levels. Now that the company is operating on LPG, it is perfectly placed to benefit from biogas in the future - a move that will help them become carbon neutral."

Lee Gannon, Managing Director

Case study: Oil to gas conversion delivers 18% carbon saving for **Eurovia Roadstone**

One of the UK's major asphalt suppliers, Eurovia Roadstone, was previously using oil to power its Ipswich production plant. Flogas has converted the plant from oil to LPG, saving an estimated 502 tonnes of carbon each year.

The Suffolk plant is responsible for producing 100,000 tonnes of asphalt each year, used to strengthen and improve regional highways. Operating without access to the mains gas grid, Eurovia was previously relying on a mixture of processed fuel oil and gas oil to power its processes. To mitigate its environmental impact, meet increasingly stringent carbon reduction taraets and boost efficiency, the production company decided to switch to LPG.

Flogas provided a full turnkey solution and designed a bespoke system to match their fuel requirements. Our team managed the entire process, with a dedicated account manager to manage any day-to-day queries. They installed six above-ground two-tonne liquid pump tanks, each fitted with telemetry systems, enabling Flogas to monitor gas use remotely and arrange automatic delivery.



"We needed to find a fuel supply that would reduce our carbon footprint and help us operate as efficiently as possible. Since switching to LPG, we've cut our carbon footprint by an estimated 18% while significantly reducing other air pollutants. The switchover process was seamless; Flogas managed everything from start to finish and ensured there was minimal production downtime."

David Jones, Eurovia Roadstone Business Manager

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87,500

biomethane will provide

enough gas to supply

households each year

more than 87,500

Adapt Biogas: Flogas powers UK's first biogas-to-grid plant

Adapt Biogas is a leading producer of biogas – a renewable gas produced from the breakdown of organic matter, such as food and animal waste. The company is the first in the UK to generate its own onsite heat and electricity using LNG from Flogas.

Feeding two combined heat and power (CHP) engines, this provides electricity to power the company's unique biogas-to-grid injection system as well as heat to kickstart its biogas production cycle.

The anaerobic digestion plant in Cambridgeshire is the nation's first to inject biomethane at high pressure directly into the National Grid's high pressure National Transmission System. This pipeline connection supports biogas flows of up to 15,000 standard cubic metres per hour and provides enough gas to supply more than 87,500 households each year.

The 500kw generators produce enough electricity and heat to power the gas injection process while supporting its gas upgrading system, converting biogas to grid-ready biomethane. Fuelling these generators is an above-ground LNG tank, which sits adjacent to the AD plant and close to the engines and grid entry compound. This is fitted with a telemetry system, allowing Flogas to remotely monitor gas use and automatically schedule deliveries when needed.

> "We wanted to make sure we were using a low-carbon fuel. That's why we decided to use LNG. Not only is it one of the lowest carbon conventional off-grid fuels, but it's the most cost-effective solution for us."

Sophie Swan, Operations Manager, Adapt Biogas

"Our engineers worked closely with the team from the start to create a fully bespoke system to meet their exact fuel requirements. We managed the whole process for them, from design through to installation and commissioning."

Mark Rutherford, Flogas National Business Development Manager





Carbon offsetting enables companies to counteract their greenhouse gas emissions by purchasing carbon credits, which in turn are invested in a project giving an equivalent reduction of emissions elsewhere in the world, either reducing or absorbing carbon.



We have partnered with carbon credits specialists South Pole and selected verified carbon mitigation projects for our customers to support. These adhere to internationally recognised standards for emission reduction - namely, the Verified Carbon Standard (VCS).



Colleague profile

James Rudman

Business Development Director



'My main focus, in my new role as Business Development Director, is to grow the business in a way that supports the transition from fossil fuels to sustainable alternatives. Our immediate emphasis is on securing supplies of biopropane, which can readily support our customers' decarbonisation goals as a drop-in replacement for LPG. We are also developing DME (dimethyl

ether), manufactured from waste products like biomass or municipal solid waste, which can be blended with propane to create a renewable drop-in fuel for household or industry use, or 100% renewable DME products in the longer term.

Making the transition away from fossil fuels is a long-term endeavour and a huge challenge for all. But we are taking action now - both in these immediate markets and by exploring longer-term possibilities with fuels such as hydrogen and ammonia. We are fully committed to delivering a net zero future for our own business and for our customers. Given that LPG has the lowest carbon intensity of all fossil fuels available to the off-mains gas market, there will still be a place for it as a transition fuel throughout the interim period'.

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Tyrrells Crisps: set to reduce carbon emissions by over 14% with switch to LNG

One of the UK's largest potato crisp manufacturers, Tyrrells has successfully converted its energy supply to LNG, which will reduce its annual carbon emissions by some 14%.

Tyrrells produces more than 86 million bags of crisps every year. With high energy demands, the company wanted to increase efficiencies, reduce carbon emissions and cut weekly fuel deliveries to improve site safety.

One of the main challenges Tyrrells faced was its site layout, which limited storage space. As the business grew, several fuel deliveries were needed each week, which presented potential risks with additional vehicle movements around a busy factory. We helped to identify a site and design, plan, and build a purpose-built gasification plant, while also taking care of the planning requirements.



14%
Tyrrells converted its energy supply to LNG,

reducing its carbon

emissions by over

14% per year

planning stages
through to final
completion we
have gained a
deep understanding
of the site's energy
needs and have
delivered a solution
that has improved
the business across
the board."

"From the initial

Mark Rutherford, Flogas National Business Development Manager

Renewable supplies

LPG, biopropane, LNG, and bio-LNG all have an important role to play in the energy mix and provide a credible decarbonisation pathway in the energy transition.

iopropane

Bio propane is made from a variety of biological materials such as hydrogenated vegetable oils. It can reduce carbon emissions by up to 90% depending on production methods. As it is chemically indistinct from LPG, it can be incorporated into existing supply chains and appliances without infrastructure changes or further investment.

Bio propane is low carbon and performs extremely well from an air quality perspective on NOx, SOx and particulate matter. It can also be made from entirely renewable crop and waste feed stocks.

Already on the market today, it is ideal for manufacturing and industrial businesses with continuous energy-intensive processes, as well as the transport industry – offering significant carbon reductions.

Bio-LNG (liquid biomethane)

Bio-LNG is similar in chemical make-up to LNG and is produced during the anaerobic digestion process in which organic matter from food or animal waste is broken down in an oxygenfree tank, to produce methane-rich biogas.

Bio-LNG is most suitable for businesses with a continuous high energy demand. Key markets, therefore, include manufacturing, heating, power generation and other industrial operations. It can reduce CO₂ emissions by more than 80% when compared with diesel. It also emits negligible amounts of NOx and particulates.

"The switchover to LNG has been seamless. Factory downtime was kept to a minimum, with new tanks installed on site whilst existing tanks were still in operation. Flogas have supported us at every step and kept us well informed throughout. We look forward to creating the same top-quality crisps we've become known for – but with less environmental impact."

Eileen Wilkes, Head of Manufacturing, Tyrrells



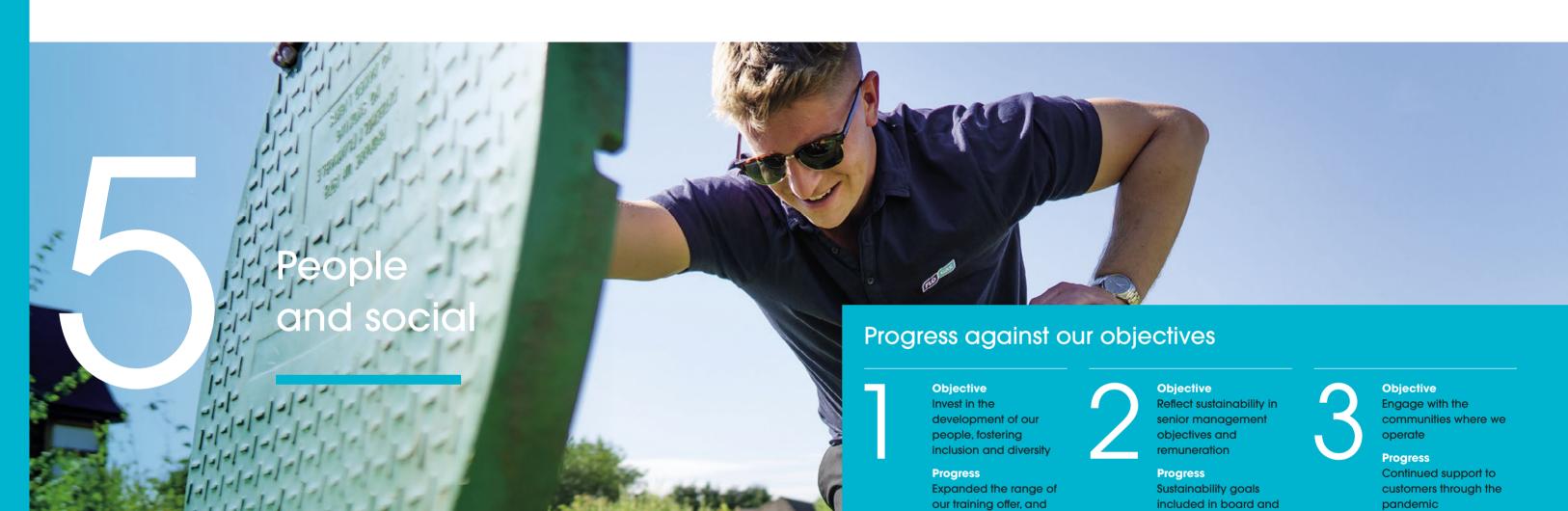
Introducti

Our approach sustainability

Governance and compliance

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continued to narrow the

gender pay gap

senior management

objectives

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Working at Flogas

We employed 1,193 colleagues in 2021.
Most of our workforce are located at our 57 operational sites around the United Kingdom, with approximately 300 colleagues based at our head office in Leicestershire.

We offer competitive remuneration packages and career development, which is supported by a range of learning and development opportunities, including apprenticeships. We are proud of our friendly and inclusive culture, where we reward performance and commitment.

We also offer benefits such as life assurance, discounted healthcare plans, retail discounts and recognition for long service and exemplary safety behaviours. Our Family Friendly policy and procedure, introduced in 2020, has enhanced the support we provide for maternity, paternity and adoption pay.

Colleague engagement

We have several mechanisms for engaging with our colleagues including 'The Pipeline', our company-wide newsletter, which offers a regular flow of company updates and personal stories, including being open about our plans to become a more sustainable, ethical and responsible business.

We carry our regular engagement surveys with our colleagues. Our most recent survey was completed in September 2021, and we will be undertaking local action planning sessions to share results and involve our colleagues in celebrating the positive results and building plans for improvement.

We have developed and implemented family-friendly and flexible working policies. We recognise that we still have work to do to increase the diversity of our workforce and we are committed to offering suitable roles where everyone has an equal chance of success.

In the past, we have reviewed the way in which we communicate and have invested in our leadership programme. We have established a Flogas Colleague Engagement

Workforce composition

| | | Number of colleagues (FTE) | Number of permanent colleagues | Number of part-time colleagues | Percentage female | Percentage male | Percentage of leadership roles held by women |
|-----|------|----------------------------------|--------------------------------|--------------------------------|----------------------|--------------------|--|
| | 2017 | 1,058 | - | - | 18 | 82 | - |
| 9 | 2018 | 1,171 | - | - | 19 | 81 | - |
| | 2019 | 1,186 | - | - | 18 | 82 | - |
| (') | 2020 | 1,161 | - | - | 18 | 82 | 30 |
| | 2021 | 1,193 | 1,174 | 61 | 19 | 81 | 32 |



Forum, called 'My Voice', where colleagues from across the business can discuss ideas collectively and help us deliver stronger and more informed communications across teams.

Topics discussed include Health and Wellbeing, Colleague Voice, Safety F1rst, Diversity and Inclusion, Corporate Social Responsibility and Environment issues and Culture and Values. More than 30 nominated representatives participate from across the business, with training provided to those

Recruitment and retention

involved.

Our goal is to attract, develop and provide stimulating careers for colleagues, enabling them to thrive in an inclusive work environment that provides opportunities for them to develop.

We have retained the positive, flexible working arrangements we put in place during the pandemic, providing greater work-life balance. While we remain keen to employ people from the local catchment areas where we work, we can now recruit nationally and support colleagues in working from home.

We have started to gather ethnicity data as part of our recruitment process, highlighting areas where we can focus improvement actions. Unconscious bias training has been rolled out across the whole business, supported by team conversations.





Colleague

Jamie Power Business Energy Manager

Jamie's initial roles at Flogas were as a telesales agent, business account manager, followed by promotion to Area Sales Manager with responsibility for the Midlands. Managing existing accounts and working to grow a portfolio of more than 2,000 SME clients gave him a good grounding in the business and enabled him to build a broad network. He valued the support received from line managers and colleagues, and the combination of learning in the office environment, as well in the field. He is now part of an entirely new 'switch to gas' team, which is looking to move customers to cleaner fuel sources.

"My job, and the markets in which we all work, have changed dramatically over the past six years. Developments in the market, legislation and greater awareness has shifted everyone's focus firmly onto the environment and in particular on reducing air emissions and reaching net zero carbon. Customer conversations are much more consultative now, working jointly to define the best energy solutions. Our goal is to provide 100% renewable energy by 2040 for all our customers. So much has changed – but the pace of change is only going to accelerate. We, and our customers, have to be ready for it – and we are taking steps now to make sure we are."

FTE: Full time equivalent.

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"We are committed to building a diverse and supportive culture of respect and fairness for all."

Sarah Coop, HR Director



New hires

| | | Aged 25 and under | Aged 26-35 | Aged 36-45 | Aged 46-55 | Aged 56 and over | Female (%) | Male (%) |
|-----|------|----------------------|------------|------------|------------|---------------------|------------|----------|
| | 2019 | - | - | - | - | - | 27 | 73 |
| (3) | 2020 | 8 | 13 | 14 | 13 | 7 | 27 | 73 |
| 8m | 2021 | 27 | 63 | 61 | 54 | 29 | 15 | 85 |

⁻ indicates data not available

Colleague turnover rate (%)

| 2017 | 2018 | 2019 | 2020 | 2021 | |
|------|------|------|------|------|--|
| 8 | 8 | 8 | ٨ | 8 | |
| 25.7 | 28.7 | 21.7 | 7.1 | 17 | |

Colleague turnover

Our colleague turnover rate is illustrated above. The increase in 2021 reflects the more typical rate experienced before the coronavirus pandemic. Our voluntary attrition rate averages around 13-15% per year.

Diversity and inclusion

We are committed to equal opportunities in employment and strive to attract and develop the best talent regardless of gender, age, sexual orientation, disability, ethnicity, or any other factor. We aim to build a diverse and supportive culture of respect and fairness for all.

Our policies and practices cover a wide range of employment issues such as recruitment and selection, performance management, flexible working, anti-bribery and corruption,

mental health and wellbeing. We aim to promote an environment that is free from all forms of unlawful or unfair discrimination and which values the diversity of all colleagues. At the heart of our policy, we seek to treat people fairly and with dignity and respect.

Addressing the gender pay gap

Our workforce composition is characteristic of the industry we operate in, which is predominantly male, particularly in roles such as drivers and technicians, who make up approximately 60% of our workforce.

More than 81% of our roles continue to be occupied by men. Against that backdrop, it is encouraging to see that we have maintained a positive position with our gender pay gap, and to see that 32% of our Senior Management Team are female; an increase of 7%.

Safeguarding mental health and wellbeing

The importance of safeguarding mental health has become much better understood over the past few years - throughout society and in our business, too.

We have joined with Mind, the mental health charity, to further support our colleagues' mental health and wellbeing. Mind has delivered a series of training sessions aimed at promoting mental health awareness.

This initiative built on our partnership with Awakened Mind, the world's most advanced mindfulness solution, to give all our colleagues exclusive and free access to their Mindfulness application for six months.

In recognition of Mental Health Awareness Week and World Mental Health Day, we provided a range of resources to support people with issues such as stress, sleep, and the challenges of working from home.

"It is possible to beat mental health problems with the right support. No one should have to deal with this alone."

Jon Day, Area Sales Manager, Cylinders

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Modern slavery and human trafficking

We are opposed to slavery and human trafficking in any part of our activities or supply chain. We are committed to ensuring that we have adequate policies and procedures in place to identify and prevent these practices.

Seasonal work is a feature of the industry, which is managed through temporary recruitment where required. We source products from the UK, the European Union, South America, South East Asia and China. We recognise the risk of working with suppliers whose manufacturing bases sits outside the EU and have taken additional due diligence steps to ensure that those third-party supply chains comply with applicable employment standards.

We also understand the risk posed by supporting projects (such as carbon offset initiatives) in locations more likely to be at higher risk of issues such as exploitation. We have engaged a third-party compliance firm to complete an audit of these activities.

We provide training to relevant colleagues on supply chain risks, including the risk of slavery and human trafficking. We work within industry associations to help us understand where slavery and human trafficking risks may arise in the industries where we are active and to share best practice in avoiding risk.

Our modern slavery statement, available on our website, provides more detail on our approach and processes.



-0.18%

In 2020, our overall mean

meaning that on average,

women are paid in line

pay gap was -0.18%,

with men

In line with UK regulation, we have published an annual gender pay gap report since 2017. In 2020, our overall pay gap – the difference in the average earnings of men and women over a standard period, regardless of role or seniority – was -0.18%, meaning that, on average, women are paid in line with men.

We have introduced several diversity and inclusion initiatives including unconscious bias training for every colleague within the organisation regardless of role, enhanced maternity and paternity pay, and more flexible working. We continue to monitor the number of applicants by gender throughout the recruitment and selection process, and will continue to complete structured competency-based interviews as well as skills-based tests

Our attraction strategy and the implementation of more flexible working options has been a contributing factor to the positive movement of our median pay gap, from -0.9% in 2019 to -3.4%. We have seen positive progression of a number of females into our senior leadership

Gender pay gap (%)

2018 Mean -0.5 Median -1



2019 Mean 0.29 Median -0.91 2020 Mean -0.18 Median -3.4

team. We now have 2% more women in the top quartile for earnings when compared to last year.

We have also seen a positive step forward in three of the four pay quartiles. Our data tells us that 13% of females have moved upwards within the quartiles compared to last year's report.

The Flogas 2020 Gender Pay Gap Report is available here.



We support and develop our colleagues throughout their careers. We offer in-house training and external specialist training for those whose roles require membership of professional bodies. Everyone eligible for a performance and career development review had such a review in this reporting period.

We provide a wide range of training and development opportunities, mixing on-the-job, classroom and virtual and e-learning opportunities. This includes induction training for new joiners, compliance training for those working within our business divisions, upskilling courses for apprentices and a range of senior management development courses.

We estimate that each employee at Flogas received, on average, four full days of training over the year, and that our investment in training amounted to more than £680,000.

Opportunities for graduates

As a DCC company, we benefit from the DCC graduate programme.

The programme supports graduates who have true entrepreneurial flair and the innate ability to be innovative. Participants gain experience in two 12-month placements across the four divisions of DCC. They receive a structured professional and personal development programme and are offered sponsorship in achieving professional qualifications.

Over the last nine years, we have placed 20 students from the programme across our business including positions in IT, Finance and Marketing.

Supporting apprentices

Apprenticeships provide an excellent opportunity for colleagues to learn and apply their skills in the workplace, in combination with more formal learning and the pursuit of qualifications. We support our apprentices, whether they are existing colleagues or new joiners, through a wide range of schemes covering a range of qualifications from LGV drivers to Executive MBA programmes.

"It's been great to develop new skills from our practical work at the Avonmouth Training Academy."

Andrew Walbran, T1 Technician



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A snapshot of the training we provide

All our IT-enabled population complete compliance e-learning covering areas such as code of conduct, data privacy and security. For specific populations, we cover payment card industry and competition law training.

For our drivers, once their ADR training (relating to dangerous goods) is completed, we support ongoing professional competence training, as well as functional safety and operational competence training, averaging approximately three days per driver per year. In addition, coaching takes place with our driver assessors.

For our functional areas, we support our colleagues with professional qualifications through organisations such as the Chartered Institute of Personnel Development (CIPD), the Association of Chartered Certified Accountants (ACCA), and the Chartered Institute of Marketing (CIM).

We provide a wide range of safety training to help build a positive safety culture, good safety habits and the right states of mind. Courses and materials are provided for drivers, technicians and office-based colleagues. We ensure that we have suitably qualified first aiders and fire wardens across all our sites, with training refreshed on a regular basis.

We support our colleagues with their health and wellbeing - with advice and guidance on topics such as stress management, work-life balance, inclusion and diversity, and many other areas that seek to deliver the right work-life balance.

Colleague training days

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------|------|------|------|-------|
| Number of colleague training days | - | - | - | - | 3,926 |
| Average training days per colleague | - | - | - | - | 4 |
| Apprentices (blend of classroom and field-based) (no. days) | 665 | 395 | 760 | 560 | 161 |
| Existing engineers (no. days) | 490 | 300 | 305 | 85 | 100 |
| New drivers (average no. days) | 15 | 15 | 15 | 15 | 15 |
| Existing drivers (average no. days) | 3.5 | 3.5 | 3.5 | 3.5 | 3 |
| Engage programme (days) | _ | - | - | - | 56 |
| e-learning days | - | - | - | - | 64 |
| Mental health training (days) | - | - | - | - | 53 |
| Compliance training (days) | - | - | - | - | 163 |
| Inclusion and diversity training (days) | - | - | - | - | 87 |
| Customer Services – induction days (10 days per person) | - | - | 560 | 130 | 276 |





Colleague profile

Lindsey Gregory National Sales Researcher

Lindsey began her Flogas career at our Newport depot, working as an administrator in an operationsbased role. She has recently taken on a new role as National Sales Researcher, providing support in the pursuit of new business and helping to widen our customer base.

Lindsey's role now involves face-to-face engagement with commercial customers all over the country. "This was a new position in the company, and it is providing the perfect place for me to learn and to broaden my skills. I am discovering something new every day, whether through contact with customers, from my colleagues, or in more formal training."

A key topic with customers is sustainability. "Our customers are increasingly turning to us to help them understand their carbon footprint and to do something about it. Part of my job involves understanding customer fuel use volumes and needs and learning about their processes so we can help them make the switch to alternative fuels. On a personal level, it feels great to be involved in an area that has real momentum. It is a huge challenge, but an exciting one, as it is such an important part of everyone's future."



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Safety is the backbone to our operations

Our shared company value of Safety and our Safety F1rst programme are the anchors we have to ensure that safety always comes first. They describe our commitments and behaviours to ensure that everyone can go home safely from Flogas and enjoy time with their families and friends.

Our HSE Policy and management systems

We have a rigorous safety policy that applies across our organisation. We adhere to industry standards as specified by the UK's LPG trade association and work in line with the COMAH Regulations to control major accident hazards. We have a 24-hour emergency team on standby to provide help around the clock.

The key risks faced by colleagues within the business are the handling and storage of LPG, and road safety. We have a dedicated team within the business who have health and safety as their sole responsibility, encompassing both process safety as well as occupational health and safety. We carry out regular workplace risk assessments and hazard identification.

We have a range of programmes to ensure the safety of our people and of our customers. Our principal safety programme, Safety F1rst, seeks to consolidate an operating culture in which safety is paramount.

Everyone is required to take health and safety e-learning modules on starting with the business. Those in high-risk roles are required to undertake additional and refresher training.

Transport safety

Road safety is a key focus area and a high-risk activity for all types of

drivers, whether delivery drivers, HGV drivers, engineers and technicians, or company car drivers. Given the nature of our business, driving is a significant safety risk, and our drivers are a key component of our operations. Their performance has an impact on our brand, cost base and our ability to deliver our goals.

Our driver safety programme covers driving behaviour management and vehicle fleet management. It covers topics such as on-boarding, retention, training and monitoring, and compliance. It identifies the desired outcomes and enables us to report on incidents and actions so that we can assess performance and progress. We seek to engage with key stakeholders, including those outside the business.

We also carefully manage our vehicle procurement. We have recently ordered a consignment of new trucks and have taken great care over the specification, taking account of whole-life costs and fuel efficiency – as well as additional safety features and driver comfort items.

Customer safety

We provide safety guidance to customers, whether they are using our gas as bulk supply for a commercial venture or for domestic use.

Domestic and commercial customers receive safety information pertinent to their tank installations and maintenance requirements. Larger

"Everyone at Flogas is committed to working safely and we are continuously working as a team to apply the learnings from any events that happen."

Dave Smith, HSEQ Director



| | | Transport related fatalities | Number of very serious events (VSE) | Number of road traffic accidents (RTA) | RTA frequency rate |
|----------------|------|------------------------------|---|--|--------------------|
| | 2017 | 0 | 0 | 68 | 3.4 |
| | 2018 | 0 | 4 | 81 | 4.2 |
| | 2019 | 0 | 2 | 112 | 5.8 |
| 10110 n | 2020 | 0 | 1 | 115 | 6.0 |
| | 2021 | 0 | 1 | 78 | 5.0 |



VSE: Defined according to the 5x5 DCC risk matrix.

RTAs excludes windscreen damage and damage sustained when not on a public road

RTA Rate = number of RTAs x 1,000,000/km driven.

Transport related fatalities pertaining to colleagues only.



industrial projects receive project support and documentation on the safe design, operation and maintenance of their installations. Our storage vessels come equipped with numerous items of safety equipment, such as devices that automatically stop the supply of gas to a property in the event of a problem. We carry out inspections and examinations of customer LPG installations as a matter of course and our engineering services for tank installations are assured under external standards, such as GasSafe.

Our LPG products are manufactured, distributed and sold in compliance with Liquid Gas UK Codes of Practice. Similarly, our MGS medical gases business is regulated by the MHRA and relevant standards. For our customers, this means that they can be assured that our products are safe in use and throughout their lives.

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Colleague profile

Jackie Banks Head of fleet

"My role involves managing our vehicle fleet to enable Flogas to make safe and efficient deliveries of bulk gas and cylinders to all our customers, wherever they are.

Our fleet, which is made up of a wide variety of trucks, totals over 400 vehicles. Minimising CO2 and other air emissions, enhancing fuel efficiency, and providing safety and driver comfort are key factors in how we maintain our fleet and how we approach the procurement of new vehicles. We have recently taken delivery of new CNG trucks that offer a reliable, clean, and sustainable alternative to diesel. We have more on order, as part of our plan for fleet renewal. We are also in regular dialogue with manufacturers to deliver future improvements in vehicle design and capability."

For cylinder formats, our gas cylinders are purchased according to recognised British and European Standards. They are subject to routine inspections on collection from customers and again before re-filling. In addition, our cylinders are re-tested in an accredited facility at the frequency required by the relevant standards (normally every 10 or 15 years) to ensure that the condition of the cylinder remains safe for use. This means that our cylinders are re-used many times during their lifetime, which can extend to 30 years or more, hence reducing the need to manufacture new cylinder stocks.

Similarly, our bulk vessels are all maintained and operated in compliance with the Pressure Systems Safety Regulations in UK with regard to regular examination and periodic maintenance by GasSafeaccredited engineers. Our delivery drivers are trained to identify any aspects of a bulk installation and its immediate surroundings that might require attention to maintain compliance with the relevant LPG Codes of Practice. Again, the rigorous inspection and testing regime means that our bulk gas vessels can be safely used for many years (30 or more), avoiding the requirement for replacement assets.

40%

We have achieved a 40% reduction in the frequency of lost-time accidents across the company

Personal and process safety performance

We focus on three primary indicators of our success in safety:

- fewer people getting injured or hurt (the rate of lost-time accidents per 200,000 hours worked).
- lower severity of injuries (measured as the average number of days absence following an injury).
- preventing all serious process safety releases and impacts on colleagues or the local environment.

Performance information is reported internally monthly and reviewed by the board of directors.

Collectively, we have achieved a 40% reduction in the frequency of lost-time accidents across the company and a similar decrease in the severity impact of the accidents that have occurred – both are significant improvements and represent a significant turnaround versus the increases seen in the previous year. We have also seen some encouraging downward trends in our road traffic accidents

frequency. Our challenge is to see this trend continue as the country comes out of lockdown and roads become busier.

While we can be proud of everything we have done to improve our safety performance, we recognise that there is much more we can do to get better, stronger and safer in future.

To this end, we have carried out an awareness-raising campaign designed to support good safety practices by focusing on those moments that matter. We are, for example, supporting all our colleagues to 'Take 5': to take a moment to stop and focus before acting – whether that be an everyday routine activity or a more complex work task.

We have continued to encourage colleagues to stop any job if they feel it is not safe to continue. We have this year enshrined our 'two metre rule', which makes sure there is two metres between a pedestrian and a moving vehicle, as an enforceable part of our company safety policy.



Safety performance

| | | Fatalities (number) | Lost time injury frequency rate (LTIFR) | Lost time injury severity rate (LTISR) | Number of Process safety events (tier 1 and 2) |
|------------|------|------------------------|---|--|--|
| | 2017 | 0 | 2.6 | 30.2 | 0 |
| | 2018 | 0 | 2.1 | 24.2 | 0 |
| 19 | 2019 | 0 | 1.2 | 30.5 | 0 |
| <u>ФтФ</u> | 2020 | 0 | 3.0 | 36.8 | 0 |
| | 2021 | 0 | 1.8 | 23.0 | 0 |



Notes:

Personal safety metrics cover colleagues only.

LTIFR: the number of lost time injuries per 200,000 hours worked.

LTISR: the number of calendar days of absence due to an injury at work per 200,000 hours worked.

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Introductio

Our approach t

Governance and compliance

Climate change energy transition People and socia

e ocial Safety and environment

Take 5

Encouraging colleagues to take a moment to ensure they act safely

Health and wellbeing

Ensuring the health and wellbeing of our colleagues is an integral part of delivering safe operations. We have a programme of communication and development to improve colleagues' awareness of how to create and sustain a healthy lifestyle.

For example, we have provided training that helps people become more resilient in their personal and

FLO GAS

professional lives and encourage our colleagues to use our Employee Assistance Programme if they face challenges in any aspect of their lives.

We have maintained the measures we developed to support colleagues through the coronavirus pandemic, including careful social distancing, and working from home where the job allows. We have eased restrictions in line with government policy and guidance and are cautiously welcoming colleagues back into the office environment and to more traditional work routines. We believe there will be valuable lessons to learn from the experience of the pandemic, such as those relating to occupational and mental health and industrial hygiene, which we will carry through into our future working practices.

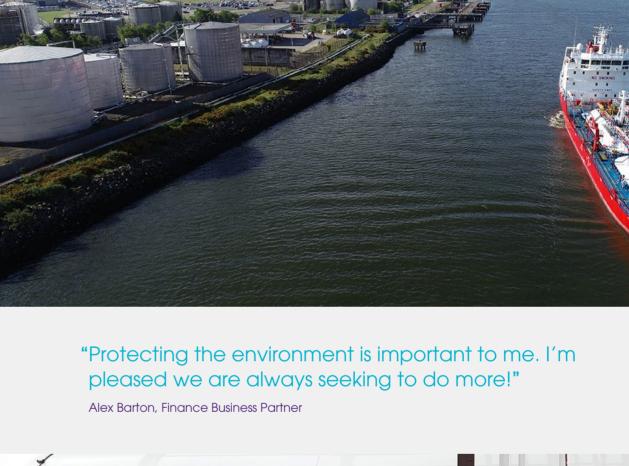


We are committed to continually improving our environmental performance through careful management of our operations.

Maintaining the financial and operational success of our business is central to our ambitions relating to people and protecting the environment. Continued profitability enables us to invest in the skills of our people, provide new opportunities, and make contributions to the communities where we work.

Air quality

Our principal product of LPG has a beneficial impact on local air quality when replacing other fossil fuels. We work with many customers to move them away from high-carbon fossil fuels such as heavy fuel oil, gas oil and kerosene. However, while cleaner than many competitor fuels, our





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GOOD SAFETY

M♥MENTS THAT MATTER

HABITS THAT HELP



products do have an impact on air quality. Our vehicles contribute to CO₂ emissions, and to local pollutants such as SOx, NOx and particulate matter. We are investing in alternative lower-carbon vehicles to add to our fleet.

Maintaining natural resources

We are mindful of other environmental challenges, and as a minimum we aim to be fully compliant with all environmental regulations and requirements. When assessing new locations, for example, we work with the competent authorities to make sure our use of land does not pose a risk to the environment, whether that be to biodiversity or water sources.

We seek to minimise our use of natural resources, encouraging waste minimisation, the efficient use of fuel and promoting recycling, recovery and re-use. Our activities make minimal use of freshwater, and our processes do not involve significant discharges to water.

90%

We take action across our premises to minimise energy use and waste – a high proportion of our waste (nearly 90%) is recycled, recovered, or re-used

Non-GHG air emissions

Our cylinder refurbishment plant in Staveley has a permitted air emission monitoring point that is independently monitored annually by the regulatory authority. No non-compliant emissions have been identified.

Process safety and environmental management

Our safety and environment management systems operate in compliance with the COMAH (Control of Major Accident Hazard) regulations 2015 and seek to ensure that significant releases of hazardous materials are prevented.

Our emergency systems and procedures ensure that our teams are prepared to respond if a release does occur. We also guide our customers on the safe handling of LPG cylinders and LPG tank operation and provide preventive maintenance services and 24/7 emergency support.

We had zero reportable gas releases in this reporting year, and we continue to invest in our people and equipment to reduce safety and environmental risks across our operations.

Materials management

Across the life-cycle of our activities, general waste represents our largest waste stream by category. We do not generate significant volumes of hazardous waste – totaling less than 2% in this reporting year.

We take action across our premises to minimise energy use and waste. We support recycling in our offices and promote the efficient use of resources to reduce costs and environmental impacts. A high proportion of our waste (nearly 90%) is recycled, recovered, or re-used.

Waste volumes by stream (kg)

| | | 2019 | 2020 | 2021 | |
|----|--------------------|-----------|-----------|-----------|--|
| | General waste | 310,881 | 268,849 | 275,583 | |
| | Mixed recycling | 69,073 | 56,891 | 69,534 | |
| | Food waste | 7,480 | 4,137 | 4,800 | |
| 0 | Paper waste | 10,452 | 16,180 | 8,398 | |
| 43 | Confidential waste | 17,442 | 34,464 | 3,250 | |
| | Inert waste | 14,120 | - | 6,480 | |
| | Wood waste | 12,300 | 2,236 | - | |
| | Scrap metal | 1,179,060 | 1,258,781 | 2,039,870 | |
| | Hazardous waste | - | - | 54,485 | |
| | Re-use | 219,200 | 157,523 | - | |
| | | | | | |

Waste destinations

| | 2019 | | 20 | 2020 | | 2021 | |
|----------------------------|----------------|---------------|----------------|---------------|----------------|---------------|--|
| | Volume (kg) | % of total | Volume (kg) | % of total | Volume (kg) | % of total | |
| Disposal | 310,881 | 17 | 268,849 | 15 | 275,583 | 11 | |
| Recycling | 1,309,927 | 71 | 1,372,609 | 76 | 2,176,392 | 88 | |
| Re-use | 219,200 | 12 | 157,523 | 9 | - | - | |
| Recovery (waste to energy) | - | - | - | - | 10,425 | 1 | |
| Totals | 1,840,008 | - | 1,798,981 | - | 2,462,400 | | |

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Our approach to reporting

Materiality

We have carried out a materiality assessment to determine the issues of most importance to include in the report and to guide the prominence we should give to those issues. This year, we have reviewed the assessment carried out for our previous report.

The topics identified include those that we consider of current importance to our strategy and which we believe are significant to our external stakeholders. They do not include every issue that forms part of the day-to-day running of the business, such as those which ensure we are compliant with the law.

Our assessment process

Our assessment process has involved review of our previous materiality assessment, which was based on extensive document review, followed by discussion and review with members of the Flogas management team. We have not carried out direct stakeholder engagement to develop the content of this report but have drawn on our knowledge of stakeholder views based on our regular interaction with them.

Prioritisation

In prioritising the issues, we considered their importance to the business, taking account of criteria such as our licence to operate, public or political impact, and the impact of an issue on our strategy. In considering an issue's importance to our stakeholders, we considered factors such as the level of stakeholder concern, its potential impact on the environment or society and its contribution – positive or negative – to sustainability.

Reporting standards

We have drawn on the IPIECA Sustainability Reporting Guidance (2020 edition) when preparing this report. An index of our disclosures against the core reporting elements under each relevant performance indicator is available on our website, as a standalone PDF document.

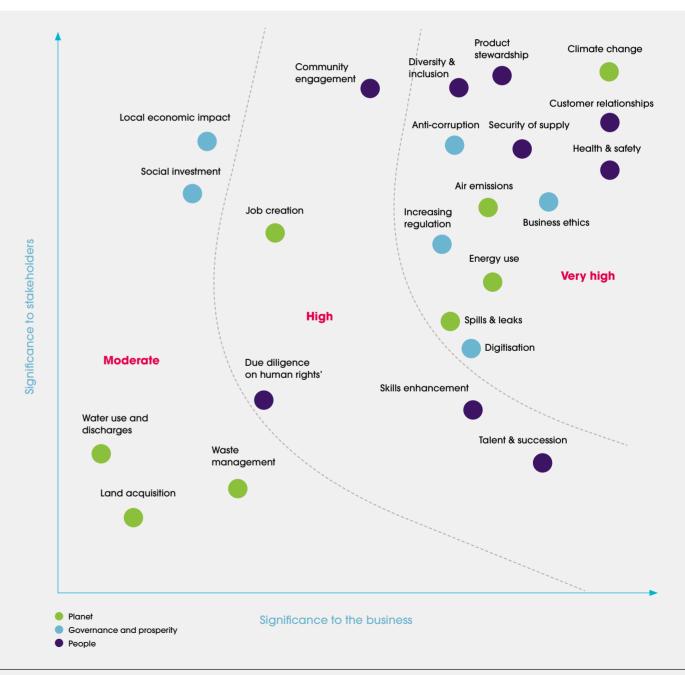
We have also taken into consideration the reporting principles set out in the IPIECA guidance, as follows:

 Relevance: we believe the issues reported on address the material sustainability issues facing the company. We have sought to reflect the views of external stakeholders based on our perceptions of their views.

- Transparency: information is presented in a clear and balanced way, including acknowledgement of areas where we can improve our future performance and reporting.
- Consistency: we have sought to present information in ways that are consistent with our previous year's report, but have enhanced information wherever possible, such as in the provision of more comprehensive data about training and carbon emissions by business activity. We indicate throughout the report where we have drawn on, and are consistent with, the policies, principles, and approaches of our parent company, DCC plc.
- Completeness: we have provided information that is consistent with the scope and boundaries of the report.
- Accuracy: we are not aware of any material misstatements or omissions.
 The content of the report has been reviewed internally but has not been subject to independent assurance. The use of thirdparty assurance remains under consideration for future reporting.

Materiality matrix

Shows prioritised topics identified as material for reporting purposes, based on an assessment of significance to the business and to stakeholders.



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Energy for today and tomorrow.

Sustainability Report 2021

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