



Keeping you connected,
today and tomorrow

Sustainability Report 2020





About this report

Welcome to the first Flogas sustainability report. We are delighted to share information on our achievements, successes, challenges and progress on our journey to sustainability.

This report focuses on the period 01 April 2019 to 31 March 2020 and covers the activities of Flogas in the United Kingdom, which is our principal place of business. Unless otherwise stated, the report boundaries cover our own Flogas operations.

This report focuses on the topics that are most material to our business based on their importance to our stakeholders and on their potential impact on our business value.

The opinions of our stakeholders are important to us. We would be happy to receive any comments or questions on this report, or on any other aspect of our business.

More detail on our approach to reporting is provided on page 50.

To provide feedback on this report, please email us at:
sustainability@flogas.co.uk

Web: www.flogas.co.uk

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.

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Welcome from our Managing Director

I am delighted to welcome you to our first Sustainability report. It outlines the challenges and the opportunities we face and the steps our business is taking to address them, now and for the future.

It is hard to imagine us working in a more demanding environment than the one we face right now. Over and above the challenge of climate change, the coronavirus pandemic has created unprecedented difficulties for all of us: as colleagues, family members, businesses, and for societies throughout the nations of the UK and the world.

I am proud of the response we have made at Flogas. Our people, following clear guidance about safe ways of working, have continued to deliver uninterrupted supplies to our customers, who rely on us for secure and reliable fuel to heat and run their homes and businesses. Our medical gases business has continued to provide essential supplies of critical gases to healthcare facilities and emergency services around the UK. We have been mindful of the challenges which working in these circumstances has posed for people’s mental health, by providing free access to tailored learning and support resources for our colleagues.

COVID-19 has highlighted the inter-dependencies and connections that shape our world, and the need to better protect the resources we all rely on, whether they be the natural resources that provide our food, fuel, and wellbeing, or the human resources that can make our lives fair, decent and respectful. This report outlines how we are making a positive contribution, set against the four pillars of our sustainability framework. This includes actions to reduce carbon emissions

and minimise our environmental impact, striving to treat all our people with dignity and respect, and governing our activities to deliver prosperity in a way that is responsible and sustainable.

We have recently established a Board-level Sustainability committee, which I chair, to ensure we focus on the strategic implications of these issues and manage them rigorously day-to-day. We want to make sure that everyone at Flogas understands what sustainability means for their daily working lives. We have, for example, a strong and shared commitment to safety, as demonstrated by positive feedback in our employee engagement survey. But we know we need to maintain our focus on safety while simultaneously building support for all the other aspects of being a sustainable business. It is a huge, but exciting, undertaking.

Our engagement survey feedback also indicated the need to communicate a clear and compelling vision of the company’s future. We hope this report, and the communications that accompany it, are a step in the right direction. We know that building a truly sustainable business is a team effort. We need input and help from a wide range of stakeholders. Your comments on this report, and your feedback on how we can make our business a trusted contributor to a better future, would be extremely valuable.

Lee Gannon
Managing Director, Flogas Britain Ltd

About Flogas

The principal activity of Flogas Britain Limited is the processing and distribution of liquefied petroleum gas (LPG), the distribution of liquified natural gas (LNG) and related equipment in the United Kingdom.

Our business at a glance

We have more than 35 years' experience in providing reliable, affordable energy solutions to customers across the UK. We employ more than 1,000 people at locations around the UK and have more UK depots than any other LPG supplier. Our revenues totalled £258.2m in 2020.

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 approximately 12,700 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.



£258.2m

Our revenues in 2020 were £258.2m.



1,100+ employees

We are proud to have a skilled, diverse and committed workforce



1.1 million+ end users

Providing access to a safe, reliable and low carbon energy



400+ vehicles

Building a modern, fuel-efficient fleet



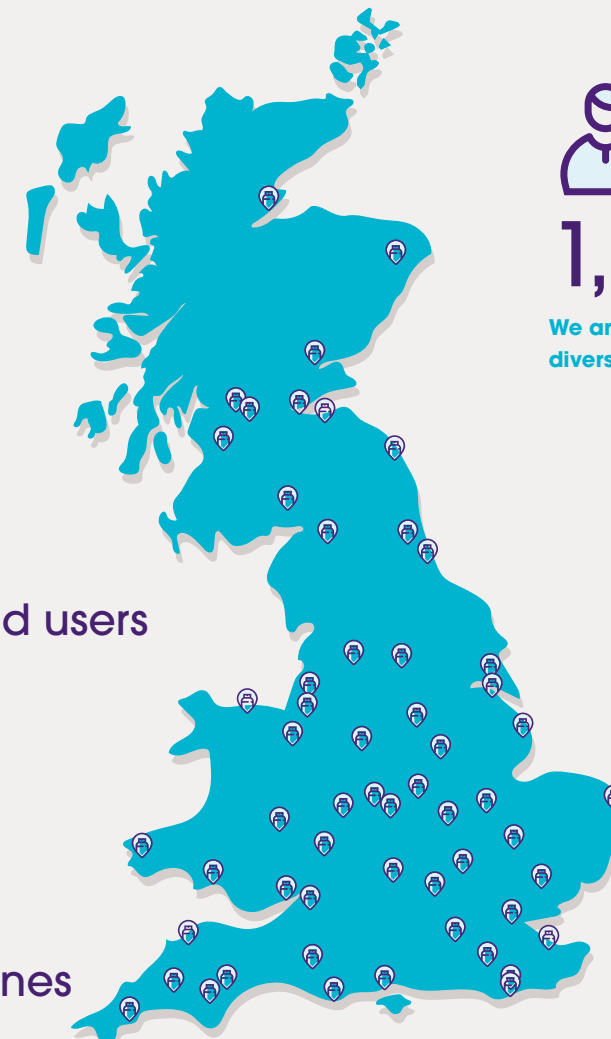
35,000 tonnes

The amount of CO₂ we estimate businesses have saved annually by switching from oil to gas

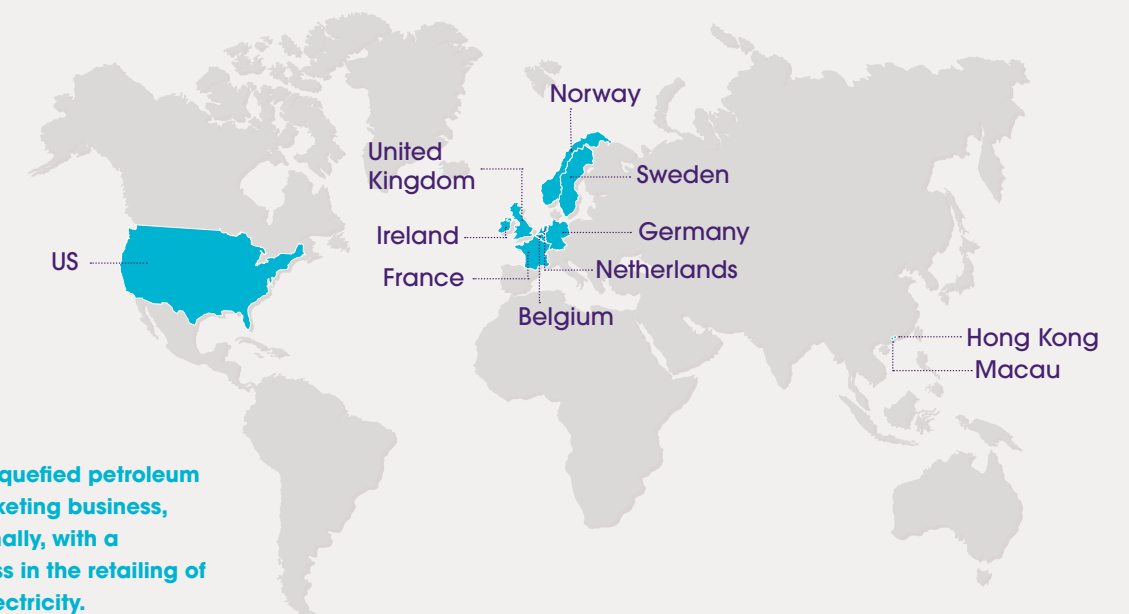


57 depots

Serving communities throughout the British Isles



DCC LPG: a global presence



We are a leading liquefied petroleum gas sales and marketing business, working internationally, with a developing business in the retailing of natural gas and electricity.



Our Values: the Flogas way

Our core values derive from those of our parent company, DCC and are:

Safety

For us, safety comes first. We believe safety to be a foundation of a sustainable business, and we continuously look for ways to improve our safety culture, systems and processes.

Integrity

Our business is built on trust. We believe in doing the right thing and inspiring others by being true to ourselves and treating people with respect and dignity.

Partnership

We are stronger together. We seek to develop mutually beneficial, long-term relationships founded on trust and respect and place significant value on commitment and loyalty.

Excellence

Driven to excel in everything we do. We believe great performance comes from preparation, focus on the details, relentless determination, a sense of urgency and a genuine hunger for success.

Our Products

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 makeup, each gas is slightly different, making it suitable for different applications.

LPG is an exceptional and efficient energy source that would otherwise go to waste if not captured. It has the lowest carbon footprint of all off-grid fossil fuels, with a carbon intensity that is 20% lower 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. It is also a cleaner burning fuel, emitting 30-40% less CO₂e than coal. LPG emits virtually no black carbon and 84% less nitrogen oxides (NO_x) 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.

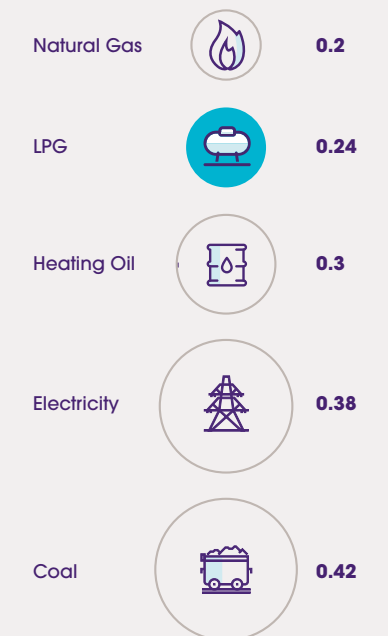
A great strength of LPG is its versatility. It is readily available and comes in cylinders or larger bulk tanks depending on the amount of space required. This makes it suitable for a wide range of different industries and applications – from leisure, hospitality, and agriculture, to industrial heating and manufacturing processes, and even steam generation. It can be used practically anywhere, including the most remote areas. For companies that own a fleet of vehicles or those that operate forklift trucks, LPG can also be used as a cost effective, efficient fuel supply. In modern heating systems, LPG provides optimised performance and enables reductions in energy consumption.

LPG systems are also easy to install, making it easy to switch from oil to gas.

We estimate that businesses that have switched from oil to gas with us save more than 35,000 tonnes of carbon dioxide emissions annually – the rough

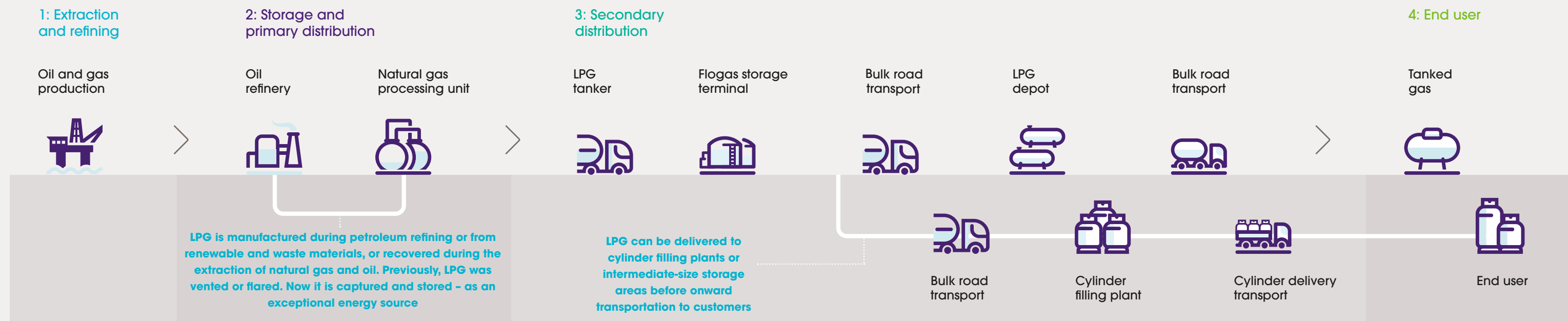
Carbon intensity comparison of LPG with other fuel sources

Emissions kg CO₂e per kWh

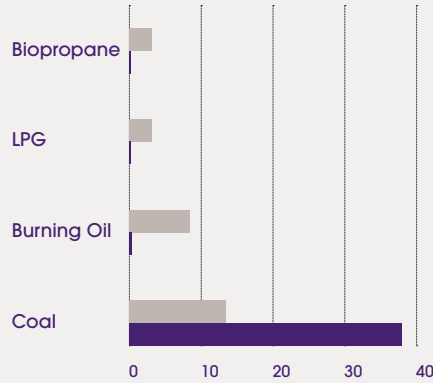


Source: BRE: Standard Assessment Procedure for Energy Rating of Dwellings, 2012

The LPG journey



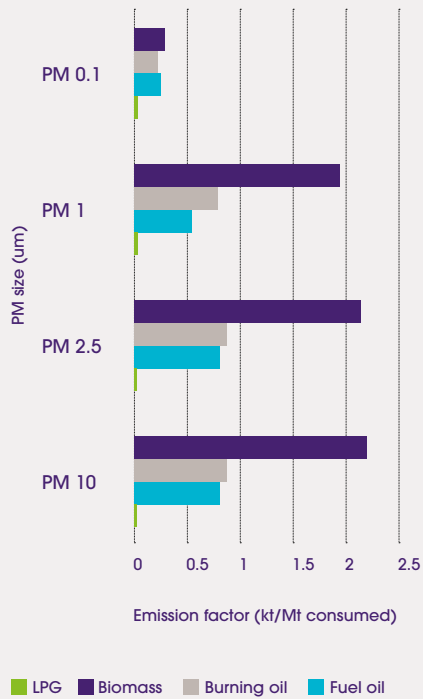
Comparison of NO₂ and SO₂ emissions between fuel sources (kg/tonne)



Source: BEIS: National Atmospheric Emissions Inventory

■ NO₂ ■ SO₂

Comparison of particulate emission factors between fuel sources



Source: BEIS: National Atmospheric Emissions Inventory

■ LPG ■ Biomass ■ Burning oil ■ Fuel oil

equivalent of flying around the world 3,800 times or driving more than 97 million miles in a car.

LNG (Liquefied Natural Gas) 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, non-toxic 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 too (lighter than water), 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.

LNG is particularly suited to businesses that have continuous, energy-intensive processes or that are looking to run their vehicle fleet on cleaner fuels.

Our 2040 Vision

We are fully committed to building a lower carbon future.

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

A key part of our 2040 vision is to endeavour to supply customers with 100% renewable energy solutions. 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 without the need to change existing infrastructure or appliances.

At the heart of this ambition is bio-propane – 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



“Renewable energy solutions are a key part of our 2040 vision.”

Ivan Trevor
Finance Director

existing comprehensive LPG network – making it the most feasible, low carbon option that results in near zero disruption to the end-user.

We believe that bioLPG has the potential to grow rapidly and could represent approximately one-third of the LPG market by 2030. 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.



Managing Sustainability

We aim to create a sustainable business by ensuring that we operate responsibly in everything we do.

Our four pillars

Our sustainability plan is founded on four pillars: climate change and the energy transition; people and social; safety and environment; and 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 organisation. 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 LPG conversions and introducing bioLPG 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



People and social

Customers

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 well-being of all our employees while attracting and retaining a skilled, diverse and sustainable workforce



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 quality

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



Governance and compliance

Integrity

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

Compliance

Ensuring high standards of safety, environmental, financial and legal compliance through enhanced processes and collaboration

Engaging with stakeholders

Our success is founded on strong and stable stakeholder relationships. Our stakeholders are the many individuals and organisations who are affected in some way by our activities.

Our goal – in line with our core value of Partnership – is to engage with our stakeholders and ensure we are generating value.

Our customers and suppliers

Meeting the energy needs of our customers is vital to our continuing success. As made clear in our Customer Charter, we put the customer at the heart of our day-to-day decision making and aim to be dependable, professional, and responsible in our interaction with them. We have commercial and domestic customers across the UK and work with a wide range of suppliers and business partners, including 1,700 stockists who provide access to our products around the British Isles. We want to retain our customers’ trust and to take care of their energy needs so that we are their first-choice supplier.

We have a Vulnerable Customer Policy to make 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. Our policy guides colleagues on how to identify and respond appropriately to a vulnerable customer and on how we can support them directly or through third parties. For example, we make adjustments when needed to how we communicate with people, or how we interact with those who are 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. Over the past 12 months, 77% of more than 4,100 reviews classed our service as excellent or great, while 23% were classed as average, poor or bad. We are always concerned by negative reviews, and typically reply to them within 24 hours.

Our colleagues in Flogas

We engage actively with our workforce and have well-established channels to communicate with our colleagues. We do so through line activities such as 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.

Our goal is to foster a culture of empowerment and knowledge, nurtured by dialogue and consultation. We share information on the strategic direction and performance of the business with our colleagues and have an overarching engagement plan in place, supported by locally owned plans.

Shareholders and investors

Our business is managed locally and with the appropriate degree of autonomy. As a subsidiary of DCC, we have regular management and business dialogue with our parent company. We also supply information and updates as required for the wider shareholder base.

Regulators and policymakers

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, and the UN Sustainable Development Goals. We engage regularly across the four nations of the UK with regulators and policymakers and in particular with the Health & Safety Executive, and the Department for Business, Energy and Industrial Strategy. We engage directly as well as through our industry association, Liquid Gas UK.

Local communities

We support communities that do not have access to the grid by providing them with reliable and affordable energy, enabling them to live the lives they choose. Our network of depots around the UK means that we have a presence in most parts of the country. By providing jobs to local people, and supporting community good causes, we have the feel of a small local business but with big national capabilities.

We engage with local business, authorities, and government to fulfil our social and regulatory responsibilities. We work to minimise our impact on the environment by recycling waste, refurbishing and reusing assets, and driving efficiency into our distribution operations. We are developing our approach to community support including supporting colleagues keen to engage in volunteering for community projects.

Supporting 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 below.

Safety and environment

Safety is a fundamental value and a core part of our operations – an integral part of the decent work environment envisioned in SDG-8 (decent work and economic growth). We also support moves that help develop Sustainable cities and communities (SDG 11) by providing LPG as a transport fuel that cuts pollution in inner cities and reduces the incidence of cardiac, respiratory, and other diseases caused by poor air quality.

People and social

Through the jobs we create directly and others that our business supports,



“We support the UN SDGs – in principle and in practice.”

David Taylor
Head of Corporate Affairs and Innovation

we contribute to the goals of SDG8: Decent Work and Economic Growth. Our geographical spread throughout the UK means that we make valuable contributions to local employment across the country.

The supply of LPG to off-grid customers in a wide range of domestic and commercial markets supports the creation of a cost-effective and versatile energy infrastructure in the UK – in line with the goals of SDG 9: Industry, Innovation and Infrastructure. For example, LPG can help housing developers build in areas without access to mains gas and can provide

reliable and affordable energy to rural or isolated areas with little or no existing energy infrastructure. To grow our capability and increase national security of energy supply, we are currently constructing the nation’s largest LPG storage terminal, a £40m investment at Avonmouth, England.

Climate change and energy transition

The use of LPG by our customers and actions we are taking in our operations are supporting SDG 13: Climate Action. We are reducing our carbon footprint in our own operations. We are providing carbon offsets through accredited schemes. We support effective policy measures that enable the energy transition. LPG itself offers a flexible and low carbon fuel source for when intermittent renewable supplies cannot meet demand or are not generating due to weather conditions.

LPG provides cost-effective, clean-burning, and lower-carbon fuel to off-grid domestic, commercial, and industrial consumers. It is also very affordable. We are developing bio LPG, delivered entirely from renewable crops and waste feedstocks, which will further reduce emissions and waste, and which will not require any change to customer storage tanks or appliances. These characteristics mean that LPG helps make a positive contribution to the aims of SDG7: Affordable and clean energy.

Governance and compliance

We recognise that achieving the sustainable development goals, including SDG 17: Partnerships for the Goals, requires effective coordination among governments, companies, investors, and civil society. On our account and with our industry association, Liquid Gas UK, we work with government agencies, suppliers, and partners to foster investment, job creation, skills development, and infrastructure improvement.



Staying ahead of the curve

Continued profitability enables us to invest in modernising and improving our assets, such as our vehicle fleet, and developing our people.

“

It is more critical than ever that businesses in the 21st century are focused on generating long-term value for all stakeholders and addressing the challenges we face, which will result in shared prosperity and sustainability for both business and society.”

Darren Walker
President of the Ford Foundation

Innovation

We like to stay ahead of the game when it comes to alternative energy solutions. We are always on the lookout for new technologies that could benefit our customers. In our [medical gas](#) supply business, for example, we have provided lightweight higher-pressure cylinders to reduce weight on ambulances whilst increasing gas provision, bringing the benefits of lower fuel consumption and reducing refilling journeys for ambulances.

We also work with some of the most cutting-edge manufacturers in the renewable energy industry. When switching customers from oil to LPG, we offer innovative designs and bespoke solutions which switch them over seamlessly.

There are no heating processes currently fulfilled by coal or oil that cannot be replaced by LPG. There is therefore scope for the future development and take up of a range of LPG-based technologies such as LPG boiler and air source heat pumps, microgrid heat networks for multiple properties, and LPG fuel cells.

Longer term, through our work with suppliers, research laboratories and regulators, we are exploring the potential of biofuels which will provide a lower carbon substitute to fossil fuels. This includes work into the further development of biopropane.



Going digital

We are embracing the opportunities that arise from increased use of digital technologies in our operations and throughout our supply chain.

We have, for example, invested significantly in tank telematic systems, which deliver regular readings of customers’ consumption and tank levels. This has enabled us to deliver a better service to customers who rely on us to contact them when their supply needs topping up – a far more targeted approach than the traditional reliance on fixed delivery cycles or predictive algorithms.

By obtaining vital information in real-time, we have been able to centralise orders and draw volume at quieter times and outside peak periods. 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.

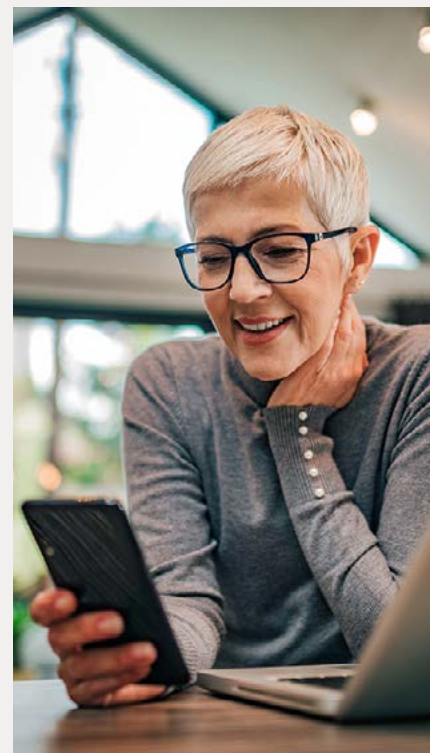
Through the use of demand sensing, we can fulfil requests across our forecasting operations, as well as look in more depth at customer consumption data to extrapolate three months of rolling forecast data. This enables us to set our resource levels three or four months in advance.

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.



2

Climate change and energy transition

Tackling climate change, while providing access to reliable, affordable and clean supplies of energy, is our most significant strategic challenge and fundamental to future economic prosperity.



“

There is no more challenging an issue than climate change. My colleagues and I are determined to do our part to tackle it.”

Lee Gannon
Managing director

2020 highlights



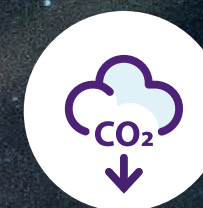
2.4%

2.4% reduction in our carbon intensity



100%

We are endeavouring to provide 100% renewable energy solutions by 2040



20%

Committed to reduce our direct CO₂ emissions by 20% by 2025

Tackling the big issue

Climate change represents our most significant strategic challenge and our most important environmental impact. We recognise the need to transition to lower carbon alternative sources of energy. We are taking action to reduce our own carbon emissions, and through our products we support businesses and individual consumers in cutting their emissions.

Climate change strategy: risks and opportunities

We fully recognise the risks and opportunities that the issue of climate change poses for our business, and for society at large. We believe that 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, which has considerable advantages over other fossil fuels. For the longer term, we are also developing renewable LPG, as an alternative fuel which can be readily integrated in the existing infrastructure.

To improve our performance and increase our business resilience, we have several strategic aims and initiatives in progress, including but not limited to energy efficiency, low CO₂ distribution and enhanced scheduling. We are currently evaluating various emission reduction possibilities including initiatives across the fleet, property network and colleague base.

We recognise the impacts which the changing climate is having already, such as the physical risks posed by extreme weather events. We have issued guidance to customers on actions to take if their LPG cylinders or tanks are threatened by flooding, and on what they should do in the event of flooding if their LPG is supplied via a metered pipe system.

We welcomed the UK government’s

decision to set the 2050 net zero emissions target into UK law, as a route forward for homes and businesses that are not connected to the mains gas grid. We have also made public our support for the UK Government’s clean air strategy.

Investing for the future: Avonmouth terminal

Our Avonmouth storage terminal, currently under development, will be renewable ready and is therefore well-aligned with net zero targets and the UK government’s ten point plan for climate action.

The terminal will be the largest of its kind in the UK with the ability to store 34,564 tonnes of LPG, significantly increasing the UK’s total LPG storage capability.

The project, which sees the conversion of the former National Grid LNG facility at Avonmouth, Bristol, will significantly increase Flogas’ LPG storage capability, improving the UK’s gas infrastructure, and providing greater security of supply to commercial and residential customers nationwide, as demand grows.

Formerly owned by the National Grid, the Avonmouth facility is part of a \$40 million investment by Flogas Britain. Work has now started on detailed design, with physical works expected to start on site in early 2021, and full takeover planned for summer 2022. Once completed, the site will be filled, and operationally ready by winter 2022.



“The conversion of Avonmouth marks the largest single investment for Flogas Britain and symbolises our growth ambitions and aspirations. It will create an unparalleled, dependable nationwide supply of LPG, demonstrating our unwavering commitment to security of LPG supply and to the Clean Growth Strategy, highlighting the vital role LPG plays in securing a lower carbon future.”

Lee Gannon
Flogas Managing Director

Flogas objectives

- Reduce our direct CO₂ emissions by 20% by 2025, from a 2019 base. Achieve carbon neutrality by 2050
- Reduce our indirect CO₂ emissions by engaging with customers and suppliers
- Build market leading positions in the renewable energy sectors in which we operate

The energy transition

We support action

Demand for energy continues to grow. The UK plans to reduce emissions through improved energy efficiency and low-carbon solutions to mitigate the impacts of climate change, in line with the Paris Agreement.

We support the UK government's net zero by 2050 legislation and the [clean growth strategy](#) to reduce emissions from heating 850,000 off-grid homes that currently use oil for heating. We also support the goal of reducing emissions of the five most damaging pollutants including NOx, SOx, and particulates. We are prepared to tackle the challenge of business properties off-grid, particularly those heated by oil boilers.

LPG provides clear benefits today

LPG can help achieve off-grid decarbonisation in domestic, commercial and industrial heat, and transport.

LPG offers significant and immediate carbon savings and air quality benefits when compared to oil and coal. It has:

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

LPG and LNG also provide high-grade heat to off-grid businesses / industrial process where there is a diverse range of heat requirements and processes. Connections to the gas grid and electrification, on the other hand, would be costly and capacity is often constrained.

Biogas, such as bioLPG and bioLNG, offers a deeper decarbonisation and more credible pathway to net zero. BioLPG is chemically identical to LPG but is made from 100% renewable resources. The infrastructure and supply chain needed to support it are already in place and it can therefore be used as a 'drop-in' fuel.

We already have volumes of bioLPG in the UK and are investing in research into indigenous production methods –

helping to deliver a future increase in volumes.

...and represents part of a sustainable solution

Our industry is endeavouring to deliver 100% bioLPG solutions by 2040.

LPG, bioLPG and LNG to bioLNG are cost-effective and efficient routes to move rural homeowners and businesses to low-carbon energy without disruption or radical shifts in consumer behaviour.

Levelised cost analysis* into off-grid heat decarbonisation shows that a mixed technology 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.

This mixed technology approach will provide the most cost-effective route for the UK. We support an approach in which consumer choice, social and economic circumstances, and building types are considered.

2050

We fully support net zero by 2050

850,000

We support the clean growth strategy to reduce emissions from 850,000 off-grid homes

20%

Lower carbon intensity than oil; 30-40% lower than coal

84%

Lower emissions of NOx and lower SO₂ and PM emissions than oil

2040

Our industry is endeavouring to deliver 100% bioLPG solutions by 2040



Reducing our own carbon footprint

We are taking action to reduce carbon emissions in our own operations, focusing on our transport and property activities.

Action on transport

The principal source of our CO₂ emissions is our vehicle fleet. We are reviewing alternative fuel options to replace the diesel-fuelled vehicles which currently make up most of our fleet. Swapping a conventional delivery vehicle for a hybrid, for example, can reduce fuel consumption by more than 20%, and makes a positive contribution to improving air quality, especially in urban areas.

Fleet emission reductions can also be achieved through more efficient operations. By reviewing our processes, we have successfully reduced the frequency of unsuccessful deliveries to customers deliveries – which can be caused by a customer not being in, for example. The improvements have resulted in fewer wasted journeys, cuts in fuel use, and a better customer experience.

We have also sought to raise standards of driver behaviour by providing 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.

Action on property

We are introducing low energy lighting and recycling at all sites. To save paper and energy we encourage and support customer online accounts and are moving towards electronic billing for our customers.

Our carbon emissions

Our total carbon emissions, which are independently verified, have increased marginally over the past

four years despite the organic growth of our business and expansion through acquisitions. The carbon intensity of our activities has improved since 2017. It should be noted, however, that this measure, which shows emissions of carbon per unit of revenue, can vary significantly from year to year, as it reflects oil price fluctuations which are outside our control.

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

Carbon emissions (tonnes CO₂ equivalent)

	2017	2018	2019	2020
Scope 1	15,745	15,178	15,503	16,138
Scope 2	393	2	8	98
Total	16,139	15,180	15,601	16,236

Note: Scope 1 and 2 data include business travel

Carbon intensity (emissions per unit of revenue)

	2017	2018	2019	2020
% reduction / (increase)	-	7.2	(0.4)	2.4

Energy use

	2016	2017	2018	2019	2020
Diesel use (litres)	4,710,833	5,315,837	5,105,841	5,119,499	5,411,213
Electricity (kWh)	3,381,036	3,317,860	3,416,173	3,568,891	3,909,823

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.



We are reviewing how best to fuel our vehicle fleet, and now have new HGVs running on bio-LNG.

Customer and value chain emissions

Flogas has an important role to play in helping to decarbonise customer emissions and those across our value chain – known as ‘scope 3’ emissions. The products we sell and our technical expertise provide a lower carbon alternative. By supporting customers in converting to LPG and LNG, we are helping to reduce the UK’s carbon footprint.



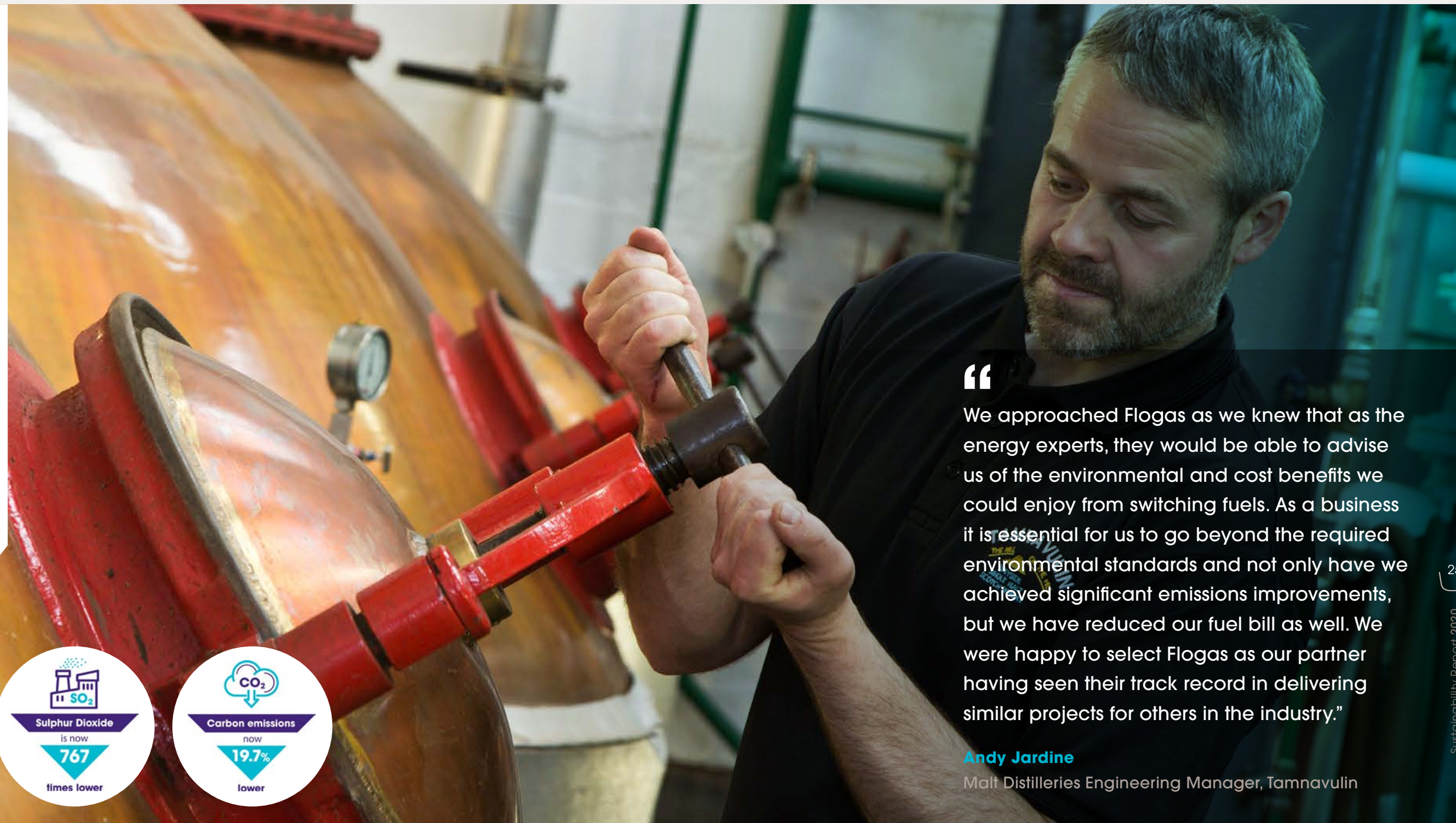
Reducing customer emissions: Distillery oil to gas conversion

Tamnavulin distillery, owned by Whyte & Mackay, has been operational since 1966, producing over four million litres of malt whisky per year in the heart of Speyside, Scotland.

With a desire to reduce CO₂ output and comply with new UK legislation and the Medium Combustion Plant Directive (MCPD), Tamnavulin were keen to review their use of Heavy Fuel Oil.

The MCPD states that combustion plants with a thermal rated input between 1 and 50 MWth must limit emissions – specifically sulphur dioxide, nitrogen oxides (NOx) and particulate matter (PM).

Working closely with the distillery team at Tamnavulin during 2019, Flogas technical services reviewed production processes and energy efficiency and set out a detailed proposal for a move to an LPG boiler system. Our team also designed a bespoke gas storage facility, installing a 30-tonne mounded gas storage tank, along with associated pipework and civil work. This has ensured that the distillery is fully compliant with the MCPD legislation.



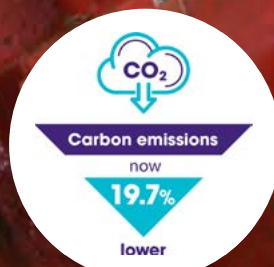
“

We approached Flogas as we knew that as the energy experts, they would be able to advise us of the environmental and cost benefits we could enjoy from switching fuels. As a business it is essential for us to go beyond the required environmental standards and not only have we achieved significant emissions improvements, but we have reduced our fuel bill as well. We were happy to select Flogas as our partner having seen their track record in delivering similar projects for others in the industry.”

Andy Jardine

Malt Distilleries Engineering Manager, Tamnavulin

Emission reductions





Volac: a cost-effective, efficient fuel solution to meet high energy requirements

Volac, one of Europe’s fastest growing and most influential international dairy nutrition businesses, has switched to LNG from Flogas to meet its energy needs.

The company, which produces milk-based products for the feed and food markets, was using Heavy Fuel Oil (HFO) and gas oil to meet its high energy requirements at its largest manufacturing facility in Felinfach, West Wales – spending millions each year.

The off-grid business was keen to find an effective solution – one that would significantly save on energy bills and reduce carbon emissions.

After considering a variety of options, including ultra-light heating oil, biofuel oil mixes, mains natural gas and liquid petroleum gas, Volac selected LNG, as it provided the most beneficial solution compared to oil.

Estimated savings amount to 7% on energy costs (year-on-year) and a 30% reduction in CO₂ emissions.

“Flogas’ understanding of our requirements and their technical expertise has given us the confidence to make the switch from HFO to LNG. Their flexible project and account management enabled a collaborative relationship to be formed which made the whole switchover process straightforward.”

Heather Davies
Head of Procurement, Volac



Carbon offsetting

Carbon offsetting brings about economic, social and health benefits to different communities around the world while reducing impact on the climate.

Offsetting allows customers to counteract their greenhouse gas emissions by purchasing carbon credits, which in turn invest in a project giving an equivalent reduction of emissions elsewhere in the world, either reducing or absorbing carbon dioxide.

We use offsetting as part of our approach to emission reduction, but not before reducing our own operational emissions first. We offer guidance to other companies and domestic customers on offsetting initiatives, purchase credits and make investments on their behalf.

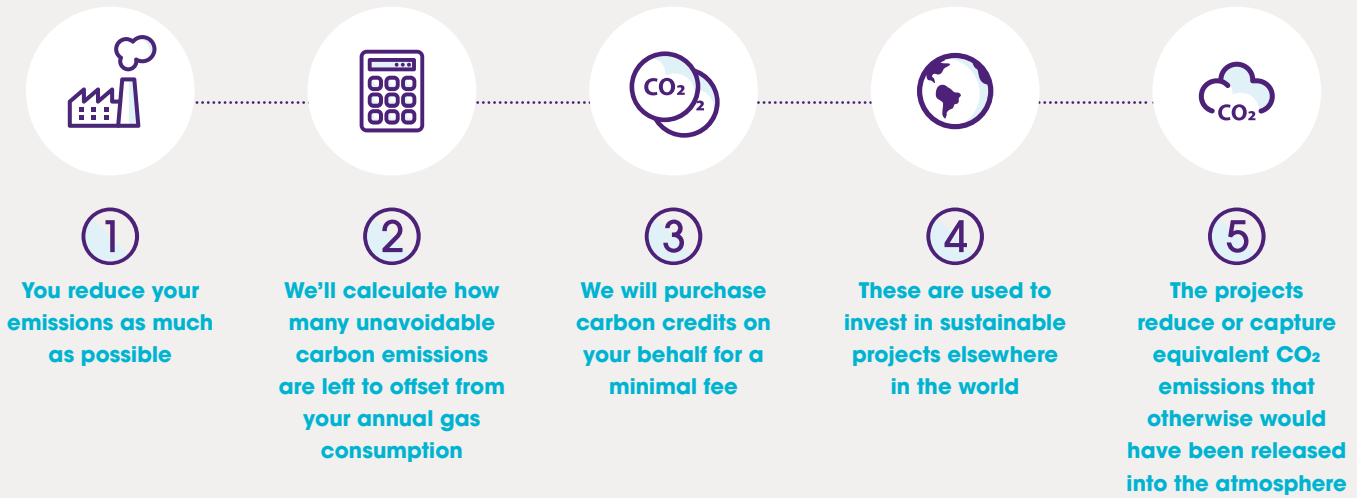
We have partnered with carbon credits specialists South Pole and selected verified carbon mitigation projects for our customers to support. These adhere to internationally recognised standards for emission reduction – namely, the Verified Carbon Standard (VCS) and the Gold Standard (GS).

- The projects include:
- Nafa Naana: Helping some of the poorest households in Burkina Faso, West Africa, access eco-friendly equipment (including efficient LPG cooking stoves), rather than relying on the use of firewood from dwindling forests.
 - Kariba REDD+: A forest conservation project that provides sustainable livelihood opportunities for poor communities in Zimbabwe, Africa – a region suffering from deforestation, poverty and drought.
 - Huóshui Grouped Small Hydropower: A project consisting of 95 small-scale hydro power plants that generate renewable energy in rural China. By supplying clean hydroelectric power to the local grid, this displaces greenhouse gas emissions and improves the lives of local people.



Supplying clean hydroelectric power to the local grid, the Huoshui project displaces greenhouse gas emissions, helping mitigate climate change and improving the lives of local people.

Helping customers reduce their climate impact: how carbon offsetting works



Renewable supplies

Our goal is to expand our market position in the renewable energy sector. We provide bioLNG and are looking to invest in bio LPG in the future.



The risk climate change poses to businesses and financial markets is real and already present. It is more important than ever that businesses lead in understanding and responding to these risks – and seizing the opportunities – to build a stronger, more resilient, and sustainable global economy.”

Michael Bloomberg

Chair of the Task force of Climate-related financial disclosures (TCFD)

BioLPG

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.

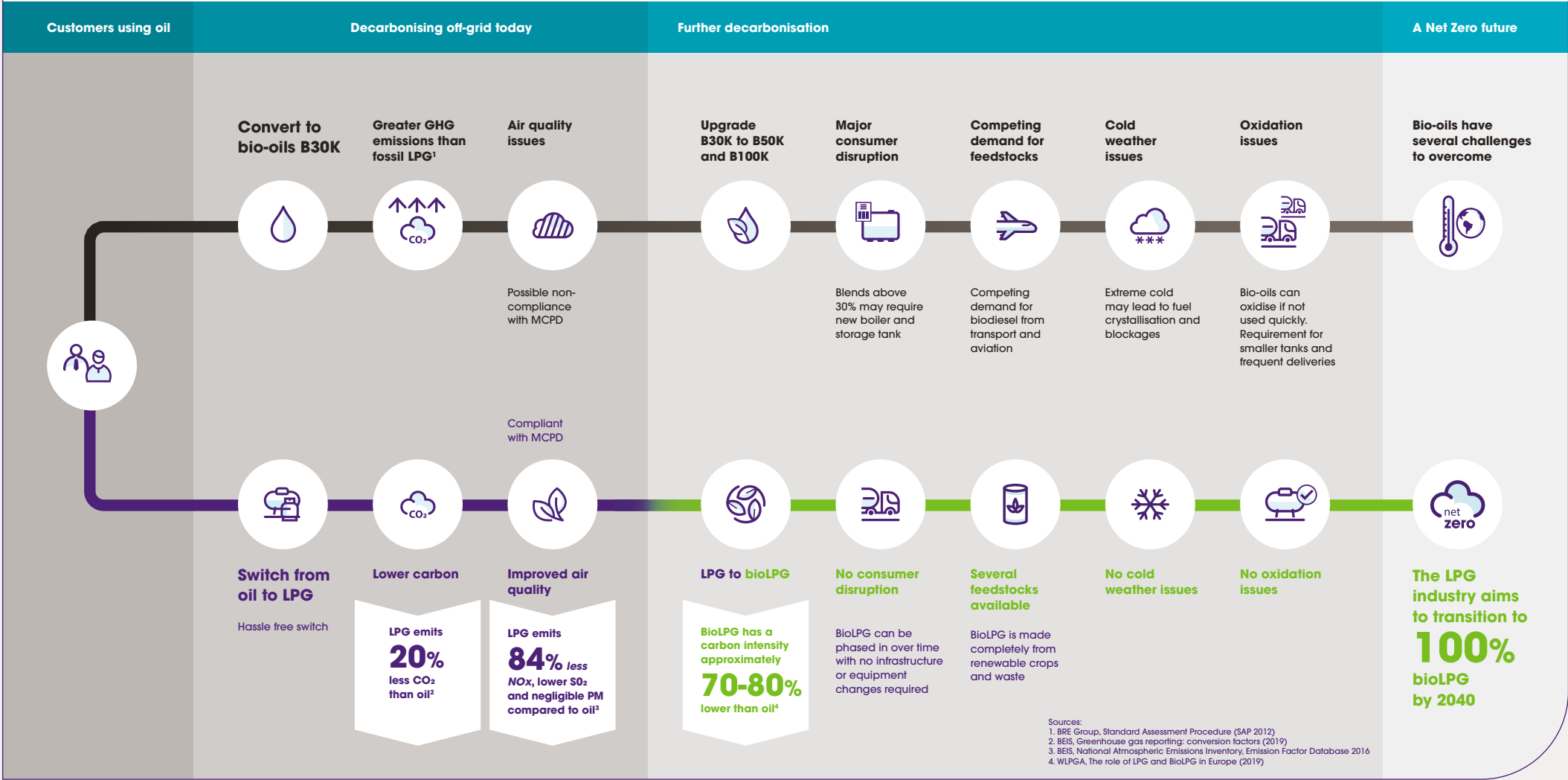


BioLNG (liquid biomethane)

BioLNG 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 oxygen free tank, to produce methane-rich biogas.

BioLNG 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 amount of Nox and particulates.

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





“Our people are at the heart of our business. I’m committed to creating an environment where we can provide opportunities for all colleagues to perform and develop.”

Sarah Coop
HR Director

3

People and social

The talent, creativity, and passion of our colleagues drive us, and keep us connected to our customers.

2020 highlights



6%

6% increase in colleague levels of positive engagement



0.29%

Gender pay gap narrowed to 0.29%



Agile

Effective response to coronavirus—maintaining reliable supplies and supporting colleagues

The lifeblood of our business

We work to provide our colleagues with variety, exposure to a range of opportunities, and responsibility as part of a thriving organisation.

Our workforce



	Number of employees	Percentage female	Percentage male	Percentage of leadership roles held by women
2016	998	18	82	8
2017	1,058	18	82	10
2018	1,171	19	81	12
2019	1,186	18	82	11
2020	1,161	18	82	30

The values we do business by are those we look for in our colleagues: openness, honesty, accountability, respect, and trust. Above all we demand a commitment to provide excellent customer service.

Workforce composition

We employed 1,161 people in 2020. Most of our workforce are located at our 57 operational sites around the United Kingdom, with approximately 300 people based at our head office in Leicestershire.

Equal opportunities and diversity

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 people. At the heart of our policy, we seek to treat people fairly and with dignity and respect.

In the light of recent national and international concerns about social inequality and injustice, we

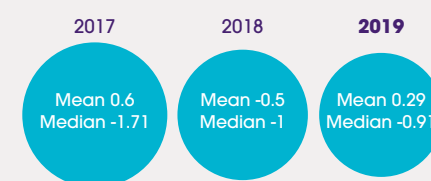
issued a new 'Positive Working Environment' policy in 2020. The policy promotes the development of a working environment in which harassment and bullying and use of offensive and inappropriate language and behaviour are known to be unacceptable and where individuals have the confidence to raise concerns about these types of behaviour should they experience or witness them.

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 80% of our roles continue to be occupied by men, although in the last year, 27% of our new hires were women.

Gender pay gap (%)



In line with UK regulation, we have published an annual [gender pay gap report](#) since 2017. In 2019, our overall pay gap – the difference in the average earnings of men and women



Flogas objectives

- Invest in the development of our people
- Foster inclusion and diversity
- Reflect sustainability in senior management objectives and remuneration
- Engage with the communities in which we operate to promote sustainable development

Flogas colleagues

“I joined Flogas four years ago as an emergency response team member. The natural progression route for me was to move into a supervisory role within the team. With the support of my manager, I began to take on additional responsibilities to develop myself professionally so that I was more prepared should an opportunity arise. In 2019, I was appointed as one of the emergency response team supervisors. I enjoy the variety of responsibilities that I now have and I am looking forward to being a part of the team as it develops.”



Odette Cornford
Emergency Response Team Supervisor, Syston, England

over a standard period, regardless of role or seniority – was 0.29%, meaning that on average, women are paid in line with men.

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, and we source products from the UK, the European Union, South America, South East Asia and China. We have assessed the risks associated with this, such as the exploitation of casual workers or risks arising from working with overseas suppliers. As a result, we have taken additional due diligence steps to ensure that third parties comply with relevant laws, including applicable employment standards.

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. We have published a modern slavery statement annually since 2015 – available on our website.

Recruitment and retention

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

Where possible, we employ people from the local catchment areas where we work.

We have started to gather ethnicity data as part of our recruitment process, highlighting areas where we can focus improvement actions in terms of increasing applications from more diverse candidates. We are rolling out unconscious bias training across the whole business in 2020-21, supported by team conversations.

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.

We have developed and implemented family-friendly

New hires



	2019	2020
Aged 25 and under	–	8
Aged 26-35	–	13
Aged 36-45	–	14
Aged 46-55	–	13
Aged 56 and over	–	7
Female (%)	27	27
Male (%)	73	73

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.

We carry out an engagement survey every two years. It explores sentiment on a range of topics such as safety, company leadership, the extent to which our people feel they can fulfil their potential, and other dimensions.

Engagement survey

The last survey, in 2019, which had an excellent response rate of 87%, showed an increase of 6% in overall levels of positive engagement.

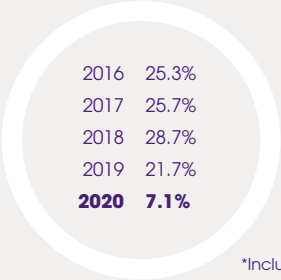
Beneath the overall engagement score, we divide the results into pillars that allow us to see where we need to focus. While there has been positive improvement in many areas, benchmark results from similar businesses, make clear that we have areas for improvement.

We are committed to continued improvement across all the pillars, and creating an environment that promotes collaboration, dialogue and continued development of skills and knowledge in the business. These areas are being tackled in an action plan that will enable responses to be tailored at a more local and regional level than in the past.

For example, in 2020, we introduced a colleague engagement forum called ‘MyVoice Forum’ which has approximately 35 representatives from across the business, meeting every two months to consult on business updates.

Our colleague turnover rate is illustrated below. The significant fall in 2020 reflects the impact of the coronavirus pandemic. Our voluntary attrition rate, which includes seasonal workers, averages around 13-15% per year.

Colleague turnover rates*



*Includes voluntary and involuntary attrition

Employee engagement survey 2019



Flogas colleagues



Amanda Murray

The DCC Graduate Programme

Amanda joined the DCC Graduate programme in 2017 as a Marketing Executive with placements at Exertis UK and Flogas Britain.

Since joining our marketing team in 2019 as Corporate Affairs and Innovation Marketing Manager, Amanda has worked with internal teams and external agencies to assess how the UK government’s climate change agenda will affect current and future markets.

Amanda has been involved in several of our innovative initiatives including carbon offsetting, oil to gas, bioLPG, LNG for transport, and the Avonmouth storage terminal.

“The graduate programme offered the opportunity to gain diverse experience and a rounded view of DCC by working in two different businesses. At Flogas, I have learned at a fast pace, and have gained PRINCE2 Foundation and Practitioner project management certification. I have worked on a variety of strategic projects including our 2040 vision. I thoroughly enjoy my current role and am excited to be part of the sustainable energy transition at Flogas and to support the delivery of future business strategies.”

Opportunities for graduates

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

The programme is designed for those who have true entrepreneurial flair and the innate ability to be innovative. Each graduate gains experience in two 12-month placements across the four divisions of DCC. Graduates 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

Apprenticeship offers a range of possibilities, from developing the abilities of college leavers, to enhancing the knowledge and potential of existing colleagues. We see apprenticeships as an excellent opportunity to provide formal learning and qualifications for all colleagues, whilst learning and applying their skills in the workplace.

We offer competitive salaries, excellent holidays, and diverse training opportunities. We pride ourselves on our friendly and hardworking culture. We reward those who show commitment and conscientiousness.

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

Learning and development

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. All those who were eligible for a performance and career development review had such a review in 2020.

We provide a wide range of training and development opportunities, through a mix of on-the-job, classroom and formal learning opportunities. This includes induction training for new joiners, compliance training for those working within our business divisions, upskilling courses for apprentices using the government’s apprenticeship levy scheme, and a range of senior management development courses.

We ensure that we have suitably qualified first aiders and fire wardens across all our sites, and the training is refreshed on a regular basis.

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

In 2019-20 we completed over 2,200 compliance modules, totalling more than 400 hours. This is an ongoing programme of work which starts with each new joiner to the business and refreshes annually.

For our drivers, once their ADR training (relating to dangerous goods) is completed, we support ongoing professional competence training, and functional safety and operational competence training, averaging 3.5 days per driver per year. In addition, coaching takes place with our driver assessors.

Colleague training days

	2017	2018	2019	2020
Apprentices (blend of classroom and field-based) (no. days)	665	395	760	560
Existing engineers (no. days)	490	300	305	85
New drivers (average no. days)	15	15	15	15
Existing drivers (average no. days)	3.5	3.5	3.5	3.5
Customer Services – induction days (10 days per person)	–	–	560	130

The Flogas driver apprenticeship:

Helping colleagues achieve their professional potential

In June 2019, seven members of the Flogas team joined the newly created Driver Academy, allowing them to become fully qualified Category C drivers and hold ADR certification – enabling them to drive vehicles containing hazardous goods.

The bespoke programme, delivered through the multi award-winning logistic training company SP Training, will also help those involved develop essential skills in Maths and English alongside their driver training.



“I’m delighted that we are able to offer this opportunity to colleagues within the business. This initiative provides Flogas with an opportunity to grow and retain our own talent whilst rewarding commitment through career development.”

Alan Kirk, Technical and Engineering Director

The seven Flogas candidates have been receiving glowing references from the trainers at SP.

This 13-month programme scheme is not a one-off. Those currently embarking on their qualification are our pilot group. We will soon be looking to recruit further groups of ambitious colleagues to join the scheme.

“The Driver Academy candidates are really showing their hard work and commitment to the programme by producing some fantastic results. I’ve no doubt that they will make drivers Flogas can be proud of.”

Robin Brown
Chairman of SP Training



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 support colleagues through apprenticeship schemes, covering a range of qualifications from LGV drivers, to Executive MBA programmes.

During 2020, we have adapted training courses such as the business induction, and management training to be delivered in a virtual classroom. We have sourced on-line learning in areas such as change management, communication, IT skills, and wellbeing to support our colleagues’ learning, development and wellbeing throughout the pandemic.

Ensuring we are fit for the future

We recognise the need to have a pipeline of talented colleagues who can progress through the organisation to take on complex and technically skilled roles, as well as leadership positions. Succession planning is an integral aspect of our routine management of roles and responsibilities.

Our plans for future training include the development of our own management training programme for new managers, and the provision of a purpose-built technical academy at our new Avonmouth facility focused on the recruitment and development of trainee engineers.

We are introducing a new learning management system that will enable us to deliver online training courses, as well as providing greater visibility and governance of the face-to-face

training delivered across the business on a day-to-day basis.

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 which helps people become more resilient in their personal and professional lives and encourage our colleagues to use our Employee Assistance Programme if they face challenges in any aspect of their lives.

As part of our response to the coronavirus pandemic, where job roles allow, we have enabled our colleagues to work flexibly from home – protecting colleagues and

families and ensuring uninterrupted service to our customers. And of course, we put in place appropriate HSE measures to ensure a COVID safe work environment for all of those colleagues who are in our depots, driving trucks and installing tanks. We are incredibly proud of the loyalty and commitment of our colleagues to providing our essential services through difficult times.

As part of our benefit offering, we have partnered with Reward Gateway to provide exclusive wellbeing content for our colleagues, to support their physical, mental and financial health.



Flogas colleagues

“As a Driver Training Assessor, I assess and train other drivers across my region, and mentor new drivers in our Driver Academy programme. At my own site at Immingham, I manage Drivecam video telematics.

Other drivers know I have experience in driving the various vehicles at Flogas, so they trust my judgement to assess their driving accurately and fairly. This has really helped them learn and improve their own driving skills.”

Brad Keyworth
Lead Metered Barrel Driver, Immingham, England



Flogas colleagues

Sophie Print National accounts team

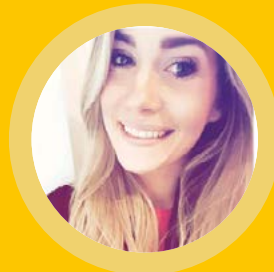
During my eight years at Flogas, I have had continuous support from my line managers and colleagues in building my knowledge and skills.

I have treated each job as if I were running my own business: mindful of costs, aware of revenue, conscious of building on our brand and my reputation. The greatest source of new business has been from customer referrals. Nothing sells quite as well as a recommendation from an existing customer.

It is important to remember that we work together to improve our efficiency and our offer to customers – the most important people in the process. Having worked in several departments, I have seen the role that each person plays. No one department can work effectively without the support of the others.

I have recently moved to the National Accounts team. I am seeing the importance of understanding the energy market and where LPG/LNG fits in. I see the benefits our products bring as lower-carbon fuels and am working to identify future opportunities for us.

I hope to continue to develop my career as part of the Flogas family.



4

Safety and environment

We care for our resources – whether they be our people, our customers, or the natural resources on which we all rely.

2020 highlights



95%

95% of colleagues feel they could stop what they are doing if they feel unsafe



85%

85% of waste recycled or re-used



SDGs

Our actions support the UN SDGs



“

My board colleagues & I are committed to ensuring safe and reliable operations to protect our own people and also the communities where we operate.”

Dave Smith
HSEQ Director

Safety: a core value

Our [safety policy](#) and programmes underpin our effort to build a culture in which safety is at the heart of everything we do.



Safety, health and wellbeing

Safety is an essential aspect of our work and is one of our four core values.

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 COMAH standards 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.

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 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.

Transport safety

Road safety is a key focus area and a high-risk activity for all types of driver, whether they be 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 and 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



Flogas objectives

- No life changing employee, contractor or customer injuries or incidents
- No material spills or other damaging discharges to the environment
- Use innovation and technology to drive reductions in resource usage (energy, waste, water and packaging)

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.

Health and safety performance

Performance information is reported internally monthly and reviewed by the Board of Directors. The 2019 employee engagement survey showed safety as being the highest-ranking positive dimension of the survey, with 95% of colleagues feeling

that they could stop what they were doing if they felt unsafe. Nevertheless, we remain fully aware of the need to show constant vigilance in driving improvement in our safety performance. In 2020, the exceptional movement in LTIR was not consistent with previous annual reductions in lost time accidents since 2014. The Board has committed to actions to recover this in 2021 as a priority.

We are working with our contractors to improve the robustness of data relating to contractor safety performance and intend to report on that in future.

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. If a release does occur, our emergency systems and procedures ensure that our teams are prepared to respond wherever the incident occurs. We give guidance to 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.

Insight: In-vehicle monitoring systems

Each Flogas Britain delivery vehicle is fitted with a DriveCam event recorder – a video recording system that enables us to coach drivers to embrace good driving behaviours and minimise risk.

Events are triggered by abrupt G-forces, such as cornering at speed, harsh braking or acceleration, and collision. Events are reviewed and where needed a message and copy of the video is sent to the driver’s manager to coach the driver face-to-face. This enables our managers to focus their time on drivers who have an event identified as risky, targeting those who would most benefit from coaching.

Event recorders were installed in our cylinder delivery fleet from 2014 and rolled out across the bulk vehicles in 2016. They are now fitted in all our heavy goods vehicles. Since their introduction, we have reduced the severity of incidents recorded by 60% and the frequency of incidents by 60%.

Safety performance

	2016	2017	2018	2019	2020
Fatalities (number)	0	0	0	0	0
Lost time injury frequency rate (LTIFR)	2.9	2.6	2.1	1.2	3.0
Lost time injury severity rate (LTISR)	40.7	30.2	24.2	30.5	36.8
Number of Process safety events (tier 1 and 2)	0	0	0	0	0

In 2020, the exceptional upward movement in LTIR was an outlier to historical annual reductions since 2014. The Board has committed to a programme of actions to recover this as a priority.

The 2021 Safety First programme is focussed on 3 key elements:

- safety leadership
- risk management
- all colleague engagement

Notes:
All personal safety data covers employees only and does not include contractors.
LTIFR: the number of lost time injuries per 200,000 hours worked.
LTISR: the number of calendar days lost per 200,000 hours worked.



Managing for the environment

We aim to minimise our impact on the environment through systematic management, effective training, and using innovation and technology to drive good practice.

Maintaining natural resources

As a responsible business, we aim as a minimum to be compliant with all environmental regulations. 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 and re-use. Our activities make minimal use of freshwater, and our processes do not involve significant discharges to water.

Air quality

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 products do have an impact on air quality. Our vehicles contribute to CO₂ emissions, and to local pollutants such as SO_x, NO_x, and particulate matter.

We have a permitted air emission point at our cylinder refurbishment plant in Staveley. This is not subject to continuous monitoring but is independently monitored on an annual basis by the regulatory authority. No non-compliant emissions have been identified.

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.

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 (more than 80%) is recycled or re-used.

We re-use and eventually recycle our cylinders or gas bottles.

Waste volumes by stream (metric tonnes)

	2019	2020
General waste	310,881	268,849
Mixed recycling	69,073	56,891
Food waste	7,480	4,137
Paper waste	10,452	16,180
Confidential waste	17,442	34,464
Inert waste	14,120	0
Wood waste	12,300	2,236
Scrap metal cylinders sold for re-use	1,179,060	1,258,781
Re-use	219,200	157,523

Information is shown by EWC (European Waste Codes) classifications.

Waste destinations

	2019		2020	
	Volume (metric tonnes)	% of total	Volume (metric tonnes)	% of total
Landfill	310,881	16.9	268,849	14.9
Recycling	1,309,927	71.2	1,372,689	76.3
Re-use	219,200	11.9	157,523	8.8
Totals	1,840,008	-	1,799,061	-

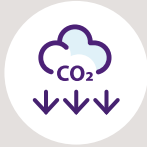
“Making peace with nature is the defining task of the 21st century. It must be the top, top priority for everyone, everywhere.”

António Guterres
UN Secretary General



The environmental benefits of LPG

LPG offers a range of benefits to off-grid domestic, commercial, and industrial customers compared to other fuels.



Lower carbon – LPG is the lowest carbon off-grid conventional fuel. Switching from an oil boiler to an LPG boiler can reduce CO₂e emissions by 20%.



Cleaner energy – LPG offers significant reductions in NO_x emissions, SO_x emissions and particulate matter (PM) compared to oil and solid fuels. LPG boilers produce 60% less PM than oil boilers, contributing to cleaner air quality.



Faster burning – LPG offers an instant and consistent clean flame for cooking and faster speeds in heating hot water for central heating systems and industrial processes.

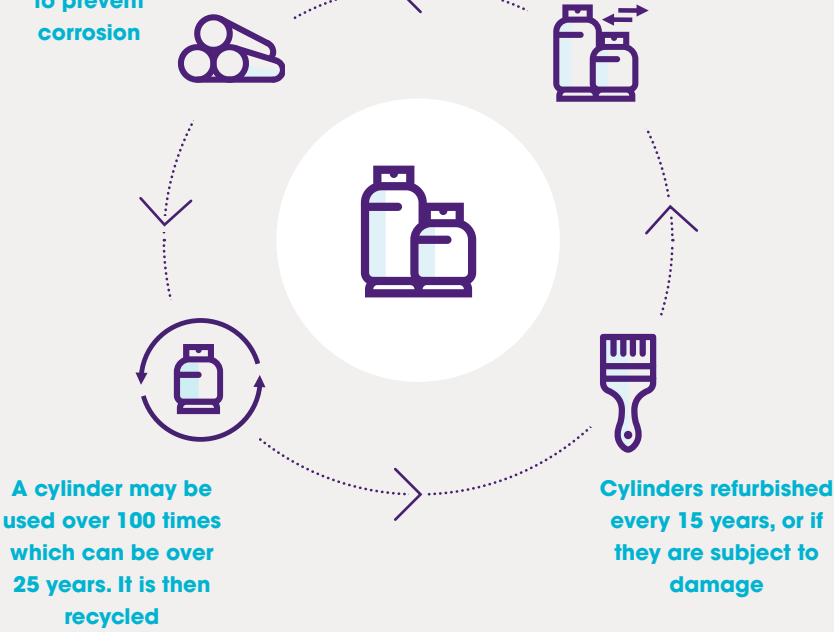


Bio-propane ready – as LPG is chemically identical to bio-propane, the existing infrastructure does not need to be changed when transitioning to bio-propane.

The life cycle of a Flogas cylinder

Cylinders made of steel with brass valve and use a zinc-based coating to prevent corrosion

Used cylinders returned or collected and exchanged for a full one



Durable and safe: cylinders – our only form of packaging

We have many cylinders in circulation that are over 35 years' old. Throughout, we make sure they are safe, with an inspection and testing regime in line with British and European Standards. Much of the work to test, re-coat, paint and fit new valves is carried out at our own UKAS accredited facility near Chesterfield. When we recycle, we use reputable recycling facilities.

The life of propane vessels used to supply LPG in bulk at customers' premises may be even longer. They are inspected and tested regularly in situ for up to 30 years before being returned for refurbishment and re-use. As for LPG cylinders, their construction, inspection and use are subject to strict safety standards.

5

Governance and compliance

We are firmly committed to having robust systems of governance and are aware of the impact which breakdowns in corporate governance can have on a company's license to operate and its resilience



“

Governance and compliance underpin everything we do, embodied by our values and code of conduct. I'm committed to ensuring that Flogas operates responsibly and to building sustainability into our systems, structures and reporting.”

Ivan Trevor
Finance Director

2020 highlights



New Board-level Sustainability committee created



Work begun on integrating sustainability into performance objectives.



Code of Conduct training given to all new employees

Clear and effective systems

We are keen to respond to the concerns of a range of stakeholders, especially investors, for information that gives them assurance that our financial and non-financial risks and opportunities are being properly managed.

Governance structure

As a wholly owned subsidiary of DCC, we contribute to DCC’s objective to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital. DCC plc fosters a culture of high performance and entrepreneurship in their management teams and businesses, underpinned by high standards of compliance and integrity embodied by the Group Code of Conduct, which was introduced in 2017. 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.

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 proposal for capital expenditure.

and compliance, and taking account of short- and long-term risks and trends.

Governance architecture

The Flogas Board sits separately from the DCC Review committee and is chaired by the Managing Director. It includes key functional and operational directors. Its purpose is to review and manage performance across all functions, consider strategy, compliance, and risk management. It is responsible for significant business decisions.

The Board is supported by two sub-committees. The Risk and Compliance committee reviews legal matters and significant risks to the company and has a role in monitoring and

controlling ethical and compliance risk. The newly-established Sustainability committee, which has been created in recognition of the importance of these issues to the future of the company, reviews our sustainability initiatives and strategy.

Beneath the Board and its sub-committees, a number of sub-boards and steering committees are responsible for matters under five broad headings: managing performance, managing customers, operational and technical issues, strategic supply, and other matters.

The sub-boards are chaired by the Managing Director, a Functional Director (such as the Finance Director) or the Chief Operating Officer, depending on the subject matter. They cover issues that range from trading, health and safety, sales, operations and supply, technical services, fleet and transport, IT, and other topics. Most meet monthly, but for matters such as HSE, a weekly meeting is held.

Governance of climate change issues

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

The committee’s scope of work will initially focus on the planet pillar of our sustainability framework and in particular on our actions to minimise

our scope 1 and scope 2 GHG emissions. The committee is chaired by the Managing Director and includes the Finance, HR, and HSEQ Directors, the Chief Operating Officer, as well as Legal Counsel, and the heads of Marketing and innovation.

Governance and compliance framework

Our compliance framework provides a structured set of guidelines that detail our approach to meeting regulatory requirements and following core business processes. It is managed by groups that consider issues such as operational compliance, our framework of policies and procedures, training and development, information security and aspects of customer data security.

Managing risk and opportunities

Board decisions relating to sustainability issues will be informed by the work of the Sustainability committee. This will build on the work of the Risk and Compliance committee, which is responsible for managing risk and compliance across the business. It meets monthly and conducts deeper reviews at least twice per year. Examples of issues the committee considers include significant business risks, upcoming regulatory and legislative matters and key issues emerging from the annual business risk assessment.

Codes and values

As a responsible business, we have a clear requirement to comply with all legal requirements wherever we operate. Our clearly stated goal is to have no breaches of statutory and legal requirements.

In addition to legal and external standards, we apply the DCC code of conduct, which covers all our activities, and which is supported by a range of policies and procedures.



Flogas objectives

- Continue to adhere to very high standards of corporate governance
- Maintain a culture of always acting with integrity; maintain strong compliance controls, with no material breaches of legal or ethical standards, including bribery and human rights
- Ensure all taxes and duties are collected and paid on time in accordance with legal requirements



Sustainability begins at the top and must be supported with strong governance systems throughout the entire company — from the boardroom to the factory floor to global supply chains.”

CERES (Coalition for Environmentally Responsible Economies)



Our operations are underpinned by robust systems of governance and control.”

Paul Horton
Chief Operating Officer

Our policies are extensive and cover matters relating to how we 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.

The code of conduct is based on the simple principle that we must do the right thing, in everything we do. Training on the code is provided online to all new starters, with refresher courses provided thereafter. For colleagues who do not have online access, training is given face to face. Training on the code of conduct is closely monitored, with updates during these periods provided to the Board on a weekly basis. We also have an annual code of conduct certification process, which involves colleagues self-certifying that they are aware of the code and have adhered to it in the course of each year.

Insight: Competition law training and compliance

Our Competition Law Compliance Policy sets out our commitment to fair competition and compliance with competition law in every market and jurisdiction in which we operate.

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 must:

- be briefed on competition law by a manager within two weeks of taking up this role.
- receive competition law training within three months of taking up this role and at least every two years after that.
- follow the training guidelines and other relevant instructions or advice.

We also provide:

- Dos and Don'ts with real-world examples.
- face-to-face training on the principles of competition law as it applies to our sales teams who are most at risk of encountering competition law issues.

We are developing an in-depth competition law manual to provide further guidance.

We have also given face-to face training in the field to colleagues on the kind of ethical issues that might arise in the course of regular business, such as those linked to anti-competitive behaviour in the market.

These assurance processes are backed up by reporting channels that enable people to report concerns. Through DCC, we provide an independent third-party 'Safe Call' service, which enables everyone to raise concerns and report instances where they feel a breach of the code of conduct has been committed. Safe Call is well-publicised within 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. Our approach makes clear that retaliation against any person who raises a concern is strictly prohibited.



Management systems and standards

In addition to our systems of internal control for financial matters and our compliance framework, we have structured management systems in place for the day-to-day conduct of our operations.

Our health, safety and environment management system provides an over-arching structure for managing these issues, based on COMAH measures (designed to prevent and mitigate the effects of major accidents) and the ISO 9002 standard. The system sets out a series of policies and principles covering health and safety (including process safety) and the environment. The system ensures we take a disciplined approach to HSE management, and is underpinned by a set of operating procedures, work instructions and forms.

Our HSEQ internal audit team carry out regular assessments of aspects of the management system. These help to ensure that the system, and our performance, can continuously improve.

As a member of Liquid Gas UK, we commit to industry codes of practice and other guidance as provided by the association. This includes, for example, standards and guidance relating to the safe siting of LPG storage vessels. We have accredited systems in place for the provision

of technical services and safe contracting.

In addition to this framework for managing HSE, we have clear policies in place for managing ethics and compliance risks and other non-financial matters. These stem from our code of conduct, and cover topics such as potential conflicts of interest, colleague and customer privacy, and whistleblowing.

Risk assessment

We undertake an annual company-wide risk assessment that identifies and assesses a wide range of risks and uncertainties that could affect the company's day-to-day activities as well as its long-term strategy. The risk assessment process considers probabilities and impacts and outlines the actions needed to address the most serious risks.

Our response to the COVID-19 pandemic provides an example of how the business has responded flexibly and appropriately to an unforeseen risk with serious potential consequences for our business, our people, and our customers. As energy providers, we provide an essential service to the community and to healthcare facilities through the provision of critical gas supplies. We assessed the risks created by the pandemic and rapidly put new procedures and guidance in place which have ensured business continuity, protected our colleagues, and maintained security of supply to our customers.

We apply the DCC anti-bribery and corruption policy which provides clear 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.

Our anti-corruption policies apply to our business partners, including

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

Alongside the Code of Conduct and anti-bribery and corruption policy, we have a supply chain integrity policy which seeks to ensure that suppliers are able to meet 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 on supplier integrity. Under it, we complete a twice-yearly compliance questionnaire for partners and suppliers which checks their conformance with our standards of integrity. As part of this systematic approach to monitoring risk, the findings are supplied to and assessed by the DCC audit committee.

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 objectives are not yet built into everyone's objectives 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 contracts. It is intended that sustainability considerations will be included in everyone's performance contracts from 2022.

Our approach to public advocacy and lobbying

All interactions with officials and governments, wherever located, are governed by the company's anti-bribery and corruption policy. The policy includes specific guidance on political contributions, as well as sponsorship and charitable donations.

The guidance sets out steps that should be taken when doing business in countries which 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 and records kept of any contributions made.

We engage with UK government on matters of policy relating to our business – either directly or through Liquid Gas UK. Our engagement activity, which focuses on the provision of information about our industry and our business, is fully transparent. For example, we have made clear our support for the UK net zero carbon strategy and our support for the goals of the UK Clean Air Strategy.

We made no donations during the year (or during 2019) for political purposes.

Our approach to reporting

Materiality

In preparing this report, 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.

The topics identified 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. They do, however, include those which we consider of current importance to our strategy and which we believe are significant to our external stakeholders.

Our assessment process

Our assessment process has involved discussion and review with members of the Flogas management team. To compile a list of material issues, we have drawn on internal and external sources of information. This included a previous materiality assessment conducted for DCC plc by KPMG, which included coverage of the LPG division.

In reviewing and updating that assessment, we considered management papers, the three-year business plan, strategy presentations, Director's reports to DCC, company newsletters, the employee engagement survey and other internal sources. We have also taken account of external opinion, including that within customer feedback and media coverage. We have not conducted specific 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 have 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 have 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.

Sense checking

We have sense checked our list of material issues against guidance within several external reporting frameworks, particularly the 2020 IPIECA Sustainability Reporting Guidance and GRI Standards, including the draft oil and gas sector standard. We have also reviewed issues typically covered within other reporting frameworks.

In displaying the outcomes of the materiality process, we have aligned the issues with the four pillars of our sustainability framework: people, planet, prosperity and governance.

Reporting standards

We have drawn on the IPIECA Sustainability Reporting Guidance (2020 edition) when preparing this

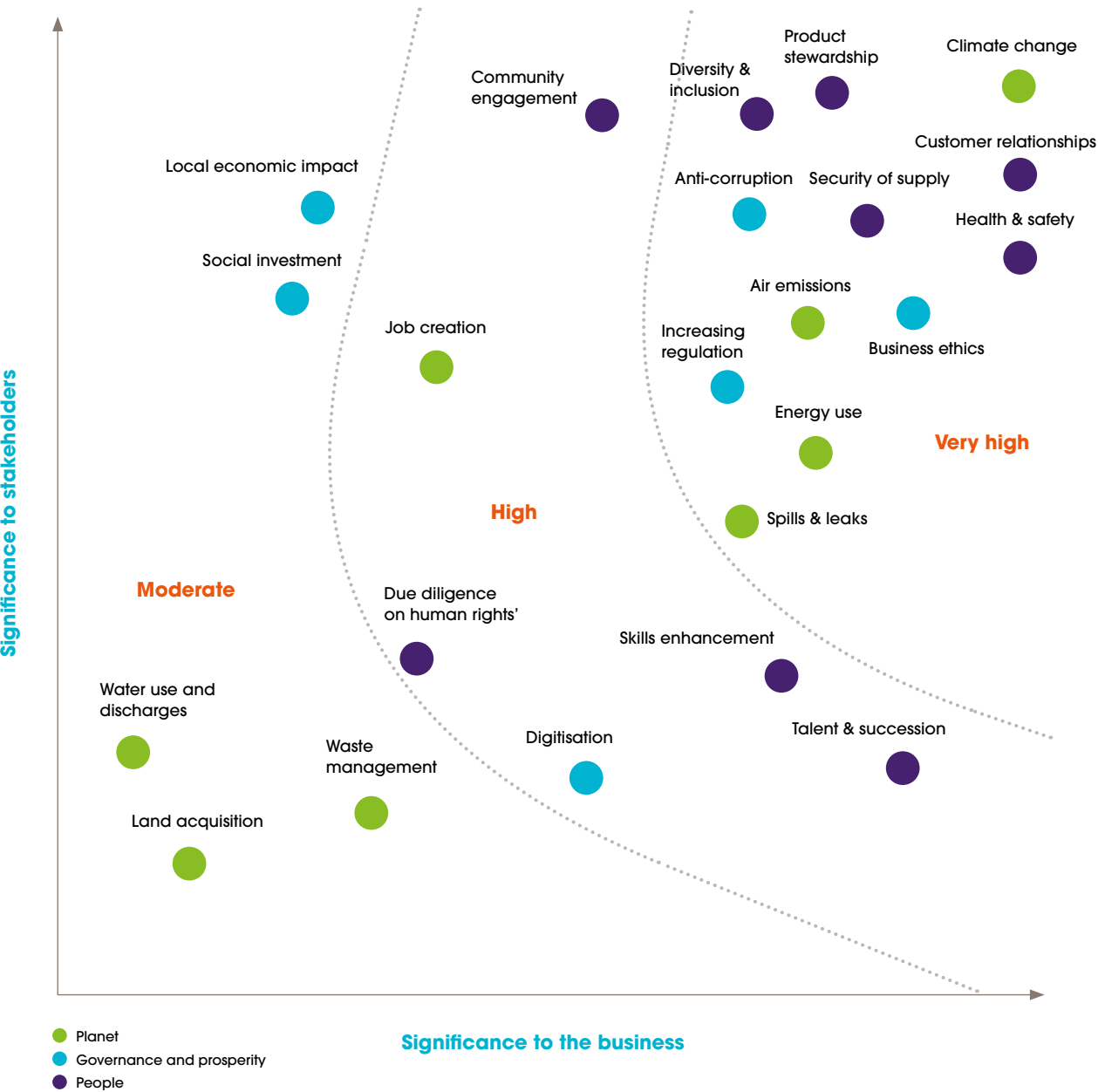
report. An index of our disclosures against the core reporting elements under each relevant performance indicator is available on our website, as a standalone PDF document.

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:** this is our first sustainability report and sets a framework for future reporting. 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 third-party assurance is 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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