

# Sustainability Report

## Creating sustainable value for our stakeholders

DCC's objective is to build a sustainable business and a key element in achieving this objective is to ensure that our businesses operate responsibly and meet increasing societal expectations. By doing so we will enhance our reputation with stakeholders and protect the value we create over the longer term.

### Introduction

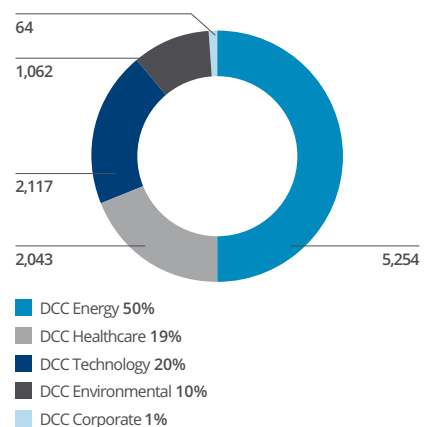
This Sustainability Report focuses on the key areas of our people, health & safety and the environment. Information on business ethics and compliance is included in the Corporate Governance Statement on pages 72 to 76. Individual subsidiaries also have additional business specific areas which are key to their ongoing sustainability, for example relationships with customers, suppliers, regulators and local communities, procurement of raw materials and supply chain integrity. Further information on these areas is included in the Operating Reviews and on subsidiary websites.

This Sustainability Report follows the same reporting cycle and fiscal year as the Annual Report, to 31 March 2016, and includes all Group subsidiaries. Joint ventures are not included in the LTI or carbon emissions data. There are no significant changes from previous reporting periods in the scope, boundary or measurement methods applied in this Report and there is no restatement of data from the 2015 Sustainability Report.

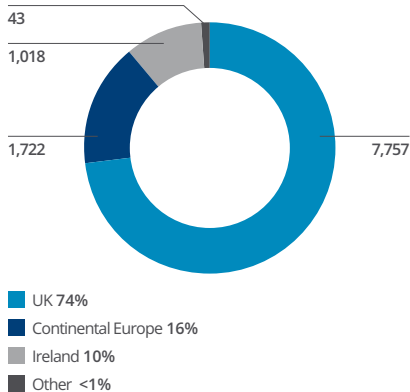
### Our People

At 31 March 2016, DCC employed 10,540 people. This reflects an overall increase of 8% from the last financial year mainly due to the acquisitions in DCC Energy and DCC Technology, the most significant of which was Butagaz. This employment growth, which is largely in Continental Europe, demonstrates our growing international presence.

#### DCC employment by division



DCC employment by geographic area



Diversity and Equal Opportunity

DCC embraces the benefits of a workforce with diverse skills, qualities and experience. We both recognise and value the variety of characteristics which make individuals unique. All recruitment, selection and promotion decisions are made on individual merit, in line with our commitment to create an inclusive workplace. The DCC Group policy statement on diversity and equal opportunities applies across the Group and our individual companies continually focus on ways to increase the diversity of our workforce.

Group Talent Programme

We reported over the past two years that we were revising our approach to the development of talent across the DCC Group. We now have a bespoke leadership

competency framework which will assist us in the selection, assessment and development of talent and will also be used to implement leadership assessment and development programmes designed to sustain DCC's high performance.

Graduate Programme

The DCC Graduate Programme is an integral part of the Group Talent Programme. Over the past five years, as the graduates complete each two year cycle, the programme has begun to achieve its objective of creating a pipeline of high potential, emerging talent.

We completed our sixth recruitment cycle earlier this year and 15 graduates will join us in September 2016, bringing the total number of graduates hired since the programme began in 2011 to 65. We have succeeded in retaining 68% of the graduates who have completed the programme, who are now working in permanent roles across the Group, and 100% of the graduates who are currently within the two year programmes.

Due to the industry diversity of its business sectors, DCC is in a position to offer a uniquely rich and varied graduate programme. During the programme the graduates work on demanding and complex business projects across DCC and through these, and frequent learning modules, they are enabled to make a valuable contribution to the business.

The programme has a new focus on developing graduates' language skills which has enabled us to increase the number of placements into DCC's European businesses. This evolving ability to support business needs and the growing reputation of the value of the programme is continuing to impress our business leaders, which reinforces the programme's ability to continue to offer a superior value proposition to potential DCC graduates.

Corporate Giving

Across the DCC Group, subsidiaries support charities and local communities by direct financial contributions, fundraising or the provision of particular skills and training.

At a corporate level, DCC plc has committed to supporting Social Entrepreneurs Ireland ('SEI') for a further four years to the end of 2019. SEI is an independent, non-profit organisation which identifies and supports social entrepreneurs in growing their ideas from concept to reality, on a national scale.

DCC is the flagship sponsor of the annual selection process which culminates in the announcement of the SEI Awardees in October each year. The founders of FoodCloud, Aoibheann O'Brien and Iseult Ward, were SEI Impact Awardees in 2014, and the case study below gives further details on FoodCloud's activities.

Case study: FoodCloud



FoodCloud is a social enterprise that has developed a unique solution that connects businesses with surplus food with charities in their local community that need it through a technology platform.

Participating businesses upload details of their surplus food and the time period in which the food can be collected. This goes as a text message to a local charity to inform them of the available food. The charity then collects this perfectly good food and gets it to people who need it.



FoodCloud founders: Iseult Ward and Aoibheann O'Brien

Food redistribution, which means diverting surplus food that is perfectly fit for human consumption, has been put forward as one of the best win-win solutions for reducing wasted food. It is a business-friendly, environmentally-sensitive and socially-responsible alternative to wasting good food.

To date, FoodCloud has redistributed the equivalent of over 2 million meals to charities in Ireland and the UK.

# Sustainability Report Continued

## Health & Safety

Safety is a key value for DCC and the businesses work to continuously improve performance through risk assessment, procedural and engineering controls, training and learning from events. In addition to the lost time injury rates presented here for the DCC Group, individual businesses and divisions use a range of leading and lagging performance indicators to monitor the effectiveness of controls in place.

All businesses maintain appropriate safety management systems (in some cases certified to the OHSAS18001 standard), reflecting the nature and complexity of the risks in their businesses. Within the Energy and Environmental divisions, formal dedicated governance and reporting structures are in place to provide oversight and challenge to the businesses.

Group safety audits are completed to a defined frequency using the International Safety Rating System ('ISRS') licenced by DNV-GL. This is a detailed protocol which tests all aspects of a safety management system, including leadership, risk management, asset management and emergency preparedness, to identify areas for improvement and good practice. During the year the Energy division's safety behavioural initiative, Safety F1rst, has been adapted and rolled out across the Healthcare division. Key safety behaviours and a set of straightforward Golden Rules are communicated in each business using consistent Safety F1rst branding. Employee engagement is maintained through regular safety conversations, tool box talks, newsletters and other events on specific topics.

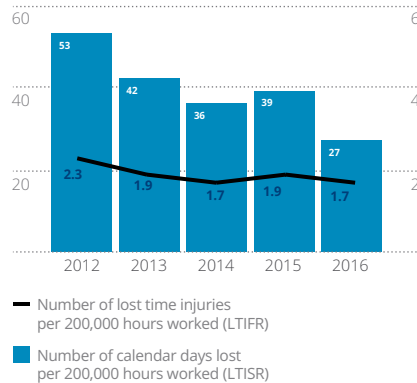


The risk of a catastrophic event arising from a failure in process safety at a fuel storage terminal within the Energy division has been identified as one of the Group's principal risks on page 15. Significant time and resources are dedicated to ongoing improvements in process safety including the development of specific process safety leading indicators, training of senior executives and the implementation of an Operational Integrity Framework within the Energy division.

### Health & Safety Performance

All employee LTIs are recorded and investigated to determine root causes and identify corrective actions. The majority of these injuries arise from slips, trips and falls and incorrect manual handling. In the reported period both LTI frequency and severity rates reduced compared to the prior period. This improved performance is a result of continuing efforts to minimise exposure to risks in the first instance and ongoing training to develop high levels of risk awareness and safety behaviours. Procedural and engineering controls are reviewed regularly.

### Lost Time Injury ('LTI')



## Environment

Operational impacts on the environment are managed by the businesses as required by legislation on waste packaging, prevention of spills and compliance with regulatory licences to operate – e.g. waste water discharge consents and waste management permits in the Environmental division.

In businesses where there is a more significant potential for environmental impact, principally within the oil business and the environmental division, specific controls and procedures (e.g. tank testing, bunding and monitoring systems) are in place to minimise the likelihood of spills. The environmental management systems in a number of businesses are certified to the ISO14001 standard.

Regrettably, in 2015 Enva's Portlaoise facility was responsible for excessive odour levels arising from waste oil processing and in December 2015 the company pleaded guilty in the District Court to causing an odour nuisance. All practical measures, both operational and technical, have been implemented to eliminate odour emissions and address the concerns of both the Irish Environmental Protection Agency and the local community.

### Energy and Climate Change

The Paris Agreement negotiated at the United Nations COP21 in December 2015 was a significant milestone on the journey to the global reduction of greenhouse gas emissions. The physical realities of climate change, ambitious reduction targets and increasing societal demands present challenges and opportunities to all organisations.

### EU Energy Efficiency Directive

During 2015, compliance with the nationally determined requirements of the EU Energy Efficiency Directive Article 8 was achieved in all affected businesses. This was achieved through a variety of measures, in particular the completion of in-depth energy efficiency audits at larger processing facilities and of the vehicle fleet. Recommendations for cost savings opportunities from these audits are being prioritised for implementation and shared between businesses to maximise efficiency gains.

### Carbon Emissions

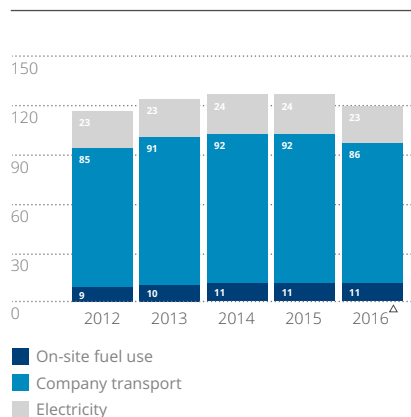
All subsidiaries report energy use data to DCC's on-line IT platform. Carbon emissions are calculated using conversion factors from DEFRA in the UK and in line with the international Greenhouse Gas Protocol. This information is used to comply with mandatory reporting requirements, for example, the UK Carbon Reduction Commitment Scheme and requirements under the EU Energy Efficiency Directive, and with voluntary reporting to the CDP, a global initiative, funded by the investment community, which encourages companies to publicly report their carbon emissions and the steps they are taking to address the challenge of climate change.

Absolute carbon emissions for the Group in the year ended 31 March 2016 fell by 6% to 120 mtCO<sub>2</sub>e. Contributions to this decrease include the disposal of the Food & Beverage division, a milder winter requiring less facility heating demand and ongoing energy efficiency initiatives – in particular at the Healthcare manufacturing facilities and in the HGV fleet. Offsetting this decrease were a number of acquisitions and increasing throughput at a number of facilities.

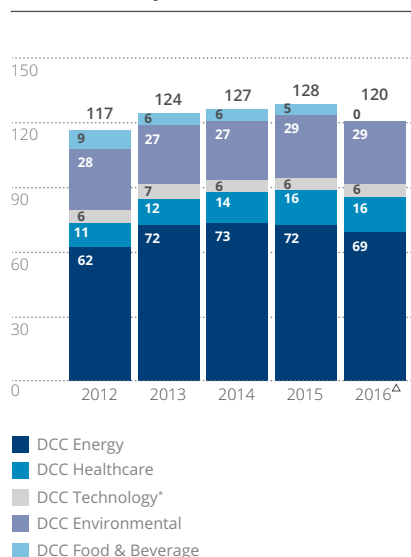
The carbon intensity of DCC businesses has decreased by 5% on a per revenue basis against the prior year and by 28% against our baseline of 2011.

KPMG has undertaken limited assurance over selected data within this report in relation to carbon emissions and their report is set out on page 202.

Absolute CO<sub>2</sub>e emissions ('000 tonnes) by source



Absolute CO<sub>2</sub>e emissions ('000 tonnes) by division



\* Includes DCC Head Office emissions

DCC Group carbon intensity (tonnes CO<sub>2</sub>e/£ Revenue)

