

LFF Group

Communication on Progress (COP) in relation to the UN Global Compact Statement of continued support by the Chief Executive Officer (CEO)

I am pleased to confirm that LFF Group continues to support the Ten Principles of the UN Global Compact in the areas of human rights, labour, the environment and anti-corruption.

In this, our seventh Communication on Progress, we describe what we do to align our business practices with the principles of the Global Compact and the steps we plan to take to continue this process.

We shall share this information with our stakeholders using our primary channels of communication.

Martyn Latham
Group Managing Director

February 2019

Human Rights Principles

Assessment, Policy and Goals

Human rights in relation to Group employees are addressed in the Company Handbook. In particular, the general Code of Conduct requires all staff to treat with respect anyone that they have dealings with and further policies deal specifically with bullying, equality and discrimination.

The sphere of influence of LFF Group in the field of human rights beyond our staff and contractors is limited. We are, nevertheless, committed to ensuring that there is no modern slavery or human trafficking in our supply chains, nor any part of our business. This policy reflects our commitment to act ethically and with integrity in all our business relationships, and to implement and enforce proportionate systems and controls which address the risks of modern slavery and human trafficking.

As part of our efforts to identify and mitigate the risks of modern slavery and human trafficking, we shall:

- Seek to build long term relationships with our suppliers and highlight to them our expectations of business behaviour
- Seek to ensure that these entities have suitable anti-slavery and human trafficking policies and procedures in place

We shall not knowingly support or deal with any business involved in slavery or human trafficking.

The Directors take responsibility for implementing this policy and its objectives, and shall provide training and adequate communication throughout LFF to ensure that slavery and human trafficking is not taking place within LFF or its supply chains.

Implementation

We carry out staff training in this area, reinforcing awareness of existing policies throughout the organization and ensuring all employees know how to report any grievances.

A term of our contracts with suppliers states *“Each party to this contract confirms that there is no Modern Slavery or human trafficking in its own organisation and that it has taken appropriate steps to ensure that there is no Modern Slavery or human trafficking in its supply chains.”*

Measurement of Outcomes

We continue to not have any instances reported of Human Rights violations within the Group. Any such instances would be dealt with through the grievance procedure and reported at Board level to ensure appropriate follow-up and remedial action where necessary.

Labour Principles

Assessment, Policy and Goals

LFF Group continues to comply with all relevant employment legislation in the countries in which it employs staff.

All staff has an employment contract stating terms of employment, including remuneration. This together with the staff handbook set out rights and responsibilities, compensation and other benefits.

Employee health & safety is taken very seriously throughout the LFF Group. The LFF Group operates a Health & Safety Management System in accordance with BS OHSAS18001.

Implementation

We employ external HR consultants to help ensure that we are up to date and compliant with relevant employment legislation, and to assist us in following best practice in employment matters.

Risk assessments are carried out at all sites and appropriate health and safety control measures are in place, including company safe systems of work. Regular audits are carried out by LRQA in line with our BS OHSAS 18001 accreditation.

The LFF Group is committed to prevent injury or ill health occurring to any person as a result of its business activities.

Measurement of Outcomes

We have a grievance procedure for employees to raise any concerns on employment or labour related matters. Grievances, whilst very rare, are taken seriously and dealt with at Director level. As noted above, the LFF Group is subject to internal and external audits covering Health and Safety matters. Any non-conformity is monitored at a senior level with appropriate corrective and preventive action implemented.

Environmental Principles

Assessment, Policy and Goals

The LFF Group operates an Environmental Management System in accordance with ISO14001:2004 covering the following scope:

'Procurement, Stock Holding, Supply and Modification of Ferrous and Non-Ferrous Pipe, Flanges, Pipe Fittings and Associated Piping Equipment.'

The LFF Group is committed to the prevention of pollution, the minimisation of the impact of its activities on the environment and meeting or exceeding all relevant environmental legislation and other requirements to which we subscribe including those of trade organisations and customers.

We will deliver continual improvement by:

- Setting environmental objectives and targets
- Monitoring and reviewing objectives and targets
- Communicating the group policy to all those working on behalf of the company, including contractors.

Our Environment Policy is available to the public upon request.

Our policy will be reviewed annually or in response to a material change to our management system.

The environmental objectives adopted for 2018 are:

- Reduce the consumption of electricity
- Reduce the consumption of natural gas
- Reduce the amount of waste sent to landfill
- Increase the usage of recyclable or reusable items

Implementation

The LFF Group Managing Director has ultimate responsibility for The LFF Group's environmental performance assisted by the Group's OHSE Representative and local Directors and local OHSE Representatives.

The LFF Group has identified the environmental aspects of its processes and has assessed the associated impacts on the environment. Controls have been put in place to minimise the impacts where appropriate.

Consumption of resources has been reduced by:

- Promoting staff awareness of the benefits of energy saving by introducing switch off campaigns to reduce waste.
- Rolling programmes of replacement for outdated electrical fittings with modern energy efficient alternatives and automatic switch-off systems in areas of light staff traffic.
- Introducing modern energy efficient high-frequency battery chargers for the workplace transport fleet.

- Ensuring that air conditioning units are regularly maintained and that the controls are set to acceptable temperature levels; they are timed to operate during working hours only.
- Ensuring the minimum amount of packaging – necessary only to prevent the damage of goods during transport – is adopted during dispatch to customers.

Waste has been reduced by:

- Training staff in waste stream management.
- Re-using incoming packaging material where possible.
- Baling waste polythene and cardboard to enable recycling.
- Arranging for wood waste to be supplied to the recycling industry where possible.

Segregation of various waste streams, where practical.

Response to Emergencies is managed by staff training:

- In the control of spills
- In fire safety awareness.

Measurement of outcomes

The LFF Group monitors and evaluates environmental performance by monitoring outputs from:

- Periodic evaluation of compliance with applicable legislation
- Investigations into incidents and near misses
- Planned maintenance of facilities and equipment
- Internal audits performed to a pre-planned schedule
- Complaints from interested third parties
- Biannual external audits performed by LRQA and other interested parties
- Inspection Tours performed by senior managers
- Meetings (Board meetings, Committee meetings etc.)

The LFF Group ensures that outputs arising are resolved by maintaining and reviewing a Non-conformance register and implementing corrective or preventive action as appropriate.

The LFF Group has not been involved in any environmental incidents, nor has it been the subject of any investigation or legal proceedings by the Environment Agency, Local or any other regulating authority.

The LFF Group's environmental programme has been successful in producing significant reductions in:

- Consumption of electricity and gas
- Weight of packaging used
- Reduction of waste to landfill

The review of The LFF Group's environmental performance is an agenda point for biannual Board meetings.

Anti-Corruption Principles

Assessment, Policy and Goals

As a supplier to the petrochemical industry, LFF understands that the sector in which it operates faces big challenges in combatting bribery and corruption.

- Transparency International ranked the Oil & Gas sector 16th out of 19 in its report “Bribe Payers Index 2011”.
- Many of the countries in which we and our customers work are poorly rated on the Corruption Perception Index published by Transparency International. LFF has a formal Anti-Bribery & Corruption Policy which is published on our website and referenced in our terms and conditions of sale and purchase.

We make a clear statement that: -

- LFF carries out business in an honest, transparent and ethical way. We will comply with all laws and regulations in all countries in which we operate.
- We do not tolerate bribery or corruption.

Our aim is to ensure that all LFF Employees, as well as anyone acting on behalf of LFF are fully aware of our ABC policy and promote a culture of zero-tolerance to all forms of bribery and corruption.

Implementation

As noted above, we have a clear ABC policy which is widely published.

In addition, we have carried out a thorough review of Internal Controls and operating procedures designed to ensure that we have robust systems to prevent and combat all forms of bribery and corruption. These include a number of high-level management controls as well as detailed operating procedures. These cover areas such as the use and appointment of sales agents and recording of entertaining and hospitality.

The Group Finance Director has been appointed the Group’s Anti-Bribery Officer (ABO) and local compliance officers have been appointed at each major site.

All staff has received ABC training and are encouraged to report any concerns to their local compliance officer or the ABO, or via a confidential e-mail address if they prefer.

Measurement of outcomes

ABC is a standing item on all Board meeting agendas, and Managing Directors of operating Companies within LFF Group prepare risk assessments which address various specific points and to consider more generally if there are changes in ABC risk affecting any part of the business.