

# **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 third 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.

Mark H Prior  
Group Managing Director  
February 2015

# 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 everyone they deal with and further policies deal specifically with bullying and equality and discrimination.

The sphere of influence of LFF Group in the field of human rights beyond our staff and contractors is limited. We nevertheless intend to carry out an assessment of Human Rights related risk and impact beyond our own organization to assess the practicability of steps we might take to engage with our supply chain on these issues.

## Implementation

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

## Measurement of Outcomes

We have not had 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 complies with all relevant employment legislation in the countries in which it employs staff.

All staff have 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 LFF Group. Most LFF Group businesses are accredited to BS OHSAS 18001 standard for Health & Safety.

## 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 measures are put in place. For those sites covered by BS OHSAS 18001 regular audits are carried out by independent auditors.

We are working with those LFF business units not already approved to BS OHSAS 18001 or equivalent to achieve the relevant accreditation as soon as practicable.

## 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 most of the Group is subject to external audit covering Health and Safety matters. Any non-conformity is followed up and actioned at a senior level.

# Environmental Principles

## Assessment, Policy and Goals

The LFF Group operates an Environmental Management System in accordance with BS EN ISO 14001:2004 at all but one of its UK sites covering the following scope: 'Procurement, Stockholding, Supply and Modification of Carbon Steel, Alloy and Stainless Steel Flanges, Pipes and Pipe Fittings at all locations, together with all other associated activities including business travel, fleet management etc.'

We are working with those business units not already approved to BS EN ISO 14001:2004 or equivalent to achieve the relevant accreditation as soon as practicable.

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 our policy to all persons 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 2014 are:

- Reduction of the consumption of electricity per man/hour worked
- Reduction in the consumption of natural gas per man/hour worked
- Reduction in the weight of packaging despatched per £1m of turnover
- Reduction in the weight of waste sent to landfill per £1m of turnover
- Reduction in the quantity of paper used per man/hour worked
- Reduction in the volume of diesel consumed per 100 kms driven
- Assess Greenhouse Gas Emissions as a result of our activities including supply chain emissions.

## 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 Managing 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 savings by introducing switch off campaigns to reduce waste.

- Rolling programmes of replacement of 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.
- Training commercial vehicle drivers in defensive driving techniques.
- Discouraging the printing of electronic records and the use of double sided printing where possible.
- Ensuring that air conditioning units are regularly maintained and that controls are set to acceptable temperature levels and are timed to operate during working hours only.
- Ensuring that the minimum amount of packaging, necessary only to prevent the damage of goods during transport, is employed when despatching goods 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.

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
- Staff meetings including Board Meetings

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 or any Local Authority or any other regulating authority.

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

- Consumption of electricity per man/hour worked
- Weight of packaging used per £1m of turnover
- Reduction of waste to landfill per £1m of turnover

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

# Anti-Corruption Principles

## Assessment, Policy and Goals

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

- Transparency International ranks 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 and anyone acting on behalf of LFF are fully aware of our ABC policy and to 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 have received ABC training and are encouraged to report any concerns to their local compliance office or the ABO, or via a confidential e-mail address if they prefer.

Good Corporation Ltd, a specialist business ethics consultancy, has carried out two reviews of

our procedures. Their latest report concluded that, in the context of the UK Bribery Act, ***LFF has stronger “adequate procedures” than the average of the 40+ listed businesses assessed by Good Corporation. Its ABC procedures are in the top quartile of companies.***

## **Measurement of outcomes**

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

In addition we carry out internal audits with particular emphasis on those controls and procedures impacting on ABC matters. Audit reports are reviewed by the ABO and Managing directors and any remedial actions followed up with re-training or other actions as appropriate.

LFF's external auditors review and report on our internal audit function.