



**SHV ENERGY**

# 2018 Sustainability Report



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# Preface by the CEO

Energy is essential but the world is struggling to cope with the impact of its use. The climate is changing, air quality is a critical health issue for many people and immediate action is required. SHV Energy feels a responsibility to make the world a better place and sees an opportunity to engage with external stakeholders such as customers, suppliers and communities, while growing its business.

Being a privately owned energy company that is international in reach and local in focus, we believe we can be part of the solution. Our energy is cleaner and available to those not connected to the grid. Our LPG and LNG products help consumers and companies improve their lives, as a switch from coal, wood, petrol or kerosene improves indoor and outdoor air quality, and brings down carbon emissions significantly. Our BioLPG product is proving to be an attractive renewable fuel in our markets. This sustainably sourced product offers a pragmatic, hands-on option for green power in the off-grid segment. As demand for solar and wind energy is soaring, we are investing in the market of renewables. Energy efficiency is also an interesting niche, as reduction of energy demand is a key driver in lowering CO2 emissions.

**‘Growth, customer satisfaction and profitability are important, but so is good corporate citizenship and being an employer of choice.’**

We are a family-owned company, comprising of 18 different entrepreneurial operating business units. Growth, customer satisfaction and profitability are important, but so is good corporate citizenship and being an employer of choice. If we want the best people in business to work for us, we have to become the best company. In this Sustainability Report we report on our sustainability performance in more detail and make the impact of our products and services visible through KPIs. We measure progress regularly and thoroughly and are open about how we can improve. We are a company powered by ambition and we thank all of our employees, customers, suppliers and all other stakeholders for sharing our purpose of Advancing Energy Together.

*Bram Gräber, Chief Executive Officer SHV Energy*

2.

# Our impact

SHV Energy intends to make impact over the short, medium and long term for our customers, our people and our planet. We use the *Impact model* below to explain our business and use the expertise at our disposal to meet goals, achieve good results and improve our impact.

## Impact model



# The world around us



## The world around us

The world population continues to grow and a number of countries that were once seen as developing are now becoming wealthier. Worldwide demand for energy is expected to further increase in the coming decades, whilst depletion of natural resources and the effects of climate change require immediate action for the short, medium and long term.

Accessible, clean, safe and affordable solutions are needed; therefore on-grid (solar, wind, hydro and thermal) and off-grid sources like LPG must be made available to assist consumers and businesses to move up the energy ladder towards cleaner energy. LPG is clean burning and produces relatively little CO<sub>2</sub>. Our energy products are supplied, packaged and delivered through a variety of closely managed processes. Safety is our absolute top priority. Our employees, customers, neighbours all trust us to create a safe living and working environment. As such, this is our highest responsibility within our purpose of Advancing Energy Together.

### Global issues, local approach

The environmental issues in the world today should be addressed through local approaches. The need to reduce dependency on high carbon, high polluting energy is clear, but specific challenges vary across the globe. In order to meet binding climate targets, set out in the Paris Agreement 2015, there is no silver bullet. In the search for what is best for the environment and for consumers, depending on local weather conditions, natural resources and building stock, a mixed approach will optimise the actual deployment of available technologies, provide a more cost-effective solution and will lower carbon emissions.

### Indoor air quality

Exposure to outdoor air pollution, because of urbanisation and industrialisation, has been a huge problem for a long time and in many countries, and still is today. Indoor air quality forms a serious health risk for billions of people who still cook and heat their homes with biomass, kerosene fuels and coal. Encouraging them to make the switch to cleaner alternatives from our product portfolio, like LPG and LNG now and BioLPG in the future, can help solve that problem.

### Integrity

Our employees are committed to doing business in a fair manner. They are driven by integrity, a value at the heart of everything we do. SHV Energy puts a lot of trust in its employees, who give their very best every day in bringing our company forward, while contributing to creating a better world. As our business requires it and our consumers deserve it, they will continue to pay rigorous attention to detail with a passion for continuous improvement in all our activities.

# Strategy



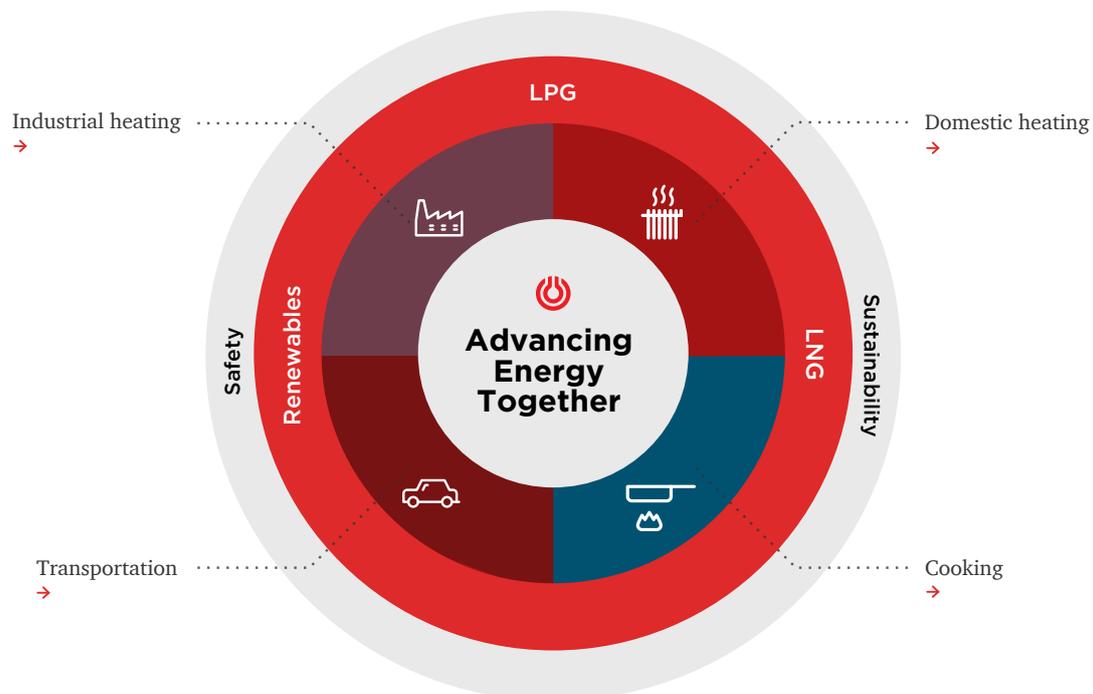
# Strategy

SHV Energy supplies customers all over the world with accessible, clean, safe and affordable energy for applications beyond the utility grids, including cooking, heating and powering vehicles. We are a global leader in the distribution of LPG and a significant player in small-scale LNG and biomass. We continue cherishing this core activity and will keep enhancing our offering and operations. Growth is driven by a combination of organic growth, acquisitions and developing in new geographies.

## Our goal for the medium and longer term

For the medium and longer term, our goal is to have 100 percent of our energy carriers produced from non-fossil, bio-based feedstock by 2040. To achieve this we aim to steadily increase our supply of BioLPG (amongst other renewable fuels). This is an important driver of our vision of Advancing Energy Together. BioLPG is identical in use and performance to conventional LPG and an ideal energy solution for consumers and businesses wishing to reduce their carbon footprint. We aim to obtain a substantial position in renewables, which will be focused on alternative energy solutions and energy efficiency services as part of the energy transition.

## Business model

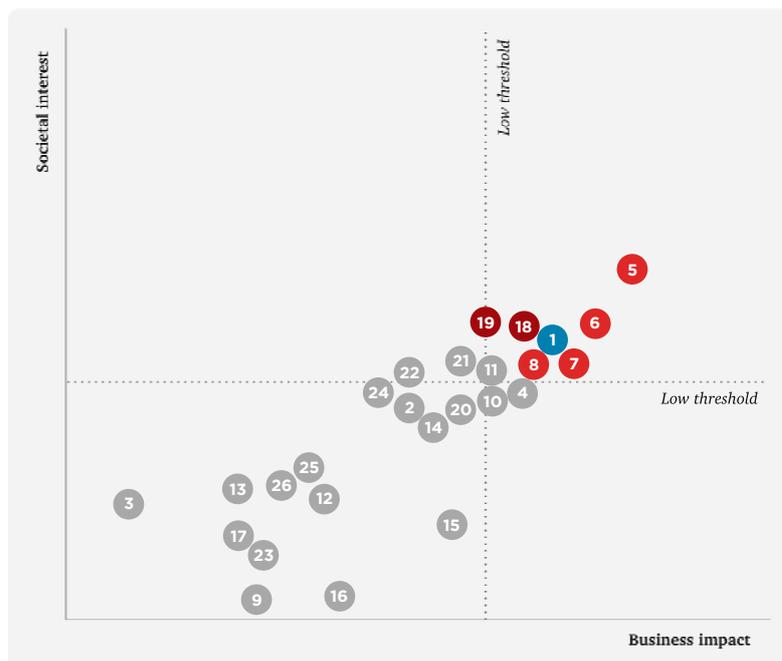


# Sustainability topics

To make real impact, it is important to set priorities. In 2017, we carried out a materiality assessment and engaged with over 2,000 stakeholders worldwide (60 percent of which were external) to collect opinions and identify issues.

These issues were mapped against importance to stakeholders and significance of business impact. The result is a list of shared topics that all SHV Energy companies integrate in their strategy, which not only improves their sustainability performance but also strengthens cooperation and knowledge sharing between the companies.

## Materiality matrix



### Governance

- 1 Business integrity
- 2 Sustainable procurement practices
- 3 Local procurement
- 4 Site security

### Social

- 5 Product safety
- 6 Occupational health & safety
- 7 Process safety
- 8 Employee development

- 9 Diversity and equal opportunities
- 10 Child and forced labor
- 11 Labor conditions
- 12 Community initiatives
- 13 Indigenous people's rights
- 14 Access to energy
- 15 Employee provision
- 16 Remuneration
- 17 Employment of local communities

### Environmental

- 18 Local air pollution
- 19 Climate change
- 20 Energy
- 21 Sustainable products & services
- 22 Waste
- 23 Natural resource scarcity
- 24 Water
- 25 Ecosystems & biodiversity
- 26 Deforestation

We then developed aspirational goals for our most material topics, which are integrated into our *Impact model*. These goals are:

 <p><b>Sustaining the environment</b></p> <ul style="list-style-type: none"> <li>• Carbon emissions</li> <li>• Air quality</li> </ul>	 <p><b>Improving health, safety and well-being</b></p> <ul style="list-style-type: none"> <li>• Product safety</li> <li>• Process safety</li> <li>• Occupational health and safety</li> </ul>	 <p><b>Enhancing employee and community development</b></p> <ul style="list-style-type: none"> <li>• Employee development</li> <li>• Community initiatives</li> </ul>	 <p><b>Safeguarding integrity</b></p> <ul style="list-style-type: none"> <li>• Business Integrity</li> </ul>
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In prioritising our activities and understanding our impact, we mapped these aspirational goals to the realisation of the Sustainable Development Goals. A high-level overview is presented in the visual below.

**SDG Wheel**





**‘SHV Energy is committed to a long-term process of lowering carbon emissions. Only by working together can we meet our shared goal to combat climate change and improve air quality.’**



## **5a. Sustaining the environment**

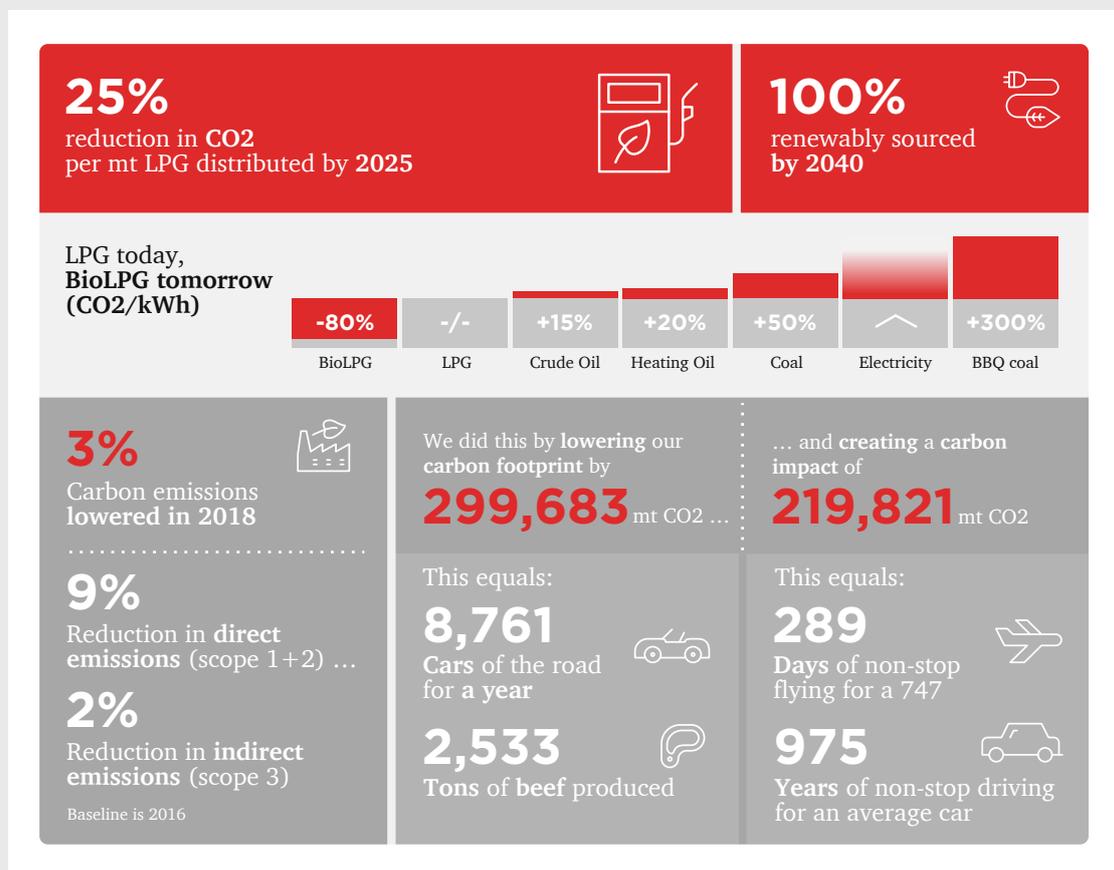
*Advancing Energy Together* means moving forward from a shared vision, while appreciating local differences. To accommodate local differences and facilitate collaboration between organisations, we appointed Sustainability Leaders within each local business units. These colleagues help us implement standards like GRI (Global Reporting Initiative), the Greenhouse Gas Protocol and the UN’s Sustainable Development Goals (SDGs) in a feasible manner.

We are fully committed to deliver our contribution to global action plans, like the Paris Agreement, which aims to reduce CO<sub>2</sub> emissions radically. We aim to cut our carbon footprint by reducing our CO<sub>2</sub> emissions through energy savings and the use of renewable energy. In addition, we want to grow our so-called carbon impact, which is the effect of our products or services on the carbon footprint of customers. By doing so we help them to lower their emissions by enabling them to switch from polluting fuels to cleaner power sources such as LPG, LNG, biomass and BioLPG.

### Global energy monitoring

As said in the preface of this report, we make our sustainable ambitions concrete by setting measurable goals and putting in place systems to measure our performance over time. To do so, we use a global energy monitoring system that helps us measure and calculate progress and understand potential savings opportunities. We also use an Internal Carbon Price for carbon emissions in our investment proposals, to help us to prepare for the future effects of carbon pricing schemes (risk mitigation) and find cleaner investment opportunities.

### Infographic Climate change

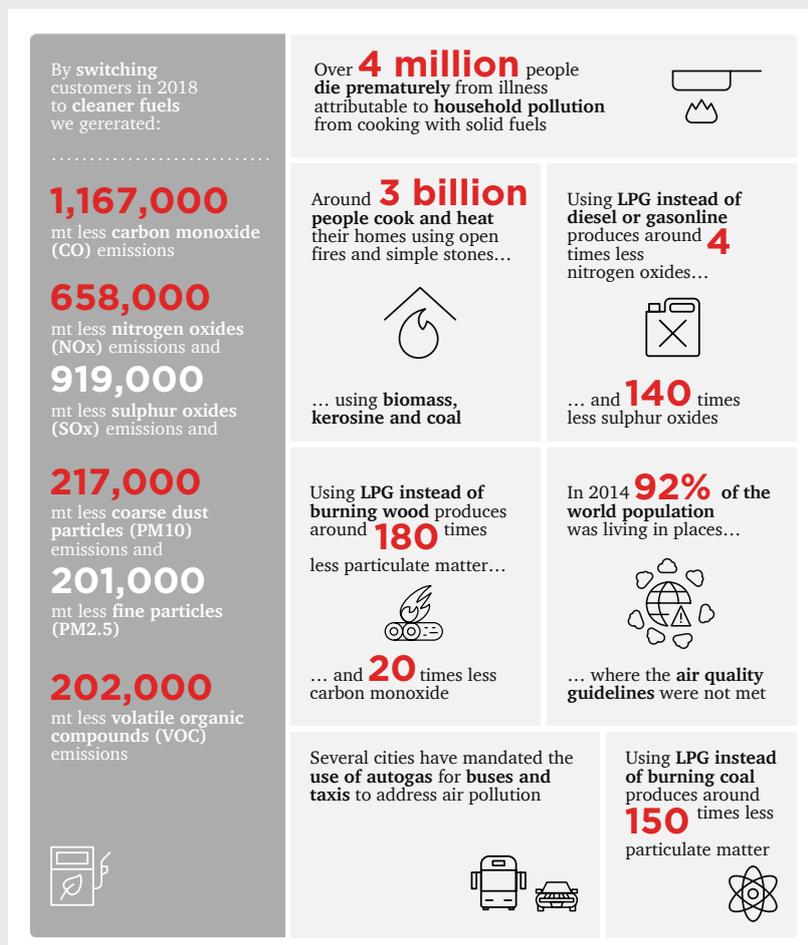


## Air quality

As a global player, we help our customers reduce air pollution by encouraging them to make the switch from more polluting energy carriers to cleaner alternatives from our product portfolio, like LPG, LNG and BioLPG. Outdoor air pollution affects urban and rural areas and is generated by multiple sources, including industry and energy supply, transport, households and the agricultural sector. When combined with on-grid energy sources higher on the energy ladder, like solar, wind, hydro and thermal, the energy industry can collectively make a change and significantly reduce the 4 million premature deaths per year due to ambient air pollution. In Asia, vehicles now use LPG and LNG instead of petrol and diesel. In rural areas in Europe and the US, a switch from coal and heating oil to LPG has improved indoor air quality significantly. In Asia and Brazil, cooking with LPG has begun to replace solid fuel stoves, a major source of pulmonary illnesses.

**‘Air quality is one of today’s vital issues. It is clear why we need to make great strides in cleaning up air pollution.’**

### Infographic Air quality





**‘Every person deserves a safe and healthy place to work and a clean place to live, both now and for future generations. As a company, it is our moral obligation to make health and safety the foundation of our culture.’**

## **5b. Improving health, safety and well-being**

If we define sustainability as the ability to run a business in a sound and responsible fashion over a longer period of time, we must look at the health and safety of our employees, our contractors, our customers, bystanders and residents. It is the first topic on the Group Management Board’s agenda every time they meet. All health and safety incidents are discussed and investigated thoroughly in order to find the root causes, take appropriate corrective actions and prevent them from happening again. Lessons learnt are swiftly communicated throughout the organisation.

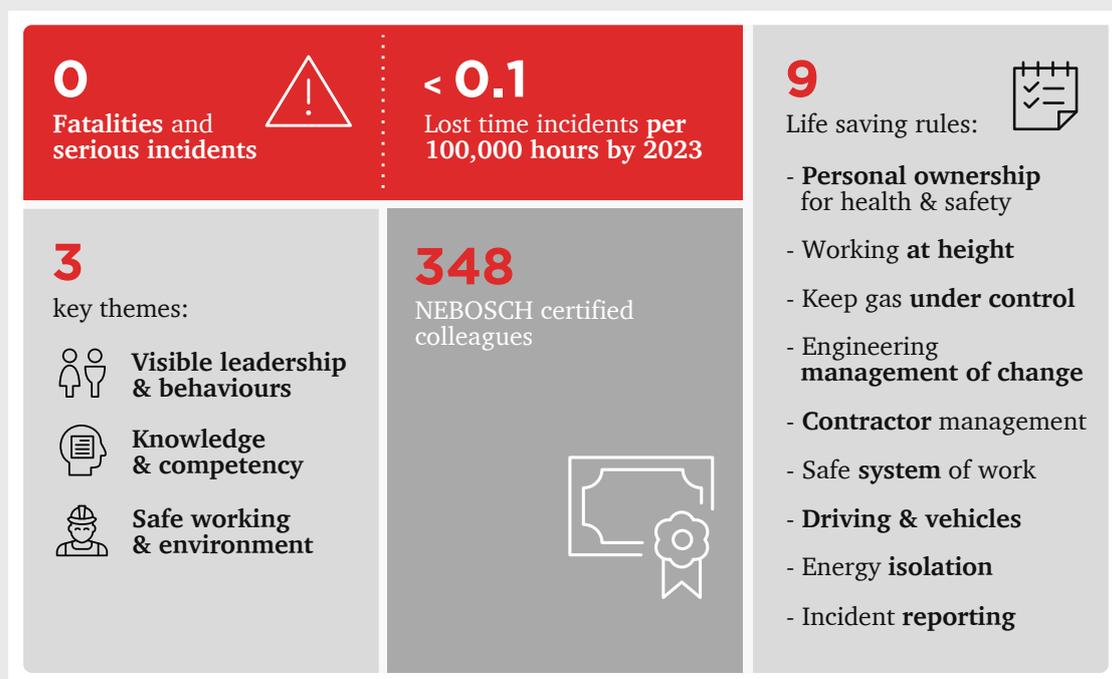
Still, we must do better. We must provide our people and our partners with safe, secure, healthy and environmentally-friendly working environments. Therefore, the number of work-related incidents and unsafe acts and conditions needs to be reduced immediately. There have been a number of incidents in recent times, involving transport operations and customers using LPG in their homes; this is unacceptable. Whilst we acknowledge that things can go wrong in our industry, we are also aware of the need to continue to work hard in order to mitigate these risks and prevent possibilities from becoming a reality.

## Raising awareness

To help reduce the health and safety risks, we regularly update our procedures and manuals and have implemented an improved whistle-blower policy. We are raising awareness through training sessions to achieve our ambition of zero incidents.

SHV Energy needs a culture in which people are not hiding mistakes but communicate them straight after they are made. At the same time, improving knowledge and skills lowers the probability of mistakes being made in the first place. In 2018, 330 employees with key safety responsibilities attended a two-week training course with a strict exam to receive the NEBOSH International Safety Certificate. This represents a significant investment by both the individuals and the company.

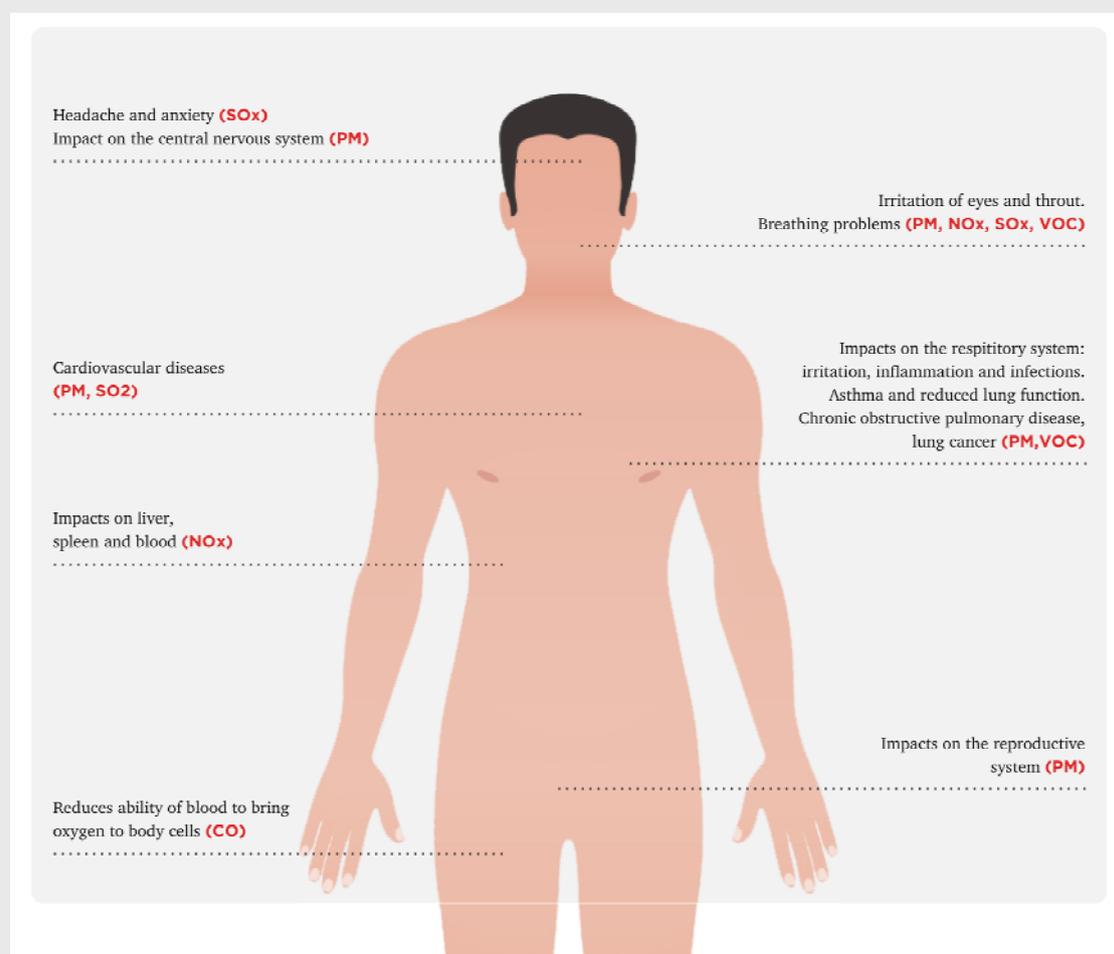
### Infographic Health & Safety



**‘In the end, every member of the workforce needs to know the difference between hazards and risks. When handled correctly, LPG is a very low risk, however it is always a high hazard due to its highly flammable nature. Therefore, there is never any room for complacency. We must be alert always.’**

Our new minimum standards for transport safety do improve safety performance, but our ambition to develop a world-class transport operation has not yet been met. Our Lost Time Injury Frequency Rate (LTIFR) has increased slightly in 2018 due to a number of acquisitions joining SHV Energy where the expected levels of safety performance are not yet as expected. To address this, the quality of incident investigations has improved, resulting in thorough root cause analysis, which should bring down the likelihood of repeat incidents.

### Health effects from air pollutants





**‘The right attitude and behaviours are as important to our company as the results people achieve, or even more.’**



## **5c. Enhancing employee and community development**

Our company culture provides a supportive environment that allows our employees to reach their full potential and to really make a difference. We want our employees to be open minded, to embrace new ways of working, to continuously learn and, when needed, to step out of their comfort zones in order to realise our ambition to deliver more sustainable energy to today’s world and future generations. Success comes through our people. That means a lot more than accomplishing well-defined tasks. As a value-based organisation, attitude and behaviour are always equally important to the tangible goals that we achieve.

### **A people’s company**

We are a people’s company. Commitment, ambition, flexibility and strong values are what our employees have in common. Integrity is key and without a purpose we are nothing. Safety is our main concern, therefore we have a strong focus on improving knowledge and skills to reduce the number of mistakes at work.

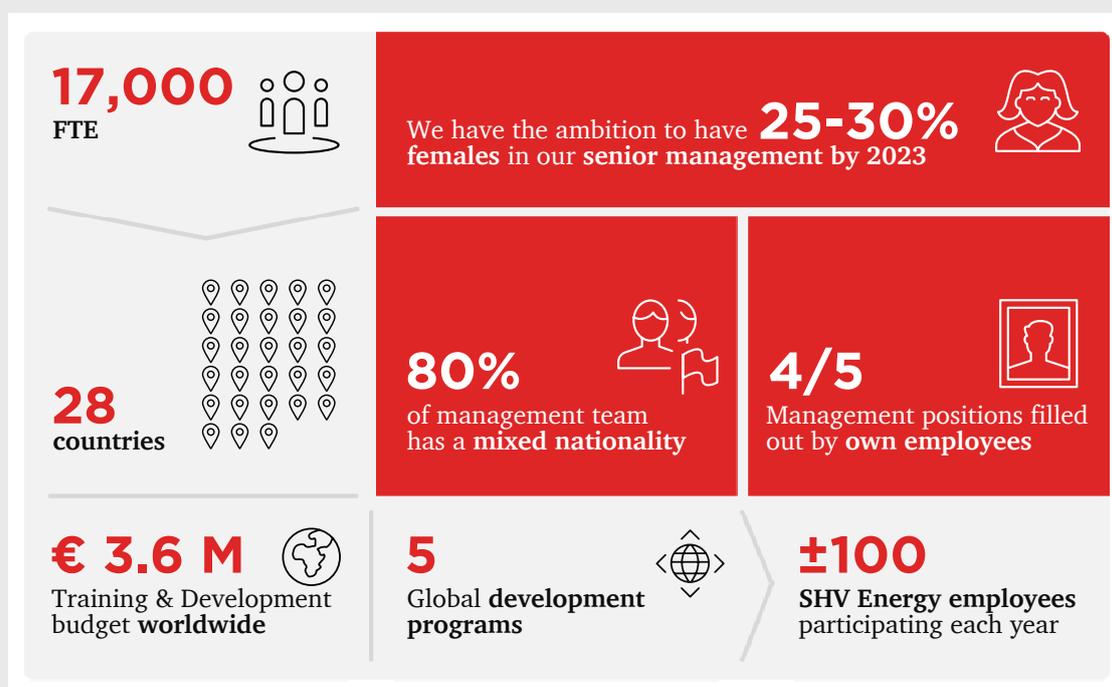
## We need everyone aboard

By embracing new ways of working, we give our employees the opportunity to develop new skills in innovation, digital, safety and change management. Our learning and development programmes are designed to provide participants with a rapid understanding of the diverse aspects of SHV Energy's activities at different stages in their careers. The career development programmes aim to strengthen our pipeline for future leadership positions and challenges participants to stretch their comfort zones. Talents in those programmes are offered the opportunity to take on different assignments in different countries and different functions at different SHV Holdings companies. We do not just look at these particular groups of people; we believe that there is no person without talent. *Advancing Energy Together* means we need everyone aboard to go forward.

**'That means a lot more than accomplishing well-defined tasks. As value-based organisation, attitude and behaviour are always equally important to the tangible goals that we achieve.'**

Being part of SHV Holdings we focus our social responsibility efforts on education through the internal campaign *Start from the Heart*. The programme comprises a long-term investment in people and communities. By supporting educational programmes, SHV helps people to help themselves. Through the company's *Lapwing Awards* programmes we recognise great initiatives that take place locally, a tradition we are proud of and wish to continue.

### Infographic Employee Development





**‘Long term value is created by doing business in an honest and transparent way, complying with the laws and regulations wherever we operate. We all contribute to safeguarding the company’s integrity and reputation.’**



#### **5d. Safeguarding integrity**

Our people want to do business in a fair and transparent manner and are driven by integrity. As such, this is our principal value formalised in our Ethics & Compliance programme. This programme consists of a comprehensive set of policies, manuals and guidelines as well as assurance processes that defines how we can operate in the most responsible and compliant way possible. Regular training sessions aim to prevent staff from mere box ticking. Rules need to be updated regularly following feedback from our employees, our customers and other stakeholders.

##### **Long-term value**

Long-term value is created by doing business in an honest and transparent way, complying with the laws and regulations wherever we operate. We all contribute to safeguarding the company’s integrity and reputation. This safeguarding process is overseen by the Ethics & Compliance function, consisting of a centralised Ethics & Compliance team at our head office and Compliance Officers at all SHV Energy business units.

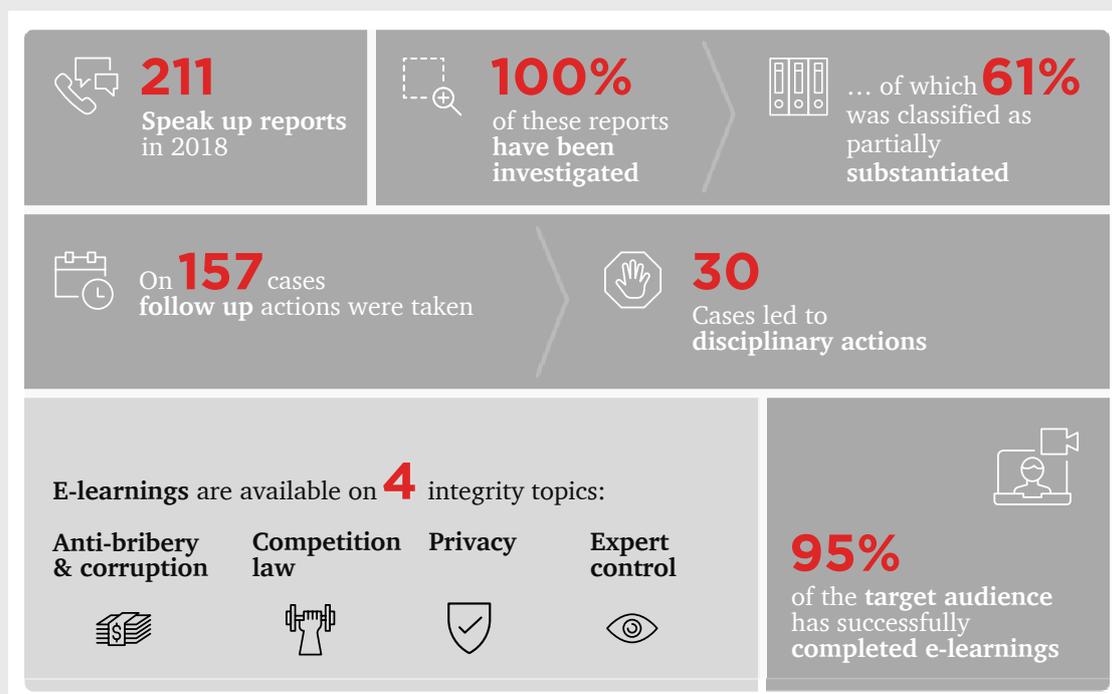
Our Ethics and Compliance philosophy relies on setting the right example. Since leaders are visible and influential in what they do, other employees will follow. It creates the right climate and it is the cornerstone upon which our integrity culture is built.

### Speak Up

A solid Ethics & Compliance framework is important. Policies, manuals, guidelines and procedures, containing as little “legalese” wording as possible, are available to support the right behaviour across our company. When possible and relevant, we issue clear and concise guidance to provide employees with the appropriate amount of information needed to perform a task. Combined with training and sufficient monitoring, the programme simultaneously covers legal and behavioural compliance. Our people are encouraged to voice any concerns about workplace practices. Ideally, they are able to speak with the person involved, their manager, HR or the Compliance Officer. If that is not seen as a suitable solution, we have our “Speak Up” helpline, a confidential whistle-blowing line where people can raise their concerns via internet or telephone.

In 2018, we implemented a solid process for third party due diligence through which we obtain the right information to assess the integrity of a third party. We also implemented the SHV Privacy Codes, in accordance with the General Data Protection Regulation (GDPR) which is overseen by a Data Protection Officer. These Codes allow us to legally perform the cross-border exchange of personal data from employees and third parties within the company. As part of our operations we process personal data, and we are fully committed to protecting the personal data of all our stakeholders.

### Infographic Integrity



## Policies and manuals

An updated Anti-Bribery & Corruption policy and manual have been introduced, supported by a new e-learning module to make everyone aware of the importance of doing business in an honest way.

We also pay a lot of attention to competition law, promoting and ensuring fair competition and forbidding illegal practices like price-fixing and market-sharing. Furthermore, we pay attention to trade sanctions and export controls. We see that international sanctions are becoming more and more important in international politics, often with major, immediate consequences for our business.

Apart from the framework and risk assessments, we boost awareness among staff by referring to the why of things. By providing e-learning modules, face-to-face training and portion-sized information, we create overall awareness. It is our aim to provide the right amount of information to the right target group. We cannot avoid risks altogether, but we can visualise them and do our best to mitigate them. Sharing experiences and best- and worst-case scenarios can help to see the causality of actions and the real long-term benefits of doing the right thing.

## Impact Stories

### Conducta Legal: More than a programme – a way of behaving

#### Ensuring sustainability and responsibility

These days, global organisations are stricter than ever when it comes to compliance and ethics. That is why our company has started a programme called Conducta Legal. This programme creates a culture of ethics, compliance and safety through awareness, education and the recognition of behaviours aligned with these pillars. This way, we can ensure business sustainability and a sense of employee responsibility across our organisation.

We began the first phase of the programme at the end of 2017 as we listened to two different groups (our Operational and Leadership Teams) to discover what ethics means to Supergasbras. Both audiences openly discussed the practical aspects of ethics to increase our understanding of how ethical behaviour can play a larger role in our organisational culture.

#### Popcorn Sessions: video presentations for increased impact

For the official release of the programme, we invited all employees to participate in a set of video presentations we called 'Popcorn Sessions'. These sessions introduced employees to the programme and described its concept. The first video – about safety awareness – was created by our employee's children. The second was a message from our CEO to employees about engaging protagonism. The last was a dynamic decision-making video showing eight different wrong decisions made by employees – and their consequences.

# Outlook



# Outlook

SHV Energy will continue to supply its customers with clean, safe and efficient energy for applications beyond the utility grids, while steadily increasing the supply of BioLPG (amongst other renewable fuels), as an important driver of our Advancing Energy Together strategy. For the longer term, we aim to obtain a substantial position in renewables, alternative energy solutions and energy efficiency services.

## The next five years

The next five years are critical for our renewable fuel strategy. Together with our partners, we will invest in solutions to improve technologies and pave the path towards large-scale production of BioLPG. In 2019, we announced our co-financing of a Dutch facility that

## Impact Stories

### SHV Energy brings BioLPG to Europe

#### First large scale BioLPG distribution in the world

SHV Energy customers in seven European countries are now able to use a brand new type of energy: BioLPG. In March, we received our first delivery of BioLPG from the Neste Biofuels production facility in Rotterdam, representing the start of the first large scale distribution of BioLPG in the world. For the first deliveries, the coaster JS Caesar was fully loaded with BioLPG and started its journey around Europe. Primagaz and Calor are responsible for marketing and distributing this new product within their respective markets. To start with, Great Britain, France, Denmark, Sweden, Germany, Ireland, the Netherlands and Belgium will initially be able to buy the very low carbon, clean fuel.

#### Equivalent of taking 2.5 million cars off the road

BioLPG is a drop-in replacement for conventional LPG, so consumers can use exactly the same LPG appliances and vehicles that are widely available throughout Europe. However, the biggest environmental gain from the use of BioLPG is

when it replaces solid and liquid fuels such as coal and heating oil. For example, in Europe there are around 40 million households in rural areas beyond the gas grid. Millions of them currently rely on aging heating oil and home central heating systems. If 1 million of them switched to using BioLPG, it would save 5 million tonnes of CO<sub>2</sub> emissions – that is the equivalent of taking 2.5 million cars off the road.

#### 100% renewable sources by 2040

This new development will enable existing customers to dramatically improve their carbon footprint with no adjustment to their current energy systems. It will also, for the first time, enable rural customers and vehicle operators in many European countries to use one of the lowest polluting energy sources in the world today. It's all part of SHV Energy's ongoing commitment to reducing our carbon emissions while growing our business. By 2040, our goal is for 100% of our energy products to be from renewable sources.

will produce sustainable aviation fuel and deliver BioLPG as a by-product. In March 2018, we received our first supply of BioLPG from the Neste plant in Rotterdam. Our agreement allows us to market and sell about 160,000 tons of BioLPG from the Neste plant over a four-year period, which equals about 1 percent of our global volume. This small but promising start makes it crystal clear why we need to broaden the supply chain fast, as we need to go from 1 to 100 percent to meet our target.

### **Broaden the supply**

We take our responsibility as market leader seriously and are actively working to encourage the wider sector to broaden the supply of truly sustainable energy feedstock. We recognise that any alternative feedstock must be fully traceable, sustainable and well managed. Generally, palm oil used as a feedstock for fuel is expected to be gradually phased out together with other so-called first-generation feedstocks. This means other routes need to be taken to increase supply of sustainable feedstock, including a particular focus on waste in new conversion routes. Currently, many of the world's resources are just wasted. The right valorisation of waste, both bio and municipal, could be a game changer in finding new feedstock.

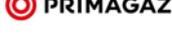
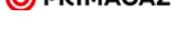
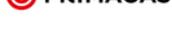
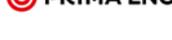
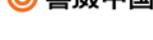
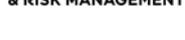
### **New energy**

Next to our core product, we actively seek business development opportunities in renewables and have started building an alternative energy business as a second leg within SHV Energy. We established dedicated resources to support these new energy market aspirations by participating in alternative technologies. We invest in new energy businesses through investments, ranging from minority stakes to full acquisitions. Indirectly, we made a first step by joining the evergreen fund of Emerald Technology Ventures in April 2018. Investments in businesses involved in solar energy, energy efficiency and other renewable solutions are still pending. Competition is fierce, but as a family-owned company with a long-term strategic perspective, we can make a difference.

### **Advancing Energy Together**

SHV Energy will continue to search for new ways of working together with our local business units and other parties within our value chain to fulfil our purpose of Advancing Energy Together, by providing accessible, clean, safe and affordable power to everyone. It is our contribution to the challenges of today: serving our customers and growing our company, while offering a great place to work and creating true long-term value by doing well for the world we live in.

# Business units

Business unit		Country	Sustainability report
 <b>BALCAS</b>	Balcas	Northern Ireland	
 <b>CALOR</b>	Calor GB	United Kingdom	<a href="#">Link</a>
 <b>CALOR</b>	Calorgas Ireland	Republic of Ireland	
 <b>GASPOL</b>	Gaspol	Poland	
 <b>IPRAGAZ</b>	Ipragaz	Turkey	<a href="#">Link</a>
 <b>LIQUIGAS</b>	Liquigas	Italy	<a href="#">Link</a>
 <b>PINNACLE</b>	Pinnacle	United States of America	
 <b>PRIMAGAZ</b>	Primagaz Benelux	The Netherlands   Belgium	
 <b>PRIMAGAZ</b>	Primagaz France	France	<a href="#">Link</a>
 <b>PRIMAGAZ</b>	Primagaz Scandinavia	Denmark   Sweden   Norway	
 <b>PRIMAGAS</b>	Primagas Germany	Germany	
 <b>PRIMAGAS</b>	Primagas Spain	Spain	
 <b>PRIMA LNG</b>	Prima LNG	Belgium	
 <b>喜威中国</b>	SHV Energy China	People's Republic of China	<a href="#">Link</a>
 <b>SUPERGAS</b>	Supergas	India	
 <b>SUPERGASBRAS</b> <small>A GENTE INOVA. SUA ENERGIA SE RENOVIA.</small>	SuperGasbras	Brazil	
 <b>SHV ENERGY SUPPLY &amp; RISK MANAGEMENT</b>	Supply and Risk Management	France	



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**Acknowledgements**

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Cascade - visuele communicatie bv

**Online**

<http://sustainability.shvenergy.com>