Sustainability Report

A Statement from the Chief Executive

DCC believes that applying critical thinking to the economic, environmental and social impacts of our businesses will deliver long term shareholder value. Businesses that create environmental and social benefits will be more successful as they will focus on meeting the wider expectations of customers, employees, investors and governments. DCC is committed to taking on the challenge of corporate sustainability and its strategy is to integrate sustainability processes into existing management structures.

Significant progress has been made in a number of areas over the past year. In particular we have introduced a consistent and robust energy and carbon reporting process and have developed business conduct guidelines that will raise awareness of these critical issues across the Group.

Further initiatives to achieve the strategic objective of integrating sustainability into subsidiary decision making (in particular in relation to climate change) will be undertaken in the current year which will also increase internal understanding of what sustainability means to DCC.

Report Profile, Boundary and Scope

The Sustainability Report follows the same reporting cycle and fiscal period as the Annual Report. The boundary and scope of this report remains the same as the 2009 Sustainability Report in that all of the Group's fully or majority owned subsidiaries are taken into account in this report.

At a corporate level, four aspects of sustainability have been identified as material to our business - direct economic value, climate change, health & safety and business ethics - and we report further on these areas below. At subsidiary level, in addition to these four aspects, management will identify and focus on aspects particular to their own businesses and to the industries in which they operate.

Governance, Structures and Processes

The Corporate Sustainability Working Group (CSWG) comprises Group, divisional and subsidiary executives from across DCC and reports to the Chief Executive. The CSWG has met regularly throughout the year to progress the objectives set out in the 2009 Sustainability Report. The CSWG also reviews sustainability best practice in other organisations and makes recommendations on the development of corporate sustainability within DCC.

Stakeholder Engagement

We have initiated consultation about our sustainability programme with a number of institutional investors. Their feedback has been positive. This engagement will be intensified during the year to ensure that the views of investors are reflected in DCC's approach to sustainability.

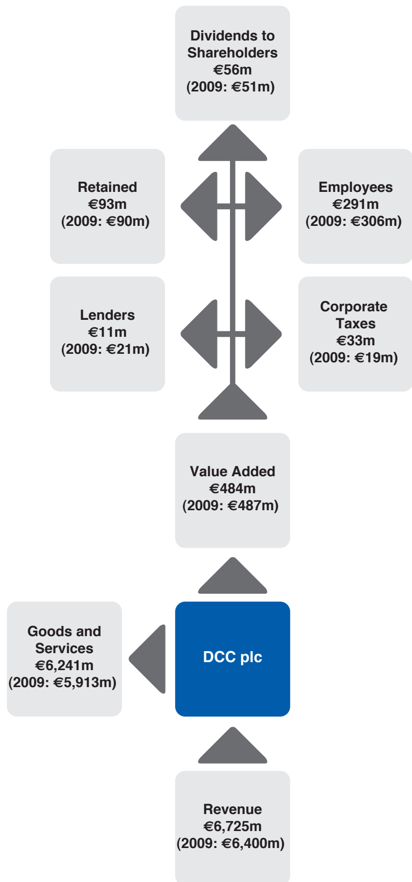
We are commencing the process of engaging with employees as their ideas and participation are critical and will enhance our sustainability efforts. This engagement will take place initially at divisional level and subsequently at subsidiary level.

Material Aspects

1. Direct Economic Value Added

By generating economic value in the supply chain, DCC makes a significant contribution to society. In the year ended March 2010, €484 million of added value was created, taking account of revenue of €6,725 million and the cost of inputs from suppliers of €6,241 million. This value added is distributed in the form of remuneration to employees of €291 million, corporate taxes of €33 million, interest to lenders of €11 million and dividends to shareholders, including many Group employees, of €56 million. €93 million is retained in the business to fund further growth.

DCC employs 8,056 people across the Group, of which 32% are in Ireland, 63% are in the UK and 5% are in the other fourteen countries where the Group has operations; of these employees, over 90% are in permanent employment.



During the year corporate donations included support for the 'Your Country, Your Call' initiative and to assist in the relief efforts in Haiti following the earthquake. Subsidiaries continue to provide both financial and resource support to local and national charities.

2. Climate Change

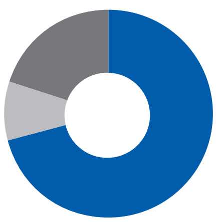
The introduction of government policies and initiatives to address the threat of climate change will impact all DCC's businesses to a greater or lesser extent. The challenge is to identify those impacts and implement appropriate actions to mitigate risks and take advantage of opportunities.

The DCC Carbon Management Plan, initiated in 2008, established a number of operational and strategic objectives for divisional and subsidiary management, in response to the emergence of a low carbon economy.

Significant progress has been made on the DCC Carbon Management Plan's operational objectives of calculating carbon emissions and reducing energy consumption. In March 2010, energy and carbon reporting guidelines were circulated to all subsidiary finance directors. These guidelines, developed with assistance from KPMG and supported by an on-line reporting system, are designed to formalise the existing processes so that energy usage will be recorded and carbon emissions calculated in line with best international practice. Carbon emissions figures for the current financial year will be independently verified by an external third party.

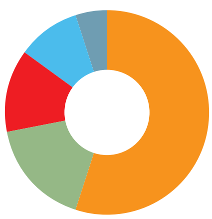
DCC's total carbon emissions amounted to 100,104 tonnes in the year to 31 March 2010. Of this over 26 million litres of transport fuels accounted for over 70% of emissions with 37,000 MWh of electricity accounting for 20%. As DCC's businesses continue to grow organically and by acquisition our absolute carbon footprint is likely to increase. However, we are committed to improving our relative performance i.e. maximising energy efficiency. During the current year appropriate energy efficiency metrics will be developed for each business and medium term reduction targets will be established.

CO_2 emissions (metric tonnes), by source, FY2010



Company transport	71,296	71%
On site fuel use	8,813	9%
Electricity	19,995	20%

CO_2 emissions (metric tonnes), by division, FY2010



DCC Energy	55,244	55%
DCC Environmental	16,546	17%
DCC Food & Beverage	13,409	13%
DCC Healthcare	9,772	10%
DCC SerCom	5,133	5%

The introduction of Blue Tree vehicle engine monitoring technology has provided valuable feedback to heavy goods vehicle drivers, encouraging safer and more fuel efficient driving techniques. In the Food & Beverage division, Allied Foods have installed the technology across their fleet of fifty vehicles, eliminating over 500 tonnes of carbon emissions in the past year. In the Energy division, installation has been completed in over three hundred vehicles, is underway in a further four hundred vehicles and is targeted to deliver a 7% saving in fuel consumption.

In the Healthcare division, Thompson & Capper installed heating controls and advanced compressed air systems in the past year. Significant annualised savings of Stg£31,900 and a reduction of 226 tonnes of carbon emissions are being realised by these initiatives. Short payback periods on these investments are the norm and the savings made are a continuing feature.

Both these examples illustrate the opportunities to reduce carbon emissions through the appropriate use of technology and changing individual behaviours. Identifying and disseminating these best practices throughout the Group will continue to deliver efficiencies and savings.

To address the strategic objectives of the Carbon Management Plan, steps are being taken to raise our collective understanding of the climate change agenda and the risks and opportunities arising from the transition to a low carbon economy. This will be an area of significant focus in the current year.

From 1 April 2010, the Group's UK subsidiaries have been included in the UK's Carbon Reduction Commitment Energy Efficiency Scheme (CRC). This Scheme requires a subset of carbon emissions (emissions from transport are excluded) to be reported on an annual basis and allowances to be purchased for each tonne emitted. Depending on ranking in a performance table to be published by the Environment Agency in October 2011, a proportion of the purchase costs will be reimbursed. Initiatives are in place across the Group to maximise our performance and to minimise costs.

Flogas UK achieved the Carbon Trust Standard (CTS) in 2009 and is still the only UK off mains energy company to do so. The CTS is an independent, credible verification of Flogas's carbon measurement systems and their success in reducing carbon emissions through numerous energy management initiatives. The environmental benefits of LPG in general and the recognition of Flogas in particular provide a unique competitive advantage. The company is gaining new customers who are actively switching to LPG to improve their carbon footprint. Three other DCC subsidiaries are working towards achieving this standard.

Sustainability Report (continued)

DCC's second annual submission to the investor led Carbon Disclosure Project (CDP) has been completed. The quality and scope of information provided to the CDP has improved and we will continue to develop our internal systems and processes to provide investors with a full assessment of climate change impacts on our businesses.

3. Health & Safety
The health and safety of our employees continues to be a priority. Structured management systems are in place in all subsidiaries to identify, address and minimise risks associated with our on and off site operations. Beyond these, the development of strong safety cultures among all employees has a positive impact on business performance, in addition to supporting compliance with health and safety regulations and reducing accidents. Safety culture surveys have been completed at a number of subsidiaries and the feedback has identified areas of best practice and areas where more effort is required.

Tragically, a driver in one of the Group's UK oil companies lost his life in a road traffic accident during the year. DCC deeply regrets this accident and its impact on immediate family and colleagues. We are determined to learn from this and will be relentless in identifying and implementing any additional controls to minimise the risks associated with the transport of dangerous goods.

At a Group level, two key performance indicators are reported for the first time this year: Lost Time Injury Frequency Rate (LTIFR) and Lost Time Injury Severity Rate (LTISR)[1]. Within DCC, health and safety is firmly established as a line management responsibility and the expectation for all Group businesses is zero lost time injuries. We are taking steps to reduce these KPIs and multi year reduction targets are being developed.

KPI	Description	Year to March 2010
LTIFR	Number of lost time incidents per 200,000 hours worked	2.8
LTISR	Number of days lost per 200,000 hours worked	42

We have reviewed our internal health and safety assurance processes and external best practice to identify a consistent benchmarking tool. This is particularly relevant in the context of the increasing scale of the energy division. The International Safety Rating System (ISRS) assurance tool developed by DNV has been selected and will be trialed at two energy businesses this year. ISRS is a world leading system to assess, improve and demonstrate the robustness of an organisation's health and safety management processes. The most recent edition, ISRS8, includes best practice requirements in process safety management to ensure systematic and effective control of process risks and achieve operational efficiency.

In December 2009, the Process Safety Leadership Group published its final guidance on safety and environmental standards at fuel storage sites. This group was established by the UK authorities following the investigation into the explosion in 2005 at the Buncefield oil storage terminal, north of London. The requirements of this guidance directly impact our oil terminals in Lerwick, Scotland and in Belfast, Northern Ireland. Subsidiary management are implementing actions to address any identified gaps against the standards in this guidance.

In DCC Environmental, both Traceys in Scotland and Wastecycle in England achieved the ROSPA Gold Award for occupational health and safety in 2010, a first for both companies. This is an independent recognition of their commitment to high safety standards and the tangible efforts made to ensure a safe working environment. Both companies are also on target to meet their objective of having their health and safety management systems certified to the OHSAS18001[2] standard by the end of March 2011. In Ireland Enva has already achieved both ISO14001 and OHSAS18001 certification for the EHS management systems across all six of its licenced sites.

4. Business Ethics
As a diversified business, freedom to manage and make decisions locally has been critical to DCC's success. This has been well supported and enabled by DCC's values of ethical behaviour, trust and accountability.

These values are critical to our business reputation and long term sustainability. All of our actions and interactions with our customers, suppliers, work colleagues, shareholders and other stakeholders reflect our commitment to the highest standards of ethical conduct.

In support of this commitment a decision was taken last year to provide more practical support to the Group's employees by formally articulating a set of guidelines which would enshrine principles for the everyday conduct of business and which would serve as a framework across all Group businesses and our 8,056 employees.

As a result, a comprehensive review was undertaken of business conduct guidelines already in place within the Group as well as international best practice. This exercise has led to the development of Group business conduct guidelines, which will be communicated to all of DCC's employees within the next three months. As well as outlining the basic legal and ethical principles and policies, they offer guidance on behaviour, framed with useful and practical examples, in respect of the complex issues that can arise in the business environment within which we operate.

Compliance with all regulations governing business practice is a fundamental value of DCC. No non compliances or legal actions have been taken against DCC in relation to anti-competitive or monopoly practices.

Reporting

This report meets the requirements of the Global Reporting Initiative level C standard, as shown in the content table below, meeting the objective set last year. Our objective for the current year is to obtain external assurance on our 2011 Sustainability Report. As we continue our efforts to integrate sustainability into everyday management processes, we support the trend of integrating sustainability and financial reporting to a greater extent.

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1. A Lost Time Injury is defined as any injury that results in at least one day off work following the day of the accident

2. Occupational Health and Safety Assessment Series standard