



2022
ANNUAL REPORT

ABOUT THIS REPORT

The reported data covers activities of all LBC legal entities worldwide which fall within the scope of the LBC's consolidated financial statements, unless stated otherwise. All entities within the Group are owned 100%, except for LBC-Cepsa Tank Terminals Antwerpen NV (75% ownership) and Seabrook LLC (50/50 joint venture). LBC-Cepsa Tank Terminals Antwerpen NV is fully integrated in our financial statements. Seabrook does not meet the consolidation criteria according to IFRS. Seabrook is, for financial statement purposes, accounted for according to the equity method and fully integrated in our sustainability statements.

We report the information cited in this report for the period 1 January 2022 to 31 December 2022 with reference to the GRI standards. We hereby refer to the GRI content index.

It should be noted that, during the twelve-month reporting period that would end 30 June 2021, we changed the financial year end date to 31 December 2021. To make a relevant comparison in our performance, the 2020 and 2021 sustainability data (chapter [sustainability performance](#)) had previously been recalculated and aligned with the January to December reporting period. As for the financial information, we have included the restated twelve-month period for fiscal year 2021 which consists of the actual representative data for the months January 2021 until December 2021 and have not been recalculated.

Report publication date | 24 April 2023

We will continue to publish reports on an annual basis.



ABOUT THIS REPORT

Forward-looking statements

The information and opinions contained in this report are provided as of the date of this report and are subject to change without notice. We do not undertake to update or revise any such statements. This report is not intended to create legal rights or obligations. This report also includes forward-looking statements. All statements other than statements of historical or current facts, including statements regarding our plans, initiatives, projections, goals, commitments, expectations, or prospects, are forward-looking. Forward-looking statements reflect management's current expectations and inherently involve risks and uncertainties. Actual results could differ materially due to a variety of factors, including assumptions not being realized, scientific or technological developments, evolving sustainability strategies, availability of (energy) resources, evolving government regulations, overall economy and market developments, our expansion into new products and services, or other changes in circumstances. The standards of measurement and performance contained in the report are developing and based on assumptions, and no assurance can be given that any plan, initiative, projection, goal, commitment, expectation, or prospect set forth in this report can or will be achieved.

External assurance

As in previous years, we have voluntarily requested our external auditor to provide limited assurance on our sustainability information for the year 2022. The outcome of the assurance engagement is included in the external assurance report, available for consultation at the Dutch Chamber of Commerce.

Organizational and contact details

LBC Tank Terminals Group
Headquarters located at Oude Maasweg 2
3197 KJ Botlek – Rotterdam
The Netherlands
communication@lbctt.com



TABLE OF CONTENTS

ABOUT THIS REPORT 2

PART I INTRODUCTION 5

2022 highlights 6

CEO statement 7

PART II WE ARE LBC 8

LBC at a glance 9

Stakeholder engagement and materiality 12

Risk management and control 15

PART III MAKING IMPACT DRIVING CHANGE AS A TEAM 28

Interview with Group CFO and Group CSR
Director 29

Financial performance 33

Key developments 33

US region 37

European region 38

2023 outlook 39

Subsequent events 39

Sustainability performance 40

People and organization 41

Markets and society 54

Environment 63

PART IV REFERENCE DOCUMENTS 72

Overview of group key performance indicators 73

Sustainability reporting process and methods 78

UN global compact ten principles 82

GRI content index with reference 83

Connecting supply chains

As a leading international and independent liquid bulk storage company, we form an integral part of our customers' supply chains. We provide essential infrastructure and innovative services in the process of transporting products from areas of supply to areas of demand. In our position as connected partner in current and future logistic networks, we are a relevant player in the energy transition. We enable efficiency gains in our customers' businesses and support their growth ambitions, paving the way towards a carbon-neutral society.

for the storage of today and tomorrow

We store and handle products that meet essential consumer needs of everyday life. These products make their way into the healthcare and personal care sectors, construction and housing, the food industry, and other essential markets. We safeguard our long-term relevance by offering integrated services that respond to our stakeholders' expectations and anticipate evolving environmental, social, and governance requirements. We invest in a digital, efficient, and sustainable future, serving markets and customers with storage solutions that contribute to a better tomorrow.



PART I INTRODUCTION

2022 HIGHLIGHTS



35 780 metric ton CO₂
TOTAL MARKET-BASED EMISSIONS
43 123 metric ton CO₂ in 2021



74 points
ECOVADIS
GOLD
69 points in 2021



92 points
GRESB
4 STARS
85 points in 2021

84.5%
AVERAGE UTILIZATION
excluding Seabrook LLC (joint venture)
83.4% in 2021



0.73
TRIFR
1.51 in 2021

2 988 thousand m³
YEAR-END STORAGE CAPACITY
2 988 m³ in 2021



235 million USD
REVENUE
213 million USD in 2021

2021 figures represent the twelve-month period for 2021 (ACTDEC scenario).



CEO STATEMENT

FRANK ERKELENS

2023 marks the year in which we combine financial information and our annual sustainability report for the first time. This report reflects the fact that sustainability is deeply integrated in our company culture and considered in everything that we do. We provide our stakeholders with an integrated view on our financial and non-financial performance, impact, and progress. This is a valuable step in continuously embedding integrated thinking in the company and maximizing the value we create for ourselves and our stakeholders on the short and long term.

With respect to the energy transition, we keep a close eye on the future developments and have taken key steps in evaluating and shaping our current and future role in transforming the energy landscape towards more sustainable alternatives. We had already set a firm ambition and are developing an implementation plan to become CO₂ neutral by 2030 on scope 1 and scope 2 emissions. For this and other sustainability targets, we have once again made excellent progress in the past year.

This report is a display of our daily efforts to create a meaningful and relevant future for LBC. Whether related to improving our operations, minimizing our environmental impact, becoming more customer centric or ensuring the safety of the people at our terminals and neighboring communities, I am proud of our achievements in 2022. With even more pride I look at our dedicated team that continues to make an impact. The quality, diversity, leadership, and commitment of our employees are the foundation of our continued success.

With our great LBC team and the support of our shareholders, I am confident that we can meet our ambitious objectives and continue to be one of the companies that leads and drives change, making a positive impact, and being the connected partner for sustainable storage solutions for our customers.



PART II

WE ARE LBC

LBC
TANK TERMINALS

LBC AT A GLANCE



OUR PURPOSE AND VISION

Our purpose is being the connected partner for sustainable storage solutions. We hereby envision a future in which we continue to be meaningful and relevant for our customers, the communities in which we operate, our employees, contractors, and shareholders.

OUR MISSION

Making impact
Driving change
As a team

OUR VALUES

 WE CONNECT	 WE ANTICIPATE	 WE EMPOWER	 WE LEAD
--	---	--	---

LBC AT A GLANCE

YOUR CONNECTED PARTNER FOR SUSTAINABLE STORAGE SOLUTIONS

We play a long-term role in our customers' supply chains, providing essential infrastructure in the process of transporting products from areas of supply to areas of demand.



Products are transported from producers around the world



Our services



Products are transported to end markets



Ship and barge



Rail



Truck



Pipeline

(direct pipeline integration from producers' facilities to our terminals)

■ base oils ■ petroleum ■ chemicals ■ other

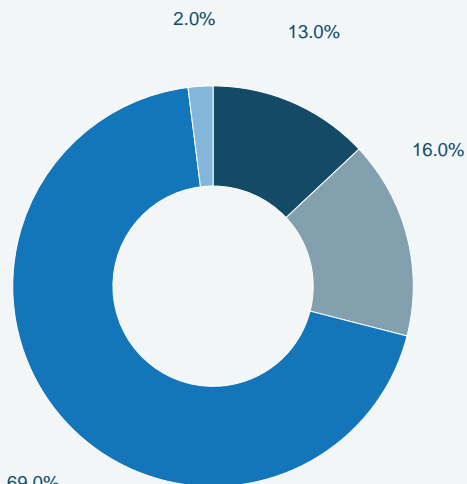


Figure | Total revenue split by product category

Storage is essential infrastructure in the liquid bulk supply chains. As well as storage, we provide a wide range of ancillary services.

- Storage and handling of temperature sensitive products requiring heating or refrigeration during storage
- Cleaning
- Nitrogen blanketing and purging
- Vapor return and vapor treatment including cryogenic, incineration, thermal oxidizers, vapor combustor units, and vapor abatement flares
- Filtering
- Blending including in-tank and in-line blending
- Drying and dehydration
- Tank-to-tank transfer
- Direct transfer to and from ship, pipeline, barge, truck, or railcar
- Drumming, filling, and warehousing
- Flexi-bag loading
- Product analysis with surveyors on site
- Forwarding and customs services
- Waste-water handling; such as collection of Marpol I, II & III and vessel residues and forwarding to destruction or treatment facilities, and physiochemical and biological treatment



Ship and barge



Rail



Truck



Pipeline



Drums and IBCs

The products we store and handle meet fundamental consumer needs of everyday life. These products make their way into the healthcare and personal care sectors, construction and housing, the food industry, and other essential markets.

Examples

- Acrylonitrile → Wind turbines
- Styrene → Consumer electronics
- MEG → Solar panels
- Acetone → Unbreakable glass
Cosmetics
Personal care
- Phenol → Furniture
Synthetic fibers
- MDI → Insulation materials

Input	Strategy	Output		Impact
-------	----------	--------	--	--------

We are the connected partner for sustainable storage solutions



NATURAL RESOURCES

We use natural resources such as energy and water for our operations. 78% of our electricity use comes from renewable sources (2021: 19%)



FINANCIAL CAPITAL

Debt funding (USD 15.82m) (2021: USD 69.58m)
Equity capital (USD 0m) (2021: USD 89.34m)
CAPEX (USD 90.61m) (2021: USD 185.68m)



MANUFACTURED CAPITAL

We operate 7 terminals in 3 countries with a total storage capacity of 2.98 million m³ (2021: 2.98 million m³).



PEOPLE

We have 492 committed LBC employees in our connected team, aligned with our strategy and values.



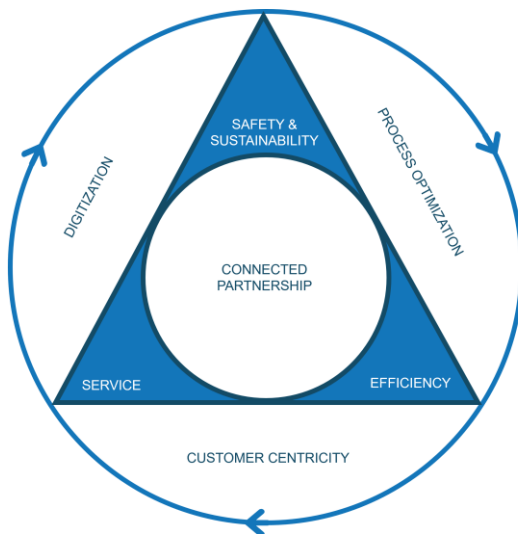
KNOWLEDGE | INTELLECTUAL CAPITAL

We invest in our employees, systems, and processes to ensure optimal design, construction, and operation of safe, and sustainable storage solutions. E.g., corporate management system and global engineering standards.



STAKEHOLDER RELATIONS

We maintain an open dialogue with our stakeholders, as they are fundamental partners in our growth. Every day, we serve ca. 100 customers who consider LBC an integral part of their supply chain.

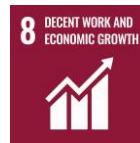


We grow our company through connected partnerships on a foundation of safety, sustainability, service, and efficiency, supported by process optimization, digitization, and customer centricity.

We make impact, we drive change, as a team

NATURAL RESOURCES

110.48 (1000 kg) VOC emissions (2021: 97.13)
34% reduction of absolute CO2 emissions (scope 1 plus market-based scope 2) (2021: 20%)



FINANCIAL CAPITAL

Revenue (USD 235m) (2021: USD 213m)



MANUFACTURED CAPITAL

We encourage the development and implementation of sustainable technologies.
EcoVadis (74) (2021: 69)
GRESB (92) (2021: 85)



PEOPLE (employees and contractors)

PSER 0.58 (2021: 0.12)
TRIFR 0.73 (2021: 1.51)



KNOWLEDGE | INTELLECTUAL CAPITAL

3 terminals ISO 9001 and ISO 14001 certified (2021: 3)
4 terminals CDI-T certified (2021: 3)

STAKEHOLDER RELATIONS

Bi-annual stakeholder engagement survey
NPS score of 39 (2021: 7)
72% of strategic suppliers assessed against ESG criteria

Outcomes

People and organization	Markets and society	Environment
<p>We continue to build a robust safety culture, striving for zero harm to people, environment, and society. We nourish a 100% safety culture in which every employee is considered, and empowered to be, a safety leader.</p>	<p>We positively influence responsible behavior and sustainability in both our supply chains as well as our customers' supply chains. We are a top sustainability performer with EcoVadis gold and GRESB 4-star ratings. We continue to build up global partnerships and engage with local communities to create transparency, trust, and good relationships.</p>	<p>We continuously reduce our carbon footprint of our expansion projects as well as our existing operations to become a carbon neutral company by 2030. We aim to optimize our energy use per ton throughput as well as VOC and CO₂ emissions, water consumption and waste production.</p>

We have drawn inspiration from the IIRC Integrated Reporting Framework in designing our value creation model.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder engagement

Our stakeholders are key partners in our growth and in helping us maintain a sustainable and proactive culture. They influence and are in turn influenced by our activities, services, and performance. For us, stakeholder engagement means ensuring that we constantly involve our stakeholders by identifying their interests and concerns. We do that by providing updates on improvement actions and communicating through various channels. Where relevant and practicable, stakeholders are involved in determining actions to reduce risks and assess the effectiveness of those actions.

Stakeholder	Key topics of interest	How we engage
Customers	Occupational health and safety, process safety, water, soil, and groundwater pollution, VOC emissions, business ethics and integrity, human rights, customer focus	Customer satisfaction survey, operational review meetings and conferences, customer visits, external communication channels such as website and social media
Employees and contractors	Occupational health and safety, process safety, customer focus, VOC emissions, water, soil, and groundwater pollution	Day-to-day meetings, business updates, global safety day, campaigns, recruitment, union/worker representative meetings, intranet, website, social media
Suppliers	Occupational health and safety, water, soil, and groundwater pollution, process safety, business ethics and integrity	Meetings and conferences, supplier audits, questionnaire, website, and social media
Financial and capital markets	Energy use and CO ₂ emissions, occupational health and safety, business ethics and integrity, process safety, water, soil, and groundwater pollution, adaption to climate change, human rights	Ongoing dialogue with shareholders and banks, shareholder meetings and presentations, ESG indices (GRESB, EcoVadis), press release platforms
Shareholders	Occupational health and safety, process safety, Energy use and CO ₂ emissions, adaption to climate change, business ethics and integrity	Board meetings, regular updates, targeted committee meetings (CSR Committee, Audit and Risk Committee, Project Review Committee, Remuneration Committee)
Societal stakeholders	Occupational health and safety, water, soil, and groundwater pollution, process safety, VOC emissions	External engagements and charitable activities, meetings, memberships of business and industry associations, website, and social media

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Materiality

Process

In 2022, we updated our stakeholder engagement and materiality survey, after assessing the material topics for the first time in 2020. The topics were selected by LBC management after reviewing both materiality and relevance for the company of the topics at hand. Our Group-wide risk assessment and the resulting risk register served as an additional reference. Our initial assessment of the relevance and materiality of the topics was complemented with and verified by a survey targeting all our stakeholder Groups in 2020. Through the survey and multiple dialogues, we confirmed the interest, concerns, and expectations of our stakeholder Groups with respect to our business activities. The stakeholder engagement and materiality survey is conducted every two years and the materiality matrix is reviewed every year based on the current year's trends and actual topics. For the materiality survey, we follow a 4-step approach as described below.

1 | Understand the context

We assessed the context in which we operate, taking into consideration our strategy, our mission, our purpose and vision, our values, our activities, value chain and the sustainability environment in which we operate. We reviewed the process we set up in 2020, where customers, employees, suppliers, societal stakeholders (NGOs, governmental organizations, port authorities, neighbors, etc.), and financial and capital markets (including shareholders) were identified as the stakeholder groups. We concluded that the scope of the 2020 materiality survey was sufficient, however, there was room for improvement in determining our societal stakeholders. Additional societal stakeholders were therefore identified (port authorities, neighbors, and neighboring companies) and invited to participate. In 2020, a total of 133 stakeholders responded to the survey. For the 2022 exercise, the number of respondents increased to 171.

2 | Identify actual and potential impacts

We used the initial materiality survey from 2020 as a basis to identify actual and potential impacts. We reviewed and considered relevant ESG frameworks and standards, customer and

industry views, global and regional trends, internal and external audit reports, and the LBC risk register. The outcome of the review was that the impacts identified in 2020 were still valid. The list of sustainability topics is based on the identified impacts, both positive and negative.

3 | Assess significance of the impacts

A materiality engagement survey was sent out to stakeholders, including employees and contractors, representatives of financial and capital markets, customers, suppliers, societal stakeholders, and shareholders. The significance of the topics could be ranked from 0 (no priority) to 10 (high priority). In the survey, we provided an option to add a topic, if required by the survey participant. These responses have not resulted in an addition of topics.

4 | Prioritize the most significant impacts for reporting

The topics are prioritized per axis. The y-axis represents the influence on stakeholder assessment and decisions, whereby the topic position is based on the outcome of the materiality engagement survey. The x-axis represents significance of LBC's economic, environmental, and social impacts, whereby the topic position is based on best estimate from senior management.

The thresholds are defined based on the outcome of the survey and internal discussions by LBC senior management. A tabletop exercise was conducted to ensure a balanced viewpoint. The exercise included viewpoints from external sources such as customer and industry practices. The final materiality matrix has been approved by the Executive Leadership Team.

Conclusions 2022 materiality assessment

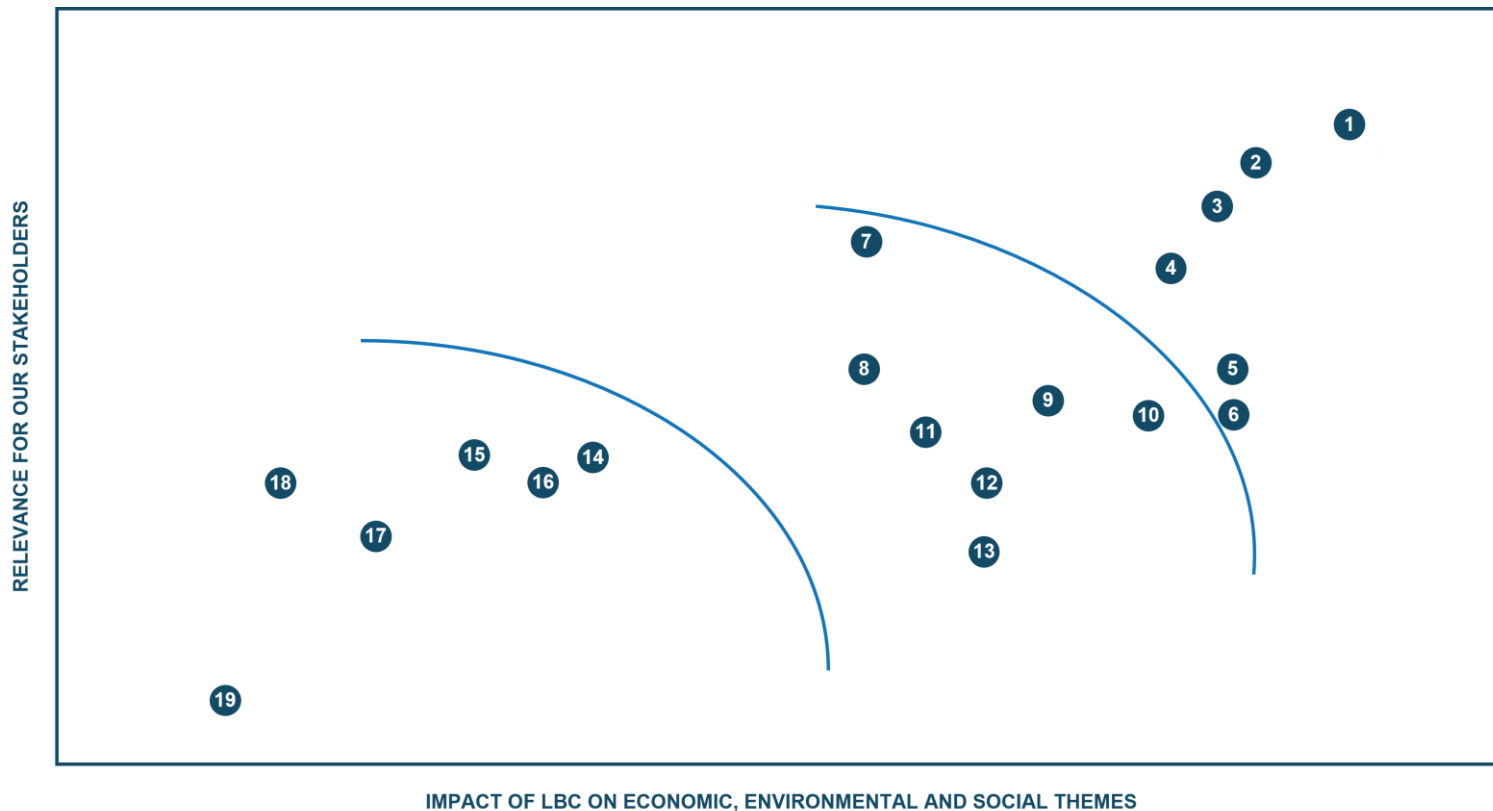
It should be mentioned that business ethics and integrity was a material topic in the previous matrix. However, we believe this topic is better placed in the significant category, given the markets and countries in which we operate and the resulting lower risk we face in the field of business ethics and integrity.

At the same time, we believe that, in line with our business strategy built around connected partnerships, the topic customer focus is better categorized as a material topic. To substantiate the progress in our customer centric journey, we will report on the Group Net Promoter Score (see chapter on customer focus).

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Materiality matrix

We report on all topics included in our materiality matrix. The extensiveness of reporting depends on the significance of the topic (identified as material, significant, or minor). Material topics are indicated with MATERIAL TOPIC throughout the sustainability performance chapter.



- MATERIAL TOPICS**
- 1 Occupational health and safety
- 2 Process safety
- 3 Water, soil, and groundwater pollution
- 4 VOC emissions and other air emissions
- 5 Customer focus
- 6 Energy use and CO₂ emissions

- SIGNIFICANT TOPICS**
- 7 Business ethics and integrity
- 8 Human rights
- 9 Information security
- 10 Waste
- 11 Adaption to climate change
- 12 Talent attraction and retention
- 13 Diversity and inclusion

- MINOR TOPICS**
- 14 Application of best practices
- 15 Water use
- 16 Sustainable procurement
- 17 Nuisance
- 18 Biodiversity
- 19 Community engagement and charity

RISK MANAGEMENT AND CONTROL

Risk environment

2022 was a year with a volatile and unpredictable business environment, primarily driven by the Russian invasion and war in Ukraine. A rapid change in energy supply and increasing prices for utilities created a challenge for LBC and its customers.

As a result, our customers in Europe suffered materially higher production costs during 2022 and had to reduce capacity while importing more materials from areas with lower energy and feedstock costs such as the US and the Middle East. The resulting longer supply chains and higher uncertainty in supply increased the demand for storage while reducing throughput levels in Europe. At the same time, exports through our terminals in the United States increased. Storage acts as a key stabilizing factor in global supply chains. With our asset portfolio and customer focus, LBC is able to adapt quickly to the changes in the market.

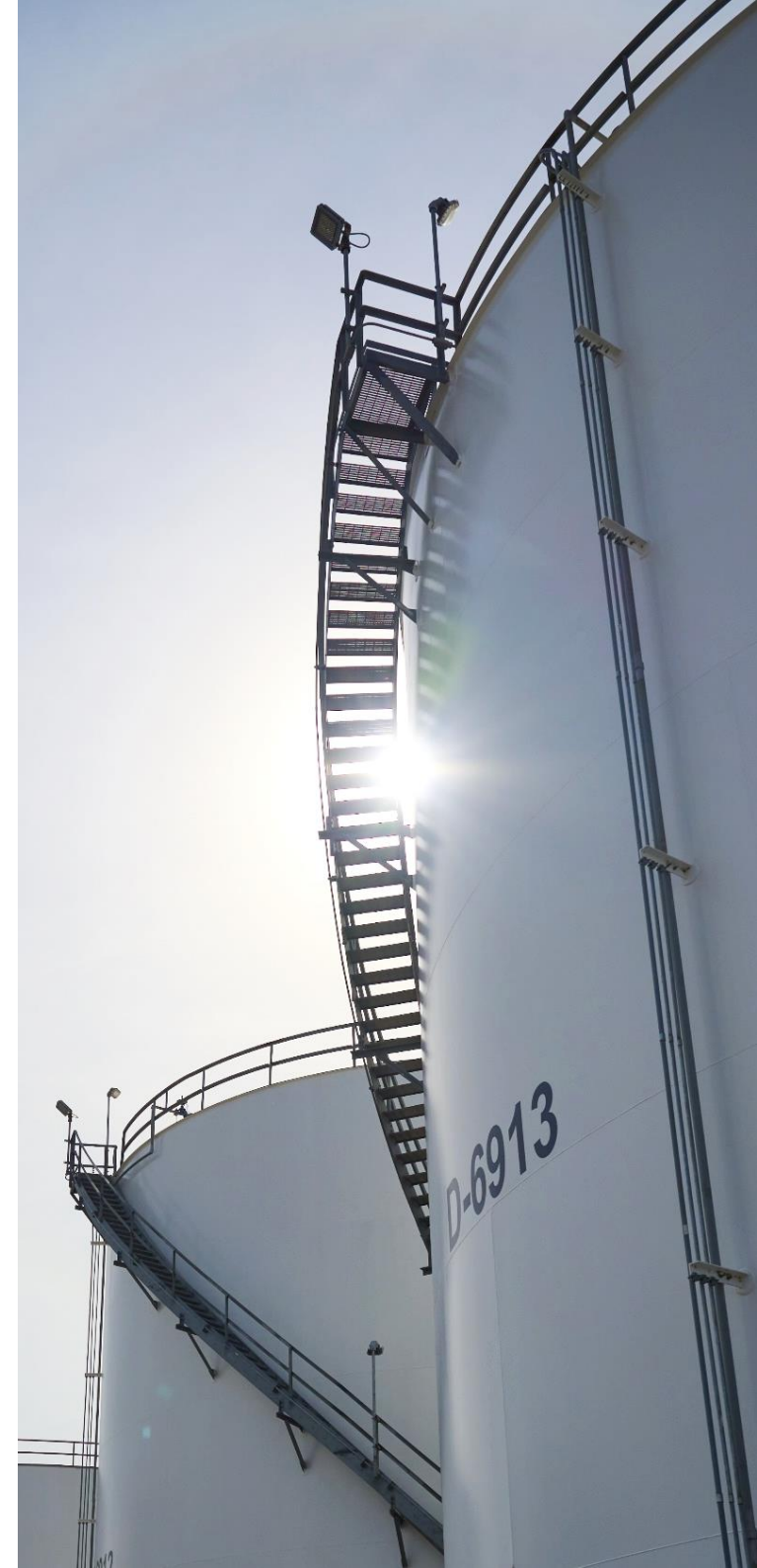
The nature of LBC's business model is long term, meaning that our terminals are operated with a strategic and long-term objective, resulting in many risks being persistent in nature. Nonetheless, risks may develop and evolve over time due to internal and external developments. This risk paragraph should be read carefully when assessing the company's business model, historical and potential future performance, and the forward-looking statements in this report.

A note on the Russia-Ukraine conflict

LBC has very limited direct exposure to customers or suppliers in Russia nor is otherwise affected by sanctions following Russia's invasion of Ukraine. However, our terminals use natural gas for heating and vapor controls. LBC has been impacted by higher gas prices, particularly at our European terminals. Through indexation of our tariffs, we were able to cover the additional costs with some delay through increased revenues. Nevertheless, the effect of potential supply disruptions may be more severe. We have contingency plans in place for our terminals to prepare for lower availability or rationing of natural gas, noting that Russia is not the only source of supply in Europe.

Secondary effects are expected to happen in the medium term and are more difficult to project. Given that our customers are highly dependent on the supply of natural gas, we may see lower supply of product in Europe and therefore lower demand in the medium term with an increase of production and higher demand for storage in the United States. In addition, due to higher steel and copper prices next to long and unpredictable delivery schedules of critical construction materials as well as electrical and automation equipment, we observe that investment projects, most notably in Europe, may be postponed until market rates have adjusted to the new situation.

The increase in energy demand from Europe created a more favorable position for US crude oil exports and may give some uplift to our Seabrook Logistics terminal throughput. This mostly depends on the increase in production by US producers which is also affected by oil price developments.



RISK MANAGEMENT AND CONTROL

Risk management framework

LBC manages risk based on the principles of COSO Enterprise Risk Management (ERM) Framework. To ensure that our ethos is practiced throughout the organization and extended to all our relationships, we use an integrated approach to define risks which may hinder us in achieving our strategic objectives. These risks are further referenced as enterprise risks and are classified according to the likelihood of occurrence and impact on the business.



LBC's ERM process is guided and overseen by management in its Management Risk Committee. The Management Risk Committee aims to align risk management with its objectives, strategy, and culture, ensuring that the necessary resources are allocated to managing the risks and assigning authority, responsibility, and accountability throughout the organization. It requires all operating terminals to assess and report their principal risks, the likelihood of occurrence, financial impact and the mitigating actions in place. In addition, an assessment of the effectiveness of these measures is required.



RISK MANAGEMENT AND CONTROL

COSO risk classification

Strategic risks

Operational risks

Legal and compliance risks

Financial and reporting risks

Other risks

Enterprise risk

- 1 | Inability to deliver on our growth strategy
- 2 | Increasing competition and overcapacity in the market
- 3 | Inability to deliver on our digitalization strategy
- 4 | Inability to deliver on our strategy related to carbon neutrality
- 5 | Climate change transition risks
- 6 | Data protection and privacy
- 7 | Cybersecurity risk

- 8 | Major personal and/or process safety incident
- 9 | Environmental pollution, including (historic) soil contamination
- 10 | Climate change physical risks

- 11 | Complex and changing laws and regulations
- 12 | Unfavorable relationship with regulatory authorities
- 13 | Lobbying and political contributions
- 14 | Irregular business conduct

- 15 | Supply chain and material sourcing
- 16 | Foreign exchange risks
- 17 | Interest rate risks
- 18 | Credit risks
- 19 | Liquidity risks
- 20 | Reliability of internal and external reporting

- 21 | Insurance
- 22 | Tax and tax related
- 23 | Human rights and labor standards
- 24 | Inability to attract and retain talent
- 25 | Community engagement and social enterprise partnering

Materiality matrix

- Customer focus MATERIAL TOPIC
- Information security MATERIAL TOPIC
- VOC emissions MATERIAL TOPIC
- Energy use and CO₂ emissions MATERIAL TOPIC

- Occupational health and safety MATERIAL TOPIC
- Process safety MATERIAL TOPIC
- Water, soil, and groundwater pollution MATERIAL TOPIC
- Biodiversity
- Waste
- Water use

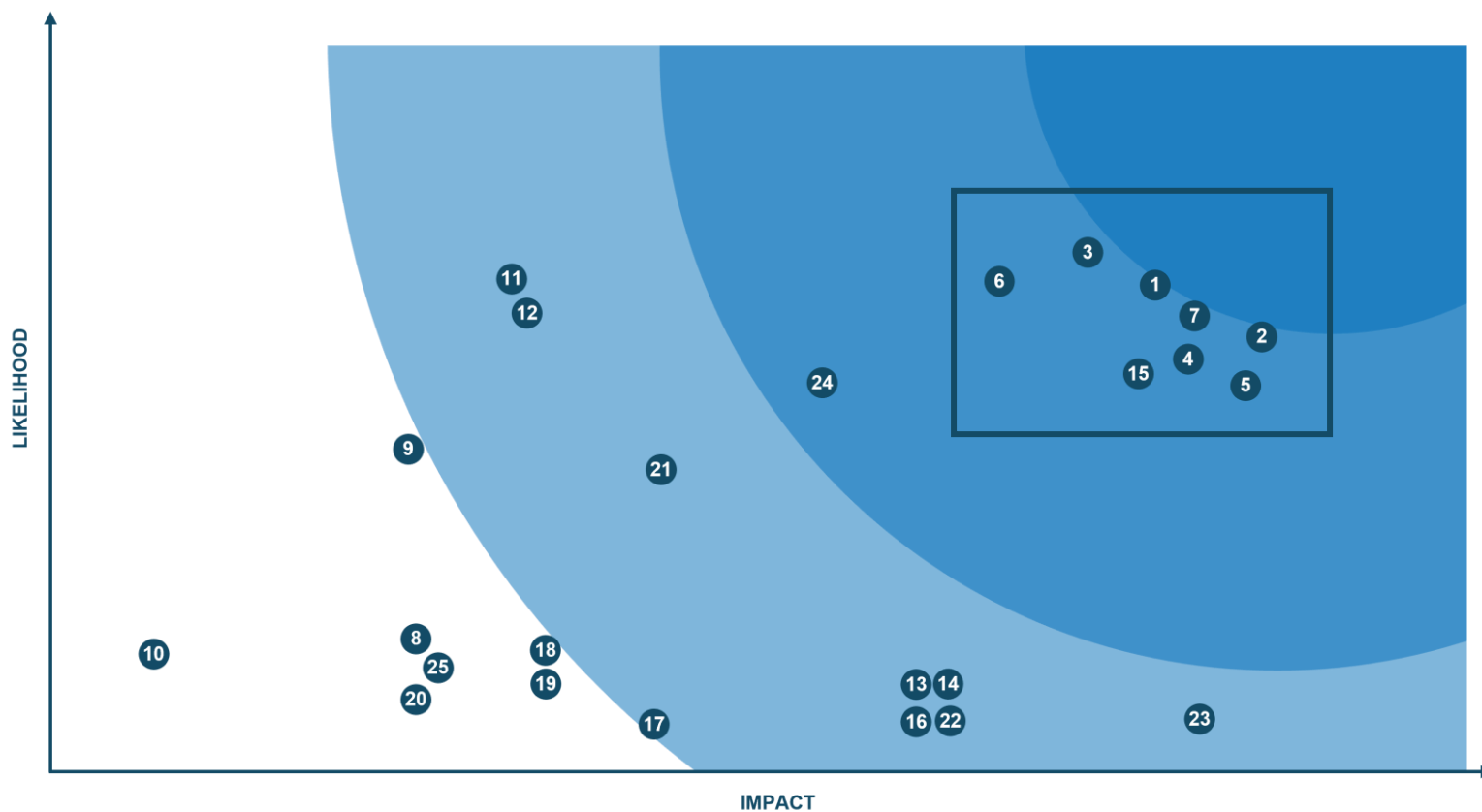
- Business ethics and integrity
- Application of best practices

- Sustainable procurement
- Business ethics and integrity

- Human rights
- Talent attraction and retention
- Community engagement and charity
- Diversity and inclusion
- Nuisance

RISK MANAGEMENT AND CONTROL

Risk heat map



- KEY ENTERPRISE RISKS**
- 1 Inability to deliver on our growth strategy
 - 2 Increasing competition and overcapacity in the market
 - 3 Inability to deliver on our digitalization strategy
 - 4 Inability to deliver on our strategy related to carbon neutrality
 - 5 Climate change transition risks
 - 6 Data protection and privacy
 - 7 Cybersecurity risk
 - 15 Supply chain and material sourcing

RISK MANAGEMENT AND CONTROL

For each of the 25 enterprise risks identified, mitigating actions and an accompanied risk horizon are defined, which are being managed on a recurring basis by the management teams and dedicated risk owners. Out of the 25 enterprise risks, 8 are classified as key enterprise risks, having the highest priority based on the materiality assessment. These identified key enterprise risks potentially also have the highest impact on (future) cashflows and thereby could impact the financial position of LBC should these uncertainties arise.

Key enterprise risk	Description	Risk horizon	Risk appetite	Mitigating actions
<p>1</p> <p>Inability to deliver on our growth strategy</p>	<p>Achieving our strategic goals could be prevented by:</p> <ul style="list-style-type: none"> ▪ Market volatility and changing market dynamics ▪ No market available (e.g., less intracontinental trade balances) ▪ Demand for storage and handling services declining which in the long term would de-stabilize Europe. ▪ Projects being delayed due to estimated project returns not meeting return requirements as a result of the high interest rates, high inflation which results in higher construction costs. ▪ Inability to retain and attract the appropriate technical and commercial talent, having the right skills and capabilities to enable successful business development execution given the complexities involved and mis out on realizing current market opportunities. 	Medium to long term	Moderate - high	In 2023, we have implemented a clear growth strategy which envisions LBC's full potential. This management plan is monitored, and progress tracked by the Executive Leadership Team and local management on a monthly basis. The management plan is still subject to board approval.
<p>2</p> <p>Increasing competition and overcapacity in the market</p>	<p>Increased storage capacity constructed by existing and new competitors, which increases competition in combination with declining demand for storage, puts pressure on our occupancy rates, pricing, and contract durations.</p>	Medium to long term	Moderate - high	Our strategy is built around connected partnerships and customer centricity. Service improvement objectives and optimization of assets are key elements of our strategy to, at a minimum, maintain our competitive position in each market in which we operate.

RISK MANAGEMENT AND CONTROL

Key enterprise risk	Description	Risk horizon	Risk appetite	Mitigating actions
<p>3</p> <p>Inability to deliver on our digitalization strategy</p>	<p>Key to our strategy is effective digitization, including innovation, which is organized centrally and provides improved service offering and process efficiency. The main risk involved is caused by disruption, where external parties develop digital environments, enabling them to control the supply chain.</p>	<p>Short, medium to long term</p>	<p>Low - moderate</p>	<p>Digitization is one of our strategic objectives and an integral part of our management plan. We therefore keep focus on delivering on the set targets in order to minimize the residual risk.</p>
<p>4</p> <p>Inability to deliver on our strategy related to carbon neutrality</p>	<p>A risk is that we cannot deliver on our strategy due to unavailability of alternative (no carbon) energy sources, e.g., green electricity, hydrogen, waste heat from neighboring industries, insufficient energy storage capacities (batteries). Sustainability (and CO₂ strategy) is a key element of our business strategy. All remaining CO₂ emissions need to be compensated at a cost (and potential reputational impact).</p>	<p>Medium to long term</p>	<p>Low</p>	<p>Energy assessments at all terminals ongoing / planned with interim targets (2027) and end targets (2030).</p> <p>Identified opportunity: Group technical work Group focusing on energy and CO₂ reduction to coordinate region/terminal plans.</p>
<p>5</p> <p>Climate change transition risks</p>	<p>Transition risks follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.</p> <p>The speed and precise direction of the energy transition is not yet fully known:</p> <ul style="list-style-type: none"> ▪ It might lead to higher capital expenditures due to increased environmental legislation ▪ Increased overall negative sentiments towards fossil fuels (specifically crude oil) ▪ Not having the right size and/or competencies to create new investment proposals 	<p>Short, medium to long term</p>	<p>Moderate - high</p>	<p>Effective monitoring of existing and changing compliance requirements and expectations including the follow-up requirements, as necessary.</p> <p>The climate change transition risk assessment initiated in 2022 will result in more concrete mitigating actions.</p>

RISK MANAGEMENT AND CONTROL

Key enterprise risk	Description	Risk horizon	Risk appetite	Mitigating actions
6 Data protection and privacy	This risk is related to unlawful handling of personal data (employees, contractors and third parties).	Short, medium to long term	Low	Privacy and Data Protection Policy in place.
7 Cybersecurity risk	A cyber breach could have various causes, e.g., via virus and malware attacks, ransomware, and unauthorized access attempts. Such a breach could lead to confidentiality, integrity and data availability issues and thereby cause business interruption.	Short, medium to long term	Low	LBC has set cyber security as a top priority. We monitor cyber threats on a daily basis and adjust our IT systems accordingly. See also information security chapter .
15 Supply chain and material sourcing	Supply chain risks related to social, environmental and governance issues. This risk is about suppliers and contractors not complying with the requirements from LBC's Supplier Code of Conduct (SCoC). This may result in reputational damage.	Short, medium to long term	Low	Supplier Code of Conduct in place. We further perform regular audits and checks to verify whether suppliers and contractors comply with our Code of Conduct (see also sustainable procurement chapter).

RISK MANAGEMENT AND CONTROL

Out of the 8 identified key enterprise risks, a number of these key enterprise risks have the potential to strengthen, weaken, or influence each other. Although the speed of change is uncertain and may differ between the US and Europe, it is evident that the global energy market is transitioning (key enterprise risk #2). This also has an impact on market volatility (key enterprise risk #1), representing both risks and opportunities to LBC.

At the same time, this transition impacts price developments in the chemical markets. This combination of factors, including increasing competition and possible long-term overcapacity (key enterprise risk #3) may pose risks to LBC's ability to successfully execute its growth strategy (key enterprise risk #1), but it also presents new opportunities for growth.

Furthermore, the frequency of cyber and ransomware attacks (key enterprise risk #7) is clearly on the rise. LBC is actively mitigating these cybersecurity risks through a comprehensive IT/OT security program, effectively reducing the residual risk.

Risk appetite

The risk appetite for each risk category in accordance with our risk framework is defined by the Executive Leadership Team. They decide on the types and amount of risk we are willing to accept in order to meet our strategic objectives, while ensuring safety and compliance with laws and regulations. We support the precautionary approach to environmental challenges; where there are threats of serious or irreversible damage, lack of full scientific certainty will not be used as a reason for postponing implementation of measures to prevent environmental degradation. Within each risk category, we have allocated a specific risk appetite towards each individual risk.



RISK MANAGEMENT AND CONTROL

Financial risk management

As a global player in the capital-intensive tank terminal industry, LBC is exposed to several financial risks inherent to its operations. This section comprises the disclosures on the Group's financial risk management objectives and policies, as well as LBC's exposure to currency risk, interest rate risk, liquidity risk and credit risk together with the policies and procedures established to monitor and manage these risks. In addition, a sensitivity analysis is also provided in this section, detailing how these risks could affect the Group's future financial performance.

Financial assets and liabilities

The Group's principal financial liabilities consist of loans and borrowings, trade and other payables and financial guarantees. The main purpose of these financial liabilities is to provide financing for the Group's operations. The Group's trade and other receivables and cash and short-term deposits derive directly from the Group's operations. The Group used to enter derivative transactions to hedge exposure to interest rate risks until October 2021. Since the 2021 refinancing, no hedge instruments were used, as the interest rates of the new loans are fixed. The Group has exposure to foreign exchange risk, interest rate risk, credit risk (only on financial assets) and liquidity risk from their use of the above financial instruments.

Foreign exchange

As a globally operating company, LBC is confronted with money flows (in EURO and USD) that are not always in the

functional currencies of the individual entities. Operating globally provides an extent of 'natural hedging' but foreign exchange exposure risk exists. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to our operating activities (when revenue or expenses are denominated in a different currency from the individual entity's functional currency). The Group has translational currency exposure because of its non-USD operations (in Euro) which are translated to the Group's presentation currency (USD). The effect of these currency exposure is part of our other comprehensive income and has not a direct effect to our income statement for the year.

This risk is continuously reviewed, and measures taken to limit the exposure in line with the foreign exchange policy of treasury. We strive to maintain a natural currency hedge through matching our operational cash flows with our liabilities.

Interest rate risk

Interest rate risk is the risk of changes to the fair value or future cash flows of a financial instrument and the impact it will have on the Group's earnings and capital. Changes may arise from movements in interest rates, including changes in the absolute levels of interest rates, the shape of the yield curve, the margin between the different yield curves and the volatility of interest rates. Under our interest rate policy, a minimum of 75% of the total debt outstanding at least until 12 months before final maturity of the debt should have a fixed rate. Per year end 2022, 98% of the total interest-bearing loans was financed at a fixed interest rate. Future drawings under our revolving facilities are subject to variable rates and therefore exposed to fluctuations in interest rates.

Future hedges will be made to ensure we remain compliant with our interest rate policy.

Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquid funds to satisfy its obligations associated with liabilities as they fall due. This may result from:

- a counterparty failing on repayment of a contractual obligation; or
- the inability to generate cash inflows as anticipated; or
- the inability to sell financial assets at their face values.

We aim to ensure that we have sufficient liquidity to meet our obligations on a short-term and medium-term basis. We consider both new business activities as well as current contracted obligations when setting the level of sufficient liquidity. Liquidity risk within LBC is managed through the performance of monthly cash flow forecasts conducted on a rolling twelve-month basis. We hold a minimum cash level with reputable banks and have revolving credit facility for capital expenditure and working capital with a syndicate of long-term relationship banks.

Concluding paragraph

The Management Risk Committee was established in 2022, primarily focusing on redefining our (key) enterprise risks, risk appetite, and risk framework. This is an elaboration on the foundation that was laid in prior years by terminal risk assessments. The focus for 2023 will be to further integrate risk management in our business review process, not only at a terminal level, but also at a Group level.

RISK MANAGEMENT AND CONTROL

Governance

Governance comprises all processes of governing undertaken by LBC over the entire company throughout all management levels. Governance can be understood as the processes of interaction and decision-making among all actors within LBC to assure legal and internal compliance is maintained and to drive continuous improvement. The governance framework is implemented at local levels considering corporate, regional, and local requirements as well as external compliance, whichever is stricter. All enterprise risks are linked to key business processes and have internal controls designed to address risks foreseen in each of the processes.

We have an assurance program in place based on the Line of Defense (LoD) concept, which includes measures such as terminal self-assessments, internal and external audits (e.g., by certifying bodies, customers, insurance, etc.). All are important tools in driving continuous improvement. Local management ('first line'), supported by global functions, is responsible for ensuring this framework is implemented, for operating effectively, and for managing key risks. Global functions are 'second line' responsible for the monitoring of internal controls locally, including assessing their effectiveness. The 'third line' is our internal audit, providing independent assurance on internal control existence and effectiveness.

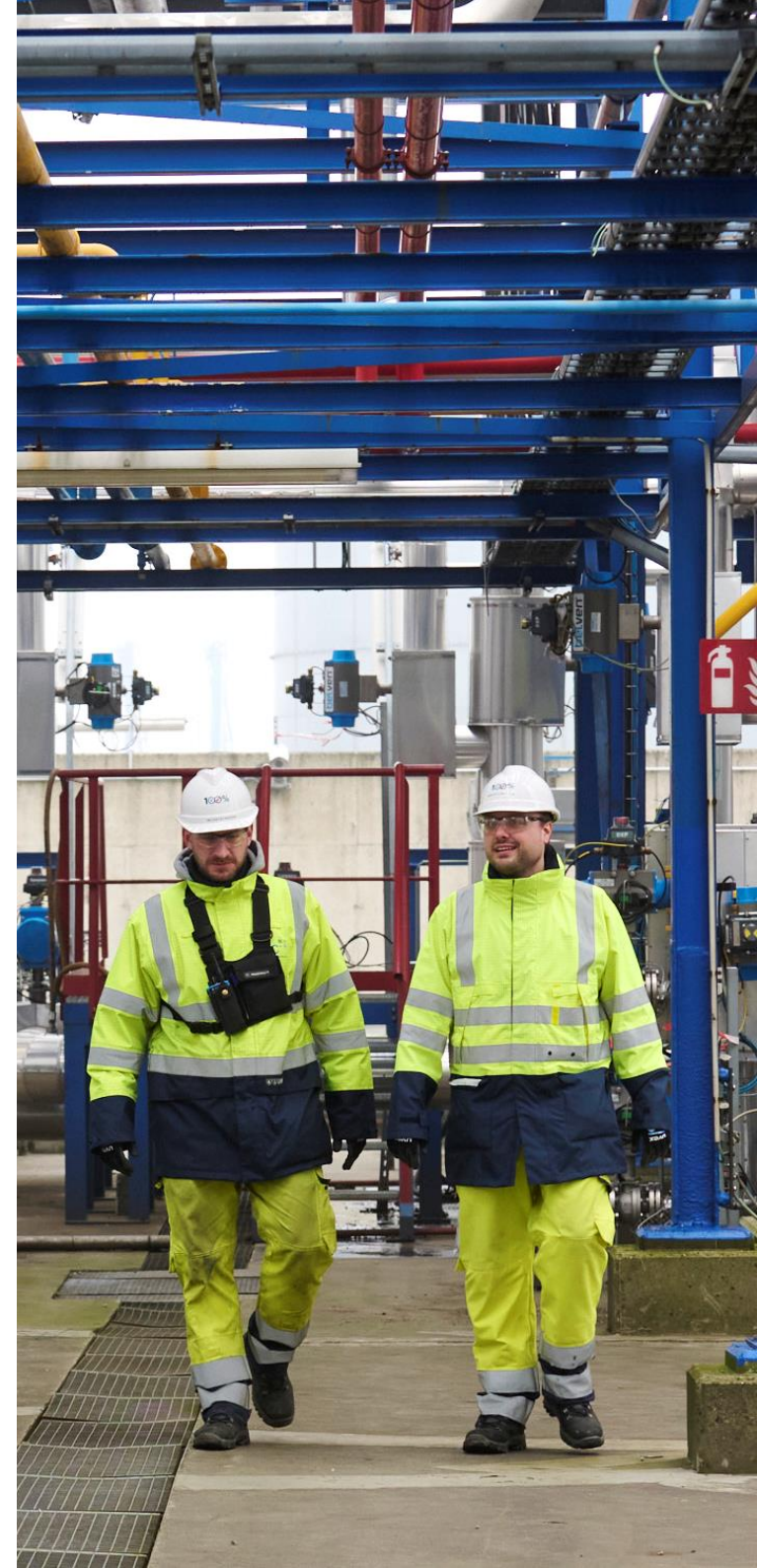
Roles and responsibilities

The Executive Leadership Team (ELT) is responsible for the governance around risk management. They are hereby responsible for identifying and managing the risks associated with executing the company's strategy. The Executive Leadership Team is assisted by the Management Risk Committee, senior management, Corporate Social Responsibility (CSR) team, and local terminal management in both regions (Europe and US) in managing and monitoring activities.

The Executive Leadership Team is the highest governance body within LBC and responsible for reviewing and approving reported information, including the organization's material topics. The Executive Leadership, together with the Audit and Risk Committee, appoints the auditor for financial and non-financial assurance. The reported information includes both internal- and external communication, financial- and non-financial reporting.

Our Group CSR team and the Management Risk Committee coordinate the improvement of the company's risk management by establishing a process to create a sustainable and proactive culture in which all risks are identified, responsibly managed, and mitigated to maximize the positive impact of our activities on society.

Each terminal has its own HSSEQ team on site to manage the Health, Safety, Security, Environment and Quality of that terminal. The HSSEQ staff coordinates the risk management process for the terminal with the terminal management team, under functional leadership of the CSR team.



RISK MANAGEMENT AND CONTROL

Our Board of Directors ensures the interests of all stakeholders are met. We are not just supported, but also encouraged, to pursue and further our commitment to safety, sustainability, and customer service. More information on our Board of Directors is available on our [website](#).

Audit and Risk Committee

The Audit and Risk Committee assists the Board in executing its responsibilities regarding financial statements, external audit, management of risks and compliance, monitoring of ongoing litigation, etc. The meetings are held at least twice per year but in practice the committee meets 5 to 6 times per year.

The Audit and Risk Committee consists of at least three members. The committee endeavors to:

- maintain and improve the quality, credibility and objectivity of the financial accounting process;
- promote a culture of compliance and effective internal control;
- ensure effective communication between the Board and the senior financial and operational management in relation to audit and compliance issues;
- ensure effective audit functions and communication between the Board and external auditors;
- ensure that directors and senior management are provided with financial and sustainability information that is timely, of high quality and relevant to the decisions to be made;
- monitor and review ongoing litigation;
- review enterprise risks and the company's risk management processes.

The committee appoints the auditor responsible for auditing the financial- and sustainability information.

The Audit and Risk committee and the CSR committee aim to align our risk management approach with our objectives, strategy, and culture. Ensuring that the necessary resources are allocated to managing the risks and assigning authority, responsibility, and accountability throughout the organization.



RISK MANAGEMENT AND CONTROL

Corporate Social Responsibility Committee

The CSR Committee assists the Board of Directors in executing its responsibilities, and to support and guide our management team to further ensure the Group's strategy, decisions, and policies in respect of Corporate Social Responsibility.

The meetings are held at least three times per year. The committee consists of at least three members. Each committee member must be a member of the Board of Directors. Meetings are attended by our CEO, COO, and Group CSR Director.

The CSR Committee endeavors to:

- promote a culture of health and safety compliance and sustainability;
- ensure effective and open communication between the Board and LBC Group;
- ensure that directors are provided with appropriate and relevant information in relation to the issues within this mandate that is of high quality and allow informed judgments to be made by them; and
- make recommendations to the Board in accordance with these terms of reference from time to time.

Project Review Committee

The objective of the Project Review Committee is to assist the Board of Directors in executing its responsibilities, and has the responsibility to periodically review, assess, and or audit project activities as proposed by the company's management and as directed by the Board of Directors:

- including effective guidance and support to management regarding strategic expansion plans and capital projects with budgets > \$5,000,000 and may include both greenfield and brownfield capital projects;
- including oversight and governance for any capital projects supported by shareholder equity;
- including compliance with the core values of the organization;
- including requirements and continuous improvement targets that will enable the organization to achieve progressive objectives and timelines to become a top quartile performer within the industry peer Group.

Remuneration Committee

The Remuneration Committee assists the Board to discharge its responsibilities regarding:

- evaluating the effectiveness of the company's management and the performance of individual executive directors;
- regularly reviewing the structure, size and composition of the company's management;
- ensuring the company has coherent remuneration policies and practices to attract and retain executive directors who will create value for shareholders;
- monitoring those remuneration policies and practices; and
- ensuring the company fairly and responsibly rewards executive directors considering the company's performance, the performance of the executive directors and the general pay environment.

The committee consists of at least two members. Each member of the committee must be a member of the Board. The meetings are held at least twice per year.

RISK MANAGEMENT AND CONTROL

Corporate management system

We have established global policies that aim to minimize risk, both routine and non-routine risks. The policies relate to health, safety, and the environment, but also to operational and process safety, human resources, and legal risks. The policies are translated into local procedures and processes where needed. Our employees and contractors are required to adhere to these policies, procedures and processes while working at our locations.

The process integrity of our storage tanks and pipelines is integrated in the design of our installation and secured by an Inspection and Maintenance Program. With this improvement program, we aim to minimize potential negative impact to our employees, contractors, and the environment.

Our behavioral based safety program is our roadmap towards maintaining a robust safety culture. A major component of this program is the set of 9 Life-Saving Rules. We complemented these Life-Saving Rules in 2022 with the implementation of the Start-Work Checks.

Management review cycle

Key to the control process is the regular reporting cycle. Monthly management reports are prepared by all operating companies in line with clearly defined mandatory reporting requirements. The reports and related discussions cover not only financial but also key operational, safety, sustainability, human resources, and commercial performance indicators aimed at monitoring the achievement of strategic objectives.

A critical element of these discussions is comparing progress against prior-year performance and the annual budget which, together with the three subsequent plan years (Medium Term Plan), is reviewed and approved by the Board of Directors each year.

Role of internal audit

Systems are in place for auditing (operational) processes at terminal and regional level. These audits are typically conducted by local HSSEQ teams and the CSR department. For finance related audits, we are currently designing an Annual Internal Audit Plan. The goal of this Internal Audit Plan is to ensure both the existence and effectiveness of internal controls to safeguard LBC's goals. A broad range of audits of an operational, investigative and compliance nature are executed by LBC.

The Annual Internal Audit Plan is developed using a risk-based approach, focusing on key objectives of the company and risks relating to those objectives.

The plan will consider the feedback resulting from the dialogue with the Executive Leadership Team and management. Throughout the year, the results of all audits and advisory activities will be shared and discussed with the Executive Board and discussed each quarter with the Audit and Risk Committee. The follow-up of audit findings is the responsibility of the auditee with monitoring thereof and subsequent closure being the responsibility of the terminal and/or corporate as appropriate. The results are reported to the Executive Board and Audit and Risk Committee on an annual basis.

Conflicts of interest

A director will not be entitled to vote or participate in any discussion (except where invited to participate by all non-conflicted directors) at any meeting of directors or of a committee of directors on any resolution concerning a matter in relation to which they have a conflict, and they will not count in the quorum in respect of any such resolution.

We rely on individuals to flag a potential conflict of interest. We find that our directors, like management, act in these with the highest standards of integrity and have observed them deal diligently with such potential conflicts in the rare case where this may occur.

PART III

MAKING IMPACT DRIVING CHANGE AS A TEAM



INTERVIEW

GROUP CFO AND GROUP CSR DIRECTOR

Niels van Bladeren (left) is Group Chief Financial Officer and joined LBC in 2015. Ulf Hinterscheid (right) joined the LBC team in 2021 as Group Corporate Social Responsibility Director.

How do you look back on the performance in 2022? Did LBC manage to achieve its goals? In which areas have you seen major progress?

Niels: “LBC had a very successful year despite a very volatile market due to the Russian invasion in Ukraine and the subsequent turmoil in energy markets. We measure success mostly in our customer service scores, safety statistics and the financial outcome versus our plans. We achieved successful outcomes through the day-to-day attention to detail that our operational teams pay to our customers’ needs and the way we operate. Specifically in Europe, we made great progress on improved service delivery to our customers: significantly reduced turnaround times and demurrage result in better logistical performance for our customers. This translated into high demand for our services with continued high utilization grades. Our teams were able to meet those higher demands very well.”

Ulf: “In 2021, the sustainability strategy has been revised and adapted to the actual market situation. The strategic direction has been set, a vision has been defined and supplemented by commitments, objectives, and specific targets. 2022 marked the year in which the implementation of the updated strategy started. Already towards the end of 2022, all terminals for which LBC has control over the energy supplies switched to 100% green electricity, which significantly reduced our scope 2 CO₂ emissions. But also, our scope 1 CO₂ emissions, driven by LBC’s natural gas consumption, improved significantly as several technological upgrades have been made and taken into service. Those are the main reasons why LBC is now well ahead of its CO₂ reduction targets. In addition to these achievements, projects in other areas such as biodiversity and community engagement materialized. Following internal workshops around the new sustainability strategy, material SDGs and the UN Global Compact Ten principles, employees now better understand how everyone can make real impact on society and that sustainability is not only focusing on CO₂ emission reduction and the environment. Terminals are taking ownership, resulting in more employee engagement and local initiatives such as the oyster shell project together with the Galveston Bay Foundation in the US.”

INTERVIEW

GROUP CFO AND GROUP CSR DIRECTOR

How would you compare it to 2019-2021, considering global developments such as the pandemic and the energy crisis?

Niels: “I believe that we could not have responded to the volatile markets as well as we did without meeting each other face to face; we really work as a team. Our focus on customer service and safety did not start in 2022 but many years before. I am very pleased to see that years of efforts are now translated into tangible results. During the pandemic years, progress on these items was much less visible. I believe that being able to meet each other again after two years of intermittent lockdowns has really enabled us to translate our efforts into results.”

Ulf: “I agree, travel and meeting restrictions in the previous years did not positively contribute to introducing more ambitious targets and improvement plans on global, regional, and terminal level. Therefore, 2022 has been quite a relief. In 2022, we were able to host our first post-pandemic face-to-face global HSSEQ meeting in Houston. We also resumed our corporate CSR audit program and were more present in the field again as management like we did pre-pandemic. Of course, meeting face-to-face is a huge motivator and makes it much easier to build personal relationships, especially with people that joined our organization during this extraordinary period in history.”

What were the most important drivers and challenges in 2022?

Niels: “The most important drivers for our results in 2022 were continuous improvement in operational services and our safety track record. This meant that we were able to

meet the higher demand for our services. The greatest challenge is in the energy costs and the volatility that our customers experience in their product markets. This led to more change than we handle in a ‘normal’ year.”

Ulf: “The challenges Niels mentions also pushed our strategic efforts in sustainability even more. It was exceptionally good to see how our organization adapted to this changing environment and the related changes in market conditions. Whereas in the previous years, we focused on physical risks related to climate change, in 2022 we conducted studies to further investigate the transition risks related to climate change. One of the most important outcomes was that, due to its product portfolio and its strong focus on storing chemicals, LBC is not that impacted by climate change transition risks compared to traditional fuel terminal operators.

As a result, new energies come as a big opportunity as LBC can diversify its product portfolio by focusing on energy carriers such as ammonia, methanol and LOHCs. One additional challenge in 2022 was the roll-out the new energies strategy. In the coming years, even more effort is needed to successfully land projects in the field of new energies in parallel to operating our existing terminals in a safe and sustainable way, as well as providing our customers with the best service quality.”

Which 2022 business achievements are you particularly proud of?

Niels: “For me, in 2022 a lot of threads from previous years have come together. It was not an easy year and we operated in a volatile context. Given this environment, I am

particularly proud of our strong improvement in our occupational health and safety statistics, where we show we can continuously improve. Also, in 2022 we paid our very first dividend ever to our shareholders. I believe this is testament to all the work we put into servicing our customers and the investment projects that we executed over the last few years. It is an outcome, not a driver, but to me it is a marker that we have a healthy business and are an attractive company for further investment.”

Ulf: “Personally, I believe the most important achievement in 2022 was the significant reduction of our recordable incidents, which means more people stayed safe in our terminals. Apart from that, it was outstanding to see how the organization picked up and supported our ambitious sustainability strategy. That resulted in an overachievement of our interim targets. Compared to our 2020 CO₂ emission baseline, we achieved our 2024 target - the reduction of 30% of CO₂ emissions - already at the end of 2022.”

We briefly touched upon the sustainability strategy (2021-2025) that was launched in 2021. What impact did this have on the company?

Niels: “I believe it energizes the team to higher purpose objectives. I’ve made the statement already years ago that it’s important to me that I work for a company that tries to make a positive impact in its industry and has a higher ambition than just making as much money as possible. Every year, we add new ideas and projects to deliver on our sustainability strategy and I believe this contributes strongly to us being an attractive environment to work. We can really play a big role in realizing the energy transition!”

INTERVIEW

GROUP CFO AND GROUP CSR DIRECTOR

Ulf: “I have not much to add. It feels great that Niels, in his position of CFO, representing the entire LBC management team, is passionate about sustainability and drives the sustainability strategy throughout the organization. Everybody in LBC is highly motivated and likes to get involved and even personally engage in these topics. Of course, outperforming competition with our Group wide EcoVadis gold medal and the overall positive performance in the 2022 sustainability KPIs also help.”

This year, LBC publishes a report that includes both financial and sustainability information. Why is this so significant?

Niels: “We have been working towards this point for a couple of years. Internally, we launched in 2017 that we wanted to expand our reporting from financial reporting only to also include GRI based KPIs. It has taken us a couple of years to define meaningful targets and measure these in a way that can withstand the testing by external auditors. We have made sustainability reports for the last two fiscal years and the last hurdle to take was to align the measurement and review of our sustainability KPIs with the longstanding financial audit schedule. We are very pleased that we have achieved this for the 2022 fiscal year!”

Ulf: “Absolutely. Business continuity is an important element of sustainability. As successful companies normally perform very well in all performance areas such as safety, operations, customer satisfaction and finance, we defined safety and sustainability as one of our strategic pillars and approach this topic as an overall and fully integrated topic which touches upon all processes and departments within LBC.

Furthermore, we expect stricter regulations in the fields of financial and sustainability related KPIs, even beyond the requirements resulting from the upcoming Corporate Social Responsibility Directive (CSRD). Lastly, within LBC we always try to approach things proactively, which also includes more reporting on sustainability KPIs. Personally, I prefer sitting in the driver's seat and being prepared for what is coming rather than waiting for others to tell us what to do.”

“Every year, we add new ideas and projects to deliver on our sustainability strategy and I believe this contributes strongly to us being an attractive environment to work. We can really play a big role in realizing the energy transition!”

Niels van Bladeren
Group CFO

Can you share your view on CSRD and EU taxonomy?

Niels: “Like International Financial Reporting Standards, I very much welcome standards on sustainability reporting. An important factor for me is that we have various stakeholders who demand from us various reports on differing sustainability items. I strongly believe that a standardized

and established approach to sustainability reporting, like there has been for decades in financial reporting, will iron out greenwashing and flexible interpretations of achievements and contributions towards a more sustainable future.

That said, I am very concerned about the self-serving element that is included in the standard setting. A new advisory and auditing industry is being created that doesn't bring us closer to CO₂ reduction. I am convinced of the need for verifiable reporting, but I am not convinced that the balance between added costs and added value is correct at the moment. Also, I believe the choices made are ultimately political and further development is needed to get to robust and objective standards.”

Ulf: “Other than the financial sector, the area around sustainability is far less regulated by now. The upcoming regulation and related reporting standards will bring the financial KPIs and the sustainability KPIs closer together and hopefully help to explain that they are impacting each other. I hope that also non-experts will better understand these synergies and interdependencies and what the meaning of double materiality really means.

However, much more effort is needed in the coming years to further develop these reporting standards to make the reporting requirements as clear as possible. I believe that this process will increase transparency for all stakeholders. It will also improve benchmarking against our peers and particularly against our customers in the chemical sector, which I see as major drivers of new business opportunities for LBC, particularly in the fields of circular economy and new energies.”

INTERVIEW

GROUP CFO AND GROUP CSR DIRECTOR

Which challenges and opportunities do you see for LBC in 2023 - 2025?

Niels: “I think we have a unique opportunity to capitalize on the reputation that we have with our customers through further development of our infrastructure in both the US and Northwest Europe. Our investments in digitization, productivity, and sustainability determine the quality of our tangible fixed assets. The quality of our team determines how well these assets are used to service our customers. We need to make sure that we continuously train our employees so that they are able to drive the necessary changes in ways of working and the improvements to our infrastructure.”

Ulf: “Over the past years, LBC has changed a lot for the better in all its performance areas. You can directly see the positive impact in the KPIs we report, and you can feel the impact in the behavior and the commitment within our teams throughout the entire organization all over the globe. However, change is a process and always comes with challenges. Therefore, one of the biggest challenges in my eyes is to sustain and build on what we have achieved and keep track to drive LBC to the next level. Obviously, all challenges come with opportunities. One of the biggest opportunities is that we are a frontrunner in safety and sustainability. Together with our customers and as their integrated supply chain partner, we have the outstanding opportunity to become the best chemical storage company in the world. I look forward to the challenges and opportunities related to the circular economy and new energies, particularly when it comes to safety and sustainability, which I am passionate about.”

Lastly, what makes LBC different in your opinion?

Niels: “We have a great and motivated team and I feel privileged to be in a leadership position with these great personalities. The differentiator is that we really connect.”

Ulf: “We take sustainability very seriously, make impact, drive change, and follow an ambitious, long-term strategy as a team. This is reflected in the outstanding EcoVadis gold medal. Ambitious targets to become climate neutral in our scope 1 and 2 emissions by 2030 have been set, interim targets and KPIs to measure performance have been defined, and terminal-specific improvement actions have been identified. All the efforts which have been made so far and still need to be taken in the future are only possible with committed, motivated, and engaged people. ‘We connect, we anticipate, we empower, we lead’ are our values and everybody within LBC has them in their DNA and lives up to them.”



FINANCIAL PERFORMANCE

KEY DEVELOPMENTS

The year 2022 showed volatility in the markets, starting with rapidly rising energy prices after the Russian invasion in Ukraine and subsequent increases in inflation. Both in our European and in our US operations, we were able to offset the increased costs into the market rates through CPI linked contracts, which kept our margins stable. In Europe, we experienced a drop in throughput volumes through our terminals as of July 2022. Demand for storage capacity remained high due to longer and more volatile supply chains, in addition to more imports as European (chemical) manufacturers lowered their production because of the higher energy prices. In the US, we had persistent strong throughput volumes and demand for storage.

Despite the adverse economic effects, we have shown a strong performance in 2022.

Revenue

Revenue for 2022 is 235 million (2021: \$213 million for the twelve months period). An increase of \$22 million compared to last year. Higher revenues were largely generated because of improved market conditions for chemical storage in our terminals in the US and Europe.



FINANCIAL PERFORMANCE

KEY DEVELOPMENTS

Debt covenants

Going forward, a twelve-month period will be the basis for our debt covenants. Throughout the entire year of 2022, LBC is compliant with its debt covenants. We have agreements on net debt leverage and interest coverage ratios with our banks. LBC has covenants for its senior debt and its subordinated (junior) debt.

Senior leverage is calculated by dividing the senior net debt over EBITDA. Junior leverage is calculated by dividing the total net debt (senior plus junior less cash) over the same EBITDA. The maximum covenant level for the senior leverage is set at 6.5x and for the junior leverage at 7.5x. As depicted below, leverage came down between December 2021 and December 2022 and we have met these covenants comfortably.

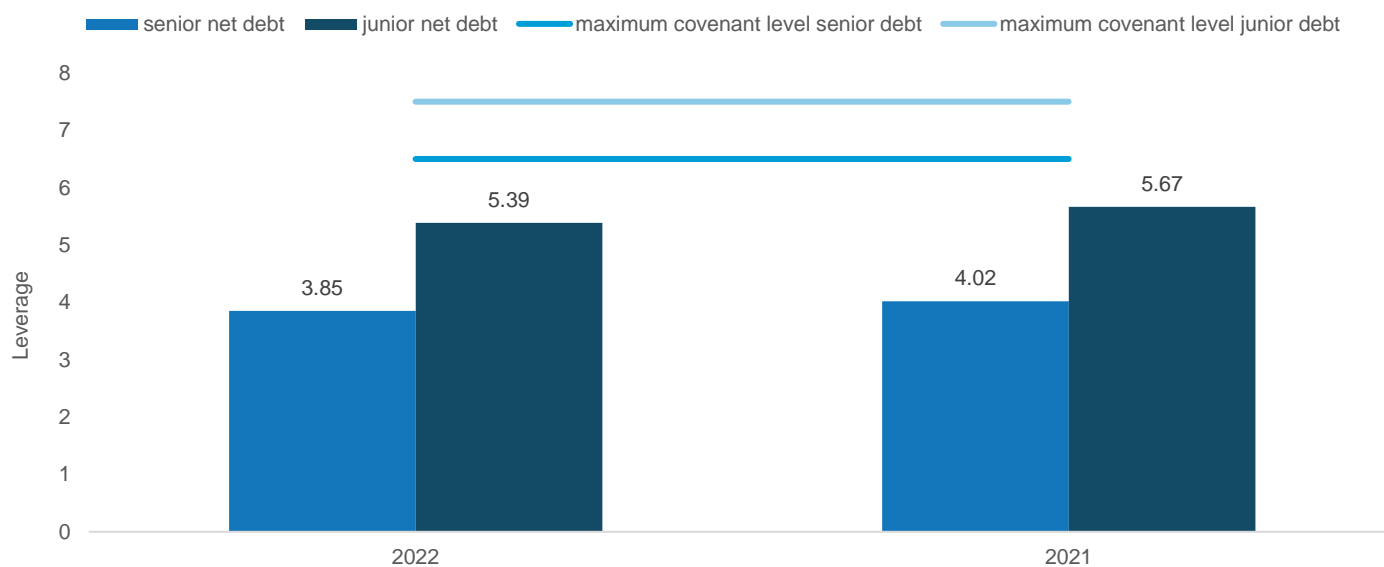
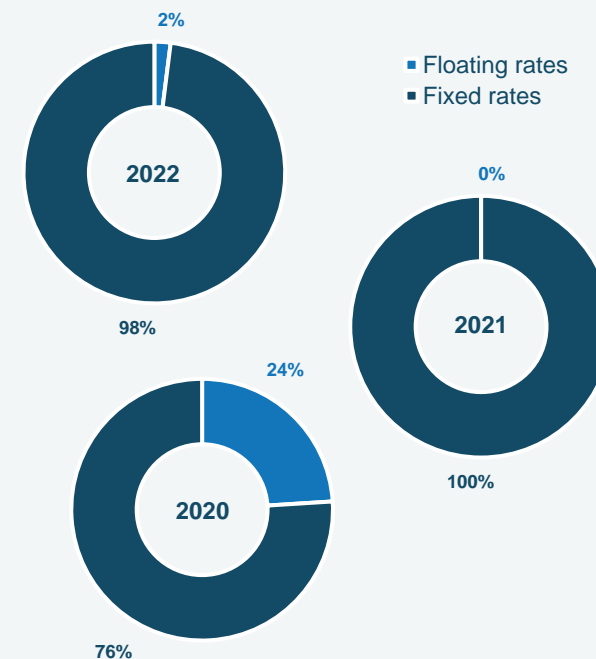


Figure | Net debt: EBITDA on 31 December

Interest-bearing loans

As a result of the refinancing process in 2021, where long dated private placement notes were issued, LBC was able to fix the majority of its interest-bearing loans. 98% of our debt has a fixed interest percentage.



As the refinancing process was finalized in October 2021, the 2022 and 2021 numbers are almost identical. The largest change can be noticed when comparing with the 2020 data.

FINANCIAL PERFORMANCE

KEY DEVELOPMENTS

Interest coverage ratio

Interest coverage ratio is calculated by dividing the net finance charges by EBITDA. The minimum covenant level for the senior debt is 2.5x and for the junior debt 2.0x. As depicted below, interest cover ratios went up during 2022 and we have met these covenants comfortably.

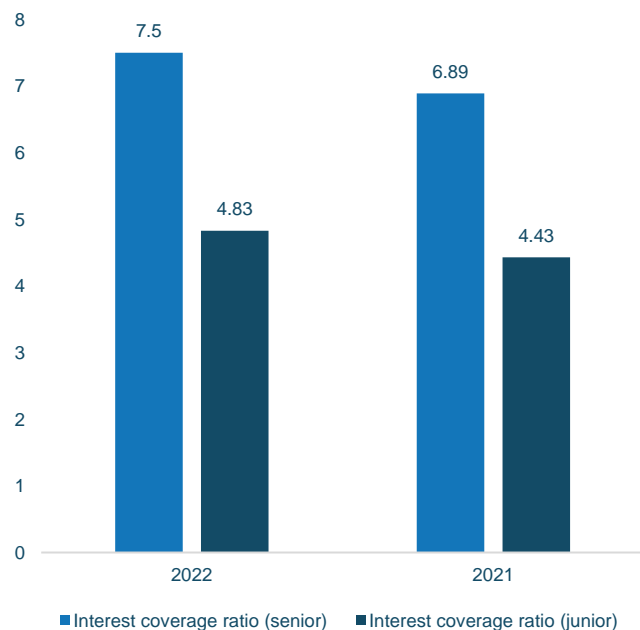


Figure | Interest coverage ratio on 31 December

Total storage capacity

LBC's worldwide storage capacity at year end 2022 was 2.98 million m³ (2021: 2.98 million m³). This includes 630,000 m³ at our 50% joint venture Seabrook. Compared to last year, this number remained stable.

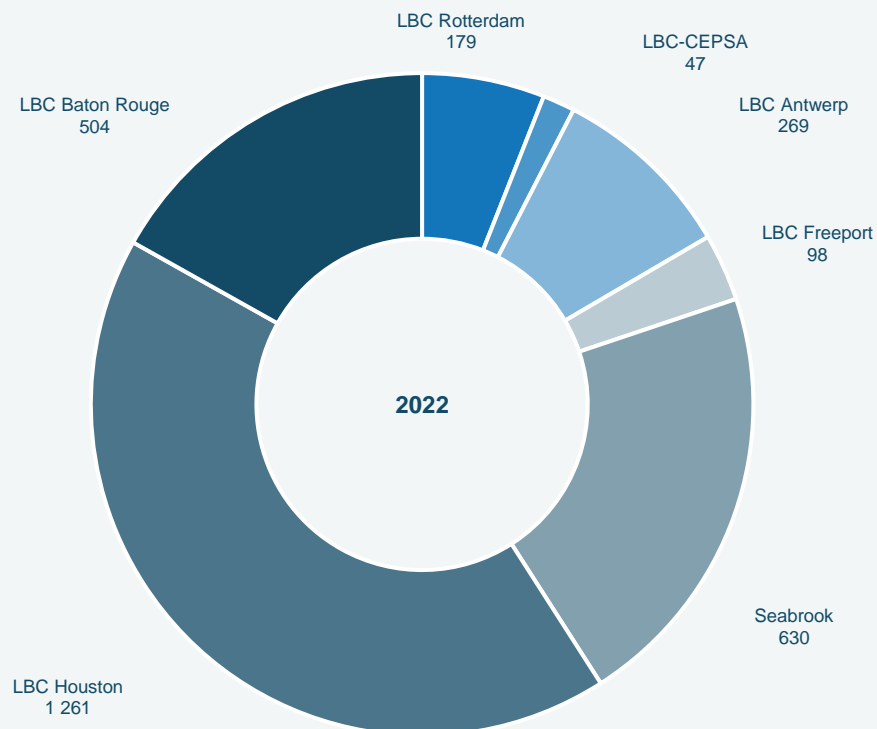


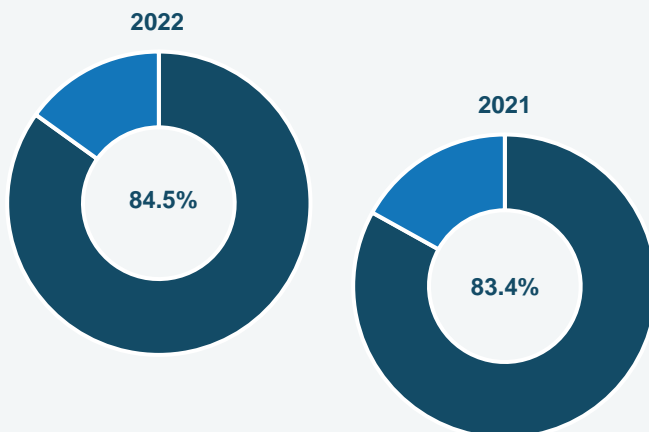
Figure | Total storage capacity split by terminal. In m³ thousands.

FINANCIAL PERFORMANCE

KEY DEVELOPMENTS

Utilization rate

The average utilization rate for the twelve-month period ended 31 December 2022 is 84.5%, which is 1.1% higher compared to the previous year, mainly due to an increase in utilization in Houston, Baton Rouge, and Rotterdam. The average utilization rate is excluding Seabrook where throughput is the key operational performance measure.



Solvency and liquidity

The Group defines its solvency in terms of equity divided by total assets times 100%. On 31 December 2022, the solvency was 37% compared to 39% prior year end.

The Group manages its liquidity by holding adequate cash balance positions and having a medium-term investment plan that provides the necessary funds. Shareholders have historically supported the company expansion by providing the necessary funds. Furthermore, the Group has an adequate capacity of undrawn credit facilities with its banks.

Research and development

LBC is not engaged in the field of research and development.



FINANCIAL PERFORMANCE

US REGION

Market developments

2022 was a challenging year with volatility related to inflation, including higher energy and utility prices, COVID-19, and the impact from the war in Ukraine. The latter triggered new trade flows for some petrochemical products, notably polymers, as Europe detached itself from Russian gas, and later in the year also oil, increasing demand and production in the US where there is a significant feedstock cost advantage. Our storage and handling business remained steady. Thanks to our people, assets, and business strategy, we were able to deliver positive results.

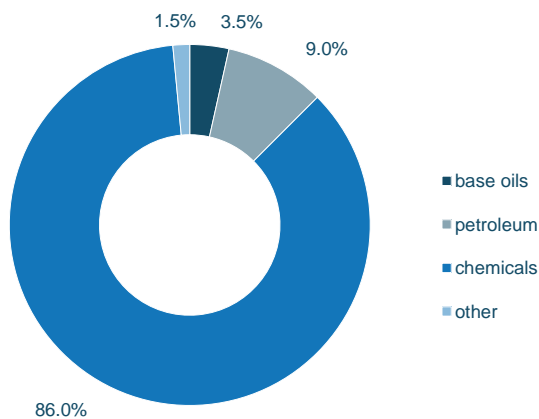


Figure | Total revenue split by product category (US region)



Financial highlights

Revenue for the twelve-month period ended 31 December 2022 was \$153.5 million, an increase of \$14.3 million compared to the previous year (2021: \$139.3 million for the twelve-month period). Higher revenues were largely generated because of improved market conditions for chemical storage at our US terminals, which led to increased demands for storage and resulted in higher occupancy rates, mainly for the Houston and Baton Rouge terminals. In addition, our throughput and service revenue were positively impacted by the market conditions across all US terminals.

Total storage capacity increased with 162,000 m³, from 2,329,000 m³ in December 2021 to 2,491,000 m³ in December 2022.

FINANCIAL PERFORMANCE

EUROPEAN REGION

Market developments

The European market also faced a challenging year with COVID-19 continuing to have a significant impact on our markets, followed by the surging energy and utility prices.

With a solid strategy built around connected partnership, we were able to serve our customers throughout the year without interruption. We successfully took into operation additional capacity in our Rotterdam terminal to facilitate our customers' needs even more.

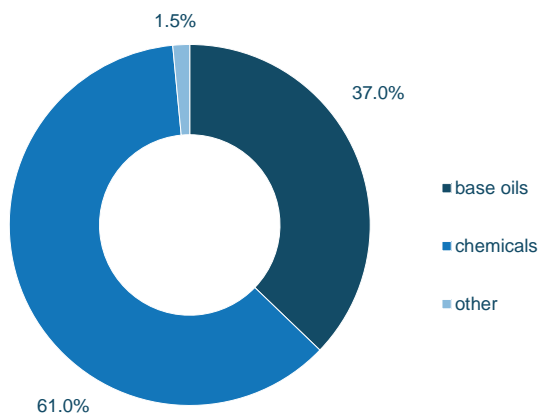


Figure | Total revenue split by product category (European region)



3 terminals
0.5 million m³ storage capacity (2021: 0.5)
92% average utilization



Financial highlights

Revenue for the twelve-month period ended 31 December 2022 was \$81.1 million (2021: \$74.1 million for the twelve-month period), an increase of \$ 6.9 million compared to the period last year. Higher revenues were largely generated because of improved market conditions for chemical storage in our terminals in Europe, which led to increased demands for storage resulting in higher occupancy rates.

The total storage capacity remained stable with 500,000 m³ in December 2022.

FINANCIAL PERFORMANCE

2023 OUTLOOK

With European chemical manufacturing operating at lower volumes and a mild recession forecasted for 2023, we do not expect an increase in volumes before late 2023. We do expect to see a steady transition to more import volumes, resulting in higher demand for storage capacity, as certain chemical production capacity in Europe is permanently closing down. In the US, we foresee continued strong performance of the industry due to a structural cost advantage in feedstocks and energy, as well as higher demand for oil in the global market, as China's economy is opening up again.

Again, our business model shows its resilience to economic volatility with continued strong cash flows in 2022, which we expect to continue in 2023. The political and economic risk of the war in Ukraine will affect LBC, although we believe that we are well positioned to face the challenges that result from this circumstance. With our focus on chemical products, we are ready to support the energy transition with our existing and planned infrastructure.

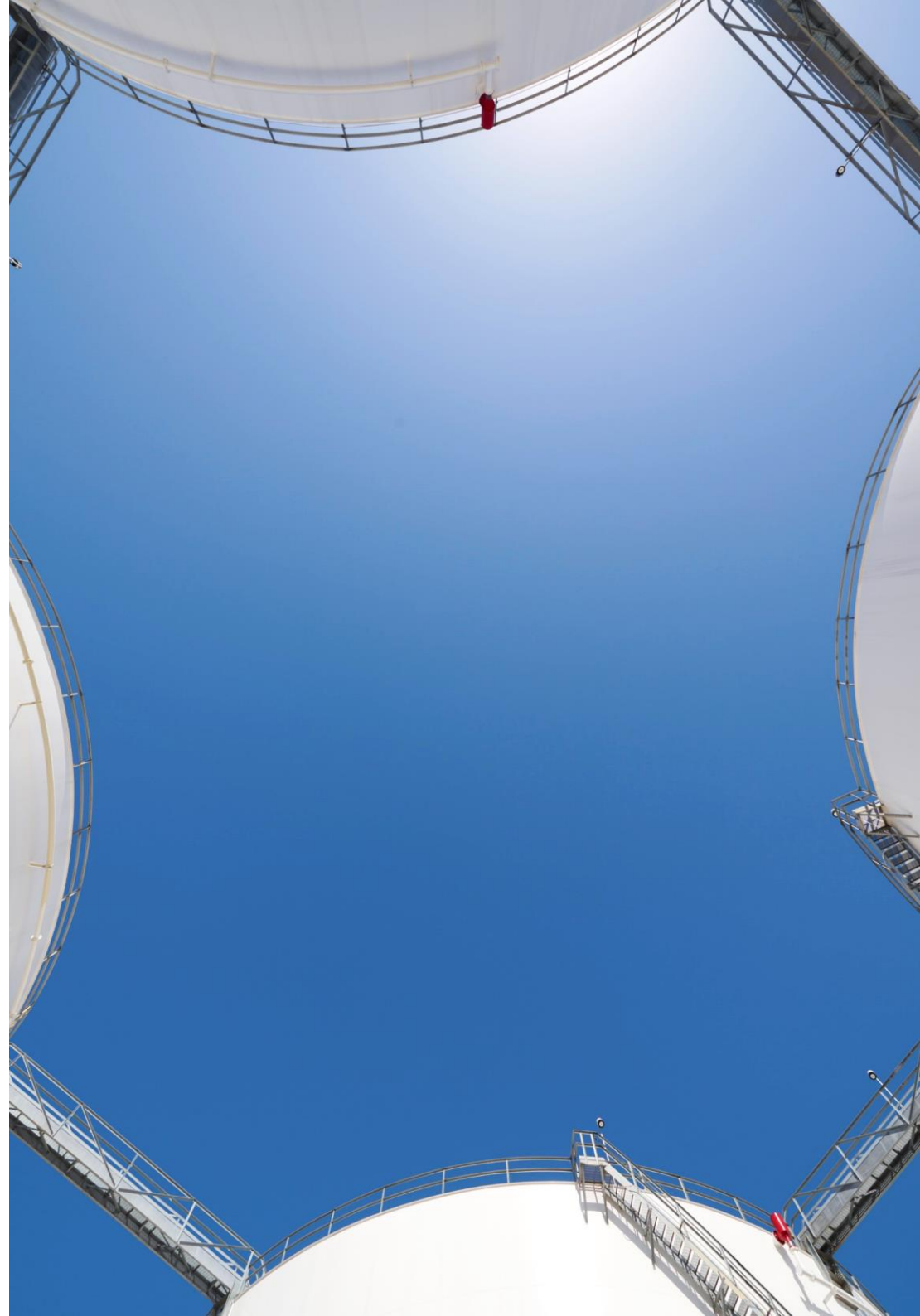
In 2023, we expect to finalize the implementation of our new global ERP system D365, which will replace our current Dynamics AX version. Further in 2023 and 2024, we expect to finalize investment decisions on further improving our energy efficiency and thereby reducing our carbon footprint, as well as expansion of our Antwerp, Rotterdam, and Houston terminals. The investment/expansion plans require significant drawings under the Group's credit lines.

We continue to focus on providing excellent service to our customers and operate our terminals in a safe and efficient manner, which we believe is the bedrock of continued success as a company, where we connect supply chains for the storage of today and tomorrow.

Subsequent events

The following subsequent events after the balance sheet date took place:

- Early March 2023, a distribution was made to the majority shareholders.
- On 23 February 2023, the Board of Directors approved a capital expenditure project for the Antwerp terminal.



SUSTAINABILITY PERFORMANCE

PEOPLE AND ORGANIZATION 41

Occupational health and safety	41
Process safety	45
Business ethics and integrity	47
Human rights	49
Talent attraction and retention	50
Diversity and inclusion	51
Information security	53

MARKETS AND SOCIETY 54

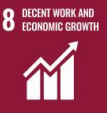
Customer focus	54
Application of best practices	56
Sustainable procurement	59
Nuisance	60
Community engagement and charity	61

ENVIRONMENT 63

Water, soil, and groundwater pollution	63
VOC emissions	64
Energy use and CO ₂ emissions	65
Waste	68
Adaptation to climate change	69
Water use	70
Biodiversity	71



OCCUPATIONAL HEALTH AND SAFETY



Scope

At LBC, we believe that all incidents are preventable. We have processes in place to protect ourselves, our colleagues, contractors, and visitors against any harm. Risk assessments are conducted, and control measures are put in place. These control measures are either technical, organizational, or procedural.

Performance

Following an uptick in incidents in 2021, we put much effort in improving our health and safety performance by implementing specific safety improvement programs. As a result, the absolute number of incidents was reduced by more than 60% compared to the previous year.

KPI	Unit	Target 2030	2022	2021	2020 baseline
LTIFR	Number per 200,000 hours	<0.15	0.58	1.04	0.20
TRIFR	Number per 200,000 hours	<0.30	0.73	1.51	0.80

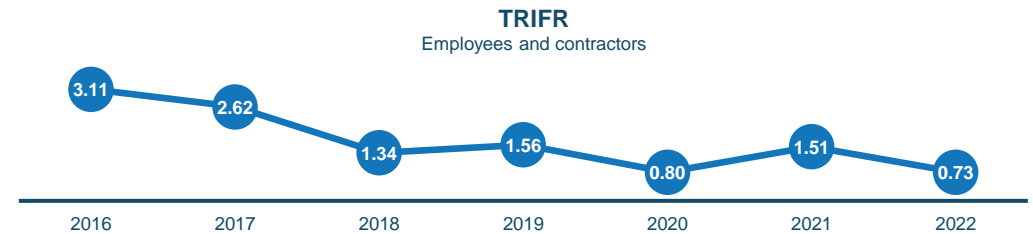


Figure | Total Recordable Incident Frequency Rate (TRIFR) per 200,000 hours

Our corporate management system covers a wide range of policies related to occupational health and safety. The 9 Life-Saving Rules developed by the IOGP¹ are a main component of our safety program.

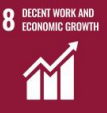
Overall, we see the downward trend in incidents continuing year over year. However, in 2022, five people were injured while performing work at our locations (three contractors and two employees). Four of these incidents were classified as Lost Time Incidents (LTIs) and one as a Medical Treatment Case (MTC).

It should also be mentioned that the majority (80%) of these incidents is categorized as 'Line of Fire' incidents, where Line of Fire is one of the 9 Life-Saving Rules. One Line of Fire incident was related to product exposure and was also classified as a tier 1 Process Safety Event. We pay much attention to the lessons learned in this particular case, as it touches upon our core business. Major risks to occupational safety are related to 'low probability, high consequence' scenarios. These scenarios are process safety loss of containment scenarios as identified in the risk management and control section and the section on process safety.

All incidents have been thoroughly investigated internally, lessons learned have been shared globally, and actions have been taken to address the root causes. We recognize that more work needs to be done to achieve our goal of zero recordable incidents. We know this is possible, as some of our terminals have proven this for multiple years in a row.

¹ Life-Saving Rules | IOGP

OCCUPATIONAL HEALTH AND SAFETY



Occupational health monitoring

We have implemented processes to monitor the health of our employees through periodic medical check-ups. We have not received any reports about potential occupational health incidents.

Safety and sustainability programs

We have programs in place to further improve safety and sustainability performance. These programs focus on occupational health and safety and process safety. And in most cases, there is an overlap between the two as they are closely linked.

Employee involvement

Employee involvement is strongly encouraged. Depending on legal requirements, some terminals have a formal staff council or health and safety committees. Informal committees are in place at locations where there is no such legal requirement. For example, at our locations in the US, we have committees led by employees who advise terminal management regarding health and safety topics.

Safety leadership

Everyone at LBC is a safety leader and empowered to contribute to streamline processes and improve health, safety, and sustainability performance. Late 2021 and early 2022, we have rolled out safety leadership training for supervisors and shift leads. Leadership sessions with terminal management teams and operator involvement have been conducted in selected terminals.

Contractor management

The majority of our contractors work in construction and maintenance projects. In 2022, one third of the total work hours were contractor hours, making contractor management an important element in our management system. Contractors who work on our terminals are expected to follow the same strict HSE requirements that are applicable to our own personnel.

Furthermore, our expectations for contractors and suppliers are laid out in the LBC Supplier Code of Conduct. Contractors are vetted before contract award, and we work closely together to minimize risks to people or the environment. We strive for long-term relationships with our suppliers and contractors as we see them as integral partners in our sustainability journey.

Incident investigation and follow-up

A key element of our safety program is our incident reporting and follow-up process. All employees are allowed to enter incidents, near misses, unsafe acts, and unsafe conditions in the incident database. We share safety alerts of incidents with an actual or potential significant or major severity level. Incidents are investigated by a pool of trained incident investigators to identify root causes. Actions are followed using an action tracking process.

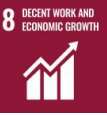
“At LBC, we look towards the future. We’re moving forward. Not only just in safety, but in relationships, how the company as a whole is so inclusive. This is part of being connected.”

Allen Ruben
Operator





OCCUPATIONAL HEALTH AND SAFETY



Highlights and initiatives

Life-Saving Rules

Our daily activities are guided by the 9 Life-Saving Rules, which we adopted in April 2021. Strict compliance with this industry standard will help us to achieve goal zero. We select one Life-Saving Rule per month and provide background information around the selected topic for all our employees. To further promote the implementation of the 9 Life-Saving Rules, we introduced Start-Work Checks for high-risk activities.

Everyone is authorized and empowered to intervene or stop work without adverse consequences if they are in any doubt about the safety of an activity at any time.

Safety observation rounds

Important pillars in our safety management system to support the prevention of incidents and to create an open reporting culture are hazard recognition and safety observation rounds. We conduct safety observation rounds on a weekly basis, analyze positive and negative observations, track actions and provide direct feedback to our colleagues.

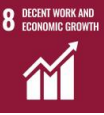
Safety survey

In September 2022, we conducted a safety perception survey among all LBC employees to get a better understanding of our safety culture maturity level and to finetune the planned health and safety initiatives on global, regional, and local level. The participation rate of 79% exceeded our expectations. The outcome of the survey was discussed with the leadership teams and within the terminals in several feedback sessions. Actions have been jointly defined to pave the way towards the highest possible safety culture maturity level throughout the entire organization.

Global CSR/HSSEQ meeting

In 2022, all HSSEQ team members and CSR team members were invited for a 3-day meeting in Houston. The purpose of this meeting was to share knowledge, build relationships and create a shared vision on health, safety environment and sustainability.

OCCUPATIONAL HEALTH AND SAFETY



HSE communication

Relevant HSE and sustainability topics are discussed monthly within our CSR/HSSEQ network which includes terminal managers, the COO as well as regional Operations Directors. This process ensures that expectations resulting from our sustainability strategy, improvement initiatives, and important topics are communicated, and learnings from incidents and best practices are shared and adopted.

In June 2022, we published our first LBC newsletter. This newsletter goes out to all LBC employees worldwide and features HSE related topics, (process) safety performance, sustainability, best practices, etc. The newsletter is very well received by LBC staff. In addition, we reward employees who intervene to stop unsafe situations or bring up outstanding improvement ideas as part of our recognition program.

Global Safety Day

On 28 April 2022, we organized our first face-to-face global safety day. This day was celebrated at all our terminals and focused on promoting a strong health and safety culture. The central theme for the day was the 9 Life-Saving Rules and the various terminals all put their own spin on it with involvement of contractors, suppliers, and customers.

Way forward

We will continue our efforts to further improve our safety performance. We intend to follow up on the Safety Leadership Program in 2023 with the introduction of safety coaches and by focusing even more on developing leadership skills particularly for our first-level leaders, as they have safety-critical roles in the field. Further, we will review and update our global policies, starting with the policies related to the 9 Life-Saving Rules.



PROCESS SAFETY



Scope

Managing our operations as such that they are safe for people and the environment is paramount. Process safety essentially means ‘keeping the product inside of the primary containment’. Unintentional release (loss of containment) of product is prevented by managing the integrity of systems and processes through robust design, engineering, and operating practices. We measure our process safety performance through various metrics, including the Process Safety Events (PSEs) as defined by API (American Petroleum Institute) RP (Recommended Practice) 754.

It should be noted that, in previous sustainability reports, we also included the number of loss of primary containment (LOPC) category A, B and C incidents. These are internal LBC defined terms and are not industry standard. As we intend to align our reporting with industry standards, where available, we decided to report only in terms of Process Safety Events and the Process Safety Event Rate (PSER) from now on.

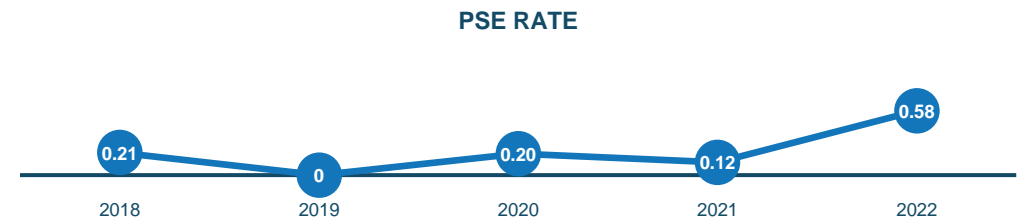
Processes are in place to prevent the unintentional release of product. Our corporate management system includes engineering standards that set minimum requirements for asset integrity, firefighting equipment, and terminal installations. If product is released, we have emergency response processes to mitigate the consequences of these events.

Performance

KPI	Unit	Target 2023	2022	2021	2020 baseline
Tier 1 PSE	Number	-	3	0	0
Tier 2 PSE	Number	-	1	1	2
PSER tier 1 + tier 2	Number per 200,000 hours	<0.25	0.58	0.12	0.20

In 2022, we have unfortunately seen an increase in PSEs and PSER. Three of the events mentioned in the table above were classified as PSEs because the amount of product spilled

exceeded the threshold defined in API RP 754. In addition, one event was classified as tier 1 PSE because one of our employees was injured (see also chapter [occupational health and safety](#)). The incidents did not cause any fire, explosion, damage to equipment or community impact. The incidents have been thoroughly investigated and root causes have been addressed.



Process Safety Event Rate per 200,000 hours

Way forward

In addition to lagging indicators such as PSE, we internally monitor other process safety indicators from which the insights help us to put in place plans to further strengthen our process safety performance. These plans focus on engineering standards, asset integrity processes and competence of personnel (employee and contractor). Considering the risks related to some of the products we store, a negative trend in leading as well as lagging process safety indicators in 2022, and the opportunity to improve global process safety standards, we decided to conduct Process Safety Management (PSM) screenings in both regions in 2023.

Furthermore, to improve PSM competence and to focus more on process hazard recognition within the organization, the concept of barrier-based safety has been introduced in 2022. In 2023, we will deepen the knowledge in the field of barrier-based safety and use the related bowtie concept more extensively, especially for critical operations and maintenance activities. To bring PSM closer to operator level and particularly to our frontline leaders, we plan to introduce Process Safety Fundamentals (PSFs), similar to what is already used by some of our customers in the chemical sector.

PROCESS SAFETY



In the spotlight | Emergency response

We all work together to prevent incidents from happening. But if an incident happens, we have robust emergency response practices in place.

Firefighting LBC Rotterdam

LBC Rotterdam participates, together with 22 other industrial companies in the Rotterdam area, in the 'Gezamenlijke Brandweer' (Joined Fire Department). The Gezamenlijke Brandweer can deploy the IBP (Industriële Brandbestrijding) unit in case of large fires (e.g., a tank fire). LBC contributed to the purchase of state-of-the-art equipment for the IBP, including drones, fire pumps and UGVs (Unmanned Ground Vehicles). These UGVs are fire extinguishing robots with an 8000 l/min pump capacity with a maximum throwing distance of over 100 meters. The official hand-over of the equipment to the Joined Fire Department was on the 21st of September.

Foam trailers LBC Antwerp

Two 8000-liter foam trailers have been delivered to LBC Antwerp in September. The city of Antwerp fire brigade has been involved since the design phase as it is the Antwerp fire brigade who will use these trailers with their vehicles. The foam trailers contain fluorine free foam, which is also used at the Scheldelaan terminal. This high-quality foam is the preferred choice of several (petro)chemical sites in Antwerp as well as the Antwerp fire brigade.

Fire school Houston

Darren Allen (Terminal Safety Manager Houston): "LBC's Houston and Baton Rouge Emergency Response Team (ERT) members have completed another successful three day 16-hour training course on Industrial Firefighting at the world-renowned Brayton Fire Training facility, located on the campus of Texas A&M University, in College Station, Texas. LBC's emergency responders received instruction on industry standards for safe strategies and tactics when dealing with small to large scale spills and fire events. Training evolutions included hands-on, live fire extinguishment techniques for emergencies ranging from pump seal fires, full surface tank fires, and interior burn situations."



BUSINESS ETHICS AND INTEGRITY



Scope

At LBC, we understand business does not fall outside society, but it is an integral part of it. As members of society, whether as individuals or part of our company, we participate and contribute actively to our society's further development. Along that journey, we do not assume that everyone is on the same page with regards to business ethics and integrity. To ensure we are all aligned when it comes to ethics, no matter what our individual backgrounds may be, we have established our Code of Ethics and Business Conduct and Whistleblower Policy. We see this policy as an enhancement of the framework provided by laws and regulations, by outlining what are the acceptable behaviors we live by, also beyond the law's control. All relationships, including those in business, require a foundation of trust. Our policy is aimed at fostering that trust.

A key indicator for us is to what extent we comply with local laws and regulations, particularly those in relation to our permits. In previous years, we reported all permit violations resulting in fines. From 2022 onwards, we will report significant and major fines only (significant fine (> 10,000 USD and < 50,000 USD), major fine: > 50,000 USD). This is in line with other metrics where we report the higher consequence events only. We believe that this will enhance the readability without compromising the content of this report. Permit violations are listed per calendar year that the violation occurred, not the year the fine was paid.

Performance

KPI	Unit	2022	2021	2020
Number of environmental permit violations resulting in a significant or major fine	Number	0	0	0
Whistleblowing reports from employees or third parties	Number	0	0	1

Further monitoring of compliance with laws and regulations is in the area of anti-trust and corruption. No legal actions are pending or completed in 2022 against LBC regarding anti-competitive behavior and violations against anti-trust and monopoly legislation. A major penalty for an environmental permit violation from 2019 was settled in August 2022.

We use various tools, including Transparency International's Corruption Perceptions Index (CPI) to assess risks related to countries in which we have operations. We currently do not operate in countries with a high risk of corruption. In the jurisdictions that we operate we have no relations with parties that give rise to a higher risk of corruption.

A whistleblowing process is in place for employees, contractors and third parties to report any unethical behavior, illegal, or irresponsible acts, cases of discrimination, etc. More information can be found on our website. We have not received any reports in 2022.

Way forward

We previously reported on the number of employees who had completed the business ethics e-learning module. However, we have identified opportunities to make the content of this e-learning clearer and more accessible. As this is such an important topic, we will therefore redesign the learning process, ensuring that all employees are thoroughly trained.

Whether tailored to employees, contractors, suppliers or other stakeholders, our policies are guided by our mission statement 'making impact, driving change, as a team'. It remains important to continuously evaluate and refine where we want to go as LBC, but especially what that journey looks like. Therefore, we continue to develop and promote a culture of ethical behavior as an essential driver to our business' future success.

BUSINESS ETHICS AND INTEGRITY



On advocacy and political activity

We actively promote sustainable conduct, both internal and external. Internally we do this through various means, including newsletters and meetings with employees and employee representatives. Externally, we encourage stakeholders to conduct their business in a sustainable manner. For example, we have put in place practices to make our supply chain more sustainable via supplier assessments.

In addition, we advocate our sustainability vision via participating in the UN Global Compact and industry associations with the aim to share best practices and collaborate on issues that are important for the industries in which we operate.

Our terminals have direct interactions with governments and regulators when obtaining new permits to ensure safe operations. These interactions are governed by our Code of ethics and Business Conduct Policy. LBC does not make payments to political parties or their representatives. LBC employees are given the opportunity to participate in political activities as individuals.

In the spotlight | SDG action day

In 2015, all 193 member states of the United Nations adopted a plan for a better future for all, setting a path for the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. Central to "Agenda 2030" are the 17 Sustainable Development Goals (SDGs), which clearly define the kind of world we want - applicable to all nations and leaving no one behind. To achieve these goals, all sectors must be an active part of this inclusive process. Indeed, achieving these ambitions requires cooperation from everyone, and companies must also play an important role in this process. Great results have already been achieved, but we also know that much remains to be done.

As a company, we continuously strive to make impact, drive change, as a team. In the Netherlands, we annually create more awareness around this important topic by participating in the SDG Action Days. By raising the flag, we show each other and the world that we are committed to a greener, more inclusive, and better world.



HUMAN RIGHTS



Scope

We strive for responsible business practices in our operations, our supply chain, and our business relations. This is underpinned by our values.

Respecting human rights is an integral part of our responsible business practices. We respect human rights and ensure that our employment conditions are consistent with international norms of behavior and the United Nations Declaration of Human Rights. We strive to enhance the lives of all our employees and contribute to their personal growth as well as a sustainable future.

Performance

We have a clear commitment to workplace safety, human rights, equality and inclusion, environment, energy, community and partnerships, security, quality, and transparency and integrity. We work in line with the International Labour Organization's Declaration on Fundamental Principles and Rights at Work:

- We respect the principles of freedom of association and the effective recognition of the right to collective bargaining
- We prohibit the use of forced or involuntary labor, slavery, or human trafficking in our operations
- We prohibit the use of child and underage labor.
- We do not include or exclude based on gender, race, nationality, ethnic origin, religion, age, sexual orientation or other.

These principles are binding for LBC employees, and we expect our suppliers and contractors to adhere to these as well.

Child labor

We do not employ people under the applicable mandatory minimum age. Child labor refers to work by a person under the age of 18 which is mentally, physically, or morally dangerous and harmful and/or interferes with their schooling.

We support the use of apprenticeships, internships, or similar programs for youth (15 – 17 years old) that comply with local laws and regulations and do not involve hazardous work.

Freedom of association and collective bargaining

We strongly believe that a favorable, collaborative work environment with direct communication between all levels of the organization is in the best interest of LBC. We have processes in place to facilitate this communication and support employee development. We respect the right of our employees to form and join worker organizations and will not discriminate based on an employee's decision to join these organizations.

Handling of grievances

All terminals have processes in place for handling grievances. LBC has an open-door policy; employees are supported to go to their immediate supervisor or department manager for resolution of any job-related issues. When applicable, employees can seek advice and guidance from a dedicated person tasked with handling grievances and concerns in a confidential manner. LBC does not tolerate any form of retaliation against an employee who, in good faith, seeks advice or reports misconduct.

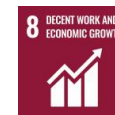
We have not received any grievance reports in 2022 (see also paragraph on [business ethics and integrity](#)).

Working conditions and health and safety of workers in the supply chain are particularly important to us. We have established more stringent requirements in our contracting templates to ensure human rights are respected in our supply chain.

Way forward

We aim to extend the human rights agenda in our supply chain by engaging with our strategic suppliers on this topic (see also [sustainable procurement](#)).

TALENT ATTRACTION AND RETENTION



Scope

Our strategy is built around connected partnerships with a focus on safety and sustainability, service, and efficiency, supported by a dedicated team that makes an impact. We continuously rely on the talent available in our company and access to new talent with the required competencies in all strategic focus areas going forward. We aim to build careers from inside the company, where required competencies for additional accountabilities are developed in a continuous manner. This means being an employer of choice, recognized for looking after the wellbeing of our employees, where people are continuously trained for their job and empowered to improve. Successes are achieved as a team.

Performance

Leadership and safety culture

Our Human Resources strategy gives a clear direction on performance and talent management, leadership development, and organizational development. We continuously make sure that our employees are fully focused on improving their leadership skills by ensuring qualitative and quick onboarding of new personnel and giving all employees the tools to perform their job in a safe and professional manner. As such, each terminal in our network maintains a training matrix which clearly describes the training requirements for each job.

Wellbeing

In addition, in our effort to maintain our high standard safety culture and aim to continuously improve our safety performance, we have executed our safety leadership campaign among all our personnel. Wellbeing and respect for work-life balance keeps on being key in retaining our staff. Where possible, we offer our employees flexible working models to enable them to balance personal life with company expectations.

Working time, remuneration and (job) grading

We provide fair and competitive compensation and benefits and believe in the principle of equal pay for equal work. In 2023, we aim to introduce a modern and common global job grading

system. This will enable us to maintain transparency in our reward practices and competitive remuneration packages.

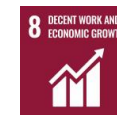
KPI	Unit	2022	2021	2020 <i>baseline</i>
Absence rate				
Long-term absence (> 2 weeks)	Percentage	0.35	0.34	1.00
Short-term absence (< 2 weeks)	Percentage	3.05	4.38	4.26
Retention				
Joiners	Number	86	62	56
Joiners/total staff (headcount)	Percentage	17	12	11
Leavers	Number	79	69	36
Leavers/total staff (headcount)	Percentage	16	14	7

Way forward

We will continue to focus on maintaining safe and healthy workplace standards for our employees. With respect to the numbers above, we have a constant focus on the wellbeing of our staff. Absence rates are continuously monitored, and appropriate action taken if needed. Furthermore, it has been recognized that there is a need for a robust HR management system to distribute training modules and track progress. This HR management system will be implemented in 2023/2024.

In a tight and competitive labor market, communication and visibility are still key to remain an employer of choice and ensure continuous accessibility to talent. Additional efforts will go into this in 2023. We have implemented a common global performance management approach and process to support the execution of our strategy.

DIVERSITY AND INCLUSION



Scope

Our diverse team consists of committed people, each with an extensive set of skills and the mindset of a leader. We achieve this by learning on the job and by gaining the required knowledge from our environment.

We consider diversity an asset and believe that all employees have a right to be treated with dignity and respect and to work in a non-threatening environment. We value each other's unique qualities and diverse backgrounds, as they complement each other and strengthen our decision-making process.

Providing a work environment free from physical or verbal harassment is paramount for us. We therefore do not tolerate discrimination based on race, color, age, gender, gender identity or expression, sexual orientation, nationality, religion, ethnicity or other.

Performance

LBC employees

KPI	Unit	2022	2021	2020 baseline
Gender				
Men	Percentage	82	80	79
Women	Percentage	18	20	21
Age distribution				
< 30 years	Percentage	15	12	12
30 – 50 years	Percentage	56	59	58
> 50 years	Percentage	29	29	30

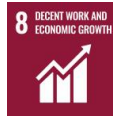
Executive Leadership Team

KPI	Unit	2022	2021	2020 baseline
Gender				
Men	Percentage	100	75	75
Women	Percentage	0	25	25
Age distribution				
< 30 years	Percentage	0	0	0
30 – 50 years	Percentage	33	25	25
> 50 years	Percentage	67	75	75

Board of Directors

KPI	Unit	2022	2021	2020 baseline
Gender				
Men	Percentage	100	100	100
Women	Percentage	0	0	0
Age distribution				
< 30 years	Percentage	0	0	0
30 – 50 years	Percentage	86	86	71
> 50 years	Percentage	14	14	29

DIVERSITY AND INCLUSION



We believe that a diverse workforce is one of the key drivers for better decision making and sustainable business performance. In 2022, the proportion of women in LBC was 18%. We see a small decline in the percentage of women in our workforce.

Way forward

As of 1 January 2022, new legislation on gender diversity entered into force. Following this, the Company is required to set appropriate and ambitious gender balance targets for the Board of Director's, and senior management levels.

The company agrees upon a balanced distribution of seats within the Board of Directors and senior management of the company. Diversity within LBC is not only considered from the perspective of a men/women ratio, but also from the perspective of different backgrounds. This is considered an important driver for the success of the company. LBC has set a goal to increase the representation of women within senior management of the company from 6% in 2022 to 20% in 2030. LBC has set a goal to increase the representation of women within the Board of Directors of the company from 0% in 2022 to 20% in 2030.

Furthermore, our goal is to have all employees trained in the field of diversity and inclusion as part of the LBC Code of Conduct training. This training will be reviewed and updated in 2023. We aim to start rollout in 2023.

"I want people that work with me to feel good and go home from work in the evening feeling proud."

Kurt Verstraete
Project Supervisor



INFORMATION SECURITY



Scope

Excellent supply chain services are the result of good collaboration between all stakeholders. We invest in digital solutions which aim to ensure a seamless and accurate exchange of data with our customers, their customers, and other supply chain partners.

Efficient execution of our core processes relies on the availability of integer information. The purpose of our information security measures is to protect the confidentiality and integrity of the data that customers, employees, supply chain partners, contractors, and other stakeholders entrust us with. Information security therefore remains high on our agenda.

Performance

In 2022, our monitoring services have shown an increase in attempts to jeopardize our information security, especially through the internet. This increase follows the global trend, and we are of the opinion that most of those attempts is not specifically targeted at LBC. Last year has also shown that our industry is not immune, as other companies operating in similar lines of business have experienced cybersecurity attacks with material outages as a result.

KPI	Unit	2022	2021	2020
Significant and major cybersecurity breaches	Number	0	0	0

Our robust system architecture, monitoring and containment services have proven their value, as we managed to prevent material damage from outside security attacks or system breakdowns. We did not experience serious availability or integrity issues, nor was the confidentiality of the (customer) data in our custody jeopardized.

We are aware that one of our vendors suffered an information security incident. This incident did not lead to damage at LBC as a result of the controls that we have in place.

Furthermore, we experienced two attempts of identity theft. We took appropriate action as soon as we became aware. To our knowledge, no potential customers have experienced damage.

Way forward

We continue to invest in strengthening our infrastructure further and protecting ourselves against an increasing outside threat. Further professionalizing our Information Security Management System (ISMS) is key to make the impact of our efforts more sustainable. It is our objective to have the ISMS ISO 27001 certified in 2025.

“From operator to Shift Supervisor, from Shift Supervisor to Operations Managers, from Operations Manager to Terminal Managers, we need each other. And only by connecting with each other, we achieve customer satisfaction and the right results.”

Ranco Cortvriendt
Shift Supervisor



CUSTOMER FOCUS

Scope

Every day, we serve ca. 100 customers who consider LBC an integral part of their supply chain. Our strategy is being the connected partner for our customers, by offering superior service and sustainable storage solutions.

For us, connected partnership translates into continuously striving to give our customer an improved experience and aligning our priorities with theirs. We value a transparent approach and frequent, open discussions with our customers. A concrete example of this commitment is the customer satisfaction survey (CSS), an initiative which we launched in 2021 and repeat annually. We carefully follow up on each response and translate the feedback we receive from our customers into service improvements. Furthermore, we measure customer experience based on the Net Promotor Score (NPS).

Performance

The survey was successfully conducted again in 2022 and, as shown in the table below, the results reflect an increased appreciation of our service levels.

KPI	Unit	Target 2027	2022	2021 baseline
Net Promotor Score	Number	50	39	7

We believe that customer centricity is a mindset of an organization, and these results can only be achieved through excellent teamwork, where the actions of everyone in the organization are aligned to anticipate what our customer need and value. Though we realize that this is a story of continuous improvement, we are proud of our achievements so far and the steps we are taking in our customer centric journey.

Alongside the customer satisfaction survey, we also conducted a third-party satisfaction survey (TPSS). Included in this survey are companies that we are connected with via the supply chain of our customers, such as haulers, shipping agencies, customs agencies, and surveyors. We share a common goal: to ensure a sustainable flow of products and processes for, and on behalf of, our joint customers. We are therefore keen to learn from these supporting companies how we can further improve our services.

When it comes to customer complaints, we adhere to a strict follow-up procedure. Not only do we register complaints filed by customers, but we are also pro-actively capturing any potential deviations discovered by LBC. Any incidents or deviations rated as 'severe' follow a thorough and structured incident investigation. Incidents are reported promptly, and specific cases are discussed in more detail in monthly business review meetings with higher management. The goal is always to prevent incidents, but if something should happen, we strive to mitigate issues, proactively offer solutions, show ownership, and learn from it as an organization.

“We put ourselves in our customers’ shoes to understand where they are coming from so we can do the best job possible for them.”

Michael Patton
Vice President Marketing and Business Development



CUSTOMER FOCUS

Sustainable storage solutions

As an integral part of our customers' supply chains, we align our commitments to minimize our impact on the environment. We are part of our customers' scope 3 CO2 emissions and have programs in place to reduce these (see also the chapter on energy use and CO2 emissions). We work with our customers and provide CO2 emission data in their online portals.

Furthermore, many of our customers lay out the expectations they have for us in the field of corporate social responsibility. Our integrated management system sets out minimum requirements that are translated into local, terminal-specific procedures and processes. These processes are audited by us and by external parties. Further, we welcome our customers to visit our terminals and verify if we meet their expectations.

Automation and process optimization

We have automated the internal request for proposal (RFP) process for new business inquiries at the Rotterdam terminal (in addition to the roll-out at our US locations), which will not only accelerate the RFP process turnaround time but will assist in ensuring that all relevant information is being shared with the appropriate RFP members in a timely manner. The terminal in Rotterdam also expanded its onboarding procedure to not only include customers, but relevant third parties as well.

Lastly, we globally launched a customer portal which will enable our customers to proactively monitor the real-time stock information for rented tanks, as well as product names and order status for vessels, barges, trucks, rail, and pump-over movements.

Way forward

The above-mentioned initiatives will be put in place to work towards our target of a minimum NPS score of 50 for all terminals in 2027.



APPLICATION OF BEST PRACTICES



Scope

Being committed to excellence, we hold ourselves and others to the highest standards in everything that we do. We develop partnerships that make a positive difference. In that, we connect to share best practices, to listen and anticipate on each other's and our stakeholders' needs. Our performance is measured by external certification and qualifications of our sustainability management program.

Performance

KPI	Unit	2022	2021	2020
Certified management systems				
Terminals certified in ISO 9001	Number	3	3	3
Terminals certified in ISO 14001	Number	3	3	3
Terminals certified in CDI-T	Number	4	3	2
Terminals certified in ISCC	Number	3	0	0
Sustainability ratings				
EcoVadis	Number	74	69	60
GRESB	Number	92	85	73

In April 2022, our Baton Rouge terminal obtained the CDI-T certificate. This brings the total number of LBC terminals that are CDI-T assessed to 4.

The European terminals have obtained the ISCC² EU and ISCC Plus certificates in 2022. ISCC is an international certification system that can be applied to demonstrate sustainability and CO₂ reduction for a variety of bio-based raw materials and bioenergy.

- ISCC EU is intended for biofuels in the EU, recognized by the European Commission (EC) for the Renewable Energy Directive (RED).
- ISCC PLUS is intended for food, feed, bio-based products, energy, and biofuels outside Europe and/or outside the scope of the RED.

Furthermore, we use EcoVadis and GRESB to benchmark our sustainability performance. In 2022, we were awarded with the EcoVadis Gold medal and with 4 stars by GRESB. We highly value the feedback from both EcoVadis and GRESB as this helps us to prioritize actions and the set direction for our sustainability program (more info on [our website](#)).

Way forward

LBC actively participates in local industry organizations to share knowledge, promote sustainability objectives, and encourage the development and implementation of sustainable technologies. Our membership associations are listed on [our website](#) per location.

Our aim is always to actively participate in more industry organizations and adopt industry standards and best-practices. We are planning to have two additional terminals (Seabrook and Houston) CDI-T assessed in 2023/2024.

APPLICATION OF BEST PRACTICES



In the spotlight | Sharing best practices and learnings from incidents with industry peers

Mitchell Garner, US Regional Manager Safety & Emergency Response, spoke at an ILTA (International Liquid Terminals Association) meeting in September 2022.

Mitchell: "ILTA's EHS&S meeting is comprised into two parts; the EHS&S and TOPS (Terminal Operating Practices Symposium). The EHS&S meetings are designed to bring together our peers and help shape ILTA's work on behalf of the industry. We focused on new and ongoing environmental issues and regulations, discussed terminal safety, sustainable terminal operations, pipelines, marine terminals, chemical security, and cybersecurity. These were specifically highlighted as they pertain to future US regulation and the current US Presidential Administration. TOPS consists of presentations that are provided by terminal employees who share their experiences in addressing natural disasters, environmental releases, malfunctions, worker injuries and illnesses, near misses/hits and other abnormal operating events at their facilities.

I represented LBC and spoke regarding two incidents that occurred in the US region. I outlined our RCAs and lessons learned as well as our involvement in committing to a more robust safety culture (i.e., Safety Observation Rounds). I was approached by ILTA and agreed to lead a discussion panel regarding safety ideas and cultures at the upcoming International Operating Conference and Tradeshow in 2023. I was honored to represent LBC and look forward to future involvement with our colleagues at ILTA."



APPLICATION OF BEST PRACTICES



External recognition

ILTA Safety Excellence Award

LBC was honored with the ILTA Safety Excellence Award in June 2022 during the ILTA Operating Conference. Both LBC Houston and LBC Baton Rouge terminals demonstrated safety excellence and completed the 2021 calendar year with a TRIR of 0.00. This is the second consecutive year that LBC has been recognized by ILTA for our safety performance.



Terminal managers Shawn Jackson, Tony Kinner and Jody Kelley attended the ILTA Operating Conference

"I am very proud of the exceptional safety performance by all LBC Houston and LBC Baton Rouge employees. The management team and employees again have been rewarded for our success and our safety culture where we believe everyone in our company is a safety leader."



John Grimes
Group Chief Operating Officer

Dow Safety Award and Silver 4STAR Award

On the 23rd of June 2022, our customer Dow Chemical Europe hosted its annual 4STAR ceremony at the Dow location in Terneuzen. During this event, Dow traditionally shares its 4STAR strategy with partners and concludes the evening with an award ceremony.

We are very proud that the LBC terminal in Rotterdam was honored with a Safety Award and a Silver 4STAR Award, which is a fantastic recognition for our daily efforts in providing safe, sustainable, and efficient storage solutions. Dow awards its partners based on their performance on the following four pillars: Safety, Service, Social Corporate Responsibility and Sustainability. All achievements and initiatives of the past year related to the pillars are considered to determine the ranking. These core values are part of the 4STAR program, which Dow has established to encourage partners to improve the supply chain.



Robert van der Hoek (Commercial Manager Rotterdam) and Dewien Jagmohan (Business Development & Commercial Director Europe) represented LBC at the Dow award ceremony

SUSTAINABLE PROCUREMENT

Scope

At LBC, we adhere to strict sustainability standards, and we expect our suppliers to do the same. Our expectations are documented in LBC's [Supplier Code of Conduct](#).

Performance

We recognize that our suppliers play a key role in our strategic goal to become CO₂ neutral in scope 3 emissions by 2040. We have started to define reporting mechanisms to capture these emissions.

KPI	Unit	Target 2024	2022	2021	2020
Suppliers assessed against ESG criteria	Percentage	100	72	-	-
Suppliers acknowledging LBC Supplier Code of Conduct	Percentage	80	69	-	-
Buyers trained on sustainable purchasing	Percentage	100	100	-	-

Furthermore, it is important that our procurement staff has a thorough understanding of the importance of sustainability in the supply chain. This knowledge provides a basis for promoting sustainability and continually improve our suppliers' sustainability performance. As it stands, we have trained our procurement team on sustainable purchasing. The procurement team will

³ Supplier that delivers products or provide services deemed critical to executing the LBC strategy.

continue to participate in education on relevant sustainability topics to remain up to date with available information.

In 2022, we have set up processes to have our suppliers benchmarked against ESG criteria using external providers. KPIs were established to track our performance in the area of sustainable purchasing. We have identified our strategic suppliers³ and have started assessing them against ESG criteria. We also ask them to acknowledge the LBC Supplier Code of Conduct.

The process to assess suppliers against ESG criteria and acknowledge the Supplier Code of Conduct has only started in September 2022, hence the relatively low percentages. The goal is to increase these percentages to 100% and 80% by 2024.

Way forward

Our goal is to have all strategic suppliers assessed by 2024, and to have processes in place to monitor their performance and to work with them to further improve sustainability in our supply chain.

"I lead my team into the right direction as best as I can to perform the job as safely as possible."

Jeremy Sellers
EST Coordinator



NUISANCE

Scope

Our terminals are located in industrial areas and communities are not typically nearby. However, we recognize that our operations may have a negative impact on neighboring companies and communities. This may include noise pollution, e.g., from pumps or generators, and increased traffic due to construction activities. Our neighbors have been invited to participate in the materiality survey (see stakeholder engagement and materiality) and their input has been included in the ranking of topics.

Performance

We regularly identify potential sources of noise pollution and aim to minimize them wherever possible to the lowest level e.g., by enclosure, regular inspection and maintenance, technical upgrades, or replacement by the latest technology. Mechanisms are in place for reporting any (environmental) nuisance issues. We proactively communicate on potential nuisance issues with our neighbors. For example, the US terminals participate in Community Advisory Panel (CAP) meetings on a periodic basis. During these meetings, there is an open dialogue between local citizens, neighbors, and representatives of local petrochemical industries on matters of mutual interest. The Rotterdam and Antwerp terminals participate in local Groups with representatives of nearby companies. Any grievances would be discussed in these meetings.

No significant or major nuisance issues have been reported in 2022.

Way forward

Our goal is to minimize the negative impact on neighboring companies and communities. We will continue to pro-actively engage with them, either directly or via industry organizations.



COMMUNITY ENGAGEMENT AND CHARITY

Scope

Our vision to be meaningful and relevant for our stakeholders includes supporting the communities in which we operate. For us, this translates into a commitment to engage in long-term partnerships for sustainable development and making a positive impact on society. We continuously aim to create more awareness around our responsibility as a good corporate citizen to support, among others, local risk groups, non-profit organizations and initiatives, and sustainable philanthropy programs. We are excited about the positive contributions we can make.

Performance

In 2022, we have donated a total of € 19,000 in Europe and \$ 37,600 in the US to community engagement projects. Some examples of 2022 initiatives are described below.

Galveston Bay Foundation

Our colleagues in Houston volunteered to help the Galveston Bay Foundation with a project related to recycled oyster shells. Oyster shells are collected from restaurants, thoroughly cleaned, and put into large mesh bags, which are placed by the shore at strategic places. The purpose is to create artificial reefs which keep the shoreline from eroding and avoid impact on biodiversity.

Houston Livestock Show & Rodeo

LBC has supported the Houston Livestock Show & Rodeo (HLSR) since 2016. Our charitable contributions are used for educational scholarships for any applicant in the state of Texas including inner city youths that do not participate in 4-H and FFA. Scholarships are vetted and awarded based on the applicant's essay that includes grade point average, the student's activities at school, participation in volunteer organizations, career, and degree aspirations, etc. LBC's Chief Operating Officer, John Grimes, serves on HLSR's Board of Directors and has been appointed as a Vice President for the 2022-2023 show season. As Vice President, John serves as the Officer in Charge for the Swine Auction, Ranching & Wildlife, Corporate Development, and Armed Forces Appreciation Committees.



COMMUNITY ENGAGEMENT AND CHARITY

Sophia Children's Hospital

LBC has been a 'corporate friend' (in Dutch: bedrijfsvriend) of the MC Sophia Foundation since 2021. The Erasmus MC Sophia Children's Hospital is part of the Erasmus Medical Centre and affiliated with the Erasmus University Rotterdam. It's one of the largest children's hospitals in Europe. The Erasmus MC Sophia Foundation aims to take healthcare for children to the next level by creating facilities that fall outside the regular healthcare coverage, for which they rely on donations and partnerships with local companies.

The American Craniofacial Association

COO John Grimes helped co-found the local chapter of the American Craniofacial Association (ACA) in 2019 after several years of volunteering for the Children's Craniofacial Association (CCA). Alike CCA, the charitable organization ACA addresses the medical, financial, psychosocial, emotional, and educational concerns relating to craniofacial conditions. LBC underwrites a golf tournament as the major source of fundraising for ACA. In September 2022, we helped raise approximately \$90,000 at our annual golf tournament for this charity.

Way forward

As every year, we will continue to explore opportunities for sustainability partnerships on global level, but also on local level with authorities, customers, and technology providers to co-develop new solutions e.g., for the challenges of the energy transition.



WATER, SOIL, AND GROUNDWATER POLLUTION



Scope

As the custodian of our customers' products, we have a responsibility to protect the environment and the welfare of our neighbors and the communities in which we operate. To this end, we have controls in place to prevent unintended releases of product, and environmental standards which are founded on the precautionary approach, focusing on prevention rather than remediation. For example, we have secondary containment in place in areas where loss of containment incidents present a high risk, for example in tank pits and loading stations. Secondary containment reduces the risk of product reaching the environment and minimizes the consequence of these incidents.

If, despite these measures, product does enter the environment, our emergency response processes aim to limit the potential damage that the release could cause to the environment and the natural habitat.

Performance

For 2022, we experienced two significant product releases to the environment. In both cases, emergency response and clean-up measures were taken to limit damage to the environment. Actions addressing root causes have been implemented.

KPI	Unit	Target	2022	2021	2020 <i>baseline</i>
Significant release to the environment ⁴	Number	0	2	1	1

Note: A significant release to the environment is defined as a loss of containment incidents resulting in a release of more than 100 kg of product to the environment.

⁴ The 2 incidents in 2022 are categorized as tier 1 Process Safety Events (PSEs). In previous reports, the reported number of significant releases to the environment excluded PSEs. We have now included these for consistency reasons. However, this has no impact on the numbers reported for 2020 and 2021.

Historical soil contamination

At some of our locations, parts of the land are contaminated as a result of spills that occurred in the past, typically during operations from previous owners. These contaminated areas are known and managed as agreed with local authorities.

Way forward

We continue our efforts to further reduce the number of loss of containment incidents, including those that could lead to environmental damage. Spills to the environment are a result of a process safety incident. Actions and processes to prevent and mitigate these spills are further described in the [process safety](#) section of this report.

In the spotlight | Boom deployment drill

Booms are temporary floating barriers used to slow the spread of product by keeping it contained. Per the US Coast Guard requirements (OPA 90 drills), our terminals in Baton Rouge and Houston conduct a boom deployment drill twice a year. In 2022, for example, the colleagues at the Houston terminal simulated an oil spill after a hose rupture during loading operations. The teams' objectives were to safely isolate the leak source, make the required agency notifications, contain the spilled material from spreading beyond the dock area with the use of boom and to simulate the steps needed for recovery, such as clean-up efforts to the water way with the aid of the Oil Spill Removal Organization (OSRO). The exercises are evaluated to further improve emergency response effectiveness.



VOC EMISSIONS



Scope

Some of the products we store are classified as volatile organic compounds (VOCs), which means that they easily evaporate at ambient temperature and can be hazardous for people and the environment. Sources of VOC emissions include storage tank breathing losses from routine operations and venting, and emissions from loading and cleaning tanks. We reduce VOC emissions by implementing the below-mentioned practices.

Vapor management systems

Vapor management systems reduce vapors from storage tanks and loading operations. We have various types of vapor management systems in place, including vapor balancing systems, active carbon, cryogenic systems, and vapor oxidizers. We opt for modern recovery units with the lowest emission rate control technology. We implement procedures to shut down our vapor combustors when not in use, resulting in the reduction of idle time as well as gas usage and emissions. Further, we optimize combustor temperature controls to reduce fuel consumption.

New and existing storage tanks

Welded deck internal floating roofs equipped with primary and secondary seals are installed on new storage tanks, and existing tanks are retrofitted with more efficient floating roof systems, where practicable. Further, we eliminate internal floating roof penetrations as much as possible.

Maintenance, startup, and shutdown (MSS) activities

Through operational planning we minimize the frequency and duration of internal floating roof landing events and utilize vapor controls on vacuum truck activities, where possible. We degas storage tanks well below the VOC threshold established in our regulatory requirements. Further, we have processes in place to monitor VOC emissions from equipment such as valves, pumps, and connectors and, where needed, carry out repairs.

Performance

In 2022, we see an increase in absolute VOC emissions and a decrease in VOC intensity. The amount of VOC emissions and the VOC intensity are strongly dependent on the types of products we store, the number of tank cleaning activities, temperature, roof landings, etc. Therefore, year-on-year fluctuations are expected.

KPI	Unit	2022	2021	2020 baseline
VOC emissions	1000 kg	109.58	96.84	96.13
VOC intensity	g/metric ton throughput	5.99	7.13	5.65

During an internal review of our reporting processes, we identified an opportunity to improve accuracy. As of 2022, we include emissions resulting from tank-to-tank transfers. We estimate that this has led to a 0.5% increase of calculated VOC emissions. VOC emissions from Freeport have been overstated in 2020 and 2021 which resulted in an extra 0.8% on Group level. Previous year figures have been adjusted to reflect these changes.

Way forward

We implement best practices to minimize our VOC emissions and improve our operational efficiency. We plan to upgrade vapor abatement systems in our terminals. These new systems are expected to reduce energy consumption and improve efficiency in VOC reduction.

As the amount of VOC emitted is strongly dependent on the variables mentioned above, we have not set reduction targets on VOC emissions and VOC intensity.

ENERGY USE AND CO₂ EMISSIONS



Scope

We recognize that the CO₂ emissions from our activities have an impact on climate and biodiversity. Our main energy sources are natural gas and electricity, where natural gas is used for producing steam to heat tanks as well as for operating vapor abatement systems, and electricity is used for heat tracing, lighting, pumps, etc.

In addition, we use other energy sources, such as diesel and gasoline. The CO₂ emissions from these sources account for less than 5% of the total reported CO₂ emissions and are currently not included in the CO₂ emission calculations. Since CO₂ emissions from natural gas and electricity will continue to reduce, it is expected that the future share of CO₂ emissions from other energy sources will increase and exceed that 5%. We are therefore implementing processes that will allow us to report on other CO₂ emissions sources.

Various workstreams are in place to execute our strategy to be CO₂-neutral by 2030 for scope 1 and 2 emissions and by 2040 for scope 3 emissions. The strategy is based on a multi-tiered approach: avoid, reduce, replace, and compensate.

Key 2022 results of the workstreams

- At the US terminals, energy assessments were conducted by local universities and action plans prepared to address inefficiencies and energy waste. Plans are in place to implement the recommendations.
- All terminals where LBC has control over the electricity purchase agreement have switched to 100% renewable electricity. Our Antwerp terminal and Seabrook terminal switched to 100% renewable electricity in January 2022, Bayport in July 2022 and Baton Rouge in September 2022. In 2022, 78% of the electricity consumption came from a renewable source (2021: 19%). For the LBC-Cepsa terminal we do not have control over the electricity purchase agreement. The percentage of green electricity supplied to Cepsa is 28.7%.
- We initiated a climate change risk assessment covering all LBC sites. The assessment is expected to be finalized in 2023 and focuses on transition risks and opportunities. The findings will be valuable input for the business strategy plans.
- We have decided to not compensate part of our CO₂ emissions in 2022; we are currently focusing on further reducing CO₂ emissions.

Workstream	Description
Energy efficiency	Implementation of (technical) energy efficiency measures to reduce energy use and CO ₂ emissions
Renewable electricity	Purchase of renewable (wind, solar, hydro) electricity and use of on-site renewable electricity sources (e.g., solar panels)
Low carbon energy	Assessment of low carbon energy sources, for example the use of hydrogen boilers or electrical boilers and the use of 'waste heat'
Scope 3 emissions	We currently do not report on scope 3 emissions. In 2023 we plan to carry out a scope 3 assessment study to identify relevant scope 3 emission categories. Further, we aim to start tracking scope 3 emissions of purchased steel and concrete, business travel and waste generated in our operations.
Carbon compensations	Complementing our CO ₂ reduction program with high quality and certified CO ₂ compensation projects
Climate risk assessment	Establishment of climate risk management principles and integration into risk management framework and business strategy

ENERGY USE AND CO₂ EMISSIONS



Performance

Energy

KPI	Unit	2022	2021	2020 <i>baseline</i>
Natural gas purchased	million MJ	699	760	897
Electricity purchased	million MJ	114	107	118
Energy purchased (natural gas + electricity)	million MJ	814	868	1 016
Energy from renewable sources*	million MJ	89	20	0
Renewable electricity	Percentage	78	19	0
Energy intensity	MJ/metric ton throughput	41	56	54

*Electricity from renewable sources (hydro, wind, solar or a combination)

In the spotlight | Energy efficiency assessment

LBC Baton Rouge reached out to LSU IAC (Industrial Assessment Centre from Louisiana State University) to conduct an energy efficiency study at our terminal. The assessment report provided valuable insights into how energy use can be optimized. There were 9 assessment recommendations determined that could potentially reduce energy use and associated CO₂ emissions by 75%. This is a great step towards our goal to become CO₂ neutral by 2030.

LBC Houston completed an energy assessment in partnership with the TAMU IAC (Industrial Assessment Centre from Texas A&M University) in October.

LBC colleagues from left to right: Tony Kinner (Terminal Manager), Kevin Cast (Maintenance Manager) and Kevin Duncan (Terminal Services Supervisor)



ENERGY USE AND CO₂ EMISSIONS



CO₂ emissions

KPI	Unit	2022	2021	2020 baseline
Scope 1 emissions	metric ton CO ₂	32 688	35 589	42 008
Scope 2 emissions market-based	metric ton CO ₂	3 092	7 534	11 975
Scope 2 emissions location-based	metric ton CO ₂	9 389	9 496	11 726
Total emissions market- based	metric ton CO ₂	35 780	43 123	53 983
Total emissions location-based	metric ton CO ₂	42 077	45 085	53 734
CO ₂ intensity market- based	kg CO ₂ per ton throughput	1.88	2.97	3.01
CO ₂ intensity location- based	kg CO ₂ per ton throughput	2.21	3.10	2.99

Since the baseline year 2020, we have reduced our absolute CO₂ emissions by 34% (scope 1 plus market-based scope 2).

This reduction is a result of the implementation of energy efficiency measures and the change to renewable electricity.

Way forward

For 2023, we aim to have terminal-specific plans in place that identify projects and actions to achieve our CO₂ neutral goal in 2030. These plans will include a net reduction of 65% by 2027 (compared to 2020 baseline). Several utility optimization and efficiency projects have already been planned for the next 3 years. Examples of such projects are boiler replacements in Rotterdam and Baton Rouge, and vapor abatement infrastructure upgrades in Houston and in Rotterdam. These projects will significantly lower energy demand and provide meaningful OPEX improvements.

Although we currently do not report on scope 3 emissions, we continuously look for opportunities to reduce the impact of climate change in our supply chain. As part of this commitment, we also look into steel production for tank construction. Some types of steel (for example: Duplex) emit less CO₂ during the steel production phase. Where possible in terms of product compatibility we install these types of tanks. For example, in our Rotterdam terminal all stainless-steel tanks built for the Rainbow expansion project are Duplex tanks.

KPI	Unit	Target 2030	Target 2027	2022 achieved	2021 achieved	2020 baseline
Total emissions market-based reduction	Reduction %	CO ₂ -neutral	65	34	20	0

WASTE



Scope

Waste is defined as any material (solid or liquid) that is unwanted and unusable and is discarded after primary use for which LBC is the legal 'disposer' of the waste. It does not include regulated or authorized water effluent discharges from on-site wastewater treatment plants. Hazardous waste is waste that is defined as toxic, dangerous, listed, priority, special – or similar term – by an appropriate country, regulatory agency, or authority. Non-hazardous waste is waste that is not defined as hazardous waste. Waste is managed in accordance with local legal requirements and the requirements set out in our waste policy.

Performance

KPI	Unit	2022	2021
Hazardous waste	Metric ton	1 457	2 388
Non-hazardous waste	Metric ton	992	-
Total waste	Metric ton	2 449	-

Based on the data provided by our waste contractors, we verified that around 19% of the total waste is disposed of (landfill 15%, incineration without energy recovery 4%). The amount of hazardous waste generated is strongly related to customer demands, product type, and throughput. For that reason, we have not set any quantitative targets yet related to the amount of waste produced. We opt for the most sustainable waste treatment method as per the following hierarchy:

- 1| Reduce
- 2| Reuse, recycle, biological treatment, compost
- 3| Create energy (incineration with energy recovery)
- 4| Dispose, including landfill and incineration without energy recovery.

Way forward

Our target for 2030 is to not have any LBC generated waste sent to landfills. We are implementing processes to work with our waste contractors and material suppliers towards this goal.



In the spotlight | World Cleanup Day

Since 2018, World Cleanup Day has brought together millions of people for the biggest waste collection day in human history. World Cleanup Day harnesses the power of people around the world to achieve incredible things by joining together. In 2022, 115 LBC colleagues worldwide participated by cleaning up the terminal, the terminal buildings, or areas outside of the terminal. As a token of appreciation, a tree was planted for every participant.

ADAPTATION TO CLIMATE CHANGE

Scope

We recognize that climate change is the defining issue of our time. Shifting weather patterns will threaten food production and increase poverty and hunger, rising sea levels will increase the risk of catastrophic flooding with the biggest impact on areas with poor infrastructure. The impacts of climate change are global in scope and unprecedented in scale. Global imbalances may grow and lead to social and political conflicts.

The risks of climate change can be divided into two categories: physical and transition risks. Physical risks are risks resulting from climatic events, such as wildfires, storms, and floods. The physical risks of climate change may vary per region.

Transition risks and opportunities are business-related risks and opportunities that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These risks and opportunities can include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

Performance

The physical risks have been assessed as part of insurance surveys. For our terminals in Houston, Freeport, and Baton Rouge, we can expect an increase in hurricane activity and a rise of sea level. For our terminals in Rotterdam and Antwerp, we can expect an intensification of extratropical storms, increase in heavy rain, and rise of sea level. Risk treatment measures have been put in place or are included in terminal upgrade projects. These include for example elevated sub-stations and hurricane emergency response plans.

We are conducting a climate change transition risk and opportunity study for all our terminals. We expect the study to be finalized in Q2 2023. The study explores major climate-related transition risks and opportunities for the identified time horizons, considering two different climate change scenarios: a sustainable/low-carbon scenario and a base case scenario.

The following time horizons and climate scenarios have been considered:

- IEA (International Energy Agency)'s STEPS (Stated Policies Scenario—base case) and APS (Announced Pledges Scenario /low-carbon scenario) and NGFS (Network for Greening the Financial System) Current Policies scenario (base case) and Below 2°C scenario (low-carbon scenario)
- 2030 as medium-term and 2050 as long-term horizons.

Way forward

The findings of the study will be included in the risk management process as described in the [risk management and control chapter](#) and will be input for the business strategy plans.

“Every day I get inspired by our team as we connect all our competences in our journey, reaching our goals.”

Tom Vanhoeylandt
Terminal Manager LBC-Cepsa



WATER USE



Scope

Fresh water is used in our day-to-day operational activities and during construction and maintenance. Potable water is used for personal use, safety showers, etc. Utility water and industrial water are used for activities such as steam production and tank cleaning. All purchased water is either treated in our on-site wastewater treatment facilities, discharged into the sewer system, or sent offsite as hazardous waste (e.g., when water is contaminated with product residue after tank cleaning activities).

Performance

We have processes in place to periodically monitor the quality of wastewater discharged to surface water.

KPI	Unit	2022	2021	2020
Purchased fresh water	1000 m ³	143	172	-

We consult the World Resources Institute (WRI) Aqueduct Water Risk Atlas tool to assess the level of water stress at our terminal locations. Water stress refers to the ability, or lack thereof, to meet human and ecological demand for water. Water stress is categorized as low, low medium, medium high, high, and extremely high. Higher values indicate more competition among users. Our sites are classified as low water stress areas, with our location in Houston, being classified as medium high, as the exception. We continuously aim to limit the amount of water used but recognize that usage is, for a large part, determined by customer and regulatory demands. Examples are tank and pipeline cleaning and testing of firefighting systems.

Way forward

As part of our plans to reduce the use of water we plan to conduct water efficiency assessments to identify opportunities to reduce water use and include requirements for water reduction in our engineering standards. The first of these assessments are planned for 2023. The intent is to report additional details on water use in future reports. This includes, for instance, the use of surface water and the percentage of water repurposed by using hydrostatic test water more than once.



BIODIVERSITY

Scope

We consider the preservation of biodiversity a crucial element in enabling the world to meet the Sustainable Development Goals, to help mitigate and remove greenhouse gas emissions, to adapt to climate change risks, and to maintain ecosystem services. We do not have sites in or adjacent to Protected Areas (as defined by IUCN⁵), Key Biodiversity Areas⁶ (as defined by KBA), or Natura2000⁷ sites. However, we recognize that biodiversity could potentially be impacted by our operations, for instance, through unintended product spills to the environment or regulated emissions.

Performance

We contribute to preserve biodiversity by reducing CO₂ emissions and by supporting nature-based solutions. Nature-based solutions to climate change involve conserving, restoring, or optimally managing ecosystems to remove CO₂ from the atmosphere. Ecosystems reduce climate change by capturing CO₂ from the air and sequestering it in plants, soils, and sediments. They also help protect communities from the effects of climate change.

Various processes are in place to prevent unintended product spills and mitigate potential damage to the environment. We aim to reduce regulated emissions to the environment, including VOC, NOx, and SOx. We have assessed the risks and opportunities of our operational activities on biodiversity, in line with IFC Performance Standard to identify species, protected areas and internationally recognized areas.

Way forward

In 2022 and Q1 2023, biodiversity screenings have been completed for our terminals. The biodiversity risk screenings are aligned with IFC (International Finance Corporation) Performance Standard 6 (PS6). IFC PS6 is the most widely used biodiversity risk management framework (IFC, 2012) and is commonly used

to address due diligence concerning biodiversity matters. Specifically, the biodiversity risk screening covers the following subjects:

- Details of terrestrial and marine protected areas and relative proximities including potential risk to these areas
- A list of threatened and potential restricted-range species that are likely to be 'priority species' of concern
- An assessment of migratory / congregatory species
- Identification of areas of natural and potential critical habitat in the vicinity of the terminals and potential risk to these areas

The screenings concluded that direct impacts on threatened, restricted range and migratory species are unlikely and there are no direct impacts on Protected Areas, Key Biodiversity Areas, or Natura 2000 sites.

In the spotlight | Partnership with Natuurpunt

In 2022, we have set up a long-term partnership with Natuurpunt that will go into effect in January 2023. With over 133,000 members and 48,000 volunteers, Natuurpunt is the largest Belgian nature conservation organization. One of the key elements in Natuurpunt's mission is 'to be a lever for social change from the perspective of sustainable development'. The organization focuses on raising public awareness and increasing the scope for preservation and development of nature.



natuurpunt

⁵ International Union for Conservation of Nature

⁶ Key Biodiversity Area

⁷ Natura 2000 is the largest coordinated network of protected areas in the world (source: <https://ec.europa.eu/>)



PART IV
**REFERENCE
DOCUMENTS**

OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

Our KPIs are measurable values (metrics) that are tracked and analyzed and deemed as having material importance to the success of the organization and the achievement of our strategic business objectives. We report in detail on each of the topics below in the performance chapter.

People and organization

KPI	2022	2021	2020
Occupational health and safety			
LTIFR (number per 200,000 hours)	0.58	1.04	0.20
TRIFR (number per 200,000 hours)	0.73	1.51	0.80
Process safety			
Number of tier 1 PSEs	3	0	0
Number of tier 2 PSEs	1	1	2
PSEr tier 1 + tier 2 (number per 200,000 hours)	0.58	0.12	0.20
Business ethics and integrity			
Number of environmental permit violations resulting in significant or major fine	0	0	0
Number of whistleblowing reports from employees or third parties	0	0	1
Talent attraction and retention			
Absence rate Long-term absence (%)	0.35	0.34	1.00
Absence rate Short-term absence (%)	3.05	4.38	4.26
Staff turnover Number of joiners	86	62	56
Staff turnover Relative joiners (%)	17	12	11
Staff turnover Number of leavers	79	69	36
Staff turnover Relative leavers (%)	16	14	7

OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

People and organization

KPI	2022	2021	2020
Diversity and inclusion (LBC employees)			
Men (%)	82	80	79
Women (%)	18	20	21
Age distribution < 30 years (%)	15	12	12
Age distribution 30 – 50 years (%)	56	59	58
Age distribution > 50 years (%)	29	29	30
Diversity and inclusion (Executive Leadership Team)			
Men (%)	100	75	75
Women (%)	0	25	25
Age distribution < 30 years (%)	0	0	0
Age distribution 30 – 50 years (%)	33	25	25
Age distribution > 50 years (%)	67	75	75
Diversity and inclusion (Board of Directors)			
Men (%)	100	100	100
Women (%)	0	0	0
Age distribution < 30 years (%)	0	0	0
Age distribution 30 – 50 years (%)	86	86	71
Age distribution > 50 years (%)	14	14	29

OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

People and organization

KPI	2022	2021	2020
Information security			
Number of significant and major cybersecurity breaches	0	0	0

Markets and society

KPI	2022	2021	2020
Customer focus			
Net Promotor Score	39	7	-
Application of best practices			
Number of terminals ISO 9001 certified	3	3	3
Number of terminals ISO 14001 certified	3	3	3
Number of terminals CDI-T certified	4	3	2
Number of terminals ISCC certified	3	0	0
EcoVadis rating	74	69	60
GRESB rating	92	85	73
Sustainable procurement			
Percentage of strategic suppliers assessed against ESG criteria	72	-	-
Percentage of strategic suppliers who acknowledged LBC SCoC	69	-	-
Percentage of buyers trained on sustainable purchasing	100	-	-

OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

Environment

KPI	2022	2021	2020
Water, soil, and groundwater pollution			
Number of significant releases to the environment	2	1	1
VOC emissions			
VOC emissions (1000 kg)	109.58	96.84	96.13
VOC intensity (g/metric ton throughput)	5.99	7.13	5.65
Energy use and CO₂ emissions			
Natural gas purchased (million MJ)	699	760	897
Electricity purchased (million MJ)	114	107	118
Energy purchased (natural gas + electricity) (million MJ)	814	868	1 016
Energy from renewable sources (million MJ)	89	20	0
Renewable electricity (%)	78	19	0
Energy intensity (MJ/metric ton throughput)	41	56	54
Scope 1 emissions (metric ton CO ₂)	32 688	35 589	42 008
Scope 2 emissions (market-based) (metric ton CO ₂)	3 092	7 534	11 975
Scope 2 emissions (location-based) (metric ton CO ₂)	9 389	9 496	11 726
Total market-based emissions (metric ton CO ₂)	35 780	43 123	53 983
Total location-based emissions (metric ton CO ₂)	42 077	45 085	53 734

OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

Environment

KPI	2022	2021	2020
Energy use and CO₂ emissions			
CO ₂ intensity (market-based) (kg CO ₂ per ton throughput)	1.88	2.97	3.01
CO ₂ intensity (location-based) (kg CO ₂ per ton throughput)	2.21	3.10	2.99
Total emission (market-based) reduction (%)	34	20	0
Waste			
Hazardous waste (in metric ton)	1 457	2388	-
Non-hazardous waste (in metric ton)	992	-	-
Total waste (in metric ton)	2 449	-	-
Water use			
Purchased fresh water (1000 m ³)	143	172	-

SUSTAINABILITY REPORTING PROCESS AND METHODS

Reporting process

LBC uses various processes and data sources required for internal and external sustainability reporting. Internal and external reporting requirements are documented in the LBC Group policy 'performance monitoring and reporting'.

Monitoring of effectiveness of actions

The implementation of the actions and programs is assessed through our internal assurance program (see also section on risk management and control), based on the Line of Defense (LoD) concept, which includes measures such as terminal self-assessments, internal audits, corporate audits, and external audits (e.g., by certifying bodies, customers, insurance, etc.). All are important tools in driving continuous improvement from a corporate social responsibility point of view. The KPIs are further communicated in regional monthly business reviews.

Baseline

A baseline year is defined as the first year in which we report on the named KPI. Thus, the baseline year is not the same for all KPIs. Nevertheless, it is still important to be able to compare our performance. For that reason, where available, we have added data from the previous year. This is case for the diversity and inclusion data related to LBC's Executive Leadership Team and Board of Directors, as well as for the reported NPS score. It should be noted, however, that of those comparative data that we have not previously reported, only last year's NPS score was included in the assurance scope, as customer focus is a material topic since this year.

Internal reporting of incidents

Incidents and complaints are reported internally in the incident database. All incident notifications are available to everyone at LBC via the incident database and the linked PowerBI reports. Further, incidents with a significant or high severity rating are communicated to everyone at LBC via an automated email from the incident reporting system. Incidents with a lower severity rating (minor and limited) are communicated via an automated email to all employees working at the location where the incident occurred.

Reporting indicators material topics

The KPIs for material topics are further detailed below. The scope for the reporting indicators is the LBC Group (all locations), unless stated otherwise. It must be noted that the KPIs for Occupational health and safety, Process safety and Water, soil and groundwater pollution are related. A Process Safety Event may also have consequences to people for example or product may be spilled to the environment. If this is the case, such an event will be counted towards all the applicable incident categories.

Occupational health and safety

As of 2021, we report on LBC and contractor health and safety incidents combined. This combined reporting reflects our view that we care for our contractors' safety in the same way we care for our own personnel.

Occupational health and safety performance is measured via the Total Recordable Incident Frequency Rate (TRIFR) and the Lost Time Incident Frequency Rate (LTIFR). We follow OSHA 1904 for classification and reporting of incidents. Recordable incidents are fatalities, Lost Time incidents (LTI), Restricted Work cases (RWC) and Medical Treatment Cases (MTC).

The TRIFR is measured per 200,000 work hours and is calculated through dividing the total of number of recordable incidents by the total work hours (employee + contractor). The LTIFR is measured per 200,000 work hours and is calculated through dividing the total of number of Lost Time incidents by the total work hours (employee + contractor).

The employee work hours are captured via the location specific HR systems. In the US, contractor hours are captured via submissions from contractors to project managers and/or maintenance managers. In Europe, more specifically for the Antwerp terminals, we also receive submissions of hour registration based on work orders placed by the (sub)contractors. In Rotterdam, we follow the same methods as the Antwerp terminals, complemented by a badging system.

Recordable incidents are reported in the incident database.

SUSTAINABILITY REPORTING PROCESS AND METHODS

Process safety

Process safety is measured by Process Safety Events and Process Safety Event Rate. We follow the definitions from API RP 754 to determine:

1 | if a loss of containment incident is classified as Process Safety Event, and
2 | the severity of the Process Safety Event (tier 1 or tier 2).

As defined in AP RP 754, tier 1 PSEs are losses of primary containment from a process of greatest consequence, causing harm to a member of the workforce, damage to equipment from a fire or explosion, a community impact or exceeding defined quantities. Tier 2 PSEs are those with lesser consequence.

The process safety event rate (PSER) is measured per 200,000 work hours and is calculated through dividing the total of PSEs (Tier 1 + Tier 2) by the total work hours (employee + contractor).

Process Safety incidents are reported in the incident database. Incidents with a severity level 3 or 4 are directly communicated via an automated email to everyone at LBC.

Customer focus

Customer focus is measured via the NPS score methodology. Customer NPS measures the loyalty of the customers to a company, where the minimum score is -100 and the maximum score is +100. It measures customer perception based on the following question: "How likely is it that you would recommend LBC to a friend or colleague on a scale from 0 to 10?". A respondent is considered a promoter when the response is 9 or 10, and a detractor when the response is 0 – 6. Respondents who give a score of 7 or 8 are considered passives.

The NPS score is calculated by deducting the percentage of detractors from the percentage of promoters. NPS surveys are conducted annually.

Water, soil, and groundwater pollution

Water, soil, and groundwater pollution is measured by the number of incidents that resulted in a significant release of product to the environment. Product refers to any substance that is handled on our terminals or on a jetty facility used by LBC. Significant is defined as 'more than 100 kg of product that reaches the environment'.

Excluded are loss of primary containment (LOPC) incidents where:

- Product is kept within the terminal water ways or sewer systems and not discharged to external bodies of water.
- Product is spilled on a surface designed as impermeable surface.

The amount of product released and the amount that entered the environment is calculated or based on a best estimate. Water, soil, and groundwater pollution incidents are reported in the incident database.

VOC emissions

VOC emissions are measured via the absolute VOC emissions and the VOC emissions per ton throughput. VOC emissions are calculated as per EPA AP-42 standard. Vapor pressures from products are calculated using the equations from EPA standard and the Yaws Handbook of Vapor Pressure for products that are not listed in the EPA standard.

Throughput is defined as $(in+out)/2$. Data is derived from the Tank Terminal Management system. VOC emissions are calculated monthly and entered in the incident database via the monthly return forms. The VOC calculation methodologies used in the Netherlands and Belgium differ from the methodology used in the US. We therefore only include the VOC emissions from the US terminals in our external reporting. We estimate that the VOC emissions from the Rotterdam and Antwerp terminals account for less than 5% of the total emissions. This estimate is based on the emissions calculated using the country specific methodologies in the Netherlands and Belgium.

SUSTAINABILITY REPORTING PROCESS AND METHODS

Energy and CO₂ emissions

Energy is measured as absolute number (in MJ) and relative per ton throughput. Throughput is defined as $(in+out)/2$. Data is derived from the Tank Terminal Management system. In our greenhouse gas calculations, we report on CO₂ emissions. We will look into reporting CO₂ equivalent emissions.

Energy is defined as purchased natural gas, purchased electricity, and purchased steam. Excluded are other types of fuel used at the terminals, such as diesel, gasoline, and LPG. It is estimated that the CO₂ emissions from these other types of fuel account for less than 5% of the total CO₂ emissions. As the contribution of these sources to the total amount is rather limited, they have been excluded from external reporting. As we periodically monitor the use of these energy sources, including them in future reporting will be considered if their contribution to the total amount of energy use increases.

Energy use is calculated by multiplying the natural gas consumption with the natural gas conversion factor (source: IEA). The source of the monthly natural gas and energy use are the invoices from the utility providers.

CO₂ emissions encompasses emissions from the combustion of natural gas (scope 1) and emissions from purchased electricity (scope 2). We do not report on scope 3 emissions. Emissions are calculated according to the Greenhouse Gas protocol. Scope 1 emissions are calculated by multiplying the natural gas consumption by the emission factor for natural gas. Scope 2 emissions are calculated by multiplying the electricity consumption by the electricity emission factors (market-based and location-based) and multiplying the steam consumption by the steam emission factor.

Sources of emission factors are:

- Natural gas: Bilan Carbone
- Market-based emission factors: utility suppliers
- Location-based emission factors: IEA (Netherlands and Belgium), eGRID (US)

Energy data (natural gas and electricity) is entered monthly in the database via the monthly return forms. Energy use is communicated in the regional monthly business reviews. The CO₂ emission data (absolute and relative per ton throughput) is calculated automatically via PBI and is accessible via the LBC intranet.

In scope are all terminals, except Freeport. At Freeport, utilities are contractually supplied by the customer to support the operations of the terminal. The assets are not metered separately, hence making it currently impossible to track usage. The office buildings for HQ and US regional office are excluded. The energy use and related CO₂ emissions from these office buildings are expected to be negligible compared to that of the terminals.

SUSTAINABILITY REPORTING PROCESS AND METHODS

Reporting indicators non-material topics

Talent attraction and retention

The absence rate is calculated by dividing the sick leave hours by the regular hours, where regular hours are the hours per work schedule. Short term absence is defined as less than 2 weeks absence. Long term absence is defined as over 2 weeks absence.

The percentage of joiners is defined as the number of joiners divided by the total number of employees at the end of the year. The percentage of leavers is defined as the number of leavers divided by the total number of employees at the end of the year.

Information security

Information security incidents are reported in the internal incident database.

A significant cybersecurity incident is defined as: a breach of our IT systems that results in a \$ 50K – \$ 250K direct financial loss and limited interruption to operations (< 12 hours). A major cybersecurity incident is defined as: a breach of our IT systems that result in >\$ 250K direct financial loss and severe impact in LBC's operations (> 12 hours).

Waste

The waste treatment and disposal methods are provided by the waste contractors. Waste data (amount and disposal/treatment method) is reported on a quarterly basis.

In scope are all terminals, except Freeport. At Freeport, waste is collected by the customer to support the operations of the terminal. This is not monitored separately, hence making it currently impossible to track. The office buildings for HQ and US regional office are excluded. The amount of waste produced in these office buildings is expected to be negligible compared to that of the terminals.

Water

Water data (amount and type of purchased water) is reported on a monthly basis.

In scope are all terminals, except Freeport. At Freeport, utilities are contractually supplied by the customer to support the operations of the terminal. The assets are not metered separately, hence making it currently impossible to track usage. The office buildings for HQ and US regional office are excluded. The amount of water consumed in these office buildings is expected to be negligible compared to that of the terminals.

Nuisance

Nuisance incidents are reported in the internal incident database. A significant nuisance incident is defined as: an event causing local media coverage and/or resulting in public concern. A major nuisance incident is defined as: an event causing state/national media coverage and/or public confidence in the organization undermined.

UN GLOBAL COMPACT TEN PRINCIPLES

LBC is a participant of the United Nations Global Compact since April 2021 and adheres to its principles-based approach to responsible business. We support the Ten Principles of the United Nations Global Compact on human rights, labor, environment, and anti-corruption. Our CSR policies and values reflect our commitment to embed the principles in our strategy, culture, and day-to-day operations.

	Principles	Reference in current report
Human rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	Human rights Business ethics and integrity
	Principle 2 Make sure that they are not complicit in human rights abuses	
Labor	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Diversity and inclusion Human rights
	Principle 4 The elimination of all forms of forced and compulsory labor	Business ethics and integrity
	Principle 5 The effective abolition of child labor	
	Principle 6 The elimination of discrimination in respect of employment and occupation	
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges	Environmental performance
	Principle 8 Undertake initiatives to promote greater environmental responsibility	Application of best practices
	Principle 9 Encourage the development and diffusion of environmentally friendly technologies	
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	Business ethics and integrity



GRI CONTENT INDEX WITH REFERENCE

GRI 1: Foundation 2021

Statement of use

LBC Tank Terminals Group has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI standards.

GRI standard	Disclosure	Reference in current report	
GRI 2: General disclosures 2021	2-1 Organizational details	About this report LBC at a glance	
	2-2 Entities included in the organization's sustainability reporting	About this report Sustainability reporting process and methods	
	2-3 Reporting period, frequency and contact point	About this report	
	2-4 Restatements of information	<i>Restatements have been made to the VOC emission calculations.</i>	
	2-5 External assurance		Governance Auditor's report
		2-6 Activities, value chain and other business relationships	LBC at a glance <i>There are no significant changes in activities, value chain and other business relations compared to previous reporting period.</i>
	2-9 Governance structure and composition		Risk management and control
	a Governance structure, including committees of the highest governance body		
	b Committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organization's impacts on the economy, environment, and people		

GRI CONTENT INDEX WITH REFERENCE

GRI standard	Disclosure	Reference in current report
GRI 2: General disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Stakeholder engagement and materiality Risk management and control
	2-13 Delegation of responsibility for managing impacts	Risk management and control
	2-14 Role of the highest governance body in sustainability reporting	Risk management and control
	2.14b Not applicable	
	2-15 Conflicts of interest	Risk management and control
	2-22 Statement on sustainable development strategy	CEO statement Interview with Group CFO and Group CSR Director LBC at a glance https://www.lbctt.com/sustainability/
	2-26 Mechanisms for seeking advice and raising concerns	Business ethics and integrity
	2-28 Membership associations	Application of best practices https://www.lbctt.com/locations/
	2-29 Approach to stakeholder engagement	Stakeholder engagement and materiality
	GRI 3: Material topics 2021	3-1 Process to determine material topics
3-2 List of material topics		Stakeholder engagement and materiality
3-3 Management of material topics		Stakeholder engagement and materiality

GRI CONTENT INDEX WITH REFERENCE

MATERIAL TOPIC-SPECIFIC DISCLOSURES

Material topic	Disclosure	Cross-reference	
Occupational health and safety	GRI 3.3 Management of material topics	Stakeholder engagement and materiality Occupational health and safety Sustainability reporting process and methods	
	GRI 403-1 Occupational health and safety management system	Risk management and control Occupational health and safety	
	GRI 403-2 Hazard identification, risk assessment, and incident investigation	Risk management and control Occupational health and safety	
	GRI 403-9 Work-related injuries	Risk management and control Sustainability reporting process and methods	<p><i>As of 2021, we report on LBC and contractor health and safety incidents combined. This combined reporting reflects our view that we care for our contractors' safety in the same way we care for our own personnel.</i></p> <p><i>The hours worked are not reported but can be derived from the TRIFR rates.</i></p>
Process safety	GRI 3.3 Management of material topics	Stakeholder engagement and materiality Process safety Sustainability reporting process and methods	
Water, soil, and groundwater pollution	GRI 3.3 Management of material topics	Stakeholder engagement and materiality Water, soil, and groundwater pollution Sustainability reporting process and methods	

GRI CONTENT INDEX WITH REFERENCE

MATERIAL TOPIC-SPECIFIC DISCLOSURES

Material topic	Disclosure	Cross-reference	
VOC emissions	GRI 3.3 Management of material topics	Stakeholder engagement and materiality	
		VOC emissions	
		Sustainability reporting process and methods	
	GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Sustainability reporting process and methods	
Energy use and CO ₂ emissions	GRI 3.3 Management of material topics	Stakeholder engagement and materiality	
		Energy use and CO ₂ emissions	
		Sustainability reporting process and methods	
	GRI 305-1 Direct (Scope 1) GHG emissions	Energy use and CO ₂ emissions	<i>Greenhouse gases included in the calculation: CO₂</i>
		Sustainability reporting process and methods	<i>We do not have CO₂ emissions from the combustion or biodegradation of biomass (biogenic CO₂).</i>
GRI 305-2 Energy indirect (Scope 2) GHG emissions	Energy use and CO ₂ emissions	<i>Greenhouse gases included in the calculation: CO₂</i>	
		Sustainability reporting process and methods	
	GRI 305-4 GHG emissions intensity	Energy use and CO ₂ emissions	
		Sustainability reporting process and methods	

GRI CONTENT INDEX WITH REFERENCE

MATERIAL TOPIC-SPECIFIC DISCLOSURES

Material topic	Disclosure	Cross-reference	
Energy use and CO ₂ emissions	GRI 302-1 Energy consumption within the organization	Energy use and CO ₂ emissions Sustainability reporting process and methods	<i>The total energy consumption in MJ is not split by type (electricity, heating, cooling, steam) as we do not have a complete picture of this (yet).</i> <i>We have not sold energy.</i>
	GRI 302-3 Energy intensity	Energy use and CO ₂ emissions Sustainability reporting process and methods	
Customer focus	GRI 3.3 Management of material topics	Stakeholder engagement and materiality Customer focus Sustainability reporting process and methods	



LBC Tank Terminals Group
Oude Maasweg 2
3197 KJ Botlek – Rotterdam
The Netherlands
communication@lbctt.com
www.lbctt.com



CREDITS
Photography | AuviMedia

Please consider the environment before printing 