



2023  
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 and sustainability information, unless stated otherwise. All entities within the Group (see LBC at a glance) are owned 100%, except for Seabrook LLC (50/50 joint venture). Seabrook LLC does not meet the consolidation criteria according to IFRS and is, for financial statement purposes, accounted for according to the equity method and fully integrated in our sustainability information.

It should be noted that, until 30 July 2023, LBC owned 75% of the shares in LBC-Cepsa Tank Terminals Antwerpen NV. On 31 July 2023, the Group acquired the remaining 25% (minority interest) shares that Cepsa Química held in LBC-Cepsa Tank Terminals Antwerpen NV, resulting in 100% ownership by the Group. Following this acquisition, the terminal was renamed to LBC Lillo BV. The entity has always been fully integrated into both our financial statements and sustainability information.

We report the information cited in this report for the period 1 January 2023 to 31 December 2023 with reference to the GRI standards. We hereby refer to the [GRI content index](#).

**Report publication date | 16 April 2024**

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 2023. 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

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### 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



# 2023 HIGHLIGHTS

2 989 thousand m<sup>3</sup>  
**YEAR-END STORAGE CAPACITY**  
2 988 thousand m<sup>3</sup> in 2022



96 points  
**GRESB**  
**5 STARS**  
92 points in 2022



GRESB  
★★★★★ 2023

79 points  
**ECOVADIS**  
**PLATINUM**  
74 points in 2022



90.1%  
**AVERAGE UTILIZATION**  
excluding Seabrook LLC (joint venture)  
87.3% in 2022



0.56  
**TRIFR**  
0.76 in 2022



1.80 kg CO<sub>2</sub> per ton throughput  
**MARKET-BASED CO<sub>2</sub> INTENSITY**  
1.88 kg CO<sub>2</sub> per ton throughput in 2022



256 million USD  
**REVENUE**  
235 million USD in 2022





# CEO STATEMENT

## FRANK ERKELENS

In this transformative period for our industry marked by the growing need for sustainable storage solutions, we operate with a commitment to make impact, drive change, as a team. From investing in strategic growth projects for chemicals and emerging markets, to minimizing our environmental footprint, to forging partnerships for sustainable supply chains, every step reflects our mission. Our efforts not only position us at the forefront of the energy transition but have also marked 2023 as a year of noteworthy achievements.

Our strong business performance and significant progress in our long-term strategy, centered around safety and sustainability, service, and efficiency, echo this trajectory. We celebrated our best safety record to date, a clear indicator of our collective endeavors to ensure a workplace free of incidents, driven by a culture of empowerment and continuous learning. Recognitions through the EcoVadis Platinum status and a 5-star GRESB rating further validate our standing in environmental stewardship, social responsibility, and ethical governance.

The consistent rise in our Net Promoter Score is a direct reflection of the best-in-class service we aim to deliver every day. Our guiding principles of operational excellence and customer centricity enable us to navigate a challenging landscape together, fostering meaningful connections that shape the invaluable trust our customers place in us.

The strength of our organization truly is the foundation of our success, powered by the resilience, collaboration, and diverse backgrounds that form our workforce. Our achievements are built on the expertise and dedication of our team members, who translate our mission into actions and consistently exceed the expectations of customers and other stakeholders.

The journey we are on has challenges but is also rich with opportunity. As we move forward, our purpose of being the connected partner for sustainable storage solutions becomes even more pronounced. My sincere appreciation goes out to our dedicated team, our partners, and our stakeholders for your ongoing support. Together, we will continue to make significant strides towards a safe, connected, and sustainable future.







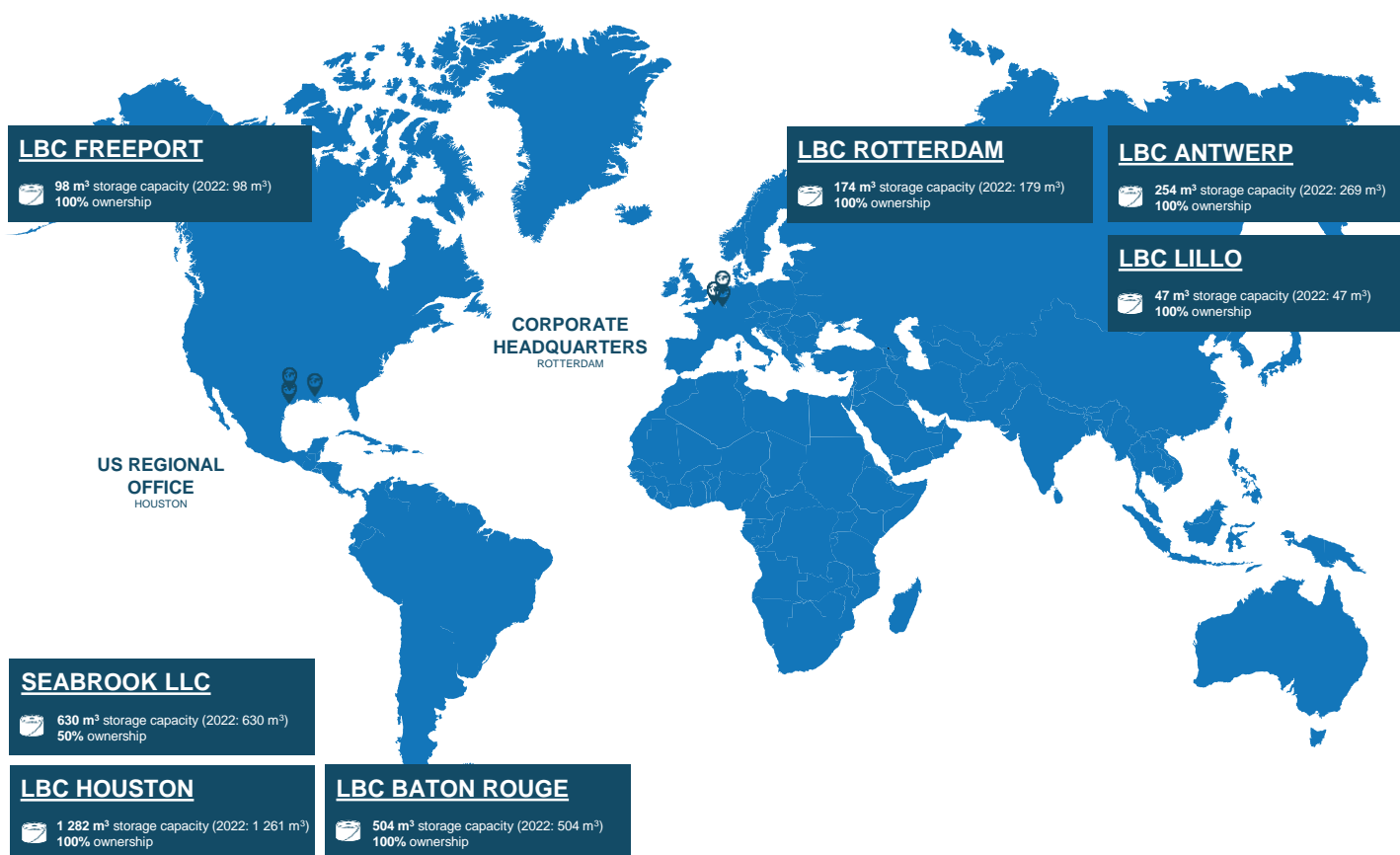
PART II

WE ARE LBC



# LBC AT A GLANCE

## YOUR CONNECTED PARTNER FOR SUSTAINABLE STORAGE SOLUTIONS



At LBC Tank Terminals, we stand at the forefront of the global tank storage sector, an industry that is instrumental in transitioning towards more sustainable energy solutions. In our role as a leading independent operator, we proudly provide safe and sustainable storage and handling services for a wide range of liquid bulk products, making us an indispensable link within the changing energy landscape. Our operations span across key port locations in Europe and the United States, where our seven terminals are more than just storage facilities; they serve as central hubs in the global value chain, enabling the seamless flow of products essential to the everyday lives of people worldwide.

Amid accelerating demand for sustainable solutions, our initiatives illustrate our proactive stance in navigating the energy transition. Our expansion projects represent more than just growth; they are strategic investments designed to strengthen our capabilities and directly address the rising demand for storage facilities capable of handling a broader array of new energy products.



# LBC AT A GLANCE

By leveraging our robust infrastructure and extensive expertise in the safe and efficient storage and handling of hazardous liquid products, we are paving the way for growth in emerging markets. On top of our existing and growing chemical storage business, we have expanded our focus to include the storage and management of next-generation products, such as recycled plastic waste and ammonia, among others. Advancing circularity in the chemical supply chain is a key component of our business strategy, exemplified by our partnerships for the storage and handling of pyrolysis oil in Rotterdam.

Our journey is marked by a continuous commitment to lead in the industry with a best-in-class performance in safety and sustainability, service, and efficiency. Within this strategic framework, we integrate customer centricity, digitization, automation, and process optimization to meet and exceed the evolving needs of our stakeholders.

We recognize the critical importance of our operations in maintaining the integrity of the logistical networks we support. This understanding drives our commitment to operational excellence, where we continuously optimize the resilience and efficiency of the solutions we offer. Digital transformation and technology integration are paramount in ensuring we continue to provide safe and efficient services tailored to the dynamic industry landscape.

At the core of our strategy, we prioritize the strengthening of connections with customers, industry players, and communities. Through these partnerships, we aim to share knowledge, optimize supply chains, and drive innovation. We not only act as a service provider but as a collaborator in the advancement of new energy solutions, exemplified by our alignment with industry-leading initiatives and associations such as Chemical Recycling Europe and the Ammonia Energy Association.

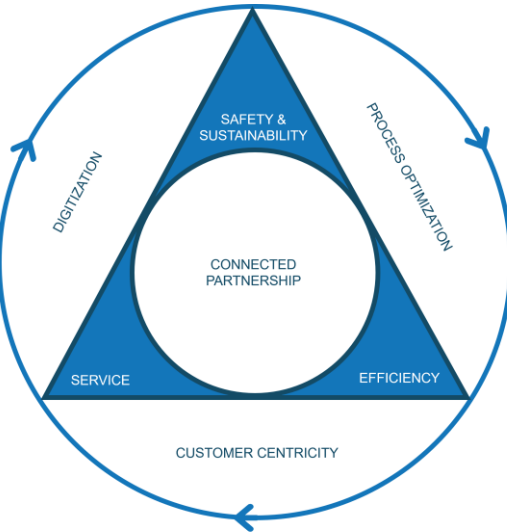
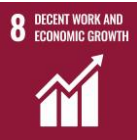



Reducing our environmental impact while enhancing the reliability and adaptability of the supply chains we support is a balanced emphasis which underpins our approach to responsible business practices and operational excellence. Our ambition is clear: to achieve CO<sub>2</sub> neutrality for operational scope 1 and 2 emissions by 2030, and for operational scope 3 emissions by 2040, aligning our efforts with global sustainability targets.

We harmonize our initiatives with the United Nations Sustainable Development Goals (SDGs), particularly SDGs 8,9,12, and 16, to navigate our strategic ambitions. This focus unveils optimization opportunities across process, assets, and technology applications, highlighting our role in driving sustainable improvements within the chemical industry and the communities in which we operate. We are furthermore committed to advancing corporate sustainability by fully integrating the UN Global Compact's Ten Principles, spanning human rights, labor, environment, and anti-corruption, into our business strategy and operations. Through our annual Communication on Progress, we transparently showcase our dedication and tangible actions towards achieving a sustainable and ethical global marketplace.

We strive to be thought leaders in providing safe and sustainable liquid bulk storage, consistently seeking opportunities to enhance our sustainability practices and reduce our environmental footprint while engaging in partnerships that advance our capabilities in handling the next generation of energy products. We remain resolute in our mission to drive positive change, shaping the future of the industry for the generations to come. We are more than a tank storage company. We are LBC – the connected partner poised to make an impact in the transition towards a more sustainable future.





Input	Strategy	Output	Impact
<p><b>We are the connected partner for sustainable storage solutions</b></p> <p><b>NATURAL RESOURCES</b> We use natural resources such as energy and water for our operations. In 2023, 97% of our electricity use came from renewable sources (2022: 78%).</p> <p><b>FINANCIAL CAPITAL</b> Debt funding USD 35.7m (2022: USD 15.8m) Equity capital (USD 0m) (2022: USD 0m) CAPEX (USD 100.8m) (2022: USD 90.6m)</p> <p><b>MANUFACTURED CAPITAL</b> We operate 7 terminals in 3 countries with a total storage capacity of 2.99 million m<sup>3</sup> (2022: 2.98 million m<sup>3</sup>).</p> <p><b>PEOPLE</b> We have 518 committed LBC employees in our connected team, aligned with our strategy and values (2022: 496 [in average FTE]).</p> <p><b>KNOWLEDGE   INTELLECTUAL CAPITAL</b> We invest in our employees, systems, and processes to ensure optimal design, construction, and operation of safe, and sustainable storage solutions.</p> <p><b>STAKEHOLDER RELATIONS</b> We maintain an open dialogue with our stakeholders, as they are fundamental partners in our growth.</p>	 <p><b>We grow our company through connected partnerships on a foundation of safety, sustainability, service, and efficiency, supported by process optimization, digitization, and customer centricity.</b></p>	<p><b>We make impact, we drive change, as a team</b></p> <p><b>NATURAL RESOURCES</b> 98.64 VOC emissions (2022: 109.58 [in 1000 kg]) 40% reduction of market-based CO<sub>2</sub> emissions compared to the 2020 baseline.</p> <p><b>FINANCIAL CAPITAL</b> Revenue (USD 256m) (2022: USD 235m)</p> <p><b>MANUFACTURED CAPITAL</b> We encourage the development and implementation of sustainable technologies. EcoVadis Platinum, 79 points (2022: Gold, 74) GRESB 5 stars, 96 points (2022: 4 stars, 92)</p> <p><b>PEOPLE (employees and contractors)</b> PSER 0.28 (2022: 0.58) TRIFR 0.56 (2022: 0.73)</p> <p><b>KNOWLEDGE   INTELLECTUAL CAPITAL</b> 3 terminals ISO 9001 and ISO 14001 certified (2022: 3) 4 terminals CDI-T certified (2022: 4)</p> <p><b>STAKEHOLDER RELATIONS</b> Bi-annual stakeholder engagement survey Net Promotor Score (NPS) of 52 (2022: 39)</p>	   

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 were awarded the outstanding EcoVadis Platinum medal and received 5 stars, the highest possible rating in the GRESB assessment. 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 CO<sub>2</sub> footprint, targeting CO<sub>2</sub> neutrality by 2030 for scope 1 and 2 emissions. This includes optimizing ongoing operations and integrating emissions reduction into the decision-making process for growth projects. We aim to optimize our energy use per ton throughput as well as VOC and CO<sub>2</sub> 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, monthly communication meetings, business updates, Global Safety Day, Safety Observation Rounds, campaigns, recruitment, union/worker representative meetings, intranet, monthly newsletter, 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 <sub>2</sub> 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)
Shareholders	Occupational health and safety, process safety, Energy use and CO <sub>2</sub> emissions, adaption to climate change, business ethics and integrity	Shareholders are informed through 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

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.

Through the stakeholder engagement and materiality survey and multiple dialogues, we confirm the interests, concerns, and expectations of our stakeholder groups with respect to our business activities. The survey is conducted every two years, and the materiality matrix is reviewed every year based on the current year's trends and actual topics.

Throughout 2023, the material topics have been monitored and discussed by LBC management, within the Audit and Risk Committee and the CSR Committee. It was concluded that the material topics were still relevant and no changes to the materiality assessment were deemed necessary, mainly because there have been no fundamental changes in the context in which LBC operates. Looking ahead, a double materiality assessment in line with the Corporate Sustainability Reporting Directive (CSRD) requirements is scheduled for 2024.

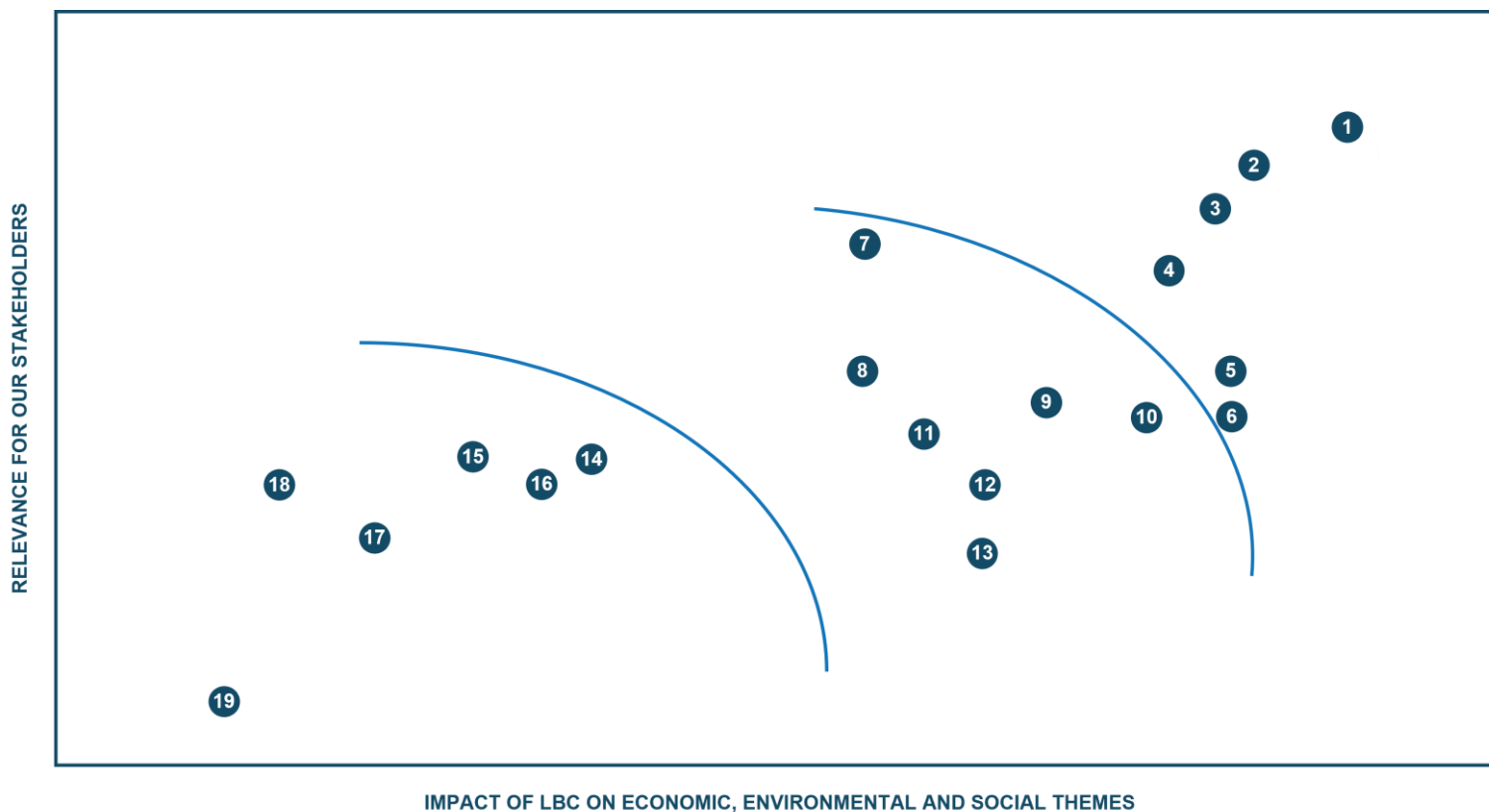
We further refer to the appendix related to the [materiality assessment process](#).





# STAKEHOLDER ENGAGEMENT AND MATERIALITY

Materiality matrix



- 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 CO<sub>2</sub> 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

After a challenging end to 2022, many in the chemical industry anticipated a modest rebound in production in 2023. By mid-2023, however, several chemical companies significantly lowered their expectations.

Multiple factors contributed to sluggish demand for chemicals globally, including a recession in Europe, inflation in the United States, and a smaller-than-expected rebound in demand from China. Many companies have turned their focus to reducing costs and improving efficiencies to help offset this reduction in output.

Furthermore, a challenging and competitive market in Europe, disruption of global supply chains, socio-political pressure for sustainability including CO<sub>2</sub> neutrality, changing demand from major application industries and an unfavorable energy and feedstock situation without the competitive advantage of access to oil (such as in the Middle East) or shale gas (such as in the US) shape the framework wherein the chemicals industry in Europe has to compete.

As a result, producers in Europe suffered materially higher production costs during 2023 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 and demand imbalances. 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. Therefore, our approach to risk management focuses on maintaining consistent control over these risks. Nonetheless, risks may develop and evolve over time due to internal and external developments and our approach to managing these risks needs to be agile. 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.



# 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 referred to 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

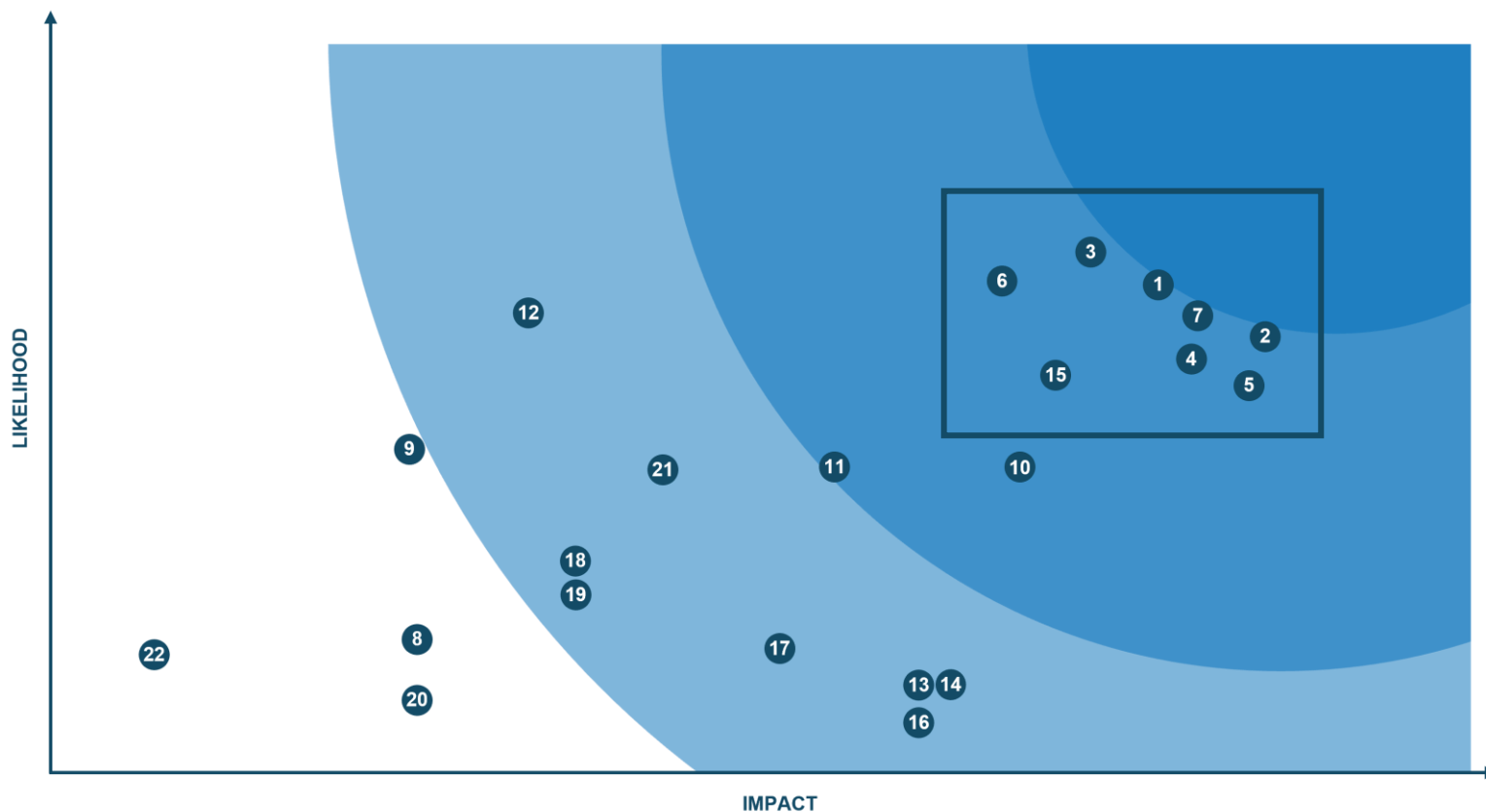
- 1 | Inability to deliver on our growth strategy
  - 2 | Increasing competition and overcapacity in the market
  - 3 | Inability to deliver on our digitalization strategy
  - 4 | Inability to deliver on our strategy related to CO<sub>2</sub> neutrality
  - 5 | Climate change transition risks
  - 6 | 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 | Project control / project delivery according to FID and specs
- 
- 12 | Complex and changing laws and regulations
  - 13 | Irregular business conduct
- 
- 14 | Certainty of funding (of our growth strategy) / maintaining our investment grade rating
  - 15 | Supply chain and material sourcing
  - 16 | Interest rate risks
  - 17 | Reliability of internal and external reporting
- 
- 18 | Insurance
  - 19 | Tax and tax related
  - 20 | Human rights and labor standards
  - 21 | Inability to attract and retain talent (focused on workload and competency)
  - 22 | Community engagement and social enterprise partnering

## Materiality matrix

- |  |                |
|--|----------------|
| Customer focus                           | MATERIAL TOPIC |
| Information security                     |                |
| VOC emissions                            | MATERIAL TOPIC |
| Energy use and CO <sub>2</sub> 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 |  |
- 
- |                                  |  |
|----------------------------------|--|
| Talent attraction and retention  |  |
| Community engagement and charity |  |
| Diversity and inclusion          |  |
| Nuisance                         |  |
| Human rights                     |  |

# 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 CO<sub>2</sub> 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 22 enterprise risks identified, mitigating actions and a risk horizon are defined, which are being managed on a recurring basis by the management teams and dedicated risk owners. Out of the 22 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 and be inadequately managed.

Key enterprise risk	Description	Risk horizon	Risk appetite	Mitigating actions
<p><b>1</b></p> <p>Inability to deliver on our growth strategy due to lack of demand, capital and/or talent</p>	<p>Achieving our strategic goals could be prevented by:</p> <ul style="list-style-type: none"> <li>Market volatility and changing market dynamics</li> <li>No market available (e.g., less intracontinental trade balances)</li> <li>Demand for storage and handling services declining due to a decline of imports into Europe and declining exports from the United States.</li> <li>Expansion projects being delayed due to estimated project returns not meeting return requirements as a result of higher interest rates, higher inflation resulting in higher construction costs.</li> <li>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 miss out on realizing current market opportunities.</li> </ul>	Medium to long term	Moderate - high	In 2023, LBC management implemented a clear growth strategy which envisions LBC's full potential. This business plan is monitored, and progress tracked by the Executive Leadership Team and regional management on a monthly basis. Investment decisions for expansion projects are supported by extensive market research by independent advisors.
<p><b>2</b></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 where we aim for long-term relationships with our customers. 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><b>3</b></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 business plan. We therefore keep focus on delivering on the set targets in order to minimize the residual risk.</p>
<p><b>4</b></p> <p>Inability to deliver on our strategy related to CO<sub>2</sub> 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 CO<sub>2</sub> strategy) is a key element of our business strategy. All remaining CO<sub>2</sub> 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 CO<sub>2</sub> reduction to coordinate region/terminal plans.</p>
<p><b>5</b></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"> <li>▪ It might lead to higher capital expenditures due to increased environmental legislation.</li> <li>▪ Increased overall negative sentiments towards fossil fuels (specifically crude oil)</li> <li>▪ Not having the right size and/or competencies to create new investment proposals</li> </ul>	<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>



# 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	<a href="#">Privacy and Data Protection Policy</a> in place.
7 Cybersecurity risk	A cyber breach could have various causes, e.g., via virus and malware attacks, ransomware, phishing and unauthorized access attempts. Such a breach could lead to a breach of 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 <a href="#">information security chapter</a> .
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	<a href="#">Supplier Code of Conduct</a> in place. We further perform regular audits and checks to verify whether suppliers and contractors comply with our Code of Conduct (see also <a href="#">sustainable procurement chapter</a> ).

# RISK MANAGEMENT AND CONTROL

Out of the 8 identified key enterprise risks, a number of these 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 and the Management Risk Committee. 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

## Broader risk management approach to specific financial risks

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 does not make use of interest rate hedging instruments as the interest rates of our loans are fixed. The Group has exposure to foreign exchange risk, interest rate risk, credit risk (only on financial assets) and liquidity risk from the 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 this currency exposure is reported as part of our other comprehensive income and does not have 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 2023, 93% 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 value.

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.

# RISK MANAGEMENT AND CONTROL

## Climate change risks

We acknowledge that one of the most pressing concerns of our era is climate change. Alterations in weather patterns pose a threat to food production, exacerbating poverty and hunger. The rising sea levels amplify the potential for devastating floods, particularly in areas with inadequate infrastructure. The repercussions of climate change extend globally and are unparalleled in their magnitude. This may lead to an escalation of global imbalances, sparking social and political conflicts.

The risks associated with climate change can be categorized into two main types: physical risks and transition risks. Physical risks arise from climatic events such as wildfires, storms, and floods, with the specific nature of these risks varying across regions.

Transition risks and opportunities pertain to business-related factors influenced by societal and economic shifts toward a low-carbon and more climate-friendly future. These encompass policy and regulatory risks, technological risks, market risks and reputational risks.

## Policy and legal

We recognize that LBC is impacted by existing and emerging climate and environmental regulations and laws at national and international level. This includes primarily the obligations under the Paris Agreement but extend also to CSRD legislation.

## Brand reputation

Navigating perceptions related to climate change, and LBC's potential association with the carbon-intensive oil and gas sector, may introduce challenges such as retaining and attracting talent, maintaining customer loyalty, securing financing, and sustaining shareholder support.

## Market and technology

Changing market demands related to climate change, for example the expected decrease in demand for crude oil and refined products, in particular fuels, and the expected increase in demand for circular products may impact LBC's product portfolio.

## Acute physical

Our supply chain and operations may be influenced by inclement weather and various negative climatic occurrences. For our terminals in Houston, Freeport, and Baton Rouge, we can expect an increase in tropical storm and hurricane activity. For our terminals in Rotterdam and Antwerp, we can expect an intensification of extratropical storms, increase in heavy rain, and rise of sea level.

Despite having preparedness plans aimed at mitigating impacts and improving safety measures, as well as strong coastal protection in the Netherlands and Belgium, the occurrence of such an event has the potential to disrupt our incoming and outgoing supply chains through temporary port closure as well as our terminal operations.

## Chronic physical

Chronic physical consequences of climate change, such as higher average ambient temperatures, the global rise in sea levels, changing precipitation typical, and chronic drought conditions, represent potential long-term shifts in climate patterns and related challenges. In addition to the above-mentioned potential impacts on our business and supply chains, these patterns may also impact our medium- to long-term business strategy in the field of terminal expansions, greenfield projects, or acquisitions of existing terminals.

## 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. During 2023, the Management Risk Committee has reviewed all terminal risk registers on an individual risk level and has established a region and group wide heat map consolidating all risks and identifying all key enterprise risks. For 2024, the goal is to periodically discuss and review the regional risk heat map in our monthly business review meetings, focusing on the risks that have been added, and on parameters which have changed over time and may have a significant impact on the company.



# 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 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 sustainability assurance. The reported information includes both internal- and external communication, financial- and sustainability 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 regional and terminal management teams, 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](#). The responsibilities of the Committees are outlined below. Each member of the Committees must be a member of the Board of Directors. At least one Executive Leadership Team member is present during Committee meetings.

## 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 Committee consists of at least three members. The Audit and Risk 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 and assesses the independence of the external auditor. The Committee has no indication that the independence of the auditor is compromised. We continue to monitor our constructive and positive relationship with the external auditor.

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 Committee meets as often as considered necessary. At a minimum, 3 meetings are held per annum. The objective of the CSR Committee is to assist the Board of Directors to discharge its responsibilities, and to support and guide LBC's management team in:

- effectively managing strategic and operational risks to enable mitigation of personnel and process safety, economic, social, and environmental impact;
- ensuring measures are in place to remain in compliance with applicable laws and regulations, industry codes, and being a responsible corporate citizen;
- upholding policy requirements and demonstrated behavior of high standards concerning business ethics and corporate governance to adhere to LBC's values;
- incorporating sustainability and transparency of business practices;
- implementing principles for developing and retaining employees;
- establishing requirements to measure both operational excellence and sustainability performance; and
- setting requirements and continuous improvement targets.

## 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 > \$10,000,000 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.

# 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 processes and procedures where needed. Our employees and contractors are required to adhere to these policies, processes and procedures 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.

Our behavioral based safety program is our roadmap towards maintaining a robust safety culture. A major component of this program is the adoption of the IOGP 9 Life-Saving Rules. We complemented these Life-Saving Rules in 2023 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 terminals 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 is discussed with 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, the CSR department, and the Finance department. The foundation of these topics is our Internal Audit Plan which is reviewed annually and updated accordingly. Topics might include those that arise from selection by our Management Risk Committee. During 2023, the CSR and Finance departments focused mainly on CSRD related topics such as worked hours, VOC emissions and CO<sub>2</sub> emissions as well as the custom duties process. A broad range of audits of an operational and compliance nature are executed by LBC.

For 2024, from a Finance perspective, with the implementation of a new Human Resource Information System (HRIS) system, the focus will be directed on HR related processes.

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 dealing diligently with such potential conflicts in the rare case where this may occur.

Our procurement strategy enforces supplier selection criteria based on an extensive list of objective criteria such as but not limited to safety, quality, sustainability, price, reliability, availability and ethical standards and a cross functional team (tender boards) for the supplier selection for strategic projects and high-value investments.

As part of the tender process for strategic projects and high-value investments, an RFI document is sent out as part of the tender process, which requires the vendor/supplier to provide e.g. business, corporate, financial and safety details. The details provided are carefully reviewed as part of the procurement process.

LBC's code of ethics and business conduct forms an integral part of our business relationships. Together with the procurement strategy and our corporate governance the risk of related parties and associated consequences is mitigated.



As we navigate the challenges and opportunities of our industry, we aim not only for operational efficiency and profitability but are also deeply committed to making a lasting, positive impact on the world around us. Our performance is a testament to our belief that together, we can drive significant change and achieve sustainable growth for our stakeholders and the communities we serve.

In the sections that follow, we highlight how our collective efforts have translated into meaningful outcomes. This transparent narrative is not just a reflection of where we stand today but also of our ongoing efforts and the direction in which we are headed.

PART III  
**MAKING IMPACT  
DRIVING CHANGE  
AS A TEAM**



# FINANCIAL PERFORMANCE

## KEY DEVELOPMENTS

The year 2023 showed significant growth following expansion, higher occupancy, and inflation growth, 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. By excellent operational performance and high service levels, we have been able to achieve high occupancy rates as well as better tariffs for our services, resulting in higher margins.

In Europe, we experienced a drop in heating revenues as a result of the decrease in energy prices compared to the previous year. Demand for storage capacity increased due to longer and more volatile supply chains, partly resulting from more imports as European (chemical) manufacturers lowered their production because of the higher energy prices.

In the US, we had persistent strong demand for storage and increased service revenue as US chemical production and export continue to grow.

Despite the increased operational expense due to higher inflation, we have shown a strong performance in 2023.

Revenue for 2023 is \$255.8 million, an increase of \$21.2 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 and a full year of increased capacity.



# FINANCIAL PERFORMANCE

## KEY DEVELOPMENTS

### Debt covenants

Throughout the entire year of 2023, 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 minus 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 for the senior debt slightly increased between December 2022 and December 2023, while leverage for the junior debt slightly decreased. However, we have met these covenants comfortably.

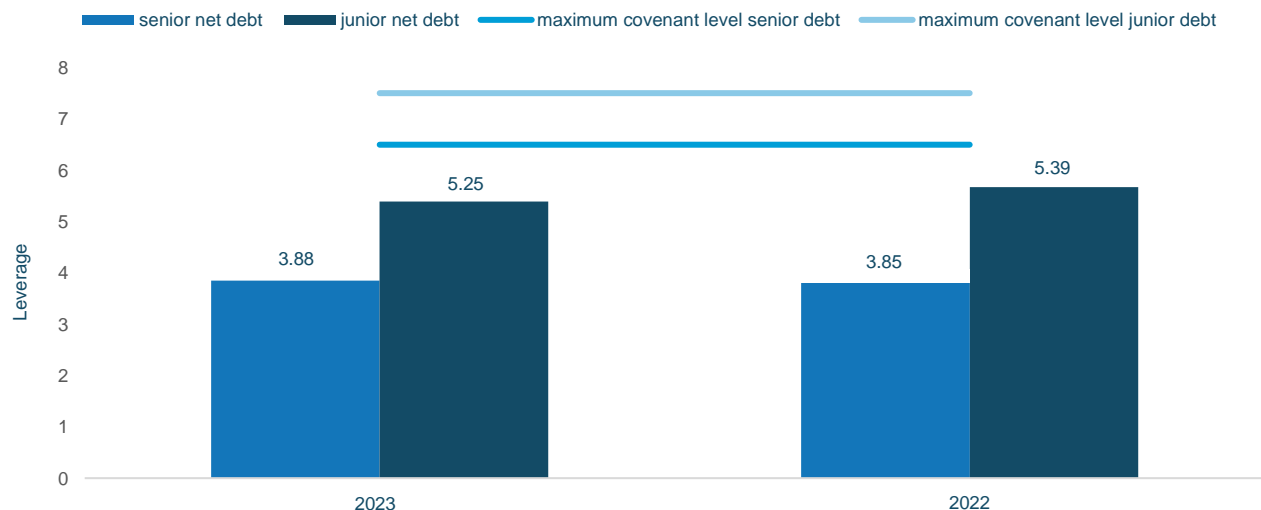
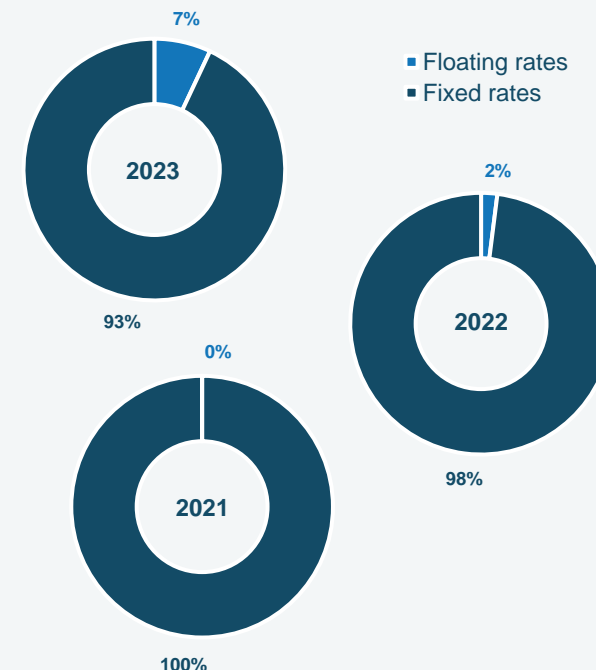


Figure | Net debt: EBITDA on 31 December

### 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. 93% 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.

# 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 slightly decreased during 2023 for the senior debt and increased for the junior debt. We have met both covenants comfortably.

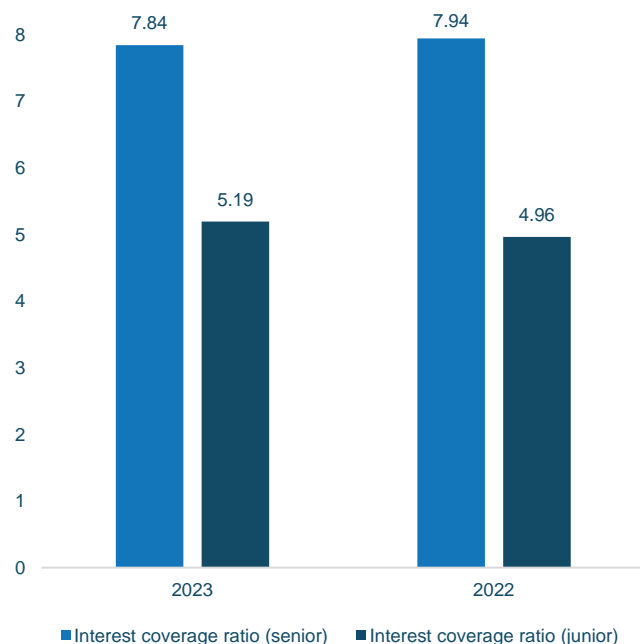


Figure | Interest coverage ratio on 31 December

### Total storage capacity

LBC's worldwide storage capacity at year end 2023 was 2.99 million m<sup>3</sup> (2022: 2.98 million m<sup>3</sup>). This includes 630,000 m<sup>3</sup> (2022: 630,000 m<sup>3</sup>) at our 50% joint venture Seabrook. Compared to last year, this number remained stable.

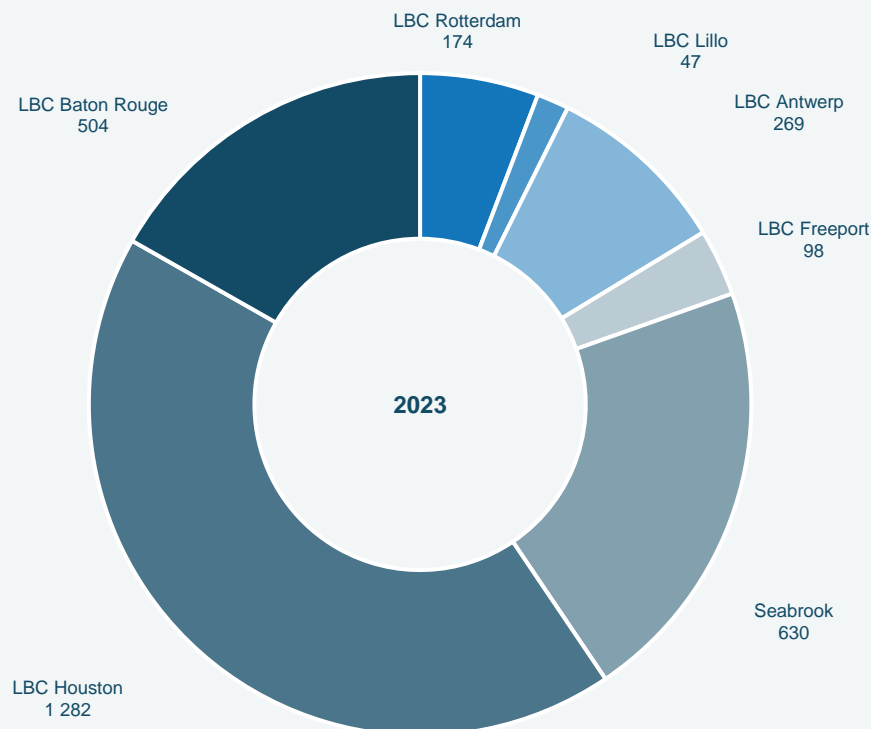


Figure | Total storage capacity split by terminal. In m<sup>3</sup> thousands.

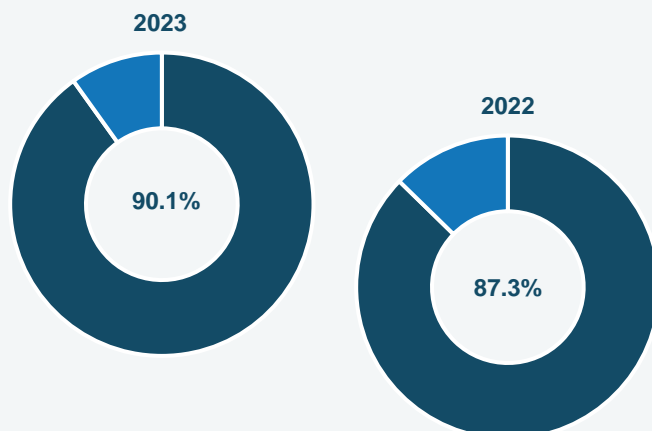


# FINANCIAL PERFORMANCE

## KEY DEVELOPMENTS

### Utilization rate

The average utilization rate in 2023 was 90.1%, which was 2.9% higher compared to the previous year, mainly due to an increase in utilization in Houston, Lillo, and Rotterdam. The average utilization rate excludes 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 2023, the solvency was 35% compared to 37% 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's 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.



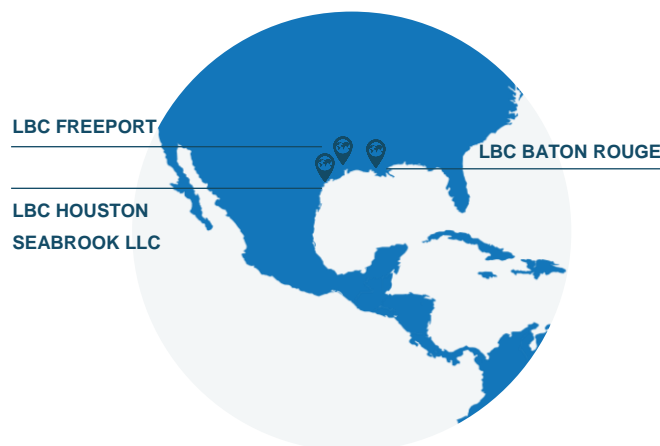
# FINANCIAL PERFORMANCE

## US REGION

### Market developments

For the US, the higher energy and utility prices from 2022 came back down to earth in 2023 as the Henry Hub spot price of natural gas went from a peak of \$8.81/MMBtu<sup>3</sup> in August of 2022 to an average of \$2.53/MMBtu for all of 2023. Meanwhile, the war between Russia and Ukraine continued to put pressure on energy prices in Europe. As a result of higher energy prices, many chemical plants in Europe have been idled or reduced in capacity due to weak economics, with more permanent capacity rationalizations possible. While a headwind for Europe, these reductions in output for base chemicals could support growing trans-Atlantic shipments, potentially providing expansion opportunities in the US Gulf Coast. Crude production in the US soared to a record of 12.6 million barrels per day in 2023, driven in large part by production in the Permian basin. Consequently, US crude exports also reached record highs at 4.06 million barrels per day.

Our storage and handling business remained strong in the US, and we were able to achieve a record year financially.



### Financial highlights

Revenue for the year ended 31 December 2023 was \$173.8 million, an increase of \$20.2 million compared to the previous year (2022: \$153.5 million). Higher revenues were largely generated because of expansion and 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.

The total storage capacity remained stable with 2.5 million m<sup>3</sup> (2022: 2.5 million m<sup>3</sup>) in December 2023.

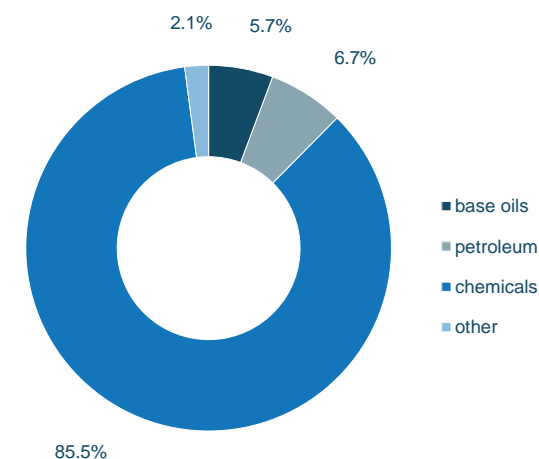


Figure | Total revenue split by product category (US region)

<sup>3</sup> Million British thermal units, a unit of measurement for energy.

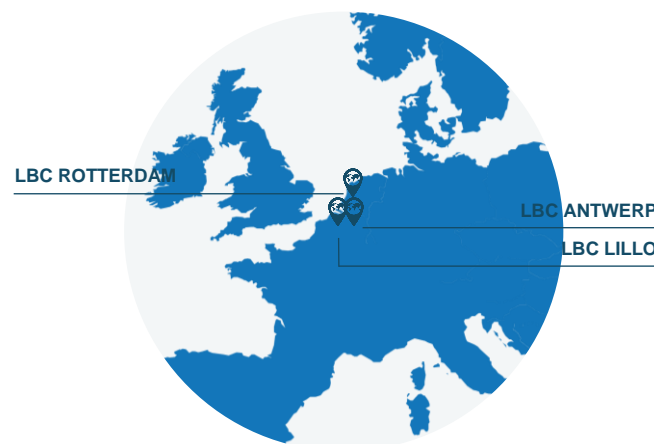
# FINANCIAL PERFORMANCE

## EUROPEAN REGION

### Market developments

The year 2023 remained difficult for the European petrochemical industry as its competitiveness compared to (lower priced gas) regions such as the US, Asia, and the Middle East deteriorated, causing European producers to continue to shut down. Products are being imported from regions with more competitive feedstock cost as a result, where traders are increasingly stepping in. These longer haul imports also imply an additional need for storage as cargo sizes are larger and more security stock is needed. This need is further accentuated by challenges encountered in the Red Sea, which include geopolitical tensions, piracy threats, and navigational hazards, all of which can disrupt supply chains.

Our customer portfolio is therefore expected to change in the coming years, with more traders and US plus (far) Eastern companies entering the European market. Tank capacities in the Amsterdam-Rotterdam-Antwerp (ARA) region are expected to remain full.



### Financial highlights

Revenue for the year ended 31 December 2023 was \$82.1 million (2022: \$81.1), an increase of \$1.0 million compared to 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 m<sup>3</sup> (2022: 500,000 m<sup>3</sup>) in December 2023.

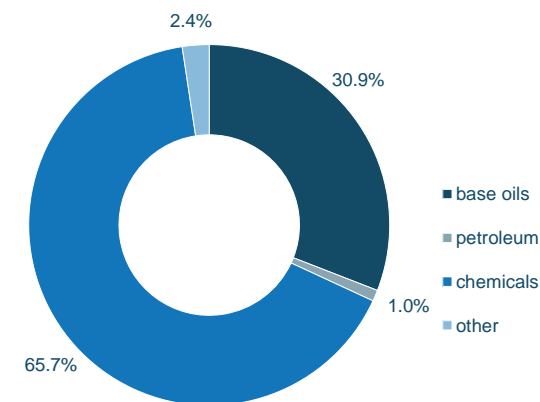


Figure | Total revenue split by product category (European region)



# FINANCIAL PERFORMANCE

## 2024 OUTLOOK

With European chemical manufacturing still operating at lower levels and a slight economic improvement anticipated in 2024, we foresee a modest rise in production volumes by mid-2024, aided by reduced energy costs. Additionally, as some European chemical production facilities permanently close, we expect a gradual shift towards increased imports, boosting demand for storage capacity. During 2023 we took a final investment decision in a significant expansion project for LBC Antwerp which will add additional capacity by the end 2025.

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 and petrochemicals in the global market.

Again, our business model shows its resilience to economic volatility with continued strong operational cash flows in 2023, which we expect to continue in 2024. The political and economic risk as a result of global developments will affect LBC, although we believe that we are well positioned to face the challenges and capture opportunities that result from these circumstances. With our focus on chemical products, we are in a strong position to grow our business in chemicals handling and storage. Also, we are ready to support the energy transition with our existing and planned infrastructure.

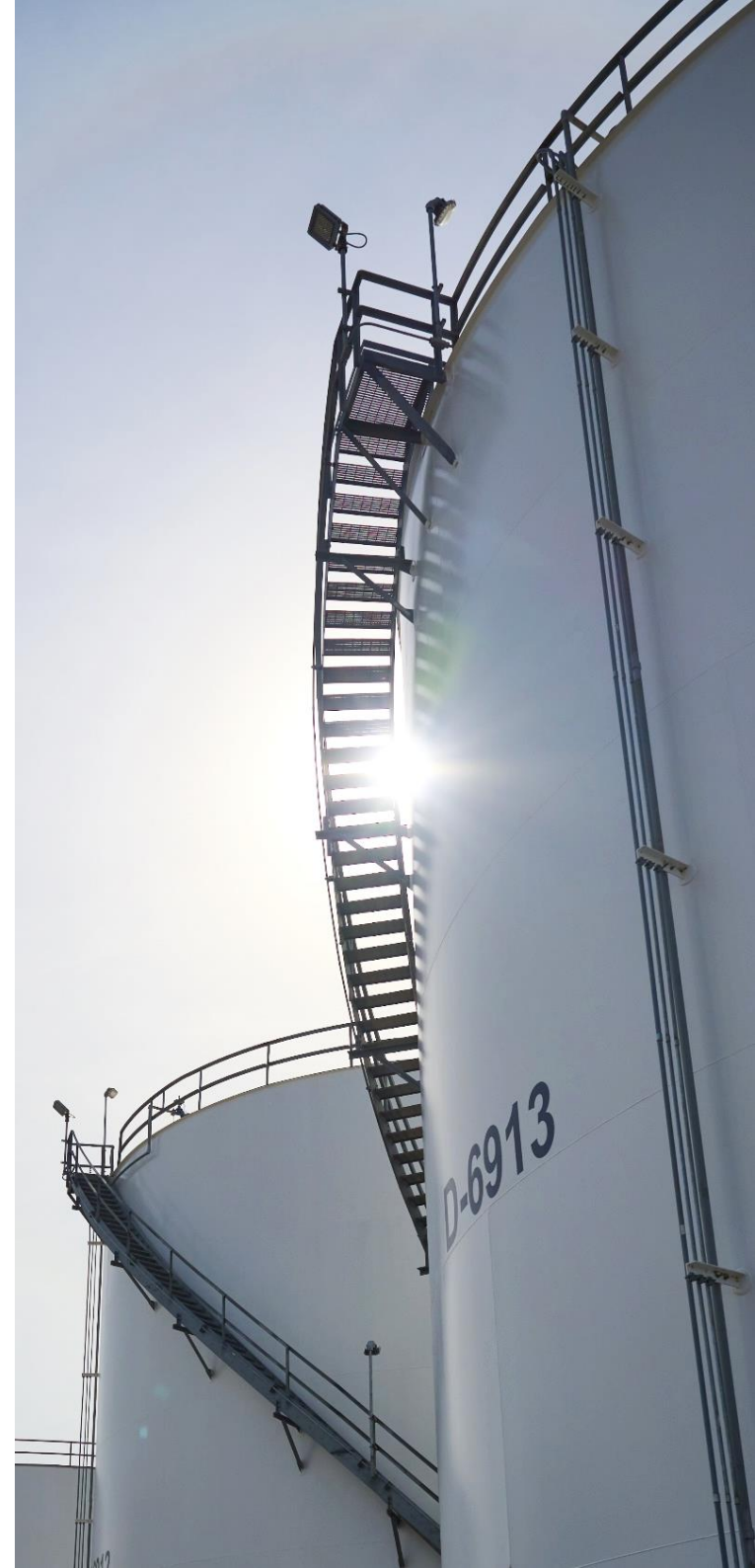
In 2024, we expect to implement further enhancements to our new global ERP system D365, next to other IT implementations with respect to procurement and expense management. Also, in 2024 and 2025, we expect to finalize investment decisions for further improving our energy efficiency and thereby reducing our carbon footprint, as well as for further expansion at our Rotterdam, Houston, and Lillo

terminals. These investments will be financed from a combination of operating cashflows and drawings under our credit facilities. As a result, we expect a marked increase in our leverage ratios, but staying well within our covenants. 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:

- In April 2024, a distribution proposal to the majority shareholders was approved.
- On 13 February 2024, the Board of Directors approved a capital expenditure project for the Rotterdam terminal.
- In January 2024, LBC Antwerp signed the renewal of all of its land lease agreements with the port of Antwerp-Bruges.



# SUSTAINABILITY PERFORMANCE

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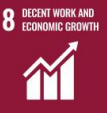
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# OCCUPATIONAL HEALTH AND SAFETY



## Scope

We believe that all incidents are preventable. We have established processes and procedures to minimize potential health and safety impacts on our people, contractors, and visitors. Risk assessments are carried out, and a wide range of controls, including technical, organizational, procedural, and personal measures, are implemented to mitigate identified risks.

## Performance

Building on the 2022 trend, we have seen continued improvement in 2023, marked by a reduction in recordable incidents and a lowered Total Recordable Incident Frequency Rate (TRIFR). Out of the four recordable incidents, one was related to tripping and the other to handling of a compressed nitrogen hose. Two other injuries were related to product exposure incidents, which resulted in one respectively two days away from work and are therefore also counted as Process Safety Event (PSE) Tier 1 incidents (see section on [process safety](#)).

KPI	Unit	Target 2030	2023	2022	2021	2020 baseline
LTIFR	Number per 200,000 hours	<0.15	0.56	0.58	1.04	0.20
TRIFR	Number per 200,000 hours	<0.30	0.56	0.73	1.51	0.80

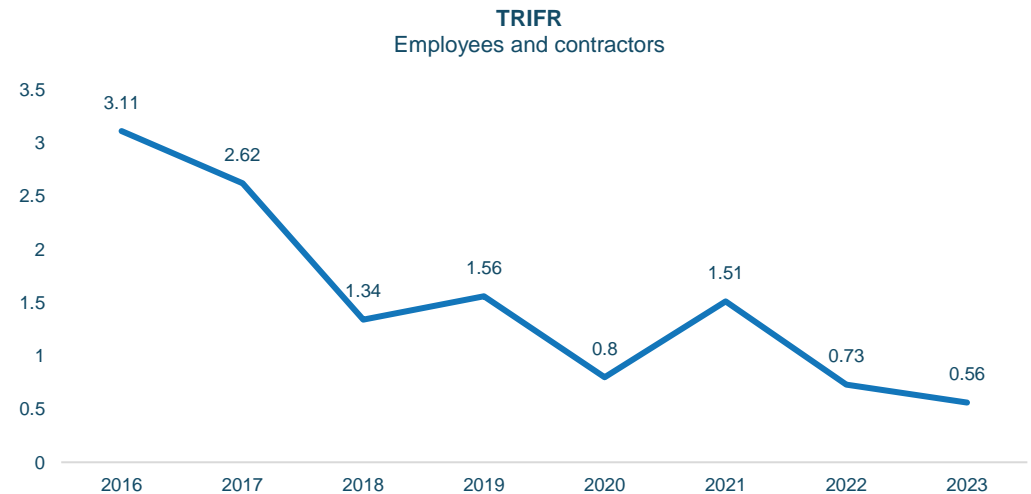


Figure | Total Recordable Incident Frequency Rate (TRIFR) per 200,000 hours

In addition to addressing the recordable incidents, comprehensive investigations have been carried out for relevant incidents such as high potential near misses. Utilizing the same investigative process employed for Process Safety Events (PSEs), the root causes have been identified and addressed.

As the abovementioned incidents occurred in the same terminal, a Terminal Health Assessment (THA) has been conducted with the support of a global expert team. Following the results, an internal safety improvement plan (SIP) committee has been set up involving local, regional, and corporate management team members, to support the terminal in setting priorities, tracking actions, and in providing the organizational support and tools needed to sustainably improve.



# OCCUPATIONAL HEALTH AND SAFETY



## Occupational health monitoring

Processes are in place to monitor the health of our employees through periodic medical check-ups. We have not received any reports about actual or potential occupational health issues.

## Contractor management

Our contractors work primarily on construction and maintenance projects. In 2023, contractor hours constituted one-third of the total work hours, underscoring the significance of effective contractor management within our management system. Contractors engaged in projects at our terminals must adhere to the same stringent health, safety, and environment standards that apply to our own personnel. The expectations for our contractors and suppliers are outlined in the LBC Supplier Code of Conduct. Contractors are vetted before contracts are awarded. Performance checks are conducted during and after the work.

We work closely with contractors at our sites to continuously improve safety and sustainability performance. This includes on-site HSE inspections of contractors working at our sites.

We strive for long-term relationships with our suppliers and contractors as we see them as integral partners in our commitment to sustainable business.

## Incident investigation and follow-up

A key element of our safety program is the incident reporting and follow-up process. All employees have the authority to stop any unsafe work and report incidents, near misses, unsafe acts, and unsafe conditions into the incident database. Safety alerts concerning incidents with actual, or potential significant or major severity levels are shared on a Group level. Investigations are conducted to identify root causes, and a systematic action tracking process is employed to ensure the implementation of necessary corrective measures.

## Safety observation rounds

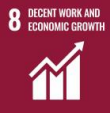
We conduct safety observation rounds weekly, analyze positive and negative observations, track actions and provide direct feedback. These observation rounds include both, employees and contractors working at our locations.







# OCCUPATIONAL HEALTH AND SAFETY



## 2023 highlights and initiatives

### *Global Safety Day*

On 20 April, we held our annual LBC Global Safety Day, emphasizing the importance of safety in everything that we do. The event was centered around the LBC values (we connect, we anticipate, we empower, we lead). Workshops were featured in the day's program at each terminal, involving not just the LBC team but also contractors, suppliers, and customers.

### *IOGP 9 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 employees.

We seek to align policies and practices for consistency across the regions. Corporate and local work groups were established with the goal of ensuring policies related to the IOGP 9 Life-Saving rules are clearly written, easily understood, current, and accessible.

### *HSEQ monthly communication and daily pre-shift talks*

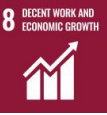
Monthly communication meetings have been well established at all our terminals. Further, we organize safety-standdowns with employees and contractors to highlight important safety messages, and to create immediate attention in case of high potential near misses or incidents.

To improve daily pre-shift communication, we have implemented an HSEQ daily talks initiative. We strongly believe that increasing HSEQ awareness, promoting employee engagement, and sharing of ideas will further improve the safety culture within our organization. A pre-determined topic is covered in the shift hand-over and communicated face to face with all LBC employees. The topics cover safety trends, policy updates, KPIs, leading indicators, incidents, safety alerts, security awareness, and topics related to sustainability such as energy, waste, and water.





# OCCUPATIONAL HEALTH AND SAFETY



## *Improved trainings for onboarding of new employees and annual refresher*

In 2023, we have developed a comprehensive training agenda and new material for the new hire and annual refresher training. The goal is to provide our employees with high quality relevant training that prepares them to conduct their job in a safe and efficient manner.

## *Safety coach training*

Several employees have been trained as safety coach. These visible and recognized internal safety coaches play an active role in the roll-out of global, regional, and local safety initiatives, such as risk assessments, incident investigations, etc. and they will continually promote the key messages and a positive safety culture.

## *Bow-tie training and analysis*

We have identified key personnel from operations, maintenance and HSSEQ to participate in bow tie analysis training. In the context of process safety risk, bow-tie analysis is invaluable for assessment practices, particularly Process Hazard Analysis (PHA). The operational risk bow-ties help to identify and organize a spectrum of risks, from equipment failures to employee safety, and to set up the most effective combination of mitigating barriers.

## *Way forward*

For 2024, several initiatives are planned to maintain relevant safety initiatives that have been already rolled-out and to further improve LBC's safety culture. We believe that our freshly trained safety coaches will make a positive impact on increasing safety leadership and ownership in the field. Further standardization is planned in the areas of chemical hazards, barrier-based safety, risk management, knowledge sharing and competence development.



# PROCESS SAFETY



## Scope

Ensuring the safety of people and the environment is our top priority when managing our operations. Process safety focuses on containing the product within designated operating systems to prevent unintentional releases. We achieve this by maintaining the integrity of systems and processes through robust design, engineering, and operational practices. Our commitment to process safety is evaluated using metrics such as Process Safety Events (PSEs) as defined by API (American Petroleum Institute) RP (Recommended Practice) 754.

To prevent unintentional product releases, our corporate management system incorporates engineering standards that establish minimum requirements for asset integrity, firefighting equipment, and terminal installations. In the event of a product release, we have emergency response processes in place to mitigate the impact of such incidents.

## Performance

In 2023, we have seen a decrease in Process Safety Events and Process Safety Event Rate. The two PSEs in 2023 resulted in employee injuries (see occupational health and safety chapter) leading to one respectively two days away from work. In both cases, operators got exposed to product. These incidents did not lead to any severe injuries, fires, explosions, equipment damage, or adverse effects on the community. Thorough investigations have been conducted, and the root causes have been addressed properly and shared within the organization.

KPI	Unit	Target 2024	2023	2022	2021	2020 baseline
Tier 1 PSE	Number	-	2	3	0	0
Tier 2 PSE	Number	-	0	1	1	2
PSER tier 1 + tier 2	Number per 200,000 hours	<0.25	0.28	0.58	0.12	0.20





# PROCESS SAFETY

In addition to tracking indicators such as PSE which reflect safety performance after events, we also internally monitor various process safety indicators. The insights gained from these indicators help us develop plans to enhance our overall process safety. Our plans target safe terminal design and engineering controls, asset integrity, process hazard analysis (PHA), and the awareness and competence of managers, employees, and contractors in process safety.

## 2023 highlights

### *Process Safety Management assessments and working group*

We conducted Process Safety Management (PSM) assessments in both regions during 2023. These screenings were a response to identified risks linked to specific stored products and unfavorable trends in both leading and lagging process safety indicators throughout 2022. The outcome of the assessments will be used for updating LBC's global safety and engineering standards.

Following the outcomes, we established a worldwide PSM working group. Presently, the group is actively developing a global PSM roadmap aimed at enhancing PSM capabilities across the entire organization. This initiative aims to align and standardize processes such as risk management, Management of Change (MOC), and Hazard and Operability (HAZOP) studies with both regions more effectively.

### *Process safety training*

In 2023, we launched our improved process safety training. This updated training is designed to educate our terminal management teams and engineering staff on the principles

of Process Safety Management, empowering them to become effective Process Safety thinkers and leaders.

### *Bow-tie training and analysis*

In 2022, we introduced the concept of barrier-based safety to improve PSM competence and focus on recognizing process hazards within the organization. In 2023, our emphasis has been on deepening our knowledge of barrier-based safety and utilizing the related bowtie concept more extensively, particularly in critical operations and maintenance activities (see also section on occupational health and safety).

### *Process Safety Fundamentals*

To make PSM more accessible to operators and frontline leaders, and to focus more on operational discipline, we have introduced the Process Safety Fundamentals (PSFs). This set of fundamental rules focuses on safe operational practices. We believe PSFs will increase operational ownership of safety barriers in the field and positively impact the reduction of product spills.

### *Way forward*

The main focus for 2024 is to further develop processes and tools to identify and manage process hazards, to optimize knowledge sharing between our terminals and in our project teams, and to reduce the number of loss of primary containment incidents.





# BUSINESS ETHICS AND INTEGRITY



## Scope

In today's dynamic business landscape, the pursuit of sustainable success extends beyond financial performance. At the core of our operations, we recognize that fostering a culture of business ethics and integrity is paramount. This commitment is not merely a moral imperative; it is a strategic imperative that influences our reputation, stakeholder trust, and long-term viability.

Business ethics and integrity are the foundation of our reputation as a trusted and connected partner in the marketplace. Upholding ethical standards builds credibility, attracting customers, investors, and employees who share our commitment to responsible business practices. This reputation, once earned, becomes a valuable asset that contributes to our brand equity and differentiation.

Our integrated approach prioritizes the creation of long-term stakeholder value over short-term gains. By embedding ethical considerations into decision-making processes, we align our interests with those of our stakeholders – customers, suppliers, employees, investors, and the communities in which we operate. This alignment fosters enduring relationships, reducing risks, and enhancing the resilience of our business in the face of challenges.

Business ethics and integrity serve as effective risk mitigation tools. A proactive commitment to ethical conduct helps identify and address potential risks before they escalate. Furthermore, adherence to ethical standards ensures compliance with laws and regulations, safeguarding our operations from legal pitfalls and reputational damage. This, in turn, enhances our ability to navigate an increasingly complex regulatory environment.

Our employees are integral to our success, and their commitment is strengthened when they work in an ethical and transparent environment. By fostering a culture of integrity, we empower our workforce to make ethical decisions and take pride in their contributions.

As responsible corporate citizens, we acknowledge our role in contributing to the achievement of Sustainable Development Goals. Through ethical business practices, we address societal challenges and promote sustainable development, thereby aligning our business objectives with the broader aspirations of the global community.

In conclusion, business ethics and integrity are not only the cornerstones of our corporate identity but also critical drivers of sustained success. Our commitment to ethical conduct is deeply embedded in our operations, influencing decision-making at all levels. This integrated approach not only safeguards our reputation and stakeholder relationships but also positions us as a responsible contributor to a more sustainable and equitable future.

## Performance

We employ diverse instruments, such as the Global Corruption Index (GCI) and the environmental, Social and Governance Index (ESGI) to evaluate potential risks associated with countries where our operations are present. We do not conduct business in countries characterized by substantial corruption or ESG risk.

KPI	Unit	2023	2022	2021	2020
Number of environmental permit violations resulting in a significant or major fine <sup>5</sup>	Number	0	0	0	0
Whistleblowing reports from employees or third parties	Number	0	0	0	1

Further monitoring of compliance with laws and regulations is in the area of human rights, anti-trust, and corruption. No legal actions are pending or completed in 2023 against LBC regarding human rights, anticompetitive behavior and violations against anti-trust and monopoly legislation. There were no significant or major penalties for environmental permit violations in 2023.

<sup>5</sup> Permit violations are listed per calendar year that the violation occurred, not the year the fine was paid.  
Significant fine > 10,000 USD, Major fine > 50,000 USD

# BUSINESS ETHICS AND INTEGRITY

Via the 'speak up' mechanism, employees, contractors, and third parties can disclose any instances of unethical conduct, illegal activities, or irresponsible behavior, including cases of discrimination. The 'speak up' process is included in the onboarding of new employees and part of the updated LBC Code of Conduct. In adherence to our internal guidelines, all issues are handled confidentially and in line with legal requirements. We do not tolerate any form of retaliation against an employee who, in good faith, seeks advice or reports misconduct. We have not received any reports for 2023.

## Way forward

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. We are on track to introduce a new and comprehensive revision of our Code of Ethics, which will be implemented through an organization-wide Code of Ethics training. The rollout will also include a first introduction to ethical business practices during the onboarding days of new employees and a refresher e-learning. These integral components aim to empower our workforce with the knowledge and skills necessary to navigate complex ethical challenges successfully.



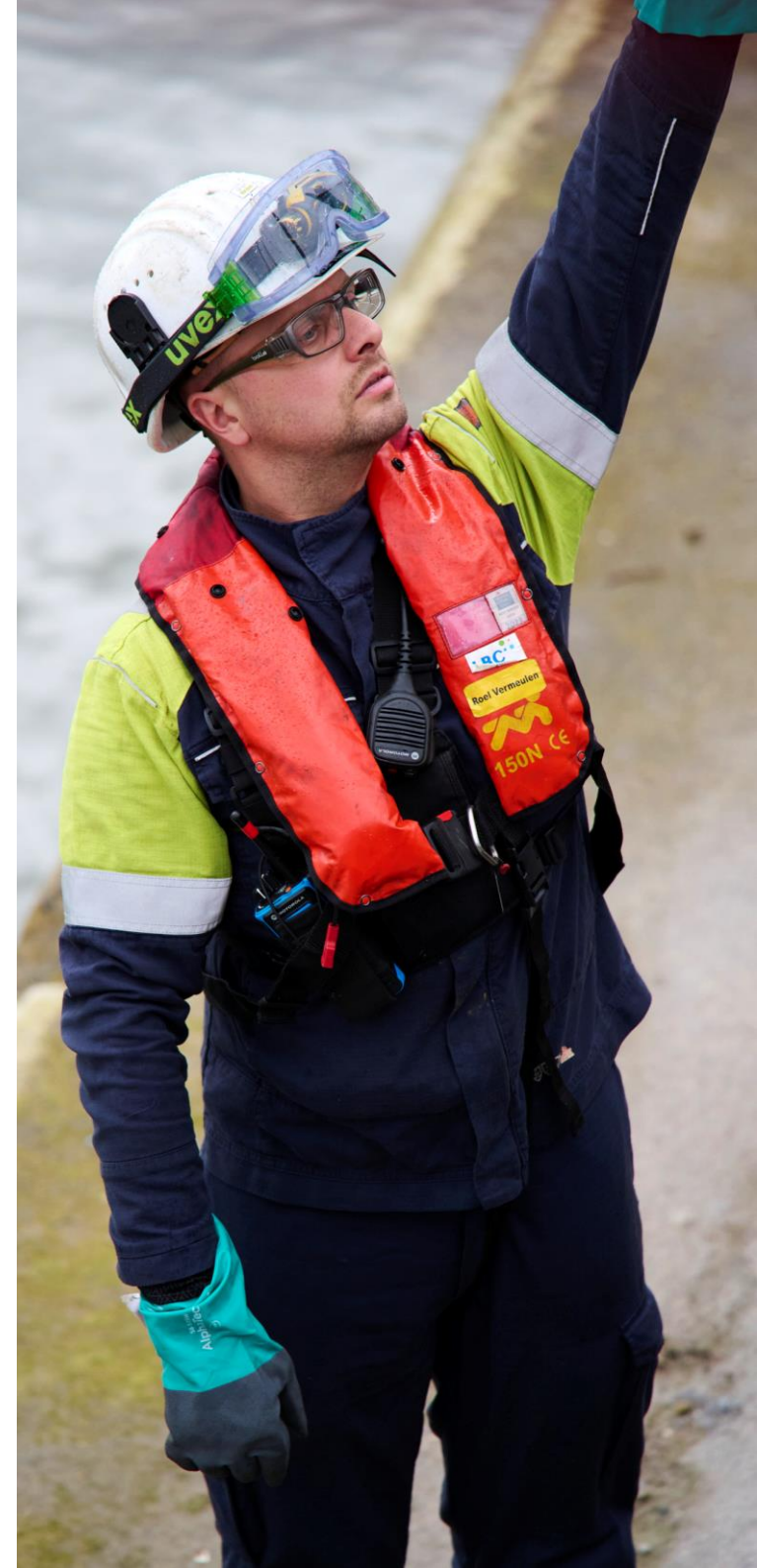
## A note on advocacy and political activity

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 and vetting processes.

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.





# HUMAN RIGHTS



## Scope

We are committed to conducting our operations, managing our supply chain, and fostering business relationships with a focus on responsible business practices. Our values serve as the foundation for this commitment. We uphold and prioritize human rights, ensuring that our employment conditions align with global standards of conduct and the principles outlined in the United Nations Declaration of Human Rights and the International Labour Organization's Declaration on the Fundamental Principles and Rights at Work. Our aim is to improve the well-being of our employees, supporting their personal development and contributing to a sustainable future.

## Performance

### Child labor

We do not employ people under the applicable mandatory minimum age<sup>6</sup>. 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.

### Worker relations and participation

22% of our employees were subject to collective bargaining agreements. Encouraging the active engagement of employees is a key focus within our organization.

<sup>6</sup> 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 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.

Some terminals have a formal staff council or health and safety committees. In areas where the law does not mandate these structures, informal committees are formed. For example, our sites in the US feature employee-led committees offering guidance to terminal management regarding health and safety concerns.

### Handling of grievances

All terminals have processes in place for handling grievances. 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.

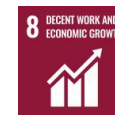
We have not received any grievance reports in 2023 and we are not subject to any legal and/or regulatory actions related to business ethics and human rights.

### Way forward

We will further work on extending the human rights agenda by engaging our suppliers on the topics such as: modern slavery and forced labor, payment, and wages, working time and ethical sourcing.



# TALENT ATTRACTION AND RETENTION



## Scope

Our strategic vision is built around connected partnerships, grounded in a steadfast dedication to safety, sustainability, service, and efficiency, supported by our dedicated team members whose expertise and commitment are essential in delivering significant results. Central to our approach is the cultivation of our internal talent pool, alongside the integration of new, skilled individuals aligned with our strategic directions. We are committed to being an employer of choice, fostering a work environment where career growth is nurtured, and employees are continuously empowered and equipped with the skills needed for their roles and beyond.

Success for us is a collective journey, achieved through teamwork and a shared sense of purpose. Beyond our internal goals, we are committed to making a meaningful impact in the communities where we operate. This includes offering employment opportunities and engaging with local educational institutions to provide internships for students, thereby contributing to local social value and nurturing the next generation of talent.

## Performance

KPI	Unit	2023	2022	2021	2020 baseline
<b>Absence rate</b>					
Long-term absence (> 2 weeks)	Percentage	0.35	0.35	0.34	1.00
Short-term absence (< 2 weeks)	Percentage	3.64	3.05	4.38	4.26
<b>Retention</b>					
Joiners	Number	120	86	62	56
Joiners/total staff (headcount)	Percentage	22	17	12	11
Leavers	Number	78	79	69	36
Leavers/total staff (headcount)	Percentage	14	16	14	7

We closely monitor the development of absenteeism, especially short-term absenteeism as this is what we can influence most. We see an increase in short-term absence, which is an unfavorable trend. Nevertheless, this increase has remained beneath the 4% threshold, a rate we deem acceptable in comparison to benchmark statistics.

Regarding attrition, the rate has consistently held at approximately 15% in recent years, a figure we acknowledge as substantial. Our objective moving forward is to implement strategies aimed at gradually reducing this rate.

LBC employees receive competitive benefits which may include, depending on location and employment status: basic health and welfare benefits including medical coverage, life and accident insurance, business travel accident insurance, disability protection, retirement, savings and pension plans, and paid vacation, holidays, and personal leave.

**Reward and recognition:** We have terminal-specific reward and recognition programs in place. Safety and sustainability performance, attendance and years of service are recognized in various ways, including annual bonuses. Further, with our global 'catch of the month' initiative, we reward near miss reporting.

**Family-friendly programs:** Family-friendly programs in place for all employees. These programs include paid parental leave, remote work, and the option to work part-time.

**Promotion of worker health:** We have established programs to promote worker health. These include provision of fruit at the workplace, gym memberships, bicycle plans, etc.

**Performance review program:** All employees receive regular feedback on their performance, including their performance related to safety and sustainability. The number of employees participating in a performance appraisal program is determined by local country employment laws and collective bargaining agreements. Safety and sustainability performance is integrated in LBC management's variable remuneration and accounted for 25% of the total payout (15% safety and 10% sustainability).



# TALENT ATTRACTION AND RETENTION

## 2023 initiatives

We offer just and competitive pay and benefits, adhering to the principle of ensuring equal compensation for equivalent job responsibilities. We introduced a global grading system which enables us to maintain transparency in our reward practices and competitive remuneration packages. This model not only looks at the function or role, but also at the required talent of the person involved. The model ensures that job roles are not only aligned with our corporate strategy but also optimized for maximum productivity, ensuring organizational agility.

Alongside enhanced performance management, the implementations of the Human Resource Information System (HRIS) and Learning Management System (LMS) form the operational excellence foundation of our HR strategy. One of the concrete translations of these projects is the LBC Academy. This platform is a significant step in enhancing our training and development infrastructure, directly supporting the growth and adaptability of our employees. Designed with input from across our team, the LBC Academy delivers targeted learning experiences, ensuring our employees have the skills needed to meet both current and future challenges.

We have launched an onboarding initiative for newly hired employees in the US region, encouraging their participation in orientation and training sessions held at the regional office. The objective is to provide all new hires with a consistent foundation for their careers at LBC. This allows them to interface with important internal stakeholders and start cultivating relationships that will prove beneficial throughout their professional journeys.

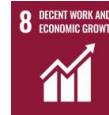
Additionally, the US region has transitioned to an annual, in-person training format for reviewing LBC's policies and procedures, replacing the previously used computer-based training (CBT).

Employee engagement is a crucial element in fostering a positive, safe, and productive work environment. In December 2023 we conducted an employee engagement survey at our Antwerp and Lillo terminals. The survey provided valuable insights into the workforce's sentiments and perceptions. Surveying 137 participants, reflecting a participation rate of 91%, the study explored crucial aspects such as job satisfaction, communication effectiveness, and overall morale in the workplace. As we analyze the comprehensive data and define areas for improvement, the upcoming initiatives will be tailored to enhance employee engagement.

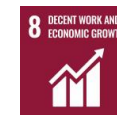
## Way forward

We will extend the onboarding initiative to the European region and continue to focus on maintaining safe and healthy workplace standards for all 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.

In a tight and competitive labor market, communication and visibility are still key to be an employer of choice and ensure continuous accessibility to talent. Additional efforts will go into this in 2024.



# 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.

Embracing diversity is integral to our values, and we firmly believe that every team member deserves to be treated with dignity and respect in a secure working environment. We appreciate the unique qualities and varied backgrounds of our team, as they complement each other and strengthen our decision-making processes.

Maintaining a workplace free from physical or verbal harassment is of utmost importance to us. Consequently, we have zero tolerance for discrimination based on race, color, age, gender, gender identity or expression, sexual orientation, nationality, religion, ethnicity, or any other factors.

## Performance

### LBC employees

KPI	Unit	2023	2022	2021	2020 baseline
<b>Gender</b>					
Men	Percentage	81	82	80	79
Women	Percentage	19	18	20	21
<b>Age distribution</b>					
< 30 years	Percentage	15	15	12	12
30 – 50 years	Percentage	55	56	59	58
> 50 years	Percentage	30	29	29	30

### Executive Leadership Team

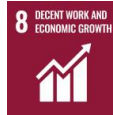
KPI	Unit	2023	2022	2021	2020 baseline
<b>Gender</b>					
Men	Percentage	100	100	75	75
Women	Percentage	0	0	25	25
<b>Age distribution</b>					
< 30 years	Percentage	0	0	0	0
30 – 50 years	Percentage	33	33	25	25
> 50 years	Percentage	67	67	75	75

### Board of Directors

KPI	Unit	2023	2022	2021	2020 baseline
<b>Gender</b>					
Men	Percentage	100	100	100	100
Women	Percentage	0	0	0	0
<b>Age distribution</b>					
< 30 years	Percentage	0	0	0	0
30 – 50 years	Percentage	71	86	86	71
> 50 years	Percentage	29	14	14	29



# DIVERSITY AND INCLUSION



KPI	Unit	Target 2030	2023	2022 baseline
Women in senior management	Percentage	20	11	11 <sup>7</sup>
Women in Board of Directors	Percentage	20	0	0

We have set appropriate gender balance targets for the Board of Directors and senior management. Our goal is to increase the representation of women within senior management of the company and the Board of Directors to 20% in 2030.

Diversity at LBC goes beyond gender ratios to encompass a wide range of backgrounds, essential for our success. We see diversity of thought as a key driver, employing tools to form balanced teams and improve leadership skills, focusing on individual communication styles and preferences. This approach enhances communication, reduces misunderstandings, and promotes open dialogue, ensuring a collective blend of unique insights is encouraged and valued.

## Way forward

The ELT and the Board of Directors endorse a balanced distribution of seats within the ELT, the Board and senior management of the company. Diversity in the corporate bodies remains an important goal, and we aim to increase the representation of women within the Board and senior management. In addition, we aim to stay diverse in nationalities in senior management.

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.

<sup>7</sup>We have restated the 2022 figures as we have changed our definition of 'senior management'. This now defined as members of LBC's Global Leadership Team. The Global Leadership Team includes ELT members. This changed the 2022 figures from 6% to 11%.



# INFORMATION SECURITY



## Scope

Excellent supply chain services are the result of effective cooperation between all parties involved. We invest in digital solutions which aim to ensure a seamless and accurate flow of data between us, our customers, their customers, and other supply chain partners.

The effective implementation of our core processes relies on the availability of accurate and readily accessible information. The purpose of our information security measures is aimed at safeguarding the confidentiality and integrity of entrusted data from customers, employees, supply chain partners, contractors, and other stakeholders. Maintaining a high standard of information security therefore remains a top priority for us.

## Performance

We have noticed an increase in phishing attempts in 2023. Most of those are untargeted attempts, launched without specific knowledge of our organization. Nevertheless, there were several targeted attempts where senders did some form of research prior to launching their email or instant message to our staff. Our personnel demonstrated a high level of professionalism in their response to the phishing attempts, preventing any resultant damage. There was one instance where a fraudster impersonated us in a phishing attempt targeting one of our service providers. Fortunately, this did not lead to any adverse outcomes, owing to the stringent security measures implemented by the provider.

It has come to our attention that other organizations within the maritime and logistics sector experienced similar cyber threats.

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 availability or integrity issues, nor was the confidentiality of the (customer) data in our custody jeopardized.

We learned that two of our supply chain partners experienced an information security incident. Both partners are based in the US region. Damage was prevented due to timely warning by the affected partner.

## Way forward

We continue to invest in strengthening our infrastructure further and protecting ourselves against an increasing outside threat by continuously adopting new state-of-the-art cybersecurity technologies. Further professionalizing our Information Security Management System (ISMS) is key to making the impact of our efforts more sustainable. It is our objective to have the ISMS ISO 27001 certified in 2025.

KPI	Unit	2023	2022	2021	2020
Significant and major cybersecurity breaches	Number	0	0	0	0

# CUSTOMER FOCUS

## Scope

We are a key link in our customers' supply chain, and as such, we place a high priority on understanding our customers' needs. It is paramount that our customers have full confidence and trust in our ability to safeguard their products and deliver best-in-class customer service. Customer centricity is an organizational mindset and the foundation of our 'connected partnership' strategy. It starts with every team member recognizing how they contribute to the overall success of our customers. By working together to ensure that each customer touch point is managed as safely and as efficiently as possible, a series of individual customer moments becomes the base for a strong customer experience.

## Performance

Customer centricity has truly become a differentiator for LBC. In 2023, we started with the implementation of the customer experience (CX) project, a global initiative aimed at shaping LBC into an even more customer centric organization. Our starting point was a maturity assessment, guided by over 26 customer interviews and internal documentation. This laid the groundwork for identifying leverage points to enhance customer centricity, setting the stage for growth. Using the internationally recognized CX framework, we defined our ambitions and approach. Through collaborative efforts with customers and employees, we created the authentic LBC service experience, culminating in the launch of our new CX strategy. This project is already yielding positive results based on feedback we have received from our customer base.

Furthermore, 2023 marked the third consecutive in which we conducted a formal Customer Satisfaction Survey to elicit feedback on our overall performance. We have taken the constructive feedback from our customers, communicated it throughout the organization, and used that feedback to help implement positive changes that enhance the value of our overall service offering. From 2021 to this year's survey, our continued improvement has resulted in a global Net Promotor Score increase to 52.

KPI	Unit	Target 2030	2023	2022	2021 baseline
Net Promotor Score	Number	60	52	39	7

Alongside the Customer Satisfaction Survey, for the second consecutive year we conducted a third-party satisfaction survey. Through this formal survey, we solicit feedback from companies with whom we are connected via the supply chain of our customers (e.g. haulers/trucking companies, shipping agencies, customs agencies, port agents, and surveyors). These third parties and LBC share a common goal, serving our shared customers as best as we possibly can. Based on feedback received from third parties last year, we made operational improvements that yielded an increase in our third-party survey score. The success we have realized in the satisfaction levels of our customers and third parties is not a destination, however, as we are focused on continually improving the experience that our customers receive day after day.

## Way forward

At our core, LBC is an organization built on service. As such, our customers are at the center of every decision we make, with our constant goal being to improve their experience in a safe and responsible manner. We have taken steps to embed a customer-centric mentality into the LBC culture. In 2024, we will roll-out the activation plan to deepen the integration of our CX strategy. This plan includes a blend of workshops, e-learning, dialogue sessions, and a visual campaign to kickstart and sustain awareness. Key activities include a launch event with keynotes, leadership and ambassador workshops for strategy immersion, and training sessions to encourage practical application. Regular dialogue sessions will help track the strategy's uptake, guiding continuous improvement in our customer-centric approach.



# APPLICATION OF BEST PRACTICES



## Scope

Being committed to excellence, we hold ourselves and others to the highest standards in everything that we do. We advocate our sustainability vision through participation in industry associations with the aim to share best practices and collaborate on key topics that are important for the industries in which we operate.

## Performance

Our performance is measured by external certification and qualifications of our sustainability management program. While we do not establish specific targets, we are committed to a continual improvement approach, actively seeking and seizing opportunities for advancement as they present themselves.

KPI	Unit	2023	2022	2021	2020
<b>Certified management systems</b>					
Terminals certified in ISO 9001	Number	3	3	3	3
Terminals certified in ISO 14001	Number	3	3	3	3
Terminals certified in CDI-T	Number	4	4	3	2
Terminals certified in ISCC	Number	3	3	0	0
<b>Sustainability ratings</b>					
EcoVadis	Number	79	74	69	60
GRESB	Number	96	92	85	73

## 2023 highlights

### *EcoVadis and GRESB*

We were awarded the outstanding EcoVadis Platinum medal and received 5 stars, the highest possible rating in the GRESB assessment. We highly value the feedback from both EcoVadis

and GRESB, as this helps us to prioritize actions and set direction for our sustainability program

### *Chemical Recycling Europe*

We have officially become an associate member of Chemical Recycling Europe (CRE), an industry association supporting and advocating for chemical recycling in Europe, dedicated to closing the loop for plastics through collaboration on circular and sustainable technologies. Significant steps are being taken towards a future where waste is repurposed, contributing to both environmental and economic sustainability. This transition is a collective effort, and through connection and collaboration with other members in CRE, we are committed to making a meaningful and relevant impact.

### *Ammonia Energy Association*

The Ammonia Energy Association (AEA) is a global industry association that promotes the use of ammonia in a sustainable energy economy. Their aim is to accelerate the energy transition by supporting new business cases throughout the ammonia energy value chain. They achieve this by taking collective action on behalf of their members and by facilitating cross-sector and international collaboration among their membership.

### *MVO Nederland*

We became a partner of MVO Nederland. MVO Nederland drives the transition to a sustainable economy with the largest entrepreneurs' movement in Europe. This transition requires a change in the current system. MVO Nederland aims for at least twenty percent of the Dutch economy to be involved in the sustainable economy by 2025. This sustainable economy is based on values beyond financial considerations and operates within the limits of nature and society.

## 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 the 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 2024.

# SUSTAINABLE PROCUREMENT

## Scope

We recognize that our suppliers play a key role in our sustainability strategy. Our expectations are documented in our [Supplier Code of Conduct](#). With this SCoC, we aim to:

- Minimize the environmental impact of our procurement activities.
- Promote the use of sustainable, eco-friendly products and services.
- Encourage our suppliers to adopt sustainable practices.
- Promote fair labor and employment practices among our suppliers.
- Foster an inclusive supply chain among our suppliers.
- Engage with diverse suppliers to boost the communities in which we operate.

## Performance

We recognize that our suppliers play a key role in our sustainability strategy, including our goal to become CO<sub>2</sub> neutral in scope 3 emissions by 2040. Some of our 2023 initiatives include:

- The US region procurement manager participated as panelist at an annual sustainable procurement conference.
- In the US region, we have started a project to increase the scope of sustainability reporting that requests our partner vendors to submit documentation of sustainability efforts based on GRI guidelines and recognized agencies. We will further implement this project in 2024.
- A scope 3 assessment has been conducted that provides high-level insights into our scope 3 emissions for each applicable scope 3 category (as per the GHG protocol).

KPI	Unit	Target 2024	2023	2022	2021	2020
Suppliers <sup>8</sup> assessed against ESG criteria <sup>9</sup>	Percentage	100	89	72	-	-
Suppliers acknowledging LBC Supplier Code of Conduct	Percentage	90	85	69	-	-
Buyers trained on sustainable purchasing	Percentage	100	100	100	-	-

Note: the KPIs 'suppliers assessed against ESG criteria' and 'suppliers acknowledging LBC SCoC' are applicable to the LBC terminals in the US region only.

## Way forward

Our goal is to extend the supplier ESG assessment process and SCoC acknowledgment process to the European region. We will continue to pursue our goal to have all strategic suppliers assessed against ESG criteria 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. Further, we will develop a 'green procurement strategy' building on the scope 3 assessment.

We look forward to the first results of the US region project to increase the scope of sustainability and work with our vendors to make a positive impact.

<sup>8</sup>Strategic suppliers: suppliers that deliver products or provide services deemed critical to executing the LBC strategy.

<sup>9</sup>We work with a supply chain risk management platform to capture our vendors' ESG data which is based on ESG standards such as Global Reporting Initiative, Sustainable Development Goals, and Value Reporting Foundation.

# NUISANCE

## Scope

With the exception of the Seabrook terminal, our terminals are located in industrial areas where communities are not in close proximity. We recognize that our operations may have a negative impact on neighboring companies and communities. This may include noise pollution, e.g., from pumps, compressors, or generators, as well as air emissions, and increased traffic due to construction activities.

## Performance

We regularly identify potential sources of noise pollution and aim to minimize them wherever possible to the lowest level e.g., by enclosure, routine inspection and maintenance, technical upgrades, or replacement by the latest technology. Mechanisms are in place for reporting any (environmental) nuisance issues.

KPI	Unit	2023	2022 <i>baseline</i>
Significant or major nuisance incidents <sup>10</sup>	Number	0	0

We take a proactive approach in communicating about potential nuisance concerns with our neighbors. For instance, our US terminals actively engage in Community Advisory Panel (CAP) meetings regularly, fostering an open dialogue among local citizens, neighbors, and representatives of local petrochemical industries on matters of mutual interest. Similarly, our Rotterdam and Antwerp terminals participate in local groups alongside representatives of nearby companies, providing a platform to address and discuss any grievances.

## Way forward

Our objective is to minimize the adverse effects on neighboring businesses and communities, especially regarding the planned expansion projects and the potential impact these may have. We will continue to proactively interact with them, either directly or through industry organizations.

<sup>10</sup> 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.





# COMMUNITY ENGAGEMENT AND CHARITY

## Scope

Our vision to be meaningful and relevant to our stakeholders aligns with our dedication to support the communities in which we operate. This involves engaging in long-term partnerships for sustainable development and striving to make a positive impact on society. We consistently aim to raise awareness on our role as a responsible corporate citizen, particularly by supporting local risk groups, non-profit organizations, and initiatives. We are enthusiastic about the positive contributions we can make in line with our corporate social responsibility objectives.

## Performance

In 2023, we have donated a total of € 28 000 in Europe and \$ 42 000 in the US to community engagement projects. Some examples of our initiatives are described below.

### Sophia Children's Hospital

Since 2021, LBC has been a proud partner of the MC Sophia Foundation. The Erasmus MC Sophia Children's Hospital, one of Europe's largest, relies on donations for non-covered healthcare facilities. In 2023, LBC and other sponsors collaborated on a coffee table book for the hospital's 160th anniversary, with proceeds funding research. Terminal Manager Rotterdam, Mathias Potvin, presented an additional donation at the book launch in honor of one of our retired colleagues. The Rotterdam team also competed in the 'FNV Port Cup' in June, reflecting our support for Sophia. In December, we actively participated in the annual Light Action, including the lighting of the Christmas tree, and attending the 'Light' dinner, reinforcing our ongoing commitment to Sophia's cause.

### Santa Christmas program

In December, LBC Houston colleagues donated children's toys to the city of Pasadena's 2023 Officer Santa Christmas program. The initiative benefits impoverished children in the Pasadena community.





# COMMUNITY ENGAGEMENT AND CHARITY

## Houston Livestock Show & Rodeo

LBC has been a supporter of the Houston Livestock Show & Rodeo (HLSR) since 2016. Our financial contributions play a role in funding educational scholarships available to applicants across the state of Texas. This includes inner-city youths who may not be involved in 4-H and FFA programs. The scholarship selection process involves a thorough evaluation of applicants' essays, taking into consideration factors such as grade point average, school activities, involvement in volunteer organizations, as well as career and degree aspirations. Through this support, we aim to contribute to the educational pursuits of deserving individuals within the Texas community. In addition to financial contributions, employees donate their time as volunteers including John Grimes, our COO, who currently serves as a Vice President of the Houston Livestock Show & Rodeo. Additionally, other LBC Houston employees are also volunteers serving on various committees.

## The American Craniofacial Association

In 2019, John Grimes played an important part the establishment of the local chapter of the American Craniofacial Association (ACA), leveraging his years of volunteer work with the Children's Craniofacial Association (CCA). Similar to CCA, ACA is a charitable organization dedicated to addressing a spectrum of concerns related to craniofacial conditions, encompassing medical, financial, psychosocial, emotional, and educational aspects. We demonstrate support for ACA by not only underwriting a golf tournament, a significant fundraising initiative, but also engaging in smaller events such as a bingo, where various colleagues have participated. These combined efforts contribute to the organization's fundraising endeavors.

## Natuurpunt

Our long-term partnership with Natuurpunt highlights our commitment to help preserve natural habitat.

In October, together with Natuurpunt, we organized a field visit to the nature reserve "De Laars van Boal" in the Valley of the Merkske, between Antwerp and Rotterdam. 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. LBC has been a proud partner of Natuurpunt since 2022, helping to make nature restoration in this particular area possible. The program included a walk through the area and a scythe initiation.

LBC supports Natuurpunt in transforming a plot of land at the border of The Netherlands into a wetlands area.

## Way forward

We will continue to explore opportunities for long-term philanthropy projects and 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 instance, we have established secondary containment in areas with a heightened risk of containment breaches, such as tank pits, pump stations, manifolds, and loading areas. This secondary containment serves to reduce the likelihood of product reaching the environment and mitigates the consequences of such incidents.

If, despite these measures, product does find its way into the environment, our emergency response protocols are designed to mitigate the potential damage to the environment and natural habitats.

## Performance

In 2023, we experienced one significant product release to the environment. Approximately 150 liters (120 kg) of oily product was spilled into the water at our Houston terminal. The product is not classified as hazardous product as per DOT or ADR regulations<sup>11</sup>. The spill was contained and cleaned in line with local legal requirements.

KPI	Unit	Target	2023	2022	2021	2020 <i>baseline</i>
Significant release to the environment <sup>12</sup>	Number	0	1	2	1	1

## Historical soil contamination

At some of our terminals, 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 managed as agreed with local authorities. Testing is carried out on terminal areas where growth projects will be constructed and remediation is carried out, as applicable to local laws.

## Way forward

We continue in our endeavors to decrease the occurrence of loss of containment incidents, including those with the potential for causing harm to the environment. Actions and processes to prevent these spills are elaborated on in the [process safety](#) section of this report.

<sup>11</sup> European and US regulations for transporting dangerous goods.

<sup>12</sup> A significant release to the environment is defined as a loss of containment incident resulting in a release of more than 100 kg of product to the environment.



# VOC EMISSIONS



## Scope

Certain products within our portfolio fall under the category of volatile organic compounds (VOCs), which means that they easily evaporate at ambient temperature and can be hazardous for people and the environment. VOC emissions originate from various sources, including routine operational activities such as storage tank breathing losses and venting, as well as emissions during tank loading and cleaning processes. Our commitment to minimizing VOC emissions, and thereby improving local air quality, involves the adoption of the practices outlined below.

## Performance

KPI	Unit	2023	2022	2021	2020 <i>baseline</i>
VOC emissions	1000 kg	98.64	109.58	96.84	96.13
VOC intensity	g/metric ton throughput	4.54	5.99	7.13	5.65

The amount of VOC emissions and the VOC intensity are strongly dependent on the types of product we store, the number of tank cleaning activities, temperature, etc. Therefore, year-on-year fluctuations are expected.

It should be noted that, given that the quantity of emitted VOCs is closely linked to the aforementioned variables, we have refrained from establishing specific targets for reducing VOC emissions and VOC intensity.

## Vapor management systems

Vapor control systems are implemented to reduce vapors emitted during storage tank and loading operations. We employ a range of vapor management systems, such as vapor balancing systems, active carbon systems, cryogenic systems, and vapor oxidizers. Our preference is for modern recovery units equipped with advanced emission control technologies for the lowest possible emission rates.



# VOC EMISSIONS

## New and existing storage tank systems

We install welded deck internal floating roofs (IFR) with primary and secondary seals on newly constructed storage tanks. For existing tanks, we upgrade them with more efficient floating roof systems whenever feasible. Additionally, we strive to minimize internal floating roof penetrations. Piping design is also focused on minimizing the number of flanges which minimizes potential leak sources at flange locations.

## Maintenance, startup, and shutdown (MSS) activities

From an industry perspective, IFR landing events are a large contributor to overall annual VOC emissions totals. Landing events occur when the roof legs reach their lowest setting, and the surface of the product is no longer in contact with the IFR. This results in a vapor space and increased volatilization of product. During IFR landing events, for e.g. maintenance, startup, and shutdown (MSS), inventory control, etc., VOC emissions are controlled according to the LBC Roof Off-Float (ROF) policy. According to product vapor pressure, tanks with a landed IFR are hooked up to a vapor control device to minimize release of VOC emissions from the ROF event. Vapor control devices used during ROF events have a minimum destruction efficiency of 98% of all VOC emissions.

Additionally, we have established procedures to monitor VOC emissions from equipment like valves, pumps, and connectors. When necessary, we promptly address and rectify any issues through necessary repairs.

The vapor seals on IFRs are inspected visually annually and up close every time the tank is emptied or at least every 10 years. This is done to ensure the seal is intact and can provide an adequate barrier to stop the release of VOC emissions.

In 2023, the Houston terminal successfully completed stack testing on its newest Vapor Combustion Unit (VCU) to demonstrate its vapor control efficiency. Testing of the VCU demonstrated a VOC destruction efficiency of 99.9%.

Further, we have established protocols to deactivate our vapor combustors during periods of inactivity, leading to a reduction in idle time, gas usage and emissions. Additionally, we finetune combustor temperature controls to optimize efficiency and reduce fuel consumption.

## Way forward

We adopt strategies to reduce VOC emissions and enhance our operational effectiveness. Our intention is to upgrade the vapor abatement systems within our terminals. The anticipated outcome of these new systems includes a decrease in energy consumption and an overall improvement in the efficiency of VOC reduction.

For example, LBC Houston has currently applied for a permit to construct a battery of new tanks. Each one of the tanks associated with the permitted project will voluntarily be constructed with IFRs, regardless of product vapor pressure. The tanks will all be built to the Lowest Achievable Emissions Rate (LAER) standard. We have evaluated and determined what the best technology currently available for new tank construction is, and we will implement that technology during construction of our new tanks.

In line with our commitment to reduce VOC emissions as much as possible, we decided to control vapors from all benzene roof landing and roof re-floating events even if not required by local legislation.





# ENERGY USE AND CO<sub>2</sub> EMISSIONS



## Scope

We recognize that the CO<sub>2</sub> 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 generating 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 CO<sub>2</sub> emissions from these sources account for less than 5% of the total reported CO<sub>2</sub> emissions and are currently not included in the CO<sub>2</sub> emission calculations.

Various workstreams are in place to execute our strategy to be CO<sub>2</sub>-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.

Workstream	Description
Energy efficiency	Implementation of (technical) energy efficiency measures to reduce energy use and CO <sub>2</sub> 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	A scope 3 screening has been conducted in 2023. Actions will be planned to reduce scope 3 emissions
Carbon compensations	Complementing our CO <sub>2</sub> reduction program with high quality and certified CO <sub>2</sub> compensation projects
Climate risk assessment	Establishment of climate risk management principles and integration into risk management framework and business strategy

## Performance

### Key 2023 results of the workstreams

- Energy assessments were conducted, and plans prepared to address inefficiencies and energy waste. Energy-efficiency projects that have been implemented in 2023 include:
  - EV charging stations (Antwerp and Lillo)
  - Ultrasonic and steam trap inspections (Antwerp, Lillo, Baton Rouge, Houston)
  - Installation of energy-efficient boilers: (Rotterdam, Baton Rouge)
  - Improved energy-efficiency of compressors (Antwerp, Rotterdam)
  - Upgraded insulation / tracing (Rotterdam, Lillo)
  - Installation of heat pumps (Antwerp)
  - Energy-efficient vapor treatment installations (Houston)
- All terminals where LBC has control over the electricity purchase agreement have 100% renewable electricity. At the Lillo terminal, we do not have control over the electricity purchase agreement. The percentage of green electricity supplied to Lillo is 45.6% (28.7% in 2022). Note: For Lillo, the 2022 market-based emission factor is used for 2023 calculations as we have not received the 2023 data from the supplier.
- A climate change risk assessment has been conducted for all sites. The assessment focuses on transition risks and opportunities. The findings are included in the enterprise risk management process and business strategy.
- We have estimated our scope 3 emissions following the GHG protocol. This resulted in a high-level overview of the scope 3 emissions per applicable category. We will work further on getting processes in place to collect more robust and detailed data to get a better picture of these emissions.



# ENERGY USE AND CO<sub>2</sub> EMISSIONS



## Energy

KPI	Unit	2023	2022	2021	2020 baseline
Natural gas purchased	million MJ	850	699	760	897
Electricity purchased	million MJ	156	114	107	118
Energy purchased (natural gas + electricity)	million MJ	1 006	814	868	1 016
Energy from renewable sources <sup>13</sup>	million MJ	153	89	20	0
Renewable electricity	Percentage	97	78	19	0
Energy intensity	MJ/metric ton throughput	43	41	56	54

## CO<sub>2</sub> emissions

KPI	Unit	2023	2022	2021	2020 baseline
Scope 1 emissions	metric ton CO <sub>2</sub>	39 814	32 688	35 589	42 008
Scope 2 emissions market-based	metric ton CO <sub>2</sub>	278	3 092	7 534	11 975
Scope 2 emissions location-based	metric ton CO <sub>2</sub>	10 124	9 389	9 496	11 726
Total emissions market-based	metric ton CO <sub>2</sub>	40 092	35 780	43 123	53 983
Total emissions location-based	metric ton CO <sub>2</sub>	49 938	42 077	45 085	53 734
CO <sub>2</sub> intensity market-based	kg CO <sub>2</sub> per ton throughput	1.80	1.88	2.97	3.01
CO <sub>2</sub> intensity location-based	kg CO <sub>2</sub> per ton throughput	2.24	2.21	3.10	2.99

In 2023, our market-based CO<sub>2</sub> intensity has improved by 40% compared to the baseline 2020 figures. This is a result of the energy-efficiency and CO<sub>2</sub> reduction measures we have implemented. We aim to further improve our CO<sub>2</sub> intensity in the coming years by implementing energy-efficiency measures.

<sup>13</sup> hydro, wind, solar or a combination

# ENERGY USE AND CO<sub>2</sub> EMISSIONS

KPI	Unit	Target 2030	Target 2027	2023	2022 achieved	2021 achieved	2020 baseline
Total emissions market-based reduction (scope 1 and 2 emissions)	Reduction percentage compared to baseline	CO <sub>2</sub> -neutral <sup>14</sup>	65	25	34	20	0

Our scope 1 and 2 CO<sub>2</sub> emissions achievement of 25% is the result of a throughput increase of 18% compared to 2022, with most of this increase in Houston and Seabrook terminals handling products that require vapor recovery. The overall CO<sub>2</sub> intensity improved even with this throughput increase.

### Way forward

As part of our scope 3 emission reduction program, we will work with our suppliers to reduce CO<sub>2</sub> emissions in the supply chain. We will continue with our efforts to become more energy efficient. For example, in the next couple of years we plan to upgrade the boilers and vapor treatment systems in Houston and the vapor treatment systems in Baton Rouge. The rental boiler in Rotterdam will be replaced with an energy-efficient package boiler.

In 2024, we plan to commit to the Science Based Targets initiative (SBTi). Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

<sup>14</sup> Including carbon compensation when required



The LBC Baton Rouge terminal installed 3 new 200 hp on-demand package boilers, resulting in a 20% efficiency improvement in gas to steam output. This upgrade reduces CO<sub>2</sub> emissions by 2,194 tons/year.

# WASTE



## Scope

Waste refers to any unwanted and unusable material, whether solid or liquid, that is discarded after its primary use and removed from the LBC site. It excludes 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 standard.

## Performance

KPI	Unit	Target 2030	2023	2022	2021
Hazardous waste	Metric ton	n/a	1 957	1 457	2 388
Non-hazardous waste	Metric ton	n/a	7 700	992	-
Total waste	Metric ton	n/a	9 657	2 449	-
Total waste sent to landfill	Percentage	0	2	15	-

Based on the data provided by our waste contractors, we verified that around 4% of the total waste is disposed of (landfill 2%, incineration without energy recovery 2%). In part, this is a result of the reduction of waste sent to landfill and also because of the increase in waste at locations where landfill is not a common waste disposal method.

The increase in hazardous and non-hazardous waste is primarily related to the emptying and cleaning of 3 wastewater tanks at the Antwerp terminal.

The quantity of hazardous waste produced is closely tied to customer requirements, the type of products, and the overall throughput. Therefore, we have refrained from establishing specific quantitative targets concerning the volume of waste generated. We have set a target for the percentage of waste being sent to landfills: no LBC generated waste sent to landfills by 2030.

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

We aim to conduct waste studies in all our terminals in 2024. The goal is to identify actions to reduce waste and – where possible – identify opportunities for improvement when it comes to implementing the waste hierarchy.



# WATER USE



## Scope

We use fresh water in our routine operational tasks, as well as in construction and maintenance processes. Potable water is allocated for personal purposes, safety showers, and similar needs. Utility water and industrial water find application in activities like steam generation and tank cleaning. Before discharge or disposal, water is treated in our on-site wastewater treatment facilities, is released into the sewer system, or is transported offsite as hazardous waste (for instance, in cases where water becomes contaminated with product residue after tank cleaning operations). We have processes in place to periodically monitor the quality of wastewater discharged to surface water.

## Performance

We utilize the Aqueduct Water Risk Atlas tool from the World Resources Institute (WRI) to evaluate the level of water stress in 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. None of our terminals are located in high or extremely high water stress areas, but we do recognize our responsibility towards conserving natural resources, including water.

We 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. For that reason, we have not set any quantitative targets yet related to the amount of water used.

The increase in water use is primarily related to the cleaning and demolition of 3 wastewater tanks at the Antwerp terminals.

In 2023, we have implemented measures to improve resource efficiency and circularity. These measures targeted the steam production and distribution processes and therefore benefited both energy efficiency and water efficiency. These measures are further described in the energy and CO<sub>2</sub> section.

## Way forward

In 2024, we intend to conduct assessments aimed at improving water efficiency. These assessments will pinpoint opportunities for reducing water consumption. We will furthermore work on updating global engineering standards, which will include specifications for resource efficiency.

KPI	Unit	2023	2022	2021 <i>baseline</i>
Purchased fresh water	1000 m <sup>3</sup>	180	143	172

# BIODIVERSITY

## Scope

Preserving biodiversity is essential to achieve global Sustainable Development Goals, to help mitigate and remove greenhouse gas emissions, to adapt to climate change risks, and to maintain ecosystem services. Despite the fact that our terminals are not located in or adjacent to Protected Areas (as defined by IUCN<sup>15</sup>), Key Biodiversity Areas (as defined by KBA<sup>16</sup>), or Natura2000<sup>17</sup> sites, 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 the preservation of biodiversity by reducing CO<sub>2</sub> emissions and by endorsing nature-based solutions<sup>18</sup>. To prevent unintended spills and potential harm to the environment, we have implemented various processes and measures (see also the process safety section). Our commitment extends to reducing regulated emissions into the environment, encompassing pollutants such as VOC (see also the VOC emissions section). Risk screenings<sup>19</sup> have been conducted in 2022 and 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.

## Way forward

Although a direct impact of our activities on biodiversity is unlikely, we are committed to preserving ecosystems. We therefore will continue to support Natuurpunt (see community engagement and charity) and assess possibilities to set up a similar partnership with a nature conservation organization in the US region. Further, we will continue to promote active participation in biodiversity and nature conservation programs amongst LBC employees.

<sup>15</sup> International Union for Conservation of Nature

<sup>16</sup> Key Biodiversity Area

<sup>17</sup> Natura 2000 is the largest coordinated network of protected areas in the world (source: <https://ec.europa.eu/>)

<sup>18</sup> Nature-based solutions involve conserving, restoring, or optimally managing ecosystems to remove CO<sub>2</sub> from the atmosphere. Ecosystems reduce climate change by capturing CO<sub>2</sub> from the air and storing it in plants, soils, and sediments. Additionally, these ecosystems serve as a protective shield for communities, safeguarding them from the adverse impacts of climate change.

<sup>19</sup> The biodiversity risk screenings are aligned with IFC (International Finance Corporation) Performance Standard 6 (PS6).







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VANHOE-FLANKE

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	2023	2022	2021	2020
<b>Occupational health and safety</b>				
LTIFR (number per 200,000 hours)	0.56	0.58	1.04	0.20
TRIFR (number per 200,000 hours)	0.56	0.73	1.51	0.80
<b>People and organization</b>				
Number of tier 1 PSEs	2	3	0	0
Number of tier 2 PSEs	0	1	1	2
PSEr tier 1 + tier 2 (number per 200,000 hours)	0.28	0.58	0.12	0.20
<b>Environmental and social</b>				
Number of environmental permit violations resulting in significant or major fine	0	0	0	0
Number of whistleblowing reports from employees or third parties	0	0	0	1
<b>Human resources</b>				
Absence rate   Long-term absence (%)	0.35	0.35	0.34	1.00
Absence rate   Short-term absence (%)	3.64	3.05	4.38	4.26
Staff turnover   Number of joiners	120	86	62	56
Staff turnover   Relative joiners (%)	22	17	12	11
Staff turnover   Number of leavers	78	79	69	36
Staff turnover   Relative leavers (%)	14	16	14	7

# OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

## People and organization

KPI	2023	2022	2021	2020
<b>Diversity and inclusion (LBC employees)</b>				
Men (%)	81	82	80	79
Women (%)	19	18	20	21
Age distribution   < 30 years (%)	15	15	12	12
Age distribution   30 – 50 years (%)	55	56	59	58
Age distribution   > 50 years (%)	30	29	29	30
<b>Diversity and inclusion (Executive Leadership Team)</b>				
Men (%)	100	100	75	75
Women (%)	0	0	25	25
Age distribution   < 30 years (%)	0	0	0	0
Age distribution   30 – 50 years (%)	33	33	25	25
Age distribution   > 50 years (%)	67	67	75	75
<b>Diversity and inclusion (Board of Directors)</b>				
Men (%)	100	100	100	100
Women (%)	0	0	0	0
Age distribution   < 30 years (%)	0	0	0	0
Age distribution   30 – 50 years (%)	71	86	86	71
Age distribution   > 50 years (%)	29	14	14	29
Women in senior management (%)	12.5	12.5	-	-
Women in Board of Directors (%)	0	0	-	-

# OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

## People and organization

KPI	2023	2022	2021	2020
Information security				
Number of significant and major cybersecurity breaches	0	0	0	0

## Markets and society

KPI	2023	2022	2021	2020
Customer focus				
Net Promotor Score	52	39	7	-
Application of best practices				
Number of terminals ISO 9001 certified	3	3	3	3
Number of terminals ISO 14001 certified	3	3	3	3
Number of terminals CDI-T certified	4	4	3	2
Number of terminals ISCC certified	3	3	0	0
EcoVadis rating	79	74	69	60
GRESB rating	96	92	85	73
Sustainable procurement				
Percentage of strategic suppliers assessed against ESG criteria (US region only)	89	72	-	-
Percentage of strategic suppliers who acknowledged LBC SCoC (US region only)	85	69	-	-
Percentage of buyers trained on sustainable purchasing	100	100	-	-



# OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

## Environment

KPI	2023	2022	2021	2020
<b>Water, soil, and groundwater pollution</b>				
Number of significant releases to the environment	1	2	1	1
<b>VOC emissions</b>				
VOC emissions (1000 kg)	98.64	109.58	96.84	96.13
VOC intensity (g/metric ton throughput)	4.54	5.99	7.13	5.65
<b>Energy use and CO<sub>2</sub> emissions</b>				
Natural gas purchased (million MJ)	850	699	760	897
Electricity purchased (million MJ)	156	114	107	118
Energy purchased (natural gas + electricity) (million MJ)	1 006	814	868	1 016
Energy from renewable sources (million MJ)	153	89	20	0
Renewable electricity (%)	97	78	19	0
Energy intensity (MJ/metric ton throughput)	43	41	56	54
Scope 1 emissions (metric ton CO <sub>2</sub> )	39 814	32 688	35 589	42 008
Scope 2 emissions (market-based) (metric ton CO <sub>2</sub> )	278	3 092	7 534	11 975
Scope 2 emissions (location-based) (metric ton CO <sub>2</sub> )	10 124	9 389	9 496	11 726
Total market-based emissions (metric ton CO <sub>2</sub> )	40 092	35 780	43 123	53 983
Total location-based emissions (metric ton CO <sub>2</sub> )	49 938	42 077	45 085	53 734

# OVERVIEW OF GROUP KEY PERFORMANCE INDICATORS

## Environment

KPI	2023	2022	2021	2020
<b>Energy use and CO<sub>2</sub> emissions</b>				
CO <sub>2</sub> intensity (market-based) (kg CO <sub>2</sub> per ton throughput)	1.80	1.88	2.97	3.01
CO <sub>2</sub> intensity (location-based) (kg CO <sub>2</sub> per ton throughput)	2.24	2.21	3.10	2.99
Total emission (market-based) reduction (%)	25	34	20	0
<b>Waste</b>				
Hazardous waste (in metric ton)	1 957	1 457	2388	-
Non-hazardous waste (in metric ton)	7 700	992	-	-
Total waste (in metric ton)	9 657	2 449	-	-
Total waste sent to landfill (%)	2	15	-	-
<b>Water use</b>				
Purchased fresh water (1000 m <sup>3</sup> )	180	143	172	-
<b>Nuisance</b>				
Number of significant or major nuisance incidents	0	0	-	-

# MATERIALITY ASSESSMENT PROCESS

Materiality analysis is a process to identify, prioritize, and assess the significance of economic, environmental, and social topics that impact our stakeholders and LBC.

## 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.

### *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.

### *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.

### *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.

### *Prioritize the most significant impacts for reporting*

The topics are prioritized per axis:

1. 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.
2. 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.



# 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.

## 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. Recordable incidents (see occupational health and safety) and process safety events (see process safety) are further communicated to all LBC employees via the monthly newsletter.

## 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). For employee work hours and contractor work hours we follow the methodology as described under 'occupational health and safety'. Process Safety incidents are reported in the incident database. Incidents with a significant or high severity rating are directly communicated via an automated email to everyone at LBC.

### Customer focus

Customer focus is measured via the Net Promotor Score (NPS) 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 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. 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. VOC emissions resulting from tank-to-tank transfers are included in the calculation. 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 metric tons of product handled by LBC in a given period, excluding pre-pump and tank-to-tank transfer, calculated 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 CO<sub>2</sub> emissions

Energy is measured as absolute number (in MJ) and relative per ton throughput. Throughput is defined under 'VOC emissions'. In our greenhouse gas calculations, we report on CO<sub>2</sub> emissions. We will look into reporting CO<sub>2</sub> 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 CO<sub>2</sub> emissions from these other types of fuel account for less than 5% of the total CO<sub>2</sub> 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.

CO<sub>2</sub> emissions encompasses emissions from the combustion of natural gas (scope 1) and emissions from purchased electricity (scope 2).

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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions from these office buildings are expected to be negligible compared to that of the terminals.

In 2023, we have calculated our scope 3 emissions for the first time. This is a high-level calculation and needs further detail in the coming years.



# 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 Application of best practices
	Principle 8   Undertake initiatives to promote greater environmental responsibility	
	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 2023 to 31 December 2023 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 LBC at a glance	
	2-3 Reporting period, frequency and contact point	About this report	
	2-4 Restatements of information	Diversity and inclusion	
	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	<i>LBC's Board of Directors signs for approval of the consolidated financial statements and the sustainability information.</i>
	2-15 Conflicts of interest	Risk management and control
	2-15b iii Not applicable	<i>Our corporate structure at the cooperative level in combination with the distribution of membership rights ensures that no individual member has a controlling vote. This is because decisions are made based on various requirements such as unanimity, simple majority, special majority or super majority. Instead, this system encourages a democratic approach to decision-making, where all members have a voice, and major decisions are made based on consensus or pre-defined majority rules. This ensures balanced and fair involvement of all members within the cooperative while also ensuring the stability and effectiveness of decision-making processes.</i>



# GRI CONTENT INDEX WITH REFERENCE

GRI standard	Disclosure	Reference in current report
GRI 2: General disclosures 2021	2-22 Statement on sustainable development strategy	LBC at a glance <a href="https://www.lbctt.com/sustainability/">https://www.lbctt.com/sustainability/</a>
	2-26 Mechanisms for seeking advice and raising concerns	Business ethics and integrity
	2-28 Membership associations	Application of best practices <a href="https://www.lbctt.com/locations/">https://www.lbctt.com/locations/</a>
	2-29 Approach to stakeholder engagement	Stakeholder engagement and materiality
GRI 3: Material topics 2021	3-1 Process to determine material topics	Stakeholder engagement and materiality
	3-2 List of material topics	Materiality assessment process 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 Business ethics and integrity ('speak up' process) Talent attraction and retention (reward and recognition)	
	GRI 403-9 Work-related injuries	Risk management and control Sustainability reporting process and methods	<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>  <i>The hours worked are not reported but can be derived from the TRIFR rates.</i>
Process safety	GRI 3.3 Management of material topics	Stakeholder engagement and materiality Process safety Sustainability reporting process and methods	

# GRI CONTENT INDEX WITH REFERENCE

## MATERIAL TOPIC-SPECIFIC DISCLOSURES

Material topic	Disclosure	Cross-reference	
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	
VOC emissions	GRI 3.3 Management of material topics	Stakeholder engagement and materiality	
		VOC emissions	
		Sustainability reporting process and methods	
Energy use and CO <sub>2</sub> emissions	GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Sustainability reporting process and methods	
		GRI 3.3 Management of material topics	
	GRI 305-1 Direct (Scope 1) GHG emissions	Stakeholder engagement and materiality	
		Energy use and CO <sub>2</sub> emissions	
		Sustainability reporting process and methods	
GRI 305-2 Energy indirect (Scope 2) GHG emissions	About this report		
	Energy use and CO <sub>2</sub> emissions		
GRI 305-4 GHG emissions intensity	GRI 305-4 GHG emissions intensity	Sustainability reporting process and methods	
		Energy use and CO <sub>2</sub> emissions	
		Sustainability reporting process and methods	

*Greenhouse gases included in the calculation: CO<sub>2</sub>. We do not have CO<sub>2</sub> emissions from the combustion or biodegradation of biomass (biogenic CO<sub>2</sub>).*

*Greenhouse gases included in the calculation: CO<sub>2</sub>*



# GRI CONTENT INDEX WITH REFERENCE

## MATERIAL TOPIC-SPECIFIC DISCLOSURES

Material topic	Disclosure	Cross-reference	
Energy use and CO <sub>2</sub> emissions	GRI 302-1 Energy consumption within the organization	Energy use and CO <sub>2</sub> emissions Sustainability reporting process and methods	<i>We report on the consolidated energy consumption and not separately per fuel type.</i>
	GRI 302-3 Energy intensity	Energy use and CO <sub>2</sub> 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	



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