



COMMUNICATION ON PROGRESS UNGC ACTIVE 2022

Reporting period: April 2021 – March 2022

Performance data: January - December 2021

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UNGC ACTIVE



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STATEMENT OF CONTINUED SUPPORT TO UNGC COMMITMENT OF CEO



DAAN VOS
CEO

I am pleased to confirm that HES International reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this annual Communication on Progress, we present to you our actions to continuously improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A blue ink signature of Daan Vos, written in a cursive style.

Daan Vos
CEO HES International



OUR BUSINESS STRATEGY AND SUSTAINABILITY PROGRAM

Topics & Targets



**We responsibly handle, store
and process bulk products that
contribute to the world of
tomorrow**

BULK FOR LIFE OUR PURPOSE



We are an important switch in the continuous delivery of essential building blocks for our everyday life needed to develop, sustain and improve the world around us. It's why we come to work and it's what we do. We want to bring about long-term growth and create value for our stakeholders including employees, customers, shareholders and the communities and regions in which we operate.

Our professional staff of 1450 ensure that a wide variety of bulk products are safely stored and handled 24/7 for our customers from all corners of the globe. These bulk goods form the basis of many products that we use regularly in all aspects of daily life. The energy from your wall socket, the car you drive or the sandwich in your lunch box: at one point, they were all bulk products. And it is highly probable that these bulk products have passed through one of our terminals.

For over a century, we've been evolving and developing in line with the continuously changing needs of our customers and the challenges of the times. Even in this dynamic day and age, fuelled by ongoing changes, HES continues to have its finger on the pulse of the world around us. Integrity, openness, accountability and our ever-growing entrepreneurialism make HES your partner of choice - now and in the future. HES. Bulk for life.

HES | BULK FOR LIFE

BULK FOR LIFE

OUR PURPOSE

SAFE AND RESPONSIBLE

We always operate at the highest level of industry standards in a safe and environmentally responsible manner. With care for all our stakeholders and the communities and regions in which we operate.

HANDLING, STORING AND PROCESSING

We aim to provide our customers with the safest, most reliable and efficient handling, storage and processing solutions.

With our strategically located logistic infrastructure we are integrated in the supply chain of our customers making us a robust and reliable partner.

ESSENTIAL FOR LIFE

We handle, store and process vital products that are essential building blocks for our everyday lives such as agri products, energy carriers and raw materials for the steel industry and construction sector.

LIFETIME

For over a century we've been evolving and developing in line with changing needs of our customers and the challenges of the times. We want to bring about long-term value for our stakeholders and contribute to the world of tomorrow.

HES. BULK FOR LIFE

OUR COMPANY VALUES



OUR SUSTAINABILITY PROGRAM 2020-2030

THREE PILLARS INSPIRED BY THE SDGS AND MATERIALITY

BUSINESS ETHICS

- ▶ Business ethics of our own operations
- ▶ Business ethics in our value chain
- ▶ Diversity & equity & inclusion
- ▶ Employee engagement
- ▶ Stakeholder engagement
- ▶ Transparency



OPERATIONAL EXCELLENCE

- ▶ Safe working conditions
- ▶ Environmental Compliance
- ▶ Emission reduction
- ▶ Climate change

SUSTAINABLE BUSINESS GROWTH

- ▶ Seek opportunities in the energy transition
- ▶ Training & development
- ▶ Risk management

<https://www.hesinternational.eu/en/responsibility>

OUR SUSTAINABILITY PROGRAM

BUSINESS ETHICS



IN A NUTSHELL WHAT THIS PILLAR IS ABOUT

We are committed to doing business in an ethical and transparent way. We meet our long-term objectives and remain a business partner of choice by upholding our commitment to ethical business practices. Our strength lies in the way our employees act. To keep course, we implemented a Code of Conduct. It provides guidance in on how to identify and practically approach ethics and compliance dilemmas in our daily work lives.

We believe in diversity and inclusion and act accordingly. There is no room for discrimination or harassment. When working for or with us, we want you to feel safe and respected. A whistleblower policy is in place where we offer the possibility to report concerns via our Compliance Officers or to report anonymous via an [independent hosted website](#) in multiple languages, 24/7.



OUR TARGETS 2020-2025

BUSINESS ETHICS

► Business ethics own operations

- 100% of our employees have signed our code-of-conduct
- 100% of our employees have received a code-of-conduct training
- 100% of our employees know our whistle blower procedure

► Business ethics value chain

- At all our sites a third-party-engagement procedure is operational, and criteria will get extended
- We develop a third-party code-of-conduct

► Diversity & equity & inclusion

- We explore the topic and develop a DE&I strategy

► Employee engagement

- We monitor employee's satisfaction via surveys and indicators

► Stakeholder engagement

- We conduct a stakeholder consultation and regularly adapt our materiality assessment

► Transparency

- We strive to publish a Sustainability Report by 2023

OUR SUSTAINABILITY PROGRAM

OPERATIONAL EXCELLENCE



IN A NUTSHELL WHAT THIS PILLAR IS ABOUT

We set ambitious targets to improve our operational excellence. This means we believe that accidents and injuries are avoidable and are committed to achieving our target goal of zero incidents whilst operating in an environment-friendly manner and aim to excel in a strongly rooted culture of safety and operational excellence. It also means respecting nature by protecting the environment, reducing waste and reducing our carbon footprint. Together we create a workplace with constant attention for the environment, sustainability, social responsibility and safety.



OUR TARGETS 2020-2030

OPERATIONAL EXCELLENCE

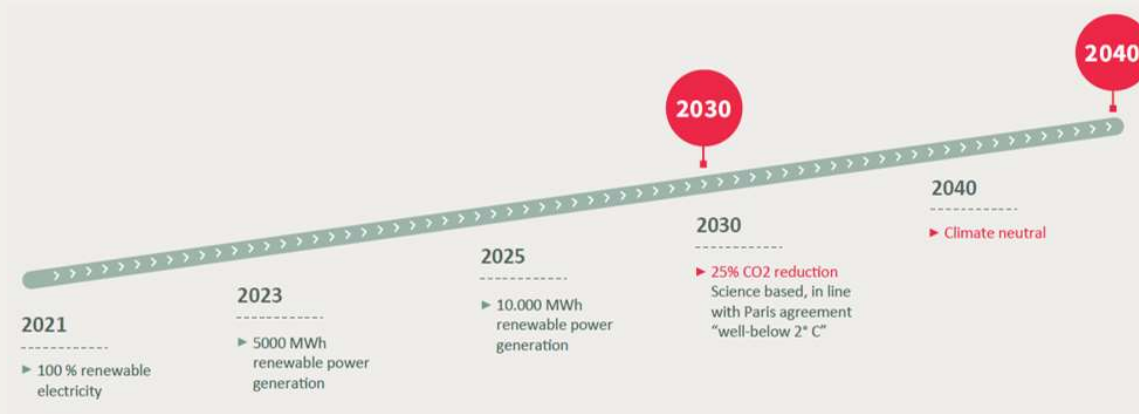
► Health and Safety

- LTI-FR employees and contractors < 1 due 2030
- TRI-FR employees and contractors < 5 due 2030

► Environmental Compliance

- No environmental incidents
- No fines, non-monetary sanctions or cases from non-compliance with environmental laws and regulations

► GHG-emission reduction



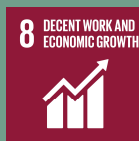
OUR SUSTAINABILITY PROGRAM

SUSTAINABLE BUSINESS GROWTH



IN A NUTSHELL WHAT THIS PILLAR IS ABOUT

For over a century, we've been evolving and developing in line with the continuously changing needs of our customers and the challenges of the times. Even in this dynamic day and age, fueled by ongoing changes, HES continues to have its finger on the pulse of the world around us. We pursue sustainable growth through expansion of our existing sites, greenfield development and acquisitions of operational terminals, and invest heavily in growth in storage and handling for Agri & Minerals and the expansion of our liquid bulk portfolio including processing activities. We have a strong focus on adjacent business opportunities with specific focus on energy transition opportunities such as hydrogen, chemical recycling and refrigerated gasses. We want to bring about long-term growth and create value for all our stakeholders.



OUR TARGETS 2020-2030

SUSTAINABLE BUSINESS GROWTH

► Futureproof in energy transition

Strive to enhance sustainability as a core value throughout our HES International product portfolio by actively seeking opportunities within the energy transition.

Continue to phase out steam coal from the majority of our terminals”.

Define KPIs that guide on this path and monitor progress

► Training & Development

Roll out performance and development system by 2023 and develop a training policy

► Integrated Risk Management

Formalize integrated risk management on group level, including ESG-risks, start rolling out by 2023

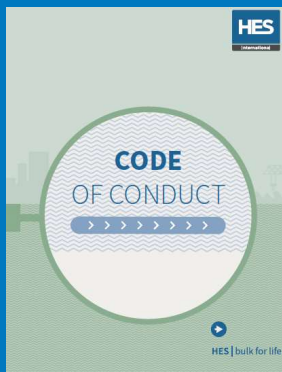


DESCRIPTION OF ACTIONS

Communication of Progress UNGC Active

ACTIONS AND ACHIEVEMENTS

BUSINESS ETHICS



- ☑ Human Rights
- ☑ Labour Rights
- ☑ Environment
- ☑ Anti-Corruption



- ▶ Our **Code-of-Conduct (CoC)** has been renewed, covering among other issues the 10-principles of UNGC. All employees must sign the renewed CoC and are trained in adhering to it.
- ▶ **CoC trainings** have been conducted, starting with Group Management. Based on this experience a training platform has been built to leverage trainings to all terminals, manage ongoing education and monitor awareness.
- ▶ The whistleblower procedures has been renewed and a **whistleblower service** is offered, allowing to report concerns via our Compliance Officers or to report anonymous via an [independent hosted website](#) in multiple languages, 24/7.
- ▶ A **CoC awareness campaign** had been launched: “If it does not feel right, act right” to inform about the new whistleblower procedure and encourage to use it.
- ▶ A **Compliance portal** is developed, offering all relevant information on Business Ethics as well as hosting a training platform and the whistleblower service.
- ▶ A due diligence procedure has been worked out to check our **third-party-engagements** on corruption, trade sanctions and other compliance issues.
- ▶ There is attention for **diversity, equity and inclusion (DE&I)** in HR and recruitment. To develop a DE&I policy several actions have been undertaken to familiarize with the subject.
 - DE&I workshop conducted for executive management board and DE&I ambition statement defined.
 - HR participates in several peer-working-groups on DE&I.
 - HES participates in the SDG accelerator of UNGC on ‘Gender balance’.
 - HES participates in the SDG-challenge of Soapbox, where an international group of students works on the subject “gender balance in the harbor”.
- ▶ First Group-wide **employee satisfaction survey** has been launched begin 2022

ACTIONS AND ACHIEVEMENTS

OPERATIONAL EXCELLENCE – CLIMATE CHANGE



ENERGY & CLIMATE

- ▶ **Policy & Targets:** Formulation of an ambitious climate strategy and science-based target in line with the Paris agreement.
- ▶ **Energy efficiency:** Ongoing substitution of equipment by more energy efficient alternatives at moment; e.g., LED-lighting, water cooled substations, installation of recuperators/supercaps on cranes, improved control and regulation of drivers, pumps, heating and tracing. Energy savings in buildings. Isolation of heated tanks and piping ([see press release](#) regional authority DCMR).
- ▶ **Electrification:** Electrification helps to step to renewable energy sources and reduced beside GHG-emissions also nitrogen and fine dust emissions. HES is monitoring new opportunities in the field of electric rolling equipment and local infrastructure. A pilot study has been conducted on early replacement of diesel locomotives by electric ones has been conducted and hybride
- ▶ **Renewable energy use:** As from 2021 use of 100% green electricity, mainly from wind energy via GoO at all terminals that are 100% owned by HES. 2022 biodiesel content is increased by 15% at all Dutch HES terminals including JV. At the end of the year 2021 24% of all energy consumed is from renewable sources.
- ▶ **Self-generation of renewable energy:** Additional solar capacity installed and investigated for more. Solar capacity reached 260 kWp end of 2021.
- ▶ **Improve energy monitoring and reporting** and achieve external assurance of CO2 data.

ACTIONS AND ACHIEVEMENTS

OPERATIONAL EXCELLENCE- HSSE



ENVIRONMENTAL COMPLIANCE:

- ▶ Closer Group supervision, central reporting and standardization, improved monitoring of EHS.
- ▶ Introduction of an overarching management system on Group level (Inbisco). The management system has been implemented at the HES HQ and the HES Hartel Tank terminal. In the coming two years, this system will be sequentially implemented at all other terminals. The project is expected to be concluded in 2024. A group HSSE system will enable standardisation of HSSE practices, cooperation between terminals and increased transparency, efficiency and insight regarding HSSE performance.
- ▶ The group HSSE in cooperation with terminal HSSE managers is working on a compliance register, in which all compliance requirements are registered and monitored. This register will be completed before the end of the year.

HEALTH AND SAFETY: Continuous attention for workplace safety and improvement of the safety culture, by intensification of root-cause analyses and safety observation tours for employees, management and shareholders.

NUISANCE AND POLLUTION PREVENTION

- ▶ Dry-bulk terminals have a closed-water system, based on rainwater and re-use. Rinse-off is purified on-site (mech.) Withdrawal of fresh water and discharge of wastewater is therefore minimized and only occasionally depending on weather circumstances.
- ▶ Noise reduction is a criterium for new equipment and replacement (conveyor belts).
- ▶ Dust emission from open storage at dry bulk terminals are prevented to a maximum by pulping and moistening. Monitoring and prevention measures have been intensified to further reduce nuisance due to dust emissions. Structural increase of closed storage (see also chapter sustainable business growth) will help to reduce particle emission.

ACTIONS AND ACHIEVEMENTS

SUSTAINABLE BUSINESS GROWTH



PRODUCT PORTFOLIO

- ▶ As part of HES business strategy 2020-2025 HES commits to actively searching for adjacent business opportunities within the energy transition such as hydrogen, chemical recycling and refrigerated gases.
- ▶ Start of LSFO production at HWTT: production of low-sulfur oil enabling the shipping industry to meet IMO 2020 standard.
- ▶ Start repurposing of tanks for extended biodiesel storage at HBTT
- ▶ Consolidation of steam coal at EMO. EBS, HES Gdynia, Humber and OBA are actively phasing out steam coal storage and investing in multi-purpose sheds for agricultural products and biomass.
 - EMO is partnering to supply specialty coal for silicon metal enabling the production of solar panels
 - EBS reaches 700,000 cbm covered storage capacity by January 2021.
 - October 2021 OBA acquired IGMA to continue growth in the agricultural segment

ACTIONS AND ACHIEVEMENTS

SUSTAINABLE BUSINESS GROWTH



Sustainable transport

- ▶ Commuter travel.

EMO replaces nine diesel busses for staff commuting by electrical ones. This not only saves CO2 and nitrogen emission, but also appeared to save expenses.

- ▶ Shore-power

HES Hartel Tank Terminal in the Port of Rotterdam will offer inland vessels the option of using shore power <https://www.hesinternational.eu/en/news/new-hes-hartel-tank-terminal-will-offer-shore-power>

Training & Development

A performance and development system has been rolled-out for Group Management.

Integrated Risk Management

Integrated risk management had been formalized on group level (in addition to risk identification and evaluation on terminal level), including ESG-risks.



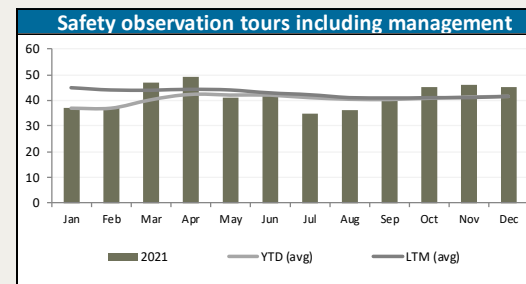
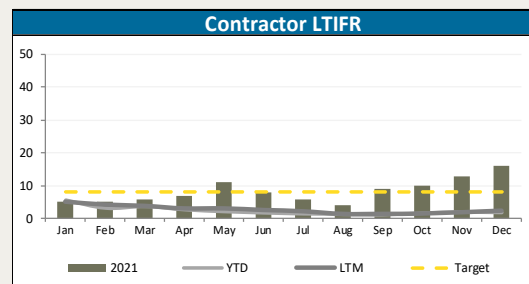
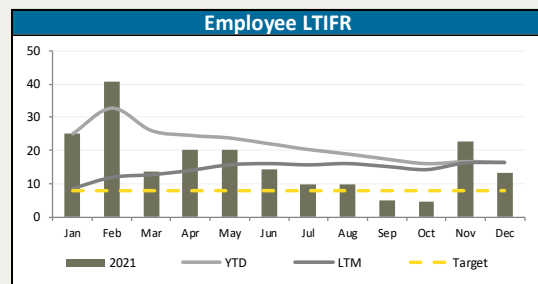
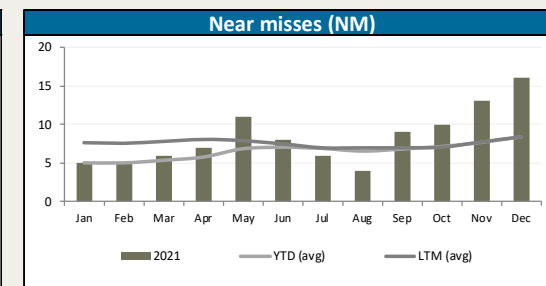
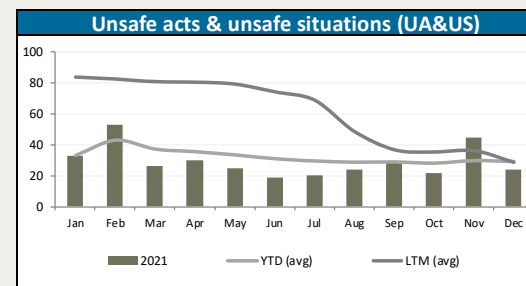
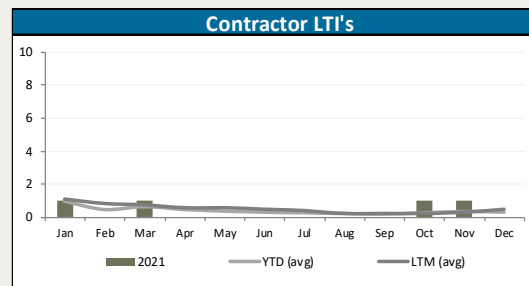
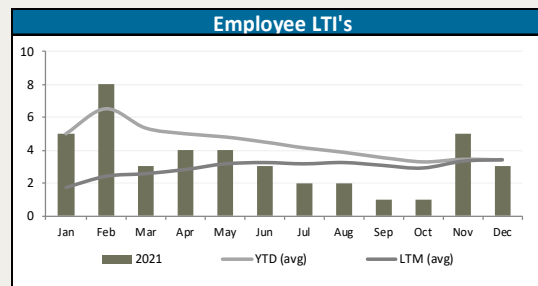
HES

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MEASUREMENT OF OUTCOMES

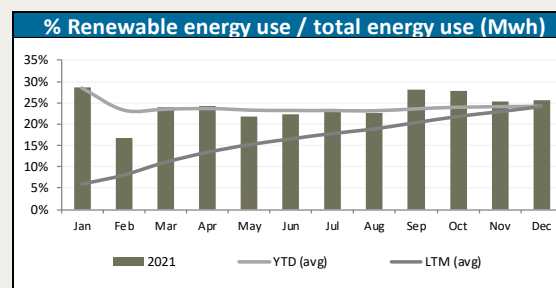
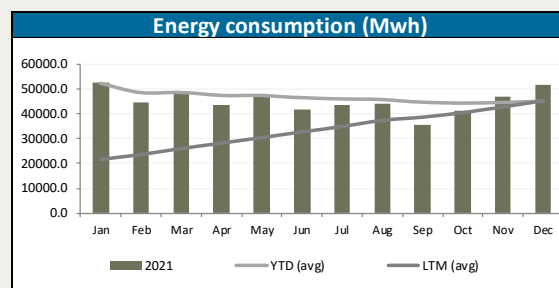
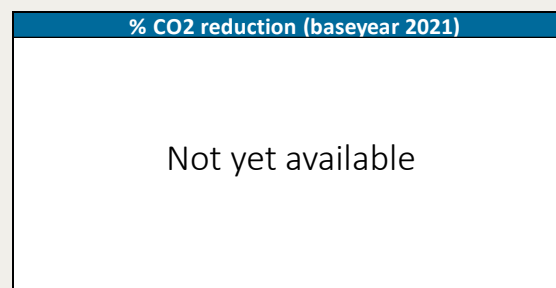
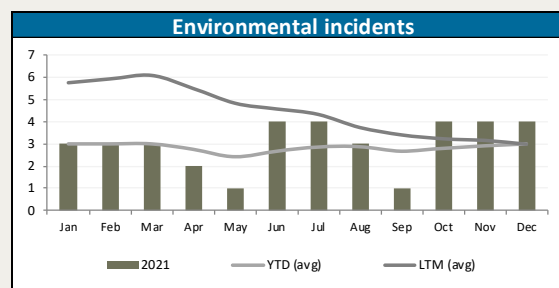
January - December 2021

Health & Safety Performance 2021



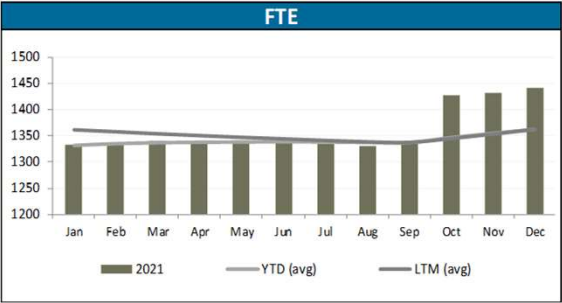
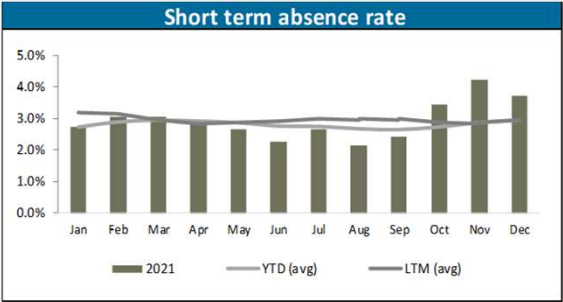
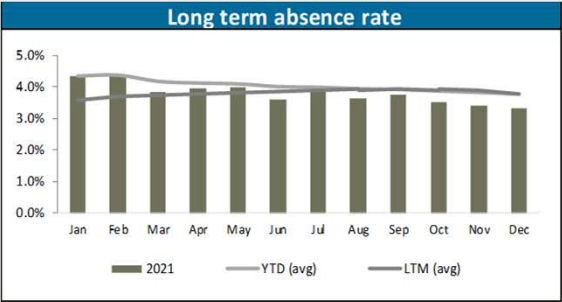
Environmental compliance and GHG emissions

Performance 2021



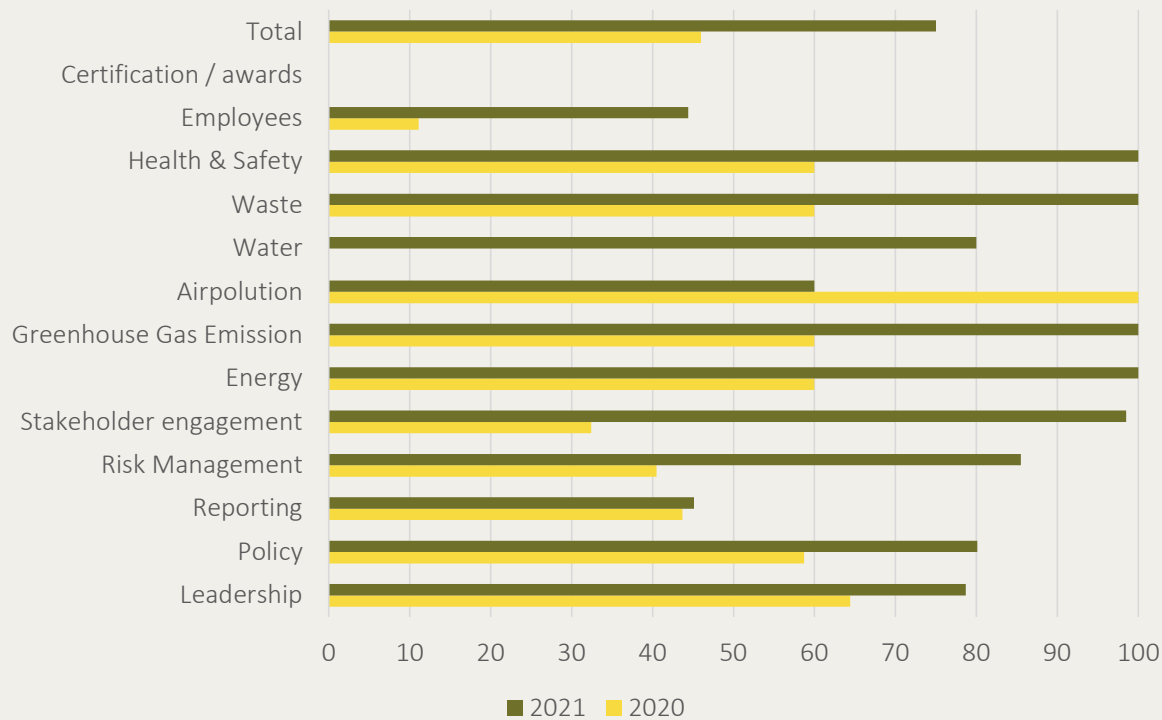
Absenteeism, recruitment and turnover

Performance 2021



SUSTAINABILITY HIGHLIGHTS 2020/2021

RESULTS OF SUSTAINABILTY BENCHMARK GRESB



A quick start: our score improved from 46 to 75 of total 100 points in one year ([see press release](#))

