

# ESG Performance Review Year Ending 2021

Version 1.0 - 2021

# 2021 Executive Review

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Navigator Terminals is an independent bulk liquid storage provider with over 1.28 million cubic metres of storage available. We operate four terminals, each strategically located in major UK ports and serving key demand centres within the UK. As a leading provider of bulk storage solutions which respects its responsibilities under the law, we acknowledge our responsibility to strive for and maintain ethical supply chains.

Navigator Terminals recognises the continued challenge provided by the Coronavirus pandemic. We have taken coordinated and timely action across all our Terminals to comply with the requirements of national regulations and good practice. An important element to our response has been to ensure that we support our workforce to manage the psychological impacts of the pandemic's continued presence.

Navigator is executing an ambitious diversification and growth strategy and we recognise the need to put the right resources and investment into the future of the business today, taking positive action to maximise the opportunity. The overarching agenda is to become the number one provider to the UK future energy carriers and emissions reduction market by 2030. The company has built its strategy around three main pillars – outperform, diversify and grow. A major focus at this time is diversification, in both product mix and workforce. Navigator is making efforts to ensure a more inclusive and diverse workplace, and that 25% of the senior management team is female.

Navigator is considering all potential future fuels for the energy transition and is studying solutions related to carbon capture and storage (CCS). Our top tier COMAH facilities can handle the majority of liquid or compressed gas products, making Navigator ideally placed to serve the new markets. Our future strategy targets a combination of renewable energy and sustainable fuels and chemicals, along with existing fossil fuels and hydrocarbon derivatives. Ethanol, methanol and FAME are well established products for Navigator today, and we are looking at a range of energy and fuel supply chain solutions, such as blue and green hydrogen and ammonia, supporting developments in the new North-East cluster as well as other initiatives.

Navigator has signed its first collaboration agreement with one of the companies in the cluster, 8 Rivers, which is developing the Whitetail Clean Energy Net Zero Power Station on Teesside, which will be operational by 2026. As well as producing power, 8 Rivers is developing technology that can produce clean hydrogen and ammonia, whilst capturing 100% of its carbon emissions. Navigator is progressing the opportunities for the storage and transport of CO<sub>2</sub>, hydrogen and ammonia in the UK.

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To support this, we are adapting our existing road, rail, jetty infrastructure, and investing in new assets to transition with our existing customers and attract new partners, such as 8 Rivers. We're dedicating a lot of resource to these new opportunities today, knowing that some of this might take three or six or more years for delivery, but we want to be there right at the beginning

Navigator is on a net zero journey, taking a holistic approach to new energy carriers and emissions reduction opportunities, we have stated our aim to be net zero by 2040 or earlier. We have continued to perform against the targets we set as part of our commitment to the United Nations Sustainable Development Goals (SDG's) and in 2022 we will be setting Science Based Targets to direct our aims towards 2040 and we will align our Environmental SDGs under these. During 2022, we will appoint auditors to validate our Sustainability credentials with the aim to publish our first annual Sustainability Report in 2023.

Navigator Terminals Limited and its subsidiaries ("**Navigator Terminals**") firmly believe that forced labour, human trafficking and other kinds of slavery are a gross violation of fundamental human rights. We will not tolerate these crimes, which all have in common the deprivation of a human's liberty for personal and commercial gain. In 2021 we have strengthened our approach to managing this risk within our supply chains, publishing our first Supplier Code of Conduct and adopting industry standard Modern Slavery question sets for use where the risk is deemed appropriate.

As we continue to evolve our approach to meeting the energy transition, we will strive to make our own operations sustainable. We look forward to your feedback on our progress and how we can improve.

**Jason Hornsby**  
**Chief Executive Officer**

## 2021 Performance Summary

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In 2021, Navigator Terminals has taken significant strategic and operational steps forward in its Sustainability / ESG program. This is summarised in the headline activities shown below and expanded upon in the rest of this document.

- ESG Working group established from existing subject matter experts across Navigator.
- Set out a new ESG vision, aiming for net-zero operations by 2040 or earlier.
- Established new Corporate and Supply Chain sustainability roadmaps.
- Commissioned a new external website dedicated to our sustainability journey.
- Committed to membership of Thames Vision 2050, the development strategy for the tidal Thames.
- Commenced the rollout of Ethical training for c.90 impacted members of front-line staff and all the Senior Management Group, with a target completion date of end January 2022.
- Published our first Supplier Code of Conduct and adopted an industry leading Modern Slavery Question set.
- Built external relationships with peer organisations and the investor community.
- A commitment to develop Science Based Targets (SBT's) and align our Environmental Performance SDGs to these.

## ESG Working Group and Our Vision

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In 2021 Navigator Terminals has strengthened its focus on the management of its Sustainability impacts and the governance required to underpin the activities we undertake. We have created a Sustainability working group drawing on the expertise that exists within our business in each of the relevant fields. The make up of the Working Group and our newly stated Sustainability Aim is below:

- Jason Hornsby, Chief Executive Officer
- David Martin, Head of Finance
- David McCulloch, Head of SHEQ
- Helen Dalton, Head of Human Resources
- Alison Wright, Head of Risk Management
- Craig Garbutt, Head of Operations
- David Allcock, Procurement Manager

Our aim is to become a sustainability leader within our industry and become a net-zero organisation for our own operations by 2040 or earlier. To achieve this, we will continue to evolve our roadmap to manage our sustainability performance and behaviours ethically and within a strong financial control framework. We will develop a diverse workforce and build strong customer and supplier partnerships which are valued for their contribution to delivering our joint corporate sustainability and governance objectives. Our performance will be reflected through and reported against the UN Sustainable Development Goals for consistency.

## Our Current Sustainability Performance

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Navigator Terminals are targeting net-zero by 2040 or earlier and we will make our contribution towards the global move to net zero, whilst improving individuals' daily life. Within our industry sector and communities, we will promote and progress transition which supports the achievement of the Paris commitments. Our commitment to local and global initiatives will reduce our carbon impact across our business and we will report this transparently.

In 2018, Navigator committed to actions against five of the UN Sustainable Development Goals, and performance against these has been reported annually since that time. Our performance data is included within this review and both historic and our latest performance data against each SDG is shown on the following pages.

We recognise that the impact of the Covid-19 pandemic may have skewed some of the performance data positively in the last two years. For example, our office-based consumption of electricity and water may have fallen, there will have been an opposite impact on the costs experienced by staff working from home, who will have seen their costs rise. Similarly, reduced numbers on our sites have reduced the likelihood of workplace health and safety impacts. As we return to work, the potential for increased risks may negatively skew the performance data.

Energy costs have become a concern in the second half of 2021, where significant gas price cost increases have impacted both business and consumer markets. Navigator has approved several 'behind the meter' initiatives and is continuing to look at further opportunities that would reduce our reliance on third party sources of energy.

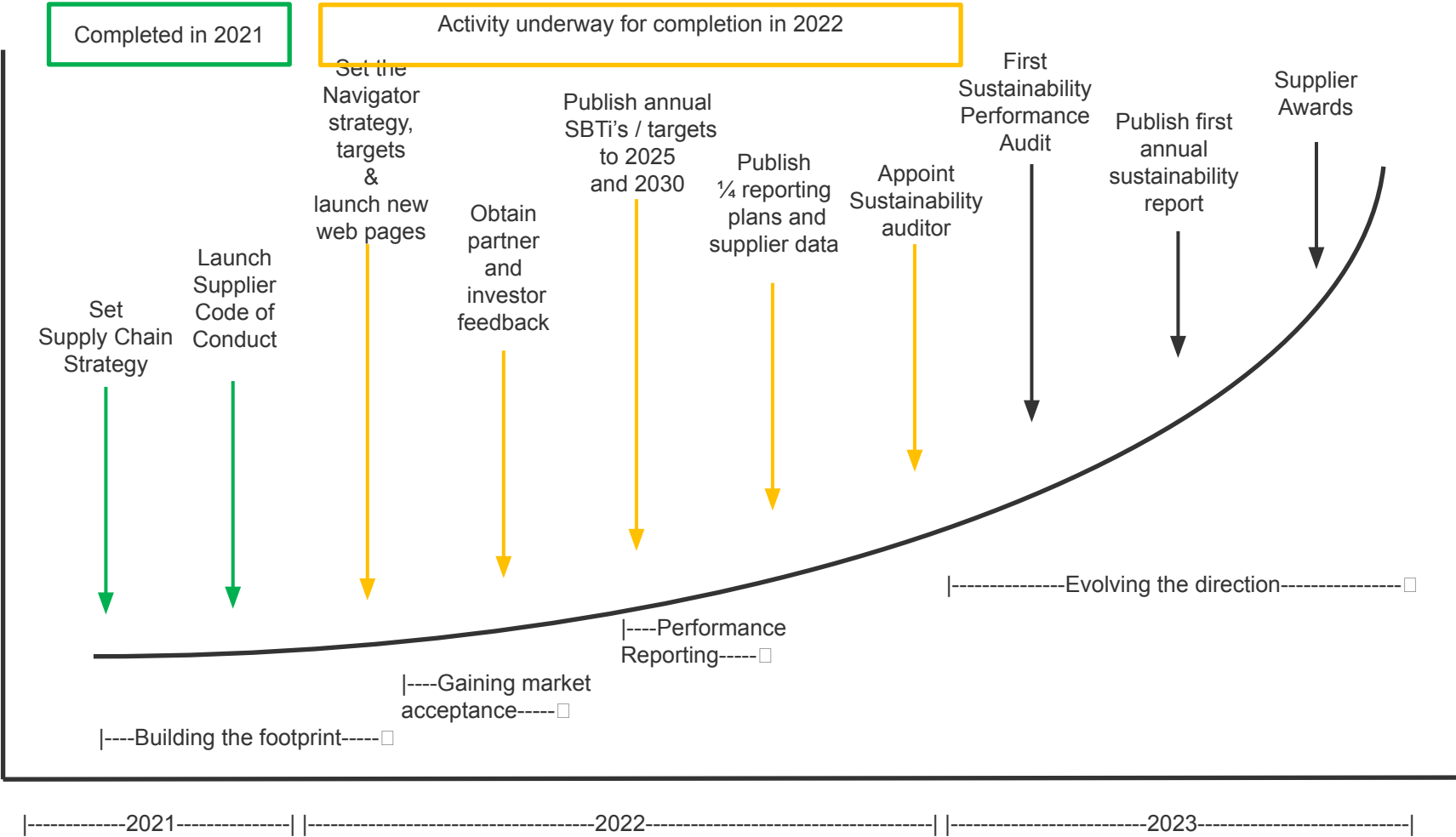
Navigator has continued to publish its annual statement in response the UK Government's Modern Slavery Act 2015, we continue to recognise the risk posed to our business through the inadequate management of supply chains and we continue to look for mechanisms to strengthen our approach. Our new Supply Chain Sustainability Roadmap is included in this review.

# Sustainable Development Goals - Update



|  | Year 2018 | Year 2019 | Year 2020 | Year 2021              | 2024 Target |
|--|-----------|-----------|-----------|------------------------|-------------|
| TIR – Total Incident Rate - per million hours                            | 4.8       | 0         | 2.3       | 1.5                    | 2.4         |
| LTI – Lost Time Injury- Severity days/injury                             | 11        | 0         | 0         | 31                     | 7           |
| PSER – Process Safety Event Rate - per million hours                     | 2.6       | 0         | 0         | 1.5                    | 1.3         |
| Sickness Absence %   | 1.9%      | 2.3%      | 1.2%      | 2.3%                   | 1.7%        |
| Permit Violations – Environmental permit breaches                        | 0         | 0         | 0         | 0                      | 0           |
| MMO Notices – Marine pollution events                                    | 0         | 0         | 0         | 0                      | 0           |
| Water usage m3   | 64,000    | 62,028    | 56,249    | 65,825                 | 50,000      |
| General (boilers, bathrooms, tank cleaning)                              | 60,511    |           | 54,788    | 63,154                 |             |
| Hydrotest (Seal Sands- only)   | 3,489     |           | 1,461     | 2,671                  |             |
| Office LED units – low energy units                                      | 50%       | 57%       | 66%       | 76%                    | 80%         |
| Site LED units – low energy units  | 30%       | 36%       | 42.5%     | 68% Non Haz<br>59% Haz | 80%         |
| Energy usage – per tonne of product pumped (KWh/t)                       | 0.87      | 0.92      | 1.5       | 1.1                    | 0.85        |
| Operational reliability  | 98%       | 99%       | >99.5%    | >99.5%                 | 99%         |
| Tank Radar gauges – install  | 90%       | 92%       | 94%       | 98%                    | 100%        |
| ROSOV's – Install on all inlet and outlet lines on in scope petrol tanks | 90%       | 90%       | 91%       | 93%                    | 100%        |
| Business mileage – car miles   | 191,000   | 217,600   | 30,543    | 38,863                 | 170,000     |

# Navigator Terminals Sustainability Roadmap





## Why We Are Setting SBT's

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Science-based targets (SBTs) are measurable, actionable, and time-bound objectives, based on the best available science, that allow alignment to the Earth's limits and societal sustainability goals. To support our commitment to the energy transition and business evolution we recognise future funding will be linked to our sustainability performance.

- Science based targets support our commitment to reducing the dependence on fossil fuels and help the global challenge to meet the Paris climate change targets.
- According to Bloomberg New Energy Finance, in the first nine months of 2021, sustainable finance debt issuance was >\$1tn.
- First Sentier Investors have stated their expectation that their investment portfolio shall have SBT's by the end of 2023.
- National Australia Bank view that as part of any refinancing program the following expectations must be met:
  - An industry standard Sustainability Financing Framework document whilst nominating a dedicated Sustainability Consultant.
  - Clear alignment to the medium to long-term business strategy, although, there is no expectation of an immediate outcome.
  - The ability to demonstrate how each £ borrowed, supports sustainability initiatives, or is otherwise invested in the short term.
- Navigator peer organisation, Evos note in their 1<sup>st</sup> Sustainability report that 'Institutional lenders and banks are increasingly striving for responsible finance...by including ESG incentives in our recent re-financing, we established an even stronger bond with our financial partners...'

# Procurement Sustainability Development

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Suppliers are a valuable source of expertise, innovation, competitive advantage and support our risk management strategies. We will work as Partners with those who share the Navigator values. In doing so, we recognise that Navigator wishes to be seen as a customer of choice, whilst maintaining a positive commercial tension. We will take risk appropriate steps to qualify and audit our suppliers against our risk pillars and where they meet our expectations include them on our Approved Supplier List (ASL). In 2021, we have achieved the following:

- Stated a roadmap for Supply Chain sustainability development.
- Published new Procurement Policy and Procedure documents embedding Sustainability into practice.
- Developed our first Supplier Code of Conduct.
- Embedded sustainability questions into our updated supplier evaluation process.
- Commissioned an external online Procurement portal including sustainability pages.
- Adopted the IPIECA industry standard Modern Slavery question set for use where the risk profile requires it.
- Commenced assessment of supplier sustainability provisions, including two on-site audits.
- Ethical training course purchased from the Chartered Institute of Procurement and Supply for 90 staff, this includes Human Rights, Environmental Impacts and Anti-Bribery and Corruption information.

# Procurement Sustainability Maturity Curve

