

Business Review (continued)



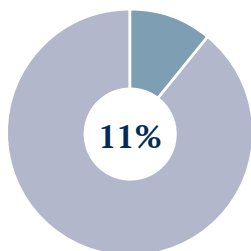
Stolthaven Terminals Capitalising on market conditions while focused on safety and customer experience



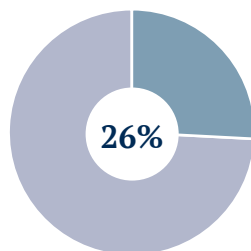
“Our position in the chemical market proved a major strength as we helped customers adapt to supply chain challenges.”

Performance			
(US \$ millions)	2021	2020	2019
Operating revenue	244	239	251
Operating profit	62	69	69

Percentage of Group total of total revenue



of total operating profit¹



1. Excludes Corporate and Other loss of \$5 million.

Stolthaven Terminals has a well-established reputation for high-quality, flexible, safe and sustainable bulk-liquid storage services, which help customers maximise value from their supply chains.

We operate 15 terminals across key locations globally, providing 4.9 million m³ of storage capacity for bulk liquids including chemicals, clean petroleum products, liquefied petroleum gases, vegetable oils, biofuels and oleochemicals. Each terminal is located close to customers' operations, meaning that we can adapt quickly to their changing needs.

We offer customers added agility by collaborating with Stolt Tankers and Stolt Tank Containers. Working closely with Stolt Tankers at multiple locations, we provide an efficient ship-to-shore interface that limits potential demurrage exposure for our customers. By partnering with Stolt Tank Containers, we also offer solutions that can help reduce logistics costs for customers.

2021 review

Utilisation and throughput volumes increased over the year, despite ongoing challenges related to Covid-19, rising inflation, global supply chain disruption and major weather-related events. Our full-year operating revenue was \$243.6 million, compared with \$238.5 million in 2020. Operating profit was \$62.3 million, down from \$68.8 million in 2020, driven by higher operating and administrative and general costs.

This year, Stolthaven benefited from a stable chemical market and robust demand for biofuels, with the business in a stronger position than those more exposed to weaker petroleum markets. However, at several locations the ongoing low demand for transportation fuels affected rates and throughput of clean petroleum products. Our performance was buoyed by favourable storage market conditions in the US, although weaker conditions in Asia Pacific and Australia affected overall results.

Our people worked tirelessly to support customers amid supply chain disruptions related to container shipping, port congestion and trucking shortages, which led to an increasing number of enquiries from customers looking to switch from isotanks to bulk storage. Stolthaven is playing a leading role in discussions around the challenges the industry faces, and in 2021 I was appointed Chair of the European Petrochemical Association (EPCA) Supply Chain Program Committee.

I am particularly proud of our safety and business continuity achievements this year. Safety metrics maintained their positive trends, including almost halving Lost Time Injury Frequency (LTIF) from 0.98 in 2020 to 0.52 in 2021. (Read more about safety on pages 20-24.) Our US terminals were recognised by our customers as being among the first to resume operations after the Houston freeze and Hurricane Ida in New Orleans, reflecting our commitment to safe operations and customer service.

Facility upgrades progressed at Mount Maunganui, New Zealand, Dagenham, UK, Westport, Malaysia and Ulsan, South Korea. In the second quarter of 2021, we completed decommissioning of our terminal in Wynyard, New Zealand, with independent reports confirming there was no site contamination during our tenure. We also explored potential greenfield terminals in Ceyhan, Turkey and Kaohsiung, Taiwan. In Australia, Stolthaven received welcome recognition by achieving the maximum government grant under the Boosting Diesel Storage programme, which offers future development opportunities for our Newcastle facility.

As well as investing in physical assets, we focused on projects to support our five strategic pillars: digitalisation, innovation, customer centricity, sustainability and employee engagement. This year, we completed planning work for several key digitalisation and innovation initiatives, including additional field automation and the *Internet of Things*, which explores how we can connect and exchange data between our own and third-party systems and devices over the internet. As part of our ongoing customer centricity programme, we further developed plans for integrating our digital systems with our customers' and providing faster information.

We also made progress towards our goal of making our primary activities, including the storage and handling of products, carbon neutral by 2040. This included increasing our use of renewable energy, with 100% of energy now coming from green sources at four terminals. We continued exploring opportunities around the hydrogen value chain and ways the industry and customers can best manage the implications of the EU Green Deal. Read more about our 2021 environmental initiatives on pages 27-30.

As part of ongoing efforts to improve the employee experience, in 2021 we conducted a global engagement survey. This showed an overall improvement since last year as we have launched several initiatives relating to employee wellbeing, training and recognition in response to feedback previously received (read more on pages 34-35). Stolthaven had record low staff turnover in 2021 despite high levels of churn in the overall labour market, and I am proud of our efforts to foster such a strong and highly valued culture.

2022 outlook

In 2022, we expect the chemical market to remain stable despite rising energy costs and supply chain challenges. Asia is the biggest demand driver in this segment, and Stolthaven is well positioned to capitalise on this while benefiting from our diversification and strength across other regions. The petroleum market is more affected by Covid-19, meaning transportation fuel in particular is poised to recover as restrictions ease. Inflation is likely to affect ongoing operational and investment costs, which will need to be reflected in higher rates for customers. However, ongoing geopolitical tensions in Europe and uncertainty around the recovery of China's economy may hold back volumes.

We will continue to explore opportunities related to the energy transition, including biofuels, chemical recycling and the hydrogen value chain. We will also progress our digitalisation, asset management and customer centricity strategies, rolling out the initiatives planned this year and progressing facility developments and greenfield investments.

Guy Bessant

President
Stolthaven Terminals